

EXECUTIVE SUMMARY

Housing More People More Effectively through a Dynamic Housing Policy

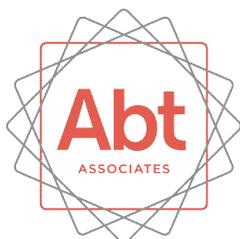
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In a world of limited public funding, how can the United States substantially increase the number of households benefiting from stable, affordable housing?

One way to make progress toward this goal is to move from a static, transaction-focused housing policy to one that focuses on a broader time horizon and considers how things change over time at the property, household, and neighborhood levels. Specifically, in order to identify opportunities that reduce the cost of providing affordable housing over the long-term, practitioners and policymakers should ask:

- How can the affordability of properties be secured over their full lifecycles?
- How can housing strategies respond to the changing needs of households over time?
- How can housing strategies respond to and take advantage of the dynamics of neighborhood change?

The paper describes an initial set of dynamic housing strategies that address these questions, underscoring their ability to serve more households at a lower cost—and in some respects, more effectively—than a housing strategy focused on individual transactions or narrower time periods. These policies are at different stages of development. Some are already being implemented at modest scale, while others represent an extension of current practice, and still others remain at the conceptual level. In each case, however, there is a logical next step for advancing the policy development process. By taking these steps, the nation can accelerate the policy development process in each of these areas to maximize opportunities for housing more people more effectively within current resources.



The following is an overview of the dynamic housing policies addressed in the paper:

How can the affordability of properties be secured over their full lifecycles?

- **Shared-equity homeownership** is a mechanism for ensuring that an initial subsidy used to reduce the purchase price of a home creates a lasting asset that can help one generation of homebuyers after another. It is an alternative to down-payment assistance grants (or forgivable loans that convert to grants), in which a subsidy is permanently transferred to a single household, providing little or no assistance to future homebuyers.
- **Lifecycle underwriting** is an approach that ensures an affordable multifamily rental development has the resources needed to meet expected capital needs over a full 50-year lifecycle without the costly recapitalizations that are often required of assisted properties after 15 to 20 years. While it will sometimes increase initial development costs, lifecycle underwriting will save money over a property's 50-year lifecycle, allowing existing funding to serve more households.

How can housing strategies respond to the changing needs of households over time?

- **Family Self-Sufficiency** This policy focuses on helping households living in subsidized rental housing to take advantage of the stability that housing assistance provides to make progress toward economic security by taking steps to boost their earnings and assets and strengthen their financial capability.

- **Eviction Prevention** Eviction-prevention strategies focus on improving the ability of households to weather short-term crises that jeopardize their ability to maintain residential stability.

How can housing strategies respond to and take advantage of the dynamics of neighborhood change?

- **Preserving and expanding affordable housing in areas experiencing an influx of higher-income households.** It is far more effective and less expensive to get out in front of this trend, taking advantage of value-capture opportunities to ensure that existing affordable housing is preserved and new development includes a share that is affordable.

Other applications of a dynamic housing policy:

- **Universal design** is an approach to producing housing that is versatile enough to serve households of all ages and abilities, reducing the need for retrofits at later stages and maximizing the integration of people with disabilities into the broader community.
- **Portable mortgages** is an idea for boosting the potential of homeownership to substantially increase household wealth by eliminating the resetting of the clock that occurs every time a household moves.

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The full paper can be found on the BPC website at <http://bipartisanpolicy.org/library/housing-more-people-more-effectively-through-a-dynamic-housing-policy/>

