Inclusionary zoning (IZ) is a local land use planning tool that incentivizes and/or requires real estate developers to set aside a percent of units within newly constructed housing developments for low and middle income households. IZ is well established in some parts of the country, particularly cities that have faced acute housing shortages over time, such as those in California, New Jersey, the Washington DC area and Massachusetts. In the past few years, the concept of inclusionary zoning has gained momentum in metropolitan Southeastern cities, including Middle Tennessee cities Nashville and Franklin, due to the growing realization that housing is fast becoming out of reach at the lower range of income levels, particularly in areas with the greatest economic and social opportunities.

Nationally, more than 400 jurisdictions have adopted IZ ordinances in either mandatory or voluntary form. Local IZ programs differ in their design, set aside requirements, affordability levels and periods. They also differ in their goals, but typically are adopted to achieve increases in the supply of affordable housing and/or to promote social and economic integration. The affordability period associated with localities’ IZ ordinances vary anywhere from 5 years to 99 years (or “in perpetuity” for the life of the housing). Some localities have multiple IZ programs. A recent study that included 507 IZ programs in 482 cities found that 83 percent of programs were mandatory. Most IZ programs (mandatory or voluntary) offer incentives, such as density bonuses (permit a developer to build more housing units, taller buildings or more floor space than allowed under current zoning), accelerated approvals, and/or fee waivers in exchange for the developer building a percentage of affordable units on a property. The purpose of the incentive is to compensate the developer for the loss of income associated with renting or selling the affordable units at a lower price through either the revenue generated by the additional units, or provide cost offsets through time savings in the approval process or fee waivers.

1 Garrison, Joey. (2015, July 22); Bryant, Linda (2015, August 21); NLIHC “Out of Reach” (2014)
2 NLIHC (2014, May 26)
3 Hickey, Sturtevant, and Thaden (2014)
4 Urban Institute for HUD PD&R (December 2012)
Cities with older IZ programs frequently review and often have amended their ordinances over time to meet changing needs or address concerns that have arisen as policies were applied. For example, Montgomery County, Maryland, which is considered the first to adopt IZ (in the early 1970s), set shorter affordability periods initially (5 years) and found that losses of affordable units built earlier in the program (and no longer under mandatory affordable provisions) offset the gains made annually from newly built affordable units. As a result of this concern, the County amended the ordinance (more than once) to increase the affordability period.

While there is growing agreement in many communities that there is a need for more affordable housing production, debate still exists on the best method for government to motivate housing development at the local level. The table to the right lists common arguments for and against IZ ordinances, particularly mandatory ordinances.

Inclusionary Zoning Ordinances in Other Cities/Places Comparable to Middle Tennessee

Table 1 is a summary of mandatory and voluntary inclusionary zoning programs in cities comparable to those in the Middle Tennessee area. The table illustrates that programs vary in their type (voluntary or mandatory) targeted population, incentives, use periods, out opts and production. The policy areas with the most similarity between cities are density bonuses offered as an incentive (though the level differs); enforcement, which is typically a deed restriction of some type; and opt outs. Most cities currently allow owners to opt out of building units on a particular site by paying a fee or donating land comparable to the value of the increased density, or to build affordable units on another site. Where programs are voluntary rather than mandatory (i.e. North Carolina), the state often has a statute that may be interpreted as preventing localities from establishing mandatory provisions.

ARGUMENTS FOR:

- Encourages market driven development of affordable units through zoning authority and incentives rather than direct government subsidies
- Offers a level playing field to developers—all are subject to the same policy and procedures when purchasing or developing land, especially well enforced mandatory ordinances.
- Encourages “smart” growth and integration of households at different income levels throughout a city/town, which in turn reduces the stigma associated with affordability (i.e. NIMBYISM).

ARGUMENTS AGAINST:

- It is unfair to place the burden of providing affordable housing solely on developers of new market properties and doing so creates a negative economic impact (i.e. functions like a tax on housing construction)—raising the cost of development (in turn the increased costs are passed to market rate consumers) and slowing the rate of housing development.
- Related administrative costs of enforcing IZ ordinances may burden limited city budgets. If IZ is not enforced uniformly, it can result in an unfair financial impact on those who comply and those who do not.
- Simple re-zoning to allow increased density (“upzoning”) without requiring a percent of units at defined price levels in certain areas where affordable housing is needed/desired is a more effective policy for increasing affordable housing units than IZ ordinances (even mandatory policies).

5 For a thorough analysis of inclusionary zoning policies in jurisdictions across the nation, see Hickey, Thaden, Sturtevant, 2014. Other resources used to compile this table: Urban Institute, (December 2012); University of North Carolina (2014, October 2); City of Charlotte/Mecklenburg (web 2015); NLIHC (2014, May 26); Town of Davidson, NC (web 2015); Schwartz, et. Al. RAND Corporation(2012); City of Chapel Hill (Ordinance 2010-06-21/O-11); City of Chapel Hill Planning Department (March 2011)
<table>
<thead>
<tr>
<th>City; Date; Units Created</th>
<th>Type</th>
<th>Targeted HH</th>
<th>Incentive(s)</th>
<th>Affordable Use Period</th>
<th>Enforcement/ Monitoring</th>
<th>Opt Outs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montgomery County, MD (DC area); 1973; 13,000+ units created</td>
<td>Mandatory: Code has been amended several times. Currently requires between 12.5% and 15% of units in new developments of 20 units or more be MPDUs. Voluntary: applies to developments with less than 20 units.</td>
<td>Between 50 and 80% of AMI</td>
<td>22% density bonus</td>
<td>30 years for homeowner MPDUs; 99 years for rental MPDUs (originally, the period was 5 years; increased to 10 in 1981)</td>
<td>Deed covenant administered by the Housing Opportunities Commission</td>
<td>Opt Outs</td>
</tr>
<tr>
<td>Charlotte, NC*; 2013; Unknown</td>
<td>Voluntary: Mixed income Housing Development Program; targets Census block groups within single and multifamily zoning districts that are above city-wide median home value to encourage mixed income housing</td>
<td>Homeowner- at or below 80% of AMI, Multifamily Rental- 50% of added units affordable at or below 80% AMI; 50% of the units affordable at or below 60% AMI; Affordable units not to exceed 20% of total housing units</td>
<td>Single family- density bonuses up to 3 units an acre above base density (DUA); reduced lot sizes; mix of housing types up to quadplex, Multifamily- density bonuses of 2 DUA in zones that allow up to 10 DUA; bonuses of 3 DUA in zones that allow up to 15 DUA; additional density if near transit (1/4 mi.)</td>
<td>The period of affordability allows the city “first right of refusal” upon resale for 15 years (both single and multifamily) or if other public financing- refer to those rules.</td>
<td>Deed restriction</td>
<td>none</td>
</tr>
<tr>
<td>Davidson, NC (Charlotte suburb); 2001 (voluntary); 2014 (mandatory for sale); 56 for sale units; 8 rental units (as of 3/2014)</td>
<td>Voluntary (rental), Mandatory (for sale)</td>
<td>Homeowner: between 50- 120 % of AMI, Rental: between 50 - 80 % of AMI</td>
<td>None- no cost offsets are provided.</td>
<td>99 years (increased from 30 years in 2007)</td>
<td>Regulated through a deed covenant with oversight by the Town of Davidson</td>
<td>In certain circumstances cash payment in lieu (PIL) of building the affordable housing on site is allowed.</td>
</tr>
</tbody>
</table>

**2015 amendment recommended PIL (or land in lieu) to be allowed for all the affordable units where the value of the land is equal to PIL.
<table>
<thead>
<tr>
<th>City; Date; Units Created</th>
<th>Type</th>
<th>Targeted HH</th>
<th>Incentive(s)</th>
<th>Affordable Use Period</th>
<th>Enforcement/ Monitoring</th>
<th>Opt Outs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapel Hill, NC; 2010; 235 units built ($1 million+ PIL)</td>
<td>Mandatory (for sale); voluntary (rental)</td>
<td>At or below 80% AMI</td>
<td>Density bonuses and floor area bonuses</td>
<td>99 years</td>
<td>Regulated through a ground lease with oversight by Community Home Trust (community land trust)</td>
<td>PIL; off-site construction, land dedication, and converting existing, market-rate into affordable units</td>
</tr>
<tr>
<td>Fairfax County, VA*** 1990 Affordable Dwelling Unit (ADU) Program; 2007 Workforce Dwelling Unit (WDU Program)</td>
<td>Mandatory: ADU set asides: -between 5-6¼% of new units in multifamily developments up to 4 stories-up to 12.5% of all new units in single family &amp; townhouses with 50 or more units Voluntary: WDU Program offers incentives when at least 12% of all new units on a site are affordable.</td>
<td>ADU: 50–65% of AMI for rental; ≤ 70% AMI homeowner; WDU: 60–120% (rental or for sale)</td>
<td>Density bonuses &amp; floor area bonuses; particularly in areas near Metro stations</td>
<td>30 years (ADU); 50 years (WDU)</td>
<td>Controlled by deed covenant for home-ownership with oversight by Fairfax County Redevelopment and Housing Authority.</td>
<td>In-lieu fees and land dedication (allowed -not encouraged and rarely approved for the ADU program). The WDU policy allows off-site construction</td>
</tr>
</tbody>
</table>

* North Carolina has a statute (similar to Tennessee) that prohibits any local affordable housing program design that would result in rent control.

**2015 lawsuit by Artisan Knox, LLC and Woodlands at Davidson, LLC challenging mandatory provisions.

*** Virginia has legislation authorizing Affordable Dwelling Unit (ADU) ordinances to encourage affordable housing development and development incentives and since 2007 has allowed a density bonus of up to 30 percent for residential developments in which 17 percent of the housing units remain affordable. The amended legislation also allows localities to establish a housing trust fund.
Other Local Strategies to Increase Affordable Housing

Cities that have not adopted IZ ordinances specifically to address affordable housing needs sometimes have adopted other measures or programs that achieve the same type of goals or create incentives for increasing affordable housing. Austin's S.M.A.R.T. (safe, mixed income, accessible, reasonably priced, transit oriented) Program⁶, created in 2000, is a good example of a city designed program to stimulate the production of housing for low and moderate income residents. More than 4,900 S.M.A.R.T. housing units have been completed (nearly 80 percent of these have been affordable to families at or below 80 percent of AMI). To qualify:

- The housing must meet certain “green” building standards
- Include at least 10% “reasonably-priced” housing units (i.e. no more than $125,000).
- Be reasonably priced for 5 years (rental) or 1 year (homeownership). If a development is participating in the city land trust or other program, the affordability period may be greater.
- Percentage of units in the development must be rented or sold to families who earn no more than 80% of AMI.
- Incentive based—builders of S.M.A.R.T housing receive city-provided fee waivers (including land development fees (zoning, subdivision, site plan); building permit and inspection fees, subdivision construction inspection fees, and water and wastewater recovery (impact) fees). City required reviews are expedited for S.M.A.R.T. projects, and public resources are used to leverage private investment for S.M.A.R.T developments (such as funds from the city’s housing trust*).

Austin also has a notable city funded housing trust fund with 40 percent of property tax revenue from properties built on city owned land dedicated to the fund annually. As noted above, the fund supports housing developed under the S.M.A.R.T. program.

Another strategy for increasing affordable housing recently adopted in Louisville, Kentucky, is the “Mixed Residential Development Incentive,” which changed the development code to allow construction of multifamily units in the city’s southeast (where previously only single family construction was allowed), along with offering incentives for developers to create affordable housing or mixed income developments in these areas. The amendment was recommended by a multi-year subcommittee interested in reducing regulatory barriers (i.e. zoning) seen as contributing to segregation by race and income in the city. The program also allows a developer to qualify for a density bonus if 10 to 40 percent of the total units are multifamily, and 5 to 30 percent of the units are affordable (for families whose income is less than 60 percent of AMI)⁷.

If a mandatory IZ program is determined not feasible in Tennessee cities, these or other voluntary, incentive based program designs may be a valuable alternative to achieve increases in affordable housing units.

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⁶ City of Austin (June 2008); Alexandria Office of Housing (December 2010)
⁷ Sonka, Joe (2015, August 27)
Tennessee Cities and Inclusionary Zoning Activity

Tennessee statute (T.C.A. 66-35-102) prohibits local governments from enacting, maintaining, or enforcing an ordinance or resolution that would have the effect of controlling the amount of rent charged for leasing private residential property. This statute is expected to prevent local Tennessee governments from establishing mandatory IZ for rental, but localities could choose to adopt mandatory provisions in developments for sale. In May 2015, HB1351/SB1392 was enacted and authorizes county legislative bodies to appropriate funds for affordable or workforce housing. The bill amends TCA Title 5; Title 6 and Title 7.

In Middle Tennessee, both Nashville and Franklin have a history of some form of development incentive (such as density bonuses) for housing developers who include affordable units in their projects. However, there is a lack of documentation or information readily available to determine how many affordable units were built (or where those units are located) as a result of either city’s prior actions (including tax incentives), or whether the housing remains affordable. As the need for affordable units has increased in both cities in recent years, inclusionary zoning has emerged as a potential component of their affordable housing strategy. It is likely both cities will create a comprehensive affordable housing plan, which may include a formal inclusionary zoning ordinance, whether voluntary, mandatory or a combination, in the next year.
Table 2: Inclusionary Zoning Activities in Middle Tennessee\textsuperscript{8}

<table>
<thead>
<tr>
<th>Nashville</th>
<th>Franklin</th>
</tr>
</thead>
<tbody>
<tr>
<td>• In June 2015, the Metropolitan Council of Nashville and Davidson County passed Resolution No. RS2015-1516, which requests the Davidson County Delegation to introduce and support an amendment to TCA 66-35-102 to allow Metro Nashville/Davidson County to enact inclusionary zoning legislation that will ensure sufficient, affordable rental housing in Davidson County. The Council voted in July 2015 to authorize the Planning Department to hire a consultant(s) to develop an Affordable Housing and Workforce Housing amendment. The consultant is currently completing a study to make recommendations to the planning commission for structuring a &quot;locally relevant&quot; IZ policy. The city began holding stakeholder meetings (including public meetings) in conjunction with the consultant's feasibility study in October 2015.</td>
<td>• Has a mandatory ordinance only applicable to residential planned unit developments (single family) approved prior to April 1, 2010 where an increase in density is requested after April 1, 2010. Under the ordinance, at least ten percent of the total number of requested residential units that exceed the originally approved density shall be established as affordable housing units. Developers may develop the units on site, off site, pay equivalent fees in lieu or donate land. The maximum housing cost for affordable units created is established annually by the affordable/workforce housing advisory committee. Units are deed restricted with the city named as a party, and may be enforced for a period of 40 years.</td>
</tr>
<tr>
<td>• As of 2014, the Barnes Housing Trust Fund created 40 affordable rental units for persons with incomes at or below 60 percent of AMI. The initial $2,000,000 Barnes investment leveraged an additional $2,517,345 in federal and private funds for a total of $4,517,345. In 2015, the Council approved $500,000 from the general fund budget for the Barnes Fund, and an ordinance was passed that dedicates the portion of transient occupancy privilege tax revenue generated by short term rentals (i.e. VRBO, AirBNB) to the trust fund.</td>
<td>• The Affordable Housing Advisory Committee commissioned a Housing Needs study that was completed in 2014 that recommends strengthening existing IZ polices by making them mandatory for all new development; raise the cash in lieu fee, make density bonuses more meaningful, use fast track approvals, and consider building in workforce preferences and visitability building standards.</td>
</tr>
<tr>
<td>• Tax increment Financing (TIF) housing projects have affordable housing requirements (set aside 20% of the units as “affordable”; renters or buyers must prove their income is 80% or less of AMI; affordability period of 5-7 years). MDHA oversees TIF, but does not set purchase or rent limits on housing units rented/sold in TIF housing developments.</td>
<td>• In June 2015, the city’s Mayor and Board of Aldermen asked Franklin Housing Commission to create final recommendations for a more cohesive affordable housing plan in the next 90 days. It is expected that the revised ordinance will require at least 15% of the total number of residential units built in Franklin to be affordable.</td>
</tr>
</tbody>
</table>

\textsuperscript{8} Reisinger, Brian.(2012, November 30); City of Franklin (2015 web code Chapter 7)
Does Inclusionary Zoning Produce Affordable Housing Units & At What Cost?

Research into the outcomes or effects of inclusionary zoning ordinances on housing markets is extremely limited and where available, often focuses on the experience of a few larger jurisdictions with long term IZ programs and acute housing affordability problems, such as those in California, Boston, Chicago and Maryland. While it is possible to find support for the merits of IZ and support for the argument that it negatively impacts housing markets in the literature, no national level data or longitudinal studies evaluating outcomes are currently available. Some agreement exists in the literature regarding the outcomes of IZ ordinances across the different cities with longer term programs, including the following: (1) Mandatory programs, especially those with incentives, produce more affordable housing than voluntary. (2) Most IZ programs produce a relatively small amount of new affordable housing annually, resulting in gradual changes in communities (where affordability is enforced for longer time periods). (3) Developer opt outs, such as PIL, reduce the likelihood that IZ results in the development of mixed income communities, but in some locations are the only workable solution. Finally, there is also general agreement that inclusionary zoning is more effective in strong housing markets because any perceived or actual negative economic impacts (i.e. costs associated with building the affordable units) that might cause a reduction in housing starts in slower markets may be offset by the high market demand for new housing construction.

While some studies report limited production in many places with IZ ordinances, other studies show that IZ policies have resulted in a relatively substantial amount of affordable housing development over time. Programs that have been in operation for longer time periods, not surprisingly, have often produced the most units. For instance, in Montgomery County, the inclusionary zoning program accounted for half of all the affordable housing built between 1974 and 1999. In New Jersey, only the LIHTC program produces more affordable housing than the inclusionary housing programs. However, gains may be offset by losses as affordability periods expire. Taking another example from Montgomery County, of the 13,000 inclusionary homes that have been built over the past 40 years, only around 1,200 remain affordable (due to expiring affordability periods). Thus, cities with older IZ ordinances often have increased affordability periods to 30 years or longer.

While national, empirical studies on the cost of building (to the developer) a percent of affordability into market rate housing developments are not available, the Cornerstone Partnership recently developed an “inclusionary calculator” tool that allows users to enter hypothetical scenarios for a market rate housing development and adjust the variables to mirror market conditions in a specific city or a metro area within a city. Researchers at the Lincoln Land Institute used the tool to model real estate markets in several different cities. They found that in most cases they could set 12-15 percent of the units as affordable and still target a 10 percent profit for the developer.

9 Bento, et. al (February 2008) found that inclusionary zoning programs had significant effects on housing markets in California from 1988 to 2005 including: a marginally significant increase in multifamily housing starts (7% in cities with IZ); no significant reduction in the rate of single family housing starts; no effect on the overall rate of housing production (possibly due to the strong housing market) but did find a measurable shift from single family to multifamily housing production and an increase in housing costs to some consumers. Been, et. al (2011) found that the affordable housing produced under IZ in the Boston area is fairly small. The results also suggested that IZ has contributed to increased housing prices and lower rates of production during periods of regional house price appreciation. In the San Francisco area, the report found no statistically significant evidence that IZ affected new housing development, but did find that IZ contributed to an increase in housing prices in times of regional price appreciation, while IZ policies contributed to a decrease in prices during “cooler regional markets”. The study found no statistically significant evidence of inclusionary zoning’s adverse effect on housing supply in cities with inclusionary mandates. A Furman Center (2008) report also notes that suburban Boston IZ programs produced almost no units as of 2004, but the programs in Montgomery County and San Francisco produced significant units. The study found that there was no impact on prices or production of single family homes in San Francisco, but there was slight decreases in production and increase in cost in the Boston area.

10 Hickey, et al (2014); Furman Center (March 2008)
11 Urban Institute (December 2012)
12 The inclusionary calculator tool may be found here: http://www.affordableownership.org/inclusionary-housing/inclusionary-housing-calculator-tool/welcome/.
13 Kapps, CityLab (October 19, 2015)
Research evaluating how effectively IZ fosters mixed-income communities is also limited, as are studies focusing on the effects of inclusionary developments on low-income families. However, a recent Lincoln Land Institute report cites several studies (albeit some small scale) that show IZ provides low-income families with access to low-poverty neighborhoods and better performing schools and promotes racial and economic integration. One study cited shows that IZ has greater social impacts than other affordable housing programs, such as the Housing Choice Voucher or LIHTC programs.

Conclusion

Overall, it appears IZ programs, particularly those with development incentives, are successful in producing at least some additional affordable housing units over time and/or spurring the production of units that offer greater social and economic opportunities for low income households. IZ programs are most successful and have the least significant negative economic impact on the price and supply of housing in localities where housing demand is high; the IZ program well-planned and designed, evaluated regularly and where the locality is flexible in its approach to amendments. Additionally, a locality may better justify potential negative economic impacts associated with IZ ordinances if the policy creates long term, stable affordable housing opportunities. Incentivized mandatory IZ ordinances with lengthy, monitored affordability periods generate the best outcomes in affordable housing production. Voluntary IZ programs historically have not created long term, sustainable gains. However, voluntary programs may be more successful when built into a broader affordable housing strategy and when development incentives are written in a way that truly offsets actual costs.

Where IZ is adopted, it should not be an isolated approach to solving affordable housing shortages, but rather should be one tool in a much larger jurisdiction-wide plan to create and sustain affordable housing at a variety of price points. Additionally, when IZ is adopted, it is important that a centralized method of data collection is established immediately to track the location, amount and length of affordability associated with new development, so that the jurisdiction may track outcomes. An evaluation mechanism needs to be in place for evaluating IZ outcomes (units produced; impact on integration, etc) that also includes certain economic indicators (i.e. new housing starts), to ensure the housing market is not unreasonably affected by IZ requirements and to facilitate amendments, where needed, to meet changing economic and housing market demands. Proper oversight of affordability periods and evaluation of IZ program may be costly and needs to be considered in the city budget.

Both Franklin and Nashville have robust housing markets at this time and have a documented need to encourage additional real estate development at prices affordable to families between 30-120 percent of AMI, which makes both cities good candidates for successfully implementing IZ ordinances. Nashville has a consolidated city/county government and is considering an ordinance or plan that may apply county-wide. It may be valuable for the city to adopt an ordinance or plan that targets certain high demand areas of the county (i.e. downtown core and surrounding neighborhoods) with mandatory (for sale) requirements and a higher level of incentive for the development of affordable rental housing, while adopting only voluntary IZ in lower demand areas (with lower incentives). It is possible that a county wide ordinance could slow housing starts in areas of the county that are not experiencing the type of demand that the downtown core and surrounding neighborhoods are experiencing. For an example of rents in robust downtown Nashville neighborhoods and the impact affordable housing programs have on rent levels, see Attachment A.

Both Nashville and Franklin also should be sensitive to establishing policies or encouraging affordability in developments where other funds or incentives may be leveraged, such as LIHTC, Tax Increment Financing (TIF) or Payment in Lieu of Taxes (PILOT), city, state or federal housing trust funds or grant programs. These programs offer additional cost offsets that allow for maximum affordability, and often have additional or separate monitoring that may defray some of the costs associated with affordability enforcement.
If opt outs, such as payment or land in lieu, are built into an IZ ordinance, it may reduce the likelihood that affordable housing is developed (at all) and certainly reduces the likelihood of mixed income development in high economic opportunity areas. Thus, any opt outs built into an IZ ordinance should specifically direct the funds or proceeds of PIL to the creation or preservation of affordable housing (i.e. affordable housing trust funds). It is possible that PIL fees generated from an IZ ordinance could be directed into a city fund to purchase or support the preservation of Section 8 properties that are opting out of their contracts with the Department of Housing and Urban Development (HUD) and at risk of converting to market rate housing, especially where those properties are located in areas of high economic opportunity (i.e. the recently converted James Robertson Apartments in downtown Nashville). Similarly the fees may be used to support Rental Assistance Demonstration (RAD) projects, which are designed to redevelop aging public housing communities, while also keeping rents affordable to families at the lowest income levels. RAD projects often require private financing, along with soft funds or direct grants to support the redevelopment and long-term maintenance of affordable units. Both Nashville and Franklin have RAD projects underway in economically vibrant areas.
References & Works Cited


City of Franklin. “Chapter 7- Inclusionary Housing for Previously Approved Planned Unit Developments.” www.municode.com/library/tn/franklin/codes/code_of_ordinances?nodeId=PTIICOOR_TIT21AFWOHO_CH7INHOPRAPPLUNDE. 2015 (web)


THDA allocates Low Income Housing Tax Credits (LIHTC) to fund private development of housing affordable to households at or below 60 percent of AMI. Affordability periods range from 15-30 years. Nashville requires housing developments that receive Tax Increment Financing (TIF) to rent or sell 20% of the units to households at less than 80% of AMI and maintain affordability for 5-7 years. Below are examples of properties developed privately and those with LIHTC and/or TIF in high demand Nashville neighborhoods that have recently seen a significant increase in rental income potential. The LIHTC properties retain their affordability longer than other properties due to the longer monitored affordability period. Note: Amenities differ between the developments. The LIHTC developments tend to have fewer luxury amenities, such as pools. It is not known whether any of the rents listed include partial or full utilities, with the exception of the LIHTC properties. The LIHTC rents include a reasonable utility allowance and include tenant rent and average monthly utility costs. Thus, the rents in the LIHTC properties may reflect an even greater housing cost savings than reflected.

### Gulch Area Rent Comparison

<table>
<thead>
<tr>
<th>Development</th>
<th>Funding</th>
<th>Rent: 1 bedroom</th>
<th>Size/Price Sq. Ft.</th>
<th>Rent: 2 bedroom</th>
<th>Size/Price Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laurel House</td>
<td>*Income based</td>
<td>$629-755 (income based), including utility allowance</td>
<td>630 sq. ft.</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Velocity</td>
<td>TIF, 2007 ($6,500,000)</td>
<td>$1,495-$1,695</td>
<td>1,100 sq. ft.</td>
<td>$2,495</td>
<td>1,530 sq. ft.</td>
</tr>
<tr>
<td>Mercury Lofts</td>
<td>TIF, 2001 ($1,800,000)</td>
<td>$1,36-$1,54/sq. ft.</td>
<td>$2.20/sq. ft.</td>
<td>$1,88/sq. ft.</td>
<td>n/a</td>
</tr>
<tr>
<td>Eleven North</td>
<td>Private</td>
<td>$1,560</td>
<td>710 sq. ft.</td>
<td>$2,050</td>
<td>1,092 sq. ft.</td>
</tr>
<tr>
<td>Pine St Flats</td>
<td>Private</td>
<td>From $1,499 VRBO: $185/night</td>
<td>600 sq. ft.</td>
<td>From $2,619 VRBO: $139-479/nt.</td>
<td>1,070 sq. ft.</td>
</tr>
</tbody>
</table>

### Germantown Area Rent Comparison

<table>
<thead>
<tr>
<th>Development</th>
<th>Funding</th>
<th>Rent: 1 bedroom</th>
<th>Size/Price Sq. Ft.</th>
<th>Rent: 2/3 bedroom</th>
<th>Size/Price Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germantown Place</td>
<td>*Income based</td>
<td>$608-755 (income based), including utility allowance</td>
<td>$1.08-$1.10/sq. ft.</td>
<td>3 bedrooms: $745-1,047, inc. utility allowance</td>
<td>1,101-1,191 sq. ft.</td>
</tr>
<tr>
<td>(Jefferson St. Lofts)</td>
<td>TIF, 2008 ($800,000)</td>
<td>$569-755 (income based), including utility allowance</td>
<td>$1.05-$1.08/sq. ft.</td>
<td>3 bedrooms: $939-1,013, inc. utility allowance</td>
<td>1,005-1,326 sq. st.</td>
</tr>
<tr>
<td>*Income based</td>
<td>LIHTC, 2006 ($8,305,860*)</td>
<td>$569-755 (income based), including utility allowance</td>
<td>$1.05-$1.08/sq. ft.</td>
<td>3 bedrooms: $939-1,013, inc. utility allowance</td>
<td>1,005-1,326 sq. st.</td>
</tr>
<tr>
<td>Station Lofts</td>
<td>LIHTC, 2006 ($5,739,450)</td>
<td>$569-755 (income based), including utility allowance</td>
<td>$1.05-$1.08/sq. ft.</td>
<td>3 bedrooms: $939-1,013, inc. utility allowance</td>
<td>1,005-1,326 sq. st.</td>
</tr>
<tr>
<td>*Income based</td>
<td></td>
<td>$1,474 (private listing)</td>
<td>797 sq. ft.</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Evergreen at Werthan</td>
<td>Private</td>
<td>$1,311-$2,006</td>
<td>683-1,090 sq. ft.</td>
<td>2 bedroom: $2,900-2,910</td>
<td>1,012-1,231 sq. ft.</td>
</tr>
<tr>
<td>Vista Germantown</td>
<td>Private</td>
<td>$1,390-$1,755</td>
<td>715-1,145 sq. ft.</td>
<td>2 bedroom: $2,105-2,760</td>
<td>1,021-2,059 sq. ft.</td>
</tr>
<tr>
<td>City View Lofts</td>
<td>Private</td>
<td>$1,390-$1,755</td>
<td>715-1,145 sq. ft.</td>
<td>2 bedroom: $2,105-2,760</td>
<td>1,021-2,059 sq. ft.</td>
</tr>
</tbody>
</table>

**Sources:** Property Website, currently available for lease (9/15) on websites such as Apartments.com and For Rent.com; Craig’s list (private listings); VRBO; TIF information is from the Nashville Business Journal, LIHTC rent and award information is from THDA’s internal records.