= How to use this PowerPoint =

This policy tool is not for public distribution. It has been especially created for Members of:

• **Smart Growth America’s Local Leaders Council**  
• **Sustainable Communities Learning Network**

The following template presentation is designed to explain inclusionary housing policy to a public audience and to lay out a vision for a new or strengthened proposal in your community. The presentation may be branded with your logo and images from your community, and slides may be adjusted, added, or deleted as needed.

The notes section of each slide provides suggested talking points and tips for customization. The template may be used as a basis for a public presentation and other communications tools as you roll out your inclusionary housing policy.

If you have questions, contact localleaderscouncil@smartgrowthamerica.org.
An introduction to Inclusionary Housing
What is inclusionary housing?

Promoting the **inclusion** of housing units that are **affordable** for **moderate and low income** households in new residential projects by providing **incentives and cost offsets to developers**.
Why use it?

- Increase housing choices for families earning less than the area median income (AMI)
- Maintain economic diversity of neighborhoods
- Prevent or slow the dislocation caused by gentrification
Defining affordability...

**Affordable:**
Rent and utilities OR mortgage, taxes, and utilities cost 30% or less of the gross household income.

**Area median income (AMI):**
The dollar amount where half the population earns less and half earns more

<table>
<thead>
<tr>
<th>Household size</th>
<th>AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$__, ___</td>
</tr>
<tr>
<td>2</td>
<td>$__, ___</td>
</tr>
<tr>
<td>3</td>
<td>$__, ___</td>
</tr>
<tr>
<td>Household Size</td>
<td>Very low income (30% AMI)</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td><strong>ONE (1) person household</strong>&lt;br&gt;(Annual gross income)</td>
<td>$16,989</td>
</tr>
<tr>
<td>Hourly wages</td>
<td>$8.17</td>
</tr>
<tr>
<td>Affordable monthly rent</td>
<td>$425</td>
</tr>
<tr>
<td>Affordable home purchase</td>
<td>$57,400</td>
</tr>
<tr>
<td><strong>TWO (2) people household</strong>&lt;br&gt;(Annual gross income)</td>
<td>$30,000</td>
</tr>
<tr>
<td>Hourly wages</td>
<td>$14.42</td>
</tr>
<tr>
<td>Affordable monthly rent</td>
<td>$485</td>
</tr>
<tr>
<td>Affordable home purchase</td>
<td>$65,500</td>
</tr>
<tr>
<td><strong>FOUR (4) people household</strong>&lt;br&gt;(Annual gross income)</td>
<td>$24,270</td>
</tr>
<tr>
<td>Hourly wages</td>
<td>$11.67</td>
</tr>
<tr>
<td>Affordable monthly rent</td>
<td>$607</td>
</tr>
<tr>
<td>Affordable home purchase</td>
<td>$81,800</td>
</tr>
</tbody>
</table>
Who qualifies?

- Nurses, teachers
- Fire fighters, police officers
- Service, manufacturing, construction workers
- Others making less than the AMI
How it works
Major components of inclusionary housing

1) Require housing developers to price some units so they are affordable to moderate and low income households.

2) Provide developers with cost offsets and bonuses to compensate for revenues lost by making some units affordable.
Key elements

• Define affordability, set AMI limits

• Specify the affordable housing set aside that will be required of residential development projects

• Determine alternatives to construction of affordable units:
  - Fee in-lieu
  - Land transfer
  - Off site construction
Cost off-sets

- Density bonus, transfer of development rights (TDR)
- Land donation by the municipality
- Reduced parking requirements, flexible zoning/design
- Property or sales tax abatement
- Low interest loan to the developer
- Reduced development fees, expedited permitting
Success stories
Montgomery County, MD
(2011 Population: 989,794)

Program Structure

- Applicable to projects of 20 or more units
- Mandatory 12.5-15% affordable set aside
- Developers receive up to 22% density bonus

At City’s discretion:
- Off-site construction option
- Fee in lieu or land transfer to the City options
- 50% parking reduction and/or impact fee reduction

Results

- 13,475 affordable units generated (1976 – 2012)
- Affordable for 30 years ownership units, 99 years for rentals
- Affordability thresholds: ≤ 70% AMI for rental and ownership units

The Ashmore (Germantown, MD) project includes affordable units.
Photo via: http://www.greetingshomesforsale.com
Chicago, IL
(2011 Population: 2.7 million)

Program Structure
✓ Applicable to projects of 10 or more units that receive government assistance:
  - density bonus
  - land purchased from the city
  - part of a downtown planned development
  - tax increment financing

✓ 10-20% affordable set aside
✓ Optional fee in lieu of $1,000,000 per unit

Results
• 984 affordable units generated (since 2003) and $20 million in fees for housing
• Affordable for 30 or 99 years
• Affordability thresholds:
  ≤ 60% AMI for rental units
  ≤ 100% AMI for ownership

8300 block of Mackinaw Ave, an inclusionary housing project
Photo by reallyboring, Flickr
Davis, CA
(2011 Population: 66,016)

**Program Structure**
- Applicable to projects of 5 or more units
- Mandatory 25%-35% affordable set aside
- Density bonus (1-for-1)
- Option to dedicate land to the City

At City’s discretion:
- Fee in lieu ($2,400 to $23,272 per unit)
- Reduced parking requirements, design flexibility

**Results**
- 1,802 affordable units generated (1990 – 2011)
- Permanent affordability on rental units
- Target income bands:
  - ≤ 40-80% AMI for rental units
  - ≤ 80-120 % AMI for ownership

The Owendale Community Apartments include affordable units
Photo: http://www.community.coop/ymha
Petaluma, CA
(2011 Population: 58,453)

Program Structure

- Applicable to projects of 5 or more units
- Mandatory 15% affordable set aside
- Developers receive 5% - 35% density bonus.

At City's discretion:

- Option to dedicate land to the City or nonprofit developer instead
- Fee in lieu ($2,400 to $22,000/unit)
- Exemption/relaxation of growth controls that limit amount or pace of residential development

Results

- 1,336 affordable units
- Affordable for 30 years
- Affordability thresholds:
  - ≤ 50% AMI for rental units
  - ≤ 80% AMI for ownership
Burlington, VT
(2011 Population: 42,645)

Program Structure
- Applicable to projects of 5 or more units
- Mandatory 15-25% affordable set aside
- Developers receive 15-25% density bonus.

At City's discretion:
- Off-site construction (50% more units required)
- Fee in lieu ($100K/unit, indexed to inflation; 50% more units required)
- 50% parking reduction and/or impact fee reduction

Results
- 200 affordable units generated (1990 – 2006)
- Affordable for 99 years
- Affordability thresholds:
  - ≤ 65% AMI for rental units
  - ≤ 75% AMI for ownership

“King Street Housing” has 17 units that will be permanently affordable.
Photo by HOME TA, Flickr
Inclusionary housing proposal for
[ your community name ]
Program Structure

- Applicable to new residential and residential rehabilitation projects of 10 or more units

- Mandatory 12.5% affordable set aside; 20% for projects near transit, downtown

- Affordability thresholds:
  - ≤ 50% AMI for rental units
  - ≤ 80% AMI for ownership

- Must remain affordable for 99 years
Cost offsets for Developers

- Density bonus, transfer development rights
- Parking reduction, flexible zoning/design
- Development fee reduction
- Property and sales tax reduction (first 3 years)
Opt-out provisions

At the city’s discretion:

• Option to construct affordable units off site (50% more units required)

• Fee in lieu ($125,000/unit, indexed to inflation)

• Option to dedicate land to the City

• Option to propose alternate plan to meet the affordability goals
**Conclusion**

**Goal:** *Increase affordable housing choices and create economically diverse neighborhoods.*

- Learn more about this proposal at [www.](http://www.).
- Support inclusionary housing in our community.

**Questions?**