

## Exemplary Inclusionary Housing



Almost all cities in San Mateo County have some form of inclusionary housing. However, these inclusionary housing ordinances vary in strength and extensiveness. One issue with some policies is that they opt for housing impact fees that often don't result in as many affordable housing units being produced as under traditional inclusionary housing policies. In addition, cities have trouble getting affordable housing built with the money that they do bring in, due to the lack of and high cost of available land.

Inclusionary housing, in contrast, often requires affordable housing to be built on-site along with market-rate development. When inclusionary housing policies allow developers to pay fees in lieu of building on-site units, those fees often end up generating more revenue than a stand-alone housing impact fee policy.

If in-lieu fees are too low, most developers will choose to pay them instead of opting to create affordable housing units. Grounded Solutions Network, an organization that has done significant research on inclusionary housing, recommends that, when setting an in-lieu fee, cities first evaluate how much it will cost developers in profits to provide some affordable housing units instead of all market-rate units, and use that information to inform the amount of the in-lieu fee. Cities can also calculate how much it would cost the public to build an equivalent amount of affordable housing off-site and use that information to inform the amount of the in-lieu fee. In most cases, the in-lieu fee should be set greater than or equal to that "production cost."

Other keys to success include providing incentives such as density bonuses and expedited processing for project approval, reviewing the number of affordable units being built each year under the program, and being open to adapting the policy.

[Grounded Solutions Network](https://www.grounded-solutions.org/) offers an entire website of resources, including data on ways to strengthen existing inclusionary housing policies. For help developing an inclusionary housing policy, contact [helpdesk@groundedsolutions.org](mailto:helpdesk@groundedsolutions.org).

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*This document is intended to introduce a concept and inspire further research. While we strive for accuracy, this brief does not encompass the full spectrum of data and perspectives related to the topic. Readers are encouraged to seek additional information and expert guidance.*