

Opening Doors of Opportunity:
A Guide for Advancing Housing Equity in the Multifamily Industry

State and Local Policy

About this Resource

This Guide is for NMHC members and other stakeholders that seek to leverage housing as a primary vehicle for more equitable and just communities. NMHC contracted Enterprise Community Partners to support the creation of this Guide. Enterprise conducted interviews and focus groups with NMHC members and staff, reviewed relevant literature, developed case studies and drafted select content for the Guide. NMHC staff worked closely with Enterprise throughout the development process and edited the final version of the Guide.

Learn more about NMHC's Diversity, Equity and Inclusion commitment at www.NMHC.org/DEI.



About NMHC

Based in Washington, D.C., the National Multifamily Housing Council (NMHC) is a national association representing the interests of the largest and most prominent apartment firms in the United States. The NMHC's members are the principal officers of firms engaged in all aspects of the apartment industry, including ownership, development, management and financing. The NMHC advocates on behalf of rental housing, conducts apartment-related research, encourages the exchange of strategic business information and promotes the desirability of apartment living. Nearly one-third of Americans rent their housing, and almost 15 percent live in apartments (defined here as buildings with five or more units). For more information, contact the NMHC at 202/974-2300, email the NMHC at info@nmhc.org or visit the NMHC's website at www.nmhc.org.



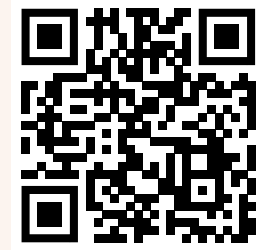
About Enterprise Community Partners

Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$64 billion and created 951,000 homes across all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands – all to make home and community places of pride, power and belonging. Join us at www.enterprisecommunity.org.

State and Local Policy

Section Overview:

This section discusses state and local policy areas that have the potential to advance housing equity in many communities. This information is intended to equip industry stakeholders (housing providers and developers) with knowledge they can use to participate in related policy discussions and advocate for policies that advance equitable resident outcomes.



Scan this QR code to access the full contents of this section of the Guide.

Introduction

State and local policies play an important role in shaping ways to advance equity and what resources may be available to support efforts by private players. Industry stakeholders have opportunities to use their voices to advocate for policies that work in concert with organizational efforts to promote better resident and community outcomes in disinvested communities.

This section of the Guide provides stakeholders with the tools and information about actions that state and local governments can take to enhance opportunities for housing equity. It describes four different areas of state and local policies with particular influence over housing outcomes:

- Equitable land-use and zoning regulations.
- Provision of rental assistance for use in privately-owned properties.
- Anti-displacement and community stability measures.
- Eviction mitigation and housing stability.

These are just some of the policy mechanisms available for improving equity that have direct relevance to the apartment industry. There are other policy areas on which housing providers can engage with state and local policymakers that also affect housing outcomes, such as improving health care access, increasing employment options, and addressing educational quality that are beyond the scope of this Guide but have positive impacts for providers and their

residents through improved resident housing stability. Policy efforts to address housing affordability concerns generally have a large bearing on housing equity, but are not included here as they have already been covered significantly, including in NMHC's Housing Affordability Toolkit.¹⁰⁴

Understanding and taking action on these policy topics is not only beneficial to the residents and communities served by the apartment industry; it can also help housing providers and developers with their operations through expanded development opportunities, cost savings measures, more resident stability and affordability, and reputational advantage as described in the *Making the Case* section of this Guide available in full at <https://housingequityguide.nmhc.org/working-advance-housing-equity>. Making the case for why such measures are beneficial to communities looking to advance racial equity may also help counter anti-development arguments at the local level.

Equitable Land Use and Zoning

What it is

Policies that determine what housing can be built where and under what conditions. Such policies are often put in place by local jurisdictions to meet certain community objectives, such as to preserve open space or limit housing density in a particular neighborhood. They can be used both to further racial equity or to inhibit it, depending on what housing can be built in which locations, at what cost, and with what requirements placed on it to encourage/discourage development of housing suitable to meet a range of different preferences and incomes. To be equitable, such policies at a minimum should not limit options for development of a range of housing types and land uses, while also ensuring that access to what is built is equitable to all members of the community.

What it includes

- Exclusionary zoning: prohibitions on certain housing types (e.g., single-family only zoning). Can also include restrictions such as minimum lot size, setbacks, parking minimums, and other requirements that prevent the development of more affordable and accessible housing options.
- Voluntary inclusionary zoning: requirements or incentives offered to developers to offset the high cost of building in order to build housing affordable to a range of incomes and household types.
- By-right permitting: allowing certain housing types to be permitted without special approvals or onerous regulatory hurdles.
- Land-use restrictions: delineation of certain building use types (e.g., residential-only zoning, conservation restrictions) or preferences (e.g., housing and commercial uses near transit).

Connection to housing and racial equity

Land-use and zoning policies are a major factor in not just shaping what kinds of housing units are developed, but also the price points for those units and the types of residents they will attract. In general, where there are more restrictions on housing types and land uses, more burdensome approval processes, and/or more requirements attached to any housing developed, the per-unit costs of building will be higher. For example, in neighborhoods that are zoned exclusively for single-family housing or that require minimum set-asides for parking, developers must price those homes higher than those that can build to a higher density, to recoup their land and construction costs. Developments that require special permitting, rather than being allowed by right, can also incur additional costs and uncertainties in the approval process that necessitate charging a higher price for the resulting unit.

Higher prices for housing in turn limit access to certain neighborhoods for BIPOC-led households, who tend to have lower incomes and face barriers to qualifying for and affording such housing. Restrictions on housing that can be rented, a lack of transit options and low proximity to walkable amenities also disadvantage BIPOC-led households seeking to live in these places.

In contrast, equitable zoning and land-use policies can allow more flexibility for developers to build a range of housing types and maximize the value of the land. This results from reduced restrictions on what can be built and from simplifying the permitting process through by-right development policies. Combined with inclusionary zoning policies, this can allow for greater access among diverse income ranges and household types by requiring or incentivizing developers to include a wider range of unit types and price points within in their buildings. This provides more opportunities for lower-income and BIPOC households to rent or purchase housing and access amenities in these communities.

To be equitable, land use and zoning policies, at a minimum, should not limit options for development of a range of housing types and land uses, while also ensuring that access to what is built is equitable to all members of the community.

Examples

- Minneapolis (MN), Grand Rapids (MI) and Oregon have up-zoned city/state-wide, allowing for smaller increases in density in places previously zoned exclusively for single-family.^{105,106,107}
- California's SB9 also allows for gentle density increases from one to two-unit dwellings on certain parcels.
- Other cities including Seattle and Los Angeles have done more targeted up-zoning, for example, by allowing accessory dwelling units (ADUs) or higher density development around transit stations.^{108,109}
- There are nearly 900 jurisdictions in the U.S. that have some form of inclusionary zoning.¹¹⁰

Housing Outcomes Supported

- Housing Affordability
- Neighborhood Context
- Housing that Builds Wealth

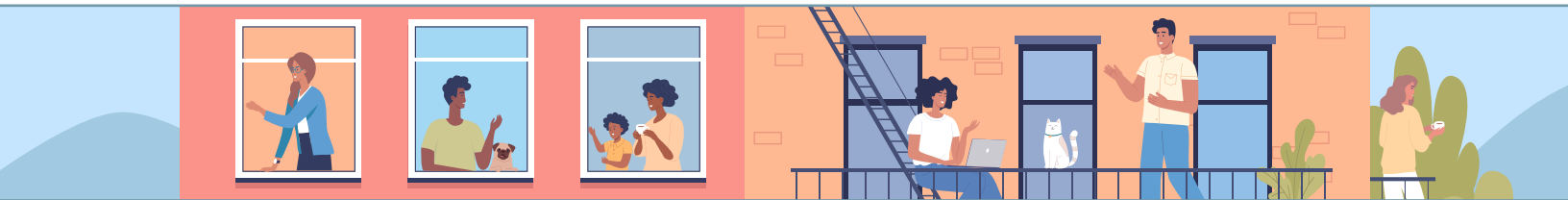
What Stakeholders Can Do

- Support candidates for local offices that seek to reduce expensive zoning and land-use restrictions and encourage a wider range of housing type and price points.
- Support state and local regulatory reforms that will reduce zoning restrictions and incentivize private housing development that is affordable at a wide range of income levels. Participate in stakeholder discussions and help design effective programs.
- Make the case to community members for why/how by-right apartment zoning can be beneficial, as a counter to arguments against liberalized zoning as changing 'neighborhood character'.
- Refer local policymakers to NMHC's Housing Affordability Toolkit.¹¹¹

Provision of Rental Assistance for Use in Privately-owned Properties

What it is

Policies that determine how much rental assistance to allocate, and how much, to renters with low-incomes to rent in the private market, through programs such as portable housing vouchers, project-based affordability, emergency rent supplement programs, and rapid rehousing for people experiencing or at risk of homelessness. While most rental assistance is funded and administered at the federal level, local jurisdictions and public housing authorities (PHAs) have some discretion to set their own policies over who is eligible to receive assistance, how such supports can be used, which housing units' recipients can occupy and the processes for securing rental contracts. In some instances, they can also develop incentives to encourage private property owners to accept rental subsidies and increase the supply of housing available to recipients, especially in neighborhoods with more amenities and access to opportunity. Finally, state and local governments can develop their own programs to assist even more renters with low incomes with finding and affording privately-owned housing.



What it includes

- Limited PHA discretion to create policies governing access and use of rental assistance, including who is eligible to receive assistance, which units can be rented, and the amount of time subsidy recipients have to secure rental contracts.
- Programs that help recipients search for and identify available and eligible units to rent.
- State and locally funded rental assistance programs, including emergency housing programs that help renters facing short-term rent and housing challenges.
- Public programs to encourage private property owners to accept housing subsidies by offering incentives or reducing administrative barriers to participation.

Connection to housing and racial equity

Due to enduring disparities in income by race and ethnicity, BIPOC-led renter households are more likely to face challenges in affording suitable rental housing in high-amenity neighborhoods, relative to non-BIPOC households. As such, they are also more likely to need and receive rental assistance allocated through various state and local entities, including PHAs. Where restrictions and supply are tighter, it can be difficult for renters with low-incomes to access and reap the benefits of that assistance, while programs with more flexible policies and incentives for private property owner participation are more likely to produce equitable outcomes for BIPOC renters with low-incomes.

A few key areas of concern have particular implications for BIPOC renters seeking to use rental subsidies. One is the Federal regulations that PHAs implement on how they can assist with finding and securing rental housing. There are Federal restrictions on who is eligible to access available assistance methods for criminal screening, non-citizen status and other household screening factors. Meanwhile, there is insufficient federal funding of all Federal housing assistance programs, which means only one in four households with low incomes receive such assistance. State and local programs may offer some additional funding to serve more renters, but not enough to close the gap between rental assistance demand and supply.

Receipt of assistance is also no guarantee of successful use of subsidies. Limits on the amount of support available to help recipients search for available units can make it more challenging for them to identify private property owners that will accept subsidies. This is especially true in tight real estate markets.

Private property owners in many jurisdictions can make decisions regarding participation in subsidized housing programs that can promote housing equity. While some owner/managers avoid these programs because of excessive administrative burdens traditionally associated with programs like HUD's Section 8 Housing Choice Voucher Program, some find the benefits of reliable payments to be a worthwhile tradeoff. Additionally, improved coordination between PHAs and property owners can help lower regulatory costs and friction, increase education about the benefits of accepting subsidies, and develop incentive programs to encourage more property owners to participate.

Examples

- The Marin County (CA) Landlord Partnership Program offers expanded security deposits, damage protection, vacancy loss coverage, and case management and education services for property owners who accept housing vouchers.¹¹²
- The City of Orlando and Orange County (FL) collaborated on the Central Florida Supportive Housing Program to mitigate risks and expenses for property owners serving veterans who experience chronic homelessness.¹¹³
- The Philadelphia (PA) Housing Authority provides monetary bonuses to property owners who successfully rent a new unit to a housing voucher recipient.¹¹⁴
- Washington DC's Landlord Partnership Fund supports property owners who relax certain screening criteria to rent units to people experiencing homelessness, including coverage of costs associated with property damage and unpaid rent.¹¹⁵

Housing Outcomes Supported

- Housing Affordability
- Housing that Builds Wealth
- Housing Stability
- Housing Quality

What Stakeholders Can Do

- Work with PHAs to identify and reduce barriers, increasing access to timely inspections and/or develop incentives for greater subsidy acceptance by property owners.
- Support regulatory reforms that make it easier for households with lower incomes to access and use rental assistance, such as: expanded eligibility criteria for receipt of subsidies, allowing recipients sufficient time to secure housing, and providing search assistance with every voucher.
- Where PHA policies are conducive, commit to accepting rental assistance as payment at properties that the organization develops/manages/invests in – and share information with other apartment housing providers about the benefits of participation in subsidy programs.
- Talk to property owners who accept subsidies to learn more about the program and dispel common misperceptions.

Anti-displacement and Community Stability Measures

What it is

Anti-displacement policies can help existing residents of neighborhoods in transition afford to live in their communities as they change. Equitable policies can help residents remain in their neighborhoods during and after such changes by increasing the supply of housing that is affordable and available to long-term residents, investing in community anchors and supportive services, and facilitating private development that meets the needs of the community.

What it includes

- Public programs that support the production and preservation of affordable (subsidized and unsubsidized) housing options in neighborhoods with rising housing costs.
- Policies that remove barriers and/or offer incentives to development in communities in transition, both to stabilize those at risk of decline and to absorb increased demand.
- Support for greater community engagement to identify needs and opportunities for targeted public and private investment.

Connection to housing and racial equity

Both forms of neighborhood displacement – whether due to increased demand for housing in a neighborhood pricing out existing residents, or from a lack of investment leading to the downturn of the neighborhood – disproportionately impact BIPOC communities. Places with high shares of lower-income BIPOC residents but proximate to employment, cultural, or recreational amenities may attract new residents with higher socio-economic status. If the existing housing stock is not able to satisfy this increase in demand, prices will rise and place affordability pressures on lower-income existing residents. In the former, long-term disinvestment of BIPOC communities can lead to a lack of economic activity, increases in crime, reduced access to services and deterioration of the housing stock. Both situations widen disparities in housing quality and access among BIPOC households.

To counter these effects, equitable policies can help BIPOC residents remain in their community during neighborhood transitions if they choose. Where demand is increasing, public measures to add and preserve existing affordable housing and cultural amenities can allow residents to weather rising prices. Such measures can be tied to private developments through subsidized no-net-loss provisions, which require any affordable units removed from transitioning neighborhoods to make way for new construction to be replaced, preferably within the same neighborhood. When paired with policies that give preference to existing residents for newly built units, these efforts can mitigate displacement while still allowing for additional development to meet rising demand.

At the same time, changes to local zoning and land-use restrictions that reduce barriers to construction can allow development of new housing and amenities to keep pace with the increase in residents. Where investment is lacking, public incentives to encourage private investment can help bring opportunity to neighborhoods; these can include some of the same land-use policies described above – e.g., removal of exclusionary zoning provisions, reduced setbacks and parking minimums, density bonuses for affordable developments – though applied to specific neighborhoods with rising demand and displacement risks. Such efforts are most effective when the existing community has a voice in determining types of development that will best meet their needs.

Examples

- The Illinois legislature passed HB805/SB 330, which provides property tax relief to renovated or newly constructed rental properties through reduced assessed values to owners who agree to a minimum share of units to remain affordable for 10 years.¹¹⁶
- As part of its 2001 comprehensive plan, the city of Portland Oregon passed a Central City No Net Loss ordinance to ensure the preservation or replacement of all housing units in the central city district that are affordable to households earning under 60 percent of the area median income.¹¹⁷

Housing Outcomes Supported

- Housing Affordability
- Neighborhood Context
- Housing Stability
- Housing Quality

What Stakeholders Can Do

- Support land-use and construction policies that reduce barriers to construction and facilitate building housing that is affordable in high-demand neighborhoods.
- Advocate for more funding of and/or incentives for subsidized housing programs (e.g., LIHTC, project-based rental vouchers) in high-demand neighborhoods.
- Promote neighborhood efforts that work with communities at risk of decline to meet the needs of residents for increased investment and access to opportunity.
- Support property tax relief for the preservation of affordable properties in transitioning neighborhoods.

Eviction Mitigation and Housing Stability

What it is

Eviction mitigation programs and policies that promote pre-eviction mitigation measures and provide support for renters at risk of losing their homes. The eviction process is not desirable for either the housing provider or the residents. Rather than preventing evictions entirely, these efforts seek to address the root cause of eviction and resolve it before eviction proceedings become necessary. These actions can improve housing stability for renters, which in turn contributes to better outcomes for them and their children. They can also reduce the number of people at risk of or experiencing homelessness, reducing the burden on public and private services to assist these households. Finally, they can help property owners avoid costly eviction proceedings, increase rental receipts, and reduce vacancies and turnover rates.

What it includes

- Financial assistance and case management support for renters at risk of losing their home.
- Incentives for property owners to offer flexible payment plans to renters who fall behind on their rent payments.
- Public programs that offer and encourage property owners to use pre-eviction mediation and other alternative resolution options, such as assisting residents to identify other local emergency programs.

Connection to housing and racial equity

Evictions disproportionately impact residents in communities with high shares of BIPOC-led households, who are more likely to receive an eviction notice and be removed from their residence relative to those in communities with more white-led households. Renters can also suffer long-lasting consequences from having an eviction filing against them on their credit history, by making it more challenging for them to secure suitable housing for years following.

To reduce these disparities for BIPOC-led households, policymakers should look for ways to head off evictions before they happen. These can include emergency funding to help renters avoid gaps in rent payments, case management and provision of other supportive services to help renters get back on track, mediation and diversion programs that allow renters and property owners to resolve disputes before an eviction is necessary, and public education campaigns to inform renters and property owners of available supports and alternatives. Policymakers can also offer incentives for property owners to avoid evictions by participating in pre-eviction resolution programs, offering flexible payment plans to renters who fall behind on their rent, and incentives for housing providers to keep residents housed while they apply for emergency rental assistance and work to pay back rent arrears.

Examples:

- Massachusetts' Residential Assistance for Families in Transition (RAFT) Program – provides access to up to \$10,000 in emergency funding to help families with lower-incomes pay for housing and/or utilities.
- Kalamazoo (MI) County Eviction Diversion Program – provides and encourages property owners to use mediation and negotiation services to resolve disputes with renters prior to an eviction filing.
- Denver's Temporary Rental and Utility Assistance (TRUA) program – provides financial assistance grants to households facing unexpected financial crises to help mitigate displacement and provide time for locating alternative housing for longer-term stability. The funds can also assist with utility payments for those residents who have received disconnect notices and are delinquent.

What Stakeholders can do:

- Advocate for greater emergency assistance options for residents to avoid rental arrears and the need for an eviction filing.
- Agree to participate in mediation or other eviction diversion programs with renters.
- Work with local policymakers to develop incentives for property owners who seek alternatives to evictions.

Housing Outcomes Supported:

- Housing Affordability
- Housing Stability



- ⁹⁵ 22 (ESG and Real Estate: The Top 10 Things Investors Need to Know, 2022)
- ⁹⁶ (America's Rental Housing 2022, 2022)
- ⁹⁷ (Towns, 2020)
- ⁹⁸ (Lyons-Padilla, Markus, Monk, & Eberhardt, 2019)
- ⁹⁹ (Services, 2020)
- ¹⁰⁰ (SoLa Impact, 2020)
- ¹⁰¹ (O'Meara, SoLa Impact Creates \$1 Billion Black Impact Fund with OZ Equity and Traditional Investment, January 2021)
- ¹⁰² (O'Meara, SoLa Impact Creates \$1 Billion Black Impact Fund with OZ Equity and Traditional Investment, 2020)
- ¹⁰³ (O'Meara, SoLa Impact Creates \$1 Billion Black Impact Fund with OZ Equity and Traditional Investment, January 2021)
- ¹⁰⁴ (National Multifamily Housing Council, 2019)
- ¹⁰⁵ (Star Tribune, 2019)
- ¹⁰⁶ (Next City, 2018)
- ¹⁰⁷ (Oregon Public Broadcasting, 2019)
- ¹⁰⁸ (City of Seattle, n.d.)
- ¹⁰⁹ (City of Los Angeles, n.d.)
- ¹¹⁰ (Thaden, 2017)
- ¹¹¹ (National Multifamily Housing Council, 2019)
- ¹¹² (Marin Housing, n.d.)
- ¹¹³ (Homeless Services Network of Central Florida, n.d.)
- ¹¹⁴ (Philadelphia Housing Authority, n.d.)
- ¹¹⁵ (Government of the District of Columbia, n.d.)
- ¹¹⁶ (Illinois General Assembly, 2021)
- ¹¹⁷ (City of Portland Oregon, 2001)



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