

Sustainable Saratoga

A proposal for Saratoga Springs

The Saratoga Places for All (SPA) Housing Ordinance

A Program to Obtain More Diverse Middle-Income Housing

Sustainable Saratoga believes it is time for the City of Saratoga Springs to enact legislation that will guarantee more diverse housing opportunities – especially for middle income households. The increasing cost of land and housing has been squeezing lower and middle income residents out of the city. A diversity of housing types is needed to accommodate a diverse population and thereby secure a key element in the long-term sustainability of the community.

More than 20 local agencies are providing housing opportunities for low income households and special needs populations. But not as much is being done for the middle income groups – the workforce of the community. Over the years the City has promoted zoning incentives to encourage builders to voluntarily create a more diverse housing stock. But because developers have chosen not to participate, the effort has been largely unsuccessful. Meanwhile, home purchase prices and rental costs are higher than ever. According to the US Census 2009-2013 American Community Survey report, the median cost to buy a home in the city was \$297,900, while the median gross rent (including utilities) was \$953.

The US Department of Housing and Urban Development (HUD) defines “affordable housing” as “housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.” According to the US Census’s 2009-2013 American Community Survey, in Saratoga Springs 3,738 households, comprising 33.04 percent of the total, spent more than 30 percent of their income on housing costs. The total included 24.19 percent of all homeowners, or 1,556 households, and 44.71 percent of all renters, or 2,182 households.

Sustainable Saratoga proposes that the City Council adopt an inclusionary zoning ordinance as an effective means of addressing the need to provide housing that is affordable, especially for middle-income residents. We are recommending essentially the same ordinance that was prepared in 2006 after a year-long study. The ordinance has been tailored specifically to the city’s needs, reflecting our housing and development history.

The SPA Housing Ordinance – Saratoga’s Inclusionary Zoning Ordinance

Inclusionary zoning (IZ) is a type of municipal ordinance that requires new housing projects to include a prescribed proportion of units that are affordable by people with lower to middle incomes. The developer is usually rewarded with a density bonus to compensate for providing the affordable housing. The objective of IZ is to promote income-integrated communities by ensuring that new housing projects, whether involving new construction or renovation, will contain housing for individuals and families having a mix of income levels. This type of

ordinance is called inclusionary zoning because it is the opposite of exclusionary zoning—the practice of excluding low-cost housing from a municipality through the zoning code.

Communities with Similar Ordinances

There are over 400 communities in 17 states that have some kind of inclusionary zoning housing ordinance. They range in population from 15,000 to 8,000,000. IZ ordinances work best in affluent resort communities and those with growing populations. Each community's ordinance is different. There is substantial variation in density bonuses, required percentage of affordable units, eligibility of occupants, and how long affordable units must remain affordable.

The 2006 Draft IZ Ordinance for Saratoga Springs

In 2005 the Saratoga Springs City Council formed an Inclusionary Zoning Ordinance Development (IZOD) committee to develop a draft ordinance to require workforce housing in new development projects throughout the community. The committee worked for more than a year, held 30 meetings and sought input from citizens and interest groups. After numerous public hearings and revisions, a final draft ordinance was presented to the City Council in April 2006. However, the ordinance was never brought to the Council table for a vote. Those who opposed the ordinance were concerned that:

- The estimated annual cost of \$46,500 to administer and monitor the program would be too low.
- The small geographic areas of the city where the ordinance would apply would put city developers at a disadvantage in marketing their units. It was argued that the IZ should be county-wide.
- The transect zoning districts (T-4, T-5, T-6) did not have a definable base density that was dependable and predictable.
- Developers could achieve the same affordable housing goals voluntarily.

Recent Housing Trends

Unlike many other parts of the country, the 2008 economic downturn caused only a brief pause in residential construction in Saratoga Springs. Housing prices dipped only slightly, then continued their steady climb. Since the downturn, several large multi-family residential projects have been built, adding more than 850 residential units within the city limits. Had the proposed IZ ordinance been adopted in 2006, between 75 and 150 affordable units would have been built in the succeeding 9 years.

Other Housing Diversity Programs Don't Work as Well as an IZ Ordinance

Over the past few years, Sustainable Saratoga has evaluated existing affordable housing programs as well as other approaches to housing affordability in Saratoga Springs.

- The various programs operated by the Saratoga Springs Housing Authority, the City of Saratoga Springs and some non-profit entities have been successful in meeting some of the needs of low income households.

- The voluntary affordable housing incentives offered in Articles 4.1 (Density Bonus for Affordable Senior Housing), and 4.3 (Density Bonus for Public Recreation or Affordable Housing) of the City's zoning ordinance have not resulted in the addition of affordable housing units.
- The Saratoga Workforce Housing Trust Fund was established by the City Council in 2004, with the goal of acquiring public and private funding for affordable housing projects. However, funding has been limited.
- A community housing land trust is a nonprofit, community-based organization whose mission is to provide affordable housing in perpetuity by owning land and leasing it to those who live in houses built on that land. While these organizations have been successful in many parts of the country, the capital required to create and operate one in the high-priced real estate market of Saratoga Springs is very difficult to obtain.
- Employer-funded housing programs would be hard to initiate and operate in a small community such as ours.
- Density bonuses for on-site employee housing are likely to be controversial.
- In 2014 Sustainable Saratoga developed and presented to the City an incentive program for voluntary carriage house conversions, with the goal of providing more workforce housing. Such a program could supplement the proposed IZ ordinance. However, as a volunteer program, it is likely to add relatively few affordable housing units.

Advantages and Disadvantages of an IZ Ordinance

Advantages:

- Because it is mandatory, it is more effective in creating affordable housing than programs involving incentives for voluntary action by developers.
- It is a housing program with minimal costs to City government. The City does not pay to construct and manage housing, but only has administrative costs to manage and monitor the program.
- The program is designed so that the developer's costs, including the lower sale or rental prices for IZ units, are largely offset by the density bonuses.
- It has the potential to provide the most new middle-income housing at the lowest cost to taxpayers.
- It promotes a desirable mix of housing types, including middle-income housing, in new residential developments throughout the city, and avoids segregating housing by income level.
- It provides for housing diversity within the parameters of existing zoning regulations.

Disadvantages:

- It increases the involvement of city government in the housing market.
- It allows for an increase in density over what is permitted by the zoning ordinance.
- It might make it more difficult for developers to rent or sell market-rate units to households concerned about the proximity of middle-income housing.

Sustainable Saratoga believes the advantages of the IZ ordinance far outweigh the disadvantages.

How Would the SPA Housing Ordinance Work?

Sustainable Saratoga is recommending that essentially the same IZ ordinance drafted in 2006 be re-introduced, with a new name. The extensive research done in 2006 is still valid, and the need for such an ordinance is greater than ever. It is estimated that the adoption of the ordinance would result in the construction of 20 to 30 new units of affordable housing each year, depending on the number and size of residential development projects approved.

The proposed ordinance should not be viewed as a complete solution to the city's affordable housing needs. It is a long-term program that would be effective in adding more affordable housing units as the city grows over time, without requiring substantial government funding.

Key Provisions of the SPA Housing Ordinance

- Required number of affordable units:
 - Developments with 10 or more units would either dedicate 20 percent of the units for moderate income households or 10 percent of the units for low income households. This provision would apply to units both for rent and for sale, with some variations.
 - Rental units would remain affordable for 30 years. Units offered for sale would remain affordable in perpetuity.
 - Candidates for occupancy of the affordable units would be screened and monitored by the City and selected by lottery.
- Density Bonus:
 - In exchange for providing the required proportion of affordable units, the developer could increase the density of a development project by up to 20 percent. The Planning Board could relax certain development standards during the approval process.
- Developers would commit to the affordability requirements by entering into an “inclusionary housing agreement” with the City.
- A developer would be exempted from the requirements of the IZ ordinance for unusual conditions.
- The City would create a special committee to monitor the program and make any recommendations for changing the ordinance.

For more information contact: Sustainable Saratoga

Email: info@sustainablesaratoga.org

Or visit our website: www.sustainablesaratoga.org

Sustainable Saratoga is a not-for-profit organization that promotes sustainable practices and advocates for smart growth land use principles and procedures. Find out about our principles for smart land use in Saratoga here: <http://www.sustainablesaratoga.org/work/hup/>