

Incentives to encourage the development of lower-cost housing types overview

In many cities, towns and counties, it can be difficult to finance and develop lower-cost housing types, such as multifamily housing, micro-unit, single-room occupancy development, and accessory dwelling unit.

The development process can be particularly challenging in built-out urban environments, where land is often more costly and neighborhood opposition can derail a project.

After taking the important first step of reviewing regulations to reduce barriers to development, local jurisdictions may find that additional incentives are required to encourage the creation of lower-cost homes. Incentives such as tax abatements and streamlined permitting processes aim to stimulate the development of housing types that are more likely to be affordable to low- or moderate-income households. They are similar to the incentives offered to developers of dedicated affordable housing, but do not come with restrictions on rents or home prices.
