

**2019 Housing Contributions Workgroup**  
**Meeting #2 Table Exercise**  
04.04.19

**Background:** The 2013 Developer Housing Contributions Work Group recommended that the City adopt a policy statement that, when additional density is provided through rezonings (including Coordinated Development Districts), developer contributions should take into account that affordable housing is one of the City's highest priorities. This recommendation was incorporated into the Housing Master Plan. The intent of this exercise is to help jumpstart table discussions on the different approaches to developing a housing contributions policy related to rezoning and land use change requests.

**Definitions**

- Floor Area Ratio (FAR) is the ratio of the total development on a site to the size of the site. For example, a 50,000 square foot development on a 25,000 square foot site has a FAR of 2.0. It reflects the development potential of a site.
- A Coordinated Development District (CDD) is a type of rezoning available for larger, more complex, coordinated projects. It establishes a development framework, including maximum densities and heights, and the land use program.
- A Master Plan Amendment (MPA) is the process through which a Small Area Plan (part of the City's Master Plan) is updated to, for example, reflect current market conditions or new City objectives. MPAs typically precede or are pursued concurrently with a specific DSUP (Development Special Use Permit) application and/or rezoning request.
- [Section 7-700](#) (the Bonus Density and Height Program) is a section in the Zoning Ordinance that grants, in exchange for affordable housing, additional density (up to 30% unless otherwise authorized by the relevant small area plan) and/or additional height (up to 25').

**Approaches**

*Baseline Contribution:* This column reflects the voluntary contribution calculated based on the City's procedures regarding affordable housing contributions. The 2019 voluntary contribution rates are listed below as a reference.

- Commercial: \$2.24/sqft
- Tier 1 (applies to by-right residential development): \$2.99/sqft
- Tier 2 (applies to residential development that requires a special use permit): \$5.98/sqft

*Approach 1:* This column was intentionally left blank for each table to populate based on the discussion.

*Bonus Density Approaches (2 & 3):* Since rezoning requests typically involve densities in excess of what can be pursued through Section 7-700 (with the exception of small area plans that explicitly grant higher levels of density, such as the Eisenhower West SAP), the 100% bonus density equivalency analysis is a hypothetical calculation that illustrates the affordable housing contribution

as if all the requested increase in density were treated as bonus density (see Table A). The 30% bonus density equivalency analysis illustrates the affordable housing contribution as if just 30% of the requested bonus density were treated as bonus density.

**Table A.**

| <b>Hypothetical Development Request</b>                            | <b>100% Bonus Density Equivalency Analysis</b> | <b>30% Bonus Density Equivalency Analysis</b> |
|--|--|---|
| <b>Requested through Rezoning</b>                                  | 200 units                                      | 200 units                                     |
| <b>Permitted by Right</b>  | 100 units                                      | 100 units                                     |
| <b>Bonus Density</b><br>(affordable housing equal to 1/3 of bonus) | 100 units<br>(including 34 affordable units)   | 30 units<br>(including 10 affordable units)   |
| <b>Balance of Requested through Rezoning</b>                       | 0 units  | 70 units                                      |

*Approach 4:* This approach is a hypothetical calculation of the amount of affordable housing that would result if 10% of the increase in residential density were committed affordable housing.

**Assumptions:**

- For this exercise and for the sake of simplicity, affordable units were assumed to be 1,000 (gross) square feet. Units typically range in size from 700 to 1,100 (gross) square feet depending on the number of bedrooms and unit tenure.
- The value of a committed affordable unit depends on several factors, including the tenure of the unit (rental versus for-sale), unit size, and location. For this exercise, an affordable rental unit was valued at \$200,000 so that the contributions could be compared. Affordable for-sale units may have a higher value which can run \$300-\$400,000 or more per unit.

## SCENARIO 1A

Project #1 proposes to build a 150,000 square foot residential rental development on a 50,000 square foot lot. In order for the project to proceed, the site needs to be rezoned from a 0.75 Floor Area Ratio (FAR) to a 3.0 FAR. While this level of density was not contemplated in the underlying Small Area Plan (approved in the early 2000s), the neighborhood and market context have evolved to warrant consideration of the application. The city's Bonus Density/Height program (Section 7-700 of the Zoning Ordinance) cannot grant the project enough density to reach the desired 3.0 FAR (i.e. a 30% increase in density would allow the applicant to only reach a 0.975 FAR).

### Considerations:

In addition to mitigating transportation and stormwater impacts associated with the development, consistent with the City policies and functional master plans, the applicant will be encouraged to:

- Meet the City's Green building policy
- Meet the City's Public art policy (resulting in a contribution of ~\$45,000)
- Contribute to the City's Capital Bikeshare Fund (resulting in a contribution of ~\$20,000)
- Contribute to the Small Area Plan's Open Space and Public Amenities Funds (resulting in a contribution of ~\$775,000)
- Install streetscape improvements, including wider sidewalks, new street trees, and undergrounded utilities

**Question 1.** Considering the Housing Master Plan's recommendation regarding rezonings, how would you approach the affordable housing contribution for this project (see Table 1 for a comparison of the contributions associated with a range of potential approaches)? What other approach do you recommend and why?

**Question 2.** Does your recommendation change if the project's rezoning was contemplated in the small area plan? Why or why not?

**Table 1**

| <b>Contributions</b>                             | <b>Baseline Contribution</b> | <b>Other Approach?</b><br>(identified by the workgroup) | <b>Approach 2: 100%</b><br>bonus density<br>equivalency | <b>Approach 3: 30%</b><br>bonus density<br>equivalency | <b>Approach 4: 10%</b><br>of increase in<br>residential density |
|--|------------------------------|---|---|--|---|
| HTF Monetary Contribution (residential by-right) | \$112,125                    |   | \$112,125   | \$112,125  | \$112,125   |
| HTF Monetary Contribution (rezoning)             | \$672,750                    |   | \$0   | \$605,475  | \$0   |
| <i>Sub-total</i>                                 | <i>\$784,875</i>             |   | <i>\$112,125</i>  | <i>\$717,600</i>                                       | <i>\$112,125</i>  |
| Affordable rental housing (units)                | 0                            |   | 38 (valued @ \$7,600,000)                               | 4 (valued @ \$800,000)                                 | 11 (valued @ \$2,200,000)                                       |
| <b>TOTAL VALUE OF HOUSING CONTRIBUTION</b>       | <b>\$784,875</b>             |   | <b>\$7,712,125</b>                                      | <b>\$1,517,600</b>                                     | <b>\$2,312,125</b>  |

## SCENARIO 1B

In order for the project to proceed, the site needs to be rezoned from a 1.5 Floor Area Ratio (FAR) to a 2.5 FAR. All other assumptions remain the same.

**Question 3.** Does your recommendation change based on the revised analysis below (see Table 2 for a comparison of the contributions associated with the range of potential approaches)? Why or why not?

**Table 2**

| <b>Contributions</b>                             | <b>Baseline Contribution</b> | <b>Other Approach?</b><br>(identified by the workgroup) | <b>Approach 2:</b> 100% bonus density equivalency | <b>Approach 3:</b> 30% bonus density equivalency | <b>Approach 4:</b> 10% of increase in residential density |
|--|------------------------------|---|---|--|---|
| HTF Monetary Contribution (residential by-right) | \$269,100                    |   | \$269,100   | \$269,100  | \$269,100   |
| HTF Monetary Contribution (rezoning)             | \$358,800                    |   | \$0   | \$197,340  | \$0   |
| <i>Sub-total</i>                                 | <i>\$627,900</i>             |   | <i>\$269,100</i>                                  | <i>\$466,440</i>                                 | <i>\$269,100</i>  |
| Affordable rental housing (units)                | 0                            |   | 20 (valued @ \$4,000,000)                         | 9 (valued @ \$1,800,000)                         | 6 (valued @ \$1,200,000)                                  |
| <b>TOTAL VALUE OF HOUSING CONTRIBUTION</b>       | <b>\$627,900</b>             |   | <b>\$4,269,100</b>                                | <b>\$2,266,440</b>                               | <b>\$1,469,100</b>  |

## SCENARIO 2:

Project #2 proposes to build a 750,000 square foot mixed-use development. In order for the project to proceed, the site needs to apply for an amendment to its Coordinated Development District to allow for an increase in density and to secure a Master Plan Amendment to change the land use mix (see Table 3).

**Table 3**

| Land Use Type | Prior Development Approval (sqft) | Requested Development Program (sqft) | Difference (sqft) |
|---------------|-----------------------------------|--------------------------------------|-------------------|
| Office        | 125,000                           | 100,000                              | -25,000           |
| Retail        | 75,000                            | 15,000                               | -60,000           |
| Hotel         | 0                                 | 100,000                              | 100,000           |
| Residential   | 175,000                           | 535,000                              | 360,000           |
| <b>Total</b>  | <b>375,000</b>                    | <b>750,000</b>                       | <b>375,000</b>    |

### Considerations:

In addition to mitigating transportation and stormwater impacts associated with the development, consistent with the City policies and functional master plans, the applicant will be encouraged to:

- Meet the City's Green building policy
- Meet the City's Public art policy (resulting in a contribution of ~\$75,000)
- Contribute to the City's Capital Bikeshare Fund (resulting in a contribution of ~\$50,000)
- Contribute to the Small Area Plan's Open Space Fund (resulting in a contribution of ~\$350,000)
- Install and maintain in perpetuity a new dog park
- Install streetscape improvements, including wider sidewalks, new street trees, and undergrounded utilities

**Question 1.** Considering the Housing Master Plan's recommendation regarding CDDs and the different outcomes of the approaches outlined in Tables 1 and 2, how would you approach the affordable housing contribution for this project?

**Question 2.** This project involves an increase in commercial development as well as in residential development. Should there be a tiered contribution rate for commercial development that distinguishes between development that is pursued by-right versus through a master plan amendment? Why or why not?