Strategies to Minimize Displacement

Inclusionary Zoning

**Introduction**

Brownfields—or properties with environmental contamination or potentially contaminated land—are disproportionately located in or near communities of color and low-income communities. Residents near these properties may face heightened health hazards and economic disinvestment until the site undergoes assessment and cleanup, which can be a costly and lengthy process.

Safely reusing a brownfield site is an opportunity to improve community health and bring in new amenities. However, brownfield redevelopment can also exacerbate affordability and displacement concerns. As costs rise and it becomes more expensive to live in a community, lower-income residents and small businesses are often displaced. Strong, early community engagement in the brownfields reuse process presents an opportunity for the community to have a meaningful role and input on how to minimize displacement through the cleanup and reuse process. Community leaders, stakeholders, and practitioners can be proactive and put strategies in place to minimize the risk of displacement. These strategies take time, resources, and political will to implement, and they are most effective if put into place before displacement is already occurring.

**Tool: Inclusionary zoning**

Inclusionary zoning (IZ) refers to municipal regulations that reserve a certain number or percentage of units within a housing development to be designated as below market rate (BMR), or affordable for low- to moderate-income households. Communities institute inclusionary zoning to protect and maintain the long-term affordability of housing units, which helps prevent displacement by ensuring that some housing units are reserved for residents of all incomes. A municipality can require developers to set aside 10-30% of units as affordable within a certain percentage of AMI, usually ranging from 50-80% (correlating to middle to low-income).

Inclusionary zoning programs have considerable success in generating and preserving affordable housing units in the jurisdictions where they exist—93% of IZ programs surveyed nationally contained stipulations that preserve affordability of the unit for at least 30 years.

**Benefit:** Maintain housing affordability and range of incomes in a community

**Problem addressed:** Rising real estate and housing costs, particularly rent

**Administered by:** Local government, particularly land use and zoning boards and/or department of housing

**Questions to Ask in the Planning Process**

- Do my community’s zoning regulations permit multi-family and mixed-use development?
- How do my community’s zoning regulations encourage or support multi-family housing?
- What barriers in my community currently exist that hinder civic and community participation in the housing and planning processes?
- Once an inclusionary zoning program is approved and adopted, what is the process to obtain an affordable unit (e.g., lottery, etc.)?
- How can we maximize the impact of the IZ program without deterring the private sector and housing development in the future?

**Housing units near the waterfront in Burlington, Vermont. Image by Don Shall is licensed under CC BY-NC-ND 2.0, obtained via Flickr.
Due to competitive real estate market demand and profit maximization in development projects, housing developers are sometimes opposed to IZ programs. However, developers can offset affordable rates in voluntary cases by making the other non-designated affordable housing units more expensive, compensating for these restricted affordable units.

**Tips for Success**

Research shows that inclusionary zoning programs are most effective when they are mandatory and coupled with incentives that encourage development. Incentives used to attract and encourage IZ programs for developers include density bonuses, fee waivers, parking reductions, and more streamlined and expeditious permit approval processes. However, alternatives such as ‘in lieu’ payments can create loopholes to skirt affordability requirements. In lieu fees often take the form of developers issuing payments to housing trust funds instead of designating on-site affordable units within the development.

While IZ programs are a promising economic and regulatory tool to maintain affordability, they are not a panacea for reducing displacement within a community. IZ programs should be supplemented and paired with financial strategies to preserve housing affordability, such as governmentally-created housing trust funds or fee waivers that provide a significant discount for housing developers who undergo construction of housing where IZ policies are applied. In addition, each community’s history and developmental context should be considered. Recognition of how practices of redlining, segregational, and intentionally racist land use policies specifically impacted residents should be part of the development of IZ policies.

**Where to start**

Inclusionary Zoning programs are usually codified in the zoning regulations of the municipality. First, review your community’s zoning regulations to determine if there is a preexisting inclusionary zoning program or affordable housing clause. If such a clause or program does not exist, one way to create a new program is to approach or partner with an affordable housing coalition or organization. These organizations can provide financial knowledge and legal resources to institute an IZ program through advocacy and engagement with local government. Ample community engagement and input from businesses, business improvement districts, community groups, and residents is a necessary starting point to understanding your community’s housing needs. In addition, the demographic and economic data about your community will help to understand any cases of economic displacement, rent burdening statistics, and any other equity issues that may be ameliorated through the introduction of an IZ program.

**Case Study**

Burlington, Vermont has one of the oldest and most robust inclusionary zoning programs in the country. Before the program was adopted, Burlington was grappling with rising housing costs that were pricing out residents. The community was largely built out which contributed to housing shortages, in turn leading to rising housing costs. The City enacted a comprehensive inclusionary zoning program paired with a housing trust program to maintain and preserve affordable housing. The City also expanded pathways for community engagement and participation in the planning and post-adoption process with the formation of an inclusionary zoning working group, which meets to provide recommendations and comments on the program. Learn more about the program and its history here.