

ADVANCING HEALTH & EQUITY



THROUGH WORKFORCE HOUSING



A COMPILATION OF STRATEGIES, TOOLS, AND EXAMPLES



ADVANCING HEALTH & EQUITY THROUGH WORKFORCE HOUSING

a compilation of

STRATEGIES, TOOLS, AND EXAMPLES

covering a range of potential solutions for
increasing healthy and equitable affordable
workforce housing in the Phoenix metro region

© 2021 by the Urban Land Institute Arizona District Council

Printed in the United States of America. All rights reserved.
Reproduction or use of the whole or any part of the contents
without written permission of the copyright holder is prohibited.



Letter from Task Force Co-Chairs

Even before the COVID-19 pandemic, Valley of the Sun leaders and residents were talking about housing. From the rise in luxury apartment construction to the rise in the number of people experiencing homelessness, housing affordability became a topic for the newspapers, public policy missives and board room discussions. Not surprising, since housing touches the core of an individual's health and well-being and a community's livability and prosperity. Housing is a basic, elemental human need and the cornerstone of all communities.

With support from the Robert Wood Johnson Foundation, ULI Arizona was one of four district councils to receive an inaugural national ULI grant to examine how different land use challenges affect health and social equity. Given the ongoing conversations, the focus for ULI Arizona in this program was obvious — housing. And with a focus on the social determinants of health, Vitalyst Health Foundation signed on to be a partner and contributed a match to the national grant award.

ULI Arizona and Vitalyst Health Foundation organized an all-star Housing, Health and Equity Task Force with some of the most respected people in their professions and industries to lead and guide discussions and research. The Valley was challenged with many housing issues, but lots of positive movement was happening to support more options.

After a series of meetings and deliberations, the Task Force identified the need to study workforce housing strategies and tools as the primary grant research. A loose term, workforce housing typically means housing that is affordable to those whose salary makes them ineligible for public programs or subsidies, but who still struggle to find housing that fit their budget. We referenced 60 to 120 percent of area median income as the range to define workforce housing. Families that fall in this income strata are often the engine that make our economy run smoothly. These are professions that we all depend upon, but often end up driving long distances to find budget-friendly housing or end up paying a significant portion of their income on housing costs. To put it in COVID-19 terms, workforce housing is meant for essential workers.

The products of this Task Force are unique and timely. We are truly grateful for the wisdom and labor culminating in this report. Despite an already-full plate of work, ULI staff met this opportunity with gusto and enthusiasm. The ULI Arizona Advisory Board quickly made the connection between the funding opportunity and the local discussions. The Task Force was gracious with their time and feedback, demonstrating true dedication to the health and well-being of the Valley. PLAN-et Communities assisted with facilitation, and Elizabeth Van Horn, an ASU graduate student working with PLAN-et, guided discussions with her encyclopedic knowledge of anti-displacement public policy. Lastly, we want to thank the Robert Wood Johnson Foundation and national ULI for having the foresight to incubate this discussion.

We are proud of what this Task Force has produced. We are excited to see where it will lead us.

With gratitude,
Silvia and C.J.

Silvia Urrutia, Task Force Co-Chair
Founder & CEO
U Developing, LLC

C.J. Eisenbarth Hager, Task Force Co-Chair
Director of Healthy Communities
Vitalyst Health Foundation

Urban Land Institute Arizona

The Urban Land Institute is a 501(c)(3) non-profit research and education organization supported by its members. Founded in 1936, the Institute has members in 95 countries worldwide, representing the entire spectrum of land use and real estate development disciplines working in private enterprise and public service. The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

The ULI Arizona District Council was formed in the early 1980s, as a direct response to the need for educational forums and events at a local level. ULI Arizona brings public and private sector leaders together to share and exchange ideas, information, and experiences to shape the way communities grow.

ULI Building Healthy Places Initiative

Around the world, communities face pressing health challenges related to the built environment. Through the Building Healthy Places Initiative, launched in 2013, ULI is leveraging the power of ULI's global networks to shape projects and places in ways that improve the health of people and communities. Building Healthy Places is working to make health, social equity, and wellness mainstream considerations in real estate practice. Learn more and connect with Building Healthy Places: www.uli.org/health.

ULI's District Council Task Forces for Health and Social Equity

The ULI Arizona Housing, Health, and Equity Initiative is part of ULI's District Council Task Forces for Health and Social Equity program led by the ULI Building Healthy Places Initiative with support from the Robert Wood Johnson Foundation. ULI District Councils in Arizona, Chicago, Sacramento, and Tampa organized member-led task forces to explore solutions to local policy and practice barriers to promote healthier and more equitable communities. The collective findings and key takeaways from the four teams is documented in a national synthesis report. To view more resources from this project and the participating cities, visit www.uli.org/taskforces.

Acknowledgments

An inspiring team of people were involved in supporting this Task Force initiative. ULI Arizona gratefully acknowledges the following champions for being dedicated partners and gracious contributors. ULI Arizona is thankful to the members of the Housing, Health and Equity Task Force, the Housing Solutions Roundtable Participants, Mike Kingsella, and Christopher Ptomey for providing though-leadership, knowledge, and inspiration. Deepest gratitude to Leslie Dornfeld, Will Herbig and Elizabeth Foster for their enthusiasm and flawless facilitation and to Dean Brennan for developing and sustaining a treasure-trove resource compilation. A special thanks to Elizabeth Van Horn for dedicating her meaningful theses research and helping us in all ways whenever needed.

ULI AZ Housing, Health & Equity Task Force Members

C.J. Hager, Task Force Co-Chair, Director of Healthy Communities, Vitalyst Health Foundation

Silvia Urrutia, Task Force Co-Chair, Founder & CEO, Consultant U Developing, LLC

Terry Benelli, Executive Director, LISC Phoenix

Dean Brennan, FAICP, Principal, Project for Livable Communities

Stephanie Brewer, Executive Director Newtown CDC CLT

Tom Hester, Principal, Jacobs

Levon Lamy, Housing & Revitalization Manager, City of Tempe

Maria Laughner, Economic Development Program Manager, City of Tempe

Brande Mead, Human Services Program Manager, Maricopa Association of Governments

Gloria Munoz, Executive Director, Housing Authority of Maricopa County

Sally Schwenn, Arizona Market President Gorman & Company, Inc.

Humphrey Shin, Executive Vice President, First Bank

Heidi Kimball, ULI Arizona Chair, Senior Vice President, Sunbelt Holdings

Deb Sydenham, FAICP, Executive Director, ULI Arizona

Kristen Busby, AICP, Director, ULI Arizona

Gerri Lipp, Director, ULI Arizona

Leslie Dornfeld, FAICP, CSBA, Task Force Facilitator, Principal,

Elizabeth Van Horn, Graduate Student Researcher, ASU; Planner, PLAN*et Communities



Table of Contents

Overview	1
Introduction	4
Task Force Research and Process	7
What Is Workforce Housing?	8
Why Workforce Housing is Important for Healthier, More Equitable Communities	10
Noteworthy Arizona Efforts Addressing Housing Affordability	12
The Art of the Possible: Health, Equity & Workforce Housing	16
Six Key Themes and Potential Solutions:	
1. Inclusive Development: Revitalization without Displacement	16
>> COMMUNITY BENEFIT AGREEMENTS	
>> HOUSING COOPERATIVE	
2. Planning and Regulations	21
>> YIMBY STRATEGIES	
>> PLANNING POLICIES	
>> ZONING CODE INCENTIVES	
3. Finance and Capital	25
>> VARIETY OF FINANCIAL RESOURCES	
4. Land and Location	27
>> LAND BANK	
>> COMMUNITY LAND TRUSTS	
5. Sustainable, Healthy Design	30
>> OFF-SITE CONSTRUCTION MODULAR AND PREFAB	
6. Partnerships	36
>> P3 PARTNERSHIPS	
Possible Workforce Housing Typologies:	
1. Missing Middle Housing	39
2. Accessory Dwelling Units (ADUs)	42
3. Co-Located Housing and Community Facilities	45 45
4. Co-Housing	47
5. Co-Living	50
Going Forward	52
References	56

Funding support for the ULI Arizona Housing,
Health, and Equity Task Force initiative was
generously provided by Vitalyst Health Foundation



Overview

Concerns about housing affordability are prevalent in industry and community conversations in the Phoenix region and statewide. Metro Phoenix used to be one of the most affordable regions in the country, but rising land costs, supply shortages, and stagnant wages have all contributed to a “perfect storm” decreasing housing affordability. Once a staple supporting economic growth, the supply of workforce housing (defined within as households earning between 60 and 120 percent of area median income) is diminishing. Public investments in light rail and urban neighborhoods have activated market forces that are driving up property values and rents throughout the metro region – especially in locations with high access and community amenities. The decline in the availability of workforce housing exacerbates health and equity challenges for residents who benefit the most from transit-accessible housing in walking distance of community and personal health promoting amenities – including jobs, education, food access, and community services. Most metropolitan centers in Arizona including Flagstaff, Tucson, and Prescott are all experiencing this affordability crisis.

Without intentional efforts, renters and low-and moderate- income working families will continue to be priced out of markets and forced to move outward from jobs and community culture. Homelessness will continue to climb as individuals and families struggle under the burden of housing costs. The Urban Land Institute (ULI) firmly believes that sustaining a full spectrum of housing opportunities is a fundamental underpinning of healthy and thriving communities, so ULI Arizona sought to answer a driving question that is in many local discussions around housing affordability:

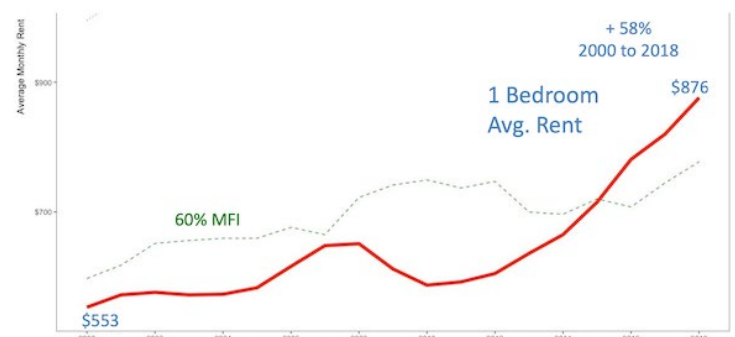
Are market solutions available for workforce housing that are feasible and scalable, especially in transit accessible neighborhoods with equitable and health promoting opportunities?

We found the simple answer is yes, solutions do exist. None are a silver bullet approach. Implementation will require a suite of innovative tools and strategies, policy modifications, cross-sector partnerships, along with passion and commitment.

This report summarizes the study that the Urban Land Institute Arizona District Council (ULI Arizona), in partnership with Vitalyst Health Foundation, undertook to identify solutions to increase workforce housing in the Phoenix Metro Area. While most relevant to Arizona, these solutions have broad applicability.

This work was supported with a grant from global ULI’s Building Healthy Places Initiative, supported by the Robert Wood Johnson Foundation, to convene a local task force to study the intersection of health, equity, and workforce housing in Arizona. ULI Arizona is honored to be one of four ULI District Councils (Arizona, Chicago, Sacramento, and Tampa Bay) selected for this program with the purpose of exploring land use and transportation barriers to healthy places and to identify sustainable and equitable solutions.

Rents are increasing in Phoenix Faster than Incomes



Source: *Housing Underproduction in AZ: Quantifying the Impact of Accessible Growth*, Central Arizona Partnership.

Credit: Up for Growth Coalition www.upforgrowth.org

Findings of the ULI Arizona Housing, Health, and Equity Task Force, detailed in this report, are rooted in:

- national best practice examples presented to the Task Force by the ULI Terwilliger Center for Housing and information from recent ULI housing reports
- discussions with Mike Kingsella, Executive Director, Up for Growth Coalition
- input received from local community advocates, business, government, and development industry leaders
- information exchange between the ULI Arizona Task Force thought leader members, together with the other ULI National Task Forces and experts nationally
- focused research, including two ASU Masters theses completed in coordination with this ULI Arizona Task Force
- detailed compilation of relevant articles, resources, blogs, and scholarly publications
- stakeholder surveys and expert interviews
- a partnership with the City of Tempe to further examine implementation opportunities

(see arizona.uli.org for more detailed information, reports, presentations, and handouts)

There are a lot of important drivers contributing to the myriad of housing affordability challenges, as well as areas where new opportunities for change are possible. Over the course of a year, the ULI AZ Task force organized stakeholder discussions and research around **Six Key Themes** to examine solutions for workforce housing:

1. Inclusive community investment without displacement
2. Planning and regulations
3. Finance and capital
4. Land and location
5. Sustainable, healthy design
6. Partnerships

Some examples that could favorably position the market for workforce housing include:

- Creating a regional housing strategy to help local governments address challenges, identify gaps, and leverage opportunities
- Developing an interactive, web platform to be a clearinghouse for housing affordability resources in the Phoenix metro area
- Encouraging mixed-income developments that can cross-subsidize affordable units along transit corridors
- Leveraging vacant private and city-owned land to increase supply
- Supporting implementation of surplus land disposition and donations to benefit the development of permanent affordable/workforce housing
- Encouraging more employer-assisted housing options by attracting business anchors and corporate tenants to neighborhoods
- Offering pre-approved plans/designs/builders to reduce the permit process time for selected housing types and improve sustainable, healthy residential design options
- Conducting pilot projects in neighborhoods that demonstrate how inclusive redevelopment strategies can facilitate small scale development and housing stock improvements.

The Task Force researched the following strategies and tools in greater detail and identified local and national examples:

- » Community Benefits Agreements
- » Limited Equity Housing Cooperatives
- » YIMBY (Yes-In-My-Backyard) Strategies
- » Planning Policies
- » Zoning Code Incentives
- » New Funding and Capital Sources
- » Land Banks
- » Community Land Trusts
- » Off-Site Construction | Modular and Prefab
- » P3 Partnerships

The following housing typologies were also broadly studied to assess their development potential:

- Missing Middle Housing
- Accessory Dwelling Units (ADUs)
- Co-Located Housing and Community Facilities
- Co-Housing
- Co-Living

The Task Force was fortunate to work with a very talented Arizona State University graduate student researcher who completed two master's theses supporting this project. In the first urban planning thesis, the student conducted interviews with local and national housing and development industry experts and examined 74 policies for community investment without displacement to paint a detailed picture of strategies that could support health, equity and housing affordability in the region. In the second sustainability thesis, the student studied many of the workforce housing tools that are briefly profiled in this report. Both of her theses are available in full at www.arizona.uli.org.

With some ingenuity, some of the ideas, tools, and strategies identified have the potential to be sustained, expanded, and replicated in the growing communities of the Phoenix region and throughout Arizona.

While the Task Force conducted its work, several global events sharpened industry perspectives about how entangled health and equity implications are with land use and real estate. Recognition of the systemic lack of equity and increasing displacement with regards to housing and the imperils on community health was brought into sharp focus by the simultaneous occurrence of the coronavirus pandemic and the Black Lives Matter movement and demonstrations that elevated public discourse around race and racism in America. Arizona has also perpetuated the

harsh realities of systemic housing inequity through practices like redlining, restrictive covenants, local zoning, public investments, design regulations and other mechanisms. As a result, the health, resilience, and heart of its communities and residents suffer and do not reach their potential. The Task Force hopes its work will encourage more equitable access to affordable, healthy housing and contribute to the growing efforts to catalyze positive changes for greater diversity, equity, and inclusion in Arizona's communities and economy. The ongoing disparities illustrate that past and present approaches are not working for all Arizona community members. There is more listening and much more work to be done.

“

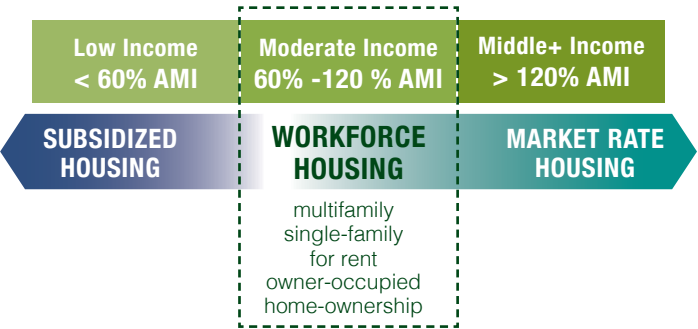
Life expectancy
in the Valley can
vary by up to
14 years
based on where
you live.

”

Introduction

Amidst the backdrop of a national housing affordability crisis, markets in the Phoenix metro area are in the spotlight for a decreasing supply of housing options that are affordable to all income levels. Every household needs housing that is affordable to them and that typically is defined as spending less than 30 percent of post-tax income on housing. Because the marketplace is charging more to account for rising buildup and land costs in central neighborhoods that means there are fewer options that people with low- and moderate-income can afford without being cost-burdened. For families that earn 60 percent or below of area median income (AMI), housing that is affordable can only be built with up-front or on-going subsidies that counterbalance their limited ability to pay. However, these subsidies, such as with federal Low-Income Housing Tax Credits (LIHTC), housing trust funds and other limited sources of capital, are in short supply.

In between market rate housing and subsidized housing for families earning less than 60 percent of AMI is workforce housing (60 - 120% AMI), which includes a range of multifamily and single-family, for rent, owner-occupied, and home-ownership products, and needs little, if any, government subsidy.



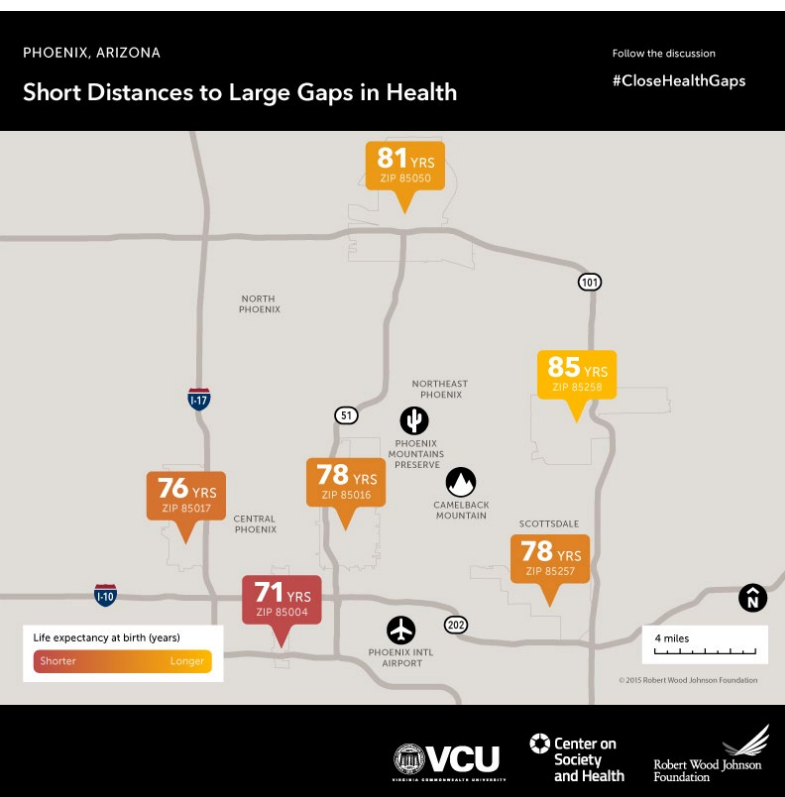
The bottom line is the supply of workforce housing is quickly diminishing under current market conditions, especially in central core, amenity-rich neighborhoods, because development economics do not pencil-out. With public demand to create more inclusive, equitable, healthy and mixed income live, work, play spaces and places around the Valley, it is important to explore how housing options can be affordable to working families and people of all income levels.

Housing is a driver of disparate health and equity outcomes in the region. Health is not just what happens in the doctor’s office. Medical care is estimated to contribute only 10-20 percent of our overall health. Instead, health is shaped by factors that

include housing, transportation, education, and job opportunities—the social determinants of health. The conundrum is that higher cost areas often have the best access to the social determinants of health. Zip codes can be more important indicators of health than people’s genetic code. Babies born in adjacent zip codes can have huge disparities of life expectancies – of several decades or more. As demonstrated by a series of life expectancy maps developed by Virginia Commonwealth University, which was funded by the Robert Wood Johnson Foundation. Life expectancy in the Valley can vary by up to 14 years based on where you live.

Many large cities in the U.S. require developers who erect luxury and market-rate housing to include a set-aside for affordable housing to preserve equitable accessibility in high-growth areas. This does not happen in Arizona, despite the rising cost for housing because state law forbids it. Two tried-and-true housing affordability tools are prohibited by state law: inclusionary zoning and tax increment financing (TIF). Rather than require inclusion, Arizona municipalities negotiate for incorporation of affordable housing in new development through stipulations with rezoning approval and using voluntary inclusionary zoning strategies. And instead of TIF, cities can use the GPLET – [Government Property Lease Excise Tax](#) to encourage redevelopment.

Housing access and affordability are vital topics in many Arizona community and business leaders’



circles, where some very important legislative, policy, and funding actions are being organized. A few examples include:

- **Arizona Housing Fund.** Established in 2019, this fund supports the development and on-going costs associated with permanent supportive housing—an approach used to address homelessness and housing insecurity. Housed at the Arizona Community Foundation, the Fund is capitalized through a voluntary fee during real estate transactions.
- **Home Matters Arizona.** Recognizing that poor housing quality impacts the health and well-being of their clients, the seven Medicaid insurers established Home Matters Arizona, which provides both low-cost loans and grants. The intent is to support developments that fully embrace the concept of the social determinants of health.

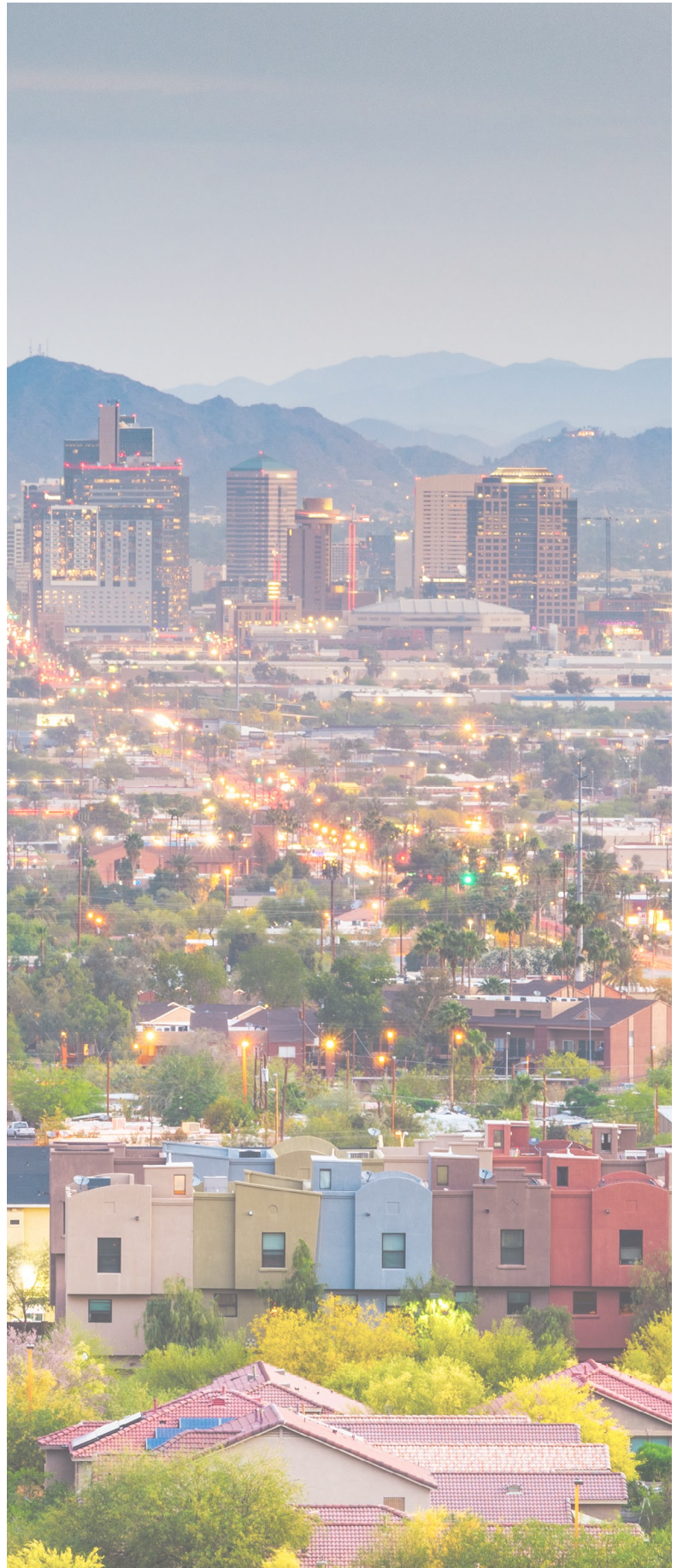
- **Arizona Housing Trust Fund and State Housing Tax Credit.** The 2020 state legislative session saw significant progress on two state programs. The Arizona Housing Trust Fund was capped at an annual budget of \$2.5 million per year during the Great Recession, after having approached an annual high of \$40 million. Progress was made to restore the Arizona Housing Trust Fund to pre-Recession levels (approximately \$40 million) after it was capped at an annual budget of \$2.5 million per year during the Great Recession. Headway was also made to establish a state housing tax credit to mirror the federal one. While both efforts were cut short by the abbreviated legislative session, the progress made has raised hopes for the next session.
- **New Champions.** Housing affordability has gained new champions over the past few years, including civic leadership organizations like Greater Phoenix Leadership and Phoenix Community Alliance; and healthcare organizations like the state's Medicaid program (AHCCCS), hospitals and health insurers.
- **Renewed City Interest.** Several years ago, the City of Tempe developed a plan to address housing affordability. In 2020, the City of Phoenix joined by creating its first-ever Affordable Housing Initiative.

Encouraged by the existing efforts to expand champions and resources, the Task Force was careful to be additive and complement collaborative partner efforts. Much needed attention has been focused on people experiencing homelessness and those with lower incomes, generally below 60 percent of area median income. Since some economic development efforts were also being stymied by an affordability crisis among those with slightly higher incomes, the ULI AZ Task Force grant initiative provided an invaluable opportunity to lean into ULI's forte of market housing development. The Task Force studied workforce housing and how the supply could be activated with consideration to health and equity goals.

ARIZONA'S AFFORDABILITY CHALLENGE

- In the Phoenix Metro Area, more than 35% of households spent more than 35% of their gross 2017 income on housing.
- In Phoenix-Mesa-Scottsdale, a growing percentage of middle-income (\$30-\$75,000/year) households is spending more than half of their income on housing.
- A household at the 60th income percentile (in this region, a hotel front desk manager earning around \$49,000/year would be at this level) can afford to purchase nearly 52% of homes on the market in the last year.
- For every 100 households earning 50% of area median income (in this region, an office clerk earning approximately \$36,700/year would be at this level), there are 45 rental units they can afford that are not occupied by a higher-income household.
- The region has a high level of income segregation with nearly 40% of the region's population living in areas that could be considered "poor" or "affluent."
- In the Phoenix-Mesa-Scottsdale region, a housekeeper would have to earn an additional \$15,755 per year to be able to afford a modest two-bedroom rental without being cost burdened.
- A sample two-income household including a home health aid and a delivery truck driver would need to earn \$6,104 more per year to afford to purchase a median-priced home with a 10% down payment.

Source: ULI Terwilliger Center for Housing



Task Force Research and Process

ULI Arizona, in partnership with Vitalyst Health Foundation, formed the ULI AZ Health, Equity, and Housing Affordability Task Force in 2019 to identify innovative solutions and tools for developing workforce housing in the Phoenix Metro to:

- Draw on examples of unique partnerships, finance, and development policies to move the needle toward more options for housing affordability in Arizona
- Convene multi-sector partners to evaluate challenges and opportunities
- Engage the City of Tempe as a strategic partner to examine place-based solutions
- Transfer knowledge to communities and development industry leaders through this toolkit of ideas and potential solutions

A primary purpose of the Task Force initiative is to have deeper community conversations that explore housing affordability opportunities. The Task Force hosted a Round Table for Workforce Housing Solutions in February 2020, featuring presentations from ULI's Terwilliger Center for Housing and Building Healthy Places. Over 60 local stakeholders participated in the Round Table event, representing a spectrum of public, private, and non-profit business, community and government sector leaders and trusted advocates.

Valuable insights have been gleaned from stakeholder discussions and they highlight valuable and feasible ideas for addressing Arizona's workforce housing challenges.

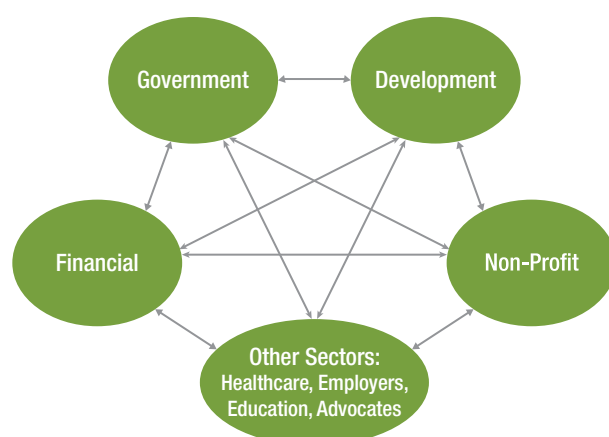
The primary background research for the Task Force was conducted by a very talented ASU Graduate Student, Elizabeth Van Horn, who conducted research and interviews on policies for community investment without displacement and tools for workforce housing to supplement and support the work of the Task Force in partial fulfillment of both her Master of Urban and Environmental Planning (MUEP) and Master of Sustainability degree requirements. Detailed and executive summary reports of her research are available at www.arizona.uli.org.

The first segment of thesis research examined the legality and viability of 74 anti-displacement policies, as well as general findings and recommendations on the health, equity, and housing nexus, informed by expert interviews. It also examines the legal landscape and legal trends in Arizona dictating if and how the policies can be used to protect communities from displacement, without restricting community investment. The anti-displacement policy list was developed using expert interviews, an extensive review of housing policies from across the United States, and a review of relevant Arizona Revised State Statutes. Interviewees provided critical feedback on the legality and viability of the policies, the barriers and benefits of each, and areas for improvement. An executive summary policy brief provides a high-level overview of the anti-displacement policies.

The second phase of thesis research focused on viable workforce housing tools and strategies for the Phoenix metro area. The tools studied were identified during stakeholder conversations during the Round Table for Workforce Housing Solutions and offer insights from experts and the literature on how strategies could be developed and/or expanded in the Valley.

Summary findings are included in this report and have been combined with other Task Force research and studies. Local and national examples of notable strategies are highlighted to help orient the possibilities for making headway in the region.

HOUSING ROUNDTABLE CROSS SECTOR PARTNERS:



What Is Workforce Housing?

“Affordable housing” and “workforce housing” are concepts often used interchangeably in conversations involving housing affordability. The US Department of Housing and Urban Development defines someone as cost-burdened when housing costs exceed 30 percent of household income. Affordable housing is commonly understood as non-market, subsidized housing or rent regulated for households earning less than 60 percent of the AMI.

Understanding the Housing Continuum and Funding Sources



TEMPORARY HOUSING		RENTAL HOUSING		HOMEOWNERSHIP	MARKET RATE
Emergency Shelter	Transitional Housing	Permanent Supportive Housing	Affordable Rental	Affordable Homeownership	Market Rate Rental and Homeownership
Emergency Shelter Grant		Rental Assistance Demonstration (RAD)		Housing Counseling	
	HOME Investment Partnership Program (HOME)				
Community Development Block Grant (CDBG)					
	Housing Opportunities for Persons with AIDS (HOPWA)				
Homeless Assistance Grants			Low-Income Housing Tax Credits (LIHTC)		
Coordinated Homeless		Housing Opportunity Vouchers (formerly Section 8 Vouchers)		Mortgage Interest Deduction	
		Project-Based Housing (also called public housing)			
			Opportunity Zones		
		Choice Neighborhood			
	National Housing Trust Fund				
			Private Activity Bonds	HOME Plus Mortgage Program	
Arizona Housing Trust Fund (includes Eviction Prevention Assistance-pilot)					
		Arizona Community Foundation's Pre-Development Fund			
		Arizona Housing Fund*		Community Land Trust	
Nonprofit Hospital Community Benefit					
Community Reinvestment Act (financial institution requirement)					

■ Federal Resources/Incentives
 ■ State Resources/Incentives
 ■ Private Resources/Incentives



Please note that this is not a comprehensive list of housing finance programs. Additionally, the types of housing supported by each program are approximate.
 * Developed by the Home Builders Association of Central Arizona, the Arizona Association of Realtors and the Arizona Community Foundation.

2929 N Central Avenue, Suite 1550, Phoenix Arizona 85012 | 602.385.6500 | vitalysthealth.org

09/19

Workforce housing is also affordable but is generally targeted at households that have a slightly higher income. Workforce housing is often described as housing that is affordable to essential community workers like teachers, firefighters, hospital staff, young professionals, and workers in construction, retail, office and governmental service workers who want to live close to their jobs. The ULI Terwilliger Center for Housing defines workforce housing as including households earning between 60 and 120 percent of AMI (the lower band of this spectrum translates to income levels of about \$38,000-\$48,000 annually and the higher end \$74,000).

Historically the supply of workforce housing has been reinforced through the natural maturation of older products, often referenced as “naturally occurring affordable housing” or NOAH, not necessarily through new development. However, as NOAH in the Phoenix region is squeezed by redevelopment pressures,

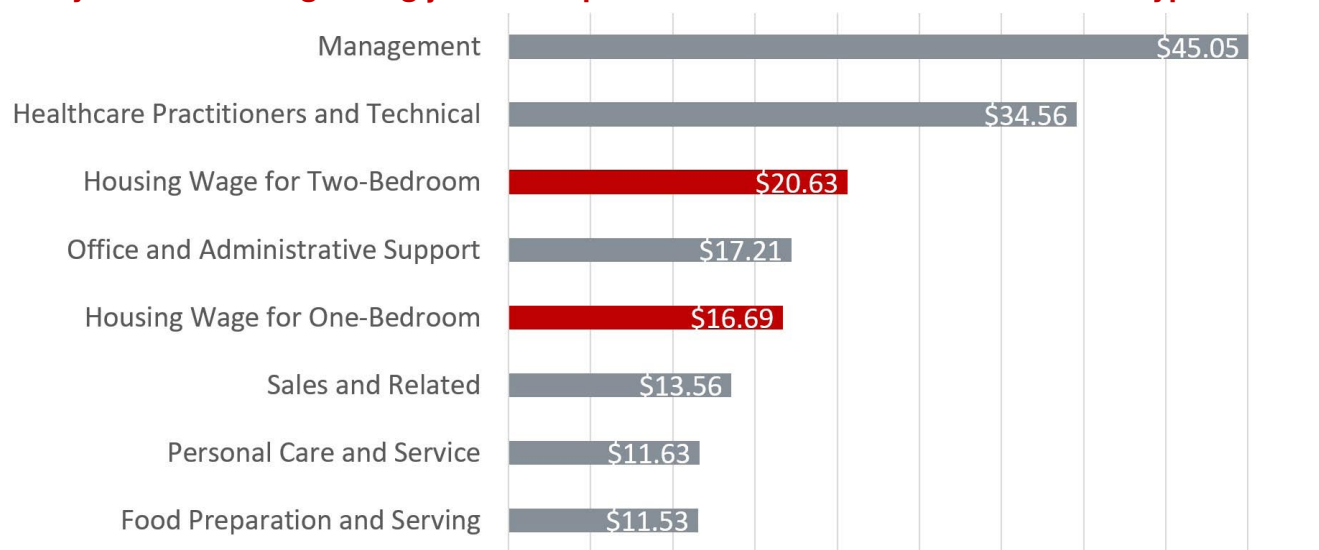
existing supply is at risk of losing affordability or being demolished entirely to accommodate new value-add investment and products with increased rents.

According to a City of Phoenix [housing analysis](#), there are currently zero “workforce housing” units in the downtown core. Individuals would have to pay nearly 50 percent of their income to live in market-rate housing downtown.

“ Individuals would have to pay nearly 50 percent of their income to live in market-rate housing downtown. ”

AFFORDABILITY CRUNCH IN CONTEXT:

Many of our fastest growing jobs don't provide incomes which can afford the typical rent



Sources: U.S. Bureau of Labor Statistics and Arizona Office of Economic Opportunity

Why Workforce Housing is Important for Healthier, More Equitable Communities

The health impacts of housing are broad and complex. Housing can have immediate impacts on health, as well as impacts that linger for generations. One framework of connecting health and housing looks at the relationship on three levels: quality, affordability, and neighborhood context.

QUALITY

Shelter is one of the most basic of human needs, providing safety, security, and stability. The physical condition of the home influences the extent to which basic human needs are met. Presence of lead or asbestos, or overcrowding are examples of how housing quality can impact health.

AFFORDABILITY

“Affordability” reflects a complicated connection--the relationship between prevailing housing costs and prevailing incomes. Financial burden associated with housing can result in tough trade-offs, such as foregoing or delaying healthy food, preventative healthcare, or essential medications to manage chronic conditions. Extreme financial burden can strain social and mental health. Not surprisingly, prevailing rents that are out of proportion with prevailing wages create a complex mix that can lead to evictions and ultimately homelessness. Evictions and homelessness can be devastating to physical and mental health with both immediate and lasting impacts.

NEIGHBORHOOD CONTEXT

Where we live, or the neighborhood or community context, also impacts health. Living close to community assets, such as high-performing schools, transit, open or green spaces, and healthy food retailers, encourages interaction with these health-promoting resources. Neighborhood context and social dynamics can either reinforce health or undermine it.

The ULI AZ Task Force and its partners understand that historical injustices concerning health and housing have contributed to the systemic inequities

that plague people of color today. A harsh light has recently been shed again on the ongoing violence against people of color and other forms of segregation and systemically perpetuated racism. These include but are not means limited to redlining, racially restrictive covenants, and blockbusting¹.

CORONAVIRUS PANDEMIC AND SYSTEMIC INEQUITIES

Compounding the damage done by decades of systemic inequities is the coronavirus pandemic. It has disproportionately affected people of color and those most impacted by a lack of quality affordable housing connected to essential services and health promoting amenities. Some of this impact is due to the legacy of housing segregation that continues to limit access to preventative healthcare services and healthy foods or sometimes locates residents in less desirable areas, such as those with higher rates of air pollution. As a result, impoverished communities and communities of color are more likely to have underlying medical conditions that put them at higher risk for severe illness from covid-19.

The legacy of housing inequities combined with the coronavirus pandemic have led to cascading failures within our healthcare, housing, education, and economic systems whose reverberations will echo in our communities for years to come. Millions of people have lost their jobs, lost their financial stability, and consequently, lost their healthcare, during a pandemic. Without an income, paying rent and mortgage payments has become extremely difficult for many households. Without continued support from the federal government, America will see an unprecedented number of evictions and foreclosures, further

contributing to the housing and homelessness crises communities were facing before the pandemic.

The same housing practices that led to segregation and inequities in the healthcare system led to inequities in homeownership and job access. They also contribute to unjust policing practices and disproportionate use of force and brutal violence in black

communities. Communities are disproportionately suffering from physical, emotional, and financial tragedies due to the virus. Given the extensive impacts of housing segregation on communities, it is reasonable to believe that healthy and equitable housing policies and tools can help in the undoing of the injustices communities of color face today.



Elements contributing to health equity in one's community
Source: [Live Well Arizona](#)

Noteworthy Arizona Efforts Addressing Housing Affordability

Arizona has a broad range of organizations and entities engaged in various aspects of housing affordability. As the housing affordability crisis escalates, innovative public and private sector leaders are working together to address safe housing for the most vulnerable, adding important funding and working to reduce homelessness. Some noteworthy efforts in Arizona are described below.

ARIZONA HOUSING FUND

Howard Epstein, a National Executive at Bank of America, founded the Arizona Housing Fund (AZHF) in 2019 to create a dedicated and sustainable revenue source for affordable housing development. AZHF's goal is to raise \$100 million over the next 10 years. The Fund establishes a partnership with the nonprofit organization, the Arizona Community Foundation, which manages the funds and fields applications for grant funding from AZHF. The revenue sources for the Fund are entirely dependent on donations from the following sources—direct donations from individuals, groups, and organizations, voluntary business participation in sales transaction-based donations on specified transactions, and escrow donations where buyers and sellers are able to donate during the closing process. The grant funds created by these donations go directly to affordable housing development with supportive services to help lift individuals and families out of poverty.²

HOME MATTERS ARIZONA FUND

Announced in July 2020, the Home Matters Arizona Fund provides grants and low-cost financing for promising housing developments that address the state's rising affordability crisis while prioritizing housing justice for underrepresented families and communities. This unique fund was born from a collaboration between Arizona's Medicaid insurers—Arizona Complete Health, Banner - University Health Plan, Care1st Health Plan Arizona, Health Choice Arizona, Magellan Complete Care of Arizona, Mercy Care, and UnitedHealthcare, plus the Northern Arizona Regional Behavioral Health Authority (NARBHA) Institute. Recognizing the critical role stable, affordable housing plays in supporting health, Arizona's Medicaid insurers plus the NARBHA Institute have

ARIZONA'S AFFORDABLE HOUSING EFFORTS

Throughout the Task Force's work, Arizona's affordable housing challenges have been at the forefront. Some notable efforts are highlighted:

- [Arizona Community Foundation Predevelopment Loan Fund](#)
- [Arizona Housing Fund](#)
- Healthcare Insurers/LISC Fund
- [Arctaris Opportunity Zone Fund](#)
- [City of Tempe Housing Plan](#)
- [City of Phoenix Housing Strategy](#)
- Restoration of the Housing Trust Fund
- State Low Income Housing Tax Credit
- Arizona Health Care Cost Containment System (AHCCCS)

committed \$2 million in grant funding. Aetna, Dignity Health and UnitedHealthcare have committed \$35 million in debt financing; the goal is to raise \$100 million. Local Initiatives Support Corporation (LISC), a national community development financial institution with a local office based in Phoenix, will provide underwriting and other asset management services to the fund.

UNITED HEALTH AND CHICANOS POR LA CAUSA

The partnership between UnitedHealthcare and Chicanos Por La Causa (CPLC) was developed to provide low-income individuals and families with access to essential social, medical and behavioral

services that can have a significant impact on health and quality of life. Through the partnership, United-Healthcare has committed to provide CPLC access to up to \$20 million in capital to acquire, develop and operate multifamily housing units in the Phoenix area, and to offer and administer a variety of need-based services to residents. The first complex, which houses 351 units, was purchased using the capital in West Phoenix. The partnership with CPLC will combine affordable housing with onsite residential social-support services.

MERCY CARE AND NATIVE AMERICAN CONNECTIONS

Mercy Care's initial housing assistance work was aimed at improving housing security for individuals with serious mental illness, but its focus expanded

to include people with general mental health issues and those with substance abuse disorders. Under the program, Mercy Care provides rent subsidies for its Medicaid enrollees to live in a house or apartment owned by Mercy Care's housing network, a private landlord or the public housing authority. As an example of Mercy Care's use of state housing trust fund allocations, Mercy Care teamed with Native American Connections to develop a 54-unit supportive housing community in central Phoenix. The Camelback Pointe development—which Mercy Care provided \$200,000 to help fund 13 of the units—allows people to live independently while improving their health and housing stability.



Camelback Pointe, a 54-unit permanent supportive housing community.



CITY OF TEMPE

V on Broadway rendering

INTRODUCTION

The City of Tempe has been intensifying its efforts to ensure a balanced mix of housing options for all who want to live in the city. Guided by a comprehensive Affordable Housing Strategy, Tempe is working to accelerate the growth of workforce and affordable housing through an innovative Hometown for All initiative, wide-ranging development partnerships, strategic purchases of affordable units and other activities. Healthy communities include a diversity of residents and Tempe is committed to being a home for all.

HOMETOWN FOR ALL

Hometown for All is an innovative initiative launched by Mayor Corey Woods in December 2020. This initiative accelerates housing affordability by ensuring sustainable revenue to create the next generation of affordable and workforce housing opportunities in the City of Tempe.

This new policy acknowledges that private property owners are regularly developing market-rate infill housing in Tempe, with few tools for the city to incentivize workforce or affordable housing.

The city maintains a housing ratio of 49% affordable, 34% workforce and 16% market rate. Based on

community growth projections, there is a need to accelerate the addition of affordable and workforce housing in order to keep up those appropriate ratios over time.

Hometown for All has the goal of dedicating a sustainable revenue source to amplify the city's efforts to diversify housing options. For every new development project in the city, funds will be dedicated to the nonprofit Tempe Coalition for Affordable Housing (The Affiliate) for future workforce and affordable projects.

Mayor Woods is determined to see Tempe go above and beyond the successes already experienced in the city.

www.tempe.gov/hometownforall

AFFORDABLE HOUSING STRATEGY

The City of Tempe's Affordable Housing Strategy (AHS) is designed to guide future decision-making on the production and preservation of affordable housing in Tempe. The AHS helps establish the city's goals and objectives for improving the availability of quality housing for residents of different income levels, and lays out strategies to achieve housing affordability.

www.tempe.gov/affordablehousing

HOUSING INVENTORY AND AFFORDABILITY ANALYSIS

According to an expert analysis in 2017, Tempe's ratios of affordable, workforce and market-rate housing are appropriate for a city of Tempe's size. Tempe tracks its performance on these ratios on its data tracking portal. The current mix of housing units within city limits is 49% affordable, 34% workforce and 16% market rate. The city is committed to ensuring these ratios through 2040, and an updated analysis will be available in 2021.

<https://sustainable-growth-and-development-tempe.gov.hub.arcgis.com>

TEMPE COALITION FOR AFFORDABLE HOUSING

Tempe Housing Authority has created a nonprofit affiliate, the Tempe Coalition for Affordable Housing, Inc that is not limited to federal funding sources. Known as The Affiliate, this nonprofit provides the flexibility for Housing Services to pursue objectives outside of traditional HUD limitations. The Affiliate currently owns nearly 50 units designated as affordable housing (0% – 80% AMI).

www.tempe.gov/affordablehousing

WORKFORCE HOUSING PARTNERSHIPS

Tempe is regularly and strategically engaging development partners to expand workforce housing opportunities in the community. Two current projects, Array on Apache and V on Broadway, blend workforce and market-rate housing. These projects are bringing nearly 65 new workforce units to the city.

www.tempe.gov/affordablehousing

TEMPE MICRO ESTATES

The City of Tempe and Newtown Community Development Corporation have partnered to bring an innovative, architect-designed community to Tempe, with 13 resident-owned houses on community-owned land. These efficient, one-bedroom homes with community amenities expand affordable homeownership opportunities in the city.

www.tempe.gov/affordablehousing and www.newtowncdc.org

HABITAT FOR HUMANITY

Tempe has a decades-long history of working with Habitat for Humanity Central Arizona to expand new affordable homeownership opportunities in the city.



Array on Apache

Recently, this partnership resulted in the Tempe Parkview Townhomes community, which brought a first-of-its kind, modern living model to Tempe for 18 families. Tempe and Habitat are currently engaged in an effort to build as many as 16 new homes on four city lots.

www.tempe.gov/affordablehousing

EQUITY IN ACTION

Equity in Action is the first equity in planning advisory effort in an Arizona city and will change how Tempe engages community members to increase the participation of underrepresented residents' in Tempe's planning and decision making. Coalition members are creating an equity framework that will provide equitable engagement tools for public involvement plans and equity metrics for action and policy plans. These members give voice to specific, targeted populations including Black, Latinx, Youth, LGBTQ+, residents with disabilities and residents experiencing homelessness. Coalition members will select implementation projects that will test the equity framework and experiment with ways to improve community engagement especially with target populations. The results will inform the final implementation of a framework to achieve equity in city decision-making processes and create a replicable process of implementing projects that reflect diversity, equity and inclusion.

<https://www.tempe.gov/government/strategic-management-and-diversity/strategic-management/tempe-innovation-fund>

The Art of the Possible: Health, Equity & Workforce Housing

Six Key Themes and Potential Solutions:

Six Key Themes provide a framework to organize the various workforce housing solutions studied and discussed across the Task Force's program of work over the last year. Within each theme, a snapshot of potential solutions to strengthen workforce housing efforts in Arizona are outlined.

1. Inclusive community investment without displacement
2. Planning and regulations
3. Finance and capital
4. Land and location
5. Sustainable, healthy design
6. Partnerships

Several strategies were discussed and researched in greater detail to demonstrate their potential benefits.

The following **five housing typologies** were examined for their potential to be expanded in Arizona:

- Missing Middle Housing
- Accessory Dwelling Units (ADUs)
- Co-Located Housing and Community Facilities
- Co-Living
- Co-Housing

1. Inclusive Development: Revitalization without Displacement

The phenomenon of displacement presents a dilemma for advocates who work to bring new health-promoting investment like grocery stores, parks, transit, and new retail into neglected neighborhoods. The investments may contribute to increased property values and lead to land speculation, effectively pricing out low- and moderate-income families from neighborhoods. Without equity-related revitalization strategies, improvements can push working families farther from desirable areas, limiting equitable access to economic mobility, health amenities, and community services. Even when investment brings much needed resources, the benefits of new services can still be out of reach for those who need them the most due to financial and cultural barriers. Gentrification, displacement, and changes in demographics can wear down celebrated cultural authenticity and the vital social networks within neighborhoods.

The ULI Task Force referenced the definition of equity as

“just and fair inclusion into a society in which all can participate, prosper, and reach their full potential. Unlocking the promise of the nation by unleashing the promise in us all”

(PolicyLink, 2015).

Like [health in all policies](#) (HIAP) approaches, community and industry leaders should consciously place social equity and inclusion at the forefront of all policymaking, planning, and development efforts. Community participation, wealth building, equitable

access to capital, and homeownership tools are strategies that support inclusive development in neighborhoods. They empower all people to have fair access, create stronger communities and lead to resilient economies and sustainable outcomes.

Solving Arizona's housing challenges requires candid examination of the barriers to opportunity facing many residents, including those that contribute to the enduring patterns of racial and economic segregation. Creating equitable revitalization strategies requires reflection on past, current, and future practices to understand how to make better housing policy decisions for all residents across the socioeconomic spectrum.

Inclusive Revitalization Without Displacement is the central theme guiding all the other themes and identified solutions about health, equity, and workforce housing throughout this report.

With the right policies in place, neighborhoods can accommodate new investment with a mix of incomes while still providing and maintaining affordable living opportunities for low- and moderate-income working families.

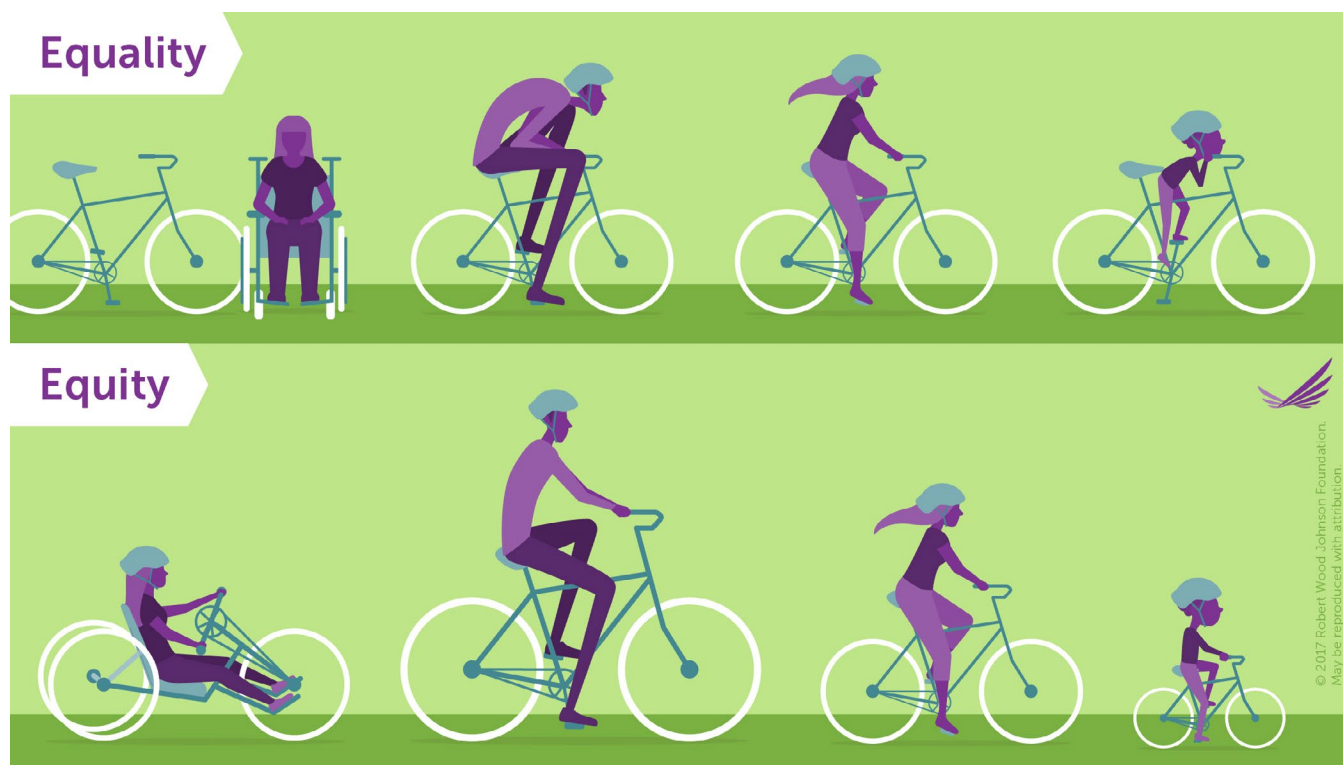
Potential Solutions:

> Conduct neighborhood demonstration projects

Work with light rail accessible neighborhoods on pilot projects that utilize inclusive and equitable redevelopment strategies to facilitate small scale development and housing improvements so that strategies can be replicated after benefits/risks are better understood.

> Create more place-based CDCs

In Arizona, the potential of [Community Development Corporations \(CDCs\)](#) has yet to be fully realized. A CDC is a nonprofit entity focused on empowering residents through a wide range of community services such as affordable housing, education, job training, healthcare, and commercial development⁴. CDCs help build capacity for community-led change, through locality-supported programs and assistance (technical and financial), to prevent displacement. Only a few CDCs exist in Arizona, such as [Newtown CDC CLT](#), the [West Mesa CDC](#), and the [Nogales CDC](#), but the largest is [Chicanos Por La Causa \(CPLC\)](#) whose work grew over time beyond the commonly recognized boundaries of "neighborhood" to the at large "community" focusing on Latinx not only in Arizona but in other states through local affiliations.



Source: [Robert Wood Johnson Foundation, 2017](#).

➤ **Create a regional housing strategy**

A comprehensive strategy could provide a coordinated plan of action among all the partners working on housing affordability and help local governments address the housing shortage in their communities and leverage opportunities. It would establish a baseline understanding of regional housing conditions and depict a clearer picture of regional, local, and community-level gaps in housing availability and affordability. Recommendations could be made to address gaps holistically. A good example is with the Atlanta Regional Commission, which is partnering with organizations across the region to create a regional housing strategy like the [Metro Atlanta Housing Strategy](#) to help local governments better understand their housing challenges and begin to address them through actionable and innovative strategies.

➤ **Encourage voluntary housing and community impact analyses**

Assessments for proposed developments, zoning changes, infrastructure projects, or public investments can determine how they might impact the community and the supply of affordable/workforce housing stock. A local example is the [City of Tempe's Affordable Housing Impact Statement](#).

➤ **Develop robust engagement and community participation**

Engagement with traditionally marginalized groups is critical in identifying and mitigating against potential adverse impacts and increasing transparency and equitable distribution of resources. [City of Tempe's Equity in Action](#) program is designed to engage underrepresented groups in the planning and decision-making processes.

➤ **Develop an interactive, web platform for housing affordability in the Phoenix metro area**

A robust online platform like the [Miami Housing Solutions Lab](#) could be a centerpiece of resources, tools, and data related to housing affordability and community development in the region to provide community groups, planners, policymakers, and developers with information on local housing needs as well as housing policies that prevent displacement and promote housing affordability. ASU's Stardust Center for Affordable Homes and the Family might be a good convener of such a tool locally.

➤ **Create community driven housing affordability task forces**

A task force could operate as a community building tool to connect residents, employers, developers, and others with one another and the locality and provide opportunity for diverse voices to engage in local housing issues. Multiple task forces could be created to represent specific at-risk neighborhoods to create action plans that help create and preserve affordable/workforce housing. Smart local grassroots examples are [SoPho Convening](#), which is a community collaborative dedicated to equitable economic development with residents in South Phoenix, and the [Tucson Small Scale Development Coalition](#) which focuses development at scale that allows more people to participate in the construction of their neighborhoods.

>> **Utilize COMMUNITY BENEFIT AGREEMENTS to support equitable development**

Community Benefits Agreements (CBAs) are utilized across the country to ensure public investments have an equitable impact on the lives of local residents. CBAs are not currently being used in Arizona but health institutions and other industry partners have expressed interest to see how they could support healthy, equitable development and [housing affordability](#). A CBA is a project-specific agreement between a developer and a broad community coalition that details the project's contributions to the community and ensures the community support for the project. Addressing a range of community issues, properly structured CBAs are legally binding and directly enforceable by the signatories. Benefits might include minority contracting, living-wage requirements, first-source hiring preferences, land banking and affordable housing set-asides, transit integration, green building, and community involvement. In addition, the community benefits terms from a CBA may be incorporated into an agreement between the local government and the developer, such as a development agreement. That arrangement gives the local government the power to enforce the community benefits terms. CBAs can bring new voices to the table, but developers need to be sufficiently motivated to spend the sufficient time and money to hammer out the upfront

agreements. The [Partnership for Working Families](#) documents national CBAs and which policies they are effecting.

>> Consider HOUSING COOPERATIVES to help residents to stay in neighborhoods

Housing co-ops exist in most states, [including Arizona](#), and were one of the earliest tools to preserve workforce housing. Co-ops that use a shared equity approach can balance the dual goals of long-term affordability and individual wealth creation. A Limited Equity Housing Cooperatives (LEHCs) or “housing cooperative” is an alternative form of homeownership that can be a solution to gentrification helping individuals and families remain in their neighborhood when market forces pressure displacement. Co-ops are organizations of residents containing individual units in which the real property is owned by a membership-based legal entity with each member acquiring a share in the co-op. A co-op board makes decisions about how the co-op should

be run, and who can buy in and assumes the obligations necessary to finance and operate the development. Members support the corporation through occupancy agreements, eliminating the need for each member to be an individual mortgagor. This spreads out costs across households, lowering expenses and making it more feasible to initiate property upgrades. The amount of equity a member can earn when they sell their property and share is limited to maintain affordability for future residents. It is important that the co-op mission of providing long-term affordability is preserved through permanent restrictions so that once the mortgage is paid off the buildings are not converted to ownership with high rents. LEHCs help owners obtain some equity and support homeownership growth. Co-ops can target membership to include residents of specific areas using carefully coordinated neighborhood planning and engagement processes.

HOUSING CO-OPS

BENEFITS

- LEHCs could be combined with other tools like co-housing and community land trusts (CLTs) to expand reach.
- They can be used to preserve affordability of class B and C rental housing.
- They can also be new developments designed for the future residents.

BARRIERS

- Securing the blanket mortgage can be difficult when lenders are not used to this model.
- All residents must be convinced to make the change and establish an LEHC.
- If a new development is being built as an LEHC, securing funding, qualifying tenants, and educating tenants on operations add time and monetary costs.
- Limited community knowledge of LEHCs.
- Management and collective decision making with a large group of stakeholders.

LISC Turning the Corner

In 2016 Phoenix was selected as one of five cities across the country to participate in Turning the Corner – a neighborhood anti-displacement project incubated by the The Funders Network’s Federal Reserve Philanthropy Initiative and managed by the Urban Institute’s National Neighborhood Indicators Partnership. LISC Phoenix secured Turning the Corner participation, formed a local Steering Group, which included Arizona State University and Vitalyst Health Foundation, and continues to manage ongoing Turning the Corner activity. Each

city conducted baseline research on the shifting dynamics of neighborhood change. The focus was on four neighborhoods that were either on the light rail or slated for future rail service – Garfield, Booker T Washington, Eastlake and Glendale. Individual interviews were conducted with neighborhood residents and ASU collected data on changes in neighborhood demography and businesses. Residents were involved in strategic thinking about how neighborhoods in hot economies remain affordable and available for everyone.



The Glencove Artists Co-Op Cleveland, OH

In 2015, a partnership with Cornerstone Corporation for Shared Equity, created a Renter Equity Program for artist tenants to receive the opportunity to rent, earn equity and display their work all in the same building. The housing incentive is Cleveland's first-ever shared equity program to allow renters who are artists to earn equity while renting a property. Formerly a tavern, the building stood vacant for over 10 years. The entire building was renovated from top to bottom into six living spaces, and six gallery spaces for the artists' studios and/or galleries.



Concord Village Co-Op Tempe, AZ

Concord Village is an affordable place to live in the heart of where Tempe, Scottsdale, and Phoenix converge. It is a housing cooperative comprised of 373 one and two-story townhomes. The complex was originally conceived in the late sixties as an economical ownership solution for lower-income families in the fast-growing Tempe/Scottsdale area. 373 low-income families each purchased a share of Concord Village for \$1,000, and the remaining construction costs were financed via a HUD low-in-

terest loan. The combination of tax incentives and low interest financing means that each owner only pays a few hundred dollars a month for their share of maintenance and remaining loan obligations.

Due to the unique ownership structure, residents receive all of the benefits of apartment living (low fixed costs with no surprises) and home ownership (tax benefits, long term return on investment, financial incentives to improve your unit), plus other positive ingredients like group buying power, high owner-occupancy, and community pride.

Today, when units become available, new owners pay about \$10,000 to purchase stock in the whole project, and then enjoy a low monthly maintenance fee to live in the complex, depending on size of the unit and annual income.

FINANCE

Concord Village is the last remaining HUD financed co-operative housing community in the state of Arizona. While thousands of HUD funded housing cooperatives have been created all over the US in the past fifty years, only five were ever built in Arizona, and the other four have since either become fully private or have deeded their units to owners.

2. Planning and Regulations

Municipal planning policies and zoning regulations set the stage for the development of housing affordable to all income levels. Examples throughout the US demonstrate ways to overhaul outdated, convoluted, and strict requirements limiting innovation. Some are more radical like the [elimination of single-family zoning districts in Minneapolis](#); others are more focused on incentives and moving projects faster like [streamlining infill development projects in San Diego](#). Each jurisdiction structures regulations in different ways, depending on local context, conditions, and political will. Making planning and zoning processes shorter, simpler, more transparent, and less uncertain alleviates numerous factors restricting affordability.

The National Multifamily Housing Council and the National Association of Home Builders recently [published a study](#) finding that regulations imposed by various levels of government account for 32.1% of total development costs on average and up to 42% of total development costs in some cases. These costs stem from requirements such as building setbacks, parking minimums, permitting processes, environmental reviews, and public hearings.

Potential Solutions:

> **Review and simplify zoning codes and development guidelines**

Many regulatory processes are long with requirements that leave little room for creativity and innovation. Finding opportunities to improve and streamline will reduce development costs.

“We can do a better job as an industry and non-profits to help educate municipalities on the cost of each change they’re asking for and clarify the impact of every fee [cities are] requesting”

- JEREMY SHARPE, COO of Rancho Sahuarita

> **Promote consistency between jurisdictions with model building codes**

The varying nature of building codes between jurisdictions add complexity and costs to development. Local jurisdictions can adopt model codes and ensure their codes align with those adopted by neighboring jurisdictions to save time and money.

CHALLENGES

- Excess parking
- Zoning codes
- NIMBYism
- Gentrification and displacement
- Community engagement
- Inconsistent regulations across jurisdictions
- Political will
- Lack of density

SOLUTIONS

- Parking reform
- Streamline regulatory processes
- Form-based codes
- By-right zoning
- Community benefits agreements
- Adopt a regional approach to housing
- Representative community engagement
- Adopt policies to prevent displacement
- Surplus land policy
- Density bonuses

> **Make adaptive reuse of old buildings easier**

There are many benefits and cost advantages (land, utilities, services, environmental benefits) to reusing an older structure. More local jurisdictions should adopt adaptive reuse programs similar to the City of Phoenix, which has one of the [most comprehensive adaptive reuse programs](#) in the country to streamline processes and yield cost savings for infill projects.

> **Waive or reduce impact fees to offset development costs**

Access to quality and reliable public infrastructure is essential for all residents. Most jurisdictions use development impact fees to pay for it, but the cumulative costs associated with high fees can reduce the financial viability of building affordable housing products. Reducing or waiving some fees can help offset costs and be used as an incentive to build workforce housing near job and transit centers.

ReinventPHX And Walkable Urban Code

As part of the Reinvent PHX project to create a vision for communities along the light rail⁵, an urban and transit-oriented zoning code, the [Walkable Urban \(WU\) Code](#), was adopted in 2015. The code regulates development in proximity to light rail stations and is envisioned to replace existing zoning for properties within the six higher density Transit-Oriented Development (TOD) Districts. The City conducted extensive community and private sector engagement to create these plans, which focus on reduced parking requirements near light rail stations, reduced building setbacks, expanded opportunities for mixed-use development, and set a minimum requirement of 75 percent shade cover for sidewalks.⁶

> **Revamp parking standards**

The financial cost of parking is bundled into rents and housing costs. Eliminating or reducing off-street parking requirements removes a barrier to new investments and allows developers more flexibility in the amount of parking they provide and how they provide it. Unbundling parking options can allow parking spaces to be rented or sold separately and shared public parking is a good strategy.

> **Connect city departments to address community housing objectives holistically**

Municipal departments (planning, housing, neighborhood services, economic development, health and safety, and public infrastructure, among others) could be connected by a joint team liaison who can work specifically on workforce and affordable housing project approvals/processes within the city to communicate clear guidance and help make the development process easier – this directly translates to time and cost savings.

> **Develop libraries of pre-approved, permit ready plan options**

Communities can provide prototype designs and pre-approved plans that have been reviewed for conformance with building codes and other standards in advance to encourage workforce housing options, like accessory dwelling units, infill missing middle, micro-units, etc. The City of Seattle developed a website called [ADUniverse](#) that will offer 10 pre-approved accessory dwelling unit (ADU) designs.

> **Utilize flexible, form-based, and transit-oriented zoning**

Coordinating transportation, land use, and housing planning will help ensure that transit-accessible neighborhoods are successful. Focusing on physical form rather than the separation of uses and the relationship to transit can encourage smart site and pedestrian scale design practices allowing higher quality, more aesthetic products, and neighborhoods. Well-designed form-based codes can positively impact affordability across the income spectrum when adequate densities and supply are encouraged.

>> Prioritize community engagement and education to cultivate **YIMBY STRATEGIES**

Vocal neighbors opposed to density, affordable housing, and other development types perceived as threats to property values can derail a project quickly. Resistance from the community in the form of NIMBYism (Not-In-My-Back-Yard) in which local people worry that anything other than market-rate housing will be disruptive and decrease property values. Establish a process for identifying potential sites for affordable and workforce housing through a transparent and highly publicized public process. Allow for dialogue with the community about the benefits and potential tradeoffs. Inclusive engagement and education can help create a culture of YIMBYism (Yes-In-My-Back-Yard).

- Work closely with residents to establish the community's needs and vision for their neighborhood.
- Focus on GHIMBY ("Good- Housing-In-My-Backyard") to recognize that good design - interesting building details, privacy protection, landscaping, traffic, and parking management - can overcome many objections to housing density and infill.
- Illustrate different alternatives for what high-density, mixed-use neighborhoods might look like.

"By agreeing on what good density looks like, you will have transparency and know what the community wants so you have some assurance you will not face strong opposition when walking into the public process"

- DR. DEIRDRE PFEIFFER, Associate Professor, School of Geographical Sciences and Urban Planning at ASU.

>> Prioritize housing affordability in **PLANNING POLICIES**

In Arizona, the General Plan is the initial opportunity to address issues relating to housing:

- affordable/workforce housing
- densities and building types .
- innovative site design and building design/ quality
- preservation
- access to on-site and community amenities
- providing for diversity of housing needs and supply

Land-use policies are an important lever to facilitate a housing market supply that keeps pace with demand from working households for affordably priced homes. Planning policies can set long-term affordability goals to ensure supplies match population growth and employment projections over the long term.

Municipalities can specifically address these affordable/workforce housing policies through specific public policy documents. For example, the City of Phoenix recently adopted the [Housing Phoenix Plan](#) and the City of Tempe has adopted an [Tempe Affordable Housing Strategy](#). Both focus on implementation of policies identified in the respective General Plans. Phoenix is committed to creating and preserving 50,000 homes by 2030. Tempe commits to maintaining the current unit mix – affordable housing (49%); workforce housing (34%); and market rate housing (17%).

>> Create new and consistent **ZONING CODE INCENTIVES**

Communities can offer zoning incentives, such as bonus densities and increased height to developers who voluntarily build workforce housing units. Voluntary zoning incentives seek

Making YIMBYism work

- Invest in process
- Engage the most affected first
- Seek community input to clarify issues and strengthen solutions
- Be transparent and set expectations about how input will be used
- Listen and respond (actively)

Source: ULI Terwilliger Center for Housing

to produce an equitable exchange to deliver a public benefit. It is important to ensure that base zoning is set at a reasonable level for a density bonus program to work. Developers must perceive a value to achieving density above what is allowed by right under the existing zoning. If base zoning is too high, developers will not participate in the density bonus program and instead will build by right, without the provision of workforce housing.

Reducing regulatory barriers increases the market's ability to build lower-cost housing. Zoning standards like building height caps, density restrictions, minimum lot sizes, and parking thresholds can be amended to incentivize development:

- streamlined and expedited approvals
- modification of impact-fee requirements, including reduction or waiver of fees
- flexibility in densities and bonuses for affordable housing, especially w/in distance of transit stops
- allowance of affordable accessory residential units
- reduction of parking
- flexible lot configurations, including zero-lot-line designs
- modification of street requirements for affordable housing

Arizona is 1 of 3 states in the country where mandatory inclusionary zoning is specifically prohibited by state statute. However, Arizona municipalities have the power to adopt “stipulations” as a component of the rezoning approval. The primary form of incentive zoning that Arizona municipalities use is the Planned Area Development (PAD) and the Planned Unit Development (PUD). The PAD/PUD rezoning process involves negotiating between the municipality and the developer to ensure that the land uses, densities, parking, and other design considerations that are proposed benefit the community. This negotiation process is an opportunity to address the provision of affordable/workforce housing.

California YIMBY

A [California YIMBY](#), or Yes In My Back Yard, was founded in an effort to counter the NIMBY voices that so often delay or prevent housing development. California YIMBY is a nonprofit with over 75,000 members and volunteer teams across California. Members and staff engage with elected officials, policy experts, grassroots organizations, and voters to advocate for equitable and inclusive communities and address the housing shortage. California YIMBY also supports policies like SB 902, which allows for “gentle” density increases by encouraging ADUs and increasing the number of homes allowed on a single property from two to four in appropriate areas.

Housing An Inclusive Denver Plan

[Housing an Inclusive Denver](#) is focused on tools that address a continuum of housing needs, including housing for residents experiencing homelessness, affordable rental housing, and attainable homeownership. The plan seeks to align the City and its partners' actions between 2018-2023 according to four strategic goals 1) create affordability, 2) preserve affordability, 3) promote access to housing, and 4) stabilize residents at risk of displacement. Goals include creating 3,000 housing units by 2023, preserving affordability for 1,000 homes, and promoting housing access for and preventing displacement of 20,000 additional households.

3. Finance and Capital

Rising development costs make capital a huge driver in workforce projects. Land, labor, and materials will cost about the same whether the housing is market-rate or affordable, however these fixed costs are increasing leaving developers with few options for developing workforce housing.

There is demand for workforce housing but limited product because of marginal returns for the private sector to build. Market rate developers focus on delivering projects that will meet the economic requirements of their lenders and investors. It is often easier for a developer to add a little more capital and move from workforce housing to Class A-level housing and charge higher rents to achieve the returns for investors. It is mainly for this reason that market rate developers – who in any cases may wish to develop affordable and workforce housing – are often unable to secure the necessary debt and equity to execute those projects, without either a direct public subsidy, a public incentive, or both. This puts workforce housing in competition with higher end market-rate housing and creates a reliance on subsidies to make affordable projects feasible.

Limited financial and capital resources contribute to the mounting housing affordability and supply crunches.

Potential Solutions:

> **Work with investors to expand and diversify project financing**

This includes banks and other investors. Workforce housing projects need investors willing to accept a lower return on investment (ROI) such as impact investors or philanthropic investors. However, the banking sector should also modernize and supply new loan tools to be flexible and supportive.

“Often the funds for developments are accessed through LIHTC or ADOH, but they haven’t been able to figure out how other sources pencil out. We need to be talking to the banks about producing more opportunities for access to cheap capital.”

- Tom Egan, President and CEO of Foundation for Senior Living

> **Build more local financing options and equitable access to capital**

Smaller local investors and banks care about their communities and may be more willing to accept

CHALLENGES

- Equity is expensive
- Long processes
- Land costs
- Development fees
- Public infrastructure costs
- Finance for small scale
- Looking beyond the ROI

SOLUTIONS

- Public infrastructure funds
- Mixed-use & mixed-income
- Capital guarantees, underwriting leeway
- Financial subsidies for small-scale developers
- Find new partners: impact investors, public benefit corporations, employers, hospitals
- Establish common language
- Reduce costs of: land, fees, time

a lower ROI. Local financing and [Community Development Financial Institutions](#) are good opportunities to increase social equity in the banking industry.

➤ **Make public improvements and provide infrastructure to reduce development costs**

Local governments could reduce costs by contributing land or including money to pay for infrastructure costs associated with housing in capital improvement plans (CIPs).

➤ **Leverage tax abatement incentives to encourage development that is affordable**

Tax incentives can be used to build a minimum percentage of new units at affordable rates. Partial abatement or complete exemptions can last for various timeframes so evaluate the size of the benefit against the length of the duration.

➤ **Provide education on how to finance mixed income housing**

Help more for-profit and nonprofit developers become skilled and experienced in putting complicated deals together and managing the associated risks.

➤➤ **Leverage a VARIETY OF FINANCIAL RESOURCES:**

[Resource to help finance Cooperatives](#)

HUD/FHA Section 223(f) Cooperative Refinance Loan

Overview: This loan provides non-recourse, assumable financing for the refinance of existing cooperative properties. Program allows for minor repairs and rehabilitation of approximately \$40,000 per unit.

HUD/FHA Section 213 or 221(d)(4) Cooperative New Construction or Substantial Rehabilitation Loan

Overview: This program provides non-recourse, assumable construction and permanent financing for new cooperative or substantial rehabilitation of existing cooperative.

Fannie Mae Loan Program Cooperative Refinance Loan

Overview: This loan provides non-recourse, assumable financing for the refinance of existing cooperative properties.

[Selection of programs for cooperatives where underwriting is being improved](#)

- National Cooperative Bank
- Freddie Mac
- FHA 241 Program
- FHA 223 (a) (7) program
- Local lenders and banks

[Other resources to finance Workforce Housing](#)

HUD/FHA Section 223(a)(7) Refinance of an Existing FHA Insured Loan

Overview: Streamlined FHA program designed to allow borrowers with existing FHA insured loans to lower the interest rate, extend the term, fund project repairs and increase the replacement reserve. For-profit and not-for-profit borrowers may apply for FHA mortgage insurance under this program. May borrow up to the original mortgage amount.

HUD/FHA Section 221(d)(4) Loans for Rental Housing

Overview: Long term, non-recourse, high LTV, non-income limits, and fixed rate loans to facilitate the new construction or substantial rehabilitation of multifamily rental (detached, semi-detached, row, walkup, or elevator) for moderate-income families, elderly, and the handicapped. Single Room Occupancy (SRO) projects may also be insured under this section.

Freddie Mac

Overview: Non-LIHTC Forward loans eliminate interest rate risk when stabilized projects transition from construction to permanent financing, improving the financial feasibility for developers to build more rent-restricted units. These loans give the construction lender greater confidence to make loans on affordable projects knowing that the permanent financing is already in place.

Qualified Opportunity Zones Funds

Overview: Created under the 2017 Tax Cuts and Jobs Act (TCJA), Opportunity Zones comprise 8,764 census tracts, nominated by State and Territorial executives and certified by the U.S. Department of the Treasury. The Opportunity Zones tax incentive is designed to spur economic development and job creation in these communities through preferential tax treatment for those investing certain eligible capital gains into Opportunity Zones through Qualified Opportunity Funds.

4. Land and Location

Land availability and location are often the biggest factors of cost in housing development. Generally, where there is a high demand, land prices rise, and where not enough demand, land prices fall. Policy-makers and researchers have identified numerous barriers to increasing the supply of market workforce housing for specific locations. Common challenges are based on the comparative cost of land, labor, materials, government regulations, and access to capital. The relative costs typically get passed on to renters or buyers with a markup and can impose a significant burden on the development of affordable and workforce housing.

The focus on core, accessible locations is driving shifts in housing development policies and practices and is inspiring innovation on how to support housing affordability in growing urban centers.

Potential Solutions:

> Maximize the use of existing buildings

Building over existing single-level buildings to increase density, repurposing underutilized buildings in old shopping centers, and adding ADUs and other forms of increased density in areas experiencing intense development pressure can help meet demand without compromising neighborhood character or historic value.

“There is growing interest to build podium products that would go over an existing historic building and have micro units stacked. It is great when you can put them on the light rail corridor over buildings. We don’t want to tear down.”

- BOB WORSLEY Arizona State Senator

> Leverage vacant and publicly owned sites in accessible, high-value areas

Develop a comprehensive inventory of parcels owned by public agencies, and identify those sites that are in areas where housing is most needed

> Partner with landowners early to discuss how underutilized land relates to redevelopment opportunities

Demonstrate how much the vacant land produces now versus what it could be producing after residential development.

CHALLENGES

- Parking costs
- Underutilized / Vacant lots
- Underutilized buildings
- Inflexible zoning codes
- Limited density
- Land costs
- Git clause
- Occupancy limits

SOLUTIONS

- Adaptive reuse
- Co-Housing, Co-Living
- Micro-living, tiny homes
- Land banking, ground leases
- Shared use developments
- Public-Private partnerships
- Community land trusts
- Leverage public property for public good

>> Leverage **LAND BANKS** to acquire land

Land banking is a known and reliable method to acquire land for future development. Land banks are governmental entities or nonprofit corporations that are focused on the conversion of vacant, abandoned, and tax delinquent properties into productive use. In Arizona, the private market and government have both been active in land banking. Whether for potential profit or to revitalize neighborhoods, the practice is different than in many other states. They are not related to tax delinquencies per se in Arizona, as state laws have established a procedure for buying and selling tax liens that takes several years before foreclosure can be done. In other metro areas like Atlanta, land banks do focus on abandoned tax-delinquent properties through a proactive mechanism to facilitate conversion long-term assets⁷. In Arizona, because the legislative hurdles are cumbersome, land banking happens by acquisition and rarely by any other method.

Land banks can serve as a critical tool in both “hot” and “cold” markets. In a hot market, the land bank serves as a tool for local governments and nonprofits to make development decisions based on community need without significant land cost concerns. As housing costs rise, and the gap between affordability and market-price widen, a land bank can maintain a stock of

homes accessible to low and moderate-income families. Additionally, the land bank can continue to acquire properties in gentrifying communities to preserve affordability. In a cold or weak market, the land bank can use its purchasing power to reduce blight by acquiring properties, clearing the titles, and restoring them to productive use⁸.

Acquiring Land

- There are several sources for acquiring land:
- Properties conveyed by the local or state government to the land bank
- Voluntary donations or transfers from private owners
- Acquisition by purchase or lease on the private market⁹

Funding the Land Bank

It is critically important to establish funding sources for operations and purchasing properties, otherwise the land bank will be underfunded and unable to serve its purpose. Leveraging public funds with private sources can make the land banks sustainable. Donations of land can be encouraged, although they rarely occur at the scale necessary to fully support the land bank. There are several funding sources worth exploring, including general revenue funding, borrowing and bond financing, inventory cross-subsidies, and direct donations.

LAND BANKS

BENEFITS

- Development costs are reduced by eliminating or reducing land costs – the savings could cover between up to one-third of the affordability gap for financing workforce units.
- Land banking requires inter-jurisdictional collaboration and could be a catalyst for further collaboration – a regional strategy could ensure that each municipality has affordable and workforce housing within its boundaries and create a database of regional needs.
- Land bank property redevelopment encourages community participation – they embed themselves within the existing neighborhood or community leadership structure to coordinate engagement efforts.
- Land banks can make the neighborhood revitalization process equitable and help prevent speculative purchasing of properties.

BARRIERS

- Determining the funding source for the land bank - Without financial support from the state or local government, any new land bank established in Arizona would suffer from lack of funds. Stakeholders of a land bank should be creative when identifying and layering funding sources.
- There may be significant issues with the properties acquired - It is important to remember that many properties are vacant, abandoned, or in tax delinquency for a reason. Often, there are significant barriers to restoring the property to productive use.
- Drafting and implementing land bank policy without displacing residents - As with any redevelopment strategy, land banking can contribute to gentrification and resident displacement without careful planning and protective strategy.

>> Maximize **COMMUNITY LAND TRUSTS** for long-term affordability

A Community Land Trust (CLT) is a form of shared equity homeownership. A nonprofit entity acquires land and maintains ownership of the land in perpetuity for the benefit of the community. Community land trusts can be used for many types of development, including commercial space, housing, urban farms, and community centers.

Most often CLTs are used to ensure long-term home affordability and provide access to homeownership for hardworking individuals and families who are otherwise priced out of the housing market. A completely renovated home is sold to a qualified buyer for well below the market value and CLT holds the land in trust. The buyer leases the land from the CLT through a 99-year renewable ground lease. The investment used to make the home affordable stays with the land and is protected this way. The CLT monitors the condition of the properties as well as the resale restrictions that ensure the homes remain affordable for future buyers.

The ground lease requires owner occupancy. Resale restrictions require that if the CLT home

is sold, it must be sold to another income-eligible buyer. In addition, a shared appreciation provision limits the amount the home can be sold for. This ensures the homes remain affordable to hard working families in the future. CLT owners have an opportunity to build wealth through homeownership yet they do not receive a windfall profit from the community investment used to make the home affordable.

The CLT model for housing has been proven in the cities of Tempe, Scottsdale, and Chandler through [Newtown CDC CLT](#) and in smaller forms in other AZ cities. The sites owned by a CLT may be contiguous, grouped together, or distributed throughout the community and can be single-family homes, multifamily, or individual units within a multifamily building¹⁰. With the right level of public and private financing, more CLTs can scale up to maximize their potential for housing density and supply in the region. A CLT for workforce housing in the Valley could acquire unsubsidized inventory and set limits for applicants earning above 60% and no more than 120% of the AMI. Cities should identify what land they own and which department is responsible for the land. Partnerships with local employers and anchor institutions could help increase access to additional sources of funding.

COMMUNITY LAND TRUSTS

BENEFITS

- CLTs already exist in Arizona who are strong community partners with expansion potential.
- The CLT model pairs well with LEHCs, land banks, and community development corporations, so they could take on multiple roles in a community.
- CLTs revitalize blighted properties while maintaining affordability.

BARRIERS

- CLTs have limited funds with a major focus on grants.
- Underwriting a mortgage for a homeowner on a CLT property can be challenging for lenders.
- Scaling CLTs for greater impact - there is a lack of them now with only 7 CLTs in Arizona and 5 of those focus on affordable housing (Flagstaff Historic Southside; City of Flagstaff CLT; Patagonia Housing CLT; Pima County CLT; Newtown CLT)

5. Sustainable, Healthy Design

Sustainable, “green” design practices are important contributors to affordable, healthy, and equitable housing options, helping to overcome legacies of disparity. Holistic, sustainable design approaches focus on health, community, energy efficiency, and overall livability. Efficient, high-performing properties consume less energy and lead to lower utility and operation costs.

In the past, housing affordability was often achieved through economies of scale, minimizing up-front land, design, labor and material costs. This meant that affordable housing developments were often located at remote sites disconnected from essential services and health promoting amenities.

Today the benefits of prioritizing health in sustainable housing design are increasingly understood, from the physical dwelling itself to the surrounding neighborhood environment. Focusing workforce housing near transit and other community amenities helps connect families to jobs, health care, child-care, and other services. The creation of context-responsive, energy-efficient, and healthy environments reduces overall development and operation costs and can significantly contribute to long-term affordability.

Housing that is affordable for workers being able to live near employment enables healthy living opportunities, diverse economic development, strengthens resiliency in the labor force and reduces environmental impacts¹¹.

- Green building practices minimize waste, recycle materials, and significantly reduce dependency on non-renewable sources while lowering construction and operation costs.
- Solar panels, insulation, low-emissivity windows, advanced water and irrigation systems, natural lighting and shade features are just a few of the options that increase energy efficiency and lower utility bills.
- Community gardens provide access to fresh healthy food and can encourage social ties that build a greater feeling of community.
- Art and creative community placemaking strategies can help empower and create space for shared decision-making, cultural programming, curated art, flexible community spaces, and play a unique role in connecting people and place, nourishing authenticity.
- Choosing sites near public transportation, shopping, schools and other daily needs minimizes need for cars, reducing traffic and greenhouse gas emissions.
- Active living might include deliberate placement of stairwells, bicycle storage areas, making bike supplies available to residents, and play spaces for children.

Investing in high-quality, sustainable materials and design in housing offers far-reaching social, economic, and environmental advantages. Whether for new construction, renovation, or preservation, healthy housing elements can be successfully incorporated in a variety of settings, price points, and at a range of scales¹². Reducing construction material costs and timeframes supports savings throughout the development process that produce financial returns for successful housing projects.

Resources for Healthy Housing:



ULI Healthy Housing For All: How Affordable Housing Is Leading The Way

this report explores the affordable housing industry's achievements in creating healthier housing environments and translates them into lessons for the broader housing marketplace. The innovations in healthy affordable housing present an opportunity to replicate healthy housing successes, as well as to respond to market demand across the residential development industry.



Affordable Housing Design Advisor

Developed by the U.S. Department of Housing and Urban Development, the Affordable Design Advisor helps developers, sponsors and users of affordable housing understand what constitutes quality design, why it is worth striving for, and how to achieve it in projects.



Living Building Challenge Affordable Housing Framework

The International Living Future Institute (ILFI) created the Living Building Challenge Framework for Affordable Housing, which outlines building strategies for multi-family affordable housing projects. The focus is on how to overcome social, regulatory, and financial barriers for applying deep green technologies to affordable housing. Living buildings are comprised entirely of healthy, sustainable building materials, harvest all their energy and water on site, and weave equity and social justice into their design goals.

Potential Solutions:

- > **Embrace zoning standards/guidelines for density, walkability, and accessibility**

There are numerous opportunities to improve walkability and expand access to workforce housing in pedestrian and transit-oriented areas including, but not limited to – small blocks sizes, street scale investments, complete street and people-oriented designs, shade, lighting, and safe and accessible routes to public transportation and service.

- > **Focus on health in housing design**

Active staircases, efficient energy and ventilation systems, architectural features for natural lighting, parks, and community spaces, free or low-cost programming, community kitchen and fitness centers.

- > **Develop micro-units and tiny homes**

Small, more efficient space designs can reduce development costs and be more affordable with less total monthly expenses for residents. Some local examples include [The Village on 13th - Micro homes for Veterans](#) and [Tempe Micro Estates](#).

- > **Offer “affordable-by-design” options**

Building smaller units or amenity packages that still incorporate quality health and equity benefits in the design can reduce development costs.

- >> **Utilize OFF-SITE CONSTRUCTION | MODULAR AND PREFAB methods**

New construction methods and materials, like

off-site prefabrication and cross-laminated timber, can lower the cost of development because they are cheaper and faster to build. Off-site construction offers an alternative to traditional on-site construction where production largely occurs in controlled manufacturing facilities. Generally there are two types of off-site construction—modular and prefabricated. Modular housing is relatively new to the affordable and workforce housing markets but is gaining ground quickly. Modular solutions save money in construction, and their level of prefabricated, premanufactured parts varies, from kitchen and bathroom ‘modules’ to entire manufactured houses built in a factory. Cost is key where there is a shortage of labor amid a multifamily construction boom and competition from market-rate projects is stiff. Labor shortages and material cost increases are happening in tandem, which are accelerating the appetite for modular solutions. Prefabricated units are comprised of panels that are fabricated in an off-site facility, then assembled piece by piece on site.

Off-site technologies make the entire construction process more efficient, streamlined, and cost-effective, which will be increasingly important as the industry becomes more competitive. Experts predict a major overhaul in the construction industry over the next decade with the rise of premade, plug-in components

Paseo Verde Philadelphia, Pa

A sustainable, mixed-use rental housing project for low- and - moderate income families near the transit station, Temple University, and on-site community services. The goal of the project was to focus on providing a healthy living environment for residents through sustainable practices as well as cost savings through effective reduction in water and energy use.



OFF-SITE CONSTRUCTION | MODULAR AND PREFAB

BENEFITS

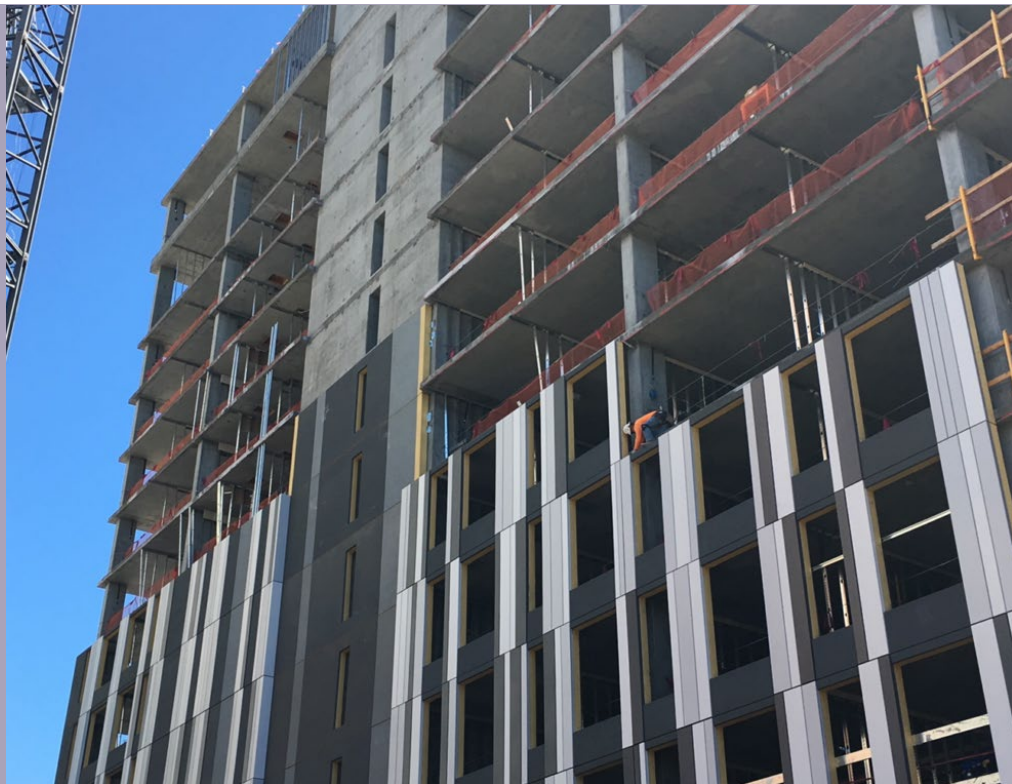
- Provides better and safer working conditions due to consistent scheduling and reduced exposure to harsh weather conditions.
- Can be used to create job and educational opportunities.
- Improves productivity, quality, cost predictability, and safety performance.
- Reduces project time costs by 20 to 50 percent.
- Increases schedule certainty and client satisfaction.
- Reduces material wastes, improving sustainability of the product.
- Capitalizes on economies of scale.
- Easier to construct in dense areas with no available construction laydown space.

BARRIERS

- On-site technical and logistical issues can quickly eliminate cost savings.
- Lack of local contractor and subcontractor familiarity with modular construction.
- Complex construction contracts and liability.
- Shipping distances and proximity to a factory greatly impacts cost savings, as none exist any longer in Arizona.
- Requires support from state and local governments and achieves the best outcomes with consistency across municipal codes and regulations.
- Design schedule increased at least 8-12 weeks to go through additional shop drawing production and review.
- The upfront costs for off-site construction are higher, often requiring 50% of total project costs be delivered up-front.
- Arizona construction costs still support traditional construction costs over modular.

Hilton Canopy By Kapture Prefab Tempe, AZ

Kapture Prefab, located in Tempe, primarily produces prefabricated exterior wall panels which have been used for several hotels throughout the Valley. Kapture Prefab designed and produced the exterior wall panels for the Hilton Canopy in Tempe, AZ.





Aija by Kattera Prefab Gilbert, AZ

Kattera serves a broad market for development types, locations, and services, and it has partnered on many multifamily projects in the Valley. This rendering depicts the Aija, a 3-story garden-

style apartment complex under construction in Gilbert, Arizona. Kattera is providing architecture, engineering, construction management, interior design, and materials services.



Homeplace Solutions Offsite Construction Atlanta, GA

Homeplace Solutions, a division of Place Properties, delivering a modular home to help fill the gap of middle-income housing in Atlanta. The Sunset Avenue home costs about \$140,000. The City of Atlanta's economic development arm Invest Atlanta, owns the property and the goal is to provide more housing that's affordable for the city's police, firefighters, teachers, hospital workers.



Laurel Tree Built By Catholic Charities Phoenix, AZ

Laurel Tree apartments were built using a panelized wall system, which constructed wall sections off-site in a manufacturing facility instead of at the construction site.

OneBuild's 'N' Habitat Seattle, WA

A seven-story mixed-use development providing retail and affordable housing units. The apartments were built in OneBuild's factory in Klamath Falls, OR while the base of the building was assembled onsite.



6. Partnerships

Successful partnerships are expanding throughout the nation demonstrating how collaborative housing processes and projects can assist with inclusive community revitalization, planning and zoning, finance, land, materials, design, and construction. Improving the supply of workforce housing requires multiple sectors working together. Anchor institutions, leading employers, transportation authorities, and the healthcare sector are leading housing conversations to broaden perspectives and expand mutual goals and opportunities. Establishing strong partnerships creates opportunities for knowledge sharing, opens communication, builds trust, reduces risk, and leads to better community outcomes. Projects might play out as joint ventures to help with land costs, public policy and funding innovations, and neighborhood connections.

Potential Solutions:

> Engage new public and private entities entering the housing arena

Identify and secure viable partners and encourage interested parties to pursue housing development. Hospitals and healthcare providers are beginning to invest in housing as the health benefits and financial savings associated with providing safe, stable housing for the communities they serve.

> Encourage more employer-assisted housing options

Major employers are investing in attainable housing for their employees in high cost areas and making financial contributions to fund workforce housing development in nearby neighborhoods. Focus on attracting business anchors and corporate tenants to neighborhoods they serve. Educate employers and make the business case for housing their employees.

> Partner strategically to reduce land costs

Partnerships with property owners in need of improvements or interested in reuse and revitalization of old buildings could contribute land and infrastructure at little to no cost. Develop partnerships with entities that can provide vacant or underutilized land for free or at a reduced cost.

“One solution could include increased engagement with city council on connecting vacant land to the issue of affordable housing”

- BRION CRUM, SVP of Wealth Development at Caliber Companies

CHALLENGES

- Siloed communication
- Too few partnerships
- Identifying appropriate partners
- Education and awareness
- Complex/Contradictory interests
- Regulatory processes
- NIMBYism

SOLUTIONS

- Employer assisted housing
- Embrace innovative partnerships
- Establish relationships with large institutions
- Employer donations
- Interdepartmental and inter-sector communication improvements
- Make the business case for housing for all
- Health impact assessments

>> Leverage P3 PARTNERSHIPS

P3 housing is an approach to solving housing development challenges through a coordinated effort between the public, private, and nonprofit sectors. The purpose of a public-private-nonprofit partnership is to develop a project that serves a public purpose, while benefitting all the partners. P3 housing leverages the resources of multiple parties. Local governments, which control entitlements and may own land, partner with the private developer to deliver projects that meet the

goals of the local municipalities while utilizing the expertise and financing of private and sometimes nonprofit entities. The public sector reduces and shares risk with the private sector helping investors to support and assist with the project. The public and nonprofit sectors help community engagement throughout the project. The partnership enhances project feasibility and can accelerate the provision of housing but requires flexibility and openness from all sectors.¹³ Restrictions, like targeting household income levels, can be applied to P3s to preserve affordability.

P3 PARTNERSHIPS

BENEFITS

- P3s require communication across sectors, groups, and departments which contributes to cascading benefits like reduced redundancies, streamlined operations, and reduced costs
- Each sector provides a complimentary focus to the other to comprehensively improve projects¹³
- Success P3s can extend beyond the public and private and nonprofit sectors to include the philanthropic sector and, most importantly, the people—a “P5”.
- P3 can address wage leakage by providing workforce housing for employees so they live and work in the same city.

BARRIERS

- State and local regulations may limit the capabilities of public-private partnerships. For example, AZ state law not allowing TIF to finance projects.
- Miscommunications regarding goals and expectations for the project can lead to misunderstandings and disputes between sectors or groups.
- Ensuring that naturally occurring affordable housing supply that is viable for mixed-income redevelopment is still preserved.

The River At Eastline Village Tempe, Az

The River at Eastline Village is an example of a successful public-private partnership between the Maricopa County Housing Authority and Gorman & Company, an affordable housing developer. The development includes 56-units of affordable housing and provides easy access to the light rail, which is directly south of the building. The development also houses the office of Newtown



Community Development Corporation and Community Land Trust on the first floor—the only CLT in the Valley. By partnering with Newtown, Gorman & Company and the Housing Authority can provide critical educational and financial services to residents and the broader community.¹⁴



Denver Union Station

The [Denver Union Station project](#) is a public-private development venture located on approximately 50 acres in lower downtown Denver, which includes the historic Denver Union Station building. The project comprised the redevelopment of the project site as an intermodal transit district surrounded by transit-oriented development, including a mix of residential (with 10% of units affordable), retail, and office space. DUSPA is a nonprofit, public benefit corporation formed by the City and County of Denver in July 2008 to finance and implement the project.

Possible Workforce Housing Typologies:

1. Missing Middle Housing

To increase workforce housing supply, communities can support moderate-priced, missing middle housing development. Missing middle is a range of multi-unit or clustered housing types, compatible in scale with single-family homes, that help meet the growing demand for walkable urban living. Missing middle housing can increase options for workforce households and open supplies across the income spectrum as households move from low- to moderate-priced units. It is middle in two ways: 1. A middle form and scale between single family and multifamily buildings 2. Can deliver affordability by design to middle income households. Missing middle is not a new housing type but is a concept that was reactivated by Dan Parolek, Founder, Opticos Design, as an opportunity to expand housing choice and affordability and to remedy a market gap in many walkable urban places.

Missing middle counters ideas that density must be big buildings. You can generate a lot of density with missing middle because it is a range of “house-scale” densities in walkable neighborhoods. People can walk by and not realize the house is a triplex, rather than a single-family detached house because of the “gentle densities”. These housing types are “missing” because they were a fundamental part of pre-1940s neighborhoods and have largely been prohibited in single-family zoned neighborhoods in most American cities for decades. Missing middle models include [diverse designs](#) between detached and mid-rise buildings with gross densities ranging from 6 to 62 dwelling units per acre (du/acre) and include duplex to multiplex (stacked, side by side), row townhouse, bungalow cluster, and combinations. The majority accommodate four to eight units in a building or on the lot, in the case of a cottage court. At the upper end of the spectrum they have up to 19 units per building¹⁵.

There are many opportunities to leverage missing middle more as a housing type in the Phoenix metro area, especially in transitional zones between low- and high- density areas to maximize transit-oriented development. The economic benefits are best where land is not already zoned for large, multiunit buildings, which will drive land prices up to the point that missing middle developments will not be economically viable¹⁶. Updating planning and development codes to allow for this type of housing is key. Zones that regulate missing middle are often missing completely from zoning ordinances or the standards are wrong – maximum densities are too low, minimum densities and setbacks are too large, or only allowing them in small pockets of isolated, car dependent zones. Very few have zones with the intent to deliver small-scale buildings with multiple units on small-to-medium-sized lots. When these barriers are removed, missing middle housing can be designed to be as affordable as possible to middle income households and developed without subsidies.

Side by Side Duplex



Stacked Triplex



Cottage Home



Multiplex



SPOT THE MISSING MIDDLE:

Dan Parolek/Island Press 2020



Dan Parolek/Island Press 2020



Mesa Central Main Plan

In 2012, the City of Mesa adopted its Central Main Plan, and with it they adopted a form-based code along Main Street, the urban core of Mesa. The City contracted with Opticos Design to create a zoning code that encourages infill and redevelopment of existing properties along the then future light rail line. The form-based code establishes reduced parking requirements, proposes missing middle housing typologies that could be integrated into existing single-family neighborhoods, phases density according to the distance from light rail, and allows for increased mixed-use developments. The elements are designed to create an active streetscape, improve walkability, and enhance access to the light rail and urban core, while diversifying housing options near Main Street.

Missing Middle Housing types can fit in a variety of places and in a number of streetscape spots. They can be ...

- ...distributed throughout a block with single-family detached houses
- ...located at the end of an otherwise single-family detached block
- ...built adjacent to a commercial area as a transition to single-family detached housing
- ...placed in an area that transitions from single-family homes to higher-density housing

MISSING MIDDLE HOUSING

BENEFITS

- “Missing middle” (MM) housing models offer more affordable homeownership opportunities.
- Diverse housing types can accommodate the various stage of life and aging-in-place communities.
- MM housing provides spaces for social interaction through shared yards and common spaces.
- MM housing can reduce a jurisdictions’ service provision area and reduces infrastructure costs.
- MM housing could be marketable in the Phoenix metro area. Phoenix MSA residents rated walkability as their top choice for the most beneficial transportation development or improvement.¹⁷
- MM housing prioritizes infill and brownfield development over greenfield development, creating or preserving environmental benefits.

BARRIERS

- Community opposition, or NIMBYism, can be a threat with misconceptions about density.
- There is a threat of gentrification, and therefore physical and cultural displacement of communities without first putting policies and protections in place.
- Building affordably to serve the workforce rather than just building luxury housing, such as townhomes, may be difficult.
- Finding financing for MM workforce housing for can be difficult if the project is not eligible for government subsidies, particularly given land costs and limited access to capital.
- The zoning code and permitting processes can add costs if not addressed upfront with code revisions.
- Greenfield development is often more appealing than infill development, so incentives or barrier removal may be necessary to encourage MM housing development.



100-year old remodeled multiplex includes 7 units on Roosevelt Row in Phoenix

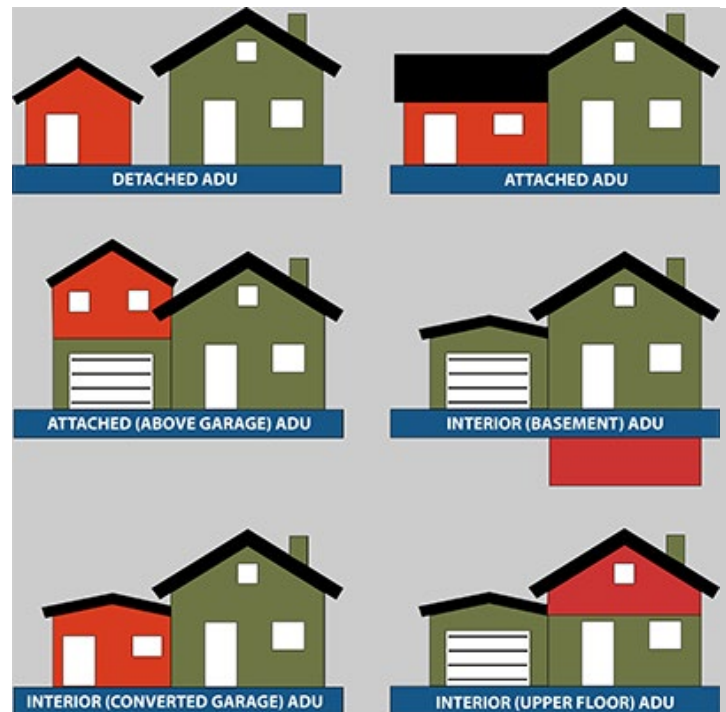
2. Accessory Dwelling Units (ADUs)

ADU ordinances allow single-family homeowners to build and rent accessory dwelling units, which are additional living quarters typically on single-family lots that are smaller and independent of the primary dwelling unit. ADUs can be internal, attached, or stand-alone detached units. ADUs are commonly referred to as accessory apartments, backyard bungalow, casita, guest house, granny or mother-in law flats, garage apartments, and carriage houses, among other names. Since ADUs can be created in many different shapes and styles, they are able to fit discreetly into all sorts of communities, including suburban subdivisions, downtowns, and walkable neighborhoods¹⁸.

Until recently, ADUs were rarely included as an eligible use in municipal codes regulating land use, zoning, and general land development standards, but that is beginning to change. ADUs are now seen by many policy makers, developers, and housing advocates as a tool to diversify and reinvigorate neighborhoods, while serving as a source of financial stability for homeowners. Consequently, many cities have signaled support for ADUs in their plans and adopted zoning regulations that permit ADUs in low-density residential areas.

ADUs are not a silver bullet strategy as they can be expensive to build and more resources are needed to increase more equitable paths to homeownership. But when ADUs are allowed and constructed, they can generate rental income to help homeowners make ends meet, add affordable housing options in neighborhoods, and help keep families close together.

Cities across the country have an excess of ground level commercial space and some are allowing spaces to be retrofitted into residential units. In vacant or underutilized commercial/retail, this can serve the dual benefit of activating vacant spaces and helping “right-size” commercial space. Another idea that is recently trending is [ACUs, or accessory commercial](#)



In Raleigh, NC, ADU rules allow the construction of accessory dwelling units by right in any residential district in the city. The unit may be attached to the home, detached, or above a garage. The dwellings, which can be no bigger than the primary residence, cannot be mobile and must be attached to a permanent foundation on the property. Only one ADU is allowed per property and can be up to 1,000 square feet depending on the lot size. [Raleigh ADU Ordinance](#).

[units](#), as a means of repairing the effects of excluding retail uses from residential neighborhoods.

While several Arizona cities do have ADU ordinances, many do not and there are opportunities to finetune standards and create simple, flexible, nondiscretionary rules about their design and construction. Most ADUs that exist locally are detached as guest houses and casitas. Well-designed attached ADUs could work well in many Arizona neighborhoods and still maintain single-family character.



Freddie Mac ADU Analysis

A July 2020 *Insight Report on ADUs* examined the number of ADUs posted on Multiple Listing Service (MLS) between 1997-2019 and also examined variations in the design of ADUs focusing on 2 criteria that could be determined through review of the MLP listing – attached ADU and detached ADU. Most attached units are in states along the east coast which are generally more densely populated with less space available. Detached ADUs are the predominant housing type in the Southwest, including Arizona, and the West.

ACCESSORY DWELLING UNITS

BENEFITS

- ADUs have the potential to generate supplemental income for homeowners and provide affordable housing options for tenants.
- They enable seniors to stay near family as they age.
- They contribute to the creation of more walkable communities.
- ADUs create a wider range of housing options within the community.
- They can facilitate more efficient use of the existing space in established neighborhoods through infill and increased density.
- ADUs expand housing options without disrupting neighborhood character.

BARRIERS

- The costs of construction can be prohibitive, particularly for lower-income homeowners, because the best ways to finance are through personal savings or the equity in their homes.
- Homeowners may use ADUs as Airbnbs, preventing any positive impact on housing supply or affordability and disrupting a sense of community.
- There is a threat of gentrification and displacement.
- NIMBYism will likely present an imposing threat.
- Zoning regulations prohibit or make it difficult to build ADUs on many residential lots.
- They often require significant upfront investments and available loan products are limited.
- Building inspections and permitting processes add costs and are time consuming.
- Parking regulations may be prohibitive.

Unlocking Accessory Dwelling Units

Chicago, IL

ULI Chicago launched the ADU Initiative in August 2019 to develop a framework for a successful and equitable ADU policy for Chicago. Their research had 3 primary goals: to make it easier to build ADUs, improve housing affordability, and to build community support. The ULI Chicago ADU Initiative is part of ULI's District Council Task Forces for Health and Social Equity program with Arizona, Sacramento, and Tampa Bay and has been a model for best practice ideas. ULI's Building Healthy Places team reviewed ADU policy in several cities to understand which regulatory changes have been most impactful in promoting equitable ADU development. While there is significant variation in how



different cities regulate ADUs, it is clear that a streamlined, cost effective process and flexible code requirements encourage more people to build ADUs. Key policy consistencies across cities with larger volumes of ADUs include:

- Allow ADUs on all lots where residential uses are permitted
- Allow attached ADUs (basement, attic or other carve-out unit and as additions) and detached ADUs (coach houses and cottages)
- Do not require off-street parking for the ADU
- Do not require the property owner to live on-site
- Allow flexibility in terms of size, height and placement of ADUs on the lot
- Minimize permit and other development fees
- Offer financial assistance programs for middle- and lower-income property owners



United Dwelling Plug and Play-area ADUs

United Dwelling

Los Angeles, CA

United Dwelling, a Los Angeles-based company, makes it easy for homeowners to transform their backyards and under-used garages into accessory dwelling units. For interested homeowners, United Dwelling conducts a free home consultation to determine if the property can support an ADU. If the homeowner decides to move forward, United Dwelling and their partners will serve as the designers, developers, construction team, and property managers. They go through the process of permitting with the city, vetting potential tenants, and keeping up with property maintenance in exchange for a portion of the rent each month. At the end of the lease term with United Dwelling, the homeowner owns the ADU out-right, collects full rent, and takes over property management duties.¹⁹

3. Co-Located Housing and Community Facilities

Cities are tackling the housing crunch by building housing above or near community facilities such as public libraries, fire stations, community centers, and schools. As cities look to rebuild civic facilities, they often face financial challenges with land and construction costs. The air space above and land around is valuable, especially for new affordable housing solutions²⁰. Municipalities are partnering with developers to create facilities that address community needs along with affordable and mixed income housing. The joining forces makes it possible to invest public dollars in, and leverage additional funds for, projects that serve the community in multiple ways. Co-location can include some level of shared building functions and services, benefiting both organizations (cost effectiveness and capacity) and user groups (one-stop convenience and community-based identity). As communities build new public facilities, they should assess opportunities for co-locating housing on those sites.

The Station At Potomac Yards Alexandria, VA

The mixed-use project combines affordable housing and a fire station in a five-story building that was completed in late 2009. The building includes a fire station and retail on the ground floor with 44 affordable and 20 workforce housing units on the upper four floors.²¹





Villard Square Co-Located Housing and Community Facilities

Milwaukee WI

Villard Square Grandfamily in Milwaukee is a mixed-use development that addresses two strong needs in Northwest Milwaukee—relocation of a neighborhood library that was housed in a building that was failing, and housing for families where grandparents are the primary caregivers for their children's children. The project consists of 47 apartments and a branch of the Milwaukee Public Library. Amenities include a movie theatre, rooftop garden, playground, fitness center, beauty salon, business center and counseling lounge. Research data showed a high demand for housing for grandparents raising their grandchildren due to parent displacement. Gorman & Company, the developer, identified grandfamilies for its affordable housing project during community meetings.

The neighborhood library was about to close due to the poor building condition and low community use. The Northwest Side CDC rallied against the library closure and supported the private developer to build a mixed-use project with much needed housing and a new library. The site chosen was across the street from the existing library. The site was a blighted old industrial site, with environmental issues such as Underground Storage Tanks and old foundations, but a good community location.

A core group of grandfamilies signed up to become residents after several community meetings. However, the biggest drawback was the lack of a legal opinion that indicated that a grandfamily preference did not violate the Fair Housing Act. Without this preference, the investor insisted on one-bedroom units to mitigate potential market changes.

PARTNERSHIPS

Gorman & Company and Northwest Side CDC partnered with the Milwaukee Public Library System to complete the project. Jewish Family Services provided a caseworker for two years with a grant. The on-site supportive services liaison linked residents to local, state, and federal benefits and services.

FINANCE

The project was awarded to Gorman & Company in 2008 during the Great Recession. The financial impact was the precipitous decrease in value of the Low-Income Housing Tax Credits. Whereas prior to the financial collapse the value was close to \$1 dollar per LIHTC credit with Boston Capital as the Investor, the project closed at \$0.69 on the dollar. The City and State partnered to provide essential gap financing.

LAND PLANNING

The city approved less parking because of an existing bus route. Residential parking is underground and there is shared parking with the Library on surface parking.

4. Co-Housing

Shared, cooperative living spaces are gaining popularity again as promising design models to be included in efforts to address workforce housing shortages. The 'co' in Co-Housing can be explained as the prefix of the word co-operation, as in operating / functioning with others in a productive endeavor. In co-housing, each family or member has a private residence, but chooses to live in a co-housing community engaged in co-operation with other members.

The concepts offer the ability to provide holistic affordability for residents, while remaining profitable for the builders and investors that create them. But each design concept faces its own hurdles, whether restrictive zoning definitions, parking requirements, or social stigmas.

Architect Laura Fitch describes co-housing communities as “privacy within your home and community at your doorstep.”²² Co-Housing communities are characterized by shared community spaces surrounded by private homes. Residents share the responsibilities of property management and decision making in a traditional co-housing development model,²³ so there is a strong role for the developer to emphasize community engagement and empowerment. While co-housing is an established concept in rural and suburban contexts, there is new interest in this model in urban neighborhoods and infill locations.

CO-HOUSING

BENEFITS

- Opportunities for social connectivity are embedded into the design via communal spaces and collective decision-making.
- Affordability and accessibility concerns are actively being addressed by residents in existing and new co-housing developments.
- Community involvement and collaboration are at the core of co-housing.
- Co-Housing helps combat social isolation and creates a community of support for all ages and incomes.
- Offers environmental benefits from environmentally conscious design, shared resources and spaces, infill, and higher density single-family developments.
- Developing co-housing communities gets easier for developers over time once relationships with key partners are established.
- Future residents can meet their neighbors prior to construction, which can increase project support.
- Naturally allows for flexible design and use of irregularly shaped lots.

BARRIERS

- Upfront costs for residents are high as co-housing typically requires purchase equity of 20-30 percent to secure the loan. As a result, Co-Housing communities are often less economically, racially, and culturally diverse.
- Co-Housing is subject to the same barriers as traditional multi-family development projects, such as NIMBYism, re-zoning and parking requirements, and other regulatory barriers.
- Co-Housing is relatively new and therefore perceived as risky by investors and lenders.
- Developers do the heavy lifting by serving as the developer and as the consultant, or intermediary between the residents and other key partners.

Manzanita Village Co-Housing Prescott, AZ

Manzanita Village is a resident developed and led co-housing community. The members, through their active participation, perform the numerous functions required for the Village to exist and grow. In 1994, a local architect called a public meeting to solicit interest in establishing a co-housing community. A core of nine families established an LLC and lent funds to buy the 12.5 acre land parcel. Once the land was bought, it was platted as a subdivision and lots were sold for individual home construction. The proceeds from the sales were used to build infrastructure and pay interest on the land loan. There are 36 residential lots and a common house. The lots are organized around a pedestrian way with vehicle circulation and parking on the periphery

FINANCE

While the Manzanita Village group avoided the developer's fee, the extended time it took to sell the lots proved to be costly since it was through the sale of lots that the original land loan was paid and infrastructure and common areas developed. The common house was built in 2005 and the last lot was sold over 15 years after the LLC bought the land.

The original owners had to get their own financing and that implied buying the lot and building a custom house. Now, houses go on the rental or for sale market. However, challenges remain, such as appraisers that don't take into account the significant common property.

COMMUNITY

Manzanita Village is over 20 years old and has survived the growing pains of learning how to make decisions by consensus. The community has Standing Committees that meet regularly to make decisions for the community. Each member is expected to participate in at least one of these. The



Steering Committee consists of one member from each of the Standing committees. Three property owners that are members of the Steering Committee comprise the officers of the Board of Directors of the Homeowners Association to fulfill state legal requirements. Plenary meetings are held about once a month with an agenda set by the Steering Committee. Items on the agenda are outside of the mandate of a specific committee and of community-wide interest. An Annual Meeting is the only meeting at which voting takes place, for items required by state law for homeowners' associations.

The centerpiece of Manzanita Village is the three-story, 3100 sq. ft. Common House facing the community plaza at the curve between the two residential areas of the Village. The upper floor has the community office and a guest room. The Great Room, located in the center of the Common House, provides a central location for up to 75 diners, seating for movies, programs, exercise classes, and other community events, a full kitchen, walk-in pantry, laundry, playroom and lounge. There is a wrap-around deck to enjoy the outdoors. The lower level includes a youth room, family room with fireplace, fitness center, a workshop and a shady patio.

Stone Curves Co-Housing Community Tucson, AZ

Stone Curves Co-Housing Community is an example of the partnership model. It is a multi-generational, urban community consisting of 48 townhomes and condominiums in Tucson. The property is located four miles from downtown Tucson, making grocery stores, jobs, schools, and other necessities easily accessible. The property includes a large, shared common house with a kitchen, laundry room, exercise room, library, office, and guest bedrooms, among other amenities. The community has regular community dinners, events, and activities for the children. Like all co-housing communities, they are self-governed.

Sources: [Stone Curves Co-Housing Community](#); [Tucson.com](#)



Capitol Hill Urban Co-Housing Seattle, WA

[Capitol Hill Urban Co-housing](#), also known as CHUC, is a 5-story, mixed-use building in Seattle's thriving Capitol Hill neighborhood. Although its physical appearance may be of a typical, urban infill, mixed-used project, the innovation lies in the development process that brought it into fruition. At CHUC, the upper four stories comprise nine homes, each with a full kitchen and living space, and 2-3 bedrooms, in addition to shared indoor and outdoor amenity space, and bottom is commercial space. While traditional suburban co-housing models are typically stretched out along a pedestrian circulation path, for this urban context, the circulation is stacked around a small courtyard. A roof top garden provides produce for CHUC residents and a nearby farm-to-table restaurant





Noah Living – Co-Living Workforce Housing

Common, the high-end multi-family co-living company has recently launched a new workforce housing brand, [Noah Living](#). Noah Living's mission will be to partner with real estate developers, landowners and investors to modernize existing buildings by focusing on acquiring and preserving naturally occurring affordable housing and focusing on incomes between 60 – 120 AMI. NOAH's first residential portfolio is in Virginia with expansions expected nationwide over the next few years.



Co-Living In Single-Family Neighborhood Los Angeles, CA

The team behind Cohaus [transformed this large Koreatown](#) house into 15 individual bedrooms and bathrooms for residents.

5. Co-Living

Following the rise of coworking space, co-living is gaining traction and interest in major cities²⁴. The concept had been common for centuries (and still is in many international cities) but became less popular as single-family homeownership, apartments and condos dominated the market. Co-Living is hot in urban areas, but now trending in suburban markets too. Co-Living facilitates the sharing of a limited resource in real estate markets - space. For more people to have access to affordable places to live, spaces are shared. Tenants trade private living space for lower rent prices but gain a sense of community as well with shared interests and social interactions. They tend to be marketed toward the younger workforce but there is potential for aging populations and across different family sizes and locations – dense urban and single-family neighborhoods.

Co-Living are usually multi-family apartments or converted houses designed around shared kitchens, living areas, and gathering spaces to reduce overall costs for residents and increasing net rents for property owners.

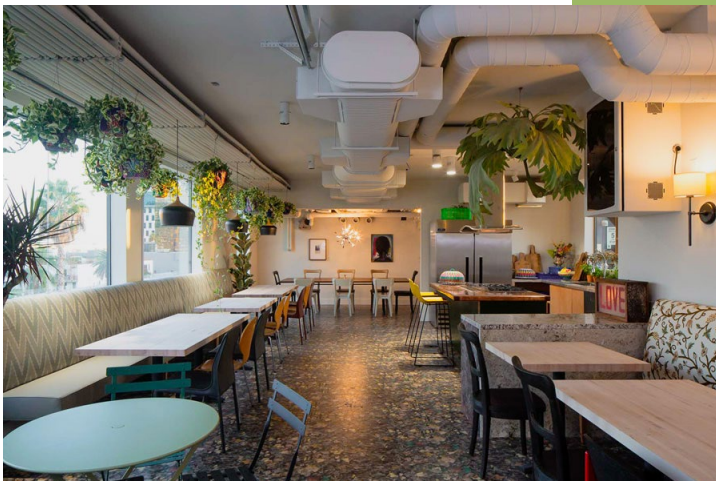
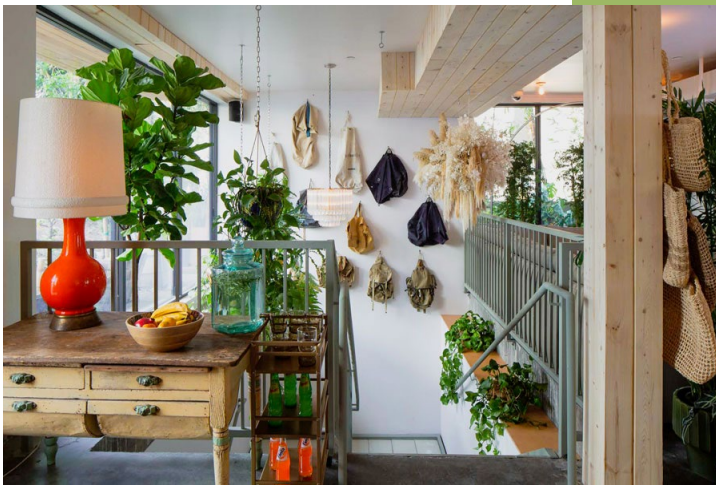
Co-Living is becoming more mainstream as more concepts come to the marketplace²⁶. Even with all the changes that the pandemic has caused, the trends advancing co-living's popularity are still important: the migration of young workers into urban hubs, the disparity between real estate prices and salaries, and the desire for flexibility and social interaction over isolation. In the post-COVID world, co-living will continue to offer an affordable community lifestyle option.²⁶



Treehouse Co-Living Hollywood, CA

“Community without compromise” is the [Treehouse co-living project](#) model distinguishing it from conventional apartment building. Treehouse, which is located in the heart of Hollywood, can accommodate up to 60 residents who rent individual bedrooms within shared and furnished apartments. Treehouse is not a cooperative because residents do not have ownership stakes, but genuine cooperation and consensus are still key organizational elements.

In keeping with the cofounders’ community-minded activist roots, two units containing six bedrooms are designated as highly affordable for low-income tenants, and they have partnered with a nearby drop-in social services center for homeless youth.



Going Forward

The actions described below are intended to inform public, private, and non-profit business, community and government sector leaders and housing, health, and land use advocates how to go forward and implement these models in Arizona. This is an implementation chart where specific ideas can be filled in overtime as efforts progress and partnerships are formed and flourish.

	Short-Term	Mid-Term	Long-Term
Limited Equity Housing Cooperatives	<ul style="list-style-type: none">› Educate communities, political and community leaders, housing, nonprofits, developers, and others.› Assess community interest.	<ul style="list-style-type: none">› Identify opportunities for LEHCs based on community interest.› Identify project partners.› Consult national and local experts.	<ul style="list-style-type: none">› Create a cooperative agreement.› Acquire blanket mortgage.› Develop/revitalize the building.
Community Benefits Agreements	<ul style="list-style-type: none">› Form a coalition of community-based organizations who are stakeholders prioritizing housing affordability	<ul style="list-style-type: none">› Negotiate CBA terms directly with project developers in exchange for public support to projects that deliver strong an agreed on benefits framework	<ul style="list-style-type: none">› Keep lines of communication open to ensure consistency with a community's policy goals
YIMBY Strategies	<ul style="list-style-type: none">› Assess housing needs relative to zoning and how it could be streamlined to better achieve community goals	<ul style="list-style-type: none">› Coalesce a network of groups who will support density and infill housing close to transportation	<ul style="list-style-type: none">› Develop education materials that visualize “Good-Housing-In-My-backyard” GHIMBY Design that supports affordable living options near jobs, services, and opportunities
Planning Policies	<ul style="list-style-type: none">› Prioritize and holistically address housing affordability in General Plan elements	<ul style="list-style-type: none">› Identify gaps and needs through a research assessment to plan how, when, and where to address local housing issues. Use this information to create an action plan of how to work to address the gaps in housing	<ul style="list-style-type: none">› Hone a development strategy that inventories and assesses market feasibility of specific developable sites (i.e. redevelopment, underutilized sites, publicly owned, etc.) and how they could support community housing needs
Incentive Zoning	<ul style="list-style-type: none">› Assess local regulations that could incentivize how to use land more efficiently (maximizing the number of units that fit on a parcel)	<ul style="list-style-type: none">› Develop a coordinated incentive strategy that encourages housing affordability in exchange for reduced regulatory barriers and fees – revamped parking standards, density bonuses, flexible adaptive reuse, building code consistency with neighboring communities, etc.	<ul style="list-style-type: none">› Develop a library of prototype designs and pre-approved plan options that have been reviewed for conformance with building codes to encourage housing options, like ADUs, missing middle housing and micro-units
Funding and Capital Sources	<ul style="list-style-type: none">› Develop a comprehensive inventory of the variety of public and private financing sources that cover all development costs – site acquisition, construction or rehab, soft costs and developer fees, and financing fees and terms, predevelopment, rental/ownership assistance, etc.	<ul style="list-style-type: none">› Leverage the expertise of nonprofits, government, private companies, and financial institutions to more efficiently pursue shared goals and expand financing	<ul style="list-style-type: none">› Create municipal and private housing funds that provide financial resources for affordable housing development. A municipal fund like the Neighborhood Opportunity Fund in Chicago provide developers density bonuses in exchange for voluntary payments. Bring private, nonprofit, employer and institutional partners to the table to help fill funding gaps and expand financial toolkits.
Land Banks	<ul style="list-style-type: none">› Conduct research and determine feasibility› Research impact of the Gift Clause› Engage the community› Determine purpose of the land bank	<ul style="list-style-type: none">› Identify an entity/ government to run it› Identify policy goals› Create partnerships with state legislators	<ul style="list-style-type: none">› Draft the enabling legislation, include: Funding, acquisition, geographic scope, land disposition, public good definition› Build support to pass legislation
Community Land Trusts	<ul style="list-style-type: none">› Identify barriers preventing maximum community benefits from CLTs› Evaluate potential of expanding CLT in the Valley› Cities identify what land they own and which department is responsible for the land.	<ul style="list-style-type: none">› Research and strategize to remove barriers› Educate and engage stakeholders› Seek financial partners	<ul style="list-style-type: none">› Write and implement policies, plans, and projects to expand role of CLT› Couple CLTs with other tools - land banks, LEHCs
Off-Site Construction	<ul style="list-style-type: none">› Engage local leaders working in OSC› Identify potential partners› Identify local regulatory barriers - review codes to identify unnecessary restrictions on the use of pre-fabricated building elements› Establish an advisory team or working group to determine where and how to use OSC	<ul style="list-style-type: none">› Build partnerships with lenders, local governments, architects, developers, and other stakeholders› Develop local and/or regional plans and regulations	<ul style="list-style-type: none">› Establish regional standards› Create ASU coursework or internships in OSC
Public Private Partnerships	<ul style="list-style-type: none">› Identify project opportunities and potential partners› Establish common language, strategies, and understanding amongst partners	<ul style="list-style-type: none">› Create a shared vision for each project including business leaders, sectors involved, the community and others› Create a vision plan with broad principles for success	<ul style="list-style-type: none">› Execute the vision and complete the project

DEVELOPMENT TYPE	Equity and Inclusion	Planning & Regulation	Finance and Capital	Land and Location	Partnerships	Healthy Design
Missing Middle Housing (MMH)	<ul style="list-style-type: none"> › Assess barriers to engagement › Engage communities to have conversations about density › Actively communicate with neighborhoods about the need for MMH 	<ul style="list-style-type: none"> › Create a catalogue of MMH housing types to determine how they can be integrated into single-family neighborhoods › Streamline permitting using by-right zoning, increasing allowable densities in residential neighborhoods › Exempt or reduce impact fees › Modify parking minimums › Reform lot subdivision standards › Create a catalogue of all possible MMH types is significant to determine how 	<ul style="list-style-type: none"> › Establish a revolving loan fund for MM housing types 	<ul style="list-style-type: none"> › Locate near “centers” with access to healthcare and amenity options › Focus around transit locations and corridors › Use as a bridge in transition zones between densities › Mix and cluster types throughout a block › A CLT can help deliver to MMH to ensure residents are not displaced due to land speculation and gentrification 	<ul style="list-style-type: none"> › Build partnerships with lenders, local governments, architects, developers, and other stakeholders › Adapt industries and professional organizations to focus on MMH 	<ul style="list-style-type: none"> › Support efficiency w/retrofits of existing buildings › Maximize space in design › Limit parking to no more than 1 spot/unit or less › Orient pedestrian streetscapes › Create desirable shared outdoor spaces
Accessory Dwelling Units	<ul style="list-style-type: none"> › List strategies to ensure affordability › Identify champions and key community leaders who will advocate and support ADUs into local neighborhoods › Create an education campaign to encourage YIMBYism 	<ul style="list-style-type: none"> › Determine how to tackle regulatory challenges and barriers › Incorporate ADUs into General Plans and other policy documents › Modify city codes to allow attached and detached ADUs in single-family zones › Streamline ADU application process <ul style="list-style-type: none"> › Pre-approved ADU site designs 	<ul style="list-style-type: none"> › Establish financial resources for ADU development › Experimenting with creative financing 	<ul style="list-style-type: none"> › Through the rezoning process, identify opportunity areas to locate ADUs › Waive off-street-parking requirements at locations within walking distance of transit 	<ul style="list-style-type: none"> › Organize tours of completed ADUs to educate and inspire 	<ul style="list-style-type: none"> › Prepare healthy design guidelines for building and site design › Ensure design standards result in compatibility with the adjacent neighborhood › Consider wood frame construction for cost savings and energy efficiency
Co-Housing		<ul style="list-style-type: none"> › Determine feasibility of co-housing model, consider co-living model › Assess regulatory barriers 		<ul style="list-style-type: none"> › Build on a land trust 	<ul style="list-style-type: none"> › Partner with experienced co-housing developers 	<ul style="list-style-type: none"> › Design for a variety of shared spaces › Use off-site construction to save costs
Co-Living					<ul style="list-style-type: none"> › Focus on GHIMBY (Good-Housing-In-My-Backyard) design to engage neighborhood partners 	<ul style="list-style-type: none"> › Focus on experience design to make sharing desirable and affordable
Co-Located Development	<ul style="list-style-type: none"> › Work with organized local community associations to expand engagement and voices providing ideas 	<ul style="list-style-type: none"> › Formal adoption of lo-location policy › Approve zoning incentives like bonus density for the workforce housing units included › Assemble municipal inter-departmental review team to support the project 		<ul style="list-style-type: none"> › Locate near other shared community uses › Orient civic anchor on street frontage 	<ul style="list-style-type: none"> › Evaluate a P3 to facilitate co-located workforce housing 	<ul style="list-style-type: none"> › Reduce noise conflicts with floating ceilings, terraces, and other buffers › Incorporate neighborhood identity into design › Share parking with nearby facilities

References

1. Rothstein, R. (2017). *The color of law: A forgotten history of how our government segregated America*. Liveright Publishing.
2. Arizona Housing Fund (AZHF) (2019). About AZHF. Retrieved from <https://arizonahousingfund.org/about-us/>
3. ChangeLabSolutions (2015) Preserving, Protecting, and Expanding Affordable Housing: A Policy Toolkit for Health. <https://kresge.org/sites/default/files/Preserving-affordable-housing-policy-tools-April-2015.pdf>
4. NACEDA (2014) What is a Community Development Corporation? https://www.naceda.org/index.php?option=com_dailyplanetblog&view=entry&category=bright-ideas&id=25%3Awhat-is-a-community-development-corporation-&Itemid=171
5. City of Phoenix (COP) (2020). *ReinventPHX*. Retrieved from <https://www.phoenix.gov/pdd/reinvent-phx>
6. City of Phoenix (COP) (2016). *Walkable Urban (WU) Code*. Retrieved from https://www.phoenix.gov/pddsites/Documents/PZ/pdd_pz_pdf_00406.pdf
7. Center for Community Progress (2018). Frequently Asked Questions on Land Banking. <https://www.communityprogress.net/land-banking-faq-pages-449.php>
8. National Housing Conference's policy guide, 2017 <https://nhc.org/policy-guide/land-based-solutions/land-banks-and-community-land-trusts/>
9. Alexander, F. (2011). Center for Community Progress
10. <https://www.localhousingsolutions.org/act/housing-policy-library/community-land-trusts-overview/community-land-trusts/>
11. Enterprise Community Partners, Inc. (2020) <https://www.enterprisecommunity.org/solutions-and-innovation/equitable-transit-oriented-development>
12. ULI (2019) Healthy Housing for All <https://2os2f877tnl1dvtmc3wy0aq1-wpengine.netdna-ssl.com/wp-content/uploads/ULI-Documents/Healthy-Housing-for-All-Interactive-1-lo.pdf>
13. Friedman, S. B. (2016). Successful public/private partnerships: From principles to practices. *Urban Land Institute*. Retrieved from <https://uli.org/wp-content/uploads/ULI-Documents/Successful-Public-Private-Partnerships.pdf>
14. Steckner, S. (2019). River at Eastline Village expands affordable housing options in Tempe. *My Local News Arizona*. Retrieved from <https://mylocalnews.us/arizona/2019/11/river-at-eastline-village-expands-affordable-housing-options-in-tempe/>
15. Parolek, D. (2020) *Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis*, Island Press.
16. Parolek, D. (2020) *Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis*, Island Press.
17. Ginsac, I. (2018). Study: What to do with all the vacant land in major US CBDs? *Commercial Café*. Retrieved from <https://www.commercialcafe.com/blog/study-development-vacant-land-major-us-cbd/>
18. AARP (2019). The ABCs of ADUs <https://www.aarp.org/content/dam/aarp/livable-communities/livable-documents/documents-2019/ADU-guide-web-singles-071619.pdf>
19. United Dwelling (2020). Retrieved from <https://www.uniteddwelling.com/>
20. Lincoln Institute of Land Policy (2019). *Cities Are Tackling the Housing Crunch—by Building Above the Library*. <https://www.lincolnst.edu/publications/articles/new-chapter>

21. Montgomery County Planning Department (January 2015). *Colocation White Paper*. <http://www.montgomery-planning.org/research/documents/MNCPCColocationFinal1-14-15.pdf>
22. Segal, C. (2017). Balancing privacy and community with design in cohousing. *PBS News Hour*. Retrieved from <https://www.pbs.org/newshour/nation/balancing-privacy-community-design-cohousing>
23. The Cohousing Association of the United States (CA) (2020). *What is Cohousing*. Retrieved from <https://www.cohousing.org/what-cohousing/cohousing/>
24. Common (2019). *Co-living, in relation to the real estate market*. <https://www.common.com/blog/2019/04/what-exactly-is-co-living-explained/>
25. <https://www.weforum.org/agenda/2019/05/co-living-answer-affordable-housing-crisis/>
26. Forbes (June 2020). *Can Co-Living Survive The Pandemic?* <https://www.forbes.com/sites/forbesrealestate-council/2020/06/11/can-co-living-survive-the-pandemic/#5d570ade4083>

