



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.