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Inclusionary Zoning
by Tom Angotti
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City Hall has encouraged affordable housing in Manhattan for decades by the use of an innovative land use tool known as inclusionary zoning. This allows real estate developers to construct bigger buildings in exchange for allocating a portion of the new housing to people with modest incomes. Such measures were incorporated in the recent rezoning of Manhattan's West Side.

This practice was extended to Brooklyn in June, when ground was broken at [164 Kent Avenue](#), an apartment building that will include 113 apartments for people of moderate income. Now it has come as well to one area in [Queens, sections of Queens Boulevard in Woodside](#).

While the loudest voices in many local zoning battles in Queens have often been homeowners and neighborhood associations seeking to restrict real estate development, this time housing advocates played a prominent role in steering new private development in a way that insures some affordable housing.

Inclusionary zoning is also being considered in several other neighborhoods where zoning changes are proposed that would spur new development. In other words, it has now become an accepted norm throughout the city

The Turnaround in City Policy

Only a few years ago, affordable housing advocates were criticizing the administration for refusing to use this land use tool outside the sections of Manhattan where they have been in place for years. The City Planning Department refused to incorporate in the rezoning of Fourth Avenue in Brooklyn, for example, much to the chagrin of local housing groups that were concerned that the city's zoning would displace low-income households. The city's planners argued that it was too cumbersome and wouldn't work, and pointed to the relatively low numbers of affordable units created under the complex rules used in Manhattan.

Housing advocates made their case for a change in policy to candidates in the [2005 election campaign](#), and mayoral candidate Fernando Ferrer came out with a strong platform calling for inclusionary zoning and other measures to beef up the city's programs for low- and moderate-income housing. In October, Mayor Michael Bloomberg countered by expanding the scope of his long-term housing plan and for the first time endorsed inclusionary zoning.

Pitfalls

Are we looking at a new day for land use policy, where a hot real estate market will also mean more housing to stem the growing deficit in affordable units for people who can't afford market-rate housing? Do we have the perfect "win-win" situation where both private developers and low-income people come out ahead?

Perhaps it's too early for housing advocates to break out the champagne. Here's why:

- Inclusionary zoning in New York City is voluntary and not mandatory. The incentives may or may not be used, and it is strictly at the discretion of the private developer. There are scores of similar zoning practices around the country, some in big cities, but they only produce a good number of units of housing where it is a requirement and not an option. Developers simply incorporate it in their business plans (and with generous subsidies they can end up coming out ahead of the game), and mandatory rules affect every developer equally. Maybe a mandatory rule ought to be the next step here?
- Right now the rules have to be established on a case-by-case basis and only when there's a rezoning proposal put in front of community groups. Housing advocates have their work cut out for them if they want to win such zoning in all developing neighborhoods; they will have to win many separate battles, one at a time. The result may end up being the concentration of new affordable housing in only a small number of neighborhoods where there happens to be a receptive political climate and where housing advocates can muster enough muscle.

- Areas of the city that lack developer interest and where the city's planners aren't interested in rezoning will be left behind. Because inclusionary zoning relies on market-rate development, what happens when the market collapses or dissipates? What about the neighborhoods with chronically weak developer interest? Will they be left out?
- It's easy to forget that 80 percent of the housing created under inclusionary zoning rents at whatever the market can bear. When this new market-rate housing moves into neighborhoods with relatively affordable homes it can jack up rents and housing prices and have a net effect of displacing more low-income people than it provides housing for.
- This kind of housing is usually not available to very low-income households, but tends to serve households with higher incomes. In some cases they can be built off-site, in which case they could help create less integrated neighborhoods.

These are all reasons for caution, but not cause for abandoning the concept.

"Inclusionary zoning has to be one among many tools for affordable housing," according to Benjamin Dulchin, director of the Initiative for Neighborhood and City-wide Organizing at the Association of Neighborhood Housing Developers (<http://www.anhd.org/>) in New York. "It can help harness the private sector but it doesn't let government off the hook." There are four things that government can do now to promote affordable housing, says Dulchin. They need to:

- invest in new development
- preserve existing affordable units
- protect subsidy programs that may expire
- and secure rent regulations.

This brings us back to the main purpose of inclusionary zoning. If the purpose is only to produce housing units, it may not have the numbers to show, and it could even backfire if it serves as a cover for market-driven displacement. The political impetus for such zoning in the suburbs was to open up housing markets that were exclusionary. The impetus for such zoning in New York is mostly to protect affordable neighborhoods, and not just to produce new affordable housing.

So the final question is an open one to the scores of non-profit housing developers in the city. You are the only neighborhood-based developers with a long-term commitment to not only create affordable units but make neighborhoods strong by insuring jobs, services and greater equity. How about a program that works the other way around: 20 percent market-rate and 80 percent affordable?

The best and most comprehensive case for inclusionary zoning in New York is "[Increasing Housing Opportunities in New York City: The Case for Inclusionary Zoning](#)," issued in 2004 by the [Pratt Institute Center for Community & Environmental Development](#) and [PolicyLink](#). The report includes the recommendation for mandatory rules and other proposals that would help the city move towards a more effective inclusionary housing policy. Before the next neighborhood battle, it might be worth dusting it off and thinking more about where we're going.

Tom Angotti is Professor of Urban Affairs and Planning at Hunter College, City University of NY, editor of Progressive Planning Magazine, and a member of the Task Force on Community-based Planning.

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