



HOUSING STRATEGIES

FOR LOCAL GOVERNMENT LEADERS

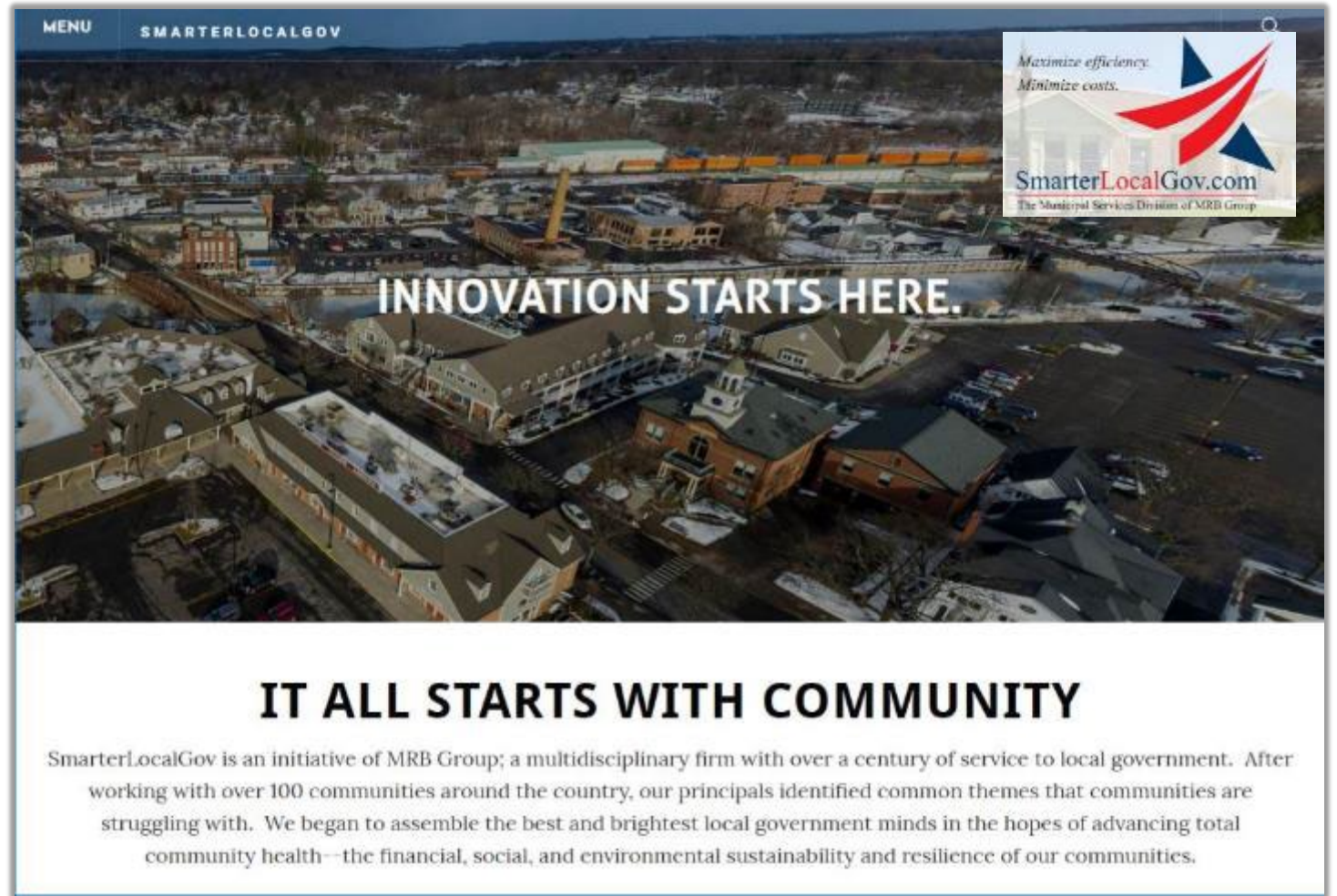
APRIL 9, 2024

MRB GROUP AND SMARTERLOCALGOV

MRB Group has been serving local governments for nearly a century.

SmarterLocalGov was established in 2011 as the firm's local government management services division.

Today, we support local governments around New York State in their planning, economic development, management, finance, and grant needs.



MENU SMARTERLOCALGOV

Maximize efficiency.
Minimize costs.

SmarterLocalGov.com
The Municipal Services Division of MRB Group

INNOVATION STARTS HERE.

IT ALL STARTS WITH COMMUNITY

SmarterLocalGov is an initiative of MRB Group; a multidisciplinary firm with over a century of service to local government. After working with over 100 communities around the country, our principals identified common themes that communities are struggling with. We began to assemble the best and brightest local government minds in the hopes of advancing total community health—the financial, social, and environmental sustainability and resilience of our communities.

AGENDA

- White House Report on Housing
- What is “Affordable Housing”?
- Tools to Understand Your Housing Market
- Local Government Policy Toolkit
- Steps to Conducting a Housing Strategy
- Housing Case Study – Livingston Supportive Housing Project
- Housing Case Study – Ford Block Oneonta



WHITE HOUSE REPORT ON AFFORDABLE HOUSING - STATISTICS

- Since 2000, housing prices tripled while household income doubled
- To meet median monthly rent:
 - Workers earning the **national median wage** need to work 70 hours
 - Workers earning the **federal minimum wage** need to work 180 hours
- Share of new single-family homes under 1,400 SF has dropped from 40% in 1973 to 6% in 2023



WHITE HOUSE REPORT ON AFFORDABLE HOUSING – MARKET DYNAMICS

- Key stakeholder incentives predict a constrained housing supply including:
 - Homeowners seeking to maximize their home's value
 - Local government can increase tax revenues via higher land values
 - Developers and landowners want to maximize profits
- Zoning and land-use regulations contribute to exclusionary policy and higher housing costs



WHAT IS AFFORDABLE HOUSING?

DEFINING AFFORDABILITY

- Like most things, affordability is what you decide it is
- Most markets have shortages in one or more market segments
- Affordability can deal with anything from housing the homeless to retaining retired seniors, and everywhere in between
- Pick the segment of your market where local ideology and market supply issues overlap

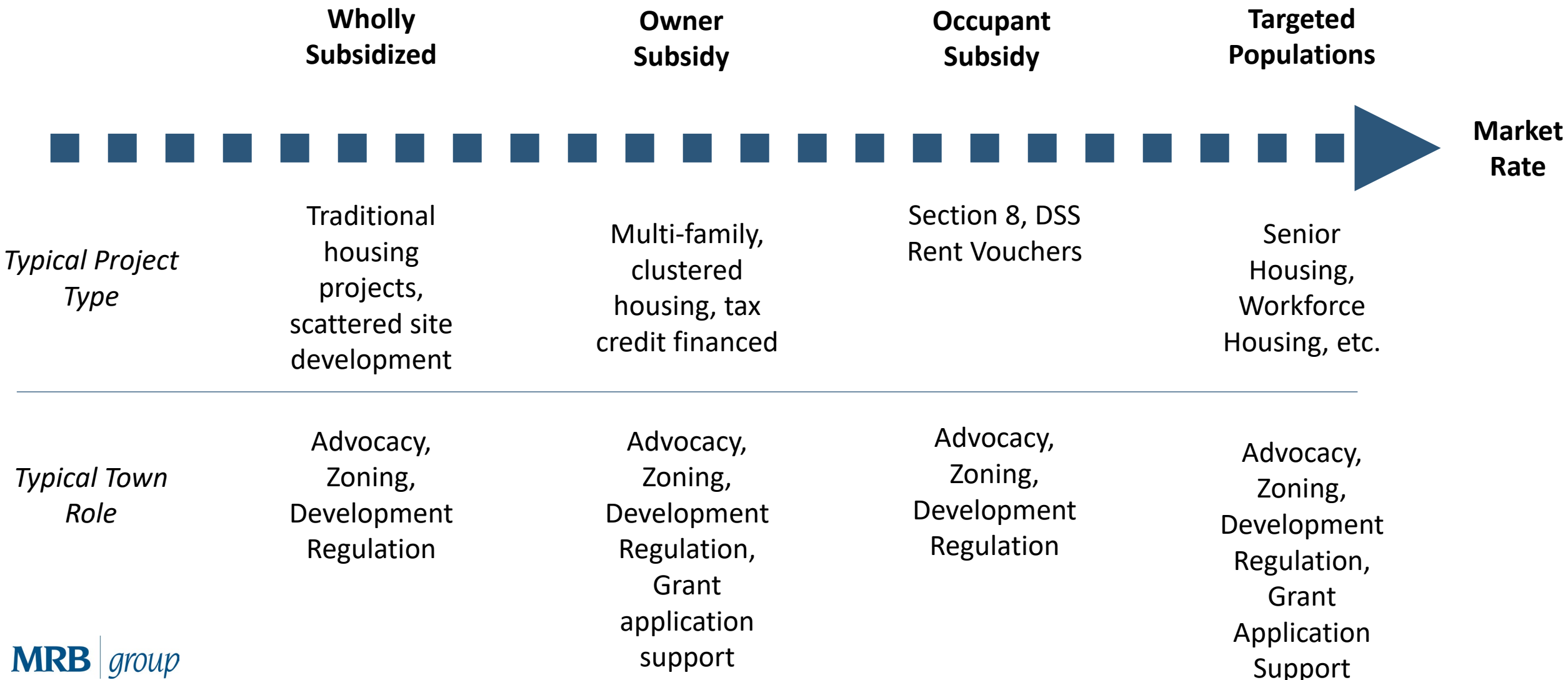


TRADITIONAL MEASURES

- Area Median Income
- Local Prevailing Wages
- 30% of Income Rule
- Choose Your Own Adventure



Spectrum of Public Housing Affordability Support



Spectrum of Public Housing Affordability Support



ASSESSED VALUE + MARKET VALUE

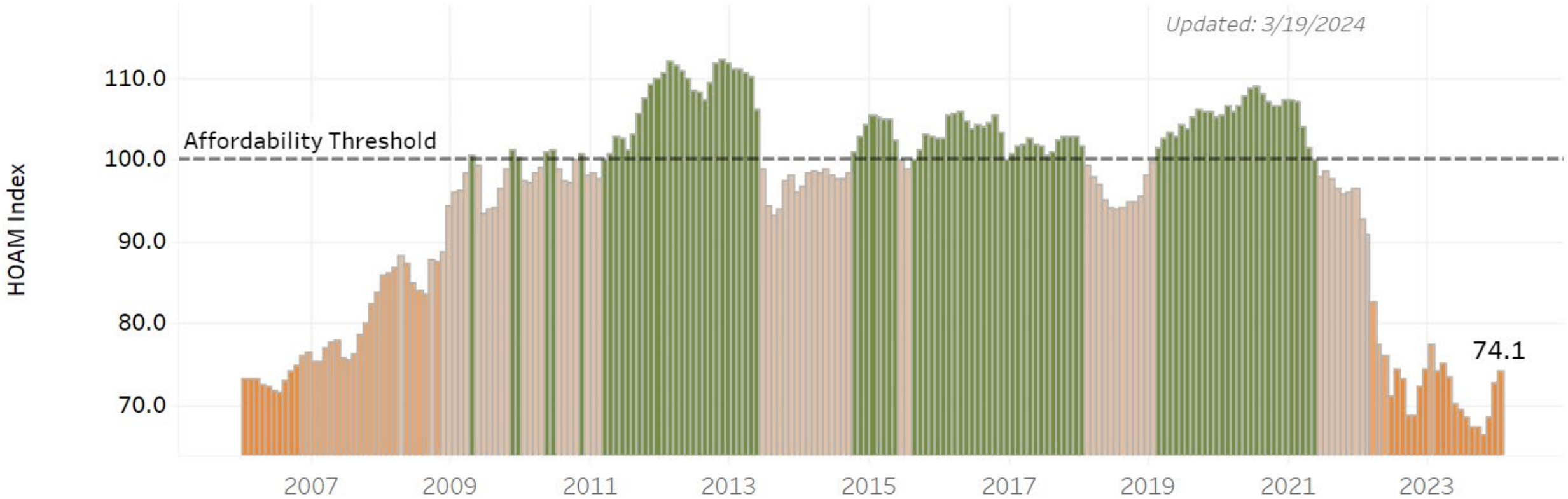
- When evaluating affordability, know the difference
- What a property will sell for (or rent for) is the critical marker here



Federal Reserve Bank of Atlanta National Home Ownership Affordability Monitor (HOAM) Index

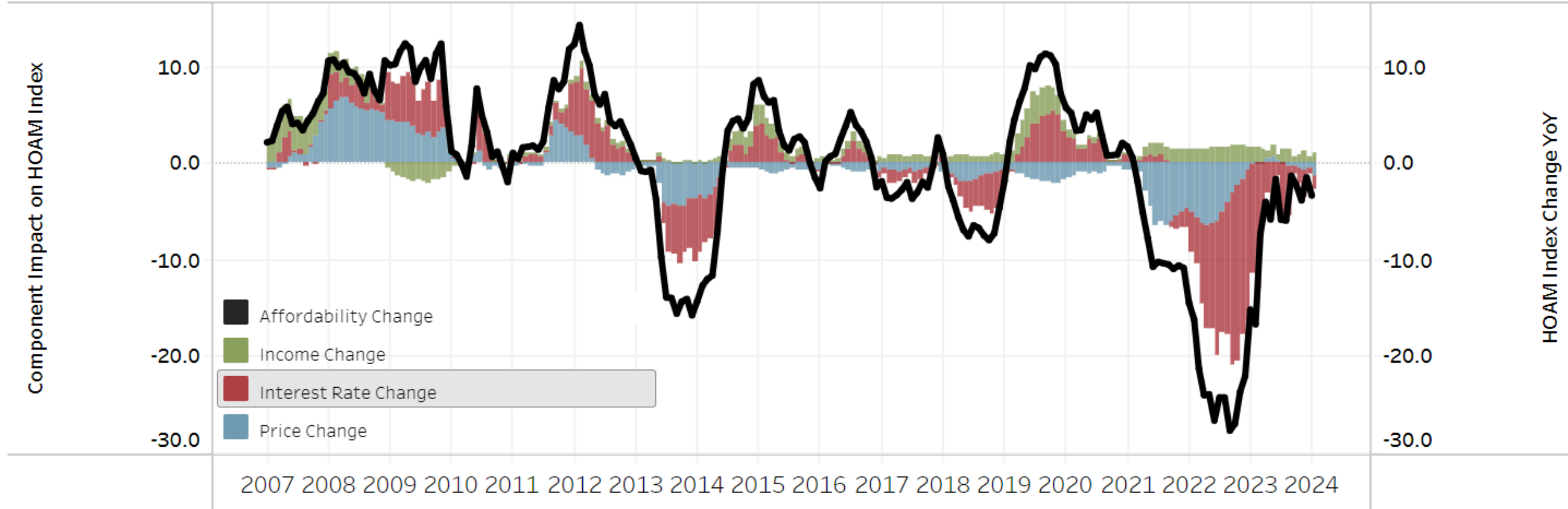
Data through January 2024

Updated: 3/19/2024



Drivers of Affordability

Note: Tracks actual and not percent change. Does not sum to change in index as other components (such as taxes, insurance, or PMI) are not included.



UNDERSTANDING YOUR MARKET

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- Suspend your traditional beliefs
- Talk to your developers – ask them where they see opportunity
- Talk to your public – what do they see as “missing” in your marketplace
- Review building permits and projects in pre-development



UNDERSTANDING YOUR MARKET

- Get the data on vacancy rates, rent/sale pricing, product in development, longer term trends
- Compare your demographic future to your “no intervention” future housing stock
- Check against trends and affordability



TOOLS FOR UNDERSTANDING YOUR MARKET

- US Census “American Community Survey” – free data, but no projections
- See if your county/region has done a demographic forecast
- Esri – Business Analyst Online, great source for all demographics and nicely packaged
- MLS for single family homes
- Costar for multi-family rentals/condos



DATA CONSIDERATIONS

- Remember to look at demographics from an age cohort point of view. An aging population has different needs than a stable or growing young population.
- Again – things like building permits, product in pre-development, and talk from your real estate developers.
- “Replacement rate” housing baseline need + changing needs + any growth = true total demand and market capacity.



UNDERSTAND AVAILABLE LAND RESOURCES

- Leverage GIS and local intelligence to identify buildable parcels (under current codes, more on that later)
- Assemble as much data as possible on each property
- Size
- Zoning and development restrictions
- Infrastructure accessibility
- Where possible, develop an understanding from the owner about sale price expectations (especially if the governing body is the seller)



LOCAL GOVERNMENT POLICY TOOLKIT

Local governments have a range of policy and other tools at your disposal to influence the housing market and availability of affordable housing.



PITFALLS AND OPPORTUNITIES

- Don't spread yourself thin – FOCUS!
- Don't bank the unbankable – place people where they will be comfortable financially
- Home ownership as the high-water mark



ZONING AND DEVELOPMENT REGULATIONS

- Ensure that regulations are clear and productive (i.e. they produce what you are trying to achieve)
- Convene homebuilders, developers, etc. to assess elements of your code – identify pinch points or muddy language and remedy
- Consider form-based code and incentive zoning as potential tools
- Classic pitfalls include parking minimums, restrictions on ADUs, etc. Low hanging fruit.



INFRASTRUCTURE

- Understand the capacity of the infrastructure needed to grow
- Consider quality of life amenities like parks, trails, sidewalks, etc.
- Develop capital plans that focus infrastructure investment in places where you want to direct growth
- Stay in close communication with providers of utilities that you don't control (electric, gas, broadband)



FUNDING AND FINANCE

- Engage with the Department of Housing and Community Renewal – a wide range of housing programs targeted at affordability, as does Empire State Development (RESTORE NY)
- USDA, US HUD, and US EDA all have programs that may support your efforts
- Housing programs and the state and federal level are heavily tied to traditional measures of affordability
- NEVER compromise your vision for a funding source



LAND BANKS

- If your county has a Land Bank, engage with them to assist in developing a housing strategy
- Advocate with your county leadership for land bank funding and allocation of tax distressed properties
- Land banks can support rehabilitation of existing stock and assembly of property for new builds



HOUSING CONDITION AND CODE ENFORCEMENT

- Upstate New York has an incredible housing vacancy rate and disinvestment challenge
- Building new stock may exacerbate deteriorating housing conditions
- Leverage code enforcement to ensure that disproportionately affected communities are afforded safe, secure housing (particularly renters)
- Consider nuisance property ordinances and other codes that enable the municipality to remedy code issues



A WORD ABOUT HOUSING INSECURITY AND HOMELESSNESS

- Homelessness or housing insecurity is more often an unseen or hidden issue
- Pay attention to symptoms of housing insecurity and homelessness, and work with county agencies to ensure challenged residents are supported
- School districts keep amazing records about underhoused students – collaborate to share data and act



IN SUMMARY

Local governments can take several critical steps toward addressing housing needs in your community.

To get moving:

- Define your challenge
- Understand your market
- Leverage your governing authority
- Don't get in your own way with archaic ordinances



HOW TO CREATE A HOUSING STRATEGY

STRATEGY DEVELOPMENT: EXISTING CONDITIONS & DATA

- Review Existing Plans
 - Comprehensive Plans (local, county)
 - Regional plans & strategies
 - Other land use documents (codes, zoning)
- Identify Partners
 - Who is already working in this space?
 - Who serves/represents those impacted by housing challenges?
 - What is their capacity (monetary and human)?



STRATEGY DEVELOPMENT: EXISTING CONDITIONS & DATA

- Market Analysis & Needs Assessment
 - Demographic characteristics & trends
 - Housing stock characteristics & trends
 - Market indicators
 - Homeownership vs. renting

At-Risk Populations, 2022

	Wayne County	Finger Lakes Region	New York State
Households with Disability	29.00%	26.0%	23.0%
Population 65+	19.8%	19.4%	17.9%
Households without a Vehicle	7.7%	9.7%	27.8%

Source: Esri

Type of Vacancy

	Cortland County	City of Cortland	Towns	Villages	CNY Region
Total vacant units	2,538	1,079	1,459	122	42,731
For rent	6.6%	10.4%	3.8%	2.5%	16.2%
Rented, not occupied	13.4%	30.5%	0.8%	0.0%	5.3%
For sale only	5.9%	8.8%	3.8%	0.0%	7.3%
Sold, not occupied	10.2%	1.7%	16.6%	43.4%	4.3%
Seasonal/occasional	27.5%	7.8%	42.0%	13.9%	31.1%
Other	36.4%	40.9%	33.0%	40.2%	35.7%

Source: Esri

GATHERING INPUT

- Steering Committee
 - Ground truthing the data
 - Community expertise & understanding
 - Reviewing deliverables
 - Views from implementation partners
- Stakeholder Engagement
 - Digging into trends identified by data
 - Adding qualitative context to the needs
 - Representation of impacted groups
 - Understanding existing efforts & scalability
 - Getting local municipal buy-in



STRATEGY DEVELOPMENT: CREATING THE STRATEGY

- Goals & Focus Areas
 - High level priorities
 - Speak to the greatest needs
- Action Plan
 - Actionable activities
 - Prioritized
 - Resources & partners identified
- Report
 - Written report
 - Report out to partners & public





CASE STUDY

SUPPORTIVE HOUSING PROJECT, LIVINGSTON COUNTY

2020 Countywide Housing Study

- Tight market, low inventory and vacancy
- Growing affordability challenges
- More supportive housing needed for people with disabilities and in recovery
- Lack of housing for very-low-income residents and those with special needs
- High costs in providing emergency motel-based housing + shortage of permanent low-cost housing = long, costly stays in these arrangements



Could the County stretch its emergency housing dollars farther by redeveloping and operating motels as permanent supportive housing?



MRB Group's role

- Initial high-level assessment in relation to available funding programs
- Financial feasibility analysis of redevelopment and operations, including DSS housing costs under multiple scenarios
- Partner and role delineation

Partner	Role
County	Primary sponsor, co-developer, pre-dev costs (~\$300K), bridge financier to Land Bank (construction costs of ~\$5.6M, fundable through CDBG-CV or ARPA HOME grants)
Land Bank	Co-developer, vehicle for ownership and property management
Catholic Charities	Supportive service provider and related operations under ESSHI grant (Empire State Supportive Housing Initiative/NYS OMH)

Findings and Recommendations



- Projected net savings of \$490K in County DSS housing assistance over 10Y
- Land Bank, as owner and property manager, would see total net cash flow of \$1M over ten years.
- Reduced society-wide costs associated with homelessness and insecurity.
- Recommended demolition and new construction (20 units), given costliness of renovation option and availability (at the time) of programs that could cover substantially all capital costs.

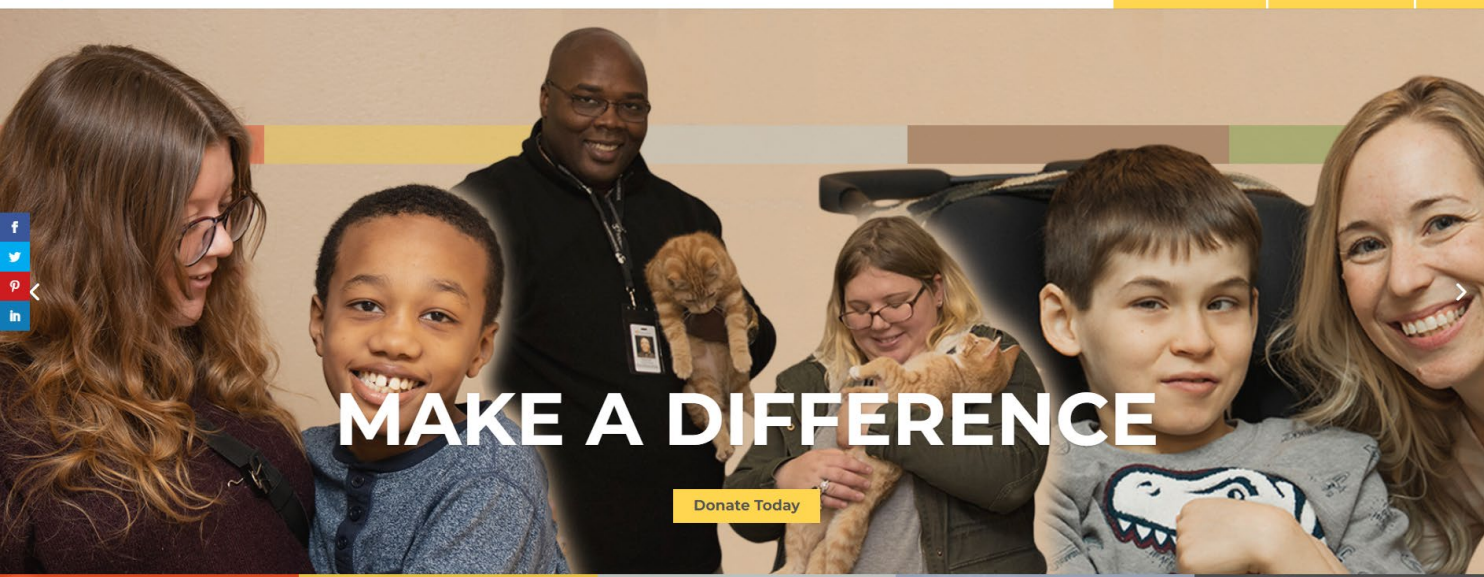


CASE STUDY: FORD BLOCK, ONEONTA


The Ford Block History


- Built 100+ years ago
- Upper 2 stories vacant for decades
- Stalled renovation in the 1990's
- 2016 – Oneonta's big \$10mm win!
- No one could make it work
- But ... a few "failed" DRI projects = money left over
- Springbrook to the rescue!








- Developmental disabilities
- 90 years
- 1,300 employees
- HQ Oneonta
- “Employer of Tomorrow”





 SELF DIRECTED SERVICES


 GEMS RESIDENTIAL & DAY SCHOOL


 TOM GOLISANO CENTER FOR AUTISM


 HCBS


 KIDS UNLIMITED PRESCHOOL

 HOUSING NAVIGATION SERVICES

 EMPLOYMENT SERVICES

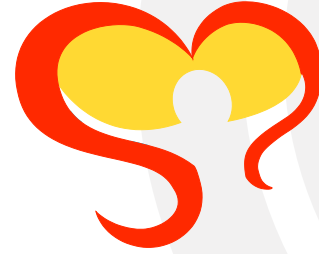
 CAPSTONE DAY HABILITATION

 COMMUNITY HOMES

 ADDITIONAL THERAPEUTIC SUPPORTS

PROJECT SIGNIFICANCE

- Integrated housing
- Employment opportunities
- Need for affordable housing for young/new professionals
- Contribute to the revitalization of Downtown Oneonta
- Springbrook is committed to the growth and needs of Otsego County and Oneonta.



CHALLENGES SPRINGBROOK HAD TO OVERCOME

- Built 100+ years ago
- Upper 2 stories vacant for decades
- Odd agglomeration of spaces, fit outs, floor heights
- No elevator, sprinklers, modern systems
- Historic rehabilitation (!!!)
- Lukewarm marketplace
- Existing sub-priced commercial tenants
- Walkthrough public space and DPW use of basement space
- Zero lot outside of building footprint



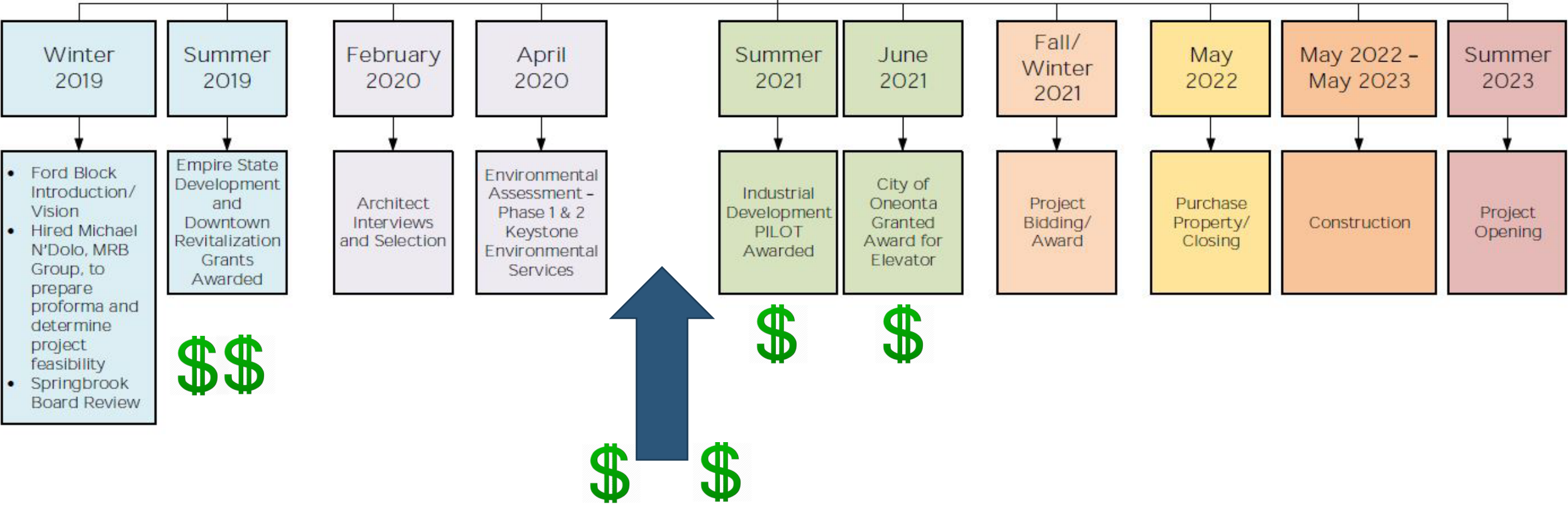
CHALLENGES SPRINGBROOK HAD TO OVERCOME



- Incredibly expensive!!!
- \$5.5 million project became a ~\$9 million project
- ~\$400,000 unit



Ford Block Timeline



HCR – Small Building Participation Loan Program
Community Preservation Corp Loan Program

THE CAPITAL STACK

Sources	
Type	Amount
Historic Tax Credit (est)	\$2,111,814
SB Equity	\$21,331
SB Bridge Loan	\$1,139,114
SB Bridge Loan Repayment	-\$1,139,114
SB Loan	\$3,309,996
CPC Loan	\$2,600,000
HCR Loan	\$1,200,000
Return of pension fund deposit	\$26,000
Income during rent-up	\$90,394
Deferred Developer Fee	\$159,532
Total	\$9,519,067

+ IDA Support

Cash Flows back to SB	
CFA	\$261,000
Elevator Reimbursement	\$411,758
DRI	\$600,000
Foundation	\$400,000

+ A last-minute need for an extra \$1 million cash bridge for 4 months



THE LESSONS – FOR COMPLEX PROJECTS

- You need a “Champion” that has a vested interest
- Your “Champion” must have a LOT of capital available, if only for floating the project during pre-development and construction
- Beg, borrow and steal for the rest
- Turn every rock over
- Focus on your capital stack
- Be flexible in your ultimate vision



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Thank You!



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