The US is facing a housing affordability crisis that is exacerbating economic and racial inequities (Matlack and Vigdor 2006). Rental prices were at an all-time high before the COVID-19 pandemic (Joint Center for Housing Studies of Harvard University 2018), and as of March 2021, an estimated 10.7 million adults living in rental housing were delinquent on their rent (CBPP 2021). These challenges disproportionately affect households with low incomes and people of color because they are more likely to rent than own their homes. And in March, households of color were more likely than white households to be behind on their rent (22 percent of Black renters, 20 percent of Latino renters, 19 percent of Asian renters, and 18 percent of American Indian, Alaska Native, Native Hawaiian, Pacific Islander, and multiracial adults, compared with 9 percent of white renters) (CBPP 2021).

As cities begin to recover from the pandemic and its economic impacts, many are turning to policies and programs such as inclusionary zoning (IZ) designed to lower rents or create affordable units. IZ requires or offers incentives to developers to set aside a share of units in new developments to be rented or sold at below-market rates. Some IZ laws also allow developers to pay a fee in lieu of developing affordable units or to build the units in a separate location from the main development. As of 2016, IZ laws existed in 886 jurisdictions in 25 states and the District of Columbia (Thaden and Wang 2017).
However, IZ regulations vary widely, and how they affect the supply of housing that is affordable to residents with low incomes depends on a policy’s features and the conditions of the housing market in which it is implemented (Been, Ellen, and House 2019; Mukhija et al. 2015; Ramakrishnan, Treskon, and Greene 2019). Some evidence suggests that IZ regulations can increase economic integration, provide economic opportunity for residents with low incomes, and increase access to high-performing schools for students whose families are living in poverty (Kontokosta 2015). However, other studies have found that IZ laws can negatively affect the private housing market by increasing the cost of market-rate homes and limiting the production of rental units, although not in all instances (Bento et al. 2009; Hamilton 2021; Means and Stringham 2012; Powell and Stringham 2004; Schuetz, Meltzer, and Been 2011). These results underscore the need to better understand how IZ works in different types of housing markets and how the components of IZ regulations affect outcomes.

To inform this policy debate, we interviewed 23 tenant advocates, researchers, local policymakers, landlords, and developers about the key regulatory components of IZ and how they affect their decisionmaking and outcomes on the ground. We also convened a project advisory group made up of stakeholders from these same groups to oversee the work. Finally, we scanned media reports for IZ policies and reforms in places across the country to better understand the myriad ways that local governments design and implement IZ. We find widespread skepticism about the benefits of IZ across most stakeholder groups:

- Many interviewees—including researchers, developers, and tenant organizers—question whether IZ can spur substantial affordable housing development. Researchers and developers we interviewed largely view IZ as a beneficial but imperfect tool in the policy toolbox. In contrast, the community organizers we interviewed generally believe IZ comes with more costs than benefits because they feel that developers make out well in the deals and do not provide enough truly affordable housing in exchange for the benefits they receive.

- Requirements—such as the levels of affordability that units must have, the share of units that must be set aside as affordable, and the in-lieu fee amount—should be set at a level that leads to the production of affordable units but does not distort the market so much that overall development declines. IZ rarely creates units affordable to the residents with the lowest incomes because many developers believe projects would not be profitable at that level of affordability.

- A point of general agreement among developers, tenant advocates, and policymakers is that complicated IZ policies can limit the amount of affordable housing that is produced. For one, they allow some developers to find loopholes and include fewer affordable units in their projects than the IZ policy envisions. Secondly, land prices fail to adjust to the IZ policy when there is no baseline standard that all developers are accountable for. Furthermore, complicated policies make entering the market more difficult for smaller developers.

- IZ’s productivity largely comes down to the economics of housing development—that is, the market conditions and the cost structure of the building. For example, density bonuses can be effective in spurring developers to produce affordable units in expensive, high-rent areas.
where the benefits from the added density outweigh the costs of building with expensive construction materials, like concrete or steel. These incentives may not work, however, in areas with lower rents, where the added density does not outweigh the costs of developing units that will bring in below-market rents.

Important Components of IZ Regulations

At its core, IZ is a tool meant to increase the stock of affordable housing by ensuring that some units in private developments are set aside to be rented or sold at below-market rates (sometimes on the same site and sometimes on a separate site) or that developers pay into a fund that can be used to develop or support those units directly. The assumption behind IZ policies is that the private market would otherwise not have created the affordable units (Ramakrishnan, Treskon, and Greene 2019). When a policy requires that the affordable units be on the same site as the market-rate units, IZ can also increase social mixing and reduce residential segregation.

IZ moves the responsibility of affordable housing development from the public sector to the private sector. To achieve this, jurisdictions undertake multiple approaches, each of which affects the types of units that are built, the places they are built, and the units’ level of affordability. Specific policy components may also affect the supply of rental units overall by increasing the costs of development.

Table 1 highlights some key components of IZ policies that we distilled from our stakeholder interviews, literature and media scans, and project advisory group.

<table>
<thead>
<tr>
<th>Component of regulation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory versus voluntary</td>
<td>Some jurisdictions require affordable housing development (or payment to a housing trust fund), while others encourage it through incentives like allowing additional building density or height, reducing the number of required parking spaces, waiving fees, or simplifying the public approval process (such as no public hearing on projects of a certain size).</td>
</tr>
<tr>
<td>Affordability percentage requirements</td>
<td>These dictate the ratio of market-rate to affordable units that housing developers must have to obtain a residential permit. Square footage may also be considered. Some cities require affordable units to be a minimum size (e.g., two bedrooms) to increase the amount of housing for families.</td>
</tr>
<tr>
<td>Degree of affordability</td>
<td>This is usually set using area median income. The degree to which a unit is considered affordable may differ, generally varying from 60 to 120 percent of area median income.</td>
</tr>
<tr>
<td>In-lieu fee</td>
<td>Developers pay this fee instead of providing affordable units. The jurisdiction may then use the fees to fund affordable housing separately. The fee’s size can be determined by an affordability gap (the difference in price/rent between market-rate and affordable units); production cost (the average cost of producing an affordable unit); or indexed fees based on a project’s characteristics.</td>
</tr>
</tbody>
</table>
**Component of regulation** | **Definition**
---|---
Off-site affordable unit development | Some jurisdictions mandate that developers of market-rate housing also build affordable units (at some pre-determined ratio) but do not require that both types of units be in the same development. Therefore, some developers build their required affordable units in a separate location from their market-rate units.
Exemptions to residential building permit caps for affordable housing units | Jurisdictions may restrict the number of residential building permits they issue annually, but some make an exception for affordable housing development.
Requirements on building quality and design | Some policies require affordable units to be of the same quality as market-rate units and dispersed across a site, while others require affordable units to be of a lower quality than market-rate units or be on a dedicated floor or area of a development.
Term length | Jurisdictions may vary how long a unit is subject to an IZ regulation.
Type of development | Jurisdictions may require that policies apply only to certain types of development (e.g., residential versus commercial and new construction versus renovation).
Type of housing | Jurisdictions may institute IZ requirements on rental housing, owner-occupied housing, or both.
Variation based on location | IZ laws may apply evenly across a jurisdiction or only to specific neighborhoods, or they may vary in intensity by neighborhood.

**Source:** Authors’ compilation of inclusionary zoning regulations.

Stakeholders stated that some components of IZ regulations affect their behavior and perceptions of IZ more than others. The following are the most important components of IZ regulations, according to our interviewees:

- whether IZ is mandatory or voluntary
- affordability requirements (percentage requirements and the degree of affordability)
- in-lieu fees and other contribution options

**Mandatory versus Voluntary Inclusionary Zoning**

The people we interviewed identified whether IZ is mandatory or voluntary as one of the most important components of a policy. Developers, in particular, shared that it can have important implications for the success of their projects. For developments to be approved, jurisdictions with mandatory programs require all developers of certain types of units to include some units at particular affordability levels or require the developer to pay an in-lieu fee. Voluntary programs instead offer incentives for developers to build affordable units. The most common incentive type is a density bonus, which allows developers to increase the number of units or the size of the units in their building by increasing the maximum allowed building height, the number of allowed dwelling units per acre, or the floor area ratio. Some cities have both mandatory and voluntary IZ; New York City’s dual approach is described in box 1.
Box 1

Mandatory and Voluntary Inclusionary Zoning in New York City

Whether a jurisdiction’s IZ program is mandatory or voluntary is often the result of politics or local housing needs. But some cities, like New York, have both types.

New York’s Mandatory Inclusionary Housing program (what the city calls its mandatory IZ program) applies to new buildings with more than 10 apartments in specific zones. The city council votes on which of the following affordability requirement options apply to each zone:

- On average, 25 percent of the units must be affordable to households that earn 60 percent of the area median income (AMI). Of these below-market-rate units, 10 percent must be affordable units at 40 percent of AMI.
- On average, 30 percent of the units must be affordable at 80 percent of AMI.
- On average, 30 percent of the units must be affordable at 115 percent of AMI. Of these below-market-rate units, 5 percent must be at 70 percent of AMI, and another 5 percent at 90 percent of AMI.
- On average, 20 percent of the units must be affordable at 40 percent of AMI.
- If the development is a new building with 11 to 25 apartments, a developer can pay into an affordable housing fund in lieu of building affordable units.

The Voluntary Inclusionary Housing program is less aggressive in its affordability requirements and provides more alternatives for developers to meet affordability targets. Through the voluntary program, the city provides a density bonus that increases floor area ratios for new construction, substantial rehabilitation, or preservation projects with affordable housing.

- Generally, a developer must make 30 percent of a project’s units affordable at 80 percent of AMI. The units must be permanently affordable and rent-stabilized (limits on rent increases are set by the State Division of Housing and Community Renewal).
- In some zones, the program can serve households with incomes of between 125 and 175 percent of AMI.

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Research on IZ in California indicates that mandatory programs produce more affordable units than voluntary programs do (Mukhija et al. 2010; Zhu et al. 2021). But developers stress that the policy components that lead to the greatest increases in the affordable housing stock greatly depend on the cost of construction and rental prices in a jurisdiction. Density bonuses, for example, are viewed by some developers as valuable in expensive areas such as New York City, where developers are encouraged to build as high and as dense as possible. In these cases, the benefits from the increase in density can outweigh the cost of expensive construction material, such as concrete or steel, and the requirement to provide a share of affordable units. On the other hand, a density bonus can be a less effective incentive in lower-cost areas where there is little incentive to build as tall as possible and with...
more expensive materials. A developer we interviewed said that in cities like New Haven, Connecticut, and Newark, New Jersey, land available for development tends to be larger, and it is more economical to build at lower heights with cheaper construction materials.

Really, inclusionary housing, both voluntary and mandatory…it’s driven by what makes economic sense for the developer.
—Local policymaker

The design of an IZ regulation must take into account the local factors such as building costs and rents. As one housing researcher told us, “We’re seeing [new IZ development] in places where it makes sense for developers to develop.” Therefore, stringent mandatory programs have the potential to limit the number of affordable units produced and the number of overall units produced, which can then affect overall costs by restricting supply. And sometimes the mandatory requirements lead to fewer affordable units than would have been produced under a voluntary program. One developer explained that the increased costs from a new mandatory program led the company to dedicate fewer affordable units of a planned project than it would have under a previous voluntary program.

Affordability Percentage Requirements and Degree of Affordability

Among the IZ policy components most commonly discussed by our interviewees is the share of total units a developer must make affordable. These requirements are paired with provisions on the degree of affordability, typically calculated in relation to the area median income (AMI). Many cities also allow for off-site development of the affordable units, sometimes with higher percentage requirements to incentivize more affordable units on sites that are more likely to be in high-opportunity neighborhoods. The required share of affordable units and the required degree of affordability differ by city and by type of program and generally apply toward new developments after the passage of an IZ ordinance.

Consider the IZ rules in Washington, DC. Developers of new residential projects or rehabilitation projects of 10 or more units must make 8 to 10 percent of units affordable to families earning 50 to 80 percent of the median family income (MFI). Furthermore, the housing costs of people who live in IZ units may not be more than 50 percent of their annual income. For a household of three people in 2020, this amounted to a maximum annual income of $56,700 (50 percent of MFI) to $90,700 (80 percent of MFI).

With affordability percentage and degree of affordability requirements, IZ could address the dual goal of producing affordable housing and reducing income segregation (when the affordable units are required to be built on site). However, all stakeholder groups we interviewed were generally skeptical about whether IZ can produce the level of affordability needed to reach the people with the lowest
incomes. Tenant advocates’ main concerns were that the share of units required to be affordable is generally low and that the affordability requirements rarely reach those whose income levels are closer to 30 percent of AMI. They also felt that the incentives given to developers to create these units far outweighed the benefits of the units for households with low incomes.

[The IZ development] didn’t even fit into anybody’s—Black people, especially—notions of affordable housing. That’s why we were like, we can’t even campaign for or against this. This is just a waste of people’s time.
—Tenant advocate

Some developers and researchers agree that if IZ aims for the lowest levels of affordability, it may render developments economically unviable. Research on the effectiveness of IZ in targeting households with low incomes is mixed. Some studies have found that IZ targets households with incomes of around 50 percent and 80 percent of AMI (Thaden and Wang 2017) but does a poor job of targeting households with very low incomes (i.e., those whose incomes are less than 50 percent of AMI) (Schwartz et al. 2012).

Some respondents said IZ is more about increasing the supply of affordable units broadly and less about developing units for the people with the lowest incomes. However, several developers stressed that reaching higher percentages of affordable units and lower levels of affordability can give them access to federal tax credits like the Low-Income Housing Tax Credit. As one developer said, “The marginal loss of revenue by going to that deeper affordability level is worth it because of the subsidy we raise.”

Additionally, having some lower-cost units in market-rate developments can serve as a platform for other subsidies to reach deeper income targeting. If the rents in the affordable units of an IZ project are at or below the fair market rent, tenants can use Housing Choice Vouchers or some other form of tenant-based assistance to access them. Without IZ, new development can result in rents that are above fair market rent, locking out households with vouchers. That being said, this platform model is unlikely to be successful (either broadly or as part of a voluntary IZ agreement) without some form of source-of-income protection because landlords may select tenants who do not need vouchers over those who do.

We also heard from interviewees that the selection of higher-income tenants is a challenge with IZ more broadly. They stated that developers rarely actively market available IZ units to households with low incomes and instead target upwardly mobile households that might turn over more quickly or upgrade to market-rate units as their incomes grow (e.g., 22- to 28-year-olds just out of college or graduate school instead of, say, a nursing aide or delivery truck driver with the same income but without
the same future earning potential). While this may not be a fatal flaw of IZ, because it can relieve some pressure on the unrestricted market, interviewees said they think it warrants consideration in policy design. That could mean requiring affirmative marketing of affordable IZ units to households with lower incomes or having developers pull candidates for affordable IZ units from the central waiting list for Low-Income Housing Tax Credit units, public housing, and other affordable subsidies that many jurisdictions already maintain.

In-Lieu Fees or Other Contribution Options

Many jurisdictions allow developers to choose whether to abide by the affordability requirement or to pay into an affordable housing trust fund. Depending on local priorities, jurisdictions differ in how they use their housing trust fund dollars, some opting for developing housing for specific populations at affordable rates or assisting vulnerable renters with monthly rent payments (Shroyer 2020). Jurisdictions institute these “in-lieu fees” so the affordability requirement does not prevent housing from being developed altogether. In some cases, jurisdictions allow developers to provide land to the local government in lieu of including affordable housing in their projects.

The methods for calculating the size of an in-lieu fee differ by jurisdiction. For example, the fee in San Jose, California, is calculated based on the difference between the sales price of the market-rate unit and the sales price of an average-size affordable unit, as well as its square footage (box 2). In New York City, the fee is calculated as the residential floor area times a contribution rate that varies by community district (city-designated districts within a borough so residents have community-level representation).

BOX 2
Inclusionary Zoning in San Jose, California

San Jose’s inclusionary zoning ordinance, adopted in 2010, gives developers many options for meeting the city’s requirements. After a reform in 2021, the options are even more plentiful.

The following are the requirements for on-site inclusionary units.

- **For-sale residential development:** 15 percent of the units must be affordable at 110 percent of area median income (AMI) and sold to households making at most 120 percent of AMI.
- **Rental residential development:** (1) 5 percent of units must be affordable for households with moderate incomes (100 percent of AMI), 5 percent for households with low incomes (80 percent of AMI), and 5 percent for households with very low incomes (50 percent of AMI) or (2) 10 percent of units must be affordable for households with extremely low incomes (30 percent of AMI).
- **Density bonus:** Developers can request density bonuses to meet affordability targets.
- **Geographic requirements:** Inclusionary units must be dispersed equally throughout the residential development and not concentrated in one place. Similarly, inclusionary units must have the same amenities as market-rate units.
The following are the requirements for off-site inclusionary units.

- **For-sale residential development**: 20 percent of the units must be affordable at 110 percent of AMI.
- **Rental residential development**: 5 percent of units must be affordable for households with low incomes (80 percent of AMI), 5 percent for households with lower incomes (60 percent of AMI), and 10 percent for households with very low incomes (50 percent of AMI).

The policy allows for the following contribution options.

- **In-lieu fee**: Developers can pay an in-lieu fee that is based on the difference between the sales price of the market-rate unit and the sales price of an average-size affordable unit, as well as its square footage. Some smaller residential developments can pay a reduced fee.
- **Dedication of land**: Under certain conditions, developers may transfer land to the city in lieu of building affordable units. The city can then work with an affordable housing developer to use the land or sell, transfer, or lease the land. Revenue from the transaction is dedicated to the inclusionary fee fund.

The policy also allows a developer that is including on-site inclusionary units in its project to set aside at least 5 percent of units at any allowable income category and to then satisfy the rest of the affordability requirement by paying an associated in-lieu fee. If developers provide more inclusionary units than required, the surplus units can count toward future developments (within five years) or be used as credits that they can sell or transfer to satisfy other developers’ affordability requirements.

The IZ ordinance applies to all residential development with at least 10 units.

**Source**: San Jose, California, Ordinance 30538, “An Ordinance of the City of San Jose Amending Chapter 5.08 of Title 5 of the San Jose Municipal Code to Update and Add Definitions, Compliance Options, and Affordable Housing Requirements for the Citywide Inclusionary Housing Program” (February 23, 2021).

Respondents note that a balance must be struck when setting the fee, between setting it so low that all developers will opt to pay it instead of building affordable units and setting it so high that developers opt to forgo development altogether (assuming that the IZ affordability requirement alternatives are also cost-prohibitive).

How frequently developers provide contributions to the jurisdiction in lieu of developing affordable units varies by city. In San Jose, before the city’s most recent reforms, most developers chose to pay the in-lieu fee, prompting the city to make affordability requirements for development more flexible. Similarly, in Palm Beach County, Florida, county officials wanted developers to build the affordable units, rather than pay the in-lieu fee. Therefore, the county proposed an “exchange” option that allowed developers to subsidize off-site affordable housing projects of workforce housing developers by paying a discounted in-lieu fee. Meanwhile, developers in New York City participating in the mandatory IZ program have not paid anything into the affordable housing fund, opting to build affordable units, likely because of the city’s high in-lieu fees.

Developers also said contribution options may be preferable to off-site affordable housing development because the latter option splits developments into two. Furthermore, policymakers are concerned that off-site units may be built in lower-opportunity areas. To try to avoid this, San Jose, for
example, requires that off-site units be within the same city-designated area as the market-rate units that are being constructed. Similarly, off-site units are subject to more stringent affordability requirements.

Some jurisdictions also view IZ as an opportunity for value capture, which allows communities to recover and reinvest land value increases that result from public investment and other government actions. Interviewees stressed, however, that jurisdictions must ensure they have the capacity to efficiently allocate or produce affordable housing from that value capture. If they do, local governments may benefit from leading the development of affordable housing via their trust funds, because they can have a greater say in the regulation of the units (such as expanding the length of time that units will be affordable). On the other hand, government- or nonprofit-led development may be more likely to occur on less expensive sites that are further from opportunity, similar to the effect of allowing off-site development of affordable units.

Policies with Similar Goals

Jurisdictions have implemented IZ policies in various ways, some of which may not traditionally be thought of as IZ but also seek to expand the supply of affordable housing through the private market. For instance, many jurisdictions include their IZ policy within a broader policy or community development plan. Berkeley, California, for example, requires developers granted greater height allowances to provide "community benefits" as a consequence of the resulting increase in property values or pay a fee.8 A substantial part of the package has to be dedicated on-site affordable housing or a contribution to the city’s housing trust fund.9 Another example is the limit on the number of new homes that can be built annually in Tracy, California. In 2000, voters passed Measure A, which caps the annual number of new homes at 750; a maximum of 150 of these can be affordable housing.10

Another tool that cities and counties have used to produce affordable housing are linkage, or impact, fees, which are similar to in-lieu fees. These fees “link” development, commercial or residential, to a community’s affordable housing needs: some jurisdictions may direct these fees to a fund for affordable housing development. In one case, Redwood City, California, adopted a linkage fee that now applies to nonresidential and residential projects of between 5 and 19 units.11 Developers that commit to building affordable housing or to providing land to the city can be exempted from these fees.12 Housing experts we interviewed disagreed on whether linkage fees are a type of IZ.

Other incentives that jurisdictions use to ensure developers set aside some affordable units include property tax exemptions and preferred access to city-owned land. Seattle, for example, exempts developers from paying property taxes for up to 12 successive years if they provide 20 or 25 percent of their units at an affordable rate.13 Oakland, California, meanwhile gives preferential treatment when leasing city-owned land to developers that will sell at least half their homes at affordable rates.14

Another interesting example can be found in Placer County, California, which pays homeowners to deed-restrict their properties for local workers, meaning that property owners agree to sell or rent only to members of the local workforce. The deed restriction lasts 55 years and can be renewed. Placer
County also allows developers to use deed restrictions as a tool for meeting their affordability requirements.\(^{15}\)

**Lessons Learned**

Based on our conversations with stakeholders affected by IZ, we learned the following lessons.

**Inclusionary Zoning Is Dependent on Broader Systems**

Interviewees, mainly researchers and developers, stressed that IZ is not a panacea to the nation’s housing woes; it is one tool in a toolbox of policies that influence housing outcomes. A challenge that developers highlighted is that the US is currently underproducing housing and IZ can become counterproductive when policies are so restrictive that they prevent development from happening. One researcher specifically encouraged us to not view IZ on its own because it works in the context of larger housing policies such as zoning and land use and its effectiveness is limited by those policies.

**Affordable Housing Policies Must Be Consistent for All Participating Actors**

Unclear, inconsistent IZ policies create uncertainty in the development process and can prevent affordable housing projects from coming to fruition by both impeding smaller developers from entering the market and by preventing landowners from understanding the value of their land after an IZ regulation is implemented. This latter problem can lead landowners to delay sale of their land because they believe it is more valuable than it actually is under the new rules.

Because of these factors, developers highly encourage being consistent across a jurisdiction and having a baseline IZ policy to work from that cannot be changed through negotiation. For example, a mix of developers and policymakers noted that lowering the share of units required to be affordable but applying the rules to all developers would equalize the playing field and make the provision of affordable units a more common practice. Consistency is likely to affect market dynamics in a jurisdiction because the policy will be perceived as legitimate and not subject to exceptions. Indeed, a primary concern that organizers have about IZ is the perception that developers find work-arounds, receive incentives to provide very few units, and accelerate gentrification.

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*I would say the problem is that nobody believes that everybody’s going to be held to the same rules and regulations...The lack of clarity about what is required of any builder is part of the reason why people don’t see eye to eye on land values and then development deals stall.*

—Housing developer
Other, non-IZ tools that spurred affordable housing development were praised by developers for their simplicity and equal application. One example is New York City’s Payment in Lieu of Taxes (PILOT) agreement, a property tax exemption for developers that meet a certain affordability percentage target. Developers said the program’s simplicity encouraged developers to participate. A developer said: “At least we level-set the playing field. Everybody understands what the rules are. You deliver 20 percent affordable housing. You can choose to do [Low-Income Housing Tax Credit]. You can choose not to do [Low-Income Housing Tax Credit]. If you deliver 20 percent affordable housing, this is your tax abatement. If you don’t, then this is your tax abatement.”

IZ May Be a Tool Best Suited to Providing Units Affordable to Moderate-Income Households

Interviewees stressed that a balance is needed between making the regulations more stringent, to produce a significant number of affordable units, and making them too stringent, which could reduce development altogether. Across the board, developers and researchers questioned whether developing units for residents with the lowest incomes was viable through IZ. Although many jurisdictions offer in-lieu fees as an alternative, capturing some value for a housing fund, many policymakers prefer that the private market develop affordable units because it is less time-intensive than the city doing so and the units tend to be in high-opportunity areas, places that otherwise would have been inaccessible to residents of IZ units. One developer believes IZ would work best as a moderate-income housing program for households with incomes around 80 to 120 percent of AMI. The developer explained: “In [Washington, DC], less than 15 percent of the officers who work in the district as police live in the district. A program that included inclusionary zoning but also was paired with a program that was doing outreach to teachers, first responders, EMS, fire, and police could be a tremendous benefit for a community.”

A few developers we interviewed question whether IZ is the best tool to spur development, particularly affordable housing development, given that it is, in their minds, the most expensive tool to fully develop. They considered deed restrictions a potentially more effective and less expensive option. As one developer explained, “It is more expensive to build affordable housing than to preserve it.” Policymakers should ensure that their IZ policies are the best use of their scarce resources.

Upcoming Research

Based on these findings, we will next use machine-learning methods to collect data on inclusionary zoning reforms from newspaper articles from across the country. We will then use panel data econometric techniques to estimate the impact of IZ reforms on housing supply, housing affordability, and access to high-opportunity neighborhoods for people of color and residents with low incomes.
Notes


4. Washington, DC, uses the median family income instead of the area median income when calculating income levels. These two measures are sometimes used interchangeably, but median family income calculations specifically account for family size.


9. One interviewee mentioned that IZ can also provide an opportunity to hire local labor and work with unions. Berkeley’s community benefits program also required a project labor agreement that included union labor.


13. The share of affordable units depends on the type of development. The degree of affordability depends on the type of units, but all are below the AMI. See Seattle Municipal Code, Chapter 5.73: 2004 Multifamily Housing Property Tax Exemption Program, https://library.municode.com/wa/seattle/codes/municipal_code?nodeID=TIT5REFITA_SUBTITLE_IITA_CH5.732004MUHOPRTAEXPR.


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