Policy objective: Affirmatively furthering fair housing

All jurisdictions that receive HUD funding are required to affirmatively further fair housing (AFFH).

According to the Final Rule on AFFH issued by HUD in 2015, AFFH is defined as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.” (80 FR 42353). Protected characteristics include race, color, religion, sex, national origin, familial status, having a disability, and having a specific type of disability.

HUD’s AFFH Rule requires that localities that receive HUD funding prepare an Assessment of Fair Housing (AFH) that examines the fair housing challenges in their community, the factors contributing to these challenges, and goals for overcoming these challenges and a strategy for achieving these goals. (NOTE: the requirement to submit these plans is currently on hold until 2020.) HUD has created a database, mapping tools, and guidance for communities to conduct these assessments.

When creating their housing strategies, cities, towns, and counties should focus particular attention on the fair housing issues that are most salient in their community—for example, local jurisdictions with substantial numbers of racial and ethnic minorities should take note if residents in the neighborhoods with high-performing schools and low poverty rates tend to be all or predominately white, or if residents of neighborhoods with high poverty rates are disproportionately members of racial and ethnic minorities. A city’s strategic planners can use the data and tools described in the AFFH Guidebook to identify these patterns, and to assess whether they result in differential access to opportunities, including good schools, reliable public transit, and employment centers. Data available through HUD’s AFFH tool can also be used to determine if housing segregation affects mainly the poorest families within an affected group and if it is particularly acute for families with children. The answers to those questions may imply different strategies and action plans. Having used the tools provided by HUD to diagnose its fair housing challenges, a city can then assess which tools in the Housing Policy Library can be used as part of a strategy for affirmatively furthering fair housing.

A city’s strategy can include both transforming racially or ethnically concentrated areas of poverty into resource-rich areas and creating integrated communities by enabling low-income people within protected classes to live in areas from which they
have been excluded—that is, both “place-based” and “mobility” strategies.

**Place-based strategies**

Transforming concentrated areas of poverty is a difficult undertaking. The size of resources needed for a housing-led transformation of a neighborhood can be large, as evidenced by the cost of the housing redevelopment funded by the HOPE VI and Choice Neighborhoods programs. Cities, towns, and counties may want to consider a holistic approach that brings a range of resources such as health services, equitable policing, improved public school buildings and educational programming, job training, and transportation access to areas of concentrated poverty, alongside home repair programs linked to code enforcement, to reach large numbers of residents and have a significant impact in reducing disparities in access to opportunity. For further guidance on using place-based and mobility strategies, see the related brief, *How can cities develop a balanced community investment strategy?*

**Mobility strategies**

Overcoming residential segregation by increasing the availability of housing in resource-rich and integrated neighborhoods is also difficult, but there are many tools in the Housing Policy Library that can be used in concert to pursue this objective, as shown in the exhibit. When planning for the use of these tools, the city should consider creating housing opportunities both for racial and ethnic minorities that have been segregated and for the other classes protected by fair housing law. For example, inclusionary zoning may help create or maintain a diverse neighborhood, but a policy that creates only zero and one-bedroom affordable units will not achieve the objective of increasing opportunities for families with children, another protected class.

**Affirmatively further fair housing with the housing policy toolkit**

The exhibit describes how policy tools in all four categories in the Housing Policy Library can be used to affirmatively further fair housing. Because the Housing Policy Library focuses on housing policy tools, the overwhelming majority of the tools described in the exhibit focus on preserving and expanding the availability of affordable housing in resource-rich and integrated areas. Please see the Housing Policy Library for a full listing and explanation of policy options.

As noted above, there are many important non-housing tools that communities can and should use to expand the resources available to residents of low-income and segregated neighborhood. These are not covered in the exhibit.

View the related brief, *Continuing Segregation: Trends, Consequences and Local*
Policy Responses, for more guidance on what communities can do to help address segregation.

I. Create and preserve dedicated affordable housing units
**Logic/mecanism:**
Dedicated affordable housing can be located in resource-rich, gentrifying and integrated neighborhoods.

Dedicated affordable housing can be used as part of a comprehensive effort to revitalize segregated areas, including racially and ethnically concentrated areas of poverty.

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**Specific policies:**
Work with affordable housing developers to encourage use of **Low Income Housing Tax Credits** (LIHTC) for new construction or preservation in resource-rich and gentrifying locations, as well as to increase the mix of incomes in distressed neighborhoods where most households have incomes that are lower than LIHTC residents.

Identify specific target properties in the preservation inventory, as well as properties and buildable sites the city may control to preserve and expand the availability of affordable housing in resource-rich and integrated areas. Use funding priorities for gap financing (**HOME**, **CDBG**, **housing trust funds**, and dedicated revenue sources), to incentivize such development.

Work with the PHA to identify properties in resource-rich and gentrifying neighborhoods that could be preserved as affordable housing with project based vouchers.

Create **deed restricted homeownership programs and limited equity cooperatives** in resource-rich and gentrifying neighborhoods and give families with children priority for those programs.

Collaborate with other jurisdictions to support the development of affordable housing in resource-rich areas throughout the region.

Lower the cost of developing affordable housing in resource-rich and integrated areas through density bonuses, reduced parking requirements, tax abatements or exemptions, reduced fees, and expedited processing. Similar policies can also be used to promote integration by facilitating the development of market-rate housing in lower-income areas with characteristics that may be attractive to many households (e.g., proximity to a central business district or public transit).

Use inclusionary zoning to create dedicated affordable units in resource-rich, gentrifying and integrated neighborhoods, including units large enough for families.

Provide gap financing and other affordable housing resources and incentives in racially and ethnically concentrated areas of poverty only when part of a multi-sector and well-funded comprehensive neighborhood revitalization strategy.
II. Promote affordability by reducing barriers to new supply

**Logic/mechanism:**
Zoning changes can allow for higher density development in resource rich neighborhoods.

Reducing development costs and barriers for developments with larger units (2+ bedrooms) in resource rich neighborhoods can expand the stock of housing for families in those locations.

**Specific policies:**
- Rezone for **higher residential density** in resource rich neighborhoods.
- Use incentives such as **reduced parking requirements** and **streamlined processes** to encourage development of family housing in resource rich neighborhoods.

III. Help households access and afford private-market homes

**Logic/mechanism:**
Tenant-based rental assistance can improve low-income households’ access to resource-rich neighborhoods.

Reducing barriers to homeownership can help families with children, including racial and ethnic minorities, remain in gentrifying neighborhoods.

Bringing in homeowners can be an effective element of a comprehensive neighborhood revitalization plan.

**Specific policies:**
- Provide **mobility counseling** and recruit landlords to help **Housing Choice Voucher holders** find housing options in resource-rich neighborhoods.
- Increase **voucher payment standards** in resource-rich neighborhoods.
- Enact **source of income laws** that prohibit owners from refusing to rent to Housing Choice Voucher holders.
- Support public and private fair housing and legal aid organizations that provide **legal assistance to victims of discrimination**.
- Target **downpayment and closing cost assistance** and **subsidized mortgages** to new homeownership units in racially and ethnically concentrated areas of poverty only as part of a multi-sector and well-funded neighborhood revitalization plan.

IV. Protect against displacement and poor housing conditions

**Logic/mechanism:**
Policies that that enhance housing stability can help low income and minority families remain in gentrifying neighborhoods.

**Specific policies:**
- Enact **“just cause” eviction policies** and protections from condo conversion and provide legal assistance to families at risk of being displaced from gentrifying neighborhoods by redevelopment of their current housing.

**Combining policies to affirmatively further fair housing**

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

The city’s Assessment of Fair Housing determines that most African American families with children live in racially and ethnically concentrated areas of poverty and other predominantly African American neighborhoods. Families using housing choice
vouchers mainly rent in those neighborhoods, including in existing LIHTC properties, which are disproportionately located in those areas. Large areas of the city house very few minority residents. The city has small Hispanic and Asian populations, and they are more dispersed throughout the city’s neighborhoods than African Americans.

Two integrated neighborhoods exist in the city. One is close to the downtown employment center, the other near a light rail station that has just opened. Both neighborhoods are gentrifying rapidly. Small multifamily rental properties are being torn down and replaced with new buildings that appeal to young professionals and empty nesters, with high-rents and small unit sizes. The existing single-family stock is converting from rental to high-cost homeownership.

A large public housing development was downsized and redeveloped as mixed-income housing through the HOPE VI program, but none of the remaining racially and ethnically concentrated areas of poverty have a revitalization plan with committed resources for large-scale housing redevelopment supported by policy initiatives in other sectors.

The city develops a strategy and action plan for affirmatively furthering fair housing that includes the following:

- The city’s housing department reaches out to LIHTC developers active in the city to encourage them to preserve four properties located in resource-rich and integrated neighborhoods. The city offers the developers gap financing from a local housing trust fund and tax abatements and reduced permitting fees as additional incentives for the developers and to make the properties competitive in the competition for the state’s 9 percent LIHTC credits.
- The city joins with a local philanthropy to fund a voucher mobility program operated by a legal aid organization with a strong track record. The program encourages families with children who currently use housing choice vouchers to consider moving to a resource-rich neighborhood, helps them locate housing, and provides some support to cover moving costs. The city proposes to enact a new law prohibiting discrimination based on source of income and, meanwhile, funds the PHA to conduct outreach to landlords in resource rich, gentrifying and integrated neighborhoods to encourage them to rent to voucher holders.
- The city works with the PHA to identify small multifamily properties in gentrifying neighborhoods that have units large enough for families with children and could be bought by the PHA or a private, non-profit housing provider and preserved as affordable housing using project-based vouchers.
- The city works with a local developer of affordable housing to convert a multifamily property in one of the gentrifying neighborhoods to a deed-restricted
homeownership development. Eligible buyers are low and moderate-income families with children.

- Having determined that a housing-led revitalization program is not feasible for the areas of concentrated poverty, the city uses other policy tools to create opportunities for residents of those neighborhoods, including walk-in health clinics and targeted efforts to encourage and support neighborhood residents to participate in a pre-existing school lottery.

1. The determination that these and other household types have disproportionate housing needs does not mean that communities should pursue the development of affordable housing in areas of concentrated poverty or areas with high concentrations of racial/ethnic minorities. There are other ways to meet the housing needs of low-income racial and ethnic minorities that expand their housing choices and enable them to access resource-rich areas. For example, racial and ethnic minorities have rates of success using tenant-based assistance that are just as high—and often higher—than rates for non-Hispanic white families and individuals. (Finkel, Meryl and Larry Buron. *Study on Section 8 Voucher Success Rates: Volume 1, Quantitative Study of Success Rates in Metropolitan Areas*. November 2001. U.S. Department of Housing and Urban Development.)

2. The city used the NLIHC-PAHRC preservation database to identify such properties.