

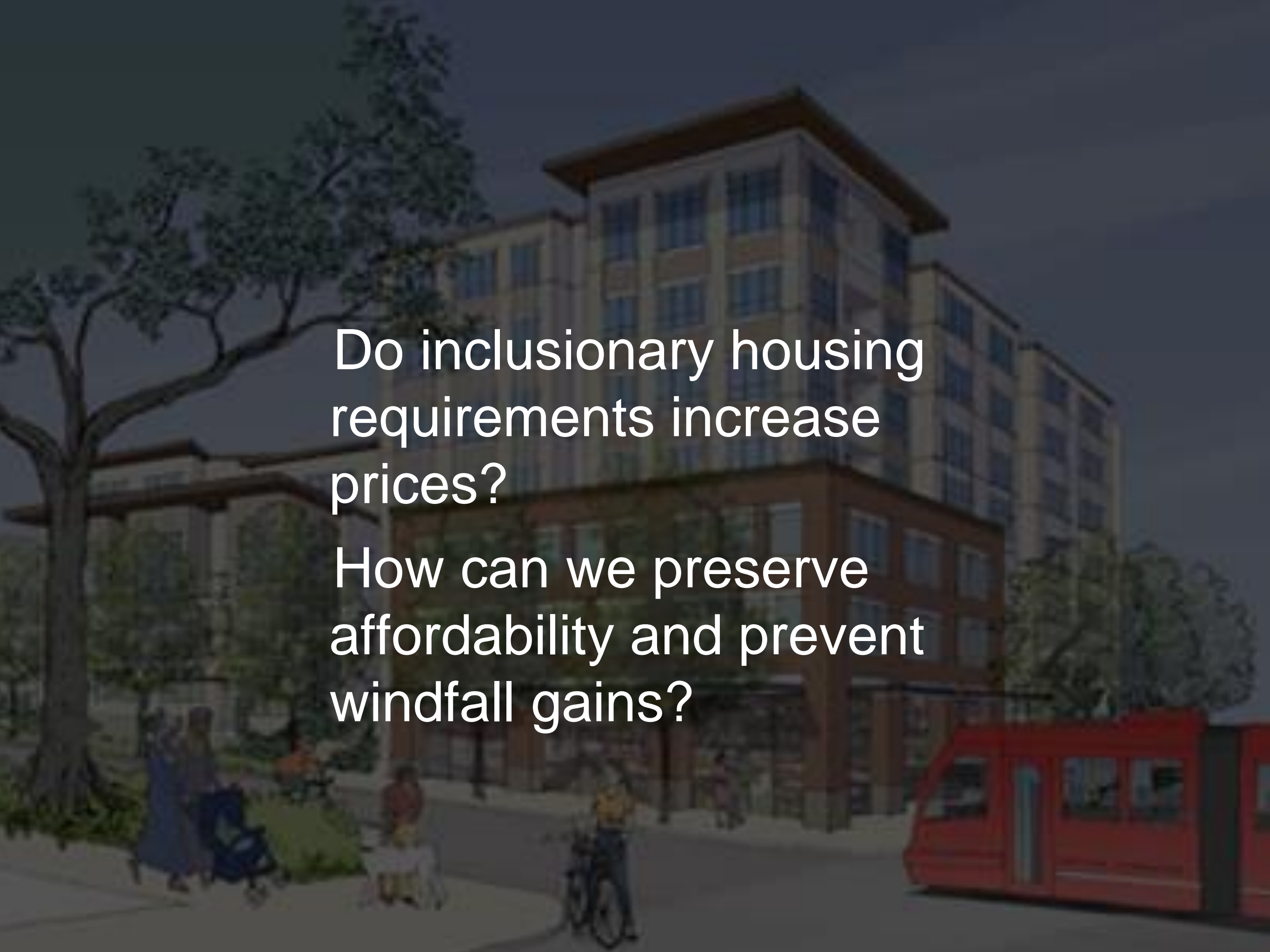


Rick Jacobus

Cornerstone Partnership



Inclusionary Housing



Do inclusionary housing requirements increase prices?

How can we preserve affordability and prevent windfall gains?

Do Inclusionary Housing Requirements Increase Prices?



Who determines house
prices?



Profits

Construction, etc

Land

*Not to scale

Market Price



Market Price



Builders are stuck with the market price!

Market Price

Market Price



Market Price



Market Price



How does **inclusionary housing** impact prices?



Extra cost





Extra cost



Market Price



Market Price



Do land owners have to
accept lower prices?

Market Price



Market Price



At what point do land
owners start taking land
off the market?

March 2008 Study:

Furman Center for Real Estate at NYU

The Effects of Inclusionary Zoning on Local Housing Markets:

Lessons from the San Francisco, Washington DC
and Suburban Boston Areas

www.nhc.org/housing/iz

In Boston, inclusionary programs led to a small decrease in production and small price increases

In the Bay Area Inclusionary zoning had **no impact** on production of new housing or on house prices

The key differences were **local flexibility** and developer **incentives**



How can we preserve
affordability and
prevent windfall
gains?



One Family's Story

Santa Rosa, CA 2005

- Average Purchase Price: **\$597,308**
- A family earning 100% of area median income could only afford **\$250,000**



Option #1



Option #2



Option #3



Option #4

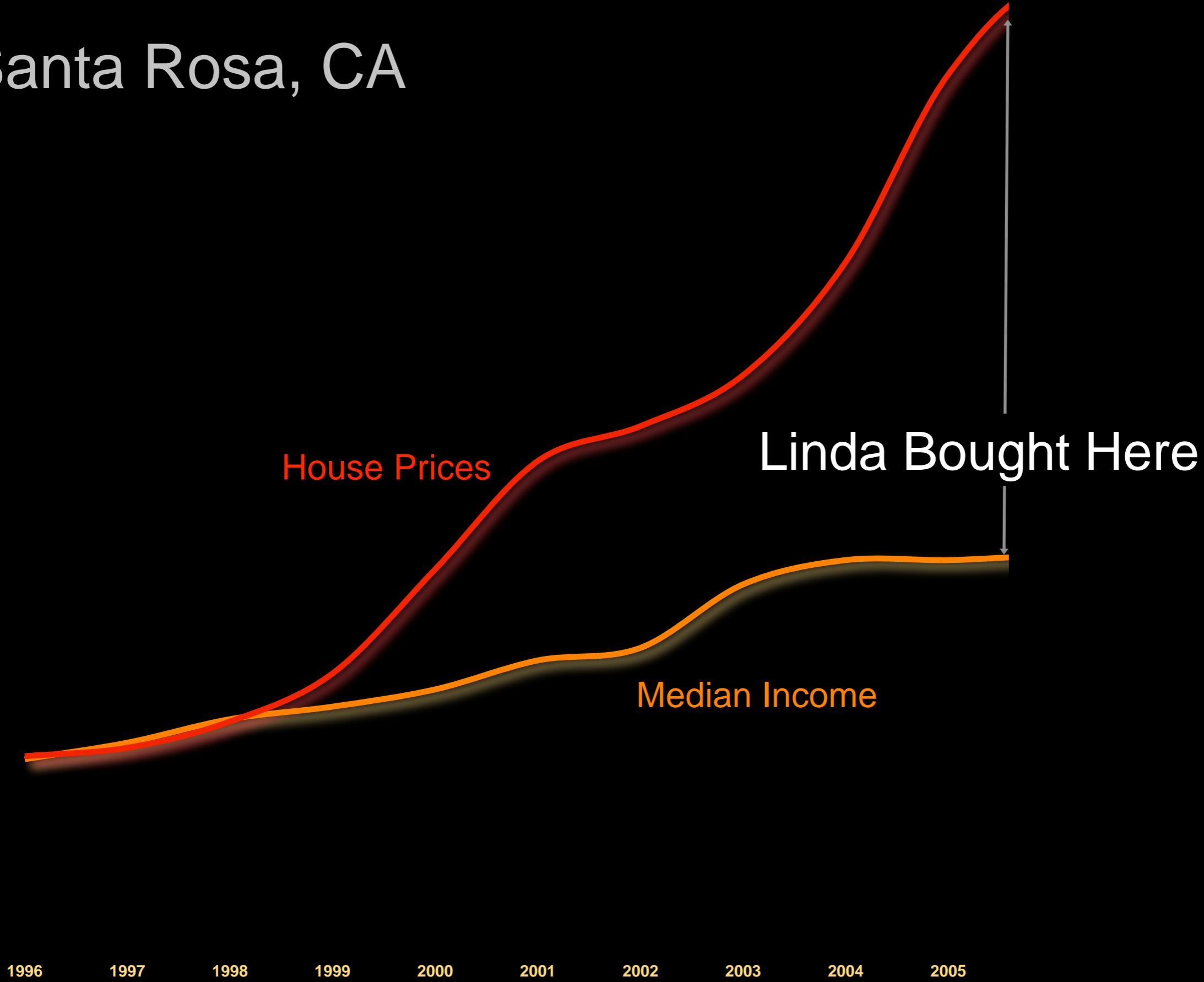
\$250,000



A different kind of homeownership



Santa Rosa, CA



House Prices

Linda Bought Here

Median Income

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

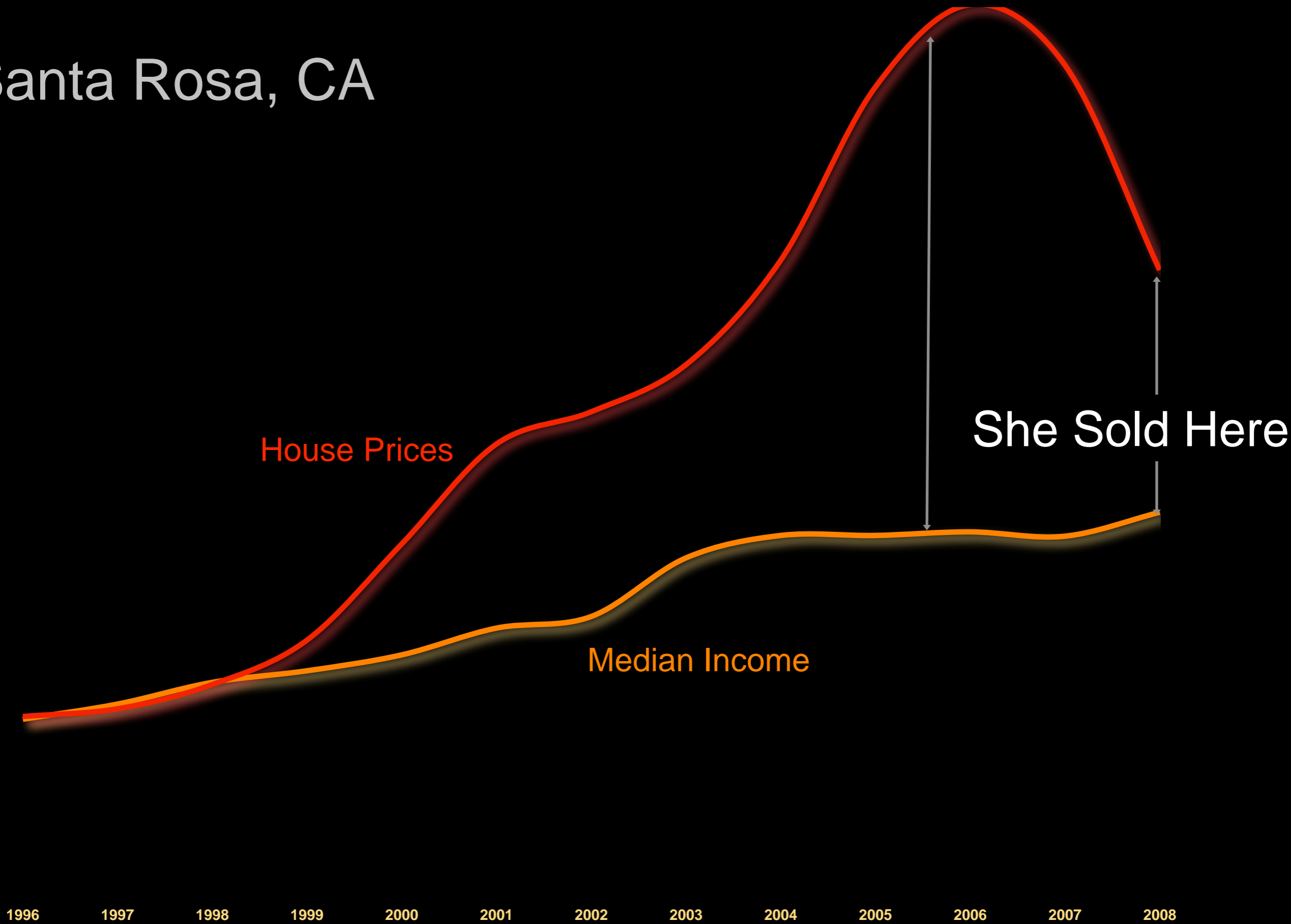


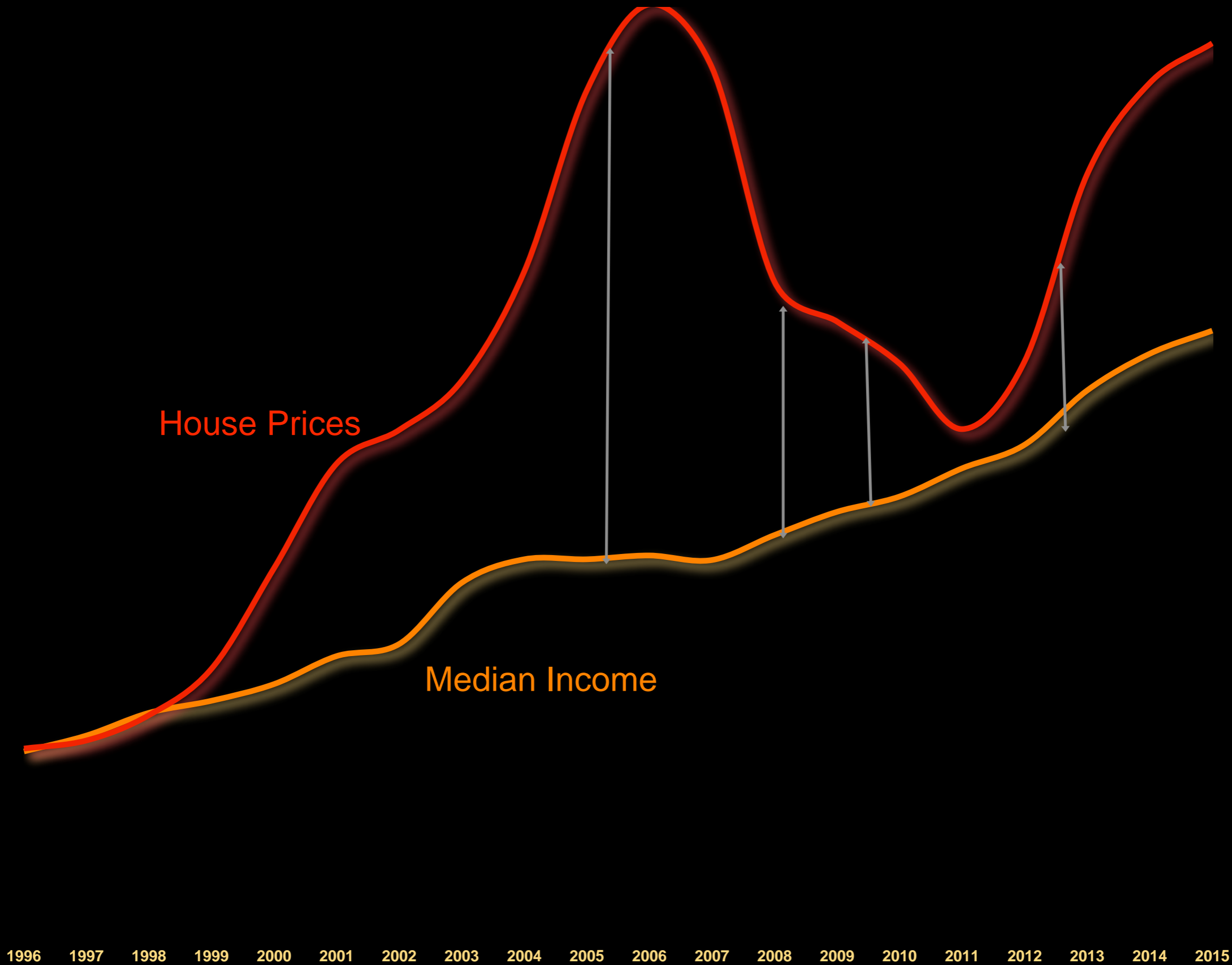




Purchase Price	250,000
Inflation Factor (AMI)	7%
Maximum Resale Price	267,391
Appreciation	\$17,391
Aprox. Loan Paydown	\$14,000
Est. Total Gain	\$31,391

Santa Rosa, CA





House Prices

Median Income

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015



Cornerstone Partnership

Keeping Homes Affordable & Communities Strong

www.AffordableOwnership.org