

# Affordability Strategies

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THE HOUSING AFFORDABILITY TOOLKIT

Developed in Partnership with  
HR&A Advisors

# Local Housing Policy Guide

**State and local governments have the policy and regulatory authority to improve housing affordability in their communities.** Historically, local housing policies have been narrowly focused on how to best allocate federal subsidies to create, or preserve, income-restricted housing. As the pool of funding for federal housing subsidies continues to shrink and affordability challenges grow, state and local governments are increasingly turning to their own policy and regulatory authority to improve affordability.

**The Local Housing Policy Guide describes how six common local housing policies work and provides recommendations for how localities can tailor them to their unique market conditions.**

**Housing policies that are not designed to fit with the local market conditions are likely to be ineffective or harmful.** Local housing policies improve affordability by addressing market failures. It is impossible to establish effective local housing policy without an understanding of the drivers of a market failure. Too often, localities adopt housing policies without establishing an understanding of whether they are appropriate for their market. They may also misdiagnose the cause of affordability challenges, blaming high rents on new development instead of symptomatic failures in the housing market.

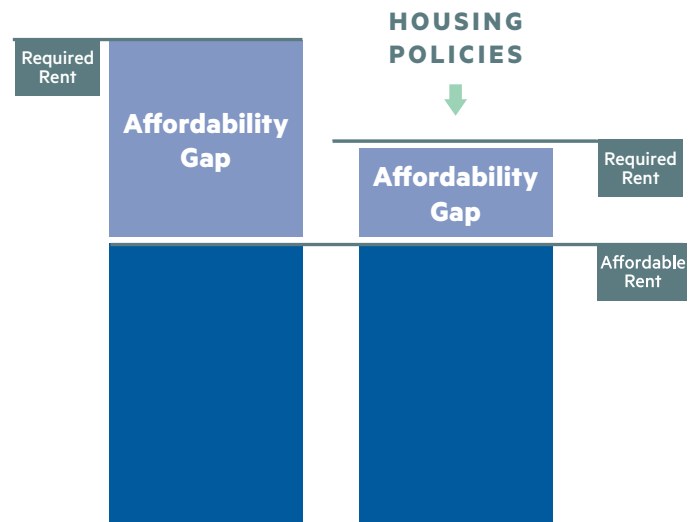
# Designing Local Policies to Increase Affordability

Local housing policies increase affordability by reducing the rent required to develop and operate an apartment.

## Local Policy Toolkit

- Inclusionary Zoning
- By-Right Development
- Tax Abatement
- Public Land Disposition
- Rent Control
- Development Incentives

**The affordability gap is the difference between the rent a household can afford to pay (affordable rent) and the rent required to develop and operate an apartment (required rent).** Local governments can close or narrow the affordability gap by adopting housing policies that reduce the required rent.



**Local housing policies must significantly reduce development costs, operating costs or both to impact the affordability gap.** Reducing the required rent by \$100 a month for a single rental unit requires a reduction in development costs of approximately \$20,000. To address the large and growing affordability challenges that most cities face, governments will need to enact and leverage a combination of appropriate housing policies targeted at reducing the cost of rental housing.