



Dear Advocate,

As you know, the epic housing crisis in the Bay Area is taking the greatest toll on working families and seniors on fixed incomes. Many of the fastest growing cities in the Bay Area are producing homes for the well-off, leaving few housing options for working families. As a result, workers are forced to live far from their jobs; extended families are torn apart; and seniors on fixed incomes struggling to find housing are often forced to make decisions between food, medicine and housing.

Inclusionary housing is a proven solution to the Bay Area affordable housing crisis. Inclusionary policies require new housing developments to include homes affordable to a wide range of incomes within a community. Effective inclusionary housing policies strike a balance by providing incentives and flexibility to developers in exchange for housing that meets a community's needs.

Over 117 communities in California have adopted inclusionary housing policies, and 57 of these policies are in the Bay Area. With this toolkit, you have the tools to advocate and oversee the process of your local government adopting an inclusionary housing policy or strengthen an existing policy. In this toolkit, you will find:

- information on how to craft a policy that best suits your community's affordable housing needs;
- educational materials on specific components of an inclusionary housing policy;
- campaign materials including a sample campaign timeline and recruitment pieces;
- key messages that will help you with your communication efforts;
- information on how to work with the media and sample media pieces including letters to the editor, opinion pieces and press releases; and
- additional inclusionary housing resources.

Good luck! For assistance, contact Evelyn Stivers (evelyn@nonprofithousing.org) or Geeta Rao (geeta@nonprofithousing.org).

Bay Area Inclusionary Housing Initiative

IN PARTNERSHIP

FOUNDATION PARTNERS

- Butler Family Fund
- S. H. Cowell Foundation
- Fannie Mae Foundation
- Evelyn & Walter Haas, Jr. Fund
- Marin Community Foundation
- Peninsula Community Foundation
- The San Francisco Foundation
- Charles and Helen Schwab Foundation

COMMUNITY PARTNERS

- California Affordable Housing Law Project
- Greenbelt Alliance
- Institute for Local Self-Government
- Nine-County Housing Advocacy Network
- Non-Profit Housing Association of Northern California
- The Western Center on Law and Poverty

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INCLUSIONARY HOUSING ADVOCACY TOOLKIT

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INCLUSIONARY HOUSING INITIATIVE

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Why Inclusionary Housing?

Although housing production is strong in the Bay Area, the market simply isn't producing housing for the full range of needs in most communities. The 40 fastest growing Bay Area cities from 1988-1998 produced 117% of needed housing for above moderate incomes, but only 32% of needed housing for very low and low incomes. As a result, workers are forced to live far from their jobs; extended families are torn apart; and seniors on fixed incomes struggling to find housing are often forced to make decisions between food, medicine and housing.

Inclusionary housing (IH) has a thirty-year track record of creating homes for families, seniors and essential community workers. Over 117 communities in California have adopted IH policies, as have entire states including Massachusetts, New Jersey, and most recently Illinois.

IH has emerged as a key local government action that ensures affordable homes are built in the Bay Area's fastest growing communities. This is particularly important since many local governments are facing budget constraints and cutbacks in state and federal housing funds.

What is Inclusionary Housing?

IH policies require new housing developments to include homes affordable to a wider range of incomes within a community. Effective IH policies strike a balance by providing incentives and flexibility to developers in exchange for housing that meets the needs of a whole community.

Benefits of Inclusionary Housing

- **Creates housing choices in communities:** IH policies ensure that every community provides homes affordable to a range of income levels. By providing these housing options, a community's labor force—hospital workers, retail clerks, and childcare workers—can afford to live in the communities they serve. Hardworking families can have access to good schools and safe neighborhoods. Moreover, typical NIMBY opposition is often mitigated by creating both market-rate and affordable homes in a single development.
- **Creates new affordable homes without needing new government funding:** IH policies have broad appeal to local governments because these policies help provide affordable housing needs with little extra cost to governments. Furthermore, IH policies complement other affordable housing programs, like bond financing, rent and development subsidy programs, and tax credits.
- **Levels playing field for all developers:** By adopting IH policies, local governments remove uncertainty from the development process. It gives a clear message to landowners and developers so that all can make informed financial decisions before building.

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BAY AREA INCLUSIONARY HOUSING INITIATIVE

About the Inclusionary Housing Initiative

The Bay Area Inclusionary Housing Initiative is a multi-year advocacy and organizing program designed to increase the number of jurisdictions in the Bay Area with strong inclusionary housing programs, and to build public support for and increase the production of affordable homes.

About the Foundation Partners

The Bay Area Inclusionary Housing Initiative Foundation Partners, made up of community, family and corporate foundations, are coming together through this initiative to focus resources and attention on affordable housing solutions for the Bay Area.

The Butler Family Fund

The Butler Family Fund is concerned with homelessness and criminal justice reform. The Board supports organizations that are committed to addressing these problems through systemic change, advocacy, policy reform, and innovative direct service programs.

S.H. Cowell Foundation

The goal of the S.H. Cowell Foundation is to improve the quality of life of children living in poverty in Northern California by making grants that support and strengthen their families and the neighborhoods where they live.

Fannie Mae Foundation

The Fannie Mae Foundation creates affordable homeownership and housing opportunities through innovative partnerships and initiatives that build healthy, vibrant communities across the United States.

Evelyn and Walter Haas, Jr. Fund

The Haas, Jr. Fund is dedicated to celebrating and building community. Through its grantmaking, the Fund aspires to serve as a voice of hope and a positive, unifying force for social change.

Marin Community Foundation

The Marin Community Foundation encourages and applies philanthropic contributions to help improve the human condition, embrace diversity, promote a humane and democratic society, and enhance the community's quality of life, now and for future generations.

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Peninsula Community Foundation

Peninsula Community Foundation has been connecting people with causes they care about since 1964. A 501(c)(3) public charity, Peninsula Community Foundation is among the 25 largest community foundations in the country. There are more than 650 community foundations in the United States today.

The San Francisco Foundation

The San Francisco Foundation mobilizes resources and acts as a catalyst for change to build strong communities, foster civic leadership, and promote philanthropy.

Charles and Helen Schwab Foundation

The Charles and Helen Schwab Foundation is a private charitable organization that stewards a philanthropic vision of building partnerships to improve lives. Through direct service and partnership in grantmaking initiatives, the Foundation seeks to impact individual lives in a meaningful, lasting way and work collaboratively to inform philanthropic practices.

About the Community Partners

The Bay Area Inclusionary Housing Initiative Community Partners have an established body of work on affordable housing issues. Over the last ten years, NPH and the California Affordable Housing Law Project (CAHLP) have worked with the Nine-County Housing Advocacy Network to promote key affordable housing strategies. Greenbelt Alliance has joined in the last five years to help build alliances in the region with various environmental, housing, faith and other community groups.

Non-Profit Housing Association of Northern California (NPH)

NPH serves as the lead organization coordinating this Initiative. Since 1979, NPH has worked to advance affordable housing as the foundation for thriving individuals, families and neighborhoods. As the collective voice for nearly 600 organization members who support, build, manage and finance affordable housing, NPH promotes the proven methods of the non-profit housing sector and focuses government policy on housing solutions. NPH has published two extensive reports covering the affordable housing crisis and inclusionary housing, one of which was published nationally.

California Affordable Housing Law Project (CAHLP)

CAHLP, part of the Public Interest Law Project, is a non-profit corporation that provides statewide support for California legal services and other public interest programs, including technical assistance, consultation, co-counseling, policy advocacy, and training. CAHLP's expertise areas include land use and planning, state housing element and redevelopment laws (including the production, replacement, and preservation of affordable housing stock), and preservation of subsidized housing units.

Greenbelt Alliance

As an established and respected environmental organization, Greenbelt Alliance brings a unique and often pivotal presence to work on behalf of affordable housing. Greenbelt seeks to foster a positive policy environment among local jurisdictions throughout the Bay Area that creates livable communities, supports transit, and provides a range of housing types to meet the needs of all residents. Greenbelt has previously worked with NPH and other partners included in this Initiative.

Institute for Local Self Government (ILSG)

The Institute for Local Self Government is the 501(c)(3) research arm for the League of California Cities, a membership association of California city officials. The Institute published a well-received guidebook on inclusionary housing in 2002 and is preparing to release an updated version later this year. The Institute will consult on the curriculum for Initiative trainings to foster more informed discussions; and serve as a technical consultant.

Nine-County Housing Advocacy Network

Northern California's affordable housing community includes sub-regional coalitions in eight of the nine Bay Area counties. NPH has coordinated these organizations to maximize the impact and effectiveness of the groups on a regional scale. Through this Initiative, local coordinators from the Nine County Network will give strategic guidance, conduct outreach, propose policy options, and advocate with local community leaders for new or improved inclusionary housing ordinances.

Western Center on Law and Poverty (WCLP)

WCLP is a non-profit California corporation with the mission to advance and enforce the rights of low income Californians in health, housing and public assistance by working statewide for systemic change. WCLP improves the lives of low-income people through litigation, education, legal support to social and legal service providers, legislation and policy advocacy. WCLP supports community-based organizations on issues involving housing element, inclusionary zoning and redevelopment law to facilitate the implementation and enforcement of California's critical affordable housing tools. WCLP's successes have resulted in commitments to produce thousands of affordable housing units.

Other Local Partners

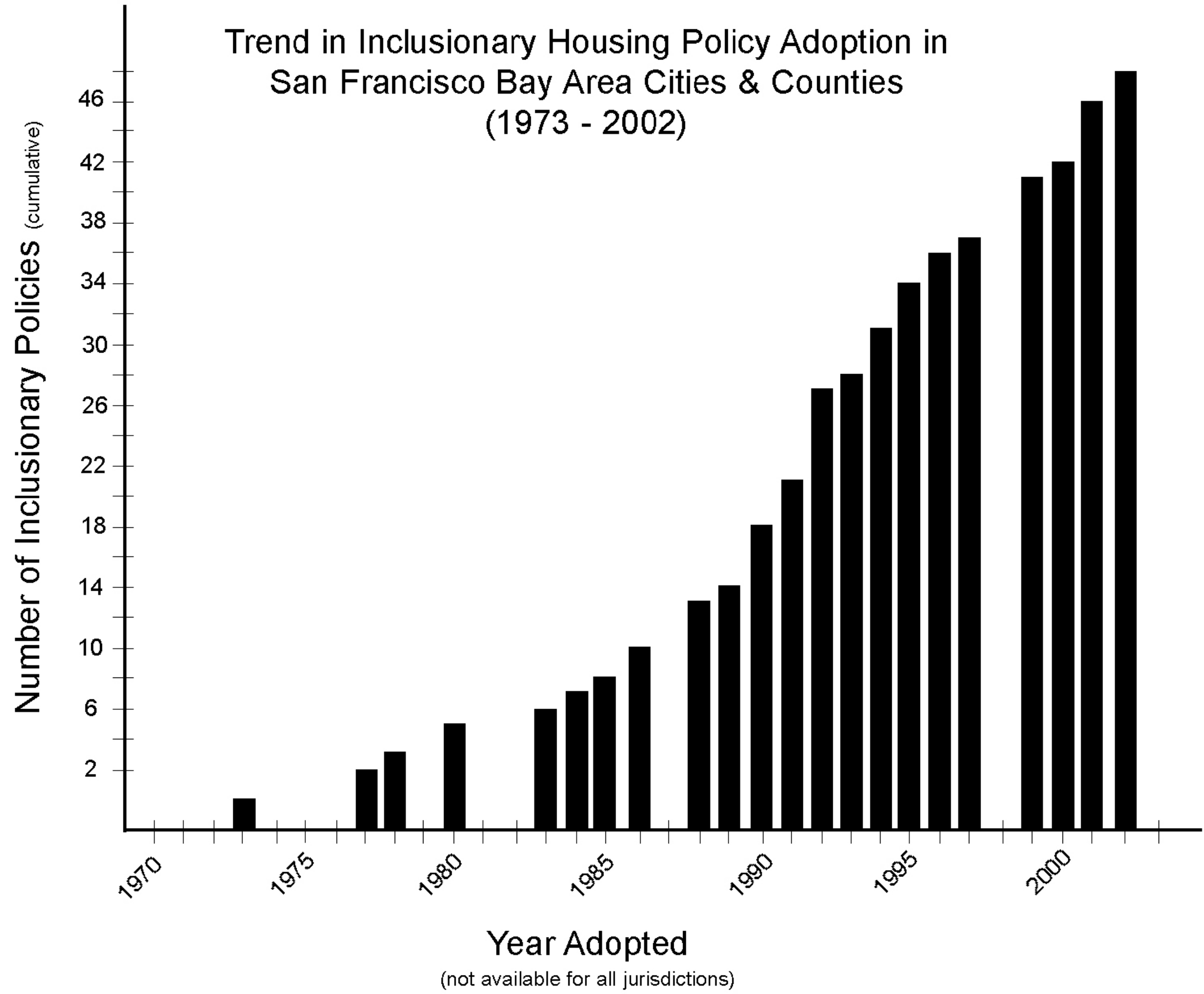
A number of faith-based groups, including Congregations Organizing for Renewal (COR) and Peninsula Interfaith Action (PIA), have made affordable housing one of their top priorities. With their organizing and advocacy skills, these groups bring a unique perspective to the inclusionary housing discussion.

INCLUSIONARY HOUSING: BAY AREA SPOTLIGHT

Bay Area Jurisdictions with Inclusionary Housing Policy

Alameda County
Alameda
Alameda County
Berkeley
Dublin
Emeryville*
Fremont
Hayward
Livermore
Pleasanton
San Leandro
Union City
Contra Costa County
Brentwood
Clayton
Contra Costa County
Danville
Hercules
Pleasant Hill
Richmond
Walnut Creek
Marin County
Corte Madera
Fairfax
Larkspur
Marin County
Mill Valley
Novato
San Anselmo
San Rafael*
Tiburon
Napa County
Calistoga
Napa
Napa County
Yountville
San Francisco County
San Francisco
San Mateo County
East Palo Alto
Half Moon Bay
Menlo Park
Portola Valley
San Carlos
San Mateo
San Mateo County
South San Francisco
Santa Clara County
Cupertino
Los Altos
Los Gatos
Morgan Hill
Mountain View
Palo Alto
Santa Clara
Sunnyvale
Solano County
Benicia
Sonoma County
Cotati
Healdsburg
Petaluma*
Rohnert Park
Santa Rosa*
Sebastopol
Sonoma

Trend in Inclusionary Housing Policy Adoption in San Francisco Bay Area Cities & Counties (1973 - 2002)



Highlights from Bay Area Jurisdictions

Inclusionary Housing programs have been adopted in 57 cities and counties in the Bay Area.

Minimum Project Size

Average	5.98 units
High	30 units
Low	2 units

Percentage of Units Required

Average	13.5%
High	25%
Low	5%

Length of Affordability

Average	39.1 years
Longest	Permanent
Shortest	15 years

Units Produced through Inclusionary Policy

Average	220
High	1,442
Low	5
Total	7,716

* A Top 15 Affordable Housing Producer based on inclusionary housing production.

30 Years of Innovation



BAY AREA INCLUSIONARY HOUSING INITIATIVE

Inclusionary Housing Production: Bay Area Projections for Top 40 Cities/Counties

Cities with inclusionary housing (IH) policies have a track record of creating affordable housing by ensuring that new residential developments include housing for a community's entire range of housing needs. In California, 117 IH programs, over 20% of all jurisdictions, have accounted for over 34,000 homes being added to the overall supply of affordable housing. In the Bay Area, 57 jurisdictions have adopted an IH policy, adding over 7,800 affordable homes to the overall supply. (Housing supply numbers are conservative estimates since many jurisdictions did not report their inventory)¹. Looking at the top 40 jurisdictions, which represent 67% of the region's expected growth, one-third have no IH policy (see details in Tables 1 and 2).

Table 1. Summary of Top 40 Jurisdictions

Top 40 Bay Area Jurisdictions		% of Top 40	Total Planned Growth	% of Total Regional Growth*
With Inclusionary Housing Policy	26	65%	41,834	40%
Without Inclusionary Housing Policy	14	35%	28,015	27%

*Total Regional Market Rate Growth = 105,759

Table 2. Five Year Projection for Inclusionary Housing Production in the Top 40 Jurisdictions

Locality	5 Year Total Projected Housing Production Rate (based on ABAG RHNA)	Current Inclusionary Housing Requirement	5-year Inclusionary Production	
			With Current Policy Requirements	If All Jurisdictions Adopted a 20% Requirement
ANTIOCH *	2,019	None	0	404
CONCORD *	1,062	None	0	212
CONTRA COSTA COUNTY*	2,462	None	0	492
DALY CITY	385	None	0	77
FAIRFIELD	1,652	None	0	330
OAKLAND *	3,017	None	0	603
PITTSBURG	1,122	None	0	224
REDWOOD CITY	729	None	0	146
SAN JOSE	7,551	None	0	1510

¹ *Inclusionary Housing in California: 30 Years of Innovation*. Non-Profit Housing Association of Northern California and California Coalition for Rural Housing, June 2003.

(Table 2 continued)			5-year Inclusionary Production	
Locality	5 Year Total Projected Housing Production Rate (based on ABAG RHNA)	Current Inclusionary Housing Requirement	With Current Policy Requirements	If All Jurisdictions Adopted a 20% Requirement
SAN LEANDRO	379	None	0	76
SOLANO COUNTY	1,237	None	0	247
SONOMA UNINC. **	2,915	None	0	583
VACAVILLE **	2,098	None	0	420
VALLEJO **	1,385	None	0	277
BRENTWOOD	1,794	10%	179	359
CUPERTINO	977	10%	98	195
LIVERMORE	2,500	10%	250	500
MOUNTAIN VIEW	1,596	10%	160	319
NAPA CITY	1,444	10%	144	289
SAN MATEO	697	10%	70	139
SAN RAFAEL	584	10%	58	117
SANTA CLARA CITY	1,779	10%	178	356
SUNNYVALE	1,109	12%	133	222
DUBLIN	2,739	12.5%	342	548
FREMONT	3329	15%	499	666
HAYWARD	1,244	15%	187	249
BERKELEY	510	20%	102	102
EAST PALO ALTO	285	20%	57	57
SANTA ROSA	3,430	10%	343	686
SAN RAMON	2,317	25%	579	579
NOVATO	753	10-15%	94	151
PALO ALTO	449	10-15%	56	90
PETALUMA	543	10-15%	68	109
SAN FRANCISCO	4,909	10-17%	540	982
RICHMOND	1,239	10-25%	155	248
PLEASANTON	2,583	15-20%	258	517
ALAMEDA CITY	969	15 - 25%	145	194
WALNUT CREEK	779	6%-15%	78	156
MILPITAS	1,435	goal of 20%	72	287
ALAMEDA COUNTY	1,839	Limited	92	368
Total	69,849		4,938	14,086

* Study Underway

** Proposed in Housing Elements

KEY POLICY ISSUES

BAY AREA INCLUSIONARY HOUSING INITIATIVE

How to Craft an Effective Inclusionary Housing Policy

Inclusionary housing (IH) is an affordable housing strategy that gives communities the flexibility to meet their housing needs; therefore, there is no single policy that is appropriate for all jurisdictions. Communities throughout the Bay Area have a range of housing needs, land supply and resources. Despite these differences, there is an IH framework that can help advocates craft a policy that best meets their community's affordable housing needs.

By reviewing IH's thirty-year track record, it is clear that certain factors greatly affect the success or failure in creating affordable homes. A failed policy is typically the result of weak policy parameters, such as requiring a low percentage of affordable homes to be built or targeting incomes that already can find housing in the market.

Successful IH policies however strike a balance between aggressive policy parameters—a high affordable housing percentage and appropriately targeted incomes—and giving market-rate developers options for how they can meet the IH requirement. Building flexibility into a strong ordinance by providing alternatives to onsite development—such as land dedication and offsite development—may yield greater affordable housing benefits than traditional IH policies.

Traditional IH policies require the development of comparable affordable homes that are distributed uniformly throughout a market-rate development. A flexible IH policy allows for alternatives to onsite construction that may result in more affordable homes, deeper affordabilities or both.

IH Framework

This IH framework is intended to provide helpful guidelines for advocates creating an IH policy that best meets the affordable housing needs of your community. The IH framework is made up of two components: 1) aggressive affordable housing parameters and 2) flexibility in how these parameters are achieved. While a typical IH policy is not necessarily broken down into these two components, the policy parameters in these components are almost always considered in an IH policy. Advocates should understand how these two components work together (although not necessarily every detail of each parameter) since there may be important trade-offs to consider. This framework is most helpful when advocates have also determined specific affordable housing goals to be achieved through the IH policy.

Job-Housing Linkage Programs

Affordable housing production can be further bolstered through a job-housing linkage fee—one-time fees that local government place on commercial development to offset the increased housing need. A job-housing linkage fee can be framed as the second component to an IH policy. To demonstrate the need, a nexus study is required. While advocating for an IH policy, advocates may also want to encourage their jurisdiction to carry out a nexus study at the same time.

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Component One: Affordable Housing Parameters

The affordable housing parameters identify the population that will be served, the potential number of affordable homes that could be developed, and how long the affordable homes will be affordable.

Income Targeting: Income targets identify the population that will be served. Successful IH policies target incomes that cannot find housing in the market. The depth of the income targets will affect the number of units produced. Therefore, IH policies need to strike a balance between providing a sufficient number of units and reaching a range of affordability levels. Given the Bay Area's housing needs, advocates may want to consider targeting low-income households and very low-income households for both rental and homeownership. Some policies will eventually differentiate income categories based on whether the units are rental or ownership. If that is the case, rental units should target very low- and low-income households, while ownership units should target low- or moderate-income households. See *Targeting the Right Incomes* for more detail.

Income Targets for IH Policies

NPH's survey conducted of all the IH policies in California shows that 48% of the ordinances target very low-income households; 86% target low-income households; and 74% target moderate-income households.

Very Low Income: 31-50% of AMI*
Low Income: 51-80% of AMI
Moderate Income: 81-120% AMI
*AMI=Area Median Income

Inclusionary Percentage: The percentage identifies the potential number of affordable homes that can be built. New policies and existing policies should consider requiring that 20% of the units in market-rate developments are set-aside for affordable homes. About half of all policies in California require at least a 15% set-aside, and a quarter of all programs require 20% or more.

Length of Affordability: In successful inclusionary programs, rental homes typically range from being affordable for 55 years to permanently affordable. The length of affordability for ownership homes is also long-term to permanent; however, ownership structures vary by jurisdiction. Jurisdictions should explore homeownership models that ensure affordability for future generations of owners while, at the same time, share the equity with homeowners at the time of resale. Furthermore, it is important for the local jurisdiction to establish effective methods for tracking the affordable homes once they are developed so that these homes remain affordable.

Component Two: Flexible Parameters

The flexibility component outlines possible ways the affordable housing parameters can be achieved by providing market-rate developers with a range of options to fulfill their IH requirement.

Design Flexibility within Onsite Construction: Affordable homes developed onsite should be allowed design and product flexibility. The use of duets, slightly reduced unit sizes, fewer parking spaces, and other cost saving features should be encouraged. Successful policies allow this option so that some diversity of housing types can be achieved.

Alternatives to Onsite Construction: Developers should be able to satisfy the inclusionary requirement by dedicating land, building affordable homes offsite or paying an in-lieu fee in appropriate circumstances. In many instances, alternatives to on-site construction carried out in partnership with a non-profit housing developer actually result in more affordable homes, deeper affordability levels, or both, than typical IH policies. Furthermore, providing a range of alternatives to onsite construction also makes for a more legally sound ordinance.

- **Land dedication** allows the developer to donate a sufficient amount of land to the local government or non-profit housing developers to facilitate the production of an equal or greater number of affordable homes as the requirement. Land dedications also typically yield deeper affordabilities.
- **Offsite** allows the developer to build the affordable homes close to the market-rate development or within the same jurisdiction. Once again, offsite should facilitate the production of an equal or greater number of affordable homes as the initial requirement. See *Embracing Flexibility* for more details.
- **In-lieu fees** allow developers to pay a fee related to the cost of developing the affordable homes. See *Setting the Appropriate In-Lieu Fee* for more details.

Developer Incentives: In order to assist in offsetting the cost of producing the affordable homes, IH policies can provide developers incentives, such as fee waivers, reduced parking requirements, and/or expedited permit review. Density bonuses are by far the most popular incentive offered to developers. Successful policies typically incorporate at least two of these incentives to help minimize costs for the developer.

Lessons Learned

❖ **Strike a balance between aggressive affordable housing parameters and providing developers with flexibility on how they can meet the IH requirement.**

All of the parameters that make up the IH framework are linked, and adjusting one parameter impacts another. For example, if a policy requires a set-aside of 25 to 30%, it may result in a policy with shallow income targets rather than a policy with a lower set-aside and deeper affordabilities. To avoid that dilemma, a land dedication might be an appropriate alternative since it will mostly likely yield even greater affordable housing results by producing more affordable homes and deeper affordabilities.

This example highlights some of the policy tradeoffs you may encounter. We recommend understanding the development context in your jurisdiction and the community's housing needs, and then weighing the policy parameters as they relate to your affordable housing goals. This can be a tricky process. NPH is available to assist you in crafting an effective IH policy that meets your local housing needs.

❖ **Develop an IH Platform.**

Many effective advocates develop an IH platform at the onset of developing the policy. A platform can include your community's affordable housing needs and the goals for the IH policy. It may even be appropriate to include the key policy parameters to achieve these goals.

IH Policy Check List

- ☐ Are the income categories set appropriately to serve the target population?
- ☐ Does the percentage of affordable homes required meet the community's needs?
- ☐ Are the affordability terms set for long-term?
- ☐ Is the project size that triggers the IH policy set appropriately?
- ☐ Is the in-lieu fee appropriately calculated?
- ☐ Does the IH policy provide alternatives to onsite development?
- ☐ Does the IH policy provide developer incentives?
- ☐ Does the IH policy allow for design flexibility?
- ☐ Does the IH policy apply to all new residential developments?

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Embracing Flexibility

Effective inclusionary housing (IH) policies strike a balance by providing flexibility to developers in exchange for housing that meets a community's needs. Building flexibility into an ordinance by providing alternatives to onsite development—such as land dedication and offsite development—may yield greater affordable housing benefits than traditional IH policies. Traditional IH requires the development of comparable affordable homes that are distributed throughout a market-rate development. A flexible IH policy allows for alternatives that may result in more affordable homes, deeper affordabilities or both.

Alternative One: Land Dedication

Land dedication allows the developer to donate a sufficient amount of land within or adjacent to the market-rate development. The land can be donated to the local government or directly to a non-profit housing developer. If done well, a partnership with a non-profit housing developer can facilitate the production of an equal or greater number of affordable units as the inclusionary requirement at deeper affordabilities. Land dedication is particularly appealing in tight housing markets where land is scarce and expensive. It is also a good option if a local government is uncomfortable with requiring low-income targets.

Alternative Two: Offsite

Offsite is similar to land dedication; however, the developer builds the affordable homes close to the market-rate development or within the same jurisdiction. Once again, offsite should result in the production of an equal or greater number of affordable homes as the initial requirement.

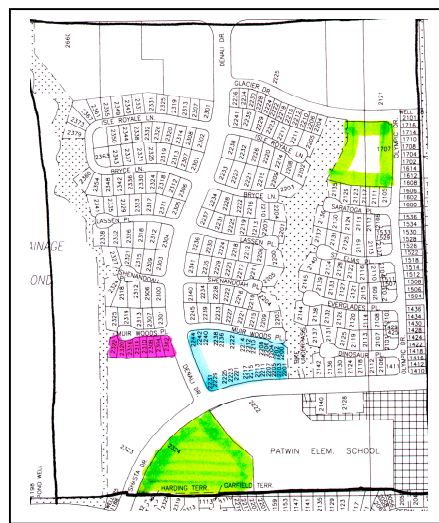
Locating affordable units offsite is appropriate when the market-rate developments are either exclusive communities or condominium developments. Typically, in both of these housing developments association dues are an additional household expense that low-income households cannot afford.

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Case Studies

Land Dedication: Davis has one of the most aggressive IH policies in California, requiring new market-rate developments to provide 25-35% of the homes as affordable. Over 1,500 units of affordable homes have been built in Davis through an IH policy that target very low-, low- and moderate-income households.

The Aspen subdivision located in Davis is a successful example of land dedication. In the subdivision map, the four darker areas illustrate how the land dedication alternative provided for a range of affordable homes: 12 low-income rental units in a 30 senior unit condominium project, 8 for-sale affordable single-family homes, 26 for-sale affordable townhomes (of those 15 are co-housing) and 64 permanently affordable apartments.



The Aspen Subdivision in Davis

Offsite: Carlsbad in San Diego County adopted its IH policy in 1993 during a period of rapid residential growth. To date, the 15% inclusionary requirement has created over 1,100 affordable homes. Carlsbad's ordinance emphasizes the importance of requiring construction instead of allowing in-lieu fees indiscriminately. The offsite alternative is typically not allowed; however, the benefits of offsite are clear in the case of Villa Loma.

Villa Loma is a residential development that has 344 affordable homes for households earning 50% of area median income (AMI). The market-rate developer Avara was required to build 160 affordable homes for households earning 80-120% of AMI. Avara provided funds and land located within the same quadrant of the city (Carlsbad's IH ordinance requires that any affordable homes built offsite must fall within the same quadrant as the market-rate development). With BRIDGE as the non-profit housing developer, the original IH requirement was surpassed by providing 184 additional affordable homes at deeper affordabilities at Villa Loma.

Lessons Learned

- ❖ **When using land dedication, the land must accommodate a feasible project. Also, the land dedicated needs to be entitled and developed at the same time as the market-rate development.**

Donated land should accommodate a feasible affordable housing project where either an equal or greater number of affordable homes can be accommodated. The land should also be developable, meaning that there are no environmental constraints such as toxins or wetlands. Ideally, the land should be located within or adjacent to the market-rate homes; however, in most cases, within a jurisdiction is also appropriate.

- ❖ **The location of affordable homes for offsite should be carefully evaluated.**

Try to avoid locating offsite affordable homes in areas that already have concentrations of affordable homes or concentrations of poverty. Similar to land dedication, the site should accommodate a feasible affordable housing project where either the equal or greater number of affordable homes can be accommodated. Also the offsite development should receive the entitlements at the same time as the market-rate homes.

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Targeting the Right Incomes

Inclusionary housing (IH) policies can create economically diverse communities by providing homes affordable to a wide range of income levels. In order to achieve this outcome, IH policies should include income targets that match the needs in a community.

Setting appropriate income targets is the most important piece of an effective IH policy. However, this issue is routinely overlooked by local governments. If the income targets are incorrectly identified, there may be little difference between the rental or purchase price of inclusionary housing and housing already found on the market. Many households across the region earning 70 to 80% of area median income (AMI) can afford market-rate rents; households earning 110 to 120% of AMI can often afford market-rate purchase prices.

An IH policy that aims to provide housing at the same price as the market does not make sense as a policy. The way to avoid this pitfall is to first identify what income categories the IH ordinance will serve and then create an IH policy that achieves those outcomes.

Identifying the Right Income Targets

In order to establish who the IH ordinance should serve, determine if the housing already developed in your community meets the affordable housing need. This requires assessing a community's housing needs and understanding the development conditions of your community. Region-wide housing production trends are helpful to examine, but to most accurately assess your community's needs you should consider additional research.

Income Targets for IH Policies

Very Low Income: 31-50% of AMI*
Low Income: 51-80% of AMI
Moderate Income: 81-120% of AMI

*AMI=Area Median Income

Regional Picture: Many Bay Area jurisdictions produce enough above-moderate housing, but fail to produce homes for very low- and low-income families. In some cases, moderate-income housing is being produced, but this varies greatly by jurisdiction. The 40 fastest growing Bay Area cities from 1988-1998 produced 117% of the above moderate-income housing need, but only 32% of the affordable housing need. If your jurisdiction is one of these 40 cities (see *Inclusionary Housing Production*), NPH has existing housing data.

Additional Research: To get a complete picture, a jurisdiction's Housing Element is a good place to start. Housing Elements are state-mandated local plans for how to accommodate projected growth in a jurisdiction. Housing Elements report a jurisdiction's housing need broken down by the number of units for all income levels. The housing needs for every Bay Area

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jurisdiction can also be found in the back of the *San Francisco Bay Area Housing Crisis Repot Card*.

After determining the housing needs, the next step is to find out what housing is actually getting built in your community and if the new homes are affordable. There are two ways to get this information: one is to contact the housing department or permitting office to obtain a copy of the housing production information, and the other is to consult the Housing Element, which lists production information. With information about housing needs and production numbers, it will become clear which households cannot find housing in the current market. The proposed IH policy should serve the affordable housing need, which will most likely mean setting targets to provide for very low- and low-income households, and at times, moderate-income households.

Case Studies

Doing It Wrong: A city in Contra Costa County recently passed an inclusionary housing policy that set the income targets so high that the policy is essentially ineffective. The city's targets are:

TARGET INCOMES	SET-ASIDE
RENTAL (choice of 6% at very low or 10% at low)	
Very Low Income: Up to 50 % AMI	6%
Low Income: 50-80% AMI	10%
OWNERSHIP (choice of 6% at low or 10% at moderate)	
Low Income: 50-80% AMI	6%
Moderate Income: 80-120% AMI	10%

At the time the city's ordinance passed, the city's median home price was \$380,000. A household at 110% of the AMI could have afforded to purchase a three-bedroom home priced at \$338,350 (homes priced at this figure were available in the market even though the affordable price is slightly below the median home price). In terms of rental prices, the median two-bedroom at that time rented for \$1,128. A household at 70% of AMI could afford to rent a two-bedroom priced at \$1,259 (a rental price available in this market given its older housing stock).

Since households at 110-120% of AMI could afford to purchase a home in this city without the assistance of an IH policy, and household at 60-70% of AMI could rent, the IH policy should have aimed to provide ownership opportunities to households at lower incomes than 110% of AMI and rental opportunities for household less than 60% of AMI. Instead the IH ordinance targeted homeownership opportunities for household making up to 120% AMI and rental opportunities for household making up to 80% AMI. The IH policy clearly doesn't make sense since the policy produces affordable homes priced the same as market. Furthermore, because these income categories are set as a range, the builders will only build homes for the highest portion of the range.

Doing It Right: East Palo Alto originally adopted its IH policy in 1994 and since has amended it twice, once in 1998 and more recently in 2000. The city’s program has the following income targets and set-asides:

TARGET INCOMES	SET-ASIDE
RENTAL	
Very Low Income:	15%
35% AMI	5%
50% AMI	10%
Low Income at 60% AMI	5%
Total	20%
OWNERSHIP—ATTACHED	
Very Low Income at 50% AMI	5%
Low Income:	15%
60% AMI	10%
70% AMI	5%
Total	20%
OWNERSHIP—DETACHED	
Low Income:	15%
60% AMI	5%
80% AMI	10%
Moderate Income at 90% AMI	5%
Total	20%

Note that East Palo Alto made their income categories more specific than the typical categories of very low income (50% at or below AMI), low income (51 to 80% AMI), and moderate income (81 to 120% AMI). East Palo Alto reports that the average median household income among all the inclusionary unit households is 60% of AMI: among for-sale affordable homes the average household income is at 80% of AMI, and for affordable rent the average household income is 45% of AMI. East Palo Alto’s income targets have been successful in providing affordable homes that can not be found in the market.

Lessons Learned

- ❖ **It is absolutely critical that advocates have input in determining which income targets should be evaluated in the consultant report.**

In the *Doing It Wrong* example, advocates requested lowering the income targets, and the city council response was that the consultant report did not include this analysis. City councils, planning commissions and staff rely heavily on consultant reports. It is important that the advocates' goals are studied within the consultant report if you expect the council to evaluate them as policy goals.

- ❖ **Beware of the tradeoff between deeper affordabilities and income targeting.**

In most circumstances, less affordable homes are produced with deeper income targets. Therefore, inclusionary housing policies need to strike a balance between providing a sufficient number of affordable homes and reaching a range of affordability levels. If you are advocating for very low-income categories, it is rare to obtain a set-aside that is above 10%. However, a policy targeted at low income may yield a higher set-aside, such as 15 to 20%, and therefore more affordable units, but not as deep affordability. Assessing this tradeoff depends on your community's affordable housing goals.

- ❖ **Understanding rental and homeownership.**

Policies tend to differentiate income categories based on if the units are rental or ownership. Policies typically target very low- and low-income households for rental, while ownership targets low- or moderate-income households. In the case of communities which only produce single-family homeownership, a split policy will only serve moderate-income households. One way to avoid this is by not differentiating between the rental and ownership requirement, which is politically challenging. Another way to avoid this is by stating that a certain percentage of the very low- or low-income categories need to be served regardless of if they are rental or ownership. This will allow for some homes at deeper affordabilities while still producing a significant number of homes.

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Setting the Appropriate In-Lieu Fee

In-lieu fees are among the most controversial elements of inclusionary housing (IH). An in-lieu fee allows developers the option to pay a fee into a local housing fund instead of constructing the required affordable homes. While most jurisdictions offer in-lieu fees as a possible option, there is relatively little standardization for calculating in-lieu fees or determining at whose discretion the in-lieu fee is an option.

In-lieu fees can significantly affect levels of affordable construction because the methods of calculation and uses of in-lieu fees can render them ineffective. When in-lieu fees have been set below the level needed to actually fund construction of new affordable homes, the option can undermine the programs goals by not producing enough affordable homes. An incorrectly set in-lieu fees can also undermine the program because a market-rate developer will mostly likely pay the fee rather than build the affordable home since it is in their financial interest. For example, a jurisdiction with a 20% inclusionary requirement, but a low in-lieu fee, might effectively create less affordable homes than a jurisdiction with a 10% requirement and an in-lieu fee that is related to the cost of an affordable home.

On the other hand, in-lieu fees can provide jurisdictions with the funds to subsidize affordable homes at the lowest income levels, something that even an effective IH policy is not always able to do. Through partnerships with non-profit housing developers, in-lieu fees can help create supportive housing for people with special needs, such as mental health or substance abuse problems.

Calculating In-Lieu Fees

The in-lieu fee should represent the replacement cost of the affordable home; in other words, the fee should reflect the cost to construct an affordable home offsite. Jurisdictions vary greatly in the calculation of in-lieu fees, and this range of calculations includes:

- gap between the median-priced market-rate home and the affordable sales price by income level;
- gap between the cost developing a market-rate home and the maximum affordable price;
- percentage of the actual sales prices of a comparable unit;
- cost to purchase the median-priced market-rate home;
- average per unit financing gap encountered by non-profit affordable housing developers.

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This table provided by Bay Area Economics illustrates the range of possible in-lieu fee calculations:

Jurisdiction	In-Lieu Fee Calculation	Per Unit In-Lieu Fee
Santa Barbara Co.	Development Cost of An Affordable Unit (-) County Specified Sale Price of Affordable Unit =In-Lieu Fee	Santa Ynez—\$37,342 Lompoc—\$44,380 Santa Maria—\$53,150 South Coast—\$74,115 Montecito—\$357,335
Santa Cruz Co.	40-50% (*) Ave. Sales Price of Market Rate Unit in the Project = In-Lieu Fee	Minimum of \$200,000/unit
Monterey Co.	Development Cost of An Affordable Unit (-) County Specified Sale Price of Affordable Unit =In-Lieu Fee	\$20,000-\$30,000/non-Coast unit \$100,000/Coast unit
City of Santa Rosa	Based on size of market rate units. Fee applied on a per square foot basis.	Sliding scale from \$0 for projects up to 900 sq. ft. to \$33,075 for 4,500 sq. ft. units
Source: <i>Santa Barbara County In-Lieu Fee Update Report</i> , Bay Area Economics (BAE), 2004		

In-lieu fees are typically expressed as fee per market-rate home. However, sometimes the fee is calculated on a per square foot basis rather than by unit. This is so that smaller homes and larger, luxury homes are equally impacted by an in-lieu fee.

Case Studies

Doing It Right: The top priority of Livermore's IH program is boosting the affordable housing stock, with secondary concern for dispersal of affordable homes. Livermore reports that in-lieu fees have helped create some 600 affordable homes. Livermore calculates the in-lieu fee as 10% of the difference between the cost of developing the market-rate unit and the maximum affordable purchase price for a unit of that size. As of 2002, that calculation resulted in a fee of over \$120,000 per affordable home.

Doing It Wrong: In fast growing Patterson in San Joaquin County, the in-lieu fee per affordable home required is a mere \$7,340. Despite a 10% inclusionary requirement and growth of 750 market-rate homes since the policy was enacted, the jurisdiction reports that its inclusionary program has created only 5 affordable homes since the policy's implementation in 1995.

Lessons Learned

- ❖ **The in-lieu fee option is most appropriate for jurisdictions with a track record of developing affordable homes.**

The total dollar amount in fees collected is often insufficient to produce the same number of affordable homes that would have been produced had developers opted to build the affordable homes themselves. Therefore, the in-lieu option should be at the discretion of local governments. Because it takes a considerable amount of time for in-lieu fees to accrue, in-lieu fees are not effective in small communities.

- ❖ **In-lieu fees make the most sense for fractional units and small developments.**

In-lieu fees are often considered for smaller developments where it is not financially feasible to provide a full affordable home. They also make sense for smaller developments where the amount of affordable homes produced is so small that it doesn't warrant the monitoring cost required by the local government.

- ❖ **Set guidelines for the uses of in-lieu fees and monitor how the fees are spent.**

Some jurisdictions either use the in-lieu fees for administrative costs or divert them to other housing programs. In either case, the fees are not contributing to the construction of new affordable homes. Therefore, it is important to advocate for appropriate usage of these funds and ensure they are devoted to the production of affordable homes.

BAY AREA INCLUSIONARY HOUSING INITIATIVE

What is the Impact of Inclusionary Housing on Market-Rate Housing?

Inclusionary housing (IH) policies require new housing developments to include homes affordable to a wider range of incomes within a community. Local governments typically adopt these policies because the housing being sold in their jurisdictions doesn't match the needs of their residents and workforce.

Not surprisingly, some for-profit homebuilders oppose these policies and have offered numerous claims about the impacts of IH. For advocates and public officials alike, it can be difficult to wade through all the competing claims about the impacts. Below is information about some of the most common claims made by opponents of inclusionary housing. As you face opposition, these responses are intended to help you with your communication efforts while talking to the media or testifying at the city council.

1. **Opponents Claim:** IH policies will drive away housing development.

Response:

Research by numerous economists has shown that IH policies typically have not slowed the rate of market-rate housing production. In markets ranging from the City of Irvine to the City of Sacramento, research shows that in many cases developers actually sought and received more permits after the adoption of IH than before. In other cases, there is no change at all in the number of permits issued. In fact, the number of residential building permits is at a 20-year high in California even though IH is on the rise throughout the state. For more information, visit <http://www.lacity.org/lahd/inclusio.htm>.

In some cases, new housing development is occurring on land that was previously not zoned for residential development. In these cases, the act of rezoning a property to residential use greatly increases the value of that land. When the land values artificially increase by such huge amounts, the claim that a landowner or developer is losing money is simply unreasonable. For example, in the City of Davis, the IH policy ranges from 25 to 35%, yet the City receives many more applications for residential permits than it wishes to issue. Clearly, IH policies have not depressed the housing market as opponents would lead you to believe.

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2. **Opponents Claim:** IH increases the price of housing.

Response:

Although some developers claim that the cost of IH is passed on to other buyers and renters, there doesn't appear to be any evidence that this is true. The claim that the costs of inclusionary housing are passed on implies that developers wouldn't be charging the highest price that the market could bear otherwise. Most economists point out that the land sellers and the developers typically absorb some or even all of the cost in reduced profits.

To be clear, the goal of IH is not to penalize the developer. An effective IH policy strikes a balance by providing incentives and flexibility to developers in exchange for housing that meets a community's needs. Density bonuses and other incentives enable the developer to make a profit on additional units that they otherwise could not build on that site.

Furthermore, local governments can ensure that developers aren't unnecessarily burdened with the costs of IH by adopting ordinances which make the inclusionary obligations clear to landowners and developers. With this "advanced warning," developers can make informed financial decisions before they decide to buy land or apply for permits.

3. **Opponents claim:** It's not fair for homebuilders to pay for all of the affordable housing.

Response:

Most people would agree that no one sector of society should bear this cost alone; however, like all segments of the community, homebuilders have a role to play. NPH encourages local governments to pass jobs-housing linkage fees and increase the percentage of redevelopment funds used for housing in order to complement the role played by homebuilders. Jobs-housing linkage fees are one-time fees that local government place on commercial development to offset the increased housing need. Their popularity is increasing because job-housing linkage fees are essentially the second component in an IH policy.

4. **Opponents claim:** IH is the reason that housing is so expensive in California.

Response:

Not true. The key factors in the cost of housing in California are lack of residentially zoned-land, a cumbersome approvals process, and low-interest rates. First, residentially zoned land is scarce because local governments prefer to encourage retail development that provides local sales tax revenues. Second, it is very difficult to secure permits for new housing, especially multi-family housing, due to neighborhood opposition to growth. Third, historically low-interest rates have led to higher housing prices around the nation, not just in California.



INCLUSIONARY ZONING LEGAL ISSUES--QUESTIONS & ANSWERS¹

(October 2004)

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1. Is Inclusionary Zoning Constitutional?

Yes. When opponents to inclusionary zoning claim that the policy is unconstitutional, they usually are referring to the provisions of the US and California Constitutions which state that government shall not “take” private property for public use without just compensation. Some landowners see any regulation that potentially impacts the value of their property as a “taking.” Fortunately, the courts do not share this broad interpretation of the law. The California Court of Appeals held in *Homebuilders of Northern California v. City of Napa*, 90 Cal. App. 4th 188 (2001) that Napa’s inclusionary zoning ordinance did not constitute a *taking* of property under the California and federal Constitutions. Courts generally hold that a local regulation is not a taking if it “substantially advances a legitimate state interest.” The *Napa* court had no doubt that the City had a legitimate interest in requiring developments to include some affordable housing.

Although inclusionary zoning ordinances are not unconstitutional, it is important to have the ordinances apply consistently to every development. Jurisdictions that negotiate agreements project by project are more vulnerable to legal challenges. *Nollan/Dolan* ¹“Heightened Scrutiny” Does Not Apply. The U.S. and California Supreme Courts have applied stricter test than the “substantially advances” test when reviewing land dedication requirements or exaction fees imposed on an *ad hoc* basis as a condition of approval of a particular development.² But the court in *Napa* found that this stricter scrutiny did not apply to “economic legislation that is generally applicable to *all* development in [the] City.”

2. What Should an Inclusionary Ordinance Include to Survive Legal Attack?

An inclusionary ordinance should: 1) provide increased regulatory concessions and development incentives to developers; 2) provide standards and procedures for reducing, waiving or mitigating requirements. Therefore, ordinances should require that before a developer is allowed to avoid any of the obligations of an ordinance, the developer must demonstrate that the ordinance causes some constitutionally impermissible *hardship* and that the benefits afforded under the ordinance do not adequately mitigate the hardship.

For example, the *Napa* court held that Napa’s inclusionary ordinance provides significant benefits to the developer which balance the regulatory burden. Those

benefits included: expedited permit processing, fee deferrals, loans or grants and density bonuses. But more critical to the court was that the ordinance permits a developer to appeal for a reduction, adjustment or complete waiver of the ordinance's requirements. The court reasoned that because the City has the ability to waive requirements, the ordinance cannot, on its face, result in a "taking."

3. Is a Nexus Study Required?

No. "Nexus studies" are required for ordinances imposing *impact* fees on development, but an inclusionary zoning ordinance does not impose a fee to pay for the impacts of the development—it imposes an obligation to include affordable housing. Under both the takings cases and California's Mitigation Fee Act³, when a local government imposes a *fee to mitigate the impacts* of a development, the fee must be based on facts establishing a "nexus", or connection between the impacts and need for and amount of the fee. The basic requirement of an inclusionary ordinance, however, is the inclusion of affordable housing based on the community's need for housing and the need to ensure that the ever scarcer supply of land includes affordable housing.

Although a full study is not required, the City or County still must show a connection between its inclusionary zoning policy and the need for affordable housing "substantially advanced" by the requirement. Therefore, an inclusionary ordinance should be based on (and probably contain findings referring to) facts and analyses that simply: 1) establish the need for and importance of affordable housing in the community and 2) demonstrate that the inclusionary obligation will address the need. This connection is fundamentally different than the sophisticated analysis needed to justify a fee based on a development impact.

4 Are "In-Lieu" Fees or Other Alternatives to On-Site Production Required?

Not Necessarily. Some inclusionary ordinances provide for alternatives to on-site production such as payment of "in-lieu fees", land dedication or off-site development. Although the Napa ordinance permits developers to satisfy the inclusionary requirement with "alternative equivalent action," the *Napa* court did not address this feature. Of key importance to the court was the ordinance's provisions for adjustment or waiver of the production requirements if necessary to avoid unconstitutional economic hardships in individual cases. Consequently, as long as an ordinance contains a procedure for a developer to request a hardship exemption, it is probably not essential that it include alternatives like in-lieu fees.

¹ As with any summary discussion of legal issues, these brief answers should only be used as a starting point for analyzing the issues addressed. For resolution of questions regarding particular provisions in specific communities, a lawyer should be consulted. For a detailed analysis of the legality of inclusionary zoning (sometimes referred to as "inclusionary housing" or "mixed-income housing") and other legal issues that may arise when a local government proposes adoption of an inclusionary zoning ordinance, see *Inclusionary Zoning: Legal Issues* (Calif. Affordable Housing Law Project & Western Center on Law & Poverty, October 2002). It is available on Western Center's website: www.wclp.org.

² See *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987), *Dolan v. Tigard*, 512 U.S. 374 (1994), *Ehrlich v. City of Culver City*, 12 Cal. 4th 854 (1996) and *Santa Monica Beach, Ltd. v. Superior Court*, 19 Cal. 4th 952 (1999).

³ Government Code §§66000–66022 (AB 1600).

BAY AREA INCLUSIONARY HOUSING INITIATIVE

SB1818: Facts Advocates Should Know

SB1818 is the density bonus law passed by the California State Legislature in 2004. Effective, January 1, 2005, developers are eligible for a range of density bonuses up to 35% based on the percentage of affordable units in a development. The law is meant as an incentive for housing developers to build affordable housing. Although cities and counties with inclusionary housing policies must also comply with SB1818, the density requirements will not change the character of individual neighborhoods or take away local jurisdictions decision making powers over specific developments.

The density bonus law *does not* supercede local inclusionary ordinances.

SB1818 doesn't change the jurisdictions prerogative to require developers to develop affordable homes at the incomes they seek nor does it change their ability to require 55 years of affordability.

Very few residential market rate developers use the density bonus.

Most developers have a specific market niche that they are seeking. A change in the density of the project changes the value of the individual homes and the demographics of the buyers. Up until now, few developers request density bonuses.

The density bonus, even if requested by developers, would not make a substantial difference in most projects that are approved.

The increases in density in SB1818 are not so substantial that they would change the character of neighborhoods. For most developments, even with an aggressive 20% ordinance targeting low- and very low-income homes, the actual change in density would be from 15 units to acre to 20 units to the acre. The pictures below demonstrate that these changes are not that substantial.

Neighborhood character can be maintained with higher densities.



Tower Apartments, Rohnert Park (25du/acre)



Southside Park, Sacramento (20du/acre)

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INCLUSIONARY HOUSING CAMPAIGN

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Advocating for an Inclusionary Housing Policy

The time from inception to the actual adoption of an inclusionary housing (IH) policy typically takes one to two years. In this period, it is important that advocates drive the process from the outset and establish themselves as both a source of information and political support for elected officials in order get the most aggressive IH policy. Outlined below are the basic steps in getting a jurisdiction to adopt an IH policy. While they are roughly in order, it is important to note that many of the steps often happen simultaneously.

1. **Set Goals for the IH Policy:** Develop an IH campaign and platform that includes your community's affordable housing needs and the overall goals for the IH policy. See *Inclusionary Housing Campaign Plan* for more details.
2. **Organize Your Base:** Organize and educate a base of supporters who will become your most knowledgeable advocates in the IH effort. These supporters need to be vocal at every step in the process. They should be equipped with the proper advocacy tools, including media pieces, talking points for council meetings and so forth.
3. **Find a Champion:** Find a city council member or members to champion the process and sponsor a study or actual legislation. Encourage the elected official(s) to attend the trainings sponsored by the Inclusionary Housing Initiative so that he/she is well-informed on successful IH policies.
4. **Contact the Media:** It is important to contact the media at key milestones in an IH campaign, including when the policy is first being considered by council or when the planning commission is developing their response to the policy. (Refer to the *Message and Media* section for more details).
5. **Engage with City Staff on the Analysis:** Once the elected official introduces the concept to the council, staff is often directed to carry out an analysis, either in house or through hiring a consultant. This typically requires funding and takes anywhere from 3 to 9 months. The report should aim to understand the local housing market and analyze the potential effects of an IH policy (see consultant outline). More often than not, city staff and council rely heavily on outside consultants to craft a policy. City staff is typically sympathetic to the issue are potential allies; however, their influence is limited.
6. **Understand the Roles of the Planning Commission and City Council:** While it is the city council that will ultimately enact the policy, in many communities the planning commission plays a critical role as the sounding board of the council. The planning

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commission will often provide recommendations to the council, sometimes exchanging recommendations multiple times until both groups can agree on the specifics of a policy. In our experience, this back and forth can result in a diluted policy unless advocates are vigilant about overseeing the process and advocating for their IH goals.

7. **Opposition:** The biggest current opponent to IH is the homebuilding industry, which constitutes a powerful lobbying group at the local level. It is crucial to stay engaged with as many city council members and influential commissioners as possible in order to help counter this opposition.
8. **Adoption and Monitoring:** After the policy is adopted, it is important to monitor the city to ensure the policy is implemented correctly. And finally, don't forget to publicize the success of a newly adopted or strengthened policy.

Sample Scope of Work for Consultant Analysis of Proposed Inclusionary Ordinance

- I. Document features of the (existing or proposed) Ordinance
 - A. Percent affordable housing set aside
 - B. Target income group(s)
 - C. Affordable housing prototype and tenure
 - D. Applicability and exemptions
 - E. In lieu fee provisions (if any)
 - F. Other alternative compliance mechanisms
- II. Review local land market and housing market conditions
 - A. Land supply characteristics in jurisdiction
 - B. Average price points for market rate housing units
 - C. Local housing development trends and potential
 - D. Affordable housing needs (by household income grouping)
 - E. Affordable housing supply and production
- III. Conduct economic feasibility analysis
 - A. Describe individual housing prototypes
 - B. Prepare financial analysis of each prototype housing unit
 1. Estimate market price for each prototype housing unit
 2. Set economic return threshold
 3. Estimate development costs
 - a. Land
 - b. Pre-development
 - c. Site preparation

- d. Vertical construction (hard and soft)
 - e. Off-site costs (impact fees, etc.)
 - f. Financing
- 4. Estimate financial performance for each prototype housing unit
- C. Assemble baseline “development project scenarios” (likely combinations of housing prototypes in actual projects, without inclusionary units)
- D. Calculate baseline economic returns for each development project scenario
- E. Determine “funding gap” for affordable housing units:
 - 1. Estimate development cost of targeted affordable housing units
 - 2. Determine ability of targeted households to pay for housing
 - 3. Calculate gross subsidy cost of each housing prototype by each targeted household income
- F. Prepare financial analysis of development scenarios with inclusionary units (re-compute baseline economic returns for development project scenarios with gross cost of inclusionary requirement included).
- G. Document applicability and estimated value of City-sponsored housing incentives and programs:
 - 1. In lieu fee provisions
 - 2. Density bonuses
 - 3. Relaxed development standards (e.g. parking)
 - 4. Impact fee deferral/waivers
 - 5. Redevelopment agency participation
 - 6. Federal Tax Credits
- H. Revise “inclusionary” financial analysis of development scenarios (re-compute “baseline” economic returns for development scenarios with value of City-sponsored incentives and programs included)
- I. Determine economic feasibility of inclusionary requirement for each development project scenario (by comparison of results with economic return threshold)

IV. Identify Potential Economic Impacts

- A. Determine the impact of higher development costs upon land markets
- B. Estimate the potential number of housing projects rendered infeasible by the inclusionary housing requirement
- C. Estimate the public cost of City-sponsored incentives and programs

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Designing an Inclusionary Housing Campaign Plan

One of the most critical parts of an inclusionary housing (IH) campaign is developing a timeline that will serve as your campaign plan. Many people plan event-by-event, thinking only of the big tactics that will gain visibility or attention for their campaign. A campaign plan can help to identify measurable goals, strategies and tactics. With a campaign plan, an advocate can anticipate milestones and workloads ahead of time ensuring smoother management of time and resources.

Campaign plans are also an essential tool for coordinating with other advocates and community leaders. A campaign plan allows groups and individuals to share work with many people; creates opportunities to recruit new people to your efforts; and creates opportunities for new leadership.

The following template will help you create an IH campaign plan to use with your primary coalition partners. When adopting the template to fit your local IH campaign, make sure to include the people that will do the campaign work in the planning process.

Template Campaign Plan

1. **Goal:** To get (#) of elected officials to vote in favor of an ordinance that has (#) specific policies.
2. **Message:** (See *Key Messages*.)
3. **Background:** Layout the basic political picture. Identify potential obstacles that need to be overcome as well as advantages that will make the work easier.
4. **Votes:** Do a vote chart of your council or board of supervisors. Rate each elected official based on how you think he/she would vote today, without any additional information (1 is completely opposed, 5 is a champion).
5. **Targets:** Choose your swing votes (not champions, not completely opposed, but could potentially be a vote on your side). Determine: what influences their decisions? Who do they listen to? Who do you know that has influence with them?
6. **Allies:** Identify the groups that are already working with you.

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7. **Potential Allies:** Identify the groups that are not opposed to you that might have influence over your targets.
8. **Opposition:** Identify the groups and organizations working against your goal.
9. **Primary Strategies:** Identify your primary strategies for the components of a campaign, including media, grassroots organizing, coalition building, events, and lobbying.

Goals, Strategies and Tactics

The table below can be used to help layout the campaign plan by identifying your goals, strategies and tactics. Goals should be the measurable outcomes of a campaign; strategies are the methods of obtaining the goals; and tactics are how you achieve the strategies. When possible use numeric goals for specific strategies and explain how and when it will be accomplished through the tactic.

Decide on your main strategies by looking at the strengths in your own organization and within the coalition of allies. Finally, don't be afraid to be creative! (The first row provides an example.)

GOALS	STRATEGIES	TACTICS	WHO	DEADLINE
<i>1 newspaper article</i>	<i>Call local reporter</i>	<ul style="list-style-type: none"> • <i>Send information</i> • <i>Get report to answer questions</i> 	<i>Joe</i>	<i>10/27/04 (before the hearing)</i>
<i>3 editorials or opinion editorials</i>	<i>Set up meeting with the Ed-Board</i>	<ul style="list-style-type: none"> • <i>Recruit key speakers to attend the meeting</i> • <i>Assemble packet of information for the board</i> 	<i>Allison Grant</i>	<i>11/15/04 10/30/04</i>
(#) of newspaper articles				
(#) of letters to the editor				
(#) of signatures you will collect				
(#) of people that will attend key hearings				
(#) of phone calls you will get to target council members				
Who you will recruit to testify at hearings				
Detailed comments to staff				

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Petition

A petition can be used to gather names and garner support for an inclusionary housing campaign.

Sample Petition

Dear Councilmember,

Housing production is strong in (name of jurisdiction), but the market is not producing housing for the full range of needs for our community. As a result, workers are forced to live far from their jobs creating traffic congestion and taking valuable time away from families.

Please support a strong and flexible inclusionary housing policy that will require new housing developments to include homes affordable to a wide range of families.

Name	Address	City
Zip	Phone	Email

Name	Address	City
Zip	Phone	Email

Name	Address	City
Zip	Phone	Email

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BAY AREA INCLUSIONARY HOUSING INITIATIVE

Event Planning

As an advocate you may face challenges in your inclusionary housing (IH) campaign. The ordinance may get stalled by the planning commission or city council, or the mayor or city manager may oppose the IH ordinance. Organizing an event or action can help move an IH campaign forward, raise awareness of the need for affordable housing, increase the visibility of your effort and your group, build and strengthen your volunteer base, and develop leaders. Overall, the organization will be stronger than before the event took place and the issue you are working on will be better received. Below are the steps needed to organize a successful event.

1. Develop a concept for the event:

Work with your group/coalition partners to find out what would be an effective event.

Ask your coalition partners these critical questions:

- What are you hoping to change?
- How will your event bring about the change?
- Agree to the type, tenor, and content of the event.

2. Build the event team:

The more people involved, the bigger and better the event will be. Assign people to key tasks, look to match natural strengths and interests to tasks, such as:

- **Volunteer coordinator**—coordinates the volunteers prior and during the event.
- **Phone supervisor** (or team)—coordinates phone banks, manages phone lists, finds new phone lists, recruits callers, and develops call scripts.
- **Door-to-door coordinator** (or team) – finds the meeting site to pick up instructions, materials, food, and feedback. Creates materials for door-to-door recruitment and recruiting people.
- **Site coordinator**—secures the location, manages the food for the event, makes sure all materials for the site are ordered (microphones, camera, decorations of the room).
- **Press point person**—handles the press, coordinates pre-press publicity, press advisory, press release, makes calls to major outlets, checks in with the press the day of the event, and creates press packets.
- **Partner organizer**—talks to other organizations that might want to participate, cosponsor or attend the event.
- **Transportation coordinator**—works on transportation to the event (if needed), such as getting buses donated from the local union or rents vans to pick up people that cannot attend otherwise.

3. Create a plan (including timeline) and goals for the event:

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Figure out:

- How many people do you want at the event?
- When do we want the event?
- Who else can you get involved to help with the event?
- Who will do which task when?

Example Event Plan – (Excerpt)

Date and Time: 2/8/03 “Day In Action”

Goal: Demonstrate the need for affordable housing by organizing 50 people to wear boxes at the next city council meeting.

Outreach: 5 people (names and phone numbers)

Tasks:

- design outreach materials by January 1st: flyer, pledge to attend, and call script (assign a person);
- coordinate door-to-door recruiting on January 25th: food, calling, and location (person);
- call existing lists on January 25th, 28th February 5th, 6th and 7th (people to recruit callers).

4. Check the plan:

- Make sure the event is reasonable given the resources you have.
- Look for opportunities to simplify the plan.
- Look ahead for times that are too crowded and try to adjust the timeline in advance.
- Is the event appropriate to meet the end result?

5. Choose a site for the Event:

There is never a perfect site, but keep in mind:

- The symbolism (a church, homeless shelter, affordable housing property)
- Presence of a built-in crowd: how many people are normally at the site at the time of day that the event is scheduled?
- Do people know where the site is?
- How many people will it take to fill the site? You need roughly five square feet per person (including the press area). Therefore, a site that is 50 feet by 100 or 5,000 square feet needs 1,000 people to fill it.
- What kind of visual can the site create?
- Can you get permission to use the site? Is it too expensive?
- How easy is it to get to the site? Is it transit accessible? Is there good handicap access?

6. Build A Crowd:

Who you want at the event? Do you want people in need of housing? Do you want broad spectrum of people that are concerned about affordable housing? Are you trying to reach voters that live in a certain district? Once you figure out whom your audience is, then you can think of the best ways to reach them.

- **Phone banking**—call existing lists is still one of the most effective ways to get people to events.
- **Door-to-door**—recruit people one-on-one, especially in targeted neighborhoods helps build relationships between activists and is a very effective way to get many new people involved in a short amount of time starting from a small base. Make sure you schedule in time to do reminder calls.
- **One-on-One Meetings** – Set up one on one conversations with people and recruiting them to the group. For more information, contact CCISCO (925)313-0206.
- **Presentations to organizations**—can help give people a sense of your overall campaign work as well as letting them know of a specific event. Asking for a few minutes for classes, congregations, and groups can dramatically increase the number of activists in a group and doesn't take much time.
- **Leaflets**—are best when they reinforced by phone calling and door-to-door work.
- **Posters**—place in visible spots where your audience is likely to be, can also help reinforce phone-calling and door-to-door work.
- **Free Media**—either public service announcements, letters to the editor, or a feature story can help bring attention to your issue as well as your event and help get supporters you never even thought of.
- Other techniques including mailings, paid media, personal invites from someone the audience knows, and tabling in front of grocery stores, libraries, or at farmers markets.

7. Design the Program:

Make sure your event doesn't have any surprises. Choreograph the event from the time the first person shows up to set up tables until the debrief is over in an "event flow". This document will help ensure the leaders have a common idea of what to expect during the day, help avoid disasters before they strike, and give everyone something to do (so a few people aren't running around frantic, and others are sitting around bored). Things to include in the program:

- Arrival times for set-up. (Include arrival times for everyone that is playing a role at the event).
- Room set-up including where decorations should go and who is in charge. Where will the food go? Where is the stage? Where is the children's play area?
- Make sure you have someone that is overseeing the overall agenda of the day, someone that can politely interrupt a speaker and move the agenda along (especially when you invite elected officials to speak).
- Someone assigned to each task and the time they need to complete that task (check in at the door, clean-up, greet the caterer).

Example Event Flow

DATE

Location, address, directions, contact # just in case

3:00 – 4:00 PM	Staff arrive and assist with set up of event
4:00 – 5:00 PM	Registration & Reception <i>Registration: Claudia, Saerom</i> <i>Decorations/Setup: Cindy, Sarah Mats</i> <i>Greet Volunteers: Jenna</i> <i>Greet Media: Juanita</i> <i>Signage and door: David</i>
5:00 – 6:00 PM	Welcome and Introductions <i>Welcome: Cindy</i> <i>Intros MC: Cindy</i> <i>Late registration: Saerom</i>
6:00– 6:30 PM	Featured Speaker: Tommy (notes sent – reviewed speech) <i>Intro: Cindy</i> <i>Speaker: Tommy</i>
6:30 - 7:30 PM	Debrief- Carol's House (directions) <i>All coordinators to meet and discuss</i>

7. Coordinate the Public:

- Have everyone sign in and recruit volunteers from the crowd – events are the most common way for new people to get involved in a political effort.
- Have something for kids to do at the event (draw a picture of a house).
- Arrange the set-up to ensure the event looks crowded.
- Make sure you have translation provided for the audience.

8. Walk Through the Event:

As you get closer to the event, keep walking through it. This will help you see gaps or holes, and help you remember key items (like the power cord for the mike). Make sure you do a walk through before the event. Give yourself plenty of time to walk through the volunteers who will help staff the event.

9. Getting Publicity on the Day of the Event:

See “How to...Hold a Press Conference” in your Inclusionary Housing toolkit to ensure your getting the most press coverage.

MESSAGE AND MEDIA

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Key Messages (internal use only)

How to Use the Inclusionary Housing Messages

A message captures an idea you are trying to get across to an intended audience. A message can be communicated in any number of ways, such as letters to the editor or city council testimonials. Although these messages remain constant, they can be adjusted to best fit a specific context by adding details like local statistics and anecdotes. Tailoring your message to fit your specific audience can significantly increase its strength and relevance. Most importantly, for the inclusionary housing messages to have maximum impact, they need to be consistent and repeated over and over again.

We have provided suggested messages for inclusionary housing below, as well as some additional supporting information. We recommend using these key messages in order to create a clear, unified regional message throughout all inclusionary housing campaigns. Having a unified message helps to counter opponents' claims about inclusionary housing and strengthens our voice in the media.

Key Inclusionary Housing Messages

Why do we need inclusionary housing?

Although housing production is going strong in the Bay Area, the market simply isn't producing housing for the full range of needs in most communities. As a result, workers are forced to live far from their jobs; extended families are torn apart; and seniors on fixed incomes struggling to find housing are often forced to make decisions between food, medicine and housing.

What is inclusionary housing?

Inclusionary housing policies require new housing developments to include homes affordable to a wider range of incomes that meets the needs of a community.

Why is inclusionary housing useful?

- Inclusionary housing has a thirty-year track record of creating homes for hardworking families. Over 117 communities in California have adopted inclusionary housing policies, and so have entire states including Massachusetts, New Jersey, and most recently Illinois.
- Local governments have embraced inclusionary housing because it helps to create new affordable housing without requiring new government funding.

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How does inclusionary housing work?

- Effective inclusionary housing policies strike a balance by providing incentives and flexibility to developers in exchange for housing that meets a community's needs.
- By adopting inclusionary housing, local governments remove uncertainty from the development process. It gives a clear message to landowners and developers so that they can make informed financial decisions before they decide to build.

Supporting Facts

Bay Area Housing Crisis: Supporting Facts

Disparity Between California Wages and Rent

The Housing Wage in California is \$21.18. This is the amount a full time (40 hours per week) worker must earn per hour in order to afford the typical two-bedroom apartment in the state. In other words, a worker earning the minimum wage (\$6.75 per hour) must work 126 hours per week to afford the typical two-bedroom rent of \$1,101. A two wage earner couple each earning minimum wage can afford a monthly rent of no more than \$702. (Source: *Out of Reach 2003*, National Low Income Housing Coalition)

Falling Income, Rising Rent

Household income of low-income renters in California fell 10.3 percent — from \$16,249 to \$14,580 — between 1989 and 2002. (Source: *Locked Out 2004*, CA Budget Project)

Bay Area Rent: Unaffordable

64% of Bay Area families cannot afford fair market rent. HUD determines the Fair Market Rent based on rents paid by recent movers—those who moved in previous 15 months. FMR includes cost of shelter and utilities. (Source: *Out of Reach 2003*, National Low Income Housing Coalition)

State, Regional, and County Housing Needs & Affordability (source: ABAG)

	Regional Housing Needs	Percent of Residents that Can't Afford average two bedroom rent	Number of Residents that can't afford average two bedroom rent
California	4,956,536	58%	2,874,791
Bay Area	1,042,061	64%	666,919
Alameda	237,089	61%	144,624
Contra Costa	105,680	61%	64,465
Marin	36,626	59%	21,609
Napa	15,848	52%	8,241
San Francisco	214,309	61%	130,728
San Mateo	97,970	54%	52,904
Santa Clara	227,202	52%	118,145
Solano	45,409	54%	24,521
Sonoma	61,928	53%	32,822

Who Can't Afford Rent

Low- to moderate-income working families in California are more likely to lack decent, affordable housing than in any other state except Massachusetts. In San Francisco, for instance, none of the city's elementary school teachers, police officers, licensed practical nurses, retail sales persons or janitors could afford to rent a two-bedroom apartment based on the accepted standard of spending no more than 30 percent of their income on housing.
(Source: Center for Housing Policy, 2004)

Local Governments Support Inclusionary Housing: Supporting Facts

No Cost to Cities or Homebuyers

"One of the primary advantages of inclusionary housing is that it does not require a large investment, or in some instances any financial investment at all, by local governments. Communities usually provide incentives to developers to address concerns about cost of affordable housing. In part because of these incentives, most economists do not believe that inclusionary housing affects the cost of market-rate housing."
(Source: National Housing Conference, *Inclusionary Zoning: The California Experience*)

California First

"California cities and counties are at the forefront of this innovative affordable housing practice."
(Source: National Housing Conference, *Inclusionary Zoning: The California Experience*, 2004)

How Much Housing Is California Building?

Housing is getting built; in the last few years California builders have created approximately 150,000 new homes per year. The total affordable housing production rate has been 18,000 to 20,000 per year through various public investment programs.
(Source: CA Department of Housing and Community Development, *Raising the Roof* 2003)

Halfway There

Half of all jurisdictions with an inclusionary policy reserve at least 15% of new housing for lower-income households. (Source: *Inclusionary Housing in California: 30 Years of Innovation*, NPH/California Coalition for Rural Housing, 2003)

Implication: If every jurisdiction in California required 15% inclusionary housing, the 130,000 market-rate homes would have helped create 19,500 additional affordable units per year, doubling the recent rate of production.

Growing Popularity

The first Bay Area inclusionary housing policy was adopted in Palo Alto in 1973. Since then, 117 jurisdictions (20% of all jurisdictions), in some of the tightest housing markets in California, have voluntarily adopted inclusionary housing programs. And the concept is growing in popularity—62% of inclusionary policies were adopted in the last 12 years.
(Source: *Inclusionary Housing in California: 30 Years of Innovation*, NPH/CCRH, 2003)

More Needs to Be Done: Supporting Facts

Fast-Growing Cities Can Make a Real Difference

According to projections by the Association of Bay Area Governments, 83,908 new homes will be needed in the next 7 years. At their current rates of growth, the “Top 40” jurisdictions will build 80% of these. Of these Top 40 jurisdictions, twelve have no existing inclusionary housing programs or policies, and 13 cities have policies that require only 10% of new housing to be affordable. These key jurisdictions in the region represent 25-35% of projected housing growth for the Bay Area.

This is both a threat and an opportunity. If the fastest-growing communities are building little or no affordable housing, the percentage of affordable housing in the region will drop dramatically, and more people will be forced out. However, if these communities do include affordable housing, their rapid growth offers an effective way to provide significant numbers of new affordable homes.

(Source: Bay Area Housing Crisis Report Card, NPH/Greenbelt Alliance, 2002 – updated stats June 2004)

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Frequently Asked Questions (internal use only)

1. What is “inclusionary housing,” and what do you mean by “lower income”?

Inclusionary housing policies require new housing developments to include homes affordable to a wider range of incomes within a community.

Lower income refers to household income that is less than 80% of the median income for the area, adjusted for family size. For instance, 80% of median income for a family of four ranges from \$77,500 in San Francisco, San Mateo and Marin counties to \$41,200 in Napa and Solano counties. For example:

- A family with a single wage earner working as a schoolteacher or emergency dispatcher qualifies as low income.
- If two adults work at jobs such as truck driving, retail sales, or childcare, this two-income family would also qualify as lower income.

[Complete income limit information for all family sizes and counties is available at www.hcd.ca.gov.]

Inclusionary housing is a commonsense approach to providing housing choices for all segments of our community that are close to jobs, services and schools.

2. Is it fair to force market-rate developers to pay for this?

An effective inclusionary housing policy strikes a balance by providing incentives and flexibility to developers in exchange for housing that meets a community’s needs. Density bonuses and other incentives enable the developer to make a profit on additional units that they otherwise could not build on that site. To be clear, the goal of inclusionary housing is not to penalize developers.

Furthermore, local governments can ensure that developers aren’t unnecessarily burdened with the costs of inclusionary housing by adopting ordinances which make the inclusionary obligations clear to landowners and developers. With this “advanced warning,” developers can make informed financial decisions before they decide to buy land or apply for permits.

Most people would agree that no one sector of society should bear this cost alone; however, like all segments of the community, homebuilders have a role to play. NPH encourages local

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governments to pass jobs-housing linkage fees and increase the percentage of redevelopment funds used for housing in order to complement the role played by homebuilders.

3. But doesn't inclusionary development force housing costs up because it's so expensive to produce affordable housing and the developers will pass on the costs to market-rate homeowners and renters?

No. Most arguments remain largely theoretical due to the lack of empirical data documenting this claim. In contrast, there are examples from throughout the state that demonstrate inclusionary housing can work without harming other renters or buyers.

The claim that the costs of inclusionary housing are passed on to buyers implies that developers wouldn't be charging the highest price that the market could bear otherwise. In reality, developers are not philanthropies and will charge the highest price the market will bear, with or without inclusionary housing. The impact of inclusionary housing requirements is often mitigated by concessions by local government and reduced land costs. The remaining costs are borne by the developers, or passed on to land sellers.

Other studies on the subject have found that the factor that tracks most closely with low housing production is not inclusionary housing but instead unemployment. (Source: NHC, Inclusionary Zoning: the California Experience, David Paul Rosen's report)

4. Does inclusionary housing dampen the overall housing market?

No. The City of Los Angeles recently hired a prominent housing economist, David Rosen, to study that exact issue. Rosen's analysis of jurisdictions with and without inclusionary housing demonstrates that there is not a drop in production associated with inclusionary housing.¹ The experience of communities with inclusionary housing policies is that private, market rate development continues along with the production of new, affordable units. In fact, after an initial period of adjustment, these policies create certainty for developers by establishing consistent guidelines for development. It is true that housing production in California has not kept up with demand over the last few decades. The primary reasons cited by most experts are the impact of Proposition 13, most notably the lack of available land for housing, and the general public's concerns about the impacts of growth.

¹ David Rosen, "Inclusionary Housing and Its impact on Housing and Land Markets," *Inclusionary Housing: the California Experience*, Washington, D.C.: National Housing Conference, 2004.

5. Why isn't inclusionary housing solving the affordable housing crisis?

Inclusionary housing is just one tool being used to address this massive problem. While it cannot solve the problem on its own, inclusionary housing has provided tens of thousands of affordable homes in communities that often have no other affordable housing. Having inclusionary is not a substitute for other affordable housing programs through HUD and HCD. For cities confronting an affordable housing shortage, inclusionary housing programs are a commonsense approach to creating housing for a range of needs in the community.

6. Isn't 34,000 in 30 years a very low number? Why so little production?

34,000 is actually a conservative estimate of what's been created because it's based on data from only 64% of jurisdictions with inclusionary housing programs. The number was based on survey findings from CCRH and NPH, who did not receive information on affordable housing funded with in-lieu fees, which would add thousands more to the total production number.

Additionally, so many of the programs are new—the median year of adoption is 1992—the true impact of inclusionary housing programs has yet to be felt. 48% of the programs were created in the 1990's and another 15% of the programs were only adopted this decade.

What we know is this is a promising glimpse at what all major cities and counties in California are capable of achieving, and that this mainstream approach is one way for local governments to address unmet housing needs in California.

7. Why inclusionary policy and not some other form of affordable housing policy that increases housing production overall?

Although housing production is going strong in the Bay Area, the market simply isn't producing housing for the full range of needs in most communities. As a result, workers are forced to live far from their jobs spending valuable family time commuting.

Local governments have embraced inclusionary housing because it helps to create new affordable housing without new government funding.

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Working With the Media

Having a good media plan and message can not only help you win an inclusionary housing campaign, but help your organization build credibility, membership, and general support.

Print

Print is the best medium for more in-depth coverage. Because the opinion pages are the most read section of the newspaper, generating letters to the editor, opinion editorials or getting a favorable editorial written by the newspaper editorial board can be a very effective method to reach your audience. To generate a story in the newspaper, you can call the local reporter that is covering the beat, send out a press release, or organize a full media event, like a press conference. Be aware that press events are resource draining, so make sure if you're going to do one, there's a big story behind it.

Radio

More and more people are getting their news from the radio. Radio coverage is often obtained through events, but sending out a release and making follow-up calls can often generate stories on stations like KCBS. You can also contact their public affairs program producers to get on their shows without an event since they have forums for discussing community issues.

Television

Television is the most common news source, but the coverage is rarely in-depth. While it is unlikely that CNN will cover a local land-use scuffle, local television coverage can be obtained. For television, events are the best way to attract coverage, though many stations will be willing to have an "exclusive" if you can offer great visuals (e.g. maps, charts, tables, real people) and a newsworthy angle.

Talking to a Reporter

The majority of news stories are generated with a simple phone call to the local reporter that is covering your issue on an ongoing basis. Sometimes the reporter will call you after a vote, a hearing, or to respond to another groups event. Although many of us get to know our local reporters, it is important to prepare properly for each conversation. The following is a simple check list of helpful tips to remember when you are talking to a reporter.

1. Take time to prepare for the interview, and practice your message.

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2. Know who you are talking to when you are being interviewed.
3. Find out when their deadline is.
4. Never shoot from the hip or make things up. It is ok to say, “I don’t know but will get back to you.”
5. Have the right person talk to the reporter; messenger is as important as message.
6. Correct misconceptions or incorrect facts.
7. Never use jargon or acronyms or drop names.
8. Know your opponents’ viewpoints and have counterpoints ready.
9. The press are not your friends, nothing is ever really “off the record.”
10. Do not lose your temper, the calmer person always appears to know more.
11. Don’t answer personal questions.
12. Use “off-message” questions to bridge to your point. If you are asked a question that does not relate to your point, bring the conversation back to the point you want to make.
13. Be concise.
14. Repeat your message.
15. Humanize your message. Illustrate your point through human interest stories. Avoid using “units,” rather, translate it to human terms, such as, homes or number of people housed.
16. Be patient. It takes time to develop a rapport with your reporter. You won’t always get the headline you want.
17. Don’t assume. Ask if they know or understand technical terms or policies.
18. Good reporters will try to offer readers a balanced story. So, don’t offer up anything too controversial that your opponent will use as a lightning rod when the reporter calls the other side.
19. Don’t be elusive. Answer questions and always bring it back around to your message.

How to...

Hold a Press Conference

#12 in a series of citizens' guides by the
Western Organization of Resource Councils

December, 1996

A press conference is a voluntary presentation of information to the media. In a press conference, you decide what information is presented, how it is presented, and who presents it. It is an opportunity to get your story on TV, radio or in the paper. To hold a press conference you contact the media, pick a time and place, make a presentation and respond to reporters' questions.

Members of the Northern Plains Resource Council came from five counties to Billings, Montana, for a "Stake-A-Claim" Rally to dramatize the need for reform



of the 1872 Mining Law. That law allows mining companies to claim public lands for as little as \$2.50 per acre. Citizens staked their own "claims" to a piece of popular public recreation land before an important vote in Congress on reform. The media was invited to a press conference at the

rally and the reform message hit the major papers, TV, and radio in the state.

In Douglas, Wyoming, in 1993, the Powder River Basin Resource Council organized a press conference to deliver a petition to their Congressional delegation. The press conference, held to call for an end to monopolization in the meatpacking industry and a

return to fair prices for ranchers, led to statewide coverage of PRBRC's campaign, creating additional pressure on the federal government to take action.

Define your goals

Before you plan a press conference you should be very clear about your goals. Being clear about your goals will help you do a better job of planning the press conference. Some good reasons for holding a press conference might include:

- to get publicity about your efforts and problems;
- to get widespread media coverage;
- to send a message to a decision maker about what you want;
- to get more people involved in your organization;
- to develop the skills of your members;
- to show the strength of your group.

Whatever your organizational goals are, remember that you have to have something newsworthy to announce, reveal, or talk about at your press conference.

Major steps for setting up a press conference

• Clearly state a **good reason** for holding a press conference: the news you are going to reveal has not been covered in the press yet, or there is an emergency, or an important new issue.

• Decide what **message** you want to deliver through the media. Outline your demands to a decision maker (someone who has the power to give you what you want). Include information about what people can do to help, and the date, time and place of your next action.

• Work out the **location** of the press conference. Find an appropriate place that is convenient and has the facilities you need. Where you choose to have a press conference depends on your needs and the specific circumstances of your situation. Dramatize your position by choosing a good backdrop. If you decide to hold the press conference indoors, be ready

Press conferences can be efficient methods to publicize your news, but they must be strategic and well organized. If you hold a press conference every week, or without solid news for reporters, they will stop coming.



How to Hold a Press Conference

The Ukrainian chapter of Greenpeace held a news conference, dedicated to the 10th Anniversary of the explosion at the Chernobyl nuclear power plant, on the steps of the Chernobyl Ministry Palace. At the conference, Greenpeace activists revealed results of a study they recently completed. About 30 media outlets covered the event.

to provide technical assistance for reporters, such as phones, microphones, enough light, etc.

- Set the **date and time** of the press conference, taking into account reporters' deadlines. Usually the best days of the week to get news coverage are Tuesday through Thursday. Check to see that there are no competing news events already scheduled at the time of your conference.

- **Invite the media.** Send a press conference advisory to appropriate local media outlets at least a week before the press conference. Follow up with a phone call two days before the press conference to make sure that everyone received the advisory. Call them the day before to remind them about the event.

- **Invite guests.** Make phone calls and send written invitations to prospective guests you want to have at the press conference, such as other members of your group, allies, and friendly politicians.

Press Conference Advisory

To: News Editors and Assignment Editors.

From: Anytown Citizens Group, tel: 222-222-2222

Event: Press Conference for Anytown Citizens' Group Petition Drive Kick-Off, 4³⁰ pm, Wednesday, Jan. 17, City Hall, Room #101.

Subject: Anytown Citizens Group President Mary Smith and Petition Drive Coordinator John Hancock will announce the beginning of a petition drive calling for clean-up of the old Anytown Factory waste site by the Anytown Public Health Department.

- Prepare **your spokesperson(s)** to deliver your message. Generally, it's good to have just one or two speakers during a press conference so people don't talk on top of each other, or mix the message. Rehearse with the speaker(s) to make statements brief and clear and usually no longer than ten minutes. The spokesperson should be experienced in the subject so s/he will be able to respond to questions after the statement.

Often reporters will want to interview the spokesperson. Let the press know that the speaker is

available after press conference. Prepare your speaker with 30-second answers for radio or TV, and quotable, simple messages for print reporters. Help your speaker practice with a video camera or tape recorder.

- Choose a **moderator** (facilitator) for the press conference. You will need a person to control the process and keep reporters on the subject. If someone goes off subject, the moderator can return the focus by saying such things as: "That's an interesting point, but we are here today to discuss..."

- Prepare **background materials.** Reporters and guests may wish to have a copy of written statements or a press release. You can prepare a packet of factsheets, charts or graphs.

- Practice **roles** with the members of your group. It's important that everybody understands his/her role in the event. Think about what will happen all the way through the press conference, and how it will look to reporters. The key question to ask is "what if..?" (What if reporters ask a non-spokesperson member a question? What if your opponents show up and heckle?)

- Prepare **visual aids.** Charts, big maps, pictures or other props will help get your message across. However, slide shows are difficult for TV, radio and print reporters to use.

Starting the press conference

Be ready to welcome TV reporters at least 15 minutes before the beginning of the conference. They usually need time to set up their equipment. Meet everyone at the door and ask them to sign in a guest book you've already prepared (you may need their addresses for the next event). Give them your background material and a copy of the press statement.

Start the press conference as close to on time as possible and certainly not later than ten minutes after the scheduled time, to respect those who came on time.

Running the press conference

The moderator welcomes everyone and briefly introduces the speaker(s). Remember that statements shouldn't be longer than 10-15 minutes. After the speakers are finished, ask for questions. Make your

Ten Steps For a Successful News Conference

Step 1: Plan ahead. At least two weeks before the event, talk about what you want to do and how you want to do it.

Step 2: Tell your group about your ideas; get your members' ideas and decide on the message you want to get out.

Step 3: Prepare props, posters, banners and a press kit.

Step 4: Organize a list of reporters you plan to contact about your news conference.

Step 5: Write and fax a news advisory.

Step 6: Write the statement you plan to make at the press conference.

Step 7: Finalize all details. Write a news release.

Step 8: Call reporters to remind them about tomorrow's conference.

Step 9: On the day of the conference, arrive early to situate speakers, organize materials, etc.

Step 10: After the conference is over, hand deliver copies of your news release and statements to any reporters who didn't show up.

answers simple, brief, and pointed. A little bit of humor will enliven the press conference, too. Good visual aids make your story more interesting, so be creative.

The moderator should end the press conference before things drag out too long. After your important points are made, step in and conclude the proceeding. Thank everyone for coming and offer additional information they can get in your office. Thank them for keeping readers, viewers, and listeners informed about this important community problem.

Making your statement

Think through how you can get your message across through the statement and the set up of the press conference. You can maximize your impact differently depending on whether you expect **TV, radio or print reporters** to come.

Television: visual impact

Think: "How can we set up our press conference to give reporters a good picture?"

- Seat speakers at the front close together so they all fit in the picture.

- Seat the audience close to the speakers so they are in the picture. It's good to have children and elderly people on camera.

- Display posters or banners with your group's name, issue and demands written on them.

- Bring props (jars of murky water, gas masks).

- Plan to have an action during the conference with movement and a lots of people and signs to dramatize your message.

Radio: audio impact

Ask: "What sounds would be of interest to radio reporters?" "What can we do to make things technically suitable for broadcast?"

- Radio reporters need uncluttered sound with good acoustics and a minimum of background noise.

- Have a designated, well-prepared spokesperson(s) so everyone is not talking at once.

- Have a prepared statement so the main points can be made clearly, but it sounds better if it doesn't sound like you're reading it! Practice making a statement from notes.

- Only the designated spokesperson(s) should speak to the media during the press conference.

- Singing or chanting make great sound .

- If you're holding the press conference at a rally or event with a lot of people and noise, set up a quiet space away from the action for interviews.

Print media: verbal impact

Ask: "What would we want if we were newspaper reporters?"

- Provide a press packet with background material.

- Pass out copies of press statements.

- Use simple, powerful, quotable lines when speaking.

- Don't say anything you can't back up with facts. If something is not a proven fact, but you are sure it is true, preface the statement by saying such things as, "in my opinion" or "we believe. . .".

- Don't bring up anything you are not prepared to discuss. If you are asked questions that you don't want to talk about, say "We're not ready to discuss that matter at this time," or "Our group has not taken a position on that."

PRESS KITS

A press kit is your background material: fact sheets, news release, text of the statement, and visual materials, such as photographs. It can help reporters to create and produce their stories. Hold press kits in folders or envelopes until the end of the press conference to make sure no one leaves early, getting a jump on their competition.

How to Hold a Press Conference

The Checklist

Press conferences are both fun and serious. Don't spoil the fun: be ready to enjoy the high energy of getting an important story on TV, radio, and in the paper. Prepare yourself as well as you can. Some points to double-check before your press conference:

1. Are the date, time, and place convenient for the media and guests?
2. How many people do you expect? Do you have enough space to accommodate all the invited people? Did you invite everyone you want there?
3. What if not everyone shows up? Do you have a smaller room available so you don't have five people in an auditorium?
4. Does your chosen place suit and accommodate the media's equipment needs (TV cameras, electrical outlets, microphones etc.)? Does it all work? Did you check it? (The easiest way to check it is to ask the members of the media about their needs.)
5. Do you plan to make photos for reporters who did not attend your press conference for whatever reason? To make it convenient for the print media, use 8" X 10" prints.
6. If your news is the result of a complex study, do you have a brief summary to make it easy to read for nonprofessionals in the subject?
7. Are there members of your group in your office whom the media can reach to follow up?
8. Did media people who did not come to the press conference receive a press kit?
9. After you've checked all of these, check them again. Try to prepare for all possible situations.

More about Press Conferences:

Principles of Community Organizing, training session held twice each year by the Western Organization of Resource Councils.

Media Means, by Barbara Sullivan. Available from the Citizen's Clearinghouse For Hazardous Wastes for \$7.50; PO Box 6806, Falls Church, VA 22040, 703-237-2249.

World Hunger Year Media Guide, World Hunger Year, 505 Eighth Avenue, 21st Floor, New York, NY 10018; tel: 212-629-8850; 1-800-5-HUNGRY; fax: 212-465-9274; whyria@aol.com; <http://www.iglou.com/why>.

Getting the Word Out in the Fight to Save the Earth, by Richard Beamish. The Johns Hopkins University Press, 2715 North Charles Street, Baltimore, Maryland 21218-4319.

More How-To's:

How to Deal With Intimidation
How to Research for Organizing
How to Use the Freedom of Information Act
How to Research Corporations
How to Hold an Accountability Session
How to Deal With the Wise Use Movement
How to Do a Radio Commentary for the High Plains News Service
How to Recruit Members
How to Develop a Winning Strategy
How to Run Good Meetings

Available for \$2 each. Contact WORC about getting copies in bulk or about training sessions on topics in this series. **Let us know** when you use these How-To's. Give us suggestions for improving and updating them.

More about WORC:

The **Western Organization of Resource Councils (WORC)** is a federation of six grassroots membership organizations with more than 6,000 members and 42 community-based groups. The members of these groups are farmers, ranchers, small business and working people who seek to protect natural resources, family farms, and rural communities. WORC provides research and organizing assistance to its member groups to increase their effectiveness on regional and national public policy decisions affecting their members. Find out more about WORC, and hear our award winning radio program, the High Plains News Service, on the World Wide Web: <http://www.worc.org>.

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Phone: 406-252-9672 FAX: 406-252-1092
E-mail: billings@worc.org

Powder River Basin Resource Council

23 North Scott
Sheridan, WY 82801
Phone: 307-672-5809
FAX: 307-672-5800
2430821@mcimail.com

Western Colorado Congress

Box 472
Montrose CO 81402
Phone: 970-249-1978
FAX: 970-249-1983
wcc@rmi.net

Dakota Resource Council

P.O. Box 1095
Dickinson, ND 58601
Phone: 701-227-1851
FAX: 701-225-8315
drc@dickinson.ctctel.com

Northern Plains Resource Council

2401 Montana Avenue, #200
Billings, MT 59101
Phone: 406-248-1154
FAX: 406-248-2110
nprc@desktop.org

Dakota Rural Action

Box 549
Brookings, SD 57006
Phone: 605-697-5204
FAX: 605-697-6230
drural@brookings.net

Idaho Rural Council

P.O. Box 236
Boise, ID 83701
Phone: 208-344-6184
FAX: 208-344-6382
irc@rmci.net

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Opinion Editorial

How to Place an Opinion Editorial

Most newspapers publish an opinion editorial page next to the editorial page. The newspaper's staff, syndicated columnists, or national and community opinion leaders often write the articles. Although most newspapers keep an open mind in determining the content of their opinion editorials, some newspapers will be more inclined to publish an opinion piece on housing than others. It is important to research the newspaper in advance to understand what kind of editorials it publishes, as well as what issues are covered in the stories. Remember that a newspaper will not publish a story unless it feels it represents a unique or different perspective.

When you have decided to write an opinion editorial, arrange a meeting with the opinion editorial page editor to discuss your ideas and the subject you wish to write about for the newspaper. Make sure you bring the right messenger to that meeting and everyone that attends the meeting is up to speed on the subject.

If they agree to publish your editorial, make sure you get the details on story length and deadlines. Make sure to observe all deadlines! Finally, if the story is printed, write a thank you note to the editor and keep in touch to update them with additional information.

What to Say in an Opinion Editorial

When writing an opinion editorial, consider the following outline:

1. **Give a concise, but thorough, background on the issue or campaign.**
Remember, the majority of people reading the story may not have an understanding of the issue. Give a thoughtful, yet brief, background on the issue before venturing into more details.
2. **Use the message to ensure broad appeal.**
Keep your target audience in mind while writing the piece, but don't focus too much on the opposition. You are not trying to convert people that believe all government intervention is bad. You are convincing people that are generally concerned about housing prices that inclusionary housing can and will work for your community.

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3. **Localize the story.**

The audience for your opinion editorial will want to know local reasons why inclusionary housing is needed. Use the Housing Element, staff reports, and resources provided at the end of this packet to ensure the local angle is included. If available, give examples of new market-rate developments that would provide some affordable housing if the ordinance was already in effect.

4. **Get the right individual to sign the opinion editorial.**

Think about who has influence over the people you are trying to persuade on the council or board of supervisors. Having an opinion editorial written from the point of view of a hospital worker, local business owner, or religious leader can give the editorial a much broader appeal.

Sample Opinion Editorial

We all know how difficult it is for Bay Area residents to find homes we can afford.

What we may not all know is how this affects the entire region's quality of life. Many people are forced to live in distant subdivisions or even in the Central Valley, commuting hours each day to reach their jobs. Trapped in traffic, they lose time to spend with their families. And more traffic means more pollution in our air and water, not to mention the lost open space as new suburban subdivisions pave over farmland and hillsides.

These effects, lost time and a poisoned environment, are bad for the Bay Area's families and bad for our children.

The Bay Area needs to provide more housing choices, so that people can choose where to live, and are not forced out of our cities or even out of the region. Inclusionary housing is a policy that will do just that. Cities with inclusionary policies require new housing developments to provide homes affordable to a wider range of incomes within a community. These are people like nurses, teachers, firefighters, and retail workers - people who are essential to the community.

Local governments have embraced inclusionary housing because it helps to create new affordable housing without new government funding. Already, 57 Bay Area cities and counties have these policies. Our goal is to help more cities adopt inclusionary policies, and so double the rate of housing the policies provide. If all Bay Area cities and counties required 20% of new developments to be affordable, that would create 15,000 new homes over the next five years.

That means homes for up to 60,000 people. That's a significant step toward solving the housing crisis, and making the Bay Area a better place to live—for everyone.

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Letter to the Editor

A letter to the editor is typically written in response to an article in the paper. It is best to identify at least three volunteers who can send in a letter. After developing a sample, make sure volunteers personalize the letter, use local examples and keep it to less than 200 words or verify the length requirements with each paper. Also, make sure the person that submits the letter includes their full name and phone number.

Sample Letter to the Editor

Dear Editor,

The Board of Supervisors is right to consider an inclusionary housing ordinance. Every city in Sonoma County has already adopted an ordinance that ensures all new developments provide some affordable housing. Local governments have embraced inclusionary housing because it helps to create new affordable housing without new government funding. New affordable homes will serve nurses, teachers, firefighters, and retail workers—people who are essential to our community. I applaud our Board of Supervisors and hope other counties around the region will follow their example.

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BAY AREA INCLUSIONARY HOUSING INITIATIVE

Press Release

A press release should be sent to the media for any event that is newsworthy, such as a key city council meeting or important campaign action.

Sample Press Release

For Immediate Release:
(date)

Contact: (your name and
phone number)

Community Members Speak Out for Inclusionary Housing

Date—City—Today, Councilmember Jose Smith from (city), joined a diverse coalition of community residents and leaders to announce a campaign to adopt an affordable housing policy called “inclusionary housing.” An inclusive housing policy would require new housing developments to include homes affordable to a wide range of incomes within a community.

“Inclusionary housing has a thirty-year track record of creating homes for hardworking families. Over 117 communities in California have adopted inclusionary housing policies, and so have entire states including Massachusetts, New Jersey, and Illinois. It’s about time for our community to step up to the plate and pass an inclusionary housing ordinance,” said Councilmember Jose Smith.

Councilmember Smith was joined by hospital workers, a local businessman, and Reverend Frank from (city). “I support inclusionary housing because it is what this city needs to keep our local businesses alive. We can’t have a business district without workers. You can’t have workers without workforce housing. This policy strikes an effective balance by providing incentives and flexibility to developers in exchange for housing that meets our community’s needs,” explained Arnold Schwartz, owner of (name) popular restaurant.

Last night’s city council meeting was the first in a series of hearings to discuss the new ordinance. The final ordinance is expected to go before the council in early spring.

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(Include two or three sentences about your organization.)

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BAY AREA INCLUSIONARY HOUSING INITIATIVE

Press Advisory

An advisory notifies the media of a press conference or any key event in an inclusionary housing campaign.

Sample Press Advisory

(Date)

Contact:

(Local organizer, local organization, phone number)

Community Leaders Call on City Council to Adopt an Inclusionary Housing Policy

Who: Hospital workers from (local hospital name), Jeff Brown local restaurant owner, Reverend Frank from local (congregation name), and local city council person

What: Press Conference

When: 6:30 pm, Monday October 25th

Where: In front of City Hall, (address)

Why: Although housing production is strong in the Bay Area, the market simply isn't producing housing for the full range of needs in our community. As a result, workers are forced to live far from their jobs and extended families are torn apart.

Inclusionary housing policies require new housing developments to include homes affordable to a wider range of incomes within a community.

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ADDITIONAL TOOLS AND RESOURCES



Evaluating Existing Inclusionary Housing Policies

One of the critical aspects of in advocating for an inclusionary housing (IH) policy is to evaluate its effectiveness after adoption. The purpose of evaluating the IH policy is to confirm that the ordinance is in compliance and the policy is meeting the goals. We recommend revisiting the policy at least two years after adoption so that there is a track record of development.

To evaluate the IH policy, you need to research the production of affordable homes through the IH ordinance, and compare how the affordable rental home and for-sale home prices compare to market-rate prices. The set of questions below is designed to help you obtain the necessary information. In order to complete the questions, contact the city housing department or planning department. Often times this information can also be found on the city's website. You will also need to get a copy of the original IH ordinance from the planning staff or website.

Key Components of the IH Ordinance

The first step in evaluating an IH ordinance is to review the ordinance, especially its goals and objectives. Fill in the table below which summarizes the key components of the IH policy.

What is the percentage of affordable homes (set-aside)?	
What is the minimum project size (threshold)?	
What is the length of affordability?	
Does the policy allow for alternatives to construction (off-site, land dedication, in-lieu fee)?	
What is the in-lieu fee?	

Translating Policy into Dollar Amounts

The following information can also be acquired from city staff. This chart will show how much families need to make to qualify for affordable homes.

Qualifying Household	Income Level	Rental Price	Sales Price
Moderate Income Single Person: Four Person:			
Low Income Single Person: Four Person:			
Very Low Income Single Person: Four Person:			
Extremely Low (if applicable): Single Person: Four Person:			

Production Outcomes of IH Ordinance

In order to get a sense of the creation of affordable homes since the adoption of the IH policy, find out the following information from the city's housing specialist or another city planner:

When was the IH policy adopted?	
Number of new housing developments since adoption of the IH policy:	
Number of market-rate homes:	
Number of affordable homes:	
For the new affordable rental homes, how many units were built and at which income? Specify number and exact income targets. (For example, 10 rental homes: 5 at 60% of AMI, 3 at 50% of AMI and 2 at 40% AMI.)	
For the new affordable ownership homes, how many units were built and at which incomes? Specify number and exact income targets. (For example, 10 ownership homes: 5 at 100% of AMI, 3 at 70% of AMI and 2 at 60% AMI.)	
Number of affordable homes built on-site:	
Number of affordable homes built off-site/land	

dedication:	
Amount of in-lieu fees collected:	

The above information should be tracked by local governments and available to the public. If not, there may be a problem with the monitoring of the city's IH policy. As an advocate, you may need to urge the city to create a better monitoring program before you can improve the actual ordinance.

Affordability Outcomes of IH Ordinance

This next section is designed to assess how affordable rental and ownership home prices compare to market-rate prices. This section requires web-based research.

Market-Rate Sales Price for Homes The median sales prices for homes will always be a moving target, but the goal of this research is to get a sense of sales prices within the city. The best place to get free, up-to-date information is the DataQuick Real Estate website: www.dqnews.com . Under the "CA Monthly City Chart" lists the homes sales prices on a monthly basis for all cities and counties in California.	Median Sales Price:
Market-Rate Rental Price for Homes There is no single source that tracks rental prices for housing. The best way to find a benchmark is to collect three to five comparables. You can collect comparables by either looking in the paper or using the following website: www.rentnet.com/apartments/home.jhtml	Median Rental Price:

Overall Summary of the IH Ordinance

After researching the information above, evaluate the overall effectiveness of the IH ordinance:

- How does the percentage of new affordable homes compare to the goals of the ordinance or your organization's goals?
- How do the rental and purchase prices compare to the homes available on the market?
- Did the city create new affordable homes through in-lieu fees?
- Were more affordable homes created than were expected in the IH ordinance?

- Were affordable homes created that reached deeper income targets than the original IH requirement?

Potential Loopholes

Percentage of Homes

If the policy is not achieving the goals in terms of the percentage of affordable homes created, there could be several reasons why. The most common reasons may have to do with the issues listed below:

Too many exemptions:

- Is the threshold so high that many developments are not required to meet an inclusionary obligation?
This is a common problem in jurisdictions that were once fast-growing and are now focused on in-fill developments. Many communities in the Bay Area, East Palo Alto for example, have low thresholds, such as two units to ensure all new developments participate in the affordable housing program.
- Does the ordinance apply to the redevelopment area?
- Does the ordinance apply to the downtown or business district?

In-lieu fees:

- Are the in-lieu fees high enough to construct new affordable homes?
- Are the in-lieu fees being spent on construction of new affordable homes?

For information on setting an appropriate in-lieu fee, see the NPH's *Inclusionary Advocacy Toolkit*.

Secondary units:

- Are developers opting to build secondary units to meet an inclusionary obligation?
- Is the local government monitoring secondary units?

In most cases, secondary units are very difficult to monitor. Often secondary units are not rented at all and rent restrictions are challenging to enforce. It might be worthwhile to ask the city to remove this option and instead set an appropriate in-lieu fee for small developments (under 10 units) or individual units.

Pricing of Affordable Homes

If the price of the new affordable homes is not substantially lower than the market rate homes or the new homes are not available for the target population that you were originally looking to serve, then the income targets need to be lowered. For more information on setting appropriate income targets refer to NPH's *Inclusionary Advocacy Toolkit*.

Finding Qualified Buyers

It may be difficult to find qualified buyers for affordable homeownership homes. Often, families that qualify by income requirements have a hard time meeting other

requirements. Many families have debt, poor credit records, and little personal savings. For example, if an ordinance assumes a household will make 20% down-payment (usually unrealistically high) and the seller or jurisdiction cannot arrange a down-payment assistance loan, very few households may be able to qualify.

Administration of the Program

There are more families in need of affordable homes than any Inclusionary Housing policy will provide, so it is important to make the process for getting families into the homes fair, transparent, organized, and reasonable. A well-designed program is administered by an experienced organization (either a jurisdiction or a third-party administrator). It is important to have well trained and experienced professionals to make sure the program is successful.

Additional Research

If the total percent of affordable homes is lower than you expected from your ordinance and it is not apparent why, this additional exercise can help. For each project fill in the table below:

Project: (name)

Number of market-rate homes:

Number of affordable homes:

How was the IH requirement met: on-site, off-site,
land dedication?

Did the project meet the IH requirement in terms
of numbers?

If no, why not?

If the prices of the IH homes are similar to market-rate prices, you may need to carry out research on a project-by-project basis to confirm if the income targets are set too high. For each project fill in the table below:

Project: (name)

Number of market-rate homes:

Number of affordable homes:

Are the homes rental or homeownership?

What are the rental income targets?

What are the homeownership income targets?

Can these income target find housing on the
market?

BAY AREA INCLUSIONARY HOUSING INITIATIVE

Additional Inclusionary Housing Resources

The California Inclusionary Housing Reader

Institute for Local Self Government, 2003.

Copies may be ordered from <http://www.ilsg.org>

City of Los Angeles Inclusionary Housing Study

David Paul Rosen & Associates, 2002.

<http://www.lacity.org/lahd/inclusio.htm>

Inclusionary Housing in California: 30 Years of Innovation

Non-Profit Housing Association of Northern California and California Coalition for Rural Housing, 2003.

<http://www.nonprofithousing.org/knowledgebank/publications/index.atonic>

Inclusionary Housing: Making It Work

Sacramento Housing Alliance, 2004.

<http://inclusionaryhousing.org/>

Inclusionary Zoning: the California Experience

National Housing Conference, Affordable Housing Policy Review, 2004.

<http://www.nhc.org/nhcimages/California%20IZ/CalIZ04.pdf>.

Inclusionary Zoning: Equitable Development Toolkit

Policy Link

<http://www.policylink.org/EDTK/IZ/>

Inclusionary Zoning: Policy Consideration and Best Practices

California Affordable Housing Law Project and Western Center on Law and Poverty, 2002.

www.wclp.org/files/IZBestPracticesFINALDecember2002-1.pdf

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BAY AREA INCLUSIONARY HOUSING INITIATIVE

HCD 2004 Income Limits

Income Categories

Extremely Low Income: below 30% of AMI*
 Very Low Income: 31-50% of AMI
 Lower Income: 51-80% of AMI
 Moderate Income: 81-120% of AMI

*AMI=Area Median Income

Alameda County, Area Median Income: \$82,200

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	17,400	19,850	22,350	24,850	26,850	28,800	30,800	32,800
Very Low Income	29,000	33,100	37,250	41,400	44,700	48,000	51,350	54,650
Lower Income	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
Median Income	57,550	65,750	74,000	82,200	88,800	95,350	101,950	108,500
Moderate Income	69,050	78,900	88,800	98,650	106,550	114,450	122,350	130,200

Contra Costa County, Area Median Income: \$82,200

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	17,400	19,850	22,350	24,850	26,850	28,800	30,800	32,800
Very Low Income	29,000	33,100	37,250	41,400	44,700	48,000	51,350	54,650
Lower Income	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
Median Income	57,550	65,750	74,000	82,200	88,800	95,350	101,950	108,500
Moderate Income	69,050	78,900	88,800	98,650	106,550	114,450	122,350	130,200

Marin County, Area Median Income: \$95,000

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	23,750	27,150	30,550	33,950	36,650	39,350	42,050	44,800
Very Low Income	39,600	45,250	50,900	56,550	61,050	65,600	70,100	74,650
Lower Income	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Median Income	66,500	76,000	85,500	95,000	102,600	102,600	117,800	125,400
Moderate Income	79,800	91,200	102,600	114,000	123,100	132,250	141,350	150,500

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Monterey County, Area Median Income: \$60,800

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	12,750	14,600	16,400	18,250	19,700	21,150	22,600	24,100
Very Low Income	21,300	24,300	27,350	30,400	32,850	35,250	37,700	40,150
Lower Income	34,050	38,900	43,800	48,650	52,550	56,400	60,300	64,200
Median Income	42,550	48,650	54,700	60,800	65,650	70,550	75,400	80,250
Moderate Income	51,050	58,350	65,650	72,950	78,800	84,600	90,450	96,300

Napa County, Area Median Income: \$73,900

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	15,500	17,750	19,950	22,150	23,950	25,700	27,500	29,250
Very Low Income	25,850	29,550	33,250	36,950	39,900	42,850	45,800	48,750
Lower Income	40,250	46,000	51,750	57,500	62,100	66,700	71,300	75,900
Median Income	51,750	59,100	66,500	73,900	79,800	85,700	91,650	97,550
Moderate Income	62,100	70,950	79,850	88,700	95,800	102,900	110,000	117,100

Sacramento County, Area Median Income: \$64,100

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	13,450	15,400	17,300	19,250	20,750	22,300	23,850	25,400
Very Low Income	22,450	25,650	28,850	32,050	34,600	37,200	39,750	42,300
Lower Income	35,900	41,000	46,150	51,300	55,400	59,500	63,600	67,700
Median Income	44,850	51,300	57,700	64,100	69,250	74,350	79,500	84,600
Moderate Income	53,850	61,500	69,200	76,900	83,050	89,200	95,350	101,500

San Benito County, Area Median Income: \$71,900

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	15,100	17,250	19,400	21,550	23,300	25,000	26,750	28,450
Very Low Income	25,150	28,750	32,350	35,950	38,850	41,700	44,600	47,450
Lower Income	40,250	46,000	51,750	57,500	62,100	66,700	71,300	75,900
Median Income	50,350	57,500	64,700	71,900	77,650	83,400	89,150	94,900
Moderate Income	60,400	69,050	77,650	86,300	93,200	100,100	107,000	113,900

San Francisco County, Area Median Income: \$95,000

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	23,750	27,150	30,550	33,950	36,650	39,350	42,050	44,800
Very Low Income	39,600	45,250	50,900	56,550	61,050	65,600	70,100	74,650
Lower Income	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Median Income	66,500	76,000	85,500	95,000	102,600	102,600	117,800	125,400
Moderate Income	79,800	91,200	102,600	114,000	123,100	132,250	141,350	150,500

San Joaquin County, Area Median Income: \$55,100

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	11,550	13,200	14,900	16,550	17,850	19,150	20,500	21,800
Very Low Income	19,300	22,050	24,800	27,550	29,750	31,950	34,150	36,350
Lower Income	30,850	35,250	39,650	44,100	47,600	51,150	54,650	58,200
Median Income	38,550	44,100	49,600	55,100	59,500	63,900	68,300	72,750
Moderate Income	46,250	52,900	59,500	66,100	71,400	76,700	81,950	87,250

San Mateo County, Area Median Income: \$95,000

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	23,750	27,150	30,550	33,950	36,650	39,350	42,050	44,800
Very Low Income	39,600	45,250	50,900	56,550	61,050	65,600	70,100	74,650
Lower Income	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Median Income	66,500	76,000	85,500	95,000	102,600	102,600	117,800	125,400
Moderate Income	79,800	91,200	102,600	114,000	123,100	132,250	141,350	150,500

Santa Clara County, Area Median Income: \$105,500

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	22,300	25,450	28,650	31,850	34,400	36,900	39,450	42,000
Very Low Income	37,150	42,450	47,750	53,050	57,300	61,550	65,800	70,050
Lower Income	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
Median Income	73,850	84,400	94,950	105,500	113,950	122,400	130,800	139,250
Moderate Income	88,600	101,300	113,950	126,600	136,750	146,850	157,000	167,100

Santa Cruz County, Area Median Income: \$75,300

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	16,400	18,750	21,100	23,450	25,350	27,200	29,100	30,950
Very Low Income	27,350	31,300	35,200	39,100	42,250	45,350	48,500	51,600
Lower Income	43,800	50,050	56,300	62,550	67,550	72,550	77,550	82,600
Median Income	52,700	60,250	67,750	75,300	81,300	87,350	93,350	99,400
Moderate Income	63,250	72,300	81,300	90,350	97,600	104,800	112,050	119,250

Solano County, Area Median Income: \$73,900

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	15,500	17,750	19,950	22,150	23,950	25,700	27,500	29,250
Very Low Income	25,850	29,550	33,250	36,950	39,900	42,850	45,800	48,750
Lower Income	40,250	46,000	51,750	57,500	62,100	66,700	71,300	75,900
Median Income	51,750	59,100	66,500	73,900	79,800	85,700	91,650	97,550
Moderate Income	62,100	70,950	79,850	88,700	95,800	102,900	110,000	117,100

Sonoma County, Area Median Income: \$74,600

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low	15,650	17,900	20,150	22,400	24,150	25,950	27,750	29,550
Very Low Income	26,100	29,850	33,550	37,300	40,300	43,250	46,250	49,250
Lower Income	40,250	46,000	51,750	57,500	62,100	66,700	71,300	75,900
Median Income	52,200	59,700	67,150	74,600	80,550	86,550	92,500	98,450
Moderate Income	62,650	71,600	80,550	89,500	96,650	103,800	111,000	118,150

Policy Claims With Weak Evidence

**A Critique of the Reason Foundation Study on
Inclusionary Housing Policy in the San Francisco Bay Area**

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EXECUTIVE SUMMARY

The Reason Foundation study of Inclusionary Housing (IH) in the San Francisco Bay Region claims to examine "the economic and real-world consequences of inclusionary zoning." In reality, the study does not provide the empirical evidence necessary to assess the merits or demerits of IH. The narrow scope of the research, the flawed research design, the data limitations and the weaknesses of the analysis are so consequential that few, if any, of their conclusions are useful to policymakers. To wit:

- The research design lacks a comparison between cities with and without IH and the authors do not provide long-term data by year. It is therefore impossible to ascertain whether the decline in housing production in localities with IH is: 1) due to IH *per se* or, 2) part of an overall downward trend in housing production in the Bay Area or, 3) due to the time of enactment of IH in relation to the economic cycle. For example, fifteen of the IH programs in the Bay Area were passed between 1989 and 1992, just before or at the very beginning of the economic recession of the early and mid-1990s.
- Shortcomings in data collection plague the analysis throughout the report and case counts are presented in confusing ways. For instance, the authors have incomplete information on 17 out of 50 cities they list and use the average of the remaining 33 cities to "fill" in the incomplete information.
- The authors use largely anecdotal data to substantiate some of their claims, (e.g., the comments of a builder on page 28), and do not provide scientific evidence on which to base conclusions. More rigorous, systematic qualitative and/or survey research is needed before generalizing about the perspectives of developers.
- In calculating the cost of IH, the report utilizes homeownership figures only, when a large percentage of units provided with IH are less costly rental units. The report's authors also insist that developers do not pay any of the costs of IH, but only landowners - who sell to developers at a reduced price to reflect the cost of IH - and the buyers and renters of IH. However, there is general agreement among observers and researchers of IH that developers are likely to share some of the cost.
- In calculating the additional cost of IH to the developer, the authors assume that the developer is mandated in all cases to build the IH units, that the units will cost the same as the market units to build, that there are no incentives and subsidies available to the developer, and that developers are not capable of being innovative in finding solutions that reduce their costs. These assumptions do not reflect reality.

- The authors view IH abstractly and rigidly, and not as the outcome of political and economic processes that attempt to balance the community's interests with those of the developers. IH has evolved as a multifaceted approach aimed in most cases at reducing political opposition by neutralizing or reducing the additional costs that developers incur in providing affordable housing. Any analysis of the costs associated with IH needs to take into account the evolving nature of a system marked by flexibility, adaptability and change.
- Similarly, the authors present an elementary discussion of supply and demand relying on a static model and ignoring that housing is a special case of a good that can be viewed as having many quality sub-markets and a finite supply of available land for development.

We agree with the authors that empirical research is needed to evaluate IH as a policy mechanism to produce affordable housing. The need for future research was emphasized in the recent report, *Inclusionary Housing in California: 30 Years of Innovation*: "While this report provides a useful snapshot of inclusionary housing programs in California, more research in this area is needed" with a "potential area of research" being "to compare housing production of communities within the same region, those with inclusionary and those without."(page 27). Strangely enough, the authors of the Reason Foundation study did not heed the call for a comparative approach, thus calling into question their main finding. *Inclusionary Housing In California* also called for "an analysis of the cost impacts of inclusionary programs on market-rate units." Unfortunately, the cost-impact analysis of the Reason Foundation study is seriously flawed as outlined above and elaborated in the body of this paper. The need for an empirical analysis of IH remains.



SB 1818 - Density Bonus

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SB 1818 (Hollingsworth) (Chapter 928, Statutes of 2004) amends density bonus law (Gov. Code §65915) in a number of important ways. Effective, January 1, 2005, applicants are eligible for a range of density bonuses up to 35%, based on the percentage of affordable units in a development. Applicants are also eligible for an innovative new land donation density bonus. Localities are required to offer at least 1-3 incentives (reductions in parking, for example) rather than one, based on the percentage of affordable units in a development. SB 1818 also limits parking requirements that localities may impose. (Also see our summary of changes to density bonus law made in 2002 by AB 1866 (Wright) in our Second Units/Density Bonus Fact Sheet).

What SB 1818 Does:

- **Creates a range of density bonuses** by decreasing the percentage of affordable units needed to obtain a reduced density bonus, and by increasing the maximum density bonus to 35%.

Existing law requires localities to grant a flat density bonus of 25% for developments with 20% lower income units, 10% very low, or 50% for seniors, and a flat 10% density bonus for condominiums with 20% moderate income units.

Under SB 1818, instead of having to provide 20% low-income units, 10% very-low, or 20% moderate, an applicant can obtain a density bonus by providing 10% low, 5% very-low, or 10% moderate. The applicant receives a reduced density bonus for this reduced level of targeting: a 20% density bonus for the reduced level of low- and very-low income units, and a 5% density bonus for this level of moderate income units.

This permits an applicant to obtain a lower-income density

bonus of 20-35%, a very low-income density bonus of 20-35%, and (in a condo/PUD) a moderate income density bonus of 5-35%.

Within the ranges, the density bonus increases as the percentage of affordable units increases (see attached chart). The low income density bonus increases by 1.5% for each 1% increase in low-income units above 10%, up to the maximum of 35%; the very low-income density bonus increases by 2.5% for each 1% increase in very low-income units above 5%, up to the maximum 35%; and the moderate income (condo/PUD) density bonus increases by 1% for each 1% increase in moderate income units above 10%, up to a maximum of 35%.

- **Requires localities to offer 1-3 incentives** (reductions in parking, setbacks, open space, etc.), rather than one as under current law, based on the percentage of targeted units; and requires any incentive to “result in identifiable, financially sufficient and actual cost reductions”. Under existing law the applicant is entitled to the incentives they request and must waive or reduce other standards that make it impossible to build at the established density, unless the locality makes specific findings.

- **Applies the moderate income density bonus to PUDs** (planned unit developments) not just condo developments as in current law; requires the first occupant to be moderate income rather than requiring a 10-year term of affordability; and requires equity sharing on resale.

- **Gives a flat 20% density bonus for all senior housing** rather than a 25% bonus for housing with 50% seniors as under current law.

- **Creates a land donation density bonus** for applicants who

donate land for very low-income housing to a local government or a developer approved by the locality if the land meets requirements related to by-right zoning, location, size, etc. An applicant must donate land sufficient to provide at least 10% of the units in the development for very low-income households (the zoning of the donated land determines the number of units that can be built). For a 10% land donation an applicant receives a 15% density bonus above the maximum allowable density for the entire development. The density bonus increases by 1% for each 1% increase in very-low income units that can be built on the donated land, up to a maximum of 35% (see attached chart). For example, an applicant for a 1,000 unit development gets a 15% density bonus for donating 5 acres of land (if it was zoned for 100 units), permitting the applicant to build 150 additional units on the undonated land. By comparison, a donation of land for 300 units entitles the applicant to a 35% density bonus, or 350 units.

The land donation density bonus and general density bonus can also be used together, up to a combined maximum of 35%.

- **Intent language** in SB 1818 clarifies the bill’s impact on certain local land use ordinances. In particular, the Assembly floor analysis made it clear that local inclusionary ordinances are not affected by SB 1818. For example, even though SB 1818 provides a density bonus for developments with 10% low income units, that does not mean that the bill creates a right to build that preempts a 15% local inclusionary requirement.

- **Limits parking standards** that localities can impose on density bonus developments, reflecting changes made in AB 2348 (Mullin).

SB 1818 Density Bonus Ranges

For the **low-income density bonus**, SB 1818 gives a 20% bonus for developments with 10% low-income units and increases that by 1.5% for every percentage of low-income units above 10%, up to a cap of 35%.

% Low-Income Units	% Density Bonus
10	20
11	21.5
12	23
13	24.5
14	26
15	27.5
16	29
17	30.5
18	32
19	33.5
20	35

For the **very low-income density bonus**, SB 1818 gives a 20% bonus for developments with 5% very-low income units and increases that by 2.5% for every percentage of very low-income units above 5%, up to a cap of 35%.

% Very Low-Income Units	% Density Bonus
5	20
6	22.5
7	25
8	27.5
9	30
10	32.5
11	35

For the **senior housing density bonus**, SB 1818 gives a 20% bonus for any senior development, rather than a 25% density bonus for housing with at least 50% seniors.

For the **moderate income condo/PUD density bonus**, SB 1818 gives a 5% bonus for condo/PUD developments with 10% moderate income units and increases that by 1% for every percentage of moderate-income units above 10%, up to a cap of 35%.

% Moderate-Income Units	% Density Bonus
10	5
11	6
12	7
13	8
14	9
15	10
16	11
17	12
18	13
19	14
20	15
21	16
22	17

23	18
24	19
25	20
26	21
27	22
28	23
29	24
30	25
31	26
32	27
33	28
34	29
35	30
36	31
37	32
38	33
39	34
40	35

SB 1818 also creates a new **land donation density bonus** for donation of land to local governments and housing developers for very low-income housing. If an applicant donates land on which the zoning is sufficient to permit construction of 10% of the units in a proposed development for very-low income households, the applicant is entitled to a 15% density bonus. The density bonus is calculated as 15% of the maximum allowable density for the entire development site. For example, an applicant for a 1,000 unit development gets a 15% density bonus for donating 5 acres of land (if it was zoned for 100 units), permitting the applicant to build 150 additional units on the undonated land. The density bonus increases by 1% for every percentage of very-low income units above 10%, up to a cap of 35%.

% Very Low-Income Units	% Density Bonus
10	15
11	16
12	17
13	18
14	19
15	20
16	21
17	22
18	23
19	24
20	25
21	26
22	27
23	28
24	29
25	30
26	31
27	32
28	33
29	34
30	35