

What makes affordable housing affordable: mechanisms used to produce affordable housing near transit in the US

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Project Description: In our previous research on housing affordability near transit we identified categories/types of mechanisms that were used to stimulate the production of affordable housing. We categorized them as either top-down (inclusionary zoning/housing policies and ordinance, state laws, county and state level regulations and programs, etc.) or bottom-up (tax credit policies and programs, private-public partnerships, transit operators' policies, fee waivers/abatement, public funding, private non-profit developers and CDCs, etc.) mechanisms based on how they were initiated. For this study, we propose to develop a more detailed description of each mechanism, provide successful examples (case studies) and estimate a level of affordability associated with each. In addition, we would like to search for other mechanisms that have been used to produce affordable housing but are not yet included in our list. We would also like to investigate which mechanisms are used in which state/region to look for tendencies and patterns. As part of our initial study, we identified all TODs in the country (that meet a set of eight criteria). To do so, we contacted metropolitan planning organizations (MPOs), transit operators, and major cities in all (26) regions with at least two rail lines and asked each of them for a list of potential TODs. We received a list of 214 potential TODs. Half of them (107) met our eight criteria: (1) adjacent or nearly adjacent to BRT stations (maximum one block away), (2) dense and multistory, (3) mixed-use with residential and commercial (potentially including office uses), pedestrian-friendly with public space, (4) Built after BRT opened, (5) largely built out, (6) have their own parking facilities (i.e., self-contained parking), (7) master-planned or consist of buildings gathered in a cluster near transit station (not a single building). For this project, we will review the other 107 TODs (that did not meet our criteria but were characterized as TODs by MPOs, cities and transit agencies) to identify additional mechanisms used to produce affordable housing that have not yet been included in our list. To develop detailed descriptions and case studies for each, we will conduct interviews with selected TOD projects/developers/cities, and we will conduct a comprehensive document review. We will also investigate the level of

affordability achieved by using each mechanism. For instance, projects developed by non-profit developers (i.e. BRIDGE Housing, Carlisle Development) or Community Development Corporations (i.e. East Bay Asian Local Development Corporation, New Brunswick Development Corporation) are usually 100-percent affordable – all units are deed-restricted and affordable to households earning less than 80% of AMI and most often even less than 60% of AMI. In contrast, projects that are subject to inclusionary zoning policies usually offer no more than 5-10% of their units as affordable as many developers choose a payment in-lieu option. We will also examine to what extent each type of strategies/ tactics/ policies (i.e. LIHTC, non-profit developers or CDCs, inclusionary housing zoning, density incentives, etc.) contributes to the overall pool of designated affordable housing (DAH) units in TODs. From the initial study we learned that 43% of designated affordable units located in the 107 TODs examined were built using some sort of tax incentive, another 31 % were built by non-profit developers and CDCs, and the remaining 26% used one of the other mechanisms. Lastly, we will also investigate how the use of various mechanisms varies from state to state and across regions.

USDOT Priorities: *Equity:* Strengthening coordination of land use and transportation planning to improve the affordability of transportation and housing. *Climate and Sustainability:* supporting options to reduce trips and shift trips to climate-friendly vehicles and modes.

Outputs: 1) Local and national conference presentations 2) One or more peer-reviewed publications 3) A toolkit (“How to build more Affordable Housing in TODs – a toolkit of strategies for every place”) that will be electronically distributed to planners, developers, and other interested parties.

Outcomes/Impacts: We believe that the resulting document (toolkit) will be a great resource for those interested in either building affordable housing near transit/in TODs (developers, CDCs, etc.) or incentivizing the production of such type of housing near transit/in TODs (cities, counties, MPOs, transit operators, etc.), especially in places where inclusionary housing and other policies that require provision of income-restricted units are not allowed. We also hope that in the longer run the toolkit will help to provide more affordable housing near transit which would not only benefit those who need it most (low-income families) but would also have a positive effect on transit (increased ridership) and the environment (lower VMT and improved air quality). To provide an example of how this research may be beneficial to transit operators and municipalities, we will briefly describe the project we are currently conducting for the Utah Transit Authority entitled “Density and Affordability near transit”. One of the objectives of the project is to propose/recommend measures (specific policies/strategies/actions) that can be used to promote density and production of affordable housing near transit stations - to identify, nationally, municipalities and transit operators with most successful policies and strategies designed to promote density and affordability along transit corridors. To identify strategies most appropriate for UTA, we are conducting extensive document and literature review, and a series of interviews with cities and transit operators from across the country. The toolkit/manual we are planning to produce will make such knowledge available to every city and transit operator in the country. It will provide an exhaustive list of policies/strategies/actions that can be used to promote affordable housing within different yet specific socio-economic and political contexts.

Final Research Report: (Link to be provided after project completion).