



Ten Ways to Talk About Inclusionary Housing Differently

Inclusionary housing policies require or incentivize market-rate developers to set aside a small percentage of the apartments or homes within their new developments. The developers must rent or sell those units at a lower price to low- or moderate-income households.

Inclusionary housing is in a new era. In the 70s, 80s and 90s, inclusionary housing (also called inclusionary zoning) policies were adopted by hundreds of municipalities across the country. Most early adopters of inclusionary housing were similar in three ways. One, these communities had high housing costs and robust development activity. Two, they were relatively progressive, usually with a democrat-majority voting public. Three, most of these programs were adopted in states that have laws to incentivize inclusionary housing policies and mixed-income housing development - including California, Massachusetts and New Jersey.

Today's political and economic context for inclusionary housing adoption is different. Affordable housing used to be part of the social safety net for those in dire need, like food stamps or Medicaid. But as more and more middle-income earners find themselves struggling to afford a decent home, affordable housing policies are no longer primarily anti-poverty strategies. In hot markets like San Francisco, even families who earn as much as 200 percent of the area median income can't afford housing. And in more typical markets like the Twin Cities, families with average salaries still struggle to buy their first homes – and many simply can't.



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— **Sasha Hauswald, Grounded Solutions Network**



A growing interest

Policymakers in moderate and softer markets are turning to inclusionary with curiosity. City leaders in Baltimore, Pittsburgh, Buffalo, Minneapolis, Newark and Detroit are all currently examining potential inclusionary policies. They represent a growing interest among cities that have traditionally been able to offer affordable homeownership opportunities to their blue-collar resident base without any special policies.

These cities delivered, for many years, on the promise of the American dream. Then the industrial jobs left, economies slowed and workers left. In the decades of decline, housing values and costs also dramatically dropped. Although foreclosure, abandonment, blight and disinvestment were common to these cities, high housing costs were not. Now, between the flight of young families from super-expensive hot-market cities, an influx of millennial renters drawn to the urban core, losses of homeownership during the foreclosure crisis, and deterioration of the single family home stock due to abandoned and REO properties, the rents and homes for-sale have become—for the first time in memory—unaffordable for “regular” people.

City leaders in Nashville, New Orleans, Miami, Atlanta, Bloomington and Durham are also examining potential inclusionary policies. They represent a trend amongst politically moderate cities within more conservative states that traditionally lacked the political will to impose restrictions or requirements on business activity, including development. As it becomes cost prohibitive for young people to buy, or even rent, near their relatives, inclusionary housing has become palatable to a broader swath of the political spectrum in Southern and Midwestern cities.

Skeptics and myths

Times have changed, but many people haven’t adjusted the way they talk about affordable and inclusionary housing to fit with today’s circumstances. As a result, in many cities, growing interest in inclusionary housing policies has been met with widespread misperceptions and resistance. Recent curiosity in inclusionary housing barely gained momentum before skeptics and powerful opponents began to dominate the discourse and shut down efforts for adoption. In the past two years, statewide preemption against local adoption of inclusionary housing policies has been proposed in Indiana, Louisiana, Tennessee and Arizona.

Critiques of inclusionary housing are often based on widespread myths, such as:

- It’s not fair for developers to shoulder the burden of providing affordable housing.
- Inclusionary housing, just like other bureaucratic impediments to development and restrictive zoning rules, ultimately raise housing costs for everybody.
- Inclusionary housing requirements will make new housing developments financially infeasible, thereby killing the fragile but recovering housing market.

Grounded Solutions Network, as well as RAND, the National Housing Conference, the Furman Center, the Lincoln Institute of Land Policy, and numerous academic institutions, produce research that rebut these myths (see page 39 for links). However, resistance to inclusionary housing adoption remains strong.

Changing the Narrative

We need to talk about inclusionary housing in a different way that circumvents common misperceptions and creates a new narrative for policymakers in moderate markets and more conservative political climates.

Here are 10 messages to help frame the way you talk about inclusionary housing differently. Not every message is right for every community; advocates and policymakers should tailor these messages to their circumstances.

1) Use a different name.

The words “inclusionary housing” or “inclusionary zoning” raise red flags in many communities. Call it something else. Name examples include moderately priced dwelling unit program, reasonably priced housing program, smart housing mix policy, mixed income housing, SMART Housing, workforce housing, and density bonus policy. These are a few of the names that have been adopted by cities, but be creative, choose something that will connect with your local audience.

2) A trade.

Inclusionary housing is a value exchange between the local jurisdiction and developers. Viewed this way, it is a fair deal for developers. Developers are expected to produce housing aligned with community interests in a variety of ways: by building homes that fit in, by ensuring adequate parking and greenspace, and by contributing to the need for reasonably priced homes (not just luxury apartments).

In exchange for meeting community needs, developers are granted the right to do business and often many other benefits. Inclusionary benefit packages typically include incentives like additional height or density, reduced parking requirements, fast-tracked processing, fee waivers or tax benefits. These benefits reduce the overall cost per unit to build.



3) Place matters.

Research consistently shows that children do better when they grow up in a mixed-income community rather than a high-poverty one. In fact, your zip code is a better determinant of your future than your genetic code (Chetty and Hendren, 2017). Unfortunately, most naturally occurring affordable housing (NOAH), as well as most government supported affordable housing, is in low-income neighborhoods. Inclusionary housing is one of the only policies proven to create lower-cost housing in high-opportunity neighborhoods with good schools. (RAND Institute, 2012). Inclusionary policies give more kids realistic access to the American dream.

4) Streamline barriers to development.

Many jurisdictions have zoning code requirements that are so complex that it is nearly impossible to build anything without lengthy and unpredictable approval processes. Inclusionary done right can reduce procedural barriers to new development. Affordable housing requirements are often adopted in combination with area-wide up-zoning or enhanced flexibility to build, “by-right”, a reasonably profitable multifamily building. In these cases, inclusionary housing programs can actually increase development activity. Most importantly, inclusionary housing policies establish clear and predictable expectations that local developers can plan around.

5) Housing near jobs and transit.

Policymakers and organizations who are passionate about housing should align efforts with the local business community, environmentalists or public-transit enthusiasts. Inclusionary is a great tool to create workforce housing near job centers and transit corridors. Messages that inclusionary housing policies reduce greenhouse gas emissions from commuting, retain a stable base of local employees, and increase transit ridership can build alliances across policy silos. Beyond the realm of issue-focused policymakers and advocates, this message also reinforces the idea that inclusionary housing does not merely benefit a few lucky families, it benefits everyone in the community.

6) Missing middle housing.

Most inclusionary housing programs serve renters between 50 percent and 80 percent of median income and homeowners between 80 percent and 120 percent of median income. These families and individuals do not typically qualify for federally or locally supported housing programs, and they do not earn enough to afford market-rate housing prices either. Inclusionary housing is one of the few ways to create “missing middle” housing.

7) Conservation of scarce public resources.

Public funding for housing has been declining for decades, and in the current political climate, will probably continue to shrink. New affordable housing development can require over \$200,000 of local investment per unit. Inclusionary housing is one of the few ways to create reasonably priced housing without significant public subsidy. Jurisdictions can adopt inclusionary housing without draining the general fund.

8) One tool in the toolbox.

Inclusionary housing should be implemented as one tool in the toolbox. Alone, it cannot solve local affordability challenges, but it does offer unique value and complements other local housing policies and strategies. Additionally, inclusionary housing policies are most effective in stronger housing markets—very soft markets should look to other tools first. It is important to acknowledge the limitations of inclusionary and not frame it as a panacea.

9) Customizable.

Inclusionary housing is one of the most highly customizable housing policies that exist. It can be tailored to work across a large region or a specific commercial corridor. It works to create units in very hot markets and in moderate and mixed markets. It can meet the needs of middle-income families or low-income singles. Yet, with the ability to tailor inclusionary also comes a challenge. Inclusionary must be carefully calibrated to work in the context of local market conditions and existing policies. Inclusionary housing policies that are sloppily designed backfire. They fail to produce units and give inclusionary a bad name.

10) Built-in neighborhood stability.

As moderate- and mixed-market cities begin to see areas with new development activity, and our population continues to grow, these burgeoning neighborhoods are likely to become more expensive over time. By implementing inclusionary housing policies early (but not too early), policymakers bake-in affordability and economic diversity for the long-run. It is important (and also a common national practice) to ensure that inclusionary housing units have long terms of required affordability, like 50 or even 99 years, to ensure that the policy can work as a bulwark against future displacement. ●

Myth-Busting Resources

[Will Inclusionary Housing Prevent Development?](#)

Grounded Soutions Network - InclusionaryHousing.org

[Separating Fact from Fiction in Research on Inclusionary Housing Programs](#)

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Learn more about the advantages and challenges of Inclusionary Housing on our new resource website - InclusionaryHousing.org