Housing Basics

A guide for community led housing projects asking the question "Where do I start?"

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Housing Basics

Where do I start?

All families deserve a safe and affordable place to call home; in fact, housing is specifically designated as a human right under Article 25 of the Universal Declaration of Human Rights. To fulfill this promise, key stakeholders must work together to promote better understanding of housing needs, solutions and resources. Collaborative efforts should include those who need stable housing, employers, local government, housing organizations, and private, state and federal funders. Inclusive planning and design can help build local support and success.

Take time to review key industry definitions and acronyms to get familiar with the language of housing. Then consider the relationships among housing, community and economic development. Finally, explore resources like Local Housing Solutions to move forward.

Supporting productive community housing conversations

Talking about housing or development can be difficult. This can result from general resistance to change, misunderstanding, miscommunication or use of loaded terms. Finding common ground and language helps. This brief overview of key housing concepts and perspectives on housing may be useful, while a housing needs assessment can inform an inclusive community housing plan.

Our shared goal is for you to create quality housing infrastructure that reflects and supports your community and the people who live and work there.

Why housing matters

- Housing types and price points that reflect local needs and incomes support workforce and educational productivity, reduce social costs of poverty, and lead to economic prosperity for everyone
- Individual economic opportunity contributes to long-term community health; housing diversity is essential for community and economic development
- Housing is where jobs go to sleep at night; diverse and distributed housing infrastructure supports recruitment and retention efforts for local employers
- Housing is health care; stable housing supports physical and mental health

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How to make housing 'affordable'

1. Increase wages indefinitely to keep pace w real estate speculation/inflation
2. Subsidize employers, wages and retail prices w project- or tenant-based housing supports (i.e., taxes) that let essential workers live in the communities they serve.
3. Re-think housing ownership, types, production, and finance
   - Housing cooperatives create a mix of private/shared space and equity
   - Community housing/land trusts can remove land costs from the equation
   - Small-footprint residential creates efficiency in land, materials and energy costs
   - Design/build options can make use of modular, 3D printed, and visitable features
   - Finance innovation: Employer-Assisted Housing, crowdfunding with local/non-accredited investors (Reg. CF), Resident-Owned Communities (Learn more here)

Characteristics of a healthy housing ecosystem

- **Local Control**—housing should serve local residents and community interests, with household incomes circulating through the local economy. Learn more
- **Affordability**—housing costs should leave adequate residual income for other essentials and household stability—at all income levels
- **Permanence**—sheltered from policy and market shifts
- **Inclusivity**—equity and access support housing choice and prosperity; inclusive, accessible design and construction support affordability, social capital and strong communities.
- **Health and Durability**—design to reduce lifecycle costs and support resident well being

Address regulatory barriers that increase housing costs

Review and revise common zoning and subdivision barriers

- Minimum parking, square footage, lot size, or yard size requirements
- Prohibitions on accessory dwelling units, household composition or cooperatives
- Restrictions on land zoned and available for multifamily and manufactured housing
- Excessive subdivision improvement standards
- Limitations on 'neighborhood-friendly' development and modest density (4 - 12 units)

Re-think P&Z liability, opportunities to protect community benefit

- Understand the fair housing implications of disparate permitting policies and NIMBY
- Utilize conditional use negotiations for desired housing types and pricing

Housing cost centers to consider

- Site acquisition (purchasing, leasing, etc.)
- Construction or rehabilitation, including a contingency allowance
- 'Soft costs' (appraisals, marketing, surveys, taxes, insurance, architectural, engineering, legal, accounting, NIMBY, etc.)
- Financing fees (construction period interest, loan fees, closing costs)
- Development fees, developer's overhead, and profit

Housing Basics

How are 'affordability' and 'cost burden' defined?

- Housing costs below 30% of household income are considered 'affordable.'
- Housing costs above 30% of household income create a 'housing cost burden'
- Housing costs above 50% of household income create a 'severe housing cost burden'

What are the impacts of housing cost burden and 'foregone spending?'

- Cost-burdened households have less to spend in areas like food, health care, utilities or savings, relying increasingly on credit. They face increased financial stress and instability, which undermines productivity, physical and mental health, and chances of reaching their potential as employees, students, parents and community partners
- Cost-burdened households have less residual income to spend on taxable goods and services (aka foregone spending)
- For example, Idaho lost an estimated $670M in 2018 and $971M in 2020 in foregone spending tied to housing cost burden (see more on these impacts here)

What happens when housing is under 'remote control' by outside investors?

- When outside or corporate investors control rental housing (or other community assets), the rent stream leaves the local economy rather than circulating up to seven times among local businesses (which is made possible when tenants can 'rent local')
- Outside investors are not accountable to neighbors or the local community; housing is reduced to a speculative commodity to maximize investor returns (this also applies to house flippers) instead of a human right essential to family and community stability.
- This speculation drives rents up and tenants out (see more on this here)
- Higher rents displace essential workers and other marginalized populations and increase homelessness, health care and opportunity costs
- The resulting social costs are born by local taxpayers

Preserving legacy housing for community and economic resilience

- Every community has what's called 'naturally occurring' or 'legacy' affordability
- Legacy housing typically has limited or no debt, reflects lower construction costs, and contains significant embodied energy. Demolition means the embodied energy winds up in the landfill, transformed from asset to waste
- When legacy housing changes hands, carrying costs and rents increase, and maintenance and repairs are often deferred to cut costs and increase profit
- Communities, public and private employers, and public entities can identify legacy housing or structures for purchase to retain assets and local control
- Preserving existing affordability is like patching the holes in a **leaky bucket** before trying to fill it with new units
- Communities that fail to preserve affordability experience increasingly higher social costs over time

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Housing Myths

Myth #1: The market will solve housing needs through supply and demand
If this were actually the case, America wouldn't have an affordable housing crisis. The law of supply and demand doesn't apply to housing markets the same way it does to corn, oil or steel. If you concentrate high-cost housing in one area, housing elsewhere doesn't magically become more affordable. Without incentives, for-profit developers will build housing that benefits investors, not communities. Learn more from economist Eliza Owen.

Myth #2: Affordable housing will lower my property values
Many activities can increase or lower property values. Widespread, long-term research on the topic shows no consistent evidence that housing priced within reach of essential workers, families and retirees lowers surrounding property values. New construction involving federal funds must meet high standards for development, maintenance and management; these developers also put a high value on quality design and efficiency. Learn more

Myth #3: Affordable housing attracts 'undesirables' to a community
The typical renter in a Low-Income Housing Tax Credit (LIHTC) complex is employed full time and earns up to $20/hour. For example, a recent study by the United Way found that 70% of all Idaho jobs pay less than that. Those who need affordable housing already live and work in our communities; affordable housing options mean more stability and productivity.

Myth #4: Affordable housing doesn't pay for itself
As discussed earlier, when working families and seniors can afford rent, they are able to contribute more to the local economy and tax base. Housing stability means increased productivity, economic opportunity, and better health outcomes. Ultimately, stable housing that meets local needs and incomes reduces dependence on public services. Learn more

Myth #5: Housing subsidies only benefit low-income tenants
Affordable housing actually represents a perpetual wage subsidy for local employers who don't pay a living wage for full-time work. Workers often subsidize employer profits and customers by commuting long distances or living in substandard or overcrowded housing to provide goods or services we consider affordable. Longer commute times mean more traffic, which impacts transportation infrastructure and air quality, and unsafe or unhealthy housing conditions increase public health costs shared by all. Learn more

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