



ECONOMIC DEVELOPMENT
RESEARCH PARTNERS

*International Economic
Development Council*

Housing as an Economic Development Strategy

Innovative Approaches and Practical Solutions

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Abstract

This paper examines the growing role of housing as a critical component of economic development strategy in communities across the United States. Drawing on insights from economic development professionals, policy documents, and recent research, the paper explores innovative approaches to addressing housing challenges through the lens of economic development. The findings reveal that economic developers are increasingly adopting business attraction methodologies for housing development, leveraging data-driven approaches, and developing creative solutions to overcome political obstacles. The paper concludes that effective housing strategies require cross-sector collaboration, business-oriented approaches, and strong stakeholder engagement to succeed in today's challenging housing landscape.

1. Introduction

Housing has emerged as one of the most pressing economic development challenges facing communities across the United States. The gap between housing costs and income levels continues to widen, creating barriers to workforce attraction and retention while limiting overall economic growth. As Bruce Katz and colleagues note in their 2025 State and Local Housing Action Plan, “State and local governments have more power than they might realize, more capital than is first apparent, and more capacity than they may have utilized in recent decades.” (Katz et al., 2025, p. 1)

Economic development organizations (EDOs) increasingly recognize housing as a fundamental component of their mission rather than a separate policy domain. This shift reflects the understanding that housing availability, affordability, and quality directly impact business development, talent attraction, and community prosperity.

This paper examines how economic developers are adapting traditional economic development tools and approaches to address housing challenges. It draws on insights from economic development professionals, policy documents, and recent research to identify innovative strategies and practical solutions. By analyzing these approaches, the paper aims to provide a framework for economic developers seeking to integrate housing more effectively into their economic development strategies.

2. Methodology

This research employs a mixed-methods approach to examine housing strategies within economic development practice. The methodology includes:

1. **Content analysis of policy documents:** A comprehensive review of the National Housing Crisis Task Force's "State and Local Housing Action Plan" (Katz et al., 2025) and related publications to identify emerging frameworks and policy recommendations.
2. **Qualitative data collection:** Analysis of insights from economic developers gathered through structured discussions at a housing-focused breakout session during IEDC's Leadership Conference in February 2025. This included a transcript of presentations and discussions by economic development practitioners from diverse communities ($n=61$).
3. **Survey data analysis:** Examination of responses to pre-session online polls conducted with economic development professionals on housing-related topics, including approaches to housing, obstacles, and engagement strategies ($n=55$).

The combination of these methods provides a multifaceted view of how economic developers conceptualize and address housing challenges in their communities, while allowing for the identification of common themes and innovative approaches across different contexts.

3. Literature Review

3.1 Housing as an Economic Development Imperative

Recent research has established strong connections between housing markets and economic development outcomes. Housing shortages and affordability issues directly impact workforce availability, business attraction efforts, and overall economic competitiveness (Schuetz, 2022). Communities with insufficient housing face barriers to economic growth as businesses struggle to attract and retain talent in areas where employees cannot find suitable housing options.

3.2 Policy Innovation at State and Local Levels

As federal housing policy faces uncertain transitions, state and local governments are developing innovative approaches to housing challenges. Katz et al. (2025) identify multiple avenues for innovation: “While state and local zoning reforms have garnered the most attention, innovations to create faster, better, and more attainable housing have also occurred around land, construction, capital, regulation, and governance.” (p. 1)

The report identifies five key segments of the housing ecosystem where innovation is occurring:

1. **Land interventions:** Leveraging publicly owned land and encouraging privately owned land toward higher and better uses
2. **Construction interventions:** Reducing building and renovation costs through technological innovations and building techniques
3. **Capital interventions:** Creating innovative capital stacks that enable affordable housing development
4. **Regulation interventions:** Reforming zoning, permitting, and building codes while protecting renters' rights
5. **Governance interventions:** Building capacity through cross-sector collaboration

3.3 Economic Development Approaches to Housing

Traditional economic development strategies—including business attraction methodologies, public-private partnerships, and data-driven approaches—are increasingly being applied to housing development. Research suggests that treating housing as an industry cluster can bring clarity and effectiveness to local housing efforts (Jakabovics et al., 2021).

The literature indicates that economic developers can play a pivotal role in housing by applying their core competencies: building coalitions, analyzing markets, structuring incentives, and facilitating development processes. However, this requires expanding traditional economic development frameworks to encompass housing-specific challenges and stakeholders.

4. Findings

4.1 Economic Development Approaches to Housing Challenges

Economic developers increasingly adapt traditional business attraction and retention methodologies to address housing challenges. This approach treats housing development as an industry to be recruited and cultivated rather than solely as a social service or policy domain.

Jolene Schalper, executive vice president of Great Falls Development Alliance in Montana, emphasized the importance of data-driven approaches: “I want to focus on business attraction. And I think that that is one of the most underutilized tools that we have.” (IEDC, 2025, p. 6) She emphasized that economic developers need to apply their existing skills to housing: “We are economic developers. We are really good at working with industry. I feel that we need to apply this, and I'll share examples of how we're applying this approach in our community to spark housing.” (IEDC, 2025, p. 6)

Schalper described how her organization commissioned a market demand assessment to create compelling business cases for housing developers:

“We approached a housing developer that's not in Montana, but that we want in Montana. They're in the Pacific Northwest. And we said, ‘What data do you need to see for you to for us to make the case that you should be in Montana?’” (IEDC, 2025, p. 6)

This business-oriented approach yielded tangible results:

“I got a message from him saying, ‘You have been phenomenal through this process, we will be in Great Falls.’ That's what you want to hear. That's the result that you want.” (IEDC, 2025, p. 7)

Schalper further explained how a business development approach is being implemented in her organization: “How many of you have business development officers on your team? How many of them are focused on housing? I have a business development officer whose primary role right now is housing because we

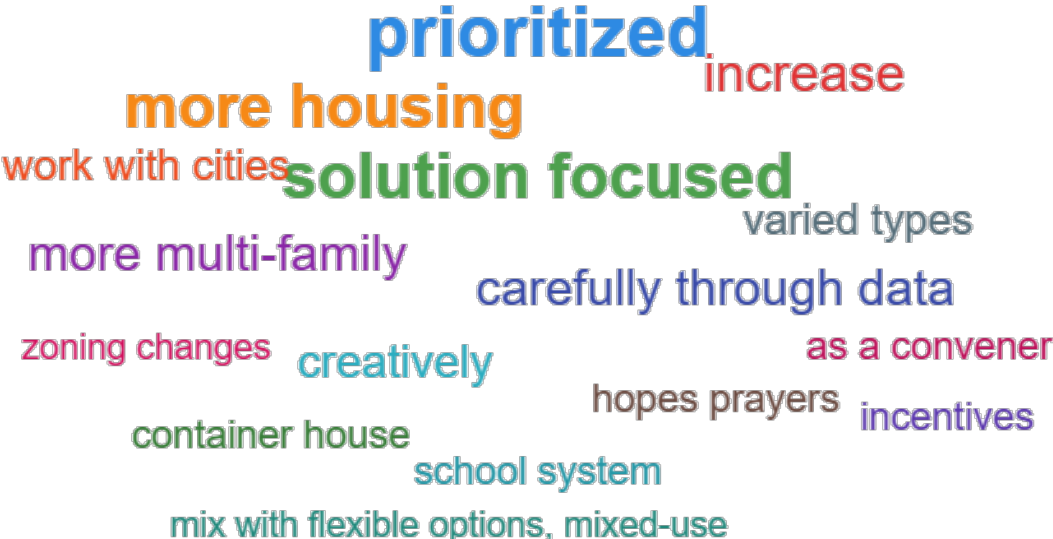
are not able to continue to grow unless we have more housing, right? We're just not. That's the top conversation I'm having with my industrial partners.” (IEDC, 2025, p. 6)

Similarly, Sean Maguire from the Albany County Land Bank Corporation in New York noted how land banks are adapting their business models to address housing gaps: “Rather than give up, land banks are well positioned to step into the missing middle of housing—especially the duplex, triplex, and quad formats.” (IEDC, 2025, p. 6)

Maguire noted that land banks “are well positioned to assemble property and reduce and eliminate harm” in the housing ecosystem (IEDC, 2025, p. 7).

The poll results from economic development professionals reinforce this business-oriented mindset, with respondents indicating their approaches to housing would become “solution focused,” “prioritized,” and “carefully through data” over the next few years (Poll results, 2025, p. 1).

Figure 1: How will your EDO's approach to housing change over the next few years?



Source: Online poll of economic development professionals, February 2025 (n=17)

4.2 Data-Driven Decision Making

A consistent theme among economic developers is the importance of robust market data to drive housing development decisions and build compelling cases for investment. As one economic developer noted in the poll responses, “data drives decisions.” (IEDC, 2025, p. 6)

Schalper emphasized that economic developers need to move beyond general housing needs assessments to detailed market demand analyses that demonstrate financial viability to developers:

“I can tell you we need 2,470 new large single-family homes, and I can tell you what price points, the low end and the high end. I can tell you that we need 200 small single-family homes, 630 townhomes and duplexes, 294 condos, and 90 mobile homes. And I can tell you all those with a minimum and maximum.” (IEDC, 2025, p. 6)

The economic developers surveyed demonstrated awareness of key housing metrics in their communities. Macguire asked, “Do you know your community’s median income AND median home price?” The pre-session poll revealed that 80% of participants knew their community’s median income and median home price. This data is critical for substantiating housing needs and making a compelling case for development.

4.3 Navigating Political Challenges

Economic developers identified political and regulatory barriers as significant challenges to housing development. Jeanine Jerkovic, economic development director for the City of Surprise, Arizona, shared insights on navigating what she called “the politics of housing.”

During a particularly high cycle of multifamily development in 2022—and associated high frequency of re-zoning requests—frustrations were high throughout her community on the issue of housing. Residents accused the city of being too liberal with giving away commercial zoning, while zoning and land use attorneys openly accused the city of being too restrictive against re-zoning requests. It was enough one day for Jerkovic to advise her own children to think twice before ever considering a career as a zoning and land use attorney. (IEDC, 2025, p. 8)

Jerkovic identified three key “friction points” in housing politics:

1. **Local Control vs. State/Regional Legislative Interventions:** The tension between local zoning authority and state-level housing mandates

2. **Public Engagement vs. Agitation (NIMBY):** Balancing community input with the need for housing development
3. **Homebuilders vs. Local General Plans / Zoning Policies:** Reconciling developer interests with community planning goals (There are issues with workforce housing developers, elected body policies, municipal resistance, land availability, construction costs, funding constraints, zoning controls, and bureaucracy as key barriers.)

The political dimension of housing was further emphasized in poll responses identifying the biggest obstacles to housing development, which included “elected bodies and policies,” “reticent municipalities and school districts,” and “local zoning controls.” (Poll results, 2025, p. 2)

4.4 Innovative Funding and Implementation Tools

Economic developers are developing and deploying creative financial tools to support housing development. The State and Local Housing Action Plan outlines several capital interventions being used across the country:

“Public Capital for Mixed-Income Housing: A few places have created special purpose financing vehicles. San Francisco's Housing Accelerator Fund has developed a set of tools and practices allowing them to deliver affordable units without up-front public subsidy. Places like Chattanooga, Atlanta, and Texas are using tax abatements to ensure the creation or preservation of affordable housing.” (Katz et al., 2025, pp. 6–7)

Local economic developers echoed this focus on financial tools, with one poll respondent noting they were substantiating housing needs by providing “incentives for new housing.” (Poll results, 2025, p. 2)

Maguire highlighted how land banks can “reduce costs, leverage other funds,” and “match tax reduction tools (PILOT, TIF) to support housing development.” (IEDC, 2025, p. 7)

4.5 Cross-Sector Collaboration

Successful housing strategies require collaboration across government, private, and nonprofit sectors. The Task Force report emphasizes this approach:

“Convene the players in their housing ecosystem: the state government, county government, city government, philanthropic community, major employers, developers and homebuilders, financial institutions, tenant advocates, and homeless service providers.” (Katz et al., 2025, p. 4)

This collaborative approach was reflected in how economic developers described their work. One participant shared an innovative partnership approach:

“We’ve seen communities that say ‘work with us or we’re going to go to the local act and do it without your input.’ A couple of our local foundations have committed \$100 million over the next 10 years to impact five Black households and address the racial wealth gap through housing.” (IEDC, 2025, p. 9)

Figure 2: Strategies for Constructive Dialogue with Housing Stakeholders



This conceptual diagram illustrates the various approaches economic developers use to engage constructively with housing stakeholders. The inner circle contains core strategies such as “listening,” “in-person engagement,” and “education on facts and issues,” while the outer circle shows more detailed approaches mentioned in the poll responses. The diagram includes a quote from the transcript that emphasizes finding common ground in housing discussions.

When asked how economic developers can engage constructively with housing stakeholders, poll respondents emphasized collaborative approaches: “In person and listen,” “by listening,” and “communicate with stakeholders, develop an advocacy group to remove obstacles, and educate officials.” (Poll results, 2025, p. 3)

5. Discussion

5.1 Reimagining Economic Development Tools for Housing

The findings reveal a significant shift in how economic developers approach housing challenges. By applying traditional economic development methodologies to housing—market analysis, business recruitment, incentive structuring—practitioners are developing more effective approaches to stimulating housing development.

The experience of the Great Falls Development Alliance demonstrates how business attraction principles can be successfully applied to housing development. By commissioning detailed market analyses and actively recruiting developers with compelling data, economic developers can overcome market failures that have limited housing production.

This approach represents a departure from viewing housing primarily through a social service or regulatory lens. Instead, it positions housing as an industry to be cultivated and supported using established economic development techniques.

5.2 The Centrality of Data in Housing Strategies

Data emerges as a critical tool for economic developers addressing housing challenges. The research reveals that successful housing initiatives are grounded in detailed market analyses that go beyond identifying general needs to specifying product types, price points, and financial feasibility.

This data-driven approach serves multiple purposes. First, it provides developers with the market intelligence needed to make investment decisions. Second, it helps economic developers target their recruitment and incentive efforts more precisely. Third, it provides an objective foundation for navigating often contentious political discussions around housing.

Economic developers who can speak the language of real estate—with specific data on demand, costs, and returns—are better positioned to influence housing outcomes in their communities.

5.3 Balancing Multiple Stakeholder Interests

The political challenges described by economic developers highlight the complex stakeholder environment surrounding housing issues. Local control advocates, neighborhood residents, developers, and housing advocates often have divergent interests that must be reconciled to move housing initiatives forward.

Economic developers appear to be emerging as potential mediators in these discussions, bringing data and market perspectives to often emotional debates. As one practitioner noted, when economic development professionals speak about housing needs, it changes the community conversation from “this is just the charitable thing” to “changing the trajectory of the community and building our workforce.” (Kaskie, 2025, p. 8)

The findings suggest that economic developers can play a valuable role in reframing housing discussions around shared economic interests while acknowledging legitimate community concerns.

5.4 The Evolution of Housing Finance

The research indicates that innovative financial approaches are crucial to addressing housing challenges, particularly in the “missing middle” segment that often falls between subsidized affordable housing and luxury market-rate development.

Economic developers are increasingly involved in structuring complex financial packages that leverage multiple funding sources—public, private, and philanthropic—to make projects viable. This represents an extension of traditional economic development financing tools (TIF, tax abatements, etc.) into the housing realm.

The land bank model described in the findings offers one example of how public entities can use their unique capabilities to address financial gaps in the housing market. By reducing land costs, eliminating liens, and providing tax incentives, land banks can make otherwise infeasible projects viable.

6. Implications and Recommendations

6.1 Strategic Implications for Economic Developers

Based on the findings, several strategic implications emerge for economic developers seeking to address housing challenges:

1. **Treat housing as a business attraction challenge:** Apply business recruitment methodologies to housing development, including market analysis, targeted outreach, and tailored incentives.
2. **Invest in detailed market data:** Commission comprehensive market demand assessments that provide specificity on housing products, price points, and financial feasibility.
3. **Dedicate staff resources to housing:** Consider designating business development officers specifically focused on housing, as the Great Falls Development Alliance has done.
4. **Develop expertise in housing finance:** Build capacity to structure and deploy financial tools that address gaps in traditional housing finance markets.
5. **Position economic developers as conveners:** Leverage the credibility of EDOs to bring diverse stakeholders together around shared housing goals.

6.2 Recommendations for Practice

For economic developers seeking to implement more effective housing strategies, the research suggests several practical recommendations:

1. **Commission market demand assessments:** Follow the example of communities such as Great Falls by investing in detailed market analyses that go beyond basic housing needs assessments to specify product types, price points, and financial feasibility.
2. **Establish housing strike teams:** Adopt the Atlanta model of creating cross-agency teams focused specifically on housing production goals, bringing together all public agencies that impact housing development.
3. **Adapt business recruitment techniques:** Develop targeted recruitment strategies for housing developers, including detailed prospectuses, site tours, and relationship-building activities such as those used for business attraction.

4. **Frame housing in economic terms:** When engaging with elected officials and community stakeholders, emphasize the economic development impacts of housing—workforce availability, business attraction, and fiscal health—rather than solely focusing on social needs.
5. **Create specialized financial tools:** Develop financial vehicles specifically designed to address housing gaps, such as dedicated loan funds, equity investments, or targeted tax incentives.

6.3 Policy Recommendations

The research also suggests several policy directions that can support economic developers' housing efforts:

1. **Integrate economic development and housing plans:** Ensure that economic development strategic plans explicitly address housing needs and strategies, with clear metrics and accountability.
2. **Reform incentives to include housing impacts:** Incorporate housing considerations into traditional economic development incentives, requiring major employers to address potential housing impacts of job creation.
3. **Align workforce and housing initiatives:** Create explicit connections between workforce development programs and housing initiatives to ensure workers can find housing near employment opportunities.
4. **Create state and local housing compacts:** As suggested in the Task Force report, develop formal agreements between state and local governments that clarify roles, responsibilities, and resources for housing development.
5. **Expand data collection and transparency:** Improve housing market data collection and sharing to support more informed development decisions and policy choices.

7. Conclusion

This research demonstrates that economic developers are increasingly applying their core competencies to address housing challenges in innovative ways. By treating housing as critical economic infrastructure rather than solely a social service, they are developing new approaches that can stimulate housing production across multiple market segments.

The findings suggest a significant evolution in how economic development intersects with housing policy and practice. Rather than viewing housing as outside their purview, economic developers are integrating housing into comprehensive economic development strategies and applying business-oriented approaches to housing challenges.

This evolution is creating new opportunities for collaboration between economic development professionals, housing advocates, developers, and community stakeholders. By bringing data-driven, market-oriented perspectives to housing discussions, economic developers can help communities navigate the complex political and financial challenges that have limited housing production.

As one economic developer noted in the survey, the approach to housing is becoming more “solution focused.” (Poll results, 2025, p. 1) This pragmatic orientation—combined with innovative tools and cross-sector partnerships—offers promising pathways for communities seeking to address housing challenges as part of comprehensive economic development strategies.

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