



Inclusionary Housing: a good choice for the SLO region?

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In San Luis Obispo County, working families struggle to keep up with the high cost of housing. This problem is common throughout coastal California. Many who cannot afford housing where they work move farther away, resulting in long commutes, along with undesired environmental and social consequences.

In response, more communities are proposing and adopting inclusionary housing policies. Under inclusionary housing, developers are required to provide affordable housing in their projects. This policy is designed to increase the number of units for working households to live in the high-cost communities of where they work.

Many inclusionary policies include resale restrictions that aim to preserve affordability over a period of time, often up to 30 or 55 years or more. In 2006, more than 170 jurisdictions in California had inclusionary policies, up from 64 in 1994.

Local Inclusionary Policies

Six cities in San Luis Obispo County have existing inclusionary policies: Arroyo Grande, Atascadero, Grover Beach, Pismo Beach, Morro Bay and San Luis Obispo. However, all seven cities and the County have proposed inclusionary housing policies in their latest Housing Elements. Proposed inclusionary percentages range from 3% to 25%, depending on project size, density and location.

Local inclusionary policies have produced few affordable units to date. This is because they were only adopted in the 1990s. Monterey and Santa Cruz Counties, for comparison, have had inclusionary housing since the late 1970s.

Consequently, Monterey County has produced 1388 inclusionary units and Santa Cruz County more than 750 units.

Differences of Opinion

Not everyone supports inclusionary housing policies. The Central Coast Home Builders Association asserts that inclusionary policies shift the burden of subsidizing affordable housing to developers and the buyers of market-rate units.

The California Association of Realtors argues that inclusionary policies fail to address the root causes of high housing costs. These causes include high land costs, developer fees and the lack of available building sites.

Incentives for Housing

Some jurisdictions are trying to address these concerns by providing incentives to developers.

For example, density bonuses allow developers to build additional units beyond the zoning limit. State law grants a 25% density bonus for developments that include 10% very-low income units, 20% low-income units, or 50% senior housing units.

San Luis Obispo County offers developers who produce affordable housing up to a 35% density bonus.

Other incentives include permit fast-tracking, in which the planning agency expedites the permit process. This can save developers weeks or months in processing time and associated holding costs.

The planning agency may also ease zoning restrictions and allow greater flexibility in design standards. Developers can negotiate requirements for parking, set-backs and lot sizes in exchange for affordable housing.

Alternatives to Building

Some inclusionary policies offer alternatives to constructing affordable units on-site.

The most common option is the in-lieu fee. Developers pay into a local housing fund rather than build affordable units.

Some inclusionary policies allow developers to dedicate land that can accommodate the same number of affordable units rather than construct the units on-site.

A similar alternative is a transfer of credits in which developers can build more than the required affordable units in one project to compensate for including fewer units in another project.

Innovations Possible

In one case, a private developer provided lots

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to Habitat for Humanity to meet the inclusionary requirement. Habitat built homes on these lots with the help of a grant from the Santa Cruz Redevelopment Agency plus donated labor and materials. These homes are now owned by very-low income families under a deed restriction.

This example and numerous others throughout the State and the country, show that inclusionary policies, with a little bit of innovation and initiative, can produce affordable units, and provide the safe and decent housing that all people deserve.

This publication is online at:

www.sloctf.org/files/inclusionary.pdf

Inclusionary Housing Resources

The Housing Trust Fund and Home Builders Association of the Central Coast met for over a year to discuss affordable housing and inclusionary housing. At the conclusion of these meetings, the two organizations issued a joint statement which is available online at www.sloctf.org/files/JPS.pdf. A similar statement, **On Common Ground: Joint Principles on Inclusionary Housing Policies**, was issued by the Nonprofit Housing Association of Northern California and the Home Builders Association of Northern California in 2005. It is available at www.nonprofithousing.org/attachments/Inclusionary_Principles.pdf.

Affordable By Choice: Trends in California Inclusionary Housing Programs is a 2006 survey of 170 local inclusionary housing programs commissioned the Non-Profit Housing Association of Northern California (NPH), California Coalition for Rural Housing (CCRH) and other nonprofit housing associations. The report is \$50, but you can download an executive summary from www.nonprofithousing.org/AffordableByChoice/SampleIHReport.pdf.

Inclusionary Housing in California: 30 Years of Innovation is a 2003 survey of 107 local inclusionary housing programs from the California Coalition for Rural Housing and the Non-Profit Housing Association of Northern California. It is available online at: www.calruralhousing.org/system/files/Inclusionary30Years.pdf.

California Inclusionary Housing Policy Database is searchable free database that contains the key characteristics of 130 local inclusionary ordinances. It is maintained by the California Coalition for Rural Housing (CCRH) and is online at www.calruralhousing.org/housing-toolbox/inclusionary-housing-policy-search.

Inclusionary Zoning and its Effects on Housing Markets is a new by the Center for Housing Policy and New York University's Furman Center for Real Estate and Urban Policy that was released in March 2008. It is online at www.nhc.org/housing/iz.

Nine Lessons for Inclusionary Zoning are the keynote remarks of David Rusk to the National Inclusionary Housing Conference, in Washington, DC on October 5, 2005. They are online at www.gamaliel.org/DavidRusk/keynote%2010-5-05.pdf.

How Does Inclusionary Housing Work? A Profile of Seven Southern California Cities is a study of inclusionary housing policies by the Southern California Association of Non Profit Housing (SCANPH). The report is available online at www.scanph.org/files/IZ.Guide_.pdf.

Inclusionary Zoning: The California Experience is the February 2004 issue of the National Housing Conference's Affordable Housing Policy Review. It attempts to provide a comprehensive up-to-date review of inclusionary housing. It can be downloaded from www.nhc.org/pdf/pub_ahp_02_04.pdf.

Inclusionary Zoning: Lessons Learned in Massachusetts is the January 2002 issue of the National Housing Conference's Affordable Housing Policy Review. It can be downloaded from www.nhc.org/pdf/pub_ahp_01_02.pdf.

California Inclusionary Housing Reader—guide for communities that are considering inclusionary policies, including a model ordinance, Institute for Local Self Government, Winter 2003: www.ilsg.org/doc.asp?intparentid=6370&strpagetype=doc

Inclusionary Zoning: Legal Issues (www.wclp.org/files/IZLEGALFINAL.December2002.pdf) and **Policy Considerations and Best Practices** (www.wclp.org/files/IZBestPracticesFINALDecember2002.pdf) are guides to inclusionary housing from the California Affordable Housing Law Project & Western Center on Law and Poverty.

Field Guide to Inclusionary Zoning — website with extensive links, National Association of Realtors: www.realtor.org/libweb.nsf/pages/fg806

Development Tools: Inclusionary Zoning — PolicyLink website: www.policylink.org/EDTK/IZ/

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