HOUSING | CULTURE, POLICY, PRODUCTION

School of Architecture | Pappas Real Estate Development Program

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Where Workers Can Afford to Live

Jake Smith
Iker Ormazabal
Kevin Lewis

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Executive Summary

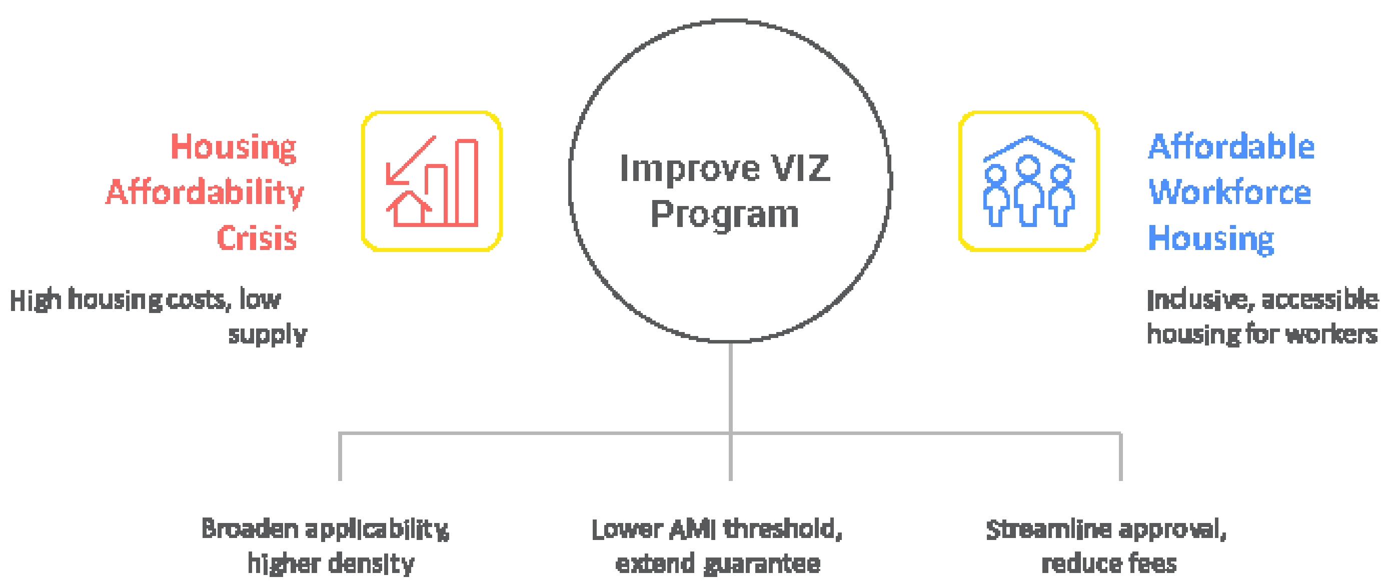
Inclusionary zoning is a critical policy tool to expand workforce housing in Raleigh, ensuring that the city's rapid growth remains inclusive and sustainable. By incentivizing developers to set aside a share of new housing units at affordable price points, inclusionary zoning helps integrate workforce housing into high-opportunity areas near jobs, schools, and transit. This approach not only increases the supply of affordable homes without relying solely on public subsidy but also fosters mixed-income communities that strengthen economic mobility and social equity.

For Raleigh, where rising housing costs are outpacing wages for teachers, healthcare workers, service employees, and other essential workers, inclusionary zoning provides a proactive strategy to align housing development with community needs. Leveraging the city's growth, this policy can balance market dynamics, support local employers by keeping workers close to job centers, and preserve Raleigh's competitiveness as a place where diverse residents can live and thrive.

Research Questions

1.-Will Inclusionary Zoning in Raleigh increase the supply of affordable housing units?

2.-Does strengthening Raleigh's voluntary program drive more development?



Where Workers Can Afford to Live

The Power of Inclusionary Zoning Op-Ed

Raleigh's housing affordability challenge is real and mounting. According to a recent summary, many Raleigh households are paying far more than the standard 30% of income threshold for housing costs, and the supply of truly affordable units, especially those in meaningful locations, is not keeping up with demand. Simultaneously, the city's and state's zoning and development policies still reflect a legacy of **low-density, single-family zoning**: for example, roughly 55% of land within the city was zoned for single-family use prior to 2012. Raleigh has consistently been named one of the best places to live and work for years, and with these accolades comes housing challenges, especially for public service employees who do not otherwise qualify for housing assistance or subsidies. These include police officers, firefighters, teachers, nurses, sanitation workers, bus operators, and retail workers, making 60-80% of the Area Median Income (AMI). City of Raleigh leaders should take steps to expand workforce housing rental opportunities for these workers by improving the City's **Voluntary Inclusionary Zoning** (VIZ) program by more aggressively incentivizing the delivery of these units.

VIZ is a policy which offers developers incentives (often density or height bonuses) in exchange for a defined share of units afforable at "workforce-level" cost. Raleigh currently has a VIZ policy in place; developments in certain zoning districts, Transit Overlay Districts or Frequent Transit Areas, can receive density or height bonuses if they include at least 20% of the bonus units as affordable at 60% AMI, with affordability guaranteed for 30 years.

Given the **rapid urbanization and growth** in Raleigh, the city must scale up this tool in order to generate more workforce housing units within natural development patterns, rather than relying purely on subsidies or focused development. There are three steps Raleigh can take to improve the VIZ program:

First, **increase the reach of incentives and broaden applicability**. Right now, the density/height bonus program is limited to TODs or residential zones within a FTA. To generate more developments, including periphery corridors, Raleigh must extend the bonus incentives city-wide, and increase the reward to developers, such as reduced parking minimums, in exchange for workforce-units. By making the "carrot" more meaningful, the City can sweeten the deal for developers and unlock more units.

Second, **deepen the affordability level** and **extend the guarantee**. In reality, many workforce employees earn between 45-60% AMI, which must be recognized as the new target threshold. By also extending the affortablility control period beyond 30 years, a feature that many other jurisdictions already require, Raleigh can begin to bridge the gap between affordable units for low-income earners and market rate housing.

Third, the City must take steps to **increase efficiency**. By pairing VIZ policy with streamlined approval, expedited reviews can achieve approval more quickly for by-right projects, leading to faster construction times. Other changes can include reduced or waived fees, dedicated plan reviewers, and identifying partnerships to produce more units.

As with any conversation around affordable housing, there will be concerns from many Raleighites and developers alike. Will this hurt market development? **Not at all.** By granting density and height bonuses, the City is enabling developers to build more units, improving the number of successful projects while delivering the needed units. A voluntary program strikes a balance between market development and human justice. Will it change neighborhood character? The goal is to integrate workforce housing into more projects, not isolate or concentrate it. Mixed-income and transit-adjacent developments are consistent with the City's housing and planning goals, and VIZ will contribute to a **more socioeconomically healthy Raleigh**.

So, why not mandatory inclusionary zoning? The legal environment in North Carolina limits municipalities' ability to impose mandatory IZ on rental developments. A voluntary incentive program is the only viable path until the North Carolina General Assembly decides to make changes.

Raleigh's 2030 Comprehensive Plan Update envisions zoning provisions as a tool for generation mixed-income, equitable neighborhoods and the dispersal of affordable housing throughout the city, and expanding VIZ is a great tool to realize this vision, rather than reinforcing century old exclusionary zoning patterns. Raleigh's future depends not just on expanding housing supply, but on **ensuring that housing is affordable for those who keep our city functioning**. By expanding its VIZ program, Raleigh can use market dynamics to generate more workforce housing units. If done thoughtfully, with meaningful incentives, affordability safeguards, and increased efficiency, VIZ can become a cornerstone of Raleigh's housing strategy. It's time for the City to raise its ambition, so that the housing we build is not just plentiful, but inclusive and accessible too.

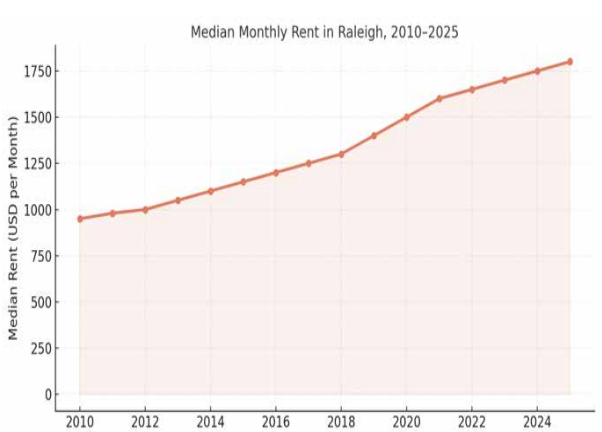
Where Workers Can Afford to Live
The Power of Inclusionary Zoning

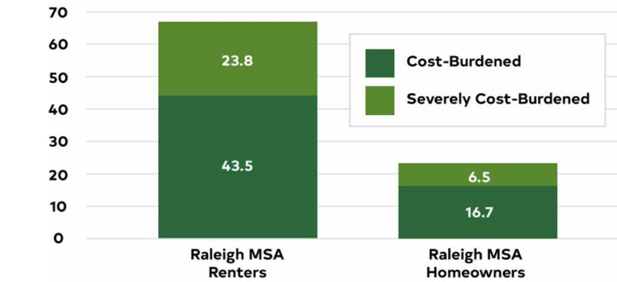
Raleigh is currently one of the fastest growing metropolitan areas in the United States, growing over 10% in population between 2020 and 2024. Driven by tremendous tech companies and universities, Raleigh is also seeing an increase in construction and labor.

Despite an increasing labor force, there is a supply gap in affordable new housing. The rapid, market-driven growth tends to favor high-end market rate projects, leaving a limited number of affordable units available (Fig 1).

Similarly, Raleigh is a renter dominated city, with renters outnumbering homeowners. Unfortunately, since 2010 the median rent cost per month has risen from just under $990 to nearly $1750 as of 2025.

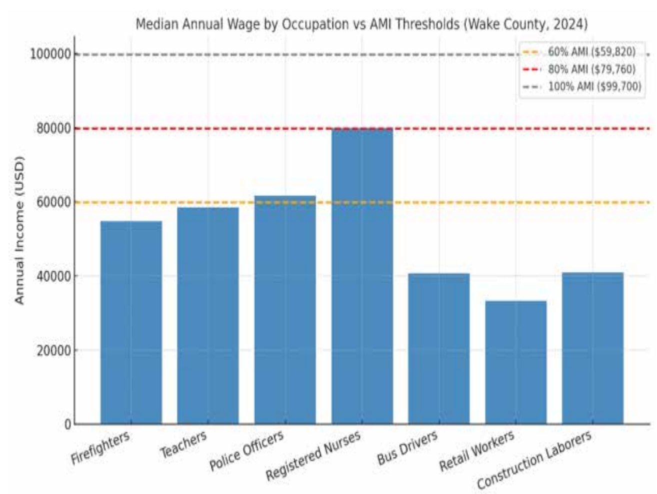
This has left over 23% of renters in Raleigh severely cost-burdened, struggling to make monthly rental payments. In other words, a worker making 60% of the AMI, or roughly $60,000, would be spending $21,000 annually on the median rent, or 35% of their salary.





Despite the fact that Raleigh continues to grow rapidly, with about 48 people moving to the city daily, there is a glaring housing crisis.

Most central to the affordability crisis is the workforce. The workforce includes professions such as teachers, firefighters, policemen, nurses, bus drivers, construction workers, retail workers, hospitality and food service workers, and more. The city defines the workforce housing threshold as 60-80% of the Area Median Income (AMI).

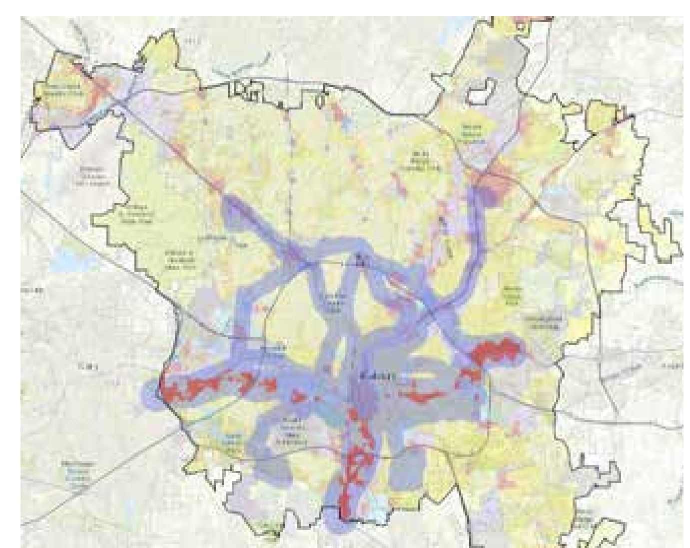


However, with the city's AMI currently sitting at $99,700, many workforce salaries sit below that bottom threshold in the 45-60% range, and existing housing programs and new construction does not offer a diverse, attractive, and well located plethora of affordable housing options (Fig 3). This leaves many essential city workers with few options within the center and farther isolated from public transportation, leading to longer commutes, greater traffic congestion, and an overall greater carbon footprint. Along with that, a lack of centralized affordable housing options leads to a greater demand in suburban housing production, further exacerbating single-use Euclidean Zoning practices.

Where Workers Can Afford to Live
The Power of Inclusionary Zoning

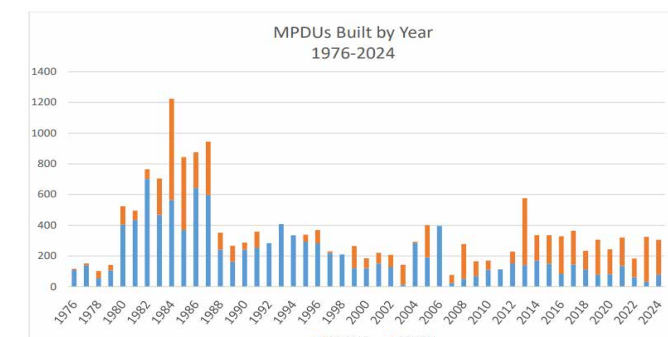
Our campaign insists that Inclusionary Zoning (IZ) is a critical policy tool that will expand the supply of workforce rental housing in Raleigh, strategically through incentivizing developers to set aside units at affordable price points for teachers, healthcare workers, service employees, and other essential workers. Furthermore, the drive in development spurred by an attractive voluntary inclusionary zoning program would help to integrate workforce housing into high-opportunity areas near jobs, schools, and transit. This not only increases the supply of affordable homes, but also creates more socially equitable mixed-income communities and strengthens the economic mobility of disadvantaged communities.

Currently, Raleigh's VIZ program targets areas of the City along High Frequency Transit Lines or within Transit Overlay District. Developers may increase the density or height of their multi-family developments in these areas so long as they reserve at least 20% of the extra units for residents making at least 60% AMI for a period of 30 years.



There are many examples of successful Inclusionary Zoning programs across the country. These have been both voluntary and mandatory programs. One such program was among the first in the nation, in Montgomery County, Maryland. In 1974, the County installed a Moderately Priced Dwelling Unit (MPDU) Program. This was a form of mandatory inclusionary zoning that required 12.5% to 15% of units of 20+ unit developments be affordable so that residents working in the County can afford to live in the community in which they work.

The program helps to distribute low- and moderate-income households throughout the high growth areas of the County. The county ensures this through a “control period,” or a timeframe of protected affordability, where rental units typically with 99 year affordability restrictions.



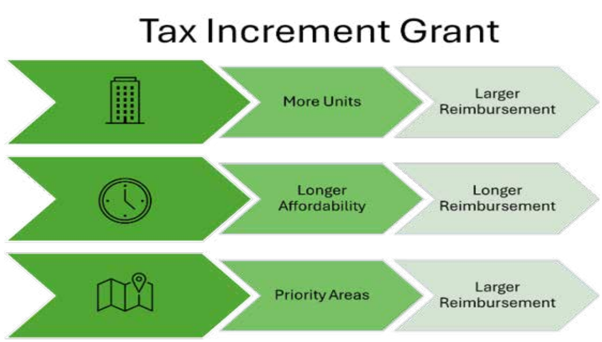
By 2020, the MPDU program created over 14,000 affordable units, with over 300 units per year. This stands as a testament of the ability to create a significant supply of workforce housing through top down zoning policies.

Closer to home, Asheville, North Carolina piloted a voluntary Land Use Incentive Grant (LUIG) Program between 2011 and 2023. It was placed on-hold following Hurricane Helene, but City staff has indicated a desire to restart the program soon.

Asheville required 20% of units as affordable at 80% AMI for minimum of 20 years. The City offered property tax rebates using a points system,awarding points based on location, term of affordability, and building design features. The City used the future projected tax revenue to help calculate the rebate.

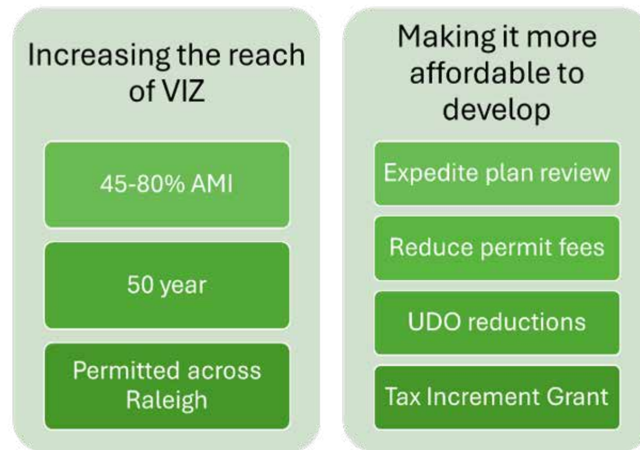
During the 12 year period which this program was in use, approximately 490 units were developed for long-term affordability in the City.

Both of these programs have delivered affordable units for the workforce without stunting market development patterns.

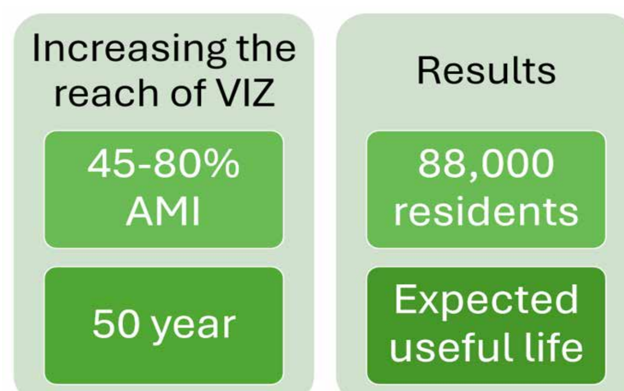


	Mechanic	Registered Nurse	Chief Executive
Annual Income	$59,480	$78,990	$255,770
Detached Home Cost Burden	122%	94%	29%
Duplex Cost Burden	62%	47%	14%
Fourplex Cost Burden	31%	23%	7%

The City of Raleigh can make changes to their existing program by focusing on two action areas.



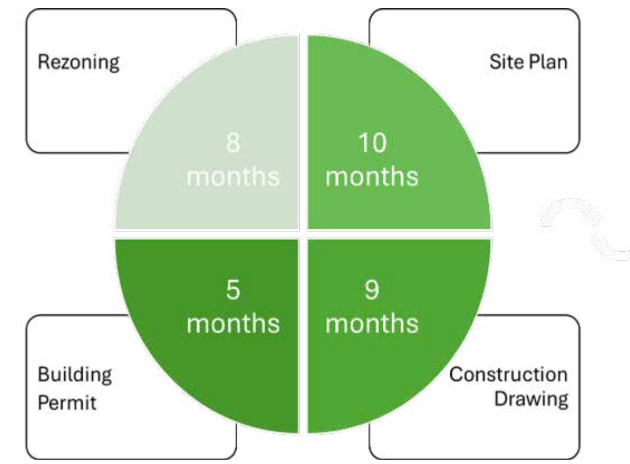
The City can increase the reach of their VIZ program by increasing the window of affordability to residents making between 45% and 80% AMI for a period of 50 years. More residents will become eligible for housing and units will be preserved for the useful life of the building.



Additionally, instead of focusing on a limited area of Raleigh, these bonuses should be permitted in all residential and mixed-use zoning districts across the City. This will give builders more opportunities for development, and residents more choices of where to live.

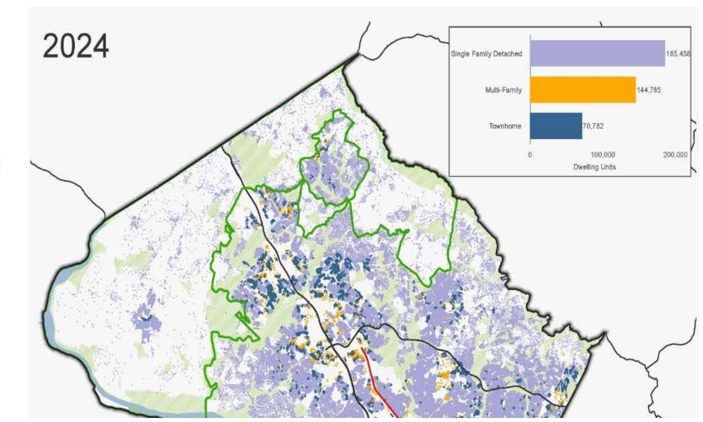
Next, City officials can make it more affordable for developers to build these units. One of the biggest barriers to affordable developments is the amount of time it takes to receive approvals. Raleigh leaders can expedite the plan review, permitting,

and approval process, saving time and money and allowing units to be delivered sooner.



Finally, the City can take steps to eliminate items which increase the cost of development, including reducing or eliminating permitting and review fees, waving certain UDO requirements (parking, landscaping, infrastructure, etc.), and expanding the City's existing Tax Increment Grant program to cover workforce housing projects.

How can we achieve these changes? By working with certain stakeholders, we can build a coalition of Inclusionary Zoning advocates to convince Raleigh officials to make these changes. Multifamily developers, affordable housing builders, neighborhood groups all play an important role in the construction of workforce housing units. Together, these advocates can work with Raleigh City Council, City Staff, and advisory boards to update the City's existing program.



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The Power of Inclusionary Zoning

Glossary of Terms

Area Median Income (AMI) | The midpoint of an area's income distribution, where half of the households earn above this amount and half earn below it.

Workforce | Service workers, including construction workers, public safety officials, teachers, registered nurses, transit operators, retail workers, etc.

Workforce Housing | Residential options for middle-income earners, distinct from deeply subsidized affordable housing and high-end market-rate properties.

Affordable Housing | Housing for which the occupant pays no more than 30 percent of their gross income for housing costs, including utilities.

Cost-Burdened | A household that spends more than 30% of their income on rent, mortgage payments, or other housing costs.

Euclidean Zoning | The separation of land uses by type - residential, commercial, retail, industrial, etc. - into their own distinct zone.

Transit Oriented Development (TOD) |

Economic Mobility | The ability of an individual or family to improve their economic standing over time, either within a lifetime or across generations

Control Period | A timeframe of control by the institution over a property or sale; in this case protected affordability for rental and for-sale housing units

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