



**Testimony of Lisa A. Sturtevant, PhD
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My name is Lisa Sturtevant and I am vice president for research at the National Housing Conference and director of the Center for Housing Policy. We are a Washington DC-based national affordable housing organization that provides resources and research around state and local housing policies as well as on federal housing issues.

For nearly a decade, the Center for Housing Policy has worked with researchers including those at the NYU Furman Center, studying the impacts and effectiveness of inclusionary zoning policies. Most recently, we have partnered with the Lincoln Institute of Land Policy and the National Community Land Trust Network to complete a scan of inclusionary zoning policies adopted by cities, towns and counties across the country.

I am here today to lend the National Housing Conference's support to the proposed mandatory inclusionary housing (MIH) policy through a discussion of some recent relevant evidence on inclusionary housing programs nationwide.

In high cost cities like New York, the ability to maintain a vibrant and sustainable community and to ensure the city's local economy continues to thrive is strongly tied to ensuring that there is housing that is affordable to individuals and families all along the income spectrum. Cities have a variety of tools—financial, land use, and others—they can use to preserve existing housing and increase the production of housing affordable to lower-income households. Inclusionary housing is one of those tools that has been particularly effective in places with high land costs and strong housing demand.

Indeed, a well-designed inclusionary housing program is one of the best ways to create affordable housing options in neighborhoods of opportunity with good access to good schools, transit, jobs and other amenities. As we have seen from the recent research from Raj Chetty and his colleagues, and others, place matters. The ability to live in low-poverty, high-opportunity neighborhoods is associated with better education and economic outcomes for children and better health outcomes for children and adults. An inclusionary housing policy can be instrumental in creating opportunities that otherwise would not be available to these families as redevelopment occurs.

The ability of an inclusion housing program to help meet the demand for affordable housing is highly dependent on the program's design. In our review of local inclusionary housing programs across the country, we found that there are several program elements that have been associated with more

successful programs and NYC's proposed inclusionary housing program has adopted many of these best practices.

First, programs that are mandatory as opposed to voluntary have resulted in more affordable units being produced. Of the 500 local inclusionary housing programs we examined in our research last year, more than 80 percent are mandatory programs, including programs in San Francisco, Los Angeles and the District of Columbia. Research has demonstrated that mandatory programs have produced more housing for lower-income households and have provided more predictability for developers and the community compared to voluntary programs.

Second, within the framework of a mandatory policy, linking requirements to rezoning and flexibility with compliance mechanisms have also been shown to be essential components of successful local inclusionary housing programs. In recent research, we found that many communities have tied affordability requirements to rezoning in response to potential legal challenges associated with mandatory requirements. This has allowed cities to adopt inclusionary housing programs even in states that have tried to prohibit inclusionary zoning and so far affordability requirements tied to upzoning have withstood legal challenges.

In addition, we found that inclusionary housing programs are most successful when they provide some flexibility in compliance even while there is a clear direction on requirements. Since there can be considerable variability in market demand and development options from neighborhood to neighborhood, or from site to site, variable compliance pathways can be the difference between getting developer participation and not. Flexibility around incomes served and off site options are common in inclusionary zoning programs. However, having options need to be balanced against have clear guidelines for compliance.

When off site options are offered, requiring developers to build within the same neighborhood—or within a certain distance from the proposed project—is important for creating housing options in high opportunity areas. Even if not the same building, there are significant benefits for requiring building within the same neighborhood. The proposed inclusionary housing program here in New York includes analysis about the tradeoffs between flexibility in compliance options and the need to serve individuals and families along the low and moderate income spectrum.

Third, the most successful inclusionary zoning policies require permanent affordability of the units. In fact, permanent affordability has become the standard in newly developed programs and these requirements are the primary way in which housing units have been built in cities that will remain permanently in the affordable stock. With the expiration of other subsidies, local programs that provide for permanent affordability are increasingly important.

Finally, there are sometimes concerns that mandatory inclusionary housing programs depress overall housing supply and increase market prices. Several research studies have been done on the housing market impacts of inclusionary zoning programs in the Boston, San Francisco and DC areas and overall these studies have shown that well-designed mandatory inclusionary zoning policies do not dampen overall housing production. Rather, the strength of housing demand—driven by population and job growth—has been shown to be the key factor in new housing production. The impacts on housing prices has been more mixed but the research has shown that any increases in market rate prices associated with inclusionary housing programs are modest and not long term.

The city's housing needs are great. Government working alone cannot meet the challenge—there just aren't enough public resources to fill the gap between the cost of constructing new housing and the prices and rents low and moderate income households can afford to pay. But it is important—for economic as well as social reasons—to ensure that people from all backgrounds can afford to live in the city. So, there needs to be partnerships between government and the private development community. A mandatory inclusionary housing program is an effective way to forge that partnership.

It is important to keep in mind that the inclusionary housing policy is not the only affordable housing program in the city and inclusionary housing programs are just one tool for meeting the city's housing needs. Zoning-related affordable housing policies, such as inclusionary housing, can potentially free up other public subsidies to target very and extremely low income households.

Across the country, inclusionary housing programs are best able to meet the housing needs of households with incomes typically above 60 percent of area median income and sometimes as high as 120 percent of area median income. These households include the city's teachers and child care workers, police officers and health care workers, bus drivers and security guards, recent college grads and small business owners. Most federal housing subsidies do not target households in this income range and local inclusionary housing programs are an important mechanisms by which to ensure there are housing options for these workers.

Even with the adoption of the MIH policy, the city should remain committed to finding new and innovative tools and resources both to preserve housing affordable to households and build new housing affordable to very and extremely low income households. It is not a question of inclusionary housing OR something else, but rather both. Like most places across the country, the city needs to make use of a range of policies and programs to meet its housing challenges and this inclusionary housing program is just one important arrow in its quiver.

Thank you for the opportunity to testify today. I appreciate the opportunity to be one voice in the discussion around the city's approach to building more inclusive communities.