

# What Makes Inclusionary Zoning Happen?

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Inclusionary zoning (IZ) programs use local control over the regulation of land use to require or incentivize the production of affordable housing as part of market rate housing development.<sup>1</sup> In most cases, developers are offered land development incentives (such as a density bonus or an expedited permitting process) in exchange for agreeing to restrict the rents or price levels of a portion of the units to levels that are affordable to low-income households.

Though they all share this same general strategy of tying affordable housing to market-rate development, there is considerable variation in the specific characteristics of local IZ programs. Some of the most significant dimensions of variation are whether programs are mandatory versus voluntary, the length of the affordability periods, the share of units that must be built as affordable, and the income requirements for the households moving into the units. In addition, there are often differences in the characteristics of places that adopt an IZ program.

In 2014, the National Housing Conference (NHC) and the National Community Land Trust (CLT) Network, with support from the Lincoln Institute of Land Policy, assembled a first-

of-its kind database of local inclusionary housing programs around the United States.<sup>2</sup> This database includes information on more than 500 inclusionary housing programs located in 482 local jurisdictions. The geographical variety in the database demonstrates that IZ programs have been adopted by a wide variety of local jurisdictions:

- **Big cities** like New York City and Chicago,
- **Resort communities** like Telluride, Colorado,
- **Suburban communities** like Frederick County, Maryland, and
- **Rural areas** like North Elba, New York.



Photo courtesy of LakePlacid.com

# How Do IZ Policies Vary Across Localities? And What Makes A Local Jurisdiction Adopt An IZ Program?

Researchers from the University of Maryland (UMD) and the National Housing Conference (NHC) analyzed the characteristics of local IZ programs and studied the characteristics of a local jurisdiction that affect its likelihood of adopting an IZ policy.<sup>3</sup> Using a statistical model, the researchers examined indicators for each locality, including population density, renter cost burdened, homeownership rate, political affiliation, educational attainment levels of the population, and several other factors,<sup>4</sup> to determine which characteristics have the largest effects on how quickly a jurisdiction adopts an IZ policy. These research findings provide information for planners and policymakers who are developing inclusionary housing programs and can help advocates better target outreach and education in counties and cities that may be most inclined to adopt an IZ program.

## Research Findings

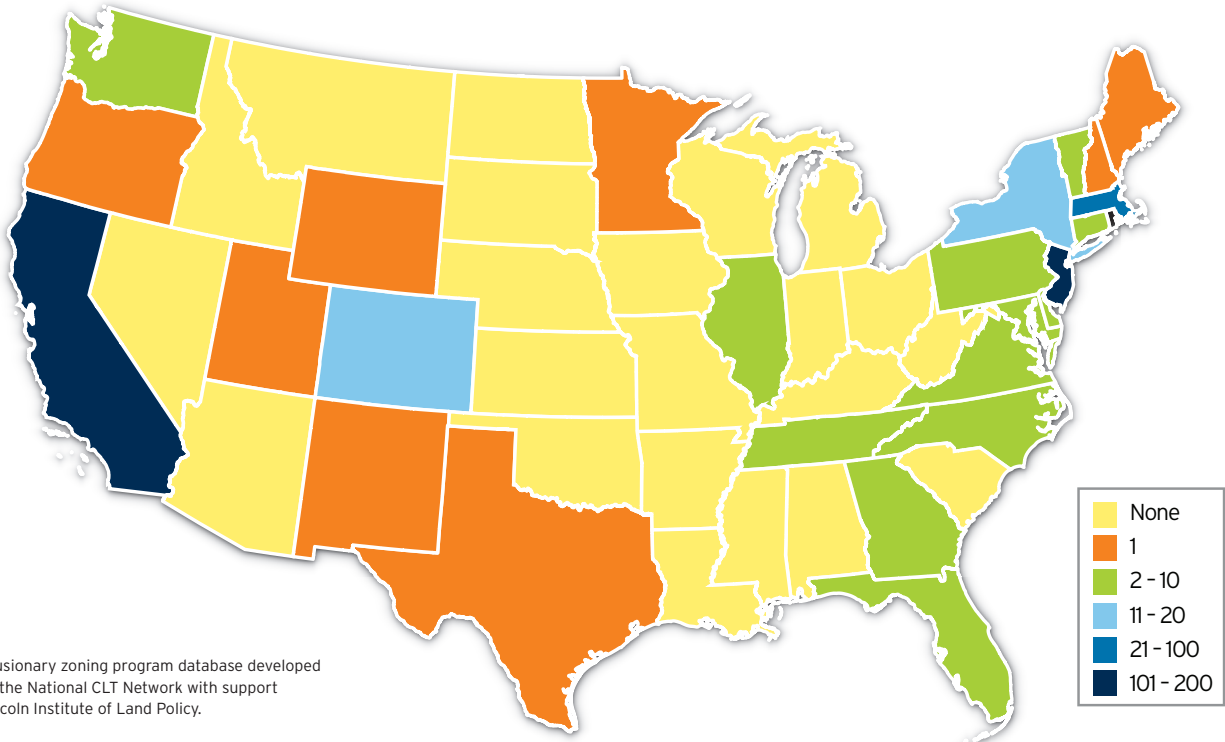
### Program Characteristics

The design and implementation of inclusionary zoning policies vary considerably across local jurisdictions. However, in this review of more than 500 local IZ programs across the country, some common themes emerge:

- **Most IZ programs currently on the books were adopted in the 2000s.** Fifty-four percent of local IZ programs were adopted between 2000 and 2009, and another eight percent have been adopted since 2010. Only three percent of all of the programs in the database have been in place since the 1970s.
- **IZ programs can be found in a wide variety of places in the United States, though they remain concentrated in three states.** The 507 local IZ programs are located in 27 states and the District of Columbia. However, nearly 80 percent of the recorded programs are found in California, New Jersey, and Massachusetts.
- **The vast majority of local IZ programs are mandatory.** More than 80 percent of existing IZ programs are mandatory policies, requiring developers to comply with affordability requirements as part of the approval process for market rate projects. However, most inclusionary housing programs provide some type of cost offset to developers and many offer alternative ways

**FIGURE 1. Total Number of IZ Programs by State**

While many states have IZ programs, the distribution is heavily concentrated. Most states have between 1 and 10 programs, while New Jersey and California both have over 100. Hawaii has one program and Alaska has none.



Source: Inclusionary zoning program database developed by NHC and the National CLT Network with support from the Lincoln Institute of Land Policy.

to comply with affordability requirements, including options to build affordable units off-site or to contribute to a local affordable housing fund.<sup>5</sup>

- **IZ programs typically target low- and moderate-income households.** The majority (53%) of local IZ programs require units to be affordable to households with incomes between 51 and 80 percent of the local area median income (AMI). IZ programs are very unlikely to require housing affordable to very low-income households; only two percent of programs target households with incomes below 50 percent of AMI. About 28 percent of homeownership IZ programs target households with incomes between 101 and 140 percent of AMI (compared to 19 percent of rental programs).
- **Affordability requirements tend to be modest.** Forty percent of IZ programs require less than 10 percent of units be set aside as affordable, and 80 percent require less than 20 percent affordability. A very small share—less than three percent of programs—include variability in the number of affordable units required and this variation is typically tied to the level of affordability required.

### *Program Adoption*

The NHC and UMD researchers found a correlation between certain characteristics of a jurisdiction and a faster rate of adoption of an IZ policy. In some cases, the relationship between the local jurisdiction's characteristics and the rate of IZ adoption was surprising, indicating that IZ programs can gain support in a lot of different kinds of places:

- **When states expressly authorize local IZ programs or grant local home rule, local jurisdictions are much quicker to adopt IZ policies.** Localities in 11 states are more likely to adopt IZ programs than those in other states. Those 11 states—California, Colorado, Connecticut, D.C., Florida, Massachusetts, New Jersey, New Mexico, Utah, Vermont, and Washington—have state statutes that require or authorize local inclusionary housing programs or grant home rule to local jurisdictions to allow them to engage in local policy making around land use regulation.
- **Jurisdictions with smaller populations and higher housing densities are more likely to adopt IZ policies.** Rapidly-developing inner-ring suburbs are often characterized by relatively small populations but high housing densities. These growing communities are places where local inclusionary housing policies are often most necessary to meet mounting affordability challenges and therefore, it is perhaps not surprising that these places are relatively quick to implement IZ programs.



- **Higher home ownership rates are associated with slower rates of adoption of an IZ program.** The dampening effects of home ownership rates on IZ adoption suggests that existing home owners may advocate against a proposed inclusionary housing program, perceiving that the policy will have a negative impact on property values. Effectively advocating for IZ policies means addressing these concerns, including an emphasis on the benefits for a local economy of providing a wider range of housing and an explanation of the myths around the negative impacts of IZ programs.<sup>6</sup>
- **IZ programs are adopted more quickly in jurisdictions with younger, college educated populations.** Often aligned with progressive policies, a young, educated population can be a valuable resource for helping to educate policymakers and planners about inclusionary housing programs and the potential for an IZ policy to help address affordable housing challenges.
- **Places with higher shares of rent burdened households are more likely to adopt an IZ program.** Not surprisingly, local jurisdictions with relatively high renter cost burdens adopt IZ programs more quickly than other places.
- **A higher percentage of Democratic voters is associated with slower adoption of inclusionary housing policies.** The negative effect that a high percentage of Democratic voters has on the rate of adoption runs counter to the idea that left-leaning populations would be more likely to support redistribution policies. This finding suggests that support for inclusionary housing does not necessarily require that the 'usual suspects' of political orientation need to be in place.
- **Whether a local jurisdiction adopts a mandatory versus a voluntary programs varies from state to state.** Jurisdictions in California adopt mandatory IZ programs more rapidly than voluntary programs. Massachusetts, on the other hand, has had an increased rate of adoption of voluntary programs but not mandatory. State-level authority and guidance is an important determinant of the type of IZ policy a locality will adopt.



## Implications

This research sheds light on the variability of local IZ programs and the types of local jurisdictions that may be more likely to adopt an inclusionary housing policy. These research findings can help advocates target their education and outreach efforts as they seek to expand the number and the effectiveness of IZ programs:

- **State level advocacy is essential.** The conclusion that IZ policies are adopted more frequently in states that support them might seem to be common sense, but it highlights the importance of targeting advocacy at the appropriate level of government. A coalition of municipal or county jurisdictions lobbying at the state level could be the most effective way to create a policy environment that supports the creation of local IZ programs (whether mandatory or voluntary).
- **IZ programs are in a wide variety of places, but affordability challenges are an important driver of when a community adopts an IZ program.** Housing affordability is a common issue in many communities and support for implementing strong affordable housing programs can be found in places that might seem surprising. While political ideology can seem to drive discussions around local land use and zoning policy, the growing need for affordable housing in communities across the country often outweighs political allegiances.
- **Educating homeowners on the benefits of a diverse housing stock can help dispel myths.** According to this research, jurisdictions with a higher rate of homeownership are slower to adopt IZ policies. This finding points to an opportunity for educating those communities, especially in rapidly-developing suburbs. In communities with high homeownership rates, advocacy should include an emphasis on the benefits of a range of housing and an intentional effort to dispel myths about negative impacts of affordable housing.<sup>7</sup>

An inclusionary housing policy is often an important part of a local comprehensive affordable housing plan. Tying the production of affordable housing to the development of market-rate housing can be an effective way of promoting economic diversity and expanding access to opportunity for low income families. Furthermore, communities across the country are increasingly looking to develop local tools and strategies, as federal resources for affordable housing remain strained and local regulations to promote fair housing are expanded under the U.S. Department of Housing and Urban Development's Affirmatively Furthering Fair Housing rule.<sup>8</sup> The results from this research can help policymakers and advocates target education and outreach efforts to increase the adoption of local IZ programs.

## Endnotes

1. The terms "inclusionary zoning" and "inclusionary housing" are often used interchangeably. Both refer to local regulations that require or incentivize the production of affordable housing as part of the process of developing market rate housing.
2. Robert Hickey, Lisa Sturtevant and Emily Thaden, *Achieving Lasting Affordability through Inclusionary Housing* (Cambridge, MA: Lincoln Institute of Land Policy).
3. Casey Dawkins, Mark Miller and Lisa Sturtevant, *The Timing of Inclusionary Zoning Adoption in U.S. Cities and Counties* (College Park, MD: University of Maryland, 2015).
4. The complete list of characteristics are which state the jurisdiction is located in, the geography of the jurisdiction (outlying county versus central county), the jurisdiction's area and population, the percentage of college graduates, the percentage of the population under 18, the percentage over 65, the percentage black, the percentage Hispanic, percentage of vacant units, the average rent, the percentage of cost-burdened renters, percentage of housing units built in the past 10 years, percentage of single family units, percentage homeowners, percentage of voters that voted for the Democratic Party, and the housing unit density.
5. Rick Jacobus, *Inclusionary Housing: Creating and Maintaining Equitable Communities* (Cambridge, MA: Lincoln Institute of Land Policy, 2015)
6. Lisa Sturtevant, 2016. *Inclusionary Housing: Separating Fact from Fiction to Design Effective Programs* (Washington, DC: National Housing Conference)
7. Janet Viveiros and Rebecca Cohen, *Building Support for Affordable Homeownership and Rental Choices: A Summary of Research Findings on Public Opinion and Messaging on Affordable Housing* (Washington, DC: National Housing Conference)
8. Information on the final Affirmatively Furthering Fair Housing rule can be found online at [https://www.huduser.gov/portal/affht\\_pt.html](https://www.huduser.gov/portal/affht_pt.html).

NHC collaborated on this research with Casey Dawkins and Mark Miller at the University of Maryland, College Park.

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