

Equitable Development Toolkit Inclusionary Zoning

Updated June 2003

What Is It?

Inclusionary zoning (IZ) requires developers to make a percentage of housing units in new residential developments available to low- and moderate-income households. In return, developers receive non-monetary compensation-in the form of density bonuses, zoning variances, and/or expedited permits-that reduce construction costs. By linking the production of affordable housing to private market development, IZ expands the supply of affordable housing while dispersing affordable units throughout a city or county to broaden opportunity and foster mixed-income communities.

Inclusionary zoning, sometimes called "inclusionary housing," can take many forms.

The Maryland Experience

- Passed in 1974, Montgomery County, Maryland's IZ program requires 12.5-15 percent of new housing developments of 35 or more units to be affordable for households in the lowest one-third of the county's income bracket. Between 1976 and 2003, over 11,000 affordable housing units were developed throughout the county.

Some IZ programs are mandatory, while others are voluntary or incentive-driven. Some jurisdictions require developers to construct affordable units within the development, while others allow affordable units to be constructed in another location. Some require developers to build the units, while other communities allow developers to contribute to an affordable housing fund.

Inclusionary zoning is a flexible strategy with a proven track record of meeting a community's affordable housing needs. IZ has become a common tool in California, Massachusetts , New Jersey , Colorado , and the DC Metropolitan Area, as well as other cities like Santa Fe , New Mexico and Burlington , Vermont . More than 100 jurisdictions employ inclusionary zoning in California alone; a 2003 survey conducted by the Non-Profit Housing of Northern California and the California Coalition for Rural Housing found that in California more than 34,000 units of affordable housing had been created.

Once common only in suburban jurisdictions, IZ programs are increasingly adopted by urban communities. Generally, IZ policies have been most effective in areas that are experiencing growth, since affordable units are only generated if private residential development is occurring in the community.

This tool provides an overview of inclusionary zoning and considers the key issues related to implementing an effective program.

Why Use It

For decades, zoning has been a highly effective tool of exclusion. Though originally justified as a tool for separating incompatible land uses (like housing and polluting factories), zoning's most profound effect has been to segregate communities by income and race. Suburban jurisdictions in particular have used zoning powers to require minimum lot sizes, minimum home sizes and prohibitions on apartment buildings that make it next-to-impossible to build affordable housing in these communities. The result is a consistent, national pattern of large-lot, single-family-home enclaves that are off-limits to moderate, low- and very-low income families. As consequence, lower income families are cut off from strong schools, emerging job centers, and opportunity networks.

Inclusionary zoning reverses this trend by turning zoning into a tool for promoting mixed-income communities. IZ also allows innovative communities to counter declining public-sector investment in affordable housing, create housing for their workforce, and enable low- and moderate-income families to benefit from urban reinvestment.

Benefits of Inclusionary Zoning

Creating Mixed-Income, Diverse, Integrated Communities. IZ policies help build economically and racially integrated communities. The need for integration is great. People in poor neighborhoods are typically isolated from access to livable wage jobs, quality education, adequate health services, and protection from criminal activities. Persistently high unemployment can result in conditions in poor communities that are self-reproducing. When neighbors have no jobs or bad jobs, social networks are less helpful in connecting to available employment.

Mixed income communities broaden access to well-funded schools, strong municipal services and emerging job centers. Mixed income communities also provide openings through which low-wage earning families can buy homes in appreciating housing markets, accumulate wealth, and share a part of the American dream.

In order to foster mixed income communities, IZ policies must require developers to build the affordable housing units *within the larger development*, rather than developing affordable units offsite. Furthermore, most inclusionary zoning programs require external comparability between affordable and market-rate units so that lower-income families can purchase homes indistinguishable from the rest of the development. This has helped eliminate the harmful stigma that is so often attached to affordable housing.

Responding to the Affordable Housing Crisis with the Help of the Private Sector.

Millions of households pay too much for housing. Harvard's Joint Center for Housing Studies reports in [The State of the Nation's Housing \(2003\)](#) that more than 14 million households were found to be severely cost-burdened (defined as spending more than half of one's income on housing), and another 17.3 million are moderately cost-burdened (paying between 30 and 50 percent of income). Households in the lowest income quintile suffer the most. The National Low Income Housing Coalition's report [Out of Reach 2003](#) found that wages continued to lose ground in 2003 compared to sharply rising rental costs.

"Affordability remains America's most widespread housing challenge. The shortage of affordable housing directly affects the quality of life for the millions who eke out their housing payments every month, sacrifice the purchase of other essentials, commute long distances to work, and/or suffer overcrowded or unsafe

conditions."

-- *Joint Center for Housing Studies of Harvard University, The State of the Nation's Housing, 2003*

As federal cutbacks reduce the resources available to nonprofit developers and public agencies for producing affordable housing, jurisdictions have used inclusionary zoning to bring private residential developers into efforts to solve the problem.

Asking private developers to share responsibility for creating affordable housing is both appropriate and crucial. Market rate housing generates a need for affordable housing for janitors, public school teachers, civil servants, childcare workers, and others whose services are needed to support market rate unit occupants, but who earn too little to afford average priced homes in the community.

IZ Helps Prevent Displacement

-- When coupled with other mechanisms to preserve and increase the stock of affordable housing, inclusionary zoning policies are an effective component of an anti-displacement strategy.

Providing Housing for a Diverse Labor Force. A healthy community requires a diverse labor pool, including professionals, service sector employees, public servants, and others. In escalating housing markets, lower-paid employees are the first to be driven out. Inclusionary zoning helps build a diverse housing market, ensuring that lower income individuals, whose housing needs are not met through the market, can live in the community where they work. This helps attract and retain businesses who know that holding on to good employees is easier when they can afford to live within a reasonable commuting distance. Communities and regions also benefit from a resulting reduction in commute times, air pollution and congestion.

Protecting Against Displacement when New Investment Occurs. Inclusionary zoning policies are an effective tool for *maintaining* affordability in housing markets. In communities facing displacement or experiencing significant new investment, the housing market is often the most acutely impacted. As higher income individuals move into a neighborhood, housing prices rise, displacing low to moderate-income residents. In communities planning for new investment or already experiencing this pattern of displacement, IZ policies promote balanced housing development by ensuring that some portion of new housing development is affordable.

How To Use It

Developing and Inclusionary Zoning Policy

How jurisdictions structure inclusionary zoning (IZ) policies depends on development patterns in the community, the affordable housing needs of residents, and political feasibility. Indeed, there are trade-offs between different components of an IZ policy. Tailoring it to meet local needs is the hallmark of its effectiveness.

Mandatory vs. Voluntary. Inclusionary zoning can be mandatory, requiring developers to build affordable units in exchange for development rights, or incentive-based, allowing developers to voluntarily "opt-in". While voluntary programs receive less opposition from developers, mandatory policies have produced far more affordable units. Indeed, an analysis of programs nationally reveals voluntary programs only produce affordable units if they offer substantial subsidies to the developer, or function as a mandatory policy by making it difficult for developers to obtain discretionary building permits without including affordable units in their projects.

California programs are illustrative. Of the 107 jurisdictions in California employing inclusionary zoning, 101 are mandatory, according to a 2003 report by the Nonprofit Housing Association of Northern California (<http://www.nonprofithousing.org>). The six voluntary programs have produced little affordable housing. Two locales, Los Alamitos and Long Beach, "blame the voluntary nature of their programs for stagnant production despite a market rate boom." Three other voluntary programs reported that no units had been built. The one "voluntary" program that had produced (Morgan Hill - 300 units in 26 years) is functionally mandatory because it uses a tight growth management policy to make it difficult for developers to obtain building permits without including affordable housing.

In sharp contrast, the 15 top producing jurisdictions in California, including Name Santa Barbara Type County, Name Monterey Type County, and Roseville, have produced over 16,000 units of affordable housing—all through mandatory requirements.

The different outcomes of voluntary and mandatory IZ are steering many jurisdictions away from voluntary programs. Jurisdictions with once voluntary programs (e.g., Cambridge, Massachusetts and Boulder, Colorado) have found it necessary to amend their ordinances to mandatory requirements in response to low production.

Moving from Voluntary to Mandatory

-- **Cambridge, Massachusetts.** Between 1988 and 1998, Cambridge operated a voluntary program and offered a density bonus for developers choosing to add affordable housing to their projects in select zoning districts. No affordable housing was created. In 1999 the city shifted to a mandatory policy. Since then, 131 affordable units have been produced, with another 130 in the pipeline.

--- **Boulder, Colorado.** Since IZ was first implemented in 1980, Boulder has experimented with both mandatory and voluntary requirements. In the five-year period that the program was voluntary, only one private development contributed affordable units. The city changed to a mandatory policy in 2000. Since then, private developers have built 150 on-site affordable units, and another 150 affordable units through in-lieu fees.

Developer Compensation. Effective inclusionary zoning programs usually offer developers a range of cost offsets to achieve a double bottom line: affordable housing for residents *and* a reasonable, overall return for developers. Minimum profitability is important to ensuring private developers and their investors actually build. To determine the need for cost offsets, in relation to other program parameters, jurisdictions typically conduct an economic feasibility analysis that takes into account various aspects of development (e.g., cost of land, normal profit margins, construction costs, fees, etc.) and the jurisdiction's housing needs and goals.

Cost-offsets rarely take the form of subsidy, as illustrated in Table 1. Nonetheless they can have a substantial impact on reducing the overall cost of construction.

Examples of Cost-Offsets Utilized by Jurisdictions with Inclusionary Zoning

Type of Cost-offsets	What It Does and Why It Helps Developers	Example
Density bonus	Allows developers to build at a greater density than residential zones typically permit. This allows developers to build additional market-rate units without having to acquire more land.	Most jurisdictions offer density bonuses. Typically they are equivalent to the required set-aside percentage. For example, Santa Fe , which varies its set-aside from 11 to 16 percent depending on the character of the market-rate units, matches its density bonus accordingly.
Unit size reduction	Allows developers to build smaller or differently configured inclusionary units, relative to market rate units, reducing construction and land costs.	Many programs allow unit size reduction while establishing minimum sizes. Burlington, Vermont , requires that inclusionary units be no smaller than 750 sqft. (1-bedroom), 1,000 sqft. (2-bedroom), 1,100 (3-bedroom) or 1,250 sqft. (4-bedroom).
Relaxed Parking Requirements	Allows parking space efficiency in higher density developments with underground or structured parking: reducing the number or size of spaces, or allowing tandem parking.	Denver, Colorado , waives 10 required parking spaces for each additional affordable unit, up to a total of 20 percent of the original parking requirement.
Design Flexibility	Grants flexibility in design guidelines-such as reduced setbacks from the street or property line, or waived minimum lot size requirement-utilizing land more efficiently.	Boston, Massachusetts , grants inclusionary housing projects greater floor-to-area ratio allowances. Sacramento, California , permits modifications of road width, lot

		coverage, and minimum lot size in relation to design and infrastructure needs.
Fee waivers or reductions	Reduces costs by waiving the impact and/or permit fees that support infrastructure development and municipal services. A jurisdiction must budget for this, since it will mean a loss of revenue.	Longmont, California , waives up to 14 fees if more affordable units (or units at deeper levels of affordability) are provided. Average fees waived are \$3,250 per single family home, \$2,283 per apartment unit.
Fee deferrals	Allows delayed payment of impact and/or permit fees. One approach allows developers to pay fees upon receipt of certificate of occupancy, rather than upon application for a building permit, reducing carrying costs.	San Diego, California , allows deferral of Development Impact Fees and Facility Benefit Assessments.
Fast track permitting	Streamlines the permitting process for development projects, reducing developers' carrying costs (e.g., interest payments on predevelopment loans and other land and property taxes).	Sacramento, California , expedites the permitting of inclusionary zoning projects to 90 days from the usual time frame of 9-12 months. The City estimates an average savings of \$250,000 per project.

The Set-aside. Inclusionary zoning programs require that a specific percentage of units be earmarked as affordable. The percentage can vary but is typically in the range of 10-25 percent. Some jurisdictions have set-asides that vary based on the incomes targeted. In California redevelopment areas, for example, six percent of units must serve very-low-income households, three percent low income, and six percent moderate income. Because the size of the set-aside percentage impacts the affordability costs born by developers, the set-aside percentage should be considered together with other program parameters, such as the income target.

Project Trigger. The trigger determines what size developments are subject to inclusionary requirements (e.g., 5, 10, 20 unit buildings). Some jurisdictions apply inclusionary zoning policies to all new developments within the community, requiring that larger developments provide units while smaller ones pay a fee in-lieu of construction.

Income Targets. There are two ways in which an IZ policy ultimately achieves affordable housing. First, the policy defines the income target(s) at which the developer must produce housing. Second, some jurisdictions identify the programs that will allow the municipality to subsidize those units to reach even deeper affordability needs. Name Montgomery Type County, for example, asks developers to produce units at 65 percent of AMI and then authorizes its housing authority to purchase up to a third of those units to serve even lower-income families.

Where the income target is set determines who benefits from the inclusionary zoning policy. For example, a jurisdiction that wants to provide housing for moderate-income households, such as public sector employees, might set an income target at 80 percent of the AMI. Jurisdictions seeking to create affordable units for lower-income wage earners might choose an income target of 50 percent of AMI. Jurisdictions with affordability challenges across income categories often tier their income target to serve diverse needs (e.g., half the units at 50 percent of AMI, half the units at 80 percent of AMI).

Target income levels should be guided by housing needs and goals in the jurisdiction, but must be balanced with maintaining developer profit. Nationally, inclusionary zoning has demonstrated success when requiring developers to deliver affordable housing units at 50-120 percent of the AMI, and when in combination with public resources, those units can be made available to households between 0-50 percent of AMI.

There are three ways that jurisdictions utilize public resources to achieve deeper levels of affordability:

- Mandate that some proportion of inclusionary units go to housing choice voucher holders;
- Offer home buyer assistance to purchasers of IZ homeownership units; and
- Enable public agencies or nonprofit organizations to purchase and further subsidize inclusionary units.

Cambridge, Massachusetts achieves deep affordability through its IZ program by mandating that a portion of inclusionary units go to housing choice voucher holders. The Housing Choice Voucher Program (HCVP), also known as Section 8, is a rental assistance program that increases affordable housing choices for very low and extremely low income households. Typically, the local housing authority pays the gap between what the Housing Choice Voucher-holder can afford (30 percent of household income), and the cost of the private market rent (up to 110 percent of fair market rate). By placing HCV holders in inclusionary units priced lower than market rents, HCVP saves money that, in turn, allows it to serve more families. It also addresses key challenges for the HCVP program—insufficient units available for the number of voucher-holders, and discriminatory screening out of voucher holders by landlords.

Couple Inclusionary Zoning with Homebuyer Assistance

-- **Fairfax County, Virginia**, aggressively encourages households on its homebuyer waiting list to utilize First Time Homebuyer mortgage assistance from the state Housing Development Authority. For households that meet minimum credit criteria and make less than 70 percent of AMI, the authority offers 3.5 percent interest rate mortgages covering 100 percent of housing costs (i.e., no down payment is required). Combined with the county's construction cost-based price target, Fairfax County makes homeownership inclusionary units accessible for very low and even extremely low-income households. Thirty percent of Fairfax County inclusionary homebuyers earned less than 40 percent AMI, and 5 percent earned less than 30 percent AMI.

Granting public agencies or nonprofits first rights of refusal to purchase and manage inclusionary units is another way to achieve deeper affordability. The designated entities can further subsidize the unit below the affordability level at which it was produced, and can target it to special needs populations.

Montgomery County Purchases IZ Units

-- **Montgomery County** grants their local public housing authority—the Housing Opportunities Commission (HOC)—first right of refusal for purchasing up to a third of a project’s inclusionary units, with the understanding that they will be rented or sold to very-low income households. HOC-approved nonprofits have second right of refusal on an additional seven percent of inclusionary units. The policy has enabled HOC to make approximately 1,500 inclusionary units available to very-low and extremely-low income renters since the program’s inception in 1974. HOC also helps very low-income households buy inclusionary units that would be unaffordable without additional assistance.

Onsite vs. Offsite Construction. Some IZ programs require developers to construct affordable units within the larger development, while other programs allow developers to build the units offsite. Historically, affordable housing had been concentrated in certain neighborhoods, contributing to the concentration of poverty. This concentration of poverty often isolates poor families from social and economic opportunities in the region. Building affordable units onsite, within the larger development, leads to greater economic and racial integration, helping to connect low-income communities to regional opportunity.

However, if construction is proposed in an area with very expensive land, it may create a greater economic burden on developers (and greater political resistance) than offsite construction. Assessing the political climate and the costs associated with onsite vs. offsite construction is critical to making the case for onsite development of affordable units.

Mandating Affordable Units vs. In-Lieu Fees. Some jurisdictions require developers to construct affordable housing units while others allow developers to pay into a fund that supports affordable housing. Deciding between requiring developers to construct units or pay an in-lieu fee is a complex one. It will be easier to garner political support for a policy that allows in-lieu fees. However, in many jurisdictions the in-lieu fees are insufficient and do not produce the resources to construct affordable housing units. Therefore, it is more productive to require developers to construct the units themselves. If in-lieu fees are part of an IZ policy, they should be set at a level comparable to the costs associated with producing affordable housing units. Otherwise, the IZ policy is seriously weakened.

Similarity/Compatibility In Outward Appearance. Many IZ policies require developers to construct affordable units that are similar or compatible in outward appearance to market rate units. This requirement contributes to cohesiveness in the physical appearance of a neighborhood helping to overcome negative perceptions of what constitutes "low income" housing. Developers generally have a vested interest in adhering to this requirement since units that are disparate in outward appearance can lower the market value of the development.

Term of Affordability. Inclusionary zoning ordinances housing units must remain affordable. Many programs have moved to requiring a minimum of 30 years for ownership units, and 45 or more years for rental units. Long affordability terms keeping housing units affordable for future generations. Some programs, including Boulder , Cambridge

Key Players

Elected and Appointed Officials. Ultimately, elected or appointed officials (city, county, or state) adopt IZ policies. Establish good working relationships with public officials and their key staffers by having clear community goals and providing an analysis of the economic and social impacts of a proposed IZ policy. Build relationships with the planning department to garner support and technical assistance.

Building A Diverse Coalition

-- In 1999, the Minnesota legislature passed a voluntary IZ program as a result of a campaign spearheaded by the Alliance for Metropolitan Stability. A key strength of the campaign was the diverse coalition of housing advocates, environmentalists, smart growth proponents, and community serving institutions that supported the initiative.

Residents, Nonprofit Developers, Community Organizations, and Labor Unions. Building a base of support for an IZ policy is critical. In addition to organizations and individuals committed to affordable housing, there are other natural allies for mounting an inclusionary zoning campaign. Environmentalists and smart growth advocates have been strong advocates of inclusionary zoning, since higher density developments create less sprawl and help preserve open space. Labor unions whose members identify affordable housing as a key need can lend significant political clout to an IZ campaign.

Developers and the Real Estate Community. In developing an IZ campaign, it is important to identify developers who potentially can support the initiative. Most communities can anticipate opposition to inclusionary zoning from developers and the larger real estate community. The Home Builders' Association and related developer groups often form part of the organized opposition. An open dialogue about developer compensation may prove useful in addressing concerns. In some instances, however, developers may oppose all IZ ordinances and only a strong pro-IZ coalition may prove effective.

Not all developers oppose inclusionary zoning. In fact, some support IZ since such policies provide density bonuses, fast tracking of construction permits, and other mechanisms that streamline the development process. In Name Montgomery Type County , although the inclusionary zoning requirements apply to developments of 35 or more units, some builders with smaller developments voluntarily comply because of the flexibility that is allowed in clustering of units. During the 1980's recession, developers in Name Montgomery Type County built the affordable units within a development before the market rate units because they had a known buyer - the Public Housing Authority.

Other Influential Organizations. Other organizations play important roles in land use decisions and obtaining their support for an IZ policy can be helpful. These include city, county, and state agencies concerned with redevelopment, economic development, housing, community development, transportation, budget and finance divisions, and the offices of the Mayor, City Council and Tax Assessor.

Challenges

Misconceptions. The strongest opposition to an IZ policy comes from private developers, the real estate community and public officials opposed to affordable housing. Some of the arguments made against inclusionary zoning include:

- *IZ Dampens Private Development.* David Paul Rosen and Associates' recent, long-term [study](#) of the impact of California inclusionary housing programs on market rate housing production found that **not a single program had a negative effect on housing production**. In fact, most jurisdictions with inclusionary programs saw an *increase* in housing production (sometimes dramatically). The longitudinal analysis examined data on annual housing starts over a twenty-year period (1981-2000) for 28 cities with inclusionary housing programs in Orange, San Diego, San Francisco, Los Angeles, and Sacramento counties, as well as for the state in general. The effect of inclusionary programs was compared to the effects of other variables, namely changes in the prime rate, the 30-year mortgage rate, the unemployment rate, the area median home prices, and the 1986 Tax Reform Act.
- *IZ Commits an Illegal "Taking".* Some argue that inclusionary zoning is a form of "taking" since the requirements to construct affordable units diminish profits. The Home Builders Association of Northern California sued the city of Napa on these grounds in September of 1999. The court found in favor of the city, stating that the incentives offered by the inclusionary zoning ordinance (as well as the possibility of a waiver in cases of extreme hardship) provided enough benefits and options to developers that the ordinance could not be considered a taking. The Home Builders Association did not appeal the case. The lesson is that various forms of compensation granted to developers offset the costs associated with producing affordable units. See: Home Builders Association of Northern California v. City of Napa
- *IZ Promotes Over-Development and Congestion .* Another contention is that density bonuses produce over-development and congestion. There is no evidence that inclusionary zoning has produced such negative effects. An effective counter-argument is that IZ policies promote reasonable density in development, leading to less sprawl and the preservation of open space.
- *Private Developers Are Not Responsible for Producing Affordable Housing .* Opponents argue that the production of affordable housing is the responsibility of the public sector, and that inclusionary zoning unfairly shifts this responsibility to the private sector. Important counter-arguments include that developers benefit from public investments in infrastructure, and they receive compensation for developing affordable units.

Success Factors

Build a Community of Support

Document the Need. The first step in getting an IZ policy adopted is to make the case for affordable housing. It's important to look at the big picture. Identify the low- and moderate- income residents in need of affordable housing. Can workers who provide important civic services (e.g., teachers, police, fireman) afford to live in the community? Can young parents find the housing they need? In documenting the need for affordable housing, quantitative data that illustrates an affordable housing gap is important.

Gather Partners . Build a coalition that supports inclusionary zoning as a viable strategy to achieve affordable housing goals. Include affordable housing advocates, employers whose workers can't afford to live in the area, labor unions, environmentalists who want to preserve open space, faith-based groups, and others impacted by high housing costs.

Develop A Proposal. Develop a document that outlines what should be included in an IZ policy. This can range from a bulleted list of key points, to a model ordinance or legislation. For examples of inclusionary zoning/housing ordinances and legislation, see the [Resources](#) page of this tool.

Build support. Circulate the document to community organizations, residents, elected officials, and planning commissions/departments. Proposals for statewide IZ should be presented to the departments of planning, redevelopment, and housing, as well as to elected officials and their staff.

Key Players

Elected and Appointed Officials. Ultimately, elected or appointed officials (city, county, or state) adopt IZ policies. Establish good working relationships with public officials and their key staffers by having clear community goals and providing an analysis of the economic and social impacts of a proposed IZ policy. Build relationships with the planning department to garner support and technical assistance.

Building A Diverse Coalition

In 1999, the Minnesota legislature passed a voluntary IZ program as a result of a campaign spearheaded by the Alliance for Metropolitan Stability. A key strength of the campaign was the diverse coalition of housing advocates, environmentalists, smart growth proponents, and community serving institutions that supported the initiative.

Residents, Nonprofit Developers, Community Organizations, and Labor Unions. Building a base of support for an IZ policy is critical. In addition to organizations and individuals committed to affordable housing, there are other natural allies for mounting an inclusionary zoning campaign. Environmentalists and smart growth advocates have been strong advocates of inclusionary zoning, since higher density developments create less sprawl and help preserve open space. Labor unions whose members identify affordable housing as a key need can lend significant political clout to an IZ campaign.

Developers and the Real Estate Community. In developing an IZ campaign, it is important to identify developers who potentially can support the initiative. Most communities can anticipate opposition to inclusionary zoning from developers and the larger real estate community. The Home Builders' Association

and related developer groups often form part of the organized opposition. An open dialogue about developer compensation may prove useful in addressing concerns. In some instances, however, developers may oppose all IZ ordinances and only a strong pro-IZ coalition may prove effective.

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Other Influential Organizations. Other organizations play important roles in land use decisions and obtaining their support for an IZ policy can be helpful. These include city, county, and state agencies concerned with redevelopment, economic development, housing, community development, transportation, budget and finance divisions, and the offices of the Mayor, City Council and Tax Assessor.

Ingredients for Success

An Organized Community . A strong, organized, and cohesive coalition can successfully advocate for a change in zoning and land use policies - whether on the city, county, or state level. Organizers should reach out to all parts of the community - those who live, work, study, do business, worship, provide essential services, and engage in cultural activities.

Sustained Commitment. The time frame for advancing an IZ policy to approval and implementation varies from several months to several years. Tracking the progress of proposed legislation and building relationships with key stakeholders require a long-term commitment. Community groups will need to assign key staff and/or volunteers to this task.

Assessment of the Current Market, Land Use, and Need for Affordable Housing. Advocates must develop assessment of the following:

- How much affordable housing is needed? At what income levels?
- What are the current patterns of private housing development? How much developable land exists in the jurisdiction?
- How many affordable units could potentially be generated through inclusionary zoning given development patterns and available land?
- What is the cost of land, and appropriate compensation for developers building affordable units?

Knowledge of the Political Climate. An understanding of different agencies, their missions and responsibilities, and relationships between different agencies is key. Recognizing the goals and ambitions of individuals in positions of power is also necessary. If the goal is to implement a city-focused IZ ordinance, then building support with a majority of planning commissioners and city council members is critical. Regional IZ can be approached through metropolitan councils or through state legislation. Pursuing state legislation for either regional or statewide IZ will require the support of many key sponsors as well as key

legislators. A diverse coalition of community serving organizations, housing advocates, environmentalists, smart growth proponents, and developers is extremely helpful in building political will.

Legal and Technical Assistance . Legal counsel and technical assistance are necessary for drafting a sound zoning ordinance. Some law firms will provide pro-bono assistance to community campaigns. City, county and state planning departments and affordable housing agencies can provide technical assistance to groups proposing inclusionary zoning.

Financing

Cost to the Jurisdiction

Inclusionary zoning programs result in few "hard costs" for jurisdictions beyond the costs of administering the program. However, some cost offsets provided to builders (e.g., fee waivers) can result in lost revenue. Therefore, it is important to quantify the amount of lost revenue and assess the benefit of the trade off. Also, when jurisdictions acquire affordable units from developers, they may incur further costs by providing subsidies to lower income families. When all the factors are weighed, nearly all jurisdictions have found inclusionary zoning to be a viable and cost-effective strategy for producing affordable housing.

Cost to Developer

Builders contribute to the stock of affordable housing in a jurisdiction since their developments benefit from the public investment in infrastructure (e.g., transportation, sewage, etc.). Furthermore, developers are given compensation for building units. Jurisdictions set compensations at a level that allows builders to profit or break even from the construction of affordable units.

Policy

Develop Statewide Inclusionary Zoning Policy. States such as Massachusetts , New Jersey , Minnesota , and California have adopted legislation supporting inclusionary zoning. Some states have mandatory provisions (e.g., New Jersey) while others have voluntary programs (e.g., Minnesota). Statewide policies are a promising model for achieving greater scale in the production of affordable housing and greater equity between jurisdictions in the supply of affordable housing. Statewide IZ policies can effectively link the creation of affordable units to the larger residential development process and create a mechanism to support a shared, cross-jurisdictional approach to creating mixed-income communities. IZ is a key policy to advance smart growth with equity practices.

Mandate Inclusionary Zoning in Areas Of Reinvestment and Redevelopment. Areas undergoing reinvestment often plan for market-rate development as a strategy to re-infuse the tax base and build mixed-income communities where concentrated poverty exists. These are key jurisdictions for mandating inclusionary zoning. With IZ, as new development proceeds, the quality and integrity of affordable housing can grow proportionately to build a revitalized mixed-income community. If only market rate housing is promoted, it can result in either an upward pressure on costs that eventually displaces current residents; or, create significant housing disparities with dilapidated affordable units and new market units. California has a mandatory, statewide inclusionary zoning policy in place for redevelopment areas. Private developers are required to have a 15 percent set-aside and public agencies must have a 30 percent set-aside. These set-asides provide deep levels of affordability.

Advocate Cross-Jurisdiction Collaboration. Jurisdictions with inclusionary zoning policies are scattered across the nation, with a concentration in California and the northeast. Increased collaboration and coordination across jurisdictions is necessary to ensure affordability across jurisdictions. Without cross-jurisdiction commitment, developers may draw to non-regulatory jurisdictions and a region's fair share goals will be undermined.

Require Inclusionary Zoning for Mixed-Used Developments. For developments that mix residential and commercial uses, the implementation of inclusionary zoning on the residential component of the project develops best practices of smart growth and equity-placing a range of jobs and housing in proximity. For example, Montgomery County applies their inclusionary zoning ordinance to mixed-use developments, thereby promoting a mixed-income component to these developments.

Case Studies

Cambridge , Massachusetts. A city of just over 100,000 people, Cambridge has recently adopted an innovative inclusionary zoning program. Cambridge joins a growing number of cities that have adopted IZ in urban settings, and is notable in reaching very and extremely-low income residents, its firm adherence to on-site development, and its long-term affordability requirements. [More.](#)(in Adobe Acrobat format)

Montgomery County , Maryland. Mandated by the Moderately Priced Dwelling Units Law (MPDU) in 1974, over 13,000 affordable housing units have been developed throughout the county. Developers of 50 units or more must set aside 12.5 percent to 15 percent of units as affordable, in exchange for density bonus of up to 22 percent. [More.](#) (in Adobe Acrobat format)

Fairfax County , Virginia. Fairfax County originally passed an inclusionary zoning ordinance before the much-heralded Montgomery County ordinance, but the Virginia courts struck it down. In 1990 a new ordinance was adopted, a victory for the AHOME (Affordable Housing Opportunity Means Everyone) coalition. [More.](#) (in Adobe Acrobat format)

Excerpted from *Expanding Affordable Housing Through Inclusionary Zoning: Lessons From the Washington Metropolitan Area*, Karen Destorel Brown. For a full copy of the report visit the [Brookings Institution Center on Urban and Metropolitan Policy's](#) website.

State of Minnesota . In 1999, the state legislature allocated \$8 million to create a voluntary "Innovative and Inclusionary Housing Program." The grant program offers gap financing and regulatory relief for builders who make at least 10 to 15 percent of their housing developments affordable to lower income renters and buyers. The Alliance for Metropolitan Stability, a coalition of groups working to address the shortage of affordable and livable housing, was central to the creation of inclusionary housing policy in Minnesota . [More.](#) (in Adobe Acrobat format)

Excerpted from *Smart Growth, Better Neighborhoods: Communities Leading the Way*, Leah Kalinosky. For a full copy of the report, visit the [National Neighborhood Coalition web site](#).

Resources

Legislation and Ordinances

Select City and County Ordinances

[Boulder, Colorado](#). Boulder 's inclusionary zoning program was first developed in 1980 and revised in 2000. It requires that 20 percent of a project's units be affordable for all new residential developments (regardless of project size). The program also mandates that inclusionary units remain affordable in perpetuity. (See Chapter 9-6.5 of the Boulder Revised Code, 1981)

[Cambridge, Massachusetts](#). Cambridge has joined a growing number of urban communities that have adopted inclusionary zoning. Cambridge is notable for reaching very and extremely-low income residents with its program, its firm adherence to on-site development, and its long-term affordability requirements.

Montgomery County, Maryland. Passed in 1974, Montgomery County 's Moderately Priced Dwelling Units Law (MPDU) has produced over 11,000 units of affordable housing in 25 years.

[San Diego, California](#). With over 1 million residents, San Diego became the largest city to mandate inclusionary zoning when it passed an ordinance in 2003.

Santa Fe, New Mexico. Santa Fe 's inclusionary zoning law ties affordable housing requirements to the prices of market rate units. Areas with higher market rate housing face steeper affordable housing requirements. (See Santa Fe Development Ordinances Sec. 14-96 "Inclusionary Zoning Ordinance")

Select State Ordinances

[California Redevelopment Area Legislation](#). California has statewide legislation that applies to all redevelopment areas. Private developers are required to have a 15 percent set-aside and public agencies must have a 30 percent set-aside. Of those units set aside for "affordable housing," six percent of the units must serve very low-income households, three percent must serve low-income households, and six percent must serve moderate income.

[Massachusetts](#). In 1969, Massachusetts enacted Chapter 40B of the General Laws which was, in effect, a statewide inclusionary zoning law. It both facilitates and encourages the development of affordable housing by allowing subsidized developments to be approved without being subject to local regulatory limitations. (See Sections 20-23 of Chapter 40B: "Low and Moderate Income Housing")

[New Jersey](#). The New Jersey Supreme Court ruled in 1983 (South Burlington Count NAACP v. Mount Laurel) that every municipality has a constitutional obligation to provide through its land use regulations a realistic opportunity for a fair share of its region's present and prospective needs for housing for low and moderate income families. The court left it to the legislature to determine how these obligations should be met. (See The New Jersey Fair Housing Act)

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