



Beyond Counting Units: Maximizing the Social Outcomes of Inclusionary Housing¹

Amy T. Khare, Emily K. Miller, and Mark L. Joseph,
National Initiative on Mixed-Income Communities
Shomon Shamsuddin, Tufts University

The mixed-income development strategy attempts to address concentrated urban poverty and racial segregation by building housing and other amenities, such as parks, schools, and community centers, in ways that intentionally integrate households of different income groups as part of the financial, physical, and operational plan. Place-based neighborhood revitalization initiatives and residential mobility programs are two of the most common housing strategies for income mixing. Since the 1970s, a third approach—inclusionary housing, or inclusionary zoning—has also become a mainstream policy strategy in the United States. Inclusionary housing aims to produce affordable housing and facilitate residential integration of households representing a variety of incomes and housing tenures within developments and neighborhoods.

[Inclusionary housing policies](#) tie the creation of affordable homes for low- and moderate-income households to the construction of market-rate housing or commercial development.² As a simple example, an inclusionary housing program might require developers of a new residential project to sell or rent 10 to 20 percent of the new units to low-income residents at an affordable rate.

Inclusionary housing policies are largely under the jurisdiction of state and local governments. Development firms seek to build new market-rate housing, and in exchange state and local jurisdictions compel firms to offer affordable housing as part of the zoning and housing approval process. Those affordable units are typically included in the same building, block, or neighborhood as a new market-rate housing project. Inclusionary housing policies also may generate revenue for local governments to directly produce or operate affordable housing outside of new market-rate developments.

Inclusionary housing is most useful in areas where the real estate market does not naturally provide housing affordable to low- and moderate-income households, such as in

¹ This essay appears in Mark L. Joseph and Amy T. Khare, eds., *What Works to Promote Inclusive, Equitable Mixed-Income Communities*, please visit the [volume website](#) for access to more essays.

² Kriti Ramakrishnan, Mark Treskon, Solomon Green, *Inclusionary Zoning: What Does the Research Tell Us about the Effectiveness of Local Action*, (Washington, D.C: Urban Institute, 2019); Lisa Sturtevant, *Separating Fact from Fiction to Design Effective Inclusionary Housing Programs*, (Washington, D.C: Center for Housing Policy, 2016); Emily Thaden and Ruoni Wang, *Inclusionary Housing in the United States: Prevalence, Impact, and Practices*, (Cambridge, MA: Lincoln Institute of Land Policy, 2017).

majority-White³ areas of concentrated wealth. Inclusionary housing also helps to address gentrification in areas where the market is attracting higher-income newcomers in ways that are displacing existing households, such as in communities of color that are becoming more attractive to White households.

To date, inclusionary housing policies have aimed to achieve two primary goals. First, inclusionary housing can contribute significantly to the supply of affordable housing. During an era in which federal funding for public and assisted housing is being cut, inclusionary housing programs are on the rise. Second, inclusionary housing can address residential racial and economic segregation. Inclusionary housing policies weave the creation of affordable housing into the development of housing for the private market. If new housing development occurs in areas that will attract market-rate buyers and renters, then the creation of affordable options in those same markets could benefit households that would not otherwise be able to live there.

In reality, however, the primary beneficiaries of inclusionary housing units have not been households of low or extremely low income and/or people of color, which are most often the populations with fewer housing options.⁴ This is because most inclusionary housing programs tend to serve households earning between 60 percent and 120 percent of Area Median Income (AMI)—and, in many communities, renter households of color are disproportionately represented in income groups that fall below 60 percent of AMI.

We believe inclusionary housing programs should elevate a third goal of promoting social outcomes alongside affordable housing creation and desegregation. By social outcomes, we specifically mean greater social inclusion and economic advancement for low- and moderate-income residents. With greater attention to social outcomes, inclusionary housing may also be a more effective pathway for localities to advance racial equity so that housing opportunities for people of color can be created and sustained in neighborhoods where they have been denied access due to racist government policies and racial discriminatory practices.⁵

In this essay, we propose a framework to guide the development and operations of inclusionary housing policies in order to promote social inclusion and economic advancement. We believe that working toward these social outcomes will achieve positive impacts across

³ Editors' Note: We have recommended that essay authors use the term "African American" when referring specifically to descendants of enslaved people in the United States and the more inclusive term "Black" when referring broadly to members of the African diaspora, including African Americans, Caribbean Americans, and Africans. In this way, we seek to acknowledge the unique history and experience of descendants of enslaved people in the United States and also the diversity of backgrounds within the larger Black community. Though both are labels for socially-constructed racial categories, we join organizations like Race Forward and the Center for the Study of Social Policy in recognizing Black as a culture to be respected with capitalization and White and Whiteness as a social privilege to be called out. After considerable deliberation, we have also recommended the capitalization of Black and White. All references in this essay to Black/African-American, White, or Asian populations refer to non-Hispanic/Latinx individuals unless otherwise noted.

⁴ "Inclusionary Housing," Grounded Solutions, accessed October 7, 2020, <https://inclusionaryhousing.org/>.

⁵ Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America*, (New York: Liveright Publishing, 2017).

entire metropolitan areas – not only among low- and moderate-income individuals and families who live in affordable housing units but also within the general public, which benefits from living in more inclusive, equitable communities. To make our case, we briefly review the history of inclusionary housing, introduce a social outcomes conceptual framework, consider ways to operationalize that framework, and present implications for policy and practice.

The Policy Context for Inclusionary Housing

Inclusionary housing policies were first initiated in the 1970s as a movement by local governments responding to decreased federal resources for affordable housing development.⁶ Inclusionary housing programs also developed to counteract zoning policies that excluded affordable housing—for example, by requiring low-density development, outlawing multi-family units, and enacting minimum lot size requirements.

Inclusionary housing policies exist as part of a complex system of state and local land use, zoning, and planning. Legal authority to regulate land use exists within state governments, counties, and municipalities. Large variations in state land use policy means that some states have broad power over local jurisdictions, whereas other states delegate significant power to municipal governments to determine the permitted use of land in what is considered “home rule.”⁷ The variation makes inclusionary housing a particularly “local” mixed-income policy strategy, since there is no federal policy framework. This factor becomes important as the housing and community development field clarifies and advances in its capacity to effectively advance mixed-income innovations that promote equity and inclusion.

Inclusionary housing started in localities, such as Montgomery County, Maryland and Palo Alto, California, where regional growth pressures created a focus on both economic integration and sustainable environmental land practices.⁸ Its popularity spread, especially in areas with extensive real estate development, escalating housing costs, and innovative municipal governments that seek to ensure housing and economic opportunities for existing, low-income residents. By the mid-1990s, inclusionary housing policies had been enacted in a small number of affluent and progressive jurisdictions, the majority of which are in California, Massachusetts, and New Jersey.⁹

Along with other supply-side housing programs, inclusionary housing became especially important in the 2000s once the federal government decreased funding for any new public and assisted housing production. With increased progress on urban revitalization and a growing

⁶ Nico Calavita and Alan Mallach, eds., *Inclusionary Housing in International Perspective: Affordable Housing, Social Inclusion, and Land Value Recapture*, (Cambridge: Lincoln Institute of Land Policy, 2010).

⁷ Calavita and Mallach, *Inclusionary Housing*

⁸ Calavita and Mallach, *Inclusionary Housing*

⁹ “Where Does Inclusionary Housing Work?,” Grounded Solutions, accessed September 29, 2020, <https://inclusionaryhousing.org/inclusionary-housing-explained/what-is-inclusionary-housing/where-does-it-work-3/>

market demand in the downtown neighborhoods, inclusionary housing policies were enacted in order to use market-driven development to address the challenges of gentrification and rising unaffordability.¹⁰

The motivations and constraints of inclusionary housing are best understood by seeing it as part of a broader movement of neoliberalization that shifts the responsibility for providing affordable housing from the public to the private domain.¹¹ While local and state governments struggle to address affordable housing shortages and meet the needs of local residents, private development firms are increasingly expected to carry out roles traditionally held by the public sector. Neoliberal policy frameworks typically involve the roll-back of federal funding for needed goods and services, such as affordable housing, along with the roll-out of local and state policies that require or encourage roles for the private sector. As a neoliberal mixed-income housing policy, inclusionary housing is closely tied to the broader economic and political context, which generates particular policy parameters and constraints. The boom and bust cycles of the real estate market make inclusionary housing units more economically feasible during times of market expansion.

Key Components of Inclusionary Housing Programs

Inclusionary housing policies are implemented in many different ways, depending on local housing priorities and contexts.¹² Central features of an inclusionary housing program include: set-aside percentages, income targeting, in-lieu fees, length of affordability and monitoring, and housing incentives.

Set-Aside Percentage. Set-aside percentage refers to the percentage of affordable housing units required by law to be allocated to low- or moderate-income households. Typically, most of the new affordable housing units that are built through inclusionary housing are sited within a development that has a majority of market-rate units. For example, a building may be 80 percent market-rate units and 20 percent affordable housing units. A commonly used set-aside is 10 percent, but statutes have used percentages anywhere from 5 percent to 35 percent.

In many cases, the set-aside percentage is universally applied across the entire geography of the municipality or state. However, some local ordinances have different set-aside percentages for specific zoned areas in order to address historical exclusion, disinvestment, gentrification, and displacement. Some local ordinances, such as that of the City of Baltimore, also increase set-aside percentages for development projects that receive significant public subsidies.

¹⁰ Calavita and Mallach, *Inclusionary Housing*

¹¹ Samuel Stein, "Progress for Whom, Toward What? Progressive Politics and New York City's Mandatory Inclusionary Housing." *Journal of Urban Affairs* 40, no. 6 (2018): 770-781.

¹² Mukhija et al., "The Tradeoffs of Inclusionary Zoning: What Do We Know and What Do We Need to Know?" *Planning Practice and Research* 30, no. 2 (2015): 222-235.

Income Targeting. Income targeting refers to the population of households that are targeted as the beneficiaries of the affordable housing. The range can include very-low-income households, defined as households with incomes less than 50 percent of AMI; low-income households, defined as households with incomes less than 80 percent of AMI; or moderate-income households, which can include households with incomes from 80 percent to 120 percent of AMI.

Some ordinances describe affordability levels in flexible terms, giving developers discretion about whom to serve. Given the option, developers often choose to price the units toward more moderate-income households with the aim of making the project more financially viable. Some municipalities require developers to divide the affordable units equally among households across a range of different incomes. For example, the local ordinance in Irvine, California requires that developers equally divide the set-aside units among households with incomes below 50 percent, those between 51 and 80 percent, and those between 81 and 120 percent.

Alternatively, programs may attempt to reach the most economically vulnerable populations by targeting households under 60 percent of area median income. For example, Los Angeles created a voluntary inclusionary housing program called the [Transit-Oriented Communities Incentive Program](#) in which developers can choose from three options: make a relatively large percentage of units affordable at 80 percent of AMI, a modest percentage of units affordable at 60 percent of AMI, or a smaller percentage of units affordable at 30 percent of AMI. As of February 2020, [half of the affordable units planned through the program are affordable at 30 percent of AMI](#).

In-Lieu Fees. Local governments often give developers of new projects a choice between building affordable units or paying an in-lieu fee to opt out of providing them. Developers often chose to pay the fees so they can avoid the higher costs and complexity of incorporating affordable units or to avoid the challenges of integrating low, moderate, and higher-income households in the same housing community. Some affordable housing advocates criticize these fees as a loophole that allows developers to side-step requirements that would otherwise directly produce affordable units.¹³

Local municipalities use the revenue generated through in-lieu fees in various ways: to create and operate affordable housing in other buildings or neighborhoods, sometimes in areas that remain racially segregated and economically disinvested;¹⁴ to build affordable units for people with special needs; or provide deeper rent subsidies for the lowest-income households.

¹³ Benjamin Schneider, “CityLab University: Inclusionary Zoning,” CityLab, July, 17, 2018.; “Where Does Inclusionary Housing Work?,” Grounded Solutions, accessed September 29, 2020, 2019, <https://inclusionaryhousing.org/inclusionary-housing-explained/what-is-inclusionary-housing/where-does-it-work-3/>; Rolf Pendall, Robert Puentes, Jonathan Martin, *From Traditional to Reformed: A Review of the Land Use Regulations in the Nation’s 50 largest Metropolitan Areas*, (Washington, D.C: Brookings Institution, 2006).

¹⁴ Calavita and Mallach, *Inclusionary Housing*; Thaden and Wang, *Inclusionary Housing*

Length of Affordability and Monitoring. Inclusionary housing programs are considered a sustainable approach to creating affordable housing because they can ensure the units' long-term affordability (e.g., at least 30 and up to 99 years) or even perpetual affordability.¹⁵ Local governments have the ability to tailor the length of the affordability period to their needs, priorities, and housing market demands.

Housing Incentives. Most state and municipal statutes include offsets or incentives that compensate developers for the costs associated with meeting inclusionary requirements, either by reducing the cost or increasing the return to the developer. The goal is to mitigate the negative financial effect of the inclusionary housing program. Offsets and incentives come in different forms, such as density bonuses, fee waivers or exemptions, height bonuses, parking reductions, and expedited permitting. These cost offsets are politically and economically important because they acknowledge the negative financial burden on developers for compliance with inclusionary requirements.

Local municipalities may determine it is necessary to contribute additional public subsidies in order to make inclusionary housing development more attractive and feasible. These public resources may be indirect in the form of tax abatements on the affordable units, below-market-rate construction loans, tax-exempt mortgage financing, discounted or no-cost land, and tax increment financing to generate additional for targeted local investment. Governments may also offer direct subsidy, such as through city funds from Community Development Block Grants and state housing bonds financing.

Outcomes from Inclusionary Housing Programs

It is difficult to evaluate inclusionary housing programs' success in producing more affordable housing and residential integration, because of the relative lack of research and evaluation in this policy arena and because local approaches are so varied and therefore not comparable. Here's what we do know about progress in achieving the two primary goals of inclusionary housing.

Affordable Housing Production. Inclusionary housing is becoming more prevalent: Today, 886 jurisdictions in 25 states have enacted an inclusionary housing program or policy, compared with just 487 jurisdictions in 2014.¹⁶ Despite nationwide increases in recent years, however, the majority of inclusionary housing programs are concentrated in just three states: California (17 percent of the national total), Massachusetts (27 percent), and New Jersey (45 percent).¹⁷ Limited information exists about the national production of affordable housing units

¹⁵ Schwartz et al., *Is Inclusionary Zoning Inclusionary? A Guide for Practitioners*, (Santa Monica: RAND Corporation, 2012).

¹⁶ Thaden and Wang, *Inclusionary Housing*

¹⁷ "Where Does Inclusionary Housing Work?," Grounded Solutions, accessed September 29, 2020, <https://inclusionaryhousing.org/inclusionary-housing-explained/what-is-inclusionary-housing/where-does-it-work-3/>

using inclusionary housing approaches, and there is no system for tracking the total number of affordable housing units produced or the total revenue generated through in-lieu and impact fees across jurisdictions. Thaden and Wang, who conducted the most notable recent study about the production outcomes of inclusionary housing on a national scale in 2017, documented a total of 172,707 units of affordable housing created through inclusionary housing policies since the earliest programs were enacted in the mid-1970s.¹⁸

Research on state and local jurisdictions shows that inclusionary housing policies will deliver more units in strong markets when the creation of units is mandated and when active political support exists to enforce policies.¹⁹ However, variation in unit production also is greatly influenced by whether jurisdictions provide the option of in-lieu fees. Affordable housing is mostly provided to households that earn 60 to 120 percent of the area median income, ultimately excluding extremely low-income families.²⁰ Many of the affordable units produced nationwide are affordable homeownership units, rather than rental units.²¹

Residential Integration. The field lacks information about the extent to which inclusionary housing approaches have reduced residential segregation and promoted residential integration. No dataset provides clear evidence about the extent to which affordable and market-rate units are integrated either within newly constructed housing projects or within neighborhoods ripe for market-rate development. The question of the effectiveness of inclusionary housing policy to generate residential integration is largely based on specific state and local policy parameters, such as whether units were required to be distributed within buildings, proximate blocks, and surrounding neighborhoods.²² In smaller-scale studies of local programs, research has found that participants living in units created by inclusionary housing policies tended to be located in low-poverty neighborhoods that had higher-performing schools.²³ Schwartz et al.²⁴ found through a case study of 10 inclusionary housing programs that

¹⁸ Thaden and Wang, *Inclusionary Housing*

¹⁹ Diane K. Levy, Zach McDade, and Kassie Dumlao, *Effects from Living in Mixed-Income Communities for Low-Income Families: A Review of the Literature*, (Washington, D.C: Urban Institute, 2011).; Jesse Mintz-Roth, *Long-Term Affordable Housing Strategies in Hot Housing Markets*, (Cambridge: Joint Center for Housing Studies at Harvard University, 2008); Mukhija et al., "The Tradeoffs of Inclusionary Zoning"; Sturtevant, *Separating Fact from Fiction*; Thaden and Wang, *Inclusionary Housing*

²⁰ Stockton et al., *The Economics of Inclusionary Development*, (Washington, DC: Urban Land Institute, 2016); Schwartz et al., *Is Inclusionary Zoning Inclusionary?*

²¹ Thaden and Wang, *Inclusionary Housing*

²² Levy, McDade, and Dumlao, *Effects from Living*; Mintz-Roth, *Long-Term Affordable Housing*; Mukhija et al., "The Tradeoffs of Inclusionary Zoning"; Sturtevant, *Separating Fact from Fiction*; Thaden and Wang, *Inclusionary Housing*

²³ Ingrid Gould Ellen and Keren Mertens Horn, *Do Federally Assisted Households Have Access to High Performing Public Schools?* Civil Rights Research (Washington, D.C: Poverty & Race Research Action Council, 2012); Alexandra Holmqvist, "The Effect of Inclusionary Zoning on Racial Integration, Economic Integration, and Access to Social Services: A Davis Case Study," MS diss., (University of California, Davis, 2009).

²⁴ Schwartz et al., *Is Inclusionary Zoning Inclusionary?*

affordable units tended to be built in neighborhoods that were already racially and economically diverse as compared to majority-White, affluent neighborhoods.

Maximizing the Social Outcomes of Inclusionary Housing

We believe that inclusionary housing policy and practice can be enhanced to promote more impactful social outcomes. If affordable housing is to be a strong platform for improving various dimensions of well-being, such as health, education, and economic mobility, then changes are needed to how inclusionary housing is designed and implemented. Given the levels of investment and the extent of societal need, we believe that affordable housing production and residential integration in and of themselves should not be seen as sufficient outcomes.

Because inclusionary housing operates through the mechanism of market rate development, newly constructed affordable housing units often are located in neighborhoods where market dynamics attract capital investment. These neighborhoods may feature amenities that are especially valuable to low-income households, such as high-quality schools, employment options, retail services, and access to public transportation. Given the proximity to resources that inclusionary housing facilitates, households living in units created through inclusionary programs may have greater opportunities for advancement, such as income and wealth generation.

Increasing proximity to opportunities, resources, and amenities is only the first step toward addressing economic and racial inequities and advancing more inclusive, equitable mixed-income communities. Meaningful access to and sustained engagement in those resources and amenities are also necessary to improve the lives of low- and moderate-income residents. Furthermore, inclusionary housing programs can provide opportunities for the development of stronger social networks and understanding among people of different economic and racial backgrounds. Higher-income residents have much to gain from connections with residents of inclusionary housing units, especially when those interactions lead to dismantling the racial and economic biases often perpetuated by people with economic resources.

Our vision is that low-income residents perceive and experience a meaningful improvement in quality of life following their move into affordable housing, as well as concrete changes in their social and economic mobility. We believe that social inclusion and economic advancement should be more strategically promoted so that low-income households can benefit more fully from living in inclusionary housing. Furthermore, this greater attention to social inclusion and economic advancement should be undergirded with an explicit commitment to advancing racial equity.

Social Inclusion. Like other mixed-income housing approaches, inclusionary housing presents an opportunity for greater social inclusion of low- and moderate-income residents in economically diverse housing and communities. We understand social inclusion to be “the

active, intentional, and sustained engagement of traditionally excluded individuals and groups through informal activities and formal decision-making processes in ways that build connections and share power [...] Inclusion occurs when a social context enables people of diverse backgrounds to interact in mutually respectful ways that reveal their similarities and common ground, honor their social and cultural differences and uniqueness, and value what each individual and group can contribute to the shared environment.”²⁵

The co-location of market-rate and affordable units does not ensure social inclusion, however; it simply achieves residential integration. It is possible, and in fact likely, that low- and moderate-income residents living in homes created through inclusionary housing may still experience a sense of exclusion and marginalization, given that many buildings are designed with a small proportion of affordable units. Low-income renters in other mixed-income environments have experienced “incorporated exclusion,” reporting a sense of stigma, discrimination, and isolation in their economically integrated housing complex and the broader neighborhood.²⁶ By proactively seeking to mitigate exclusion and promote social inclusion, inclusionary housing developments may increase the likelihood that low- and moderate-income residents experience a sense of belonging and connection that builds their social capital and enhances their quality of life.

Economic Advancement. Most inclusionary housing programs do not include strategies to directly promote economic mobility—for example, by providing access to career opportunities, financial literacy programs, or connecting youth with after-school or extracurricular activities. Yet, inclusionary housing often is located in neighborhoods with access to high-quality schools, transit, and employment opportunities. These neighborhoods could actually enhance possibilities for low-income people to obtain living-wage jobs and better health care supports and to attend high-performing schools, all of which could contribute to long-term financial well-being. Because inclusionary housing programs are extremely localized and context-specific, opportunities exist for creative interventions that may help remove the multiple barriers to economic advancement for low-income households.

Racial Equity. We consider racial equity to be the condition in which race no longer predicts life opportunities and outcomes. Racial equity places priority on ensuring that people of color are afforded opportunities that they have historically been denied and from which they continue to be excluded; it centers the interests of people of color so that they “receive a more fair share of resources, opportunities, social supports, and power, given their differential needs and circumstances based on different life experiences.”²⁷ Racial equity is defined as “both an

²⁵ Amy T. Khare and Mark L. Joseph, “Prioritizing Inclusion and Equity in the Next Generation of Mixed-Income Communities,” in *What Works to Promote Inclusive, Equitable Mixed-Income Communities*, eds., Mark L. Joseph and Amy T. Khare (San Francisco: Federal Reserve Bank of San Francisco, 2020).

²⁶ Robert J. Chaskin and Mark L. Joseph, *Integrating the Inner City: The Promise and Perils of Mixed-Income Public Housing Transformation*, (University of Chicago Press, 2015).

²⁷ Khare and Joseph, “Prioritizing Inclusion and Equity”

outcome and a process.”²⁸ As a process, it means that people of color are actively engaged in creating and implementing policies, programs, and practices that have an impact in their lives. As an outcome, it means that race no longer determines how people access important resources, such as a safe home and amenity-rich neighborhood.²⁹

In most jurisdictions, inclusionary housing operates as a race-neutral policy. This means that affordable housing is not targeted for particular populations based on racial, ethnic, and cultural identity; nor is it used to stall gentrification in areas where people of color are actively being displaced by market conditions that are attractive to White incoming homebuyers. Without making a commitment to racial equity and instead operating as a race-neutral policy, however, inclusionary housing may not achieve desired outcomes for residential integration—and may, in fact, join other race-neutral housing and community development policies that actually exacerbate harm for low-income households of color.³⁰ For example, mid-century highway expansion and home mortgage policies tended to benefit the mobility of White households out of the central city and into suburbs in ways that disproportionately harmed communities of color.³¹ More recently, home lending laws and policies have created a system of devaluing homes and businesses within Black communities.³²

Conversely, inclusionary housing policies that seek to advance racial equity may be part of a broader approach to address structural racial disparities in housing opportunities at the municipal, regional, and state levels. Government officials who oversee inclusionary housing could prioritize a focus on race to ensure that people of color, particularly African Americans, are afforded housing opportunities that they have historically been denied and from which they continue to be excluded.

There are many ways to advance racial equity within inclusionary housing. Often, the developers have flexibility on the unit sizes and choose to build units that are smaller, such as studios and one-bedrooms, for the inclusionary portion. However, local ordinances can require or encourage the construction of apartments that match the typical household sizes of people of color, which often include multiple generations living together. In Cambridge, MA, for example,

²⁸ This definition is advanced by the [Center for Social Inclusion](#).

²⁹ “Equity is not the same as equality...Equity requires that people receive a different share of resources, opportunities, social supports and power, given their differential needs and circumstances based on different life experiences” (Khare and Joseph, “Prioritizing Inclusion and Equity”). For more resources, see the [Annie E. Casey Foundation, Racial Equity and Inclusion Action Guide](#), [Government Alliance on Race and Equity](#) (GARE); [Othering and Belonging Institute](#), University of California Berkeley; and [Living Cities](#).

³⁰ Rothstein, *The Color of Law*

³¹ Kenneth Jackson, *Crabgrass Frontier: The Suburbanization of the United States*, (Oxford University Press, 1987); Alice O’Conner, “Swimming Against the Tide: A Brief History of Federal Policy in Poor Communities.” In Ronald F. Ferguson & William T. Dickens, eds., *Urban Problems and Community Development* (Washington, D.C.: Brookings Institute Press, 1999):77-137.; Thomas J. Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit*, 2nd ed. (Princeton: Princeton University Press, 2014).

³² Andre Perry, *Know Your Price Valuing Black Lives and Property in America’s Black Cities*, (Washington, D.C.: Brookings Institution Press, 2020).

the [inclusionary housing program](#) encourages developers to provide affordable three-bedroom units, and in developments of 30,000 square feet or larger the ordinance *requires* the creation of three-bedroom units.

Another race-conscious strategy is to establish marketing and applicant selection policies that proactively encourage information sharing, applications, and leasing practices that reach people of color. For example, the [San Francisco Mayor’s Office of Housing and Community Development](#) has a detailed marketing requirement that developers publish a notice of new inclusionary housing units in at least five local newspapers published by and on behalf of people of color. Amy Khare and Stephanie Reyes recently authored two guides outlining an array of strategies for advancing a racial equity focus in inclusionary housing programs.³³

Social Outcomes Framework for Inclusionary Housing

We offer the following social outcomes framework for inclusionary housing to provide guidance to policymakers and practitioners as they seek to increase the social impact of inclusionary housing strategies. The framework has three stages—stabilize, fortify, and advance—which we define and explore here. **Stabilize.** The first stage is for policymakers and practitioners to recognize the trauma and life challenges with which many low-income households have grappled for most, if not all, of their lives and to be more intentional about making operational and programmatic choices that establish durable stability through inclusionary housing. For people whose everyday living is characterized by a constant state of uncertainty and risk, living in high-quality, affordable housing can provide an essential foundation for achieving stability and predictability.

To promote more impactful social outcomes, inclusionary housing programs can do more to ensure that low-income households’ lives are as stable as possible. Three strategic imperatives are to: (a) establish a culture of belonging and support, (b) be proactive about eviction prevention, and (c) take a comprehensive approach to social supports and services for residents.

A Culture of Belonging and Support. Beyond providing high-quality affordable housing, developers and managers of inclusionary housing properties can do more to engender a culture of belonging and support in which residents are encouraged to feel a sense of home and stability. There can be a natural tendency on the part of inclusionary housing providers to prioritize marketing and customer service to higher-income residents, who are seen as cross-subsidizing the lower-income households. Conversely, lower-income households, particular African

³³ Amy T. Khare and Stephanie R. Reyes, *Advancing Racial Equity in Housing and Community Development: An Anti-Racism Resource Guide for Transformative Change*, (Cleveland, OH: National Initiative on Mixed Income Communities, Grounded Solutions Network, 2020); Stephanie R. Reyes and Amy T. Khare, *Advancing Racial Equity in Inclusionary Housing Programs: A Resource Guide for Policy and Practice*, (Cleveland, OH: National Initiative on Mixed Income Communities, Grounded Solutions Network, 2020).

Americans and other residents of color, can be perceived as being fortunate to have secured the inclusionary unit and expected to instantly conform to the norms and expectations of the building and neighborhood. For some low-income households, adapting to the new environment may be a largely seamless transition. But those who wrestle with a variety of life challenges need greater support, starting with an explicit indication from property management that the household is truly welcome as part of the new community. Since most property managers are trained to be vigilant about transgressions and carry their own implicit biases about poverty and race, intentionality about staff recruitment, selection, training, and accountability is essential to ensure an authentic sense of welcome, belonging, and stability.

Eviction Prevention and Proactive Problem-Solving. Beyond an initial sense of welcome and belonging, inclusionary housing programs should explicitly identify resident challenges early and take measures to prevent eviction. This starts with efforts to educate residents about tenant expectations, rights, protections, and support, including a thorough explanation of lease compliance, information and access to tenant advocates and resources, and information about emergency rental assistance. Ideally, housing operators, property managers, maintenance staff and other partners will receive training and support for trauma-informed practices and implicit bias so they will recognize and pay attention to early signs of household challenges and have constructive techniques for engaging and supporting tenants, thereby avoiding more extreme measures that might jeopardize the tenant's housing.

A Comprehensive Approach to Household Stabilization. A comprehensive array of supports and services to help address household barriers and challenges also helps to increase household stability. In most cases, inclusionary housing providers have limited resources to do any more than manage high-quality and secure housing, so this imperative requires them to form partnerships and connections with other organizations that have the resources and capacity to support residents' needs and aspirations. Property staff should be given the information and means to connect residents to appropriate local systems of care and support, such as social services or employment services. Proactive communication and outreach from the housing provider to local organizations, to learn about existing programs and to establish contacts and processes for referring households, is essential. Comprehensive support also includes attention to systems and structures—such as social welfare agencies or local police and security—that may be a source of destabilization and marginalization for residents. It may be well beyond the scope of most inclusionary housing providers to directly change these systems, but helping households navigate these systems can be a key to stability.

Fortify. Living in inclusionary housing can make it easier for low-income households not only to “hold steady” and weather setbacks but also prepare for positive change. Having put in place a foundation for stabilizing low-income households, inclusionary housing programs can do more to strengthen households' readiness for change and growth by promoting: (a) a growth and aspirational mindset at the individual level; (b) bonding and bridging social ties at the social

level; and (c) meaningful voice and agency for residents to shape and influence their housing and community environment at the structural level.

A Growth and Aspiration Mindset. Years, decades, and often generations of living in precarious housing and insecure neighborhood environments and dealing with stigmatizing systems often predisposes low-income households to a scarcity mindset that prioritizes risk avoidance and the management of limited resources. This mindset, along with the realities of living every day with complex trauma, can prevent residents of inclusionary housing units from being mentally prepared to take advantage of the new opportunities and resources available to them. Thus, a key component of fortifying low-income households for change is to make housing staff more sensitive to the scarcity mindset so they can complement the environment's stability with a consistent sense of aspiration and possibility, backed up by specific resources and activities that support growth.

Bonding and Bridging Social Ties. For many residents, connection to a supportive social network is the key to readiness for personal growth and development. This connection can include bonding social ties that provide social support, motivation, and accountability, and bridging ties that provide a connection to information and resources. Many residents, across income levels, may be uninterested or resistant to establishing relationships with their neighbors, for a variety of reasons. But inclusionary housing programs can provide places and opportunities to galvanize a sense of community and common purpose among residents of different social and economic backgrounds who are inclined to seek and provide neighborly connection and support. Over time, consistent efforts to build a welcoming sense of community can attract a broader range of residents. In addition to community-building activities in the inclusionary housing area, housing staff can identify community organizations and institutions that offer a setting for residents to connect to one another, such as local businesses, religious communities, neighborhood schools, or community centers.

Promoting Resident Voice and Agency. In addition to a scarcity mindset and social isolation, another barrier to readiness for change is a sense of powerlessness to influence the surrounding environment. This is another area where longstanding experiences of marginalization and exclusion may leave residents unprepared to engage in and benefit from the opportunities of an inclusionary housing environment. This also is an area where property management and other staff may have been trained and encouraged to take a more authoritarian, top-down approach to establishing an environment of rules and order. Alternatively, housing staff can engender a sense of greater agency and influence through one-on-one interactions that invite input and feedback, collective activities at which residents' ideas are solicited, and connections to community-based efforts to address neighborhood challenges and opportunities.

Advance. Inclusionary housing programs can serve as a springboard for low-income residents' personal growth and economic mobility by facilitating improvements in health, wellness, earnings, career development, and asset-building. Three key strategic imperatives are

to support: (a) knowledge and skill building, (b) coaching and mentoring, and (c) strategies that help residents advance toward a living-wage income, a career, and the acquisition of wealth and assets.

Education and Skill Building. For low-income residents who are able to work, the predominant focus is often on simply landing and maintaining a job to generate income. And for those with pressing income needs and an inconsistent work history, securing steady employment is a crucial first step for household stability. The next step of personal and economic advancement requires access to opportunities for further education and skill-building, however. This is another area in which forming strong partnerships with educational institutions, workforce development organizations, and local employers could be a critical support provided by inclusionary housing programs.

Coaching and Mentoring. For residents looking to advance along their educational, professional or entrepreneurial pathway, one-on-one coaching and mentorship can be a valuable complement to formal education and programs. Particularly for residents who do not have extensive experience in the formal employment sector, having a consistent and trusted source of information, counsel, motivation, assistance with decision-making, and accountability can make a major difference. The mentoring can come from formal programs or informally, through neighbors or community members. Inclusionary housing programs can look for opportunities to make these connections for residents who are ready to take a next step in personal advancement.

Support for A Career Trajectory and Asset Acquisition. An ultimate phase of the process of moving from housing stability to economic mobility involves establishing a career trajectory in a particular employment sector and role, and building assets and wealth to complement employment income. These social outcomes are well beyond the attention and focus of most inclusionary housing programs. However, we believe that all of the investment and energy to create high-quality, affordable housing in vibrant neighborhoods will be underleveraged if a similar investment is not made to generate personal growth and economic mobility for the residents who are ready. This focus adds an additional dimension to the partnerships established to help provide supports to stabilize residents, with additional connections to supports such as job training, career coaching, financial literacy, matched savings accounts, and entrepreneurial programs and with formal channels to local job and career opportunities.

City and state government staff can support the creation of an opportunity pipeline for residents of affordable housing units built through inclusionary housing policies. For example, public institutions might offer these households greater access to resources such as free or reduced college tuition, job training, and health and wellness programming. Through these additional resources, residents may start to overcome the barriers to transcending poverty.

Implications for Action

The social outcomes framework outlined here has several implications for the policies and practices that involve inclusionary housing programs and their designers, developers, investors, researchers, and residents.

Implications for Policy

- *Move from Race-Neutral to Race-Conscious Policies.* Inclusionary housing programs should have income targets that match those of renter households of color within the local area. Policies also should require or encourage the construction of unit sizes that match the household sizes of renter households of color. These two priorities will help advance racial equity within inclusionary housing programs.
- *Prioritize Low-Income People as Much as Unit Production.* Inclusionary housing programs should require housing developers to articulate their commitment to and strategy for achieving social outcomes beyond affordable housing production. These commitments can be articulated in clear selection criteria for interested developers; detailed information about expectations for activities and strategies to stabilize, fortify, and advance the well-being and mobility of low-income households; and technical assistance provided to support the design of social programs.
- *Build Partnerships.* Inclusionary housing programs should establish connections with social service agencies, community-based organizations, workforce development agencies, and other organizations that can partner with housing developers to provide the necessary supports and services to help stabilize, fortify, and advance low-income households.

Implications for Development and Investment

- *Expand the Commitment Beyond Housing.* Housing developers should broaden their vision for the social outcomes of their inclusionary housing efforts, hiring senior staff with experience and capacity in comprehensive community collaborations and supporting their efforts to undertake creative partnerships that have a positive impact on low-income households.
- *Focus on Social as Well as Financial Returns.* Banks and finance agencies should broaden expectations for the outcomes of their investments in inclusionary housing projects, providing additional funding for the design, staffing, and implementation of social programs and partnerships and requiring developers to track and report on a broader array of social outcomes.

Implications for Research and Evaluation

- *Broaden the Focus of Research to Examine the Social Outcomes of Inclusionary Housing.* Existing research on inclusionary housing tends to focus on affordable housing production and how these programs affect local housing markets, rather than on the experiences of individuals who live in the housing. In order to inform more effective policy and practice, researchers must focus on resident experiences and outcomes.
- *Improve Inclusionary Housing Programs' Data Collection Methods and Systems.* Inclusionary housing programs should provide resources and technical assistance for

routine data collection and tracking of resident characteristics and well-being, capitalizing on existing data collection processes such as annual income recertifications.

Implications for Residents and Community Members

- *Hold Inclusionary Housing Developers and Property Managers Accountable for Cultivating an Environment of Inclusion and Opportunity.* Residents of all income levels and social background stand to benefit from a housing and community environment in which all residents are encouraged and supported to stabilize their lives, fortify their capacity for change, and advance their personal growth. If residents recognize the tremendous potential of an inclusionary housing environment and hold housing operators accountable to strong aspirations and strategies, this will provide a key source of support and pressure to leverage the full potential of inclusionary housing.
- *Take the Lead, Along with Other Neighbors, to Promote an Inclusive and Welcoming Sense of Community.* Residents have a crucial role to play in achieving a sense of inclusion and opportunity. Residents can invest in making connections and engage in meaningful and supportive interactions with neighbors across lines of race and class.

About the Volume

This essay is published as part of a volume titled, *What Works to Promote Inclusive, Equitable Mixed-Income Communities*, edited by Dr. Mark L. Joseph and Dr. Amy T. Khare, with developmental editing support provided by Leila Fiester. Production is led by the National Initiative on Mixed-Income Communities (NIMC) at the Jack, Joseph, and Morton Mandel School of Applied Social Sciences at Case Western Reserve University, with lead funding provided by The Kresge Foundation. The volume aims to equip a broad audience of policymakers, funders, practitioners, community activists, and researchers with the latest thinking and tools needed to achieve more inclusive and equitable mixed-income communities. This is the fifth volume in the Federal Reserve Bank of San Francisco's What Works series, which has sought to analyze a variety of key themes in urban development.

The views expressed in the essays reflect the authors' perspectives and do not necessarily represent the views of The Kresge Foundation, the Federal Reserve Bank of San Francisco or of the Federal Reserve System.

Readers can view this essay, the [framing paper](#) for the volume, and all currently posted essays on NIMC's [website](#) where new pieces are being uploaded every month. Essays will be compiled and released in a final print volume, with an anticipated release in 2020.

You can also sign up to receive email updates and notice of other content releases by signing up for newsletter updates [here](#).

References

- Calavita, Nico, and Alan Mallach, eds. *Inclusionary Housing in International Perspective: Affordable Housing, Social Inclusion, and Land Value Recapture*. (Cambridge, MA:: Lincoln Institute of Land Policy, 2010).
- Chaskin, Robert J., and Mark L. Joseph. *Integrating the Inner City: The Promise and Perils of Mixed-Income Public Housing Transformation*. (University of Chicago Press, 2015).
- Ellen, Ingrid Gould, and Keren Mertens Horn. *Do Federally Assisted Households Have Access to High Performing Public Schools? Civil Rights Research*. (Washington, DC: Poverty & Race Research Action Council (NJ1), 2012).
- Grounded Solutions. "Inclusionary Housing." Accessed October 7, 2020, <https://inclusionaryhousing.org/>.
- Grounded Solutions. "Where Does Inclusionary Housing Work?" Accessed September 29, 2020, 2019, <https://inclusionaryhousing.org/inclusionary-housing-explained/what-is-inclusionary-housing/where-does-it-work-3/>
- Holmqvist, Alexandra. *The Effect of Inclusionary Zoning on Racial Integration, Economic Integration, and Access to Social Services: A Davis Case Study*. MS diss. Davis, CA: University of California, Davis, 2011.
- Jackson, Kenneth T. *Crabgrass Frontier: The Suburbanization of the United States*, (Oxford University Press, 1987)
- Khare, Amy T. and Joseph, Mark L. 2019. "Prioritizing Inclusion and Equity in the Next Generation of Mixed-Income Communities." In *What Works to Promote Inclusive, Equitable Mixed-Income Communities*, edited by Mark L. Joseph and Amy T. Khare (San Francisco: Federal Reserve Bank of San Francisco, 2020).
- Khare, Amy T. and Reyes, Stephanie R., *Advancing Racial Equity in Housing and Community Development: An Anti-Racism Resource Guide for Transformative Change*. Cleveland, OH: National Initiative on Mixed Income Communities, Grounded Solutions Network, 2020
- Levy, Diane K., Zach McDade, and Kassie Dumlao. *Effects from Living in Mixed-Income Communities for Low-Income Families: A Review of the Literature*. Washington, D.C: Urban Institute, 2011.
- Mintz-Roth, Jesse. *Long-Term Affordable Housing Strategies in Hot Housing Markets*. Cambridge: Joint Center for Housing Studies at Harvard University, 2008.

- Mukhija, Vinit, Ashok Das, Lara Regus, and Sara Slovin Tsay. "The Tradeoffs of Inclusionary Zoning: What Do We Know and What Do We Need to Know?" *Planning Practice and Research* 30, no. 2 (2015): 222-235.
- O'Connor, Alice. "Swimming Against the Tide: A Brief History of Federal Policy in Poor Communities." In Ronald F. Ferguson & William T. Dickens, eds., *Urban Problems and Community Development* (Washington, D.C.: Brookings Institute Press, 1999):77-137
- Pendall, Rolf, Robert Puentes, and Jonathan Martin. *From Traditional to Reformed: A Review of the Land Use Regulations in the Nation's 50 largest Metropolitan Areas*. Washington, D.C.: Brookings Institution, 2006.
- Perry, Andre. *Know Your Price Valuing Black Lives and Property in America's Black Cities*. Washington, D.C.: Brookings Institution Press, 2020.
- Ramakrishnan, Kriti, Mark Treskon, and Solomon Green. *Inclusionary Zoning: What Does the Research Tell Us about the Effectiveness of Local Action*. Washington, D.C: Urban Institute, 2019.
- Reyes, Stephanie R., and Amy T. Khare, *Advancing Racial Equity in Inclusionary Housing Programs: A Resource Guide for Policy and Practice*. Cleveland, OH: National Initiative on Mixed Income Communities, Grounded Solutions Network, 2020.
- Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America*. New York: Liveright Publishing, 2017.
- Schwartz, Heather L., Liisa Ecola, Kristin J. Leuschner, and Aaron Kofner. *Is Inclusionary Zoning Inclusionary? A Guide for Practitioners*. Santa Monica: RAND Corporation, 2012.
- Schneider, Benjamin, "CityLab University: Inclusionary Zoning." CityLab, July, 17, 2018. <https://www.citylab.com/equity/2018/07/citylab-university-inclusionary-zoning/565181/>
- Stein, Samuel. "Progress for Whom, Toward What? Progressive Politics and New York City's Mandatory Inclusionary Housing." *Journal of Urban Affairs* 40, no. 6 (2018): 770-781.
- Stockton, William, Ian Carlton, Lorelei Juntunen, Emily Picha, Mike Wilkerson. *The Economics of Inclusionary Development*. Washington, DC: Urban Land Institute, 2016.
- Sturtevant, Lisa A. *Separating Fact from Fiction to Design Effective Inclusionary Housing Programs*. Washington, DC: Center for Housing Policy, 2016.
- Sugrue, Thomas J. *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit*, 2nd ed. Princeton: Princeton University Press, 2014.
- Thaden, Emily, and Ruoni Wang. *Inclusionary Housing in the United States: Prevalence, Impact, and Practices*. Cambridge, MA: Lincoln Institute of Land Policy, 2017.