Policy objective: Expanding affordable housing in resource-rich neighborhoods

A growing body of research documents the positive outcomes associated with living in resource-rich areas, particularly for young children.

These neighborhoods offer access to quality schools and public libraries that set the stage for educational achievement, streets and parks that are free from violence and provide a safe place to play, and fresh and healthy food. Yet the characteristics that make resource-rich areas attractive places to live also boost demand and high housing costs. By targeting investments in the creation and preservation of affordable housing on resource-rich areas, communities can help ensure that low- and moderate-income income households benefit from the same advantages and opportunities as their higher-income peers. These activities can also help expand the housing opportunities available to racial and ethnic minorities and promote racial/ethnic integration. To be successful, efforts to expand the supply of dedicated affordable housing in resource-rich areas must help affordable housing developers overcome the challenges of high land prices, competition from private developers, community resistance, and other obstacles that make it difficult to develop affordable housing in resource-rich areas.

Facilitating access to resource-rich neighborhoods by households with tenant-based rental assistance is another important component of these efforts, and often requires familiarizing voucher holders with these neighborhoods, overcoming landlords’ reluctance or refusal to accept vouchers, and potentially making programmatic changes that increase the subsidy amount available in high-cost areas. While we refer to these areas as “resource-rich,” some cities, towns, and counties use the term “opportunity areas” instead. We have chosen to use the term “resource-rich areas” to avoid a suggestion that residents of low-income neighborhoods can access opportunity only by moving to higher-income areas. While moving to a resource-rich area is an important strategy for expanding the life opportunities of low-income children and others, public policy should strive to ensure that residents of all neighborhoods have equitable access to the basic building blocks of economic opportunity, such as quality schools and safe streets. View the related brief, Strengthening communities through community development activities, for more guidance on what communities can do to enrich and improve conditions in distressed neighborhoods.

Expanding affordable housing in resource-rich neighborhoods with the housing policy toolkit

The exhibit describes how policy tools in the Housing Policy Library can be used to expand the availability of affordable housing in resource-rich areas.
I. Create and preserve dedicated affordable housing units

Logic/mechanism:
Incentives and requirements targeted on private developers of market-rate housing can stimulate the creation of dedicated affordable housing in resource-rich areas.

Federal, state, and local subsidies make it possible to build and operate dedicated affordable housing, including in high-cost, resource-rich areas.

Programs that reduce or eliminate the cost of land from the total development cost make it possible to create dedicated affordable housing in resource-rich areas where land costs are high.

Specific policies:
Establish strong incentives for the inclusion of affordable units in well-located market-rate projects, including density bonuses, reduced parking requirements, expedited permitting, tax abatements or exemptions, and reduced or waived fees.

Use inclusionary zoning requirements to set aside a portion of new residential units in resource-rich areas.

Subsidy programs (LIHTC and capital subsidies for affordable housing developments) can support the construction of new affordable units.

Allocate operating subsidies for affordable housing developments and Housing Choice Vouchers to project base in resource-rich areas.

Target efforts to preserve dedicated affordable housing and to expand the supply of rental housing and lower-cost housing types to gentrifying and resource-rich areas.

Donate publicly owned land in resource-rich areas for use in siting new affordable housing.

Use a property acquisition fund or joint development agreement to ensure that development of affordable units will be possible near new transit stations and other areas where land costs are likely to increase rapidly.
### III. Help households access and afford private-market homes

**Logic/mecanism:**
Tenant-based housing assistance helps renters find affordable housing in resource-rich neighborhoods; complementary policies and programs increase the likelihood that the assistance can be successfully used.

Programs that lower the cost of buying a home may be able to create long-term affordable homeownership opportunities in areas where property values are increasing.

Fair housing laws provide protection against discrimination that can restrict access to resource-rich areas.

**Specific policies:**
Use **Housing Choice Vouchers** and other forms of tenant-based rental assistance to help renters gain access to resource-rich areas; combine these subsidies with **mobility counseling** and **increased voucher payment standards in high-cost areas** to increase the likelihood that renters will be able to find housing in these areas.

Target **landlord recruitment and retention** programs on resource-rich areas and adopt **source of income laws** to increase the likelihood that families will be able to use vouchers in these areas.

Use shared equity homeownership strategies like **community land trusts** and **deed-restricted homeownership** to lower the cost of homeownership in resource-rich areas.

**Enforce fair housing laws** and provide **fair housing education** programs to raise awareness and remove illegal barriers to renting or buying a home in a resource-rich areas.

### IV. Protect against displacement and poor housing conditions
**Logic/mechanism:**
Policies and programs that stabilize rent (and property tax) levels and provide protection from unwarranted evictions help to prevent displacement and ensure existing residents enjoy access to improved amenities and services as neighborhoods gentrify.

**Specific policies:**
Use [just cause eviction policies](#), [eviction prevention programs](#), and [legal assistance for at-risk renters](#) to prevent displacement of renters, particularly as a formerly affordable neighborhood “heats up”.

Adopt [rent regulation](#) policies to keep rent levels affordable to existing residents in neighborhoods that are experiencing gentrification.

Offer [tax relief](#) to keep property tax bills affordable to existing homeowners as property values in the surrounding neighborhood increase.

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**Combining policies to expand affordable housing in resource-rich areas**

The policies highlighted in the exhibit can be used in combination, as illustrated in the following scenario. Local leaders are aware that historic patterns of segregation, discrimination, and underinvestment have led to concentrations of low-income and minority residents in neighborhoods that lack access to strong schools, full-service grocery stores, well-maintained parks, and other resources. In an effort to begin correcting this imbalance, the city updates its local housing strategy to focus on strategies that (a) promote community development in traditionally underserved neighborhoods (see related brief, [Strengthening communities through community development activities](#)), and (b) expand affordable housing opportunities in resource-rich areas. As a first step to expanding affordable housing in resource-rich areas, housing and planning staff work together to develop a set of incentives to encourage inclusion of affordable units in new market-rate development, including substantial density bonuses and reduced parking requirements. The housing market in the city is strong and additional new residential construction is expected in the coming years. While state law prohibits mandatory inclusionary zoning, market analysis suggests these incentives are sufficiently strong to encourage developers in areas experiencing growth and new investment to set aside a portion of units for moderate-income renters. At the suggestion of housing department staff, the mayor also asks all city, town, or county departments to review their property inventory and submit a list of underutilized or vacant land or buildings. Members of the housing and planning...
departments will jointly evaluate the lists of available sites to identify those that are located in resource-rich areas and suitable for residential development. These parcels will be offered to qualified developers of affordable housing at a significant discount. The city has also prioritized local funding for gap financing to help facilitate the development of housing with Low Income Housing Tax Credits. The city also works with the public housing agency (PHA) to increase mobility options for very low-income and extremely low-income families. The PHA increases payment standards in high-cost areas, increasing the rent subsidy available to voucher holders. While subsidy levels won’t be high enough to allow voucher holders to rent in the most expensive parts of the city, they will improve access to many neighborhoods that are characterized by lower levels of poverty and crime. The city begins an outreach campaign to encourage landlords in resource-rich areas to accept voucher holders, and partners with a local non-profit organization that will provide mobility counseling to prospective renters, including neighborhood tours and referrals to local service providers. The PHA also agrees to provide project-based vouchers to LIHTC developments being developed in resource-rich areas to make those areas more accessible to low-income households.