



# Plan for Housing Affordability

March 2020



**Collective Impact Lincoln** has spent the last three years engaging our fellow Lincolniters and learning what issues impact their daily lives. Over and over we have heard from our neighbors and community members that housing adequacy and affordability are increasingly important issues in their lives. This is especially true for the lowest paid people in our city. Since Collective Impact Lincoln began its work, the city of Lincoln has undergone a study of housing affordability in the city and recently released its draft report, the Affordable Housing Coordinated Action Plan. The housing plan contains a great amount of data and information that confirms the housing challenges facing Lincoln, and includes several positive solutions that should be pursued. However, the housing plan falls short of recommending a full scope of policies that would meaningfully expand access to affordable, adequate housing, particularly for low-paid Lincolniters who rent.

The housing plan does confirm what Collective Impact Lincoln has heard directly from residents from the past three years: housing adequacy and affordability is a major problem for many Lincolniters. According to the housing plan, since 2000, the city's median rent has increased by nearly \$200. Nearly 50% of rental households in Lincoln are cost-burdened, which means spending more than 30% of income on housing. Of comparable cities, Lincoln is the only city that had an increase in rental households that are spending more than 30% of their income on housing between 2010 and 2017. Additionally, new construction in Lincoln's core neighborhoods have tended toward higher market rate units, which has caused greater cost burdens in those neighborhoods. The housing plan also outlines Lincoln's housing needs over the next 10 years, including a need for approximately 2,200 new rental units that rent for less than \$500 per month, and an additional 2,812 rental units that rent for between \$500 to 1,000 per month.

The housing plan contains a wide array of recommendations for addressing these issues. Many of these options are strong ideas that should be pursued, including rental rehabilitation programs, wide stakeholder engagement, changes to Tax Increment Financing and a lending consortium to reduce individual risk, among others.

Still, the housing plan fails to recommend or fully consider several policies adopted in cities and localities across the nation that meaningfully expand affordable housing.

Additional development in Lincoln may create more rental units, but those units are market-rate and are simply unaffordable for the lowest-paid Lincolniters. According to the housing plan we need more than 2,000 rental units that rent for less than \$500 per month, and nearly 3,000 rental units that rent for \$500 to \$1000 per month. The housing plan does not clearly address how such a significant number of affordable units will be created. In order to meet these demands the city should study the feasibility of an inclusionary housing program that would help to create rental units in this price range (see below).

Moreover, the housing plan acknowledges that those “with Section 8 Vouchers often struggle to find housing that will accept the voucher.” But the housing plan offers little in the way of solutions to this challenge. Section 8 is one of the most powerful tools available to help low paid individuals afford the cost of housing. The city should consider how to increase the use of vouchers in Lincoln, where presently nearly 26% of voucher holders cannot use their voucher because they cannot find a landlord to accept it. Many localities in the nation have addressed this issue by ensuring a tenant cannot be denied a rental unit solely because the tenant would pay rent with a voucher. This too should be considered as part of a comprehensive plan.

Finally, preserving the quality of Lincoln’s current housing stock also helps to ensure the availability of affordable rental housing. The housing plan acknowledges code enforcement is crucial to these aims, but stops short of recommending necessary steps to ensure that codes are enforced. Lincoln’s current internal inspection system relies on landlord self-policing or tenant complaints, which means code enforcement can often go unaddressed. Lincoln needs a more modern system of periodic internal inspections that rewards landlords with rental units that are up to code and focuses on units that need attention. This system, coupled with a new rental rehabilitation program, would go far to addressing our housing issues in Lincoln.

Collective Impact Lincoln is dedicated to increasing access to quality, affordable housing for low-paid Lincolnites, and we hope that these additional policy options are included and acted upon in the final version of the housing plan. Below are Collective Impact Lincoln’s more detailed policy recommendations to address housing affordability and adequacy in our city.

### **1. Conduct a feasibility study of inclusionary housing and implement its results**

Inclusionary housing ordinances have been implemented in 886 jurisdictions across 25 states and the District of Columbia.<sup>1</sup> These ordinances require new housing developments to set aside a percentage of housing units as affordable for low-paid residents of the city. In return for participating in the program, developers would receive incentives to ensure that development remains profitable. These programs have been shown to be effective at creating new affordable units. For example, Newark, New Jersey adopted an inclusionary housing ordinance in 2017 that has since created 923 affordable units out of 4,200 total units created in the city.<sup>2</sup>

The housing plan appears to disfavor inclusionary housing, questioning its effectiveness and expressing it would be difficult to craft a unique program for Lincoln. But the clear way to address these issues is to conduct a feasibility study that would show whether inclusionary housing is an appropriate solution for Lincoln, and if so, how such a program can be crafted to support the greatest creation of additional affordable units while remaining profitable for development.

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<sup>1</sup> Grounded Solutions Network, Inclusionary Housing, Can Inclusionary Policies Make a Difference?, <https://inclusionaryhousing.org/inclusionary-housing-explained/can-inclusionary-make-a-difference/>.

<sup>2</sup> Jared Brey, *Newark Developers Adjusting to New Inclusionary Zoning Mandate*, Next City (June 27, 2019) <https://nextcity.org/daily/entry/newark-developers-adjusting-to-new-inclusionary-zoning-mandate>.

Indeed, cities interested in implementing inclusionary housing often conduct feasibility studies to determine the suitability of including affordable housing requirements in new market-rate residential developments. A feasibility study would determine whether an affordable housing requirement would impact the viability of market-rate residential developments, as well as how development incentives, such as a density bonus or reduced parking requirements, can offset the cost of providing affordable units. Feasibility studies identify minimum profitability requirements for multiple residential project types, compare the feasibility of those project types with and without one or more proposed affordable housing requirements and one or more proposed development incentives, and evaluates the potential impact of offering alternative means of compliance such as a fee in lieu of on-site affordable units.

A feasibility study would allow Lincoln to determine how to design an inclusionary housing ordinance specific to the needs of Lincoln's housing and development market without discouraging further residential development. This would be one major, reasonable step in tackling our housing crisis. We therefore recommend the city council conduct a feasibility study in order to implement a inclusionary housing plan that is best suited to Lincoln's affordable housing needs.

## ***2. Create a modern code enforcement scheme for current building and safety codes to ensure the adequacy of existing rental stock***

The housing plan recognizes the importance of preserving Lincoln's existing affordable housing units through greater enforcement of housing and safety codes. Under Lincoln's current code enforcement mechanisms, interior inspections of rentals occur only after tenant complaints are lodged with city officials. This puts the burden on tenants to alert city officials to potentially life-threatening violations of health and safety codes when tenants may not be aware that they can file such a complaint. It also causes tenants that lodge valid complaints to be vulnerable to retaliation from their landlord, resulting in eviction.

While the housing plan recognizes the importance of greater code enforcement, it nevertheless continues to allow landlords to self-police the condition of their units. The plan suggests that a landlord association develop a rental inspection program that gives passing units a "seal of approval." However, our current code enforcement mechanism is built on a method of self-policing that has failed many of our residents.

In the alternative, a proactive interior inspection model that requires periodic inspections of the interior of rental units would ensure that building and safety codes are enforced. This model would reward rental units that are up to code with fewer periodic inspections, while units not in compliance would receive more attention. Regular inspections of rental units help protect the limited number of existing affordable units in Lincoln from deteriorating to the point of condemnation and destruction, and they help protect lower-paid Lincolniters from life-threatening violations of health and safety codes. We recommend the city council amend current inspection ordinances to require periodic inspections of the interior of rental units in order to ensure the adequacy of Lincoln's existing affordable rental stock.

### **3. Better ensure those with housing vouchers can use them**

Rental assistance such as housing vouchers are essential for many low-paid Lincoln renters who rely on them to help make ends meet. However, as the law currently stands, renters can be denied housing solely because they would pay rent with a voucher. Across the U.S., residents wait an average of 1.5 years to receive their housing voucher, and once residents receive it,<sup>3</sup> they have 6 months to find a landlord that will accept it.<sup>4</sup>

In Lincoln, voucher success rates are currently running at about 74%. That is, 26% of voucher recipients in Lincoln are unsuccessful in finding housing that will accept their voucher. We also know anecdotally that residents have been unable to use their housing voucher because they could not find a landlord that would accept the voucher or only managed to find housing after struggling to find a landlord that would accept the voucher.

The housing plan notes that housing voucher recipients are struggling to find property owners with units available in such a highly competitive rental market. It nevertheless relies on housing vouchers as part of the strategy to provide housing for households making less than \$15,000 without offering a solution to this problem.

Studies show that housing voucher recipients are 12% more likely to successfully use their voucher in a jurisdiction with a law that ensures landlords accept any legal source of income, including housing vouchers.<sup>5</sup> Such a law would have a significant impact on low-paid Lincolniters for whom housing vouchers serve a critical need. For these reasons we recommend the city council ensure landlords accept all legal sources of income as payment for rent to ensure that Lincolniters with housing vouchers are able to use them.



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<sup>3</sup> Nat'l Low Income Housing Coalition, Housing Spotlight: The Long Wait For A Home, 3 (Fall 2016) [https://nlihc.org/sites/default/files/HousingSpotlight\\_6-1.pdf](https://nlihc.org/sites/default/files/HousingSpotlight_6-1.pdf).

<sup>4</sup> Nat'l Low Income Housing Coalition, 2019 Advocates' Guide: A Primer on Federal Affordable Housing & Community Development Programs, 4-2 (2019).

<sup>5</sup> Allison Bell, Barbara Sard & Becky Koepnick, Ctr. on Budget & Policy Priorities, Prohibiting Discrimination Against Renters Using Housing Vouchers Improves Results: Lessons from Cities and States That Have Enacted Source of Income Laws (Dec. 20, 2018).