



*Helping Communities face the challenge and impacts of growth while maintaining community character and a sense of place.*

**FACT SHEET: 13**

## Inclusionary Zoning

iTRaC is the Nashua Regional Planning Commission's approach to community planning that focuses on integrating transportation, land use and environmental planning. The program was developed to assist communities in dealing with the challenges of growth in a coordinated way that sustains community character and a sense of place.

**Inclusionary Zoning (IZ)** is a method for providing affordable housing where it may otherwise be unavailable. Municipalities adopt a local ordinance that requires or provides incentives to developers to construct a percentage of affordable dwelling units in market rate developments for those who earn below the area median income. Historically, mandatory ordinances produce significantly more affordable units than voluntary ordinances, however, mandatory standards carry greater risk of a constitutional challenge as a "taking." New Hampshire's IZ provides voluntary incentives. Any IZ ordinance should include stated community goals that have been identified and supported in the master plan, such as meeting local and/or regional housing needs or creating a wider range of housing opportunities.

**In New Hampshire** ~ Inclusionary Zoning (IZ) is one of a number of innovative land use controls under RSA 674:21. Section IV defines IZ as:

"...land use control regulations which provide a voluntary incentive or benefit to a property owner in order to induce the property owner to produce housing units which are affordable to persons or families of low and moderate income. Inclusionary zoning includes, but is not limited to, density bonuses, growth control exemptions and a streamlined application process."

The NH Housing Finance Authority (NHHFA) created the Inclusionary Zoning Implementation Program (IZIP) in 2007, to provide communities with ordinance development and support.



### Inclusionary Zoning ~ weighing all sides

**Positives**

- Provides affordable housing integrated into market rate developments
- Shifts cost of implementation from local government to the private sector
- Promotes economic diversity by providing "Workforce Housing" opportunities
- Less sprawl with density bonuses
- Little or no effect on home prices

**Negatives**

- Cost shifted to one segment of society—fairness issues
- May speed up the rate of development
- Constitutional "takings" issue, particularly with mandatory participation



*These are four Montgomery County townhouses, but only the two in the middle are Moderately Priced Dwelling Units.*



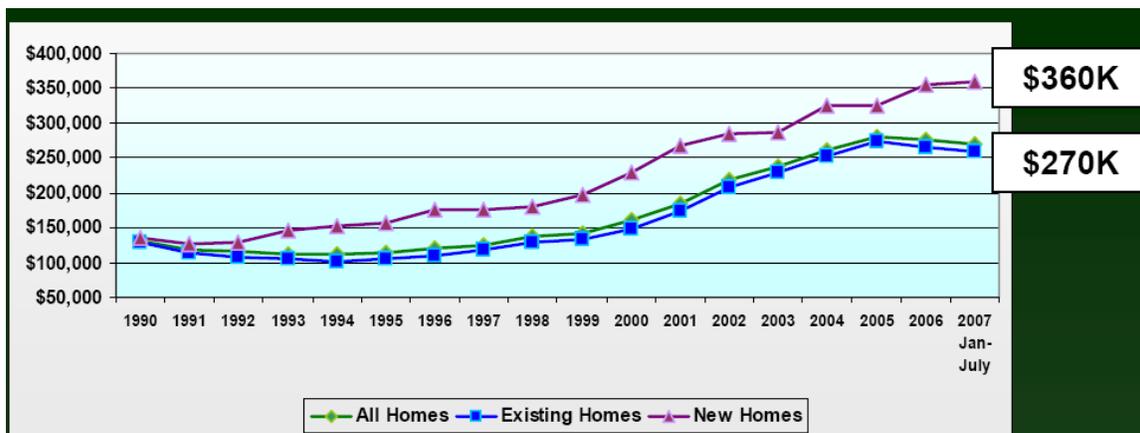
**Nashua Regional Planning Commission**

115 Main Street  
PO Box 847  
Nashua, NH 03061

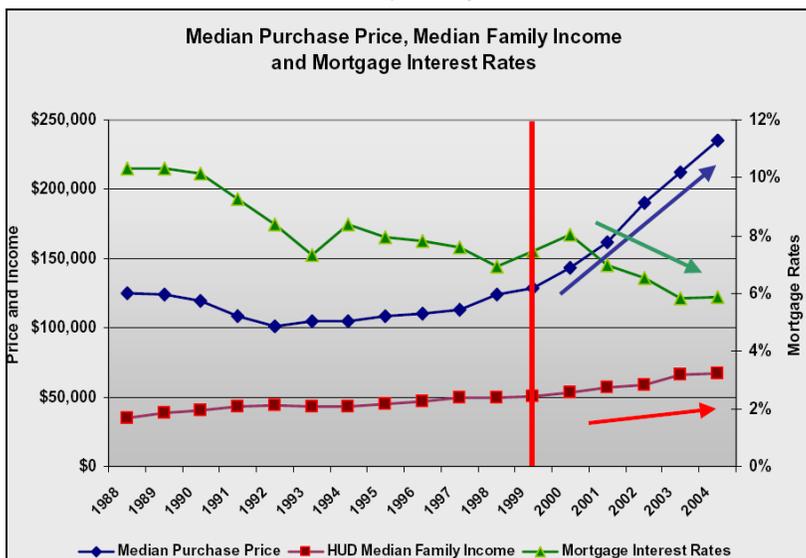
Phone: (603) 883-0366  
Fax: (603) 883-6572  
www.nashuarpc.org

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**A Need for Affordable Housing** ~ The top graph depicts Median Purchase Price of primary homes in the Nashua region over time. This trend is consistent statewide. A drop in 2006 and 2007 may reflect the effect of the “sub-prime” mortgage collapse in 2007. The graph below shows low interest rates and rising family income being outpaced by rapidly increasing purchase prices.



Source: Inclusionary Housing In New Hampshire, NHHFA /WHC / Ben Frost, January 23, 2008 / [Link to document](#)



Source: Setting The Stage: Affordability and Inclusionary Zoning, NHHFA/Ben Frost, 4/06 - [Link to document](#)



*This house holds two Moderately Priced Dwelling Units. Note the front entrance (left) & side entrance (right).*

## Achieving Community Acceptance and Voluntary Participation

### The Community

- No reduction in taxes to encourage participation
- Compatibility, indistinguishable from other units
- Units interspersed throughout development
- Project affordability verified & sustained over time
- Certification of financial need—income & assets
- Phasing must include approved ratios in all phases
- Assure project completion
- No density bonuses— *Compromise can be a WIN/WIN*

### The Developer

- Project has to be profitable and marketable
- Participation in developing an ordinance that works
- Expedited application/permit process to lower costs
- Exemption from some fees, financial assistance
- Relaxation of Growth Mgmt. & phasing requirements
- Reduced lot size and/or other dimension standards
- Flexibility—utilize both zoning & regulations
- Density Bonuses—*Compromise can be a WIN/WIN*



For more details on this topic or an overview of the entire iTRaC program, visit [www.nashuarpc.org/itrac](http://www.nashuarpc.org/itrac) or contact Camille Pattison, iTRaC Program Manager, at [camillep@nashuarpc.org](mailto:camillep@nashuarpc.org) or 603-883-0366 x14. Nashua Regional Planning Commission in partnership with the NH Department of Transportation & the NH Office of Energy and Planning.