



Inclusionary Zoning

Inclusionary zoning stipulates that new residential development in certain zones includes some proportion or number of affordable housing units or meets some type of alternative compliance. Inclusionary zoning taps into economic gains from rising real estate values to create affordable housing for lower income households. This approach can create more affordable housing in neighborhoods with access to transportation and quality jobs.

Inclusionary zoning can be applied in ownership and rental developments, single-family and multi-family zones, and can be tied to specific geographic areas. It may be most feasible to apply inclusionary zoning as part of a [rezone or upzone](#) that increases development potential of the zone. Jurisdictions should craft inclusionary zoning policies that best reflect the needs of their residents, paying close attention to details relating to program management and monitoring. In the state of Washington, all affordable units created through an inclusionary zoning program must remain affordable for at least 50 years (RCW 36.70A.540).

BACKGROUND

Inclusionary zoning is often considered a mandatory requirement for developers along with a development incentive. In some cases, participation may be voluntary by allowing the developer to opt-in to the new zoning that provides greater development potential in exchange for constructing a specified number of affordable units. In this way, a voluntary inclusionary zoning program is similar to [incentive zoning](#) and [density bonus](#) tools.

TOOL PROFILE

Objectives

[Housing in Centers and Near Transit](#)

[Housing Options in Expensive Markets](#)

[Missing Middle Density](#)

[Mitigate Residential Displacement](#)

Type of Tool

Other Regulatory Tools

Project Type

Multifamily

Ownership

Rental

Affordability Level

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

With a mandatory program, the developer is required to construct a minimum number of affordable units or some alternative, such as in-lieu payment, regardless of the newer zoning potential being utilized. Cities may provide an additional density bonus if the number of dwelling units goes beyond the mandated minimum. Jurisdictions may require the inclusion of affordable housing in residential developments as a response to persistently high housing costs and the difficulty of building lower-cost market-rate housing due to high land prices.

Inclusionary zoning is an affordability strategy designed to secure a public benefit from growth. Jurisdictions may produce a nexus study to show the extent that new development generates a need for new affordable housing. Some jurisdictions choose mandatory programs over voluntary ones based on the conclusion that voluntary incentive programs tend to produce significantly fewer affordable housing units than mandatory programs. Conversely, some jurisdictions may choose voluntary programs.

WHAT ISSUES DOES INCLUSIONARY ZONING ADDRESS?

Provide access to opportunity

Inclusionary zoning helps create affordable housing in places with access to jobs, schools and other opportunities that are desirable to residents of all income levels and in neighborhoods where market-rate housing is being built.

Create new affordable units

Inclusionary zoning policies and programs have a measurable impact on the creation of affordable housing units that help address a community's overall housing needs.

Ensure growth benefits all residents

Growth in the region has benefited some individuals and created or exacerbated hardship and inequalities for others. As real estate values rise in traditionally lower cost neighborhoods, many residents are forced to move. By providing affordable units in neighborhoods with strong real estate markets, inclusionary zoning leverages growth to benefit all residents regardless of income.

WHERE IS INCLUSIONARY ZONING MOST APPLICABLE?

Inclusionary zoning is a proven tool that has been used nationwide and has seen success in the region when adapted to local circumstances.

In an active housing market, inclusionary zoning can result in the production of more affordable housing for low- and moderate-income residents. Inclusionary zoning can also result in buildings and neighborhoods that have a mix of income levels, without having to rely on taxpayer funds to provide them.

It may be difficult to administer an inclusionary zoning program and ensure that the designated dwelling units remain affordable. If a local housing market is not strong enough, developers may choose not to build any residential housing.



Inclusionary zoning is often included as part of an upzone – rezoning an area for increased residential capacity – in areas that will be served by high-capacity transit. Transit is a driving force in real estate value, helping to make more dense development feasible. Transit access also benefits future residents of the new units.

WHAT DO I NEED TO KNOW ABOUT IMPLEMENTING INCLUSIONARY ZONING?

State law (RCW 36.70A.540) grants cities and counties the authority to establish mandatory requirements for the inclusion of affordable housing under certain circumstances; see also WAC 365-196-870(2). In places that have been upzoned, the statute allows a city or county to require new residential developments include a minimum number of affordable housing units. Affordable housing must be mentioned explicitly as a public benefit to be rewarded with increased density, reduced parking, reduced fees or taxes or other incentives offered.

To maximize their effectiveness, inclusionary zoning policies must be tailored to local housing markets and economic environments and integrated into comprehensive affordable housing plans.

Mandatory inclusionary zoning regulations should include the following:

1. Minimum number of affordable units to be provided. This is usually expressed as a percentage of a development's total number of dwelling units, or an alternative such as payment of an in-lieu fee or development of a minimum number of affordable units at a different location.
2. Targeted income range of households to be served by the affordable units. This is usually expressed as a percentage of the Area Median Income (AMI). Targeting households earning less than 80% AMI will have the greatest impact on reducing the number of cost-burdened households – households that pay 30% or more of their income on housing costs. It may be possible to reach lower income households by combining the inclusionary program with other housing tools.
3. Time period within which the designated units must be maintained as affordable. In Washington, all units developed through a mandatory inclusionary zoning program must remain affordable for at least 50 years.
4. Geographic scope. Inclusionary zoning is usually limited to designated areas that are planning for more growth, such as downtowns, mixed-use development areas, and neighborhoods with walking access to high-capacity transit.

MODEL POLICIES, MODEL REGULATIONS, AND OTHER INFORMATION

Grounded Solutions Network [Inclusionary Housing Calculator](#) (2019)

The Housing Partnership: [The Ins and the Outs: A Policy Guide to Inclusionary and Bonus Housing Programs in Washington](#) (2007)

Lincoln Institute of Land Policy: [Achieving Lasting Affordability through Inclusionary Housing](#) (2014)

MRSC: Inclusionary Zoning: [One Approach to Create Affordable Housing](#) (2016)

PolicyLink: [Inclusionary Zoning – Equitable Development Toolkit](#) (2003)

