

An aerial night view of a city, likely Chicago, showing a dense urban landscape with numerous lights. A prominent bridge with three towers is visible in the middle ground. Light trails from traffic are visible in the foreground and middle ground, curving through the city. The sky is dark, and the overall scene is illuminated by city lights.

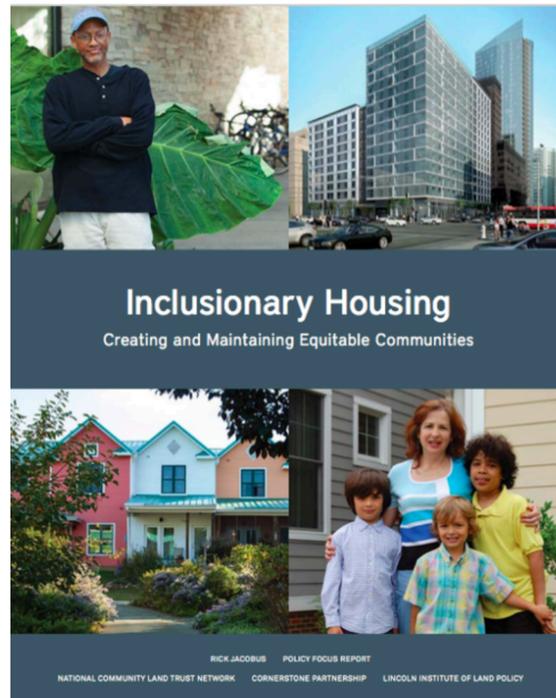
Land Value Capture through Inclusionary Housing



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Recent Clients:

San Francisco
Denver
Seattle
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What causes a place to become
more expensive?

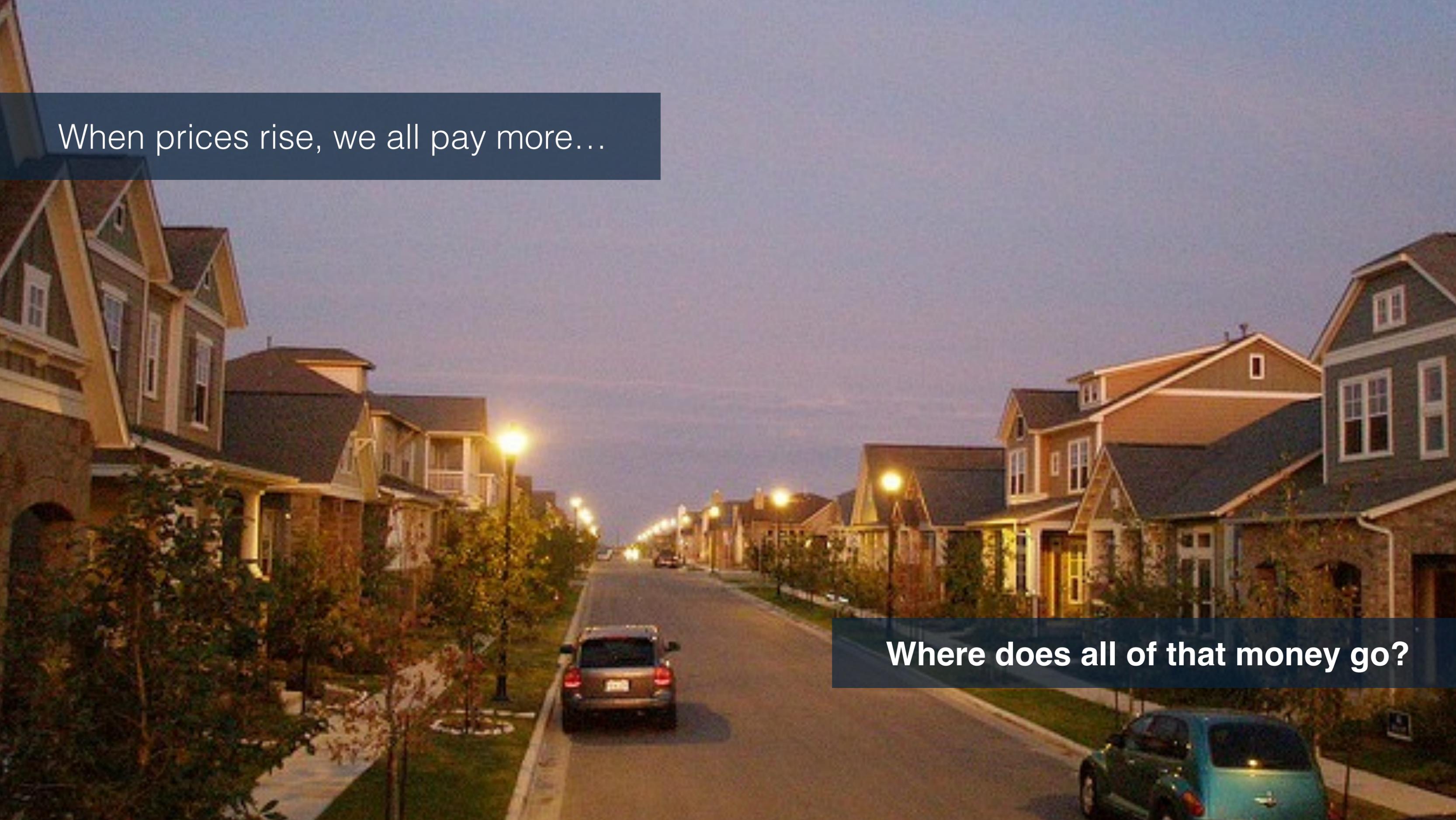


Everything we all do to make places **better** also makes them more **expensive**

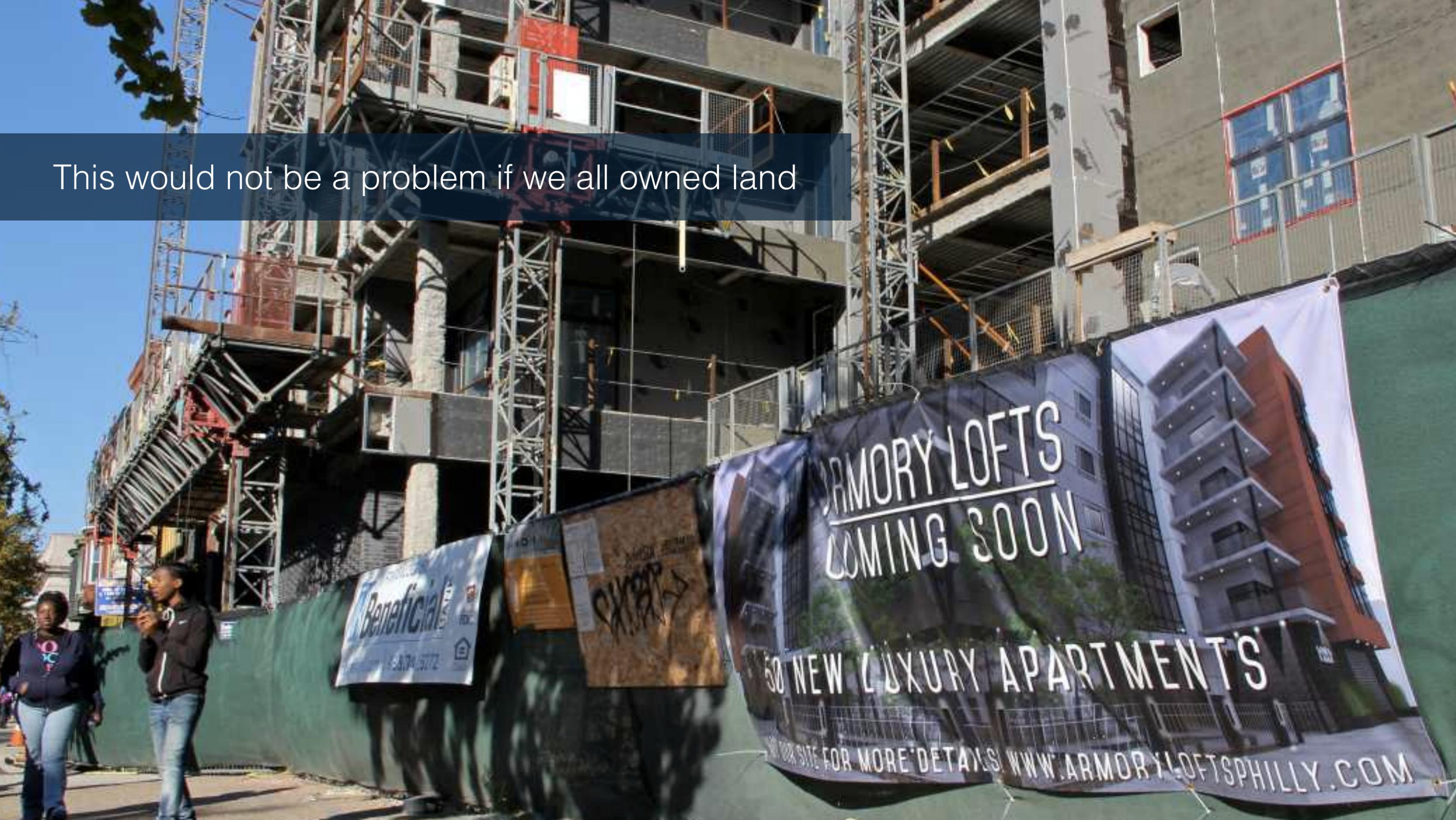


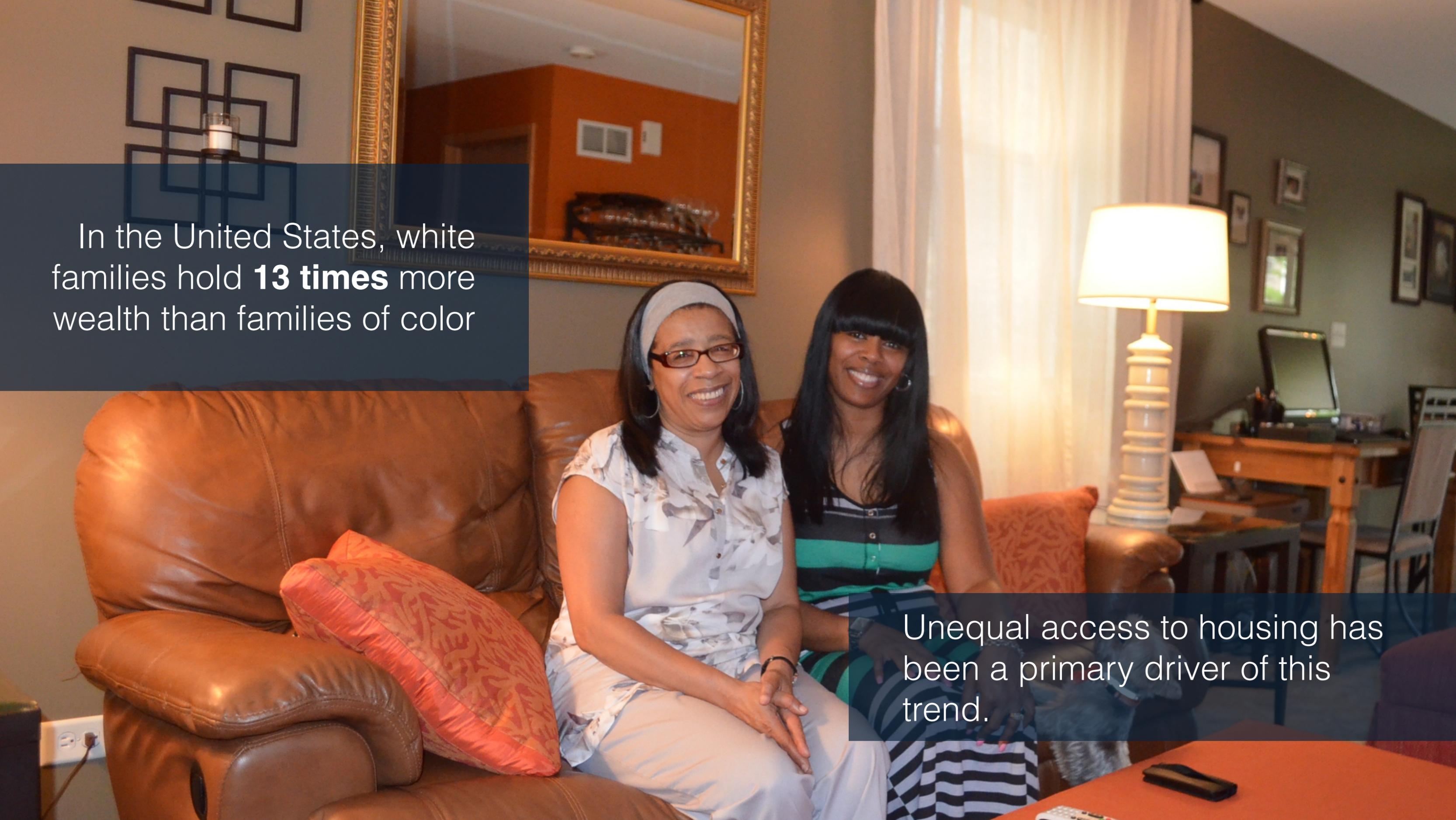
When prices rise, we all pay more...

Where does all of that money go?



This would not be a problem if we all owned land

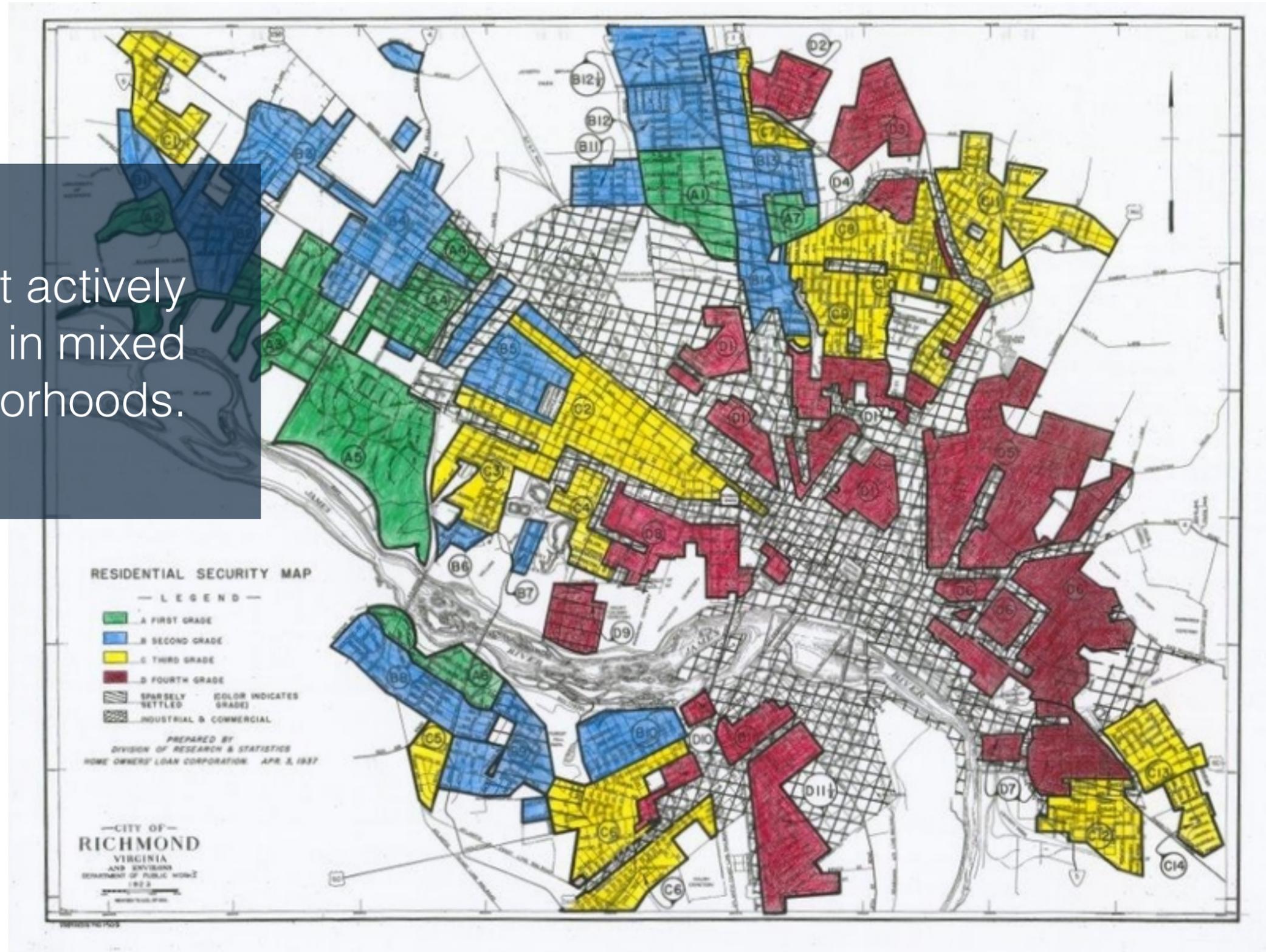




In the United States, white families hold **13 times** more wealth than families of color

Unequal access to housing has been a primary driver of this trend.

The US Government actively discouraged lending in mixed race neighborhoods.



Fair Housing



We eventually banned racial **discrimination** in housing

But communities continued to use zoning as a tool to maintain racial and economic **exclusion**



Exclusionary Zoning

Inclusionary Housing

Inclusionary housing (or Inclusionary Zoning) requires (or incentivizes) provision of lower income housing as a condition of approval for new development.

Washington, DC Suburbs

Fairfax County, Virginia
requires **12.5% of all
new housing** to be
rented at below market
rents to lower income
residents.





Austin, Texas

Redevelopment of the former Airport created an opportunity to build an entirely new mixed-use urban neighborhood



The project includes 4,600 homes and apartments, 140 acres of open space and 4.2 million square feet of commercial space.



Thinking ahead, the city required that **25%** of new apartments and homes remain **permanently affordable** for low or moderate income residents.



1,400 families earning 50-80% of median income will benefit from this development. And the community will remain economically diverse over the long term.

Breckenridge, Colorado

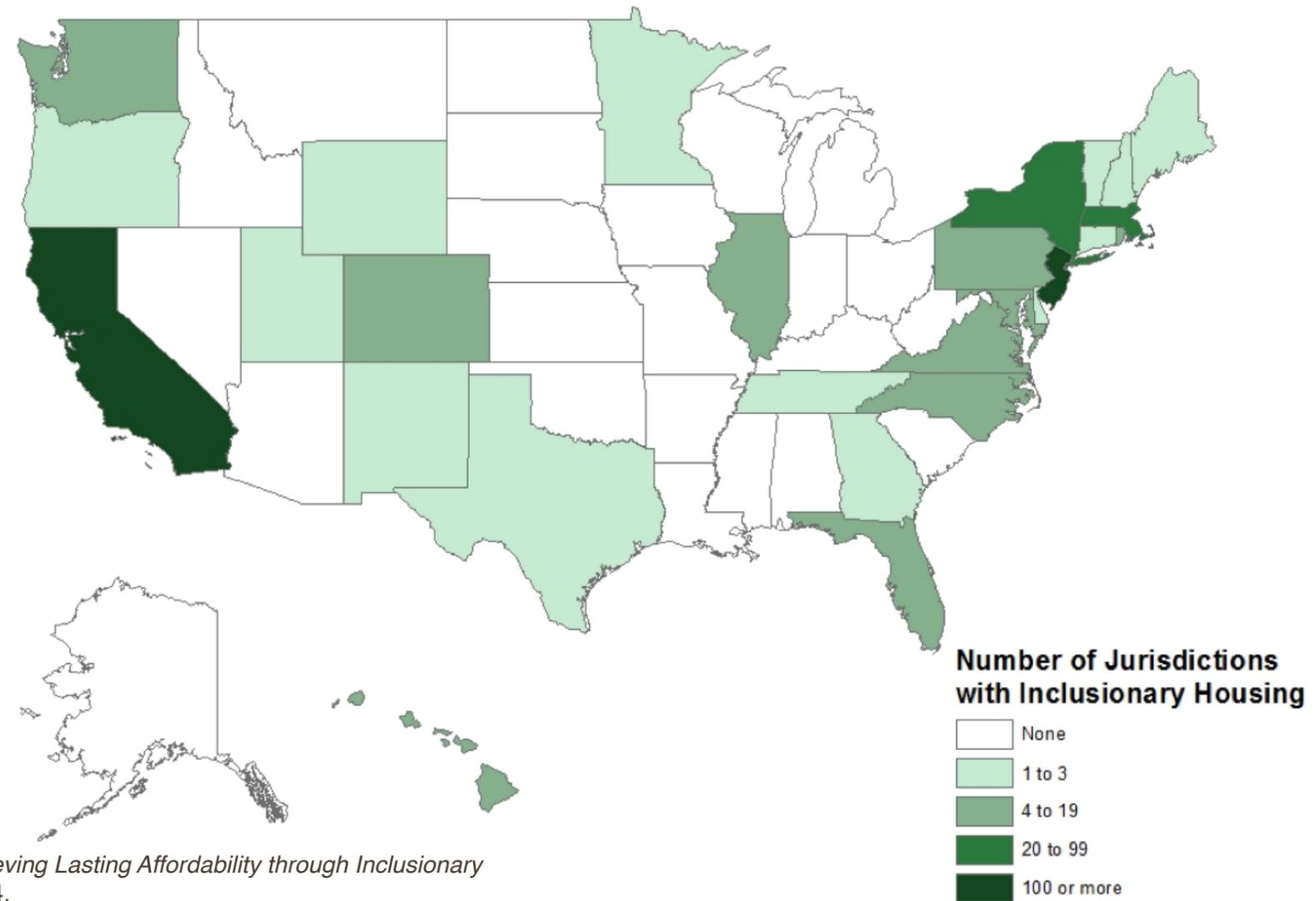
Like most other Colorado ski towns, Breckenridge adopted a Workforce Housing Program in the late 1990s.

Breckenridge has created a stock of more than 600 permanently affordable homes. Today **32 percent** of the town's permanent residents live in restricted workforce housing units.



Inclusionary Housing Programs

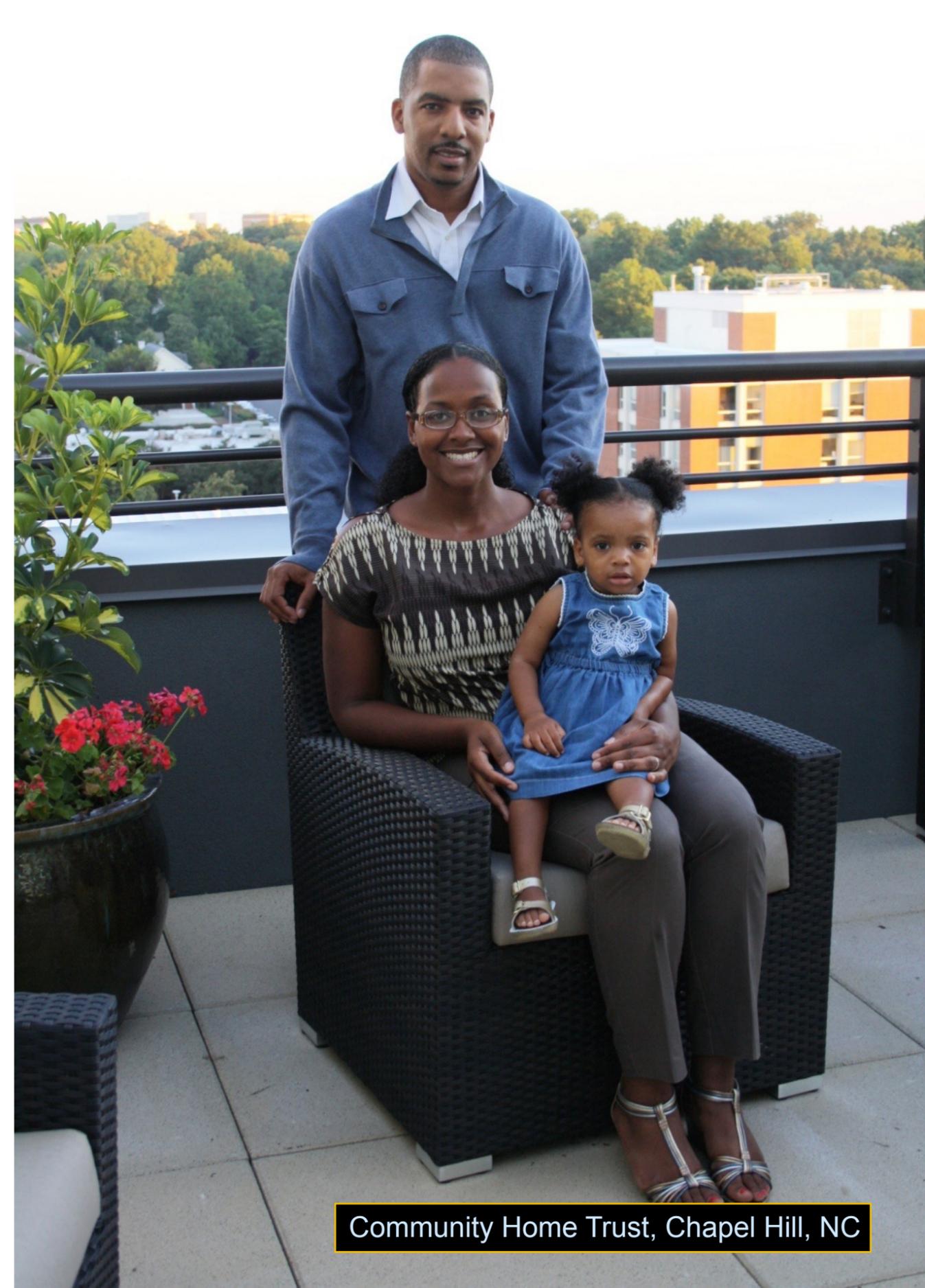
There are more than 900 communities with Inclusionary Housing programs in the United States



Source: Hickey, Sturtevant and Thaden, *Achieving Lasting Affordability through Inclusionary Housing*, Lincoln Institute of Land Policy, 2014.

Where does it work?

- Big, High-cost Cities
- Growing Suburbs
- Resort Towns
- College Towns



Community Home Trust, Chapel Hill, NC



Where does it not work?

- Anywhere that is not building new housing



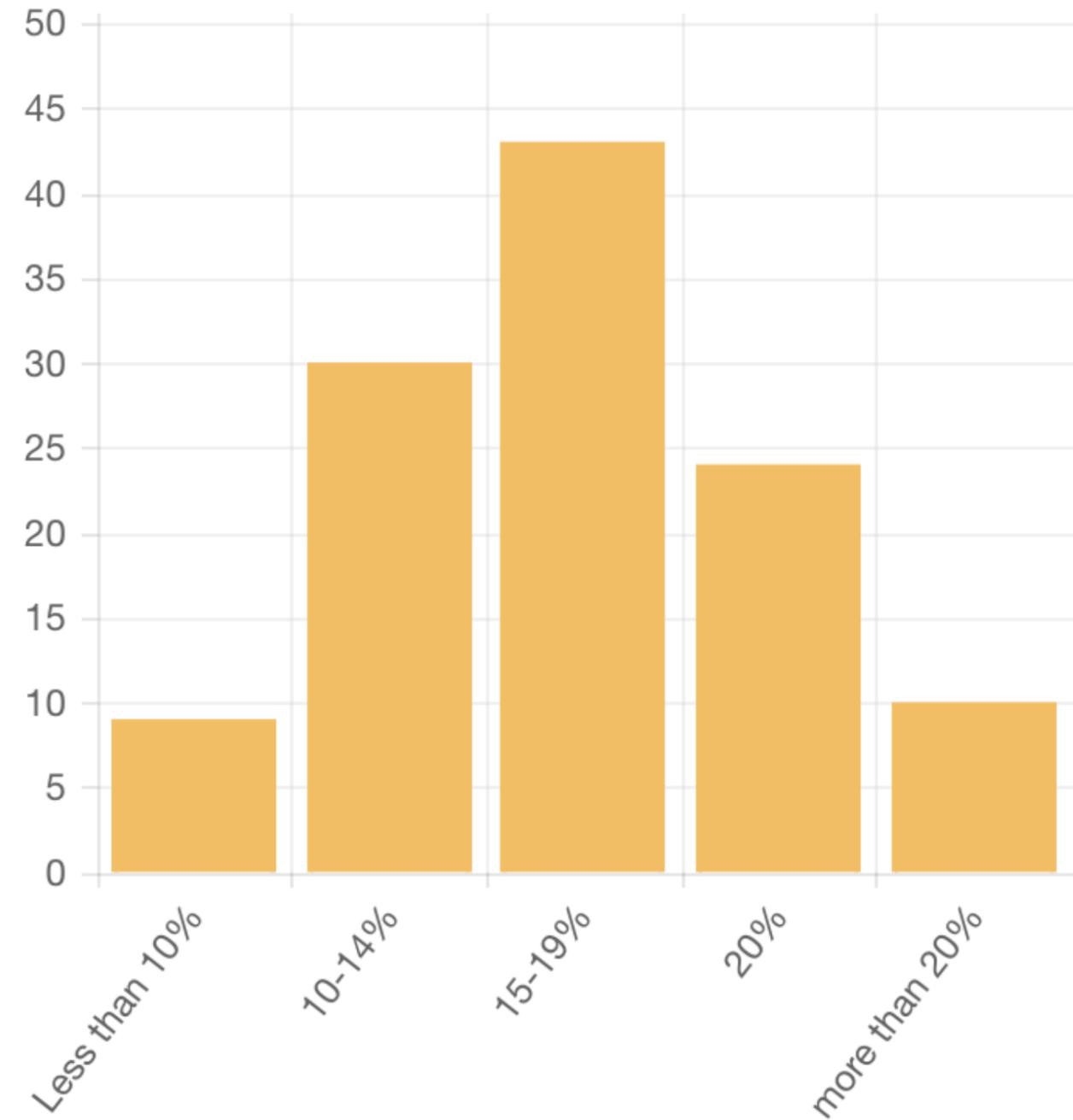
Big Choices

- Set Aside Requirement
- Income Target
- Incentives
- Mandatory vs. Voluntary
- Alternative Compliance Options

Set Aside Requirement

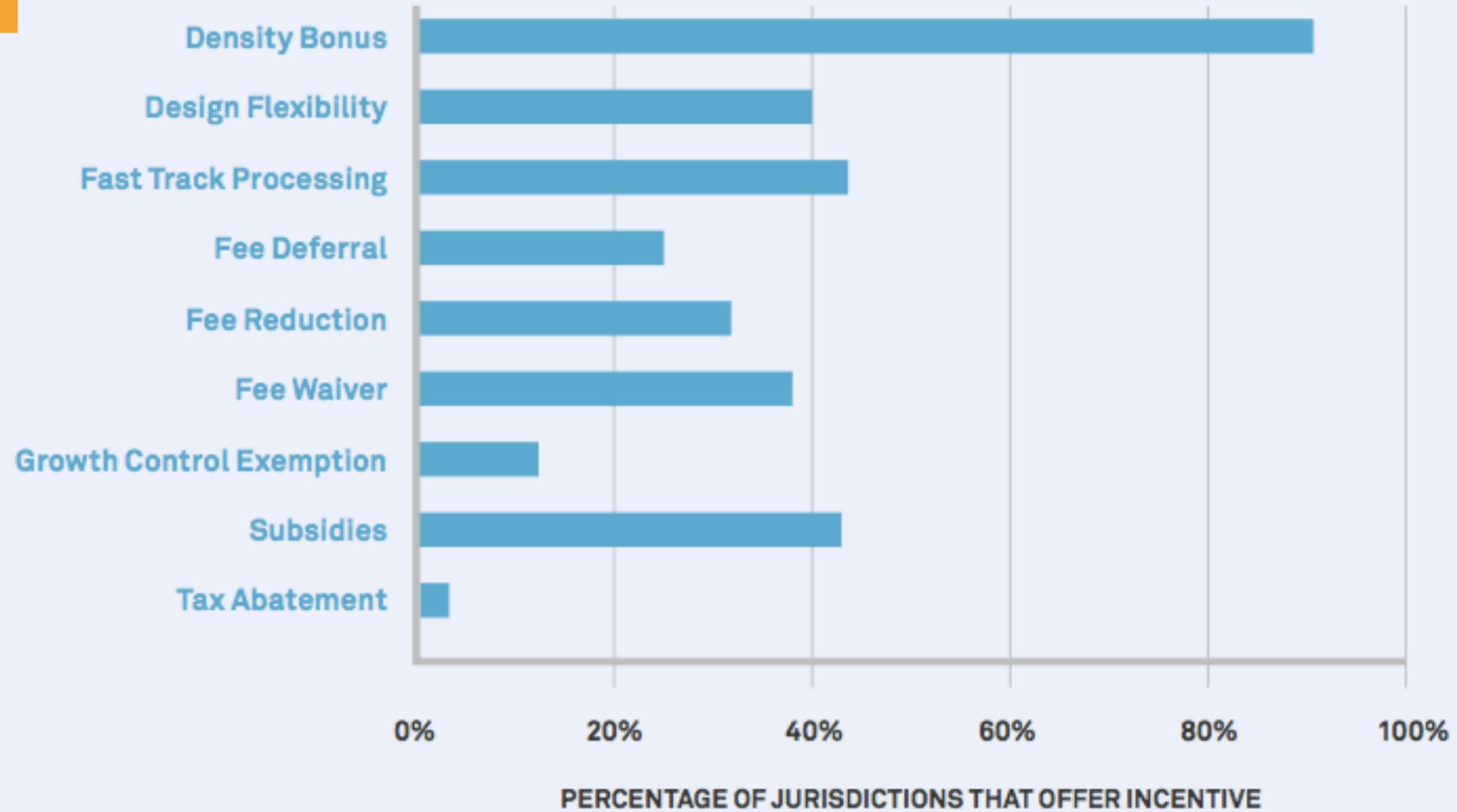
Most communities require between 10 and 20% affordable units

Share of units required to be affordable



Source: Hickey, Sturtevant, and Thaden (2014)

Incentives



Source: Non-Profit Housing Association of Northern California (2007).

Most programs provide incentives that offset some of the cost

Mandatory vs. Voluntary

Mandatory:

Every project must include affordable units, whether or not they take advantage of available incentives (density bonuses, parking reductions)

Voluntary:

Projects only need to provide affordable units to the extent that they receive increased density of other incentives

Challenges



Chicago, IL

Political Conflict

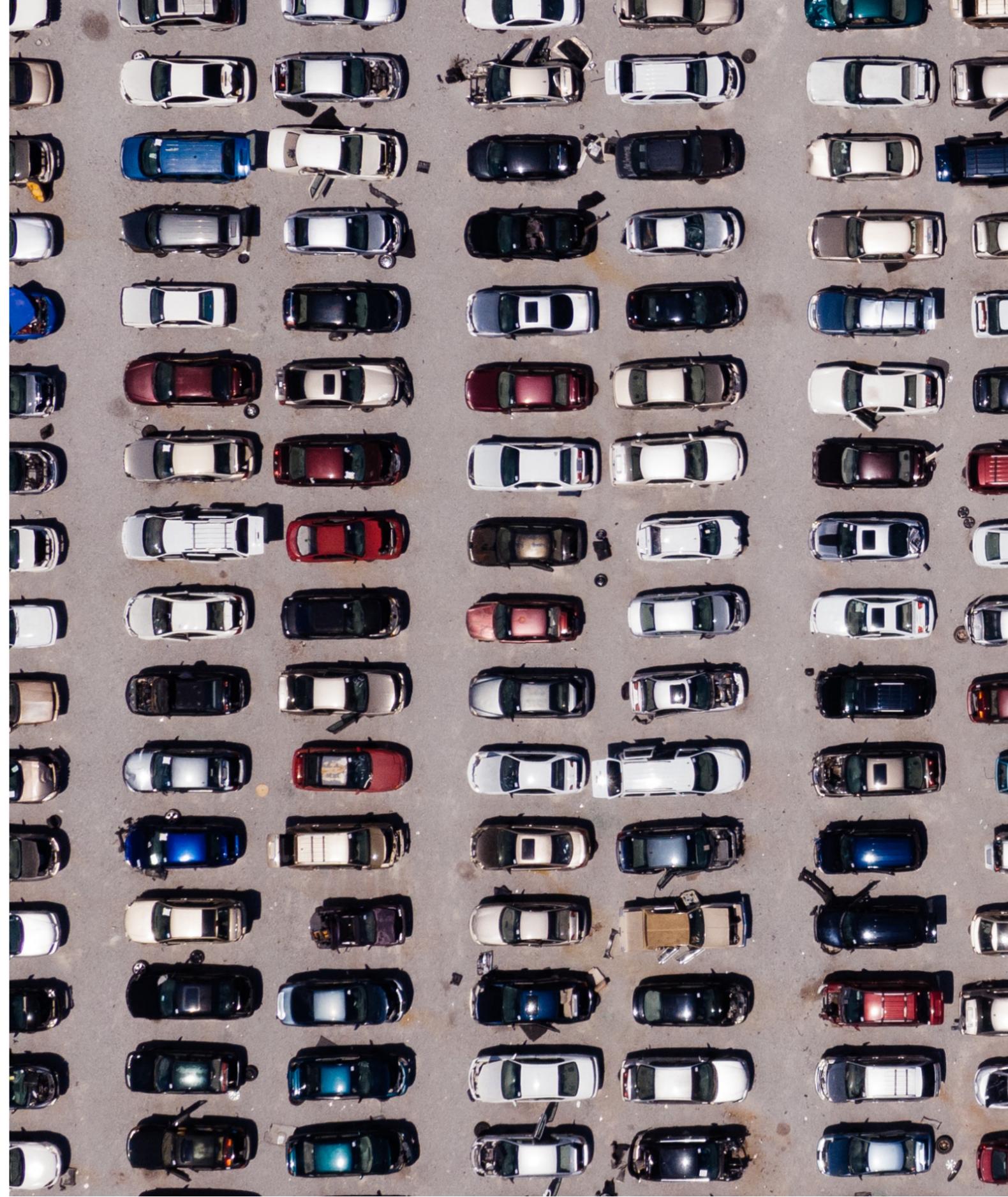


Economic Feasibility



Houston, TX

What happens when buildings are not feasible?



A multi-story apartment building under construction. The building features balconies with glass railings and large windows. Scaffolding is visible around the central part of the building, and a crane is partially visible in the background. The sky is clear and blue.

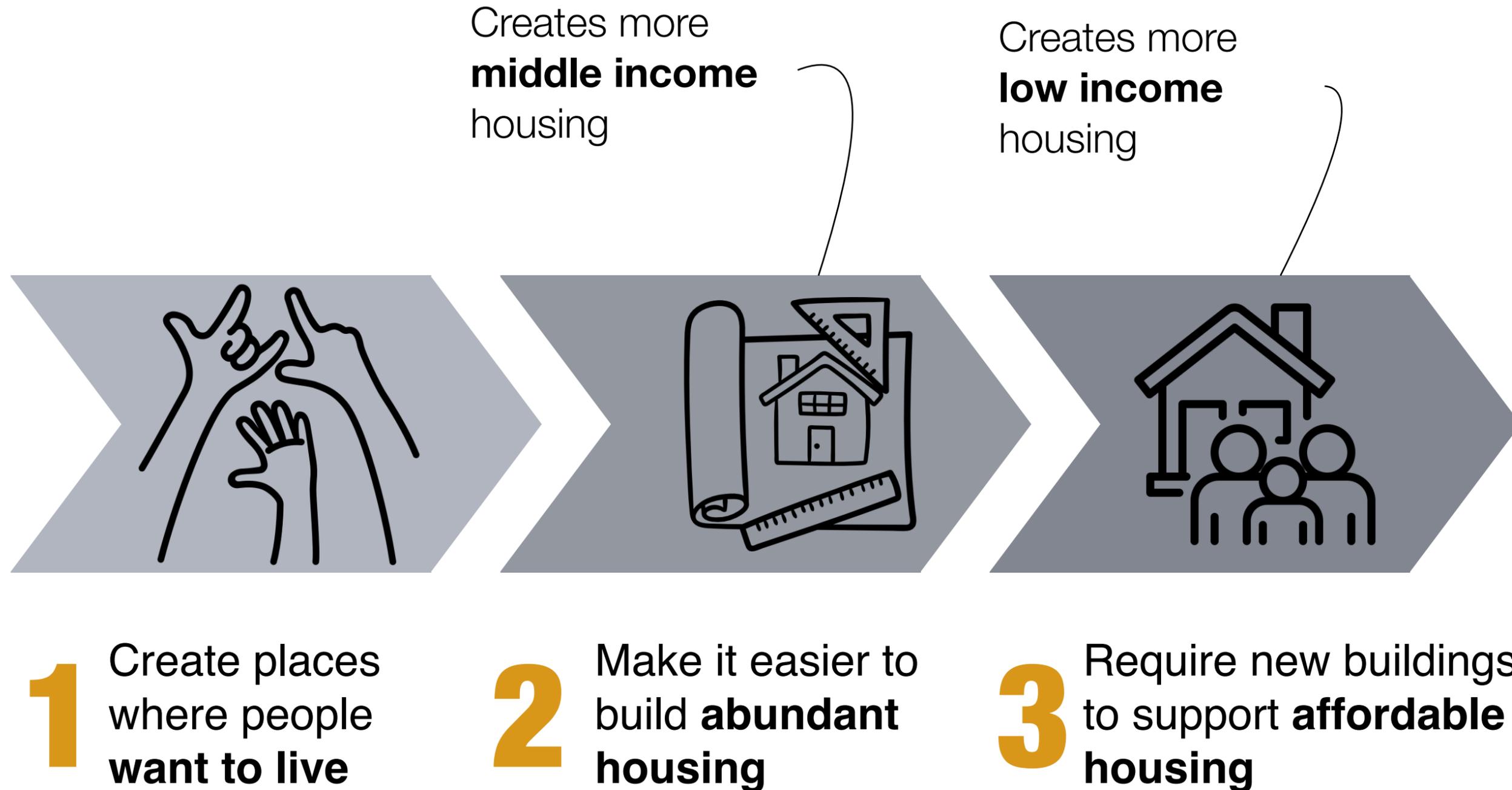
A 2008 study found small decreases in housing production in Boston suburbs with IZ but no decrease due to IZ in the San Francisco area in part because incentives were more common in California

Furman Center for Real Estate at NYU, The Effects of Inclusionary Zoning on Local Housing Markets: Lessons from the San Francisco, Washington DC and Suburban Boston Areas, 2008



The rate of building generally has more impact on the number of affordable units created than the level of the inclusionary requirement

The Grand Bargain



The Grand Bargain

Increases land values



1 Create places where people want to live

Increases land values



2 Make it easier to build **abundant housing**

Reduces land values (Shares benefits)



3 Require new buildings to support **affordable housing**



Land Value Capture

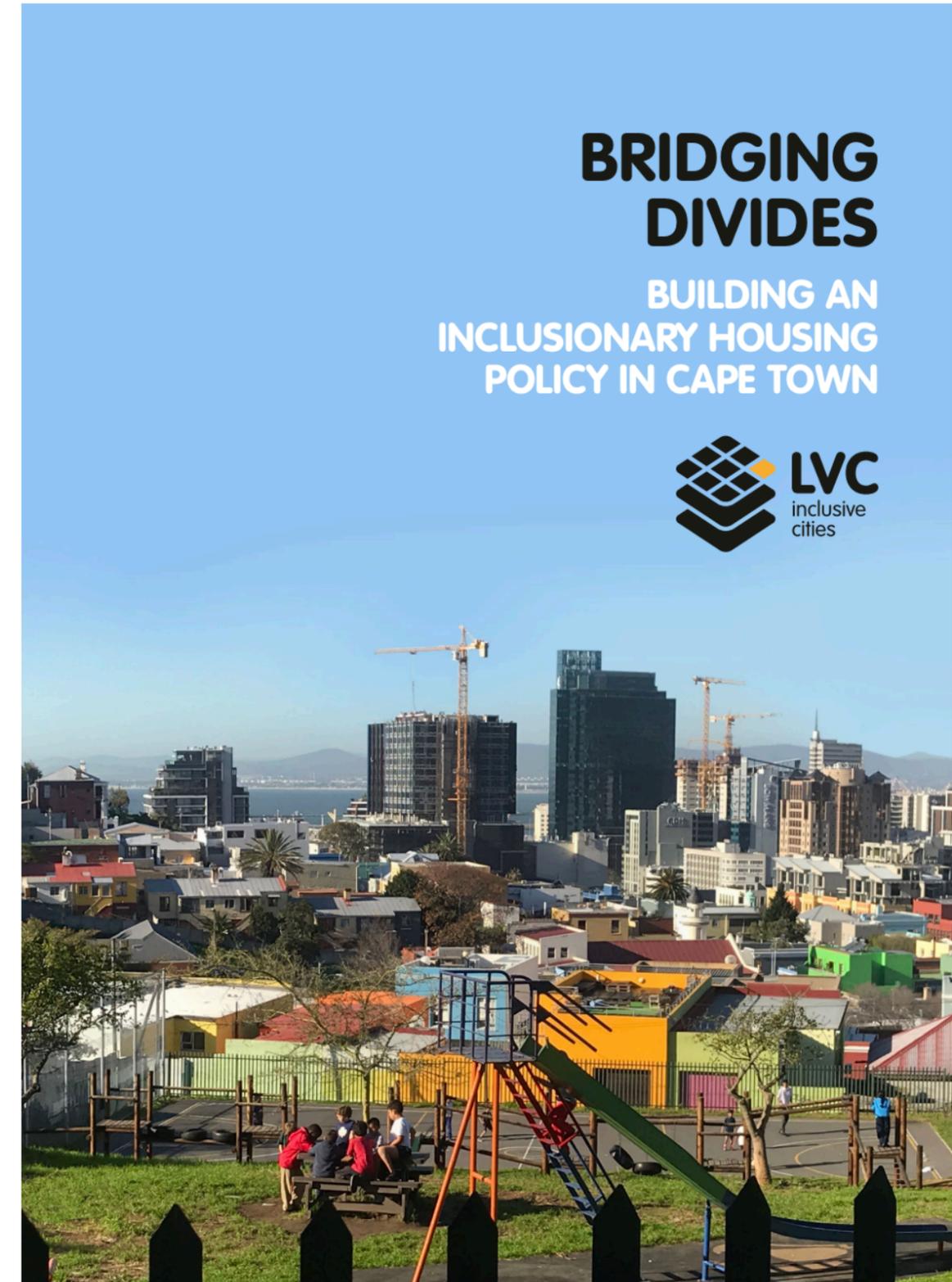
Inclusionary housing requirements allow us to capture some of the value created when we allow more building.



The more predictable the requirements, the more likely that the cost will be **capitalized into land** values.

Local Context

- Housing Market Conditions
- Development Costs
- Land Use Regulations and Laws
- Administrative Capacity of Government
- Political Power Structures



Administration and Monitoring

Supporting Development

1. Developer Options
2. Pricing
3. Marketing
4. Eligibility Screening
5. Buyer Financing

Long Term Stewardship

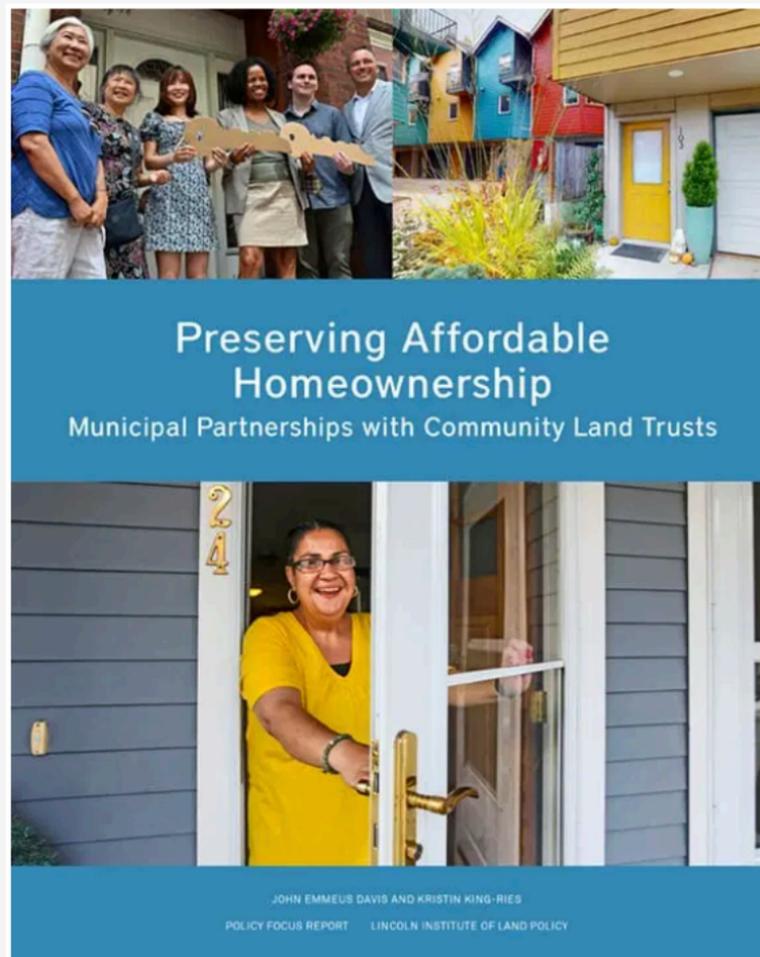
1. Monitoring
2. Enforcement
3. Managing resales



Stewardship Options

- Local Government
- Private Contractor
- Quasi Governmental Agency
- Housing Nonprofit
- **Community Land Trust**

New Report



<https://www.cltweb.org/2024/11/18/policy-focus-report-press-release/>

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