

Inclusionary Zoning: One Approach to Create Affordable Housing

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Affordable housing is a big issue facing many communities in Washington and the rest of the United States. Many people are either paying more than 30% of their household income for housing (especially lower income households) or being forced to live far away from their place of employment (which leads to long commutes and increased traffic congestion). Most local governments are not in the business of building housing, so what can they do to address the affordable housing problem?

One method is a regulatory tool called “inclusionary zoning.” Inclusionary zoning requires affordable units to be included within new residential development projects or requires payment for construction of such units elsewhere in the community.

There are two basic types of inclusionary zoning: **voluntary** and **mandatory**. Under a **voluntary** program, it is up to the developer to decide whether or not to use various incentives or bonuses in exchange for providing a specified number of affordable units. However, such programs are not used very often, with developers usually opting to choose the simpler path of building only market-rate housing.

Conversely, a **mandatory** program requires the construction of a minimum number of affordable units (or an “in lieu of” payment). Communities with a mandatory program usually provide an additional density bonus if the number of affordable dwelling units goes beyond the mandated minimum. This blog post will focus primarily on mandatory programs.

Who Uses Inclusionary Zoning?

Over 500 cities in the U.S. use inclusionary zoning, including Boston, Denver, New Orleans, Portland, Sacramento, San Francisco, San Diego, and Washington, DC. In Washington State, there are a few cities that already use inclusionary zoning, and more that are actively considering it (such as Seattle).

One successful Washington example is [Redmond's affordable housing regulations](#), which have been in place since 1995. To date, Redmond has long-term affordable "contracts" on 496 dwelling units. Federal Way has also created a sizable amount of affordable units through its inclusionary zoning provisions, and I'll also include some other examples from Washington cities in the rest of this post.

Elements of Inclusionary Zoning

Mandatory inclusionary zoning regulations usually specify the following:

1. **Minimum quantity** of affordable units to be provided, which is usually a percentage of a development's total number of dwelling units. For example, [Redmond](#) requires a minimum of ten percent, while [Sammamish](#) has a sliding scale, based on the affordability level of the provided housing units. Developers in Sammamish are also using the City's affordable housing "bonus pool" to produce more market-rate and affordable dwelling units.
2. **Targeted income range** of households to be served by the affordable units. For instance, Redmond's target population is "those who make equal to or less than 80 percent of the King County median household income adjusted for household size," while [Federal Way](#) defines "rental affordable housing" as dwelling units affordable to those with incomes at or below 50 percent of King County's median income.
3. **Time period** within which the designated units must be maintained as affordable. For example, [Issaquah](#) requires those units to remain affordable for a minimum of 50 years.
4. **Geographic scope** of such regulations. Inclusionary zoning is usually limited to designated areas (such as downtown or mixed use development areas), although they may be applied throughout your community. For example, [Redmond](#) includes its downtown and seven other neighborhoods, while [Issaquah's mandatory program](#) is limited to the Central Issaquah Urban Core.

On a practical note, a local government should ensure that the increased development capacity resulting from an upzone will offset the added costs to the housing developer of providing the affordable units. Otherwise, neither the market-rate nor affordable housing units will be built.

Pros and Cons of Inclusionary Zoning

In an active housing market, inclusionary zoning results 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.

On the "con" side, it may be difficult to administer an inclusionary zoning program and monitor that the designated dwelling units remain affordable. Also, this type of regulation sometimes raises concerns about "a change in community character." Finally, if your local housing market is not strong enough, developers may opt not to build any residential housing (which might then exacerbate the affordable housing issue).

Legal Basis for Inclusionary Zoning

State law ([RCW 36.70A.540](#)) provides authority for GMA cities and counties to establish mandatory requirements for the inclusion of affordable housing under certain circumstances; see also [WAC 365-196-870\(2\)](#). That statute allows a GMA city or county to require a minimum number of affordable housing units that must be provided by all residential developments in areas where the city or county decides to increase residential capacity (in other words, in areas it decides to upzone).

Before establishing such a requirement, a city or county must determine that such a zone change would further local growth management and housing policies.

Conclusion

You should carefully review the pros and cons of inclusionary zoning before implementing such a program. But, if your community has an [affordable housing](#) problem and strong demand for market-rate housing, it is a regulatory tool that you should consider.

For more information on inclusionary zoning, see:

- [The Ins and the Outs: A Policy Guide to Inclusionary and Bonus Housing Programs in Washington](#), The Housing Partnership (2007) – An older but still very useful overview of the legal, economic and practical issues that arise when structuring inclusionary or incentive housing programs in Washington.
- [Achieving Lasting Affordability through Inclusionary Housing](#), Lincoln Institute of Land Policy (2014) – A detailed report, with many case studies.

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About Steve Butler

Steve joined MRSC in February 2015. He has been involved in most aspects of community planning for over 30 years, both in the public and private sectors. He received a B.A. from St. Lawrence University (Canton, New York) and a M.S. in Urban and Regional Planning from the University of Wisconsin-Madison. Steve has served as president of statewide planning associations in both Washington and Maine, and was elected to the American Institute of Certified Planner's College of Fellows in 2008.

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