

Affordable Effectiveness

Improving Affordable Housing at the Neighborhood Level



Eric Prince, Master of Public Policy Candidate
Frank Batten School of Leadership and Public Policy
University of Virginia | Enterprise Advisors
May 2018



Table of Contents

Establishing the Scope

Acknowledgements.....	3
Executive Summary.....	4
Key Terms.....	5
Problem Definition.....	6

Literature Review

Historical Background of Affordable Housing.....	7
The Current Landscape.....	8
Data Collection Process.....	9

The Toolkit

Creating a Toolkit.....	15
Strategy 1.....	17
Strategy 2.....	20
Strategy 3.....	24
Recommendation for Prioritization.....	28
Conclusion.....	29

Appendices

Appendix A: Stakeholder Identification.....	31
Appendix B: Current Federal Affordable Housing Tools	32
Appendix C: Neighborhood Types.....	34
Appendix D: Interview Questions.....	36

Acknowledgements

I would first like to thank Anne Jordan and Christopher Kizzie of Enterprise Advisors for providing me the opportunity to work on this project. Additionally, the support and resources provided to me on a weekly basis were greatly appreciated.

I would also like to thank Professor Sebastian Tello-Trillo who guided me through the project from its initial inception. You helped to think critically about the issue and to focus my report when it was necessary. Additionally, thank you to all the Batten Faculty and Staff who have helped me through my two years at the University of Virginia.

Finally, thank you to all of the Community Development employees who spoke with me on the phone. Your insights and information were necessary not only for this report but for my understanding of the problem as well.

Executive Summary

The affordable housing movement within the United States addresses a dire need within every community to provide a basic standard of living to all residents. According to a study created by Habitat for Humanity, “47% of adults surveyed experience unstable or insecure housing situations at some point in their lives (Habitat for Humanity, 2014). According to a study performed by the National Low-Income Housing Coalition, they found that, “33% of very low-income renter households, 8.2% of low income renter households, and 2.4% of middle income rent households are severely cost burdened (Aurand, 2017). Finally, the Monroe Group finds that more than 11 million Americans pay over half of their monthly income on rent (Monroe Group, 2018).

Within each city there is a need to become more specific in affordable housing provision. Many cities currently do not provide housing based on specific neighborhoods¹ due to financial and resource restrictions. Because of this, Enterprise Advisors has requested a **literature review** and a **toolkit** that can help cities better apply programs at the neighborhood level. The following report addresses these two goals.

Recommendation

The three sections of **the toolkit** recommended to Enterprise Advisors is designed to be deployed in unison. These areas consist of the following:

Specific Indicators

This section recommends a set of local indicators that can help cities make better decisions at the neighborhood level.

The Programs

This section recommends a set of local programs that are the most effective in addressing the specific needs of neighborhoods.

The Relationships

This section recommends specific actions to take in creating better relationships with stakeholders at the local and state level.

All three sections of the toolkit are ultimately recommended to Enterprise Advisors. A singular approach is essential for cities in pursuing affordable housing. However, given that many cities experience bandwidth issues and are unable to operate at full capacity, the report creates a recommendation for prioritization.

Recommendation for prioritization: Create a decision process using neighborhood level indicators of opportunity. Most cities have the capacity to already engage in specific programs and relationships. While it is important to improve upon these two areas, focus on specific indicators will allow cities to effectively address the specific needs of residents at the neighborhood level. Additionally, this prioritization component is the most effective, is relatively cheap, has a moderate burden for local governments, is relatively feasible, and creates the most equity for residents.

¹ For more information on neighborhood-level information, see Appendix C: Neighborhood Types

Key Terms and Acronyms

U.S. Department of Housing and Urban Development (HUD): The agency responsible at the federal level for overseeing and implementing policies and activities related housing and metropolises. With regard to affordable housing, HUD oversees specific programs that are implemented at the state and local level (Aurand, 2017).

Area Median Income (AMI): A widely used metric to indicate the need and dispersal of affordable housing at the local level. AMI is used to set rental price and home prices for those who need affordable housing. Additionally, it is used as a metric for funding by many programs. For example, some programs require that a certain percentage of housing must be created for those who fail to reach a certain percentage of AMI (HUD, 2018).

Low-Income Housing Tax Credit (LIHTC): A tax credit provided to states and then dispersed to private developers at the local level (HUD, 2018).

Community Development Block Grant (CDBG): A grant provided from the federal government to localities with populations of over 50,000. A specific set of criteria restricts use, but cities can use this funding for a variety of purposes (HUD, 2018).

Community Development Agency (CDA): The main provider (and focus of this report) of affordable housing at the local level. Their size and capacity vary from city to city.

Public Housing Agency (PHA): Separate from CDAs, PHAs often oversee the implementation of the Housing Choice Voucher Program. PHA and CDA oversight sometimes overlaps, but often, there is a lack of communication between these two parties (HUD, 2018).

Request for Proposal (RFP): A type of public service system where a government entity will put out a request for work. In the case of affordable housing, CDAs release an RFP and private and public organizations will submit proposals for funding. This saves local governments money, time, and resources.

Problem Definition

The issue of affordable housing is a large one: close to 19 million households in the United States spend half of their income (or more) on housing. Hundreds of thousands of people in the United States are homeless and even more suffer health consequences from a lack of satisfactory housing (Allbee, 2015). Additionally, affordable housing issues occur overwhelmingly in urban areas. The Center on Budget and Policy Priorities states, “Half of federally assisted households live in urban neighborhoods, 31 percent live in suburban neighborhoods, and just under a fifth live in rural areas” (CBPP, 2018).

Cities across the United States are left to their own devices when it comes to providing affordable housing. Federal programs and state programs help to some degree: the LIHTC, CDBG, and Housing Choice Voucher Programs are three of the most notable programs that address local affordable housing issues. Cities can also receive state-level funding to use how they please, with a few restrictions (HUD, 2018).

Some cities are very effective at providing affordable housing to needy populations. Some are not. What causes this discrepancy in affordable housing provision? The issue boils down to one main issue: **bandwidth**². Cities and city agencies vary in size, financial-prosperity, and access to information. Access to information is limited and decentralized. Neighborhood conditions vary dramatically from city to city and *within* each city. Affordable housing programs can also be costly, time-intensive, and take up valuable resources for public and private entities.

Additionally, cities simply cannot afford to keep up with certain trends. Many cities lack the money to hire new employees, purchase new resources, or to properly train and hire skilled individuals to analyze data. They can also be restricted due to local and state-level laws and regulations. For example, Charlottesville does not allow private developers to take part in RFPs on their own. They must partner with a nonprofit organization to receive affordable housing funds from the government (Charlottesville Interview, 2018). Bandwidth is the essential issue at hand for most cities across the United States. Because of this, local governments do not have enough information on how to best respond to the individual needs of the communities and populations who lack affordable housing. They are left to react to these issues instead of proacting.

Finally, the populations in need of affordable housing also vary considerably. This makes it very difficult for a city already restricted in bandwidth to assess the needs of various populations. These populations, at their core, reflect different demographics, conditions, geographies, and neighborhood-level experiences. This makes it difficult for a single affordable housing project to work effectively across a city.

Because of this, many local affordable housing projects are not inherently successful. They are expensive, do not address the populations most in need, place too much burden on the local government, are not feasible, and do not create enough equity. **Cities need to make more effective and informed decisions when prescribing affordable housing projects within their city.**

² This information was gathered through interviews with various cities.

Historical Background of Affordable Housing

Before we can delve into the state of individual cities, we must first understand the state of affordable housing. This is important to understand so that we can establish the extent to which cities can operate and how they currently make decisions regarding affordable housing.

The history of affordable housing provision in the United States extends all the way back to the early 1900s when the President's Housing Commission began evaluating the desperate need for affordable housing in the United States. For a more detailed exploration on the topic, Charles L. Edson covers the topic in his piece titled "Affordable Housing – An Intimate History". According to Edson, the first truly impactful service was created under two federal legislations: the National Housing Act of 1934 and the United States Housing Act of 1937. Under these two legislations, the precursors to our modern federal agencies were created. They were the Federal Housing Administration (FHA) and the United States Housing Authority (USHA). These were the first two autonomous and permanent agencies designed to address affordable housing in the United States (Edson, 2013). Both the FHA and USHA resembled much of what the affordable housing market stood for at the time: providing a centralized focus for setting construction standards and lending money to state agencies (Bauman, 2000). The next agency created – the United States Public Housing Administration (USPHA) – emerged from USHA and more closely resembled the modern affordable housing landscape. USPHA worked directly with the ever-growing set of local public housing authorities across the United States and more closely resembled the agencies of today. The USPHA made "loans, capital grants, and annual contributions to the local authorities". Local authorities would install their own programs and USPHA would work to fund them, or at least pay off the interest of local bonds (Edson, 2013). By the 1960s, USPHA was in charge of ultimately financing local organizations: governments, nonprofits, and interest groups. The demographic identity of the United States at this time, however, was one of a post-World War II world. Low-income families and veterans began to move from inner city ghettos and into the suburbs, leaving behind an entirely different set of people still stuck in welfare and lacking affordable housing. Single parent households and racial minorities made up the vast majority of this group (Kalugina, 2016).

The 1960s brought about a massive change in the way the United States addressed affordable housing. A variety of factors encouraged this shift. Housing costs skyrocketed in the 1960s and 1970s – which increased the rent to income proportion low-income individuals had to pay (Edson, 2013). Congress ultimately capped this rent at 25% (which has since changed), but in turn had to supplement the remainder with subsidies to local housing authorities. The U.S. Department of Housing and Urban Development (HUD) also emerged in 1965 and took over as the central agency for affordable housing. At this time, HUD began pushing for private developers to take charge (HUD, 2018). Up until this period, local housing authorities had wasted a lot of bandwidth overseeing affordable housing projects. The Turnkey Program changed that. Instead of establishing competitive bids, local housing authorities urged developers to build their own projects and sell it to the local government for profit. The Turnkey Program created an atmosphere that encouraged private developers to take charge (Edson, 2013). From the 1970s onwards, the affordable housing landscape experienced a variety of programs: from nonprofit programs and private-public partnerships to completely government funding housing projects and private endeavors (Edson, 2013).

The Current Landscape of Affordable Housing

Since the 1990s, housing affordability has become less accessible to a larger group of people. This has occurred for a few reasons: housing and rental prices have increased, wages have remained stagnant, and demographic groups have shifted geographically over the past few decades. Because of this, more and more people are living in housing that is too expensive or not adequate. People want to own their homes, but they simply cannot afford to. There are also a limited number of protections and enforcements put in place to guarantee affordable housing to those who need it (Allbee, 2015).

This lack of affordable housing leads to an overall decrease in health, safety, and happiness for those who cannot afford satisfactory housing (Allbee, 2015). These personal outcomes can negatively affect cities due to increased poverty concentration, increased social pressure, and decreased financial opportunities (Edson, 2013). They must make tough sacrifices in response to paying a higher percentage of their annual income on housing. They are sometimes forced to find housing of poor quality, live with other families, move more often, accept poor education in exchange for better housing, risk health and personal safety, and in extreme cases, become homeless (Allbee, 2015).

The existing programs today exist for a variety of reasons and outcomes – not all programs seek to create the most housing for the most people. ChangeLab solutions has created a very helpful report that covers this topic quite well. Below, their report breaks down the desired outcomes of many affordable housing programs across the United States.

- **Preservation:** preserving existing affordable rental units
- **Protection:** helping longtime residents who wish to stay in the neighborhood
- **Inclusion:** ensuring that a share of new development is affordable
- **Revenue generation:** harnessing growth to expand financial resources for affordable housing
- **Incentives:** creating incentives for the development of affordable housing
- **Property acquisition:** facilitating the acquisition of land for affordable housing

Source: ChangeLab Solutions

The Data Collection Process

In order to establish alternatives and create a recommendation, the current literature on affordable housing evaluative processes must be examined. The review will focus on the local provision of affordable housing using information compiled at both the local and national level. The existing information can be split into 3 distinct areas:

- 1) The first type of information are local reports, written by either a third-party firm or by a local government department. These reports are meant to be used within the particular city-in-question. The scope of these local reports is inherently limited but highly specific.
- 2) The second type of information are reports written about national strategies and best practices for providing affordable housing. These reports follow two general templates. The first type looks at best practices currently underway for neighborhood-related strategies. The second type is more scholarly-in-nature, often examining a process or program at the local level.
- 3) The third type of information are first-hand accounts from city workers, which were gathered via personal interviews. These were collected in order to better understand the inherent limitation of cities around the United States.

Conducting Interviews

Over the course of my research I found that information at the local level faced two dilemmas:

- 1) The information available is either highly broad or highly specific. Each city has reports, but these reports do not always address affordable housing at the neighborhood level. Additionally, many of these reports are also outdated or are written by third party firms, which do not always reflect the goals of local community development agencies.
- 2) Each city is highly individualized with varying levels of data and information available.

Due to these restrictions, I chose to identify specific cities to interview for additional information. This was done for purposes of self-restriction – which helped to focus the issue and the amount of information that needed to be collected for this report. The following cities were identified by myself and by Enterprise Advisors.

Cities Interviewed

Throughout the interview process, I used a pre-established set of questions³ to inquire about the state of each city's affordable housing programs. This list of questions can be found in the Appendix. Additionally, many of the local reports gathered were discovered by interviewing the respective community development department.

Austin, Texas: Department of Neighborhood Housing and Community Development

Madison, Wisconsin: Department of Planning, Community, and Economic Development

Charleston, West Virginia: Charleston Urban Renewal Authority

Cincinnati, Ohio: Department of Community and Economic Development

Richmond, Virginia: Department of Economic and Community Development

Charlottesville, Virginia: Charlottesville Neighborhood Development Services

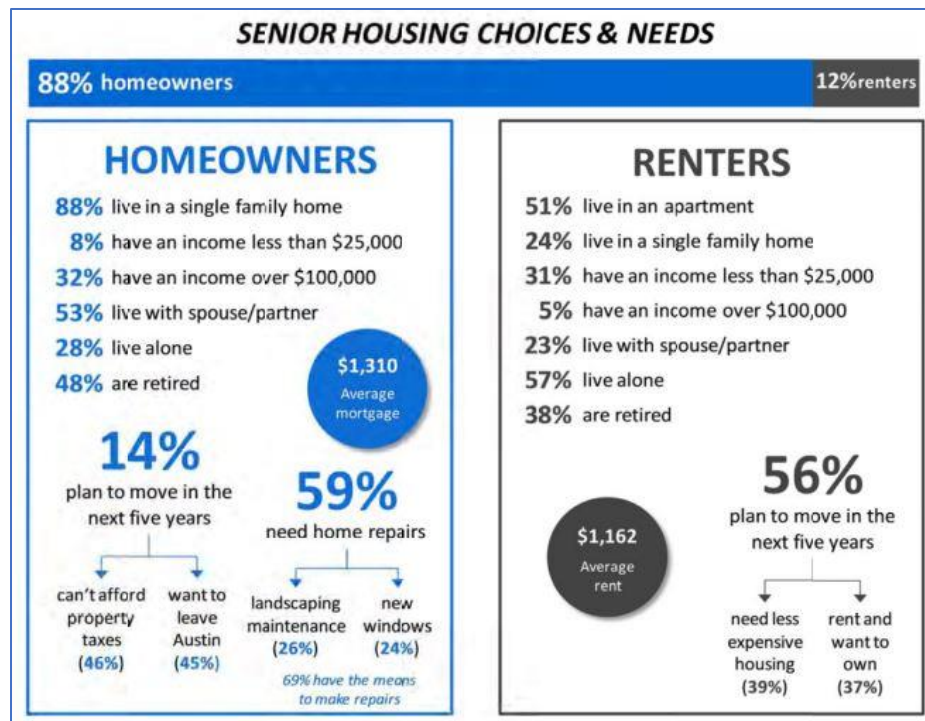
Local Reports

The cities interviewed varied tremendously in their approach to the affordable housing issue. Most of the cities interviewed had their own version of an evaluation or were in the process of doing so. For example, Richmond's Affordable Housing Strategy was written in 2014 and establishes the existing programs available to its residents (Richmond Interview, 2018). Of the 6 available programs, 1 is local and 5 are federal. Additionally, the city creates a strategy based off of the following assessment items: "housing needs, market conditions, housing subsidy requirements, local resources and assets, and evaluations of potential new financing resources for housing" (Rosen, 2014). The city makes note of best practices and does its best to implement them – they discuss poverty density, geographic location of affordable housing, and mixed-use projects. The report recommends that the city dedicate more money to the issue of affordable housing (\$10 million to be exact) (Rosen, 2014). However, it also establishes what the city particularly lacks: a focus on affordable housing production and preservation goals, local policy reforms with regard to "planning, building permit, and zoning approvals", and working alongside other local authorities such as the Richmond Redevelopment and Housing Authority (RRHA) (Richmond report, 2014, page 32). The city also recommends a higher level of evaluation on behalf of the city: from loan approval evaluations to evaluation of LIHTC dispersion at the state-level. Much of the information focuses on market data. This includes home prices, rental rates, and loan provision (Rosen, 2014). The information found in the Richmond report is reflective of the current situation for many smaller and mid-sized cities.

Other cities place more of an emphasis on neighborhood-level indicators. Austin and Madison are at the top of this list. Austin's "2014 Comprehensive Housing Market Analysis" focuses on these indicators throughout the report. The city specifically targets affordable housing populations through community surveys and focus groups which allows them to create more effective and specific housing projects (City of Austin, 2014). The report also dedicates a tremendous amount of energy to the city's demographics: from "geographic dispersion and growth" and household composition, to age and race/ethnicity (City of Austin, 2014). The focus on these criteria shows a deeper understanding of addressing affordable housing needs within the city of Austin. The final section of the report, titled "Housing Needs" addresses the specific needs of various demographics groups. These groups include:

³ See Appendix D on list of pre-established interview questions.

“low-income residents, seniors, persons with disabilities, persons experiencing homelessness, single parents, and students” (City of Austin, 2014). Much of the information gathered in this section was conducted using local surveys (entitled “Housing Choice Surveys”) and focus groups. The focus groups appear effective in capturing information that other cities fail to address. The report notes the following after hosting a focus group: “[Senior] participants expressed their desire to stay in their homes for as long as they can. Their concerns about staying in their home related to affordability and their physical ability to maintain their yard and home exterior. Those who would like to downsize from a single-family home have trouble finding alternatives: few senior-only developments exist and wait lists for affordable senior housing are long (18 months)” (City of Austin, 2014). The local housing survey also compiles information that would have otherwise not been addressed. The visualization below is an excerpt from Austin’s report.



Source: Austin, Texas 2014 Comprehensive Housing Market Analysis

Austin’s study certainly examines specific market indicators as well: they look at types of units created, number of people living in each unit, vacancy rates, rental rates, and home prices – much like Richmond does (City of Austin, 2014). However, Austin’s report incorporates an understanding of neighborhood level housing needs that the City of Richmond lacks (Austin).

Madison operates similarly to Austin. In their biennial housing report, Madison covers the same demographic criteria established by Austin, though to a lesser extent. Madison places more focus on market research – much of their report is based in analyzing existing housing markets to create a plan for affordable housing (Wachter, 2016). However, Madison does a great job of analyzing housing needs at the neighborhood and block level. In their report, they emphasize the importance of creating housing close to transportation, amenities, and areas identified as development priorities. This allows the city to focus on the resident and ensure that affordable housing projects allow opportunities for its residents. Another tool to note is Madison’s land banking endeavor. Many cities across the United

States are now adopting this useful tool. Land banking allows previously abandoned or unused land to be used specifically for economic development opportunities (Wachter, 2016).

National Reports

A number of national reports exist that focus on the local provision of affordable housing. These reports are far more successful at evaluating a wide variety of tools used for affordable housing. However, many lack the substantial economic and statistical evaluation that scholarly journals and local reports present. The most useful of these national reports comes from a conglomerate of Chicago-focused nonprofits and organizations. The report (or website) titled “Regional Housing Solutions” focuses on establishing different submarkets (they are referred to as neighborhoods in this report)⁴. The report is extremely useful in establishing a specific number of submarkets, complete with criteria, issues present in each submarket, and possible solutions for these issues. For example, a particular submarket faces the following issues: moderate density, a suburban setting, declining incomes, and aging but cheaper housing. Because of these characteristics, the submarket faces the following issues: attracting investment, code issues, a weak market, and rehabilitation challenges. The report analyzes the prevalence of this submarket in the Chicago region (it’s 24%). Each submarket allows the reader to evaluate each specific issue and address potential strategies. The submarket in this example faces investment issues, so the report offers the following as solutions: rehabilitation projects, land banking, creating neighborhood identity, and updating regulations affecting real estate development. Each potential solution is paired with additional resources, attachments, and sources for further reading. What the report lacks in statistical analysis, it makes up for in sheer availability in data (Regional Housing Solutions, 2018).

Another report by ChangeLab Solutions titled, “Preserving, Protecting, and Expanding Affordable Housing: A Policy Toolkit for Public Health” examines the tool-kit structure independent of specific neighborhoods. The report instead examines potential solutions based on overarching affordable housing goals.⁵ Each solution provides a description, a starting point, items to consider, and a specific case study of the proposed solution (Allbee, 2015). While vague in its approach to potential solution, the report does do a good job of identifying these solutions in an organized and straight forward way. It is clear the report is meant to be a starting point for cities struggling with affordable housing. The report is an extremely useful one, and its contents have been used through the report you are currently reading. However, the report is limited in a similar fashion to “Regional Housing Solutions”. It does not provide sufficient statistical analysis or data in justifying some of its approaches.

Three other reports are useful to mention at this time. The first is a report by the Furman Center titled, “What Can We Learn about the Low-Income Housing Tax Credit Program by Looking at the Tenants?”. The report, while outside the scope of our problem statement, addresses an important factor in providing federal programs: the tenants themselves. The report concludes that LIHTC on its own is not effective in reaching those in the lowest income brackets. This unfortunate truth is bolstered by an effective economic analysis undertaken by the Furman Center. The report states, “extremely low-income households in LIHTC housing experience rent burden levels that are markedly higher than those tenants in HUD programs experience” (Furman Center, 2012). The Furman Center finds that state-level rental assistance is directly tied to the LIHTC, which is also supplied at the state

⁴ Much of the “Regional Housing Solutions” information was used to form portions of this report, most notably in the “Appendix C: “Neighborhood Types”.

⁵ ChangeLab Solutions goals can be seen in the section titled, “The Current Landscape of Affordable Housing”

level. The report notes that federal rental assistance is not directly tied in such a direct manner. They hypothesize, “federal place-based rental assistance programs may have different targeting criteria” (Furman Center, 2012). This is an important discovery, and an essential one in the creation of our toolkit. It tells us two things: that state-level government does have the power to create effective affordable housing at the local level, and that criteria differs depending on the level of government in question. The relationships among all three levels of government are an important one to explore and the implications of such will be discussed later in this report.

The final two national-level documents are scholarly in nature. The first also examines the relationship between state governments and local governments. Darrel Ramsey-Musolf examines existing literature in his study titled “State Mandates, Housing Elements, and Low-income Housing Production”. He discusses the unequal nature of these relationships. He states, “States enacted housing mandates to focus municipal attention on low-income housing. However, the examined research illustrates the uneven performance of these mandates because states overemphasized compliance with state laws rather than the production of low-income units” (Ramsey-Musolf, 2017). Ramsey-Musolf sets broad goals for addressing this inconsistency, which include but are not limited to the following steps. First, he recommends that states need to recognize the importance of all levels of government in providing affordable housing. This will promote a working environment that promotes collaboration and communication. Second, he recommends that “a single agency must govern state housing policy”. This will ensure a streamlined affordable housing plan with focused goals and strategies. Third, he recommends that state agencies should work directly with regional agencies to evaluate “compliance with state policy” (Ramsey-Musolf, 2017). These three goals directly address an inconsistency in the relationships between local and state-level governments. However, relationship-building is not just limited vertical integration. Horizontal integration is also necessary. Cities need to between engage nonprofits and public facing organizations in supplying affordable housing. Anaid Yerena examines this issue in her study “The Impact of Advocacy Organizations on Low-Income Housing Policy in U.S. Cities”. Yerena focuses her efforts on advocacy organization, which attempt to accomplish the following goals: providing access to service, protecting specific rights, engaging in policy change, and public education on the subject. She finds that, not surprisingly, these advocacy organizations are very useful in creating affordable housing (Yerena, 2015). However, the author was unable to conclude which tactics were used by both the local governments and advocacy organizations. However, it is clear that a relationship between the parties would be useful in the long run.

These national reports highlight the enormous variety in the country’s approach to affordable housing. Reports like “Regional Housing Solutions” and ChangeLab’s policy toolkit highlight a detailed approach to create housing using a diverse set of solutions. The remaining reports highlight a critique of the current system, which is evident across many states and localities. Both approaches are different but serve to create more effective solutions at the local level.

Local Interviews

Finally, I interviewed multiple cities in my search for applicable data at the local, neighborhood level. During the interviews I identified common trends among cities. The following set of descriptors were found to be common traits among all cities interviewed:

Restrictions

First, it was evident that all of the cities interviewed were limited in their ability to create affordable housing. Local governments are inherently restricted in bandwidth. For example, Charlottesville had only seriously begun considering the ability of affordable housing to create real and lasting change in

its community. They were finally undertaking an official affordable housing plan and were expecting imminent results when I spoke with them. Additionally, few city employees were focused on creating effective and specific housing. Charlottesville's Neighborhood Development Services discussed plans to create affordable housing equally across the city. The city does not currently focus on specific neighborhoods, nor is it able to equally disperse affordable housing across the city. The city simply does not have enough resources to do so or to accurately collect and analyze socio-economic data at that level (Charlottesville Interview, 2018). Richmond and Charleston follow similar paths (Richmond Interview, 2018 & Charleston Interview, 2018). Richmond's Department of Economic and Community Development expresses a desire to create a local affordable housing strategy and a need to be more data-driven. However, Richmond's biggest source of affordable housing is from CDBG funding. They note that data at every level exists, though much of the data is collected by other departments and third-party firms and is not yet used by the community development department (Richmond Interview, 2018).

A Public Funding Source

Every city interviewed has some sort of funding source provided to private developers and nonprofit organizations. This offers the ability for private developers to design their own projects and apply for funding through the city. Many cities set up a public funding source for a variety of reasons. First, it allows cities to select projects using existing criteria. This saves on resources and time. Second, in many cases, the criteria for funding resembles the criteria for LIHTC and CDBG funding. Because of this, private developers can qualify for federal, state, and local funding all at once. Local governments end up using much less of their own funds during this process and are able to focus the remaining funds on additional projects. However, many cities are unable to use this funding source efficiently. For example, Charlottesville is unable to provide funds to private developers working alone. Private developers must partner with a nonprofit in order to submit an RFP due to legislative restrictions. Other cities do not use enough criteria to make decisions (Charlottesville Interview, 2018). For example, Richmond lacks a complex system to approve developers that submit RFPs. The city typically looks at leverage as its most compelling criteria (Richmond Interview, 2018). However, there is no official guideline for judgment. Some cities do incorporate a detailed set of criteria. Cincinnati uses the following indicators as criteria: leverage, type of project, funding source, capacity of developer, and neighborhood type (Cincinnati Interview, 2018).

Market Data and Socio-Economic Indicators

Finally, all cities also use some form of market data to identify basic identifying features of the city. This market data is essential to supplying affordable housing in each city. This market data consists of a variety of information – housing prices, AMI, average rental rates, availability, and personal loans. This information is common among all cities because the data is used and collected by many different parties – community development departments, financial departments, federal and state-level governments, and private real estate firms, among others (Madison Interview, 2018 & Austin Interview, 2018). Additionally, most cities have access to national and state-level socio-economic data. This allows cities to understand average features of their city: average income, race, age, education. The market data and socio-economic indicators *are* very useful for cities. Local affordable housing programs cannot be implemented without this data. However, cities with more nuanced data have the ability to create more specific programs. Madison's Community Development department discussed their city's focus on a "walk score". This technique looks at geographic location as a decision-making tool. The tool looks at schools, grocery stores, employment centers, and other important locations. The city then analyzes where these places best overlap so that the city can most effectively supply affordable housing (Madison Interview, 2018). This will be discussed later in the toolkit.

Creating a Toolkit

As we have found, cities experience a variety of restrictions that prevents them from fully realizing affordable housing at the neighborhood level. The following toolkit hopes to address this issue and help cities identify next steps for creating better programs. The toolkit consists of three strategies that all operate in tandem with each other. The omission of one step will adversely affect the outcome of another step (and vice versa).

Specific Indicators

This section recommends a set of local indicators that can help cities make better decisions at the neighborhood level.

The Programs

This section recommends a set of local programs that are the most effective in addressing the specific needs of neighborhoods.

The Relationships

This section recommends specific actions to take in creating better relationships with stakeholders at the local and state level.

Evaluative Criteria

The following criteria will be used to evaluate each strategy of the toolkit. It is measured using a three-category measurement: Weak, Medium, Strong. Strong indicates the best outcome, while Weak indicates the opposite.

Effectiveness

The strategy must be an effective one. It must allow stakeholders to decide on an array of affordable housing programs and tools that apply directly to the neighborhood level of decision-making. Factors of judgment include: scope, number of housing units created, number of people affected, and housing recipient satisfaction.

Cost

The strategy must be an affordable one. If a specific program is too expensive, it will disincentivize both public and private stakeholders from taking part. Factors of judgment include: cost-effectiveness, time-line of project, and number of years of payment.

Government Burden

The strategy must reconcile government burden with effective outreach. The higher the burden placed on the government, the less likely a city will be able to engage with the strategy. A successful strategy will diversify the burden to other stakeholders. Factors of judgment include: government resources, time, training, and share of cost held by the local government.

Feasibility

The strategy must also be a feasible one. Feasibility can be defined as the likelihood that the project will happen based on a number of predetermined factors. While the other criteria certainly affect feasibility, this criterion focuses on other important indicators. Factors include: number of stakeholders involved, political feasibility, and scope of program.

Equity

Most importantly, the strategy must also seek to create equity within each neighborhood. A successful affordable housing program will improve the opportunities, accessibility, and financial outcomes of its target population. If each strategy does not successfully accomplish this, then the strategy is not useful.

Strategy 1: Specific Indicators

Create a decision process using neighborhood level indicators of opportunity

The use of a decision-making process by local governments is an integral part of creating affordable and effective housing within specific neighborhoods. Most cities already use a decision-making process that compliments their RFP funding programs across the city. As we found earlier, many of these existing decision-making processes use existing pre-established market data or simple criteria to evaluate each RFP. The most successful cities use specific indicators at the neighborhood and block level to create affordable housing. Using our criteria, we can see that this strategy is quite successful in its impact.

Effectiveness	Strong: Directly responds to neighborhood level needs
Cost	Strong: \$137,000 per year
Government Burden	Moderate: Requires more training and government capacity
Feasibility	Moderate: This level of operation is not possible for some cities
Equity	Strong: Directly creates equity at the neighborhood level

Walk Score

A walk score is used to determine the impact of an affordable housing project's placement using geographic location as a guiding factor. Many cities are using this technique in a variety of ways – from Denver's approach to creating affordable housing near transportation lines (or vice versa) to Madison's approach of creating a score system based off of pre-established algorithms (Austintexas.gov, 2018 & Madison Interview, 2018). I recommend that stakeholders adopt an approach similar to Madison's walk score.

Madison's approach exists within its RFP system. Developers submit proposals to Madison's funding program and are then judged based off of criteria established by the City of Madison. Madison's decision matrix consists of multiple weighted criteria, though its walk score encompasses a considerable amount of bandwidth in the decision-making process. Madison's system works by analyzing an assortment of criteria against a specific developer's proposal. However, geographic area takes precedence and many developers are turned down because of this process. Madison then looks at the overlap of an assortment of locations: schools, transportation, available jobs, grocery stores, as well as entertainment and social destinations. The city then picks the areas with the greatest overlap (Madison Interview, 2018).

A city can adopt these measures by one of two ways: by hand or by GIS software. It is recommended that local governments adopt a GIS strategy for these means. However, creating a rudimentary system of hand drawn maps can be very effective. A few GIS programs exist to help local governments

undertake local decision-making. The most notable of these systems is the ArcGIS, which costs about \$800 for an annual license (ArcGIS, 2018). Cities will also have to adjust their approach to affordable housing in order to incorporate the GIS system. Technology updates can be expensive for local governments – which is an enormous hurdle for community development departments to overcome. Perpetual training and increased dedication to affordable housing criteria can take up meaningful bandwidth as well. Incorporating a GIS feature for a single purpose might not be possible, especially for cities where the funding criteria is generally set by 2-3 people. There is the option of hiring an additional employee to cover bandwidth issues, but again, this will increase costs for local governments.

Surveys

Another area to incorporate neighborhood level indicators is through neighborhood-type surveys. Many cities incorporate surveys into their decision-making processes. The City of Austin incorporates surveys of various demographic groups to better understand the needs of affected populations. Surveys can be used to make decisions on specific programs *and* for weighing important factors for RFP programs. The City of Austin surveyed the following information (though it is not limited to this information):

Tradeoffs

Austin proposed the following question to current residents: “To live in Austin I was willing to...”. Answers to this question included: “Buy a fixer-upper”, “Rent rather than own”, “Pay more for housing”, “Live in less space” (City of Austin, 2014)

Important Factors

Austin sought to answer the following question: “The most important factors when I chose my home were...”. Answers to this question placed emphasis on distance from work, home layout, neighborhood type (City of Austin, 2014).

Housing Requirements

Austin asked: “My home needs”. Answers consisted of: “New Windows”, “Interior Wall/Ceiling Repair”, “Flooring Replacement”, “Landscaping Maintenance” (City of Austin, 2014).

Implementing a survey can be costly, though there are various avenues to accomplish the task: through online surveys, mail slips, or in-person questionnaires. However, this will cost the city a considerable amount of resources. Cities must consider the level of training for those conducting surveys, they must consider the physical design of the survey, and they must ensure that the statistical methodology is correct. Similar to the issues presented with the walk score, cities must expend even more valuable resources to conduct a survey. Training and bandwidth must be heavily considered.

The Impact

Both a walk score and a survey are important to creating effective affordable housing. They ensure that neighborhood-level populations are acknowledged. Creating the type of affordable housing and placing it in the best possible geographic location creates highly effective programs. Unfortunately, measuring the effectiveness of this strategy is difficult. Many local governments do not separate the impact created by implemented GIS software and survey measures.

This strategy is well priced. Considerations for training, additional resources/upgrades, and additional hires must be considered. Below is a breakdown of the potential cost for a city to adopt both of these practices. The cost will fluctuate based on the present situation of each city. Many cities will not have to hire additional staff members or undergo training. The below table serves as a guideline rather than as a strict pricing model.

Cost	Description	Units	Total	Total/Year	Units/5 Year	Total/5 Year
Staff*						
Statistician	Research methods & GIS software	1	\$70,000	\$70,000	5	\$350,000
Program Manager	Survey implementation	1	\$50,000	\$50,000	5	\$250,000
Total				\$120,000		\$600,000
Technology**						
GIS Software	Annual fee	1	\$800	\$800	5	\$4,000
GIS Computer	Required software for GIS	1	\$1,200	\$1,200	1	\$1,200
Total				\$2,000		\$5,200
Implementation						
Training***	Annual training for GIS	1	\$5,000	\$5,000	5	\$25,000
Survey items	Survey creation	1	\$10,000	\$10,000	1	\$10,000
Total				\$15,000		\$35,000
Total				\$137,000		\$640,200
*Cost found using average national salaries and average local government salaries						
**Cost found using ArcGIS pricing and required hardware for GIS software						
***Cost found using ArcGIS pricing model						

The burden held by the local government is also a moderate one. These neighborhood-level indicators do not require cities to implement specific programs. They can be applied to existing decision matrices as additional criteria to be considered. Analysis of the additional criteria falls on both the local government and private developers who must adhere to these demands. These indicators are also relatively feasible. Though they cost additional resources, time, and money, they are not beyond the realm of possibility. Additionally, there are ways around high cost items. Cities can interview only those in low-income areas, or they can use hand drawn maps to create base-level decisions. Finally, the strategy is highly equitable. It directly considers the needs of affected populations and helps them to not only afford housing, but to also create equal opportunities.

Strategy 2: The Programs

Engage in and undertake specific recommended programs

The recommendation to engage in specific programs is meant to provide cities facing specific restrictions with a direct set of tools. Strategy 2 consists of two distinct programs that cities should engage with regardless of commitment to the other two strategies.

Effectiveness	Medium: Recommended programs may not always respond to neighborhood level needs
Cost	Weak: 15,240,000 per year
Government Burden	Weak: Costs will be directly absorbed by the local government
Feasibility	Weak: Any city with financial restriction will face low feasibility
Equity	Medium: Recommended programs may not always create equity

Transit Program

Many cities implement a variation of a transit program within their cities. It is recommended that other cities do the same. This transit program can be structured differently. For example, Portland has created a series of “tax abatement programs designed to promote development near transit stations” (Austintexas.gov). Denver’s program, named the Denver Transit-Oriented Development (TOD) Fund, seeks to acquire property near major transit corridors (and future transit corridors) (TOD, 2018).

Both programs have been successful in their pursuit of creating more effective affordable housing near major transit corridors. For example, Portland provided these abatements (essentially a waiver on property tax) to 14,000 homes from 2010-2011. However, Denver’s TOD Fund seems much more effective in its goals. It is recommended that cities craft their programs to resemble the TOD Fund. The TOD fund has since expanded into a “multi-borrower resource”, however, a single borrower of these funds can create enormous change within the city. The below table outlines the effectiveness of this TOD fund per year if only one borrower is funded.

Projects preserved or created	Number of properties	Funding Per Year	Amount Leveraged Per Year	Square footage acquired
626	8	\$5,000,000	\$66,000,000.00	100,000 +

Source: Urban Land Conservancy & TOD

The funding mechanism is based upon a flexible loan program that allows a borrower to purchase land to partner with various organizations (both private developers and nonprofits) to either preserve land or create better opportunities. The loan program ensures that the city is refunded over time and that specific housing criteria is met (Enterprise Community Partners, n.d.). A breakdown of expenses is below.

Cost	Description	Total	Units	Total/Year	Units/ 3 Year	Total/3 Year
Staff*						
Program Manager	Fund oversight	\$50,000	1	\$50,000	3	\$150,000
Financial Advisor	Loan oversight	\$50,000	1	\$50,000	3	\$150,000
Total				\$100,000		\$300,000
Oversight						
Planning	Fund structuring	\$20,000	1	\$20,000	1	\$20,000
Initial capital investment	Fund investment	\$15,000,000	1	\$15,000,000**	1	\$15,000,000
Total				\$15,020,000		\$15,020,000
Total				\$15,120,000		\$15,320,000
*Cost found using average national salaries and average local government salaries						
**This amount is used over a 3-year period, or \$5,000,000 per year. However, the initial capital loan of \$15,000,000 is required up front.						

Source: Enterprise Community Partners, TOD, and Urban Land Conservancy

The above table highlights the estimated expenditures a city might face in creating this fund. Again, the cost will vary tremendously depending on the amount of commitment a city makes toward this fund. Additionally, it should be noted that the initial investment is expensive but the expense at the 5-year mark is only \$400,000 more than at the 1-year mark. Should a city be able to make the initial investment, further funding is minimal.

This option is a very effective one. Most low-income households spend the majority of their income on rent and transportation (regularly over 60%) (Urban Land Conservancy, 2018). Addressing both issues in a single project creates very effective housing. However, the initial cost of this project is very high. Most cities can contribute much less than \$15,000,000, however, any initial capital investment will still be a notable one. Next, the government burden is also high. It is up to the government to oversee, plan, and make loans for the program. Although the borrower will ultimately provide funding to private and public developers, the government must still oversee and approve of this funding. However, the project is very feasible, given the government's ability to provide the initial capital. Similar programs have been enacted around the country at both the local and state level. It does not take up an excessive amount of bandwidth for cities and is politically feasible. Finally, the project creates a satisfactory amount of equity. It does not respond to all needs, but it does address an enormous challenge that affordable housing recipients face: transportation costs.

Affordable Housing Bonds

It is also very common for cities to implement a bond-like program for dedicating funds to affordable housing. Many cities already do this. Miami-Dade County in Florida issued an enormous series of General Obligation (GO) Bonds totaling \$3 billion in 2004 (Miami-Dade County, 2018). Within this \$3 billion, \$137.7 million was used for affordable housing units and \$32 million was used to create new public housing units. San Francisco, on the other hand, released \$310 million in GO Bonds specifically designed for affordable housing (San Francisco, 2015).

It appears that since San Francisco's bonds are specifically designed for affordable housing, they are much more focused on neighborhood-level indicators. However, the Miami-Dade model is much more attainable for most cities around the country. It requires a partial commitment of total funds from the city. San Francisco's places a higher burden on its Housing and Community Development department to oversee and steer these funds (San Francisco, 2015).

It is recommended that, if possible, cities attempt to allocate GO Bond funding similar to San Francisco's model. The most difficult part about this strategy is the initial allocation of funds. The funds will not come from a city's community development department alone, but from general city funds. A commitment to repay bonds upon its maturity date creates a large amount of pressure for a city facing possible financial difficulties. San Francisco has addressed this solution by issuing their bonds in waves. Their first wave was a \$75.13 million total with a maturity date of June 15, 2036. The second wave has not been committed as of yet, but it is expected to have a later maturity date (San Francisco, 2015). The table below highlights overall costs to be committed to this strategy:

Cost	Description	Total	Units	Total/Year	Units/5 Year	Total/5 Year
Staff*						
Program Manager	Project oversight	\$50,000	1	\$50,000	5	\$250,000
Financial Advisor	Bond oversight	\$50,000	1	\$50,000	5	\$250,000
Total				\$100,000		\$500,000
Implementation						
Planning	Bond structuring	\$20,000	1	\$20,000	1	\$20,000
Total				\$20,000		\$20,000
Total				\$120,000		\$520,000
*Cost found using average national salaries and average local government salaries						

The effectiveness of this program is dependent upon the city's commitment to honoring neighborhood-level needs. Unfortunately, it does not inherently address these needs and is thus less effective and equitable than other options available in this toolkit. The program is also an expensive one. The initial allotment of resources is small (as seen above). However, the repayment of bonds will necessitate proper planning on behalf of the city. Additionally, the burden falls solely on the local government. There is no additional source of revenue for the city (unlike a loan system). This makes the project less feasible considering the limited bandwidth of many cities. Additionally, many local government will be hesitant to commit millions of dollars in funding to community development programs. San Francisco is known for its commitment to affordable housing – however, other cities do not have this luxury.

Impact

Creating specific programs can be a costly and time intensive strategy to undertake. But, they can be very effective given a city's commitment to neighborhood-level needs. Unlike Strategies 1 & 3, however, Strategy 2 does not always ensure that neighborhood-level needs are adhered to. A bond system will simply compliment an already effective system but will not create one. In total, Strategy 2

is moderately effective, can be very costly, can heavily burden the government, can be infeasible given the circumstances, and can be moderately equitable.

Strategy 3: The Relationships

Engage with and form better relationships at the local and state level

Cities facing restrictions should still work to create and maintain relationships with specific local and state level actors. Doing so will ensure that specific processes are streamlined from the federal through the state and local levels of government. Most cities already create relationships naturally – it happens on a daily basis. However, being more focused in relationship-building can ensure that affordable housing at the neighborhood level is more effective.

Effectiveness	Moderate: Can better integrate state programs at the local level
Cost	Moderate: \$209,000 per year
Government Burden	Moderate: Requires local government to include regional and state-level leaders in decision-making
Feasibility	Strong: Integration of resources between local and state-level government is very possible for many cities
Equity	Medium: Recommended programs may not always create equity

Streamline LIHTC Implementation

Affordable housing is provided at every level of government. Sometimes these processes operate in silos. For example, CDBG, HOME, and federal rental subsidies are directly implemented at specific local levels. LIHTC, on the other hand, is provided at the state level (Seidman, 2018). State-level authorities then decide which local developers will receive LIHTC. This process works, but not without its flaws. The result of state provision at the local level means, in many cases, that different developers receive CDBG funding and LIHTC funding. Providing funding to different developers signifies two issues: that each developer receives less than it could have and that criteria for funding might be different at the state and local level.

To solve this issue, it is recommended that local governments work to erase these communication issues and create a standardization across the state. There are a variety of ways to accomplish this strategy. Depending on a city's bandwidth, a city can simply align criteria and funding to ensure LIHTC-funded projects are provided additional resources (Seidman Interview, 2018). This is by far the easiest to accomplish since it does not require official communication. However, the more effective and recommended variant will consist of direct communication at the state-level. Karl Seidman of MIT recommends that cities should actually provide funding first and then communicate these funding decisions to the state. Doing so will establish a standard that is set at the local level. The most resource intensive of these options is to work directly with the state to ensure that localities can apply LIHTC funding themselves. This variant is by far the most effective and equity-driven. However, it may initially be more expensive, more burdensome, and less feasible for local governments to accomplish. It is recommended that cities (and states) observe the relationship created

by Minnesota and its localities. Minnesota allocates its LIHTC funding directly to localities for dispersion (Minnesota Housing Finance Agency, 2017).

Preservation Collaboration

Existing housing stock should also be a focus of local and state governments. Preserving existing capital is essential for cities (Urban Land Institute, n.d.). As federal-level subsidies to existing housing units expire, many developments are forced to increase prices (this typically happens with Section 8 subsidies) (Favola, n.d.). The rent increase pushes many people out. In order to preserve this existing housing stock, it is recommended that cities operate with state-level government to implement a system to continue operation of these affordable housing units. Two cities in particular have implemented a useful system to counter these expiring subsidies. Preserve Oregon Housing is “an unprecedented partnership of state and local housing agencies, and concerned stakeholders, all working to preserve affordable housing and rent subsidies for over 30,000 low-income Oregonians” (Preserve Oregon Housing, 2018). The partnership creates short-term loans for specific entities to purchase property with expiring federal loans. This allows the buyer to renew the subsidy contract. As the website states, “the maximum loan to value will be capped at 95% of the lesser of ‘hypothetical as is’ market value, or ‘as is’ restricted value” (Preserve Oregon Housing, 2018). Chicago has a similar system in place – however, theirs addresses a wider range of activities using this partnership format (Urban Land Institute, 2018).

It is recommended that cities work to create a system similar to the Preserve Oregon Housing program. Much of the work is contained at the state level, however, some funding and resources will be diverted from the local-level to create this partnership and fund existing housing. It is also a relatively effective way of maintaining housing – however, the partnership may not fully address the needs of affordable housing recipients if the existing housing stock was not placed using neighborhood-level indicators. Additionally, the cost is relatively reasonable for local-level governments but is quite costly for state-level governments. The below table shows a break-down of cost-effectiveness per year at the state-level.

Projects Preserved	Total Units	State Funds Invested
19.8	874.7	\$12,138,597.10

Source: Preserve Oregon Housing

The program is a useful one. The local burden is moderate as well, since it will require that local-level governments work together at the state-level.

Engage with Local Populations

It is also recommended that cities engage directly with local populations through specific focus groups. Many cities engage with populations at this level. Austin hosts focus groups with specific demographics to better understand affordable housing needs. Chapel Hill, NC hosts focus groups with local nonprofits (Winters, n.d.). State-level departments also host focus groups with specific demographics across the state to better understand local needs (Montanta, 2015 & North Dakota, 2015). It is recommended that cities first host focus groups with local nonprofits to better understand the needs of local populations. If the cities can manage the bandwidth and resource expenditure, it is then recommended that focus groups are created to focus on distinct local populations.

Creating local focus groups will cost a moderate amount of money. Hosting multiple focus groups for specific demographics, training and resource provision, and time requirements may not be possible for all local governments. However, the focus group strategy places a large emphasis on effectiveness and equity. It ensures that affordable housing at the local level is designed specifically for the populations who need it most.

Chapel Hill's decision to focus on nonprofits for their focus groups allows them to ensure accurate feedback and establishes a better relationship with local nonprofits. However, focus groups still place a considerable burden on local governments, although the option is relatively cheap and very feasible. Below is the breakdown of specific resources hosting a focus group.

Number of people interviewed	Number of nonprofits included	Number of focus groups	Time Span
450	58	60	2 months

Source: Chapel Hill Focus Groups

The cost of hosting a focus group can vary dramatically, depending on the amount of resources used and level of consistency between groups. Below is a table of potential costs that a city will encounter by implementing a system of focus groups (Rupert, 2017 & Nielson, 2018).

Cost	Description	Total	Units	Total/Year	Units/5 Year	Total/5 Year
Staff						
Moderator*	Focus group planning	\$2,400	60	\$144,000	1	\$144,000
Program Manager**	Focus group implementation	\$50,000	1	\$50,000	5	\$250,000
Total				\$194,000		\$394,000
Implementation						
Training	City employee training	\$5,000	1	\$5,000	1	\$5,000
Focus Group Items*	Focus group creation	\$20,000	1	\$20,000	1	\$20,000
Total				\$15,000		\$35,000
Total				\$209,000		\$429,000
*Cost found using PubMed and Nielson Norman Group information						
**Cost found using average national salaries and average local government salaries						

Cities can save money on focus groups by conducting the groups themselves on their own property with government employees instead of third party hosts. Additionally, they can save money by creating larger groups or by reaching out to only those who have a stake in the outcome of affordable housing.

The Impact

Cities that have implemented these measures experience more effective affordable housing programs. However, not every program within Strategy 3 is dedicated to creating more effective housing at the

neighborhood level. Creating focus groups and engaging with local communities accomplishes this. Preserving affordability of housing and better implementation of LIHTC can do as well, though it is not guaranteed. The strategy is quite inexpensive, though. Cities can expect to spend \$209,000 on these programs over the course of a year. The level of government burden will also shift depending on each city's level of commitment. Finally, equity has the potential to be very high – engaging in both a vertical and horizontal manner will allow all voices to be heard and will better integrate multiple funding sources.

Recommendation for Prioritization

Create a decision process using neighborhood level indicators of opportunity

Criteria	Strategy 1	Strategy 2	Strategy 3
Effectiveness	Strong: Directly responds to neighborhood level needs	Medium: Recommended programs may not always respond to neighborhood level needs	Moderate: Can better integrate state programs at the local level
Cost	Strong: \$137,000	Weak: 15,240,000	Moderate: \$209,000
Government Burden	Moderate: Requires more training and government capacity	Weak: Costs will be directly absorbed by the local government	Moderate: Requires local government to include regional and state-level leaders in decision-making
Feasibility	Moderate: This level of operation is not possible for some cities	Weak: Any city with financial restriction will face low feasibility	Strong: Integration of resources between local and state-level government is very possible for many cities
Equity	Strong: Directly creates equity at the neighborhood level	Medium: Recommended programs may not always create equity	Medium: Recommended programs may not always create equity

As stated earlier, it is recommended that neighborhood-level indicators, specific programs, and relationships all be implemented in tandem with one another. The success of one strategy is dependent on another. However, a city can choose to implement a particular sub-strategy while ignoring another. For example, aligning LIHTC funding at the state and local level is not dependent on hosting focus groups at the local level. Both are helpful, but not required.

Given each city's varying level of bandwidth and available resources, however, sometimes a prioritization is necessary. It is recommended that cities first focus on implementing neighborhood level indicators of opportunity. Doing so will not necessarily create the most housing, but it will be the most effective in responding to neighborhood level needs. It is also the most equitable and inexpensive option available as it responds directly to resident's needs.

Conclusion

As cities continue to devote more resources toward local affordable housing, aid at the neighborhood level will become more commonplace. It is only recently that cities have begun to gather data and information directly from affordable housing populations. Cities are also doing a better job at tracking data and measuring the impact of specific programs and variables.

Limitations

The contents of this report were meant to provide insight and next steps for cities struggling with affordable housing provision. Due to the nature and scope of the problem definition, there were some limitations that I encountered while writing this report.

Specificity

The issue discussed in this report is not a focused one. Its scope is spread across the United States and encompasses a variety of programs and restrictions. Since my job was to integrate data across numerous cities, I found myself unable to accurately analyze specific data and information from every city. Because of this, the report is less specific but captures a variety of ideas throughout.

Data Limitation

I also faced the issue of securing specific data on a number of programs. Because of the operational capacity of most cities, it does not make sense to measure the specific impact of one variable change. For example, if a city incorporates GIS software into their criteria measurements, it is very hard for them to measure the financial impact of implementing this software. This goes for much of the programs discussed in this report. Additionally, cities simply lack data. An inherent flaw of local affordable housing is that many cities judge their success off of “number of units created”, which is not a true indicator of success at the neighborhood level.

Government Limitations

Finally, government limitations restrict the report’s ability to accurately estimate cost. Many community development programs do their best to apply criteria and metrics – however, processes are usually much more fluid than this. For example, in 2013, Richmond funded every RFP it received in an attempt to get housing on the streets, regardless of matching criteria. This fluidity also applies to the recommendations presented in this report. For example, surveys can vary in cost depending on the accuracy the city prefers. If the city would like a general understanding of broad demographic needs, they can do so without spending an excessive amount. Though they sacrifice specificity, their attempts to better understand their demographic base is preferable to the alternative.

Next Steps

This report was meant to establish base level qualitative and quantitative analysis. Should the research of this report continue, it will be necessary to establish and research the following items:

Successful Cities

It will be important to further evaluate the focus and information presented by successful cities across the country. Specific cities include: Denver, Colorado; Arlington, Virginia; and Montgomery County, Maryland. Each city has an assortment of reports available for public consumption. It will be important to identify specific goals of these cities and the impact of specific programs.

Continued Economic Evaluation

Provided in this report is a base-level approach to economic evaluation of included programs. Given additional time, I would have liked to continue this research and expand on the impact of each program.

Expanded Toolkit

The existing toolkit is a limited one. Given more time, I would have liked to have expanded on the number of items found in each strategy of the toolkit. Additionally, I would have liked to have incorporate more general approaches cities can take to ensure further success. For example, it would have been effective to evaluate the overarching affordable housing goals each city set. By addressing these goals and providing more effective ones, the report could have critiqued the general approach that many cities have toward affordable housing.

Conclusion

This report presents a great first step in the creation of a toolkit and of addressing the restriction many cities have at providing affordable housing at the neighborhood level. The report is only the beginning of a lengthy and difficult process to better address population needs at the individual level. Cities are always working to approve their approach to this issue. However, the process will take time, resources, and educated personnel to solve. Reports like these are meant to aid the process. Let us hope that it does.

Appendix A: Stakeholder Identification

Affordable housing projects, while typically overseen and implemented by local government agencies, do encompass a wide range of entities. These entities either play one of three roles in the area: they help provide affordable housing, they receive affordable housing, or they play a role in influencing affordable housing provision.

Community Development Agencies

The chief provider of affordable housing in the local context. Community Development Agencies typically oversee the provision of housing through an assortment of programs. Most common is a funding source that issues annual RFPs to local nonprofits and private developers. Other initiatives include grants provided to nonprofits and specific neighborhood initiatives to revitalize low-income neighborhoods or housing projects.

Community Development Agency Employees

At the individual level, these community development agencies are made of people who operate freely of their larger counterparts. They are employees who vary in their training, approach, and response to low-income housing needs. Some individuals are better at analyzing data while others are better about ensuring the success of specific affordable housing projects. These individual differences are of upmost importance when deciding affordable housing projects.

Local Nonprofits

Each city has an assortment of nonprofits dedicated to alleviating the negative effects of the affordable housing issue. Some work to create or preserve housing while others act as advocacy organizations. However, the level of inclusion of these groups vary from city to city. Some cities include them directly in an RFP-type funding source while others engage with them on an ad hoc basis.

Private Developers

Each city also engages directly with private developers. Cities typically work directly with private developers in creating affordable housing. Private developers are incentivized to partake in affordable housing provision due to tax credits and various funding opportunities.

Affordable Housing Recipients

These are the people at the core of the issue. Their characteristics and needs reflect the needs of all people: basic utility, fair treatment, and the opportunity to succeed. The issue at hand reflects the inability for cities and federal programs to meet these direct needs. Each person in need of affordable housing requires a slightly different approach than the next – which is reflected by personal identifiers, geographical location, and local opportunities.

City Residents

While not directly involved in affordable housing operations, city residents simultaneously affect affordable housing decisions and are affected by affordable housing decisions. Many issues related to housing stock, rental costs, and affordable housing provision are related to the decisions of city residents. A social movement of young college graduates into a city can increase rental costs and housing availability in a specific area. Additionally, their departure can create a vacuum in which businesses flee, creating dense poverty in its wake.

Appendix B: Current Federal Affordable Housing Tools

The following list is an extensive, but not complete, list of current federal-level affordable housing programs across the United States.

Low Income Housing Tax Credit (LIHTC): Created under the Income Tax Reform of 1986, the LIHTC is a tax credit given to housing developers who provide affordable housing to needy individuals. The tax is dollar-for-dollar and is generally provided to developers who either lower rent for qualifying individuals or dedicate entire developments to affordable housing. HUD sets the AMI for each locality. The developers, in turn, decide between two housing practices: allowing 20% of the housing to be rent restricted and given to those at or below 50 percent of AMI or allowing 40% of the housing to be rent restricted and given to those at or below 60% of AMI. Rents are capped at 30% of 50% or 60% of AMI (Furman Center, 2012). Additionally, LIHTC is provided to state-level governments instead of directly to localities. Many cities are not involved in the provision of LIHTC. The United States spends an average of \$6 billion per year on providing these credits and has created more than 2 million homes for needy individuals (Furman Center, 2012). The LIHTC, however, is not extremely effective job ensuring affordable housing to those in the lowest portion of the income curve. Those at the bottom continue to struggle to afford even the rental units where income is capped (Furman Center, 2012).

Community Development Block Grant Program (CDBG): Dispersed by HUD directly to 1209 localities/cities around the United States with populations of more than 50,000. The dollar amount dispersed to any particular city is dependent on a specific formula and need by each individual city. HUD also provides money to state-level governments to disperse funds to localities with populations under 50,000. (Seidman, 2018 & HUD, 2018) The cities that receive grant funding can then use the money as they see fit, though at least 70% of the grant money must go to projects for low-to-moderate income populations. HUD states: “Each activity must meet one of the following national objectives for the program: benefit low-and-moderate income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available” (HUD, 2018).

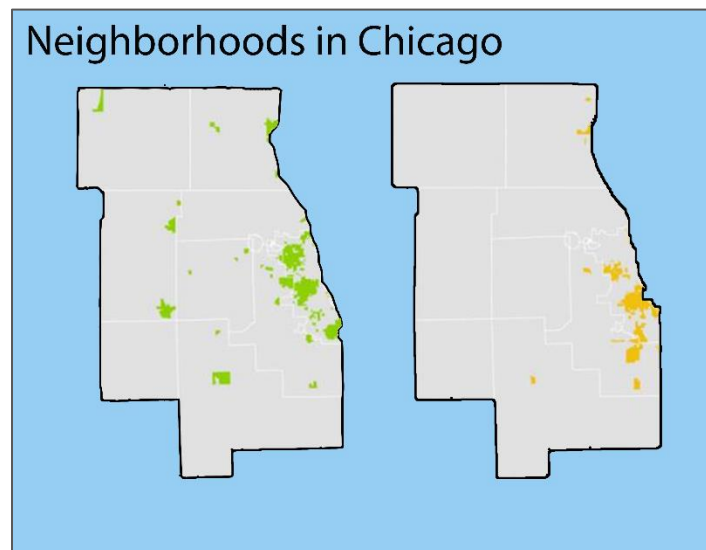
HOME Investment Partnerships Program: Dispersed by HUD directly to localities around the United States. HOME is designed to directly address the affordable housing needs of low-income individuals. These grants are often used “in partnerships with local nonprofit groups” (HUD). Can be used by localities for a variety of activities, from rehabilitation and site acquisition to demolition and rent control. Some stipulations do exist on HOME. As HUD states: “Participating jurisdictions must match every dollar of HOME funds used with 25 cents from nonfederal sources” (HUD, 2018). Additionally, 15% of HOME grants must be supplied to nonprofit groups at the local level (HUD, 2018)

Housing Choice Voucher Program: Dispersed by HUD directly to localities around the United States, the program is different from the above programs in that Housing Choice Voucher funds must be used directly for the purposes of creating housing subsidies for low-income, aging, or disabled populations. Eligible families receive a voucher (a subsidy) that applies to a number of approved housing units around the locality. PHAs set the amount of subsidy for each voucher based on local

AMI and rental rates. However, participating housing units are not restricted in how much they can charge, given that the rental rate is equal to or less than 40% of the family's adjusted monthly income (HUD, 2018)

Appendix C: Neighborhood Types

While the above programs have worked well for specific areas, not all programs are equally effective in every type of neighborhood. Neighborhoods differ tremendously from one another. Close your eyes and imagine a city. Begin at the middle of the city – a bustling downtown area with a low residential population and a high number of business properties. Next, move a little further out. The downtown area turns into a sprawling urban landscape of apartments and small businesses. These apartments are for working adults, usually single, and usually on the younger side. Move a little further out. This area is a mixture of young and aging, low-income and moderate-income. The young move into refurbished housing as this area of town is slowly rejuvenated, or gentrified. The aging and low-income must find ways in which to exist in a part of town where the cost of living is rising. Continue to imagine these similar, but distinct, pockets of populations. For reference, the below visualization highlights two separate neighborhood types found in the Chicago metropolitan area.



The neighborhoods on the left (in green) represent the locations marked by high density, urban and suburban settings, family households, a high foreclosure and moderate vacancy rate, and low-to-moderate income populations. The neighborhoods on the right (in orange) represent the locations marked by high density, strictly urban settings, a high foreclosure and vacancy rate, and low-income populations. Both areas are under distinct social and economic pressures. Those facing an affordable housing crisis in the communities on the left face code issues and city-prioritization issues. Those facing an affordable housing crisis in the communities on the right face a growing senior population and disinvestment issues.

Recommended Criteria

It is important to create distinctions for these different neighborhoods. Below is a list of recommended criteria used to measure the individual neighborhood types, as distinguished by RegionalHousingSolutions.org:

- **Housing market indicators:** Housing availability, housing affordability, housing market activity (rate of purchases and sales)
- **Population demographics:** Age, gender, race, mobility, health, demographic changes (changes in wealth, health, etc).
- **Socioeconomic indicators:** Macro-level economic groups, macro-level economic shifts (ex: a growing low-income group), AMI, available jobs
- **Geography/Density:** Geographic type (ex: urban, suburban), population density, distance from specific locations (ex: food, education, jobs)

Sample Neighborhood Types

Using RegionalHousingSolutions.org as a template for establishing specific neighborhoods, I have created a shorter, but more accessible list of possible neighborhood types that cities can use for defining specific geographical areas:

Submarket 1: High density, urban setting, high foreclosure rate, high vacancy rate, aging population, low income

Submarket 2: High density, urban and suburban settings, high foreclosure rate, moderate vacancy rate, low-to-moderate income, large households/families

Submarket 3: High density, urban, high rental and home ownership prices, high gentrification, young population, high income

Submarket 4: Moderate density, suburban, lower-cost housing, moderate-to-middle income

Submarket 5: Moderate density, suburban, aging housing, lower-cost housing, moderate-to-declining incomes

Submarket 6: Low density, suburban, high-cost housing, aging, high income

Submarket 7: Low density, suburban, moderately-aged housing, aging, middle-to-high income

Appendix D: Interview Questions

Below is the list of questions sent to the interviewed cities. The questions attempted to understand multiple aspects of a city's affordable housing programs and decision-making.

Potential Questions for Cities/Agencies

Questions Regarding Evaluation of Housing Conditions:

- 1) How do you currently assess the housing needs and identify opportunities for housing investments throughout the city?
 - a. How did you decide to use these processes?
 - b. How have these processes been effective in informing housing strategies or policy decisions?
- 2) At what geography do you evaluate housing needs (jurisdiction wide, by neighborhood or other boundaries)?
- 3) How do you determine investments in affordable housing projects, citywide, for specific neighborhoods? Are there specific priorities or criteria you analyze that guide this decision-making process?
- 4) Did you use other factors for assessing need or determining housing investments in the past that is less/more effective or costly, such as CoStar data for assessing rental market conditions?
 - a. Additionally, were there other decision-making processes you considered but ultimately decided not to use?

Questions Regarding Specific Affordable Housing Tools/Programs:

- 5) What has been your most and least effective affordable housing tool/program that you have implemented? Have some tools/programs been more effective for specific neighborhoods or market conditions than for others?
- 6) Can you quantify the impact of your program or tool?
- 7) What partners are involved in providing affordable housing programs in your city?
- 8) What criteria do you use to target your housing programs/tools?

Additional Questions:

- 9) What other cities do you look to for examples of criteria to evaluate housing conditions and tools/programs to support affordable housing?
- 10) Is there anyone else I should speak with for more information?

Sources Cited

- 2014 Comprehensive Housing Market Analysis. (n.d.). Retrieved from http://austintexas.gov/sites/default/files/files/NHCD/2014_Comprehensive_Housing_Market_Analysis_-_Document_reduced_for_web.pdf
- 2018 Charlottesville Housing Summit on Livestream. (2018). Retrieved April 21, 2018, from <https://livestream.com/UVABattenSchool/events/8060334>
- Affordable Housing Focus Group Feedback. (n.d.). Retrieved from <http://www.townofchapelhill.org/home/showdocument?id=9776>
- Affordable Housing Master Plan. (n.d.). Retrieved from <https://arlingtonva.s3.dualstack.us-east-1.amazonaws.com/wp-content/uploads/sites/15/2015/12/AHMP-Published.pdf>
- Affordable Housing Statistics | Monroe Group. (n.d.). Retrieved May 3, 2018, from <http://www.monroegroup.com/about-us/affordable-housing-statistics/>
- Allison Allbee. (2015). Preserving, Protecting, and Expanding Affordable Housing: A Policy Toolkit for Public Health. *ChangeLab Solutions*. Retrieved from https://www.changelabsolutions.org/sites/default/files/Preserving_Affordable_Housing-POLICY-TOOLKIT_FINAL_20150401.pdf
- ArcGIS for Local Government. (2018). Retrieved April 30, 2018, from <http://www.esri.com/software/arcgis/arcgis-for-local-government>
- Aurand, A. (n.d.). THE GAP: The Affordable Housing Gap Analysis 2016. Retrieved from http://nlihc.org/sites/default/files/Gap-Report_2017.pdf
- Austin Strategic Housing Blueprint. (n.d.). Retrieved from www.austintexas.gov/housingplan
- Austin, Texas Interview [Interview by E.S. Prince]. (2018, March 29).
- Austintexas.gov. (2018). Overview of Best Practices in Affordable Housing. Retrieved from http://www.austintexas.gov/sites/default/files/files/Capital_Planning/Website/Best_Practices_in_Affordable_Housing.pdf
- Charleston, West Virginia Interview [Interview by E.S. Prince]. (2018, March 22).
- Charlottesville, Virginia Interview [Interview by E.S. Prince]. (2018, March 20).
- Cincinnati, Ohio Interview [Interview by E. S. Prince]. (2018, March 23).
- Clary, C. E. (2017). Innovative Solutions to Address the Affordable Housing Crisis. Retrieved from [https://collab.its.virginia.edu/access/content/group/2be9eef4-c9e8-4b7b-afb1-6877e655706c/APPs/Class of 2017/APP Clary%2C Caitlin.pdf](https://collab.its.virginia.edu/access/content/group/2be9eef4-c9e8-4b7b-afb1-6877e655706c/APPs/Class%20of%202017/APP%20Clary%20Caitlin.pdf)

- Denver Community Planning and Development. (2018). Retrieved April 21, 2018, from <https://www.denvergov.org/content/denvergov/en/community-planning-and-development.html>
- Denver Housing Advisory Committee (2017). Housing an Inclusive Denver (2017). Retrieved from [https://www.denvergov.org/content/dam/denvergov/Portals/690/Housing Advisory Committee/Housing an Inclusive Denver Public Review Draft -- final \(2017 09-29\).pdf](https://www.denvergov.org/content/dam/denvergov/Portals/690/Housing%20Advisory%20Committee/Housing%20an%20Inclusive%20Denver%20Public%20Review%20Draft%20--%20final%20(2017%2009-29).pdf)
- Denver Office of Economic Development 2016 Housing Report. (2016). Retrieved from [https://www.denvergov.org/content/dam/denvergov/Portals/690/Reports and Studies/HousingReport2016.pdf](https://www.denvergov.org/content/dam/denvergov/Portals/690/Reports%20and%20Studies/HousingReport2016.pdf)
- Denver Transit Oriented Development Fund. (n.d.). Retrieved May 3, 2018, from <https://www.urbanlandc.org/denver-transit-oriented-development-fund/>
- Edson, C. L., Jacobs, B. G., Harney, K. R., & Lane, B. S. (n.d.). Affordable Housing— An Intimate History. Retrieved from [http://apps.americanbar.org/abastore/products/books/abstracts/5530024 chapter 1_abs.pdf](http://apps.americanbar.org/abastore/products/books/abstracts/5530024%20chapter%201_abs.pdf)
- Enterprise Community Partners (n.d.). Denver Regional Transit-Oriented Development (TOD) Fund. Retrieved from <https://www.enterprisecommunity.org/sites/default/files/regional-tod-fund-feb-2015.pdf>
- Enterprise Community Partners. (2018). Retrieved April 21, 2018, from <https://www.enterprisecommunity.org/>
- Favola, I. B., Kim, A., & County, H. M. (n.d.). Washington Area Housing Partnership wahpdc.org Washington Area Housing Partnership Board Members. Retrieved from http://www.wahpdc.org/Toolkit_for_Affordable_Housing_Development.pdf
- Furman Center (2012). What Can We Learn about the Low-Income Housing Tax Credit Program by Looking at the Tenants?. May 3, 2018.
- Habitat for Humanity: Affordable Quality Housing Statistics. (n.d.). Retrieved April 26, 2018, from <https://www.habitat.org/stories/affordable-quality-housing-statistics>
- HUD.gov / U.S. Department of Housing and Urban Development (HUD). (2018). Retrieved April 21, 2018, from <https://www.hud.gov/>
- Kalugina, A. (2016). Cornell Real Estate Review Affordable Housing Policies: An Overview Affordable Housing Policies: An Overview. *Cornell Real Estate Review*, 14(1), 76–83. Retrieved from <http://scholarship.sha.cornell.edu/crer>
- Karl Seidman | MIT Department of Urban Studies and Planning. (2018). Retrieved April 21, 2018, from <https://dusp.mit.edu/faculty/karl-seidman>
- Madison, Wisconsin Interview [Interview by E. S. Prince]. (2018, March 26).

- Miami-Dade County - Bond Program - Building Better Communities. (n.d.). Retrieved May 3, 2018, from <http://www.miamidade.gov/bondprogram/building-better-communities.asp>
- Minnesota Housing Finance Agency (MHFA) (2017). 2017 Minnesota Housing Tax Credit Program Procedural Manual. Retrieved from https://www.novoco.com/sites/default/files/atoms/files/minnesota_2017_lihtc_manual_012617.pdf
- Montana Department of Commerce. (2015). Affordable Housing Focus Group. Retrieved from <https://commerce.mt.gov/Portals/90/shared/CP/docs/CPPlansAndRpts/PlanYear2015/2015to2020FiveYrCP/AffordableHousingFGPresentation.pdf>
- Montgomery County Department of Housing and Community Affairs. (n.d.). Retrieved April 21, 2018, from <http://montgomerycountymd.gov/DHCA/community/>
- Neighborhood Development Services | City of Charlottesville. (2018). Retrieved April 21, 2018, from <http://www.charlottesville.org/departments-and-services/departments-h-z/neighborhood-development-services>
- Nielson, J. (n.d.). Cost of Running a Focus Group. Retrieved May 1, 2018, from <https://www.nngroup.com/articles/focus-group-cost/>
- North Dakota Department of Commerce. (2015) Affordable Housing Focus Group. Retrieved from https://www.communityservices.nd.gov/uploads/25/AffordableHousingFG_DFT2.pdf
- Preserve Oregon Housing (2018). Retrieved May 1, 2018, from <http://www.preserveoregonhousing.org/>
- Ramsey-Musolf, D. (2017). ScholarWorks@UMass Amherst Landscape Architecture & Regional Planning Faculty Publication Series Landscape Architecture & Regional Planning State Mandates, Housing Elements, and Low- income Housing Production. *Journal of Planning Literature*, 71. <https://doi.org/10.1177/0885412217693569>
- Regional Housing Solutions. (n.d.). Retrieved April 21, 2018, from <https://www.regionalhousingsolutions.org/submarkets>
- Richmond, C., & Street, E. B. (2014). City of Richmond BC - Affordable Housing Strategy. Retrieved from <http://www.richmond.ca/plandev/socialplan/housing/strategy.htm>
- Richmond, Virginia Interview [Interview by E. S. Prince]. (2018, April 4).
- Rupert, D. J., Poehlman, J. A., Hayes, J. J., Ray, S. E., & Moultrie, R. R. (2017). Virtual Versus In-Person Focus Groups: Comparison of Costs, Recruitment, and Participant Logistics. *Journal of Medical Internet Research*, 19(3), e80. <https://doi.org/10.2196/jmir.6980>
- San Francisco 2015 Affordable Housing General Obligation Bond (2015). Retrieved May 3, 2018, from <http://sfmohcd.org/2015-affordable-housing-general-obligation-bond>

Seidman, K. (2018). Financing Community and Economic Development Projects. Retrieved from [https://collab.its.virginia.edu/access/content/group/b6a2e2ca-ba77-4494-858b-e59215097a72/Seidman Readings/UVA Class Slide Deck.pdf](https://collab.its.virginia.edu/access/content/group/b6a2e2ca-ba77-4494-858b-e59215097a72/Seidman%20Readings/UVA%20Class%20Slide%20Deck.pdf)

Seidman, Karl [Interview by E.S. Prince]. (2018, April 18, 2018).

Urban Land Institute, U. (n.d.). Best Practices in the Production of Affordable Housing. Retrieved from <http://uli.org/wp-content/uploads/2012/07/Report-3-Best-Practices-in-the-Production-of-Affordable-Housing.pdf>

Wachter, M. (2016). 2016 City of Madison Biennial Housing Report. Retrieved from <https://madison.legistar.com/View.ashx?M=F&ID=5199950&GUID=503CF1B1-A5A9-4101-BC65-ADF73DA742E5>

Winters Sr, M. (n.d.). Policy Tools & Best Practices for Affordable & Workforce Housing. Visiting Fellow for Housing ULI Terwilliger Center for Housing. Retrieved from <http://www.townofchapelhill.org/home/showdocument?id=26819>

Yerena, A. (2015). The Impact of Advocacy Organizations on Low-Income Housing Policy in U.S. Cities. *Urban Affairs Review*, 51(6), 843–870. <https://doi.org/10.1177/1078087415571451>