

LEARNING
SERIES



How can
affordable
housing benefit
my community?

TUESDAY, OCTOBER 12, 2021
6:00 – 7:30 P.M.



State of Housing Affordability and How to Support Development

October 12, 2021

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BUFFALO STATE
The State University of New York

Goals

- Provide current data on households and housing as it relates to affordability
- Explore ways that local governments, individually and collectively, can support new affordable housing production
- Answer questions!



Let's start with
some
foundational
terms

Affordability and Cost Burden

Housing cost burden -

exists when a household spends more than 30 percent of its available gross monthly income on housing

Housing + Transportation

cost burden - housing alone is deemed affordable when consuming no more than 30% of income, the H+T Index incorporates transportation costs—usually a household's second-largest expense—to show that location-efficient places can be more livable and affordable.

What are the demographic and economic characteristics of the region?

Households: Income and Poverty

Regional household incomes are increasing...but household poverty remains constant

		2005-2009	2010-2014	2015-2019	Change	% Change
Erie County	Families in Poverty	23,416	25,078	22,553	-863	-3.7%
	Nonfamilies in Poverty	29,793	29,846	32,028	2,235	7.5%
	Percent in Poverty	14.0%	14.4%	14.0%	0.0	0.0%
Niagara County	Families in Poverty	5,193	5,475	5,398	205	4.0%
	Nonfamilies in Poverty	5,982	6,939	6,442	460	7.6%
	Percent in Poverty	12.7%	14.1%	13.4%	0.7	5.5%

- *Median Household Income*
 - Erie County - \$58,121 (+\$2,656)
 - Niagara County - \$55,522 (+1,081)
- *Household Poverty Rate*
 - 2005-2009 - 13.8%
 - 2015-2019 - 13.9%

What are the demographic and economic characteristics of the region?

Gained Owners Gained Renters	Gained Owners Lost Renters	Lost Owners Lost Renters	Lost Owners Gained Renters
Amherst (1,094/3,058)	Lockport (T) (595/-150)	Buffalo (-7,287/-75)	Cheektowaga (-1,796/1,020)
Clarence (1,966/441)	North Tonawanda (282/-371)	Lewiston (-52/-60)	Lackawanna (-583/14)
Grand Island (1,085/172)	Tonawanda (T) (1026/-58)		Lockport (C) (-489/304)
Hamburg (610/1,350)			Niagara (-237/205)
Lancaster (1,618/1,036)			Niagara Falls (-1,559/192)
Pendleton* (182/0)			Orchard Park (-235/978)
Tonawanda (C) (223/476)			
West Seneca (580/655)			
Wheatfield (487/392)			

*Renters unchanged; Red = net loss in households

Households: Tenure

Homeowners are decreasing (-1,661) while renters are increasing (+11,347)

What are the demographic and economic characteristics of the region?

	Erie		Niagara		Two-County Change	
	2005-2009	2015-2019	2005-2009	2015-2019	Number	Percent
1, detached	239,386	251,119	64,566	69,755	16,922	5.6%
1, attached	13,976	12,322	1,633	1,768	-1,519	-9.7%
2	88,653	77,191	11,271	8,957	-13,776	-13.8%
3 or 4	26,398	25,484	6,421	5,825	-1,510	-4.6%
5 to 9	19,445	21,112	4,017	4,146	1,796	7.7%
10 to 19	9,423	9,380	2,068	2,272	161	1.4%
20 to 49	6,403	8,552	1,489	1,598	2,258	28.6%
50 or more	13,252	17,503	2,064	2,479	4,666	30.5%
Mobile home	6,283	5,644	4,551	3,518	-1,672	-15.4%
Boat, RV, van, etc.	66	55	32	55	12	12.2%
TOTAL UNITS	423,285	428,362	98,112	100,373	7,338	1.4%

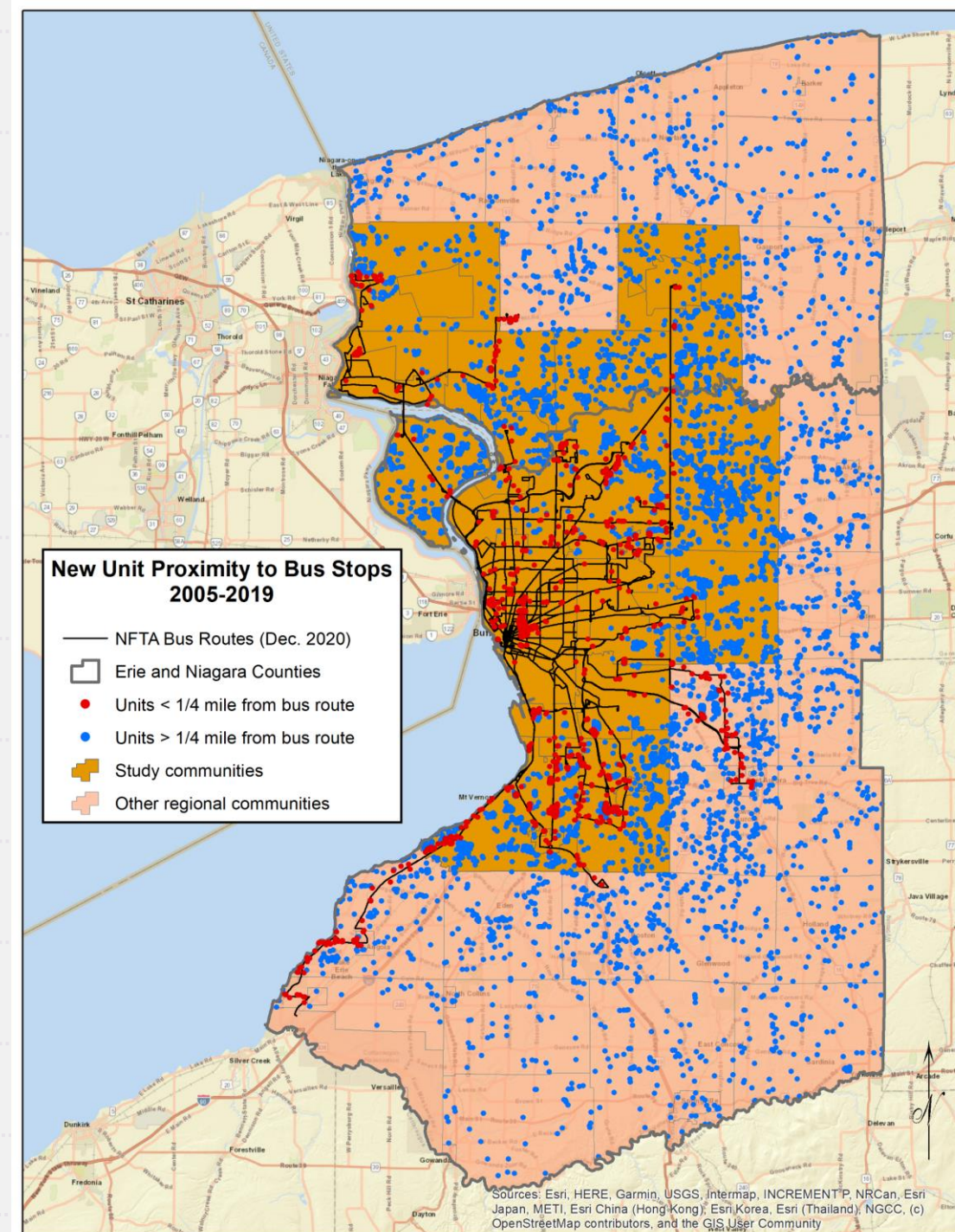
Housing: Units and Type

Single-family units dominate the share of housing units ... and the units produced

Location-efficient?

Like many data, we have a city-suburban divide

- County-wide 12.8% of new units were within ¼ mile of a bus stop
- In Buffalo, it was 98.8%



What are the demographic and economic characteristics of the region?

Key Trends and Needs

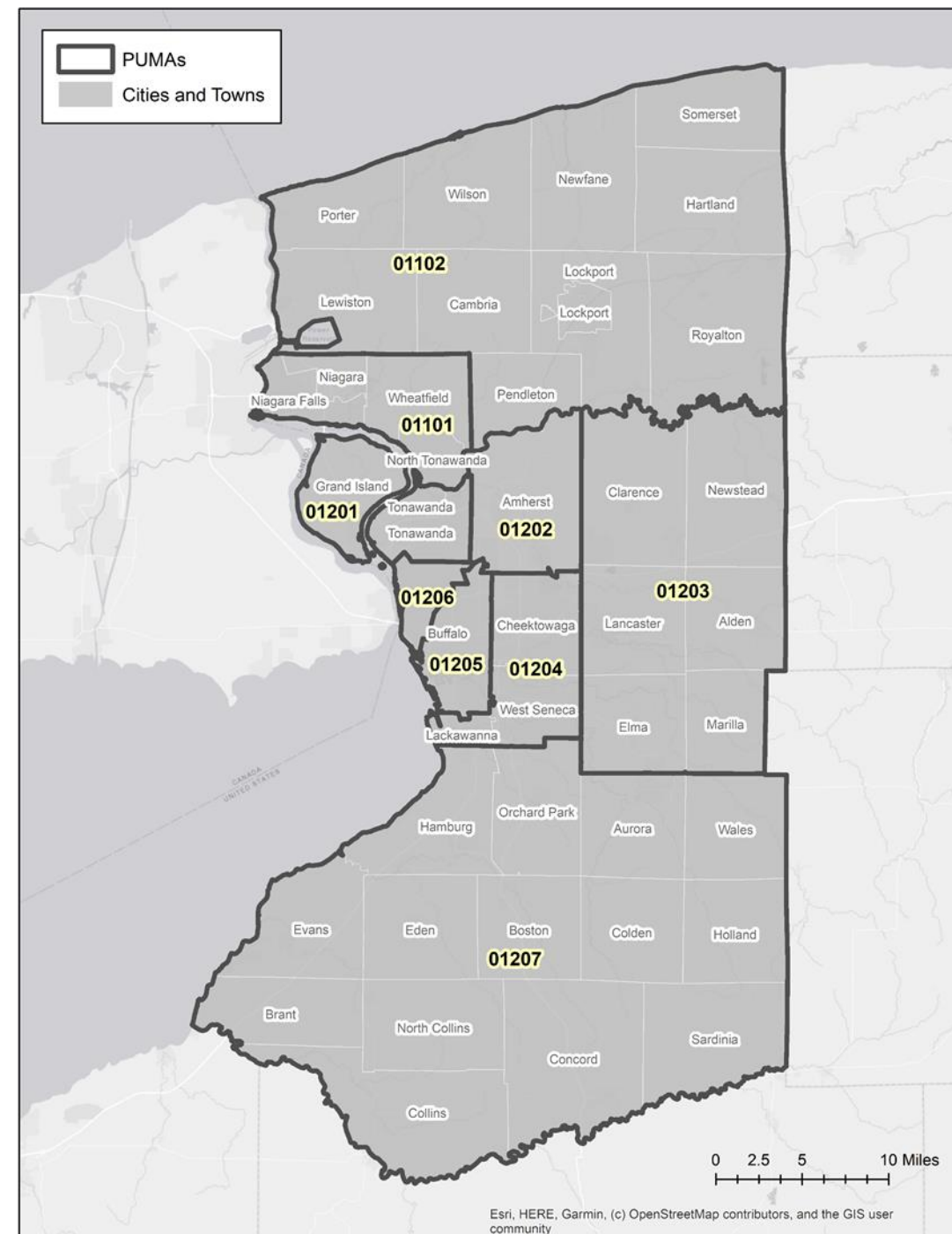


Table 15. Household Income Typology

Income Category	Definition Relative to Family-Size Adjusted Area Median Income (AMI)
Extremely Low	Family Income \leq 30% AMI
Very Low	30% AMI $>$ Family Income \leq 50% AMI
Low	50% AMI $>$ Family Income \leq 80% AMI
Moderate	80% AMI $>$ Family Income \leq 120% AMI
Medium	120% AMI $>$ Family Income \leq 150% AMI
High	150% AMI $>$ Family Income \leq 180% AMI
Very High	Family Income $>$ 180% AMI

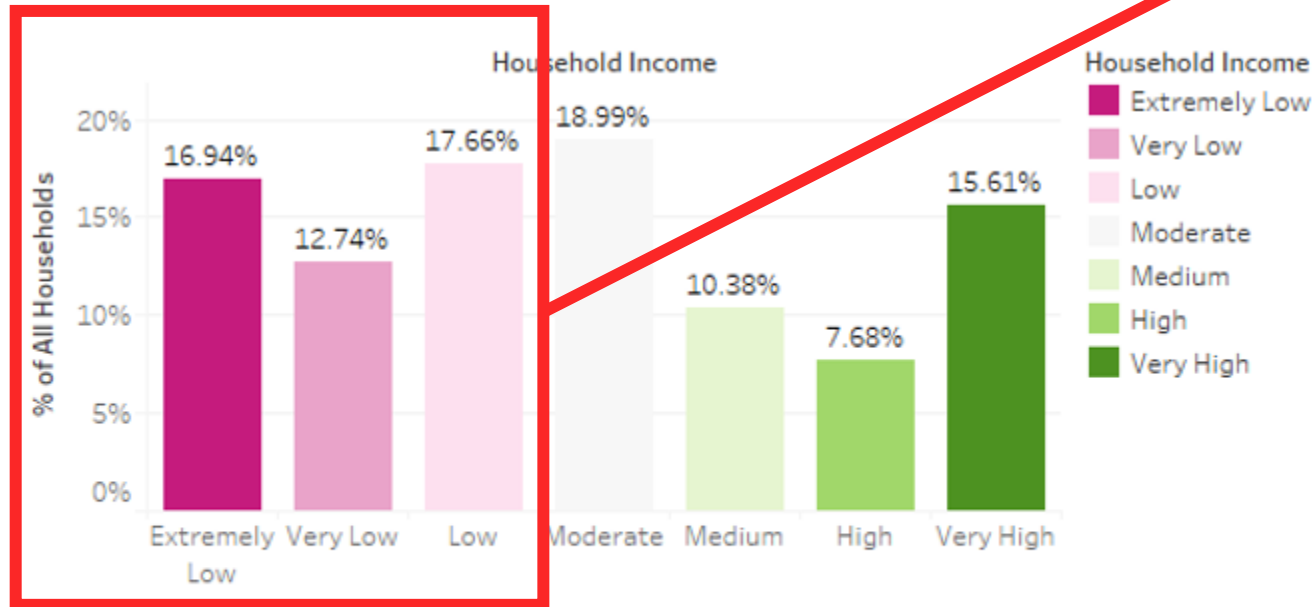


Figure 13. Buffalo-Niagara Regional Income Distribution

47.3%

Fraction of households that qualify as "Low", "Very Low", or "Extremely Low" Income

Table 15. Household Income Typology

Income Category	Definition Relative to Family-Size Adjusted Area Median I
Extremely Low	Family Income <= 30% AMI
Very Low	30% AMI > Family Income <= 50% AMI
Low	50% AMI > Family Income <= 80% AMI
Moderate	80% AMI > Family Income <= 120% AMI
Medium	120% AMI > Family Income <= 150% AMI
High	150% AMI > Family Income <= 180% AMI
Very High	Family Income > 180% AMI

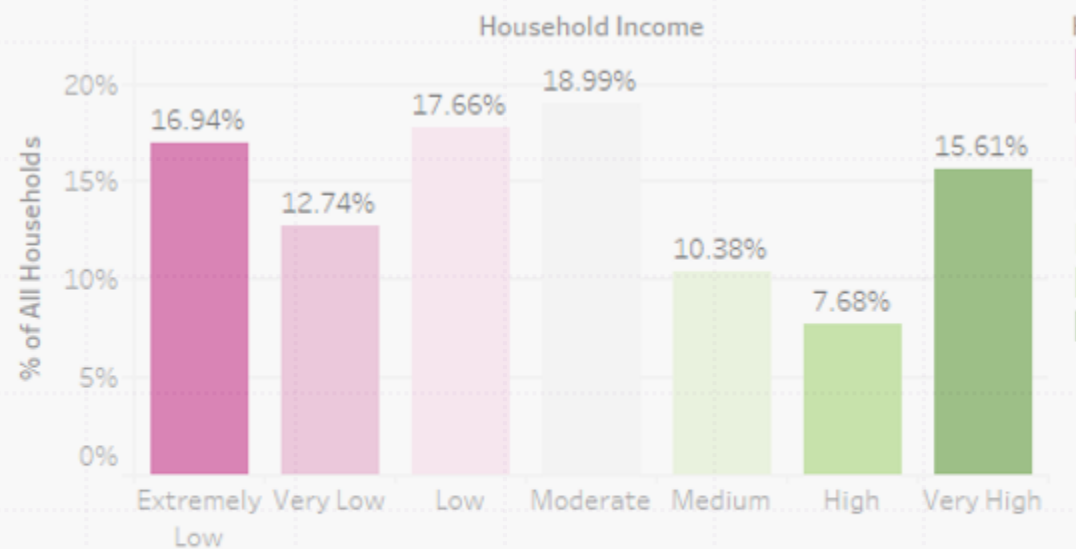
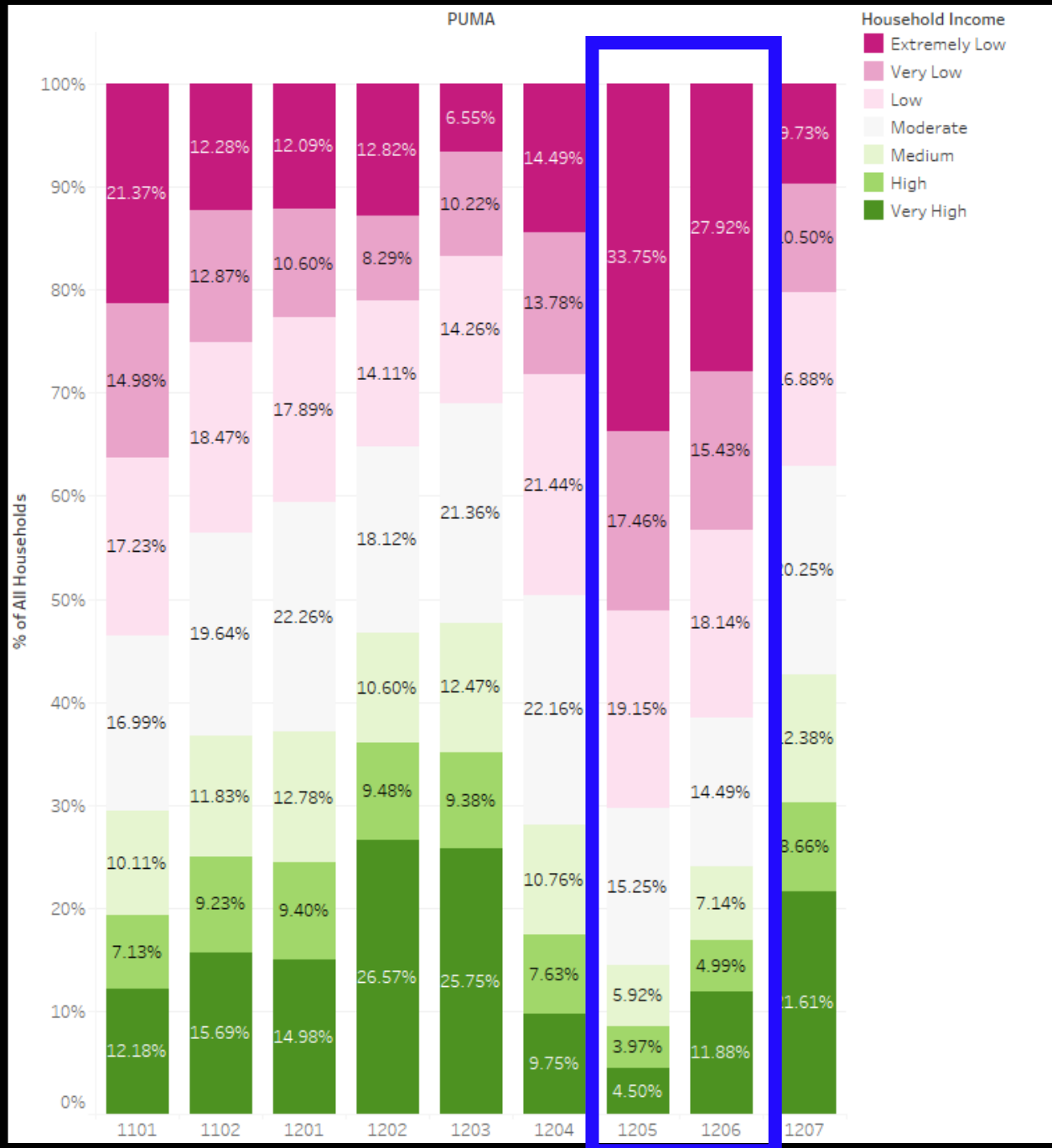


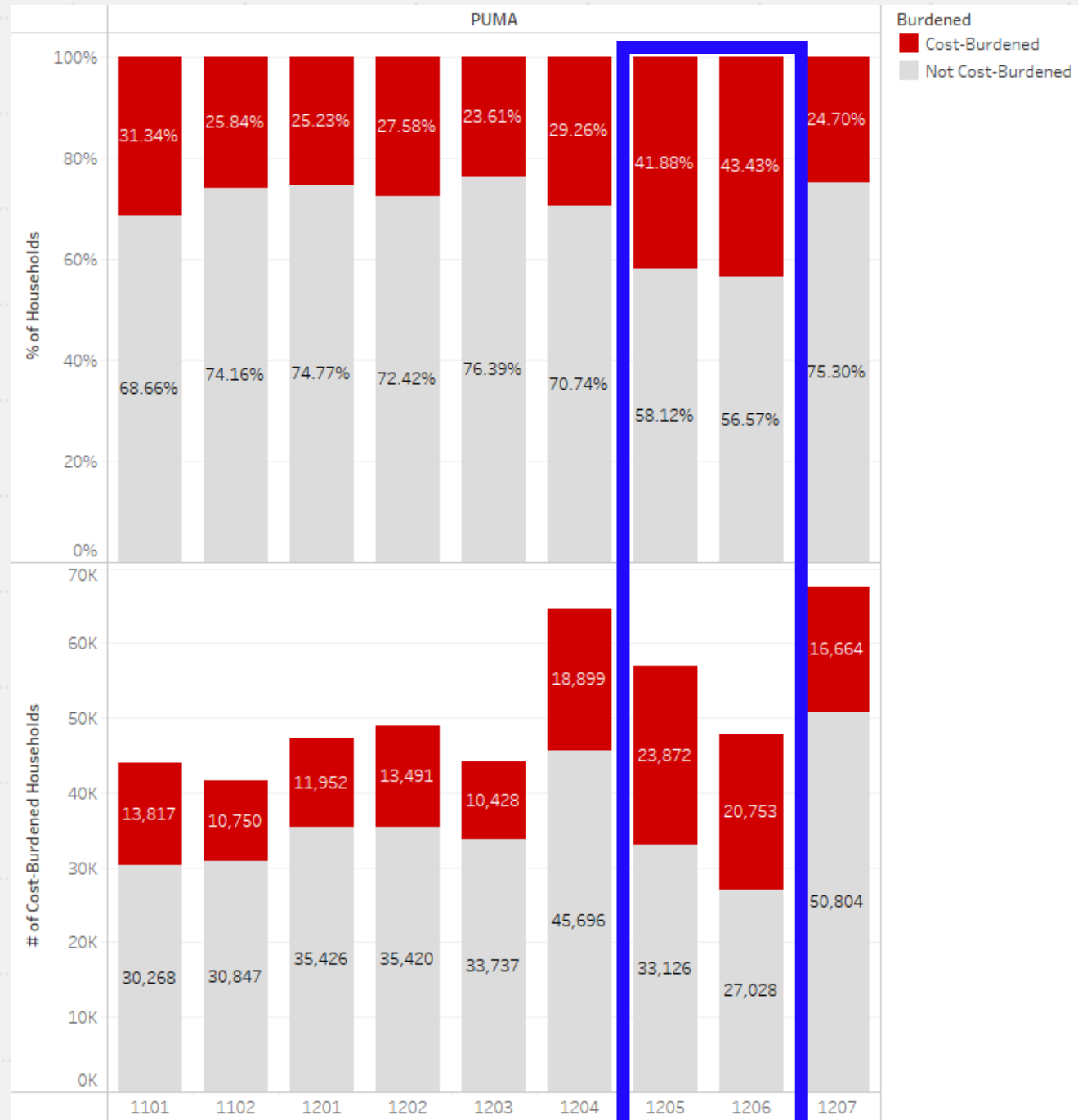
Figure 13. Buffalo-Niagara Regional Income Distribution



What are the gaps in the current housing market?

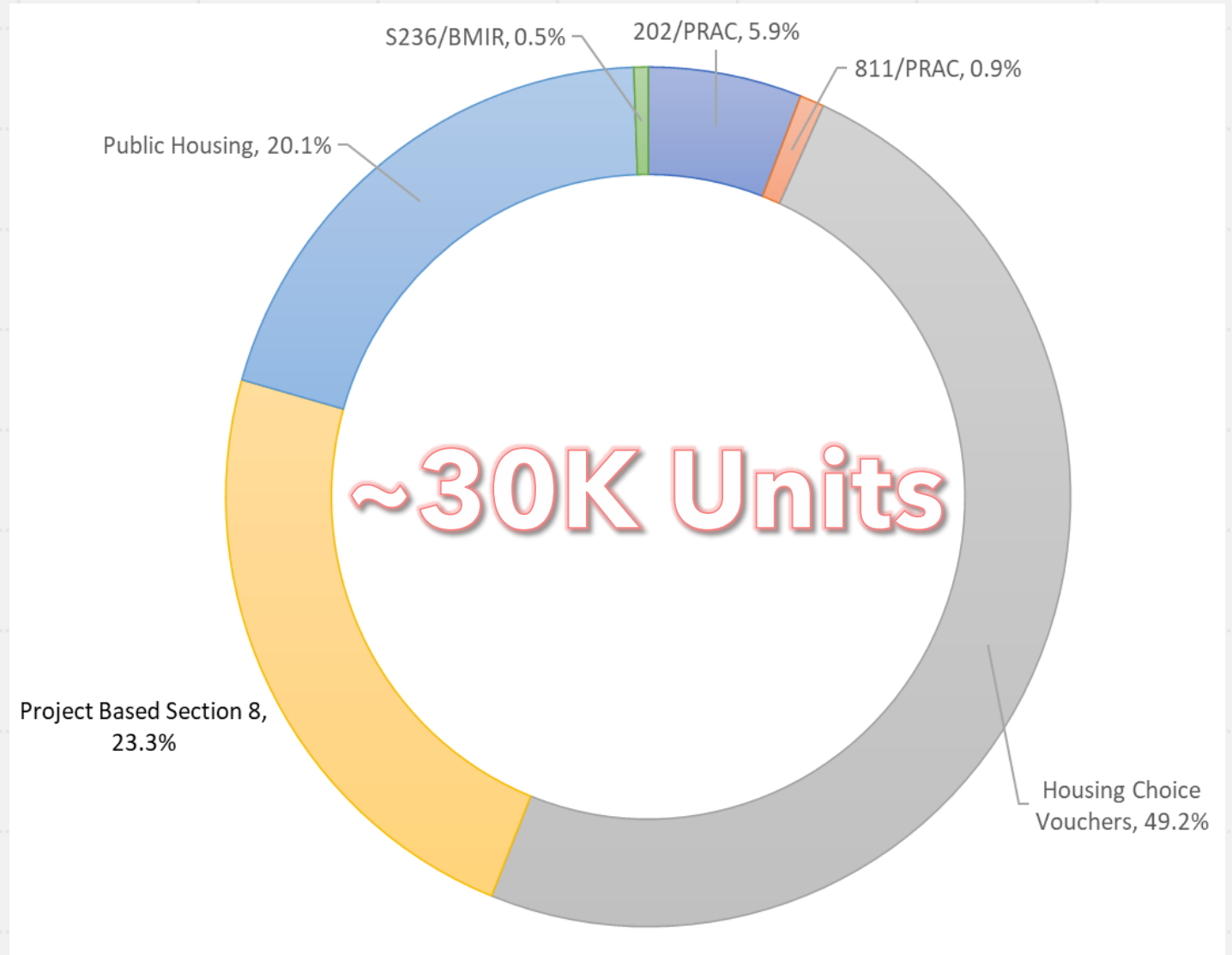
Affordability and Cost Burden

Combined, 30.4% of households in the Buffalo-Niagara region (140,626 households) appear to struggle with housing unaffordability



What are the gaps in the current housing market?

Affordable Housing Supply



Roughly 38,000 households included in this “excess demand” for subsidized units contain persons with disabilities

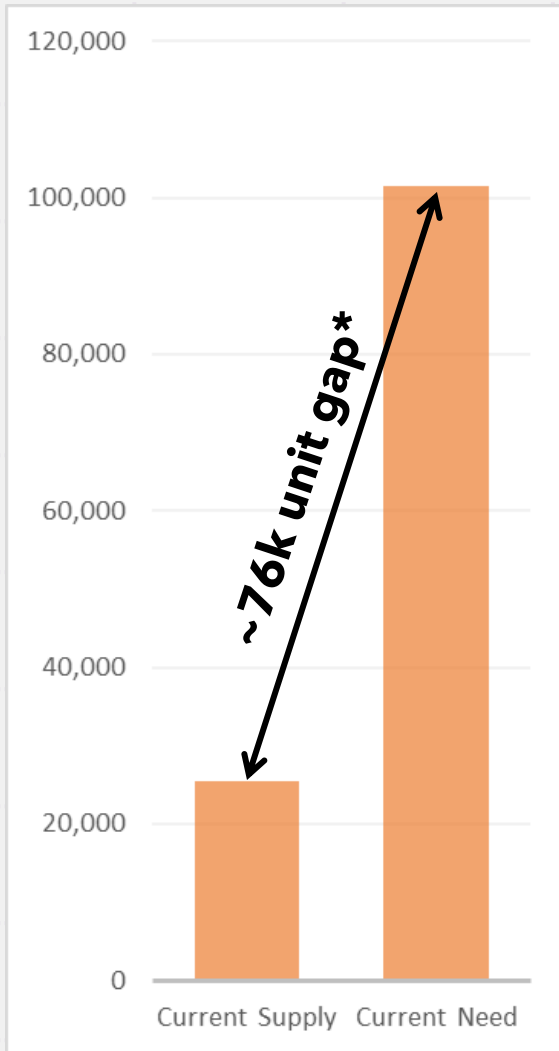


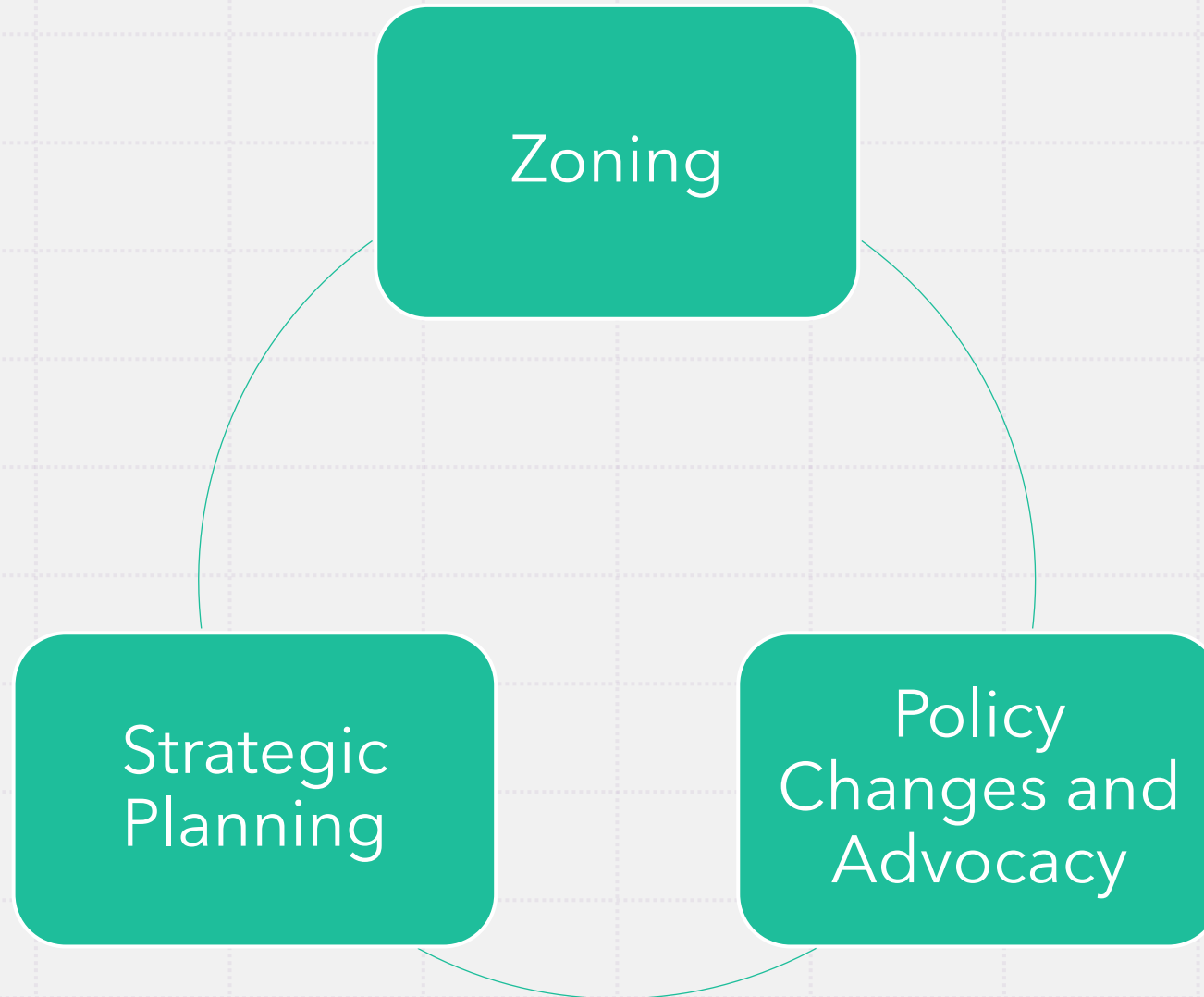
Table 34. Shortfall of Subsidized Housing Units, by Geography, Assuming All Extremely- and Very-Low-Income Cost-Burdened Households Demand Subsidized Units

Geography	Cost-Burdened ELI and VLI Households, Combined	HUD-Subsidized Units	Estimated # of Cost-Burdened ELI and VLI Households in Subsidized Units	% of Area's Cost-Burdened ELI and VLI Households	Excess Demand/ Subsidized Unit Shortfall
PUMA 1101	11,472	3,636	3,066	26.7%	8,406
PUMA 1102	7,120	1,237	1,114	15.6%	6,006
PUMA 1201	7,880	1,542	1,379	17.5%	6,501
PUMA 1202	7,861	2,230	1,993	25.4%	5,868
PUMA 1203	5,542	533	495	8.9%	5,047
PUMA 1204	13,708	2,647	2,363	17.2%	11,345
PUMA 1205	21,391	9,992	8,319	38.9%	13,072
PUMA 1206	16,196	6,280	5,504	34.0%	10,692
PUMA 1207	10,228	1,303	1,206	11.8%	9,022
Buffalo-Niagara, Total*	101,398	29,400	25,439	25.1%	75,959

*Slight differences between totals here and in the region are due to rounding and estimation (see note 85)

*Just for “Extremely Low” and “Very Low” Income Households

Moving Forward - Locally

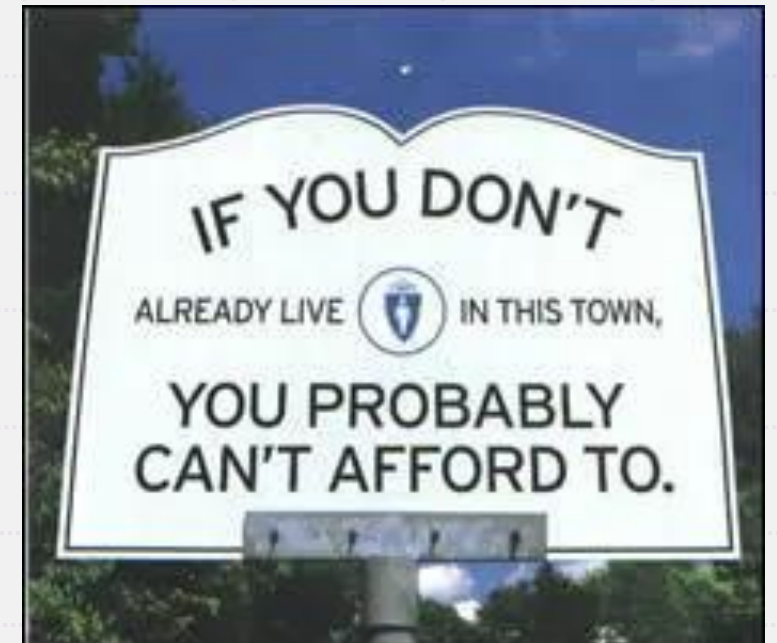


Zoning

- What gets built in our region is predominantly larger single family homes (72.1%) for smaller households further from the urban core
- A critical component of affordable housing development is local zoning
- A zoning ordinance that outlaws or restricts the types of units that are typically affordable are said to be **exclusionary**
 - Multi-family
 - Micro-units
 - Tiny homes
 - Accessory dwelling units
- Also, explore alternative forms of housing tenure
 - Community Land Trusts
 - Housing Cooperatives

Exclusionary Zoning

“a residential zoning plan whose requirements (such as minimum lot size and house size) have the effect of excluding low-income residents”



Zoning

- **Inclusionary zoning** is also a tool local governments could use to create more affordable units
- IZ requires projects that create new units include a percentage of affordable units
 - Can assist developers with various policy supplements, such as density bonuses, expedited processing, fee reductions, parking reduction
- Locally, Hamburg has an IZ provision in its Fair Housing Law, beginning with new projects in 2018
 - Multi-family structures with 8+ units are required to set aside 10% of the units as affordable
 - The Oaks development, 152 units, has set aside 15 for affordable housing

Inclusionary Zoning

“policy that requires developers to build a certain number, or percentage, of affordable units in new or redevelopment projects”

Strategic Planning

- Although zoning is important, building affordable housing into municipal strategic planning efforts is critical
 - Comprehensive plans, for example, should have more than a description of a community's existing housing stock
- Further, creating a zoning district that permits multi-family units and has an IZ requirement but is nowhere near a bus stop is counterproductive
 - Additionally, housing in walkable neighborhoods is housing in neighborhoods of opportunity

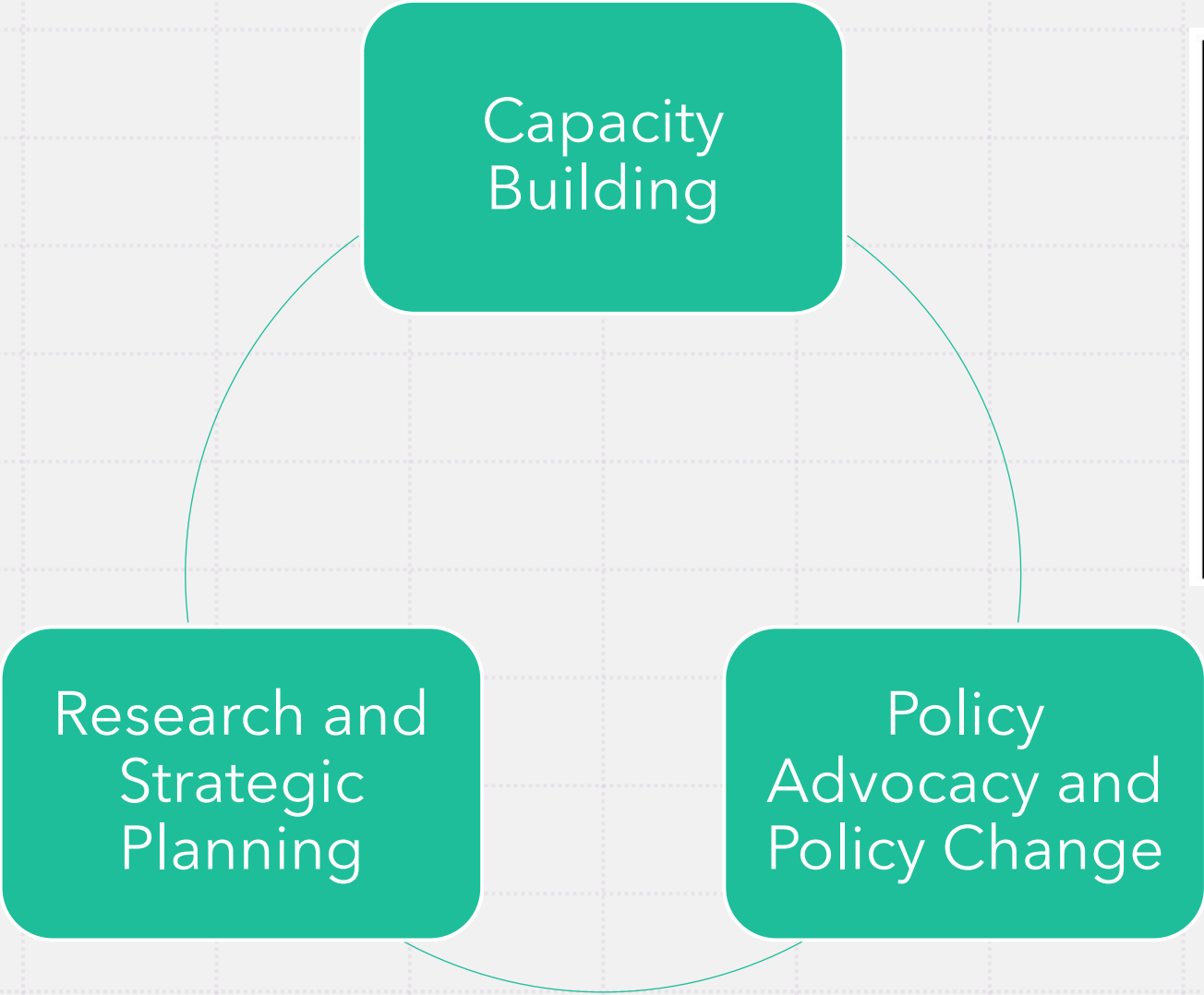
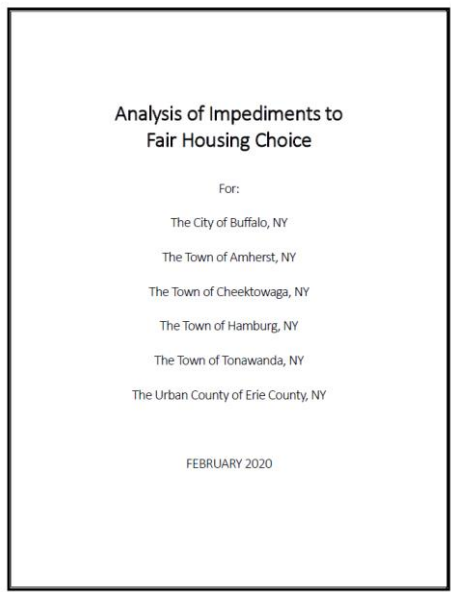
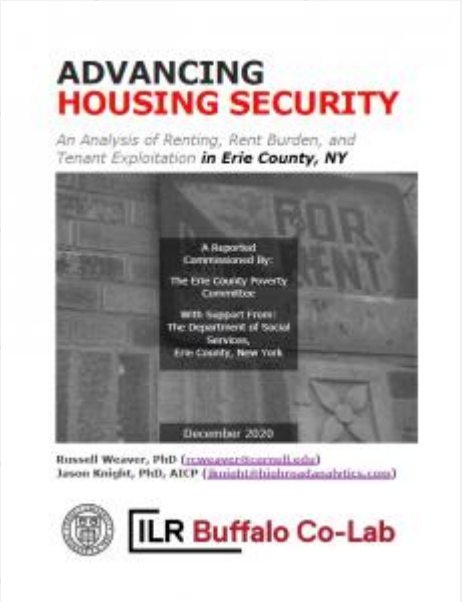


Policy Changes and Advocacy

- Development standards and procedural costs should be reviewed as costly but unnecessary requirements and drawn out review and approval processes increase costs, making projects tougher to pull off
- Also, partnering with local affordable housing developers, adjacent communities, and community stakeholders to advocate and plan for change is important
 - The Amherst-Cheektowaga-Tonawanda (ACT) consortium provides an excellent case study in community cooperation and advocacy



Moving Forward – Collectively



Collective Action

- In our recent works, we have argued that equitable solutions to the affordable housing crisis is more achievable through regional, collective action
 - Push to expand public housing
 - Housing Trust Fund
 - Push for Expanded Public Transit
 - Reform public land management and disposition
- There is a robust ecosystem of organizations that local governments can plug into or engage with
 - LISC
 - PPG
 - NFTA
 - BENLIC



Collective Action

- A **Regional Housing Strategy** and action plan that engages with (sub)regional trends
- That collaborative work should include:
 - Regional Zoning and Development Standards Assessment
 - Inventory of Disability-Accessible Housing
 - Census of Subsidized Housing
 - Conditions Assessments
 - Inventory and Feasibility Analysis of Public-owned Land
 - Geographic Analysis
- Collective effort among Erie County, municipalities, and nonprofit organizations

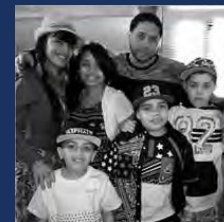


State of Housing Affordability and How to Support Development

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PARTNERS IN PROGRESS

HOW AFFORDABLE HOUSING GETS BUILT



PARTNERS IN PROGRESS DISCUSSION OUTLINE



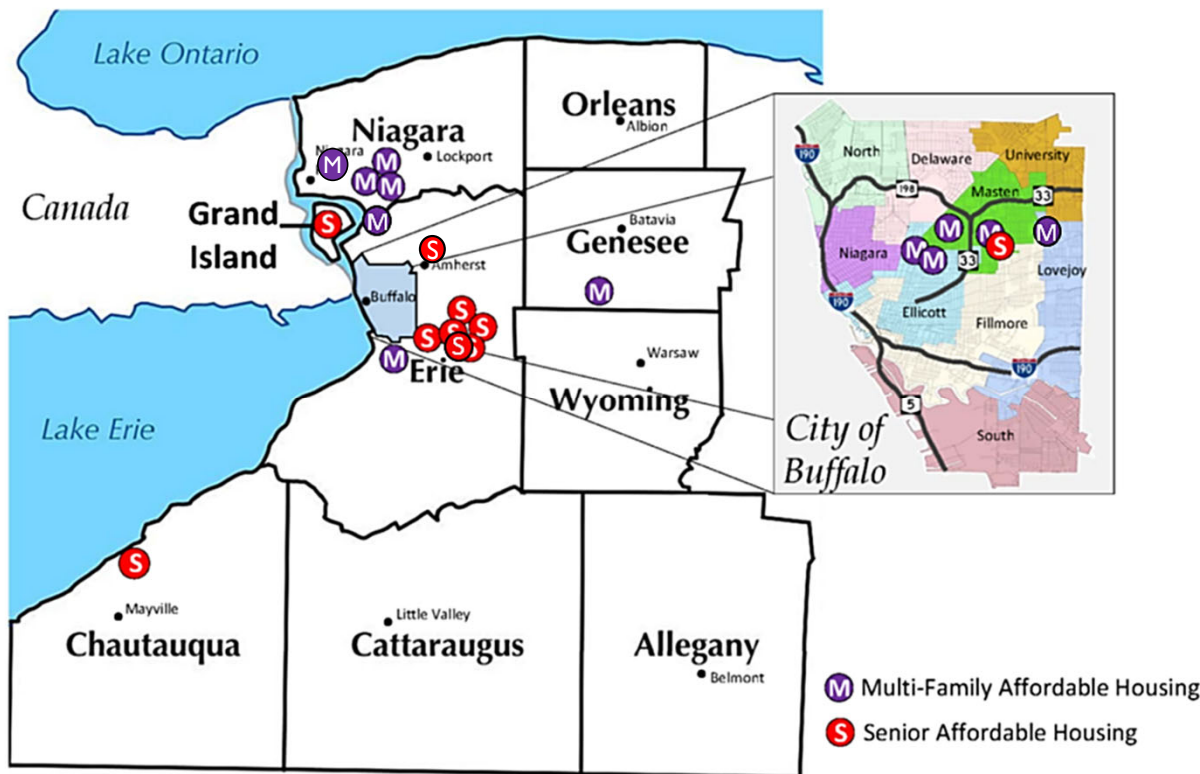
- **Section I- Belmont Housing Resources for WNY, Inc.**
 - Corporate Background
 - WNY Footprint
- **Section II- Affordable Housing, The Basics**
- **Section III- Affordable Housing Strategies**
 - Intervention Types- supply side vs. demand side
- **Section IV- Low-Income Housing Tax Credits**
 - Basic Overview
 - 9% Credits vs. 4% Credits
- **Section V- Case Study (Alberta Place Apartments, Amherst, NY)**
- **Section VI- Affordable Housing Barriers**

BELMONT HOUSING RESOURCES FOR WNY, INC. NON-PROFIT DEVELOPER, PROPERTY MANAGER & COUNSELING AGENCY



- Founded in 1977 with a focus on Section 8 administration, began developing affordable housing in 1982
- Developed over 2,000 units either as owner-developer or working in partnership with others
- Experience throughout Western New York
- Variety of sites—urban, suburban, rural—both new construction and historic rehabilitation
- Experience with a variety of funding sources and programs (LIHTC (4%/9%), SLIHC, HFA, HOME, HTFC, HUD, FmHA, FHLB)
- Property Management team

WHERE WE ARE THROUGHOUT WNY



- Town of Amherst
- Village of Attica
- City of Buffalo
- Village of Brocton
- Town of Cambria
- Town of Cheektowaga
- Town of Grand Island
- Town of Hamburg
- Town of Lancaster
- City of Niagara Falls
- Town of North Collins
- Town of West Seneca
- Town of Wheatfield

RECENT DEVELOPMENTS



WOODLAND PLACE (LANCASTER, NY)



Role: Owner & Developer
Year Completed: June 2002
Building Type: New Construction-
Senior Apartments
Total Units: 86 units
Total Project Cost: \$6,700,000
Project Financing: 4% LIHTC/HFA Bond

ELIM TOWNHOMES (BUFFALO, NY)



Role: Owner & Developer
Year Completed: December 2019
Building Type: New Construction-
Family Townhomes
Total Units: 30 units
Total Project Cost: \$10,700,000
Project Financing: 9% LIHTC
Buffalo HOME

ALBERTA PLACE (AMHERST, NY)



Role: Owner & Developer
Year Completed: February 2021
Building Type: New Construction-
Senior Apartments
Total Units: 46 units
Total Project Cost: \$12,400,000
Project Financing: 9% LIHTC
Amherst HOME

AFFORDABLE HOUSING- THE BASICS DEFINITIONS



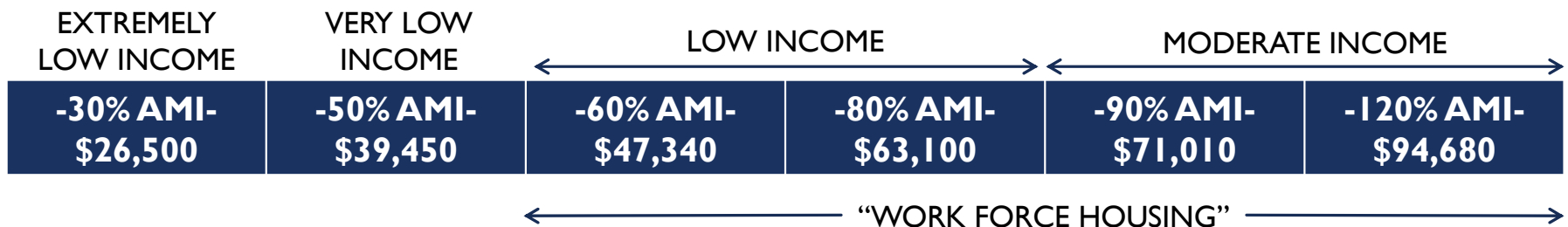
Affordable Housing

- By federal definition: Generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities (the concept of rent or mortgage burden).

Median Income

- By federal definition: This is a statistical number set at the level where half of all households have income above it and half below it. The U.S. Department of Housing and Urban Development Regional Economist calculates and publishes this median income data annually in the Federal Register.

Erie County Median Income (2021, Family of 4): \$78,900



AFFORDABLE HOUSING- THE BASICS DEFINITIONS



Fair Market Rents

- By federal definition: Fair Market Rent is generally calculated as the 40th percentile of gross rents for regular, standard quality units in a local housing market. This excludes low-quality units, already subsidized units, and units that have been built in the last 2 years.

The FY 2022 Buffalo-Cheektowaga-Niagara Falls, NY MSA FMRs for All Bedroom Sizes

Final FY 2022 & Final FY 2021 FMRs By Unit Bedrooms (HUD)

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2022 FMR	\$774	\$812	\$963	\$1,190	\$1,334
FY 2021 FMR	\$743	\$772	\$920	\$1,144	\$1,284

AFFORDABLE HOUSING- THE BASICS

HOUSING STRATEGIES



Supply-Side Mechanisms

- Public Housing (generally owned and operated by a Housing Authority)
- Low Income Housing Tax Credits
- New Market Tax Credits
- HUD Direct Mortgaged Housing Programs (i.e. Section 202, Section 811, Section 207, etc.)
- FHA/HUD Insured Loan Programs

Demand-Side Mechanisms

- Vouchers (“Section 8”)
 - Housing Choice Vouchers- Tenant Based
 - Project Based Vouchers

LOW-INCOME HOUSING TAX CREDITS (LIHTC)



What are Low-Income Housing Tax Credits?

- Section 42 of the Internal Revenue Code
- Allocated to entities that build or rehabilitate rental housing
- Claimed over 10 years; Compliance period of 15 years
- Must maintain affordable rents for a minimum of 30 years
- Fills a funding gap between total development costs and other capital sources

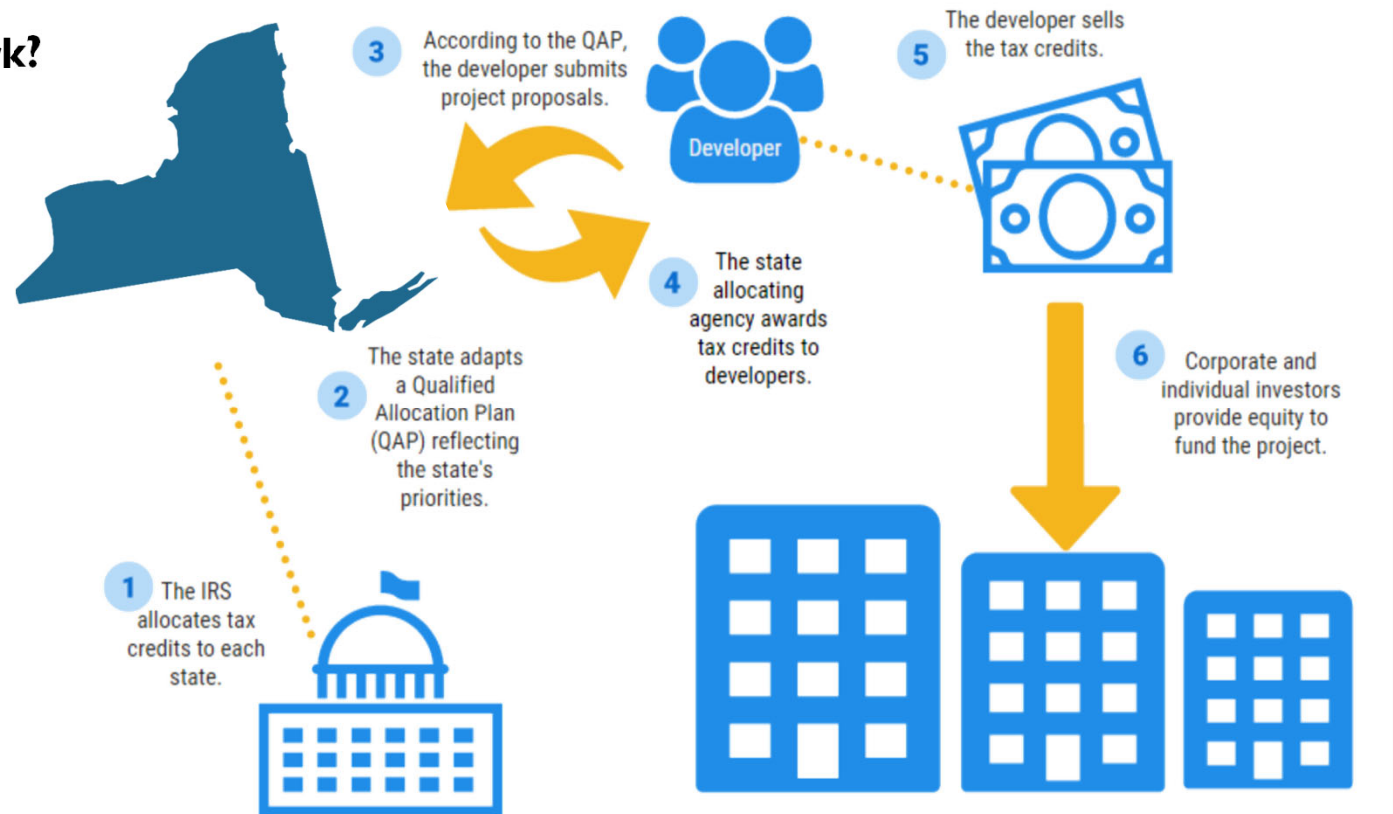
What Types of Project Can LIHTC be Used to Finance?

- Acquisition and Conversion of existing housing
- New construction
- Mixed use development
- Different types of projects
 - Tax credit only projects
 - Mixed financed projects
 - Bond finance projects

LOW-INCOME HOUSING TAX CREDITS (LIHTC)

LIHTC- How do they work?

The Low-Income Housing Tax Credit provides a tax incentive to construct or rehabilitate affordable rental housing for low-income households.

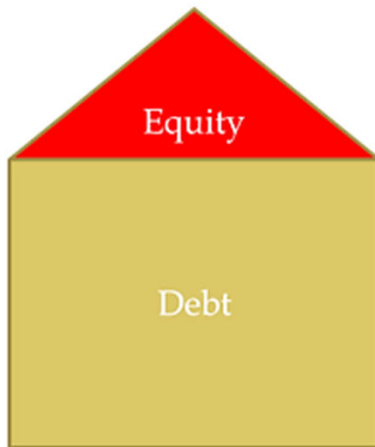


LOW-INCOME HOUSING TAX CREDITS (LIHTC)

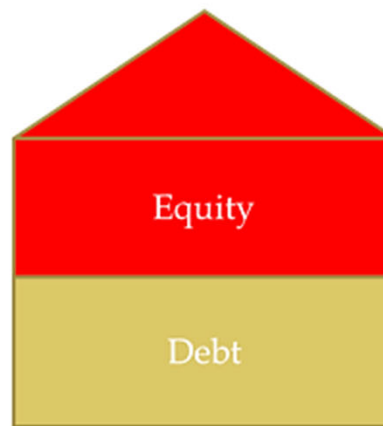


Why are LIHTC Credits Such a Valuable Tool?

Conventional Multi-Family Financing
Structure: 80% Debt, 20% Equity



Affordable Multi-Family Financing
Structure: 0-50% Debt, 30-70% Equity



Advantages for Equity Investors

- LIHTC against corporate income tax liability
- Ability to claim project depreciation to provide for a deduction against corporate income
- Community Reinvestment Act requirements

LOW-INCOME HOUSING TAX CREDITS (LIHTC)



9% Credit vs. 4% Tax Credit

- **9% Tax Credit**

- Competitive (Funding Rounds)
- Can be used with any financing besides tax-exempt
- Applications only accepted at specified times
- Limited supply of credits

- **4% Tax Credit**

- Non-competitive (may be applied for at any time)
- Used with HFA Tax-Exempt Bond financing (or other Bond issuing agency, IDA)
- No application deadlines
- No hard limit on supply of credits (theoretically)

LOW-INCOME HOUSING TAX CREDITS (LIHTC)



9% LIHTC Project vs. 4% LIHTC Project

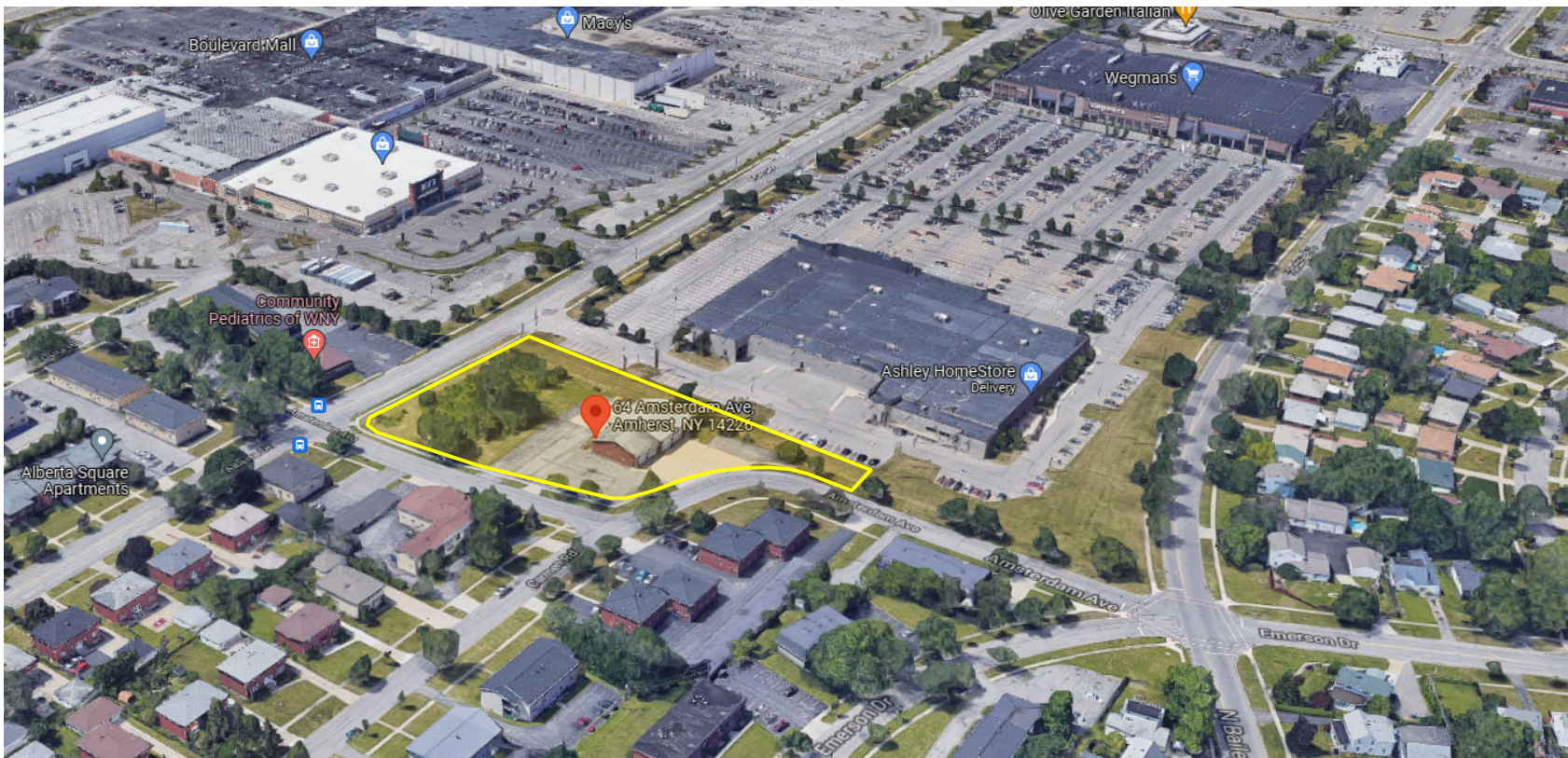
- **9% Tax Credit Project**
 - Generally more deeply subsidized through State resources
 - Cash flow limited to prevent strong operating returns to Developer/Owner
 - Typically between 25 to 70 units in size based on availability of resources and program limitations
 - Minimum 50-year Affordability Regulatory Agreement
- **4% Tax Credit**
 - More commonly includes a mixed-income component
 - Generally provides more room and flexibility for long term cash flow potential to Developer/Owner
 - Typically a minimum of 100 units in size due to the cost of Bond underwriting and financing
 - Minimum 30-year Affordability Regulatory Agreement

CASE STUDY- ALBERTA PLACE APARTMENTS 64 AMSTERDAM AVE., AMHERST, NY

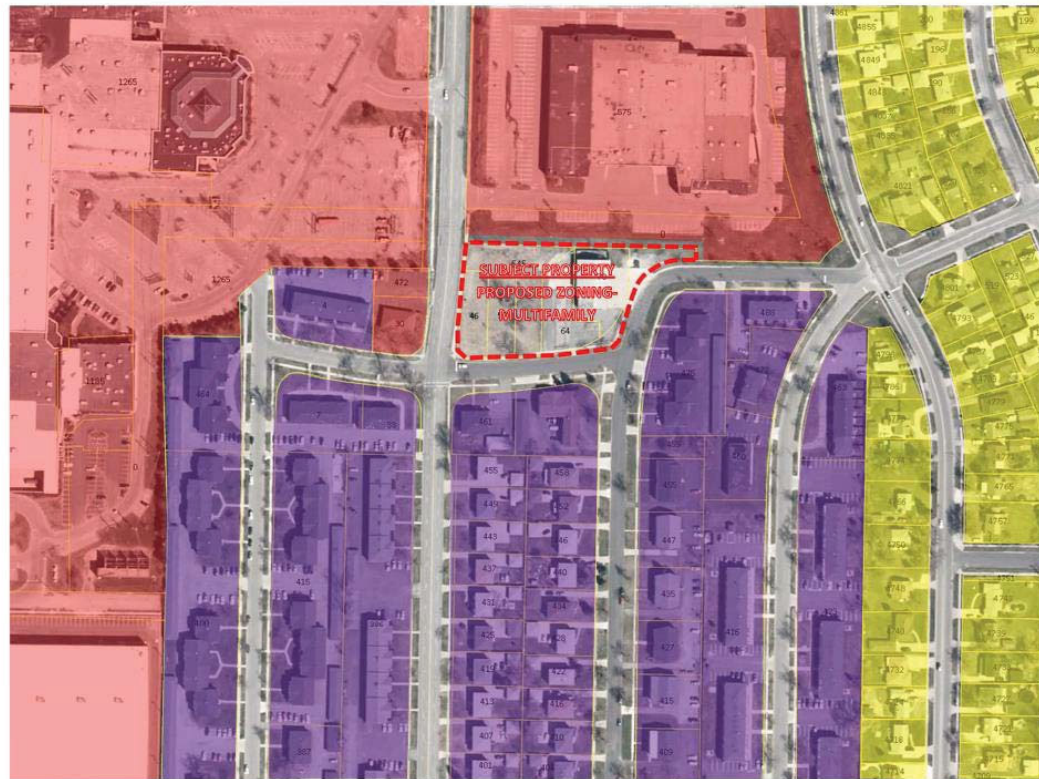


Role:	Owner & Developer
Year Completed:	February 2021
Building Type:	New Construction- Senior Apartments
Total Units:	46 units
Total Project Cost:	\$12,400,000
Project Financing:	9% LIHTC Amherst HOME

CASE STUDY- ALBERTA PLACE APARTMENTS SITE SELECTION



CASE STUDY- ALBERTA PLACE APARTMENTS SURROUNDING LAND USES



LEGEND	
■	COMMERCIAL
■	SINGLE FAMILY RESIDENTIAL
■	MULTIFAMILY
	SUBJECT PROPERTY

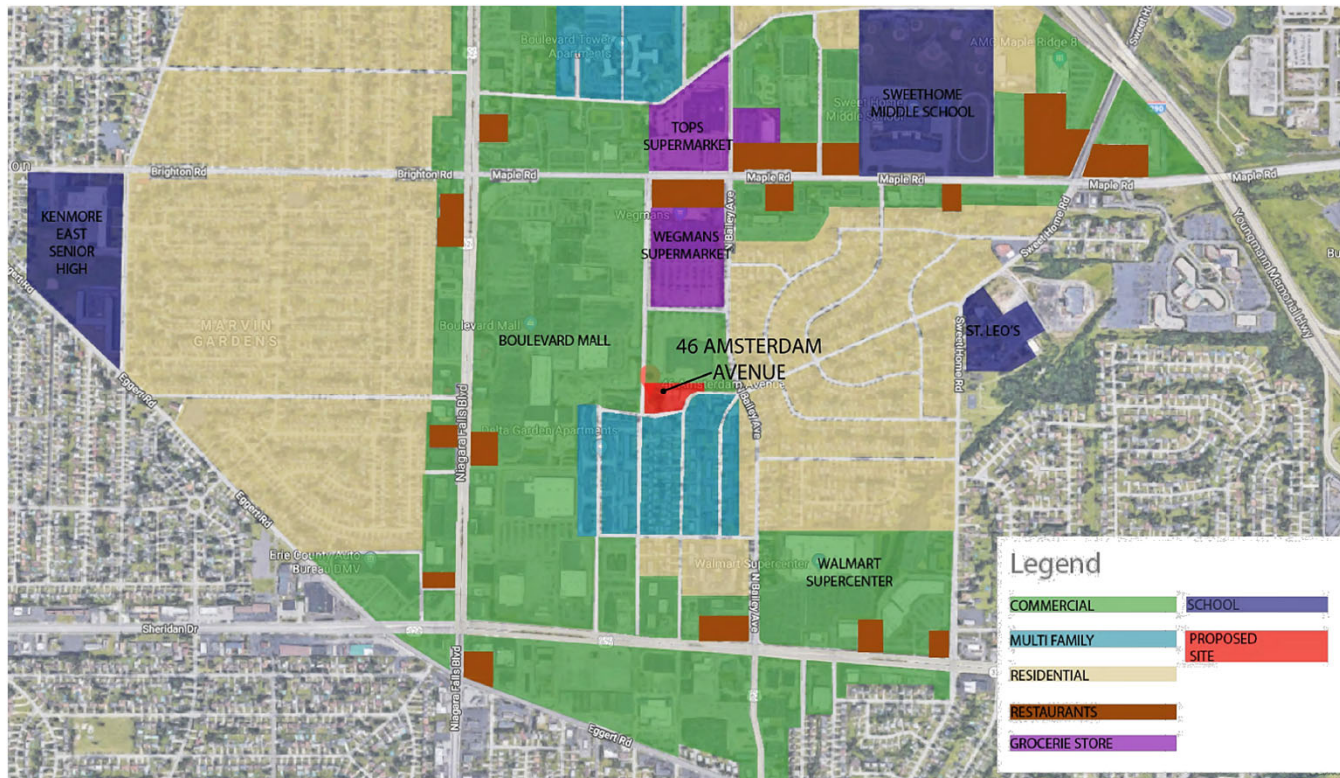
46, 52, 64 & 70 Amsterdam Avenue
545 Alberta Drive
Portion of Amsterdam Avenue
Right of Way

Surrounding Land Use Map



Central Office
1195 Main Street
Buffalo, NY 14209
Office: (716) 884-7791
Fax: (716) 884-8026

CASE STUDY- ALBERTA PLACE APARTMENTS NEIGHBORHOOD CONTEXT



CASE STUDY- ALBERTA PLACE APARTMENTS SITE PLAN



CASE STUDY- ALBERTA PLACE APARTMENTS PERMITTING REQUIREMENTS



Required Land Use Approvals

- Project Site Rezoning (GB to MFR-7)
- (9) Zoning Variances
 - Fencing in place of high-impact landscape vegetation screening
 - Front yard setback (14' relief)
 - Rear yard setback (67.5' relief)
 - Setback to Vehicle Parking Area (8' relief)
 - Setback to Vehicle Parking Area (13' relief)
 - Building facade relief (exception from 10' façade setback for 176' long building)
 - Building facade relief (exception from 10' façade setback for 152' long building)
 - Parking spaces (33 parking space vs. 92 required)
 - Setback to accessory structure- electrical transformer (12.5' relief)
- Abandonment of a portion of public right-of-way

CASE STUDY- ALBERTA PLACE APARTMENTS PROJECT DETAILS- RENTS & AFFORDABILITY



Unit Size	# of Units	Occupants/ Unit	Market Rent	Monthly Rent	Tenant Utilities	Total Monthly Housing Cost	Total Annual Housing Cost	AMI - based on bedroom size	% AMI Affordable to	% AMI Unit Targeted
1 BR	16	1.5	\$ 660	\$ 535	\$ 89	\$ 624	\$ 7,488	\$ 24,960	44.53%	50%
1 BR	22	1.5	\$ 660	\$ 645	\$ 89	\$ 734	\$ 8,808	\$ 29,360	52.38%	60%
2 BR	3	3	\$ 799	\$ 565	\$ 119	\$ 684	\$ 8,208	\$ 27,360	40.65%	50%
2 BR	5	3	\$ 799	\$ 735	\$ 119	\$ 854	\$ 10,248	\$ 34,160	50.76%	60%



CASE STUDY- ALBERTA PLACE APARTMENTS PROJECT DETAILS- CAPITAL STACK



Sources of Funds - Construction		
Construction Loan	\$ 5,948,138	48.3%
Tax Credit Equity	\$ 4,692,925	38.1%
Town of Amherst HOME	\$ 300,000	2.4%
Deferred Developer's Fee/ Reserves/Working Capital	\$ 1,376,662	11.2%
<i>Total Sources - Construction</i>	\$ 12,317,724	100%
Sources of Funds - Permanent		
Tax Credit Equity	\$ 9,385,849	76.2%
NYS Housing Trust Fund Program	\$ 2,400,000	19.5%
Town of Amherst HOME	\$ 300,000	2.4%
NYSERDA Incentive	\$ 46,000	0.4%
Deferred Developer's Fee	\$ 185,875	1.5%
<i>Total Sources - Permanent</i>	\$ 12,317,724	100%
Uses of Funds		
Land Costs - Acquisition	\$ 370,000	3.0%
Land Costs - Demo/Remediation	\$ 64,180	0.5%
Hard Costs	\$ 9,057,584	73.5%
Soft Costs	\$ 1,325,960	10.8%
Developer Fee	\$ 1,500,000	12.2%
<i>Total Uses</i>	\$ 12,317,724	100%



AFFORDABLE HOUSING THE BARRIERS



- **Acknowledge the Problem- First Priority**
 - The divide between household incomes and housing/commodities cost is growing; the impacts of COVID have accelerated this concern immensely
 - Cultural opposition toward the development of affordable housing requires education and political leadership
 - Consider demographic data in your community and assess your housing health
- **Support Affordable Housing Efforts- Second Priority**
 - Proactive and inclusionary planning efforts
 - Financial support
 - Erie County PILOT for Housing Low and Very Low-Income Households (fixes property tax liability in an amount that is equal to 3% to 5% of total effective income based on affordability of units, i.e. 50% vs. 60% AMI)
 - HOME Funding Commitments
 - CDBG Funding Commitments

AFFORDABLE HOUSING THE BARRIERS



- **Make Affordable Housing Easier- Third Priority**
 - Lessen/eliminate excessive permitting fees that create undue burden and increased costs on affordable housing
 - Create Incentive-Based or Inclusionary Zoning code provisions that either require or entice developers to include an affordable housing component
 - Consider municipal led land acquisition and redevelopment efforts through targeted RFP initiatives
 - Consider partnerships through supporting local land trusts or providing direct intervention through the NYS Land Bank Program (to the extent your community qualifies)

QUESTION & ANSWER

Q&A



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