



# Incentive Zoning

Incentive zoning is a broad regulatory framework for encouraging and stimulating development that provides a desired public benefit as established in adopted planning goals. An incentive zoning system is implemented on top of an existing base of development regulations and works by offering developers regulatory allowances in exchange for public benefits.

## BACKGROUND

Providing incentives for affordable housing in residential developments responds to high housing costs and the difficulty of building lower cost, market-rate housing in many areas due to high land prices. Incentive zoning is an affordability strategy designed to secure a public benefit from growth.

Common public benefits achieved through incentive programs include affordable housing, historic preservation, open space and recreation, and increased environmental protection.

Washington state law ([RCW 36.70A.540](#)) provides cities and counties the authority to enact incentive zoning programs to encourage affordable housing. Incentive zoning provides a menu of incentives and public benefits, which the local code must delineate explicitly. Incentive zoning typically creates a voluntary option for developers. Alternatively, [inclusionary zoning](#) is a form of incentive zoning that mandates the inclusion of affordable housing, where the cost is offset by a [density bonus](#) or other incentive. The resources section below notes statutes encouraging incentive zoning for other planning goals.

## TOOL PROFILE

### Objectives

[Housing in Centers and Near Transit](#)

[Housing Options in Expensive Markets](#)

[Missing Middle Density](#)

[Mitigate Residential Displacement](#)

### Type of Tool

**Incentives**

### Project Type

**Multifamily**

**Ownership**

**Rental**

### Affordability Level

**Market-rate incentives and tools**

**Most effective for units <80% AMI**

Incentive zoning programs may be triggered by the location of a project within a specific zone or by the type of project. Incentive zoning may be applied in ownership and rental developments, single-family and multi-family zones, and can be tied to specific geographic areas. For jurisdictions seeking to encourage affordable housing, an incentive zoning policy may include opportunities for on-site affordable units or an in-lieu fee for construction of off-site affordable units. Both for- and non-profit developers may take advantage of incentive zoning.

The right incentive levels will encourage development and public benefit; they should not interfere with other planning goals or discourage development by complicating the process. Several communities have experienced a trial-and-error process before finding the best balance of incentives and benefits. Note, too, that incentive programs that function well in strong real estate markets may need adjustment for weaker market conditions, and vice versa. Finally, policy makers will want to weigh both the short-term and the long-term consequences of regulatory allowances and the urgency for the kinds of development they need.

For more information on specific incentives, see [density bonuses](#), [flexible development regulations](#), [parking reductions](#), [inclusionary zoning](#), and [fee waivers or reductions](#).

## RESOURCES

Non-Affordable Housing Incentive Zoning RCWs:

- Historic preservation, see [RCW 19.27.120](#) (exemption from state building code)
- Open space and recreation, see [RCW 36.70A.090](#) (including innovative techniques in comprehensive plans)
- For environmental protection, see [RCW 36.70A.177](#) (Innovative zoning techniques for agricultural lands)

