Policy objective: Strengthening communities through community development activities

Many high-cost cities, towns, and counties—or those that include high-cost neighborhoods—also have neighborhoods characterized by high rates of poverty and disinvestment that could benefit from community development efforts.

Such efforts could include, for example, investments in strengthening public schools or in creating public parks, libraries and other community institutions; investments in beautification and streetscape improvements; and investments in housing options that help to foster a mixed-income population.

In cities, towns, and counties that include neighborhoods with a range of different conditions, a neighborhood-by-neighborhood analysis can be a useful way to determine where to focus on preserving and expanding affordable housing as a primary goal, and where it might be appropriate to focus more on community development activities. See this brief for more information on how to balance investments to strengthen low-income neighborhoods with efforts to increase the
availability of affordable housing in resource-rich and gentrifying areas.

**Supporting community development with the housing policy toolkit**

Local jurisdictions that wish to support community development activities in particular neighborhoods will likely want to pursue a comprehensive approach that goes beyond housing to include investments in other areas such as public safety, commercial revitalization, and infrastructure and educational improvements. LocalHousingSolutions.org focuses on local housing policy and can be a good source of information on the housing components of a community development approach. Housing-related interventions that can be a part of this comprehensive approach include:

- **Improve the quality and appearance of existing housing and the surrounding area.** Efforts to improve the quality and appearance of the housing stock in areas targeted for community development can be important for ensuring the safety of homes, extending their operating life, and potentially improving the quality of life of all neighborhood residents. Better maintained properties help to signal that a neighborhood is being monitored and may discourage potential offenders from engaging in criminal activity. Improved lighting, strategic landscaping (including pruning back overgrown bushes), and efforts to improve curb appeal are other relatively modest efforts that can increase safety and discourage crime. Such investments can also be critical in retaining moderate-income families and ultimately attracting families with a mix of incomes.

- **Consider investing in the development of new rental housing.** In neighborhoods where income levels are particularly low, Low Income Housing Tax Credit developments can attract people with moderate incomes that are above the neighborhood median, helping to create a mix of income levels. Development of other types of affordable rental housing can also be a useful part of a community development strategy, provided the level of overall investment in the neighborhood is at sufficient scale to change the neighborhood trajectory. In these circumstances, affordable housing is necessary to help ensure that low and moderate income families will continue to have access to the neighborhood as it improves. Care should be taken, however, to ensure the overall community reinvestment plan, including non-housing components, is sound and adequately resourced. In many cases, the level of investment in the neighborhood falls far short of what is needed to alter the neighborhood’s trajectory or promised resources fail to materialize.

- **Promote homeownership as a mechanism to stabilize communities.** Cities, towns, and counties can offer incentives to households that purchase homes in specific zones targeted for reinvestment—an approach that helps to diversify the income
mix and promote stability. In partnerships with local nonprofit organizations, jurisdictions can also support current renters in the neighborhood in becoming homeowners through homeownership education and counseling and downpayment assistance.

While policies in the Housing Policy Library are generally oriented to preserving and expanding affordable housing in high-cost cities, towns, and counties, this exhibit describes how some of these tools can be used to promote community development in low-income neighborhoods. The policies listed here are illustrative options; please see the Housing Policy Library for a full listing and explanation of policy options.

I. Create and preserve dedicated affordable housing units
### Logic/mechanism:
Locally-generated funding for affordable housing can be used to support a variety of housing-related activities as part of a comprehensive community development strategy.

### Specific policies:
- **Housing trust funds** can be used for a variety of purposes, including supporting homeowner repair programs that improve the quality and appearance of housing.

Revenue from **general obligation bonds** can support redevelopment of residential properties that need upgrades.

Depending on state and local regulations, **tax increment financing** can be used to fund investment in affordable housing and other infrastructure as part of a comprehensive neighborhood redevelopment initiative.

Development of **Low-income Housing Tax Credit** units can attract moderate-income residents and create a mix of incomes.

**Community land trusts, deed-restricted homeownership programs** and **limited equity cooperatives** can be used to create affordable homeownership opportunities for neighborhood renters that transition to homeownership.

## III. Help households access and afford private-market homes
Logic/mechanism: Policies that support affordable homeownership can attract a mix of incomes to high-poverty neighborhoods and stabilize existing residents.

Specific policies:
- **Housing education and counseling** combined with tools that make homeownership more affordable, such as **downpayment and closing cost assistance**, **shared appreciation mortgages**, and **subsidized mortgages** can help to support sustainable homeownership in areas targeted for community development.

## IV. Protect against displacement and poor housing conditions

Logic/mechanism: Policies and programs that improve housing quality can make a neighborhood more attractive to prospective residents as well as commercial investment, and improve quality of life for current residents.

Specific policies:
- **Enforcement of housing and building codes** addresses quality issues and potentially improves the appearance of existing buildings. **Tax incentives** and **access to capital** enable owners of small and unsubsidized affordable rental properties to keep their buildings in good repair. **Foreclosure prevention programs** help existing homeowners resolve housing problems and avoid displacement that can also contribute to neighborhood destabilization.

### Combining policies to strengthen communities through community development activities

The mayor of a high-cost city introduces an initiative to improve the quality of life for low-income residents. To launch the initiative, city leadership identifies a primarily residential neighborhood that is located close to the central business district but has long been characterized by high poverty levels, lack of commercial investment, and under-investment in infrastructure improvements. The mayor agrees to commit city resources to increase the resources available to residents of the neighborhood and convenes an interdepartmental task force that is charged with developing a
comprehensive community development plan to guide investment. If successful, the planning process will serve as a model for other neighborhoods.

The task force includes staff from the housing department, as well as representatives from the local department of transportation, parks department, school district, police precinct, and department of economic development. After consulting with neighborhood leaders and undertaking a robust public participation process, the task force presents a community development plan for approval by the mayor and city council that includes a package of investments. These investments include school improvements, tax abatements and other incentives to attract a new full-service grocery store, development of several pocket parks, and creation of a community policing initiative.

The housing component of the plan includes a recommendation to solicit applications for development of a new Low-income Housing Tax Credit building on a block that currently has several vacant homes. The city will commit to setting aside HOME funds and housing trust fund revenue to provide gap financing for the project, as well as fast-tracking the development approvals process. The plan also includes a recommendation for a special code enforcement initiative within the neighborhood, focused on identifying and helping property owners resolve housing and building code violations and including modest financial support for improvements where needed. On their own, these activities would be insufficient to resolve the broad challenges facing the community, but as part of a broader plan the task force believes they will contribute to improved quality of life for all residents.

See also:

Policy objective: Encouraging walkable mixed-use development
Targeted efforts to expand the supply of rental housing and lower-cost housing types in resource-rich areas
Regional collaboration to support the development of affordable housing in resource-rich areas