

Affordable Housing Act / Plan Incentive Options for Local Governments

1. Financial Incentives

- **Grant funds** is the most valuable donation to encourage affordable housing development;
- Grant, long term lease or, sale discount of publicly owned property
- Payment for on and/or off site infrastructure improvements
- Tax Increment Financing (TIF) or Public Improvement District (PID)
- Local Economic Development Act (LEDA) funds for mixed use projects
- Provide loans with favorable terms such as:
 - No required payments
 - Repayment subject to cash flow only
 - Residual receipt loans in which the loan has variable payments subject to cash flow
 - Long term loan of 40 years or more
- Guarantee loans;
- Waiving development, permitting fees, utility hookup fees, impact fees
- Use IRBs or other bonds for affordable housing.

2. Land Use / Zoning / Subdivision Regulations & Approval Process

Reducing land costs are a key factor in creating affordable housing. Increasing density is an important aspect of decreasing costs. Local governments have the influence to reduce development costs through the following methods:

- City allows for higher density (townhouses, multifamily housing) through standard zoning codes rather than special exceptions, PUD or Special Use Permits. Multifamily zoned property should be available in the community
- Allow zero lot lines
- Cluster development (for townhouses, duplexes, etc.)
- Reduce street widths to no more than 20' to 30' in right of way width
 - Allow on-street parking on only one side of the street thereby, reducing the required street width.
- Reduce parking requirements.
 - Reduce on-site parking requirements especially when there are connections to transit or major activity centers.
 - Reduce parking stall dimensions (8x16)
- Street Design:
 - Instead of cul-de-sacs, use hammer heads
 - Reduce required street radius
 - Minimize infrastructure trenches by allowing for joint trenching in the street right-of-way
- Reduce minimum lot size (2,000-6,000 sq.ft.)
- Reduce lot frontage requirements (32-60 ft.)
- Reduce minimum lot width

- Maximize lot coverage requirements
- Maximize height requirement
- Encourage accessory dwelling units (second unit on site)
- Incentive zoning

Incentive Zoning. The City can offer density bonuses if a certain percentage of the units are affordable to low and moderate income families. Additional densities are also appropriate when located next to downtowns, neighborhood centers and/or transit stops.

- Provide for an allowance of increased density in exchange for a developer’s commitment to provide open space, landscaping and other amenities on the proposed development site.
- Density transfers to allow an exchange of lower density rights on one tract of land for higher density rights on another tract of land, particularly with contiguous parcels.
- Bonus points for affordable housing, at a particular AMI or price point. The bonus points could be applied to items such as higher density, reductions of setbacks, reduction of required parking spaces or other changes that will reduce the builder’s cost.

3. Programs

- Housing Trust Fund. Sources of financing include tax increment financing, private grants, surplus reserve funds from refinancing municipal bond issues, taxes and fees.
- For properties that are abandoned or have unpaid taxes, have tax lien sales through auctions, sell in bulk or transfer to land banks, Community Development Corporations or non-profit housing developers.
- Foreclosure / Condemnation program to rebuild for affordable housing
- Take an active role in buying property, land assembly, land banking and joint venture developments using publicly owned land
- Streamline the permitting process
- Take an active role in Master Planning infrastructure and zoning
- Bond funds
- Act as a pass through agency for state legislative funds

4. Tools to keep housing affordable

- Deed restrictions with affordability periods (refer to Affordable Housing Act Rules);
- Land Use Restriction Agreements (LURA)
- Mortgage encumbrance
- Land trust
- Joint tenants in common structure

If you have questions regarding the Affordable Housing Act, Affordable Housing Plans or implementation strategies, contact: Nicole Sanchez, Program Manager, New Mexico Mortgage Finance Authority
 Direct Phone: 505.767.2277. Email: nsanchez@housingnm.org Webpage:
<http://www.housingnm.org/mfa-publications-affordable-housing-act>.