National Inclusionary Housing Survey
Lessons Learned for Massachusetts
National Inclusionary Survey: Lessons Learned for Massachusetts

- Vocabulary
- Project Background
- Grounded Solutions Network Scope of Work
- Overview of National Findings
- Massachusetts Findings
- Lessons Learned
What is Inclusionary Housing (Zoning)?

Inclusionary zoning is a policy that was first developed in the 1970s in response to exclusionary and often racially segregated “snob zoning.” It is a popular tool for getting the private market to subsidize affordable housing.

- **Inclusionary housing policies** link market rate development to the creation of homes that are affordable to lower-income households.

  Generally codified in the locality’s zoning ordinance.
What are Inclusionary Housing “Units”? 

1. Inclusionary Housing Units are **HOMES** for Eligible Households and Families

2. Inclusionary Housing units **can** be counted on the Subsidized Housing Inventory (SHI) if they approved as Local Action Units (LAUs) through Department of Housing and Community Development (DHCD)’s Local Initiative Program (LIP)
What are Local Action Units (LAUs)?

- DHCD Approved LIP/LAU Application
- LIP Design and Construction Standards
- Household Income/Asset Limits
- Cost Limitations
- Subject to approved AFHMP
- Subject to Regulatory Agreement/Deed Restriction
- Ongoing Monitoring
Prevalence, Impact & Practices of Inclusionary Housing Programs

Emily Thaden & Vince Wang | December 14, 2017
Applicability
  Project Size
  Town-wide or Specific to a District
Affordability Requirement (Uniform vs. Variable)
Mandatory vs. Voluntary
Density Bonus (extra units, zoning relief, fees)
Off-Site vs. No Off-Site
Payment in Lieu vs. No Payment in Lieu
Affordability Term (30 years-perpetuity)
Affordability Levels (30% AMI, 50% AMI, 80% AMI)
Resale Conditions
Number of units created
2018-2019 National Survey Findings

- 1017 inclusionary housing programs
- 733 jurisdictions in 31 states
- Start in 1970s, peak 2000-2010
- 125,000 units created, 1.7 billion in fees
- IH units ≥ LIHTC units in over 50% of jurisdictions
- 3/4 of all IH programs located in NJ, MA and CA
2018- 2019 National Survey Findings

• 67% “traditional”, 33% linkage (NJ and CA)
• 65% mandatory vs. voluntary
• 57% provide some form of incentives
• 62% triggered by min. project size of 2-10
• 1/3 required 20% affordable; 1/3 variable
• 61% have single-income targeting
• 98% have affordability term of at least 30 years
Phase I  By-Law review, Identify Contacts

Phase II  Survey Form and Coding Sheet Development

Phase III  Initial Data Entry from By-Law Review

Phase IV  Survey Administration/Collection

- Survey forms were pre-filled based on by-law review.
- Responses were self reported by respondent
- Responses uploaded to final coding sheet via Salesforce
Special Challenges in Massachusetts

- Number of jurisdictions
- Variety of size and capacity
- Variety of IZ provisions
- 40B vs. 40R
Findings: Literature Review
Survey Findings:
225 IZ Provisions in 140 Communities
Program Characteristics

Entire Municipality vs. District/Type

SHI vs. Not SHI Eligible
Program Characteristics

Project Size Threshold

- 1-5 Units
- 6-10 units
- >10 Units
- Don't Know/NA

Required Affordability

- 5%
- 10%
- 15%
- 20%
- 25%
- No Answer
2/3 Mandatory, 1/3 Voluntary

*Did not take into account Special Permit Requirement

Density Bonus vs. No Density Bonus?
Program Characteristics

Allow Off-Site vs. Don’t Allow Off Site

Payment in Lieu?
• 140 Municipalities, 225 “Programs”

• 2nd highest number of IZ programs (Between NJ and CA)

• 60% of Communities with some form of IZ have not created any affordable units. (Compare with 12.2% nationally)

• 9500 Units Created (self reported as of 2019)

• 55% units in 3 communities -- Boston (2600), Cambridge (1310) and Watertown (1240)
## Findings - Massachusetts

<table>
<thead>
<tr>
<th>Municipality</th>
<th># Housing Units</th>
<th>Population</th>
<th>#IZ Units</th>
<th>IZ Units/Total Units</th>
<th>Year Adpt.</th>
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</thead>
<tbody>
<tr>
<td>Watertown</td>
<td>16381</td>
<td>31,105</td>
<td>1240</td>
<td>7.57%</td>
<td>1989</td>
</tr>
<tr>
<td>North Reading</td>
<td>5684</td>
<td>15624</td>
<td>406</td>
<td>7.14%</td>
<td>2006</td>
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<tr>
<td>Salisbury</td>
<td>4923</td>
<td>9209</td>
<td>235</td>
<td>4.77%</td>
<td>2005</td>
</tr>
<tr>
<td>Westwood</td>
<td>5869</td>
<td>15863</td>
<td>253</td>
<td>4.31%</td>
<td>2006</td>
</tr>
<tr>
<td>BOSTON</td>
<td>289,763</td>
<td>679,413</td>
<td>2600</td>
<td>.9%</td>
<td>2000</td>
</tr>
</tbody>
</table>
“IH programs vary widely in program design”

“While characteristics of IH programs are believed to be tied to program impact, scholars disagree on what program types are most likely to be successful.”

“IH programs more likely to be developed in stronger housing markets, and depend on local market dynamics, state policy framework, and the existence of regional forces...”

“While state mandates are certainly helpful to wide adoption of local IH programs, programs are more productive if they are designed in ways that address local affordable housing needs.”
Lessons Learned

IZ only creates affordable units where created where units are being created;

IZ works best when tailored to a specific community or district, and regularly updated in response to local conditions;

IZ works for a municipality when it is feasible for developers;

IZ works best when communities identify in advance who will be in charge of monitoring, tracking and compliance;

IZ is a very useful tool, but is extremely unlikely to “stop” 40B.
Why does your community want to adopt Inclusionary Zoning?

Why isn’t your current land use regulatory structure addressing these issues?

How can you use the recently enacted Housing Choice provisions to further these objectives?