UP FOR GROWTH®

January 31, 2020

Office of General Counsel
Regulations Division, Room 10276
U.S. Department of Housing and Urban Development
451 7th St SW, Room 4100
Washington, DC 20410

Re: White House Council on Eliminating Regulatory Barriers to Affordable Housing
Request for Information
Docket No. FR-6187-N-01

To Whom It May Concern:

Thank you for the opportunity to provide feedback to the *White House Council on Eliminating Regulatory Barriers to Affordable Housing* Request for Information (the "RFI"). Up for Growth is committed to the idea that communities should grow for the benefit of all people, and that artificial barriers that limit housing affordability and availability make that goal impossible to achieve. We are excited to see federal level engagement on fostering innovative, data-driven methods for making housing more affordable and accessible to all.

Founded in 2018, Up for Growth is a network of diverse practitioners, stakeholders, and policymakers who are all committed to advancing thoughtful solutions to addressing the housing crisis. Members of our network come from across the housing sphere and represent diverse perspectives. Up for Growth is committed to fostering discussion among these sometimes disparate groups in order to advance a shared understanding of the housing crisis. Up for Growth produces both original, incisive research and data-driven and evidence-based policy proposals at the federal and state level. We engage member networks across the country both to better understand the barriers to housing and to promote the solutions that will lead to more equitable growth.

In April 2018, Up for Growth released the *Housing Underproduction in the United States* report.[1] In this research, we found that the U.S. underproduced housing by 7.3 million homes from 2000 – 2015. Housing underproduction is particularly acute in high-opportunity areas connected to transit, jobs, and amenities. Our severe shortage of housing has far reaching consequences, including economic inefficiency and lowered GDP as people struggle to reach job opportunities, cost burdening for families and individuals who are forced to pay high rents and transportation costs, racial and socioeconomic inequality as historically marginalized groups are priced out of high opportunity areas, and environmental consequences as more people are forced to commute greater distances for work and social opportunities. As the housing shortage grows, more households will struggle to afford homes– currently, 52% of renter households pay more than 30% of their income toward rent. This cost burdening is unsustainable, but without an increase in supply, millions of Americans will be forced to continue to pay an outsized portion of their budget toward rent.

The demand for housing is great, and yet the supply of homes is not increasing to match demand. More than a housing crisis, the severe imbalance in housing supply and demand indicates a market failure. While the factors that drive our housing crisis are varied and complex, and no single change can be a catchall solution, artificial regulatory barriers play an outsized role in limiting the production of housing. Without thoughtful intervention at all levels of government, these barriers will continue to stifle the delivery of much needed housing.

In the analysis contained in the following pages, we address the questions posited in the RFI and offer recommendations for policies and regulatory changes that can help increase housing supply and ideas for future research that the U.S. Department of Housing and Urban Development ("HUD") could lead in an effort to more fully understand the housing crisis. To craft this response, we have engaged our member network to offer on-the-ground perspectives of how regulatory barriers impact their communities. We are also draw upon our independent research projects, including Up for Growth's Housing Policy and Affordability Calculator and our *Housing Underproduction* report series. Again, we are excited to see HUD actively engage in uncovering solutions to the housing crisis, and we appreciate the opportunity to respond.

[1] Baron, M., Buchman, M., Kingsella, M., Podenza, R., Wilkerson, M. (2018) *Housing Underproduction in the U.S.: Economic, Fiscal and Environmental Benefits of Enabling Accessible Growth to Address America's Housing Affordability Challenge.* Up for Growth. Retrieved from https://www.upforgrowth.org/sites/default/files/2018-09/housing_underproduction.pdf.

Question 1: Federal Barriers to Affordable Housing Development

While many housing regulations occur at the state and local levels[2][3][4], the federal government plays a key role in shaping community development through regulation, grant funding, and equity concerns. Recalibrating federal-level grant programs and offering localities incentives to update land use and zoning codes to maximize housing affordability and availability are critical interventions at the federal level.

1. **Community Development Block Grants ("CDBG") and HOME Investment Partnership Program**

   CDBG and the HOME Investment Partnership Program are two of the largest federal grant programs that offer localities grant dollars to advance housing and community development goals. CDBG provides eligible jurisdictions grant money to "develop viable urban communities" through the creation and maintenance of housing and economic opportunities – particularly for low- and moderate-income residents. Annually, more than $3B in CDBG funding goes to communities attempting to advance these goals. Similarly, the HOME program provides grants to localities in order to increase the supply of affordable housing. HOME works through a variety of channels, including purchasing and rehabilitating affordable homes and providing direct assistance to low- and moderate-income renters. Both of these programs provide critical resources to municipalities in the effort to preserve and promote viable, affordable communities. HUD can leverage these two programs to advance policy priorities around increasing the supply of housing – particularly in high demand, high opportunity urban centers. CDBG and HOME applicants who work with their local planning and land use departments to revise zoning codes and housing regulation could receive additional points on their applications or expedited review. Additionally, HUD should consider increased funding in jurisdictions where local barriers are lowered in order to facilitate the production of high-quality, affordable homes. CDBG and HOME are both critical programs for helping marginalized and vulnerable communities, and the impact of each program can be enhanced when housing is easier to build.

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[2] Glaeser, Gyourko, and Saks. *Why is Manhattan So Expensive? Regulation and the Rise in House Prices*. (2004) NBER. Retrieved from https://www.millersamuel.com/files/pdf-tank/1106013654NOEow.pdf

[3] Gyourko, Saiz, and Summers. *A New Measure of the Local Regulatory Environment for Housing Markets: The Wharton Residential Land Use Regulatory Index*. (2007) The Wharton School, U Penn. Retrieved from: http://real.wharton.upenn.edu/~gyourko/WRLURI/The%20Wharton%20Zoning%20Regulation%20Index-July%202,%202007.pdf

[4] MacDonald, G. *The Effect of Local Government Policies on Housing Supply*. (2016) Terner Center for Housing and Innovation, U.C. Berkeley. Retrieved from: http://ternercenter.berkeley.edu/uploads/The_Effect_of_Local_Government_Policies_on_Housing_Supply.pdf

2. **Federal Legislation**

As the housing crisis continues to negatively impact most areas of the country, more attention has been paid to legislative solutions at the federal level. Because of the complexity of the housing market, thoughtful policymaking at every level of government is critical for finding solutions. Some current proposed legislation specifically targets barriers to housing in ways that are critical both to increasing supply and better aligning housing with opportunity.

- <u>The *Yes in My Backyard (YIMBY) Act (S. 1919, H.R. 4351)*</u>

  The YIMBY Act requires that CDBG recipients include, as part of their normal consolidated plan reporting, the extent to which they are taking steps to remove discriminatory land use policies that prevent much-needed housing from being built. The bill provides a comprehensive list of land use policies and reforms that make areas more accessible and affordable by increasing housing supply. Proposed policies include measures that will help localities increase affordability by increasing multifamily zoned land, creating transit-oriented development zones, and eliminating or reducing off-street parking requirements. Additionally, the bill encourages consideration of policies like eliminating exclusionary zoning, thus allowing for more affordable housing options like duplexes, triplexes, and quadplexes in high-opportunity single-family zones. CDBG grant recipients will report periodically on the ways that they are enacting such policies or the plan for implementing policies in the future. The YIMBY Act increases transparency in land use, zoning, and housing decisions and sheds light on the exclusionary policies that contribute to an overall shortage of homes.

  The housing ecosystem varies widely across localities and response solutions must uniquely address the situation on the ground. The YIMBY Act addresses this by providing localities with a framework toolbox for addressing housing supply needs but is not prescriptive and does not condition CDBG funding on completion of the policy priorities it lays out. Rather, the YIMBY Act takes a “sunshine is the best disinfectant” approach to moving the needle on more inclusive housing policies. Its goal is to nudge cities and other government entities to think long and hard about how their policies affect housing affordability and availability.

  The YIMBY Act is an important first step by the federal government to curtail exclusionary housing policies that continue to contribute to housing underproduction and undersupply. Alleviating the burden of housing requires a thoughtful recalibrating of land use practices and policies. The YIMBY Act paves the way in creating the conversation that increases transparency and begins to undo some of the exclusionary policies that have suppressed development of needed housing at all income levels.

- The *Build More Housing Near Transit Act (H.R. 4307)*

  Currently, FTA application criteria for New Starts transit projects only requires a qualitative evaluation of the impact of new transit lines on housing in the transit corridor. This flawed evaluation criteria means that large-scale transit projects get built without considerations for where and if housing is feasible, which means that the critical relationship between housing and transit is not fully realized. The Build More Housing Near Transit act would require major transit projects pursuing Federal Transit Administration (FTA) New Starts capital investment grant funding to holistically evaluate the feasibility of housing development near transit station areas as a part of their application process. In addition to evaluating feasibility of housing, project sponsors would also need to secure a commitment of supportive land use policies from their local governments that support both affordable and market-rate housing needs associated with the transit investment.

  Though transit authorities and municipalities currently evaluate land-use and housing policy as part of the existing application process, current evaluation scoring do not accurately evaluate nor properly prioritize housing needs, which often leave projects that receive the $2.3 billion allocated annually for the New Starts program underdeveloped and underutilized.

- The *Neighborhood Homes Investment Act (NHIA) (H.R. 3316)*

  Housing decay, obsolescence, and widespread vacancy comes with a high cost – both economically and socially. Vacant homes and lots not only reduce property values for surrounding units, they also mean a loss in property taxes, which pose significant challenges for government. Key infrastructure like schools, roads, and utilities face dwindling property tax revenue. From a community stability perspective, distressed neighborhoods often struggle to combat poverty, crime, and economic stagnation. Similarly, remaining residents of these areas often feel left behind and trapped in increasingly distressed communities.

  Introduced in June 2019, The NHIA provides a federal tax credit to investors and homeowners to bridge the “appraisal gap” that often occurs in distressed neighborhoods, and to make possible the rehabilitation of these existing homes. A statewide competitive application process would award project sponsors credits for up to 35 percent of development cost, which sponsors could leverage to gain investment capital. The credits would only be available after the homes have been completed and sold to a homeowner. NHIA targets low-income communities to maximize the impact of the tax credit on truly distressed areas - eligible neighborhoods must have poverty rates that are 130 percent or greater than the metro or state rate; have incomes that are 80 percent or less than area median income; and have home values that are below the metro or state median value.

NHIA also benefits existing homeowners in two ways, by both providing high-quality housing in what would otherwise be blighted blocks and by creating programs which provide direct capital for them to rehabilitate their own homes. The estimated impact from such tax credits would be the revitalization of 500,000 homes and $100 billion in development revenue over the next 10 years. To combat the potential displacement impacts sometimes associated with rapid revitalization, NHIA requires that homes constructed or revitalized under the program must be sold to homeowners making less than 140 percent of the area median income and that private homeowners receiving funds for rehabilitation of their property remain in their homes for five years or incur a tax penalty based on the value of the resale. These provisions help ensure that distressed neighborhoods remain accessible and affordable, and that current residents are still able to call these communities home.

- <u>The *Affordable Housing Credit Improvement Act*</u> *(S. 1703 and H.R. 3077)*

  The Low-Income Housing Tax Credit (LIHTC) is one of the primary ways the federal government spurs the creation of affordable housing for lower income Americans, responsible for nearly 90% of the affordable units in the country. Established by the landmark 1986 tax overhaul, LIHTC provides a dollar-for-dollar tax credit to private entities developing affordable housing projects. Since its inception, these tax credits have financed more than three million homes for not only lower-income Americans, but veterans, seniors, persons with disabilities, and working families with children. In addition to the tangible benefits it provides to the people living in these homes, it is a boon to local economies; on an annual basis, LIHTC generates $9 billion in wages and 110,000 jobs across the country.

  The Affordable Housing Credit Improvement *Act* was introduced in 2019 to challenges that LIHTC faces as demand for housing has increased during this period of massive shortage. The bill contains several provisions focused on enhancing LIHTC, most importantly a phased-in 50% increase in the allocation for the housing credit, which would create an estimated 384,000 affordable over the next decade – significantly more than would be developed under current funding levels.

The Affordable Housing Credit Improvement Act locks in the current 4% tax credit rate for financing with housing bonds and tax credits to provide predictability to those utilizing the credit. The legislation also makes available additional credits for rural affordable housing development to ensure financial feasibility for these projects and clarifies that the credits can be used specifically for the development of veteran-only housing. To ensure effective stewardship of taxpayer dollars, the bill states that cost reasonableness should be considered in credit allocation, while enabling states to recycle Multifamily Housing Bonds in conjunction with the housing credits.

- The *Taskforce on the Impact of the Affordable Housing Crisis Act (S. 1772, H.R. 3211)*

  This bill, introduced in 2019, would create a Task Force to evaluate the impact of the housing shortage and affordability crisis and to recommend solutions. It would also quantify the impact that housing has on other government programs and expenditures. The legislation recognizes that housing impacts more than just the roof over a person's head; the housing crisis affects the economy, the federal budget and tax receipts, health care, education, climate and the environment, transportation, and many other areas that fall under the purview of Congress and the federal government. Accessible and affordable housing is critical to the wellbeing of American communities and to the economy. Without thoughtful, comprehensive solutions, communities and individuals will continue to be negatively impacted. The Task Force would be appointed by the House Speaker and Minority Leader, and Senate Majority Leader and Minority Leader, and comprised of academic researchers, experts in a field or policy area related to housing or adjacent issues, or experts in government programs impacted by housing.

- The *Housing, Opportunity, Mobility, and Equity (HOME) Act of 2019 (S. 3342, H.R. 4808)*

  Introduced in November 2019, the HOME Act of 2019 addresses the housing affordability crisis through two channels: eliminating exclusionary zoning policies and providing relief directly to renters. The HOME Act recognizes the role that exclusionary zoning plays in creating artificial barriers that dramatically limit the production of much-needed housing. The HOME Act conditions CDBG funds and Surface Transportation Block Grant ("STBG") funds on the implementation of land use and zoning reforms within grant recipient areas. Recognizing that each municipality has unique concerns, the bill covers a variety of strategies and programs that lead to the creation of more housing.

Additionally, the HOME Act's renter provision would create a new renters tax credit that would be made available to renter households that pay more than 30% of gross income on rent. The credit covers the difference between 30% of household income and the lesser of either the fair market rent for the area or the actual rent paid. This section of the bill is, in effect, a stop gap measure; the tax credit is meant to help alleviate financial strain on cost-burdened households until the availability of housing increases and the cost of housing decreases.

3. **Parking Near Public Transit**

   Parking requirements factor heavily in the application process for Federal Transit Administration (FTA) public transit funding. Typically, the number of parking spots near a transit station is considered as a proxy measurement for ridership, i.e. one additional parking spot means one additional transit user. This metric is flawed and results in the over-creation of parking lots and the under-creation of housing and mixed used development near transit. Cities including San Diego, Minneapolis, and Hartford have reduced parking requirements in transit walksheds and have shifted from parking minimums to parking maximums. This shift frees up land for housing development near transit, reduces the environmental toll of vehicle travel, and makes transit a more accessible option for commuters. The federal government should take an active role in reducing parking requirements near transit stations. Shifting parking minimums within ½ mile of transit stops to parking maximums will not only improve the health of transit systems, it will also allow for more affordable housing to be built in transit-served locations.

4. **Surface Transportation Block Grant (STBG) and Highway Trust Fund**

   The STBG program provides flexible funding to states and localities for projects related to road, highway, transit, and bike and pedestrian infrastructure projects. Annually, more than $12 billion are allocated via STBG. Additionally, with an annual budget of $41 billion, the Highway Trust Fund is the federal financing mechanism for most highway and transit projects. Both of these programs can be leveraged by the federal government to incentivize the removal of barriers to the creation of more housing. The federal government should consider tying some amount of highway and transit funds to encouraging land use and zoning reform at the state and local level. Alternatively, additional allotments can be used to incentivize positive movement toward making housing more accessible and affordable.

5. **Transit Oriented Development (TOD) Planning Grants**

   MAP-21 TOD Planning Grants provide localities with money to study, plan, and implement transit-oriented development strategies as they build new transit systems or improve upon existing systems. TOD Planning Grants should be expanded and made permanent. These grants help localities plan out the most efficient and effective path for bringing mixed use development – including housing – near transit station areas. Currently, many TOD Planning grant recipients utilize these funds specifically to better align housing and transit in their localities. These grant dollars offer great incentives for municipalities to simultaneously reach housing and transit goals and to better align these two critically connected programs. Housing and transit are inextricably linked and the federal government should more actively tie transportation dollars to policies that increase housing.

6. **Housing Choice Vouchers**

   Up for Growth's research finds the U.S. fell 7.3 million homes short of meeting housing need from 2000 – 2015. This shortage of homes is particularly acute for households making 80% area median income (AMI) and below. Land use and zoning reform that leads to increased production will help alleviate the shortage and cost-burdening for the moderate end of the income distribution (those making 80 – 120% AMI), but affordability for lower income families requires additional subsidies. It is important to think of this as dual housing crisis, and to calibrate interventions appropriately to help moderate income households as well as low- and very low-income households. Housing Choice Vouchers, also known as Section 8, which give low-income households financial assistance for rent in the private market are HUD's largest program for assisting renters. Expansion of housing vouchers is critical for helping low- and moderate-income families find housing. Vouchers can also help close the affordability gap in the short term as zoning and land use reform policies help spur the creation of more units. Housing is critical to economic and social mobility, and housing vouchers are important for supporting low-income families.

Question 2: State Barriers to Affordable Housing Development

Because much of housing regulation power rests with state and local authorities, state policymakers and regulators have the power to provide opportunities for more accessible growth through statewide policy initiatives and more streamlined processes. Furthermore, housing is a particularly contentious issue that engenders a lot of local opposition from NIMBY groups and others. Because of this local-level contention, state-level intervention can offer political cover to local elected officials who may face heavy opposition to housing reform proposals.

1. **Zoning Reform**

   Exclusionary zoning that restricts a vast majority of land to single-family use only construction is a very strong barrier to housing production. Zoning restrictions create shortages of high-density sites and prohibit the development of “missing middle” housing, which is critical for providing housing to much of the workforce. Single family zoning restrictions have origins in racist and exclusionary policies, and their continued prevalence coupled with an increased demand for living in high density urban centers exacerbates inequality, creates a mismatch is desired housing and available housing stock, and contributes significantly to cost burdening. States are well positioned to end single family only zoning laws across the state. In 2019 with HB 2001, Oregon became the first state to ban such laws in cities with populations greater than 10,000 people. This legislation will likely help Oregon chip away at its underproduction and open up high opportunity neighborhoods to more housing. Other states should follow Oregon’s lead in undoing some of the negative impacts of exclusionary zoning.

2. **Density Bonuses**

   Density Bonuses are important programs that many states and localities use in order to incentivize public policy goals, most critically increased supply of affordable units. Typically, density bonuses provide developers with exemptions to height restrictions and unit limitations in exchange for setting aside below market-rate units that low- and moderate-income households can access. In addition to increasing affordability, density bonuses can also help localities upzone key areas without having to go through special appeal and review processes with land use agencies. This reduces time and cost spent on a project and incentivizes housing developers to provide affordable units in market rate buildings. In many areas, density bonuses play a key role in transit-oriented development and adding density near public transit routes. Use of density bonuses in such areas helps spur much needed housing in transit-served areas. More states and localities should consider implementing and expanding density programs in order to increase and preserve affordability.

3. **Permitting and Appeal Processes**

   Housing production is a risky and costly endeavor for housing producers. Any uncertainties in the permitting and approvals process adds time and cost to project development which often means that fewer units get built. Part of the uncertainty comes from incredibly varied local-level permitting and approval regulations and from outsized power given to local residents to challenge new projects. States have the power to create clear, objective standards in approvals and permitting that will remove some of the uncertainty for housing developers. When timelines and regulatory expectations are streamlined and consistent across jurisdictions, housing producers are better able to anticipate requirements, costs, and timelines, which ultimately leads to more housing. Additionally, current inconsistencies and uncertainty in the approvals process has made housing production prohibitively costly for small and medium-size developers, which means only a small number of developers can operate in housing production. This adds to failure in the housing market and ultimately leads to fewer, more expensive housing units being built. States should take steps to creating clear, objective standards for development.

4. **Poorly Calibrated Inclusionary Zoning Policies**

   As the negative impacts of housing shortage are felt across the country, many states and municipalities are developing zoning reform plans to increase the availability and affordability of homes. Inclusionary Zoning (IZ) policies are a popular zoning reform that requires developers to create a certain percentage of below market rate affordable units in conjunction with market rate projects.[5][6] On their face, inclusionary zoning policies seem to be a good way to achieve affordability goals, they are often ineffective or detrimental to growth – both of market rate and affordable units. Successful IZ policies require large amounts of new development to generate affordable units. Instead of sweeping IZ programs, municipalities should use incentives – tax abatements, density bonuses, and exemptions from development and zoning restrictions – to spur the creation of affordable units. When IZ policies happen without such incentive programs and in slowing or neutral growth cities, they are not effective at spurring growth.

<u>Question 3: Local Barriers to Affordable Housing Development</u>

Local agencies have the most power and direct influence over housing regulations and development. In some ways, local control of community growth makes sense – people on the ground have some of the clearest ideas of where and how they should grow. Unfortunately, misaligned and poorly calibrated local policies and regulations present major obstacles to housing availability and affordability. Policies that, in isolation, seem to not significantly impact housing growth have major impacts in aggregate. Up for Growth's *Housing Policy and Affordability Calculator*[7] attempts to help policymakers and stakeholders make more informed decisions at the local level by demonstrating the tradeoffs that go into housing and growth-related regulations and public policy goals. Below, we illuminate some of the common regulatory impediments to equitable accessible growth.

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[5] Williams, Stockton, et al. (2016) *The Economics of Inclusionary Development.* Urban Land Institute.
[6] Hamilton, E. (2019) *Inclusionary Zoning and Housing Market Outcomes.* Mercatus Center. Retrieved from https://www.mercatus.org/system/files/hamilton-inclusionary-zoning-mercatus-working-paper-v2.pdf
[7] Kingsella, M., Kash, P., Sarma, A.G., Jiang, M., Warwick, D. (2019) *Housing Policy & Affordability Calculator: An Overview of the Calculator's Methodology, Assumptions Used, and Conclusions Reached in our Analysis of the City of Seattle's Regulatory and Housing Market Environment.* Up for Growth. Retrieved from https://www.upforgrowth.org/sites/default/files/2019-06/UFGNCCalculatorWhitePaper.pdf.

1. **Impact Fees**

   For many years, cities have used impact and linkage fees to fund the construction and maintenance of infrastructure – water, sewer, electric, gas, etc. – that accompanies housing growth. Often, however, these impact fees are misaligned and result in stifled housing development. In times of rapid growth, municipalities collect impact fees to cover the construction of new infrastructure. Because constructing new infrastructure is cheaper than maintaining existing infrastructure and because rapid growth means a high number of units to collect impact fees from, the amount charged during this phase of growth is often too low for long-term sustainability. As the market matures and housing production slows, the revenue from impact fees also slows. Currently, many municipalities increase fees at this moment and, more importantly, charge fees on a per unit basis. This leads to underproduction of units because these escalating and misaligned fees make the cost of production too high. Local governments should reform their impact fee structure and charge them on a gross land or square-footage basis rather than as a per unit cost. This will allow for more high-density construction and better capture the cost of maintain infrastructure.

2. **Regulations**

   Land use regulations in many localities are typically complicated, inefficient, and stifling to growth. Unnecessary or poorly implemented regulations, which often reflect the demands on NIMBY and other self-interested groups. Many regulations that have become commonplace in local policy and regulatory code can be amended or eliminated to create more housing and positively impact affordability.

   - Parking Requirements: Parking requirements aim to ensure that buildings provide enough parking. In many cities, parking requirements are higher than what the market needs, leading to higher development costs and unnecessary parking. Lowering or eliminating parking requirements – particularly in dense, walkable urban environments near transit can lower development costs and lead to increased supply.

   - Zoning and By-Right: By-Right zoning allows for areas to be upzoned without undergoing special review and approval from local agencies. This zoning allowance, particularly in areas connected to transit, reduces time, cost, and uncertainty in the development process and helps expedite the creation of more units. Additionally, zoning reform that allows for missing middle homes – typically duplexes, triplexes, and quadplexes – brings much-needed housing type diversity to areas experiencing shortages. This type of zoning reform also typically impacts moderate-income households, including teachers, nurses, and firefighters, who are forced out of the communities where they work when rents increase.

- Accessory Dwelling Units (ADU): Accessory dwelling units (ADUs) are secondary units that can be attached or detached from primary homes. ADUs provide important housing opportunities both for members of a household or extended family and as rental units for outside tenants. Diverse housing product is critical to a healthy housing market, and ADUs provide important housing options. Loosening restrictions on the construction and use of ADUs is critical to increasing housing availability.

3. **Permitting and Appeal Processes**

   Housing production is a risky and costly endeavor for housing producers. Any uncertainties in the permitting and approvals process adds time and cost to project development which often means that fewer units get built.

Question 6: Research Questions

The housing ecosystem in varied and complex with major inputs at the local, state, and federal levels, as well as with significant intersections with private and public markets. Because housing policy crosses so many sectors and relies upon deeply interconnected relationships, the federal government only has a certain amount of power and influence in improving the regulatory environment. Despite this, we believe that HUD has the opportunity to gather interesting data points and to support state and local stakeholders as they try to uncover innovative solutions for increasing housing affordability and availability.

1. **Up for Growth *Housing Policy & Affordability Calculator:***

   One tool available for understanding the impacts of regulations and policies on housing costs and creation is Up for Growth's *Housing Policy and Affordability Calculator* ("HPAC"). A crucial health measure of any city is the availability of safe, affordable housing across the income spectrum. Creating a healthy housing stock requires complex interactions between and among the public, policymakers, and private market actors. Up for Growth built the HPAC because we believe that convening stakeholders of varying interests and engaging them in complex problem-solving will help nurture a shared vocabulary, they can use to devise better policy solutions. The HPAC tool helps facilitate conversations around housing policy by modeling actual housing conditions in cities across the country. In each host city, recent, detailed, local market data is paired with existing or proposed policies allowing users to visualize effects of incremental changes to those policies. By allowing users to see how policy interactions affect factors like development cost, rent, and the likelihood of production under existing market conditions, policymakers are better positioned to create nuanced policies that produce desired outcomes more efficiently and effectively. Ultimately, we hope this tool can help local stakeholders work better together resulting in more equitable growth through the adoption of good housing policy.

2. **Grants for Studying Affordability**

   Increasing production of affordable units for very low- and low-income households is critical for reducing displacement, fostering equitable growth, and closing inequality gaps. All levels of government have commitments to affordability, but often fall short on delivering land use policy supportive of these aforementioned goals. We propose HUD create a program to study pro-housing land use policies and impacts, specifically related to the preservation and creation of affordable units, and to develop a toolkit of best practices that states and municipalities can utilize to increase the supply of below market-rate affordable units for low-income households.

3. **Grants for Land Use and Zoning Reform**

   CDBG and HOME are successful models of HUD-administered grant programs. These federal dollars are used to improve housing and urban growth to protect marginalized communities. We propose expanding on the success of HUD grants to create a pilot program that gives funds to cities and states who are making strides in reforming land use and zoning policies and regulations to make building dense, accessible housing more possible. These grant dollars could help support local efforts to redesign land use codes, incentivize more equitable development through tax abatements and other incentive programs, and administer new programs that ultimately improve affordability and availability.

Up for Growth thanks you for considering our analysis. If you have any questions or would like any additional information or support for any of the suggestions listed above, please do not hesitate to contact Mike Kingsella, Executive Director, at 202-716-2064 or mkingsella@upforgrowth.org.

Sincerely,

Mike Kingsella
Executive Director
Up for Growth