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.

- Increase Affordable Housing Options
- Reduce the Cost of Creating Affordable Housing
- Preserve Existing Assets
- Capitalize on Market Activity
- Recycle Resources
- Expand Development Opportunities
- Generate Local Capital
Ratio of rent to median household income for selected metro areas

Source: Wall Street Journal, August 10, 2014. Based on data from Reis (monthly rental) and Zillow (metro areas ratio)
Meeting affordable housing needs requires an array of strategies:

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CENTER FOR HOUSING POLICY
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 Housing: A Series of Research & Policy Briefs

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, locales are raising height and other zoning variances to support new development. This is not only helping to spur economic growth, but also providing low-income and middle-income housing that is often critical to the economic health and vibrancy of these neighborhoods. In the case of upzoning, some local governments are thinking this growth with affordability expectations. They are creating inclusionary housing policies that condition upzoning on the production 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 voluntary nature of these policies may be an opportunity to introduce inclusionary housing policies in places where political, legal, and 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 projects that are producing 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 household vacancy rates, and districts where residents are supportive of greater development intensity.
- The most impactful inclusionary upzoning policies will apply to all new housing, not just new development, and that affordable units be incorporated into all new buildings and developments.
- Even under-housing policies, jurisdictions may find it helpful to customize affordability standards and incentives for some neighborhoods.
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

Why Interest is Growing

- Reserves space as jurisdictions get built out
- Improves location choices for low-income households
- Helps locate workforce housing near jobs
- Bulwark against neighborhood displacement
- Helps those who don’t qualify for federal 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

<table>
<thead>
<tr>
<th>Affordability Term Length (in years)</th>
<th>Percentage of Inclusionary Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rental</td>
</tr>
<tr>
<td>0 to 14</td>
<td>12%</td>
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<tr>
<td>15 to 29</td>
<td>8%</td>
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<tr>
<td>30 to 49</td>
<td>23%</td>
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<tr>
<td>50 to 98</td>
<td>22%</td>
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<tr>
<td>99 or perpetual</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
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For More Information

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