



25 City Tools for Housing Affordability and Developer Assistance

Minnesota cities regularly assist with the construction, preservation, and rehabilitation of affordable housing that meet unique, local housing needs and is affordable, safe, and high quality. While not a complete list, below are 25 tools cities use to address housing affordability for residents and help builders and developers construct affordable housing stock.

Assistance for Developers and Builders

Financial Assistance	
1. Tax Increment Financing (TIF)	TIF takes the increases in tax capacity and property taxes from development or redevelopment to pay upfront public costs.
2. Local Tax Abatement	Property tax abatement reduces the amount of taxes owed for a specific period, which often translates to lower-cost units.
3. Planning and Development-Related Fee Waivers	Cities incur costs to build development-related infrastructure. Some cities reduce fees, such as water/sewer fees, for affordable housing.
4. City Fee Reductions	Cities often reduce other fees, including park dedication, for housing projects that meet locally identified housing needs.

Land Use and Zoning	
5. Low or No Cost City-Supplied Land	Cities have sold city-owned land at low/no cost for the construction of mixed-income and affordable homes.
6. Higher Density Zoning	Higher density zoning allows for more units to be built on a lot, which reduces land costs per unit.
7. Lot Size Reduction	Many cities allow for smaller lot sizes in a residential development to encourage building of more affordable homes.
8. Elimination of Minimum Building Size Requirements	Elimination of minimum building size requirements allows for the construction of smaller, more affordable homes.
9. Elimination of Single-Family Zoning	Eliminating single-family zoning can increase housing capacity by allowing construction of multi-family units in all residential zones.
10. Parking Minimum Modifications	Cities ensure newly built residential developments provide off-street parking for the additional vehicles of new residents. Some cities reduce minimum parking requirements for certain developments.
11. Density Bonuses	Density bonuses allow builders to increase the allowed dwelling units per acre in exchange for affordable housing in the development.
12. Adjustment of Setbacks	Setbacks are the space between the house and the front, rear, and side property lines, and can be adjusted to meet unique project needs.

13. Floor Area Ratio (FAR) Bonus	A FAR bonus allows increased density by increasing the buildable space relative to the area of the land upon which the building is sited.
----------------------------------	---

Permitting and Review Process	
14. Streamlined Review Process	Many cities have increased coordination between departments for permit review and employed “one-stop permit systems.”
15. Same or Similar Plan Review	Cities reduce the plan review fee and expedite the review process when there are multiple homes with the same/similar building plan.
16. Online Permitting Review	Some cities have funded online permitting systems with real-time inspection progress updates and online submission of building plans.

Assistance for Residents with Housing Affordability

Land Use and Zoning	
17. Accessory Dwelling Units (ADUs)	ADUs are smaller residential units on the same lot as a primary home. ADUs provide additional affordable housing options.
18. Inclusionary Zoning	City-required minimum percentage of affordable units in new developments that are often paired with city incentives.

Financial Assistance	
19. Local Housing Trust Funds	City-dedicated revenue to spur affordable housing, including construction of affordable housing and down payment assistance.
20. Low Income Rental Classification Program (LIRC)	LIRC or 4d allows a reduction in property taxes if the property owner keeps at least 20% of the units affordable. Some cities offer added incentives, like payment of the state application, free energy assessments, and grants for energy efficiency upgrades.
21. First-Time Homebuyer Assistance	Some cities provide grants or deferred loans to help first-time home buyers with closing costs and other costs in the homebuying process.
22. Down Payment Assistance	City funding to help qualified homebuyers with grants and loans to assist with the cost of a down payment.

Preservation	
23. Home Rehabilitation and Preservation Programs	City-provided deferred loans to help qualifying homeowners for certain maintenance and repairs.
24. Housing Improvement Areas (HIAs)	HIAs are defined areas where housing improvements in condominium or townhome complexes can be financed with city assistance.
25. Naturally Occurring Affordable Housing Preservation (NOAH)	Cities provide financial assistance for NOAH preservation and/or have policies to protect low-income tenants from rent increases when affordable rental properties are sold.