

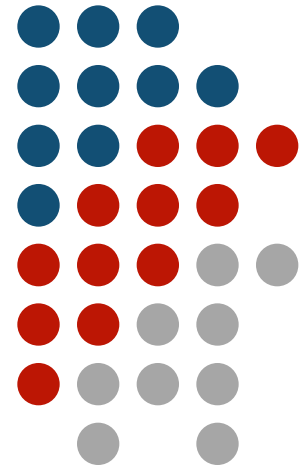
Inclusionary Housing: The National Experience

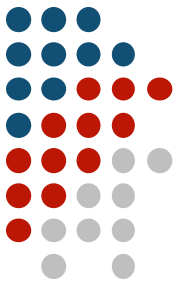
May 13, 2015

Robert Hickey

Senior Research Associate

NHC's Center for Housing Policy



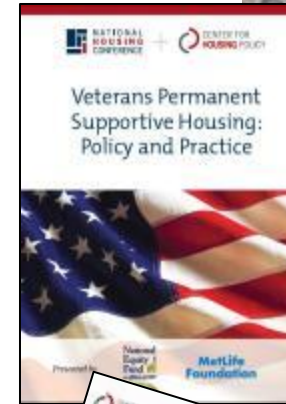


Center for Housing Policy

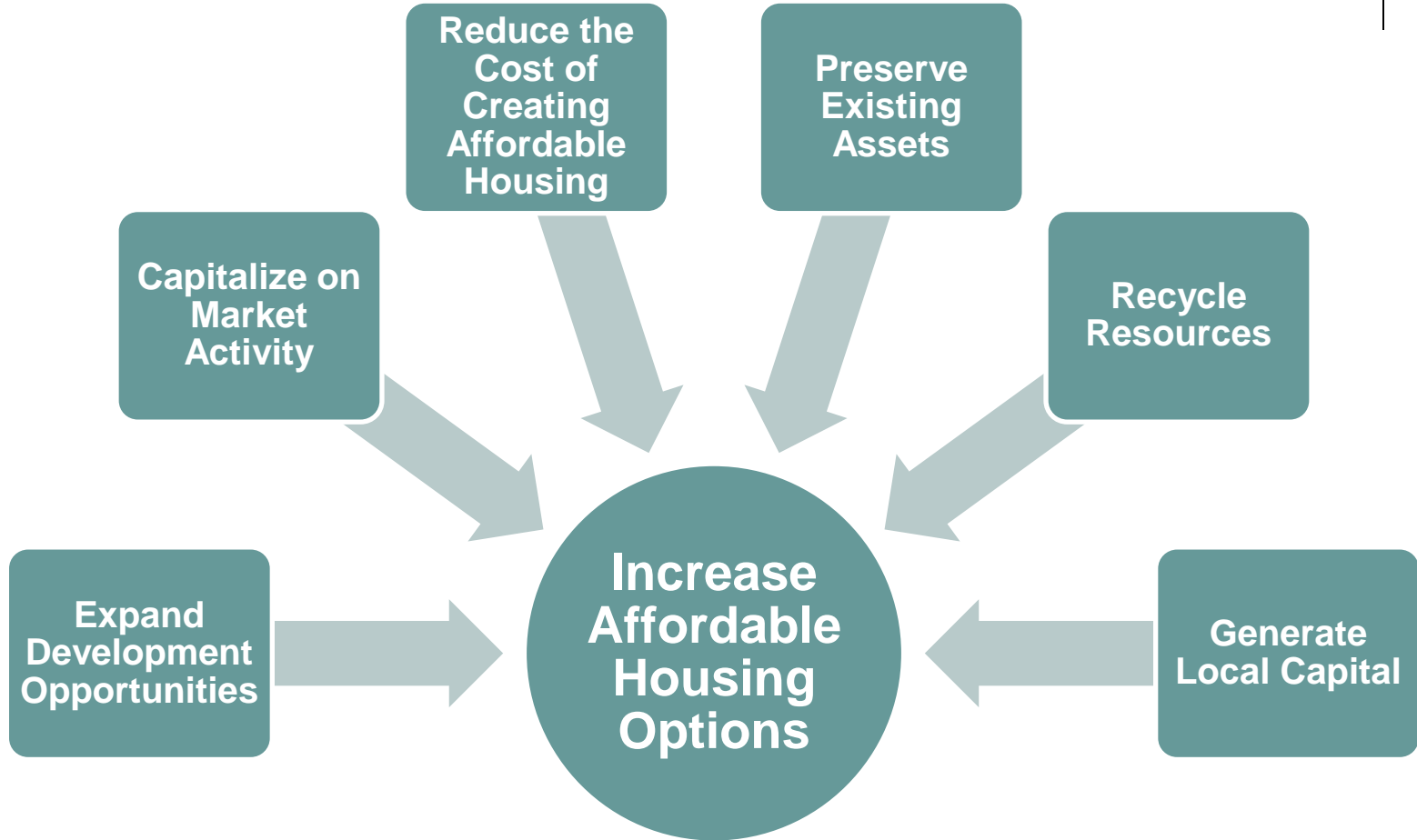
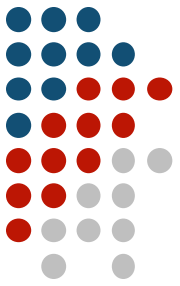
Research division of the National Housing Conference (NHC)

Works to find **effective, common ground solutions** to our nation's pressing housing challenges.

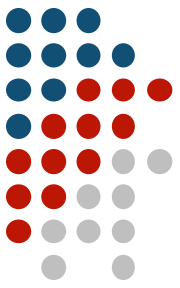
Focuses on **local and state housing solutions.**



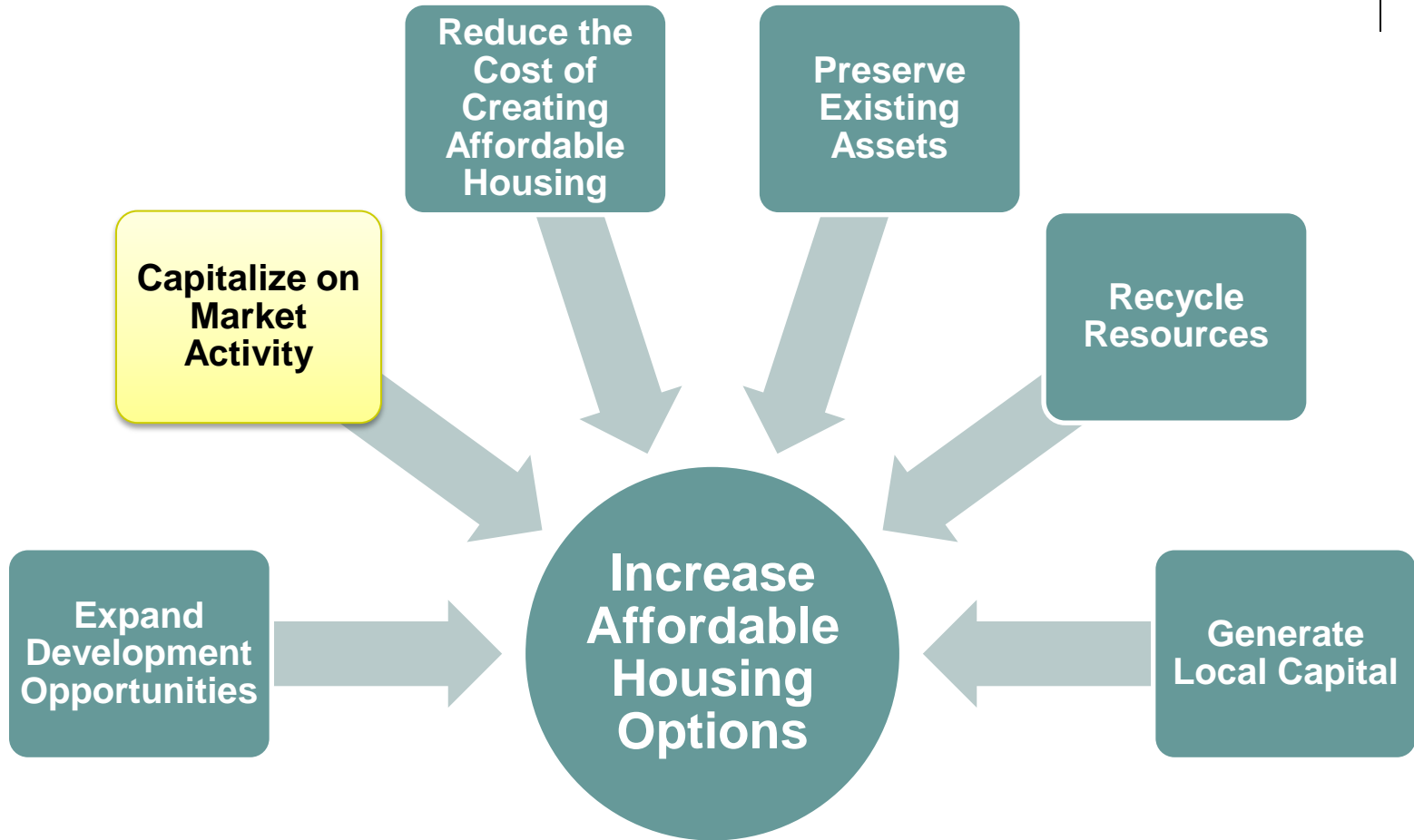
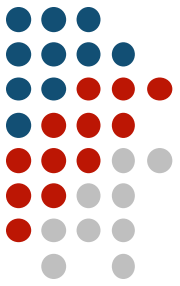
Meeting affordable housing needs requires an array of strategies

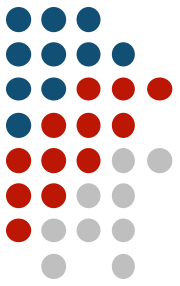


Ratio of rent to median household income for selected metro areas



Meeting affordable housing needs requires an array of strategies

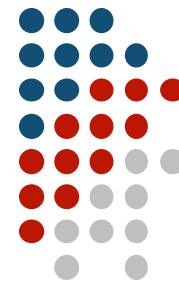




What Inclusionary Housing Is

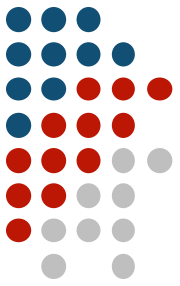
- A policy or zoning ordinance – tied to a comprehensive plan – that conditions land use approvals on developers including a share of below-market-rate apartments or condos in new development (usually 10-20%)

What Inclusionary Housing Is (cont.)

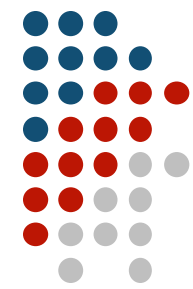


- Land use regulation for addressing housing needs of workers/families earning 60-100% of median income (sometimes lower).
- Tool without peer in improving location of affordable housing

What Inclusionary Housing Is Not



- Solution to all your housing problems



Inclusionary Upzoning: Tying Growth to Affordability

By Robert Hickey

July 2014

SUMMARY

Cities and older suburbs are growing again. To accommodate rising demand for urban living, localities are relaxing height and other zoning restrictions in transit-served neighborhoods, along old commercial corridors, and in formerly industrial areas, creating valuable new development potential for residential and commercial builders. An increasing number of local governments are linking this growth with affordability expectations. They are creating inclusionary housing policies that condition upzoning on the provision of affordable housing.

This emerging trend is noteworthy for at least two big reasons. First, tying affordability to upzoning can be an effective means for cities and urban suburbs to harness the renewed energy of the housing market to help address growing affordability challenges. Second, the often voluntary nature of these policies may be a way to introduce inclusionary housing policies in places where political, legal, and/or market barriers have historically impeded the policy's broader adoption.

Over the past decade, inclusionary housing policies that have linked affordability requirements to upzoning have been making inroads in new places such as New York City and Washington State. Significantly, these policies are producing (or are poised to produce) significant numbers of affordable housing units – even when designed as voluntary policies reliant on incentives.

This paper profiles six localities that have adopted inclusionary housing policies tied to upzoning, referred to here as “inclusionary upzoning.” Each profile provides a sketch of how the policy is structured and how effective it has been. Drawing on these examples, the paper explores how neighborhood context, market context, and policy design may affect the success of inclusionary upzoning policies and their potential for adoption in new areas of the country where inclusionary housing has not yet been implemented. The paper concludes with a discussion of areas for future research.



Key findings from case studies:

- Inclusionary upzoning is especially well suited to communities that have hot housing markets, low base zoning restrictions, and districts where residents are supportive of greater development intensity.
- The most impactful inclusionary upzoning policies will apply to a broad geography, and a broad range of development types, including new office and retail uses.
- Even under broad policies, jurisdictions may find it helpful to customize affordability standards and incentives for some neighborhoods.

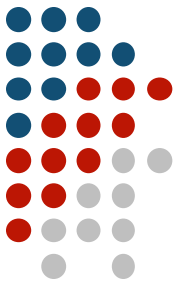
THE CENTER FOR HOUSING POLICY IS THE RESEARCH AFFILIATE OF THE



Inclusionary Upzoning (July 2014)

[www.nhc.org/
publications](http://www.nhc.org/publications)



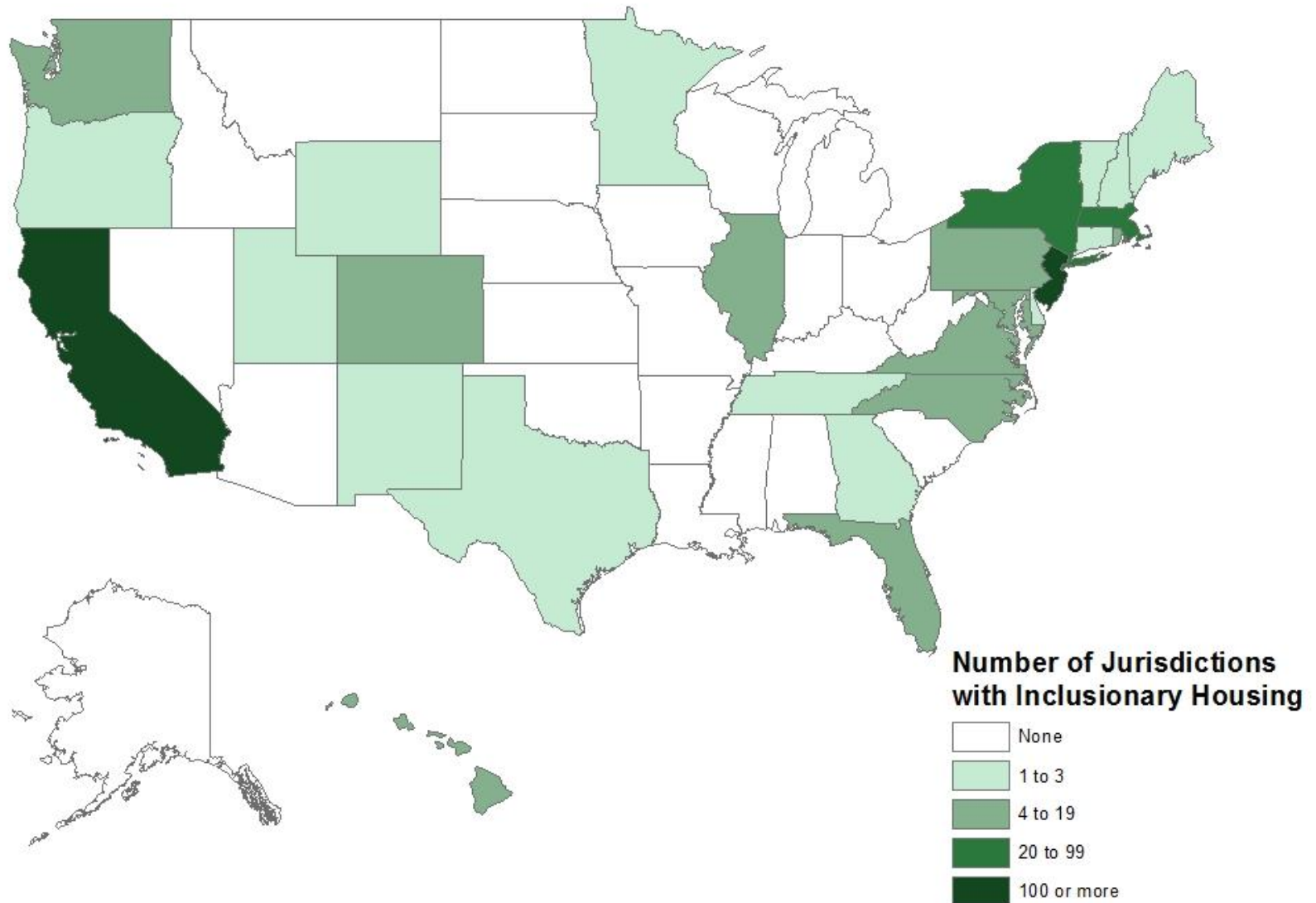


Other Recent Reports

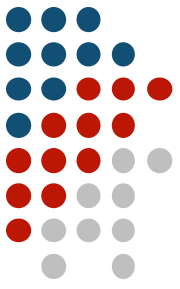
- Achieving Lasting Affordability through Inclusionary Housing (w/ National CLT Network/ Lincoln Institute of Land Policy)
- After the Downturn: New Challenges and Opportunities for Inclusionary Housing

<http://www.nhc.org/publications/index.html>

Growing National Interest

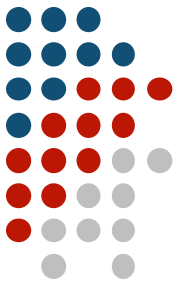


Source: Hickey, Sturtevant and Thaden, *Achieving Lasting Affordability through Inclusionary Housing*, Lincoln Institute of Land Policy, 2014.



Why Interest is Growing

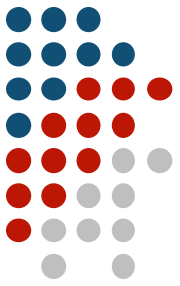
- Reserves space as jurisdictions get built out
- Improves location choices for low-income hhs
- Helps locate workforce housing near jobs
- Bulwark against neighborhood displacement
- Helps those who don't qualify for fed. assistance
- Highly flexible land use regulatory tool



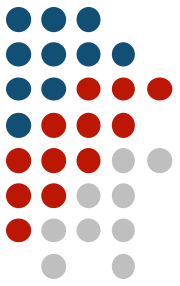
7 Lessons

1. It doesn't kill the market (if designed well)
2. Mandatory has the best track record (strong incentives needed for voluntary to work)
3. Apply it broadly
4. Make it predictable
5. Make it flexible
6. Make it win-win (provide cost offsets)
7. Make it long-term

IZ Program Affordability Durations Nationwide



Affordability Term Length (in years)	Percentage of Inclusionary Programs	
	Rental	For-Sale
0 to 14	12%	15%
15 to 29	8%	9%
30 to 49	23%	31%
50 to 98	22%	12%
99 or perpetual	36%	33%
Total	100%	100%



For More Information

Robert Hickey
Senior Research Associate

rhickey@nhc.org

202-466-2121 x236

@housingRobert

www.nhc.org

www.housingpolicy.org