

## **Inclusionary Housing**

### ***Summary and Benefits:***

With the emphasis on Priority Development Areas under SB 375, the difficulty of eliciting any appreciable “natural affordability” in these targeted growth locations increases substantially. Dedicating a percentage of housing units produced to deed-restricted affordability ensures that lower income households have access to transit and helps increase transit ridership, since lower income households are more likely to use transit. The ability of jurisdictions to mandate inclusionary housing was severely restricted in 2009 with the California Appellate Court ruling *Palmer v. City of Los Angeles*, which determined that inclusionary requirements on rental units conflicted with the 1995 Costa-Hawkins Act, which regulates rent control. Ownership units are not constrained. The recent surge in construction of for-rent units, many of which, are being approved with “condo maps,” may be an opportunity to ensure a degree of affordability should they [convert](#) to ownership units.

From Nonprofit Housing Association of Northern California’s (NPH) *Inclusionary Housing Advocacy Toolkit*:

- [Inclusionary Housing] creates housing choices in communities: IH policies ensure that every community provides homes affordable to a range of income levels. By providing these housing options, a community’s labor force—hospital workers, retail clerks, and childcare workers—can afford to live in the communities they serve. Hardworking families can have access to good schools and safe neighborhoods. Moreover, typical NIMBY opposition is often mitigated by creating both market-rate and affordable homes in a single development.
- [Inclusionary Housing] creates new affordable homes without needing new government funding: IH policies have broad appeal to local governments because these policies help provide affordable housing needs with little extra cost to governments. Furthermore, IH policies complement other affordable housing programs, like bond financing, rent and development subsidy programs, and tax credits.
- [Inclusionary Housing] levels playing field for all developers: By adopting IH policies, local governments remove uncertainty from the development process. It gives a clear message to landowners and developers so that all can make informed financial decisions before building.

### ***Potential Policies:***

- City adopts an inclusionary housing ordinance for ownership units with no less than 20% of affordable units in new construction. Tiered income policies should also be considered with a smaller percentage of affordable units required for deeper affordability, or a range of affordability levels that equate to 20%. Affordability should be maintained for a minimum of 55 years with an ideal of permanent affordability. Consider inclusion of an in-lieu fee sufficient to exceed the number of units that would have been built on-site. Consider affordable units specially set aside for seniors.
- City adopts a [development impact fee](#) that includes an option to build units in-lieu of paying the fee.
- City leverages Land Value Recapture concepts as part of a larger Community Benefits Program within Priority Development Areas or other areas targeted for growth.

### ***Model Ordinances/Useful Sources:***

- Nonprofit Housing Association of Northern California (NPH), *Inclusionary Housing Advocacy Toolkit*, [http://www.nonprofithousing.org/pdf\\_toolkits/InclusionaryTool.pdf](http://www.nonprofithousing.org/pdf_toolkits/InclusionaryTool.pdf)

- California Rural Housing Association, *Inclusionary Housing Database*: [http://www.calruralhousing.org/?page\\_id=110](http://www.calruralhousing.org/?page_id=110)
- Institute for Local Government (ILG), *California Inclusionary Housing Reader*: [http://www.ca-ilg.org/sites/main/files/file-attachments/resources\\_California\\_Inclusionary\\_Housing\\_Reader.pdf](http://www.ca-ilg.org/sites/main/files/file-attachments/resources_California_Inclusionary_Housing_Reader.pdf)
- Nonprofit Housing Association of Northern California (NPH), *Protecting Inclusionary Housing Requirements*, December 5, 2013, Link: <http://www.21elements.com/Download-document/603-Protecting-Inclusionary-Requirements.html>
- Goldfarb and Lipman Attorneys, *Presentation: Inclusionary Housing - Current Legal Issues*, January 23, 2014, Link: <http://www.21elements.com/Download-document/653-The-Current-State-of-Inclusionary-Housing-1/22/13.html>
- San Mateo County 21 Elements, Development Impact Fee 21 Jurisdiction Grand Nexus Study, Link: *To be added in 2014 to [www.21elements.com](http://www.21elements.com).*