Inclusionary Housing in an International Perspective

Reviewed by Tom Angotti

Inclusionary Housing in an International Perspective
Affordable Housing, Social Inclusion, and Land Value Recapture
Nico Calavita and Alan Mallach, *editors*
Lincoln Institute of Land Policy, 2010
978-1558442092 | 416 pages, paper

If you are a housing activist and specialist and want to get a comprehensive and balanced look at inclusionary housing programs in North America and Europe you will find this book to be a valuable resource. Inclusionary housing programs are broadly defined here as the full range of policies that seek to leverage public benefits from private development. They include a large toolkit of techniques that either mandate or provide incentives for the inclusion of low-income or affordable housing. In the U.S., the more limited tool of inclusionary zoning is used while in Europe social inclusion policies are more likely to be incorporated in comprehensive plans for new development.

I learned a great deal from the chapters on inclusionary housing in the U.S., Canada, England, Ireland, Spain, France and Italy as the examples provided show how inclusionary methods can be effective. As I read these examples, however, I could not help thinking about the wider political context in which inclusionary policies emerged and thrive in North America—the neoliberal retreat from a commitment by government to provide social housing for working people with limited incomes, specifically, the retreat from and privatization of public housing. This context is provided in the book and the discussion takes us beyond it to see how specific political and economic circumstances in each nation make a difference. In several European countries where comprehensive land use planning is more established, inclusionary measures are incorporated in the planning system and are not local exceptions, as they are in most of North America. It is clear, however, that with the erosion of the welfare state and social housing everywhere, new inclusionary housing policies are never adequate to fill the huge needs that go unmet in the private housing market.

The book also offers an important element to the discussion by showing how inclusionary measures can help to recapture land value increases that private developers reap when government supports development plans and rezones land to increase its potential value. The idea is that government recaptures at least a portion of what might otherwise end

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up as windfall profits to developers. The amount recaptured may be delivered in the form of affordable housing units built by the developer; however, in many cases government ends up subsidizing these units, thereby reducing or eliminating any land value recapture. In some cases, developers can reap additional profit by taking advantage of public subsidies for affordable housing that generously compensate the private investors (for example, low-income housing tax credits in the U.S.).

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Inclusionary Housing in an International Perspective could have looked deeper at some of the more sinister uses of inclusionary policies. My own experience in New York City over the last decade leaves me convinced that what began as a well-meaning effort to get private developers to build affordable housing has ended up giving them a tool to promote gentrification while they get handsome public subsidies. Developers are building mostly luxury projects with some token proportion of "affordable" housing units and they get generous incentives to boot. They often end up displacing more affordable housing units than they create as their luxury units price affordable units out of the local market.

In the decade since Michael Bloomberg became mayor of New York City there have been over 100 rezonings, most of which protected upscale, lower density neighborhoods (disproportionately white and middle class) from new development. Midway in his term, Bloomberg made a concession to housing activists by adopting inclusionary zoning measures that offered a 20 percent floor area bonus to developers in exchange for their guarantee of 20 percent affordable housing. There were several problems with this change. First, even though the city sold the rezonings to communities saying they would guarantee inclusionary units, the inclusionary measures were not mandatory but only at the developer's discretion, i.e., when they can make a profit. Secondly, affordability was defined as up to 80 percent of the Area Median Income as stipulated by the U.S. Department of Housing and Urban Development (HUD), which in gentrifying neighborhoods meant that most residents would not be able to afford the new housing at all.

Finally, New York City's inclusionary zoning does not apply everywhere in the city, only where a rezoning is taking place. And this brings us to the giant problem with many linkage programs: they are driven by growth and do not establish an inclusionary policy across-the-board. This means that unless an area is targeted for growth by real estate investors (via gentrification or new construction) there's no chance for public support of affordable housing, even if the needs are substantial. In the midst of the current collapse of the real estate market, it would be foolish to rely on inclusionary zoning to address housing needs and promote the right to housing.

In the authors' preface, they ask the question about inclusionary housing that comes up repeatedly throughout the book: "Does it work?" Read the book and you will learn how and when it works, its limitations and the importance of historical and political context. Where government has traditionally played a more proactive role in planning and development, inclusionary housing can work. We should, however, use a critical eye, because behind many public-private partnerships and inclusionary deals lies a private boondoggle, and behind many linkage programs is the de-linking of communities and working people from control over housing policy and the future of their communities. P²