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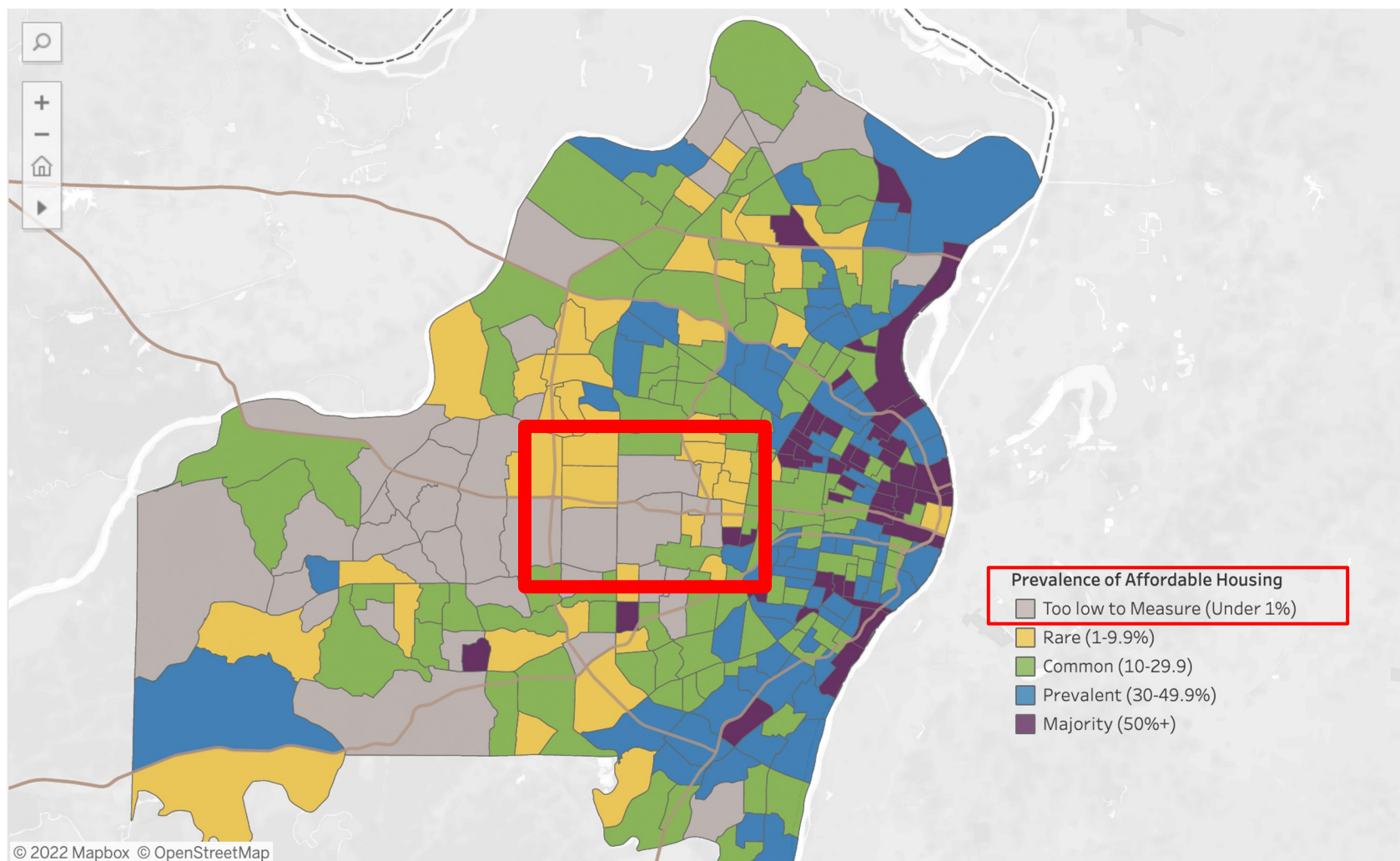
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Linkage Fees: Financing Equitable Housing Development

Lillian Murphy, Stanford Cooper, Russell Beckham | Dec 15, 2022



Mapping Affordable Housing





Introduction: What are Linkage Fees?

Linkage fees, also known as affordable housing impact fees, are policy tools that generate revenue to support the creation of affordable housing by charging a fee on new development.

For example, a city may impose a linkage fee of \$12 per square foot of the new development, of which \$8 would be dedicated to affordable housing and \$4 would be allocated to workforce training.



Proposed Developments (Clayton)

Commercial Development (Clayton, MO)	Square Footage per Development	Estimated Cost
50 S Bemiston	427,800 sq ft	\$105 M
8250 Forsyth	144,580 sq ft	\$24 M
10 S Central	601,690 sq ft	\$100 M
201-215 N Meramec & 8015 Pershing	343,297 sq ft	\$50 M
8001 Forsyth	4,802 sq ft	\$650,000

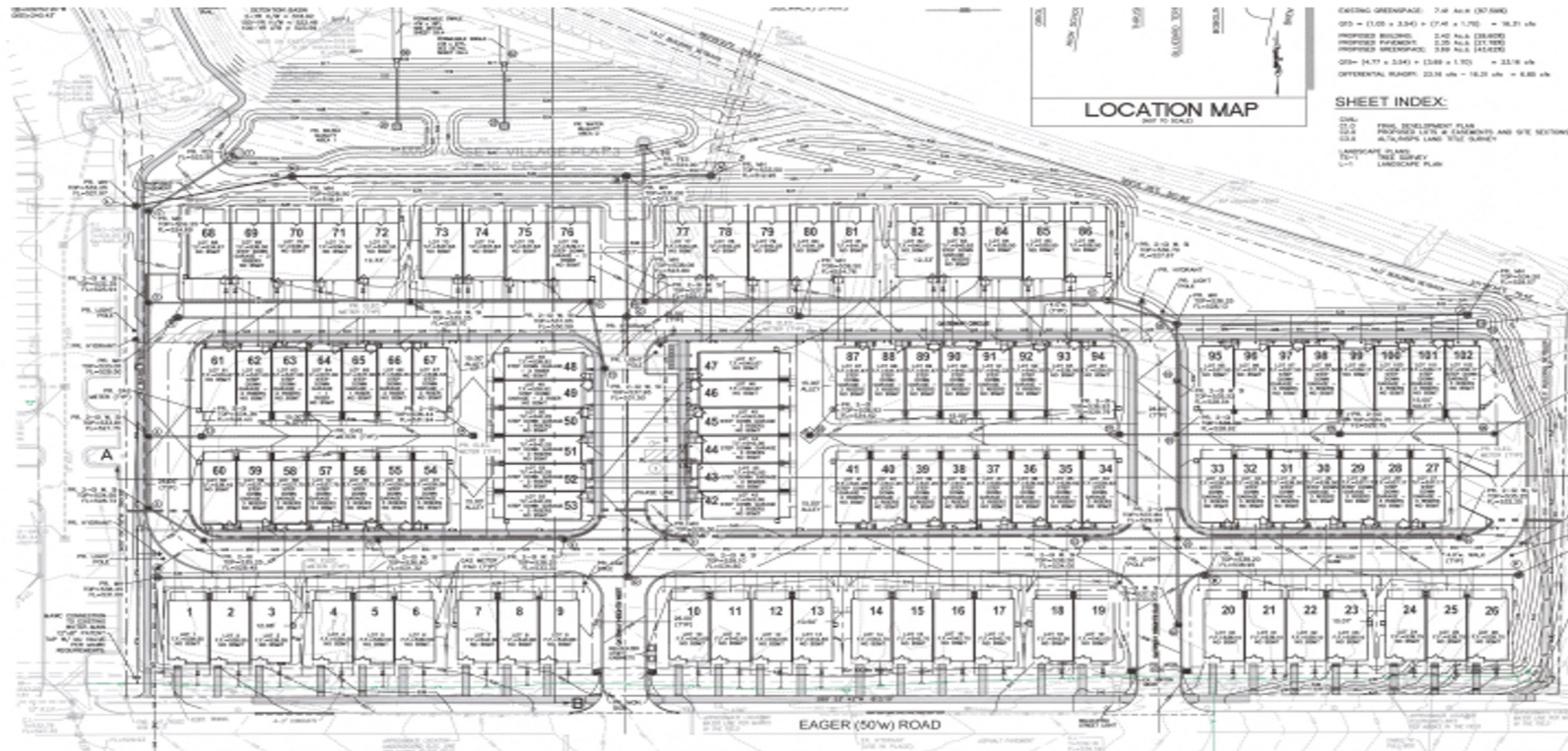


Total Revenue Raised: 1,522,169 sq ft * \$1.5 impact fee (per sq ft) = **\$2,283,254**



Proposed Developments (Richmond Heights)

- 8845 & 8915 Eager Road - 368,677 sq ft



Generating
\$553,016 for
Richmond
Heights



Policy Objectives: Why Linkage Fees?

- Deters “upscaling” and maintains existing affordable housing
- Can help fund other affordable housing policies like Community Land Trusts & Affordable Housing Trust Funds
- Can be legislated and enforced at the local level



**Maintains
Naturally
Occurring
Affordable
Housing**

**Aid the
creation of
more
affordable
housing**

**Flexible to
Local
Conditions**



Why Linkage Fees? cont.

- A Developer's impact on the need for affordable housing is a cost they don't have to bear
 - Linkage fees are a mitigation fee, not a tax.
 - This policy forces developers to pay their fair share towards the public bill
- As we saw in 2008, a *lack* of regulation is often the problem, not more regulation.
 - Regulatory requirements protect the environment, workers and consumers lead to an **increase in economic activity**.



Recommendations: Nexus Study

- A **nexus study** can specify the extent to which new developments create a need for affordable housing in a given community
 - Not a *requirement* but they do provide some legal heft for municipalities who implement Linkage Fees
 - Nexus Studies are expensive and extensive; but communities can look to Nexus studies conducted in similar areas for guidance on how they can determine their own linkage fees.



Recommendations: How are Linkage Fees Calculated?

- Before Linkage Fees are established, a Nexus Study may be performed to assess feasibility and determine recommendations for the fee
- Options for setting the fee include:
 - Formula based on square footage
 - Formula based on a per-unit basis
 - A percentage of the sale price (residential housing)
- Community Engagement, Policy Proposal, and Implementation



Questions to Consider

How could this linkage fee be implemented in your municipality?

How could an Affordable Housing Trust fund be strengthened and maintained? Which department would it sit in?

How could the county or municipalities develop an equitable framework for Affordable Housing Rates?



Resources

[Inclusionary Housing: What are Linkage Fees?](#)

[Lincoln Institute for Land Policy: Inclusionary Housing Report](#)

[St. Louis Affordable Housing Report Card: Qualifying Affordable Housing](#)

[City of San Bruno: Example Nexus Study](#)



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Envisioning Community Land Trusts

A Toolkit for Public Dialogue



The policies and market forces that shape housing production in the United States have led to massive failures and injustices, including but not limited to crises of housing affordability and eviction; extreme wealth inequality mapped onto patterns of segregation by race, ethnicity, and social class; and communities displaced both by disinvestment and by gentrification.

The Community Land Trust (CLT) model emerged out of the Civil Rights Movement as one means by which

<https://csd.wustl.edu/items/envisioning-community-land-trusts/>

<https://www.youtube.com/watch?v=ZFwNqZxdrZI&t=2s>



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