



**HOUSING
ADVISORY
BULLETINS**

SERIES 03

**INCLUSIONARY ZONING AND
INCLUSIONARY HOUSING POLICIES**

**ISSUE 3.2 - CASE STUDIES OF
INCLUSIONARY HOUSING POLICY
IN ACTION**



PIBC PLANNING
INSTITUTE
OF BRITISH COLUMBIA
FORWARD THINKING
SHAPING COMMUNITIES

APRIL 2026

HOUSING ADVISORY BULLETINS

1.0	INTRODUCTION	01
	1.1 Purpose of the Bulletin	02
2.0	CASE STUDY SUMMARIES	03
	2.1 City of Vancouver	04
	2.2 City of New Westminster	07
	2.3 City of Burnaby	11
	2.4 City of Seattle	14
	2.5 Montgomery County	16
	2.6 City of Cambridge	20
3.0	PERSPECTIVES OF NON-PROFIT HOUSING OPERATORS	24
4.0	PERSPECTIVES OF HOUSING DEVELOPERS	25
5.0	CONCLUSION	27

HOUSING ADVISORY BULLETINS

ISSUE 3.2 - CASE STUDIES OF INCLUSIONARY HOUSING POLICY IN ACTION

1.0 INTRODUCTION

This bulletin is part of PIBC's Peer Learning Network (PLN) Housing Advisory Bulletin Series 3, which provides planning practitioners and local governments with practical guidance on assessing whether, and how, to develop and implement **Inclusionary Housing** policies for local governments.

Bulletin 3.2 presents six case studies informed by policy research and, where available, interviews with planners from those municipalities. In addition to these case studies, commentary from builders and operators is also included. The intention of this bulletin is to illustrate different policy approaches to Inclusionary Housing in North America, particularly with regards to **Inclusionary Zoning (IZ)**. While this tool is relatively new in the BC context, with legislation changed to introduce its use via bylaw in 2024, it has a long-established history in other jurisdictions where already permitted.

The PIBC Peer Learning Network (PLN) Housing Advisory Bulletins are designed to equip planning practitioners with practical insights into the financial and policy dimensions of housing delivery in British Columbia.

The bulletins are organized into three parts:

- **Series 01:** Fundamentals of Housing Development Economics
- **Series 02:** The Cost of and Funding for Infrastructure and Amenities
- **Series 03:** Inclusionary Zoning and Inclusionary Housing Policies

Together, these bulletins bridge the gap between theory and practice, supporting planners in aligning housing objectives with economic realities and legislative requirements.



KEY DEFINITIONS FOR THIS BULLETIN:

Inclusionary Housing – Housing provided below market rates (rental or ownership), including units for people with special needs, secured as a condition of new development.

Inclusionary Zoning (IZ) – The common term used to describe planning and regulatory requirements that mandate the provision of Inclusionary Housing units as a condition of development approval, implemented through a zoning bylaw. Under the Local Government Act (LGA) in BC, Inclusionary Zoning is formally referred to as an Affordable and Special Needs Housing (ASNH) Zoning Bylaw.

Density Bonus (DB) – The common term for a zoning incentive that grants additional development potential (units, height, or floor area) in exchange for Inclusionary Housing units or other public benefits. In BC, the LGA refers to this tool as a Density Benefits Zoning Bylaw.

Community Amenity Contribution (CAC) – A voluntary contribution negotiated at rezoning, which may include Inclusionary Housing units, cash, or in-kind amenities provided by the developer.

1.1 Purpose of the Bulletin

This bulletin is the second in Series 3: Inclusionary Zoning and Inclusionary Housing Policies and is designed to:

- + Examine British Columbia and United States case study examples to illustrate how Inclusionary Housing policy has been implemented in practice and the outcomes achieved.
- + Provide perspectives on the successes and shortcomings of Inclusionary Housing policy approaches through interviews with non-profit housing operators and developers.



For a detailed overview of what Inclusionary Housing policies in BC are, how they have evolved, and the opportunities and challenges associated with each, please refer to **PLN HOUSING ADVISORY BULLETIN 3.1**.

2.0 CASE STUDY SUMMARIES

Six case studies were selected through an initial scan of municipalities with established Inclusionary Housing policies. The selection of the final case studies considered the following factors:

- + **CONTEXT** – when and why the policy was implemented
- + **APPLICATION** – how the policy functions, what it targets and through what means
- + **KEY TAKEAWAYS** – key findings and or changes to the policy that inform best practice

Case Studies Include:

The case studies included in this review were selected to represent a range of established and prominent Inclusionary Housing policies, based on an initial scan of policy frameworks and available data with preliminary input from members of the PLN Housing Advisory Task Force. The selected case studies include:

British Columbia, Canada

- + City of Vancouver
- + City of New Westminster
- + City of Burnaby

United States of America

- + City of Seattle, Washington
- + Montgomery County, Maryland
- + Cambridge, Massachusetts

Where available, the evaluation of each municipality also considered data on housing delivery before and after the introduction of Inclusionary Housing policies, acquisition and operational requirements, and key performance indicators (KPIs). In addition, interviews were conducted with planners, builders and operators from five of the six jurisdictions: the City of Burnaby, the City of Vancouver, the City of New Westminster, the City of Seattle and Montgomery County. These interviews provide context and nuance beyond the published reporting on each Inclusionary Housing policy across jurisdictions, along with insight into specific challenges and ongoing initiatives to improve processes.

2.1 City of Vancouver, British Columbia, Canada

Policy Example: West End Rezoning Policy

CONTEXT

Since 1988, the City of Vancouver has secured affordable housing contributions through rezoning, beginning with the South Creek Flats Plan. Early applications relied on Community Amenity Contributions (CACs) to deliver approximately 20 percent below market housing on large city-owned sites. The intent was to align redevelopment with affordability objectives by capturing land value increases created through rezoning. Over time, similar policies were applied to a range of properties in strategic growth areas across the City.

QUICK FACT

The requirement for 20 percent minimum Gross Floor Area (GFA) for affordable housing in a private redevelopment was set as a baseline because approximately 20 percent of Vancouver's population required access to affordable housing in 2014. This number remains consistent for current policies.

KEY STATISTICS CITY OF VANCOUVER

POPULATION: **622,248** (2021)

TOTAL PRIVATE DWELLINGS:
328,347 (2021)

MEDIAN HOUSEHOLD INCOME:
82,000 CDN (2021)

By the early 2010s, rising land values, increased redevelopment pressure in the West End, and an aging rental stock contributed to concerns about the loss of affordable units and displacement of long-standing tenants. Staff reports prepared during the West End Community Plan process highlighted several issues: the neighbourhood contained a significant proportion of the city's older purpose-built rental housing; redevelopment risk was increasing; and policy tools were needed to ensure that future growth delivered both replacement and new social housing.

In response, the City introduced the West End Rezoning Policy (2013) as part of the West End Community Plan. Its purpose was to prevent the net loss of rental housing, secure affordable replacement housing, and increase the supply of social housing in one of Vancouver's most densely populated rental neighbourhoods. The policy established clear Inclusionary Housing obligations tied to rezoning approvals.



APPLICATION

The West End Rezoning Policy applies to rezonings in designated subareas (Figure 1) and requires secured social housing as a condition of development approval. The original mechanism involved a percentage set aside of residential floor area, with the required proportion determined by sub area: most areas required a minimum of 20 percent floor area for secure social housing, while the Burrard Corridor (Areas 1 and 2) required 25 percent. Where existing rental units were present, the policy required affordable units equal to the greater of the set-aside rate or one-for-one replacement. These requirements applied to both existing and uplift density approved through rezoning.

Figure 1: West End Plan Areas where Inclusionary Housing Policies Apply (2013 Policy)



Source: City of Vancouver

In 2024, market instability, significant cost escalation, and rising interest rates rendered several approved rezoning projects in the Burrard Corridor financially unviable. As a result, the City updated the policy through the Interim Inclusionary Social Housing amendments. The 25 percent requirement in these areas was reduced to 20 percent or one-for-one replacement, whichever produced more units. Additionally, a cash-in-lieu option was introduced, allowing developers to contribute funds equivalent to the City's cost of delivering off-site social housing. These changes were subject to rigorous financial testing to understand how to balance the new set-aside rate with the density increases contemplated in the plan.



KEY TAKEAWAYS

The West End Rezoning Policy has been one of Vancouver's most productive inclusionary housing tools.

Between the policy's introduction and its 2024 update, it secured 178 completed social and replacement rental units by consistently tying density approvals to affordability requirements across several subareas. This provided predictability for developers and allowed the City to leverage strong market conditions to expand long term affordable housing.

The 2024 amendments highlight the value of policy flexibility, grounded in financial reality. As development feasibility declined, several projects that met the original 25 percent requirement stalled. Reducing the requirement to 20 percent and introducing a cash-in-lieu option enabled projects to proceed while maintaining the core objectives of preventing rental loss and increasing the supply of social housing.

For planners, key lessons include the importance of predictable requirements, the need to align inclusionary expectations with shifting market conditions, and the role of adaptable tools that preserve affordability outcomes without compromising project viability.

2.2 City of New Westminster, British Columbia, Canada

Policy Example: Inclusionary Housing Policy

CONTEXT

The City of New Westminster has a long history of pursuing affordable housing objectives, but lacked a formalized Inclusionary Housing framework until 2019 when the Inclusionary Housing Policy (IHP) was adopted. At this time, the City was facing several issues, including limited rental supply, rising housing costs, and concerns around the loss of existing affordable units. The intent of the IHP was to ensure that new development meaningfully contributed to the supply of affordable rental housing, particularly in areas experiencing increased redevelopment activity.

Despite a clearly articulated policy rationale, the original IHP faced significant implementation barriers. As of mid 2025, the policy had not resulted in the delivery of new affordable units. Interviews and staff reporting indicated several factors behind this outcome.

KEY STATISTICS

CITY OF NEW WESTMINSTER, BC

POPULATION: **78,916** (2021)

TOTAL PRIVATE DWELLINGS:
37,737 (2021)

MEDIAN HOUSEHOLD INCOME:
82,000 CDN (2021)

Most notably, the policy depended heavily on non-profit housing providers acquiring units at below market cost, but many organizations lacked the financial capacity to purchase even a small number of units despite the reduced upfront cost. Even those operators that had the financial capacity to acquire these units flagged concerns regarding their ability to effectively manage a small number units scattered across several different locations and buildings. This mismatch between the policy structure and operator capacity limited the feasibility of on-site delivery.



APPLICATION

The original Inclusionary Housing Policy was structured around three compliance mechanisms, or 'Options', tied to the scale and intensity of proposed development. These mechanisms remain central to the policy, though they were refined in 2025 to better facilitate implementation.

OPTION 1 — Official Community Plan (OCP) Amendments or Projects Exceeding Density Bonus Policy

- + Requires at least 20 percent of total units or floor area to be delivered as affordable rental.
- + Units must be sold at below market value to a non profit organization or BC Housing.
- + Provides additional density beyond OCP/Density Bonus limits.
- + Includes incentives: Development Cost Charge waivers, reduced Density Bonus payments, parking relaxations, and prioritized application review.

OPTION 2 — Within OCP and Density Bonus Limits

- + Requires a minimum of 5 percent of total units as non-market rental.
- + Rents must be at shelter rate or rent geared to income (up to ~\$29,000 annual income where units are gifted).
- + Units must be provided at no cost to a non-profit organization or BC Housing.
- + Provides similar incentives to Option 1 but without additional density beyond OCP limits.

OPTION 3 — Within OCP and Density Bonus Limits (High-Entitlement Properties)

- + Requires 10 percent below-market rental units, or 5 percent on designated high-entitlement sites (e.g., properties zoned RM6A, C 3, C 3A, and specific OCP areas).
- + Rents must not exceed 10 percent below CMHC median rents for the Vancouver Region based on the most recently available summary.
- + Units may be developer-owned with non-profit/BC Housing occupancy management or sold at below market value.

This tiered approach reflects variations in development capacity and land economics across neighbourhoods.

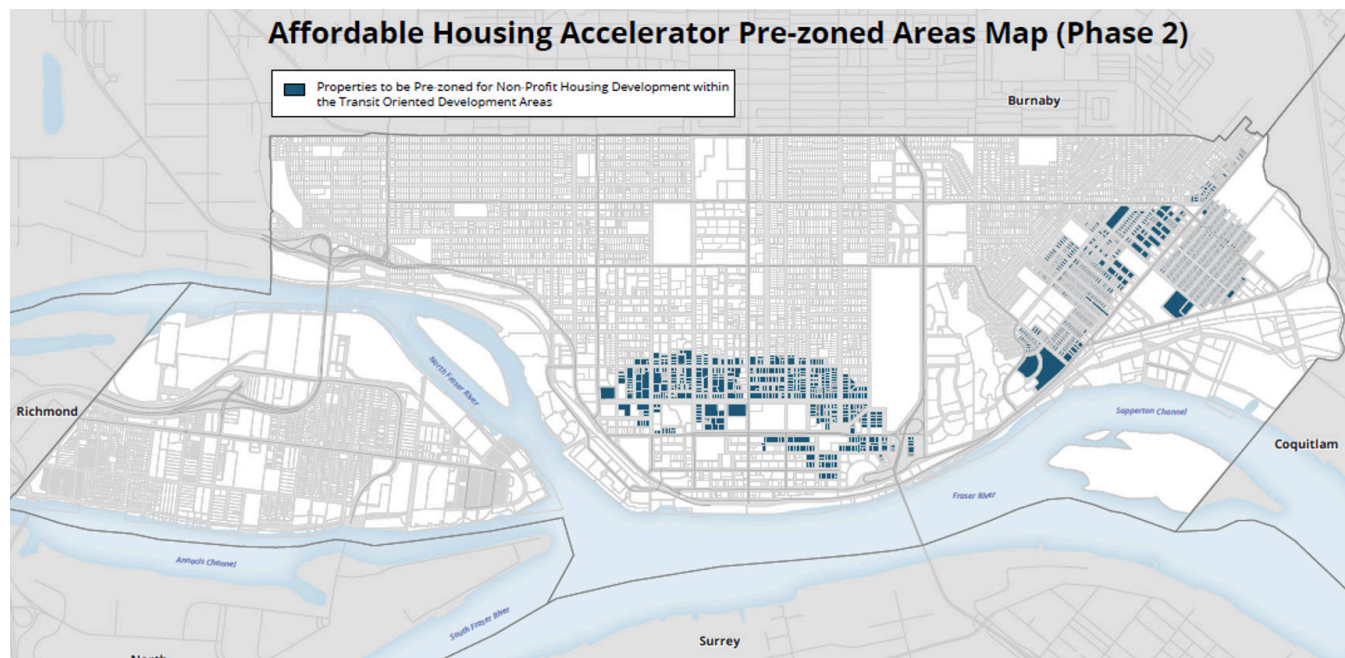
Like Vancouver, New Westminister's policies have been informed by several iterations of financial feasibility testing. The rates for each option reflect the differing market economics for different densities, built forms and neighbourhoods, some of which have less capacity to support Inclusionary Housing requirements than others.

Alongside the 2025 IHP amendments, New Westminister advanced the Affordable Housing Acceleration Initiative, a suite of land use changes designed to improve Inclusionary housing production.

Key elements include:

- + Allowing rezoning up to six storey non-profit rental housing in townhouse designated areas, provided long-term affordability is secured.
- + Exploring prezoning in Transit Oriented Areas to allow qualifying non-profit projects to proceed without a full rezoning, reducing time and uncertainty.

Figure 2: Affordable Housing Accelerator Draft Map of Properties Pre-Zoned for Non-Profit Housing Development within TOAs



Source: City of New Westminister, 2025

KEY TAKEAWAYS

New Westminster’s initial 2019 Inclusionary Housing Policy did not result in any affordable units being delivered. Its reliance on non-profit organizations acquiring small numbers of on-site units proved operationally challenging. As a result the City was unsuccessful in securing any affordable housing units through the policy, despite strong demand.

The 2025 update shifted the policy toward a more feasible structure. It introduced clearer affordability definitions, stronger incentives, and compliance options that better matched the capacity of the non-profit sector. The update was also aligned with the City’s broader Affordable Housing Acceleration Initiative, which expanded opportunities for below-market rental development and created a more supportive regulatory environment.

For planners, the New Westminster experience reinforces several lessons:

- + Policies must reflect the operational realities of non-profit housing operators, particularly their capacity to acquire and manage a small number of units across many buildings.
- + Flexible compliance pathways improve feasibility and help ensure that policy objectives translate into actual unit delivery.
- + Clear affordability definitions and predictable incentives create greater transparency for both developers and non-profit partners.
- + Alignment with wider initiatives, such as sector-specific zoning reforms, strengthens overall housing supply outcomes and increases the likelihood of delivering meaningful affordable housing at scale.



2.3 City of Burnaby, British Columbia, Canada

Policy Example: Rental Use Zoning Policy

CONTEXT

Burnaby's Inclusionary Housing approach emerged out of significant community concern over the loss of older rental buildings, particularly following the adoption of the City's Metrotown Plan, which accelerated redevelopment activity in an already established neighbourhood. Redevelopment pressures were linked to tenant displacement, rising evictions, and widespread public criticism that Burnaby lacked adequate protections for existing renters.

Responding to these concerns, and seeking to stabilize the long term rental unit supply, the City introduced its Rental Use Zoning Policy (RUZP) in 2020. The RUZP aimed to ensure that redevelopment projects delivered new inclusionary rental units and, where applicable, one-for-one replacement of existing purpose-built rental housing. The policy framework was shaped through extensive industry consultation and financial feasibility analysis. While Burnaby's approach has delivered thousands of units, staff reports and industry feedback noted that projects in weaker market conditions struggled with viability when meeting stringent affordability obligations.

APPLICATION

The City of Burnaby organizes the Rental Use Zoning Policy into four policy streams, each tied to a different redevelopment scenario and intended to secure long term rental tenure:

STREAM 1 – REPLACEMENT RENTAL

Redevelopment of sites containing existing purpose-built rental housing must **provide one-for-one replacement units**. Replacement units are secured as rental tenure, guaranteed through covenants and housing agreements to maintain affordability and ensure displaced tenants can return.

STREAM 2 – INCLUSIONARY RENTAL

New multi-family rezonings must provide **inclusionary rental units**, with requirements varying by quadrant:

- + **10 percent of total units** in the Northwest & Southwest quadrants
- + **5 percent of total units** in the Northeast & Southeast quadrants

These requirements apply to R5–R8 zoning districts and exclude market rental units, voluntary rental units, and Community Benefit Bonus (CBB) units from the denominator. Inclusionary units must be secured for 99 years, rented at inclusionary rental rates¹, and regulated by covenant and housing agreements.

¹Burnaby's CBB policy and bylaw is an Inclusionary Housing and community amenity framework that outlines expected contributions from development via Density Bonusing and Community Amenity Contributions. The policy and bylaw were updated in 2025 to comply with the legislative changes covered in PLN Bulletin Series 01, Issue 1, while also aligning with the City's shift to a height-based development framework.

KEY STATISTICS

CITY OF NEW WESTMINSTER, BC

POPULATION: **78,916** (2021)

TOTAL PRIVATE DWELLINGS:
37,737 (2021)

MEDIAN HOUSEHOLD INCOME:
82,000 CDN (2021)

Bonus Density to Support and Incentivize Further Affordable Housing

Projects requiring replacement (Stream 1) or inclusionary non-market rentals (Stream 2) are also provided with additional RMr density, which varies depending on the underlying RM district to which the site is being rezoned. This additional density is intended to help offset the cost of accommodating the required non-market units. In most cases, once the minimum Inclusionary Housing requirement has been met, surplus RMr density is available, on the condition that every additional market-rate rental unit proposed would be matched with an additional unit of Inclusionary Housing capped at CMHC median market rents on a one-to-one basis. According to staff reports, approximately 679 units were proposed or approved at CMHC median market rents using this surplus RMr density option after the initial requirements were met.

STREAM 3 – VOLUNTARY RENTAL IN COMMERCIAL DISTRICTS

Where unused commercial density exists, Burnaby encourages developers to add voluntary market rental units, helping increase rental supply in mixed use areas and support transit oriented growth.

STREAM 4 – PROTECTION OF EXISTING RENTAL

The City rezones existing purpose built rental sites to **rental only zoning**, preventing their conversion to strata and ensuring they remain available as rental housing long term. This “protective stream” is a foundational part of Burnaby’s approach to safeguarding older rental stock.

Rental-only Zoning in British Columbia was enabled in 2018 through the Local Government Statutes (Residential Tenure Zoning) Amendment Act, which granted local governments the authority to require residential rental tenure through zoning bylaws.

KEY TAKEAWAYS

Burnaby’s model demonstrates that mandatory inclusionary rental requirements tied to rezoning can deliver substantial affordable housing outcomes—provided they are grounded in market feasibility and supported by flexible administrative tools. According to staff, the Rental Use Zoning Policy has yielded close to 5,000 inclusionary rental units built or underway across all streams.

However, implementation has not been without challenges. City staff noted that shifting financial conditions, including rising construction costs, rising interest rates, and reduced market prices, have affected the feasibility of meeting full inclusionary requirements. This prompted a series of 2025 amendments, including:

- + Proposals to reduce inclusionary requirements in some areas, citing that density offsets were no longer sufficient to support higher requirements.
- + Amendments to Stream 2 allowing surplus RMr density to be used entirely for market rental units, improving return on investment and allowing projects to secure financing.
- + Direction from Council to explore additional tools to improve viability, and to set inclusionary requirements at 15 percent (10 percent at 20 percent below CMHC median, 5 percent at CMHC median) for R6–R9 districts, reflecting a more calibrated approach under new market conditions.

Burnaby’s experience shows that mandatory rental and inclusionary requirements can secure affordable and non-market rental supply in high value markets, when requirements are modest and paired with robust tenant protections and flexible implementation tools. However, the City’s 2025 amendments demonstrate the importance of regularly recalibrating policy to market conditions to maintain both development feasibility and long term rental supply objectives.

Although Inclusionary Housing policies are still emerging tools in British Columbia, they have been used for decades in many parts of the United States. Looking to these longer-running programs offers insight into how Inclusionary Housing approaches function over time, how they respond to changing market conditions, and what outcomes they tend to produce. While the policy environments differ between the two countries, the U.S. examples were selected because they share similar goals with the B.C. programs outlined above and provide useful lessons for understanding longer-term implementation, performance, and adaptation.

Key Context for the US Examples: The Low-Income Housing Tax Credit

The Low Income Housing Tax Credit (LIHTC) is the United States' primary federal tool for financing affordable rental housing. Established in 1986, the program incentivizes private developers and investors to build or rehabilitate housing for low and moderate income households.

At its core, LIHTC provides federal tax credits to developers who agree to long-term rent and income restrictions. Because developers typically sell these credits to private investors, the program generates substantial up-front equity, reducing the amount of debt required. This lower debt burden directly enables projects to offer more affordable rents.

The program has been extraordinarily influential. LIHTC has supported the creation of millions of affordable homes nationwide and remains the largest source of affordable housing financing in the U.S. Across states, housing finance agencies competitively allocate credits, ensuring funds are directed to projects that best meet local housing needs.

Because LIHTC leverages private capital rather than relying solely on direct government spending, it acts as a major financial incentive, spurring development even in higher-cost markets at the cost of forgone federal tax revenue from participating properties. By encouraging long-term affordability, reducing financing gaps, and stimulating economic activity, LIHTC remains a cornerstone of U.S. affordable housing policy.

2.4 City of Seattle, Washington, United States

Policy Example: Mandatory Housing Affordability Program

CONTEXT

Seattle adopted the Mandatory Housing Affordability (MHA) program in 2016 as a response to intensifying housing pressures, rising costs, and the limited effectiveness of earlier voluntary or incentive-based tools. Earlier programs, including Incentive Zoning introduced in the 1970s and the Multifamily Tax Exemption (MFTE) program created in 1995, linked development with public benefits but did not generate consistent or scalable affordable housing contributions. Seattle's housing market had become increasingly strained as population growth outpaced supply, and the city required a predictable mechanism to capture the value created by new development.

KEY STATISTICS CITY OF SEATTLE, WA

POPULATION: **737,015** (2020)

TOTAL PRIVATE DWELLINGS:
411,671 (2024)

MEDIAN HOUSEHOLD INCOME:
118,745 USD (2024)

The City's Housing Affordability and Livability Agenda (HALA) laid the foundation for MHA and called for what became known as the "Grand Bargain", a commitment to deliver 6,000 affordable units for households earning approximately 60 percent of Area Median Income (AMI) over ten years. The HALA process emphasized the need for a mandatory, rather than voluntary, inclusionary framework to create dependable affordability outcomes. Declining federal housing subsidies and escalating living costs further underscored the need for an enforceable system that tied affordability requirements to increased development rights.

NOTE: Affordable in this case is defined as total housing costs (including utilities and mandatory fees) not exceeding 30 percent of the applicable income threshold.

The MHA program was formally adopted in select neighborhoods beginning in 2017 and expanded citywide in 2019, following major upzoning across 27 urban villages. The intent of the 2019 expansion was to ensure that all areas benefiting from increased development capacity also contributed to affordability requirements. The citywide rollout was delayed by appeals from homeowner groups, which were resolved in 2019, allowing the full MHA framework to take effect.

APPLICATION

Under the MHA program, developments in zones that received increased development capacity must contribute to affordable housing through one of two mechanisms:

1. Provide income-restricted affordable units on site (the performance option), or
2. Pay a fee-in-lieu into the City's affordable housing fund.

Affordability requirements vary depending on the intensity of upzoning. Zones with modest increases require affordability contributions equal to approximately 5 to 7 percent of total units, while areas receiving the largest increases in height and density require contributions between 7 and 11 percent. Due to cost implications rising from complexity and risk associated with meeting the performance option, developers have typically favoured the fee option, which is calibrated to produce an equivalent or greater number of affordable units. A five-year evaluation of the program reports that approximately 95 percent of developers opted to pay fees rather than build units on site.



Shifting Market Math

According to interviews with builders in the Seattle market, while payment of cash fees was often the preferred route in years prior, changing market conditions have made it more financially advantageous to provide the performance option, assuming the project density and design can support it. Financial feasibility also varies depending on if the project is intended for sale (common in townhome and other ground-oriented housing projects) or rental (typically multi-storey residential). Builders also noted considerable complexity associated with multi-family condominiums under the program, which discouraged some builders from working on these projects.

The 2019 expansion applied the requirements across most new residential, commercial, and mixed-use projects. This expansion measurably broadened the geographic reach of inclusionary requirements by ensuring that any project benefiting from additional density also contributed to the affordable housing system. Despite broad adoption, the MHA program operates in a challenging market context, which includes rising construction costs, higher interest rates, and updated building codes that have reduced development feasibility in many urban markets, including Seattle. These conditions complicate the ability of some developers to absorb MHA requirements, although recent studies and interview feedback suggest the program plays a smaller role compared to macroeconomic pressures.

The MHA program functions as part of a broader ecosystem of affordability tools. The MFTE program, still active, provides tax exemptions to buildings that reserve between 20 percent and 25 percent of units as income and rent restricted, supporting mixed-income development in growth centers. The two programs together form a layered approach that combines zoning-based mandates with economic incentives to help expand the supply of affordable rental units.



KEY TAKEAWAYS

Seattle's MHA program has generated substantial financial support for affordable housing. By 2023, developers contributed roughly 300 million dollars in fees, which helped fund 4,702 affordable units across projects that leveraged MHA resources. When isolating only the proportional share directly attributable to MHA, the program has resulted in 1,233 permitted units, with on-site delivery remaining comparatively low at 404 income restricted units. Overall production remains below the ten-year target of 6,000 units.

Research shows that the program has also shaped development geography. While overall citywide housing supply did not decline, new construction in MHA zoned blocks decreased, with activity shifting toward adjacent areas without affordability requirements. This demonstrates that although upzoning increases development capacity, affordability obligations can influence where development occurs.

For planners, several lessons emerge:

- + Complementary programs matter. Tax exemptions, density bonuses, and capital investment programs can significantly enhance the impact of inclusionary zoning.
- + Market context must be monitored. Rising construction costs, interest rates, and regulatory changes have meaningful effects on feasibility and require ongoing recalibration of affordability requirements.
- + Fee options can scale unit delivery when supported by strong municipal funding programs.
- + Geographic spillover effects should be anticipated when affordability requirements vary across neighbourhoods.
- + Predictable and clearly communicated regulations support more stable development outcomes.



2.5 Montgomery County, Maryland, United States

Policy Example: Moderately Priced Dwelling Unit Program

CONTEXT

Montgomery County introduced its Moderately Priced Dwelling Unit (MPDU) Program in 1974 in response to sustained population growth during the 1960s and 1970s, rising development pressure, and increasing demand for housing from moderate-income households. These conditions highlighted the need for a predictable system that required new development to contribute to the county's affordability goals. The program became the first mandatory inclusionary zoning framework in the United States and has shaped national thinking on long-term Inclusionary Housing approaches.

Over more than five decades, the program has delivered more than 17,000 affordable homes for both rental and ownership. This output has made it one of the country's most productive Inclusionary Housing models. In 2024, the County secured 305 units through the program and related tool.

The long-term nature of the program has also influenced local development norms. Many builders have come to treat affordability requirements as a standard part of project feasibility analysis. However, ongoing monitoring has identified challenges, particularly with for-sale units, where rising condominium fees can erode affordability if they outpace residents' income growth. County staff regularly assess these risks to protect long-term affordability.

APPLICATION

Montgomery County requires new private

KEY STATISTICS

MONTGOMERY COUNTY, MA

POPULATION: **1,062,061** (2020)

TOTAL HOUSING UNITS:
408,680 (2024)

MEDIAN HOUSEHOLD INCOME:
140,837 USD (2024)

developments with at least 20 units to set aside a portion of homes as affordable. Core requirements include the following:

- + A minimum allocation of 12.5 percent of units in buildings up to four storeys
- + A minimum allocation of 15 percent of units in buildings above four storeys

NOTE: These set-asides apply to units rather than floor area, which allows developers flexibility in unit sizing.

Affordability levels are tied to household income thresholds. Required units must be affordable to households earning up to 65 percent of AMI in garden-style buildings, and up to 70 percent of AMI in high-rise and for-sale developments. Rental units are offered below market rates, and for-sale units must comply with purchase price controls intended to preserve long-term affordability.

The program also includes limited flexibility measures, although these are rarely used. Options include off-site delivery or fee-in-lieu payments. Smaller projects with 11 to 19 units are exempt from set-aside requirements but must contribute 0.5 percent of each unit's purchase price to the Housing Initiative Fund, which provides loans and grants that support affordable housing development.

Montgomery County supplements the program with additional tools, including the Affordable Housing Opportunity Fund, which offers time-limited financing for the acquisition of properties at risk of losing affordability. The fund is supported by a revolving pool of County dollars matched with private capital. This integrated set of tools helps maintain affordability beyond the units directly created through development requirements.

Despite being generally successful, staff reports identify several operational complexities, particularly around for sale MPDUs, where unregulated condominium fees can erode long term affordability, requiring careful monitoring by the County. Despite these challenges, the MPDU framework is broadly accepted by both the development community and residents.

KEY TAKEAWAYS

Montgomery County's MPDU Program demonstrates that long standing, mandatory Inclusionary Housing requirements can produce substantial and sustained affordable housing outcomes when they are stable, predictable, and supported by complementary policies. The County's consistent application of MPDU requirements over five decades has normalized affordability expectations within the development industry, enabling steady production even through changing market cycles.

Key lessons include:

- + Stable and predictable requirements can normalize affordability expectations within the development industry and support steady delivery across market cycles.
- + Complementary tools, such as acquisition financing and the Housing Initiative Fund, are essential to extend the depth and reach of affordability beyond what inclusionary requirements alone can achieve.
- + Long-term affordability oversight is important for for-sale units, where fees and maintenance costs can compromise affordability if not managed.
- + Periodic program review helps ensure set-aside rates, geographic coverage, and administrative processes remain aligned with market conditions, particularly as development patterns and income levels evolve.

2.6 City of Cambridge, Massachusetts,

United States

Policy Example: Inclusionary Housing Program

CONTEXT

Cambridge introduced its Inclusionary Housing Program in 1998 during a period of escalating housing costs and the expiration of affordability agreements for federally subsidized units. These pressures significantly reduced the availability of affordable homes and created clear risks for long-term affordability. The policy was established to ensure new development contributed to a stable supply of income-restricted units and supported low and moderate-income households.

Since adoption, the program has become a model for other communities in high cost areas looking to create affordable housing. More than 1,100 affordable units have been delivered, primarily serving households earning below 80 percent of area median income.

APPLICATION

Cambridge's Inclusionary Housing Program functions by requiring new residential developments of ten or more units to dedicate a share of their residential floor area to affordable housing. The original 1998 ordinance established the foundation of the program, but a major update was adopted in 2017 after the City completed an economic feasibility study and extensive policy review. The 2017 amendments shifted the requirement from a percentage of units to a percentage of Gross Floor Area (GFA), and increased the affordable housing contribution from approximately 11.5 percent to 20 percent. This shift was intended to ensure that affordable homes would be proportional in size to market units and would better accommodate families.

KEY STATISTICS

CITY OF CAMBRIDGE, MA

POPULATION: **118,403** (2020)

TOTAL HOUSING UNITS:
57,127 (2024)

MEDIAN HOUSEHOLD INCOME:
143,108 USD (2024)

QUICK FACT

A 2016 review found that only 1.7 percent of three-bedroom listings were affordable to households earning 100 percent AMI, highlighting a critical gap in family-sized housing that informed the shift to GFA-based requirements.

Under these updated provisions, developments must reserve 20 percent of residential GFA for affordable homes targeted to low and moderate-income renters and moderate and middle-income homebuyers. Housing costs, including utilities and required fees, may not exceed 30 percent of household income. The ordinance encourages, and in larger projects requires, the inclusion of family-sized homes. Projects exceeding specific floor area thresholds must provide at least some three-bedroom units in the affordable component.

The program applies to both rental and ownership housing and is administered through the City's Community Development Department, which works directly with private developers, building managers, and homebuyers to ensure compliance. It is triggered in any project that includes at least ten units or more than 10,000 square feet of new residential floor area.

Another key aspect of Cambridge's policy direction is its focus on "permanent" affordability. It was reasoned that since density bonuses provided to landowners would be permanent, it would make sense for the affordability term to be permanent as well. This has been an influential, if controversial approach, that has been undertaken in other cities in the United States.

PERMANENT AFFORDABILITY

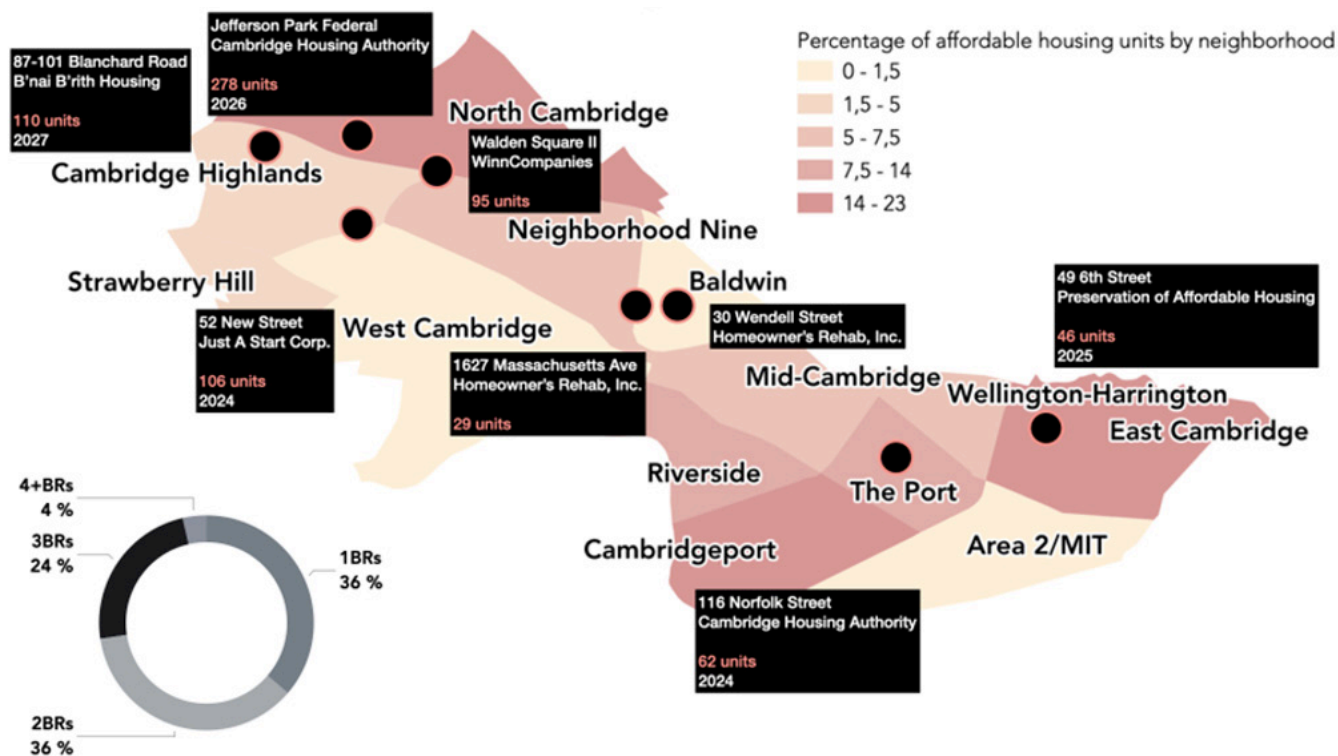
Defined in this case as having at least a 30-year affordability period, coupled with this period resetting if the home is resold before the 30 years passes, or if a municipality regularly uses pre-emptive options to purchase at first sale after the end of an affordability period.



Cambridge's Affordable Housing Overlay (AHO), adopted in 2020, further shapes the Inclusionary Housing program's function by allowing one hundred percent affordable projects to exceed standard zoning restrictions. Projects using the overlay may build taller and denser buildings than would otherwise be permitted, and they benefit from a streamlined approval process that does not require full Planning Board review. These changes reduce project costs, shorten timelines, and make it easier to deliver affordable homes in neighbourhoods across the city. The overlay has significantly increased production, raising annual affordable unit creation from about forty units per year before 2020 to more than two hundred per year, with more than seven hundred units underway or delivered by 2024.

The AHO has been controversial, with concerns from residents around overdevelopment and gentrification. Moreover, concerns have been raised about dwindling federal and state housing subsidies limiting potential benefits from significantly increased density bonuses. Despite these concerns, a study from the Joint Centre for Housing Studies at Harvard University noted the success of the project in increasing the number of new units under construction, as well as the diverse mix of development types (public, private and non-profit) across neighbourhoods where there had previously been little affordable housing development. A neighbourhood-level analysis is detailed in Figure 4.

Figure 4: AHO Projects Underway by Neighbourhood, February 2024.



Source: Joint Centre for Housing Studies (2024)

KEY TAKEAWAYS

Cambridge's experience demonstrates how a stable, consistently applied, and periodically updated Inclusionary Housing framework can generate significant affordable housing outcomes over the long term. The longevity and predictable requirements of Cambridge's IHP have normalized inclusionary expectations within the development industry, while the shift to GFA based requirements improved unit quality and family suitability.

The introduction of the AHO further illustrates the power of complementary zoning tools to amplify Inclusionary Housing outcomes. By enabling higher density, fully affordable developments through a streamlined process, the AHO has substantially expanded the city's affordable housing pipeline.

Overall, Cambridge provides the following lessons for planners:

- + Inclusionary zoning benefits from predictability and periodic recalibration,
- + Unit size and quality standards are essential to meeting actual housing needs, and
- + Pairing inclusionary requirements with density based overlays can significantly increase production in a high-demand housing market.



3.0 PERSPECTIVES OF NON-PROFIT HOUSING OPERATORS

To better understand the impacts of Inclusionary Housing policy on the operation and delivery of affordable housing, four operators were interviewed for their perspectives on local approaches, as well as on Inclusionary Housing policies more generally. Two of these operators were in Canada and two were in the United States. The difference in jurisdiction is important, as the availability of policy approaches varies between both the two countries and individual jurisdictions. The findings from these interviews resulted in the following key takeaways.

Operators Support Inclusionary Housing Policies in Principle, Success depends on Clarity and Consistency

All four operators felt that Inclusionary Housing policies can theoretically play an important role in delivering affordable homes, particularly as part of a broader housing affordability framework. It was noted that its practical success depended heavily on the clarity between operators on timelines, definitions, and policy goals. Consistency was also important, especially with regards to affordability indicators, and provincial or state-level baselines were seen as providing significantly more certainty than multiple municipalities using different metrics.

Early Engagement is Critical

All operators noted the importance of their engagement early in the policy process. Doing so provided a better understanding of operational expectations, and allowed operators input to ensure policies identify and reduce potential shortfalls they may face. Doing so also ensures a more thoughtful, effective approach to Inclusionary Housing policies, rather than being brought in towards the end to serve as a “rubber stamp” on housing projects which can lead to stretched resources and unrealistic expectations. The development of meaningful and respectful relationships between local governments, developers, and operators was also identified as essential, recognizing that operators often have limited capacity and that, in some cases, they may need to be compensated by developers for the time and effort required if it goes beyond the core mandate of the non-profit operators.

Flexible Approaches Ensure Greater Success

Operators work within vastly different capacities and operate under a wide variety of models. To this end, all four interviewees noted the importance of having flexible policy approaches to ensure they can be adjusted to specific contexts. While three of the four interviewees noted that cash-in-lieu models would work best for their operations by consolidating affordable units into larger, more easily managed projects, it was noted that this was very case dependent and that mandating on-site inclusionary requirements may work in larger projects where budgets can ensure mandates without financial shortfalls.

4.0 PERSPECTIVES OF NON-PROFIT HOUSING DEVELOPERS

In addition to speaking with operators, interviews were also conducted with non-profit housing developers. In this instance, one operator was in Canada while the other three were in the United States. This may owe to policy incentives that ease non-profit development in the United States, such as generous tax deductions on such projects, as well as the established presence of organizations like Habitat for Humanity, who provide considerable expertise and capacity support for the development of affordable home ownership projects. Key takeaways from these interviews were:

Project Scale Strongly Influences the Effectiveness of Policy Approaches

Developers consistently emphasized scale as a critical factor in feasibility. Small projects, particularly townhomes or developments with fewer than 20–30 affordable units, often struggle to accommodate on-site inclusionary requirements without undermining project viability. In these cases, cash-in-lieu contributions can be more effective because they allow municipalities or non-profit developers to pool resources and deliver purpose-built affordable housing at a meaningful scale. On-site inclusionary delivery tends to work best in large apartment projects or master-planned developments where units can be integrated more efficiently.

Consistency and Regulatory Simplicity Improve Development Outcomes

Several developers described inclusionary requirements as workable only when rules are simple, predictable, and aligned with development economics. Upfront fee structures, rigid building requirements, inflation-indexed fees, and regulatory thresholds can introduce significant financial risk or unintended cost increases. Inclusionary policies that interact poorly with building codes, design review processes, or financing timelines may discourage development.



Inclusionary Zoning Works Best Alongside Complementary Tools

Developers emphasized that Inclusionary Zoning rarely functions as a standalone solution. Successful implementation often depends on layering multiple programs, such as tax incentives, rebates, density incentives, public land contributions, or financing tools. Fee-in-lieu programs can be particularly effective when municipalities have the administrative capacity to pool and leverage funds to support affordable housing development.

Clear Policy Objectives are Critical, especially for More Complex Projects

Interviewees noted that Inclusionary Housing policies are best suited to produce moderate-income, workforce oriented housing in private developments, rather than deeply affordable units due to the impact these requirements have on financial feasibility. Non-profit developers serving lower-income households typically rely on subsidies and prioritize larger family-sized units, which are less commonly produced through inclusionary requirements. As a result, Inclusionary Housing policies are most effective when they clearly define their target populations and housing outcomes, ensuring Inclusionary Zoning complements, rather than duplicates, other affordable housing programs.

Despite playing considerably different roles in the affordable housing system, there was considerable overlap in the insights provided by operators and developers. Both note the importance of consistent standards, as well as of clear policy direction and the need for flexible approaches to ensure applicability to different contexts, models, and financial constraints.



5.0 CONCLUSION

This bulletin provided an overview of how Inclusionary Housing Policies and Inclusionary Zoning have been used in jurisdictions across North America, as well as assessments of their effectiveness from the non-profit operators and developers working under these policies. Broad trends are identified, including the importance of aligning policies with market conditions, clearly defining affordability, and ensuring administrative feasibility. Drawing on the six case studies as well as perspectives from non-profit operators and developers, the bulletin highlights the importance of policy flexibility, the need for scale, operational capacity, and the tradeoffs between on-site delivery and cash-in-lieu contributions. The following bulletin in this series builds on these insights, exploring key considerations for developing Inclusionary Housing Policies, informed by the case studies and interviews presented.



Works Cited

- Benoit, D. (2026). *The ABCs of LIHTC: Understanding the Low-Income Housing Tax Credit*. Walker & Dunlop
- BERK Consulting and Heartland LLC (2025). *Mandatory Housing Affordability Five-Year Evaluation*. / Seattle Office of Planning and Community Development
- Community Development Department (2018). *2018 Inclusionary Housing Report*. City of Cambridge.
- Community Development Department (2025). *100 percent Affordable Housing Overlay*. City of Cambridge.
- Community Development Department (2018). *Envision Cambridge Housing Plan*. City of Cambridge.
- Department of Housing and Community Affairs (2020). *Montgomery County Housing Initiative Fund Program Funding Guidelines*. Montgomery County.
- Department of Housing and Community Affairs (2025). *Moderately Priced Dwelling Unit (MPDU) program - Montgomery Planning*. Montgomery County
- Department of Housing and Community Affairs (2025). *Affordable housing opportunity fund*. Montgomery County
- Department of Planning (2025). *Rental Use Zoning Policy*. City of Burnaby,
- Department of Planning and Development (2025). *Inclusionary Housing Policy*. City of North Vancouver.
- Department of Planning & Development (2025). *Affordable Housing Acceleration Initiative*. City of New Westminster
- Department of Planning & Development (2025). *Inclusionary Housing Policy for Multi-unit Strata Residential and Mixed-Use Residential Developments*. City of New Westminster.
- Department of Planning, Urban Design and Sustainability Development (2013). *West End Rezoning Policy*. City of Vancouver.
- Department of Planning, Urban Design and Sustainability Development (2024). *West End Rezoning Policy: Interim Inclusionary social housing - floor area reduction*. City of Vancouver.
- Department of Construction & Inspection (2025a). *Incentive Zoning Program*. City of Seattle
- HALA Advisory Committee (2015). *Seattle Housing Affordability and Livability Agenda Final Advisory Committee Recommendations*. City of Seattle.
- Ministry of Housing and Municipal Affairs (2025). *Inclusionary zoning and density bonusing Comprehensive guidance*. Government of British Columbia
- Keightley, M. P. (2025). *An Introduction to the Low-Income Housing Tax Credit*. Congressional Research Service.
- Krimmel, J., and Wang, B. (2023). *Upzoning With Strings Attached: Evidence from Seattle's Affordable Housing Mandate*. Cityscape: A Journal of Policy Development and Research, 25(2).
- Maaoui, M. (2024). *What Has Zoning Reform Accomplished in Cambridge, Massachusetts?* Joint Center for Housing Studies of Harvard University.
- Office of the City Auditor (2017). *Audit of Seattle's Incentive Zoning for Affordable Housing*. City of Seattle.
- Office of Housing (2025). *Multifamily Tax Exemption*. City of Seattle.
- SHS Consulting; CPCS (2024). *Inclusionary housing policy review and regional model policy framework*. Metro Vancouver Regional District
- Smith, J. (2026). *Inclusionary zoning takes fire from developers, gets side-eye from YIMBYs*. Commonwealth Beacon.

Thank You to the Following Subject Matter Experts for their Insight:

- Liz Beebe, Assistant Director of Public Funding. Habitat for Humanity
- Lillian Chau, CEO. Entre Nous Femmes Housing Society
- Sarah Crawford, Senior Planner. City of Burnaby
- Chantelle Duarte, Community Housing Coordinator. Hollyburn Housing Society
- Mark Frisen, Executive Director. Hollyburn Housing Society
- Dan Garrison, Assistant Director of Planning- Head of Housing Policy and Regulation, City of Vancouver
- Jacob Gelb, Director of Asset Management. Bellwether Housing
- Laura Hewitt Walker, Strategic Advisor, Policy and Planning. City of Seattle
- Albert Huang, Partner. Terra Housing
- Robert Love, Manager for the Department of Housing & Community Affairs. Montgomery County
- Michael Pollard, Vice President – Entitlements. Shelter Homes Seattle.
- Nikki Provost, Marketing & Sales, Brand Manager. Shelter Homes Seattle.
- Ali Shebani, Director of Home Ownership. Habitat for Humanity
- Mike Watson, Supervisor, Development and Planning. City of New Westminster
- Andrew Withnell, Managing Partner. Ravena Partners



SERIES 03

**INCLUSIONARY ZONING AND
INCLUSIONARY HOUSING POLICIES**

**ISSUE 3.2 - CASE STUDIES OF INCLUSIONARY
HOUSING POLICY IN ACTION**



PIBC PLANNING
INSTITUTE
OF BRITISH COLUMBIA
FORWARD THINKING
SHAPING COMMUNITIES

PREPARED BY B&A STUDIOS
AND CITY SQUARED
CONSULTING FOR PIBC



**city
squared.**