

Eight Actions Local Lawmakers Can Take to Counter Predatory Policies Amid Growing Economic Insecurity

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Many local policymakers are preparing for a [period of fiscal hardship](#) with [fewer funds](#) and [reduced services](#) for [low- and moderate-income families](#). Looming scarcity may push local leaders to consider quick ways to secure additional revenue from their residents. A similar trend unfolded nearly 18 years ago during the Great Recession, when state and local jurisdictions [deepened their reliance on fines and fees](#) in ways that more acutely affected low-income communities.

“Regressive” policies are predatory because they impose a disproportionate burden on those who can least afford it. The concept is most commonly applied to tax policy, but it can extend to other local policies, often in the form of innocuous-seeming uniform approaches to distributing resources or penalties. While many local policies take a uniform approach because it seems fair and is easier for the government to administer, these policies can [inadvertently perpetuate inequities](#) by

- imposing disproportionate burdens on low-income individuals, who pay more relative to their income;
- penalizing people’s inability to pay instead of addressing the underlying causes of poverty; and
- building these burdens and poverty penalties into structures such as laws, regulations, and procedures—thereby giving them more durability.

Even when local policies are not intended to be harmful, evidence of disparate impact on low-income households can be clearly demonstrated by observing the burden or benefit of a policy compared with the means of its recipient (e.g., the amount of a fine compared with the income of the person it is levied against).

As the level of government closest to people’s fundamental needs, local governments should consider how regressive policies and harsh penalties can compound obstacles to economic mobility. For example, fines and fees that lead to driver’s license revocation make it difficult for people to maintain consistent employment; and eviction as a result of unevenly enforced nuisance ordinances makes it difficult for children to attend or succeed in school.

Since regressivity is a result of policy design choices, local policymakers can redesign policies to be more proportionate to people’s means. Below, we outline eight common local policies and practices that Urban research and other evidence confirm can harm residents, including inequitable tax and cost structures, punitive enforcement of fines and fees, and approaches to urban planning and employment policy that impose cost burdens on individuals who can least afford it. For each policy, we offer alternatives that can advance upward mobility and examples of places that have implemented them.

1. Instead of Flat Local Sales Tax, Reduce Local Sales Tax on Essential Goods

Flat sales taxes disproportionately impact poorer households because they end up paying a larger share of their income in sales tax than high-income households. A 3 percent local tax on groceries is more burdensome to a household earning \$50,000 than to a household earning \$150,000. For essentials like groceries, the added sales tax burden often means that low-income households cannot buy enough to meet their needs.

Following are ways local governments can reform sales taxes:

- Limit flat taxes on essential goods, such as groceries and hygiene products. These actions are typically taken at the state level, but cities and counties have done so, most often in addition to broader state rules, such as in [Loveland, Colorado](#).
- Explore earned income tax credits for low-income households as a way to refund their consumption, such as in [New York City, Montgomery County, and San Francisco](#).

2. Instead of Flat Property Tax Rates and Biased Assessment Practices, Rightsize Property Taxes for Low-Value Properties and Strengthen Assessment Methods

Although property taxes depend on assessed property value, the rate applied is the same whether the home's assessed value is \$50,000 or \$5 million. This makes property taxes regressive. In addition, local assessors can overtax some owners by assessing lower-value homes at a higher percentage of their true market value and undertax higher-value homes by assessing them at a lower percentage, a practice known as [assessment bias or regressivity](#). Furthermore, white and wealthier homeowners are [more likely](#) to appeal assessments they find excessive, more likely to win those appeals, and upon winning, more likely to receive larger reductions than non-white homeowners. Regressive property tax assessment policies and practices are compounded by the related—but distinct—practices of lenders using appraisals to [undervalue properties in majority Black or Latinx neighborhoods](#).

Following are ways local governments can reform property taxes and strengthen assessment methods:

- Conduct more frequent assessments to keep pace with market and other developments, and use [improved assessment methodologies and data](#), such as the use of Geographic Information System and computer-assisted mass appraisal software by [Harris County, Texas](#).
- Monitor for bias by examining assessment-to-sales ratios (comparison between a property's assessed value and the same property's sale price) for properties across different sales prices, such as in [Philadelphia](#).
- Implement targeted tax relief programs, including property tax "circuit breakers" that refund or credit homeowners when their property tax burden surpasses a certain percentage of household income; flat dollar homestead exemptions that reduce the taxable portion of a primary residence's value; and property tax reduction, freeze, or deferral programs for low and/or fixed-income populations like the elderly, such as in [St. Louis County, Missouri](#).

3. Instead of Flat Utility Pricing, Use Flexible Utility Pricing that Prioritizes Affordability and Reliability

Utility costs are regressive when lower-income households pay a larger share of their income for essential services (e.g., electricity, water, and internet access) than higher-income households. This happens through a combination of rate design and enforcement practices. Examples of rate design choices include fixed charges that do not scale

up or down with income or usage, required minimum bills regardless of consumption, bulk discounts where high-usage (generally higher-income) households get cheaper marginal rates, and flat rates without income adjustments. Examples of punitive enforcement practices include harsh penalties for late payment or service restoration, upfront deposits or credit requirements, and shutting off utilities even for extremely poor households. [Rising utility costs are worsening the affordability crisis](#), especially in places with commercial industries that strain the residential electricity and water systems. Limited government subsidies for extremely poor households cannot keep up with the increasing costs passed on to customers.

Following are ways local governments can [reform utility costs](#):

- Introduce sliding-scale utility rates and subsidies and credits or discounts to households that cannot afford standard rates using responsible data matching (e.g., link to SNAP or Medicaid eligibility), such as in [Seattle](#) and [Austin, Texas](#).
- Implement programs like the one in [Detroit](#) that provides a low-cost block of essential utility services for low-income households. Some international cities—such as Durban, South Africa, and Bogotá, Colombia—have pioneered universal free allocation of essential utilities.
- Prohibit or limit utility shutoffs to prevent service termination for vulnerable households (e.g., those with children, seniors, or medical needs). Many states and cities implemented related policies during the early years of COVID-19, but some have since expired or been converted to seasonal programs, such as in [Philadelphia](#).
- Forgive utility debts or reduce past-due balances over time, such as in [Toledo, Ohio](#), and [South Bend, Indiana](#).

4. Instead of Flat Criminal Justice Fines and Fees, Eliminate Fines and Fees or Employ Income- and Community-Based Flexible Alternatives

Local governments rely on fines, fees, and civil asset forfeiture to protect the public, but the practice—so-called taxation by citation—is [prone to misuse](#) when governments rely on these revenues to fund municipal budgets. Governments can charge fees at varying points of contact with the civil and criminal justice systems, from minor traffic tickets to court procedures to services received while incarcerated. These fees can quickly pile up, and nonpayment can result in a suspended driver's license, arrest, or even jail. Flat fines and fees mean that low-income residents pay a higher proportion of their income, which can trap families in cycles of debt and immobility. Fines and fees that target low-income individuals tend to be an [inefficient source](#) of municipal revenue—additionally, they fail to effectively reduce crime and are harmful to long-term economic mobility.

Following are ways local governments can reform municipal fines and fees:

- Employ income-based fines, such as in [Chicago](#).
- Abolish court, traffic, and parking fees and fines that penalize poverty, such as in [San Francisco](#) and [Montgomery, Alabama](#) (following litigation).
- Roll back nonpayment penalties (e.g., driver's license suspensions and arrest warrants) that impede employment, such as in [Durham, North Carolina](#) (and several surrounding counties) and [Washington, DC](#).
- Implement more flexible and community-based alternatives (e.g., community service in place of a fine), such as in [Los Angeles](#) and [Ferguson, Missouri](#) (following litigation).

5. Instead of Uneven Nuisance and Property Condition Ordinances with Harsh Consequences, Implement Proactive Code Enforcement

Certain local housing ordinances intended to maintain safety and property standards often impose harsh and uneven penalties that disproportionately burden renters and low-income homeowners. For example, local [crime-free housing ordinances](#) encourage landlords to evict renters for criminal justice involvement, including criminal conviction, alleged criminal activity, convictions or allegations on the part of a renter's guests or family, or even calling for emergency help. [Property condition ordinances](#) require property upkeep (e.g., fixing peeling paint) that is not always the responsibility of renters. Local [governments tend to disproportionately apply and enforce](#) these policies in low-income, high-rental, or minority neighborhoods, often in response to [complaints from wealthier neighbors](#). Landlords can then [pass on any penalties to their tenants](#) or even use them as grounds for eviction.

Following are ways local governments can reform punitive property ordinances:

- Eliminate crime-free housing ordinances, such as in [Hesperia, California](#).
- Implement more [proactive code enforcement](#) that [focuses on serious health violations](#), thereby serving its intended purpose of ensuring landlords are not compromising the health and safety of their tenants, such as in [Baltimore, Maryland, and Rochester, New York](#).
- Pair proactive code enforcement with supports for low-income homeowners to repair their homes, such as in [Lexington, Kentucky](#).
- Implement performance-based rental licensing to increase landlord accountability, such as in [Boston](#).

6. Instead of Zoning, Land-Use, and Development Policies that Restrict Affordable Rentals and Homes, Encourage Smaller, More Flexible Housing Development

Local zoning, land-use, and development policies are considered regressive when they systematically shift costs and exclude benefits in ways that disadvantage lower-income households while protecting wealthier, often already-housed residents. A prime example is exclusionary land-use rules that limit who can live where (e.g., single-family-only zoning that bans or limits rental units, caps on “unrelated persons” or total occupants per unit, and restrictions on accessory dwelling units), effectively setting a minimum income threshold to live in those neighborhoods. Other examples include large lot-size requirements and wide setbacks from sidewalks that force housing to be more expensive; mandates for off-street parking capacity, with costs embedded in rent and home prices; and flat development fees that are not scaled to the project size.

Following are ways local governments can reform land-use policies that restrict housing supply:

- Legalize duplexes, triplexes, and accessory dwelling units, such as in [Portland, Oregon](#), and [Los Angeles](#).
- Reduce or eliminate parking minimums, such as in [Austin, Texas](#).
- Expedite the permitting and development process for all and reduce expensive design requirements and discretionary delays to allow supplemental and lower-cost housing to be built more quickly, such as in [Tacoma, Washington](#).
- Require or incentivize developers to include affordable housing units within market-rate developments, such as in [Montgomery County, Maryland](#).
- Scale fees to development size, such as in [Phoenix](#).

7. Instead of Transportation Policies that Prioritize Personal Vehicles, Implement Policies that Also Prioritize Pedestrians, Public Transit, and Other Modes of Transportation

[Affordable transportation is crucial for low-income residents to achieve upward mobility.](#) Transportation cost burdens operate like housing cost burdens in that they limit the discretionary income people have to invest in their future. Transportation policies that prioritize personal vehicles [divert public resources](#) from more affordable and accessible modes of transportation. This disproportionately affects low-income residents, who often face [higher transportation burdens](#) because they [lack access to private vehicles](#) and live farther from their jobs and key services. Systems that prioritize personal vehicles assume that [everyone has access to or can afford a car](#); streets are for speed, not safety; and parking is easy and free. Examples of transportation policies and practices that privilege higher-resource households include underinvestment in public transit, limited or unsafe pedestrian and bike infrastructure, and prioritization of road expansion for cars over affordable multimodal options. While infrastructure, such as highway development, is generally beyond the purview of cities, local leaders can pursue many other avenues to develop transit resources that benefit all.

Following are ways local governments can reform transit policies that prioritize personal vehicles:

- Implement public-transit-first policies that include frequent, reliable buses, rail, and rapid transit designed as the backbone of mobility rather than as a last resort, such as in [San Francisco](#).
- Institute reduced or income-adjusted transit fares, such as in [New York City](#) and [Philadelphia](#).
- Support transit-oriented development via land-use policies that include walkable and mixed-use zoning, which allows housing, shops, schools, and services to be close together, such as in [Portland, Oregon](#).
- Promote shared, demand-responsive, and creative transportation services (e.g., car sharing, scooters, or vanpools) that provide alternatives to owning a personal vehicle, such as in [Seattle](#).
- Make safe, complete-streets design investments, including sidewalks and curb ramps, protected bike lanes, shorter crossing distances, and traffic calming, such as in [Salt Lake City](#).
- Invest in new transit lines and modalities (e.g., bus rapid transit) that speed travel across a region, such as in [Seattle](#).
- Use pricing and incentive reforms that align driving costs with the true social impacts of driving (e.g., congestion pricing, road-use charges, employer transit benefits, and parking cash-out benefits), such as in [Washington, DC](#), or [New York City](#).

8. Instead of Excessive Occupation Licensing Requirements, Reduce Barriers to Successful Employment and Businesses

Occupational licensing requirements impose uniform fees, time costs, and entry barriers that often fall more heavily on low-income residents while providing limited benefit to the community. Occupational licensing requirements [have increased in recent years](#), often for hourly wage jobs, such as cosmetologists and barbers, electricians, and pest control. By requiring fees, exams, training hours, and substantial time away from paid work, states [increase barriers for people earning income](#). Licensing also creates barriers for system-involved residents and young workers by blocking entry to jobs that could offer upward mobility.

Although licensing requirements make sense for professions that need to demonstrate skills in working with vulnerable populations (e.g. nursing and teaching), applying them to industries that pose no risk to people's health

or safety (e.g., florists and shoe shiners) makes less sense. The amount of training required can also vary in nonsensical ways. For example, cosmetologists, on average, [require over ten times longer hours of training than emergency medical technicians](#). Until recently, Louisiana required prospective florists to pass an exam with written and practical components evaluated by established competitor florists—a prime example of [ineffective and absurd licensing requirements](#).

In addition to licensing reforms at the state level, local governments have meaningful levers to reduce barriers for workers and the community residents who rely on their services. For example, they can reduce or repeal license requirements that have not shown to protect public health and safety. [Oklahoma City](#) accomplished this by rolling back requirements for auctioneers, bartenders, and junk collectors, among others.

In a Time of Uncertainty, Local Governments Can Proactively Make Policies Fairer for Their Residents

Many Americans are [struggling to afford essentials](#) like food, housing, health care, and child care. Regressive policies that bear down on them add to their precarity. Now is a good time for local government leaders to adopt proven innovations and pilot new ones. Practical, evidence-based reforms, such as those outlined in this brief, can create changes that lead to meaningful improvements in people's daily lives and in their neighborhoods' resilience.

In addition to the policy-specific alternatives described above, leaders can use existing administrative systems and data to streamline or even automate participation in beneficial programs, thereby [reducing barriers](#). For example, they can enforce rules to ensure fair distribution of resources. Efforts to broaden public participation in policymaking and implementation also help prevent and mitigate harmful policies by more tightly linking a policy's design to its potential effects on different groups.

The Urban Institute's evaluations of these reforms (many of which are linked above) serve as a useful starting point for local policymakers. In addition, our policy design teams can help local leaders implement new evidence-based ideas to accelerate progress. Reach out to us at governmentaffairs@urban.org.

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