

Ten Actions Cities Can Take to Improve Housing Affordability

—Owen Minott, Julia Selby Aug 10, 2022

Housing unaffordability, rooted in an acute shortage of homes both for rent and sale, is a severe problem across the nation, affecting red states and blue states, small cities and major metropolitan areas alike. Fortunately, city governments have a great deal of influence over housing costs, with many policy levers at their disposal to increase the supply of homes and improve housing affordability. Below are ten steps local leaders can take to help constituents who are contending with high housing costs.

1. Legalize more apartment units

Many American cities make it illegal to build anything other than a single-family, detached home on over 75% of land zoned for residential use, severely restricting efforts to increase the supply of affordable housing. Often, higher-income neighborhoods are disproportionately zoned for single-family homes, preventing low- and middle-income families from living in communities with more economic opportunities. While rolling back single-family zoning is one of the highest profile policies proposed to enhance affordability, early evidence from Minneapolis, which eliminated single-family zoning, indicates that such measures alone are not sufficient. Cities can also address other potentially restrictive policies, including minimum lot size requirements, density limits, and prohibitions against mixed-use developments (apartments in commercial zones) to more quickly build affordable housing at scale.

2. Legalize accessory dwelling units

Accessory dwelling units (ADUs) are independent residences located on the same lot as a single-family house, often in basements or above garages. ADUs are typically affordable units that diversify a city's housing stock and make more efficient use of already-existing homes. ADUs can be a win-win for tenants and property owners, providing affordable rental units as well as benefits to homeowners—including generating income from an existing asset and adding flexibility in family living arrangements. Cities such as Seattle, WA, Princeton, N.J., and Washington, D.C., have already relaxed zoning ordinances to allow for more ADUs. Los Angeles recently announced a city-wide ADU plan as a tool to combat its affordable housing crisis.

3. Eliminate or reduce parking requirements

Cities often require new buildings in a designated zone to have a certain number of designated parking spaces based on projected occupancy. Research has made clear that parking is very frequently oversupplied, with one study of six New England municipal centers, for example, finding the mandated amount of parking was, on average, two-and-a-half times more than demand at peak times. Parking minimums are also costly; building a single parking space adds an average of \$50,000 in costs per housing unit in some metropolitan areas—and much more in others—with underground parking being particularly expensive. Dozens of cities have reduced or eliminated parking minimums with positive results. For example, one study found that eliminating parking minimums in Los Angeles led developers to build more homes and convert old buildings into housing, helping to stimulate neighborhood revitalization.

4. More quickly and predictably approve developments that meet zoning laws

Even when zoning allows for more affordable apartments, getting new projects approved is often slow, costly, and unpredictable. Many projects require discretionary approvals, meaning local planning commissions and boards can reject proposed projects even if they meet zoning requirements. While community input is essential, the loudest voices are often existing homeowners in the area opposed to new development and are wealthier than the beneficiaries of new housing. When commissions do approve projects, regulatory delays and uncertainty can still increase the costs of developing new housing—costs that are passed on to residents and discourage development. Establishing by-right development processes and more predictable permitting processes can increase the supply of affordable housing by ensuring buildings that meet zoning laws are approved and drive down housing costs associated with delays.

5. Build more affordable housing near transit

Low-income families in cities disproportionately rely on public transit to access jobs and other travel needs. Yet housing near transit tends to be more expensive, forcing low-income families to either pay high rents or live far from accessible transit, potentially spending their limited resources on owning a car. Increasing the supply of affordable housing near transit can reduce the cost of living for low-income families by reducing their transportation costs—often the second-largest annual expense for families after housing—and better connect families to jobs and economic opportunities. Cities should use every tool in their toolbox to spur affordable housing in transit-rich-neighborhoods, including upzoning, better harmonizing housing and transit planning, and prioritizing housing construction subsidies for developments with transit access. Transit agencies can also utilize the real estate they own in innovative ways to build well-placed housing. For example, the Washington Metropolitan Area Transit Authority recently partnered with Amazon to develop 1,000 affordable units at Metro stations.

6. Establish and expand affordable housing trust funds

Cities do not need to rely solely on federal and state financing to overcome the expensive upfront costs of development; they can establish their own affordable housing trust funds, like those that exist in Los Angeles, Seattle, Philadelphia, and Washington, D.C.—as well as many counties and states. A housing production trust fund is a source of funds designated to finance production and preservation of affordable housing, providing additional gap financing in addition to other sources like the Low-Income Housing Tax Credit and private subsidies. Some cities, such as Albuquerque, have capitalized their housing trust funds through voter bond measures. While their exact structures and processes vary, the results are promising and worthy of consideration. In Washington, D.C., the Housing Production Trust Fund has produced over 6,000 affordable units since 2015.

7. Improve housing voucher programs

Thousands of public housing authorities (PHAs) across the country administer Housing Choice Vouchers, which help low-income renters afford housing payments. Housing vouchers effectively reduce housing instability and allow low-income households to afford units in higher-opportunity neighborhoods. However, the program's success is restrained by landlords unwilling to accept vouchers as payment, with acceptance rates of vouchers declining—and reaching especially low levels in low-poverty areas. Evidence suggests that high denial rates are due to a combination of landlord discrimination against voucher holders as well as legitimate challenges working with PHAs—including the time-consuming inspection process. PHAs can improve landlords' experience with the Housing Choice Voucher program by having dedicated landlord liaisons, customer service hotlines, and workshops for participating landlords. Marin County, CA started

offering security deposits, damage protection, and vacancy loss coverage, which increased leases for voucher holders. Similarly, the PHA in Cambridge, MA offers damage and vacancy payments for landlords who lease to voucher holders and conducts landlord surveys to improve landlord service satisfaction.

8. Maintain and establish emergency rental assistance programs

During the COVID-19 crisis, Congress provided \$46 billion for emergency rental and utility assistance programs to prevent evictions and help low-income renters sustain financial shocks caused by the pandemic. The program—along with other emergency measures—helped prevent 1.36 million eviction filings, by one estimate. While most of this funding has been distributed, local governments can build on this success and maintain local emergency rental assistance programs, leveraging institutional capacity developed during the pandemic. For example, San Antonio, TX assisted more than 56,000 households with federal emergency assistance funds during the pandemic and will fund a new emergency rental assistance program at a smaller scale without federal funds, helping low-income households weather temporary hardships unrelated to COVID-19 and ensuring families stay stably housed until they regain their financial security. Even as the economy recovers from the pandemic, many low-income Americans will continue to be vulnerable to financial shocks as the high cost of rent outpaces wage growth.

9. Inventory and allocate public land for affordable housing

As a first step toward maximizing the use of public land and resources, a 2016 BPC report recommended that local governments develop a complete list of all assets owned, including vacant land and underutilized real estate. For example, a 2016 audit in New York City found more than 1,000 vacant lots owned by the city, many of which had been sitting idle for decades. Atlanta's Public Land Advisory Council oversaw an asset mapping effort in 2021 that identified 2,023 parcels of land suitable for affordable housing projects. Once surplus land is identified, cities can sell or lease it at a reduced cost—or donate it—to offset the high cost of land and build more affordable housing. Montgomery County, MD, King County, WA, and Washington, D.C., have all instituted policies encouraging low-income housing development on public land.

10. Support community land trusts

Community land trusts (CLTs) are nonprofit organizations governed by boards of residents and public representatives that act as stewards of land for affordable housing. Land is bought and maintained by the nonprofit organization, which sells homes that sit on the land to occupants—splitting the ownership of the land value and the home value so that occupants pay less for homeownership. Nonprofit stewards hold land in a trust in perpetuity in order to preserve affordability even when market rates rise sharply, permanently preventing developers from purchasing land for expensive units. Cities can support CLTs by providing financing, property tax exemptions, and technical assistance. There are hundreds of CLTs across the country, which have a record of empowering households—especially low-income families of color—to build wealth.

Conclusion

Tackling the affordable housing crisis will require an all-hands-on-deck approach at the federal, state, and local levels. Some of the actions highlighted in this blog can be carried out at the state level, a more efficient process than instituting reforms city by city. Nevertheless, cities should not hesitate to do everything in their power to address the urgent need for more affordable housing—as soon as possible. No single policy can serve as a silver bullet to sufficiently improve affordability, and cities will need a comprehensive approach including a slate of policy solutions to have a meaningful impact.