



**GROUND
ED
SOLUTIONS
NETWORK**

strong communities
from the ground up

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.



Sharing Benefits of Development



Mixed Income Neighborhoods



- ▶ 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.*

Federal Resources are Waning

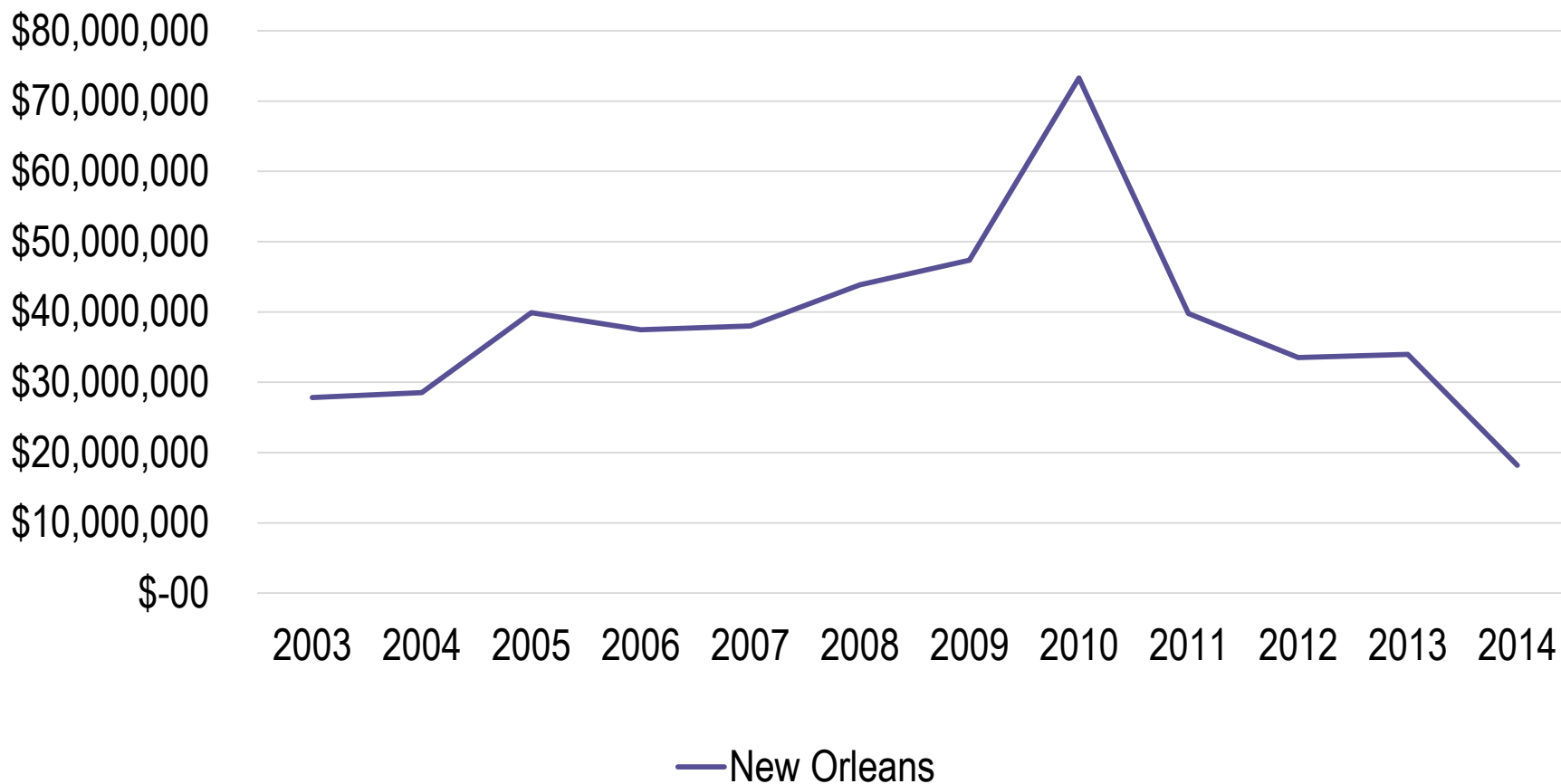


Instead of waiting for new programs from HUD, local communities are **crafting their own strategies.**

Federal Resources are Waning



Federal Funding Levels for HUD Programs



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:

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

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
Credit: John Baker Photography



Woodridge, NJ
Credit: AvalonBay Communities, Inc.

Reasons for Popularity



- ▶ Harnesses market strength to help struggling hhs 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

Affordable Housing in Opportunity Neighborhoods



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

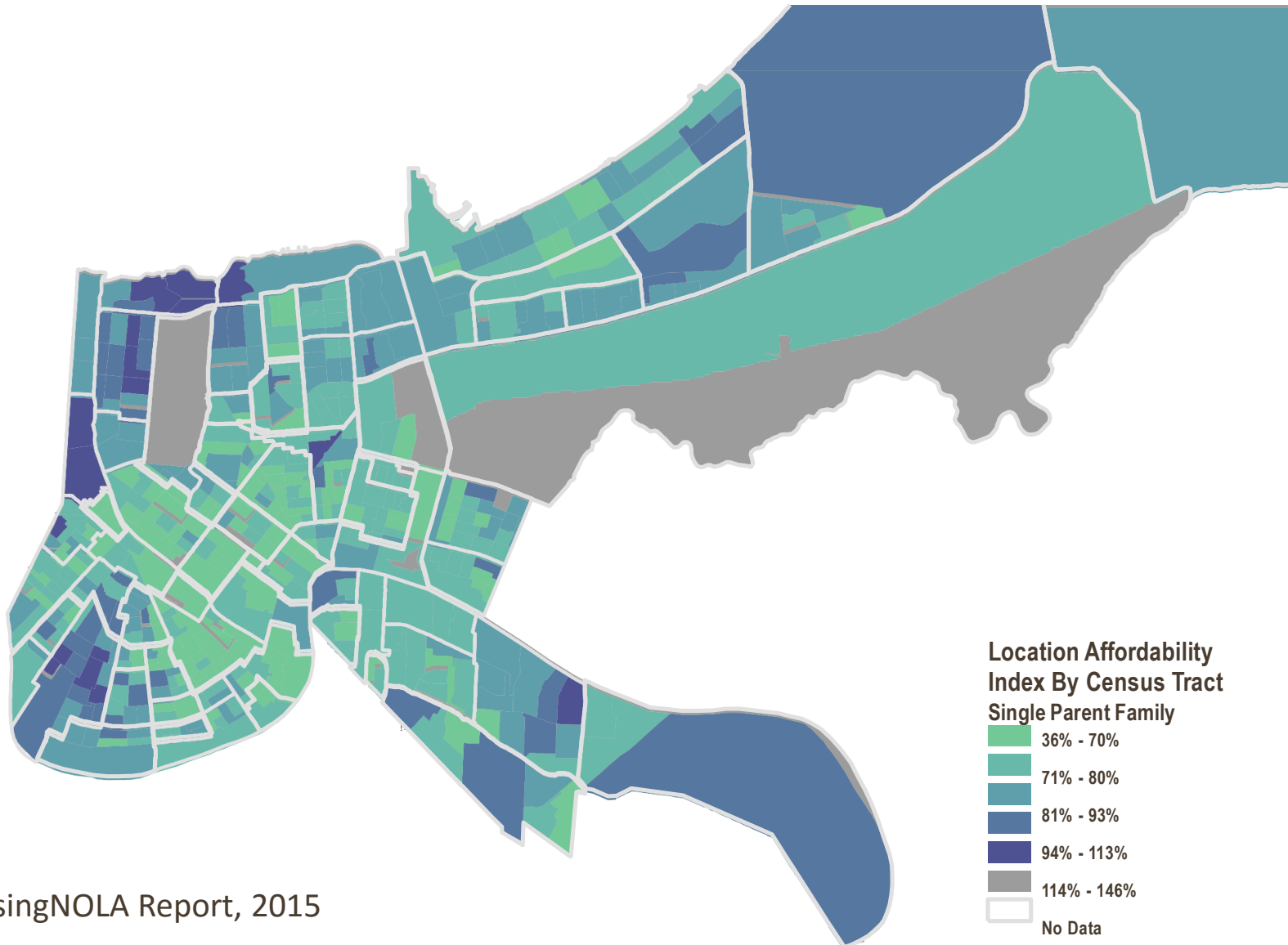


Median quality of nearest school

| | |
|--------------------------------|--------------------------------|
| Public Housing | 19th Percentile |
| Tax Credits | 30th Percentile |
| Housing Choice Voucher Holders | 26th Percentile |
| Inclusionary Housing | 40th to 60th Percentile |

Schwartz, Heather L., Liisa Ecola, Kristin J. Leuschner, and Aaron Kofner. 2012. "Is Inclusionary Zoning Inclusionary? A Guide for Practitioners. Technical Report." RAND Corporation.

Housing Near Jobs



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

Making it Workable for Developers

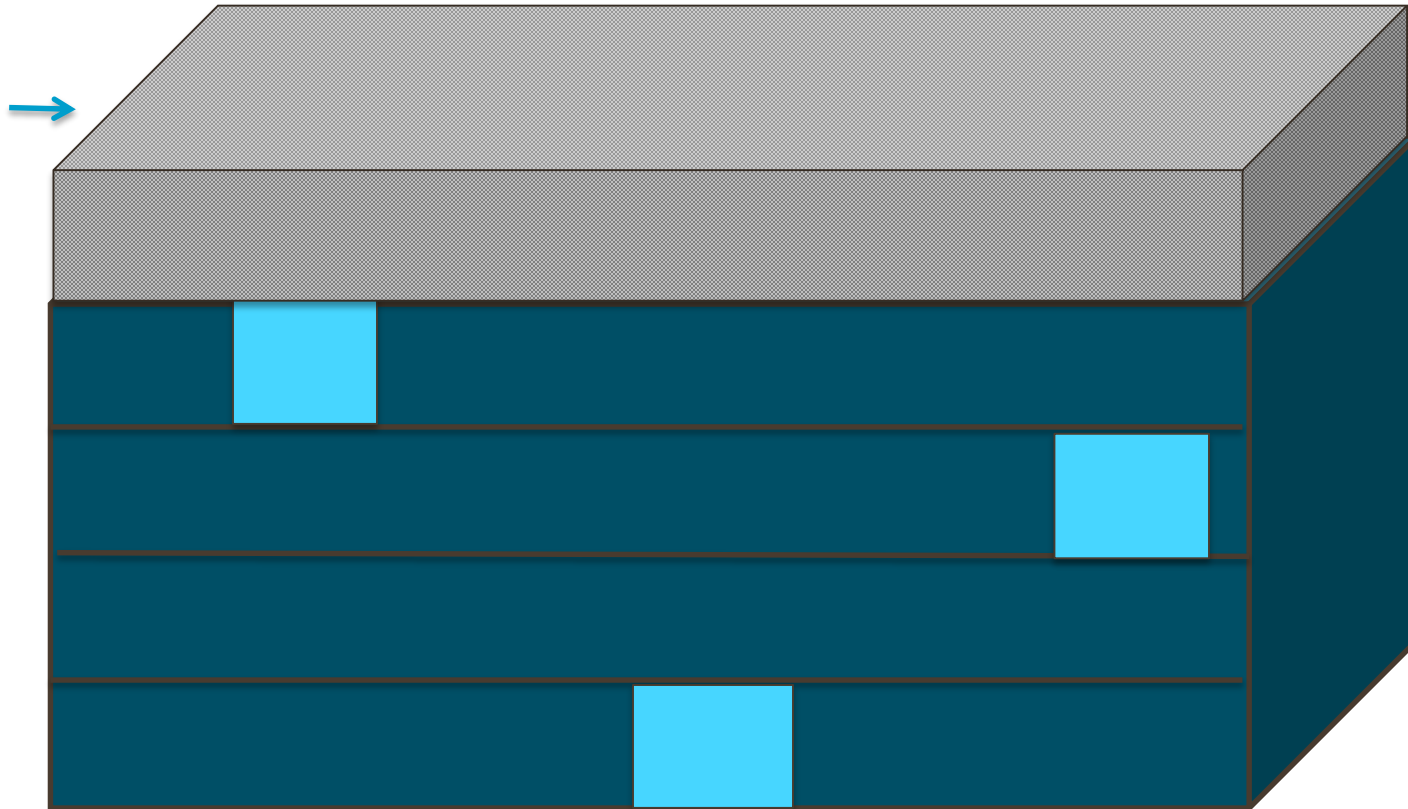


- ▶ Density, height and other zoning bonuses;
- ▶ Fees or tax reductions; and/or
- ▶ Speedy development approval process

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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