OCTOBER 15, 2018

AFFORDABLE HOUSING TOOLKIT

APA-PA Annual Conference
Erie, PA
WHAT IS AFFORDABLE HOUSING?

Families paying more than 30% of their income for housing are considered cost burdened.

They may have difficulty affording necessities such as food, clothing, transportation and medical care.

An estimated 12 million renter and homeowner households now pay more than 50% of their annual incomes for housing.

A family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a 2-bedroom apartment anywhere in the United States. (HUD.gov)
HOW CAN HOUSING BE A SOURCE OF EQUITY?

1. Housing as a Safety Net
   (in particular for extremely low-income families)

2. Housing as a Platform
   (relationship between housing, neighborhood and family outcomes)

3. Housing as a Building Block for Inclusion
   (in both diversity of housing available and the process by which citizens participate in creating)

4. Housing as an Asset Class
   (policy and finance disproportionately benefits higher income brackets)
THE JACOBS CURVE

Source: Public Square
Affordability challenge because of suppressed incomes & lack of opportunity

Affordability challenge because of lack of housing, constrained inventory, & rising prices
NEIGHBORHOOD ECONOMIC DEVELOPMENT

Affordability challenge because of suppressed incomes & lack of opportunity

Affordability challenge because of lack of housing, constrained inventory, & rising prices

DISPLACEMENT

DISPLACEMENT & EXCLUSION
ADDRESSING THE HOME-OWNER/RENTER DIVIDE

IDENTIFYING COUNTER PRODUCTIVE BLAME
STABILITY NOT DEPENDENT ON EITHER OR

**Home Ownership**
- Stable
- Vested Interest
- Long-term
- Reinvestment

**Rental**
- Transient
- Low-Income
- Identifiable
STABILITY NOT DEPENDENT ON EITHER OR

**Home Ownership**
- Stable
- Vested Interest
- Long-term
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**Rental**
- Good Management & Maintenance
- Self-Determining
- Support Services
- Meets Needs in Life Stages

**Home Ownership**
- High Risk
- Lapsed Upkeep
- Predatory

**Rental**
- Transient
- Low-Income
- Identifiable
OBJECTIVES OF AN AFFORDABLE HOUSING STRATEGY

1. Decrease the RISK of home ownership
   - *Lowering the threshold*
   - *Mitigating the risks*
   - *Do not promote at any cost*
   - *Smarter vetting, education, and selection*
   - *Shared equity models*

2. Increase the QUALITY and VESTEDNESS of renting
   - *Management and Support Services*
   - *Rent Equity*
CINCINNATI, OHIO
CORNERSTONE EQUITY RENTAL PROGRAM

• Credit of ~$66/month off of rent in exchange for in-kind contribution and code of conduct
• Fully vested after 5-years with an average of $3,500
• Acts as home equity loan (Borrow 1-month's rent at 0% interest)
How residents qualify (each month)

- Sign a Rent Equity Agreement
- Follow 'house rules' and code of conduct
- Pay rent on-time
- Participate in monthly association meeting
- Perform an in-kind property upkeep task
  - Carpentry, drywall, painting
  - Litter pick-up
  - Landscape/grounds maintenance (mowing)
  - Community organizing
  - Childcare
4 COMPONENTS OF AN AFFORDABLE HOUSING STRATEGY

**PRESERVE & SUPPORT**

1. SUPPORT EXISTING OWNERS

2. SUPPORT FIRST TIME BUYERS

**INCREASE ACCESS**

3. SUPPORT EXISTING RENTERS

4. CREATE NEW AFFORDABLE HOUSING
SUPPORT EXISTING HOME OWNERS

Who are the Partners?

1. Ensure homeowners have the resources to remain owners
   - Rehab grants, home ownership counseling

2. Expand rehab grants and emergency repairs programs
   - Flexible funding sources that are not income restricted

3. Address tax increases for long-term owners
SUPPORT FIRST-TIME HOME OWNERS

Who are the Partners?

1. Provide good education to prepare people to become owners
   - Credit counseling, budgeting, home maintenance

2. Connect first-time home buyers to financial assistance

3. Support non-profits focused on building new affordable home ownership
SUPPORT EXISTING RENTERS

Who are the Partners?

1. Preserve affordable housing that exists in the neighborhood
2. Make sure tenants have access to emergency support services and one-time rental assistance
3. Support local landlords who provide high-quality affordable housing with best practices and resources
4. Connect tenants at risk of eviction with pro-bono legal services, harassment protections
CREATE NEW ATTAINABLE HOUSING

Who are the Partners?

1. Inclusionary requirement for affordable housing
2. Jobs-housing linkage fees
3. Change zoning to permit accessory dwelling units
4. Housing accelerator fund/bonds
5. New subsidized housing with high-quality management, paired with education about affordable housing
COMPONENTS OF AN AFFORDABLE HOUSING STRATEGY

WHAT TOOLS ARE AVAILABLE IN THE TOOLKIT?
## Affordable Housing Toolkit

### Zoning & Planning
- Incentive-Based Zoning
- Inclusive Planning Process
- Inclusionary Housing Zoning
- Housing Education
- Parking Reductions
- Technical Assistance
- Accessory Dwelling Units
- Racial Equity Objectives
- Tactical Urbanism

### Financing/Funding
- LIHTC
- Affordable Housing Fund/Loan Program
- Assessment Districts (BID or TRID)
- Jobs Housing Linkage Fees
- TIF
- Wealth Building Home Loans
- Homeowner Rehab Grants
- Tax Increase Relief for Residents

### Partnerships
- Joint Development
- Public-Private Partnerships
- Funding for Infrastructure & Open Space
- One-time Rental Assistance
- Land Control & Equity
- SOI Laws & Enforcement

### Tenant Support
- Representation in Eviction Cases
- Emergency Services
- One-time Rental Assistance
- SOI Laws & Enforcement

### Shared Equity
- Shared Equity Ownership
- Community Land Trust
- Housing Cooperatives
- Rental Equity
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*LIHTC* - Low Income Housing Tax Credit
DISPLACEMENT & EXCLUSION RISK CRITERIA

NATIONAL BEST PRACTICES
Urban Displacement Project (San Francisco)

Vulnerability Analysis (Portland)

Housing Vulnerability Index (Pittsburgh)

Gentrification Analysis (Philadelphia)

Mapping Displacement Pressure (Chicago)
VULNERABILITY & DISPLACEMENT RISK FACTORS

- Low Median Incomes compared to City, County, and MSA
- High poverty rates
- High percentage of 25+ population without a bachelor's degree
- High concentration of communities of color (CoC)
- Frequent mortgage denial
- Frequent foreclosures
- High % of population living in different housing 1-year ago
- High eviction rate
- Rental percentage higher than MSA averages
- Change in rental vacancy rates
- Change in median rent
- Increase in proportion of high income households
Risk factors and the development curve

- Low Median Incomes
- High poverty rates
- Low educational attainment
- High concentration of communities of color
- Frequent mortgage denial
- Frequent foreclosures
- High turnover & eviction rate

- High rental percentage
- Change in rental vacancy
- Change in median rent
- Increase in high income households

- High median incomes
- Developer interest
- High land costs
TOOLS AND THE DEVELOPMENT CURVE

CRITICAL ON LEFT SIDE
Prevent Displacement, Stabilize

- Assessment Districts (BID or TRID)
- Tax Increase Relief for Residents
- TIF
- LIHTC*
- Emergency Services
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- Representation in Eviction Cases
- Rental Equity
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EFFECTIVE ACROSS CURVE
Prevent Displacement, Advance Equity

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CRITICAL ON RIGHT SIDE
Protect affordability in profitable market, leverage private $$

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CASE STUDY
CLAIRTON, PA

REVITALIZATION IN A COMMUNITY WITH EXTREMELY LIMITED RESOURCES
CLAIRTON COMMUNITY PROFILE

- 6,700 people
- 43.9% non-white
- 30.3 % below poverty level
- Total Housing units (3,873)
  - Century Townhomes 425 units (>10% of housing in the city)
- 24.2% Vacant
  - Century Townhomes 44% vacant
- 59% owner-occupied, 41% rental
  - Century Townhomes 20% owner-occupied, 80% rental
62% OF HOUSEHOLDS BELOW 80% AMI

Median Household Income in Clairton = $30,500
Median Household Income in MSA = $54,020
### HIGHER THAN AVERAGE PERCENTAGE OF RENTERS

Percentage Renters in Clairton = 41.1%
Percentage Renters in Pittsburgh MSA = 30.2%

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>United States</td>
<td>33.0%</td>
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<tr>
<td>Pennsylvania</td>
<td>59.5%</td>
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<tr>
<td>Allegheny County, PA</td>
<td>41.9%</td>
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<tr>
<td>Clairton, PA</td>
<td>41.1%</td>
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<tr>
<td>Pittsburgh, PA Metro Area</td>
<td>37.2%</td>
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<td>Bethel Park Municipality &amp; Jefferson Hills Borough PUMA, PA</td>
<td>50.0%</td>
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Dataset: ACS 5-year Estimate
Source: Census Bureau
PROPERTY VALUES

Median Property Value in Clairton = $47,000
Median Property Value in Pittsburgh MSA = 148,600
Property values in Century Townhomes
$5,000 - $15,000

- Average rent for 2-BR at Century Townhomes is $550 to $650.
- Fair Market Rents for Pittsburgh Metro range from $621 to $1,214
### CLAIRTON MEDIAN HOUSEHOLD INCOME ($30,500)

<table>
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<tr>
<th>INCOME LIMIT CATEGORY</th>
<th>1-PERSON</th>
<th>2-PERSON</th>
<th>3-PERSON</th>
<th>4-PERSON</th>
<th>5-PERSON</th>
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<tr>
<td>30% AMI</td>
<td>$16,000</td>
<td>$18,250</td>
<td>$20,780</td>
<td>$25,100</td>
<td>$29,420</td>
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<td>50% AMI</td>
<td>$26,600</td>
<td>$30,400</td>
<td>$34,200</td>
<td>$38,000</td>
<td>$41,050</td>
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<td>80% AMI</td>
<td>$42,200</td>
<td>$48,650</td>
<td>$54,750</td>
<td>$60,800</td>
<td>$65,700</td>
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<tr>
<td>100% AMI</td>
<td>$52,750</td>
<td>$60,810</td>
<td>$68,440</td>
<td>$76,000</td>
<td>$82,120</td>
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- How metropolitan AMI hurts low income households
  - Largest income bracket is people who make less than $10,000/year
  - Rents are lower than Tax Credit Rents
  - Larger families don't have proportionally higher incomes
"ONE WATER METER FOR 425 HOMES"

PITTSBURGH POST GAZETTE, JUNE 11TH

- PA American Water shut off on May 10, 2018
- Accumulated debt over multiple ownerships
- Housing built in 1940s as war production housing, then sold to individual owners
- Flat rate of $150/month water fee adds to housing burden, adding an additional +25% of rent

Source: www.post-gazette.com
OCCUPIED UNITS
RENOVATED (WATER LINES SEPARATED)
TENURE (RENTER VS. OWNER OCCUPIED)
COMMUNITY VISION PROCESS
CENTURY TOWNHOMES — WHAT ARE THE STRATEGIES?

- Pro-bono, inclusive workshop to create community vision and priorities
- State legislation to prevent the single tap issue from continuing
- Pursuing infrastructure funding sources street repaving and park improvements
- PPP with local philanthropies and builders to donate renovation time, materials, and to build amenities
- Working with the City and HOA to implement low cost tactical ideas (painting doors, striping parking, painting crosswalks)
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- Rental Equity

**Affordable Housing Fund/Loan Program**

**Emergency Services**

**One-time Rental Assistance**

**SOI Laws & Enforcement**

**Community Land Trust**

**Housing Cooperatives**

**Rental Equity**
TOOLS AND THE DEVELOPMENT CURVE

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Prevent Displacement, Stabilize

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CENTURY TOWNHOMES COMMUNITY VISION
CENTURY TOWNHOMES (TODAY)
CENTURY TOWNHOMES COMMUNITY VISION
QUESTIONS & DISCUSSION

WHAT TOOLS WORK WELL IN YOUR COMMUNITY?

WOULD YOU RECOMMEND ANY ADDITIONS OR REFINEMENTS TO THE TOOLKIT?
Creating a sense of place through collaboration, context, and community.