Mason Chamblee

Affordable Housing Compass

Housing affordability, across all demographics and regions, remains one of the most pressing issues on the minds of residents.[i] With it being such a crucial problem for local governments everywhere to address or solve, it is equally important to have the proper tools to understand and tackle the challenge with. As such, this compass seeks to provide guidance to local government administrators and leaders who face pressure to address affordable housing.

This tool has been made to be relatively easy to use and serve as a starting point for further policy exploration. It will not provide a detailed roadmap for solving any one specific community's issue, not broad-based tool can, but this compass will allow municipalities the ability to view common scenarios cities find themselves in combined with common root issues of broader "unaffordable housing crises" to then provide direction in choosing one or more of six broad policy tool categories.

From there more specific tools and case studies are provided to further kickstart the policy development process and hopefully provide inspiration for creative solutions. To begin, a city will complete a brief questionnaire multiple-choice assessment about three general environments that contribute to a city's ability to address its housing issues. Then the compass will prompt the user to choose one of four broad types of affordable housing problems to refine the list of policy tool groups.

The compass will then provide the user with the broad policy category that most aligns with their unique combination of circumstances, which is based upon research about communities across the country, their dynamics, central housing problem, and general approaches, and success, to tackling their affordability crisis.

The succeeding environmental variables, factors, tools, considerations, and potential solutions have been derived from synthesization of various pieces of research, policy reports, and briefs about housing policy. The list of used materials can be found in Appendix A.

The Environments

There are three general "environments" a city will find itself in which should be well understood before heading into policy development. As it relates to housing policy, they are: Legal Authority, Municipal Capacity, and Housing Market Dynamics. There are a

variety of statuses for each of these environments, that when combined require a different approach to the problem than a different combination would need. Next, a city should also have a strong understanding of the *most* pressing housing challenge, which can be Supply Shortage, Affordability Crisis, Housing Quality, or Multiple Crises.

First, an examination of the three environments.

Legal Authority

Cities do not operate untethered to the surrounding governmental ecosystem. They are creations of the higher-level state governments. That means they are granted rights and powers from the state government to perform tasks necessary for delivery of services to their constituents. However, not all cities are created equally and governed by a consistent set of rules nationally. Some have far greater authority to choose a path they deem fit than others. To best find the solutions a city should and most importantly *can* undertake, the level of authority is important to define.

The first level of authority is **Strong Local Authority**. This compass uses Home Rule and Dillon Rule statuses as the guiding framework to define if a city has a strong or weak authority environment. With that in mind, this compass views cities with Strong Local Authority as having broad powers to regulate land use, rents, tenant and landlord/property owner relations, development, with few to no pre-emptions restricting policy behavior. In short, these cities have broad room to create and try policies that they want.

On the other hand, cities with **Weak Local Authority** face the opposite environment. This compass views this environment as tending to be governed by Dillon's Rule, where the state restricts actions in key areas such as rent control, inclusionary zoning, or landlord behavior. In this environment the city faces significant pre-emptions to their policy options.

This is a key environmental factor that a local leader needs to fully understand before completing the compass. It often has the most significant impact on a city's ability to address its housing issues over the other two environmental factors.

Municipal Capacity

Next, the ability of a city to address their housing needs, or any policy issue, is their depth of internal resources. Resources are defined broadly here, encompassing financial resources, number of available staff, staff expertise, and general administrative capacity for complexity of programs/policies. This environmental factor is more subjective to allow a city leader, who should have a general understanding of their organization's capacity to work on certain programs.

The first level is **Strong Capacity**. Within this factor, a city has dedicated funding available or is easily obtained, there is a deep and highly expert staffing base, and administrative capacities across the organization can support highly complex programs and policies. Having a strong capacity allows cities to pursue ambitious and large initiatives that can be more targeted and farther-reaching that most policies.

The next level is **Moderate Capacity**. A city with moderate capacity has a limited, but available budget, small and/or inexperienced staff base, and whose administrative capacity would prefer to manage simpler approaches over complex ones. While this level has some resources at its disposal, it's not inexhaustible and needs to be cautious on how much can be dedicated to any one policy tool. There are still several options available but should explore those which require less dedicated resources.

The final level is **Minimal Capacity**. Here municipalities have a near-zero budget available, combined with minimal staff support, which necessitates only low- or no-cost options which can easily be implemented. This greatly limits the options available, but if other environmental factors favor the city, it still has a toolkit with a few options.

Housing Market Dynamics

Here administrators need to take a broad, holistic look at the private housing market in their community. Again, this requires subjectivity because a "hot" market can look different in different communities. Some may define vary low rental vacancy rates as creating a hot market, others may see major redevelopment as a hot market indicator, depending on the existing housing options available in the community. But the environmental levels for this factor do provide some guidance to determining the housing market of your community.

The first level is a **Hot Market** where a housing market has some combination of high demand, rising housing/land prices, robust development activity, and/or low rates of rental vacancies. Here there are multiple players seeking to either build, buy, or rent housing, causing high competition and potential for skyrocketing costs. Examples of these markets can be Seattle, Minneapolis, Raleigh, etc.

Next, is a **Stable Market** which can be seen as having either moderate demand, some development activity with a stable trend, average rental vacancy rates, and manageable affordability pressures. These communities can be considered "ho-hum" and no noticeable major upward or downward trends of pressures/activities occurring.

Finally, there is a **Weak/Declining Market**. These markets can be characterized by low demand, minimal-to-no development, deteriorating housing stock, and/or falling or

stagnant property values. Good examples of weak/declining markets are "legacy cities," such as Detroit, Akron, or other similar Midwest cities.[ii]

The Challenges

Based on the existing research and literature, this report has grouped the types of housing challenges into four broad areas: **Supply Shortage, Affordability Crisis, Housing Quality, and Multiple Crises**. Each of these requires a different approach to appropriately solve for. While a city may have some varying combination of each, at different severities, for the purposes of this compass, an administrator should choose the challenge that is *most pressing* for their specific community, as logically that would be the most critical to solve immediately.

Supply Shortage

Communities that have a shortage of affordable, or any, housing stock see their local housing market in critical need of more affordable housing units.

Affordability Crisis

This challenge speaks to markets where rents/housing prices are rising expeditiously, there are significant displacement pressures, or homelessness is a critical problem.

Housing Quality

This challenge is where most housing stock in the jurisdiction is rapidly aging and has not seen appropriate rehabilitation or repair, causing the available housing to be subpar, potentially leading to loss of property values or safety issues for residents.

Multiple Crises

There can be times when a combination of the above challenges is so numerous and overlapping that it can feel as if there are multiple challenges equally pressing. But while this is *possible*, it is still advisable to think deeply about the problem ecosystem and try to identify which of the other three challenges is most deeply entrenched to narrow the focus for policy options.

The Tools

The world of housing policy is as complex as it is vast. To constrain the model and better assist users the policy tools have been grouped into six main categories, each with further specialized tools that can be used.

Regulatory Supply

This tool seeks to increase the housing supply, or in some cases constrain long-term pricing increases, by affecting the underlying regulatory system in the locality. By affecting municipal rules such as zoning or developer behaviors, a city can create long-term, stable growth for their communities. This category also tends to work best in home-rule cities or in states with support state legislation to implement these new rules.

Broadly speaking, this type of tool is most often seen as some form of inclusionary zoning (IZ). Several cities, like Boston, San Franciso, Washington D.C.[iii], and Denver have already implemented some form of IZ. In its classical form, IZ manifests as mandatory requirements for developers interested in building in the given jurisdiction. Requirements range from minimum units to be constructed or guarantee that a given percentage of units will remain affordable for a given income range for a set period of time.[iv] Below is a list of other potential Regulatory Supply tools.

- Mass upzoning
- ADU by-right allowances
- Density bonuses

Financial Assistance

Financial Assistance refers specifically to monetary support for home-owners or renters. The objective is to use public funds to provide stop-gap measures to either keep individuals in their homes, help them enter new housing, or provide relief on onerous tax burdens for their specific demographic. These tools have greater flexibility to be deployed from a legal perspective but do require the municipality to have ample fiscal and administrative capacities to both fund and operate the programs. Examples are:

- Rental subsidies
- Down-payment assistance
- Mortgage credits
- Property tax relief

Development Incentives

Similar to Financial Assistance, but specifically targeted to the residential development community. This tool works best in an environment where there are supply and affordability concerns, but the municipality does not have the legal authority for strong regulatory change. Instead, the municipality can offer incentives to make developers behave in a manner that is more supportive of the given housing issue in the area. A developer might be given a waiver on certain fees if they agree to build a given number of

units that are affordable to individuals with incomes at a certain percentage of the area median income. Common examples are:

- Expedited permitting
- Fee waivers
- Voluntary density bonuses
- Discounted sale/rent of public lands

Preservation & Stabilization (P&S)

Again, this tool is similar to Financial Assistance but differs in the specific goal and allowable spending. P&S is meant to help preserve the existing housing stock in a community. The desire is to help either homeowners or landlords improve the quality and safety of their property by providing financial support for a more restricted set of activities. This type of behavior is more commonly seen in legacy cities where a steady decline in population has left plenty of housing, but most of it is deteriorating and residents do not have the capital to fix it themselves. Some examples include:

- Community land trusts
- Housing trust funds
- Land banking
- Rehab programs

Tenant Protections

These are targeted specifically at renters and offer legal protections against certain discriminatory or predatory behaviors. This tool is focused on preventing displacement of renters from landlord retaliation, excessive rent increase, murky eviction proceedings, or other aggressive actions on the part of the property owner. By preventing unfair displacement there is potential to stabilize the renter population and help keep individuals within their current units. Examples include:

- Rent stabilization laws
- "Just Cause" Eviction rules
- Junk Fee limits
- Right-To-Counsel

Foundation-Building

Finally, Foundation-Building speaks to municipalities that may severely lack the financial and administrative capacity to implement large-scale projects and programs. Instead, it provides tools to focus on setting the groundwork for future housing success. These tools

can help address affordability, supply, or quality issues in limited circumstances for smaller jurisdictions.

- Property tax relief
- Regional partnerships with other jurisdictions/nonprofits
- ADU by-right
- Manufactured housing code reform
- Small-scale rehab programs
- Minimal transportation investments and updates[v]

The Compass

The online dashboard for the compass can be found here[1]:

There are 72 possible combinations of environments and challenges, but to provide a better understanding of how this compass works, Table 1 shows four example scenarios and their resulting policy tool recommendations. The broader matrix can be used to narrow down locality-specific dynamics.

Scenario	Suggested Policy Categories	Example
Limited/Strong/Hot/Affordability	Development Incentives & Financial Assistance	Raleigh, NC
Strong/Moderate/Stable/Multiple	Regulatory Supply, Development Incentives, Financial Incentives, & P&S	...
Strong/Moderate/Stable/Quality	Preservation & Stabilization	Cleveland, OH
Strong/Strong/Hot/Affordability	Financial Assistance, Tenant Protections Regulatory Supply, & Development Incentives,	Seattle, WA

What this chart shows is that based on a small set of inputs, there are broad policy categories that can apply and benefit cities trying to identify what might best work for them. This tool is limited in its scope, and it's devised to showcase the need and ability for a larger device to be created.

Future work should focus on expanding the depth and specificity of potential tools by adding additional considerations to the initial questionnaire. From there the model would be able to take these inputs and create a more robust guide for a municipality.

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[1] This link may have been deactivated based on when it is trying to be accessed.

Mason Chamblee

Methodology

Design Overview

This MPA capstone project used an applied review and research method, gathering and synthesizing both academic and practitioner-based literature into an actionable, decision-supporting and focused tool for local government decision makers. Instead of developing a single hypothesis, the design focused on identifying, categorizing and creating operational next steps around local-level housing policy tools. Future efforts surrounding this tool should focus on furthering the applied results of various tools and identifying more case studies.

Research Scope and Data Collection

The research was based on a collection of various sources, including academic papers, white papers, government reports and publications, policy toolkits, and other research on municipal-level housing policy. A total of 34 different sources were used in the synthesization process.

Sources were selected based on relevance to policies that are applicable, or implementable, to municipal-level governments. Additionally, there was intentional efforts to gather geographically diverse research and data to create a more holistic view of U.S. housing policy.

Analytical Approach

Briefly, the process to develop a final toolkit underwent three key steps. First, each document was reviewed to identify discrete policy tools, evidentiary data, or broader policy observations related to housing in the U.S.. There were recorded in a master "policy inventory" dataset/document with descriptions, examples, and primary data analysis from each.

Next, there was a categorization and thematic coding effort to understand if there were any major categories or groups that the various policy tools are able to be grouped into. This would provide an simpler way to then later connect problems and environmental factors to specific policy tools. This process identified six major policy tool categories: Regulatory Supply, Financial Assistance, Development Incentives, Preservation and Stabilization, Tenant Protections, and Foundation-Building.

Finally, drawing from the literature, four major environmental variables, or constraints, were identified that, based on the literature reviewed, most strongly influence the ability to implement a given policy category: Legal Authority, Municipal Capacity, Market Dynamics,

and Housing Challenge Type. These elements informed the final logic models which form the backbone of the overall tool.

Logic Model

A "logic model" or set of rules underpins the broader tool which identifies best-fit policy category for the user's community. The rules were most structured as "if-then" statements where if a given condition, or combination of conditions, were present then the model would point to specific outcomes and prioritized based on needs of the user. Rather than using a vast quantitative weighting or scoring, which was determined to be outside the scope and capability of this project, the model relies on the user's qualitative self-assessment of their community's conditions.

This decision was reached both to stay within the scope of the work and to maintain the purpose of the toolkit to be more of a guiding, practical resource, rather than an exhaustive evaluation tool.

Broadly, the model works as follows:

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Input: User Assessment of Local Context

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Process: Logic Model (Mapping Conditions to produce Tool Categories)

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Output: Recommended Policy Category(s)/Tool(s).
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Limitations and Scope Boundaries

Because the toolkit depends on practitioner self-assessment and a literature synthesis (conducted by one individual), it does not measure statistically valid causal effectiveness or produce statistical rankings of policies. Instead, it translates evidence-based findings into an accessible format for policy design and decision support. Future iterations could incorporate scoring, econometric analysis, or machine-assisted matching as data availability increases. Additionally, there were time constraints that prevented more rigorous analysis and study that would be needed to generate a more scholarly work.

Mason Chamblee

Appendix A: Table of Literature

Title	Publishing Organization(s)	Year of Publication	Policy Focus/Category	Notes
The Role of Single-Family Housing Production and Preservation in Addressing the Affordable Housing Supply Shortage	Urban Institute	2021	Increase Housing Supply	
Local and State Policies to Improve Access to Affordable Housing	Urban Institute	2023	Increase Housing Supply	
Funding Affordable Rental Housing through an Employer Payroll Tax	Urban Institute	2021	Increase Housing Supply	This report focused on a French-based policy but provide how a similar policy could be overlaid unto U.S. contexts.
Out of Reach: The High Cost of Housing	National Low Income Housing Coalition	2025	Increase Housing Supply	
Affordable Housing Development Toolkit for Local Governments	Matthew Norchi	2019	Increase Housing Supply	
Working To Home: A toolkit for building employer Assisted housing programs	National Housing Conference		Improve Access to Resources for Low-Income Renters/Homebuyers & Developer/Other Financial Incentives for Construction Tools	
Affordable Housing Policies: An Overview	Cornell Baker Program in Real Estate (by		Improve Access to Resources for Low-Income Renters/Homebuyers	

	Anastasia Kalugina)		& Income/Tax Assistance Tools	
Scenario Planning: Embracing Uncertainty To Make Better Decisions	Lincoln Institute of Land Policy	2019	Optimizing Land Use to Support Affordable Housing	
The Empty House Next Door: Understanding And Reducing Vacancy and Hypervacancy in the United States	Lincoln Institute of Land Policy	2020	Optimizing Land Use to Support Affordable Housing	
Upzoning and Single-Family Housing Prices	Journal of the American Planning Association	2021	Optimizing Land Use to Support Affordable Housing	
Variation in Fair Chance Housing Laws: How 15 Localities Are Trying to Reduce Barriers to Housing	Urban Institute	2025	Increasing Opportunities within Communities of Need & Tenant Protection Tools	
The Future of America's Middle Neighborhoods: Setting The Stage for Revival	Lincoln Institute of Land Policy	2018	Increasing Opportunities within Communities of Need	
More Affordable and Available Housing Would Mean Fewer Children and Young People Experiencing Homelessness	Urban Institute	2025	Increasing Opportunities within Communities of Need	
Do Shallow Rental Subsidies Promote Housing Stability? Evidence on Costs and Effects from	Urban Affairs Review	2023	Income/Tax Assistance Tools	

DC's Flexible Program				
Property Tax Relief For Homeowners	Lincoln Institute of Land Policy	2022	Income/Tax Assistance Tools	
Making Room for Housing near Transit: Zoning's Promise and Barriers An Examination of Policy and Outcomes in the Puget Sound	Urban Institute	2023	Inclusionary Or Other Types of Zoning Tools	
Inclusionary Housing: Creating and Maintaining Equitable Communities	Lincoln Institute of Land Policy	2019	Inclusionary Or Other Types of Zoning Tools	
Inclusionary Housing (website)	Grounded Solutions Network		Inclusionary Or Other Types of Zoning Tools	
NLIHC State and Local Tenant Protection Series: A Primer on Renters' Rights *Rent Stabilization Toolkit*	National Low Income Housing Coalition	2024	Rent Control Tools	
NLIHC State and Local Tenant Protection Series: A Primer on Renters' Rights *Rent Stabilization in Local Jurisdictions: Two Case Studies*	National Low Income Housing Coalition	2024	Rent Control Tools	
Lessons Learned from Emergency Rental Assistance Implementation	Urban Institute	2025	Rent Control Tools	
State & Local Housing Trust Fund	National Low Income Housing Coalition	2025	Land Trust Tools	

Preserving Affordable Homeownership: Municipal Partnerships with Community Land Trusts (*Brief)*	Lincoln Institute of Land Policy	2025	Land Trust Tools	
Preserving Affordable Homeownership: Municipal Partnerships with Community Land Trusts (*Full Report)*	Lincoln Institute of Land Policy	2024	Land Trust Tools	
National Tenants Bill Of Rights	National Housing Law Project, National Low Income Housing Coalition, Tenant Union Federation	2024	Tenant Protections Tools	
NLIHC State and Local Tenant Protection Series: A Primer on Renters' Rights *Junk Fees Toolkit*	National Low Income Housing Coalition	2024	Tenant Protections Tools	
NLIHC State and Local Tenant Protection Series: A Primer on Renters' Rights *Just Cause Eviction Laws Toolkit*	National Low Income Housing Coalition	2024	Tenant Protections Tools	
NLIHC State and Local Tenant Protection Series: A Primer on Renters' Rights *Law Limiting Rental Junk Fees-Two Case Studies*	National Low Income Housing Coalition	2024	Tenant Protections Tools	

Innovative Approaches to Financing Public Housing Redevelopment	Urban Institute	2024	Developer/Other Financial Incentives for Construction Tools	
What Policymakers Should Know about Institutional Investors' Role in the Housing Market	Urban Institute	2023	Developer/Other Financial Incentives for Construction Tools	
Through The Roof: What Communities Can Do About the High Cost of Rental Housing in America	Lincoln Institute of Land Policy	2025	General	
Developing a Policy and Systems Change Compass for Local Government	Urban Institute	023	General	
Review Of Best Practices In Affordable Housing	SmartGrowthBC		General	

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[i] Martha Muir, "US Housing Crisis Becomes a Critical Issue in the Presidential Election," Financial Times, August 17, 2024, https://www.ft.com/content/4510181d-fd32-4804-8bdb-409076fd27a9.; Jennifer Ludden, "As Millions Struggle with Home Prices, Housing Becomes a Top Issue for Voters," NPR, June 24, 2024, https://www.npr.org/2024/06/24/nx-s1-5015224/price-cost-election-housing-rent-voters-biden-trump.; Jeffrey M. Jones, "Americans Continue to Name Inflation as Top Financial Problem," Gallup.com, May 2, 2025, https://news.gallup.com/poll/644690/americans-continue-name-inflation-top-financial-problem.aspx.; "Harvard Youth Poll," Harvard Kennedy School | The Institute of Politics, April 18, 2024, https://iop.harvard.edu/youth-poll/47th-edition-spring-2024.; Drew DeSilver, "A Look at the State of Affordable Housing in the U.S.," Pew Research Center, October 25, 2024, https://www.pewresearch.org/short-reads/2024/10/25/a-look-at-the-state-of-affordable-housing-in-the-us/.
[ii] Torey Hollingsworth and Alison Goebel, *Revitalizing America's Smaller Legacy Cities: Strategies for Postindustrial Success from Gary to Lowell* (Cambridge, MA: Lincoln Institute of Land Policy ; Greater Ohio Policy Center, 2017).
[iii] INCLUSIONARY ZONING PROGRAM 2022-2023 MAXIMUM INCOME, RENT AND PURCHASE PRICE SCHEDULE, 2022, https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2022-6-24 IZ ADU price schedule.pdf.
[iv] Steve Butler, "Inclusionary Zoning: One Approach to Create Affordable Housing," MRSC, November 23, 2016, https://mrsc.org/stay-informed/mrsc-insight/november-2016/inclusionary-zoning-for-affordable-housing.
[v] "Elimination of Parking Minimums," Lincoln Institute of Land Policy, May 22, 2024, https://www.lincolninst.edu/centers-initiatives/legacy-cities/.