Inclusionary Housing Program

GROUNDED SOLUTIONS NETWORK
strong communities from the ground up

Design Worksheet

Part ❶ Defining the Need

Pick one or two of the following primary policy reasons for adopting an inclusionary housing policy in your community.

- ☐ Affordable Housing Needs and Obligations
- ☐ Socioeconomic Integration
- ☐ Workforce Retention and Attraction
- ☐ Support Transit Oriented Development
- ☐ Anti-Displacement

Most communities that adopt Inclusionary Housing policies do so to address a lack of housing for low- and moderate-income households. Many also adopt Inclusionary Housing to meet community-specific needs such as socioeconomic integration.

Part ❷ Program Structure

Type of Program
- ☐ Mandatory
- ☐ Voluntary

Mandatory policies require developers to provide some percentage of affordable housing in all new developments covered by the policy. Some States prohibit mandatory ordinances. Voluntary ordinances provide incentives to developers to include affordable units in their projects.

Geographic Coverage
- ☐ Whole Jurisdiction
- ☐ Geographically Targeted Areas

Most ordinances apply to the entire jurisdiction. Some places with specific market conditions and needs target parts of the jurisdiction using planning area designations or economic and market metrics.

Type/Tenure of Development
- ☐ Ownership
- ☐ Rental
- ☐ Both

Depending on the legal and market conditions of a given community, Inclusionary Housing policies sometimes only apply to rental or homeownership types of projects. In most communities, both types of tenure are included in the ordinance.

Project Threshold Size
- ☐ All Projects
- ☐ 5-10 Units
- ☐ 10+ Units
- ☐ Other_______________

Also known as the “trigger,” this is the minimum size of project that is covered by the policy. 10 units is the most common trigger size, but it can vary widely and is sometimes different for rental and ownership types of projects.

Part ❸ Detailed Policy Choices

Percentage of Units Which Must be Affordable (Pick One)
☐ 5%
☐ 10%
☐ 15%
☐ 20%
☐ 25%
☐ 30%
☐ Other

This is the overall percentage of units within an otherwise market-rate development that must be affordable to households earning below some defined income level. Most policies require between 10 and 20 percent of all units to be affordable.

Affordability Level Rental Units (Pick One)
☐ 0-30% AMI
☐ 31-50% AMI
☐ 51-80% AMI

Ownership Units (Pick One)
☐ 51-80% AMI
☐ 81-100% AMI
☐ 101-120% AMI

This is the income level that households must earn in order to be eligible to live in inclusionary units. Affordability is most commonly defined as a percentage of Area Median Income (AMI) as defined by HUD. For rental units, affordability levels below 60% AMI are typical and for ownership units affordability levels between 80% to 100% of AMI are typical.

Duration of Affordability Requirements (Pick One)
☐ Less than 30 years
☐ 50 Years
☐ 99 Years or In-Perpetuity
☐ Different Standards for Rental and Ownership?

This is the period during which inclusionary units must be maintained as affordable through deed restrictions or affordability covenants. In order to stretch scarce public resources, many jurisdictions are opting for longer affordability periods. These also sometimes vary by housing tenure.

Design Standards (Pick One)
☐ Exact Comparability
☐ Flexibility
☐ Different Standards for Rental and Ownership?

Many places require exact comparability between market-rate units and inclusionary units to ensure equity for lower-income renters and homeowners. Other places have found it practical to allow some flexibility, particularly in case where luxury unit finishes would result in extraordinary spending on inclusionary units that could be better leveraged in other ways.

Part ❹ Incentives

Select and Describe Up to Three Incentives

☐ Density Bonus Increase (DU/ACRE) (%): ____________________

☐ Parking Ratio Reduction (%): ____________________

☐ Other Zoning Variance (Describe): ____________________

☐ Expedited Processing (In Months): ____________________

☐ Fee Reduction/Waiver (Total $/Unit): ____________________

☐ Subsidy (Total $/Unit): ____________________

☐ Tax Abatement (Value and Term of Abatement): ____________________

The most common incentive is a density bonus to allow developers to build additional market-rate units to offset the reduced revenues from inclusionary units. Density bonuses are typically given as an increase in allowed dwelling units per acre (DU/A) or floor area ratio (FAR). In some places, density is not a meaninful incentive in of itself and other types of cost offsets are needed.

Part ❺ Compliance Alternatives (Yes or No)

In- Lieu Fees: ☐ Yes ☐ No

Off-Site Performance:

Partnerships with Nonprofits: ☐ Yes ☐ No

Land Dedication: ☐ Yes ☐ No

For practical and legal reasons, many places allow developers to pay fees in-lieu of building inclusionary units on-site. These in-lieu fees can be leveraged by local jurisdictions and nonprofit developers to build affordable housing. Off-site performance is another alternative where developers arrange for the units to be built off-site, typically by either partnering with another developer or by dedicating or donating land.