Clarity on Terms: Avoid Conflations and Confusion

Affordable Housing v. Fair Housing

- Affordable Housing and Fair Housing are not the same thing, but are frequently conflated or used interchangeably.
- Affordable housing refers to housing available to the poor or low-income families.
- In terms of policy, affordable housing generally means one of two things:
  1. Subsidized Housing – Demand or Supply slide
     - E.g. LIHTC, Section 8

  2. Or Filtered Housing – housing that was once market rate, but over time has ‘filtered’ down to affordability.
- Fair Housing relates to discrimination, segregation and integration.
- In summary, “affordable” housing is an economic concept, while “fair” housing is a identity one (e.g. race, familial status, disability, etc.).

Affordable Housing v. Housing Affordability

- Affordable housing is about housing for low-income or very low-income people.
- In contrast, *housing affordability* refers to the median or average price of housing.

Research and Statistics › Housing Statistics and Real Estate Market Trends

Housing Affordability Index

Housing Affordability Index   Background   Methodology

Share

The Housing Affordability Index measures whether or not a typical family earns enough income to qualify for a mortgage loan on a typical home at the national and regional levels based on the most recent price and income data.

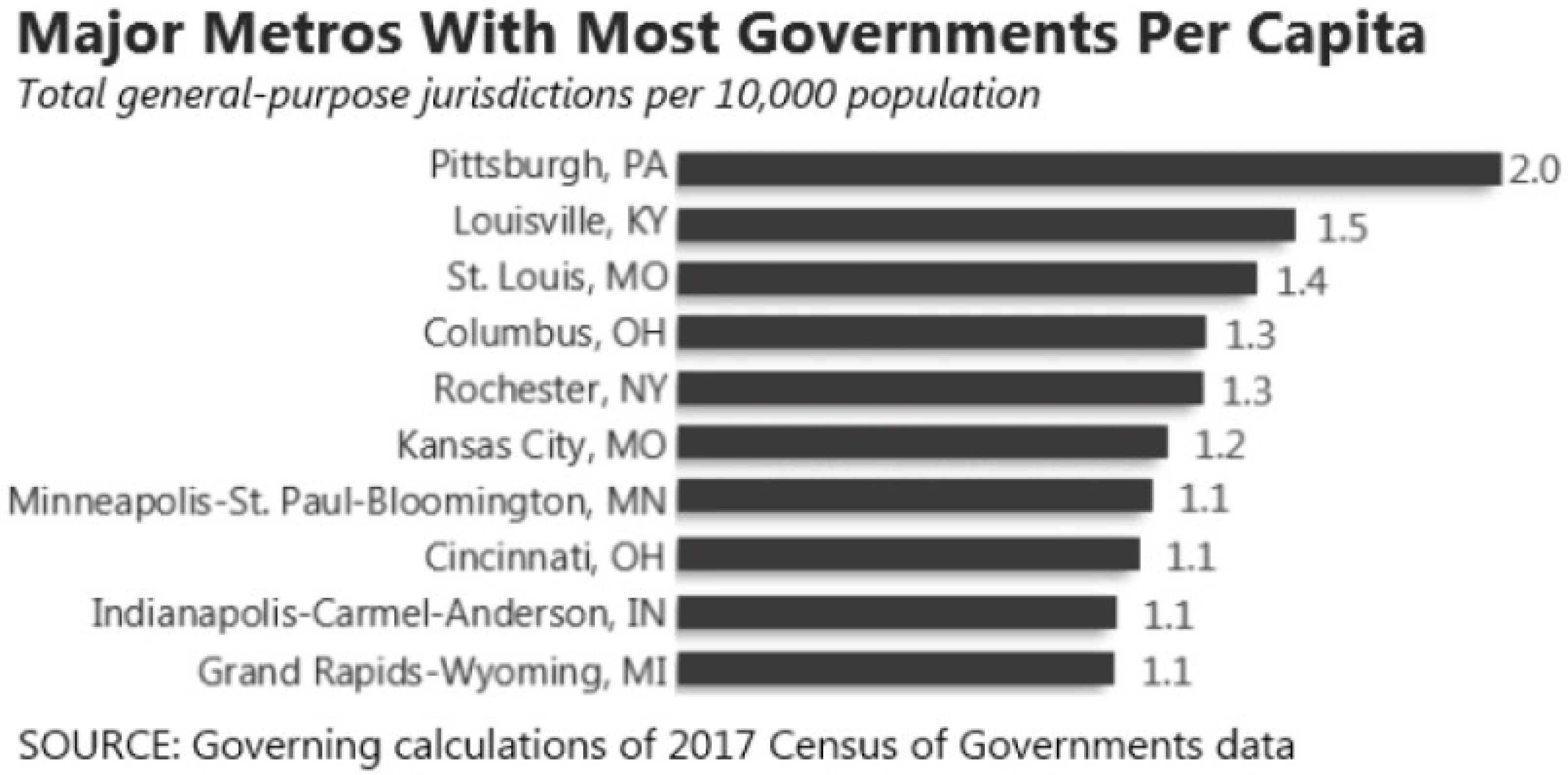
Jurisdictional Fragmentation

Jurisdictional Fragmentation

- Today, there are more than 90,000 local governments in the United States. Of those, about 3,000 are county governments, 19,000 are municipal governments, 16,000 are townships, and the rest are special purpose governments, like utility districts or independent school systems.
- There has been a gradual increase in the number of local governments since the early 1970s, where the Census counted about 78,000 unique jurisdictions.
- One of the most serious problems structural problems is jurisdictional fragmentation. This is the growth in the number of jurisdictions per region or per capita.

Jurisdictional Fragmentation

- The average metropolitan area in the United States has about 40 or so local governments. However, the degree of fragmentation varies significantly across the United States.
- The SF Bay Area has 110 jurisdictions in 9 counties, and LA has over 180 in 6 counties.
- Midwestern and eastern states tend to be the most jurisdictionally fragmented.
  - The state of Illinois has the most general purpose governments (2,828), but Minnesota has the most per capita, along with Indiana, Ohio, Pennsylvania, Vermont and Wisconsin.
- The Pittsburgh metropolitan area with most local governments per capita, with over 463, or one for every 5,000 people in the region.



Michael Maciag, “How Many Local Governments Is Too Many?,” Governing, May 3, 2019, https://www.governing.com/topics/politics/gov-most-local-governments-census.html.

The Problem with Fragmentation

- Regions with more jurisdictional fragmentation are more economically and racially segregated. Municipal fragmentation is one of the primary instruments for perpetuating racial segregation by creating more walls between parts of a region. This is how diverse regions maintain segregated communities.
- The more jurisdictional fragmentation that exists within a region, the greater incentives for opportunity hoarding, and the greater municipal stratification that results.
- In regions with many jurisdictions, there are more clearly differentiated qualities, amenities, and services between jurisdictions. And depending on the tax base capacity within the jurisdiction and historical wealth, there are different capacities for improvement.
- Although there are submarkets, housing markets are regional (like labor markets). Housing policies also need to be regional. We can’t solve most of our housing crises within a single jurisdiction.

Secessionist Movements

- Prevailing modes of fiscal governance tend to incentivize further fragmentation, especially among the most fiscally secure and affluent communities.
  - For example, the affluent and white Buckhead community in Atlanta is currently organizing to secede from Atlanta, and if they succeed, they will extract more than a hundred million from budget of the city of Atlanta and nearly two hundred million from the Atlanta public schools.
  - In 2013, a largely white town of Gardendale, Alabama voted to form a new school district out of the larger county-wide district of Jefferson County, which is 50% Black. The presiding judge in the suit challenging the effort ultimately concluded that permitting Gardendale to secede would not only resegregate the school system, but that race was a motivating factor in the decision.
- From 2000 to 2017, at least 47 communities broke off from a larger district to form their own. Organized efforts to carve out new school districts out of existing ones appears to be most common in the south, which has traditionally featured larger and more inclusive districts. The result is that the new districts tend to be whiter and more affluent than the ones they leave behind.

Regionalism as a Policy Practice

Regionalism as a Governing Philosophy

- The antidote to exclusionary or defensive localism is greater regionalism. Regionalism is a governing philosophy based on a recognition that all residents are affected, in some degree, by the health of the region.
- Accordingly, regionalist governance should be aimed at matters that concern the entire region (like transit) and at ensuring a more equitable distribution of tax dollars within a region.
- In particular, the imperative of expanding access to opportunity requires that fiscal structures ensure the health of the region over the selfish preferences of local interests. Regionalism encourages residents to take a less parochial and narrowly self-interested view of public goods. Regional school systems ensure that all parents are invested in the success of the entire system.
- Examples of regionalist governing philosophy include the creation of regional CoGs or Councils of Government or regional entities, such as the Bay Area Housing Finance Agency (BAHFA).

Housing Policy at the Regional Level

- In addition to entities like BAHFA, there are many examples of regional housing policies. One example would be allowing “portability” of housing vouchers.
- A great example are so-called “Fair Share” policies. Whereas IZ ordinances apply to development projects at the municipal level, fair share laws are state laws that require jurisdictions to assume their “fair share” of affordable housing.
- Fair share schemes require that cities have their allocated share. The most famous and first instance of a fair share law arises out of the famous case of Mount Laurel. But many states have fair share plans.
- In California, it is called the Regional Housing Needs Assessment (RHNA). RHNA requires that every jurisdiction in the state plan for housing at five different income levels, "very-low," "low," "moderate," "above-moderate," and “high.”
  - Jurisdictions are required to zone for local needs, but in practice, jurisdictions do not meet their RHNA requirements.

Fiscal Regionalism

- Perhaps better than regionalism as a governing philosophy, and more realistic, are forms of "fiscal regionalism." One of the principal mechanisms for realizing this are regional tax sharing agreements.
- Proof of concept: Twin Cities Tax Sharing Agreement over 7 counties: a bargain struck after a fight between two of the region's municipalities to annex an area with a power plant. Passed in 1971, this law finally took effect in 1975.
  - The measure pools 40% of annual revenue growth in commercial and industrial taxes for more equitable distribution. This clever formula – capturing future revenue – imposed no immediate loss on any particular jurisdiction but ensured that uneven employment and business growth would ultimately benefit all.
- Effects:
  - By the mid-1980s, researchers found that the program reduced the rate of fiscal inequality within the region to less than one-fifth of what it would have been without it.
  - A 2011 analysis of the law's long-term impact discovered that twice as many municipalities benefited under the law as those that were net losers.