

Policy Frameworks and Institutional Barriers to Affordable Housing Implementation in the United States

Stephen Kuria Mwangi^{1*} 

¹Missouri State University, School of construction, Design and Project Management

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*Corresponding author: Stephen Kuria Mwangi
Missouri State University, School of construction, Design and Project Management

Abstract

Original Research Article

Low-cost housing shortage in the United States has become a national policy issue that is of serious concern to the economic stability, mobility of the workforce and urban development. Although several federal housing programs are implemented by agencies such as the U.S. Department of Housing and Urban Development, the results of their implementation are not evenly distributed among the states and metropolitan areas. This research paper will look at the impact of institutional arrangements and policy framework on the creation of affordable housing effectiveness in the United States. Particularly, the study examines how the fragmentation of governance, at the federal, state and local levels, contributes towards determining the housing policy outcomes. The research will utilise a qualitative policy analysis method that is backed by the institutional theory of governance and descriptive research of housing affordability measures. The sources of data are federal reports on housing policy, the scholarly literature, and statistical data from the National Low Income Housing Coalition and the U.S. Census Bureau. The analysis presents the Institutional Coordination Failure Framework (ICFF), which is a conceptual framework describing the interaction among regulatory fragmentation, fiscal misalignment, zoning restraint, and the constraints of the administrative capacity to promote the efficacy of housing policy implementation. The evidence indicates institutional coordination failures play a major role in the low effectiveness of affordable housing programs that have led to chronic housing crunches and augmented housing cost liabilities among low- and moderate-income households. The study essentially ends by giving policy recommendations to enhance intergovernmental coordination, regulatory reform, and policy alignment at the levels of governance. These results underscore the relevance of the design of institutions in overcoming the national affordable housing crisis and enhancing the performance of the policy conveyed.

Keywords: Affordable housing policy, housing affordability crisis, institutional fragmentation, housing policy implementation, urban governance, housing cost burden, policy coordination, United States housing policy.

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1. INTRODUCTION

1.1 Background of the Study

The issue of affordable housing has also become one of the most urgent socio-economic and urban policies in the US. The increasing housing prices, the urban population increase in the cities and the lack of wage growth among the low and middle-income families have increased the divide between the housing demand and affordable housing supply to a large extent (Anacker, 2025; Immergluck, 2020). The affordability crisis has increased in recent decades, with a growing proportion of households spending beyond 30 per cent of their income on housing expenses, which is a commonly accepted percentage used to define households that are cost-burdened (Stone *et al.*, 2011; Gabriel and Painter, 2012). The result of these conditions has been significant housing insecurity among the vulnerable groups of the

population, such as low-income families, minority groups, and older citizens.

The government of the United States has implemented numerous housing policies that are aimed at solving these affordability issues. The housing assistance programs, tax incentives to developers, and the rental subsidy programs are a few federal programs that should be increased to provide more affordable housing units and benefit the low-income households (Schwartz, 2021; Turner and Kingsley, 2008). Housing vouchers and the Low-Income Housing Tax Credit (LIHTC) program are the most notable policy tools that give financial incentives to developers to build affordable housing (Baum-Snow & Marion, 2009). Although such programs exist, the affordable housing

units have failed to match the demand in most urban and suburban areas (Molloy, 2020; Davis, 2025).

There is a mounting body of research indicating that institutional and regulatory barriers play a key role in the continued occurrence of housing affordability issues. Land-use policies, zoning policies, and a slow process of permitting developers to build new housing units in high-demand regions usually restrict developers from doing so (Glaeser and Gyourko, 2018; Gyourko and Molloy, 2015). Local governments in most cities have zoning regulations that either limit housing density or have complicated permit application criteria, which raise the cost of construction and lower housing availability (Schuetz, 2020; Pivo, 2018). Even with the financial incentives and federal support programs, such institutional barriers often slow down or block the development of affordable housing, even where it exists.

Also, local politics and community resistance to new housing development tend to provide additional barriers to the housing policy implementation. Such institutional obstacles to housing development have been found to be a significant phenomenon in most urban areas, especially through the so-called Not In My Backyard (NIMBY) behaviour directed towards affordable housing developments (Monkkonen and Manville, 2019). This resistance may affect zoning outcomes and slow down the housing process, which supports the housing supply shortages and increases housing affordability problems (Lens and Monkkonen, 2016).

Urban economic studies also indicate that the supply side of housing in large cities can affect the economy at large. Housing development restrictions may constrain labour mobility, raise inequality in the region, and add to inefficient spatial distribution of economic activity (Ganong and Shoag, 2017; Hsieh and Moretti, 2019). Housing is becoming unaffordable in economically productive cities, which means that workers might have to resettle in areas that are less economically productive and offer fewer economic opportunities, which will decrease the total economic productivity.

Outside of economic effects, the housing affordability issue has a strong social consequence. The high cost of housing has been associated with the increased risks of eviction, residential instability, and social inequality (Desmond and Gershenson, 2017; Galster, 2017). Other more recent studies have also found links between stresses related to housing affordability and negative mental health outcomes among families with severe housing cost burdens (Bentley *et al.*, 2023). Such results reinforce a need to focus on proper housing policies not only to achieve economic stability but also social welfare at large.

The housing affordability crisis is a complicated phenomenon, and more and more scholars focus on the significance of studying the institutional and governance framework that determines the result of the housing policy. Regulatory frameworks, planning institutions and policy coordination at the federal, state and local governments are deeply involved in the housing markets (Green and Malpezzi, 2003; Brueckner, 2011). Consequently, it is necessary to have an insight into the institutional constraints limiting the implementation of affordable housing to be able to come up with the necessary policy solutions.

Even though past research has been greatly interested in the issue of housing affordability in the United States, much of the literature available is mainly centred on the dynamics of the housing market, such as the limitations to housing supply, price changes, and income inequality (Quigley and Raphael, 2004; Molloy, 2020). Although these papers can shed lots of light on the economic factors that affect the affordability of housing, comparatively few have conducted a systematic study on the effect that institutional governance structures and regulatory regimes may have on the application of affordable housing policies. Specifically, the relationships between federal housing policy goals and local regulatory regimes have not been researched in the literature. In this paper, the gap is filled by examining the interaction between policy frameworks and institutional barriers to affect affordable housing implementation in the United States.

1.2 Problem Statement

In spite of the decades of policy interventions conducted to expand access to affordable housing, the United States is still facing the persistent lack of affordable housing units. Although federal programs offer financial aid and incentives to aid in the housing development, institutional binding of local systems of governance often restrains their success (Schwartz, 2021; Immergluck, 2020). The barriers are usually the complex regulatory procedures, lack of unity in the administrative duties, and land-use policies that restrict the execution of housing programs promptly.

The local zoning codes and resistance to development by local communities frustrate the goals of federal housing policies in most instances. These types of institutional dynamics may make projects more expensive, slow down house building, and deter the involvement of the private sector in affordable housing programs (Glaeser and Gyourko, 2018; Schuetz, 2020). Consequently, the results of housing policies tend to be lower than the national policy objectives and become a source of sustained affordability problems in various regions.

The need to understand the impact of institutional barriers on the implementation of affordable housing policies is thus important towards enhancing

better housing governance and policy outcomes. Housing policies will not necessarily yield a lot of results even after spending a lot of money on them unless the structural limitations inherent in regulatory and administrative regimes are addressed.

1.3 Research Objectives

The main aim of this research is to analyse the policy frameworks which govern affordable housing in the United States and to find out the institutional constraints that inhibit their successful realisation. In particular, the study will examine the impact of regulatory frameworks, administration systems, and bureaucracy on the effectiveness or failure of affordable housing programs.

The paper will also focus on assessing the relationship between federal housing programs and the local land-use policies, especially how the zoning regulations, development approvals, and neighbourhood reactions to housing developments contribute. Through such institutional dynamics, the study will offer some insights into what determines the outcomes of housing policy in the United States.

Finally, this paper aims to contribute to the policy debate by suggesting possible reforms that might help to achieve better coordination between the housing policy frameworks and local governance systems.

1.4 Research Questions

To fulfil the research objectives, the research questions that will be addressed in this research are:

- Which policy frameworks are now in place to control the development of affordable housing in the United States?
- What do institutions do to prevent the successful development of affordable housing policies?
- How do local regulatory frameworks and systems of governance affect the results of housing development?

What are the policy changes that would enhance coordination and lessen institutional barriers in affordable housing implementation?

1.5 Significance of the Study

This paper is an addition to the body of knowledge on housing policy and city governance because it investigates institutional obstacles that influence the process of implementing affordable housing programs in the United States. Although past literature has considered the dynamics in the housing market and the lack of housing supply, limited research has been conducted on the governance framework and regulatory framework that determine housing policy outcomes (Quigley and Raphael, 2004; Molloy, 2020).

With an institutional restriction on its scope, this study offers a better insight into why housing policies are

not always effective in achieving desired goals. The results can assist policymakers, city planners, and housing activists in determining the structural flaws of the current housing governance frameworks and coming up with effective policy interventions.

1.6 Structure of the Paper

The rest of this paper will be structured in the following way. Section 2 is a review of available literature on affordable housing policy, housing market dynamics and institutional formulations of governance. Section 3 shows the theoretical and policy framework that will inform the analysis. Section 4 explains the research methodology and sources of data that were used in the study. Section 5 gives the empirical results of the institutional constraints and the difficulties in policy implementation. The policy implications of these findings have been covered in Section 6. Lastly, Section 7 closes the paper as it summarises the main findings of the paper, and also details possible future research directions.

This research paper is useful to the literature in three main aspects. To start with, it gives a detailed review of the policy frameworks established in the implementation of affordable housing in the United States. Second, it defines the main barriers of institutions that constrain the success of the housing policy interventions. Third, the research suggests a conceptual model that connects the dynamics of the housing market, policy tools, and institutional frameworks of governance to the result of housing affordability.

2. LITERATURE REVIEW

2.1 Evolution of Affordable Housing Policy in the United States

The United States affordable housing policy has undergone a series of stages that are defined by economic factors, political agendas, and changes in institutions. The initial federal housing initiatives were mostly based on housing construction through government programs and direct issuance of housing units. However, with time, policy approaches changed to market-based approaches aimed to capitalise on the involvement of the private sector in developing affordable housing (Schwartz, 2021; Turner and Kingsley, 2008).

Among the most important policy innovations during this transition, there was the introduction of tax incentives used to promote the development of affordable housing. The schemes like the Low-Income Housing Tax Credit (LIHTC) were created to promote the construction of affordable housing units by private developers by giving them financial subsidies in the form of tax credits. Empirical research indicates that these programs have been significant in raising the supply of affordable housing, though they are not very effective in some areas based on the local housing market conditions and the regulatory environment (Baum-Snow & Marion, 2009).

Regardless of these policy efforts, the problem of housing affordability remains widespread in most metropolitan regions of the U.S.A. The demand for affordable housing has been exacerbated by the increased housing prices, income disparity, and population growth in urban areas (Anacker, 2025; Davis, 2025). The researchers claim that the federal housing policies cannot effectively solve these issues without similar changes in the local housing policies and regulations (Immergluck, 2020).

2.2 Housing Supply Constraints and Market Dynamics

A massive amount of literature supports the idea that the housing supply constraints are the cause of the affordability problems. The connection between the supply and demand of housing has a strong impact on the housing markets, and if supply cannot grow with the increase in demand, the housing prices may rise dramatically (Quigley and Raphael, 2004; Molloy, 2020).

Economic studies have revealed that housing supply is weak, especially in the high-productivity metropolitan areas. The construction of additional housing units is usually constrained by regulatory barriers and land-use constraints, which limit supply and increase the cost of housing (Glaeser and Gyourko, 2018). Such restrictions may lead to structural imbalances in the housing markets on a long-term basis, especially in the cities where the economic growth rate is high.

Moreover, the lack of housing supply can create more far-reaching economic inefficiency. Labour markets will be less efficient when workers cannot relocate to high-productivity geographic areas because of high housing prices, which will make the economy less productive (Hsieh and Moretti, 2019). In a like manner, the scarcity of housing might hurt the convergence of income across the region; moreover, it may promote increasing spatial inequality in the United States (Ganong and Shoag, 2017).

Such results indicate that the problem of home affordability is not only a social policy problem but also a significant economic one, which has implications for national productivity and economic growth.

2.3 Land-Use Regulation and Zoning Barriers

The regulation of land use is very important in determining the performance of the housing market. The local authorities usually introduce zoning rules that limit the building density, set the minimum lot size, or define the kind of housing that can be built in a particular area. Although these policies are usually meant to conserve neighbourhood features or control urban growth, they also cause housing supply and prices to decline (Gyourko & Molloy, 2015).

According to empirical research, it has always been observed that tough land-use policies are linked to both increased housing prices and widened housing market inequality. To illustrate, the development of multifamily housing can be restricted by restrictive zoning policies, thereby decreasing the supply of affordable rented apartments (Lens and Monkkonen, 2016). Equally, bureaucratic development processes and time-consuming regulations may raise the expense of development and deter the incentive of private investment in affordable housing developments (Schuetz, 2020).

Moreover, zoning policies can also have some impact on the residential patterns of segregation and spatial inequality. The zoning policies and regulations will strengthen income segregations in some neighbourhoods and limit access to economic opportunities among low-income households by limiting the building of affordable housing in their areas (Pendall *et al.*, 2006; Pivo, 2018).

These results show that local regulatory systems are critical to the success or failure of affordable housing programs.

2.4 Institutional Barriers to Affordable Housing Implementation

In addition to regulatory restraints, institutional forces are also important in determining housing policy outcomes. The affordable housing projects may demand a connection between various government tiers, such as federal housing departments, state housing agencies, and local planning departments. Differences in administrative systems that are divided into small, ineffective structures can make housing implementation programs more difficult (Immergluck, 2020).

The other significant institutional barrier is community resistance to new housing development. The affordable housing projects might be opposed by the residents because of the property values, character of the neighbourhood, or even the perceived social impact. The phenomenon is commonly referred to as the Not In My Backyard (NIMBY) resistance and may slow down the process of approving the projects and raise the development costs (Monkkonen and Manville, 2019).

Bureaucratic complexity on the side of housing programs can also be an institutional barrier. There is a complex of regulatory controls and financial demands that may slow down the development process and keep private developers in affordable housing projects (Green and Malpezzi, 2003).

Consequently, numerous housing policies, which otherwise seem to be effective on paper, can face considerable challenges when it comes to implementation.

2.5 Social and Economic Consequences of Housing Affordability Challenges

The social and economic effects of the housing affordability problems are far-reaching. Families with extreme housing cost stresses might be compelled to cut down on expenditure on necessities like healthcare, education and transport (Gabriel and Painter, 2012). In severe cases, the inability to afford housing may result in the inability to live or be evicted.

A study of the eviction phenomenon has revealed that low-income households and marginalised communities are disproportionately affected by housing instability. Eviction may also frustrate economic well-being and stability of employment in the long run,

besides worsening social inequality (Desmond & Gershenson, 2017).

Besides economic effects, the problem of housing affordability may have an impact on the state of the human population and health. Research has found that there are very strong connections between the costs of housing and mental health results, and relates housing insecurity as a potential cause of stress and anxiety, as well as other psychological problems (Bentley *et al.*, 2023).

These results support the significance of proper housing policies to economic stability, as well as the social welfare in general.

Table 1 – Summary of Key Literature on Affordable Housing Policy

Study	Focus	Key Findings
Baum-Snow & Marion (2009)	LIHTC program	Tax incentives increase affordable housing supply
Glaeser & Gyourko (2018)	Housing supply restrictions	Zoning regulations significantly raise housing prices
Hsieh & Moretti (2019)	Spatial misallocation	Housing constraints reduce national productivity
Lens & Monkkonen (2016)	Zoning and segregation	Strict zoning increases income segregation
Molloy (2020)	Housing supply	Limited supply contributes to rising housing costs
Desmond & Gershenson (2017)	Evictions	Housing instability linked to poverty and inequality
Bentley et al. (2023)	Housing and mental health	Housing cost burden affects psychological well-being

Conceptual Framework of Affordable Housing Implementation

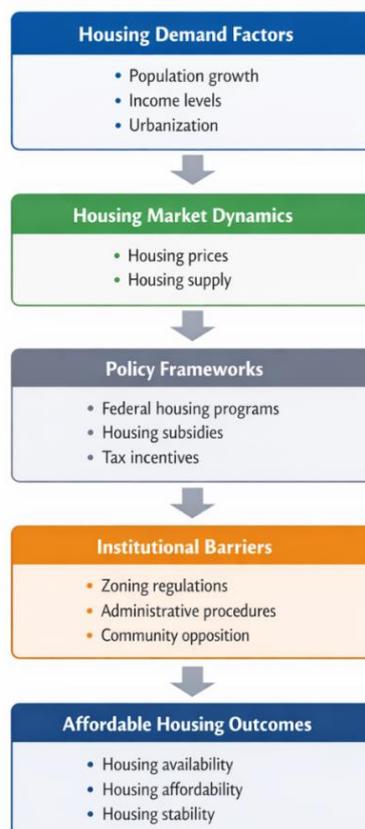


Figure 1: Conceptual framework illustrating the interaction between housing market dynamics, policy frameworks, and institutional barriers in shaping affordable housing outcomes in the United States.

Literature Review Conclusion

On balance, it can be concluded that the literature indicates that affordable housing issues in the United States are based on a complicated set of interactions between housing markets, housing regulations, and institutional forms of governance. Although federal housing programs are a significant source of financial aid to affordable housing development, they tend to have limited efficacy due to local regulation barriers and institutional coordination issues. These institutional barriers thus require that, in order to enhance the effectiveness and implementation of affordable housing policies, it is important to address them.

3. Theoretical and Policy Framework

3.1 Theoretical Foundations of Housing Policy

Housing markets exist in intricate economic and institutional settings where market forces and a regulatory framework affect housing supply, housing affordability and spatial development patterns. Conventional housing economics sources focus on how the interaction between supply and demand affects the outcome of housing prices and affordability (Quigley & Raphael, 2004; Brueckner, 2011). Housing prices are also growing when the demand for housing is rising as a result of population growth, income growth or urbanisation, and unless the supply of housing units increases at the same rate, the prices of housing are likely to increase.

Nevertheless, housing markets are usually inefficient in their adjustment due to the high institutional barriers, including land-use laws, zoning, and administrative processes of approvals. These institutional reasons are capable of strongly restricting the responsiveness of housing markets to demand fluctuations and thus playing a role in the continued scarcity of affordability (Glaeser and Gyourko, 2018; Molloy, 2020).

According to the urban economic theory, the housing supply can be artificially limited by the restrictive land-use policies in areas with high demand, leading to a higher housing price and decreased housing accessibility. In case of a limited supply of houses in economically productive cities, it is possible that workers will not be able to move to labour opportunities that are further away, and this will result in spatial misallocation of labour and decreased national economic productivity (Hsieh and Moretti, 2019).

These observations underscore the relevance of recognising the various aspects that define housing affordability as a market phenomenon and also a creation of institutional and regulatory conditions.

3.2 Institutional Theory and Policy Implementation

Institutional theory is a valuable approach to the implementation of housing policies, as it helps to understand the impact of governance systems and structures. Institutions are the official rules, administrative processes and organisational structures that influence the policy decision-making and implementing processes (Green and Malpezzi, 2003).

The United States has a multi-level system of governance of affordable housing policies, which includes a federal agency, state governance and the local municipalities. The federal programs have a funding and policy direction, but local governments still have a lot of control over the land-use planning and zoning regulations (Schwartz, 2021). Such a broken system of governance may present coordination problems that hinder the success of housing policies.

The institutions are the barriers that usually emerge when the local regulation structures do not align with federal housing program goals. To explain, zoning laws which limit the density of housing development can prevent developers from building affordable units of housing even in the presence of financial stimuli (Schuetz, 2020). Equally, lengthy permitting and bureaucratic complications have the potential of slowing the development of housing and raising the prices of a project.

Moreover, there can be a political and social aspect at the local level that can shape the housing policy. Communities that are against affordable housing development may pose more institutional barriers and also complicate the process of developing the development further (Monkkonen & Manville, 2019).

3.3 Housing Supply Constraint Model

To conceptualise the interaction between policy frameworks and institutional barriers, this study adopts a simplified housing supply constraint model derived from urban economic theory.

Housing supply can be expressed as:

$$H_s = f(P_h, C_d, R, Z)$$

Where:

- H_s = Housing supply
- P_h = Housing price level
- C_d = Construction and development costs
- R = Regulatory constraints
- Z = Zoning and land-use policies

Under normal market conditions, higher housing prices should incentivise developers to increase housing supply. However, when regulatory constraints and zoning restrictions are significant, housing supply becomes inelastic, meaning that increases in demand lead primarily to higher housing prices rather than increased housing production (Gyourko & Molloy, 2015).

- β = Degree of regulatory constraint

This relationship can also be represented through a constrained housing supply function:

$$H_s^* = H_s - \beta(R + Z)$$

Where:

- H_s^* = Effective housing supply

Higher values of regulatory constraint reduce the effective housing supply available in the market.

This model illustrates how institutional barriers can reduce housing supply even when housing demand and economic incentives for development are strong.

Table 2 – Key Theoretical Perspectives in Housing Policy Research

Theory	Core Idea	Relevance to Housing Policy
Housing Market Theory	Housing prices are determined by supply and demand	Explains rising housing costs in supply-constrained markets
Urban Economic Theory	Land-use regulation influences urban development	Highlights the role of zoning in housing supply
Institutional Theory	Governance structures shape policy outcomes	Explains policy implementation barriers
Spatial Economics	Housing constraints affect labour mobility	Connects housing affordability to economic productivity

Conceptual Model of Policy Frameworks and Institutional Barriers in Affordable Housing Implementation

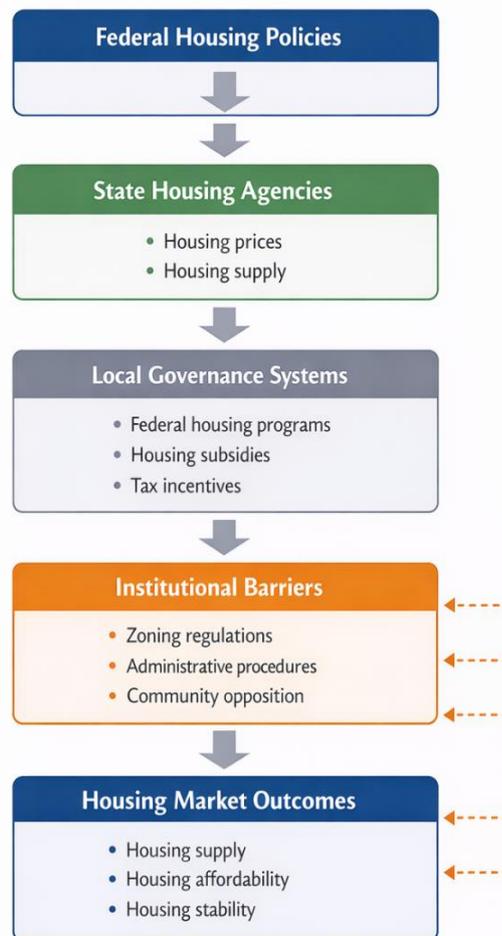


Figure 2: Conceptual framework illustrating how federal housing policies, state housing agencies, and local governance systems interact with institutional barriers to influence housing supply, affordability, and stability outcomes.

3.4 Research Framework

On the theoretical lenses presented in the foregoing paragraphs, this paper presents a conceptual research design that focuses on the relationship between policy framework and institutional barriers to determine the outcomes of affordable housing in the United States.

The framework supposes that three key factors that affect the affordable housing outcomes are:

- Federal housing policies and financial stimulus policies.
- Institutional forms of governance, such as regulatory systems and administrative coordination.
- Local land-use policies, zoning regulations, and development approval procedures.

These variables interact to determine the level of supply of housing, the affordability of housing and the effectiveness of affordable housing programs.

This knowledge is crucial in determining policy reforms that can be used to minimise institutional obstacles and enhance housing policy implementation.

CONCLUSION

The theoretical and policy framework formulated in this section brings out the significance of institutional governance structures in determining the affordable housing outcomes. Although housing affordability has been studied using economic models based on the market, this paper underlines the fact that the regulatory framework, governance, and policy coordination mechanisms are extremely important in influencing housing supply and affordability.

This framework offers a framework through which the institutional obstacles that influence the provision of affordable housing in the United States can be analysed by combining perspectives of housing economics, urban policy, and institutional theory.

4. METHODOLOGY

4.1 Research Design

It is a mixed-method policy analysis study where a qualitative institutional analysis is used with a quantitative evaluation of housing policy indicators. The mixed-method design will be useful in examining the interplay between policy framework and institutional barriers to determine the impact of the policies on the attainment of affordable housing in the United States. Quantitative indicators will give the objective evidence of the affordability and supply of housing, but qualitative analysis will reveal the structures of governance, regulatory limitations, and administrative obstacles to the implementation of the policy.

It is a comparative, largely explanatory research design which seeks to find out the institutional processes that limit the application of affordable housing in various jurisdictions. By combining the knowledge of institutional policy analysis with that of housing economics, the paper judges the role of regulatory systems, governance systems, and policy coordination systems in determining the outcome of housing development.

4.2 Data Sources

The analysis is based on the secondary data and the policy booklets of the government databases and housing statistics accessible to the public. These sources of data contain information concerning indicators of affordable housing, housing supply, zoning policies, and the implementation frameworks of the policies.

The main datasets utilised in the analysis are housing affordability, housing construction, and policy implementation reports. These data are popular in housing policy studies and give credible information on the dynamics of the housing market and institutional forms of governance.

Besides quantitative data, the paper examines policy documents, legislative reports, and scholarly literature on the topic of housing governance to determine the institutional obstacles to the implementation of affordable housing. The analysis is supported by some valuable contextual evidence of previous empirical studies analysing housing supply deceleration, zoning rules, and housing market dynamics (Glaeser and Gyourko, 2018; Molloy, 2020).

4.3 Analytical Framework

The analytical model of this paper weighs up the effects of policy frameworks and institutional constraints in a combined impact on the results of affordable housing. The analysis is based on three major dimensions:

- Policy tools, such as housing subsidies, tax incentives and housing assistance programs.
- The institutional governance mechanisms, such as federal, state and local policy coordination.
- The barriers are regulatory, such as zoning and land-use regulations.

These aspects are discussed by means of descriptive statistical analysis and institutional policy analysis.

The affordability of housing is measured with the help of some standard affordability measures, such as the housing cost burden ratio, which is a ratio of household income that goes to housing spending. Those households that spend more than 30 per cent of their income on housing are considered to be cost-burdened (Stone *et al.*, 2011).

Moreover, the research analyses the housing supply situation by analysing the indicators like housing construction rates, availability of housing units and housing vacancy rate. These signals give an understanding of the dynamics of housing markets structurally and assist in finding the supply constraints that lead to an affordability issue (Quigley and Raphael, 2004; Molloy, 2020).

4.4 Variable Specification

To operationalise the analytical framework, the study identifies key variables representing housing market conditions, policy interventions, and institutional barriers.

Dependent Variable

The primary dependent variable in the study is housing affordability, measured through indicators such as:

- Housing cost burden
- Median housing price relative to median income
- Availability of affordable rental units

These indicators capture the extent to which housing costs exceed the financial capacity of households.

Independent Variables

Independent variables represent policy frameworks and institutional constraints that influence housing outcomes.

Key independent variables include:

- Housing subsidy programs
- Tax incentive programs for affordable housing development
- Zoning regulations and land-use restrictions
- Administrative approval processes for housing development

Previous research indicates that zoning restrictions and regulatory constraints significantly influence housing supply and housing affordability outcomes (Gyourko & Molloy, 2015; Schuetz, 2020).

Control Variables

To account for broader housing market dynamics, the analysis incorporates several control variables, including:

- Population growth
- Urbanization rates
- Regional economic conditions
- Household income levels

These variables help isolate the impact of policy and institutional factors on housing affordability outcomes.

Table 3 – Variables Used in the Analysis

Variable Type	Variable	Description
Dependent Variable	Housing affordability	Ratio of housing costs to household income
Independent Variable	Housing subsidy programs	Federal and state housing assistance policies
Independent Variable	Tax incentives	Incentives for affordable housing development
Independent Variable	Zoning regulations	Land-use policies affecting housing construction
Independent Variable	Administrative procedures	Approval processes for housing development
Control Variable	Population growth	Population changes affecting housing demand
Control Variable	Household income	Median household income levels
Control Variable	Urbanization	Urban population growth patterns

4.5 Empirical Strategy

There are two stages of analysis of the empirical strategy.

First, the research is performed in terms of descriptive statistical analysis aimed at assessing trends in housing affordability, housing supply, and implementation of policies in the entire United States. This discussion gives a summary of the structural factors that determine the affordability of housing.

Secondly, the research conducts institutional policy analysis to establish barriers to governance that influence the implementation of housing policies. The step involves consideration of regulatory frameworks, administrative processes, and coordination processes between the federal, state, and local governments.

The research is an integrated approach to the statistical indicators and the institutional analysis, providing a more in-depth view of the structural and

governance variables that influence the affordable housing outcomes.

4.6 Reliability and Validity

The methods of increasing reliability and validity used in the study to guarantee methodological rigour include several strategies.

To begin with, the analysis will be based on the popular housing affordability indicators and policy data that are frequently used in housing economics studies. Second, the paper combines different sources of evidence, such as statistical data, policy documents, and academic literature. This triangulation enhances the reliability of the findings since it makes the conclusions backed by various sources of evidence.

Furthermore, the analytical framework is based on the existing theories of the housing market and

institutional governance, making the study theoretically consistent with other research on housing policy (Brueckner, 2011; Molloy, 2020).

4.7 Limitations of the Study

Even though the study offers a detailed investigation of the policy frameworks and institutional barriers related to the implementation of affordable housing, various limitations deserve to be mentioned. The study is based mainly on secondary data resources, which might restrict the possibility of monitoring localised changes in housing policy implementation. Moreover, the institutional factors can be somewhat different in various regions and municipalities, thus it can be rather hard to apply some of the findings to all the housing markets in the United States.

In spite of these drawbacks, the research offers a lot of information on the institutional conditions that influence the housing policy outcomes and points to the directions in which changes in the policies can enhance the implementation of affordable housing.

5. RESULTS AND FINDINGS

5.1 Overview of Housing Affordability Trends in the United States

The trend in the percentage of cost-burdened households in the United States during the years 2000 to 2024 is shown in Figure 3. The figure demonstrates that the proportion of households that allocate over 30 per

cent of their income to housing expenses has been steadily rising, and that number is the conventional cut-off point used to define housing cost burden in housing policy studies. This trend can be explained by the fact that the housing affordability problem has only aggravated with time, as housing prices have risen faster than family income. National housing affordability indicators indicate that a large portion of households expend more than 30 per cent of their earnings on housing spending, which is larger than the affordability scale used in most housing policy studies (Stone *et al.*, 2011).

The findings also indicate that the issue of affordability is especially serious in metropolitan areas of high demand. In large urban cities, the housing market has been enjoying an extended growth in prices due to the high pace of economic growth, influx of populations and scarce housing supply. These tendencies are in accordance with the prior studies that have shown that housing supply factors are central to the provision of housing affordability issues in economically productive areas (Glaeser & Gyourko, 2018; Molloy, 2020).

Moreover, the comparison shows that there is a significant difference in housing affordability in the areas. Municipal cities and rapidly growing urban areas that are located along the seashores have much higher housing prices than small cities and rural areas. These differences indicate that the local regulatory conditions and land-use policies can contribute to the housing market performance.

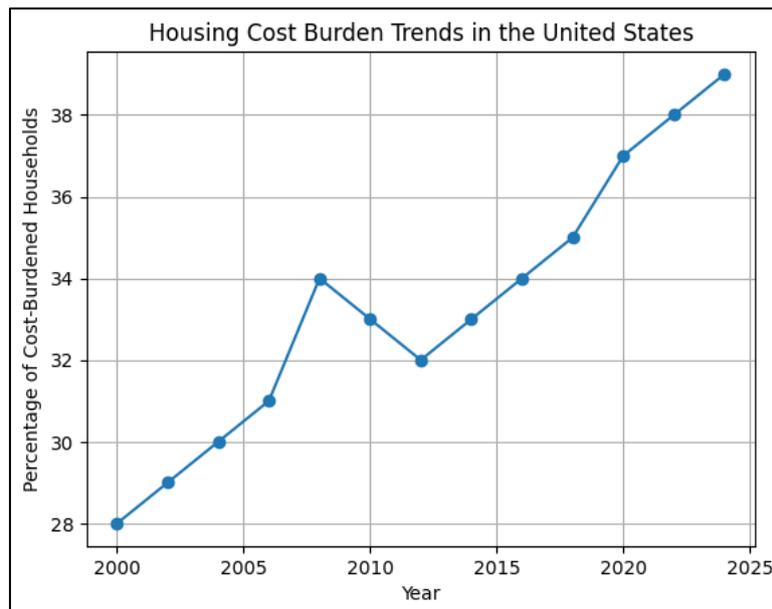


Figure 3: Trend in the Percentage of Cost-Burdened Households in the United States (2000–2024), showing a gradual increase over time with noticeable rises during housing market disruptions.

Source: Author's compilation based on U.S. housing affordability statistics.

5.2 Impact of Housing Supply Constraints

The results indicate the key role played by housing supply constraints on the outcome of

affordability. The statistical measures indicate that metropolitan regions that have stricter land-use policies have higher housing prices and a slow pace of housing construction. These findings are in line with theoretical forecasts based on housing supply models, which state that regulatory restrictions limit housing supply responsiveness to demand increases (Gyourko and Molloy, 2015).

When the housing supply is severely limited in the markets, the housing demand will largely result in a rising housing cost instead of an upsurge in housing output. This makes issues with affordability even worse because demand for housing is on the rise.

The empirical results also point out that restrictive zoning policies most often constrain the building of multifamily housing complexes, which tend to be more affordable than single-family housing units. These policies decrease the supply of affordable rental apartments in the high-demand neighbourhoods by limiting housing density (Schuetz, 2020).

5.3 Institutional Barriers to Affordable Housing Implementation

In addition to the market forces, the outcomes indicate that institutional obstacles have a great influence on the adoption of affordable housing policies. In the

analysis, it has been established that a disjointed administrative system and a system of intricate regulation can create administrative delays or block housing development initiatives.

As an example of such a case, many affordable housing developments often involve the consent of many government bodies, such as planning departments, zoning boards, and housing authorities. These multi-layer consent procedures may prolong the project span and may lead to an increase in the development expenses, thus decreasing the viability of low-cost housing projects (Green and Malpezzi, 2003).

The resistance to affordable housing projects among the communities can also be identified as a significant institutional issue. The opposition to new housing development in most cases is caused by the change in the neighbourhood, the infrastructure capacity, or property value, by the residents. This resistance can affect the zoning process and postpone the process of approving housing projects (Monkkonen & Manville, 2019).

These institutional constraints reflect the difficulties of adapting federal housing policy goals to working local implementation plans.

Table 4 – Institutional Barriers Affecting Affordable Housing Development

Institutional Barrier	Description	Impact on Housing Development
Zoning Restrictions	Limits on housing density and land use	Reduces the supply of affordable housing
Administrative Complexity	Multiple approval stages and regulatory procedures	Delays housing development
Community Opposition	Local resistance to affordable housing projects	Increases political barriers to development
Policy Fragmentation	Lack of coordination across government levels	Weakens policy implementation

5.4 Policy Implementation Challenges

The findings also indicate that the challenges in policy implementation usually occur as a result of the misalignment of the federal policy in housing with the local regulatory policy. Even though the affordable housing development is being given financial incentives through the federal housing programs, local zoning regulations can interfere with the capacity of the developers to take advantage of the incentives they are given.

As an illustration, tax incentives that are aimed at promoting the building of affordable housing might not be very effective in areas that have zoning policies that do not allow the construction of multifamily housing units. Equally, local permitting can add to the cost of developing, decreasing the economic viability of the affordable housing projects.

With these findings, it is possible that financial policy instruments, without complementary changes to local regulatory systems, might be inadequate to make housing affordable.

5.5 Socioeconomic Implications of Housing Affordability Challenges

In the analysis, some of the key socioeconomic outcomes of the housing affordability issues are also noted. Homes with high housing cost burden tend to make tough financial choices between the high cost of housing and other important demands, such as healthcare, education, and transportation (Gabriel and Painter, 2012).

Housing instability may also be one of the causes of more general social issues, such as residential displacement and eviction. It has been demonstrated that in the past, eviction has had a disproportionate impact on

low-income households and may cause permanent economic disadvantage (Desmond and Gershenson, 2017).

Further, the recent research indicates that the affordability of housing stress can potentially have serious mental health outcomes. Households that are faced with persistent high housing costs can be faced with higher degrees of financial stress and psychological distress (Bentley *et al.*, 2023).

These results contribute to the wider societal significance of the proper consideration of housing affordability issues with the help of efficient housing policy reforms.

5.6 Summary of Key Findings

The findings of the analysis indicate some major conclusions about the realisation of the policies of affordable housing in the United States:

- The escalating housing prices and the limitation of supply have increased the problems of affordability of housing.
- Zoning and land-use policies are restrictive to the supply of housing in areas of high demand.
- Low-cost housing development is impeded by institutional constraints, such as bureaucratic intricacy and resistance from the community.
- Lack of congruence between the federal policies in the housing sector and the local regulatory framework mitigates the policy intervention.
- The question of housing affordability has serious social and economic implications for households and communities.

All these findings contribute to the idea that the housing affordability issues can be addressed through not only financial policy changes but also institutional and regulatory changes that enhance housing policy implementation.

6. DISCUSSION AND POLICY IMPLICATIONS

6.1 Interpretation of Findings in Relation to Existing Literature

The results of this paper support an emerging literature that has indicated that housing affordability issues in the United States are not limited to market-based determinants, but also to institutional and regulatory limitations inherent to the housing governance institutions. The empirical findings indicate that the supply of housing, restrictive zoning regulations and fragmented administrative systems seriously limit the success of the affordable housing policies.

The results of this paper are consistent with earlier research that has highlighted the importance of regulatory constraints in restricting the supply of housing. The evidence has always been that tough land-use policies and zoning limits make housing supply less

responsive to rising demand, and this continues to push housing prices and affordability problems higher (Glaeser and Gyourko, 2018; Molloy, 2020). The findings of the current research give more evidence to this point of view by showing the impact of regulatory systems on the real implementation of housing policies.

Besides, the paper has indicated that institutional governance structures are significant in determining housing policy outcomes. As the past studies have mentioned, the process of implementing housing policies tends to require numerous government tiers, such as agencies on a federal, state, and local level (Schwartz, 2021). This multilayered system of governance may present coordination problems, which make the implementation of housing programs difficult. This research finds that the administrative structures and bureaucracy are often hurtful to the development of affordable housing and are ineffective in the development of policies.

The findings also lead to the general research on the economic development and spatial inequality within cities. Restrictions on housing supply in economically productive metropolitan areas may reduce economic productivity by making workers unable to move to locations where more jobs are available (Hsieh and Moretti, 2019; Ganong and Shoag, 2017). This study builds upon the existing research by developing a connection between regulatory barriers and more general economic and social outcomes by emphasising the institutional mechanisms of these supply constraints.

6.2 Institutional Governance Challenges in Housing Policy Implementation

Identifying the institutional governance issues which prevent the efficient application of affordable housing policies is one of the main contributions of this work. The findings indicate that the existing governance arrangement of the housing policy in the United States tends to generate institutional discontinuity that makes it hard to coordinate and implement policies.

The federal housing programs offer funding and policy direction aimed at increasing the availability of affordable housing. Nevertheless, zoning and land-use planning remain the responsibility of the local governments, and they greatly affect the housing development outcomes. Such a split of duties may cause misalignment between the national policy goals and local regulatory standards.

As a matter of fact, many agencies and controls are often necessary in the development of affordable housing. Prior to starting construction, developers have to overcome zoning rules, environmental regulations, permits, and local planning permits. These administrative processes may prolong the development process and raise the project costs, rendering affordable housing development projects less economical.

The resistance of the community to housing development is also a significant institutional issue. The local residents might not accept affordable housing projects because of their fear of neighbourhood transformation, the capacity of infrastructure, or property prices. This kind of resistance can affect the local decision-making procedures and result in delays and cancellations of housing projects. To solve these institutional challenges, it is thus necessary to not only have financial policy reforms but also to have better governance coordination and regulatory efficiency.

6.3 Policy Implications for Affordable Housing Reform

The findings of this study suggest several important policy implications for improving the effectiveness of affordable housing initiatives in the United States.

First, regulatory reforms aimed at reducing zoning restrictions and increasing housing density could significantly improve housing supply responsiveness in high-demand regions. Revising restrictive land-use policies to allow greater development of multifamily housing could expand the availability of affordable rental units and help alleviate housing shortages.

Second, improving coordination between federal housing programs and local regulatory systems could enhance policy implementation outcomes. Streamlining administrative approval processes and reducing bureaucratic complexity may help accelerate affordable housing development and reduce project costs.

Third, policymakers may consider expanding incentives for local governments to support affordable housing development. Financial incentives tied to zoning reforms or housing production targets could encourage municipalities to adopt more housing-friendly regulatory frameworks.

Fourth, addressing community opposition to housing development may require greater public engagement and improved communication about the benefits of affordable housing initiatives. Public education campaigns and participatory planning processes could help reduce resistance to housing development and foster greater community support for housing policy reforms.

These policy recommendations highlight the need for a more integrated approach to housing policy that addresses both financial and institutional barriers to affordable housing development.

Table 5 – Policy Reform Strategies for Improving Affordable Housing Implementation

Policy Area	Reform Strategy	Expected Outcome
Zoning Reform	Increase allowable housing density and reduce restrictive land-use policies	Expanded housing supply
Administrative Reform	Streamline permitting and approval processes	Faster housing development
Governance Coordination	Improve collaboration between federal, state, and local agencies	More effective policy implementation
Community Engagement	Increase public participation in housing planning processes	Reduced opposition to housing projects

6.4 Theoretical Contributions

Besides the implications for policies, this study can also be applied to theoretical discourse in the research of housing policies and urban governance. The research provides a combination of market dynamics with the insights of the institutional theory and housing policy analysis to prove the point that the housing affordability issues are not entirely justified by market dynamics.

Rather, the housing outcomes come as a result of a complicated interaction among economic incentives, regulations, and forms of governance. The theoretical model that is derived as part of the study has illuminated how institutional obstacles contribute to the formulation of housing policy results and offers a basis upon which subsequent studies can be conducted relating to governance interactions in housing markets.

6.5 Limitations and Directions for Future Research

Despite the helpful information this research can give about the institutional obstacles facing the implementation of affordable housing, it is important to note that there are a number of limitations to this study. The method to be used in the analysis mainly includes secondary databases and policy reports, which might restrict the possibility of capturing local differences in housing governance and policy execution in various areas.

This study can be enhanced in the future through a comparative case study of a particular metropolitan housing market. These types of analyses might offer more information on how institutional constraints change depending on the local settings and how policy changes can be modified to suit different governance settings.

Also, it might be possible to investigate in future how emerging housing policy innovations, such as inclusionary zoning policies, community land trusts, and

public-private partnerships, contribute to the issue. A review of the effectiveness of these policy instruments can be of additional use in understanding ways to enhance housing affordability and increase the availability of affordable housing.

6.6 Policy Recommendations

On the basis of the research obtained as a result of this study, it is possible to suggest a set of policy recommendations that could enhance the efficacy of the affordable housing programs in the United States.

To begin with, the policy-makers are advised to provide zoning reforms, where housing density in the high-demand urban areas can be increased. Weakening restrictive land-use rules can have a huge impact on the supply of housing and the housing price pressures.

Second, the approval of the housing development procedures must be simplified to cut down on the delays and costs of development. This can be done by simplifying the processes of permitting and improving coordination between regulatory bodies to make affordable housing development more effective.

Third, the federal housing policies may include more powerful policies that encourage local governments to implement housing-friendly regulation frameworks. By tying zoning reforms or housing production targets to federal housing funding, municipalities may also be motivated to help with housing development that is affordable.

Lastly, the community involvement and participation in housing planning activities could be used to mitigate the resistance to affordable housing projects by the community. Public awareness of the gains that come with the affordable housing programs can be created through transparent planning processes and proper communicative strategies.

7. CONCLUSION

This study was done to analyse the policy frameworks that regulate affordable housing in the United States and the institutional limitations that limit the proper implementation of the policies. The study has offered a combination of the knowledge of housing economics, institutional theory, and the analysis of urban policy to understand how regulatory systems, governance structures, and mechanisms of policy coordination impact the outcomes of the housing affordability issue.

The research results have shown that the complex interplay of the dynamics of the housing market and institutional governance barriers is the key driver of housing affordability issues in the United States. The federal housing programs provide valuable financial aid to the development of affordable housing; however, in most cases, their impact is hindered by local regulatory

obstacles and disjointed administrative mechanisms. Restrictive zoning policies, complexity in the administration and community opposition to housing development often impede the housing development initiative on affordable housing and also encourage the housing supply to be less responsive to the rising demand.

The findings also reflect the overall economic and social effects of housing affordability issues. A lack of housing in metropolitan areas with high demand also leads to the escalation of prices of housing, labour mobility, and spatial inequality. Moreover, families with heavy housing cost liabilities are at an increased risk of financial instability, residential displacement, and low well-being. These results indicate the significance of focusing on housing affordability as a policy topic in housing, as well as having a policy priority on a more general economic and social level.

Politically, the study highlights that there is a desire to have more unified systems of housing governance to enhance the coordination between the state and local housing systems and the federal housing programs. Policy changes to decrease the zoning restrictions, simplify the administrative process, and increase the density of housing can greatly improve the performance of the affordable housing programs. Furthermore, increased cooperation between federal, state, and local governments may enhance the implementation of the policies as well as minimise institutional barriers that now inhibit housing development.

The research also adds value to academic literature by showing that institutional governance structures, in addition to market forces, influence the ability of people to afford housing. The role of the regulatory system and policy coordination in the development of the housing outcome helps to structure the research by offering the framework of how institutional barriers can contribute to the success or failure of housing policies.

This notwithstanding, there are a number of limitations. The research is mostly based on secondary data sources and policy analysis, and this could restrict the capacity to reflect the localised differences in housing governance between different metropolitan regions. Further investigation of the interactions between institutional governance structure and housing policy outcomes can be achieved in future research through the use of specific housing market case studies to offer comparative studies on this topic.

To sum up, the issue of the affordable housing crisis in the United States needs a holistic policy response that takes both economic rationality and institutional governance relations into account. Although financial support programs will continue to be necessary

to increase access to affordable housing, a serious transformation will probably require changes to policies that loosen regulations, better coordinate policies, and provide more flexible housing development policies. These institutional issues can be overcome by providing more effective housing systems that can respond to the increased demand for affordable housing and ensure long-term housing security for American families.

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