

# Urban Inclusionary Zoning

## Reinventing Older Communities



3/27/08

Urban IZ

# History

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- Response to exclusionary zoning
- Suburban programs/approaches (1960s - 80s)
  - Mount Laurel, NJ
  - Montgomery County, MD
- Expansion to urban markets (1990s - 2000s)
  - Boston, Denver, San Diego, San Francisco
  - NYC, DC, Baltimore

# Two types of programs

- Statewide / “fair share” (~ 75,000 units)
  - Municipalities assigned responsibility for affordable units
    - “Builder’s remedy”
  - California, Massachusetts, New Jersey
- Municipal / zoning-based (~ 25,000 units)
  - Incentives/requirements
    - Usu. density bonus



# Program elements/choices

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- ❑ Mandatory vs. voluntary
- ❑ Affected projects
  - # of units, new construction/renovation, geography
- ❑ On-site, off-site, and/or in-lieu fees
  - New construction and/or preservation
- ❑ Level, depth, duration, and tenure of affordable units
- ❑ Incentives
  - Density bonus
  - Subsidies, tax benefits, fee wavers

# Urban IZ Programs

City	Type	Set Aside	Income Target	Options?	Compensation
<b>Boston</b>	Mandatory	13%	<80 – 120%	<ul style="list-style-type: none"> <li>• Off-site</li> <li>• In lieu</li> </ul>	<ul style="list-style-type: none"> <li>• Increased FAR (CBD)</li> <li>• Tax break</li> </ul>
<b>Denver</b>	Mandatory over 30 for-sale units	10%	<65 – 95%	<ul style="list-style-type: none"> <li>• Off-site</li> <li>• In lieu</li> </ul>	<ul style="list-style-type: none"> <li>• 10% density bonus</li> <li>• \$5,000/du cash</li> <li>• Reduced parking</li> <li>• Expedited review</li> </ul>
<b>San Francisco</b>	Mandatory	15% (on) 20% (off)	<60% (rental) <100% (own)	<ul style="list-style-type: none"> <li>• Off-site</li> <li>• In lieu</li> </ul>	<ul style="list-style-type: none"> <li>• Fee waivers</li> </ul>
<b>Wash DC</b>	Mandatory mapped zones	8 – 10%	<50 – 80%	<ul style="list-style-type: none"> <li>• Off-site</li> </ul>	<ul style="list-style-type: none"> <li>• Increased FAR</li> <li>• Zoning flexibility</li> </ul>
<b>NYC</b>	Voluntary mapped zones	20 – 25%	<80 – 120%	<ul style="list-style-type: none"> <li>• Off-site</li> </ul>	<ul style="list-style-type: none"> <li>• 33% density increase</li> <li>• Tax break</li> </ul>

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# San Francisco

- ❑ On-site: 15% of units
- ❑ Off-site: 20% of units (1 mile radius)
- ❑ Income limits: <60% AMI (rental), 100% AMI (homeownership)
- ❑ In-lieu fees:

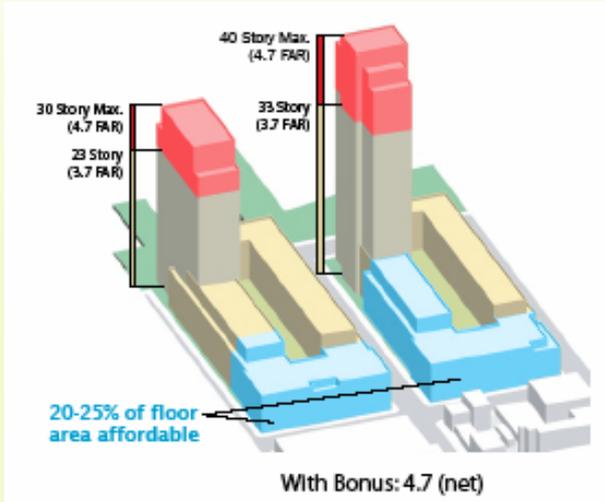
Unit size	Cost	Sales Price	In-Lieu Fee
Studio	\$359,850	\$172,542	\$187,308
1 bedroom	\$455,600	\$199,393	\$256,207
2 bedroom	\$569,500	\$226,244	\$343,256
3 bedroom	\$637,531	\$252,969	\$384,562



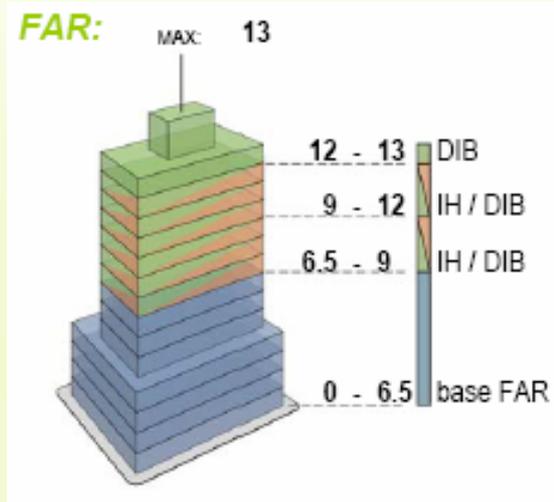
# New York City

- ❑ Applied as part of area rezonings (i.e. not a citywide program)
- ❑ Voluntary program: Developers can choose the bonus or not.
- ❑ Standard inclusionary bonus: 33% FAR bonus (generally, no height bonus)
- ❑ Affordability requirements:
  - 20% of total units for households between 0 and 80% AMI (most chose at/below 60%)
  - or -**
  - 10% of total units for households between 0 and 80% AMI and  
15% of total units for households at or below 120% AMI
- ❑ Units must be permanently affordable (currently interpreted as rental)
- ❑ Options for: onsite, offsite new construction, offsite preservation (within ½ mile radius or same community district).
- ❑ May be combined with property tax break and other subsidies

# NYC Examples



Greenpoint-Williamsburg,  
Brooklyn



Hudson Yards, Manhattan



Woodside, Queens

# Policy debates

## ☐ Legal issues

- Is it permissible as zoning? (yes)
- Are mandatory programs a taking? (not necessarily/nexus study)

## ☐ Financial/development impacts

- Minimal impact? (especially if offset with incentives)
- Less development?
- Higher prices? (for market rate units)
- Lower land costs?

## ☐ Implementation and oversight

## ☐ Smart growth/politics of development

- Support for additional density as part of smart growth plan, or
- Double-NIMBYism?

## ☐ Effectiveness

- How much is it producing?
- Does it work in “weak market” places?

# Questions for the field

- ❑ Inclusionary Zoning is a leverage strategy that takes advantage of future growth. What are the complementary strategies that enhance its effective impact, particularly in cities with cooler development markets?
- ❑ What impact has the burgeoning foreclosure crisis had on the effective yield of IZ and its usefulness as a tactic in the near term?
- ❑ How do we justify inclusionary zoning in communities that are just turning the corner (or have yet to) in their economic development cycle?
- ❑ What challenges lie in the administration of IZ, and how can public agencies best prepare?
- ❑ What is the future direction of the field for inclusionary zoning, and what promise does that hold for urban communities that are in the early stages of revitalization?