



Inclusionary Zoning Policy: Questions to Consider

By Katy Miller, Regional Coordinator

On the West Coast, where I live and work, the economy is booming and many people are moving into cities for jobs. While there is a significant amount of housing development underway, the number of units being created that are truly affordable to low-income families and those exiting homelessness are not keeping up with the need. Low-income and formerly homeless households are faced with having to move farther out of town to find a place they can afford. This may take them away from their jobs, support systems, and public transportation.

Many city leaders are aware that vibrant cities rely on having a place for all members of the community to call home. Inclusionary zoning is one tool that cities and states can use to require that a portion of newly constructed housing units are created and operated as affordable housing. Under inclusionary zoning policies, developers sometimes have the option to either set aside a percentage of the units in a building at target income levels or pay a fee to a fund that will create affordable units at another location.

If your city is considering inclusionary housing policy, here are some questions to discuss:

Have you done an assessment of the housing need across income levels in your community to know how many new units are needed and at what level of affordability?

It is important from the start to evaluate the need for affordable housing across income levels to make sure that the policy clearly describes who the program is meant to benefit and that it addresses the true housing needs and gaps in the community. The income targets should be described in the policy and noted how residents at those income levels will be able to access the units. Units may also be paired with subsidies to increase the affordability. If your inclusionary zoning policy will not create the number of affordable housing units needed to address the problem, consider how the policy can be changed or connected to other developer incentives to make an impact.

Do you want inclusionary units to be set aside in all new market rate developments or just those of a particular size?

It is important to give developers clear guidance on the size and type of project that would be included in this policy, the percentage or exact number of units to be set aside in a building, and whether the policy is mandatory or voluntary. [Portland, Oregon](#), just adopted inclusionary zoning policy that requires any new multi-family buildings of 20 units or more to set aside 20% of the units for households making 80% Area Median Income (AMI). [The policy](#) also includes an option for developers to pay a fee instead of including units in the building. [Washington, DC's Inclusionary Zoning Program](#) requires new condominium or rental properties over 10 units or existing properties expanding by 50% or more or adding 10 units or more to devote 8 -10% of the units to low-to-moderate income people who are District residents or who work in the District. "Low-to moderate" [is defined as](#) 50% to 80% of the Washington, DC Metropolitan AMI. [New York City's Inclusionary Housing Policy](#) includes two options, one for voluntary participation, where a development will receive a density bonus for participating, and the other mandatory inclusion of a share of new housing that will be permanently affordable in medium- and high-density areas that are rezoned to increase new housing production.

Do you want to offer developers an option to pay a fee instead of including units in the building?

In some cities, developers are given the option to make a payment in lieu of designating specific units within the building as affordable housing. While any contribution towards the creation of affordable housing is valuable, it is important to assess whether the cumulative in-lieu contributions to the affordable housing fund will generate a similar number of units quickly enough and in locations that adequately address the need. Some communities prefer the flexibility of determining where units will be built, but others find that high land costs make it harder to generate enough funding to create affordable units at the scale needed.

For developers who opt to include affordable units within the building, is there clear guidance in the policy on the quality and location of the units?

Part of the value of inclusionary housing policy is that affordable housing units blend in with market-rate units. For this to be the case, the affordable units should be built at the same quality standards as the other units—such as size, access, location within the building, and amenities.

What is the period of affordability for the policy?

In some cities, inclusionary housing policy requires permanent affordability, where the units remain affordable always. In other communities, there is a set timeframe for affordability (for example 20 to 25 years). [Montgomery County, Maryland](#), established [inclusionary zoning](#) in 1974. There, homeownership units have an affordability period of 30 years, and rental units have an affordability period of 99 years.

How will the policy be enforced and monitored?

To ensure that the policy serves the community as planned, it needs to be enforced consistently over time. Having a dedicated position with the technical expertise needed to track and monitor new projects, ensure compliance for the entire timeframe outlined in the policy, flag any issues that may arise, and report on progress will ensure that the zoning policy performs as intended and meets the community's inclusionary housing goals.

Have you considered other affordable housing incentives such as bonus density or waivers?

Bonus density allows for a developer to build more or larger units than currently allowed for the site. Other incentives might include up-zoning to allow for greater density, expedited permit approval processing, fee waivers, relaxed design guidelines, reduced parking requirements for affordable units, and reduced property taxes to encourage developers to continue to develop housing in the city. The [City of Seattle's Housing Affordability and Livability Agenda \(HALA\)](#) offers multiple strategies for addressing housing affordability in Seattle, including developer incentives and mandatory affordable housing.

The need for affordable housing is growing in communities across the United States. Cities must continue to pursue opportunities to leverage current resources, expand housing opportunities for all residents, and keep up with growing housing demands.