The desirability of traditional neighborhood design, with its compact mix of housing types, walkable neighborhoods, and town centers, has been financially beneficial to developers, builders, and real estate professionals engaged with smart growth communities in Florida. At the national level, smart growth and sustainable development enjoys the embrace of an interagency partnership for affordable housing, the environment, and transportation. Nonetheless, smart growth has its detractors and some of those are arguing that smart growth is bad for affordable housing. Even in progressive Seattle, there is a coalition of advocates against the displacement of poor people who maintain that smart growth is at odds with affordable housing.

As the Affordable Housing Director at a statewide smart growth organization for almost 20 years, I claim a particular qualification and responsibility to address this issue. Smart growth can and should be good for affordable housing. Smart growth is only a threat to affordable housing if land use policies are not in place to protect, develop, and preserve affordable housing concomitantly with land use policies that promote smart growth. And that is something that need never happen.

Smart growth is a planning construct intended to reduce sprawl by encouraging compact, walkable communities with mixed use and transit-oriented development, which includes a range of housing choices. There is nothing in this concept which would, on its face, impede advances in affordable housing. So, how exactly does smart growth undermine affordable housing? The short answer is that it doesn’t...Provided (yes, that is Provided with a capital P) the land use policies used to promote smart growth include tools to ensure that smart growth development includes affordable housing and that redevelopment does not displace existing affordable housing.

Like new urbanism, smart growth espouses a range of housing choices to serve the continuum of incomes that comprise a diverse economy. But without land use policies to ensure that affordable housing is developed and preserved in perpetuity as a part of the compact, walkable...
community, with mixed use and transit oriented development, smart growth could be at odds with affordable housing because smart growth increases property values. That is why it is imperative that the tools needed for protecting existing low income residents, developing new affordable housing, and preserving affordable housing in perpetuity are an integral part of smart growth strategies from the earliest stages of planning.

**Smart Growth is not immune to the Law of Supply and Demand**

A common starting place for smart growth is to curb sprawl with the adoption of urban growth or service boundaries—the delineation on a land use map which stops development beyond the reasonable extension of existing municipal services. Critics of smart growth contend that urban growth or service boundaries cause an increase in land and home prices because the reduction in land available for development causes a bump up in the price for developable land within the urban growth/service boundaries. The theory behind such criticism is that the more land available for development, the less that land will cost and the more affordable the home built on that cheaper land becomes. During the housing boom, we saw this theory in practice when families would “drive ‘til you qualify”, moving to the outskirts of town and into unincorporated areas farther away from employment and commercial centers in search of lower priced housing.

As families drive farther into less developed areas, they could qualify for higher loans to purchase larger homes because the homes have lower purchase prices than the same houses closer to downtown. But is the purchase price of a home or the monthly mortgage payment what makes a home affordable? Not long ago, the common response was “yes”; an affordable home is one that has a monthly mortgage payment that does not exceed approximately 30% of the low income family’s income. Not so today. As discussed below, we now know that the lower purchase price of a sprawl home does not equate to an affordable home for the lower income purchaser.

**Measuring Affordability**

Smart growth has environmental benefits including the conservation of green space, preservation of agricultural land, and reduction in emissions from fewer miles traveled in the personal automobile. Even those critics of smart growth who do not value the environmental benefits from a reduction in sprawl, cannot deny the benefit of making housing more affordable by co-location of commercial and residential uses (mixed use development that allows people to live near their places of employment) and the savings from a reduction in use of the personal automobile from locating affordable housing near public transit.

Initially, we measured housing affordability solely by the principle, interest, taxes, and insurance costs. More recently we recognized the importance of utilities and the value of energy efficiency in the ongoing affordability of a home. The cost of the automobile was not included in the affordability equation. Lower cost housing was found in areas of sprawl where land was less expensive and featured large subdivisions with track housing on cul-de-sac streets carved from undeveloped land in what seemed like the middle of nowhere. “Drive ‘till you qualify” meant the farther a potential homebuyer drove away from the heart of town, the more home they could finance which also meant they could buy a home that was substantially larger than what was available close to downtown.

But through experience and empirical work, like that done by the Center for Neighborhood Technology, we understand that the true cost of housing needs to be measured by the H+T Affordability Index, which factors the cost of the personal automobile into the housing equation. Automobile maintenance and fuel is so costly that a long distance between work and home directly impacts what a family spends on housing. The costs of the personal automobile need to be considered in the same way we consider the cost of utilities when evaluating whether a particular house is within a family’s budget. We intuitively know that if a 10,000 square foot mansion was donated to a low income family, the family could not afford to pay the utility bills, maintenance, or
Smart Growth and Affordable Housing

Smart growth and low income families

Smart growth is equally good, and in many respects, better, for lower income populations than for higher income populations. The environmental benefits, including lessening of climate change, and preservation of public lands for conservation and recreation, all accrue equally to high income and low income populations. But the expansion of public transit and the creation of transit-oriented development, which are only financially supportable with increased density, are particularly beneficial to low income populations. It is the low income population that will be able to get by without the expense of a personal automobile if public transit is accessible to housing and employment. Living in a walkable or bike-able community with access to stores and services is quite desirable and great fun for many middle and upper income, but it is a financial necessity for those with low incomes. It is much more likely that a family which is financially stretched will give up one or both of the family cars when their housing is transit accessible.

Smart growth can be at odds with affordable housing because smart growth is desirable- and the more money consumers will pay to live in transit oriented developments, walkable communities, new urbanism communities and the like, the harder it is to keep current low income residents from being displaced and provide new housing opportunities for lower income families. The days of believing that increased density equates to increased affordability are gone.

For smart growth to benefit low income populations two things are needed:

1- Existing low income housing in areas near transit or re-development cannot be destroyed without replacing the same number of units affordable to and available for the displaced low income population; and

2- New housing developed near transit must include housing for low income people that is developed in a manner that ensures it will remain affordable long term.

How does government (the entity that implements land use policies) ensure these two things? The most obvious way, outside of direct housing subsides, is by using the same land use authority that government exercises to implement its land use policies. These include, but are not limited to, mixed income housing policies, accessory dwelling units, community land trusts, and tax increment financing.

The Tools.

Mixed income housing policies

Mixed income housing policies provide a framework for the preservation and development of affordable housing within or along side of market rate development, much in the same way that mixed use policies provide a framework for marrying retail/commercial and residential uses. At the National Inclusionary Housing Conference, held November 2010 in Washington D.C., well known scholars and authors, Alan Mallach and Nico Calavita, in a joint keynote address, included an explanation of “land value recapture.” Land value recapture is way of describing the public benefit that should be received when local government takes public action to change land use in a way that increases private property values.

In the context of transit oriented development or other land use changes made to propel smart growth, an inclusionary policy that ties the development or preservation of affordable housing to land use changes that increase the value of land is needed to ensure that smart growth is not at odds with affordable housing.

If mixed income or inclusionary requirements are not in place at the time land use changes are made to create transit oriented or traditional neighborhood design developments, the increase in property values will drive out existing affordable housing and prevent the development of new affordable housing. Ironically, the unintended consequence from land use plans requiring higher densities around transit to encourage ridership is that both affordable housing and ridership are undermined in that a density bonus (the incentive most often used in exchange for the development
of affordable housing) is no longer needed and without lower income families living in the apartments close to transit, ridership will suffer.

Accessory Dwelling Units

Accessory Dwelling Units (ADU) also known as “granny flats” can create two affordable units for the low cost of developing a tiny home on an existing developed lot. Accessory dwelling units (the secondary home) provide much needed low cost rental housing in an already built environment and have the added benefit of reducing the monthly cost of the primary home as the homeowner receives rental income from the ADU.6

Community Land Trusts

A Community Land Trust is a construct where land is owned by a nonprofit entity for the purpose of providing affordable housing, both homeownership and rental, in perpetuity. The nonprofit entity is a steward of the land for the benefit of the community- to ensure that the public investment in affordable housing is maintained and the property is never lost to the speculative market. Community land trusts can be the stewards of properties developed by the private sector in conjunction with inclusionary housing policies, as well as a property manager and an administrator for income qualifying tenants and prospective purchasers of affordable homes.7

Tax Increment Financing

Tax increment financing (TIF) is an effective financing and land development tool. TIF financing is designed to capture the increase in tax revenues generated from increased property values in a particular area. When an area is planned for transit, the property value in the area will increase in value. The redevelopment and new development that attends transit stations are the ideal geography for TIF bonds to finance the affordable housing strategies needed to protect current residents from displacement and to develop new affordable housing in the area by providing subsidy needed by the private sector to create affordable rents.8

Conclusion

Mixed income housing is a principle of smart growth. The housing element requirements in Florida’s Growth Management Act9 have been the impetus for a variety of land planning efforts to promote and preserve affordable housing and to create affordable housing near employment and services. The consequence of displacement and pricing out affordable housing from areas that are redeveloped or developed in a mixed use, mixed income traditional neighborhood or new urbanism design have, for the most part, been an unintended consequence. It’s time to stop these unintended consequences. Especially with the growing interest in TOD, land use planning for affordable housing must include tools for protecting existing affordable housing and promoting the development of permanently affordable homes. Smart growth and affordable housing naturally go hand in glove.

The ten principals of smart growth crafted in the late 1990s for the Smart Growth Network:

- Create a range of housing opportunities and choices
- Create walkable neighborhoods
- Encourage community and stakeholder collaboration
- Foster distinctive, attractive communities with a strong sense of place
- Make development decisions predictable, fair, and cost effective
- Mix land uses
- Preserve open space, farmland, natural beauty, and critical environmental areas
- Provide a variety of transportation choices
- Strengthen and direct development towards existing communities
- Take advantage of compact building design

1 Traditional Neighborhood Design (TND) may or may not include transit oriented development. With few exceptions in Florida, we have TND without transit. There are over 60 TND areas, also called New Urbanism, developments throughout Florida.
2 The Sustainable Communities Initiative is an interagency partnership between FTA, HUD, and EPA. See www.HUD.gov.
3 The Seattle Displacement Coalition, sdc@zipcon.net.
4 Established in 1996, 1000 Friends of Florida works to protect natural areas, fight urban sprawl, promote sensible development patterns, and provide affordable housing. Above all, it strives to give citizens the tools to keep Florida’s communities livable.
5 The Center for Transit Oriented Development developed the Housing + Transportation Affordability Index. See http://www.cnt.org/ctd/h+.
6 See Housing News Network Journal Issue for comprehensive article on accessory dwelling units.
7 The Florida Housing Coalition and 1000 Friends of Florida launched the Florida Community Land Trust Institute in 2000, and since that time there have been about 25 community land trusts created in Florida.
8 See Section 163.330 -163.463, Florida Statutes.
9 See Section 165.3177, Florida Statutes.