EXECUTIVE SUMMARY

Background

In 2018, the City of Plano was named one of the "Safest Cities in America".[1] Just north of Dallas, the city offers a rich quality of life with high-quality schools, access to abundant dining, shopping, and cultural opportunities, and a vibrant employment base. This quality of life drew many new residents between 1970 and 2000 when its population expanded from less than 18,000 to more than 222,000. Today, the city's land-locked 72 square miles is home to more than 285,000 residents and more than 157,000 jobs. After decades of development, however, the city is now largely built out. To assist the city in evaluating its circumstances, the city engaged Economic & Planning Systems (EPS) to complete a City of Plano Housing Trends Analysis and Strategic Plan to:

- Understand the housing needs of Plano residents;
- Prepare for future growth and redevelopment; and
- Guide community investment and sustainable development.

Specifically, the purpose was to address growing curiosities and interests in understanding and documenting the relevant supply and demand trends Plano is experiencing. The underlying questions and findings are both objective and subjective in nature, i.e. subject to further evaluation of governance or political feasibility considerations. The findings are intended to serve as an educational platform and a solid data-driven backdrop against which further planning and governance decisions can be made. The higher-level guiding questions were:

- What are the housing trends?
- Are any of these trends a problem?
- Why is housing affordability important?
- What does affordability mean and who is affected?
- Where could these trends go?
- How might the city play a role, if any, in addressing these trends?

Defining Affordability

For decades, the federal government has defined "affordable" by the rule that no household should spend more than 30 percent of its income on housing, implying high-income earners, hourly-wage workers, young professionals, the elderly on fixed incomes, and everyone in between. Affordable housing means a place to live that is "affordable" so that after the rent or mortgage is paid, money is left over for basic necessities like food, transportation, healthcare, and all that contributes to one's socioeconomic mobility and quality of life. Although housing affordability itself in Plano is not the primary motivation behind this study, it is a central theme that runs through the analysis of trends.

[1] "Safest Cities in America" designation from Forbes: https://www.forbes.com/pictures/egim45edhe/1-plano-texas/#796cfccd4253

Housing is Integral to the Economy

Housing is a critical component of the built environment and the economy. Nationwide, it accounts for nearly 50 percent of all capital and represents the largest portion of most households' net worth. Supply shortages and affordability challenges, therefore, manifest as more than personal challenges. Emerging from these problems are structural concerns that can fundamentally threaten a region's economy and residents' ability to invest in their futures.

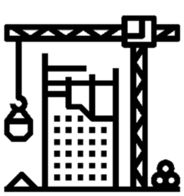
For example, rising housing costs and stagnating incomes lead households to spend more of their income on housing. Historically, the federal government has defined the term "cost burden" to characterize a household that spends more than 30 percent of its income on housing.

For those for whom this situation is unavoidable, a household's discretionary spending drops and impacts the economy in the form of reduced jobs and Gross Regional Product (GRP). For those that do try to avoid housing cost burden, many settle for housing that may be more affordable but farther away from their jobs, schools, etc. This is simply cost replacement. Higher transportation costs are exchanged for lower housing costs, resulting still in decreased discretionary spending.

While the causality of these shifts is debatable, as most households make a variety of trade-offs, both conditions lead to a diminished quality of life and negatively impact the economy. An optimally located housing supply supports resident and workforce mobility, productivity, and contributes to a higher quality of life. Under-supply leads to increased transportation costs, decreased worker productivity, and lower quality of life.

Housing Issues and Challenges in Plano

While cities across the country are faced with housing issues, Plano's geographic, transportation, and employment context creates specific challenges. The city's location within the Dallas Metropolitan Statistical Area (MSA), both an as employment and economic hub and an area with easy access to and from other parts of the Metro area, make its challenges and opportunities distinct within the region. Identifying the issues facing the city helps to better understand the context of housing in Plano and where opportunities lie moving forward. Three key issues have been identified:



Uneven Growth

Plano has experienced significant employment growth in the past 15 years, however, residential growth has not occurred at the same pace. While the city has been extremely successful in attracting major employers, residentially-zoned land in the city is almost entirely built out, making new residential development increasingly challenging. Employment growth without concurrent residential growth, alongside this land constraint, has put increasing pressure on the housing market, resulting in a lack of "starter" homes (both ownership and rental) and homes affordable to the general workforce (both ownership and rental).

This gap in the housing inventory creates specific challenges. When entry level homes are not available, there is a barrier to entry into the city for new – especially young – residents. This applies to both ownership and rental housing; new graduates and those who move for employment often look to rent housing first. If housing is not available, they may choose to move (i.e. invest in) somewhere else entirely. The city then loses out on this population. If this happens persistently over time, the population can stagnate and employers eventually decide to locate closer to where employees are living.

In a similar manner, when the lower-paid (i.e. service sector) workforce cannot find or afford housing, they end up either cost-burdened by their housing in the city or moving elsewhere. Living further from employment means a longer commute (and thus higher transportation costs), and if similar employment can be found closer to an affordable home, eventually that employee is likely to stop working in the city. This loss of a local workforce and barrier to entry for new employees makes it harder for local businesses to recruit and retain employees. Employers often find that higher wages are necessary to attract employees, which translate into costs that are passed on to consumers. As these challenges are exacerbated the local workforce shrinks, and eventually restaurants, stores, hotels, and other service-oriented businesses will either not be able to find labor, or will have to increase prices to a point that they may not have enough income to stay in business.

An Aging Population

A consequence to the city's barrier to entry problem is that older residents who want to age in place are having difficulty finding the diversity of inventory that would suit their needs (e.g. size of home, amenities, etc.) and remain in the city. While the two issues are interrelated, this trend brings with it additional challenges. As populations get older, while some residents want to and are able to remain in their homes, others either desire or require different housing. When such housing is not available and/or not affordable – particularly to a population often on a fixed income – residents can be forced to make the undesirable decision to move away from their own community. For older residents that do stay in their homes, housing cost burden and the inability to maintain their homes may lead to disinvestment.

Big City Challenges

Over time, Plano has evolved from a suburb of Dallas to an epicenter of itself. Both economically and socially, the city has increasingly begun to face challenges often associated with more urban areas. Transportation and transit have been elevated as issues in the City: for residents commuting to employment; for those employed in the City commuting in from other locations; for those in transit through Plano from one part of the Metropolitan Statistical Area (MSA) to another. Roadway congestion, tolls, and limited public transit accessibility impact all other aspects of growth.

Summary of Findings

This summary highlights the major findings of the research, analysis, and process that address the questions at the heart of the city's relevant housing questions. The findings are also delineated by demand-side trends, supply-side trends, considerations of stated preferences, and case studies.

Demand-Side Trends

Housing market growth typically responds to a variety of conditions, primarily employment and/or net-positive population growth (or household formation). At the heart of employment growth is the effort made by a city to attract, retain, and grow its business community. In an environment like the Dallas MSA however, there is also demand from population growth that continues even when the underlying economic engine is not expanding.

The question guiding the analysis of demand conditions and influences is "what are the trends?" The findings below represent highlights of the findings that are intended to shed light on the different angles from which this question can be interpreted: Is demand coming from population growth alone, and what is the composition of that growth? Is demand coming from growth in the workforce?

1. ***Employment and wage growth in Plano have been strong, owing its success not only to the city's economic developers, but its historically strong and well-educated local labor force.***

   Between 2002 and 2015, the city's workforce grew by an impressive 84,000 jobs (nearly 75 percent over 2002 employment levels) - an annual rate of nearly 6,500 jobs. More impressive still was that two-thirds of the city's new jobs were concentrated in four (4) well-paying sectors (with a weighted average wage of approximately $53,000): 12,500 new jobs in Finance and Insurance; 19,500 new jobs in Professional, Technical, and Scientific Services; 9,300 new Management jobs; and nearly 14,000 new Health Care jobs.

   …***so, what does this mean?*** This is a sign of the city's economic health, which is good for businesses, the workforce, residents, and the city. Service-oriented businesses (e.g. retailers) benefit by having a growing demand base from business-to-business transactions and from the households of new job-holders. Those entering the workforce benefit because unlike some other parts of the country (or even state), job growth and business expansion means ample economic opportunity. Residents also benefit because it means there is tax revenue for the city to pay for essential public goods and services (e.g. police, fire, schools, parks, etc.).

2. ***Household growth, on the other hand, was not as strong.***

   Between 2000 and 2016, the number of households in the city grew by just 25,000, a rate of nearly 1,600 per year. The first "red flag" in the demand-side analysis, the relationship between job and household growth at the regional and national level generally conforms to a roughly one-to-one ratio; meaning that every new job typically creates demand for one new household and/or housing unit. In Plano, the city's jobs to housing ratio was at 4 to 1, meaning that the city grew by just one household for every 4 new jobs.

…***so, what does this mean?*** It means that Plano has only been the beneficiary of one aspect of its economic growth. On one side are the direct and indirect economic benefits associated with new jobs and businesses (e.g. sales tax[2]). On the other side are the induced economic benefits, such as the new worker household spending on housing, retail goods and services that do not benefit Plano's tax base. Studies have shown that a city's daytime population spends only a small portion of its income to or from work.

3. ***As the resident labor force approaches retirement and seeks to age in place, the average age of Plano's residents has increased.***

   In 2000, more than half of the city's population was under 35 years of age, and just 12 percent of the population was over 55 years. By 2016, less than 45 percent of the city's population was under 35 and the portion of population over 55 doubled to 24 percent. This data supports the national trend that residents are delaying retirement. Between 2000 and 2016, the total local labor force (i.e. Plano residents holding jobs either in the city or elsewhere) increased from 118,000 to more than 145,000 – an increase of 27,000 employed residents. But 55 percent of that increase was from residents over 55 years working longer while just 15 percent of that increase came from residents under 35 and just 30 percent from those of prime working age between 35 and 54. This also meant that the average age of the labor force in Plano increased from 42 to 45 between 2000 and 2016.

   …***so, what does this mean?*** The positive side of this story is that people are living and working longer. While the social and economic impacts of those trends would require further analysis, there is a side of this trend that is clear nationwide; an analysis of data from the Bureau of Labor Statistics Consumer Expenditure Survey[3] indicates as households age they spend less on typical taxable retail items. If households age in place and, thus, spend less, they generate less sales tax for the city. Without bringing in more households, sales tax revenues to Plano could increase more slowly and eventually stagnate.

4. ***New mortgage investment is declining.***

   Between 2000 and 2016, the average borrowing rate on a 30-year fixed rate mortgage dropped from approximately 7 percent to approximately 4 percent. Although these tremendous and historically low borrowing conditions were supposed to incentivize more households into homeownership, the portion of owner households with a mortgage in Plano dropped from 80 percent in 2005 to 67 percent in 2016.

   …***so, what does this mean?*** To maintain community investment and engagement, or at least to maintain a stable balance between owner and renter households, some definition of a state of "equilibrium" for Plano might mean identifying an optimal portion of households who own their homes and the maintenance of some optimal portion thereof who still hold mortgages. But whatever the definition, while this downward trend has meant financial

[2] Not all industries generate direct sales taxes. For example, retail and accommodations generate sales taxes directly, but educational services, management, or professional/technical services do not typically generate sales taxes. There are some industries, such as those in the city that are among its top-performing sectors, such as manufacturing, that may only generate sales taxes indirectly, i.e. after selling their products to a wholesaler, they are then sold to a consumer (business or individual) who pays sales taxes at the point of sale, which may or may not be in the city.

[3] https://www.bls.gov/cex/data.htm

freedom for about 10,000 households on one hand, it also indicates a lack of broader investment in the city on the other.

Supply-Side Trends

As mentioned above, housing market growth typically responds to a variety of conditions, such as employment or population growth. At the heart of supply growth are a variety of capacity factors, such as land availability, developable land or parcels, construction capacity, adequate infrastructure including roads, water, sewer, electricity, and public services to accommodate growth. Also key to supply growth are external factors, such as neighborhood or community "infrastructure" that can channel development.

5. ***The city has limited areas to facilitate additional growth, except for infill sites, redevelopment opportunities, and a few areas for new development.***

   Estimates from the City indicate that fewer than 2,000 acres of land remain currently zoned for residential development. The constraints this places on the housing and development market is apparent when looking at patterns of residential construction activity since 2000. Between 2000 and 2007, lower-density single-family housing accounted for nearly two-thirds of all new inventory in the city, whereas between 2007 and 2017, higher-density multifamily housing accounted for two-thirds of new inventory.

   …***so, what does this mean?*** This means that the prospect of adding more housing inventory will be more challenging than it has been in the past. Higher land costs will dictate either higher-density development patterns or higher-cost housing. On one hand, higher-density development risks greater neighborhood opposition unless it maintains the high quality and character of existing development. On the other hand, higher-cost housing risks limiting inventory diversity and growth for the city. Detailed later in the Executive Summary (see page Finding #12 on page 9), residents and workers value both the quality of development when choosing where to live as much as the affordability.

6. ***The city added little housing between 2000 and 2017 by comparison to the number of jobs it added.***

   Again, by comparison to the 84,000 jobs added between 2002 and 2015, only 25,000 new housing units were added. Again, a ratio of 4 jobs to 1 household (i.e. housing unit) suggests a higher number of bidders per available home sales listing.

   …***so, what does this mean?*** All else being equal, when demand is constant and supply is constrained, the price of housing is pushed higher. This has increasingly been the case in the city for the past 15 years. For existing residents, this means rising property values (property taxes), and for new residents, this means contributing greater portions of household income on housing[4] – both of which are affordability problems. From the perspective of a growing MSA, neighborhoods that have desirable proximity to major employment centers or access to

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[4] An analysis of survey responses indicates that, despite lower mortgage interest rates over time, newer residents of Plano are spending much more of their income on housing than those who have been in the city longer. Households that have lived in the city for more than 20 years spend an average of 15 percent of their income on housing, whereas households that have been in the city for 1 to 4 years spend 20 percent of their income on housing, and households that have been in the city less than one (1) year are spending an average of 25 percent.

transit have been and will continue to face growth and/or revitalization pressures, as evidenced in the Legacy West area and Downtown Plano near the Dallas Area Rapid Transit (DART) station. If such trends continue, the city's workforce, and particularly those in essential community functions (such as police, fire, and emergency services) will not be able to afford housing close to their jobs.

7. ***Cost of residential construction has contributed to supply-side constraints.***

The cost of constructing a house typically accounts for approximately 55 to 60 percent of the sales price of a home. Approximately half of the cost of construction is materials and the other half is labor. Since 2005, the cost of construction materials (utilizing Producer Price Index data from the Bureau of Labor Statistics) has risen 45 percent, and the cost of labor for single-family home construction has risen 38 percent. The cost of labor for multifamily construction has risen 51 percent.

…***so, what does this mean?*** It is frequently overlooked that rises in home prices can also be attributed to increases in labor costs and materials. On one hand, increases in the cost of labor benefit construction industry households and their spending, but play a role in the escalation of new housing costs.

Housing Affordability Trends

As stated earlier, housing affordability is more than a personal challenge; it's one that leads to negative impacts on a community's economic health and quality of life. Neighborhoods, schools, and a community's heritage and culture can be negatively impacted over time. The economic component follows a constant feedback loop that has negative consequences for the regional economy.

8. ***A larger portion of the city's workforce is commuting than it was more than 10 years ago, and many of those imported jobs are in the city's top-performing industries.***

In 2002, with approximately 115,000 jobs and 113,000 workers in the resident labor force, the city was importing a "net" of just 2,000 jobs. By 2015, because the city's labor force grew by just 27,000 and population grew by 64,000, the city was importing a net of approximately 59,000 jobs. In a related trend, more of Plano's workers are also commuting from greater distances. In 2002, approximately 61,500 workers commuted in from more than 10 miles, but by 2015 the number of workers commuting in from more than 10 miles increased 80 percent to over 110,000.

…***so, what does this mean?*** On the surface, this trend implies greater wear and tear on the city's roads by non-residents. At a deeper level, and as with the discussion of other trends, this points directly at a market "solution" that may or may not be favorable with some. That is, an inadequacy or insufficiency of local labor leads businesses to employing workers living farther away. From a long-term perspective, such a pattern can be maintained only for so long before those businesses either relocate or locate elsewhere– a leapfrogging pattern seen already in the metro area.

9. ***As a result, in-commuting and cross-commuting patterns are pushing local roads beyond capacity.***

   In 2007, approximately 28 lane miles in the city were at or above 100 percent volume over capacity (VOC), indicating a level of service "F" – i.e. roadway failure. By 2017, with more than 59,000 job-holders commuting into the city daily, and increased north-south cross-commuting patterns, approximately 140 lane-miles in the city were at or above 100 percent VOC, a 400 percent increase in roadway failure.

10. ***Incomes have not kept pace with housing prices; as a result, even households earning the median income can no longer afford the median-priced home.***

    In 2001, a household earning the city's median income (approximately $70,800) could comfortably afford the median-priced home. That household's affordable purchase price under the average terms of a 30-year fixed rate mortgage was $183,000 while homes in the city sold for a median of $168,000. But by 2017, even as the average borrowing rate for a 30-year fixed rate mortgage dropped from more than 7 percent to less than 4 percent, a household earning the median income, which had increased to more than $94,000, comes up nearly $20,000 short of being able to afford the median-priced home of $334,900.

    Where could this trend go? Given the recent upward trajectory of the Federal Reserve's overnight borrowing rate, it is easy to imagine mortgage interest rates rising higher over the next decade. Although forecasting is filled with uncertainty, a projection of house prices and incomes along their current paths illustrate the growing threat. With a modest escalation of median home prices at 3 percent per year to $433,400, and historic appreciation (1.2 percent) in household income to $103,400 and a mortgage rate of 7 percent by 2028, the affordability gap would widen from $6,300 to more than $154,000 by 2030.

11. ***Households "overspent" by more than $191 million in 2016.***

    When a household spends more than 30 percent of its income on mortgage or rent, they are characterized as being "cost-burdened". Although some households choose to spend more than this for a variety of reasons, the economic impact of "overspending" cannot be overlooked. In Plano, it is estimated that overspending amounted to $191 million in 2016, averaging $622 per month for each of the 25,600 cost-burdened households. The macroeconomic implication is that this $622 per month could be spent differently and recirculate through the regional economy. Household discretionary spending typically accounts for a much larger portion of regional economic activity than that which is derived from mortgage payments, the economic benefits of which accrue largely outside the region.[5] For example, if those dollars were spent on discretionary goods and services, it is estimated that they would support an additional 2,300 more jobs in the city.

    …***so, what does this mean?*** Overspending on housing does not benefit local business or residents. While the one-time construction of housing benefits local contractors, suppliers,

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[5] While a downstream analysis of "where" these dollars go (e.g. local versus non-local landlords or local versus non-local mortgage bond holders) is not possible without rigorous and proprietary data collection, it is understood that these dollars would be spent on a different array of goods and services benefitting not only local households' quality of life but also benefitting the local economy.

and laborers, the ongoing payment of mortgage interest largely benefits mortgage debt holders, who are generally not present in the local economy. However, when households do have discretionary income to spend on quality of life, e.g. shopping, dining, entertainment, and other locally-oriented services, those dollars recirculate in the local and regional economy—supporting business and creating jobs.

Resident and Workforce Preferences

This study included a survey of the city's residents and workforce, probing their preferences for what physical, neighborhood, and community features affect their housing decisions.[6] They characterize elements of housing demand and begin to illuminate whether aspects of the city's housing supply is meeting their demands. As people rarely have the resources to buy the perfect house in the perfect location, these findings illustrate the complexity of preferences and trade-offs that households make in housing choices.

The results are broken down by age and reveal meaningful differences between those under 35, age 35 to 54, and those over 55 (referred to as "age cohorts"). While it can be tempting to interpret such responses as an indication of generational shifts in preferences for specific housing and community features, stated preference findings should be interpreted through the lens of what is valued by specific age groups at a particular stage of life. For example, when asked about how their preferences might change in the next five years, it has been found that younger respondents generally anticipate their housing preferences changing to accommodate a family, schooling, a spouse – an "array" of preferences that resembles the next older age group.

For planning and economic development purposes, a city should seek to understand whether or not its supply of housing is sufficient to meet the changing distribution of its workforce and residents. In essence, they provide a bridge for interpreting the demand- and supply-side analyses of the other report sections.

12. ***After a sense of safety and security, housing cost and the quality of construction are most important to the city's residents and workers in choosing where to live.***

    The analysis of stated preferences shows that approximately nine (9) out of ten (10) people agree that a sense of safety and security is very important in choosing where to live. Clustered tightly beneath are housing costs (69 percent) and the quality of construction (63 percent), followed by a sense of privacy (54 percent), quality public schools (51 percent) and well-designed sidewalks and bike paths (45 percent).

    …***so, what does this mean?*** As a basic finding, this simply reaffirms the notion that buyers in the market are and continue to be cost and quality conscious. It also reaffirms the common motivations for what attracts residents and jobs to the city.

[6] During May and June 2018, a survey was fielded through weblinks to the City Commissioners, Boards, NLC, Citizen Academy, the Plano Chamber of Commerce, Hispanic Chamber of Commerce, CSD Nonprofits, Collins County Homeless Coalition, Collin County Association of Realtors, the Dallas Apartment Association, Black Chamber of Commerce, Plano AARP Chapter, the Asian American Chamber of Commerce, and posted as an open link to the City of Plano's website. The survey yielded 3,359 responses and was weighted to correct for the distribution of income and tenure. Survey respondents were

13. ***The under 35 group is most cost-conscious of all age groups, mindful of safety and security, but less so than the others, and more driven to live near work, recreation, dining and shopping.***

As for a home's physical features, under 35s are generally most concerned with cost. Nearly eight (8) out of ten (10) say that it's very important to their housing decisions, a greater portion than those in older age groups. But as for a home's physical characteristics, quality of construction ranks highest (56 percent characterizing it as very important), followed by home size (45 percent), no HOA fees (36 percent), and greater privacy between homes (33 percent). On the other end of the spectrum, lot size and lower maintenance living are low on this cohort's list with just 23 percent and 18 percent, respectively, identifying these as very important to their housing decisions.

Among their neighborhood considerations, beyond a sense of safety and security, just over half of this group says that quality of public schools is very important, followed by sense of privacy (45 percent) and well-designed sidewalks and bike paths (39 percent). Less than one-third think that diversity of housing in a neighborhood is very important, and 16 percent think that historic character is very important to housing choice.

Among locational considerations, under 35s are most interested in having a short commute to work (50 percent saying it's very important), followed by close proximity to parks (37 percent), shops (34 percent), and general walkability (33 percent).

14. ***The under 35s generally lack sufficient funds for a down payment, though their incomes can support mortgage payments.***

More than half of those in this age group who work in Plano indicated an interest in living here if the opportunity arose. While over half of them indicated they lack sufficient funds for a down payment, nearly 6 out of 10 have household incomes over $75,000 – a household income sufficient to support mortgage payments on a house priced at approximately $260,000[7]. The fact that 20 percent of them would be willing to pay 10 percent more to be closer to higher quality schools or cut their commute times in half presents both a challenge and an opportunity for the city's housing inventory.

15. ***The 35 to 54 group is generally focused on aspects of housing that facilitate an efficient and safe home and work life, where cost is less important than either of the other age groups, but home size, greater privacy between homes, and quality public schools are more important.***

As with under 35s, housing cost (65 percent) and quality of construction (62 percent) are very important to housing choice. Home size (60 percent), greater privacy between homes (46 percent), and no HOA fees (35 percent) follow in importance. A third of them say that lot size is very important, and 14 percent say that lower maintenance living is very important.

As for neighborhood features, like with other age groups, 91 percent feel that a sense of safety and security is very important, followed by the quality of public schools (62 percent), sense of privacy (55 percent), and well-designed sidewalks (44 percent). In the same

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[7] This calculation is made with a 10 percent down payment, property taxes of 2.5 percent of the home value, principal, interest on a fixed-rate mortgage of 4.0 percent, and annual insurance of approximately $2,600 per year.

ranking as the under 35s, 20 percent think that diversity of housing in a neighborhood is very important and 13 percent think that historic character is very important in their housing choices.

This age group, however, is generally less concerned about locational consideration in their housing choice. Having a short commute to work is the most important of these aspects (40 percent saying it's very important), while approximately one-third of them say that close proximity to parks, general walkability, proximity to schools or shops are very important.

16. ***For those over 55, aspects of the physical residence are most important, with quality of construction, no HOA fees, lower maintenance living and walkability among this group's chief considerations.***

As with the other age groups, housing cost (68 percent) and quality of construction (67 percent) are very important to housing choice. But as this group generally accounts for households interested in down-sizing, home size ranks as much more important than for the other groups (57 percent). Greater privacy between homes is very important to a little more than a third of this age group, and among the entire age group, lower maintenance living is very important to 30 percent.

As for neighborhood features, 89 percent feel that a sense of safety and security is very important, followed by a sense of privacy (58 percent) to a marginally greater extent than other groups, especially the under 35s. Well-designed sidewalks (47 percent) are more important than the quality of public schools, and the diversity of housing in a neighborhood and historic character rank as very important to less than 20 percent.

And as with the other age groups, locational considerations are generally less important in choosing where to live, but interestingly, walkability ranks highest in their considerations of proximity. Still, approximately one third rank proximity to parks and recreation as very important, as well as proximity to shops and restaurants, but are generally less concerned with having a short commute to work (28 percent) or walkability to schools (11 percent).

Conclusions

The City of Plano has become not only a vibrant community, but an economic hub with incredible business attraction and job growth. In a relatively short time, it has also experienced tremendous population growth. But as a land-locked community, it now confronts the reality that little residentially-zoned land is available to keep up such a pace. Such a fundamental mismatch between supply and demand creates an environment in which the ensuing escalation of housing prices could threaten the community's economic and social stability that have historically been a major component of its attractiveness to residents and employers in the first place.

Businesses will increasingly rely on imported labor (i.e. in-commuters), and the lack of housing supply, particularly affordable entry-level and senior housing options, ownership or rental, means that the community will struggle with solidifying new resident civic engagement and investment, as well as the disenfranchisement of its long-time residents.

As Plano continues to evolve, it will need to consider how land uses and housing supply (i.e. resident and worker) should reflect a community's preferences for transit and transportation access, neighborhood design, community infrastructure, and civic amenities. This model of governmental involvement might best be described as mere coordination, and the return on investment metrics for such a model would be economic, fiscal, as well as social.

Existing Tools

Local Housing Investment Tools

Two local programs have had considerable success in the city and have been replicated widely by other communities. These programs are funded through General Fund dollars and require City Council approval during the annual budgeting process.

- Great Update Rebate: The Great Update Rebate is a home improvement incentive program that utilizes general fund monies to spur significant reinvestment in older, moderately-priced homes through providing up to $5,000 in the form of a rebate to homeowners that choose to repair their homes.
- Love Where You Live: Love Where You Live (LWYL) seeks to increase education and resident engagement in some of Plano's oldest neighborhoods through the use of general fund monies. The program also enlists volunteer service groups (funded through grants) to assist residents living within the older neighborhoods with minor home repairs.

Federally-Funded Housing Investment Tools

The city also leverages funding that stems from federal allocations, such local and state entitlement funds, e.g. Community Development Block Grant (CDBG) and HOME awarded by the Department of Housing and Urban Development (HUD), as well as the Congressionally-approved Low-Income Housing Tax Credit (LIHTC) program. While CDBG dollars are leveraged almost exclusively to housing and supportive service provision in communities, HOME funding is almost exclusively used as gap financing for the construction of housing developments. These programs do not utilize local taxpayer dollars.

- Housing Rehabilitation: The Housing Rehabilitation program uses federal grant funds to provide emergency and limited home repairs to income qualified, low-to-moderate income homeowners.
- First Time Homebuyer: The First Time Homebuyer Program provides down payment and/or closing cost assistance to income qualified, low-to-moderate income households using federal grant funds.
- Rapid Re-Housing: The Rapid Re-Housing program is a new program funded through the State of Texas entitlement grant funds that seeks to help Plano's homeless households by providing funding for case management services and rental housing assistance.
- Low-Income Housing Tax Credit (LIHTC) Projects: The federal government authorizes the use of two tiers of income tax credits to investors through the LIHTC program to develop rental housing for low-income households and vulnerable populations. Investor equity in competitive 9 percent projects is apportioned on a per capita basis to states, which are awarded through an annual review and allocation process. In Texas, applications for tax

credit equity to develop projects are submitted to the Texas Department of Housing and Community Affairs (TDHCA). Additionally, the city is engaged in evaluating applications. Currently, the city has five LIHTC developments for persons ages 55 and older, and one for the general population.

Other Local Policy Mechanisms

The city also utilizes a few additional policy mechanisms to address broader housing and community attractiveness aspects.

- Tax Increment Financing: Tax increment financing (TIF) is an economic development tool used to promote investment in a defined area. TIF has historically been used to finance public improvements in blighted or underdeveloped areas identified as reinvestment zones.
- Neighborhood Empowerment Zone: The Neighborhood Empowerment Zone promotes economic development by waiving certain development fees for residential and commercial projects.
- Multifamily Rental Registration and Inspection: The Multifamily Rental Registration and Inspection program seeks to safeguard the life, health, safety, welfare, and property of the occupants of multi-family dwelling communities and the general public by developing a process to enforce the minimum building standards and property maintenance code.

Policy Options Available to Plano

In the identification of possible options available to Plano for addressing different aspects of the trends identified in this study, great consideration was given to their ability to be tailored to local and regional conditions, the current regulatory and political environment, and the notion that negative externalities (i.e. unintended consequences such as the incenting of "bad" behavior") should be minimized. As such, a few of the core rubrics were:

- Prioritize regenerative, or ongoing, rather than one-time fixes
- Emphasize tools with the greatest potential impact
- Ensure that recommended code changes are compatible with existing code
- Pinpoint recommended programs to address the issue where the greatest burden exists
- Focus on solutions with broad stakeholder support

Above all, the city should continue to steward its resources wisely; allocating them to the adequate provision of public goods and services that its residents, businesses, and workforce demand while simultaneously being mindful of the city's current trajectory. Following these options are a few examples from other cities (detailed below) that illustrate how communities with similar conditions and trends have strategically addressed some of their own issues.

Source of Funds

Federal outlays for housing and community development have been on the decline for over a decade. Outlays to the Department of Housing and Urban Development (HUD) in particular have fallen by more than 40 percent since 2003. While how to address the challenges of supply shortfalls and affordability is fairly debatable, it can be stated with considerable certainty that the burden of funding is falling increasingly on local and regional shoulders. In the context of competing local budget priorities (e.g. infrastructure, services, etc.), however, communities must be increasingly efficient with their dollars.

- Regenerative Funds: One approach is to make dollars last as long as possible. Identifying sources of financial resources is challenging, but identifying how to ensure their durability is a greater challenge. Communities that think creatively about leverage and the ripple effect of public expenditure to catalyze private investment, frequently accomplish their goals. For example, while a Council-approved one-time infusion of capital can be effective in making a political statement in jump-starting a "demonstration project", it rarely has a long-term impact on the fundamentals. A good example of regenerative funding is a revolving loan fund, which can benefit either production or end-user assistance. It is also an appropriate mechanism to address affordability when critics voice opposition to the concept of hand-outs.
- General Obligation Bonds: Another approach to stimulating market supply production is the issuance of bonds that fold in broad community attractiveness and development goals. While Seattle and Austin are two of the better-known examples of communities with historically successful housing bond issues, other communities like Denver have had recent success with billion-dollar voter-approved bond issues that weave housing into maintenance and repair of sidewalks, streets, and parks. And as with any other local source of funds, it is the community that determines the parameters for its usage (i.e. not the federal government).

Incentives

Incentives are generally interpreted as the "carrot" provision of land use controls, but can be implemented independently of "sticks". This means that a community can structure incentives as a quid pro quo in the marketplace to encourage the type of behavior it deems appropriate and desired.

- Development Incentives (Financial): Another approach is not to allocate existing dollars but forego a portion of future revenues. Such financial resources can be directed toward the development community in the form of development review or building permit fee waivers and deferrals. Similar to the city's current waiver of city fees in Neighborhood Empowerment Zones, the city could establish a policy that directs additional waivers or deferrals to projects that meet specific and pre-determined criteria anywhere in the city. Another form of financial incentives that benefits development projects is expedited review.
- Development Incentives (Regulatory): While not explicitly financial in nature, other forms of development incentives can be accretive to a project's feasibility as well. Density bonuses, parking reductions (most relevant to contexts with structured parking), and setback reductions typically account for the more common non-financial incentives available to encourage production of housing. Each of these incentives impacts a project's cost structure positively: density bonuses where market demand exceeds base entitlement (in the zoning code) has positive returns to scale up to a threshold of building type[8];

[8] Building code differs by land use and project scale. Generally, the taller a structure, the higher its per-square foot development cost. But to illustrate one of the more noteworthy issues with density bonuses is when a project exceeds the 6- or 7-story threshold. At 6 or 7 floors, structures are wood frame or light-gauge steel over a 1 or 2-story concrete base. Above 6 or 7 floors,

- Incentive Tiering: Incentives can also be tiered to reflect the priority a community places on the magnitude or type of development outcome. They can also be placed-based, reflecting where a community decides its resources should be concentrated.

Development Cost and Zoning Provisions

As identified in the study, materials and labor costs account for the largest part of the increase in the cost of housing. Some communities approach their housing challenges from the perspective that the removal of barriers or lifting of restrictions on development might address a portion of concerns.

- Review and recalibration of development impact fees: Along the lines of development incentives are the underlying structure of development fees that are assessed on new development for the purpose of covering capital costs associated with an expanded demand for police, fire, water, and street maintenance. Some communities periodically review the "per-unit" impact of new development and the associated cost-recovery methodology of their development impact fees. The resulting fees are frequently reconfigured to reflect the different magnitudes of demand created by different types of development in different parts of a community.
- Zoning modifications: There are, however, many other types of land use controls that can achieve outcomes for a community like Plano, which do not require the implementation of a stringent manipulation of the market. For example, because housing product diversity for the elderly and first-time homebuyers surfaces in the stated preference findings, zoning changes could be made to allow the production of Accessory Dwelling Units (ADU), family/caregiver suites, or bonus densities (where appropriate) could be offered for projects that provide a mix of price points. These land use mechanisms can also be used in conjunction with financial incentives.

Policy Options

At a broader level, there are some tools that require not only resources (financial or otherwise), but political will. Communities at the cusp of more serious affordability problems, like Plano, have found that approaching policy formation incrementally works best and is the most politically durable.

- Housing as Infrastructure: A growing part of policy debates nationally revolves around the acknowledgement that housing is an essential component of a community's economic infrastructure. That is, high on the list of economic development considerations (for business attraction, expansion, and retention) is the availability and affordability of housing. While on the surface, "acknowledging" that housing is a critical component of economic infrastructure can seem notional, it is frequently an important hurdle when structuring and passing infrastructure improvements bonds, as mentioned above. Historically, general obligation bonds have been issued to fund schools and community infrastructure, but a growing number of communities are wrapping housing in recognition of its contributions to economic

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steel or concrete is required, which significantly increases development costs. A developer of a 3-story project granted a density bonus of 2 additional floors, for example, would likely take advantage of the incentive if there were simultaneously enough demand. The developer of a 6-story project granted 2 additional floors, however, might not take advantage of the incentive because of the fundamental shift in development costs it would require.

competitiveness. This could be an important step forward for the city in setting the tone of public debate over remaining economically "relevant" and competitive.

- Land use controls: Regulatory approaches are typically structured to influence the supply side of housing issues. As such, they typically involve regulating the production of housing. Such approaches stem from the view that because the development industry produces housing (and thus, whose housing prices are sometimes seen to be a part of the problem), they are not only responsible, but equipped to be a part of the solution. This theory is particularly at play in the case of inclusionary zoning, commercial and residential linkage programs. It should be noted that, although some of the communities in the following case studies have implemented inclusionary zoning or linkage programs, such regulation is prohibited by Texas statute. It should also be noted that communities that attempt to proceed with more controversial policies, such as inclusionary zoning, should do so acknowledging the legal and political hurdles and costs.
- Down Payment Assistance: While Plano currently funds a limited amount of down payment assistance for moderate income households and first-time homebuyers, such a program can easily be expanded or modified in terms of the sources of funds used, its recipients/beneficiaries, and terms. For example, the use of a revolving loan fund for a down payment assistance program geared to assisting qualified households can free up the city's federal pass-through funds for other efforts.

Strategic Planning Considerations

At the planning level, there are efforts that the city could engage in that would further set the stage for action and efforts down the line.

- Area Plans: Recognizing the city's recent efforts with Envision Oak Point, it is possible for the city to identify areas with potentially catalytic redevelopment potential along some of its commercial corridors to address both residential and non-residential demand. This would mean determining not only market-readiness, but also aligning other public perspectives such as the creation of amenities, ensuring a vital mix of business, civic, and pedestrian activity, as well as identifying partnership opportunities. Such an effort could involve city staff, transportation planners, civil engineers, developers, land owners, and residents to formulate redevelopment potentials. Such plans could be leveraged by the city in the future to comprehensively identify the needs and development potentials of each area in terms of housing and economic development. While currently not an urgent issue, housing affordability could become an important issue as areas redevelop.
- Catalytic Site Inventory: As a part of the longer-term planning process, the city could alternatively inventory and quantify the market-readiness of sites (especially city-owned properties) with redevelopment potential. Such an effort would involve compiling key attributes of parcels, such as land values, ownership structures, infrastructure deficiencies, potential mitigation or remediation needs, entitlement or zoning issues, and the possibility of overlays or upzoned districts. Because land acquisition is often a substantial portion of a development cost, city-owned land that is positioned well in terms of market redevelopment serves as a valuable point of leverage for a public-private partnership opportunity. Understanding the value of improved or unimproved city land that can be used as a

leveraging tool in a partnership also ensures that the city receives an appropriate level of public infrastructure investment in return, such as streets, sidewalks, or other public amenities that households value. As done in other communities, the city could prioritize sites according to size, walkability, proximity to transit, proximity to schools, shops, restaurants, entertainment, and employment centers, and the sites would be scored according to their market readiness.

- Partnership Opportunities: Along with an assessment of city-owned sites, the city could evaluate partnership opportunities for development. During the course of this study, numerous stakeholders, the business community, and the general public were engaged to assess perceptions of the issues and gauge level of interest and roles addressing them. In doing this, the city could orient its objectives for partnership around various public and private criteria. On one hand, the city would identify general parameters and requirements that a partnership should possess, and on the other, the city would identify site- or area-specific criteria for partnerships based on more specific needs of the site or area. In some cases, development partnerships that may be appropriate for one type of redevelopment may not be appropriate for other types of redevelopment. Partnerships in other communities have included hospitals, universities, foundations, and the general business community.

Case Studies

To highlight a few of these policies, resources, and strategies, the following case studies have been selected based on each community's similarities to Plano. Case studies can be helpful in illustrating whether and how cities respond that have been experiencing trends and conditions similar to (or more advanced than) Plano's. Like Plano, the following cities have been experiencing various degrees of strong housing demand. Along with strong employment and/or population growth, housing supply constraints have manifested largely in high rates of housing price appreciation. These communities, however, differ in the length of time they have been experiencing strong demand, housing supply constraints, and affordability concerns. Some of these communities have long-established policies and practices related to housing affordability, others have just begun to evaluate the issues, and some have yet to identify any trends surrounding the topic.

Arlington County, Virginia

Arlington County has a strong jobs market, high quality schools, and excellent proximity to the D.C. MSA, making it a highly desirable place to live. Such demand places considerable pressure on the housing market and creates affordability and accessibility challenges for families, the elderly, those with disabilities and others with limited financial resources. The county, however, has been making commitments to expanding the inventory of affordable housing for a wide spectrum of household incomes for numerous years. The county's efforts to support affordable housing include[9]:

- Providing financing and zoning incentives for developers
- Working with local non-profits that finance and develop affordable housing
- Providing rental assistance to low-income families

The county also recognizes that a diversity of housing options and price points requires a diversity of policy tools and solutions.

- Inclusionary Zoning[10]: The Affordable Housing Ordinance (AHO) has been a key policy tool for the county. The AHO applies to both residential and commercial special exception site plan developments that have a gross density with a floor-area ratio (FAR) in excess of 1.0. Under this ordinance, units built must be affordable to residents earning 60 percent AMI or less and must be maintained for a 30-year period. The ordinance allows for at least three compliance options: on-site units in mixed-income, transit-accessible buildings; an off-site option; and contributions to an Affordable Housing Investment Fund (AHIF).
- Bonus density: Whenever possible, the County works with developers through the site plan approval process, entering into negotiations, to secure the provision of affordable housing

[9] https://housing.arlingtonva.us/wp-content/uploads/sites/15/2014/11/Affordable-Housing-Study-Program-Assessment.pdf

[10] Inclusionary zoning is prohibited in the state of Texas; as such, this would not be a viable tool for use in the City of Plano. According to Texas Statute Title 7, § 214.905, a municipality may not adopt a requirement in any form, including through an ordinance or regulation or as a condition for granting a building permit, that establishes a maximum sales price for a privately produced housing unit or residential building lot.

above what is required under the AHO. This is a value-capture mechanism that leverages any efficiencies that can be achieved through additional density in a market. This tool, as in other communities where it is employed, is most effective where demand for new development in a market exceeds base zoning densities.

- Accessory Dwelling Units (ADU): Second dwelling units are allowable on existing single-family lots and are defined as units with a kitchen, bathroom, and a separate entrance. This provision is intended to meet the goals of having an adequate supply of housing in support of older adults aging in place.
- Family / Caregiver Suite: The County's zoning code also allows for units that are specifically designed as family/caregiver suites. This provision allows for persons who provide care for the children, elderly or disabled occupants to live in the same dwelling. Unlike ADUs, suites are limited to not more than two rooms plus a bathroom and "efficiency" kitchen, and it must be designed as an integral part of the dwelling, though its occupants may live independently.
- Housing Conservation Districts (HCD): The newly-established district is designed to protect market-rate affordable housing in specified areas throughout the County. HCDs are being designed through community engagement processes to structure zoning and financial tools to incentivize continued housing affordability of existing market-rate units. Each district meets regularly with a Housing Conservation District Advisory Group comprised of fourteen representatives from stakeholder groups including nonprofit organizations, and public commissions. The intention is to achieve continued affordability by allowing a context-appropriate spectrum of development, ranging from renovation and addition to infill and redevelopment in exchange for dedicated affordable housing units.
- Tax Increment Financing (TIF): There are only a few TIFs in the County, including the Crystal city and Pentagon city TIF, which were established to support infrastructure investment, and the Columbia Pike TIF, which was established to support affordable housing development and preservation. The Columbia Pike TIF sets aside 25 percent of the increase in tax revenues above the base year revenue to be used to support the development and preservation of affordable housing.
- Transit Oriented Affordable Housing (TOAH) Fund - One of the biggest challenges for the community is achieving affordable housing production in transit corridors. The purpose of the TOAH Fund is to provide financial support for projects, generally Low-Income Housing Tax Credit projects that provide gap funding for infrastructure and County fees. The Fund is currently only available within the Columbia Pike planning area.
- Real Estate Tax Relief (Elderly, Permanently Disabled)[11] – Overseen by the County's Department of Human Services, this tool benefits homeowners aged 65 or over as well as the permanently-disabled.

11 https://newsroom.arlingtonva.us/release/the-county-board-adopted-changes-to-the-filing-timeline-and-eligibility-requirements-for-the-tax-relief-program/
https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2018/05/RETR-Fact-Sheet-CY-2017.pdf

Dublin, Ohio

Dublin is a suburb of Columbus, Ohio, and has nearly three times as many jobs as households and the highest median household income of any case study community. With a commute of less than 20 minutes to downtown Columbus, when it incorporated in 1987, it became an attractive community for the metro area's higher paid workers. Since then, and like Plano, it has also become an attractive location for high-profile Fortune 500 businesses. In terms of its community character, Dublin is known for its high land use development and design standards, roundabouts, stone landscaping walls, general curb-appeal, and high-quality public schools. While the City Council has given its staff direction that it is not interested in the development of affordable housing, per se, it has had tremendous success at adding higher-density (relatively, i.e. 5 to 8 stories) residential and mixed-use development in a traditionally single-family community in appropriate settings to accommodate its larger community goals of attracting and retaining talent.

- Bridge Street District: Following the completion of the city's Community Plan update in 2007, the city embarked on a visioning process for the development and redevelopment of areas on both sides of the Scioto River, which runs north-south through the heart of the city. The Corridor Plan established a vision to reinforce the city's long-term fiscal health and sustainability, and promotes competitiveness and market adaptability by creating new living environments and amenities that will attract and retain the next generation of employees and businesses. To make this vision a reality, the city first approved a Corridor Development Code, followed by Zone Districts that adhered to guiding principles, trends and projections identified in a report of the 20-year vision for the Corridor.
- Form-Based Code: To facilitate the development of the Bridget Street District, the city also rezoned approximately six (6) percent of its land to form-based zoning[12]. The process involved extensive community education to communicate and properly message the limited application of this new zoning tool in the land use development process. According to staff, this allowed the city's leaders to overcome their concerns, such as not wanting to compromise on construction quality or materials, and the anticipated occupants of higher-density development (i.e. families with children versus young professionals and the impacts on the schools).
- Tax Increment Finance / Tax Abatement: The city selectively utilizes TIF and tax abatements in traditional development applications to incentivize development that brings significant economic impact to the community. In the first phase of the Bridge Street District project, which brought 800 multifamily apartments online, along with office space, theater, and restaurants, TIF was utilized to pay for bridges, parks, streets and utilities.
- Proactive Zoning Modifications: A portion of the city's office parks were developed in the 1970s and 1980s in single-use contexts that have diminishing appeal to tenants. Today, the city is beginning to grapple with the challenge of revitalizing these areas because newer office buildings in mixed-use contexts are attracting the tenants away from these older spaces. To maintain the city as a vibrant employment center, it has begun evaluating how to accommodate the rehabilitation and/or redevelopment of these commercial zones, such as

[12] Form-based zoning regulates the form of the buildings in a prescriptive manner and at a sufficient level of detail so that the outcome is predictable. This means that the conventional design review process is unnecessary, enabling by-right review.

the incorporation of incentives that developers can leverage to build additional uses and structures, structured parking, or other features of public value.

Franklin, Tennessee

While slightly more than a quarter of Plano's population, Franklin is experiencing many of the same economic dynamics in similar proportions. It has a very strong job market, high quality schools, and is a reasonable commute to Nashville. Though its population growth has been significant, the number of jobs in the city has more than doubled since 2002, meaning that most of the new job-holders have been in-commuters. Compounding the struggle to accommodate such growth has been the subsequent escalation in housing costs. In the last decade, the city has made some positive progress toward addressing some of these workforce housing needs, but preemptive action by the State has created a challenging political environment.

- <u>Affordable / Workforce Housing Committee</u>: One of the more valuable ongoing efforts by the community has been the establishment of an Affordable/Workforce Housing Committee, whose members were appointed by City Council in 2011. The committee meets regularly to strategize how affordable and workforce housing needs can be met through creative policy, land use or development and funding mechanisms. The committee also organizes housing summits.
- <u>Inclusionary Zoning</u>: The city was able to enforce its voluntary inclusionary zoning policy through an ordinance until 2018 when the State retroactively prohibited all municipalities in Tennessee from adopting any form of inclusionary zoning. The city has had to repeal its ordinance.
- <u>Fee Waivers / Deferrals</u>: Since 2008, the city has granted building permit fee waivers to affordable housing developments; the primary beneficiary has been the Franklin Housing Authority. Also established through ordinance in 2008, the city created a reserve, called the Affordable/Workforce Housing Reserve, to be used to defer the city's Water and Wastewater System Development and Access Fee in the development of new residential dwelling units. Units that receive the fee deferral must be qualified as workforce or affordable housing and remain owner-occupied. No more than 20 percent of the units in a development can qualify for the deferral.
- <u>Utility Bill Voluntary Roundup Fee Program</u>: Also adopted in 2008, the Utility Bill Voluntary Roundup Fee program allows the City of Franklin utility customers the option to voluntarily round up their utility bills to the nearest whole dollar. The revenues collected are used to fund the Water and Wastewater System Development and Access Fee Incentive Program. The intent is to eventually utilize these funds to assist in the development of deed-restricted affordable or workforce housing.
- <u>Village at West Main</u>: Most recently, the Community Housing Partnership (CHP) brought the project to fruition by funding this $4 million housing development. CHP is a nonprofit organization in Williamson County whose mission is to create, supply and maintain affordable housing through rehabilitation, maintenance and restoration. The 3-story project will contain 30 units of approximately 620 square feet priced apartments between $150,000 and $170,000, considerably more affordable than the city's median sales price of $400,000.

Lakewood, Colorado

Lakewood, Colorado, is situated on the western edge of the Denver MSA and surrounded by an attractive natural environment, high quality of life, ideal climate, and a multitude of recreational opportunities. Because of such assets, the economy is strong and growing. Local and regional investments in major transportation infrastructure have also contributed to making it a desirable place to live. But such conditions have resulted in housing demand and revitalization pressures that have pushed their way quickly into Lakewood. After decades of relatively low single-family development meeting the steady increase in demand as the MSA expanded, it is built out and the challenges and conflicts of greater urbanization and densification pressure are apparent. Recently, higher-density projects (specifically market-rate and affordable housing) on major transportation corridors abutting older single-family neighborhoods has created redevelopment challenges and forced the city into a discussion of instituting a moratorium on growth. While the city does not engage in a vast number of targeted affordable or workforce housing initiatives, many of its planning efforts have benefited the need for housing and/or set precedents for how these needs might be addressed in the future.

- Belmar (Redeveloped Shopping Mall): For at least three decades, the 104-acre Villa Italia mall was the bustling commercial center of Lakewood. It was a 1.2 million square foot regional mall whose market position had been marginalized by newer retail projects on the city's periphery. Sales at the mall peaked in 1994, and the city, concerned about its future, initiated redevelopment discussions with the community and developers. In 2001, when the mall closed, redevelopment began and continued through 2005. Today, the 22-block redevelopment project has more than million square feet of retail space, 900,000 square feet of office and hotel space, and more than 1,300 residential units. The redevelopment also incorporated nine acres of parks, plazas and other public spaces.
- Light Rail Station Area Planning: Light Rail Station Area Plans were completed for the Sheridan, Lakewood-Wadsworth, and Oak St. Stations and Union Corridor in 2006 and zoning changes were adopted in 2007. Station Area plans were adopted for the Lamar and Garrison Station area in 2010 and zoning changes adopted in 2012. The Station Area Plans, unique to each station area, identified station core areas, higher density, medium density and lower density sub-areas within each station area. Transit Mixed Use (TMU) zoning was adopted for the four stations with parking and folded into the 2012 zoning re-write, along with zoning changes for the Garrison and Lamar Station areas.
- Colfax Corridor Planning: The West Colfax Avenue Action Plan was adopted in 2006. The Plan developed zoning tools and standards to encourage and allow creative, flexible, mixed-use developments. It also set standards for zoning that would encourage the provision of a mix of housing types and densities and allow for the provision of different housing types (in the context of a traditionally single-family community) and densities.
- Fee Waivers: Lakewood Municipal Code permits the City Manager to waive select development fees (planning, building permit and building plan review fees) for affordable housing developments. This tool has been utilized for Metro West Housing Solutions projects, a regional affordable housing development entity that serves as the city's housing authority.
- Building Height Bonus: The city's zoning code allows for a height bonus for mixed-income housing projects. Incentives for increased height may be granted when a development project includes affordable units that utilize federal low-income housing tax credits (LIHTC).