Urban Inclusionary Zoning
Reinventing Older Communities
History

- 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

- 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

<table>
<thead>
<tr>
<th>City</th>
<th>Type</th>
<th>Set Aside</th>
<th>Income Target</th>
<th>Options?</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>Mandatory</td>
<td>13%</td>
<td>&lt;80 – 120%</td>
<td>• Off-site</td>
<td>• Increased FAR (CBD)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• In lieu</td>
<td>• Tax break</td>
</tr>
<tr>
<td>Denver</td>
<td>Mandatory over 30 for-sale units</td>
<td>10%</td>
<td>&lt;65 – 95%</td>
<td>• Off-site</td>
<td>• 10% density bonus</td>
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<td></td>
<td></td>
<td>• In lieu</td>
<td>• $5,000/du cash</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Reduced parking</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Expedited review</td>
</tr>
<tr>
<td>San Francisco</td>
<td>Mandatory</td>
<td>15% (on)</td>
<td>&lt;60% (rental)</td>
<td>• Off-site</td>
<td>• Fee waivers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20% (off)</td>
<td>&lt;100% (own)</td>
<td>• In lieu</td>
<td></td>
</tr>
<tr>
<td>Wash DC</td>
<td>Mandatory mapped zones</td>
<td>8 – 10%</td>
<td>&lt;50 – 80%</td>
<td>• Off-site</td>
<td>• Increased FAR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Zoning flexibility</td>
</tr>
<tr>
<td>NYC</td>
<td>Voluntary mapped zones</td>
<td>20 – 25%</td>
<td>&lt;80 – 120%</td>
<td>• Off-site</td>
<td>• 33% density increase</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>• Tax break</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Unit size</th>
<th>Cost</th>
<th>Sales Price</th>
<th>In-Lieu Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$359,850</td>
<td>$172,542</td>
<td>$187,308</td>
</tr>
<tr>
<td>1 bedroom</td>
<td>$455,600</td>
<td>$199,393</td>
<td>$256,207</td>
</tr>
<tr>
<td>2 bedroom</td>
<td>$569,500</td>
<td>$226,244</td>
<td>$343,256</td>
</tr>
<tr>
<td>3 bedroom</td>
<td>$637,531</td>
<td>$252,969</td>
<td>$384,562</td>
</tr>
</tbody>
</table>
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?