

# HOUSING ANALYSIS & PLANNING

PRESENTATION TO CITY COUNCIL - OCTOBER 12, 2021

# Contents

---

- Affordable Housing Defined
- Median Income Levels
- Economics of Affordable Housing Development
- Center for Regional Analysis Housing Study – Top 5 Findings
- City of Lancaster Interim Housing Strategy – Key Goals and Programs
- Affordable Housing Project Development & ARPA



# Affordable Housing Defined...

---

- In reality, “affordable” varies by household
- How do we measure housing affordability?
  - Housing Cost Burden = 30% or more of gross income spent on housing costs
  - Extreme Housing Cost Burden = 50% or more of gross income spent of housing costs
- Housing Programs funded with public \$ use Area Median Income (AMI) or Median Family Income (MFI) levels to determine eligibility

# Median Income Levels

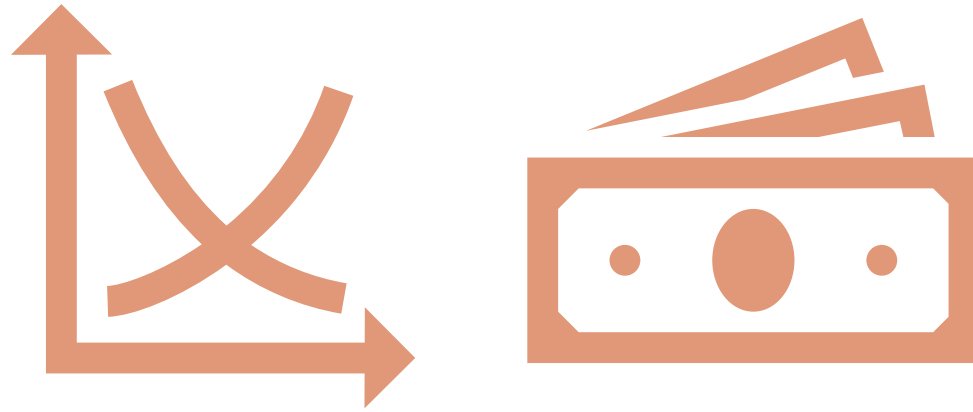
---

Income (as a percentage of Median Family Income)	Category
Below 30%	Extremely Low-Income
30% - 50%	Very Low-Income
50% - 80%	Low to Moderate Income
80% - 120%	Moderate/Middle Income

60% and below applies to rental housing projects funded by the HOME Investments Partnership Program  
80% and below applies to homeowner projects funded by the HOME Investments Partnership Program  
\*\*\*Further regulations apply to ensure affordability based on household income

# Economics of Affordable Housing Development

---



Why is affordable housing so difficult to achieve?

- When rents or sale prices are fixed at a low-income level to serve residents, it costs more to build than the housing developer can recover from the project
- There is a gap between the cost of construction of the housing and return on investment
- Public funding **MUST** fill that gap for developers, otherwise affordable housing development cannot and will not happen (same for market rate and nonprofit developers)

*Housing Availability in  
the City of Lancaster  
and Implications for  
Housing Affordability*

- 1. Housing affordability challenges are caused by both supply and demand dynamics.**
  - a. On the supply side, the available housing stock is acting as a constraint and upward pressure on price.
  - b. On the demand side, housing cost burden is widespread, largely as a result of low household incomes.
  - c. Shortage drives prices up, and incomes are not adequate to meet market prevailing rental rates.

*Housing Availability in  
the City of Lancaster  
and Implications for  
Housing Affordability*

**2. The City of Lancaster has a housing shortage.**

Vacancy rates are low, particularly when we factor in that housing age / quality is likely limiting the availability of housing units.

The implications of a sustained tight housing market are to either cause displacement or create incentives for housing stock to be run down.

*Housing Availability in  
the City of Lancaster  
and Implications for  
Housing Affordability*

**3. The type of housing stock in the city does not align with the household composition of its residents.**

The majority of the City's housing was built for larger families, but many households are now smaller.

- a. 56% of residential units is comprised of single-family dwellings, with 83% of these units having three or more bedrooms. In contrast only 30% of the City households have children under the age of 18.
- b. 22% of the City's housing units are one-bedroom but 30% of the City's households live alone.



*Housing Availability in  
the City of Lancaster  
and Implications for  
Housing Affordability*

**4. The opportunities to increase housing supply in the City are limited.**

Intentional development in combination with land use and zoning policy that facilitates housing density are critical to significantly increase housing availability.

*Housing Availability in  
the City of Lancaster  
and Implications for  
Housing Affordability*

**5. Housing Cost Burden is widespread,  
reflecting the income profile of City  
residents.**

The housing situation is a challenge for a wide range of household incomes, not just the lowest income.

# Interim Housing Strategy – Policy Targets

---

## 3 Overarching Quantitative Policy Targets for the Next 5 years

- The City will facilitate the creation of 2,000 new housing units, with the goal of at least 15 percent affordable.
- The City will protect and improve 1,000 existing low-to moderate-income homes.
- The City will evaluate and address every rental housing unit in the City, with the goal that at least 85 percent are rated fair or good condition.



# Interim Housing Strategy – Main Goals

---

## 5 Strategic Goal Areas

1. PRODUCE	2. PROTECT	3. AQUIRE	4. INNOVATE	5. SUSTAIN
---------------	---------------	--------------	----------------	---------------

- Under each strategic goal, there are 3-4 key program tools or activities that we will use to realize that goal
- In total, 18 program tools / activities for implementation
  - Possible for additions / subtractions depending on performance

# 1. PRODUCE

Produce housing units in new construction to meet demand and expand the number of available homes, both affordable and market-rate.

- a. Comp Plan / Land Development / Zoning
- b. Investment Capital
- c. Subsidy for Affordable Units
  - Example: Landis on King Street





## 2. PROTECT

Protect, maintain, and improve the quality of existing housing to help keep households safe and affordable.

- a. Housing Inspections & Maintenance
- b. Lead Remediation & Healthy Homes
  - Example: City Lead Safety Program and LGH Penn Medicine Lead Free Families Initiative
- c. Critical Repair Grants and Loans





### 3. ACQUIRE

Acquire properties and redevelop for the express purpose of neighborhood revitalization and affordability.

- a. Redevelopment Authority (RACL)
- b. Land Bank
- c. City-Led Conversion
  - Example: 213 College Ave
- d. Transitional Facility / Facilities



APARTMENTS @ COLLEGE AVE. PHASE 1





## 4. INNOVATE

Innovate by exploring emerging housing design types, which may facilitate lower-cost housing units.

- a. Home Sharing and Community Living Models
- b. Accessory Dwelling Units
- c. Tiny Homes
  - Example: 765 Joseph St
- d. Reduced Parking Requirements





## 5. SUSTAIN

Sustain and foster housing stability and neighborhood vitality.

- a. Safety Nets: Emergency Rental Assistance – Eviction Prevention
- b. Home Ownership Protections
- c. Pathways to Home Ownership
  - Example: Tenfold / SoWe Down Payment Assistance Program
- d. Homeless Shelter Resources



**TENFOLD**

Tabor & LHOP are now Tenfold



Big Picture Proposal: \$5M  
Allocation to Implement  
the Interim Housing  
Strategy

Review of Individual  
Projects / Expenditures  
through the City Council  
Economic Development  
Committee

Example Project in the  
Works: 838 Marietta Ave

American Rescue Plan Act (ARPA)