Policy objective: Increasing housing stability for renters and owners

This brief focuses on policies that are designed specifically to help low- and moderate-income renters and homeowners increase housing stability and avoid involuntary moves. In general, any policy that helps to make housing more affordable to renters or homeowners also helps to support housing stability by increasing households’ ability to meet their monthly housing expenses. But even when households can generally afford their housing costs, they may be vulnerable to eviction or foreclosure as a result of an unexpected expense or a personal emergency. Sources of instability beyond high housing costs include both household-specific factors like medical crises, job loss, domestic violence, and neighborhood-level factors, such as rising housing demand that leads owners of rental properties to sell or repurpose their properties to realize a higher rate of return.

For renters, local jurisdictions can focus on three primary ways to increase housing stability:

**Prevent the loss of affordable units due to a change in ownership and/or use**

Affordable rental units may be lost when an owner stops participating in a housing subsidy program and converts the property to market-rate rentals, or when the owner of an unsubsidized affordable rental property decides to raise rents markedly or convert the building to condominiums. If the current tenants are unable to afford the rent increase or cost of buying their unit, they may be forced to relocate. These challenges to housing stability often occur in formerly low-cost neighborhoods that have become more desirable due to investment in infrastructure or economic development or other market forces. In other cases, these challenges are related to rising demand for housing that is not being adequately met by new development. In low-cost neighborhoods that have not experienced increased housing demand, unsubsidized affordable rentals may be lost when the building falls into disrepair and is no longer habitable. Renters in smaller “mom and pop” properties, where the owners lack access to capital to make repairs or undertake major renovations, may be particularly vulnerable to displacement due to deterioration.

There are a range of policy options available to cities, towns, and counties interested in preserving the affordability of dedicated affordable and market affordable properties. Efforts to increase housing stability may seek to provide a right of first refusal that facilitates the transfer of ownership of these properties to a tenant organization or partner who is committed to maintaining affordability. In cases where rental properties
are deteriorating, the infusion of capital through the Low Income Housing Tax Credit can help renovate the property while retaining affordable rents. Local jurisdictions can also provide protections that enable tenants to stay in their homes even when ownership or use of the property changes, such as following the conversion of a rental property to condominiums. Cities, towns, and counties can promote stability for renters in unassisted affordable properties by providing tax incentives and other financial support for maintenance and repairs, enabling owners to make needed upgrades.

**Establish income eligibility requirements that promote stability**

In establishing income eligibility policies for dedicated affordable housing developments, owners and local officials should consider the implications for residential stability. Of particular concern are policies that leave little room between the income a resident needs to afford the rent and the income at which a resident becomes ineligible to continue living in the development.

**Moderate rent increases that destabilize renters**

In places where rents rise faster than incomes, renters may be forced to move on a regular basis in order to find units they can afford. Retired people and other households on a fixed income may be particularly vulnerable to housing instability as rents increase and monthly assistance payments stay the same. Local jurisdictions can take steps to regulate rent increases for particularly vulnerable groups or in general to help prevent displacement. Cities, towns, and counties that adopt rent regulation policies will need to be mindful of potential negative impacts on owners’ investment in improvements to existing buildings, as well as on the prospects for increasing the overall housing supply if the policy applies to newly-built units.

**Provide financial and legal assistance to protect against “no-fault” or avoidable evictions**

Eviction is a costly and disruptive process for renters and property owners alike. In some cases, however, owners believe they can benefit from the eviction of a single tenant or group of tenants. Some local jurisdictions protect renters by prohibiting “no-fault” evictions, or the attempt by landlords to evict renters despite on-time payment of rent and adherence to the rules. Cities, towns, and counties may also support organizations that provide low- or no-cost legal advice and representation to tenants who are facing eviction or dealing with other serious housing issues. Jurisdictions can also help to prevent evictions from non-payment when renters face a temporary financial crisis due to a medical emergency, layoff, or other scenario. To do so, some
local jurisdictions provide one-time or short-term rent assistance. This type of assistance helps those who are normally able to keep up with their rental payments to avoid eviction for nonpayment of rent until their situation stabilizes. Local education campaigns can help to ensure renters are aware of their rights and responsibilities, as well as the availability of financial or legal assistance.

Another group of policies helps homeowners maintain stable housing.

**Ensure the individual or family is ready for homeownership**

One of the best ways to increase housing stability among homeowners is to ensure that potential buyers are prepared for and able to manage the costs and responsibilities of homeownership before buying a home. Housing counseling and education help individuals and families to evaluate their readiness for homeownership and identify safe and sustainable mortgage products that will reduce their vulnerability to housing instability due to delinquency and foreclosure.

**Help families cover the ongoing costs of homeownership**

The rising cost of utilities and property taxes can create affordability challenges for homeowners long after they have paid off their mortgage. When these costs become too great, homeowners may have their electricity, water, or heat turned off and may be forced to relocate when housing conditions become unsafe or unsustainable. Households may also face foreclosure and involuntary displacement due to nonpayment of property taxes. Some local jurisdictions adopt tax relief programs, also called “circuit-breakers,” that protect low-income and/or elderly or disabled homeowners from large increases in tax bills. Communities may also offer low- or no-cost programs to improve the energy-efficiency of existing homes, helping to reduce and moderate utility bills.

**Enable aging homeowners to stay in their own homes**

As homeowners age, they may not have the resources to keep up with routine maintenance and may be unable to make repairs on their own. Individuals who develop mobility impairments or other disabilities may also have difficulty remaining in their own homes if they cannot afford the cost of necessary renovations or modifications to improve accessibility. Cities, towns, and counties can help these households maintain stable housing by creating programs that provide home maintenance or home modification services for a reduced cost or at no cost to qualifying households.

**Protect against avoidable foreclosures**
In some cases, a family may need minimal financial assistance to get current on their mortgage payments and avoid foreclosure. In others, the foreclosure is the result of an administrative error, but the family lacks the knowledge, resources, or connections to prevent foreclosure proceedings. While some foreclosures are unavoidable, many local jurisdictions offer foreclosure prevention programs aimed at preventing foreclosures and helping families remain in their homes.

**Increase housing stability with the housing policy toolkit**

This exhibit describes how policy tools in the Housing Policy Library can be used to increase housing stability for renters and owners. The policies listed here are illustrative options within each category.

### I. Create and preserve dedicated affordable housing units

**Logic/mechanism:**
Housing trust funds and other sources of local revenue provide a flexible funding source that can be used to address local priorities, including rental housing preservation and housing stability.

Transferring ownership of dedicated affordable rental properties to organizations that are committed to maintaining affordability—whether private non-profits or tenants organizations—helps to ensure that current residents have the option to stay in their homes.

**Specific policies:**
- Set aside a portion of the proceeds from the local housing trust fund or dedicated revenue sources for activities that support housing stability.
- Support the acquisition and operation of moderate-cost rental units to make it possible for families who live in those units to maintain stable housing.
- Facilitate the recapitalization of deteriorating affordable properties through the Low-Income Housing Tax Credit, housing trust funds, and other funding sources.
- Adopt a right of first refusal policy that gives mission-oriented buyers priority consideration when the owner of a subsidized rental property decides to stop participating in the subsidy program.
### III. Help households access and afford private-market homes

**Logic/mechanism:**
Short-term financial assistance can help families keep up with their rent when they face unexpected challenges.

Programs that ensure homebuyers are adequately prepared for homeownership help to avoid challenges that can lead to delinquency and foreclosure.

Renovations that reduce home energy consumption help low-income homeowners avoid large and/or unpredictable utility bills that threaten their ability to stay in their homes over time.

**Specific policies:**
Provide state- or local-funded tenant-based rental assistance to help renters maintain their housing during a financial crisis.

Offer housing education and counseling, or support programs implemented by non-profit partners, to help prospective buyers assess their readiness for homeownership.

Provide energy-efficient retrofits that improve the energy performance of existing homes and lower utility bills.

### IV. Protect against displacement and poor housing conditions
**Logic/mechanism:**
Policies that stabilize rents and protect against the loss of affordable units make it possible for families to stay in their rental units over the long term.

Eviction and foreclosure prevention programs help renters and homeowners avoid displacement if possible.

Assistance provided to owners of rental properties to support upkeep and repair enables those units to remain available and affordable.

Assistance to limit increases in the utility and tax bills makes it possible for households on a fixed income to afford the ongoing costs of homeownership.

Assistance to cover the cost of home safety modifications enables older adults and people with disabilities to avoid moves when their homes are no longer safe or accessible.

**Specific policies:**
Adopt rent regulation policies that stabilize housing costs and help to prevent displacement from housing costs that would otherwise rise faster than incomes. (See above caveats, however.)

**Protect renters from condo conversions** that will result in displacement when the building changes use.

Adopt “just cause” eviction policies and offer eviction prevention programs and legal assistance for at-risk renters.

Provide tax incentives and expanded access to capital to help owners of unsubsidized affordable rental properties cover the cost necessary repairs and routine maintenance.

Create tax relief and circuit breaker programs to help low-income homeowners avoid affordability challenges as the costs of homeownership increase.

**Foreclosure prevention programs** help families resolve mortgage delinquencies or identify alternatives to foreclosure.

**Assistance for home safety modifications** and rehab of existing homes makes it possible for homeowners to remain in their homes as they age.
Combining policies to increase housing stability for renters and owners

The policies highlighted in the exhibit can be used in combination, as illustrated in the following scenario.

As part of an ongoing demographic shift, young professionals have been increasingly renting and purchasing condominiums in relatively affordable areas east of the central business district of a high-cost city, putting upward pressure on housing prices and rents. Housing department staff identify several neighborhoods where housing costs appear likely to increase in the coming years, in keeping with this trend. To prevent housing instability in targeted neighborhoods, the city first moves to adopt a right of first refusal policy that gives tenants organizations and non-profit or mission-oriented organizations exclusive rights to make an offer when property owners decide to stop participating in housing subsidy programs. While adopted on a citywide basis, the city creates a special outreach campaign in targeted neighborhoods to make sure current residents understand their rights and building owners understand their responsibilities.

Some of the rental buildings in these areas are unsubsidized but affordable due to their age and condition. In neighborhoods where housing costs have started to increase, similar buildings have been purchased by developers, rehabbed, and converted to high-end condos. The city adopts protections that give renters special rights when their units are subject to condo conversion. Working with a local nonprofit organization, the city also creates a program to increase access to capital and help owners of unsubsidized affordable rental properties cover the cost of necessary repairs, in exchange for a commitment to keeping the units available as lower-cost rentals.

While the housing stock in target neighborhoods is primarily composed of older rental properties, there are also long-time homeowners. The city partners with the local senior center to conduct an outreach campaign informing these households about an existing tax abatement program that limits the year-to-year increase in tax assessments for income-eligible older adults. While interacting with homeowners, representatives of the city and senior center also assess their need for home safety or accessibility modifications, and connect those in need of help with local assistance programs.