

ISSUE BRIEF

PRESERVATION PRIORITY

# Affordable Housing and Density

PRESERVATION PRIORITIES TASK FORCE



National Trust for Historic Preservation®

# PRESERVATION PRIORITIES

---

This publication is one of four Issue Briefs created by the Preservation Priorities Task Force, a partnership of the National Trust for Historic Preservation and the National Preservation Partners Network. Formed in 2020, this two-year project brings together advocates from across the country to help statewide and local organizations address four significant, interrelated issues facing the preservation movement:

- Affordable housing and density
- Diversity, inclusion, and racial justice
- Preservation trades and workforce development
- Sustainability and climate action

These challenges are not new. Preservation organizations have grappled with them for years and many are making great strides. Yet the magnitude and complexity of these issues can prove daunting for organizations working on their own. Effective messaging, innovative policies, compelling cases studies, and best practices can be hard to find. There is an urgent need for coordinated and collaborative action across the preservation movement.

Not intended as comprehensive studies, the four Issue Briefs are designed to build mutual understanding of these topics, spark conversation, and inspire action at the local and state levels. Preservation organizations and advocates are encouraged to use the Issue Briefs in any number of ways—as guides for discussions with community leaders and stakeholders, background for outreach to potential partners, support materials for fundraising efforts, and more.

The Issue Briefs also provide a foundation for the next phase of this initiative: developing practical tools for use by preservation organizations, advocates, and practitioners across the country. For more information and to learn how you can participate in this effort, visit [preservationpriorities.org](https://preservationpriorities.org).

---

## INTRODUCTION: A SOLUTION, NOT A BARRIER

The lack of affordable housing is a national crisis impacting communities of all sizes. Solving this crisis will require innovative policies as well as collaboration among governments, nonprofit organizations, and the private sector.

Preservation can and should be part of the affordable housing solution. By preserving existing affordable housing in older neighborhoods and creating new units through the rehabilitation of vacant and underused spaces, preservation has an important role to play in addressing the affordable housing crisis.

This Issue Brief identifies key challenges and opportunities for preservation advocates and allies who are seeking to retain existing affordable housing in older buildings and create new units through adaptive use. It outlines opportunities to accelerate the production of new affordable housing through rehabilitation and highlights ideas to re-position preservation in policy debates as an effective strategy to help address the need to preserve and create affordable housing.

Due to demographic and economic shifts and rapidly rising housing costs, communities across the country are struggling to provide affordable housing for their residents.<sup>1</sup> The National Low Income Housing Coalition reports that no state has an adequate supply of rental housing that is affordable for extremely low-income households. The unmet need ranges from a deficit of 8,200 rental units in Wyoming to nearly one million in California.<sup>2</sup>



***A large percentage of existing affordable housing units are found in older neighborhoods.*** In Chicago, for example, more than half of the city's unsubsidized multi-family affordable housing units are found in "two-flats" and "four-flats" built before World War II. Many are being lost to demolition and abandonment. Photo: Jim Lindberg

The supply of affordable housing is declining in both rural places and urban centers. According to the Housing Assistance Council, a national nonprofit that helps build homes across rural America, rental housing options in smaller communities are sparse and disappearing. In urban areas, African American neighborhoods bore the brunt of housing foreclosures in the subprime mortgage lending crisis of 2007-2010. This resulted in widespread displacement of predominantly African American residents and disinvestment across entire neighborhoods.

Most policy discussions about affordable housing focus on the need to construct new units. While increasing the supply of new affordable units is critical, this is only part of the solution. In a 2019 article, housing and community development experts Paul Brophy and Carey Shea put it this way:

“As we think about future housing policy, we need to be careful that we don’t focus so much on increasing production of new housing—important as that is—that we lose sight of a vast resource of affordable housing hiding in plain sight that can be preserved for the long-term for a modest fraction of the cost of building new.”<sup>3</sup>

According to the Joint Center for Housing Studies of Harvard University, approximately 75 percent of the nation’s existing affordable rental housing is found in unsubsidized, privately owned buildings. Sometimes called “naturally occurring affordable housing” (NOAH), this reservoir of affordable housing has been shrinking. For example, Washington, D.C. lost 18,300 “naturally occurring” affordable units between 2006 and 2017.<sup>4</sup> Nationally, more than 13 million housing units built before 1960 were lost between 1987 and 2018, according to preservation and economic consultant Donovan Rypkema.

At the same time, many older buildings sit vacant and underused. From empty upper floors on Main Street to vacant houses, commercial buildings, and former industrial structures, potential space for housing is going to waste. Repurposing these older buildings to provide new living space can help address today’s housing crisis, adding density in older, mixed-use neighborhoods that typically offer more walkable streets and better access to transit and services than newer areas.

Historic preservation can help address the affordable housing crisis in three ways:

- 1) By creating new affordable housing through adaptive reuse of vacant and underused buildings.

- 2) By rehabilitating existing public and subsidized affordable housing units to better meet the needs of current residents.
- 3) By preserving existing privately owned affordable housing that is found in older homes and apartment buildings.

## Affordable housing and preservation in practice

For decades, federal and state tax incentives have helped create housing through the rehabilitation of vacant and underused spaces. Between 1977 and 2019, the federal Historic Tax Credit (HTC) supported the rehabilitation of 291,828 housing units and created 312,176 new housing units across the country. More than 172,000 of these units provide low- and moderate-income housing.<sup>5</sup> The recently introduced Historic Tax Credit Growth and Opportunity (HTC-GO) Act of 2021 includes provisions that would incentivize even more adaptive reuse of existing buildings for housing.<sup>6</sup>

At the state level, 39 states currently offer similar historic tax credits for adaptive reuse. A handful of states include enhancements to these credits for affordable housing projects, including Delaware, Maine, and Massachusetts. Recently, California, Maryland, and Pennsylvania have increased their state’s historic tax credit incentives for rehabilitation projects that provide workforce and affordable housing. Hawaii and Michigan legislators made sure that residential properties are eligible to participate in their new state historic tax credit programs.

Not limited by the type of building reuse, historic tax credits are often combined with other

financial assistance programs. The Low-Income Housing Tax Credit (LIHTC) is a key incentive used by developers to create affordable housing that is owned and managed by private or nonprofit owners.

Developers are also twinning the historic and low-income tax credits to preserve and rehabilitate aging public housing complexes as part of the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) program. The RAD program is designed to address the \$26 billion deferred maintenance backlog in publicly owned and managed housing properties, many of which are now more than 50 years old and eligible for historic designation.<sup>7</sup>

Although it can sometimes be difficult to reconcile the requirements of these varied incentives when combining them for specific projects, the resulting housing is “phenomenal, and tends to have a very low turnover of tenants,” according to Anna Mod, a Texas-based preservation consultant with MacRostie Historic Advisors.

The nation’s shortage of affordable housing is causing many city and state governments to look for ways to add new housing in established neighborhoods. Some cities and states are changing zoning regulations to encourage more housing in low-density areas. For example, the Minneapolis City Council recently voted to eliminate single-family zoning and allow residential structures with up to three units to be built throughout the city.

Similarly, in 2019 the Oregon state legislature passed a bill (HB 2001) that requires



**Deepening state historic tax credit incentives to encourage more affordable housing.** Maine is one of several states that increases the percentage of state historic tax credits for projects that include affordable housing. The reuse of this 1906 former convent in Portland, Maine created 66 new affordable apartments. Photo: David Mele.

communities over 10,000 in population to allow duplexes in single-family-zoned districts. In addition, starting in 2022 all Oregon cities over 25,000 will be required to allow triplexes, quadplexes, cottage courts, and townhouses in residential areas. Many older neighborhoods include historic examples of these smaller, multi-unit structures. Starting in the 1920s, however, exclusionary zoning laws prioritized single-family housing and limited multi-family uses.

Re-introducing “missing middle” housing types offers a promising path to add density and increase housing choices in older neighborhoods. However, some preservationists are concerned that sweeping local and state legislative actions will lead to demolition of smaller, often affordable older homes and replacement with larger, more expensive new housing. Thoughtful, carefully calibrated policy approaches are needed to ensure that neighborhood diversity and



## 2019 Preservation Design Award Recipient



Rehabilitation of 1916 A.V. Walberg Residence with Attached Studio Unit



New Single Family Urban Infill with Granny Flat in rear yard and Native Oak Preserved



Rehabilitation of a 1921 Craftsman with Adaptive Reuse of the Original 1920's Garage into a Studio Apartment

Highland Park - Garvanza HPOZ

### A.V. WALBERG RESIDENCE & ADJOINING PROPERTIES

Team: Louisa Van Leer Architecture  
Good Form Design Build  
Garvanza Improvement Assoc.

**Adding density in a historic district.** Through infill construction and the addition of accessory dwelling units, a developer transformed two historic single-family homes into six units of housing without demolishing any existing structures in the Highland Park-Garvanza Historic Preservation Overlay Zone (local historic district) in Los Angeles. Photos: Thom Shelton and Louisa Van Leer Architecture.

affordability are not lost in the process of modernizing outdated zoning.

Local and state preservation advocates can play an important role in retaining the variety and affordability of housing options that are often found in older neighborhoods. Historic neighborhoods contain a diversity of housing types as well as rich architecture and history. A National Trust for Historic Preservation analysis of data from more than 50 major cities found that neighborhoods with a concentration of older, smaller buildings generally had higher population densities and greater percentages of affordable

housing units than areas with newer, larger structures.<sup>8</sup>

Similarly, a recent study commissioned by the Los Angeles Conservancy highlighted positive correlations between local historic districts and high-density development. The study found that within the city's Historic Preservation Overlay Zones, 69 percent of buildings provide more than one unit of housing and 39 percent provide five or more units. The report also found that over 12,000 new housing units were created through the adaptive reuse of historic buildings during the last 20 years.<sup>9</sup>

## CHALLENGES AND OPPORTUNITIES

Historic preservation plays an important role in retaining existing affordable housing and creating new housing through rehabilitation. This role is not fully recognized, however, even within the preservation field itself.

Below is a summary of three key challenges related to affordable housing and density, along with ideas for how local and state preservation advocates can address these issues. While far from comprehensive, this summary points to opportunities for collaboration and the development of practical resources to better position the preservation movement as an ally in efforts to address the affordable housing crisis.

### Cost of rehabilitating historic buildings for housing

Many developers and policy makers believe that rehabilitation is more expensive than new construction. In fact, a recent study by the National Council of State Housing Agencies found that the average new construction cost for LIHTC projects is \$209,094 per unit, while the average acquisition and rehabilitation cost for LIHTC projects is \$153,394 per unit.<sup>10</sup>

Nonetheless, there are many instances where rehabilitating older buildings for housing is not feasible without significant subsidy, particularly for projects in disadvantaged neighborhoods. Federal and state tax incentives help fill the financial gap, but additional incentives are needed to spur more affordable housing projects.

In addition, the complexity of rehabilitation projects requires time consuming regulatory reviews and permitting. Building and zoning codes are often not compatible with reuse projects. Navigating through review processes adds time and cost, particularly for projects that combine multiple tax credits and incentives.

#### *Opportunities:*

- Change the evaluation and scoring criteria in state affordable housing Qualified Allocation Plans (QAPs) to direct more financial assistance to rehabilitation projects.
- Enhance existing state historic tax credits by adding bonuses or removing funding caps for projects that include affordable housing.
- Develop state tax credit incentives for the creation of affordable housing through adaptive reuse of older buildings that are not eligible for designation.
- Create state voucher or tax certificate systems to attract investment to smaller housing projects.
- Waive fees and offer property tax relief for adaptive reuse projects that create affordable housing.
- Coordinate and expedite local, state, and federal reviews of complex housing rehabilitation projects.
- Adopt model building codes, such as the International Existing Building Code (IEBC), that allow local jurisdictions to apply performance-based approaches to code compliance for historic buildings.

## Demolition of historic buildings and loss of neighborhood affordability

Efforts to add housing and increase density, particularly near historic transit lines and employment centers, can lead to the loss of older buildings that have long provided affordable space for residents and businesses. Often these are highly diverse, mixed-use, and livable areas. The social and economic diversity of older neighborhoods is eroded when larger, higher-rent projects displace existing residents and businesses. More nuanced, incremental ways of adding density in older neighborhoods are needed.

The potential for adding “density without demolition” is highlighted in a National Trust study of Little Havana in Miami. Researchers found that even in this dense urban neighborhood, more than 500 new buildings and 10,000 new residents could be added without demolishing a single structure. Similarly, a 2019 analysis of 17 metropolitan areas by Zillow found that allowing an additional housing unit (such as an ADU) on just 10 percent of existing single-family lots could yield almost 3.3 million additional housing units.<sup>11</sup>

### **Opportunities:**

- Add density by allowing Accessory Dwelling Units (ADUs) as well as duplexes and other “missing middle” housing types where compatible with existing development patterns.
- Update Transfer of Development Rights (TDR) approaches to incentivize retention of older, affordable properties while allowing

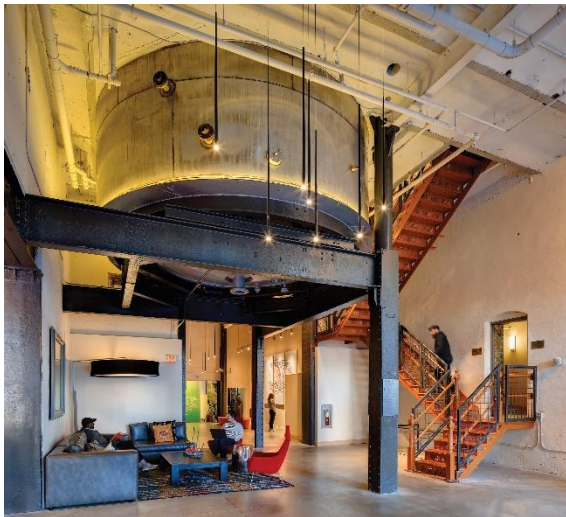
new development in alternative locations along transit corridors.

- Remove or reduce parking requirements, particularly for rehabilitation projects.
- Adopt more stringent demolition review to discourage unnecessary loss of existing housing.
- Adopt conservation district ordinances or use zoning overlays to achieve combined goals of preventing demolition of historic structures, retaining existing affordable housing, and encouraging compatible new development on vacant parcels.
- Encourage the retention and maintenance of affordable older homes through financial assistance programs for rehabilitation and energy efficiency retrofits.

## Perception of historic preservation as a barrier to affordable housing

In policy discussions about solving the affordable housing crisis, local and state preservation regulations are often portrayed as protecting low-density areas and creating barriers to the construction of new housing. For example, a 2020 HUD report on eliminating barriers to affordable housing asserts that “local historic preservation programs can make building new housing more difficult for property owners and developers.”<sup>12</sup> These critiques warrant a proactive response from the preservation community, including more dialogue and collaboration with affordable housing advocates.





**Reusing vacant structures to create affordable housing without demolition or displacement.**

*Reuse of the former Schmidt's Brewery in St. Paul, Minnesota created 247 new loft apartments, all with household income limits to ensure affordable rents for artists. A former brewing tank is suspended above the main lobby. Photo: Jason Keen.*

**Opportunities:**

- Partner with community development groups, community land trusts, and housing advocates to develop policies and programs to preserve and rehabilitate existing affordable housing.
- Use data and mapping to highlight the location of properties eligible for the use of historic tax credits as part of rehabilitation projects to create more affordable housing.
- Gather and share data showing how preservation helps retain, rehabilitate, and create affordable housing.
- Share research and case studies illustrating how housing costs often increase when

zoning is changed to allow larger structures in older neighborhoods.

- Support zoning changes that promote “density without demolition,” such as allowing Accessory Dwelling Units (ADUs) and eliminating parking requirements.
- Use case studies and data from existing research to highlight how rehabilitating existing buildings is a cost-efficient way to create affordable housing.
- Illustrate how the loss of affordable units in existing older buildings contributes to the housing crisis.

**CONCLUSION**

There is no one-size-fits-all solution to the lack of affordable housing. Preservationists can join with housing and community development advocates to shape policies and programs that preserve existing affordable housing in older neighborhoods, add new development without unnecessary demolition, and create new housing through rehabilitation. Through this two-year project, the Affordable Housing and Density Working Group will focus on state and local solutions to encourage greater use of vacant and underused spaces for new housing and address the misperception that preservation is a barrier to increasing population density in older and historic neighborhoods.

## ADDITIONAL RESOURCES

[Gaps and Opportunities in the Provision of Education, Training, and Technical Assistance on Local Housing Policy. Local Housing Solutions](#) (2020). This clearly written 17-page report offers insights about the levers that local officials can use to help create housing and describes the obstacles they face in developing a comprehensive set of multi-faceted housing strategies. Their website also offers short videos that explain the basics of affordable housing policy.

[Historic Preservation – Part of the Solution to the Affordable Housing Crisis](#), National Alliance Review, National Alliance of Preservation Commissions (2018). Author Donovan Rypkema offers ways to increase preservation’s role in addressing both the affordable housing crisis and a changing climate

[Opportunity at Risk: San Antonio’s Older Affordable Housing Stock](#), prepared for the San Antonio Office of Historic Preservation, Place Economics (2019). This report describes how the city’s pre-1960 housing stock can help meet policy objectives, including stabilizing homeownership rates, preventing and mitigating displacement, and increasing affordable rental units, through preservation and rehabilitation.

[The Preservation Compact 2020 Report](#), (2020). This report describes housing preservation solutions and a policy framework to keep rental housing affordable in metropolitan Chicago. [Their website](#) also offers information about different local housing strategies including tools for retaining Naturally Occurring Affordable Housing (NOAH).

## NOTES

- 1 Since the 1940s, housing programs have measured affordability in terms of percentage of income. Currently, keeping housing costs below 30 percent of income helps ensure that renters and homeowners can pay for other nondiscretionary costs. Policymakers consider those who spend more than 30 percent on housing to be cost-burdened.  
<https://www.huduser.gov/portal/pdredge/pdredge-featd-article-081417.html>
- 2 National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes*, (2021), <https://reports.nlihc.org/gap>
- 3 Paul Brophy and Carey Shea, “Opinion: Naturally Occurring Affordable Housing is Hiding in Plain Sight,” *Shelterforce*, July 22, 2019.
- 4 Rachel M. Cohen, “D.C. Is Rapidly Gentrifying and the Fate of its Affordable Housing Hangs in the Balance,” *Washington City Paper*, November 14, 2019.  
<https://washingtoncitypaper.com/article/177623/dc-is-rapidly-gentrifying-and-the-fate-of-its-affordable-housing-hangs-in-the-balance/>
- 5 National Park Service, *Federal Tax Incentives for Rehabilitating Historic Buildings Annual Report for Fiscal Year 2019*,  
<https://www.nps.gov/tps/tax-incentives/taxdocs/tax-incentives-2020annual.pdf>
- 6 A bipartisan group of House of Representatives members recently introduced the Historic Tax Credit Growth and Opportunity (HTC-GO) Act of 2021, a bill that includes a temporary increase in the federal Historic Tax Credit (HTC) and a permanent increase in the HTC percentage for small projects. These provisions would incentivize even more adaptive reuse of existing buildings for housing.
- 7 U.S. Department of Housing and Urban Development. “*Rental Assistance Demonstration*.” [www.hud.gov/RAD](http://www.hud.gov/RAD)
- 8 Preservation Green Lab, *Atlas of ReUrbanism* (2016), p 11,  
<https://forum.savingplaces.org/viewdocument/report-atlas-of-reurbanism-buildi>

- 9 Place Economics, *Preservation Positive Los Angeles*, Report for the Los Angeles Conservancy (2020), <https://www.laconservancy.org/study-preservation-positive-los-angeles>
- 10 National Council of State Housing Agencies, *Variation in Development Costs for Low Income Housing Tax Credit Projects*, Final Report, (August 30, 2018), [https://www.ncsha.org/wp-content/uploads/2018/09/Final-LIHTC-Costs-Analysis\\_2018\\_08\\_31.pdf](https://www.ncsha.org/wp-content/uploads/2018/09/Final-LIHTC-Costs-Analysis_2018_08_31.pdf)
- 11 Issi Romem, “A Modest Proposal: How Even Minimal Densification Could Yield Millions of New Homes,” Zillow, (December 6, 2019), <https://www.zillow.com/research/modest-densification-new-homes-25881/>
- 12 U.S. Department of Housing and Urban Development, *Eliminating Regulatory Barriers to Affordable Housing: Federal, State, Local, and Tribal Opportunities*, (January 2021), <https://www.huduser.gov/portal//portal/sites/default/files/pdf/eliminating-regulatory-barriers-to-affordable-housing.pdf>. In response, the National Trust offered the following comment letter: <https://forum.savingplaces.org/viewdocument/nthp-comment-letter-to-hud-and-the> and asserted that older and historic buildings are community assets with significant reuse potential that can make an important contribution to solving the affordable housing crisis.

## COVER PHOTO

**Apartment for rent in historic building in West Philadelphia.** The shortage of affordable housing is a growing crisis in communities across the country. Preservationists can play a role by helping to retain existing affordable housing in older neighborhoods and by creating new units through adaptive reuse. Photo: Kat Kendon.

## About the Preservation Priorities Task Force

Established through a formal agreement between the National Trust for Historic Preservation and the National Preservation Partners Network, the task force includes four working groups, one for each issue, plus a steering committee and a communications subcommittee. To date, more than 50 preservation practitioners have joined working groups, representing 23 states and dozens of organizations. A full list of task force members is available at [preservationpriorities.org](http://preservationpriorities.org).

### ***What's coming next?***

The working groups will spend the next year developing and sharing new resources to support efforts by preservation advocates related to each of the four issues. These resources may include key messages and talking points, policy examples, case studies, one-pagers, tip sheets, and webinars. This growing set of tools will be available at [preservationpriorities.org](http://preservationpriorities.org).

### ***Join us!***

The more voices we have involved in this project, the better it will be. Please consider lending your valuable expertise and perspective. For instance, you can:

- Join a working group to help with the next phase
- Share a case study related to one of the priority issues
- Use an Issue Brief in your work and let us know how it goes
- Spread the word about this project within your networks

To get involved, please visit [preservationpriorities.org](http://preservationpriorities.org) or contact:

*Rebecca Harris*, National Preservation Partners Network, [rharris@prespartners.org](mailto:rharris@prespartners.org)

*James Lindberg*, National Trust for Historic Preservation, [jlindberg@savingplaces.org](mailto:jlindberg@savingplaces.org)

We look forward to working with you!

### ***Thank you to our funders***

The Preservation Priorities Task Force is supported by the Moe Family Fund for Statewide and Local Partners, which is providing grants for innovative demonstration projects related to the four priorities. The Preservation Fund for Eastern Massachusetts of the National Trust for Historic Preservation is supporting production of these Issue Briefs.