



# GOMAN+YORK

## ADVISORY SERVICES

Understanding Housing Markets and Affordable Housing:  
Economics and Financial Feasibility

January 13, 2022

# Granby: Understanding Affordable Housing

## Presentation Overview

The aim of this presentation is to explore and explain housing markets, affordable housing, and the financial feasibility of affordable housing. This will include:

- The Spatial Organization of Housing Markets and Property Value in the Metropolitan Region
- Defining Affordable Housing
- Overview of CGS 8-30g Affordable Housing Land Use Appeals Act ('Qualified Affordable Housing Units' as defined by Section 8-30g of the CT General Statutes).
- Analysis of Income and Housing Costs based on Area Median Income (Income at and below 80% AMI for Renter and Owner-Occupied Housing).
- Affordable Housing Need (Income and Housing Cost).
- Demographics of Housing (Changes in Demographic Structure and the Impact on Housing and Affordability).
- Case Study: The Impact of Affordable Housing Units on the Financial Feasibility of 8-30g Developments.
- Policy Consideration for Affordable Housing Financial Feasibility





## Affordable Housing Overview

# Granby: Understanding Affordable Housing

## Granby, Why Affordable Housing Now?

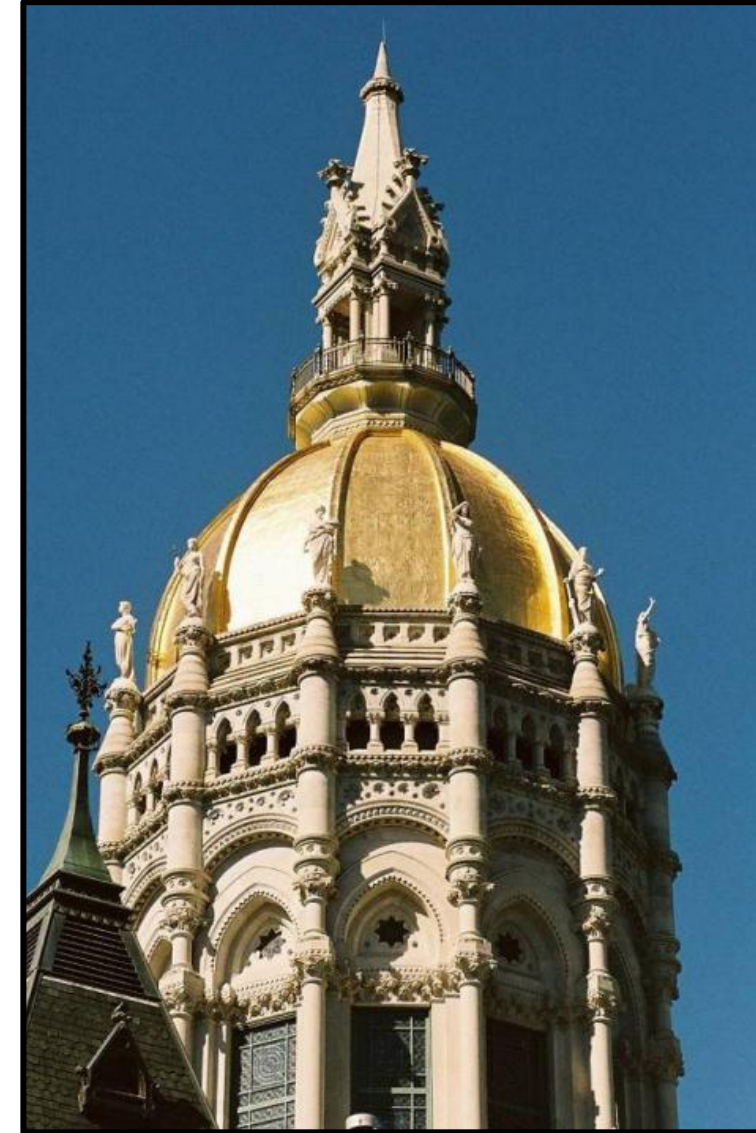
Governor Lamont and the State Legislature have made affordable housing a priority.

Public Act 17-170 (CGS Sec. 8-30j) requires:

“At least once every five years, each municipality shall prepare...an affordable housing plan for the municipality. Such plan shall specify how the municipality intends to increase the number of affordable housing developments in the municipality.”

The need to plan and provide for affordable housing is not new. Section 8-23 of the Connecticut General Statutes already requires that the municipal Plan of Conservation and Development:

- make provisions for the development of housing opportunities, including opportunities for multifamily dwellings...for all residents of the municipality and the planning region... [and to]
- promote housing choice and economic diversity in housing, including housing for both low- and moderate-income households...



# Granby: Understanding Affordable Housing

## Why Affordable Housing?

- Quality affordable housing provides social and economic stability for households, families, and communities.
- *Homes are where jobs go at night.* Affordable housing supports the workforce, jobs, and economic development.
- Quality affordable housing is key to social and economic prosperity.
- Diversity—social, economic, and cultural—is the corner stone of resilience. Resilient communities can withstand shock, disturbance, and change.
- Past generations benefited from affordable housing and the associated wealth creation. Present and future generations deserve the same opportunity.
- When the market does not meet the basic needs of society, government has a role to assist those in need.



“development that meets the needs of the present without compromising the ability of future generations to meet their own needs. *Doing so must integrate and balance economic, environmental, and social goals.*”

United Nations 1987 Brundtland Report

# Granby: Understanding Affordable Housing

# Why Housing Matters

There is a symbiotic relationship between economic development and housing—*housing is where jobs go at night*.

- If Granby does not have a housing stock to meet the needs (and wants) of the workforce, it will be difficult to retain and attract jobs.
- For Granby to remain competitive it must provide a housing stock that that meet the needs (and wants) of consumers—today's renters and homebuyers.
- Many renters are tomorrow's homebuyers.
- Housing, including affordable housing, is critical for fostering economic prosperity, generational wealth, and upward mobility.



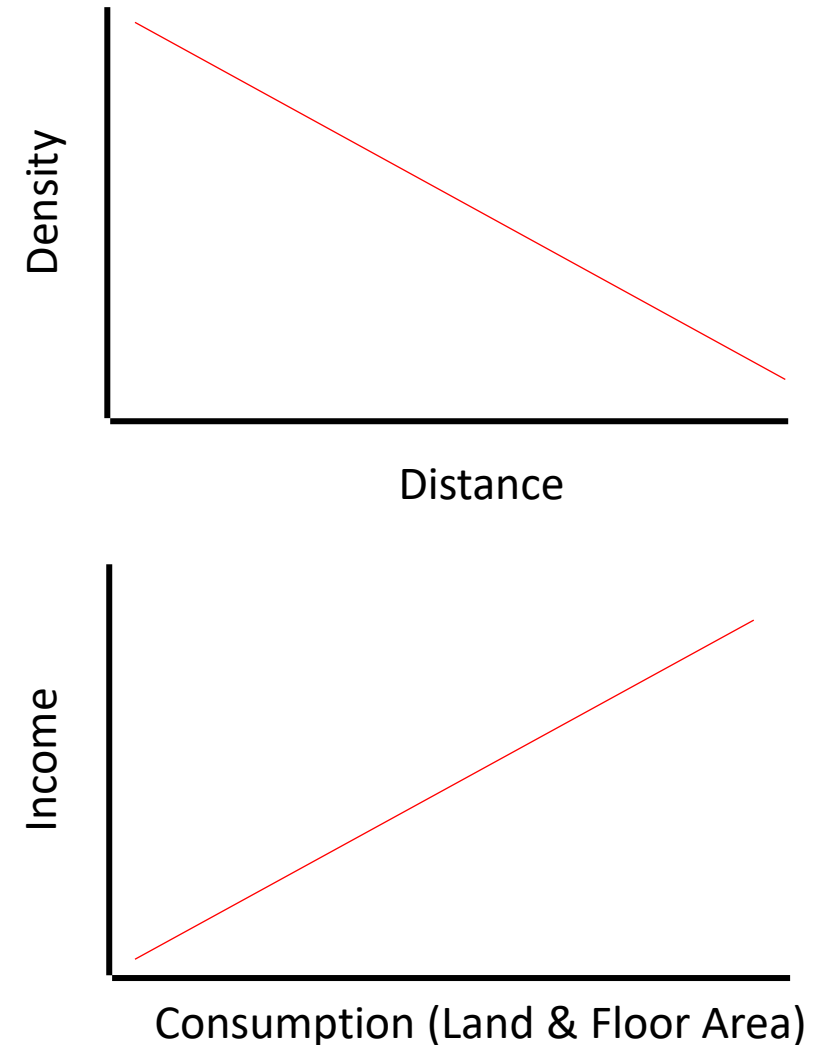
Source: multifamilyexecutive.com

## Urban Economics: The Spatial Organization of Housing Markets and Property Value in Metropolitan Regions

# Granby: Understanding Affordable Housing

## Spatial & Economic Organization of Urban Space

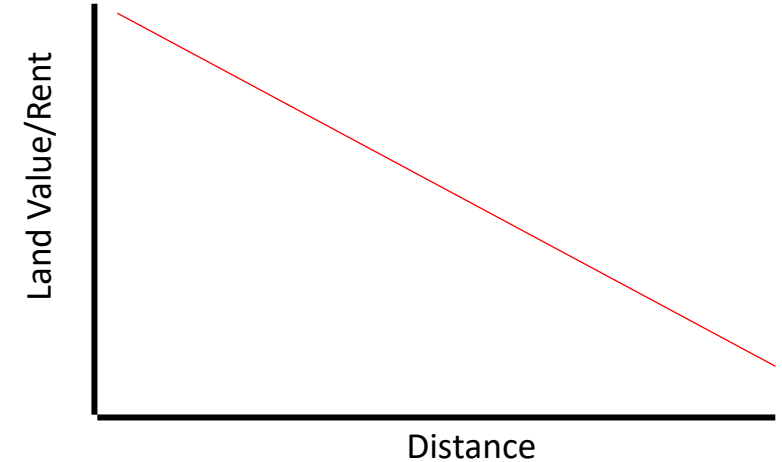
- **Density:** highest at the center (urban core) and lowest at periphery (rural fringe). Granby is a *rural fringe* community.
- **Income:** as income increases, land consumption and floor area consumption increase.
  - Wealthy households consume more land and more floor area than households of lesser means.
  - **Granby:** 90.6% single-family detached, 90.3% owner-occupied, and 84% of housing 3-bedrooms or more.
- **Exceptions:**
  - **Amenity Value:** certain locations can and do impact density and income patterns.
    - Access to Transportation
    - Sense of Place
    - Quality of Life



# Granby: Understanding Affordable Housing

## Spatial & Economic Organization of Urban Space

- **Land Value (Rent):** land/rent is highest near the center (urban core) and lowest near the periphery (rural fringe) of the metropolitan region.
- A household at a given income can access a larger home (floor area) on more land (larger lot) further from the center.
  - Housing cost adjusts for location (and accessibility).
    - **Accessibility:** Time/distance to employment opportunities.



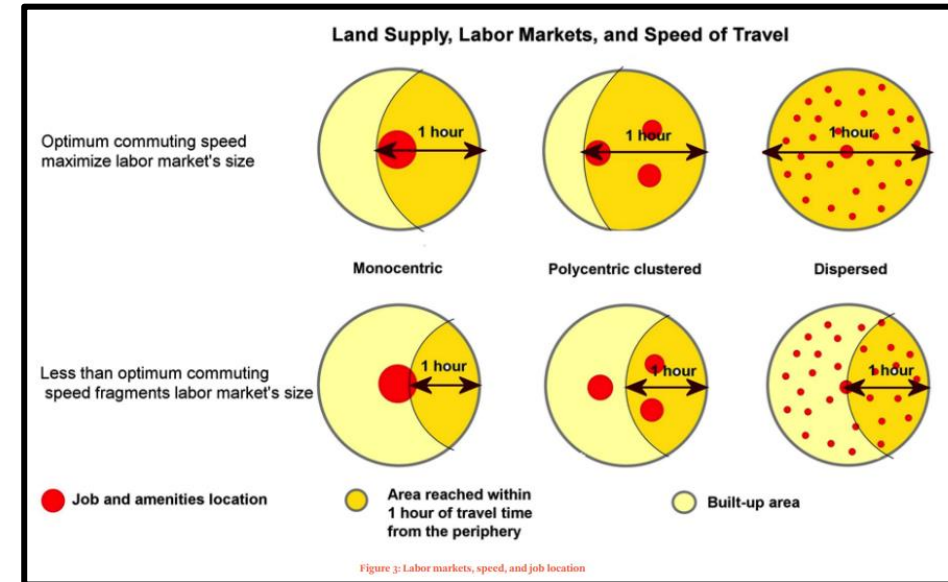
Comparable Home Value by Location

Stafford Springs (30-Minutes)	= \$136/sq. sf.
South Windsor (15-Minute)	= \$175/sq. sf.
West Hartford (10-Minutes)	= \$195/sq. sf.

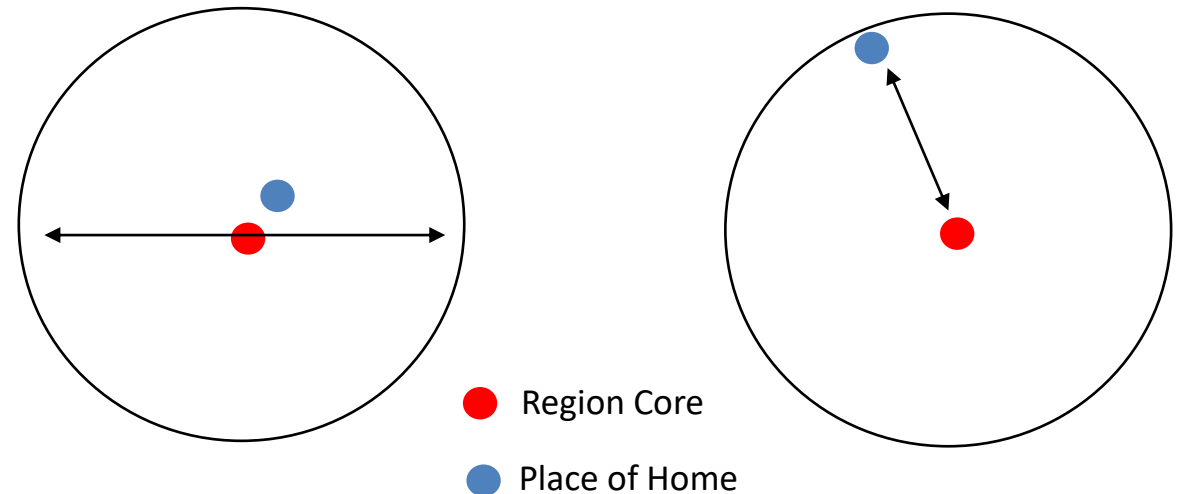
# Granby: Understanding Affordable Housing

## Spatial & Economic Organization of Urban Space (Labor Markets)

- **Metropolitan Regions:** are labor markets. Persons and firms locate in metros for employment opportunities.
- The location of housing and transportation networks determine accessibility to employment opportunities.
- The more centrally located the place of home, the more *accessible* to employment opportunities across the region.
- The more accessible the location of housing is to employment opportunities, the higher the value of housing.



Source: Alain Bertaud, 'Order without Design' (2018) - See [HTTP://alain-bertaud.com](http://alain-bertaud.com)



# Granby: Understanding Affordable Housing

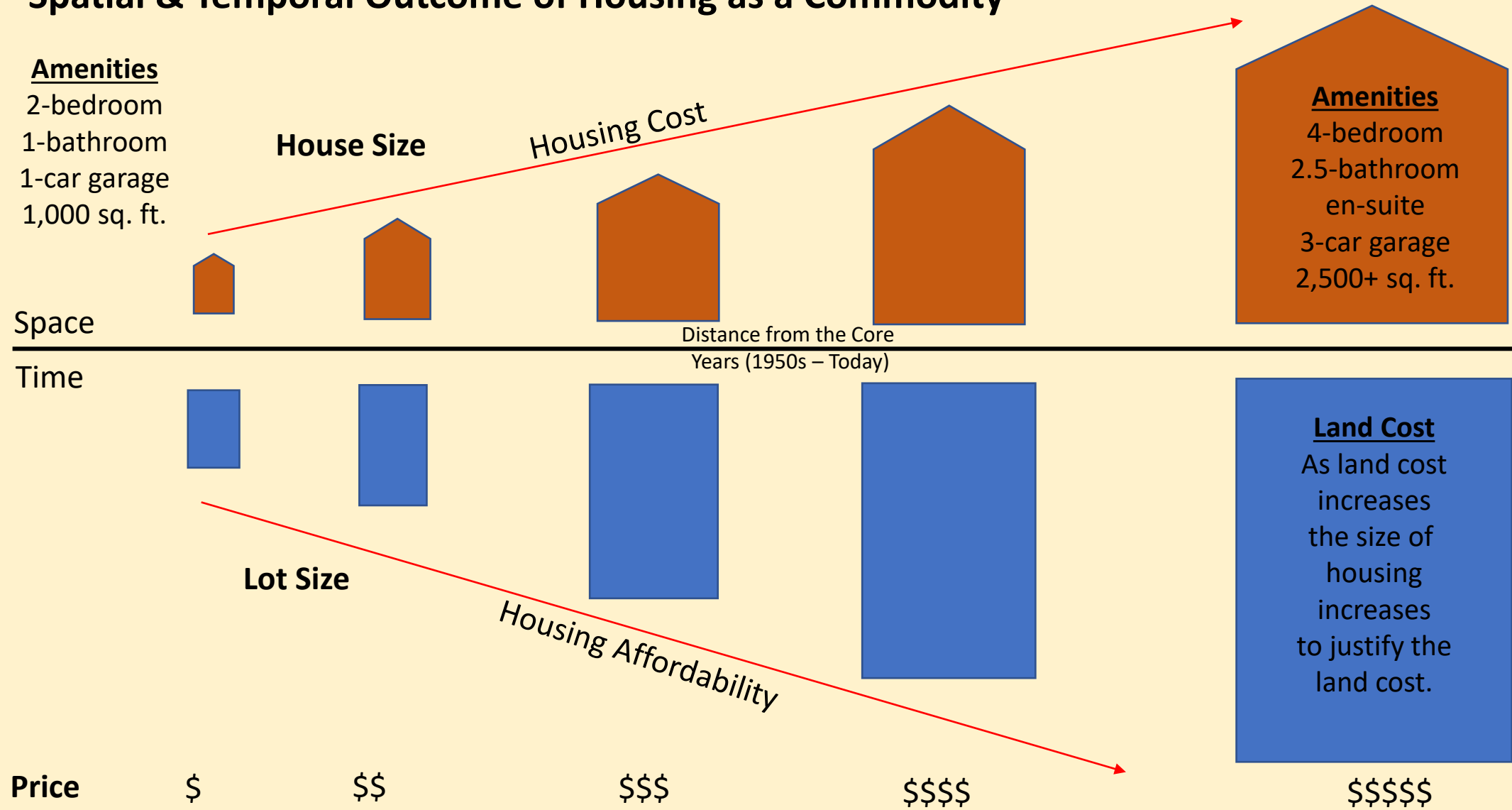
## Housing as a Commodity

- Housing is **fixed in location**. The utility and value of housing are tied to neighborhood conditions, image, and subject to change—a desirable location yesterday may not be as desirable today.
- Housing is **durable**, long lasting and expensive—requiring continuous investment to maintain value—and susceptible to changes in investment behaviors and consumer preferences. Unlike other commodities, housing remain on the landscape for long periods.
- Housing is **temporal**, constructed at specific moments in time and space (location) to meet the consumer/market demands of that moment. Once constructed, a house is competing with newer product.
- Innovation (new methods, materials, and techniques), **creative destruction**, destroy that which came before. Houses and neighborhoods are continually being creatively destroyed.
- *The four commodity characteristics of housing coalesce to create the threat of **functional obsolescence**—the moment a property is constructed, it is at risk of becoming obsolete due to everchanging consumer preferences.*



# Granby: Understanding Affordable Housing

## Spatial & Temporal Outcome of Housing as a Commodity





## Defining Affordable Housing

## Defining Affordable Housing

- The maximum amount a household can spend (percent of income) on housing (buy/rent, utilities).
  - No more than 30% of household income.
- Median price of a two-bedroom apartment compared to household income.
  - Provides general context but tells us little else about actual affordability.
    - Not all renter households need (or want) a two-bedroom apartment.
    - Connecticut: **40.5%** of renter households are 1-person households.

CHFA defines affordability based on a percent of area *median family-income* and the number of persons in the family/household. For example:

- Hartford MSA median family income is \$96,600.
- Moderate income at 80% of median family income (\$96,600) is \$77,280.

Other programs, including 8-30g, use the state or MSA *median household income*—80% moderate, 60% low, and 30% very low income.

- Hartford Area Median Household Income = \$77,005
- Connecticut Median Household Income = \$78,833.
- Granby Median Household Income = \$97,500
- Granby Median Family Income = \$111,339

## Defining Affordable Housing

CGS, 126a *Affordable Housing Land Use Appeals*, **Sec. 8-30a** narrowly defines affordable housing as:

**Assisted Housing:** housing which receives financial assistance under any governmental program for low and moderate-income housing (including rental assistance).

**Set-Aside Development:** not less than 30% of the units, deed restricted for at least 40 years. Sold or rented at, or below, prices for which household pay 30% or less of their income, equal to 80% of the median income. Half of the affordable units (15% of total) sold or rented to households whose income equal to 60% or less of median income;

This definition is *narrow*:

- Only considers housing units/households receiving government assistance—specified programs or deed restrictions.
- Does not include *market-rate housing* that sell or rent at values affordable to low- and moderate-income households.
- Does not measure supply, demand, or need for affordable housing.

# Granby: Understanding Affordable Housing

## Calculating Housing Affordability

Two basic methods for calculating housing affordability (to compare housing costs to household income).

**Purchase Value:** what a household can afford to purchase—the maximum purchase price.

- 2.6 to 3.0 times gross household income (2.6 leaves room for utilities and 3.0 is the maximum affordability limit without utilities).
  - A household earning \$75,000 can afford to purchase a house valued between \$195,000 (2.6 x income) and \$225,000 (3.0 x income).

**Percent Income:** what a household can afford to spend on housing, 30% of household income. Housing is unaffordable if a household spends more than 30% of their income on housing.

- If a household earning \$75,000 is spending more than \$22,500 (30%) per year or \$1,875 (30%) per month, then such housing is deemed unaffordable.

**Granby:** Median Household Income =  $\$121,250 \times (2.6 \text{ to } 3.0) = \$315,250 \text{ to } \$363,750$ .

Median home value =  $\$310,600$ . Dived by (2.6 to 3.0) =  $\$119,461 \text{ to } 103,533$ .

# Granby: Understanding Affordable Housing

## Determining Affordable Housing Need

There are limits to the above definitions and measures and how they inform us about housing affordability and housing need.

### Housing affordability is a problem of:

- **Income:** the household earns too little income to afford housing.
- **Housing Cost:** housing is too expensive for households of certain income to afford housing.

This difference is nuanced—the flip sides of the same affordability coin. The (*simple*) solutions:

- raise income (increase wages)
- lower the cost of housing (reduce housing cost constraints)

Limited financial means (low income) and high housing cost (construction cost) create the need for affordable housing. That said:

- Just because a household spending more than 30% of income on housing does not mean they are suffering from housing affordability—limited income or excessive cost?
- For households of lesser means, spending more than 30% for housing is not a choice, it is a harsh reality and financial burden.
- For households of greater means, spending more than 30% for housing may be a choice (i.e. status, lifestyle, location, and access to opportunity or education).
- Income, as measured by the Census, is a measure of earned income, not wealth.



Overview:  
8-30g Affordable Housing Land Use Appeals Act

# Granby: Understanding Affordable Housing

## 8-30g Affordable Housing

Since 1989, Section 8-30g (CGS) (Connecticut Affordable Housing Land Use Appeals Procedure), has promoted the development of housing with long-term affordability protections. 8-30g includes an appeals procedure to override local zoning denials of affordable housing proposals without just cause, ensuring that municipalities cannot deny an affordable housing proposal unless there is a meaningful health or safety concern. If at least 10% of a community's housing stock is "affordable," said community is exempt from 8-30g.

***Qualified Affordable Housing*** is defined to include:

1. assisted housing
2. housing currently financed by Connecticut Housing Finance Authority mortgages
3. housing subject to deeds and conditions restricting its sale or rental to low- and moderate-income people, or
4. mobile homes or accessory apartments subject to similar deed restrictions.

**Assisted Housing:** Housing that receives government assistance to construct or rehabilitate low- and moderate-income housing, or housing occupied by individuals receiving rental assistance.

**Set-aside Development:** A development in which, for at least 40 years after initial occupancy, at least 30% of the units are deed restricted.

- 15% of the units to be deed restricted to households earning 60% or less of AMI or state median income (SMI), whichever is less.
- 15% of the units to be deed restricted to households earning 80% or less of the AMI or SMI, whichever is less.

# Granby: Understanding Affordable Housing

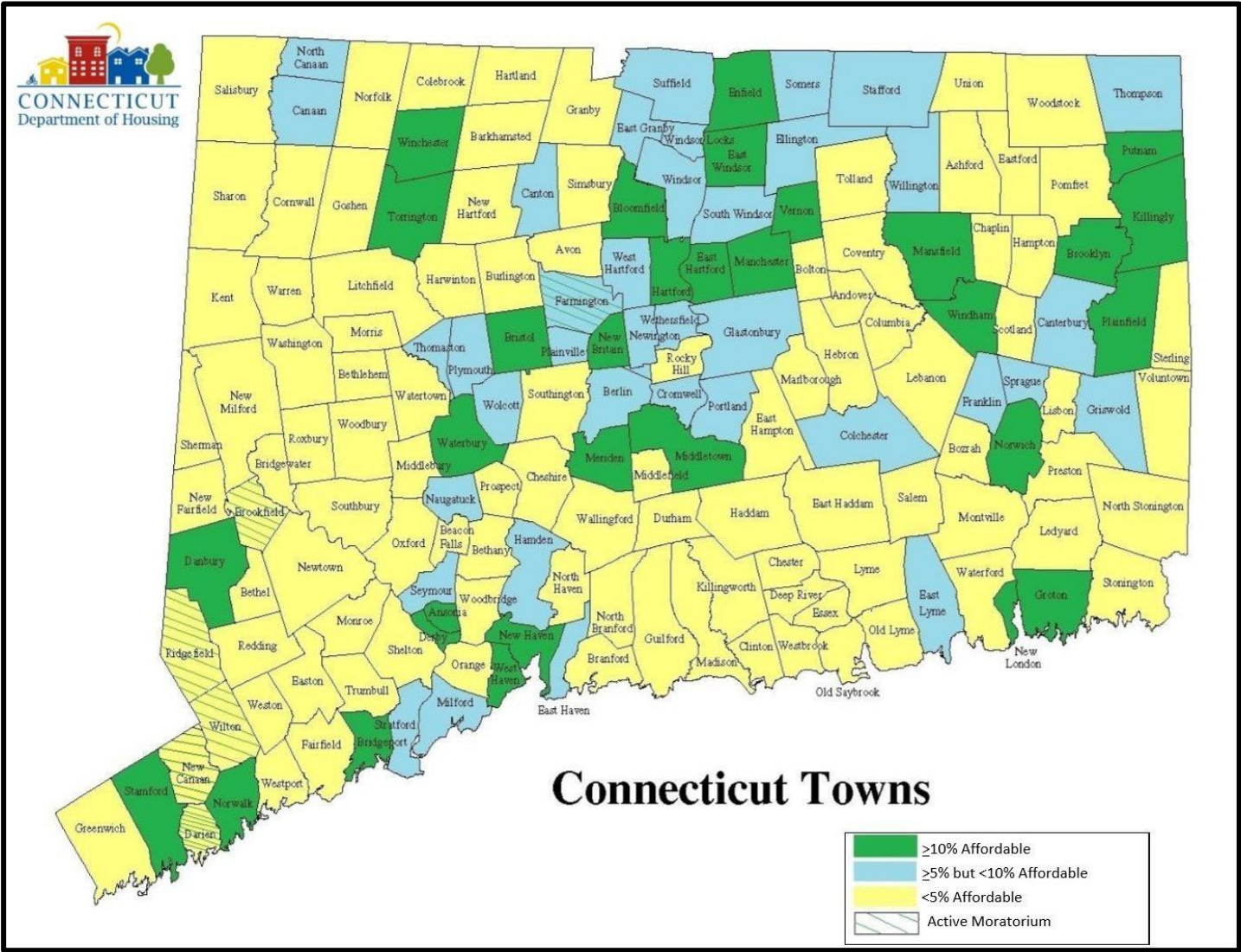
## 8-30g Qualified Affordable Housing by Municipality

Spatial distribution demonstrates:

- Green: 10% or more qualified affordable housing – mostly older core cities.
- Blue: 5% to 10% qualified affordable housing – mostly older core suburbs.
- Yellow: 5% or less qualified affordable housing – mostly lower density periphery small towns.

### Granby:

2010 Housing Units	Gov. Assisted	Tenant Rental Assistance	CHFA Mortgages	Deed Restricted	Total Assisted	Percent Affordable
4,360	85	2	51	5	143	3.28%



# Granby: Understanding Affordable Housing

## Constraints to Multi-Family Housing

This map shows multi-family housing land use permitting requirements by municipality.

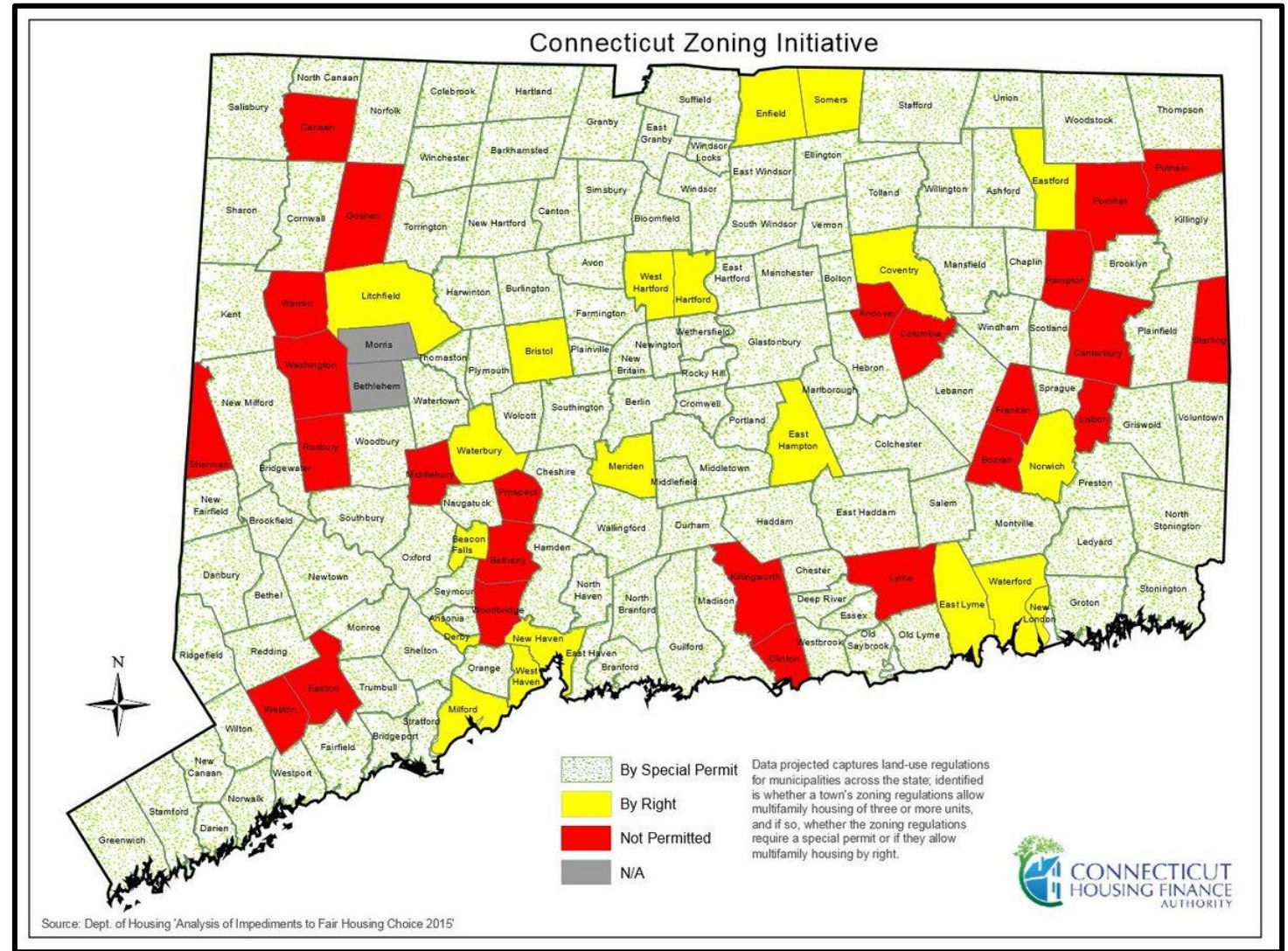
Yellow = as-of-right (site plan)

Grey = conditional use (special permit)

Red = prohibited.

Demonstrates overreliance on conditional use permits.

We also need to recognize that many communities with prohibitions are not served by public water and/or sewer.



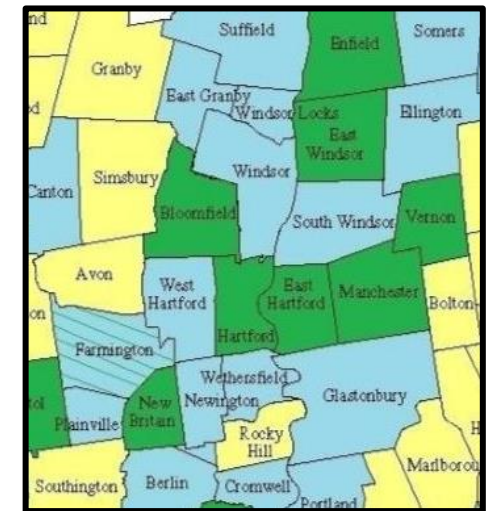
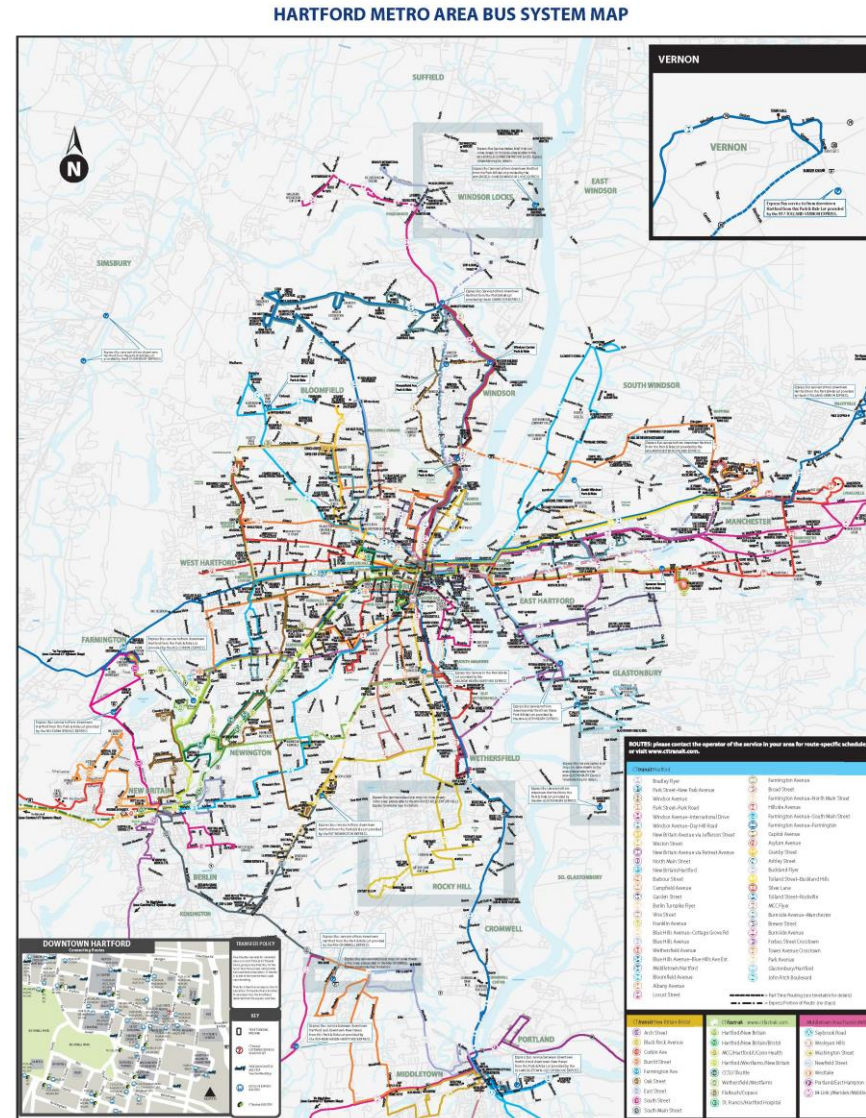
# Granby: Understanding Affordable Housing

## Mobility & Labor Market Accessibility

Accessibility to employment opportunities is key to providing lower-income households economic opportunity.

This creates a spatial paradox for housing policy:

- Disproportionately clustering low-income households in the urban core harms those households (communities) due to the associated socio-economic ills and poor educational performance with *large* concentration of poverty.
- Providing affordable housing for lower-income household in more affluent (fringe) communities provides greater educational opportunities but risks economic isolation from employment opportunities.
- Housing, and affordable housing, policy must seek to strike a balance between the clustering of poverty in the core and the economic isolation of low-income households at the periphery.





## Fair Share Housing Proposal: Consideration

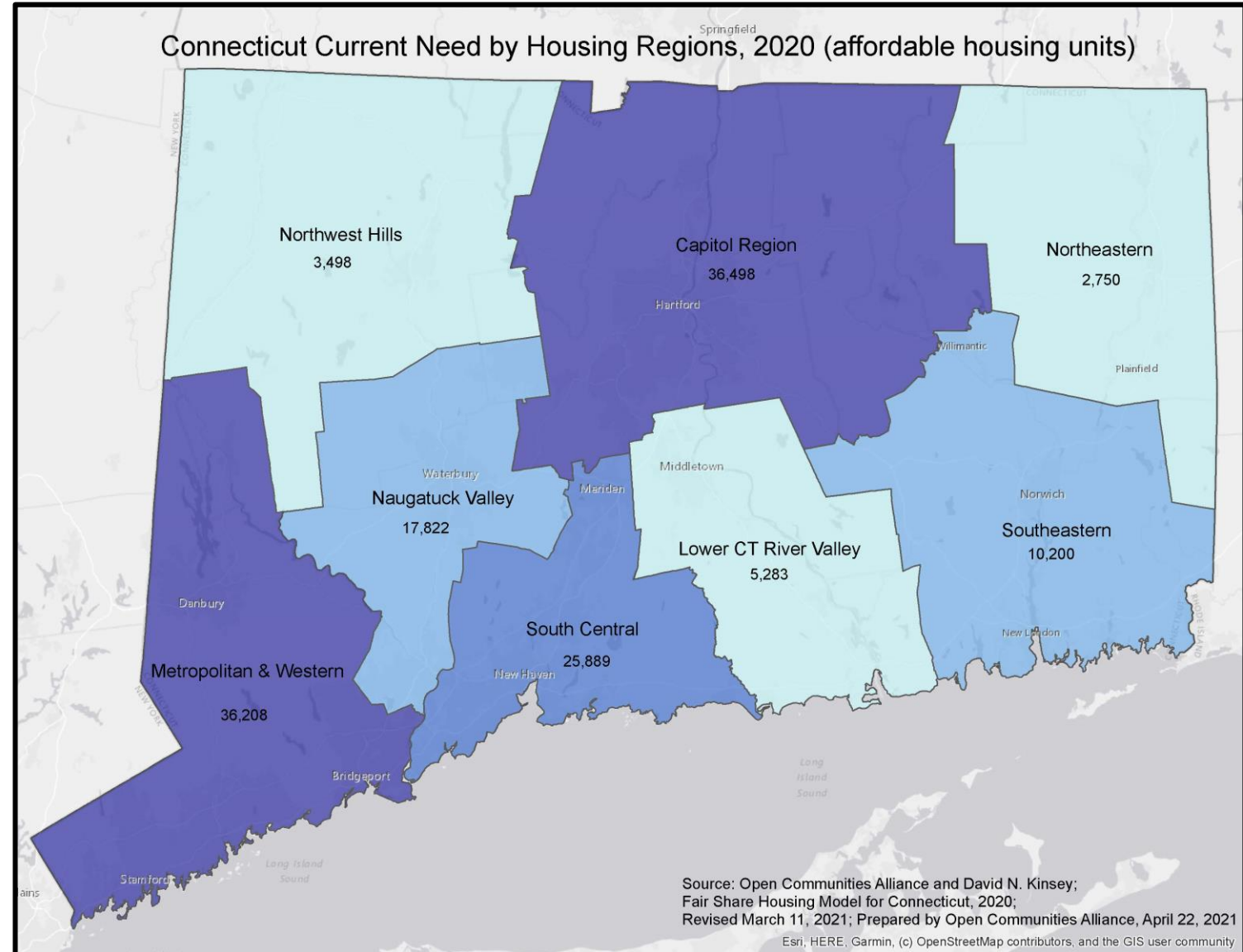
# Granby: Understanding Affordable Housing

## Open Communities Alliance – Fair Share Housing Model (HB 6611)

Fair Share is the recognition that there is a role for *every town* in Connecticut in meeting the affordable housing needs of all of Connecticut residents.

Statewide, *nearly 140,000 households are extremely low income and severely cost burdened*. The Fair Share methodology allocates that need for affordable housing to each town, based on a fair assessment of their responsibility and capacity to build affordable housing. Adopting a Fair Share system in Connecticut will:

1. Allow municipalities to comply with Connecticut law which requires towns to "encourage the development of ... multifamily dwellings" to meet the regional affordable housing need and to "promote housing choice and economic diversity, including housing for both low- and moderate-income households." (Connecticut's Zoning Enabling Act, General Statutes § 8-2)
2. Begin to reverse a century of racial and economic segregation, perpetuated by so-called "race-neutral" zoning regulations.



# Granby: Understanding Affordable Housing

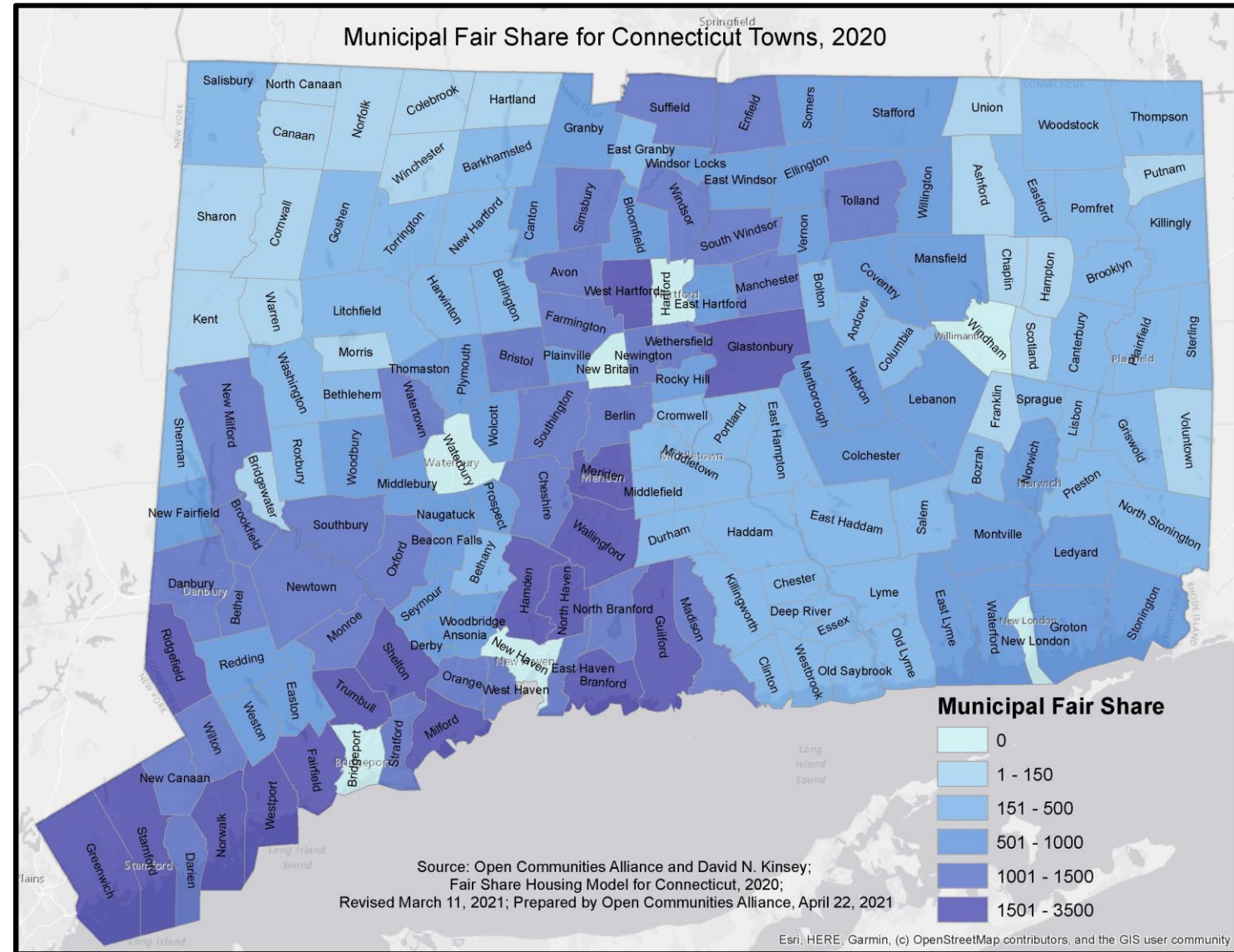
## Open Communities Alliance – Fair Share Housing Model (HB 6611)

3. Give towns control over how they want to meet their obligation for affordable housing, as long as they accomplish their Fair Share!

This system allows planning and zoning commissions flexibility and control over how they achieve their Fair Share of affordable housing, while providing a reasonable assessment of each town's responsibility.

### Granby:

- Municipal Fair Share Allocation = 803 Housing Units
- 8-30g Allocation (10%) = 430 Housing Units





## Income and Housing Costs: Owner and Renter Occupied Housing

# Granby: Understanding Affordable Housing

1. Household Income by Household Size

Income	4 person	3 person	2 person	1 person
120% AMI	\$115,600	\$104,328	\$92,736	\$81,144
100% AMI	\$96,600	\$86,940	\$77,280	\$67,620
<b>80% AMI</b>	<b>\$77,280</b>	<b>\$69,552</b>	<b>\$61,824</b>	<b>\$54,096</b>
60% AMI	\$57,960	\$52,164	\$46,239	\$40,572
50% AMI	\$48,300	\$43,470	\$38,640	\$33,810
30% AMI	\$28,980	\$26,082	\$23,184	\$20,286
25% AMI	\$24,150	\$21,735	\$19,320	\$16,905
<25% AM	<\$24,150	<\$21,735	<\$19,320	<\$16,905

2. 30% Household Income by Household Size

Income	4 person	3 person	2 person	1 person
120% AMI	\$34,680	\$31,298	\$27,820	\$24,343
100% AMI	\$28,980	\$26,082	\$23,184	\$20,286
<b>80% AMI</b>	<b>\$23,184</b>	<b>\$20,865</b>	<b>\$18,547</b>	<b>\$16,228</b>
60% AMI	\$17,388	\$15,469	\$13,871	\$12,171
50% AMI	\$14,490	\$13,041	\$11,592	\$10,153
30% AMI	\$8,694	\$7,824	\$6,955	\$6,085
25% AMI	\$7,245	\$6,520	\$5,796	\$5,071
<25% AM	<\$7,245	<\$6,520	<\$5,796	<\$5,071

## Household Income and Income Available for Housing

Table 1. Median Household Income for 1-4 person households from 25% to 120% Area Median Income (AMI) in the Hartford area.

Table 2. Translates AMI by household size to 30% household income.

Table 3. Translates 30% household income to monthly income available for housing.

Table 4. The hourly wage equal to median household income.

**Minimum Wage:** As of Oct. 2021, CT minimum wage is \$13.00 per hour. \$13.00/hour = \$26,000 per year—approximately 27% AMI. The Federal Poverty Limit for a family of 4 is \$26,500.

3. Affordable Monthly Housing Cost at 30% Household Income

Income	4 person	3 person	2 person	1 person
120% AMI	\$2,890	\$2,608	\$2,318	\$2,028
100% AMI	\$2,415	\$2,174	\$1,932	\$1,690
<b>80% AMI</b>	<b>\$1,932</b>	<b>\$1,739</b>	<b>\$1,546</b>	<b>\$1,352</b>
60% AMI	\$1,449	\$1,289	\$1,156	\$1,014
50% AMI	\$1,208	\$1,087	\$966	\$846
30% AMI	\$724	\$652	\$579	\$507
25% AMI	\$603	\$543	\$483	\$422
<25% AM	<\$603	<\$543	<\$483	<\$422

4. Hourly Wage by AMI & Household

Wage	2 PHH	1 PHH
120% AMI	\$46.37	\$40.57
100% AMI	\$38.64	\$33.81
<b>80% AMI</b>	<b>\$30.91</b>	<b>\$27.05</b>
60% AMI	\$23.12	\$20.28
50% AMI	\$19.32	\$16.90
30% AMI	\$11.59	\$10.14
25% AMI	\$9.66	\$8.45
<25% AMI	<\$9.66	<\$8.45

# Granby: Understanding Affordable Housing

## 5. Affordable Monthly Rent at 30% Household Income

Income	4 person	3 person	2 person	1 person
120% AMI	\$2,890	\$2,608	\$2,318	\$2,028
100% AMI	\$2,415	\$2,174	\$1,932	\$1,690
80% AMI	\$1,932	\$1,739	\$1,546	\$1,352
60% AMI	\$1,449	\$1,289	\$1,156	\$1,014
50% AMI	\$1,208	\$1,087	\$966	\$846
30% AMI	\$724	\$652	\$579	\$507
25% AMI	\$603	\$543	\$483	\$422
<25% AMI	<\$603	<\$543	<\$483	<\$422

## 6. Existing Rental Housing Units & Market Rents

Rent Amount	State	Hartford	County
Occupied – Rental	435,071 ---	118,415 ---	
Less than \$500	45,746 10.5%	14,209 12.0%	
\$500 to \$999	123,029 28.3%	39,503 33.4%	
\$1,000 to \$1,499	163,198 37.5%	48,277 40.8%	
\$1,500 to \$1,999	66,271 15.2%	12,978 11.0%	
\$2,000 to \$2,499	21,252 4.9%	2,147 1.8%	
\$2,500 to \$2,999	7,667 1.8%	652 0.6%	
\$3,000 or more	7,908 1.8%	649 0.5%	
Median (dollars)	\$1,123 ---	\$1,044 ---	
No rent paid	19,886 ---	5,078 ---	

## Rental Affordability – Hartford County:

Segmented market into *existing and newly constructed* rental housing.

- Existing and newly constructed rental stock are different housing products.
- It is challenging and *expensive* to provide affordable housing with a newly constructed rental housing.
- Filtering is the process by which newly constructed housing (higher priced) create downward pressure on existing units as renters trade up.
- Existing Units:** Rent from <\$500 to >\$3,000 per month. *Median rent = \$1,044.*
  - Only **13.9%** of rents are above **\$1,500/month** (approximately 80% AMI).
  - Only **2.9%** of rents are above **\$2,000.**
  - 45%** of rents below **\$1,000/month** (approx. 60% AMI or below).
  - Much of the existing rental units are affordable.*
- New Construction:** rent from **\$1,265** (studios) to **\$2,450+** (3-bedrooms) per month.
  - Market rents of newly constructed units are **NOT** affordable at 60% or 80% AMI.

## 7. New Construction - Market Rents

Based on unit sizes of:

- 550 SF (Studio),
- 725 SF(1-bd),
- 1,050 SF (2-bd), and
- 1,325 SF (3-bd)

Market rents for newly constructed rental units estimated at:

- \$1,265 (studio @ \$2.30/SF)
- \$1,600 (1BR @ \$2.20/SF)
- \$2,070 (2BR @ \$1.97/SF)
- \$2,450 (3BR @ \$1.85/SF)

## 8. Household Income by Total Households

Household Income	State	Hartford
Total	1,361,755	348,871
Less than \$10,000	5.4%	6.0%
\$10,000 to \$14,999	3.6%	3.8%
\$15,000 to \$24,999	7.7%	8.0%
\$25,000 to \$34,999	7.3%	7.8%
\$35,000 to \$49,999	10.9%	11.3%
\$50,000 to \$74,999	15.9%	16.0%
\$75,000 to \$99,999	12.6%	13.0%
\$100,000 to \$149,999	17.1%	16.9%
\$150,000 to \$199,999	8.6%	8.2%
\$200,000 or more	11.0%	8.9%
Median income (dollars)	\$73,781	\$69,936

# Granby: Understanding Affordable Housing

## Housing Unit Utility Costs

Table 9. CT Department of Housing  
2019 Housing Choice Voucher Program  
– Utility Allowance Schedule (2019).

- A means of estimating utility costs as part of housing affordability.

9. Housing Unit Utility Costs

Utilities	0-bd	1-bd	2-bd	3-bd
Heating	\$30	\$54	\$68	\$81
Cooking	\$12	\$15	\$19	\$25
Hot Water	\$19	\$24	\$32	\$48
Electricity	\$34	\$44	\$58	\$67
Cold Water*	\$25	\$39	\$65	\$93
Sewer*	\$10	\$20	\$40	\$60
Trash*	\$33	\$33	\$33	\$33
Refrigerator	\$3	\$3	\$3	\$3
Range/Stove	\$2	\$2	\$3	\$3
Gas Service Fee	\$17	\$17	\$17	\$17
<b>Total</b>	<b>\$185</b>	<b>\$251</b>	<b>\$338</b>	<b>\$430</b>
<b>*Effective Total</b>	<b>\$117</b>	<b>\$159</b>	<b>\$200</b>	<b>\$244</b>
*Utility assumed to be included in rent.				

## Household Income Limits, Utilities, and Rent

Table 10. calculates and deducts yearly utility costs (Utility Deduction) from the maximum housing expenditure (30% Total Housing) to estimate the household income (income for Rent) available for rent. The Income for Rent is then divided by 12 to provide the maximum affordable monthly rent at 60% and 80% AMI.

10. Household Income Limits, Utilities, and Rent Limits

Hartford MSA HH	60% AMI	80% AMI	100% AMI
1-person	\$40,680	\$54,824	\$68,530
30% Total Housing	\$12,204	\$16,448	\$20,559
Utility Deduction	-\$1,404	-\$1,404	---
Income for Rent	\$10,800	\$15,044	\$20,559
Max Monthly Rent	<b>\$900</b>	<b>\$1,253</b>	<b>\$1,713</b>
2-person	\$46,500	\$62,658	\$78,320
30% Total Housing	\$13,950	\$18,797	\$23,496
Utility Deduction	-\$1,908	-\$1,908	---
Income for Rent	\$12,042	\$16,889	\$23,496
Max Monthly Rent	<b>\$1,003</b>	<b>\$1,407</b>	<b>\$1,958</b>
3-person	\$52,320	\$70,488	\$88,100
30% Total Housing	\$15,696	\$21,146	\$26,430
Utility Deduction	-\$2,400	-\$2,400	---
Income for Rent	\$13,296	\$18,746	\$26,430
Max Monthly Rent	<b>\$1,108</b>	<b>\$1,562</b>	<b>\$2,202</b>
4-person	\$58,080	\$78,320	\$97,900
30% Total Housing	\$17,424	\$23,496	\$29,370
Utility Deduction	-\$2,928	-\$2,928	---
Income for Rent	\$14,496	\$20,568	\$29,370
Max Monthly Rent	<b>\$1,208</b>	<b>\$1,714</b>	<b>\$2,447</b>

### Utility Costs:

- Accounting for utility costs reduces income available for rent—further reducing affordability.
- Affordable monthly rent decreases by approximately \$100 to \$250 per month depending on the number of persons, bedrooms, and income.

### Market Rents – New Construction

- \$1,265 (studio)
- \$1,600 (1-bedroom)
- \$2,070 (2-bedroom)
- \$2,450 (3-bedroom)

### Market Rents – Existing Units

- From <\$500 or less (assumed to be studios) to >\$3,000 (assumed to be 3-plus bedrooms) per month.
- Median rent is **\$1,044**.

### Considerations

- With only 13.9% of rents for existing rental units being above \$1,500/month (median rent \$1,044), existing rentals are marginally affordable to households at 80% AMI.

# Granby: Understanding Affordable Housing

12. Affordable Home Purchase Price at 30% Household Income

Income	4 person	3 person	2 person	1 person
120% AMI	\$312,120	\$281,682	\$250,380	\$219,087
100% AMI	\$260,820	\$234,738	\$208,656	\$182,574
80% AMI	\$208,656	\$187,785	\$166,923	\$146,052
60% AMI	\$156,492	\$139,221	\$124,839	\$109,539
50% AMI	\$130,410	\$117,369	\$104,328	\$91,377
30% AMI	\$78,246	\$70,416	\$62,595	\$54,765
25% AMI	\$65,205	\$58,680	\$52,164	\$45,639
<25% AM	<\$65,205	<\$58,680	<\$52,164	<\$45,639

11. Household Income by Total Households

Household Income	State	Hartford
	1,361,755	348,871
Less than \$10,000	5.4%	6.0%
\$10,000 to \$14,999	3.6%	3.8%
\$15,000 to \$24,999	7.7%	8.0%
\$25,000 to \$34,999	7.3%	7.8%
\$35,000 to \$49,999	10.9%	11.3%
\$50,000 to \$74,999	15.9%	16.0%
\$75,000 to \$99,999	12.6%	13.0%
\$100,000 to \$149,999	17.1%	16.9%
\$150,000 to \$199,999	8.6%	8.2%
\$200,000 or more	11.0%	8.9%
Median income (dollars)	\$73,781	\$69,936

## Ownership Affordability – Hartford County:

To afford the median owner-occupied home of **\$235,300**, a household requires a median income of **\$78,433**.

- **37.8%** of owner-occupied housing units are valued at less than **\$200,000**.
- **31.7%** valued between \$200K & \$300K.
  - Households above 80% AMI are mostly served by the owner-occupied housing stock (74.9% of owner housing is valued between \$150,000 & \$500,000—affordable to household incomes of \$50,000 to \$167,000. 63% of households at or above \$50,000.
  - 18% of the owner-occupied housing valued below \$150,000, 6.1% valued under \$100,000.
  - New single-family construction costs conservatively \$250/sq. ft. (a 1,000 sq. ft. home costs approx. \$250,000 to build. A 2,000 sq. ft. home cost \$500,000 to build).

13. Housing Value by Owner-Occupied Households

Housing Value	State	State	Hartford	Hartford
Occupied – Ownership	906,798	---	225,378	---
Less than \$50,000	24,038	2.7%	5,937	2.6%
\$50,000 to \$99,999	29,789	3.3%	7,815	3.5%
\$100,000 to \$149,999	83,320	9.2%	26,671	11.8%
\$150,000 to \$199,999	141,024	15.6%	44,819	19.9%
\$200,000 to \$299,999	244,356	26.9%	71,457	31.7%
\$300,000 to \$499,999	236,671	26.1%	52,507	23.3%
\$500,000 to \$999,999	106,192	11.7%	14,456	6.4%
\$1,000,000 or more	41,408	4.6%	1,716	0.8%
Median (dollars)	\$270,100	---	<b>\$235,300</b>	---

### Considerations

- Addressing housing affordability through the ownership market is challenging, at best. The cost of new construction exceeds the income capacity of households at or below 80% AMI.
- A newly constructed 941 sq. ft. single-family house would need to sell for the median home value (\$235,300), requiring a household income of **\$78,433**—or 80% AMI for 4-person household (\$77,280).
- This is, in-part, why 8-30g falls short of producing a meaningful number of units. (At **60% AMI (\$57,960)** a household can only afford a home valued at approximately **\$173,000**.)



## Estimating Affordable Housing Need

# Granby: Understanding Affordable Housing

## Estimating the Need for Affordable Housing

**Connecticut:** 475,252 (34.9%) household earn <\$50,000 (50% - 60% AIM depending on HH size).

**Connecticut:** 174,208 qualified affordable housing units or 36.7% of the 475,252 of households earning <\$50,000.

- 301,044 households not served by the *existing affordable qualified housing*.

### Income and Housing Cost Comparison:

**Hartford County:** 129,106 (36.9%) households earn <\$50,000 and 44,833 (34.7%) qualified affordable units—46% of which are in the City of Hartford (unfair share of affordable housing).

**Hartford County:** 129,106 households earning <\$50,000 and 160,521 housing units with monthly housing cost of \$1,250 or less.

- 31,415 more housing units affordable below \$50,000 than there are households - ***Supply outpacing demand***.
- Assume 44,833 (34.7%) of those 129,106 households (<\$50,000) are served by *qualified affordable housing*, means there are 83,273 household served by affordable *market rate* housing units. ***Supply meeting demand***.

At incomes below \$25,000/year (approximate poverty rate) there are 44,451 households (rental) and only 22,203 households (rental) paying \$625 (30%) or less per month for rent. ***Demand outpacing supply (demand is double supply)***.

**The greatest housing affordability need is at the lowest income levels.**

# Granby: Understanding Affordable Housing

16. Housing Cost as Percent of Household Income Hartford County

Housing Cost as % of Income	Occupied	Percent	Owner	Percent	Renter	Percent
HC - Occupied Housing Units	348,871	---	225,378	---	123,493	---
<b>Less than \$20,000</b>	42,383	12.1%	10,871	4.8%	31,512	25.5%
Less than 20 percent	1,266	0.4%	164	0.1%	1,102	0.9%
20 to 29 percent	4,507	1.3%	300	0.1%	4,207	3.4%
30 percent or more	36,610	10.5%	10,407	4.6%	26,203	21.2%
<b>\$20,000 to \$34,999</b>	40,463	11.6%	17,840	7.9%	22,623	18.3%
Less than 20 percent	2,320	0.7%	1,002	0.4%	1,318	1.1%
20 to 29 percent	5,998	1.7%	3,345	1.5%	2,653	2.1%
30 percent or more	32,145	9.2%	13,493	6.0%	18,652	15.1%
<b>\$35,000 to \$49,999</b>	38,581	11.1%	20,832	9.2%	17,749	14.4%
Less than 20 percent	5,361	1.5%	3,489	1.5%	1,872	1.5%
20 to 29 percent	11,792	3.4%	5,485	2.4%	6,307	5.1%
30 percent or more	21,428	6.1%	11,858	5.3%	9,570	7.7%
<b>\$50,000 to \$74,999</b>	55,211	15.8%	35,291	15.7%	19,920	16.1%
Less than 20 percent	17,089	4.9%	10,849	4.8%	6,240	5.1%
20 to 29 percent	21,201	6.1%	10,592	4.7%	10,609	8.6%
30 percent or more	16,921	4.9%	13,850	6.1%	3,071	2.5%
<b>\$75,000 or more</b>	163,189	46.8%	139,397	61.9%	23,792	19.3%
Less than 20 percent	112,201	32.2%	93,698	41.6%	18,503	15.0%
20 to 29 percent	40,114	11.5%	35,239	15.6%	4,875	3.9%
30 percent or more	10,874	3.1%	10,460	4.6%	414	0.3%
<b>Zero or negative income</b>	3,966	1.1%	1,147	0.5%	2,819	2.3%
No cash rent	5,078	1.5%	---	---	5,078	4.1%

## Housing Costs as Percent of Household Income:

- **Percent of Income by Income & Tenure:** Households spending more than 30% of income on housing suffer from excessive housing costs—the table shows:
  - **Housing affordability tracks with income.** Low- and moderate-income households spend higher percent of income on housing—many spending over 30% on housing.
  - **Housing affordability tracks with tenure.** Renters spend higher percent of income on housing. For example, **44%** of renter households with incomes less than \$50,000 spend more than **30%** of income for housing. Only **15.9%** of owner-occupied households with incomes less than \$50,000 spend more than 30%.
  - Housing affordability impacts lower income and rental households the most.
- **Context:** a household income of \$33,810 to \$57,960 is between 50% to 60% AMI—depending on household size.
- **Conclusion:** The problem of housing affordability is more a problem of *income (low income)*, than a problem of *housing cost*.

# Granby: Understanding Affordable Housing

17. Housing Cost as Percent of Household Income Granby

Housing Cost/% of Income	Occupied	Percent	Owner	Percent	Renter	Percent
<b>Less than \$20,000</b>	176	4.2%	87	2.3%	89	22.1%
Less than 20 percent	0	0.0%	0	0.0%	0	0.0%
20 to 29 percent	20	0.5%	0	0.0%	20	5.0%
30 percent or more	156	3.8%	87	2.3%	69	17.1%
<b>\$20,000 to \$34,999</b>	165	4.0%	134	3.6%	31	7.7%
Less than 20 percent	0	0.0%	0	0.0%	0	0.0%
20 to 29 percent	31	0.7%	0	0.0%	31	7.7%
30 percent or more	134	3.2%	134	3.6%	0	0.0%
<b>\$35,000 to \$49,999</b>	304	7.3%	251	6.7%	53	13.2%
Less than 20 percent	40	1.0%	40	1.1%	0	0.0%
20 to 29 percent	22	0.5%	22	0.6%	0	0.0%
30 percent or more	242	5.8%	189	5.0%	53	13.2%
<b>\$50,000 to \$74,999</b>	444	10.7%	387	10.3%	57	14.1%
Less than 20 percent	191	4.6%	176	4.7%	15	3.7%
20 to 29 percent	138	3.3%	96	2.6%	42	10.4%
30 percent or more	115	2.8%	115	3.1%	0	0.0%
<b>\$75,000 or more</b>	3,026	73.0%	2,862	76.4%	164	40.7%
Less than 20 percent	2,012	48.5%	1,870	49.9%	142	35.2%
20 to 29 percent	743	17.9%	721	19.3%	22	5.5%
30 percent or more	271	6.5%	271	7.2%	0	0.0%
Zero or negative income	23	0.6%	23	0.6%	0	0.0%
No cash rent	9	0.2%	(X)	(X)	9	2.2%

## Housing Costs as Percent of Household Income:

- **Percent of Income by Income & Tenure:** Households spending more than 30% of income on housing suffer from excessive housing costs—the tables show:
  - **Housing affordability tracks with income.** Low- and moderate-income households spend higher percent of income on housing—many spending over 30% on housing.
  - **Housing affordability tracks with tenure.** Renters spend higher percent of income on housing. For example, **30.3%** of renter households with incomes less than \$50,000 spend more than **30%** of income for housing. Only **10.9%** of owner-occupied households with incomes less than \$50,000 spend more than 30%.
- Housing affordability impacts lower income and rental households the most.
- **Context:** a household income of \$33,810 to \$57,960 is between 50% to 60% AMI—depending on household size.
- **Conclusion:** The problem of housing affordability is more a problem of *income (low income)*, than a problem of *housing cost*.



# The Demographics of Housing & Households

# Granby: Understanding Affordable Housing

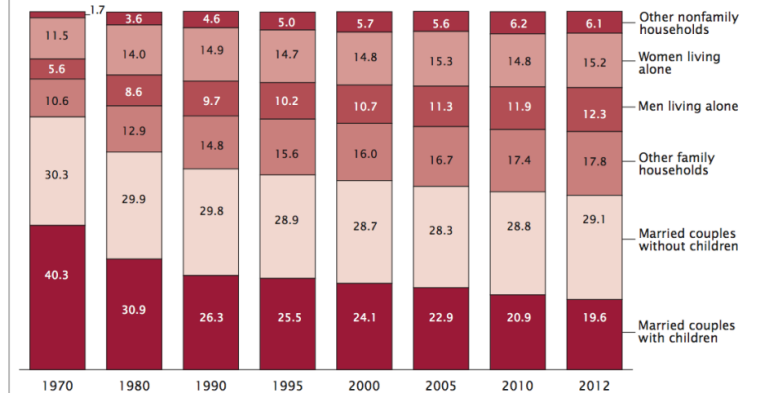
## Demographic Structure: Households and Affordability

- **Changing Structure of Households:** Little attention is given to demographic change and the impacts on housing affordability.
  - *Fertility rates and household size* have been declining for decades.
  - The percent of married couple households with children (<18yrs) declined from **40.3%** in 1970 to 19.6% in 2012. Now approximately **19.0%**.
  - Nationally, **28%** of households (2020) are 1-person compared to **13%** in 1960.
  - From 1960 to 2016, the percent of children living with only their mother increased from **8% to 23%**—children living with only their father increased from 1% to 4%.
  - A lack of affordable housing most harms single mothers. *Think about that! When we opposed affordable housing, we are opposing single mothers.*
- Most of the housing stock—especially, single-family detached—was built to serve the needs of family households of the past, not *the smaller households of today*.

17. Occupied Housing by Household Size

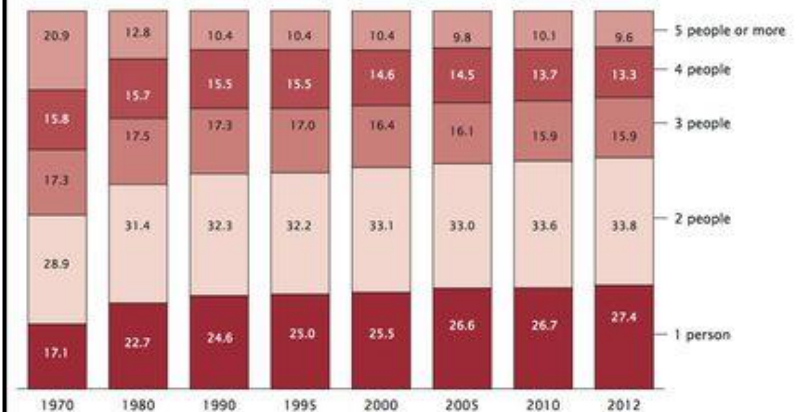
Hartford County	Occupied	%	Owner	%	Renter	%
Occupied housing units	348,871		225,378		123,493	
1-person household	101,859	29.2%	50,939	22.6%	50,920	41.2%
2-person household	116,026	33.3%	82,657	36.7%	33,369	27.0%
3-person household	57,498	16.5%	38,921	17.3%	18,577	15.0%
4-or-more-person hh	73,488	21.1%	52,861	23.5%	20,627	16.7%

Figure 1.  
Households by Type, 1970 to 2012: CPS  
(In percent)



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, selected years, 1970 to 2012.

Figure 3.  
Households by Size, 1970 to 2012: CPS  
(In percent)



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, selected years, 1970 to 2012.



## Case Study – 8-30g Development

# Granby: Understanding Affordable Housing

## Case Study – Sample 8-30g Set-Aside Development

A 400-unit multi-family rental development in Hartford County.

A *'set-aside development'* as defined by the CGS 8-30g--30% of the total units be restricted as affordable for at least 40-years.

Of the 30% affordable units, half (or 15% of total) of the units:

- shall be rented to persons and families whose income is less than or equal to 60% of the area median income, and
- the other half shall be rented to persons and families whose income is less than or equal to 80% of area median income.

For the purpose of this case study, the State Department of Housing, 2019 Development Program Income Limits based on HUD Median Incomes are used to determine the Area Median Income (AMI) for the Hartford MSA.

18.Total & Affordable Units

Units		400
Market Rate		280
Affordable		120
	@ 80% AMI	60
	@ 60% AMI	60

19.Unit Type & Mix

Unit Type & Mix	Total Units	60% AMI	80% AMI
Studios (10%)	40	6	6
1-Bedroom (25%)	100	15	15
2-Bedroom (50%)	200	30	30
3-Bedroom (15%)	60	9	9
<b>Total</b>	<b>400</b>	<b>60</b>	<b>60</b>

# Granby: Understanding Affordable Housing

## Estimated Rental Rates by Income

Table 20. estimated rents at 60%, 80%, and 100% AMI compared to market rents (Market Rate). Market rents are based on newly constructed units in metropolitan Hartford and *do not account for housing utility costs*.

*Assumption:* studio and one-bedroom units are one-person households, two-bedroom units are two-person households, and three-bedroom units are four-person households. *The affordable rents do not account for housing utility costs.*

20. Estimated Rental Rates by Income

Unit Mix	Unit Sq. Ft.	60% AMI Rent	80% AMI Rent	100% AMI Rent	Market Rate	60% AMI Rent/SF	80% AMI Rent/SF	100% AMI Rent/SF	Market Rent/SF
Studios (10%)	550	\$1,014	<b>\$1,352</b>	\$1,690	<b>\$1,270</b>	<b>\$1.85</b>	\$2.45	\$3.08	<b>\$2.30</b>
1-Bedroom (25%)	725	\$1,156	<b>\$1,546</b>	\$1,932	<b>\$1,600</b>	<b>\$1.60</b>	\$2.13	\$2.66	<b>\$2.20</b>
2-Bedroom (50%)	1,050	\$1,289	\$1,739	\$2,174	\$2,070	<b>\$1.23</b>	<b>\$1.66</b>	\$2.08	<b>\$1.97</b>
3-Bedroom (15%)	1,325	\$1,449	\$1,932	\$2,415	\$2,450	<b>\$1.10</b>	<b>\$1.46</b>	\$1.83	<b>\$1.85</b>

## Project (Development) Feasibility, Affordable Housing, and Investment

In the metro Hartford market, a rental rate of approximately \$2 per square foot is required for a development to be financially feasible. As shown above, the return on market rents is greatest for studios and 1-bedroom units. Two-bedroom units return just below the \$2 per square foot and the 3-bedroom returns are the weakest. This variation in return on rents indicates that unit size and unit mix (i.e. bedrooms) are key determinates of the average return on rents being above or below \$2 per square foot—the feasibility threshold.

**Affordable Rents:** The per square foot return on the 2- and 3-bedroom affordable units/rents are well below the \$2 per square foot threshold, while the 80% AMI studios and 1-bedroom units. The affordable rents for studios and 1-bedroom units at 80% AMI are market rate. However, the low return on rents for the 2- and 3-bedroom affordable units and the 60% AMI units (all types) pull the overall return on rents down, negatively impacting financial feasibility for the development.

# Granby: Understanding Affordable Housing

## Estimated Rental Rates by Income (Adjusted for Housing Utility Cost)

Table 21 provides estimated rents at 60%, 80%, and 100% AMI compared to market rents (Market Rate) for newly constructed units—all rents *are adjusted for housing utility costs*. Table 22 (for comparison) is the same as Table 20 on the prior slide (rents are not adjusted for utilities).

21. Estimated Rental Rates by Income – Adjusted for Housing Utility Cost

Unit Mix	Sq. Ft.	60% AMI Rent	80% AMI Rent	100% AMI Rent	Market Rate	60% AMI Rent/SF	80% AMI Rent/SF	100% AMI Rent/SF	Market Rent/SF
Studios (10%)	550	\$900	<b>\$1,253</b>	\$1,713	<b>\$1,270</b>	\$1.64	\$2.28	<b>\$3.12</b>	<b>\$2.30</b>
1-Bedroom (25%)	725	\$900	<b>\$1,253</b>	\$1,713	<b>\$1,600</b>	\$1.24	<b>\$1.73</b>	<b>\$2.37</b>	<b>\$2.20</b>
2-Bedroom (50%)	1,050	\$1,003	\$1,407	\$1,958	\$2,070	<b>\$0.96</b>	<b>\$1.35</b>	\$1.92	<b>\$1.97</b>
3-Bedroom (15%)	1,325	\$1,208	\$1,714	\$2,447	\$2,450	<b>\$0.92</b>	<b>\$1.31</b>	\$1.85	<b>\$1.85</b>

22. Estimated Rental Rates by Income (Not Adjusted for Housing Utility Cost)

Unit Mix	Sq. Ft.	60% AMI Rent	80% AMI Rent	100% AMI Rent	Market Rate	60% AMI Rent/SF	80% AMI Rent/SF	100% AMI Rent/SF	Market Rent/SF
Studios (10%)	550	\$1,014	\$1,352	\$1,690	\$1,270	<b>\$1.85</b>	\$2.45	\$3.08	<b>\$2.30</b>
1-Bedroom (25%)	725	\$1,156	\$1,546	\$1,932	\$1,600	<b>\$1.60</b>	<b>\$2.13</b>	\$2.66	<b>\$2.20</b>
2-Bedroom (50%)	1,050	\$1,289	\$1,739	\$2,174	\$2,070	<b>\$1.23</b>	<b>\$1.66</b>	\$2.08	<b>\$1.97</b>
3-Bedroom (15%)	1,325	\$1,449	\$1,932	\$2,415	\$2,450	<b>\$1.10</b>	<b>\$1.46</b>	\$1.83	<b>\$1.85</b>

## Considerations

As designed (from a policy perspective) 8-30g shifts the cost/burden of the affordable housing units to the developer in return for the benefits of circumventing zoning constraints. Unfortunately, the affordable units, especially two- and three-bedroom units create significant challenges for the financial feasibility of such developments. In addition, the adjustment for utility costs also shifts the costs of utilities to the developer/owner.

# Granby: Understanding Affordable Housing

## Effective Average Rental Rates – Affordable & Market (Adjusted for Housing Utility Costs)

Tables 23 effective rental rates (or weighted average) of rent per square foot by unit type. This is the average rent across a unit type (i.e. Studios) if 15% of the units rent at 60% AMI, 15% at 80% AMI, and 70% rent at market rate. The effective rents are compared with the market rents to show how the 30% affordable units pull the effective rents down. With studios being the least common units and two-bedroom units being the most common, the challenge of providing 30% affordable units through the private market becomes evident. Most important, 3-bedroom units, those most needed by low- and moderate-income families, are the most challenging units to provide.

The Revenue Per Unit column shows the income loss per unit, by type, and per year (difference between Market Rate rents and Effective Rents). The Total Loss Per Year column is the cumulative loss per year for each unit type. Based on the unit mix, the effective rents result in a net loss of **\$449,760** per year in income (or **8% to 10%** of total operating income). The 8% to 10% loss effectively destroys return on investment—the ability to return a profit.

Also note, since property valuation for income producing properties typically use the income approach to value, the loss in net operating income (NOI) reduces the appraised and assessed value of the property, thereby reducing tax revenues.

This case study shows that it is not a lack of market demand for affordable housing or developer unwillingness to produce affordable housing that results in so few 8-30g developments and units. It is the weak financial feasibility of the affordable units that undermines the overall economic viability of the 8-30g approach.

23. Effective Average Rental Rates – Affordable & Market

Unit Mix	60% AMI/SF	80% AMI/SF	Market Rate/SF	Effective Rate/SF	Effective Rent	Market Rate	Revenue Per Unit	Total Loss Per Year
Studios (40 or 10%)	\$1.64	\$2.28	\$2.30	\$2.24	\$1,232	\$1,265	-\$396	-\$15,840
1-Bedroom (100 or 25%)	\$1.24	\$1.73	\$2.20	\$2.09	\$1,515	\$1,600	-\$1,020	-\$102,000
2-Bedroom (200 or 50%)	\$0.96	\$1.35	\$1.97	\$1.84	\$1,934	\$2,070	-\$1,632	-\$326,400
3-Bedroom (60 or 15%)	\$0.92	\$1.31	\$1.85	\$1.73	\$2,292	\$2,450	-\$6,300	-\$113,760

# Granby: Understanding Affordable Housing

## Estimated Rental Rates by Income (Adjusted for Housing Utility Cost)

The tables below are aimed at demonstrating how regulatory constraints (i.e. unit size) impact financial feasibility and housing affordability. All three tables estimate construction costs, required rents, and market rents for newly constructed rental units in metro Hartford.

Table 24 and 25 are not adjusted for housing utility costs. Table 26 is adjusted for housing utility costs.

24. Estimated Rental Rates by Income – Typical Unit Size

Unit Mix	Unit Sq. Ft.	Const. Cost/SF	Total Cost	8-Year Return	Required Rent Per Month	Required Rate/SF	Market Rent/SF	60% AMI Rent	80% AMI Rent	Market Rate
Studios (10%)	550	\$200	\$110,000	\$13,750	\$1,146	\$2.09	\$2.30	\$1,014	\$1,352	\$1,270
1-Bedroom (25%)	725	\$200	\$145,000	\$18,125	\$1,511	\$2.09	\$2.20	\$1,156	\$1,546	\$1,600
2-Bedroom (50%)	1,050	\$200	\$210,000	\$26,250	\$2,188	\$2.09	\$1.97	\$1,289	\$1,739	\$2,070
3-Bedroom (15%)	1,325	\$200	\$265,000	\$33,125	\$2,761	\$2.09	\$1.85	\$1,449	\$1,932	\$2,450

25. Estimated Rental Rates by Income – Reduced Unit Size

Unit Mix	Unit Sq. Ft.	Const. Cost/SF	Total Cost	8-Year Return	Required Rent Per Month	Required Rate/SF	Market Rent/SF	60% AMI Rent	80% AMI Rent	Market Rate
Studios (10%)	450	\$200	\$90,000	\$11,250	\$938 (-\$208)	\$2.09	\$2.30	\$1,014	\$1,352	\$1,035
1-Bedroom (25%)	600	\$200	\$120,000	\$15,000	\$1,250 (-\$261)	\$2.09	\$2.20	\$1,156	\$1,546	\$1,320
2-Bedroom (50%)	800	\$200	\$160,000	\$20,000	\$1,667 (-\$521)	\$2.09	\$1.97	\$1,289	\$1,739	\$1,576
3-Bedroom (15%)	1,000	\$200	\$200,000	\$25,000	\$2,083 (-\$678)	\$2.09	\$1.85	\$1,449	\$1,932	\$1,850

26. Estimated Rental Rates by Income – Adjusted for Housing Utility Cost

Unit Mix	Unit Sq. Ft.	Const. Cost/SF	Total Cost	8-Year Return	Required Rent Per Month	Required Rate/SF	Market Rent/SF	60% AMI Rent	80% AMI Rent	Market Rate
Studios (10%)	450	\$200	\$90,000	\$11,250	\$938 (-\$208)	\$2.09	\$2.30	\$900	\$1,253	\$1,035
1-Bedroom (25%)	600	\$200	\$120,000	\$15,000	\$1,250 (-\$261)	\$2.09	\$2.20	\$900	\$1,253	\$1,320
2-Bedroom (50%)	800	\$200	\$160,000	\$20,000	\$1,667 (-\$521)	\$2.09	\$1.97	\$1,003	\$1,407	\$1,576
3-Bedroom (15%)	1,000	\$200	\$200,000	\$25,000	\$2,083 (-\$678)	\$2.09	\$1.85	\$1,208	\$1,714	\$1,850

### Considerations

Unfortunately, provisions requiring large floor areas and affordable units to be the same size as market rate units, undermine financial feasibility and affordability.

Allowing for differences in size of affordable units would improve financial feasibility.

By requiring affordable units to be the same size as market rate units, we are imposing a middle-class standard of living on lower-income households.

# Granby: Understanding Affordable Housing

## The Effects of Affordability Requirements on Home Ownership – Single Family New Construction

The tables below provide the impact of 30% affordable units—purchase price of 15% of units at 60% AMI and 15% at 80% AMI—for a 30-lot subdivision with single-family detached homes. The same number of lots/units are considered at home sizes ranging from 1,000 to 2,500 square feet. The cost of construction per unit is conservatively estimated at \$220 per square foot and represented in the Total Cost/Unit column. Market sale price assumes a 12% profit over the Total Cost. Area median income for the affordable units is based on a three-person household at \$88,100 AMI with 60% and 80% AMI calculated accordingly. The affordable purchase price is estimated at three times 60% and 80% AMI. The AMI Loss is the difference between the Market Price and the affordable purchase price at 60% and 80% AMI.

27. Single-Family Detached Home-Ownership Per Unit

# of Lots	House Size (Sq. Ft.)	Cost/ Sq. Ft.	Total Cost/Unit	Market Price/Unit	60% AMI Price	80% AMI Price	60% AMI Loss	80% AMI Loss
30	2,500	\$220	\$550,000	\$616,000	\$156,960	\$211,464	-\$459,040	-\$404,536
30	2,000	\$220	\$440,000	\$492,800	\$156,960	\$211,464	-\$335,840	-\$281,336
30	1,500	\$220	\$330,000	\$369,600	\$156,960	\$211,464	-\$212,640	-\$158,136
30	1,000	\$220	\$220,000	\$246,400	\$156,960	\$211,464	-\$89,440	-\$34,936

28. Single-Family Detached Home-Ownership Total Development

# of Lots	House Size (Sq. Ft.)	Total Cost/ 30 Units	Market Profit	60% AMI 5-Unit Loss	80% AMI 5-Unit Loss	Combined Loss	Net Profit
30	2,500	\$16,500,000	\$1,980,000	\$2,295,200	\$2,022,680	-\$4,317,880	-\$2,337,880
30	2,000	\$13,200,000	\$1,584,000	\$1,679,200	\$1,406,680	-\$3,085,880	-\$1,501,800
30	1,500	\$9,900,000	\$1,188,000	\$1,063,200	\$790,680	-\$1,853,880	-\$665,880
30	1,000	\$6,600,000	\$792,000	\$447,200	\$174,680	-\$621,880	\$170,120

### Monthly Mortgage Approach

Using median home value of \$235,000, with 10% down results in a principal & interest payment of approx. \$1,000/month. Add insurance, PMI, property taxes, and housing utility costs = approx. \$1,800/month (\$21,600/year). That requires a household income of \$70,000 or approximately 80% AMI.

### Considerations

- The economic viability of single-family owner-occupied units collapse under the weight of the 8-30g affordability requirements.
- Incomes of \$52,860 (60% AMI) and \$70,480 (80%) are too low and the gap between the affordable unit price and Total Construction Cost and/or Market Value are too great for the 70% market rate units to carry cost burden of the affordable units.
- Even the smallest unit are not financially viable. Even the net Profit on the 1,000 sq. ft. units are only a 2.57% return on the total project cost—a return similar to a Certificate of Deposit (CD) and less than many conservative investment options that provide greater returns with less risk.

# Granby: Understanding Affordable Housing

## Housing as a Commodity

### Amenities

2-bedroom  
1-bathroom  
1-car garage  
1,000 sq. ft.

### Amenities

3-bedroom  
2-bathroom  
en-Suite  
2-car garage  
1,800+ sq. ft.

### House Size

Housing Cost

Distance from Center

Years (1950s to 2000s)

Space

Time

### Lot Size

Housing Affordability

### Land Cost

If land cost  
decrease  
the size of  
housing  
can decrease.

Price

\$

\$\$

\$\$\$

\$\$\$\$

\$\$\$



## Policy Considerations

## Conclusions

### Housing Affordability

- The problem of *housing affordability* is more a *problem of income*—than a problem of housing cost or supply.
  - The need for affordable housing is at or below 50% AMI (\$33,810 - \$48,300 HHI).
  - The greatest need for affordable is at or below 30% AMI (\$20,286 - \$28,980 HHI).
- **Policy Context:** *housing affordability* and *need*:
  - One-size-fits-all strategies (policies) do not and will not work.
  - Location specific strategies are required—county and municipal level locations.
  - Demand side (income) strategies are most effective for lowest income—voucher programs.
  - 60% and 80% AMI do not address the incomes of greatest need—the land use system cannot solve the affordability needs for the lowest income households.

## Conclusions

### Accessibility: Housing, Employment, and Education

- Metropolitan regions as labor markets:
  - Accessibility to *employment opportunity* may be as important as access to affordable housing.
  - Accessibility to *employment opportunity* creates a spatial challenge for locating *affordable housing*.
  - Accessibility to *education opportunities* further complicates the location of home and work challenges.
- Housing locations nearest the region core provide greatest access to *employment opportunities*.
  - Advantageous core location versus the risk of clustering of poverty in core communities.
- Education opportunity often increases with distance from the core.
  - Advantageous housing location for access to *education opportunity* versus reduced accessibility to *employment opportunities*.

## Conclusions

### Accessibility: Housing, Employment, and Education

- The social-spatial organization of metropolitan housing markets and socio-economics highlight the need for affordable housing policy to *balance location, with access transportation to employment—balance education and employment opportunities*.
  - **Supply-side** affordable housing production strategies (i.e. LIHTC, etc.) *risk clustering poverty in already low-income communities*.
    - Affordable housing programs in periphery communities' risk economic isolation through reduced accessibility to employment opportunities.
      - Such locations/strategies do improve access to education opportunities.
  - **Demand-side** housing programs—*housing voucher* programs—are needed.
    - Income vouchers *target lower income households with the greatest need*.
    - Vouchers provide *greatest flexibility in housing location* and improved opportunity for the household to balance housing, transportation, employment, and education opportunities.
    - Requires funding (a lot of funding) and robust *enforcement of fair housing laws*.

## Conclusions

### Affordable Housing Appeals Act – 8-30g

- A well intended but *imperfect* policy tool to address *affordable housing*—especially imperfect for households of greatest housing affordability need.
- It is not *financially feasible* for the private market (developers) to provide affordable housing for households of greatest need—at or below 50% AMI and especially, at or below 30% AMI.
  - **10% Municipal Applicability Threshold:** the 10% affordable housing threshold is *unachievable* for many communities—a well intended, but unrealistic attempt at a *fair-share* approach to affordable housing.
    - ***This is not a free pass for higher-income/peripheral communities to not provide affordable housing.***
    - Adjusting the 10% provision to a more achievable level could improve outcome of providing affordable housing.
    - Affordable housing in higher-income/peripheral communities may be best served at 80% AMI.
  - **30% Affordable Units:** undermines project and financial feasibility—especially 60% AMI units.
    - 10% to 20% affordable would improve project and financial feasibility.
    - Reducing 60% AMI units to one-third or less of affordable units would also improve feasibility.
- Combined, the 10% threshold and 30% affordable units required work against the desired outcome of providing affordable housing.

## Local Actions to Address Housing Affordability

### Inclusionary Zoning Provisions

- Remove *conditional use requirements* for multi-family and affordable housing developments.
- Eliminate *minimum unit-size requirements* for all housing units.
- Allow *affordable units to be smaller* than market-rate units.
- Allow accessory dwelling units as-of-right.
- Reduce *excessive parking and design requirements* that artificially inflate development costs.
- Encourage/permit affordable housing through a zoning regulation aimed at providing affordable housing.
  - Assess local market and determine need. Calculate households by income, units by cost, and construction costs to determine market feasibility, affordability levels, unit mix, and align deed restrictions with 8-30g set-aside-development requirements.

### Other Consideration

- Explore options for conversions of existing units to affordable units:
  - Purchase or lease of existing units?
  - Provide tax abatements for conversion or creation of affordable units from existing units?
  - Waive permit fees.
  - Affordable Housing Trust Fund
  - Other?



THANK YOU!

# Professional Experience: Dr. Donald Poland, AICP

Dr. Poland is a geographer, planner, and community strategist whose work focuses on assisting communities to compete for wealth and investment through strategic market, land use, and planning interventions that build community confidence, foster pride in place, create governance capacity, and grow market demand. With twenty-four years experience the public, private, non-profit, and academic sectors, Dr. Poland offers a unique perspective and approach to addressing the social, economic, and governance challenges of creating and maintaining resilient, vibrant, and prosperous communities.

## Education

- Doctor of Philosophy (PhD), Geography. *Cities and Urbanization*. UCL (University College London). 2016
- Master of Science (MS), Geography/planning. CCSU 2000
- Bachelor of Arts (BA), Psychology & Geography. CCSU 1995

## Selected Achievements

- Consultancy work spans 18 states and 100+ communities.
- Extensive work on post-Katrina planning, land use, and redevelopment strategies in St. Bernard Parish, Louisiana.
- Accepted as an expert witness in *land use planning, neighborhood redevelopment, and community development* in the US District Court, Eastern District of Louisiana.
- Prepped an economic investment strategy for the City of Oswego, NY that was instrumental the City receiving a \$10 million Downtown Revitalization Grant.

