

## Answering your Questions on Inclusionary Zoning

By: Anne Saylor, Housing Coordinator

### What is inclusionary zoning?

Inclusionary zoning (IZ) requires that a percentage of housing units be moderately-priced in developments over a certain size. Communities often require 10% in developments over 10-20 units. Some ordinances give a “density bonus” (extra units) in return for the moderately-priced units. This is called “incentive zoning”. In a 100-unit development where 10% of the units must be moderately-priced, incentive zoning might give the developer 10-15 extra market-rate units.

### Can't we just make developers build it?

A community can ask developers for a modest number of moderately-priced units without a bonus. But this assumes that developers are the only reason for the lack of moderately priced housing, and makes them solely responsible for the solution. This assumption is not fair to developers.

The cost of housing is driven by many factors including the price of land, the cost of regulation on land (zoning and environmental), construction costs, builder's profit, and market forces. Builders only control their profits (and even those are influenced by market forces).

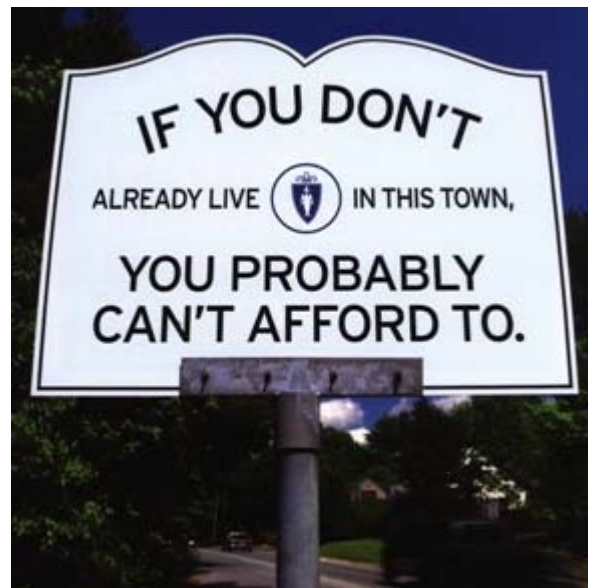


Photo credit: North Shore Housing Trust, Inc.

### What do you mean by "moderately-priced"?

This is defined differently in each community's ordinance. Generally, it means a home or condominium around \$200,000 and apartments that are \$150-\$300 less than market rents, depending on their size.

### Will someone get a \$700,000 house for \$200,000?

No. IZ units are smaller than market-rate units. They look similar from the outside but have interior differences. For example, what looks like a 3,000 square foot condo from the outside might actually be two 1,500 square foot units.

### **Who gets to live in these units?**

This is housing for people who work in our community and are being priced out as higher-income households move north. Units are often allocated through a system which gives first priority to people considered critical to live in the community they serve – the police officer who patrols your neighborhood, the guy who plows the snow on the town road, your kid’s math teacher, and the hospice nurse who helps care for your ailing parent.

### **Isn't this just another name for public housing or Section 8?**

No. Public housing and Section 8 receive significant amounts of government subsidy. IZ units have no government subsidy. People living in IZ units pay their own mortgage or rent.

### **Will these units devalue my home?**

No. IZ units should be virtually indistinguishable from the outside. Ordinances can also establish underwriting standards for homeownership to insure that households can afford to maintain their home.

### **Will these units make my property taxes go up?**

The answer to this is more complicated. IZ units will pay property taxes based on assessed value like all other housing. Since their assessed value will be lower, their taxes will be less than average. We should note that excluding moderately-priced housing from our communities has not exactly driven our taxes down in recent years.

School taxes are the largest and fastest growing part of our property taxes. The largest part of school budgets is teacher salaries. As the cost of housing goes up, the teacher’s union argues that it needs larger increases to keep up with the cost of living. Our taxes go up to cover these larger salaries. There is a cost to us either way. We can pay higher salaries and force teachers to commute to other counties for housing (which also increases traffic) or we can chip in a little to keep them living in our community.

This concern about taxes also assumes that all IZ housing includes kids. However, many units will be occupied by young people and seniors who pay taxes but don’t have kids in the schools.

### **Can someone sell an IZ unit next year for a huge profit?**

No. Resale prices are always restricted. Each community decides what type of restriction it wants. The resale price is generally restricted to inflation plus the value of improvements. Some ordinances restrict prices forever, others have 10-30 year control periods.

## **Want More Information?**

Find out more information about inclusionary zoning at [www.knowledgeplex.org](http://www.knowledgeplex.org), or contact Anne Saylor at [asaylor@co.dutchess.ny.us](mailto:asaylor@co.dutchess.ny.us) for information from the American Planning Association.

[CLICK HERE](#) to view past issues of the DCPF’s newsletter, *Plan On It*.

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