

Affordable Housing: An Approach for Creating and Keeping an Affordable Housing Inventory.

THE HOUSEHOLD INCOME-EXPENSE SQUEEZE.

Providing affordable housing for the town's residents is the challenge of the day. Middle and low income workers are getting hit from both ends: stagnant wages and rising housing costs.

As the cost of housing is going up, so is the cost of transportation, medicine, healthcare and education. Wages are stagnant. The household wage/housing cost relationship is getting squeezed. Choices are being made about which expenses to put off or eliminate. In America we hear of "food deserts", child hunger, persons with three jobs, contract work with no benefits and a plethora of other ills heretofore unacceptable in the richest nation in the world.

Housing, education, transportation and health care costs are at the forefront of the rising household expenses necessary for day-to-day living. The rising costs limit access to basic services, inhibit household members from increasing job skills and impose transportation hardships for access to jobs. Breaking the cycle is difficult; and the deficiencies become generational. A twofold attack is necessary: increasing household incomes to a livable level and growing the supply of affordable housing.

"ESSENTIAL WORKFORCE" HOUSING.

The COVID-19 health emergency has brought to the fore the essential nature of the community's healthcare, education, public safety and food industry workforce. They all need housing they can afford. The city has a strong interest in affordable workforce housing.

"The Joint Center for Housing Studies at Harvard University finds that the median American rent payment rose 61% in real terms between 1960 and 2016 while the median renter's income grew by 5%."
The Economist, January 18th-24th, 2020.

HOUSEHOLD INCOMES.

Wages are affected by a number of factors: globalization, lack of skills, part-time no-benefit jobs, reduced labor force mobility, technological replacement and declining labor force participation. Labor costs in the second decade of this new century have recently begun to grow, but yet not enough to greatly increase the labor pool of the trades or the wages of service workers.

Workers no longer move as freely as they once did to find work in distant labor markets with available jobs. Labor mobility is constrained by dependence on the extended family, an immobile social safety net and awkward systems for training people for new jobs.

People are not moving to growing employment areas as conventional labor theory says they should. People are choosing to remain at home even though they are unemployed or under-employed.

HOUSEHOLD EXPENSES.

Housing costs are increasing dramatically due to steady increases in land costs in and near growing metropolitan job markets. Material costs are also increasing, tariffs don't help. All the while, labor costs are not growing fast enough to fill the need for labor in growth markets.

An “All of the Above” Strategy to Provide Affordable Housing.

VISION.

An important part of America’s social contract with its citizens is that everyone can reside in an affordable, safe and sanitary home. The vision is a city program that focuses its attention and resources on increasing housing affordability.

STRATEGY.

The strategy for achieving the vision for all city residents is to use all of the tools and programs available. The strategic objectives are aimed at families in need and developers/builders with “qualified” projects.

The first strategic objective is to increase “net home buying power” to align with housing costs. “Net home buying power” is the combination of wages earned less the operating costs of a home, namely utilities, taxes, insurance and maintenance. City action programs can address each of these elements.

Secondly, the city must aim to contain the cost of housing to align costs with “net home buying power”. The elements of housing costs are land, construction materials and labor, fees and financing. Like buying power, each of these elements can be addressed by the city.

The third strategic objective is to keep affordable housing from deteriorating and leaving the inventory. Compassionate code enforcement can help owners retain viable living habitats.

ACTION PLANS.

“Net home buying power” Actions.

- Wages: Livable wages, extra pay or housing credits for “essential employees”.

- Housing subsidies for critical employees like those now being instituted by tech firms.
- Ubiquitous and Affordable High-speed Broadband Internet Service is essential. Every neighborhood must have access to good internet service:
 - to start a business, operate a small business, maybe home based and
 - to have access to general education for children and adults and specialized training for employees and job-seekers.
- Transit service, safe and affordable, is usually necessary for unemployed and under employed people to seek employment and travel to job sites.
- Utilities: Subsidies for winter heating bills, deposit reductions/refunds, education programs to conserve energy and water.
- Taxes: Abatements for “qualified” affordable housing units, sales tax relief for construction materials.
- Insurance: A public option.
- Maintenance: Sponsored home maintenance insurances, cooperatives for neighborhood maintenance including dwelling units with “sweat equity” options for residents.

Housing Cost Containment Actions.

- **Land:**
 - Reduce total land costs by deploying surplus public lands, establishing land banks and re-using remediated properties.
 - Reduce land costs per unit with appropriate density increases and/or bonuses for qualified affordable housing.

- **Construction:**
 - **Materials** – The cost of materials is determined by international and national factors. Their net cost can be reduced by local sourcing and tax abatements for “qualified” builders.
 - **Labor** – On one hand, labor wages need to rise to increase local “net home buying power”. On the other hand, the labor cost of housing needs to be considered in the affordable setting. At the end of the day, a decision should favor higher wages...the Henry Ford model of paying his employees more so they could buy his cars.
- **Fees:** Impact fees are significant and can be waived for “qualified” projects by the city, as can building and inspection fees.
- **Financing:** Down payment assistance programs, the creative use of second mortgages and other ideas to reduce financing costs.
- **Public subsidies:**
 - Location based, e.g., low rent public housing.
 - Low income housing tax credits, LIHTC.
 - Person based subsidies, e.g., Section 8 housing.
- **Re-purposed obsolete commercial buildings** for housing, such as retail malls.
- **Preserved older houses and apartments.** Rehabilitation grants and loans combined with a “compassionate” code enforcement program geared to helping owners fix problems.
- **Education** for homeowners and tenants is important to assist residents in the ways and means of reducing costs, maintaining properties and sustaining their home. Most communities have an organization devoted to this task. As an example, in Orlando it is HANDS. **LINK:** <https://www.cflhands.org/home>

Other Approaches.

- Private philanthropy includes:
 - Contributions to affordable housing funds from Google, Apple, etc.
 - Community trusts, crowdsourcing and other private interest funding.
- Land development regulations for higher densities that lower land costs, fees and financing:
 - Non-exclusive single-family zoning districts promoting “missing middle” housing including Accessory Dwelling Units [ADUs].
 - Habitat for Humanity, Community Land Trusts and similar NGO programs.



The critical factors are commitment to a vision of universal housing affordability and community leadership to an “all of the above” strategy.



Featured Article

[HUD USER Home](#) > [PD&R Edge Home](#) > [Featured Article](#)

This article from DHUD provides a great retrospective of the affordable housing situation in the United States plus some ideas about how to proceed in the future. It discusses:

- Defining Housing Affordability.
- High Housing Cost Burdens.
- Percent of Income Standard for Housing Affordability.
- An Alternative Way to Measure Housing Affordability. Ensuring Affordability.

LINK: <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081417.html>

United States Housing Policy

Edgar O. Olsen, University of Virginia
Jeffrey E. Zabel, Tufts University
September 26, 2014

Professors Olsen and Zabel produced an excellent report in 2014 that summarizes the approach the federal government takes to provide low-income housing assistance. The specifics may have changed since 2014, but the discussion is still instructive. The link to the full report is provided below.

READ MORE AT:

https://search.yahoo.com/yhs/search?hspart=adk&hsimp=yhs-adk_sbnt&type=ckyolo-tg082019::srcb::posn::wat0::c¶m2=e5c0a859-79ef-4c73-8d18-d4e78a10b3de¶m3=template~US~appfocus1~¶m4=d-ccc2-lp0-dsf_template--bb9~Chrome~United+States+Housing+Policy++Edgar+O.+Olsen~3797A7885BDEADF949976CE4785FE416¶m1=20190204&p=United+States+Housing+Policy++Edgar+O.+Olsen



“Missing Middle” infill condo on a residential collector street.



Small complexes of apartments or condos fit nicely on collector streets and corner lots in neighborhoods.

Preservation of existing houses is important; a program of compassionate code enforcement helps owners rehabilitate and maintain their homes.

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The mission is to:

- Provide objective academic and empirical research on the legal and public policy issues.
- Promote frank and productive discussions among elected and appointed housing leaders.
- Present essential data and analysis about the state of New York City's housing and neighborhoods.

LINK: <https://furmancenter.org/research>

The Coalition of Affordable Housing Providers.

CAHP is a strategic alliance of developers and professional services providers in Florida, designed to: advocate legislative initiatives; promote the affordable housing industry through networking and disseminating information; and, act as a liaison to the Florida Housing Finance Corporation.

LINK: <http://floridacahp.org/>

Bloomberg Businessweek

BY JOHN TOZZI NOV 8, 2019 13 MINUTES

A Fix for the U.S. Health-Care Crisis Four Walls and a Roof.

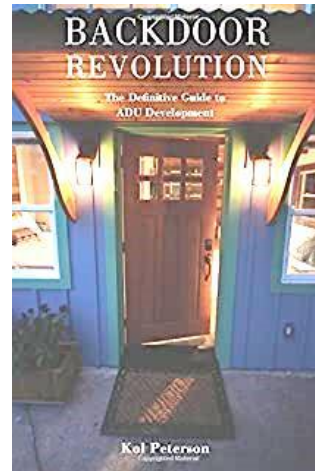
The country's largest health insurer is giving apartments to homeless people—not as an act of charity, but to drive down the extraordinary cost of caring for them. There are more than half a million homeless in the U.S., about a third of them unsheltered—that is, living on streets, under bridges, or in abandoned properties. When they need medical care or simply a bed and a meal, many go to the emergency room. That's where America has drawn the line: We'll pay for a hospital bed but not for a home, even when the home would be cheaper.

Jeffrey Brenner is trying to move that line. He's a doctor who for more than 25 years has worked largely with the poor, many of them homeless after decades in shoestring clinics and nonprofits, he's become an executive at UnitedHealth Group Inc., America's largest health insurer. Brenner is expected to contribute to its bottom line. He plans to do it by giving people places to live.

LINK: <https://www.scribd.com/article/433944738/A-Fix-For-The-U-S-Health-Care-Crisis-Four-Walls-And-A-Roof>

Backdoor Revolution: The Definitive Guide to ADU Development.

Kol Peterson. Accessory Dwelling Strategies, LLC.



FROM AMAZON...

Accessory Dwelling Units [ADUs] are a form of residential infill housing that are poised to revolutionize housing in the United States. Unlike other urban development trends, this one is being driven by homeowners, not professional developers. Through case studies, expert interviews, firsthand anecdotes, images, and data analysis, *Backdoor Revolution* reveals the opportunities, challenges, and best practices of ADU development for homeowners, including costs, financing, design, zoning barriers, and regulatory loopholes.

With sections written for policymakers and small housing advocates, *Backdoor Revolution* offers insightful analysis and a succinct prescription for solutions to municipal and institutional barriers for ADU development.

LINK:

<https://accessorydwellingstrategies.com/backdoorrevolution/>

Character *Neighborhoods*

Conclusions.

A COMMUNITY-BASED VISION.

Envision a community where the cost of housing is in line with household incomes.

A VISION-DRIVEN STRATEGY.

The **strategy** for achieving this vision is:

1. Reduce the relative cost of housing while maintaining quality standards.
2. Increase resident “housing buying power”.

A STRATEGY-DIRECTED ACTION PLAN.

Develop **action plans** to increase the supply of affordable housing by lowering the relative cost of housing and increasing a household’s “net housing buying power”.



New duplexes on a residential collector street.



A small brick apartment building on a single family neighborhood street.

THE NEIGHBORHOOD AFFORDABLE actions include:

1. **Adopting a housing policy;** a policy that firmly links the city’s prosperity and its social cohesion with a thriving middle class that depends on affordable housing for low and moderate income households.
2. **Enlisting participation** of motivated residential associations, institutions and private sector businesses to support affordable housing plans and regulations.
3. **Increasing the supply of affordable housing** by improving codes, providing infrastructure, preserving existing affordable housing and supporting the construction of new affordable housing; necessary but not sufficient.
4. **Taking an “All of the Above” approach** knowing that increasing the supply of affordable housing is only part of the problem; increased wages and benefits are also needed.
5. **Increasing households’ “net housing buying power”** by working to increase wages and benefits while reducing the costs of home operations, health care, transportation and education to bridge the gap between wages and housing costs.
6. **Understanding that higher wages or increased transfer payments will not be effective if** the resulting increase in resident “housing buying power” has no supply of affordable housing to purchase. Increased demand chasing a fixed supply will keep prices high.
7. **Directing corporate support to experienced affordable housing providers** such as private builders and federal, state, local and institutional organizations that know how to produce and retain affordable housing.

8. Leveraging corporate and institutional resources to support public programs are useful but alone they will not alleviate the need. Corporate efforts to increase wages and benefits may have more impact on household budgets than housing subsidies.

9. Pursuing specific action plans:

- **Develop “complete neighborhoods”** by imbedding holistic planning ideas in the city’s process.
- **Preserve existing affordable housing** for owners of standard rentals and owner occupied dwellings with improvement grants, utility company subsidies and compassionate code enforcement to assist with remedial improvements.
- **Promote “missing middle” housing** with by-right zoning codes, location criteria and design standards.

10. Leveraging public assets, such as surplus lands, with private and institutional resources will expand total resources.

11. Creating a Land Bank of properties available to affordable housing providers from public agency surplus lands, remediated brownfield sites and other under-utilized lands.

12. Exploring public-private financing techniques to make affordable housing ownership available to low and moderate income households.

- Establish a Housing Trust Fund.
- Pursue a linkage fee nexus study.
- Introduce a Revolving Loan Fund.
- Design private mortgages, second mortgages, land leases and other techniques to lower housing costs.

13. Using public funding and finance tools such as tax credit programs, Community Land Trusts, and Revolving Loan Funds.

14. Appreciating that the city depends on “essential workers” including public safety, medical, education and food industry workers. These essential workers need affordable housing accessible to their work:

- Identify and certify “essential workers” to be eligible for affordable housing financing and funding programs.
- Establish a “living wage and hazardous pay” for the city’s “essential workers”.



A single family home with apartment neighbors.



Historic bungalows and resort cottages become permanent homes in an established neighborhood.