Building Inclusive Communities: Why Cities are Adopting Inclusionary Housing

Sasha Hauswald | May 19, 2016
Who is Grounded Solutions Network?
Housing Policy Technical Assistance

Helping cities adopt good policies and implement those policies successfully.
Building the Toolbox of Strategies

Local solutions should take into account local needs, goals, market conditions and existing policies.
Building Inclusive Communities
Inclusive Community Defined

- Affordable housing for residents of all income levels.
- Stable housing for old residents and new ones.

Credit: PlaceWorks
Sharing Benefits of Development
How important is economic integration?
Differences in poverty rate in the neighborhood where kids grow up make more of a difference to their economic future than differences in parents income.

Pew Charitable Trust, Economic Mobility Project (Sharkey 2009)
Policy Tools
Affordable Housing Tools

- Why Build and Rehabilitate Affordable Housing?

- Our workforce and long-time residents should be able to stay. We want to protect what makes this city unique.

[Affordable Housing Tools slide with image of house and text explaining the importance of building and rehabilitating affordable housing.]
Federal Resources are Waning

Instead of waiting for new programs from HUD, local communities are crafting their own strategies.
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Federal Funding Levels for HUD Programs

HousingNOLA Report, 2015
Caught in the Middle

Those who earn *too much* to qualify for vouchers or other federal housing assistance, but too *little* to afford a decent, market-rate apartment.
Market-Based Strategy

- In many places, neighborhoods that were struggling with disinvestment are now fighting displacement.
Can We Build Our Way Out?

- Construction costs are high
- New housing being priced at top of the market
- New construction is catalyzing the market in adjacent neighborhoods
Inclusionary Housing

A policy or zoning ordinance that requires – or incentivizes – inclusion of lower-priced homes in otherwise market-rate development.

A mixed-income development in Austin, TX
Credit: City of Cambridge
Interspersing Affordable and Market-Rate Housing

An inclusionary housing development in Redmond, WA. The duplex is affordable on the left, and market-rate on the right.

Credit: City of Richmond
National Scale

Growing Interest

- In 2015-2016: More than 20 cities and counties exploring
- Mid-sized cities and college towns driving the trend
Examples

Redmond, WA
Credit: City of Redmond

San Mateo, CA
Credit: Sandy Council

Santa Fe, New Mexico

Woodridge, NJ
Credit: AvalonBay Communities, Inc.
Reasons for Popularity

- Harnesses market strength to help struggling households earning 51-100% of median income
- Preserves scarce resources, does not require public subsidy
- Helps locate workforce housing near jobs
- Provides bulwark against long-time resident displacement
- Builds mixed-income communities throughout a locality
Inclusionary housing properties **4-to-6 times** more likely to be located in low-poverty school districts than LIHTC properties or Housing Choice Voucher holders.

Sources: RAND Institute (2012); Furman Center for Real Estate and Poverty (2012)
## School Quality

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Median Quality of Nearest School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Housing</td>
<td>19th Percentile</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>30th Percentile</td>
</tr>
<tr>
<td>Housing Choice Voucher Holders</td>
<td>26th Percentile</td>
</tr>
<tr>
<td>Inclusionary Housing</td>
<td>40th to 60th Percentile</td>
</tr>
</tbody>
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Will IH Slow the Market?

Most studies find little-to-no effect on production or the cost of market-rate housing*

Likely Reasons:

- Land prices adjust down over time
- Zoning bonuses and other offsets reduce development costs
- Flexible policies further improve feasibility

*Center for Housing Policy, 2016
Making it Workable for Developers

- Density, height and other zoning bonuses;
- Fees or tax reductions; and/or
- Speedy development approval process
The Density Bonus in Action

1 or 2 more stories

10% affordable
Chapel Hill, NC

- **Policy type:** Mandatory
- **Year adopted:** 2000
- **Affordable Production (2014):** 190 units
- **Affordable housing set-aside:** 10%-15%
- **Income targets:** <80% of area median income
- **Affordability duration:** 99 years
Next Steps
Inclusionary Housing Study

Project Details

- Engage Development Community
- Teach Local Policy Makers about What Works Nationally
- Facilitate HousingNOLA Inclusionary Housing Tiger Team
The Benefits of Early Action

“Doing nothing is very expensive in the long run.”

Sandy Isham, Community Relations and Development Officer, Reno Family Shelter
Follow-Up Resources

Inclusionary Housing (Policy Focus Report): Creating and Maintaining Inclusive Communities (Rick Jacobus, 2015)

Separating Fact From Fiction to Design Effective Inclusionary Housing Programs (Lisa Sturtevant, 2016)

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- HousingNOLA
  housingnola.org

- Greater New Orleans Housing Alliance
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