

To: Biden-Harris U.S. Department of Housing and Urban Development – Agency Review Team
From: National League of Cities
Re: Policy Areas Important to America's Cities, Towns and Villages
Date: December 18, 2020

The National League of Cities (NLC) is the nation's foremost resource and non-partisan advocate for municipal governments and their leaders, representing all of America's 19,000 cities, towns, and villages. Our organization looks forward to working with the Biden-Harris Administration, and with the team at the U.S. Department of Housing and Urban Development (HUD).

The role and responsibility of municipal governments to meet the housing needs of residents is varied by state and transforming across the country. Local governments of all size, and regionally, are taking more responsibility for creating housing opportunities for all their residents.

Insufficient funding for programs under HUD are one reason local governments are adopting more comprehensive housing policies, to fill gaps in federal aid from chronically underfunded programs including the Section 8 rental subsidy program and public housing funds. There is also a growing recognition among local leaders of the responsibility every level of government must accept to address and correct racist and segregationist policies of the past, such as redlining, that continue to harm people of color and distressed communities today.

From 2018 to 2020, NLC worked with a bipartisan task force of local elected officials to re-examine housing policies and programs, and to develop a federal-local platform for housing stability for all. The task force was created by NLC's 2018 President Karen Freeman-Wilson, then-mayor of Gary, Ind. and Chaired by Muriel Bowser, mayor of Washington, D.C. The task force was comprised of 18 other elected city leaders representing a diversity of views, city sizes, geography, roles in their respective regions and market types – plus the executive directors of two state municipal leagues (California and Michigan).

The task force produced a report, "[Homeward Bound, The Road to Affordable Housing](#)" that stands as NLC's guiding document for housing policy. The report found that housing, and public policy impacting housing, is the single biggest factor impacting economic mobility for residents. When residents have stable living conditions, the benefits are apparent — students do better in school and health outcomes improve. Communities benefit from this stability. Opportunities for investment growth and economic prosperity develop when sustainable housing serves the needs of residents across generations and income levels.

For federal and local policy, stable housing is a prerequisite for:

- **Economic mobility.** Federal investment in affordable, stable housing is also an investment in children and their future. Student achievement is maximized when students can go home to stable, affordable housing. Low-income children in affordable housing score better on cognitive development tests than those in unaffordable housing. Younger low-income children in families using housing vouchers to move to neighborhoods with better opportunities earn an average of \$302K more in their lifetime. And affordable housing options in high opportunity neighborhoods create economically diverse schools, which are 22 times more likely to be high performing as high-poverty schools.
- **Job security.** The construction of 100 affordable homes generates on average \$11.7 million in local income, 161 local jobs and \$2.2 million in local taxes. Conversely, involuntary housing loss, like forced moves and evictions, is strongly correlated to involuntary job loss.

- **Health and well-being.** Young children in families who live in unstable housing are 20 percent more likely to be hospitalized than those in stable housing. In addition, households with poor housing quality had 50 percent higher odds of an asthma-related emergency-room visit during the period of the study. Other research indicates that “five percent of hospital users who are responsible for half of the health care costs in the U.S. are, for the most part, patients who live below the poverty line and are housing insecure.

NLC supports the following federal-local platform for housing stability, which consists of five recommendations for local policy, paired with five recommendations for federal policy.

Local Policy Goals

1. **Establish local programs by combining funding and financing streams to support housing goals.** Among the means available to most cities are:
 - Housing trust funds;
 - First-time home buyer supports;
 - Housing rehabilitation and preservation grants or loans; and
 - Tax incentives
2. **Modernize local land use policies, including zoning and permitting, to rebalance housing supply and demand.** Focus on:
 - Data management to set development priorities;
 - Increased density allowances and ADUs;
 - Land trusts, banks; and
 - Streamlined development permitting, transparent fees and time-limited review procedures.
3. **Identify and engage broadly with local stakeholders; and coordinate across municipal boundaries, to develop a plan to provide housing opportunities for all.** To that end, utilize
 - Data to understand the local housing market conditions,
 - Partnerships with private- and non-profit sector actors,
 - Development of a comprehensive housing strategy based on a set of community-wide values that also identifies the consequences that may accrue when making choices among competing values.
4. **Support the needs of distinct sub-populations including the homeless, seniors and persons with conviction histories.** Cities should:
 - Look to the success stories on fighting chronic homelessness;
 - Prioritize specific sub-populations;
 - Target wrap-around support services; and
 - Maintain existing affordable housing stock and support rehabilitation efforts, reduce or eliminate restrictions on access to public housing that go beyond federal mandates for those with conviction histories.
5. **Prioritize equitable outcomes in housing decision as it is an essential component for success.** This means:
 - Ensuring enforcement of Fair Housing laws;
 - Putting decision making about public investments in the hands of communities most at risk for displacement; and
 - Rebuilding trust between local government and communities of color.

Federal Policy Goals

National polls overwhelming support greater federal investment in housing. The vast majority of the public (85 percent) believes that ensuring all residents have safe, decent, affordable homes should be a “top national priority.” This view is strong across the political spectrum: 95 percent of Democrats agree it should be a top national priority, along with 87 percent of unaffiliated voters and 73 percent of Republicans. Eight in ten voters also say that both the president and Congress should “take major action” to make housing more affordable for low-income households.

Local elected officials also overwhelmingly support greater federal investment in housing, and recognize that housing is extremely costly for working families. Those leaders are also making changes to reduce the wealth and housing affordability gap. According to NLC’s 2019 State of the Cities report, local governments are taking bold action to improve housing stability and affordability through land and housing trusts, eviction assistance resources and fair housing ordinances. As noted by the task force chair, Washington, D.C., Mayor Muriel Bowser, in D.C., “affordable housing isn’t just a problem for our most vulnerable residents — it affects our entire community.”

1. Immediately stabilize and stem the loss of public and affordable housing.

Historic unmet demand for units of affordable and workforce housing has created a national housing crisis. Emergency or supplemental appropriations are an appropriate and necessary federal response to quickly intervene in the immediate crisis of housing supply.

- **Approve emergency funding to address the nation’s highest priority housing needs.** Funding could take the form of a stand-alone emergency bill, or as a piece of any larger infrastructure package.
- **Emergency funding should address the immediate crisis.** The public housing capital program, Community Development Block Grant program, HOME program, and National Housing Trust Fund are key incentives of housing production for local governments.

2. Follow emergency intervention with passage of a long-term, stand-alone federal housing bill that authorizes ten years of new funding for pilot programs that advance housing for all.

Now is the time to rethink and modernize housing policy at every level of government. Although cities value current HUD programs, it’s clear that existing resources are insufficient to stem the growth of the affordable housing crisis.

- **Reauthorize and restore the HOME Investment Partnership Program and the Community Development Block Grant Program.** The HOME program is the only federal grant program aimed at construction of affordable housing in support of local governments. Unfortunately, funding cuts have significantly reduced the impact of the program which, today, serves mostly to cover gaps in financing of tax-credit housing projects. HOME should be reauthorized to support the construction of small and medium multifamily units that create greater housing options for multiple income levels across neighborhoods. The CDBG program, the largest single federal grant program available to local governments, is bloated with regulatory and reporting requirements and is ripe for review to increase efficiencies and reduce burdens on grantees.
- **Increase funding for the National Housing Trust Fund and authorize a pilot allocation to regional councils of government.** The pilot would determine if lessons learned from regional allocations from the Highway Trust Fund can be applied to the National Housing Trust Fund. It would also foster the blending of federal funding for construction of affordable housing and transportation infrastructure.

- **Commit to a new vision for public housing and public housing agencies as the nation's stewards of permanently-affordable housing.** Public housing is the nation's largest source of permanently-affordable housing. More than 3,000 large and small public-housing agencies assist families and individuals at the bottom rung of the economic ladder by providing housing stability. A well-maintained stock of permanently-affordable housing would help cities manage swings in the housing market and weather economic downturns.
 - **Protect and improve underserved and affordable housing and homeownership requirements on the private market.** The policies adopted by mortgage finance giants Fannie Mae and Freddie Mac shape neighborhoods and economic opportunity. Federal regulatory requirements should recognize and leverage these forces which have the power to improve access to affordable and workforce housing. That includes regular allocations to the National Housing Trust Fund and products that support the market for construction of workforce housing and small-dollar mortgage loans.
3. **Support innovation and modernization of land-use and planning practices at the local and regional level.** Cities, towns and villages across the U.S. are already reevaluating local land use and planning practices to make them more equitable and to address past discriminatory practices. These municipalities are also already working to establish codes that reflect a need for resilience in the face of extreme-weather events. Different approaches may make higher-opportunity neighborhoods more — or less — accessible, but the impacts are not always clear. Moreover, inequities exist regionally between the cities, towns and villages just as they exist between neighborhoods.
- **Provide federal grants for local housing, planning, land use and community engagement.** The cost of developing and administering changes to local land-use policies and practices puts quick action out of reach for many, if not most, of the 19,000 cities, towns and villages in the U.S. Federal funding and technical assistance would speed the development and adoption of best practices among local governments.
 - **Offer renter tax credit.** A federal tax credit for renters, which does not currently exist, would expand the availability of federal rental assistance in the form of a refundable tax credit targeted to lower-income, rent-burdened households. A new balance of renter-tax credits and direct subsidies has the potential to improve equity and economic mobility opportunities at the local level.
 - **Increase funding, landlord incentives and mobility for HUD's Choice Voucher Program.** Given the fundamental importance of housing stability for nearly every measure of well-being for residents, it is unreasonable to place arbitrary funding limits on the HUD Choice Voucher Program and administer housing assistance as a lottery. Rather, in conjunction with a well-regulated housing market, federal housing assistance should meet the demand for housing for all. Short of that, the federal government should increase funding annually by significant and predictable margins until the lottery aspect of the program is nullified.
 - **Fix the market for small-dollar mortgage lending and entry level homeownership.** Recent research from the Urban Institute has shown that, even for credit-worthy borrowers, financial institutions are generally not approving small-dollar mortgages. As a result, three quarters of homes purchased for \$70,000 or less in 2015 were purchased with cash, indicating risky property speculation. The unavailability of small-dollar mortgages puts housing out of reach for homebuyers at lower-incomes, and revitalization out of reach for communities in distress.

4. **Fix inequities in housing development and the housing finance system.** The long history of federally-sanctioned housing discrimination and racial segregation is embedded in the development of America's cities, towns and villages. This legacy continues to have profound impacts on people of color and other vulnerable groups to this day. According to Brookings, on average in metropolitan areas, homes in neighborhoods that are 50 percent black are valued at roughly half the price of homes in neighborhoods without black residents.

It is incumbent upon all elected officials to understand how the present housing inequities came about. It is also their responsibility to make fully-informed policy choices that stop the perpetuation of these inequities, unintentionally or otherwise.

- **Reform of the Community Reinvestment Act (CRA) to increase public accountability of banks to serve every community.** CRA assessment areas need to be updated to include areas with considerable bank lending and deposit gathering outside of bank branch networks. This would result in more loans and investments reaching low and moderate income (LMI) borrowers and communities. Regulators should also improve public data around community development lending and investments in order to provide greater clarity to lenders about what qualifies for CRA and to help identify areas around the country in need of greater community development lending and investing. Conversely, federal regulators should not adopt a one-ratio or single-metric approach to CRA exams, and should not adjust bank asset thresholds solely for making exams easier for banks to pass, or otherwise dilute attention to LMI borrowers and communities.
- **Eviction prevention and mitigation grants.** In 2016, 2.3 million eviction filings were made in U.S. courthouses — a rate of four every minute. That same year, one in 50 renters was evicted from his or her home. The federal government should partner with local governments and other stakeholders to help residents overcome events that place them at risk of eviction.
- **Expand Fair Housing to include sexual orientation, gender identity, marital status and source of income.** A growing number of local governments are enacting fair housing protections beyond those required by federal statute to ensure housing opportunities for every resident. Unfortunately, various state preemptions of local authority over land use and protected classes has created an uneven and inequitable marketplace for housing across the country. The federal government should level the field by expanding fair-housing protections.
- **Targeted investment and access to credit for neighborhoods and residents impacted by redlining and reverse-redlining.** As documented by the Economic Policy Institute, the Federal government's general failure to intervene in discriminatory mortgage lending practices is one of the root causes of racially segregated, impoverished neighborhoods. For such communities, to overcome decades of unfair treatment, new targeted federal resources should be enacted to restore housing stability and rates of homeownership. This would also serve to stabilize impacted neighborhoods overall.
- **Fair housing and anti-displacement in federally-designated opportunity zones.** NLC's 2018 City Fiscal Conditions survey indicates that local tax revenue growth is experiencing a year-over-year slowdown, as it is outpaced by growth in service costs and other expenditures. For cities and city leaders, opportunity zones represent a chance to overcome such slowdowns and associated neighborhood decline, in new and innovative ways. Within opportunity zones, private investment supplements public spending to advance public policy goals. It follows that public and private investment within Opportunity Zones should be in alignment

according to key performance measures of fair housing and equitable economic development.

5. **Supports scalable innovation and financing for cities, towns, and villages.** Every U.S. city, town and village relies on strong regional partnerships with HUD and the United States Department of Agriculture (USDA) for capacity building and access to capital to better serve the housing needs of their residents. The federal government is often the only feasible source of technical assistance and access to capital for the 20 percent of the U.S. population that lives in small and rural communities. The Housing Assistance Council, in Congressional testimony, put it best: “Rural housing markets are not just smaller versions of urban ones, and [federal housing programs] do not necessarily translate to the benefit of rural places. The few programs and modest federal spending on rural-specific programs are simply not enough to maintain a level playing field with other parts of the country.”
- **Increase funding for USDA rural-rental programs and improve alignment with HUD rental-assistance programs.** For many rural communities, housing instability and unavailability are compounding broader economic crises that have been decades in the making. These situations require a variety of approaches to overcome. At the same time, economic recovery cannot begin without housing stability.
 - **Increase coordination between public housing agencies regionally.** The number of affordable housing units administered by Small Public Housing Agencies may be small compared to large PHAs, but there is nothing more important to the community. In addition to housing, small PHAs often serve as a hub for residents to access a far broader range of support services. More capacity building and technical assistance for small PHAs is necessary so that they can coordinate regionally and connect service providers across jurisdictional boundaries.
 - **Offer federal assistance to rural homebuyers.** Homebuyers in small and rural communities often face challenges similar to impoverished urban neighborhoods, like inadequate access to mortgage credit, aging and declining housing stock and higher costs for housing construction and rehabilitation. Federal-homebuyer assistance should be available and flexible for use in both urban and rural communities.

In addition to these priorities, since 2016 NLC has partnered with HUD’s Office of Lead Hazard Control and Healthy Homes (OLHCHH) in engaging municipal leadership in the creation of healthy neighborhoods and local housing policies to address lead and healthy homes issues. For example, thanks to our collaboration with HUD’s OLHCHH, we (NLC) launched the [Lead Safe and Healthy Neighborhoods Mayor’s Challenge](#). This initiative challenge cities and local leaders to take-action in their cities by committing to one or more “Action Challenges” designed to improve health outcomes for children and families around indoor environmental hazards. Municipal leaders (e.g., mayors and/or city managers) now have the opportunity to commit to concrete action steps that range from informing and engaging local residents and stakeholders, to more complex policy changes.



Homeward Bound

THE ROAD TO AFFORDABLE HOUSING



CENTER FOR CITY SOLUTIONS

About the National League of Cities

The National League of Cities (NLC) is the voice of America’s cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

Acknowledgements

Special thanks to the housing specialists, scholars, real estate developers, city staff and task force members whose participation and contributions to the task force made this work possible.

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FOREWORD FROM MAYOR BOWSER

The United States has a housing crisis. In cities and towns nationwide, access to housing — particularly access to safe and affordable housing — continues to be a major concern and increasingly serves as one of the biggest barriers to economic prosperity for American families.

Because of stagnant wages, rising real estate prices, higher interest rates, and strict lending standards, housing has become an outsized cost for more and more working families. And not just for homeowners. Nearly 40 percent of households in the U.S. are rented homes, and of these households, half are “cost burdened,” meaning they spend more than 30 percent of their income on housing. Too many Americans are forgoing basic necessities just to pay rent or make their mortgage payment.

This crisis is affecting the quality of life for people throughout our nation, and the time to act is now. All levels of government need to face this housing crisis head-on.

We know: When cities come together and focus on an issue, we get the work done. Cities are incubators for innovation and places where rhetoric translates into action.

But cities cannot do this work alone. The federal government must step up, treat our nation’s housing needs seriously, and recognize that housing is infrastructure. Together, we must double-down on solutions that are working. We must think bigger and bolder to address our most persistent challenges. And when we have solutions, we must fund them.

A safe and stable home is the first step to a safe and stable life. Together, we must act with urgency to end our nation’s housing crisis.



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MURIEL BOWSER
Mayor, Washington, D.C.,
and Chair, NLC’s Housing Task Force

INTRODUCTION

Housing is the single biggest factor impacting economic mobility for Americans.^{1,2} When residents have stable living conditions, the benefits are apparent — students do better in school and health outcomes improve.³ Communities benefit as a whole from this stability. Opportunities for investment growth and economic prosperity develop when sustainable housing serves the needs of residents across generations and income levels. It's up to local governments to make the right housing decisions to create positive outcomes for residents and communities.

Stable housing is a prerequisite for:

■ **Economic mobility.** Federal investment in affordable, stable housing is also an investment in children and their future. Student achievement is maximized when students can go home to stable, affordable housing. Low-income children in affordable housing score better on cognitive development tests than those in unaffordable housing.⁴ Younger low-income children in families using housing vouchers to move to neighborhoods

with better opportunities earn an average of \$302K more in their lifetime. And affordable housing options in high opportunity neighborhoods create economically diverse schools, which are 22 times more likely to be high performing as high-poverty schools.⁵

■ **Job security.** The construction of 100 affordable homes generates on average \$11.7 million in local income, 161 local jobs and \$2.2 million in local taxes.⁶ Conversely, involuntary housing loss, like forced moves and evictions, is strongly correlated to involuntary job loss.⁷

■ **Health and well-being.** Young children in families who live in unstable housing are 20 percent more likely to be hospitalized than those in stable housing.⁸ In addition, households with poor housing quality had 50 percent higher odds of an asthma-related emergency-room visit during the period of the study.⁹ Other research indicates that “five percent of hospital users who are responsible for half of the health care costs in the U.S. are, for the most part, patients who live below the poverty line and are housing insecure.”¹⁰

¹ [The Links Between Affordable Housing and Economic Mobility](#), Reid, Carolina, The Turner Center, University of California at Berkeley, May 2018.

² [Housing Policy Levers to Promote Economic Mobility](#), Blumenthal, Pamela and McGinty, John, the Urban Institute, October 2015.

³ [The Positive Impacts of Affordable Housing on Health: A Research Summary](#), Lubell, Crain, and Cohen, Enterprise Community Partners, 2007.

⁴ [Housing Affordability and Child Well-Being](#), Newman, Holupka, Bloomberg School of Public Health, Johns Hopkins University, January 2015.

⁵ [High-flying schools, student disadvantage, and the logic of NCLB](#), Harris, American Journal of Education, 113(3), 367-394. (2007).

⁶ [Housing Investments Spark Economic Stimulus and Job Creation](#), Fact Sheet, Opportunity Starts at Home Campaign, 2019.

⁷ Who gets evicted? Assessing individual, neighborhood, and network factors, Desmond, Gershenson, Harvard University, Social Science Research, 1-16, 2016.

⁸ [Housing as a Health Care Investment: Affordable Housing Supports Children's Health](#), Sandel, Cook, Poblacion, Sheward, Coleman, Viveiros, Sturtevant, National Housing Conference, Children's HealthWatch, 2016.

⁹ [Pediatric Asthma Health Disparities: Race, Hardship, Housing, and Asthma in a National Survey](#), Hughes, Matsui, Tschudy, Pollack, Keet, Academic Pediatric Association, November 2016.

¹⁰ [Tailoring Complex Care Management for High-Need, High-Cost Patients](#), Blumenthal, Abrams, JAMA, October 2016.

The task force settled on a set of five national housing policy recommendations:

-  1. Immediately stabilize and stem the loss of public and affordable housing.
-  2. Follow emergency intervention with passage of a long-term, stand-alone federal housing bill that authorizes ten years of new funding for pilot programs that advance housing for all.
-  3. Support innovation and modernization of land-use and planning at the local and regional level.
-  4. Fix inequities in housing development and the housing finance system.
-  5. Support scalable innovation and financing for cities, towns and villages.

They also settled on five local recommendations:

-  1. Establish local programs by combining funding and financing streams to support housing goals.
-  2. Modernize local land use policies, including zoning and permitting, to rebalance housing supply and demand.
-  3. Identify and engage broadly with local stakeholders; and coordinate across municipal boundaries, to develop a plan to provide housing opportunities for all.
-  4. Support the needs of distinct sub-populations including the homeless, seniors and persons with conviction histories.
-  5. Prioritize equitable outcomes in housing decision as it is an essential component for success.

Our goal is to ensure that safe and quality housing will be viewed as a right, not a choice.

In order to make real progress in narrowing the gap in access to quality, affordable and safe housing, local leaders must take on the status quo and make significant structural alterations. The most obvious route to address historic inequities would be to institute new policies that consider housing affordability, housing stability and the gap in availability of safe, healthy housing in all communities. City governments must provide tenants with legal support, prevent foreclosures, prioritize control over zoning by communities of color and create independent equitable development entities that put decision-making power over public investment in the hands of communities most at risk for displacement.



A NATIONAL AGENDA

Every American deserves the opportunity for housing, because stable housing is a prerequisite for economic mobility, job security, and health and well-being.

President Lyndon Johnson signed The Housing and Urban Development Act into law in 1965. With the stroke of his pen, he transformed the way government approaches housing. The new law established a [national goal](#) to “make sure that every family in America lives in a home of dignity and a neighborhood of pride, a community of opportunity and a city of promise and hope.”¹¹ The Act would reshape American cities, towns, and villages by vastly expanding housing and homeownership opportunities — for some. Official policies of residential segregation and housing discrimination, including mortgage redlining, made their own mark on cities and tribal lands in ways we still haven’t overcome.

Early Federal Policy

American’s attitudes and biases about housing are changing; local governments are changing in response.

Today’s housing crisis is rooted in the bedrock of America’s founding and the seizure of land for development by new settlers. Fast forward to the 1930s: America was building on existing racist deed restrictions with the introduction of redlining, which was the overt practice of restricting the neighborhoods in which homebuyers could get federally-backed home mortgages

based on race and ethnicity. National policy sanctioned by the Federal Housing Administration included color-coded lines drawn on maps to delineate areas where financial institutions should or should not invest.

The federal government built redlining into its developing federal mortgage system, transforming American cities. Local government was complicit in redlining through its role in using the federal guidelines. In the 1930s, redlining converted clear racist action into structural racism that has resulted in long-lasting negative impacts. The practice shaped the geography of American cities, towns and villages, and embedded drastic racial bias into both institutional policy and implicit associations by setting the precedent that spaces associated with people of color are risky investments.

Historically, decisions made by local government leaders have in many cases exacerbated this crisis. While there is increasingly strong leadership by mayors and councilmembers, the problems with the current-day housing crisis are often the outcomes of past restrictive local policies, such as the movement in the post-World War II era toward suburbanization and housing policies dependent on automobiles.

¹¹ HUD at 50: Creating Pathways to Opportunity, Khadduri, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2015.

Adding to this history of inequitable outcomes in the housing market are choices made by local government officials to protect incumbent homeowners rather than newcomers through “NIMBY” politics. This trend has grown over the last 70 years. Even though some trends are reversing on sprawl, NIMBYism is still a potent force.

In addition to impacts on housing and geography, the legacy of redlining facilitated the racial wealth gap. Since most Americans build wealth through homeownership, the provision of higher value government-backed loans to white families that were denied to families of color subsidized the intergenerational accumulation of wealth differentially by race. People of color were systematically denied loans and forced into devalued properties. Unfortunately, these patterns of racial discrimination in lending continue as, even today, real estate and financial industries deny low-interest loans to people of color at higher rates than they do to white people.

Racialized zoning has permanently altered America’s cities. It embedded legally recognized segregation into our geography and social relationships. Today’s housing crisis is a descendant of these destructive, 90-year old policies. Addressing today’s housing crisis requires us to examine our past. It also requires city leaders to address those residents most impacted by the housing crisis today. These efforts may help rebuild the trust that communities of color have lost in their local governments due to centuries of policies, practices and procedures that caused differential outcomes by race.

Changing Urban Patterns

Urban decline, characterized by “white flight” (a term coined in the mid-20th century to describe the departure of white people from places largely populated by people of color), and residential segregation, mortgage discrimination, and federal disinvestment in legacy infrastructure, has made its way to the towns, villages and suburbs beyond city limits. Problems once concentrated in large urban areas have sprawled. But there’s another problem. Local leaders in the suburban and rural areas don’t have federal programs tailored to their municipalities. Instead, their only choice is to address these challenges using set federal programs established with large cities in mind.

Suburban sprawl is resulting in problems once relegated to urban spaces. Such problems include those associated with maintenance and replacement of decades-old, federally-funded legacy infrastructure and public housing. And no matter the location or size of a city, village or town, challenges like these are too big to solve alone.

Local elected officials are hearing the message loud and clear that all residents are ready for a new direction on housing. Local governments, having contributed to the present state of housing affordability, are changing their approaches to housing. Many are adopting practices that reduce costs and limit other barriers to housing development. Experimentation and innovation at the local level, free from the threat of federal preemption, is the appropriate response at this time.

Despite abundant research and evidence supporting the importance of housing stability, the growing demand for housing



assistance, and the demonstrable need for greater policy interventions, federal housing assistance is poised to fall to its lowest level in 40 years.^{1,2}

For many reasons, the federal budget and appropriations process has failed to create opportunities for Congress to intervene sufficiently before a housing crisis, past or present. The housing foreclosure crisis precipitated The Great Recession that finally spurred Congress into action with a recovery act, and a new set of quickly-assembled programs to mitigate foreclosure and eviction. In the end, these efforts did not live up to expectations.

The federal budget and appropriations processes are also subject to constant and growing uncertainty, even in years

when the government avoids shutdowns. Uncertainty over program funding and subsidy availability weakens potential for federal intervention in the housing market, where lenders and developers alike crave and reward certainty.

Furthermore, most public housing in the U.S. is at least 40 years old and in need of repair. Despite a clear need, years of funding cuts, uneven management and oversight have jeopardized the longevity of about a million units of permanently affordable public housing. The primary residents of public housing — families with children, the elderly and people with disabilities — will strain public services if their housing becomes distressed to the point where they have to be involuntarily removed.

¹New Budget Deal Needed to Avert Cuts, Invest in National Priorities, Parrott, Kogan, Taylor, Center on Budget and Policy Priorities, 2019
²Chart Book: Cuts in Federal Assistance Have Exacerbated Families’ Struggles to Afford Housing, Rice, Center on Budget and Policy Priorities, 2016

AFFORDABLE HOUSING FOR VULNERABLE POPULATIONS

Housing affordability issues can be particularly harmful for more vulnerable populations like the homeless, senior citizens and residents with incarceration histories. However, improvements over the past decade serve as evidence that positive change will continue.



The Homeless

Housing and other issues, such as homelessness, have been viewed as intractable urban policy issues for decades. But the nation's housing-affordability crisis has only been around since the 1970s, with the modern experience of homelessness emerging in the early 1980s.

As cities grappled with unsheltered homelessness, a variety of responses developed around the idea of emergency shelter. In the ensuing decade, a shelter and transitional housing-based system developed with budding federal resources. At the start of the 1990s, homelessness became less of a priority. Additionally, the homeless were often required to demonstrate medication and sobriety compliance before being considered for permanent housing placement.

Introduction of the U.S. Housing and Urban Development's Housing First strategy, built on the premise that the answer to homelessness

is housing, turned this framework around in the early- to mid-1990s. The strategy placed people into housing, regardless of sobriety and medication compliance. It also provided client-tailored case management services. As efforts built, these services began to include clinically-proven case management techniques based on harm-reduction and trauma-informed care.

In 2010, the federal government's plan, Opening Doors, amended its plan to prioritize specific sub-populations for the first time. By then, many communities had developed plans to end homelessness, and since 2010, veteran homelessness in the U.S. has declined 48.8 percent.



Senior citizens

With an estimated 50.8 million people aged 65 and older in the U.S., addressing the issue of home repairs and modifications so that residents can age in place can seem daunting for local leaders. But these modifications are necessary to reduce emergency responder calls for injuries resulting from homes not having things like ramps and grab bars.

To strategically meet this growing need, city leaders can standardize the assessment of needs, improve resource targeting, enhance service provider coordination, increase client-

level data-sharing and persistently engage local decision makers.

Home repair programs administered by local government (and often funded with resources from the CDBG program) can be targeted to support low-income seniors. Capturing these data and targeting information about these households allows cities to address various housing challenges.



Residents with incarceration histories

Cities and towns of all sizes need to consider their roles in policy, services and support for the nine million Americans who get released from jail each year, as well as the more than 600,000 persons released annually from state and federal prisons. Even a few days spent in jail can cause housing issues. In addition, challenges to finding housing often worsen after prison reentry. In 2013, HUD noted that “Incarceration and homelessness are highly interrelated as the difficulties in reintegrating into the community increase the risk of homelessness for released prisoners, and homelessness in turn increases the risk

for subsequent re-incarceration.” (Notice PIH 2013-15 (HA))¹²

To cut down on the risk of homelessness for these residents and improve their access to housing, city leaders must commit to reviewing, and modifying if necessary, local fair-housing policy related to landlords’ ability to deny rental applicants based solely on conviction history. Prison and pre-arrest diversion also rank high on the list of city policy options.

Some city leaders may also have the ability to influence local public housing authority (PHA) policies. PHA can also contribute to other inequities, as described in 2015 HUD guidance: “Because of widespread racial and ethnic disparities in the U.S. criminal justice system, criminal-history-based restrictions on access to housing are likely disproportionately to burden African-Americans and Hispanics.” (Notice PIH 2015-19)¹³

City leaders who can influence PHA policy should dig further and ask themselves if the local PHA places additional restrictions on access to public housing beyond those restrictions required by Federal regulations (which are limited to one’s name appearing on the lifetime sex offender registry or convictions for manufacturing methamphetamines on government property). If such additional restrictive layers exist, city leadership should look into whether or not the restrictions meet a “reasonable and necessary” test of producing tangible evidence of improved public safety. If they don’t, actions should be taken to remove those additional layers.

¹² [Guidance on housing individuals and families experiencing homelessness through the public housing and housing choice voucher program](#), U.S. Dept. of Housing and Urban Development, Washington, D.C., June 10, 2013

¹³ [Guidance for Public Housing Agencies and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions](#), U.S. Dept. of Housing and Urban Development, Washington, D.C. Nov. 2, 2015

“
**City leaders must
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A DIFFERENT SET OF CHALLENGES — SMALLER CITIES, TOWNS, VILLAGES AND LEGACY CITIES

American municipalities represent a huge variety of sizes, places and circumstances, each with their own housing challenges. For many cities, especially those smaller in size or those with a legacy of growth driven by industrial manufacturing or family farms, stagnant economic trends have led to an excess of homes and/or residential lots.

Cities in this situation show a distinct pattern of economic changes that diminish the earning power of workers, often starting with increasing global competition, the loss of major employers or natural disasters such as draught or flood. In the absence of jobs and with reduced opportunities, populations decline, and tax dollars for new municipal investments designed to spur growth decrease.

Efforts to boost economic growth do not directly address vacant and abandoned housing, one of the greatest challenges for cities in this bucket. The 2018 report, *The Empty House Next Door*,¹⁴ suggests that small cities and rural areas have levels of vacancy comparable to, or higher than, even the most distressed central cities.

Other problems can include rental property owners who fail to maintain their property in habitable condition, inadequate building inspection and code enforcement, and limited protections for tenants facing eviction. Problems can extend to the leveraging of public lands through land trusts or land banks, and effectively using the Community Reinvestment Act to advance private sector investment.



¹⁴ [Guidance on housing individuals and families experiencing homelessness through the public housing and housing choice voucher program](#), U. S. Dept. of Housing and Urban Development, Washington, D.C., June 10, 2013

The first step is accruing data on vacant property. Gary, Indiana, through its Gary Counts initiative, has inventoried more than 58,000 parcels, leading to the identification of more than 25,000 empty lots and 6,500 vacant buildings. More than 200 volunteers, plus partners from Indiana University, University of Chicago, The Knight Foundation and the Legacy Foundation, supported the effort. The goal of this exercise, according to Gary Mayor Karen Freeman-Wilson, was to “make smarter, more calculated decisions on how to best address demolition and redevelopment.” The city made this a community-wide priority.

Although demolition of a dilapidated house is often the safest course of action, the cost of demolition and the backlog on such projects remain a challenge. Once a lot is cleared however, an increasing number of policy options emerge, like greening empty lots, side-lot annexations, land banking and land trusts.

Additionally, many cities create opportunities for vacant lot annexations as part of a wider neighborhood stabilization plan. In this case, existing homeowners may annex an adjacent vacant lot, thus increasing the size of their individual lot. This usually comes with an incentive, such as a property tax waiver for some fixed period on the value added to individual’s property. This technique keeps land on the tax rolls over the long-term, brings stability to the neighborhood and provides a tangible benefit to the homeowner who acquired the extra land.

Another alternative is to reinvent vacant lots as open space, especially in neighborhoods with few parks and playgrounds. Open space can also be turned into neighborhood gardens. Maintaining open space around a neighborhood has an added environmental



benefit: Open land absorbs rainfall instead of contributing to runoff that clogs sewer pipes. For land that is neither immediately commercially viable for sale nor useful for parks and open space, land banks and land trusts present the most useful options. A land bank acquires and holds land for future investment and development. Often these properties were the subject of foreclosure proceedings and may be tax-delinquent properties. Land banks are separate institutions from local governments but work hand-in hand to establish strategic long-term goals for real estate development.

A land trust (or community land trust), on the other hand, is a form of shared equity ownership to ensure permanently affordable housing. The largest and most well-known in the U.S. is the Champlain Housing Trust in Vermont. The second largest is the Dudley

Neighbors Inc. property in Boston’s Roxbury neighborhood. The trust manages real estate pulled from the private marketplace. Home prices are kept at below market rates because the land is kept by the trust and the appreciation of the property is shared from owner to owner over time. Each owner can buy into the trust at a below-market price in exchange for sharing the appreciated value of the property with the trust at the time of sale. This mechanism guarantees long-term affordability in perpetuity.

The best strategy is for cities to use an “upstream approach.” This means preventing vacancy before it happens. This approach requires coordination of several strategies including temporary or emergency mortgage/

rental assistance, vigorous code enforcement including rental inspection ordinances, incentive funds for improvements to homes and apartment buildings (going to owner-occupants or to building owners), and protections for tenants from evictions that aren’t just-case. Seniors on fixed incomes, for example, are a perfect target for programs that offer financial assistance for home maintenance and improvement toward the goal of helping residents age in place. For smaller communities that lack capacity for such preemptive measures, a shared regional housing authority (or even shared code inspection and enforcement) may prove to be an appropriate mechanism to manage such tasks.

Finally, because housing is such an important component of community prosperity, investments in nurturing or simplifying the creation of new small businesses is an essential task for city government. The U.S. Small Business Administration indicates that there are more than 30 million small businesses, which account for more than 99 percent of the U.S.’ businesses.¹⁵ These businesses are the drivers of economic churn in American communities and hire locally.



¹⁵ 2018 Small Business Profile, U.S. Small Business Administration, Washington, D.C., 2018, <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-All.pdf>.

LOCAL SOLUTIONS AND PRACTICES

American cities have varying levels of authority and different combinations of housing-related policy tools at their disposal. Even more important to note is that each city faces unique conditions in its local housing market. These varying conditions call for a diverse array of approaches to reach successful outcomes especially for “missing middle” housing for average income Americans. When it comes to cities providing housing for low and very low income residents, the efforts contributed by local governments must be supported by robust federal housing subsidy programs such as HUD’s HOME and CDBG programs.

Local housing market factors include:

1. Fluctuations in job and population growth or loss
2. Labor costs
3. Building material costs
4. Availability and cost of credit for consumers and for investors
5. The presence and capacity of real estate developers
6. The presence and capacity of Community Development Corporations and Community Development Financial Institutions
7. Availability, cost and regulation of land
8. The type, location and quality of existing housing
9. State preemptions
10. Building codes and inspections policies
11. Tenant protections (such as just-cause eviction, rent control, rental inspections)
12. Federal housing supports



- 13. History of real estate lending practices, including disparities by race, gender, etc.
- 14. History of restrictive covenants and discriminatory zoning practices like redlining
- 15. Perceived quality of schools
- 16. Perceived value of housing stock production compared to other policy goals (such as community character, building height, setback requirements and other aesthetics)

Some of these conditions are beyond local government control. Others, such as use of federal housing supports, land regulation, and how a city manages its permitting and real-estate development processes can be greatly influenced by local governments.

In cities with hotter markets, skyrocketing housing prices are often the result of mismatches between supply and demand. A growing economy paying good wages to an expanding high-skill workforce attracts more residents. Those residents in turn compete for a limited pool of housing. Thus, supply of housing for middle income working families remains insufficient. Meanwhile, older housing stock that might otherwise be affordable remains out of reach for many lower- and middle-income residents because consumer demand keeps rents high overall. This is an example of downward market pressure.

In cooler-market cities where employment numbers are flat or declining and population may also be declining, property values tend to be stagnant. This happens when properties fail to appreciate, which means homeowners don't accumulate wealth even though tax rates often increase. Existing residents — many of whom may be on fixed incomes,

like seniors — experience greater and greater economic strain.

These cities in economic transition often have little capital to make strategic investments to keep decay, blight and abandonment at bay. The spiral continues until land prices drop so low that they entice private sector speculation. This trend has severe consequences, like the potential loss of existing affordable housing due to abandonment, neglect and ultimate demolition, and displacement of existing residents who will not reap the benefits associated with new investments.



Local Case Studies

Different cities have handled these challenges differently. Members of the housing task force have shared their stories to help their peers think through their own housing challenges, and consider what tools might help solve them.

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In cities with hotter markets, skyrocketing housing prices are often the result of mismatches between supply and demand.

1. LOCAL GOVERNMENT: LEVERAGING FINANCES



Case Study: Washington, D.C.’s Housing Preservation Fund

Key strategies learned in Washington, D.C.:

- Make preserving existing affordable housing a priority.
- Partnerships outside local government are essential to secure the necessary capital.

Washington, D.C.’s, population and economy have grown in recent years, causing an increased demand for affordable housing for low and moderate income households. In addition, the current affordable-housing stock is at risk because:

- Between 2006 and 2014, at least 1,000 subsidized housing units became less affordable.
- An additional 13,700 units have subsidies that will expire by 2020 and may also become less affordable.

Following the recommendations of the DC Housing Preservation Strike Force (an 18-member team of housing experts and members of the public created in 2015 by Mayor Muriel Bowser to address the issue of affordable housing), the city created a “Preservation Unit” within the Department of Housing and Community Development. The unit launched in 2017 and focuses on preserving affordable units with and without government subsidies. It also collects and maintains data on all affordable housing opportunities in the city. Its specific duties include:

- Reaching out to property owners, investors and others associated with real estate and housing advocacy in the District to establish relationships and gather information.
- Discussing specific options with owners and other interested parties with the goal of coming to agreement on preservation outcomes, even when the threat to affordability is not in the immediate future.
- Providing financial and technical assistance in real-time so preservation emerges as the most efficient and effective method for the city to provide affordable housing.

Mayor Bowser invested \$10 million in local funds for the unit’s Housing Preservation Fund in fiscal years 2017 and 2018. Along with additional private and philanthropic investments, the fund will grow to about \$40 million. The money will be used to help finance eligible borrowers intending to purchase and maintain occupied multi-family housing with more than five units, half of which must be affordable to households earning up to 80 percent of the median family income. As of this writing, more than 800 units have been

preserved as affordable housing since the start of fiscal year 2018.

Targeted programs that address challenges in the housing market are aligned with the funding. For instance, the Small Buildings Grant Program will provide funds for limited systems replacement and other key repairs to eligible property owners of multi-family rental housing of five to 20 units. Repairs are expected to improve substandard housing conditions, including safety and environmental hazards in D.C. as required by other regulatory agencies. The Tenant Opportunity to Purchase Act gives tenants in buildings for sale the first opportunity to buy the building. The following services are available to support tenant groups seeking to purchase a building and convert the units into cooperatives or condominiums:

1. Financial assistance such as seed money, earnest money deposits and acquisition funding;
2. Technical assistance; and
3. Specialized organizational and development services, to include structuring the tenant association, preparing legal documents, and helping with loan applications.

More than 1,000 units have been preserved as affordable housing since fiscal year 2002.

Other targeted programs, like the Single-Family Rehabilitation program and the Safe at Home program, assist seniors with home repairs to alleviate D.C. building-code violations, remove health and safety hazards, and improve accessibility for residents with mobility or other physical impairments. The city is also instituting a new Housing Assistance Program for Unsubsidized Seniors

that provides modest housing assistance to low-income seniors who do not otherwise receive housing assistance.



Case Study: Safeguarding Affordable Homes, Oakland 17K/17K

Key strategies learned in Oakland:

- Set realistic targets.
- Back the initiative with local resources.
- Secure community support.

Oakland, California, rode the crest of a great economic wave in 2015. Years of growth in both higher-wage and lower-wage jobs had helped to make the city a haven for tech entrepreneurs and others seeking to share in the growing prosperity and Bay Area lifestyle. But the large numbers of businesses and people pouring into the city strained the local housing market. Limited housing supply and rising prices contributed to the growing number of Oaklanders unable to purchase or rent affordable homes. In addition, local housing dynamics led to the displacement of generations of vulnerable residents, including many residents of color and low-income families who initially established the vibrant and diverse culture of the city.

Mayor Libby Schaaf decided to guard these communities. In September 2015, she convened the Oakland Housing Cabinet, an assembly of city councilmembers, housing experts and community stakeholders. The Housing Cabinet quickly established a set of shared values and criteria for evaluating the feasibility of the city’s strategic options on housing affordability, with help from the city’s *Roadmap Toward Equity: Housing Solutions for Oakland*.¹⁶ The following year, the Housing Cabinet released its *Oakland at Home*¹⁷ report. The report outlined a new goal: to protect 17,000 households from displacement and building 17,000 new and affordable homes by 2024. Mayor Schaaf called the plan “17K/17K.” Strategies included using funds from the city’s \$600 million infrastructure and affordable housing bond called “Measure KK” and reforming the city’s permitting process.

By 2019, nearly 13,000 Oaklanders now benefited from new tenant protections and the number of evictions had declined by more than 30 percent.¹⁸ In addition, 10,000 new homes have been built, representing a 34 percent increase in the number of affordable homes over the previous three years.



**Case Study:
A Fight for Housing
Affordability in Atlanta**

Key strategies learned in Atlanta:

- Partner with the private and nonprofit sectors.
- Set a bold vision.
- Commit local resources.

When it comes to affordable housing, Atlanta is battling a serious crisis. The rising cost of owning or renting a home has become a serious barrier, and eighty percent of city households spend 45 percent or more of their annual income on housing and transportation expenses. About 1,500 homes are lost each year to deterioration.

Mayor Keisha Lance Bottoms recognized the need for funding and a comprehensive policy agenda to address the situation. HouseATL, a taskforce funded by the Arthur

¹⁶ Policy Link & City of Oakland, “A Roadmap Towards Equity: Housing Solutions for Oakland, California” <https://www.policylink.org/sites/default/files/pl-report-oak-housing-070715.pdf>. (2015).

¹⁷ City of Oakland & Enterprise Community Partners, “Oakland at Home: Recommendations for Implementing A Roadmap Toward Equity...” <http://www2.oaklandnet.com/w/OAK057411>. (2016).

¹⁸ City of Oakland & Enterprise Community Partners, “Oakland at Home Update: A Progress Report...” <http://www2.oaklandnet.com/w/OAK057411>. (2019).

M. Blank Family Foundation in partnership with Urban Land Institute Atlanta and others, developed a set of 23 tactical recommendations to improve housing affordability. The recommendations focused on households earning less than 120 percent of the area’s median income (AMI). HouseATL committed to raising \$500 million from local private and philanthropic resources, and another \$500 million from local public resources.¹⁹

HouseATL’s strategy for leveraging private and philanthropic resources calls for raising between \$20 and \$50 million annually from local social impact funds and other charitable organizations over a period of eight years. An additional \$50 to \$75 million in private capital will be raised from individual and corporate investors through the use of New Markets Tax Credits. Private sector investments in the production of affordable homes will also be facilitated through regulatory reforms to Atlanta’s zoning and building codes. This will allow for greater innovation, cost savings, and increased production within the housing sector.



**Case Study:
Connecting Health and
Housing in Portland**

Key strategies learned in Portland:

- Leverage investments by local healthcare organizations to expand affordable housing.
- Prevent displacement to improve residents’ health.

Five local healthcare organizations in Portland, Oregon, recognized the connection between housing and health and got together to do something about it. They donated \$21.5 million to a nonprofit organization called Central City Concern (CCC). The organization was created decades ago by the city of Portland and Multnomah County to administer local grant money, since the Oregon Constitution prohibits cities from partnering directly with private organizations.

¹⁹ “Investing In an Affordable Atlanta” <https://houseatl.org/recommendations/>. 2019.

Other contributors, including the city, have given a total of \$90.9 million to CCC’s Housing is Health project. The money will fund three housing developments that will result in 379 units for residents with high medical needs and other residents who are either homeless or at risk of homelessness.

Creating these affordable housing units is intended to stop further trauma, like displacement, as it would make residents’ recoveries and long-term health outcomes more difficult. Each of the three buildings is located in an area of the city identified as at risk of gentrification. The three buildings provide support services, such as recovery support and life skills training, and are designed to serve residents with particular needs. For example, the Eastside Health Center will provide affordable supportive housing units for people in recovery and respite housing, and a small number of units will be for palliative care. One building includes a federally-qualified health center.

2. LEVERAGING LOCAL LAND USE AND REGULATION



Case Study:
Weathering Compromise in Seattle

Key strategies learned in Seattle:

- Plan for increasing densities.
- Include developers in the planning.
- Prepare for neighborhood push-back.

Seattle’s population growth has been explosive. Estimates from 2009 for the Puget Sound region suggested that the area’s total population would top 5 million by 2040, an increase of nearly 40 percent. In 2009, there was already substantial competition for a relatively limited supply of available and affordable homes. The increased competition for homes drove prices upward and exacerbated a persistently limited supply of income- and rent-restricted affordable homes.

Inclusionary zoning had been a priority for affordable housing advocates in Seattle for decades. But the politics around mandatory affordability requirements had stymied

progress on the policy. Seattle’s city council identified the need to build more affordable units in late 2014. Affordable housing advocates and community groups, and faith, labor and environmental organizations, agreed. The council began the process of reviewing proposals to impose mandatory linkage fees on every square foot of multifamily residential and commercial development citywide. The proposal excluded the 65 percent of the city zoned exclusively for detached single-family houses. As proposed, the linkage fee policy would require payments ranging from \$5 to \$22 per square foot developed. There was also an option for builders to set aside three to five percent of units built for affordable housing that would be accessible to households that earn up to 80 percent of the area’s median income. In contrast to an earlier incentive-zoning effort, this proposed linkage fee did not include a provision for additional up-zoning capacity for developers.

Area developers opposed this plan with such force that Seattle city leaders enlisted the Housing Affordability and Livability Agenda (HALA) committee to help come up with a compromise.

HALA put together its leading recommendation in July 2015. The recommendation was for a policy of Mandatory Housing Affordability (MHA), a “both/and” approach to inclusionary zoning. The policy would, for the first time, require new multifamily and commercial development to contribute to affordable housing and

increase development capacity wherever requirements were imposed. The program was designed to create 6,000 new rent- and income-restricted homes over a decade while allowing for the creation of more housing options to meet the growing need.

The program mandated that all new multi-family housing developments reserve between 5 and 11 percent of planned units as rent restricted housing for low-income families. The alternative was to contribute between \$5 and \$34.75 per square foot of development to the Seattle Office of Housing fund to build affordable housing.²⁰ MHA also changed zoning laws in 27 of Seattle’s urban villages to allow for increased height and density of buildings for developers. In many ways, this was the more politically challenging aspect of the policy, given longstanding local pushback on efforts to increase zoning capacity in Seattle neighborhoods. Over the next four years, several rezone packages triggering MHA were passed for some of the fastest-growing urban center neighborhoods. In March 2019, “citywide” MHA implementation was signed into law.

²⁰ City of Seattle, “Implementing Mandatory Housing Affordability (MHA) Citywide” http://www.seattle.gov/Documents/Departments/HALA/Policy/MHA_Overview.pdf.



**Case Study:
Evolution of Neighborhoods
in Charlotte**

Key strategies learned in Charlotte:

- Use data in planning and decision making.
- Partner with private sector specialists.
- Anticipate that land use priorities are not static.

The overarching goal of Charlotte, North Carolina’s, Housing Locational Policy (HLP) was to distribute affordable housing investments into more affluent communities to limit the concentration of poverty within distressed neighborhoods. In 2011, city leadership took the policy a step further, targeting the city’s investments towards subsidized multi-family housing developments. The city started by conducting a comprehensive analysis of Charlotte’s neighborhood statistical areas. The analysis identified neighborhoods as “permissible” or “non-permissible” areas for multi-family housing development. Over time, local housing conditions in Charlotte began to

change for the better. The city’s ability to locate and maintain affordable housing development also improved.

Within five years, market conditions had noticeably evolved. Under the existing HLP rules, many neighborhoods where affordable housing had occurred naturally became designated as non-permissible areas for new subsidized-housing development. Furthermore, many of the residents of these historically affordable neighborhoods were at risk of displacement. Based on community feedback and input from the city council, city leadership determined that the HLP should change course and focus on three goals:

1. First, the HLP should provide clear guidance for investments that create and preserve affordable and workforce housing in areas near employment, commercial centers, existing and proposed transit hubs, and the center city, and within gentrifying neighborhoods.
2. Second, the policy should support the city’s revitalization efforts.
3. Third, the HLP²¹ should promote diverse neighborhoods.

To meet these goals, city staff proposed “site scoring.” The city’s housing operations manager, along with the data-analytics team, used public data to power an online tool. The tool scored proposed development sites against four criteria:

1. Proximity to current and/or planned transit assets and amenities,
2. Income diversity,
3. Access to jobs within a reasonable distance, and
4. Level of neighborhood change or risk of displacement in historically lower-income neighborhoods.

Development sites were allocated a maximum of ten points in each scoring criteria and scored based on proximity to transit assets and amenities like grocery stores, medical facilities, schools, banks and parks. Full points were awarded to proposed sites within half a mile of transit or other designated amenities. Fractional points were awarded to sites at distances greater than a mile from transit or amenities. City councilmembers assessed site scores independently or in aggregate with higher scores, indicating greater alignment with HLP policy. The scoring methodology returned consistent and useful information, so the city approached its longstanding partner and a local software company, Esri, to automate its manual processes into an online geographic information system application.



**Case Study:
Rethinking Vacant Land in Peoria**

Key strategies learned in Peoria:

- Leverage city-owned land for permanent affordability since it is an unmatched real estate development asset.
- Utilize land banks and land trusts since they contribute to permanent affordability.

Peoria’s Southside neighborhoods are a microcosm of the city’s housing market crisis. The historic area’s commercial and residential buildings have deteriorated so much so that very little market demand exists. A typical single-family home sells for less than \$20,000, making new construction impossible without deep subsidies. In addition, downward pricing pressures make renovation of older housing financially infeasible. With so many Southside homes lost to structural deterioration, and in some cases abandonment, the affordability and availability of the community’s remaining housing stock has been negatively affected.

In response, Peoria’s Community Development

²¹ “City of Charlotte Affordable Housing Location Guidelines” https://charlottenc.gov/HNS/Housing/Strategy/Documents/Affordable%20Housing%20Location%20Guidelines_CouncilApproved_01.14.19.pdf, (Jan 16, 2019).

Department established a plan for city-owned vacant land. The plan emphasized three main strategies:

1. Land banking (breaking up lots for future sale),
2. Development, and
3. Side-lot transfer to interested adjacent owners.

Peoria leadership leveraged the land-banking program for city-owned parcels in neighborhoods with weak real estate markets and a high density of city property. In other neighborhoods, leadership made city-owned parcels available to developers if they could demonstrate verifiable plans, financing and familiarity with the development process. In most of these cases, subsidies, tax credits or in-kind donations from partners such as Habitat for Humanity facilitated development. Parcels suited for side-lot transfers typically had limited development potential and were offered to adjacent property owners with limited or no history of code violation or delinquency.

Through these and other steps, the city intends to divest itself of ownership of many vacant properties while facilitating a more equitable share of residential development within the capitalized Southside neighborhoods.



**Case Study:
Bozeman’s ADU standardization**

Key strategies learned in Bozeman:

- ADUs provide immediate density increases while maintaining the form of traditional single-family neighborhoods.
- ADUs offer greatly decreased cost per unit.

A strong local job market, in part, has driven Bozeman’s recent housing challenges. In recent years, the city has boomed with 11,000 new jobs and now has an unemployment rate of 2.5 percent.²² With nearly all of Bozeman’s local workforce employed, local employers have been forced to look outside the city for skilled workers to fill the open positions. The influx of new residents and job seekers has strained Bozeman’s limited housing supply.

The city recently conducted a Community Housing Needs Assessment. It concluded that the city needed an additional 1,460 housing

units to catch up to current demand, and as many as 6,340 new units by 2023. But Bozeman would need a range of housing units including both rental and for-sale homes for families, employees filling vacant and newly created jobs, and retirees. To help ensure affordability, at least 60 percent of the new housing supply would need to be subsidized.

Early on, city leaders recognized that making a wider and more diverse selection of housing types available could ease Bozeman’s tight housing markets. It would also have a positive impact on affordability. Residential developments with a greater density of smaller, less-expensive homes, featuring innovative design rose, to the top of the list.

Bozeman’s Unified Development Code (UDC) had recently changed, making accessory dwelling units (ADUs), and duplexes easier for homeowners to utilize. The city’s planning division worked with a group of college students from Montana State University’s College of Architecture in late 2018 to promote the use of ADUs to property owners. Students worked with city planners to ensure that designs were code compliant. They also addressed issues related to parking requirements and fitting designs into the 600 square-foot ADU size limit.²³ The students presented their final ADU designs to homeowners and the City Commission. Designs received official agency review by the Chief Building Official

for UDC and building code compliance. City officials hope that designs will serve as a model for wider community use.

In a separate effort to address housing affordability, Bozeman partnered with the Trust for Public Land on the Bridger View Redevelopment Project (BVR) to create a dense community of more than 60 modest, well-designed homes on an eight-acre parcel in northeast Bozeman. Homes had one to three bedrooms, ranged in size from 800 to 1500 square feet, and were clustered in layouts that emphasized shared common spaces and outdoor living. More than half of the homes cost between \$175K and \$250K.²⁴ These prices were well below the city’s median sale price of approximately \$375K.²⁵ Revenue from the sale of market-rate units subsidized the sale of the below-market value units. To increase the feasibility of the project, the city split the cost of infrastructure and impact fees for the project.

²²Wendy Sullivan & Christine Walker, Bozeman, Montana Community Housing Needs Assessment. City of Bozeman, 2019. <https://www.bozeman.net/home/showdocument?id=8773>.

²³Policy Link & City of Oakland, “A Roadmap Towards Equity: Housing Solutions for Oakland, California” <https://www.policylink.org/sites/default/files/pl-report-oak-housing-070715.pdf>, (2015).

²⁴City of Oakland & Enterprise Community Partners, “Oakland at Home: Recommendations for Implementing A Roadmap Toward Equity...” <http://www2.oaklandnet.com/w/OAK057411>, (2016).

²⁵City of Oakland & Enterprise Community Partners, “Oakland at Home Update: A Progress Report...” <http://www2.oaklandnet.com/w/OAK057411>, (2019).



**Case Study:
Envisioning a New Future in
Minneapolis and single family
zoning elimination**

Key strategies learned in Minneapolis

- Confronting historic patterns of housing inequity should be a significant local priority.
- Aggressive and creative community engagement is essential to a positive outcome.

Minneapolis has set ambitious goals for improving the city’s focus on housing affordability and choice, as well as racial equity and climate change. The plan, called Minneapolis 2040, reflects two years of public feedback which includes voices from historically underrepresented groups.^{26, 27} New provisions for up-zoning (expanding residential zoning to more dense use) will allow duplexes and triplexes to be built in all

residential areas (formerly R-1) and thus allow denser development, particularly connected to transit zones. Other policy innovations include data-focused research to guide and evaluate housing priorities. These policy changes also support different housing types, like prefabricated and manufactured housing, ADUs and tiny houses.²⁸

A variety of local *Yes in My Backyard* (YIMBY) activist groups and city officials have contributed to the success of these fledgling efforts. Conversations about the history of discriminatory housing practices perpetuated by single-family zoning (about 50-60 percent of Minneapolis is zoned for single-family homes), as well as the need for “missing middle” type homes,²⁹ influenced change. Housing advocates and city leaders organized Housing advocates and city leaders organized walk-and-talk tours in every ward, inviting residents to explore their communities while envisioning a better future.³⁰ Street fairs and neighborhood events engaged residents rather than traditional neighborhood meetings.³¹

This extensive community outreach effort is intended to minimize the potential disruptions within the city’s neighborhoods.

²⁶ <https://minneapolis2040.com/overview/>
²⁷ <https://minneapolis2040.com/planning-process/>
²⁸ <https://minneapolis2040.com/topics/housing/>
²⁹ <https://www.nytimes.com/2018/12/13/us/minneapolis-single-family-zoning.html>
³⁰ <https://www.curbed.com/2019/1/9/18175780/minneapolis-2040-real-estate-rent-development-zoning>
³¹ ^



**Case Study:
Making Boise Work
for All Residents**

Key strategies learned in Boise:

- Addressing housing affordability for residents all incomes requires embracing denser, more walkable neighborhoods and housing of all types.
- It’s imperative to secure financial commitments from the public and private sector.

Boise is the most populated city in Idaho and, with a three percent growth rate in 2017, is among the fastest growing areas in the U.S. But despite strong job growth, close to half of renters in Boise are considered “cost-burdened,” spending more than 30 percent of their income on housing. The city estimates needing 1,000 new housing units annually for the next 20 years.

To meet this challenge, the city’s Grow Our Housing initiative embraces dense, walkable neighborhoods, access to housing at all income levels, and financial commitments from both the public and private sectors. The initiative seeks to:

- Create new mixed-use and other urban zones that emphasize higher residential densities,
- Reduce minimum lot size and increase maximum density in most common residential zones,
- Grant density bonuses for small footprint housing developments (with homes of less than 700 square feet),
- Increase allowances for ADUs including two-bedroom units,
- Expand incentives to developers who build housing for residents at 80 percent or below the area’s median income, and
- Create a land trust to conserve affordable housing financed by public and private dollars.

Despite the clear direction and commitment of local leadership, Boise faces significant challenges, including anti-growth groups that advocate for slower change. In addition, state government prohibits the city from making use of inclusionary zoning or issuing a voter-approved tax levy for the expansion of local bus services linking residents to jobs in the area.



**Case Study:
Greensboro's Safe Homes
for Kids with Asthma**

Key strategies learned in Greensboro:

- Both small and large interventions can improve community health.
- Community partners can bring significant capacity to help cities achieve their health goals.

The Greensboro Housing Coalition has worked with the Kresge Foundation on its Advancing Safe and Healthy Homes for Children and Families Initiative (ASHHI) to improve rental housing conditions in the city since 2012. The coalition's "Removing Asthma Triggers and Improving Children's Health" project involved working with partners at the University of North Carolina at Greensboro, Triad Healthcare Network and Cone Health to improve housing conditions in the homes of 41 pediatric asthma patients between 2013 and 2015.

As a "demonstration project" — one intended to promote innovation and serve as a basis for analysis — the work included home interventions such as repairing leaks and improving ventilation. These interventions led to patients sleeping better, having an easier

time working at school and home, using their asthma medications less, and needing fewer medical visits. Households that received follow-up visits showed a 50 percent reduction in hospital bills.

Since the ASHHI project, the Greensboro Housing Coalition has taken an even broader approach to asthma prevention. Now, leadership looks beyond the physical home environment to neighborhoods most impacted by asthma, like Cottage Grove, which was built on the site of the old city dump. Collaborative Cottage Grove is a grassroots effort that seeks to improve housing and neighborhood conditions by working with the community and local leaders to prioritize initiatives that promote better health.



**Case Study:
Reshaping More than
Milwaukee's Skyline**

Key strategies learned in Milwaukee:

- Focusing on people at risk of displacement helps preserve community stability.
- This focus can become the key to further investment, both commercial and residential.

Downtown Milwaukee has undergone a nearly decade-long construction boom that has reshaped its skyline. Some estimate that the boom has enabled Milwaukee's builders to boost the local housing supply with nearly 12,000 new units of market-rate housing. But, the trend in prosperity belied challenges in nearby neighborhoods. These communities suffered from lingering issues of vacancy and abandonment as well as rising foreclosures and evictions. They also faced a severe shortage of affordable housing units for low income families. In fact, Milwaukee has one of the worst shortages of affordable housing in America. Only 25 affordable housing units are

available in the city for every 100 extremely low-income households.³² In a key finding from Milwaukee's 2018 Anti-Displacement Plan (ADP), the Department of City Development noted that the City's ability to preserve and protect housing choices for its low-income families at risk for displacement, would require production of new affordable housing units.³³

In response, Mayor Tom Barrett announced his 10,000 Homes Initiative. The goal is to build or improve 10,000 housing units over ten years in neighborhoods throughout the city. The 10,000 Homes Initiative will rely on funding from developer-financed tax-incremental districts — an economic development tool infrequently used to fund residential development.

In early 2019, city leaders drafted guidelines governing the use of tax increment financing (TIF) assistance for multi-family residential developments. The new TIF-assistance guidelines prioritized residential development projects in three types of neighborhoods: those at risk for displacement, those where robust market-rate housing development has exponentially outpaced affordable housing development, and those that lack current affordable housing options.

In order to be eligible for TIF assistance, a proposed building or improvement project must have at least 20 percent of its proposed units at prices affordable to households earning 60 percent or less of the AMI and 25 percent of units must be affordable to households earning 50 percent of the AMI. All projects were required to yield a minimum of 20 affordable housing units that will remain affordable for at least 15 years.

³² Nusser, Susan. "Can Milwaukee Really Create 10,000 Affordable Homes?" CityLab. <https://www.citylab.com/equity/2018/10/can-milwaukee-really-create-10000-affordable-homes/570742/>.
³³ Department of City Development, A Place in the Neighborhood. City of Milwaukee, 2018. <https://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/planning/plans/AntiDisplacement/Anti-DisplacementPlan.pdf>.

3. COMPREHENSIVE PLANNING



Case Study: Redefining “Affordability” in Rochester

Key strategies learned in Rochester:

- AMI is a straight-forward HUD metric.
- City policy makers and developers must use it effectively to address the needs of residents in specific neighborhoods.

According to HUD, the AMI in the Rochester Metropolitan Statistical Area for a family of four is \$74,000. The area median income in the city of Rochester alone is half as much. Previously, housing that was affordable for a family earning \$88,800 was considered affordable, even though it was not at all affordable to the one-third of Rochester’s cost-burdened families that spend more than half of their income on housing.

City leaders redefined the term “affordability” using the HUD guidelines. The idea was to do a better job creating, preserving and restoring housing to fit the income needs of Rochester residents and safeguard the definition of affordability in the city’s charter. Now, to encourage the development of more affordable housing units, the city awards more support to development proposals that include plans for some units to be 50 percent AMI and below.

Under the new charter provisions, low and moderate income will be categorized as follows:

- Extremely low or less than or equal to 30 percent AMI.
- Very low, or more than 30 percent and less than or equal to 50 percent AMI.
- Low, or more than 50 percent and less than or equal to 80 percent AMI.
- Moderate, or more than 80 percent and less than or equal to 120 percent AMI.



Case Study: Closing the Affordability Gap in Boston

Key strategies learned in Boston:

- Steady, long-term attention to housing affordability and securing buy-in from constituents for targeted housing goals.

Boston is part of Suffolk County, which has one of the most narrow housing affordability gaps in the U.S.³⁴ But, housing affordability is still pressured by the city’s growing population. In the recent past, Boston projected a population growth of 91,806. Now, the city expects 142,133 more residents by 2030.³⁵ Mayor Martin Walsh and his administration are focusing on housing disparity and increasing housing stock by implementing the Housing Boston 2030 Plan (HB30).³⁶ The plan sets goals for housing production, including income-restricted housing designed to be affordable to a range of incomes. It also includes plans for strategic growth that increases homeownership, promotes fair and equitable access to

housing and preserves and enhances existing neighborhoods to prevent displacement.

In 2018, the updated Housing Boston 2030 plan increased the city’s overall housing target from 53,000 to 69,000 new units, including 15,820 income-restricted units by 2030.

Bostonians are supportive of affordable housing creation. Voters passed the Community Preservation Act in 2016 which would create a Community Preservation Fund financed by a one-percent property tax-based surcharge on residential and business property tax.³⁷ The revenue will fund initiatives in affordable housing creation, historic preservation and maintenance of open space for public recreation.



Case Study: Resilience in San Antonio

Key strategies learned in San Antonio:

- Environmental factors frequently create added costs for occupants of low-income housing when it comes to utilities, maintenance and even health costs.

³⁴ The Urban Institute, “The Housing Affordability Gap for Extremely Low-Income Renters in 2013.”

³⁵ “2018 update on Housing Boston 2030”, found on Boston.Gov.

³⁶ “Mayor Walsh releases “Housing a Changing City: Boston 2030,”” <https://www.cityofboston.gov>.

³⁷ “Community Preservation Act,” <https://www.boston.gov/community-preservation-act>.

- Local climate change impacts exacerbate existing problems.
- Efforts to improve sustainability in housing saves residents money and improves quality of life for the whole community.

Housing affordability is about more than the list price of a home. San Antonio, for example, is one of the fastest growing large cities in the United States. The region’s rapid economic and population growth has caused local housing costs to increase faster than AMI for nearly two decades.³⁸ For residents, that means homes are increasingly difficult to afford. And there are other associated rising costs, like utilities, maintenance and even healthcare.

San Antonio has always been hot, but climate change has caused temperatures to spike. In recent years, the city’s development boom has generated a growing urban heat island.³⁹ At night, the central urban core can be up to 20 degrees warmer than rural areas in the northern part of Bexar County.⁴⁰ These higher temperatures reduce air quality as the sunlight and heat react with pollutants to generate ground level ozone, exacerbating dangerous smog.

The city has taken a holistic approach through San Antonio Green and Healthy Homes programs, which “provide assistance to owners and landlords of residential properties (both single-family and multi-

family) in creating healthy, safe, energy-efficient and sustainable homes for families and children.”

One of the flagship initiatives is the Under 1 Roof program. Launched as a pilot in 2016 with just \$200,000, and serving just ten families, the program identified and replaced failing roofs with free, energy-efficient “high-reflectance roofs.” These “cool roofs” helped address a range of health, energy and environmental issues.⁴¹

In fiscal year 2018, San Antonio’s city council approved a \$2.25 million budget to expand Under 1 Roof to include five other districts. At the time, Councilman Roberto Triveño noted that, “What started out as a District 1 pilot program with a sliver of funding has grown into a multi-million-dollar program that assists folks across the city and helps combat rising urban temperatures while saving residents money.” The program, he said, saves participating homeowners an average of \$1,200 per year in energy costs.

In addition, the city’s municipal utility (CPS Energy), developed a cool-roof rebate program to incentivize other residents to install new roofs with high-reflectance materials. Programs like this can dramatically extend the lifespan of a city’s affordable housing stock, and help reduce the need for demolition.

³⁸ The City of San Antonio, “Housing Policy Framework.” August 2018. <https://www.sanantonio.gov/Portals/0/Files/HousingPolicy/Resources/SA-HousingPolicyFramework.pdf>.
³⁹ Gibbons, Brendan. “Climate Change Will Make Life Hotter, Harder in San Antonio.” San Antonio News Express. <https://www.expressnews.com/news/local/article/Climate-change-will-make-life-hotter-harder-in-12221130.php>.
⁴⁰ Huddleston, Scott. “Heat Map of San Antonio Conveys What’s at Stake in Climate Plan.” San Antonio News Express. <https://www.expressnews.com/news/local/article/Heat-map-of-San-Antonio-conveys-what-s-at-stake-13414579.php>.
⁴¹ Trevino, Robert. “City By Design.” <https://citybydesign.org/>.

REFLECTIONS ON THE CASE STUDIES

These examples show us that cities need holistic, integrated housing strategies to improve housing affordability. Strategies must connect opportunities for employment and new business creation with land-use decisions. They must also have focus on two critical factors: making a variety of dwellings available to meet the needs of diverse groups of residents and ensuring access to transportation options so residents can get to work and meet other needs like health care, shopping and recreation.

City leaders must explore key questions, including:

1. What are my city’s local housing goals and does the comprehensive plan reflect those goals?
2. What are the economic conditions of my city’s local housing market?
3. What are the regulatory conditions of the local housing market for development and redevelopment (zoning, permitting, fees)?
4. What policy tools and options are available to cities in my state to address these conditions to improve quality and affordability?
5. What is the local political environment for decision making on housing?
6. Do residents understand the trade-offs in land use decisions that come from a restricted housing supply on matters like taxes, job growth, investment attraction?
7. How do city leaders confront and push-back against NIMBYism (The “Not in my backyard” phenomenon where residents don’t want affordable housing in their neighborhoods) in housing decisions?
8. How can good decisions that increase housing quality across a range of housing choices be accomplished for the benefit of existing residents without the collateral damage of displacement?



RECOMMENDATIONS

Federal Policy Agenda

National polls overwhelming support greater federal investment in housing. The vast majority of the public (85 percent) believes that ensuring all residents have safe, decent, affordable homes should be a “top national priority.”⁴² This view is strong across the political spectrum: 95 percent of Democrats agree it should be a top national priority, along with 87 percent of unaffiliated voters and 73 percent of Republicans. Eight in ten voters also say that both the president and Congress should “take major action” to make housing more affordable for low-income households.

Local elected officials overwhelmingly support greater federal investment in housing, and recognize that housing is extremely costly for working families. Those leaders are also making changes to reduce the wealth and housing affordability gap. According to NLC’s 2019 [State of the Cities](#) report, local governments are taking bold action to improve housing stability and affordability through land and housing trusts, eviction assistance resources and fair housing ordinances.

As noted by the task force chair, Washington, D.C., Mayor Muriel Bowser, in D.C., “affordable housing isn’t just a problem for our most vulnerable residents — it affects our entire community.”



NLC Calls on the federal government to enact housing legislation that:

1. Immediately stabilizes and stems the loss of public and affordable housing.

Historic unmet demand for units of affordable and workforce housing has created a national housing crisis. Emergency or supplemental appropriations are an appropriate and necessary federal response to quickly intervene in the immediate crisis of housing supply.

- **Approve emergency funding to address the nation’s highest priority housing needs.** Funding could take the form of a stand-alone emergency bill, or as a piece of any larger infrastructure package.
- **Emergency funding should include \$30 billion to address the immediate crisis.** Of that amount, \$15 billion for the public housing capital program, \$5 billion for the Community Development Block Grant program, \$5 billion for the HOME program and \$5 billion for the National Housing Trust Fund.

⁴² [National Housing Survey](#), HART RESEARCH ASSOCIATES, Study #12590, February/March 2019.

2. Authorizes ten years of new programs and funding to provide housing opportunities for all.

Now is the time to rethink and modernize housing policy at every level of government. Although cities value current HUD programs, it's clear that existing resources are insufficient to stem the growth of the affordable housing crisis.

- **Reauthorize and restore the HOME Investment Partnership Program and the Community Development Block Grant Program.** The HOME program is the only federal grant program aimed at construction of affordable housing in support of local governments. Unfortunately, funding cuts have significantly reduced the impact of the program which, today, serves mostly to cover gaps in financing of tax-credit housing projects. HOME should be reauthorized to support the construction of small and medium multifamily units that create greater housing options for multiple income levels. The CDBG program, the largest single federal grant program available to local governments, is bloated with regulatory and reporting requirements and is ripe for review to increase efficiencies and reduce burdens on grantees.
- **Increase funding for the National Housing Trust Fund and authorize a pilot allocation to regional councils of government.** The pilot would determine if lessons learned from regional allocations from the Highway Trust Fund can be applied to the National Housing Trust Fund. It would also foster the blending of federal funding for construction of affordable housing and transportation infrastructure.

- **Commit to a new vision for public housing and public housing agencies as the nation's stewards of permanently-affordable housing.** Public housing is the nation's largest source of permanently-affordable housing. More than 3,000 large and small public-housing agencies assist families and individuals at the bottom rung of the economic ladder by providing housing stability. A well-maintained stock of permanently-affordable housing would help cities manage swings in the housing market and weather economic downturns.
- **Protect and improve underserved and affordable housing and homeownership requirements on the private market.** The policies adopted by mortgage finance giants Fannie Mae and Freddie Mac shape neighborhoods and economic opportunity. Federal regulatory requirements should recognize and leverage these forces which have the power to improve access to affordable and workforce housing. That includes regular allocations to the National Housing Trust Fund and products that support the market for construction of workforce housing and small-dollar mortgage loans.

3. Support innovation and modernization of land-use and planning practices at the local and regional level.

Cities, towns and villages across the U.S. are already reevaluating local land use and planning practices to make them more equitable and to address past discriminatory practices. These municipalities are also already working to establish codes that reflect a need for resilience in the face of extreme-weather events. Different approaches may make higher-opportunity neighborhoods more — or less — accessible, but the impacts are not always clear.

Moreover, inequities exist regionally between the cities, towns and villages just as they exist between neighborhoods.

- **Provide federal grants for local housing, planning, land use and community engagement.** The cost of developing and administering changes to local land-use policies and practices puts quick action out of reach for many, if not most, of the 19,000 cities, towns and villages in the U.S. Federal funding and technical assistance would speed the development and adoption of best practices among local governments.
- **Offer renter tax credit.** A federal tax credit for renters, which does not currently exist, would expand the availability of federal rental assistance in the form of a refundable tax credit targeted to lower-income, rent-burdened households. A new balance of renter-tax credits and direct subsidies has the potential to improve equity and economic mobility opportunities at the local level.
- **Increase funding, landlord incentives and mobility for HUD's Choice Voucher Program.** Given the fundamental importance of housing stability for nearly every measure of well-being for residents, it is unreasonable to place arbitrary funding limits on the HUD Choice Voucher Program and administer housing assistance as a lottery. Rather, in conjunction with a well-regulated housing market, federal housing assistance should meet the demand for housing for all. Short of that, the federal government should increase funding annually by significant and predictable margins until the lottery aspect of the program is nullified.

- **Fix the market for small-dollar mortgage**

lending and entry level homeownership. Recent research from the Urban Institute has shown that, even for credit-worthy borrowers, financial institutions are generally not approving small-dollar mortgages. As a result, three quarters of homes purchased for \$70,000 or less in 2015 were purchased with cash, indicating risky property speculation. The unavailability of small-dollar mortgages puts housing out of reach for homebuyers at lower-incomes, and revitalization out of reach for communities in distress.

4. Fix inequities in housing development and the housing finance system.

The long history of federally-sanctioned housing discrimination and racial segregation is embedded in the development of America's cities, towns and villages. This legacy continues to have profound impacts on people of color and other vulnerable groups to this day. According to Brookings, on average in metropolitan areas, homes in neighborhoods that are 50 percent black are valued at roughly half the price of homes in neighborhoods without black residents.

It is incumbent upon all elected officials to understand how the present housing inequities came about. It is also their responsibility to make fully-informed policy choices that stop the perpetuation of these inequities, unintentionally or otherwise.

- **Reform of the Community Reinvestment Act (CRA) to increase public accountability of banks to serve every community.** CRA assessment areas need to be updated to include areas with considerable bank lending and deposit gathering outside of bank branch networks. This would result in more

loans and investments reaching low and moderate income (LMI) borrowers and communities. Regulators should also improve public data around community development lending and investments in order to provide greater clarity to lenders about what qualifies for CRA and to help identify areas around the country in need of greater community development lending and investing. Conversely, federal regulators should not adopt a one-ratio or single-metric approach to CRA exams, and should not adjust bank asset thresholds solely for making exams easier for banks to pass, or otherwise dilute attention to LMI borrowers and communities.

- **Eviction prevention and mitigation grants.** In 2016, 2.3 million eviction filings were made in U.S. courthouses — a rate of four every minute. That same year, one in 50 renters was evicted from his or her home. The federal government should partner with local governments and other stakeholders to help residents overcome events that place them at risk of eviction.
- **Expand Fair Housing to include sexual orientation, gender identity, marital status and source of income.** A growing number of local governments are enacting fair housing protections beyond those required by federal statute to ensure housing opportunities for every resident. Unfortunately, various state preemptions of local authority over land use and protected classes has created an uneven and inequitable marketplace for housing across the country. The federal government should level the field by expanding fair-housing protections.
- **Targeted investment and access to credit for neighborhoods and residents impacted by redlining and reverse-**

redlining. As documented by the Economic Policy Institute, the Federal government's general failure to intervene in discriminatory mortgage lending practices is one of the root causes of racially segregated, impoverished neighborhoods. For such communities, to overcome decades of unfair treatment, new targeted federal resources should be enacted to restore housing stability and rates of homeownership. This would also serve to stabilize impacted neighborhoods overall.

- **Fair housing and anti-displacement in federally-designated opportunity zones.** NLC's [2018 City Fiscal Conditions survey](#) indicates that local tax revenue growth is experiencing a year-over-year slowdown, as it is outpaced by growth in service costs and other expenditures. For cities and city leaders, opportunity zones represent a chance to overcome such slowdowns and associated neighborhood decline, in new and innovative ways. Within opportunity zones, private investment supplements public spending to advance public policy goals. It follows that public and private investment within Opportunity Zones should be in alignment according to key performance measures of fair housing and equitable economic development.

5. Supports scalable innovation and financing for cities, towns, and villages.

Every U.S. city, town and village relies on strong regional partnerships with HUD and the United States Department of Agriculture (USDA) for capacity building and access to capital to better serve the housing needs of their residents. The federal government is often the only feasible source of technical assistance and access to capital for the 20



percent of the U.S. population that lives in small and rural communities.

The Housing Assistance Council, in Congressional [testimony](#), put it best: “Rural housing markets are not just smaller versions of urban ones, and [federal housing programs] do not necessarily translate to the benefit of rural places. The few programs and modest federal spending on rural-specific programs are simply not enough to maintain a level playing field with other parts of the country.”

- **Increase funding for USDA rural-rental programs and improve alignment with HUD rental-assistance programs.** For many rural communities, housing instability and unavailability are compounding broader economic crises that have been decades in the making. These situations require a variety of approaches to overcome. At the same time, economic recovery cannot begin without housing stability.

- **Increase coordination between public housing agencies regionally.** The number of affordable housing units administered by Small Public Housing Agencies may be small compared to large PHAs, but there is nothing more important to the community. In addition to housing, small PHAs often serve as a hub for residents to access a far broader range of support services. More capacity building and technical assistance for small PHAs is necessary so that they can coordinate regionally and connect service providers across jurisdictional boundaries.
- **Offer federal assistance to rural homebuyers.** Homebuyers in small and rural communities often face challenges similar to impoverished urban neighborhoods, like inadequate access to mortgage credit, aging and declining housing stock and higher costs for housing construction and rehabilitation. Federal-homebuyer assistance should be available and flexible for use in both urban and rural communities.

SUMMARY OF RECOMMENDATIONS FOR LOCAL ACTIONS

Establish local programs by combining funding and financing streams to support housing goals. Among the means available to most cities are:

- Housing trust funds,
- First-time home buyer supports,
- Housing rehabilitation and preservation grants or loans and
- Tax incentives.



Modernize local land use policies, including zoning and permitting, to rebalance housing supply and demand. Focus on:

- Data management to set development priorities;
- Increased density allowances and ADUs;
- Land trusts, banks; and
- Streamlined development permitting, transparent fees and time-limited review procedures.

Identify and engage broadly with local stakeholders; and coordinate across municipal boundaries, to develop a plan to provide housing opportunities for all. To that end, utilize:

- Data to understand the local housing market conditions,
- Partnerships with private- and non-profit sector actors,
- Development of a comprehensive housing strategy based on a set of community-wide values that also identifies the consequences that may accrue when making choices among competing values.

Support the needs of distinct sub-populations including the homeless, seniors and persons with conviction histories. Cities should:

- Look to the success stories on fighting chronic homelessness,
- Prioritize specific sub-populations,
- Target wrap-around support services and
- Maintain existing affordable housing stock and support rehabilitation efforts, reduce or eliminate restrictions on access to public housing that go beyond federal mandates for those with conviction histories.

Prioritize equitable outcomes in housing decision as it is an essential component for success. This means:

- Ensuring enforcement of Fair Housing laws,
- Putting decision making about public investments in the hands of communities most at risk for displacement and
- Rebuilding trust between local government and communities of color.

SUMMARY OF RECOMMENDATIONS FOR FEDERAL ACTIONS

Immediately stabilize and stem the loss of public and affordable housing.

- Historic unmet demand for units of affordable and workforce housing has created a national housing crisis.
- Emergency or supplemental appropriations are an appropriate and necessary federal response to quickly intervene in the immediate crisis of housing supply.
- Crisis-response funding should include at least \$15 billion for the public housing capital program, \$5 billion for the CDBG program, \$5 billion for the HOME program, and \$5 billion for the National Housing Trust Fund.

Follow emergency intervention with passage of a long-term, stand-alone federal housing bill that authorizes ten years of new funding for pilot programs that advance housing for all.

- The housing crisis, and ongoing housing inequities, have been decades in the making; long-term corrective action is necessary for success.
- Long-term stand-alone housing bills could transform housing in America, just as the highway bill has done for transportation and the farm bill has done for nutrition and health.
- Program objectives should include capacity building for local governments, regional coordination across jurisdictional bounds, support for permanently affordable housing, and achievement bonuses for existing programs like CDBG.



Support innovation and modernization of land-use and planning at the local and regional level.

- Local leaders recognize that change is necessary to create housing opportunities for all, but local budget and capacity constraints put quick action out of reach for many of the 19,000 cities, towns, and villages across the U.S.
- Federal grants to support modernization of local housing, planning, land use, and community and regional engagement would speed adoption of best practices among local governments
- Innovations that could foster additional change include rental voucher mobility, affordable and small-dollar mortgages

for first-time homebuyers, and support for small multi-family units that can fill multiple needs in different housing markets.

Fix inequities in housing development and the housing finance system.

- Government failures to intervene in discriminatory mortgage lending practices, including redlining and predatory lending, is a root cause of racially-segregated, impoverished neighborhoods today.
- Federal resources should be enacted to restore housing stability and rates of homeownership for historically segregated and disadvantaged communities and their residents.
- Federal fair housing protections should be extended to include sexual orientation, gender identity, marital status and source of income.

Support scalable innovation and financing for cities, towns and villages.

- Increase funding for USDA rural rental programs and improve alignment with HUD rental assistance programs.
- Increase coordination between public housing agencies regionally.
- Maintain federal support for first-time homebuyers in cities, towns, and villages of every size and circumstance.



“
Government failures to intervene in discriminatory mortgage lending practices, including redlining and predatory lending, is a root cause of racially-segregated, impoverished neighborhoods today.

CONCLUSION

While a wide variety of housing challenges faces American cities, two stand out. In fast-growing cities, wages lag behind housing costs, leading to a scarcity of affordable housing. In legacy cities with slower growth, a persistent high rate of vacant and blighted housing exists due to the ongoing after-effects of the foreclosure crisis and general economic disruption.

As part of NLC's path forward, we will continue to do research, focus on education, provide technical assistance and capacity building, push for advocacy goals that benefit all communities, and bring stakeholders together.

NLC's research will:

- Continue to share quantitative and qualitative data on housing quality and affordability;
- Dive more deeply into urban-rural, small and legacy city questions including the integration of housing strategies with economic growth initiatives;
- Seek partnerships with the Urban Institute and the New York University Furman Center (among others) to advance mutual research priorities;
- Identify tested as well as promising practices that increase affordable housing and
- Further investigate the emerging intersection between climate resilience and housing affordability.

NLC's focus on education will:

- Lift up the lessons from cities captured by the task force and by countless other cities, towns, and villages that are implementing both tested and innovative

techniques to address community housing needs;

- Make use of NLC's many constituency and member groups and partners to engage local stakeholders and
- Enhance the leadership training and skills building programs available through NLC University.

NLC will continue its technical assistance and capacity building work to coordinate technical assistance efforts across the organization including those targeting:

- Homeless veterans,
- Seniors seeking to age in place,
- Equitable wealth creation,
- Shared equity housing models,
- Sustainable and healthy housing and
- Our Cities of Opportunity: Healthy People, Thriving Communities pilot program.

NLC will continue advocacy work to:

- Advance a strong voice at the federal level to push for implementation of recommendations contained in this report and
- Exercise leadership in coalitions including Opportunity Starts at Home and Mayors & CEO's for U.S. Housing Investment, among others.

City leaders are working to make a difference but all city residents, and all levels of government, have more to do. This report and the subsequent work to come are meant to provide a resource for city leaders, a platform for community conversation, and an action plan for solutions.

Appendix A:
Summary of the Task Force Work

NLC’s President Karen Freeman-Wilson, mayor of Gary, Ind., announced the formation of the National Housing Task Force in November 2018, under the leadership of chair Muriel Bowser, mayor of Washington, D.C.

“Every American deserves a place to call home. But in cities across the country, serious shortages of adequate housing means that too many residents don’t have the security of a stable home,” said Freeman-Wilson at the time of the task force’s formation.

Local leaders are on the front lines of ensuring that residents have safe, affordable housing. Through the formation of this task force, NLC sought to leverage its members’ collective experience to help solve this urgent challenge. Comprised of 18 other elected city leaders representing a diversity of city sizes, geography, roles in their respective regions and market types – plus the executive directors of two state municipal leagues (California and Michigan) – the task force was charged to develop a set of best and promising practices at the local level, as well as policy recommendations to federal and state governments.

Reflecting on her own city, Mayor Bowser said, “The affordable housing crisis is one of the most critical issues we are facing in this country, and one on which we are effectively working to tackle in Washington, D.C. From investing hundreds of millions of dollars for affordable units in new developments to building creative livings spaces like grand-family housing for seniors raising their grandchildren, we know that mayors will lead the way in providing innovative solutions.”

The task force kicked off with an introductory

call on December 19, 2018, but the work began in earnest with their first in-person convening January 22-23, 2019 in Washington, DC. At that meeting the members worked with and learned from partners in the non-profit and private sectors. These included:

- Carlton A. Brown, Principal, Direct Investment Development, LLC
- Sarah Brundage, Senior Director of Public Policy, Enterprise Community Partners, Inc.
- Lorraine Collins, Director of Public Policy, Enterprise Community Partners, Inc.
- Chris Herbert, Managing Director, Joint Center for Housing Studies of Harvard University
- Mike Koprowski, National Campaign Director, Opportunity Starts at Home Campaign
- Marion McFadden, Sr. Vice President, Public Policy, Enterprise Community Partners, Inc.
- Christopher Ptomey, Executive Director, Terwilliger Center for Housing, Urban Land Institute
- Adrienne Todman, CEO, National Association of Housing and Redevelopment Officials
- Margery Austin Turner, Senior Vice President, Urban Institute

Common Themes and Priority Topics

A series of common themes emerged from the first convening that the task force members shared, as listed below.

- The regional nature of housing policy issues contrasts with the local controls cities have over land use and funding.
- The need to address housing holistically

because of its intersections with neighborhood economic development, household wealth creation, access to jobs and services, placemaking, public health, race and equity, etc.

- The need to address housing not just from the supply side but also from the demand side via focusing on access to economic opportunity and income growth.
- The levers cities have over housing through local land use policies and regulations including their development review processes and comprehensive plans.
- The need for the federal and state governments to be better partners for cities and have more defined roles (such as the federal role on low-income housing).
- The need for cities to unlock the production potential of the private market and better partner with the private development community.
- The need for a toolkit of practices that cities from a variety of market types can utilize.

Through their deliberations, the task force also settled the following five priorities.

1. Identifying housing funding and financing resources cities have at the local level, (such as housing trust funds and land banks and trusts, etc.).
2. How to address special populations in local housing policy such as (seniors, the homeless, and people with conviction histories).
3. Levers cities can exercise on housing utilizing local land use policies and

regulations as well as their development review processes.

4. Federal housing resources.
5. Role of comprehensive planning in building a shared vision and collective action for housing.

The task force next met via webinar for a staff forum on February 20, 2019 to share local innovations. This discussion and subsequent follow-up with NLC staff identified case studies for sharing in this report based on the four categories of local actions prioritized in the first meeting: local funding, land use policy and regulation, comprehensive and strategic planning and engagement and housing for distinct and vulnerable populations.

The second and final in-person task force meeting took place on March 11, 2019 during NLC’s City Congressional Conference in Washington, D.C. The meeting included reflections by Boston Mayor Martin Walsh on the efforts he has implemented to address housing in one of the highest-cost cities in the U.S. These efforts include:

- Creating a housing plan for 69,000 units by 2030, of which 29,000 units have already been built or are in construction,
- Emphasizing low- and middle-income housing including for seniors and students,
- Streamlining approval processes,
- Pushing back on input from neighborhoods that don’t want to see growth and
- Opening a new Office of Housing Stability, to deal with evictions and displacements

Mayor Walsh also emphasized the need for more federal support for public housing as well as for vouchers for low-income households.

City Leaders’ Housing Aspirations

At the March 11 task force meeting, Mayor Bowser also facilitated an aspirational discussion around a question: what would task force members do to solve this problem if they “weren’t afraid to fail?” Their answers revealed insights into what cities could and should be doing to address their housing challenges. Responses fell into the four categories of local actions:

Local funding

- Create a fiscally sustainable local housing trust fund.
- Offer more rental subsidies and where permitted some forms of rent control.
- Require every corporation in city to establish a workforce training fund/program.

Land use policy, regulation and development process

- Ask residents in all neighborhoods to agree upon their share of citywide housing, production and preservation goals as a way of combatting resistance to growth and NIMBYism (Not in My Backyard attitudes).
- Ensure that affordable housing is built along new transit lines, especially along routes that connect to employment centers.
- Reduce barriers such as onerous development regulations especially on

distressed property.

- Require that every annexation includes a percentage of affordable housing with community amenities (such as grocery stores and parks).
- Require developers to provide and subsidize more affordable housing.
- Tie economic development incentives for corporations to affordable housing production.
- Spread affordable housing around to deconcentrate poverty.

Planning

- Conduct a comprehensive housing assessment and a timeline to accomplish the city’s needs and goals.
- Define displacement and create a strategy to prevent it as part of growth.

Distinct and vulnerable populations

- Create a new equity housing fund to address the legacy effects of redlining.
- Bolster anti-poverty programs like workforce training and only attract employers that pay living wages.
- Increase the minimum wage to help households afford better housing.
- Implement policies to address the related costs that impact housing affordability (like transportation).
- Require building owners to notify tenants when they intend to sell a property, giving tenant coops an opportunity to purchase.

At the City Congressional Conference, NLC staff took advantage of the gathering of more than 2,000 city leaders in Washington, D.C. to engage with them directly about the task force’s work and seek their input on the same questions the task force members were addressing. Staff met with the following groups:

- NLC Board of Directors
- Advisory Council
- Community and Economic Development Policy and Advocacy Committee
- Large Cities Council
- Small Cities Council
- Young Municipal Leaders

Valuable feedback from each of these constituencies was incorporated into the report and helped shape its direction.

A Federal Housing Policy Agenda for Cities

After the City Congressional Conference, task force members convened a final time remotely via webinar on April 10, 2019 to discuss a federal policy agenda for NLC to advocate for on behalf of cities. The proposals were organized according to five distinct policy outcomes (although there was some overlap among those outcomes). The five outcomes identified by the task force are:

- Housing Affordability: policy proposals addressing the growing gap between rising rents and flat incomes.
- Housing Availability: policy proposals to preserve and expand the number of units of affordable housing.
- Housing Stability: policy proposals to stabilize those in financial distress related to housing, and preventing eviction.

- Fair Housing: policy proposals to address historic injustices and ongoing inequities, and anti-displacement proposals.
- Housing for Small, Rural and Legacy Communities: policy proposals aimed at towns and villages below 30,000 in population or in a state of economic transition.

Task force members discussed nearly 30 proposals responding to the following questions:

1. Are there any priorities identified by members of the task force, or that are important to your city, that are missing from this list?
2. Are you able to identify a single top priority within each of the five policy outcomes?
3. Are you able to identify three top priorities overall?
4. If the federal government could enact one single housing policy proposal this year, which proposal would have this most immediate significant impact for your city?

From this process, the task force developed the federal policy agenda section of the report.

**Appendix B:
The State Regulatory Context**

Local Tools to Address Housing Affordability: A State-by-State Analysis, shows the following:

Given the diverse landscape of housing affordability, cities must build and maintain the proper tools and flexibility to meet the needs of their residents. To that end, cities have implemented solutions such as inclusionary housing, rent control, fair housing and housing trust funds. They have also leveraged programs like their states' tax incentive programs to expand housing affordability and access.

NLC conducted an assessment of all 50 states and the District of Columbia to show how states and cities interact in each of these policy areas and provide details about cities' implementation authority. In the pages of *Local Tools to Address Housing Affordability: A State-by-State Analysis*, data for each policy comes from existing research, state legislation and relevant court decisions. Among the highlights are the following:

- Cities in 20 states and the District of Columbia are expressly permitted or face no legal barriers to inclusionary housing.
- Cities in 13 states and the District of Columbia are permitted, have some barriers, or have limited control to implement rent control. Oregon is the only state to mandate rent control.
- Cities in 25 states and the District of Columbia have either state law protections or local protections for those using housing vouchers as a source of income.
- Cities in 35 states and the District of Columbia have established housing trust funds.

The local housing context varies by regional housing market types and by the tools available to cities, towns and villages to address the needs of their communities. Based on our assessment of inclusionary housing, rent control, housing voucher holder protections, housing trust funds and state tax incentive programs, cities in New York, California and the District of Columbia have more tools to address housing affordability than others. Cities in Idaho, Indiana, Kansas, Texas and Virginia have fewer.

In addition to the number of tools available to cities, the way these policies play out locally varies significantly by state. For example, in some states with local inclusionary housing, rent control restrictions limit the authority of cities to implement mandatory programs, whereas in other states, this is not the case.

A new example of rent control can be seen in Oregon. In February 2019, it became the first state in the U.S. to enact mandatory statewide rent control. Cities in Oregon must adhere to the statewide rent control laws and are preempted from passing their own. This has created a new dynamic, the impacts of which will need to be evaluated.

Despite these variations, one thing is clear: The significant housing problem facing our country is compelling cities and states to rethink how they address the issue, and to adapt the relationship they have with each other to meet the scale of the challenge.

Cities can take several steps to achieve the careful balance of local flexibility and mutual housing affordability goals, including the recommendations outlined below.

Review, strengthen and update tools to improve housing affordability. Nearly all cities have control over local planning, zoning and

development regulations and can carefully examine these tools to improve housing options across income levels. For example, cities can relax density requirements in areas designated as single family, modify parking requirements and streamline development processes for projects with an affordability component.

Fill a policy vacuum. Cities in 23 states do not have state or local sources of income protections for housing voucher holders. These states also do not have explicit restrictions on local fair housing, meaning that many cities could create policies to limit discrimination and help extend housing options to those using housing vouchers.

Leverage state programs for local investment. Cities should leverage state tax credits and state housing trust funds to maximize their ability to provide affordable housing at all income levels.

Proactively engage state partners. For example, cities Utah have been working with the state legislature and state Commission on Housing Affordability to craft a bill that not only accelerates affordability in regional housing markets across the state, but also offers cities flexibility to do so in ways that meet their individual needs.

