

Inclusionary Communities

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A new acronym is slowly entering the vocabulary of the housing community in central and southern Delaware: MPDU. It stands for “Moderately Priced Dwelling Unit,” and comes from an inclusionary zoning ordinance in Montgomery County, Maryland of the same name. Inclusionary zoning (IZ) policies are, as their name suggests, the opposite of exclusionary zoning policies. Instead of putting up barriers to affordable housing and mixed-income communities, inclusionary zoning policies encourage or require the inclusion of affordable housing in new residential development. The fundamental purpose of inclusionary zoning programs is to insure that as new housing development takes place in a county or community, homes affordable to households with low and moderate incomes are also developed.

Counties and cities across the country, everywhere from New Mexico to the Washington, DC suburbs, have been using inclusionary zoning to integrate affordable housing development into their growth for 30 years. Inclusionary zoning policies can take many forms. In its most basic and recommended form, an IZ policy requires that a set percentage of new units in all new residential developments of more than a set number of units are affordable to low and moderate income households. Typically, the income targets are based on a percentage of area median income. Inclusionary zoning policies can be voluntary or mandatory, but few, if any, affordable units tend to result from voluntary policies. In exchange for the construction of affordable units, developers receive non-monetary cost offsets, e.g. density bonuses, expedited permitting, and design flexibility.

In late 2004, the Sussex County Council assembled a Committee to begin to discuss the possibility of an MPDU policy in Sussex County.

Sussex County administrator Robert Stickels made the committee’s report to the Council at its January 18th meeting. A voluntary policy applying to new developments of 100 or more units will likely be brought before the full County Council for adoption.

The affordability issue is so great in Sussex that it warrants as strong a policy as is possible. NCALL and other nonprofit organizations work to prepare families with low and moderate incomes for first-time home ownership. Homeownership-ready households often have no properties in a reasonable price range to even look at. The gap between what people can afford and what properties are going for is skyrocketing so high, that we need all means possible (including a workable MPDU ordinance) to have a chance of housing teachers, county employees, hospital personnel, retail and service sector employees, poultry workers, and others as the local trends continue to move from agriculture to tourism. As the gap widens, more and more money will be necessary per unit to bridge the gap.

It is one thing to laud the importance of homeownership to low-income households, but it is another thing entirely to make low-income homeownership a priority and a reality when median home prices in Sussex continue to rise with no end in sight. The median home price in the 1st quarter of 2004 was \$215,000 in Sussex County; in the 2nd quarter of 2004, \$255,000; in the 3rd quarter of 2004, the median home price in Sussex was an astronomical \$264,000.¹ This indicates an increase in median home prices of 22% within less than one calendar year.

Families may be able to afford what once was a reasonable \$100,000 to \$150,000 home, but they cannot afford \$250,000 and up for the most basic of properties without major subsidies and writedowns. This makes an MPDU ordinance very important as

smaller but nice properties must be built when the larger subdivisions are developed to keep adding to Sussex County’s affordable housing stock.

Suggestions:

1. Take sufficient time to give a thorough review of the issue. Good public policy takes time and it would be worth the extra time to come up with something that works and will have a meaningful impact.
2. Invite Montgomery County officials in for a training or take a trip to them. It is a great resource that this excellent example of a successful MPDU policy is so close.
3. Contact PolicyLink, a national nonprofit research, communications, capacity building and advocacy organization (<http://www.policylink.org>) PolicyLink provides training and technical assistance to communities planning inclusionary zoning policies and at a minimum would be an excellent source of information.
4. If affordable housing is something the County is interested in, seek out a group of supportive for-profit and non-profit developers as a base.
5. If the County doesn’t move forward with something workable, Livable Delaware will have to look at taking a statewide approach because the issue is that important. In my mind it would be far better for the County to enact good policy than to have the state intrude.
6. The alternative is to increase efforts to build more rental housing if nothing is affordable for first-time homebuyers. The problem is so great, that both strategies are needed.
7. Let’s move on the momentum that’s gathered while we can, and not lose this opportunity.

[1] DSHA, *Delaware Real Estate Data*. <http://www2.state.de.us/dsha>. Accessed January 20, 2005.