

*Research  
Report* on  
America's Cities



The State of  
America's Cities 2007  
Local Housing Conditions  
and Contexts:  
A Framework for Policy Making



National League of Cities

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A Framework for Policy Making

*Christiana McFarland*  
*Casey Dawkins*  
*C. Theodore (Ted) Koebel*



National League of Cities

*Research  
Report*

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*Research  
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## Introduction

The precipitous increase in housing prices in many cities over the first half of the decade and the ripple effects that followed have placed great strains on municipalities to ensure that the housing needs of residents in their community are met. The goal of this report is to inform municipal efforts to address critical housing challenges.

This report is part of a series of reports based on the results of the *2006 State of America's Cities Survey: Municipal Housing*. Important findings of the National League of Cities' survey of municipal housing directors include:<sup>1</sup>

- General housing affordability is reported as a problem in over 80 percent of municipalities; about one-third of municipal housing officials report it as a *major problem* and another nearly 50 percent report it as a *moderate problem*.
- Other local housing conditions reported as a *major problem* by at least a quarter of municipal officials include: equitable distribution of affordable housing throughout the region (32%); opportunities for homeownership for lower income residents and renters (32%); absentee landlords (30%); need for home repairs among elderly and low-income families (26%); and deteriorating housing stock (25%).
- The strategies that cities have implemented and have reported as an *effective* response to these local conditions, particularly affordability, are: building partnerships among governmental agencies (80%); building local government capacity and responsibility (75%); enforcing fair housing measures (71%); conducting meetings and forums of community members, nonprofits, regional groups and legislators (70%); and offering grants and low interest loans for rehabilitation (69%).

The survey results provide valuable information that we use to inform the development of a framework, or a decision-making tool for municipal housing directors, elected officials and other local policy makers to use when considering housing policy choices.

The framework, and thus this report, consists of four components:

1. Assessment of local housing conditions
2. Connections between local housing conditions and other municipal issues

<sup>1</sup> In this report, all respondents are referred to as "municipal housing directors." Some cities may not have a housing director, in which case the survey was completed by other city staff with housing responsibilities such as the city manager, community development director, or in some cases, the mayor. Additionally, in this report we use "city" and "municipality" interchangeably to refer to local jurisdictions including cities, towns, and villages.





3. Evaluation of costs, risks and complexities associated with affordable housing policy options
4. Review of policies that municipal housing directors report as effective

Because every community varies with respect to the level and type of housing needs, competing municipal priorities, and the amount of cost, risk and administrative complexity they are willing to undertake, this framework provides important policy considerations but does not dictate one specific policy direction.

## Assessment of Local Housing Conditions

There is a plethora of information in the media and elsewhere reporting on the recent state of the national housing market, particularly the declining price appreciation, home sales and housing starts following more than a decade of steady housing price inflation.<sup>2</sup> But what does this mean at the ground-level? National housing market trends are more relevant for local policy if viewed within the local context where interactions among homeowners, renters, developers, nonprofit organizations, lenders and local governments, among others, are apparent.

### Housing Challenges

In this vein we presented municipal housing directors with 30 indicators that taken together provide a broad picture of their local housing conditions and asked them to assess the current status of each of these indicators.<sup>3</sup>

The following were identified by a large majority of housing officials as either a *major* or *moderate problem* (respectively) in their community:

- General housing affordability (32%, 49%)
- Equitable distribution of affordable housing throughout the region (32%, 42%)
- Opportunities for homeownership for lower income and renters (32%, 51%)
- Absentee landlords (30%, 42%)
- Need for home repairs among elderly and low income families (26%, 52%)
- Deteriorating housing stock (25%, 40%)
- Vacant and abandoned properties (23%, 32%)
- Availability of transitional housing (21%, 42%)
- Availability of subsidized rental stock (20%, 47%)
- Availability of rental housing stock (18%, 42%)
- Homelessness (17%, 43%)

### **Coldwater, Michigan**

**Population: 9,607**

**Contact:**

**Christine M. Hilton,  
Planning Coordinator  
(517) 279-9501  
cmhilton@coldwater.org**

Coldwater developed affordable housing on a vacant 9.5 acre site acquired from the State National Guard. The city paid the appraised value of \$59,000 for the lot then sold it for \$1 to the developer with the winning proposal. A key feature of the 30-lot subdivision, which borders on an existing residential area, is that each home is customized based on the individual needs of the homebuyer. Each buyer selected housing model, size, amenities, and trim detail. Eighteen of the 30 homes were sold to low- and moderate-income families, with up to \$35,000 in subsidies available for each. The remainder of the homes was sold at market rates, in the range of \$90,000 to \$130,000.

<sup>2</sup> For example, see *2007 State of the Nation's Housing* report by the Joint Center for Housing Studies of Harvard University.

<sup>3</sup> For a full listing of the indicators, see Appendix A.

## Variation by Region and City Size

There is some consistency, as well as variability of these challenges across regions and population sizes.<sup>4</sup> We examined the percentage of municipal housing directors in each region and population category that cited the local housing condition indicator as a major problem. Tables 1 and 2 list the top five most commonly reported problems in each region and population group.

General housing affordability, equitable distribution of affordable housing throughout the region, and opportunities for homeownership for lower income residents and renters are cited by large percentages of housing directors in all regions except the Midwest.

Need for home repairs among the elderly and low-income families is one of five most commonly reported major housing problems in all regions.

A large share of municipal housing directors in the Midwest identify vacant and abandoned properties (29%), foreclosures (23%) and deteriorating housing stock (29%) as major housing problems. Municipal housing directors in the South also report deteriorating housing stock as a major problem (28%).

Opposition to density (28%) are identified by a large percentage of housing officials only in the West.

Large percentages of housing officials in the Northeast (49%) and Midwest (35%) cite absentee landlords as a major problem.

<sup>4</sup> Regional classifications are based on U.S. Census-defined regions: "Northeast" includes cities in CT, ME, MA, NH, NJ, NY, PA, RI, VT; "Midwest" includes cities in IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI; "South" includes cities in AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV; "West" includes cities in AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY.

**TABLE 1**  
**Top Five Major Problems by Region\***

\*Percentage of municipal housing directors citing the indicator as a "major problem"

Northeast	Midwest	South	West
Absentee Landlords . . . <b>49%</b>	Absentee Landlords . . . <b>35%</b>	General housing affordability . . . . . <b>37%</b>	General housing affordability . . . . . <b>52%</b>
Equitable distribution of affordable housing throughout region/metro area . . . <b>44%</b>	Deteriorating housing stock . . . . . <b>29%</b>	Equitable distribution of affordable housing throughout region/metro area . . . <b>34%</b>	Opportunities for homeownership for lower income residents/renters . . . . . <b>45%</b>
Opportunities for homeownership for lower income residents/renters . . . . . <b>40%</b>	Vacant and abandoned properties . . . . . <b>29%</b>	Opportunities for homeownership for lower income residents/renters . . . . . <b>33%</b>	Equitable distribution of affordable housing throughout region/metro area . . . . . <b>38%</b>
General housing affordability . . . . . <b>35%</b>	Need for home repairs among elderly and low-income families . . . . . <b>24%</b>	Need for home repairs among elderly and low-income families . . . . . <b>33%</b>	Need for home repairs among elderly and low-income families . . . . . <b>33%</b>
Need for home repairs among elderly and low-income families . . . . . <b>35%</b>	Foreclosures . . . . . <b>23%</b>	Deteriorating housing stock . . . . . <b>29%</b>	Opposition to density . . . <b>28%</b>

Under 50,000	50,000-99,999	100,000-300,000	>300,000
Absentee landlords . . . <b>29%</b>	General housing affordability . . . . . <b>41%</b>	General housing affordability . . . . . <b>41%</b>	Availability of subsidized rental stock . . . . . <b>55%</b>
Opportunities for homeownership for lower income residents/renters . . . . . <b>25%</b>	Equitable distribution of affordable housing throughout region/metro area . . . . . <b>38%</b>	Equitable distribution of affordable housing throughout region/metro area . . . . . <b>40%</b>	General housing affordability . . . . . <b>52%</b>
Equitable distribution of affordable housing throughout region/metro area . . . . . <b>24%</b>	Opportunities for homeownership for lower income residents/renters . . . . . <b>37%</b>	Opportunities for homeownership for lower income residents/renters . . . . . <b>39%</b>	Availability of transitional housing . . . . . <b>50%</b>
Deteriorating housing stock . . . . . <b>23%</b>	Vacant and abandoned properties . . . . . <b>32%</b>	Need for home repairs among elderly and low-income families . . . . . <b>29%</b>	Homelessness . . . . . <b>46%</b>
General housing affordability . . . . . <b>21%</b>	Need for home repairs among elderly and low-income families . . . . . <b>29%</b>	Homelessness . . . . . <b>24%</b>	Equitable distribution of affordable housing throughout region/metro area . . . . . <b>43%</b>

In terms of housing challenges by population size, absentee landlords (29%) and deteriorating housing stock (23%) are only on the top five list of most commonly reported major problems in the smallest cities (those less than 50,000).

Vacant and abandoned properties (32%) are identified as a major problem by a large percentage of municipal housing directors in smaller mid-sized cities (those in the 50,000 - 99,999 range) and the need for home repairs among the elderly and low-income families is identified by housing directors in both smaller mid-sized cities (29%) and larger mid-sized cities (those in the 100,000 to 300,000 range) as a major problem (29%).

A large share of municipal housing directors in all population group sizes cite general housing affordability and equitable distribution of affordable housing throughout the region as major problems. Additionally, large percentages of municipal housing officials in all except the largest cities (greater than 300,000) identify opportunities for homeownership for lower income residents and renters as a major problem.

Housing directors in the largest cities most commonly cite homelessness (46%), availability of subsidized rental stock (55%) and availability of transitional housing (50%) as major problems.

**TABLE 2**  
**Top Five Major Problems by Population\***

*\*Percentage of municipal housing directors citing the indicator as a "major problem"*

<sup>5</sup> We employed a bivariate correlation analysis to measure the strength of the relationship between the 30 indicators. The figures in parentheses are the Spearman's rho correlation, where .10 - .29 indicates a weak relationship, .30 - .49 indicates a moderately strong relationship, and .5 - 1.00 indicates a strong relationship. All correlations presented are significant at the .001 level (\*\*).



## Relationships Between Housing Challenges

Based on further analysis, we find that some indicators of local housing conditions are related to others; that is, they tend to be reported by municipal housing officials as problems together, regardless of region or population size.<sup>5</sup> For example, municipal housing officials who identified predatory lending as either a major or moderate problem in their community also identified foreclosures (.594)\*\*, deteriorating housing stock (.438)\*\*, need for home repairs among the elderly and low-income families (.435)\*\*, neighborhoods with high disinvestment (.433)\*\*, homelessness (.415)\*\*, and environmental and health issues, such as mold, asbestos, and lead (.414)\*\* as problems.

Another grouping reflects communities with housing challenges related to underserved populations. Municipal housing officials that identified availability of transitional housing, that is, housing for abuse victims and ex-offenders, also assessed homelessness (.542)\*\*, availability of subsidized rental stock (.469)\*\*, and links between housing and essential supportive services (.444)\*\* as problems.

Additionally, our analysis finds that opposition to density is correlated with zoning and land use standards for development of a variety of housing types (.411)\*\*.

Crime is correlated with vacant and abandoned properties (.447)\*\*, deteriorating housing stock (.444)\*\* and neighborhoods with high disinvestments (.403)\*\*.

Although these groupings do not provide evidence that one housing problem causes another, it does reveal that the challenges in a community are linked. Examining the relationship between various housing challenges provides a more robust picture of a community's local housing condition from which to base policy decisions.

## Connections with Other Municipal Issues

In addition to considering the relationship among various housing challenges, strategic planning requires understanding the broader local, and sometimes regional, context in which problems related to housing are occurring. By and large, municipal housing directors plan for their community's housing needs not in isolation, but in connection with other critical challenges, broader trends and municipal goals.

### Issues Impacting Housing Planning

When asked which issues most impact your municipality's decisions regarding housing planning, municipal housing directors identified:

- Community development/redevelopment (47%)
- Economic development (43%)
- Population growth (39%)
- Fiscal conditions (33%)
- An increasing aging population (30%)
- Infrastructure challenges (26%)

### Other Municipal Priorities

Additionally, when asked to specify conditions that they felt are greater priorities for their municipal government than the provision of housing, municipal housing directors reported:

- Infrastructure maintenance and improvements (68%)
- Improving overall economic conditions/vitality (66%)
- Improving city fiscal conditions (57%)
- Stimulating the vitality of downtown/main street (52%)
- Alleviating traffic congestion (32%)
- Reducing the impact of unfunded mandates/preemption (18%)
- Decreasing the cost and increasing the availability of health services (8%)

Although the provision of housing and other housing concerns may not be a "top" priority for all municipal governments, it is important for municipal

#### **Walla Walla, Washington: Multifamily Housing Development Tax Incentive**

**Population: 29,686**

**Contact:**

**City Clerk, (509) 527-4535**

Walla Walla has an ordinance (No. 2005-11) that extends property tax relief to property owners who build or rehab four or more units of second-story downtown housing. The tax incentive relieves developers of new or rehabilitated downtown residential units from paying property taxes on the portion of assessed value that increases as a result of those improvements, for a period of 10 years. The ordinance requires that developers who take advantage of the incentive set aside ten percent of the units, or a minimum of one unit, as affordable housing. The ordinance is part of the city's efforts to encourage residential development in the downtown area.



housing directors to connect housing issues with other municipal goals in order to most effectively improve local housing conditions.

For example, many municipal housing directors feel that improving overall economic conditions and vitality is a greater priority to their municipal government than the provision of housing. But is there an intersection between these two critical issues that can be addressed with a comprehensive policy strategy? Many policy makers would respond “yes.” Analysts increasingly find, for example, that workers’ residential locations play an important role in shaping the employment opportunities available to those workers.

Similarly, an adequate supply of affordable housing has been shown to be an important factor shaping industrial location decisions. When the supply of affordable housing is inadequate relative to the labor force demanded in a region, a “spatial mismatch” results. If the mismatch becomes severe, localized patterns of unemployment may result, leading to regional economic decline.

## **Portland, Oregon**

**Population: 529,121**

**Contact:**

**Northeast Community Development Corporation, (503) 282-5482**

The Northeast Community Development Corporation, a nonprofit organization, developed townhouses in one of Portland’s most crime infested and deteriorated areas. The two- and three-bedroom units were priced at \$89,000 to \$96,000, and were made affordable with the help of a variety of federal, state, and local financing programs. Among them was a HUD Nehemiah Grant offering \$15,000 at zero percent interest, and a state program offering a 30-year fixed rate mortgage of 5.9 percent. In addition, the city granted a 10-year limited tax abatement which assessed the property at its pre-development value. To address neighborhood opposition to the project, the Development Corporation proactively held educational public forums, involved neighborhood residents in the design process, and created partnerships between the city and community leaders.

## Policy Evaluation: Costs, Risks and Complexities

Cities have played increasingly important housing policy roles in the past two decades and it is now clear that many of the elements of housing policy are shaped by local governments. Local housing policies are typically expressed through specific programs covering a wide range of services and activities. The forest of specific programs is fairly large and some logical grouping of services is necessary to avoid getting lost. Although costs, complexity and risk depend on the details of specific policies and programs, these factors generally range from low to high as policies progress from information to capital in the categories listed below.

### Informational and Promotional Activities

Perhaps because they are so common, it is easy to overlook informational and promotional activities as a key part of a locality's housing policies. Many informational and promotional activities can involve minimum costs, are relatively simple and encounter few risks. Any community concerned about housing can at least start here. A formal affordable housing information and promotion program requires a sustained commitment of staff resources to establish a database to monitor housing market trends and identify housing organizations serving the area and the services they provide. Community acceptance programs actively engage in the promotion of affordable housing and can require more significant resources.

In most regions, localities address housing in isolation from their neighbors, although local housing markets within a regional area are interdependent. As a step toward establishing a regional approach, localities need to advocate a regional vision, regional cooperation and a regional framework for addressing housing.

The costs, complexity and risks associated with informational and advocacy programs increase with the size and ambitions of the program. On the low end, activities can cost very little, be fairly simple, and have little political risk. At the more ambitious level of regional coordination, localities will need to commit more significant resources and will have to work through the complications of regional cooperation.

### **Greenwich, Connecticut**

**Population: 61,101**

**Contact:**

**George Howell, Executive  
Director, Housing Authority  
(203) 869-1138  
ghowell@greenwichhousing.  
org**

Greenwich's Housing Authority provides some of its low- and moderate-income residents with opportunities to become first-time homebuyers. The town purchased and renovated a six-unit residential building. The Housing Authority held information meetings to explain eligibility requirements for purchasing one of the six condominiums. The meetings expanded into a homeownership course, with attendance and successful completion a mandatory condition for anyone ultimately chosen to buy a unit. Twenty-two residents completed the course and six purchased the condominiums. The balance of those who finished the course are now on a preference waiting list for future affordable home-buying opportunities. The program earned a 1999 Award of Merit from the National Association of Housing and

**Cities near Wheeling, West Virginia:  
Northern Panhandle HOME Consortium**

**Contact:**

**Melissa Thompson, Economic Development Specialist  
(304) 234-3701, [mthompson@cityofwheelingwv.org](mailto:mthompson@cityofwheelingwv.org)**

Wheeling works with five other governments (Hancock, Brooke, Ohio, and Marshall Counties and the City of Weirton, West Virginia) as part of the (West Virginia) Northern Panhandle HOME Consortium. The Consortium receives an annual grant from the U.S. Department of Housing and Urban Development (HUD) to make home ownership more affordable. Each jurisdiction offers the First Time Homebuyer Program, whereby forgivable loans of up to \$10,000 are made to eligible first-time homebuyers. The loans are intended to provide down payment and closing cost assistance to those who have never owned a home before and whose total, annual household income is at or below HUD's Section 8 Income Guidelines for their household size. There is no pay back requirement on the loan. Instead, the borrower's "payment" is to agree to live in the house for at least five years. As long as there is no transfer of ownership, and the house is the participant's primary residence, the loan is forgiven at the end of the five-year affordability period.

## Capacity Building

Capacity building addresses the organizational development needs within the public and private sectors to implement housing policies. Capacity building includes creating or identifying organizations that are qualified to deliver high quality programs and services; providing seed money during a start-up phase; providing technical assistance for management or operations; providing or funding continuing education and improvement training; and otherwise helping organizations reach sufficient capacity to fulfill housing policy objectives. An organizational matrix or "map" can be used to inventory existing organizations, identify current and planned capacity levels, and identify service or expertise gaps within the existing organizational network.

Local government rarely, if ever, has the independent capacity to implement housing policy objectives, as much of this capacity resides in other organizations in the public and private sectors. These organizations cross all aspects of housing markets. A central requirement for effective implementation of housing policies is to build the networks and partnerships that can deliver the necessary services

and products across government, non-profit and for profit organizations.

Capacity building is a relatively low risk and potentially high reward activity. Cost can be low to moderate and can become higher if operating funds are provided to outside organizations. Creating public-private partnerships probably has the highest presumption of benefit of any housing policy, but partnerships involve significant transaction costs.

## Regulations

A variety of local regulations impact housing, ranging from the building code to approval of housing development plans. The menu of regulatory activities to promote affordable housing can be quite diverse. A serious commitment to affordable housing requires a serious commitment to zoning and subdivision regulations that enable denser developments. While Affordable Dwelling Unit programs can provide density bonuses in exchange for including affordable housing units, there is no substitute for an adequate supply of developable land zoned for moderate to high density development.

Significant challenges accompany regulatory reform. Market-oriented reforms need to overcome negative perceptions of developers and of affordable housing, and local government fears of a negative fiscal impact.

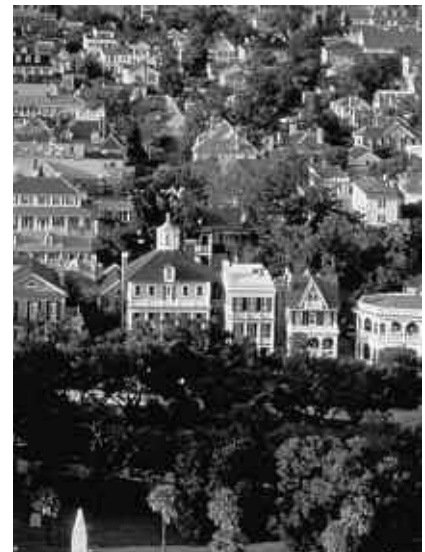
## Preservation

Preservation of existing affordable housing can be highly cost effective but typically requires recapitalization of the property, and substantial recapitalization can be required for any renovation and property improvement costs.

Localities can inventory the affordable housing supply and identify priority properties for preservation without much expense. Leveraging federal and state affordable housing funding streams such as tax credits and Community Development Block Grants (CDBG) represent an opportunity cost (subsidies used for preservation will not be available for other purposes) but not a direct cost to local government.

## Production

Production involves policies that help create new affordable housing units. In addition to promoting the use of federal and state tax credits and allocating CDBG and HOME funding to reduce the cost of new units, local governments can support affordable housing production through



**Irving, Texas: Housing Rehabilitation Program**

**Population: 191,615**

**Contact:**

**Vivian L. Ballou, Program Director**

**(972) 721-4800**

**vballou@ci.irving.tx.us**

Irving's Housing Rehabilitation Program uses grant money to repair, renovate, or completely rebuild houses. To qualify, the homeowners must meet income limits based on family size. Repairs range from foundation, electrical systems, heating and air systems, plumbing systems, and other repairs that affect the health and safety of residents. A homebuyer's assistance section of the program helps with down payments and closing costs. The city also offers assistance to purchase and repair an existing home. This program was featured in the 2005 City Showcase at NLC's Congress of Cities in Charlotte, North Carolina.

their own resources and powers. They can assemble and provide land through a variety of mechanisms and can establish a development approval process that promotes affordable housing. They can also create partnerships with experienced and capable for-profit and nonprofit housing developers.

Assembly of abandoned or orphaned lands and receipt of donated lands mainly involves administrative costs. Higher costs will occur if additional capital is needed to bridge the affordability gap. A successful affordable housing production system requires complex coordination, phasing and layering of multiple activities and subsidies, including the creation of partnerships with banks and developers.

### Capital

In addition to land, capital is needed to create or preserve affordable housing. Capital can be provided to developers or consumers in a variety of forms, including tax credit equity investments, buy downs, and tax abeyance or tax-increment financing. Sources of capital typically include federal pass-through funds (CDBG, HOME), tax-free bonds, Housing Trust Funds, specialized fees or tax revenues dedicated to affordable housing, and contributions from employers, banks or foundations. Capital represents the most costly commitment of local government to affordable housing, but also can be the most effective approach to achieve results.



## Effective Local Housing Policies

Although each community needs to assess its own local housing situation and weigh its policy responses in accordance with the criteria discussed above, it is often helpful to know what local housing strategies have worked to meet housing needs in other communities across the country. In our survey, three-quarters of municipal housing officials report that their city has a publicly stated policy that focuses at least broadly on housing, such as an ordinance, law or language in a general or master plan.

### Successful Policies

Those policies that municipal housing officials find either *very* or *somewhat effective* (respectively) at supporting housing opportunities for the residents in their community include:<sup>6</sup>

- Offering grants and low interest loans for rehabilitation (40%, 29%)
- Providing homeownership and mortgage education and counseling (31%, 29%)
- Building partnerships among governmental agencies (27%, 54%)
- Building local government capacity and responsibility in terms of staffing and technical resources (26%, 49%)
- Conducting meetings and forums of community members, nonprofits, regional groups, and/or legislators (22%, 48%)
- Enforcing fair housing measures (21%, 50%)
- Enacting local regulations to encourage mixed-income and mixed-use development (20%, 46%)
- Building non-profit capacity (16%, 44%)
- Advocating at the federal, state and regional/metropolitan level (14%, 49%)
- Periodically reviewing regulations and permitting rules to identify opportunities to reduce regulatory barriers to affordable housing (13%, 52%)



<sup>6</sup> For a full listing of the policies, see Appendix B.

### Variation by Region and City Size

We examined which policies municipal housing directors from cities of different population sizes and from various regions of the county say are either very or somewhat effective at promoting housing opportunities for residents in their community. Tables 3 and 4 illustrate the top five most commonly reported effective strategies in cities by region and population size.

About three-fourths of municipal housing directors across all regions report that building partnerships among governmental agencies has been at least somewhat effective as a housing strategy in their community. Another housing policy that finds its way into the five most commonly reported effective policies for cities in all regions is conducting meetings and forums of community members, non profits, regional groups and legislators.

Large shares of municipal housing directors in the Northeast (77%), Midwest (66%) and South (65%) find that enforcing fair housing measures has been either somewhat or very effective. Additionally, housing directors in the South (69%), Midwest (70%) and West (75%) cite building

**TABLE 3**  
**Top Five Effective Housing Policies by Region\***

*\*Percentage of municipal housing directors citing policy as either "very" or "somewhat" effective*

Northeast	Midwest	South	West
Building partnerships among governmental agencies ..... <b>77%</b>	Building partnerships among governmental agencies ..... <b>73%</b>	Building partnerships among governmental agencies ..... <b>77%</b>	Building partnerships among governmental agencies ..... <b>80%</b>
Enforcing fair housing measures ..... <b>77%</b>	Building local government capacity and responsibilities (staff/technical resources) ..... <b>70%</b>	Building local government capacity and responsibilities (staff/technical resources) ..... <b>69%</b>	Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>76%</b>
Offering grants and low interest loans for rehabilitation ..... <b>77%</b>	Enforcing fair housing measures ..... <b>66%</b>	Enforcing fair housing measures ..... <b>65%</b>	Building local government capacity and responsibilities (staff/technical resources) ..... <b>75%</b>
Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>77%</b>	Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>60%</b>	Enacting local regulations to encourage mixed income/mixed use development ..... <b>65%</b>	Offering grants and low interest loans for rehabilitation ..... <b>72%</b>
Promoting community acceptance ..... <b>77%</b>	Advocating at the federal, state and regional/ metropolitan level .... <b>53%</b>	Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>62%</b>	Enacting local regulations to encourage mixed income/mixed use development ..... <b>72%</b>

Under 50,000	50,000-99,999	100,000-300,000	>300,000
Building partnerships among governmental agencies ..... <b>72%</b>	Building partnerships among governmental agencies ..... <b>79%</b>	Offering grants and low interest loans for rehabilitation ..... <b>87%</b>	Offering grants and low interest loans for rehabilitation ..... <b>96%</b>
Building local government capacity and responsibilities (staff/technical resources) ..... <b>62%</b>	Building local government capacity and responsibilities (staff/technical resources) ..... <b>73%</b>	Building non-profit capacity ..... <b>84%</b>	Providing city controlled funds for down payment assistance ..... <b>96%</b>
Enacting local regulations to encourage mixed income/mixed use development ..... <b>62%</b>	Offering grants and low interest loans for rehabilitation ..... <b>72%</b>	Building partnerships among governmental agencies ..... <b>82%</b>	Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>91%</b>
Enforcing fair housing measures ..... <b>61%</b>	Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>68%</b>	Building local government capacity and responsibilities (staff/technical resources) ..... <b>81%</b>	Providing homeownership/mortgage education and counseling ..... <b>91%</b>
Conducting meetings and forums of community members, non-profits, regional groups, and/or legislators ..... <b>60%</b>	Periodically reviewing regulations and permitting rules to identify opportunities to reduce regulatory barriers to affordable housing ..... <b>66%</b>	Providing homeownership/mortgage education and counseling ..... <b>78%</b>	Building partnerships among governmental agencies ..... <b>91%</b>

local government capacity and responsibilities, including staff and technical resources, as an effective policy to support housing opportunities in their community.

A commonly reported policy in the Northeast (77%) and West (72%) is offering grants and low interest loans to encourage rehabilitation. A large percentage of municipal housing officials in the Northeast (77%) also say that promoting community acceptance of affordable housing has been at least somewhat effective.

Many respondents from regions with increasing growth pressures, South (65%) and West (72%), cite enacting local regulations to encourage mixed income and mixed use development as effective. Advocating at the federal, state and regional level was only reported as effective by a large share of municipal housing directors in the Midwest (53%).

Municipal housing directors from cities of all sizes report that building partnerships among governmental agencies has been an effective housing policy in their city. Large shares of housing directors from all except the

**TABLE 4**  
**Top Five Effective Housing Policies by Population\***

*\*Percentage of municipal housing directors citing policy as either "very" or "somewhat" effective*

**Chicago, Illinois:  
Every Minute Counts**

**Population: 2,896,016**

**Contact:**

**Molly Sullivan, Assistant  
Commissioner,  
Department of Housing  
(312) 742-0595,  
MollySullivan@  
cityofchicago.org**

Chicago's "Every Minute Counts" helps homeowners at risk of foreclosure. Counseling is provided through the Credit Counseling Resource Center, an affiliation of nonprofit counseling agencies. The counselors assess the caller's financial situation, develop an action plan, make referrals to city resources, and may serve as a liaison between the homeowner and loan servicer. A variety of marketing efforts target homeowners including the city's cable channel, advertising in the mass transit system, and housing fairs. The program is free to residents and the counseling is funded by participating lenders. The Department of Housing funds counseling sessions for customers of non-participating lenders. Chicago residents can call 311, the city's non-emergency hotline, and be immediately connected to credit counseling.

largest cities cite building local government capacity and responsibilities as either a somewhat or very effective policy, whereas a large majority from all except the smallest cities report offering grants and low interest loans for rehabilitation as effective.

Commonly reported effective strategies in the smallest cities include enacting local regulations to encourage mixed income and mixed use development (62%), enforcing fair housing measures (61%) and conducting meetings and forums of community members, non-profits, regional groups and legislators (60%). Large percentages of housing officials in smaller mid-sized cities (68%) and the largest cities (91%) also find that conducting meetings and forums is effective in their communities.

Periodically reviewing regulations and permitting rules to identify opportunities to reduce regulatory barriers to affordable housing (66%) is also one of the five most commonly reported effective policies for smaller mid-sized cities.

Building non-profit capacity was cited by many housing officials in larger mid-sized cities (84%) as at least somewhat effective, as was providing homeownership and mortgage education and counseling (78%). Large shares of municipal housing directors in the largest cities also cite homeownership and mortgage education and counseling (91%) as effective. Housing officials in the largest cities also report providing city controlled funds for down payment assistance (96%) as effective.



## Conclusion

National housing market trends reflect changes in the local policy making environment, as municipal housing directors across the country, from both small cities and large, are confronted with meeting the growing needs of their communities.

Taken together, the results of the National League of Cities' survey of municipal housing directors suggest several lessons for housing policy makers.

First, an effective housing strategy frames local housing problems in terms of larger categorical issues, such as affordability, fair housing and neighborhood quality, rather than focusing in on narrowly-defined issues. For example, the "local housing condition" consists of a series of housing challenges that are linked to each other, either by cause or effect on the community or segments of the community. Similarly, improving housing conditions is usually just one of many municipal priorities, however it is clearly connected to other priorities, such as economic development and traffic congestion. Local housing policy makers should examine these linkages and integrate housing priorities into broader community goals where possible.

Second, local housing policies should address the full range of local housing markets. It is a mistake to restrict "housing policy," especially affordable housing policy, to publicly subsidized housing—not only because it is a strategic mistake to marginalize housing policy to a subset of welfare policy, but also because it is an empirical mistake that ignores the role of local governments across all housing market segments, as well as the relationships between market segments. Local policies help shape private market supply of housing across the range of consumer demand and enable greater access to housing for households whose housing choices are constrained by inadequate incomes, information, or access.

Lastly, an effective municipal housing strategy is realistic about the costs to local government, the complexity of developing and delivering services, and the financial and political risks.

In the next phase of this analysis, we will examine how different types of housing policies correlate with perceived local housing problems.

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## Appendix A: Indicators of Local Housing Condition (status of condition)

	<u>Major problem</u>	<u>Moderate problem</u>	<u>Minor/No problem</u>
a. General housing affordability	32%	49%	20%
b. Equitable distribution of affordable housing throughout region/metro area	32%	42%	26%
c. Absentee landlords	30%	42%	29%
d. Vacant and abandoned properties	23%	32%	45%
e. Availability of transitional housing	21%	42%	37%
f. Opportunities for homeownership for lower income residents/renters	32%	51%	17%
g. Availability of rental housing stock	18%	42%	40%
h. Predatory lending	18%	34%	48%
i. Foreclosures	15%	36%	49%
j. Homelessness	17%	43%	40%
k. Sprawl	12%	33%	55%
l. Deteriorating housing stock	25%	40%	35%
m. Availability of subsidized rental stock	20%	47%	33%
n. Over-crowding in homes	11%	37%	52%
o. Neighborhoods with high disinvestment	16%	31%	53%
p. Property tax increases making housing unaffordable	13%	31%	54%
q. Need for home repairs among elderly and low-income families	26%	52%	23%
r. Opposition to density	15%	38%	47%
s. Links between housing and essential supportive services	13%	40%	48%

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t. Proximity of public transportation to low income housing	16%	36%	48%
u. Zoning/land use standards for development of a variety of housing	5%	35%	60%
v. Homes not built to fit comm. character	5%	24%	72%
w. High property turnover	5%	22%	72%
x. Housing market discrimination	4%	20%	76%
y. Racial segregation in housing	5%	24%	72%
z. Housing for aging population	11%	46%	43%
aa. Sufficient infrastructure to support new development	16%	37%	47%
bb. Environmental/health issues (mold, asbestos, and lead)	9%	33%	58%
cc. Crime	16%	39%	45%
dd. Housing for immigrants	8%	33%	59%

## Appendix B: Local Housing Policies

### Information and Promotional Activities

- a. Conducting meetings and forums of community members, non profits, regional groups, legislators
- b. Establishing a database of housing information and distribution network
- c. Promoting community acceptance
- d. Advocating at the federal, state and regional/metropolitan level
- e. Promoting equitable distribution of affordable housing throughout the region/metro area
- f. Providing homeownership and mortgage education and counseling
- g. Supporting financial literacy programs
- h. Supporting credit counseling programs

### Capacity Building

- i. Building local government capacity and responsibilities (staff/technical resources)
- j. Building non-profit capacity
- k. Building for-profit (developer) capacity
- l. Building partnerships among governmental agencies
- m. Offering rent-to-buy programs for individuals with poor credit history
- n. Forgiving liens to promote ownership
- o. Working with intermediaries to provide financial instruments
- p. Providing city controlled funds for down payment assistance

### Regulatory

- q. Enacting local regulations to encourage mixed-income and mixed-use development
- r. Local regulations to provide sufficient housing for job growth
- s. Creating incentives for developers to produce affordable housing as part of new development

- t. Periodically reviewing regulations and permitting rules to identify opportunities to reduce regulatory barriers to affordable housing
- u. Expediting the zoning/permitting process for affordable housing
- v. Reducing impact fees for affordable housing
- w. Setting aside a percentage of TIF revenues for affordable housing
- x. Providing tax abatements to support affordable housing
- y. Enforcing fair housing measures
- z. Offering linkage fee programs
- aa. Establishing inclusionary zoning requirements
- bb. Relaxing floor-size minimums

## Preservation

- cc. Setting inventory preservation targets
- dd. Providing incentives for preservation
- ee. Purchasing units and reselling with preservation requirements
- ff. Offering grants and low interest loans for rehabilitation
- gg. Providing redevelopment incentives

## Production

- hh. Providing city owned land for production
- ii. Preparing land for production (i.e. demolition)
- jj. Establishing affordable housing production zones
- kk. Developing partnerships with preferred providers
- ll. Establishing a dedicated source of funding
- mm. Facilitating the re-use of vacant or tax-delinquent properties for affordable housing

## About the Authors

**Christiana McFarland** is the Research Manager at the National League of Cities; **Casey Dawkins** is the Director of the Virginia Center for Housing Research and an Assistant Professor of Urban Affairs and Planning at Virginia Tech; and **C. Theodore (Ted) Koebel** is the program chair of Urban Affairs and Planning at Virginia Tech and Professor of Housing and Urban Planning. The authors would like to thank William McGahan of the National League of Cities for his research assistance.

## About the Survey

This report is the second in a series reporting on the results from NLC's *State of America's Cities Survey: Municipal Housing*. The first reporting of the results was published in 2006 as a research brief, *Critical Housing Needs*.

A random sample of 1,167 municipal housing directors was drawn for the purpose of this survey. The survey was mailed to all of the housing directors in the sample in July 2006. A total of 432 valid responses were received and tabulated, resulting in a 37 percent response rate. With this response rate it can be expected with a 95 percent degree of confidence (i.e. in 95 out of 100 random sample surveys) that the answers to the survey questions from another random sample of municipal officials would be within five percentage points (+/- 5%) of the results of this survey.

The National League of Cities developed the questionnaire, drew the sample, mailed the survey instrument, coded, cleaned, and tabulated the data, and prepared the report.

The *State of America's Cities Survey* series has been conducted by NLC for the past 20 years. The surveys offer a framework for understanding how local officials view issues and problems they face in governing the nation's cities and towns.



## About the Sample

Throughout the report the data are compared for cities of different population sizes and regions of the country. The response rates for these categories are provided in the tables below.

### Region

	Number returned	Percent of sample
Northeast	44	10.2
Midwest	135	31.3
South	139	32.2
West	114	26.4
<b>Total</b>	<b>432</b>	<b>100.0</b>

### Population

	Number returned	Percent of sample
under 50,000	205	47.5
50,000 - 99,999	126	29.2
100,000 - 300,000	79	18.3
>300,000	22	5.1
<b>Total</b>	<b>432</b>	<b>100.0</b>

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## **About the National League of Cities**

The National League of Cities is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for more than 1,600 member cities and the 49 state municipal leagues, representing 19,000 cities and towns and more than 218 million Americans.

Through its Center for Policy and Research, NLC provides an applied think tank capacity by developing, conducting, and reporting research on programs and issues affecting cities and towns.



**National League of Cities**  
1301 Pennsylvania Avenue, NW  
Washington, DC 20004  
[www.nlc.org](http://www.nlc.org)