

# Inclusionary Housing

Providing citizens with opportunities for affordable and decent housing in a positive environment is an essential goal for every community. In the last couple of decades, affordable housing has become a significant issue throughout the country as housing costs have surpassed increases in earnings for not only very low-income families, but also for working-class and lower middle-income households. To remain competitive in a rapidly globalizing economy, communities must have a sufficient supply of affordable housing to meet the needs of a variety of people. Inclusionary housing allows for mixed income communities that provide people with options in housing type as individual lifestyles and incomes change over time.

## INCLUSIONARY HOUSING BASICS

Inclusionary housing is not to be confused with inclusionary zoning. The term inclusionary housing refers to varying strategies for including affordable housing options in new and sometimes existing development. Inclusionary zoning, a type of inclusionary housing, refers to an ordinance binding creation of a percentage of affordable housing to the larger developmental process.

**Who Needs Inclusionary Housing?** Many workers in essential occupations, such as education and law enforcement, are finding they can no longer afford housing in the communities they serve. Meeting the housing needs of the elderly is increasingly difficult, not only due to dwindling municipal resources, but also because low-density zoning limits the supply of affordable housing. Additionally, a growing number of people earn too much to qualify for housing subsidies but not enough to afford a home or an apartment within a reasonable distance of their jobs. Cities across the nation are finding inclusionary housing policies to be a cost-effective way to produce homes for citizens who would otherwise be excluded from the housing market in their own city.

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**How Does Inclusionary Housing Affect the Market?** Some inclusionary housing critics argue that requiring the building of affordable housing adjacent to or within a development of market-rate units will drive up the cost of the market-rate units. However, a large body of research demonstrates that inclusionary housing does not negatively impact overall levels of housing production or consumption, and in some communities, overall housing production increases after passage of inclusionary programs.

## PROGRAMS AND POLICIES

Some jurisdictions use inclusionary zoning ordinances that require developers to produce a certain number of affordable units in order to be granted approval for a market-rate project. Another approach is to designate a trust fund for city-administered affordable housing programs. For example, Sacramento, California, has financed a regional affordable housing trust fund by applying linkage fees to commercial development.

### Voluntary vs. Mandatory.

Voluntary programs seek only to persuade developers in building affordable units by offering incentives such as density bonuses and fee waivers. The hope



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*The "Great House", seen here in Fairfax County, VA, is an innovative architectural design concept for affordable housing development. This design concept allows attached units blend in with surrounding detached housing units.*

(Continued on back.)

City of Santa Fe, New Mexico



*A large-scale condominium project in Santa Fe, New Mexico, called Zocalo, consisting of 310 units, of which 31 are Housing Opportunity Program (HOP) units.*

is that these incentives are enticing enough for developers to include affordable units in new projects without making the provision of such units a requirement. Housing studies conducted in California, Massachusetts, and Washington, D.C., however, show that cities adopting mandatory programs in place of voluntary initiatives have produced more housing for low-income citizens.

### **Mandatory housing programs also set a level playing field for developers.**

Under the guidelines of a mandatory housing policy, developers know what is required up front and how the community may help them offset the costs associated with building below market-rate units. Some mandatory policies let developers opt out of including affordable units on-site by allowing donations to a housing trust fund or dedications of land for affordable housing at another location. Affordable housing advocates often find these alternatives unacceptable because they do not meet the goal of creating mixed income neighborhoods throughout a community.

**Developer Incentives.** Developer incentives ease opposition to inclusionary policies, thereby reducing the likelihood that an affordable housing program will be opposed on the grounds that

it results in a taking. Some communities grant density bonuses to address the complaint that developers suffer economically by selling or renting nonmarket-rate units. Each unit of affordable housing provided grants a developer either an increase in the size or number of market-rate units that may be sold or rented. Other communities use fee waivers, reductions in site development standards, or expedited review processes to encourage or reward developers who produce new affordable housing.

**Control Periods.** An important concern for securing and maintaining an adequate supply of affordable housing is the length of time that housing is required to remain affordable. While the inclusionary housing policies of some jurisdictions require permanent affordability, others use control periods ranging from 10 years to 30 years. Tools for controlling resale of the unit as affordable housing include deed restrictions, contractual agreements, or covenants that run with land.

## **PUTTING INCLUSIONARY HOUSING INTO PRACTICE**

**Building Community Support.** Opponents to inclusionary programs may attend public meetings and attempt to persuade officials to back away from mandatory affordable housing legislation. Including stakeholders in the process as early as possible can ease opposition from both neighborhood groups and the development community. A strategy for building broad support is to educate the public about all the reasons that affordable housing is important to the overall economic and social health of the community. A good first step is to help the community recognize that affordable housing is a critical component of a community's infrastructure.

**Design Strategies.** The potential to create diverse neighborhoods is reduced when inclusionary units are segregated from other units through appearance or location. Affordable units built within a market-rate development should be indistinguishable in appearance from market-rate units and should blend in with other housing types. Mandatory design guidelines for inclusionary units may be necessary. Such guidelines might call for minimum unit sizes as well as landscaping and building materials comparable to those used in market-rate units.

**Benefits.** When residents can afford to live near their jobs (a concept known as the "jobs-housing balance"), the community's roadways are likely to be less congested. Public transit systems will be under less pressure to transport people ever-increasing distances. The density bonuses granted to developers make for more compact neighborhoods and help to counterbalance less sustainable, low-density residential growth. Communities with inclusionary housing policies enable people to access decent, affordable housing while producing communities with more economic and racial integration. **Patrick C. Smith** ■



*Inclusionary housing projects should be designed, built and landscaped to look like market-rate housing. Doing so helps to remove the stigma associated with affordable housing as well as maintain community character.*

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