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## *Beyond Neighborhood Boundaries: Taking a Regional View of Housing*

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This paper was written for the Funders' Network for Smart Growth and Livable Communities by William Fulton and Ryan Aubry. William Fulton is president of Solimar Research Group and a senior scholar at the School of Policy, Planning, and Development at the University of Southern California. Ryan Aubry is a research associate at Solimar Research Group.

This paper is the second in a series of four papers, edited by Stephanie Jennings, that examine the interconnections between housing and other issues of concern to philanthropic organizations and the communities in which they work. This paper focuses on the relationship between housing and regionalism. Forthcoming papers will address children, education, and housing and transportation, energy, and housing. The first paper in the series offers an overview of the unique features of the housing market and emerging trends.

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# *Beyond Neighborhood Boundaries: Taking a Regional View of Housing*

## **Abstract**

In recent years, the cost and accessibility of housing has become a significant concern in many regions in the United States. Because housing is seen as a local issue—and regional policy efforts tend to focus on other topics—there is often a geographical mismatch between housing and other types of activity, especially jobs. The right type of housing is rarely available in the right place at the right price.

Despite this lack of attention, housing and regionalism are linked in many critical ways. Social mobility and economic opportunity are often tied to housing, as are regional transportation and environmental problems. There are several unique challenges that make it difficult to address housing issues at the regional level. This paper examines the following barriers:

- Governmental fragmentation;
- Fragmentation in the private homebuilding market;
- NIMBYism (Not In My Back Yard Activism);
- Lack of a regional policy framework for jobs, housing, and transportation;
- Different land development contexts in different parts of the region; and
- Taxation systems.

At the same time, there are many public policy opportunities to better connect housing with regional growth and development. This paper discusses a number of strategies, including the following opportunities to:

- Demonstrate accountability to the region;
- Focus housing production near job centers and job production in housing-rich areas;
- Ameliorate problems associated with exclusionary zoning practices;
- Encourage the use of “lifecycle” housing as well as a variety of housing types;
- Encourage and support nonprofit developers to take a broader and more regional perspective; and
- Encourage regional environmental, civic, and business organizations to take a broad-based interest in core city issues.

Funders are in a unique position to assist in promoting these public policy opportunities because they have deep regional knowledge. Also, they often play an important role in convening policy discussions and in funding organizations with both with regional growth and housing issues. This paper includes many examples of funder involvement and makes suggestions about how they can be more deeply involved.

## **Introduction**

Regions are socially, economically, and environmentally inter-related. In particular, labor and housing markets are regional in nature.<sup>1</sup> Yet housing production and preservation is generally treated as a local issue. For suburban local governments, housing is often seen as part of the jurisdiction’s treasured prerogative of land use planning. For housing advocates in core cities, housing production and preservation are seen as neighborhood revitalization tools that serve

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as important pieces of a larger package of social and economic improvement for core-city neighborhoods.

As a result, most metropolitan areas have some kind of spatial or geographical mismatch involving housing. The nature and extent of this mismatch is different in different metro areas. In some growing metro areas, population is increasing in core cities even though housing is not being built, while job growth is most abundant in the suburbs. Some stagnant metro areas, meanwhile, are “thinning out”—new housing production is occurring mostly in a low-density form on the fringe, while older areas are seeing a decline in the quality of existing housing. Simply put, the right type of housing is rarely available in the right place at the right price.

The twin questions of housing and regionalism have always been difficult to deal with in policy terms. “Regionalism” typically refers to an approach to urban planning or public policy that takes a large area into account—usually an entire metropolis. Efforts at regional governance and regional planning have gone in and out of fashion over the last several decades, but they have received more attention in recent years as the consequences of dealing with issues incrementally and locally have become more evident.

Some regional planning efforts have had an effect on the regional stock of housing. A few states have attempted to require local governments to plan for housing that will help to meet to regional or statewide housing requirements. New Jersey and California are the most important states with such requirements, but they are the exception rather than the rule. Some states engage in regional growth management efforts, but often such efforts have the effect of reducing the amount of land available for housing construction, especially in environmentally sensitive or scenic areas.

Similarly, many public policy efforts focus on the construction and maintenance of homes affordable to moderate and low-income families, but rarely do these efforts occur in a regional context. Tax credits and other financing tools, inclusionary housing requirements, and other such efforts seek to expand the supply of housing for low-, moderate-, and middle-income citizens. But usually these efforts take place within a local context—often focused specifically on core cities or individual suburbs.

But now the connection between these two issues is becoming more important for several reasons. The sheer quantity of housing units in the existing stock and under development—especially smaller homes and apartments priced for the average family—have become issues in some metropolitan areas. In others, production is sufficient but it is scattered across the metropolitan landscape in ways that make it difficult to support job growth, public transit, and other policies. The net result of local residential development decisions often contributes to a spatial mismatch at a regional level, in which jobs and other services are not in close proximity to new or existing residences. In addition, housing issues are often overlooked in core cities—or else those efforts are focused only on extremely poor residents, thus perpetuating the limited choices in home location and social inequity that the local housing focus has created. These patterns simply highlight the fact that housing is a regional issue.

While not the subject of this paper, it should be explicitly acknowledged that difficult issues of race and class discrimination contribute to many of the housing problems discussed in this paper, as well as to many of the other challenges low-income families and communities face as a result of poor growth and development decisions.

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## Why Housing is a Regional Issue

Housing and regionalism are linked as issues for at least four important reasons:

1. There is a spatial mismatch between the location of housing and jobs.
2. Family social mobility and economic opportunity are tied to housing.
3. Regional transportation problems are tied to housing.
4. Regional environmental problems are tied to housing.

### *Spatial Mismatch Between the Location of Home and Work*

In most metropolitan areas, jobs—especially high-wage jobs—have decentralized out of the central city into suburban areas. According to the Brookings Institution, during the 1990s, suburbs in 70 of 100 major metropolitan areas had higher job growth rates than their central cities between 1992 and 1997.<sup>2</sup> In many cases, the jobs are gravitating to maturing first- and second-tier suburbs. The labor force is often located elsewhere—back in the core cities or out on the metropolitan fringe, where starter homes are being constructed. (Of course, not all good jobs are located in the suburbs; many remain in the downtowns and older business districts of core cities, but in most cases these are not the locations where rapid job growth is occurring).

Many of the affluent first- and second-ring suburbs that are attracting jobs are also limiting the amount of housing they will accept, especially housing for moderate- and low-income residents. Often these communities cite traffic congestion as a reason for limiting housing, even though employment centers generate traffic too. In addition, these are motivated by the higher tax

revenues available from higher-end housing and business property. Sometimes these policies mask a truly exclusionary purpose, as the well-to-do seek to separate themselves from other families with different incomes or from different racial or ethnic groups.

The result is a regional mismatch between jobs and housing in most major metropolitan areas. The suburbanization of jobs into affluent first- and second-ring suburbs requires most employees to commute by car, often from one part of a large metropolitan area to another. Because these suburban centers are not well-served by any mode of transportation other than private automobiles, they tend to isolate core city residents who may not have easy access to cars and therefore may not have access to the most important emerging job centers in the region.

This regional mismatch is a growing concern for employers as well. In some metropolitan regions where the cost and geographic proximity of housing have become major concerns, employers have had to step into the fray and offer monetary assistance to their employees because they fear a reduction in worker productivity—or even a loss of workers—because of long commutes.<sup>3</sup>

### *Social Mobility and Economic Opportunity*

Every region provides a vast range of social and economic opportunities to its residents, including educational opportunities, cultural institutions and events, many different types of employment, and the chance to engage in “social networking” that is so often the key to upward mobility.

However, access to these opportunities is often tied to housing. The neighborhoods where people live tend to shape the nature of their social networks and therefore help define their social mobility, identity, and

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economic opportunity. This is especially true for lower-income people.

Social networks exist in all neighborhoods, of course. But for low-income people in particular, a lack of regional housing opportunity forces them into specific neighborhoods, isolating them from opportunities for social mobility that the region as a whole might provide. In addition to being isolated from jobs, such residents may be restricted from educational opportunities, which can be better in suburban areas.

By contrast, there is a growing body of evidence that citizens who live in close proximity to educational, economic, and social opportunities benefit from those opportunities even if they come from families of modest means. For example, the federal “Moving To Opportunity” program, which provided public housing residents the ability to live in different neighborhoods, appears to have given people more opportunity.<sup>4</sup> Similarly, one study of social networks in Los Angeles found that “being embedded in a racially diverse network has a significant positive effect on the incomes of both black and Hispanic men and women.”<sup>5</sup>

The problem of isolation from social and economic opportunity is one that could be solved in many ways—by increasing housing opportunities across regions, strengthening social and economic networks in the cities, or a combination of the two. But the question of regional housing opportunity is intertwined with all these other issues.

### [\*Link to Regional Transportation Problems\*](#)

The challenges described previously create a plethora of transportation problems, including traffic congestion. In any region, many people must travel from one area to another on a regular basis. But if housing is not addressed

as a regional issue, the mismatch described previously will accelerate the need for regional travel. Large numbers of commuters will be required to traverse long distances every day just to get to work and back.

Regional transportation efforts usually focus on increasing capacity in order to maintain certain mobility levels; the need to cover larger distances impedes mobility and creates a much greater requirement for transportation infrastructure investments, especially for highways and auto-related facilities.

According to one estimate, almost 90 percent of America’s daily commuters use private vehicles.<sup>6</sup> While average commute times are not increasing dramatically, distances are increasing as traffic congestion grows. In addition, a significant majority of people drive long distances to work. This is at least partly because housing is not treated as a regional issue. In most American regions, much new housing is constructed at the periphery of the region, often where land costs are lower and therefore new housing prices are also lower. These residential areas are often “built out” at very low residential densities. But as Anthony Downs points out, housing and transportation costs are inversely related. As people move outward to reap the benefits of cheaper housing, they incur higher transportation costs.

Furthermore, as both housing and job centers sprawl outward, those without access to cars are further isolated from both. People without cars are likely to live in transit-rich locations, which are found mostly in core cities. These locations are at a far distance from emerging suburban job centers in first- and second-tier suburbs. Finally, new housing developments on the metropolitan periphery are usually inaccessible via public transit.

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## *Link to Regional Environmental Problems*

In most regions, auto-oriented transportation, which serves as the backbone of the regional system described above, is a major source of environmental degradation, which then must be mitigated or ameliorated with regulations that are often onerous. Although automobile emissions have become cleaner over the last several decades, the increase in the overall amount of driving has made it difficult for most regions to make appreciable improvements in air quality. The lack of regional coordination on housing can exacerbate this problem.

Furthermore, other environmental problems—especially at a regional scale—can also be exacerbated by a scatter-shot approach to housing. Construction of new low-density housing that focuses on inexpensive land at the fringe can be damaging to pristine ecosystems. By contrast, construction of new housing in or near existing neighborhoods—in addition to reducing the distance between jobs and housing—can also help to protect and sometimes even improve the functioning of regional ecosystems.

## **Challenges to Addressing Housing as a Regional Issue**

Even though housing and regions are undeniably linked—especially in the four ways described in this paper—the challenges to addressing housing as a regional issue are considerable. In large part, these challenges arise from vested economic or political interests that resist change. They include:

- Governmental fragmentation;
- Fragmentation in the private homebuilding market;
- NIMBYism (Not In My Back Yard Activism);
- Lack of a regional policy framework for jobs, housing, and transportation;

- Different land development contexts in different parts of the region; and
- Taxation systems.

## *Government Fragmentation*

Housing markets are regional, but land use decisions are local. Local government in most metropolitan areas is fragmented, especially in suburban areas. Thus, local governments make their own decisions on housing based on local concerns, but without regard for regional housing and job markets or regional equity.

The local interests of these government agencies are often focused in ways that work against dealing with housing as a regional issue. For example, smaller suburban jurisdictions in particular often seek to maximize revenues and minimize service costs. This consideration often leads jurisdictions to encourage retail or business development while discouraging housing development—especially more affordably-priced housing and even homes for middle-income households.

Thus, governmental fragmentation leads to an uneven distribution of homes, jobs, and services that require the less affluent to travel further. Jurisdictions that can afford to do so will lure non-residential development while leaving residential development to others. At the same time, most suburban jurisdictions will seek only high-end residential development. These patterns mean that communities attracting jobs for all income groups usually are not providing housing for those same income groups.

## *Fragmentation in the Private Homebuilding Market*

No less than government agencies, the private homebuilding industry is fragmented as well. Most homebuilders are “little guys” who

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operate in local markets. Some builders are large and work in many markets, but they essentially use the same locally-oriented homebuilding practices in each place. Furthermore, in a certain way, the private market reflects governmental fragmentation because the local government approvals are so important in housing—and can be difficult to obtain. There is no consistent governmental approval process for housing or any other type of real estate development. Each individual jurisdiction has a different process and considerable local knowledge is required to navigate the process. Thus, whether builders are large or small, they tend to work in the same jurisdictions over and over again because they have mastered the approval system. Furthermore, they must balance the need to meet market demand with the need to produce dwelling units that are politically acceptable to the local government.

As an alternative to working in the same community consistently, private homebuilders tend to gravitate to the least restrictive communities, where it is less difficult to obtain approvals. These are often on the metropolitan fringe.

This fragmentation is no different in the nonprofit development community. Nonprofit affordable housing developers also tend to work at the local level—indeed, their mission is often place-based, focused on specific neighborhoods and communities in need. But as the need for a greater number of affordably-priced homes spreads across regions, these developers are not operating everywhere they are needed. As a result, there is increasingly spotty coverage in areas of need, especially in the suburbs.

### *NIMBYism (Not In My Back Yard Activism)*

In an increasing number of communities and neighborhoods, the greatest resistance to housing comes from current residents, who

fear that change will harm their quality of life or property values, especially if the new housing is affordable (or priced lower than other homes in the same neighborhood). These advocates of “not in my back yard” positions represent a potent political force against housing equity and housing opportunity. By reducing housing production in their community—and, often demanding only large-lot, high-end housing—“NIMBYs” can exacerbate the separation of homes, work, and services at a regional level. While residents of affluent neighborhoods and suburbs are often the most effective NIMBYs, all NIMBYs are not affluent. Sometimes they are simply homeowners or longtime residents with a vested interest in the status quo.

This resistance sometimes extends far beyond fear of low-income housing to include anything but the highest-end housing. For example, residents of one San Francisco neighborhood recently blocked development of a small apartment project that would be made available to schoolteachers.<sup>7</sup>

This NIMBY impulse is often reflected in a jurisdiction’s political culture, which tends to reflect the attitudes of the voters and other vested economic and political interests. As stated above, local governments often have a financial interest in avoiding a balanced development pattern. This orientation is reinforced by the activism of NIMBY voters.

### *Lack of a Regional Policy Framework for Jobs, Housing, and Transportation*

Governmental agencies and business leaders within a region often work together to attract business activity to the region and its communities. But rarely do they work together on a policy framework that seeks to ensure that jobs, housing, and transportation choices are provided abundantly throughout the region.

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This is not to say that policymakers do not seek to at least identify these issues. Throughout the nation, regional planning agencies seek to estimate future employment and housing production. But they do so mostly as a way to inform transportation planning, which they are typically required to undertake as part of federal transportation policy. Because land use control resides with local governments, the regional policy framework is focused on reacting to development patterns through transportation planning.

Some regional plans have begun to address the question of the entire region's urban form and, hence, the distribution of jobs and housing at the regional level. Several Western cities and metropolitan areas have sought to address these issues, including Seattle, Portland, Ore., and Salt Lake City. In metropolitan Seattle, for example, the regional planning agency has identified 21 "regional growth centers" that currently contain 30 percent of the region's jobs but only 4 to 5 percent of the region's housing.<sup>8</sup> These centers have been targeted for future housing growth. Even so, there is often little discussion of the geographic distribution of different types of development and underlying social equity questions in these regional efforts.

### *Different Land Development Contexts in Different Parts of the Region*

On both the public and private side, the land development context varies dramatically from one jurisdiction to the next, creating an "uneven playing field" for housing development.

In many core cities—whether demand is strong or weak—land ownership patterns are fragmented, land markets do not always function seamlessly, and regulatory hurdles to development are great. Thus, the "degree of

difficulty" in obtaining political and government approvals for a new development project is high. Even if a strong market exists for, say, middle-income housing in a core city or older neighborhood, developers may not view a project favorably because of the costs and hassles involved.

By contrast, on the metropolitan fringe, land ownership patterns are often consolidated and development entitlements can be much easier to obtain. For example, whereas a homebuilder in a city neighborhood may have to buy out several property owners, a suburban homebuilder usually has to deal with only one owner. Furthermore, these properties are often undeveloped, which further reduces costs to the developer. And while environmental approvals can sometimes be difficult to obtain, this process is often not as complicated as the many different approval processes required in a city neighborhood. Furthermore, if a project is larger because of consolidated landholdings, a homebuilder may have more patience with entitlement processes in a suburban setting.

### *Taxation Systems*

In many cases, the taxation system discourages residential construction, especially of low- and moderate-income housing. Local governments are the regulatory entities that must approve housing and other real estate development projects, but as noted above they are also financial entities whose revenues and expenditures are tied to the nature of that real estate development.

Most local governments in the United States rely heavily on property taxes and sale taxes to provide general governmental services. Especially in states where property tax rates are limited by law, such as California, Massachusetts, and Colorado, most housing does not "pay its own way" with property tax—that is, the cost of servicing the

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development and its residents exceeds the property tax revenue the jurisdiction obtains. By contrast, business developments break even or provide a “surplus” (because they cost very little to service). And retail stores usually provide a huge surplus because sales tax usually flows to the jurisdiction where the store is located.

Thus, individual local governments, acting in their own best interest financially, limit the construction of housing or focus exclusively on the construction of high-end housing that will, in taxation terms, “pay its own way.” Indeed, local governments have created a finely honed method of “fiscal impact analysis” to document which housing projects are fiscal “winners” and which are fiscal “losers.” This rational but parochial approach increases the likelihood that a jurisdiction will fail to develop homes at prices suitable for people who work in their community.

### **Public Policy Opportunities to Connect Housing and Regionalism**

A wide variety of opportunities exist to connect housing and regionalism through public policy. Many of these policies are already in place in some locations. Like all public policies, they must be implemented by government agencies. But many could be encouraged through the types of funders’ actions described in the next section.

The public policy goals that could improve the connection between housing and regionalism can be best summed up as opportunities regarding the following six points to:

1. Demonstrate accountability to the region;
2. Focus housing production near job centers and job production in housing-rich areas;

3. Ameliorate problems associated with exclusionary zoning practices;
4. Encourage the use of “lifecycle” housing as well as a variety of housing types;
5. Encourage and support nonprofit developers to take a broader and more regional perspective; and
6. Encourage regional environmental, civic, and business organizations to take a broad-based interest in core city issues.

### **Accountability to the Region**

A region needs a variety of housing types and prices in many locations in order to achieve both economic and social balance. In most cases, however, the local governments that plan for and approve housing projects are not accountable to overall housing goals for the region (or for the housing market within which they operate). Creating regional accountability for providing an adequate supply of housing is extremely difficult to achieve in political terms, and because of ongoing political resistance, effective implementation can also be difficult.

One possible intervention is to set housing production goals for the region as a whole and then require local governments to be accountable to those goals. Such a system is in place in both New Jersey and California, but with mixed results. The New Jersey system emerged from the *Mount Laurel* litigation of the 1970s and requires all suburban townships to meet certain low- and moderate-income housing targets. In California, local governments must plan for their “fair share” of regional low- and moderate-income housing, but the system is extremely controversial and widely viewed as flawed.<sup>9</sup>

Not surprisingly, these systems do not work well when they encounter significant political resistance from local governments, which

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frequently object to the idea that they must plan for housing according to regional targets established by some other level of government. These programs work better when local governments retain some flexibility even as they are still accountable to an overall goal. In New Jersey, townships are permitted to “buy their way out” of some affordable housing obligations. In California, a sub-regional version of this method—that is, nearby communities working together to meet a subregional goal—has proven more successful. In Massachusetts, the so-called Chapter 40B program requires local governments to streamline review of housing projects in jurisdictions that do not have an adequate supply of affordably-priced housing.

Despite the political difficulty, the concept of regional accountability on housing is a valuable one that should be placed in discussion in most regions. At the very least, it highlights the regional nature of housing.

### *Focus on Housing Production Near Job Centers and Job Production in Housing-rich Areas*

In most metropolitan areas, land around job centers is so expensive that it is cost-prohibitive to build housing for the employees who work there. In turn, bedroom suburbs are perceived by businesses as too remote or unattractive for employment locations. Meanwhile, core cities are often passed over for jobs and/or pursue a housing program that is unrelated to regional job and economic development efforts. A coordinated public policy to encourage housing in job-rich areas and jobs in housing-rich areas could help ameliorate the uneven distribution of homes, jobs and services.

Existing tools for redevelopment and economic development—such as land acquisition, land write downs, and infrastructure construction—could be

targeted in such a way as to make it possible for housing projects to be financially viable in jobs-rich areas and to make housing-rich areas more attractive as business locations. Similarly, local efforts to do so can be coordinated between jurisdictions—at least if they are willing to do so—at a regional level.

One promising model is the Inter-Regional Partnership program created by jurisdictions in the San Francisco Bay Area and California’s Central Valley. After an imbalanced commuting pattern was established between these two areas—especially between the Central Valley and Silicon Valley—elected officials from five counties began working together to devise strategies to bring housing to jobs-rich areas and jobs to housing-rich areas. This model was eventually replicated in several parts of California with the help of the state Department of Housing and Community Development.<sup>10</sup>

### *Ameliorate Problems Associated with Exclusionary Zoning Practices*

Perhaps the most pervasive challenge to housing as a regional issue is the practice of local governments imposing exclusionary zoning—usually by restricting development to single-family homes, often on large lots.

A variety of policy interventions can encourage more housing production in affluent areas with exclusionary zoning practices. For example, communities might provide a counterbalance by adding maximum as well as minimum lot sizes—or, similarly, minimum as well as maximum densities—to their zoning code.

Communities might also pursue more sophisticated tools designed to increase the variety of housing while minimizing the impact of such housing on existing neighborhoods. Such tools might include density bonuses or transfers of development

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rights, which seek to concentrate new housing in specific locations; inclusionary housing requirements, which require all homebuilders to set aside a certain percentage of their units for specific income groups; or liberalized policies for second units, which would permit homeowners to build small accessory units on their property under certain circumstances.

### *Encourage the Use of “Lifecycle” Housing as Well as a Variety of Housing Types*

People have different housing needs at different points in their life. Young adults can easily live in smaller units or “double-up.” Older citizens with significant home equity often find that “move-down” housing—again, smaller units, perhaps closer to goods and services—is preferable.

However, much public policy, especially tax policy, discourages a “lifecycle” approach to housing. In some states, residents of long tenure typically benefit from lower property taxes, thus penalizing some people for moving. In addition, mortgage interest deduction policies encourage older people to be “overhoused.”

But recent research suggests that, as they get older, long-term homeowners will choose “move down” housing under certain circumstances. However, it is becoming increasingly clear that older homeowners prefer to remain homeowners, rather than switching to renting as previous theories suggested.<sup>11</sup>

Although a change in the mortgage interest deduction is unlikely, other policy changes could help. In states such as California, where long-tenured homeowners pay lower property taxes, retirees are permitted to transfer this tax break to a new residence. In addition, a focus on providing different housing types (townhouses, condominiums) that still offer homeownership opportunities would

probably increase mobility among older homeowners.

### *Encourage Nonprofit Developers to Take a Broader and More Regional Perspective*

Much like private homebuilders, nonprofit developers tend to focus on individual projects and predictable product types in neighborhoods they know. Many are increasingly aware of the regional perspective on housing, but the community developers generally are not organized to work together—either as advocates or as homebuilders. Furthermore, many do not have the resources to expand their geographic target area(s).

While some organizations will continue to focus on specific neighborhoods, more nonprofit developers, investment organizations, and advocacy groups may work on a regional basis to promote and produce housing for low-, and moderate-income residents. In Pittsburgh, ACTION-Housing has engaged in a wide variety of housing-related activities across the metropolitan area—including housing development and home improvement programs such as weatherization and home modification—since the 1950s. In Miami, Greater Miami Neighborhoods works with a wide variety of nonprofit organizations to provide housing for very low- and low-income residents all over the region. On the west coast, BRIDGE Housing is one of the largest homebuilders in the San Francisco Bay Area and has always worked in a variety of suburbs and has now expanded to other parts of California.

On the national level, organizations such as Mercy Housing have partnered with employers such as hospitals to build workforce housing. Enterprise and Local Initiatives Support Corporation (LISC) are longtime national players that provide funding for locally-focused organizations and have

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frequently stimulated the creation of new nonprofit organizations where they are needed. In addition to expanding local capacity through grants and loans, LISC and Enterprise are increasingly engaged in regional efforts. For example, many of LISC's local offices are now positioned to work at the regional or state level.

These are all good examples of how nonprofit developers can work with employers, private developers, advocates, and financiers to determine where housing is most needed on a regional basis. Such a strategy could help overcome the problem of “spottiness” among nonprofit housing developers—determining which areas within the region are in need of greater effort and perhaps require additional organizational effort on the nonprofit front.

A related approach could be to encourage state and federal governments that currently administer housing programs locally to administer those programs regionally instead. One provocative proposal put forth by Bruce Katz of the Brookings Institution and Margery Austin Turner of the Urban Institute is for the federal government to administer Section 8 housing voucher programs regionally, so recipients have a greater geographic area where they can use their voucher.<sup>12</sup>

### *Encourage Regional Environmental, Civic, and Business Organizations to Take a Broad-based Interest in Core City Issues*

Just as many nonprofit organizations focus on their own backyard, environmental and regional civic organizations tend to focus on their own issues as well.

Environmental organizations often focus on protecting environmental values on the unspoiled edge of the region without major consideration of how redistributing development patterns could assist both

environmental and social/economic goals. Regional organizations often take a regionwide approach to a single issue (civic participation, business development) without focusing on the distribution of growth, prosperity, and involvement within the region.

These organizations could highlight the regional nature of the housing issue by focusing more than they currently do on core city issues and the challenges created by the distances between homes and jobs. There is little question that a better regional jobs-housing balance—and one that permits more focus on housing that would provide accessibility for residents to jobs—would promote regional environmental, civic, and business agendas. Some environmental organizations are starting to recognize the importance of supporting appropriate residential development nears jobs and transit. For example, the Conservation Law Foundation joined with other organizations in Massachusetts to form the Massachusetts Smart Growth Alliance and provide continued support for the Chapter 40B legislation mentioned earlier. In California, the Sierra Club's San Francisco Bay chapter has publicly backed the policies to build more housing near transit stops.<sup>13</sup>

### **Implications for Funders**

Given the breadth and significance of housing as a regional issue—and the range of public policy issues listed above—what can funders do to promote a regional perspective and regional action on housing? As the following list suggests, there are many steps worth taking. This list is organized around the standard set of actions that funders can take on any issue—research, education, and advocacy—but the discussion revolves around specific actions that could be taken on the regional housing issue.

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## *Regional Knowledge*

Many funders operate on a regional or metropolitan basis and therefore they are in a singular position within the region to place a focus on these issues. Funders have the ability to organize and convene discussions beyond the typical “boxes” that organizations and interest groups operate within. In order to do this, however, funders must have a broad range of knowledge about their region, its issues, and the many actors who deal with different issues in different domains.

Thus, a significant role that funders can play is to bring their own knowledge and understanding of regional issues to the question of housing and to provide a regional focus for the issues. Funders know how to convene constituencies and interest groups, and they know how to provide a focus—often a regional focus—that these groups will orient themselves around. Funders can and should undertake this task on housing.

## *Research*

Research supported by funders can provide information to local, regional, and state policymakers about the regional nature of housing markets. Often, information about housing issues is focused only on local governments and local markets, or else on statewide trends, because these are the levels at which public policy is made. The private sector generates reams of information on housing markets, but this information usually is not available to the public. Thus, rarely does research and information shed insight into housing as a regional social and economic issue.

Funders, however, are not bound by the political constituencies and policymaking limitations of existing governmental entities. Indeed, as stated above, funders often have a regional or metropolitan focus. Thus, in the

research arena, funders have the opportunity to highlight the regional nature of housing as an issue and promote policy solutions at the state and local level that will deal with regional problems.

One good example of this approach is the set of regional reports prepared by the Brookings Institution’s Metropolitan Policy Program ([www.brookings.edu/metro/metro.htm](http://www.brookings.edu/metro/metro.htm)). In Washington, D.C., Atlanta, Kansas City, Mo., and elsewhere, the Brookings reports have documented spatial mismatch and social inequity at the regional level in a way that has highlighted the need for action on many issues, including housing.

## *Education*

Education goes hand-in-hand with research. In the case of regional housing, funders can provide critical assistance for an education piece by supporting the dissemination of research and advocacy work through publications, websites, individual speakers, and programs. In many cases, it is not necessary to fund the research piece fully, as academics, consultants, policy analysts, and others have done the basic spadework on the regional housing issues. In those cases, dissemination is the most important role that funders can play.

One good example in this arena is Housing Illinois ([www.housingillinois.org](http://www.housingillinois.org)), which sponsored and successfully disseminated a survey documenting the public perceptions of Chicago-area residents regarding the availability of affordably-priced housing. More than 80 percent of the respondents said that providing more housing for low- and moderate-income residents was an important issue for the Chicago region. The survey got considerable coverage in the Chicago media.

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## Advocacy

Funders always have an important role to play in encouraging issue-based advocacy. In the case of regional housing issues, funders have an unusual opportunity in that they already have strong relationships with a variety of advocacy groups across the board. In many cases, they provide support for environmental, civic, or business organizations that focus on regional issues but not on housing. In many other cases, they provide support for nonprofit affordable housing developers and community development corporations, many of which have an advocacy orientation or relationships with advocacy groups. These organizations look at the issue from the other end of the telescope—they are focused on housing, but not necessarily on its regional aspect.

Here, an important role funders can play is to encourage regional organizations to focus on housing and housing advocates to focus on regional issues. One excellent example on the advocacy front is the recent effort by seven funders to provide resources to the Non-Profit Housing Association of Northern California for the Bay Area Inclusionary Housing Initiative ([www.nonprofithousing.org/actioncenter/campaigns/index.atomic](http://www.nonprofithousing.org/actioncenter/campaigns/index.atomic)). This effort brings together most of the other funder actions described above, but does so through a regional organization that advocates the construction of homes affordable to working families throughout the Bay Area region.

## Capacity Building

Regional-level organizational infrastructure on the housing issue is woefully inadequate in most regions of the country. Funders can stimulate regional debate and advocacy of housing as a regional issue far more effectively if they provide assistance that permits coalitions and other broad-based

organizations to create the capacity at the regional level to do the research, disseminate the ideas, and advocate for change.

Furthermore, by providing such support, funders can encourage these organizations to focus their capacity around the question of housing as a regional issue.

## Demonstration Projects

Funders cannot provide the resources required to actually make the necessary changes in the built environment everywhere. But nothing promotes an idea better than a good “on-the-ground” example and funders can provide critical resources for demonstration projects. By providing certain critical financing, such as predevelopment costs and bridge financing, funders can help demonstration projects become a reality—especially in local areas where housing is desperately needed for the region as a whole—and thereby serve as an advertisement for real change.

Many foundations can accomplish this goal through their program-related investments (PRIs). For example, the John D. and Catherine T. MacArthur Foundation’s PRI program includes a \$50 million national effort, *Window of Opportunity*, to assist housing organizations to buy and preserve 100,000 units of affordable rental housing that is at risk.<sup>14</sup>

## Conclusion

There is little question that housing is a regional issue; and it is equally true that the question of regionalism is one that revolves around housing. The increasing distances between jobs and housing—and the inequities in local housing markets—are damaging to all three “Es” of sustainability: the regional economy, the regional environment, and the region’s social equity.

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Public policy on housing tends to be focused on the very small picture or the very big picture, and in any case it tends not to focus on the spatial distribution of housing opportunity. The federal government and state governments seek to increase housing availability for low- and moderate-income households through a series of financial incentives to government agencies, housing developers, and the households themselves. Meanwhile, regional efforts tend to deal with a wide variety of topics—often topics such as transportation or environmental protection, where state or federal policy is regionally-based. Local governments seek to provide the kind of housing that is politically acceptable to their voters no matter what local and regional housing markets require to thrive. Finding a regional focus for housing policy—and a housing focus in regional policy—is difficult.

Funders, however, are well-positioned to play a major role in bringing the issues of housing and regionalism together. Funders have a broad understanding of regional issues and, in many cases, the connections to housing. Funders play an important role in state and local affordable housing policy and development and they also play an important role in convening and supporting regional conversations. By using the assets funders always bring to the table—an ability to support research, education, and advocacy, and the ability to play a key role in convening regional conversations—funders can help position housing and regionalism as related issues that must be discussed and dealt with together.

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## Endnotes

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- <sup>1</sup> Peter Calthorpe and William Fulton, *The Regional City: Planning for the End of Sprawl* (Washington: Island Press, 2001).
- <sup>2</sup> John Brennan and Edward W. Hill, “Where are the Jobs?: Cities, Suburbs and the Competition for Employment” (Washington: Brookings Institution Center on Urban and Metropolitan Policy, November 1999).
- <sup>3</sup> Stephanie A. Jennings, “Reinventing the Company Town: Employer-Assisted Housing in the 21st Century,” *Housing Facts and Findings*, Vol. 2, Issue 2 (Summer 2000).
- <sup>4</sup> “Moving To Opportunity for Fair Housing Demonstration Program: Interim Impacts Evaluation,” U.S. Department of Housing and Urban Development Office of Policy Development and Research, September 2003.
- <sup>5</sup> James H. Johnson, Jr., and Walter C. Farrell Jr., “Growing Income Inequality in American Society: A Political Economy Perspective.” Paper presented at the National Policy Association Conference, “The Growth of Income Disparity,” (Washington, April 10, 2003).
- <sup>6</sup> Anthony Downs, “Traffic: Why It’s Getting Worse, What Government Can Do” (Washington: Brookings Institution Center on Urban and Metropolitan Policy, January 2004).
- <sup>7</sup> Carol A. Bell, “Workforce Housing: The New Economic Imperative?” *Housing Facts and Findings*, Vol. 4, Issue 2 (2003).
- <sup>8</sup> Puget Sound Regional Council, *VISION 2020 (1995 Update): Growth Management, Economic and Transportation Strategy for the Central Puget Sound Region*.
- <sup>9</sup> Paul G. Lewis, “California’s Housing Element Law: The Issue of Local Noncompliance” (San Francisco: Public Policy Institute of California, 2003).
- <sup>10</sup> William Fulton, “New Partnership Tackles Bay, Valley Growth Questions: IRP Urges Better Jobs-Housing Coordination in 5-County Region,” *California Planning & Development Report*, Vol. 15, Issue 3 (March 2000).
- <sup>11</sup> Isaac F. Megbolube, Jarjisu Sa-Aadu, James D. Shilling, “Oh, Yes, the Elderly Will Reduce Housing Equity under the Right Circumstances,” *Journal of Housing Research*, Vol. 8, Issue 1 (1997).
- <sup>12</sup> Bruce J. Katz and Margery Austin Turner, “Who Should Run the Housing Voucher Program? A Reform Proposal,” *Housing Policy Debate*, Vol. 12, Issue 2 (2001).
- <sup>13</sup> Sierra Club, “Building Affordable Housing Around Transit,” *Sierra Club Yodeler: The Newspaper of the San Francisco Bay Chapter*, available at <http://sanfranciscobay.sierraclub.org/yodeler/html/2005/01/conservation1.htm> (August 2005).
- <sup>14</sup> “Foundations and Real Estate: A Guide for Funders Interested in Building Better Communities,” Funders’ Network for Smart Growth and Livable Communities,” 2004. Available at [http://www.fundersnetwork.org/usr\\_doc/Foundations\\_and\\_Real\\_Estate-Final\\_PDF.pdf](http://www.fundersnetwork.org/usr_doc/Foundations_and_Real_Estate-Final_PDF.pdf).

## Additional Reading

Peter Calthorpe and William Fulton, *The Regional City: Planning for the End of Sprawl*. (Washington: Island Press, 2001). An overall vision of how regions can and should be designed—to include a variety of housing types among other things.

Fannie Mae Foundation, *Housing Policy Debate* (journal) and *Housing Facts & Findings* (newsletter). Informative periodicals on all aspects of housing policy. These publications and many others can be searched and referenced through Fannie Mae Foundation’s KnowledgePlex search engine, [www.knowledgeplex.org](http://www.knowledgeplex.org).