The Oklahoma Academy

Town Hall

Home: the nicest word there is, or just an unattainable dream

Affordable

Accessible

Attainable

The Oklahoma Academy

Moving Ideas Into Action

2023 Oklahoma Academy Town Hall
Oct. 29 – Nov. 1, River Spirit Hotel, Conference Center & Casino - Tulsa

The Oklahoma Academy

Town Hall

The Oklahoma Academy for State Goals is a statewide nonprofit, nonpartisan, membership organization founded by Governor Henry Bellmon to bring public attention to policy issues, provide objective, thorough research and act as a catalyst for positive change.

After his first term as governor, Bellmon knew there was a need for open, nonpartisan dialogue in the young state. He sought to create a public policy organization that was independent, nonpartisan and inclusive. The purpose of which was to provide citizens the opportunity to participate in a truly democratic process designed to shape the future of Oklahoma. To this day, The Oklahoma Academy upholds Bellmon's vision and the organization's long-standing reputation as the state's premier citizen-based organization for nonpartisan public policy development.

From its inception in 1967 to its revitalization in 1985 to its adoption of the Town Hall process in 2001, The Oklahoma Academy has maintained its relevance in raising awareness and creating public policy for a better Oklahoma. Despite its small staff and limited resources, The Oklahoma Academy generates and manages an impressive amount of public policy information, engages the citizens of Oklahoma in discussing and developing policy recommendations and works ardently with the community leaders and policymakers to implement the resulting ideas through community and legislative action. To date more than 105 pieces of legislation passed since the adoption of the Town Hall process in 2001.

The Academy Process identifies areas of need and problems facing Oklahoma, conducts research on identified critical issues, and develops long range goals, consensus recommendations, and agendas for action.

Through the Town Hall conference process, citizens are given the opportunity to honestly and openly discuss the issues, determine the solutions, and collaborate to develop public policies that they believe will achieve the greatest good. Then, the attendees are empowered to contact their legislators and other policymakers about the proposed policies.

The Academy has covered a wide range of topics, including education, small business development, government structure, crime, technology and the future, and the state's constitution.

Building Awareness, Developing Policies, Inspiring Oklahomans to Move Ideas Into Action!

The Oklahoma Academy, P.O. Box 968, Norman, OK 73070
Phone: (405) 307-0986 Email: lynn@okacademy.org
www.okacademy.org

THE OKLAHOMA ACADEMY

Town Hall

Academy President and CEO

JULIE KNUTSON
President and CEO

Hello 2023 Town Hall Participants!

This year's Town Hall will focus on a very important topic, Oklahoma Housing: Affordable, Accessible, Attainable. This is a local, state and national issue; rarely does a day go by that we don't hear something regarding the lack of housing – whether for purchase or rent. Every city and town in Oklahoma faces major issues with housing. It is not an easily solved problem; it has many facets. It requires a diligent look and set of discussions that will result in workable solutions. That is why you are a part of this Town Hall!

I am thrilled you accepted the invitation to participate in this important Town Hall focus. In accepting this invitation, you must be prepared and ready for open, honest discussion and deliberation. This background resource book has been purposely developed to help you do that. It is expected that you read the document prior to coming to the Town Hall and be familiar with all of the aspects within the topic of housing affordability, accessibility, and attainability. Some of you work directly or indirectly in the housing arena, and therefore may feel you know all there is to know about the topic. However, no matter how much we know in a given area, we can all learn! Others participating recognize that housing issues must be addressed, but do not necessarily know all of the specific aspects that need to be considered. This background resource document is developed to provide many sides of the issue. If you do not read the document, you will not be prepared, and you will stifle your group's discussion and ability to formulate recommendations to solve the problems.

In accepting this invitation to participate you have also accepted the responsibility to represent others in your geographic, demographic and vocational area as you discuss and deliberate the Question Discussion Outline for your group at the Town Hall. You'll be working with other participants at Town Hall to openly and honestly talk about and collaborate on solid and creative solutions in a variety of areas having to do with the housing problem. It is critical to be prepared. As a Town Hall member, your voice can be heard should you choose it to be.

From March through July this year we held community "listening sessions" on Oklahoma Housing. By "listening session" we mean an opportunity to hear from citizens on their thoughts and concerns about housing affordability, accessibility, and attainability. The discussions were very valuable. Many thanks to the following Academy members for their help in organizing these sessions in their parts of the state: John McArthur, Dwight Hughes, Dan Schiedel, Michael Gordon, Rachel Hutchings, Chris Benge, Arlinda Darst, Johnathon Wynn, and Caitlyn Ngare.

Your Assignment and Role…
Take advantage of your unique opportunity in this collaborative work. Be prepared. Listen actively, share your thoughts, knowledge, concerns, and ideas. Be willing to learn. The work of the Town Hall is much easier, more satisfying if you are prepared. The better prepared you are, the richer the discussions and the better the consensus recommendations and solutions are!

Begin reading and taking notes!

I look forward to seeing you at Town Hall 2023.

The Oklahoma Academy

Town Hall

2023 Town Hall Leadership

MICHAEL S. NEAL,
CCE, CCD, HLM
Town Hall Chair

As Chair of the Town Hall, I appreciate your willingness to participate in the Oklahoma Academy's 2023 Town Hall. This year's focus is one that is of the utmost importance to every community in the state of Oklahoma. In your work to formulate relevant public policy recommendations, please keep in mind that Oklahoma is not just experiencing a major housing shortage coupled with a crisis of housing affordability, but housing also influences the health and well-being of our people.

Housing, or lack thereof, has become one of the most pressing issues in the country, impacting federal, state, and local governments to reexamine this pressing issue. The housing crisis has prompted consideration on ways to alleviate rising rental costs and growing housing scarcity, but as housing affordability decreases, the need for local, state, and federal housing policy will continue intensifying.

It's growing harder for everyday Oklahomans to secure safe and affordable housing due to a shortage of housing stock, rising rents, and the increased cost of real estate. This shortage of quality affordable housing options hurts the economy and constrains social and economic mobility. Addressing this crisis must be a public policy priority for Oklahoma, and this is where you come in.

The following pages are full of ideas, examples, recommendations on how to improve housing on many different levels, but don't view these articles as the be-all and end-all. I hope that you will not find yourself constrained by any unnecessary boundaries as you deliberate the themes of this Town Hall and that you arrive at a set of recommendations for improving the policies of affordable, accessible, and attainable housing in our communities and state as a whole.

Oklahoma does not have, nor has it ever had, a comprehensive vision for housing policy. Rather, many separate policies enacted on the federal, state, and local levels. Policy inaction to address the housing crisis adequately will only leave Oklahoma households vulnerable and unable to achieve financial security. Whether the solutions deal with housing stock, financing, zoning/ordinances, or the state housing policies themselves, inaction is not a viable approach. This is the simplicity of this complex issue, the availability, quality, cost, and location of housing matters to all Oklahomans.

Thank you for your continued interest in supporting the mission of The Oklahoma Academy for State Goals to provide a forum that encourages civil discourse in a way that builds consensus.

Michael S. Neal, CCE, CCD, HLM
Academy Board Chair & Town Hall Chair
President and Chief Executive Officer
Tulsa Regional Chamber

THE OKLAHOMA ACADEMY

Town Hall

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Dan Schiedel, CEO /Executive Director
United Way of Northwest Oklahoma

Jonathan Wynn, External Affairs Manager
Public Service Company of Oklahoma

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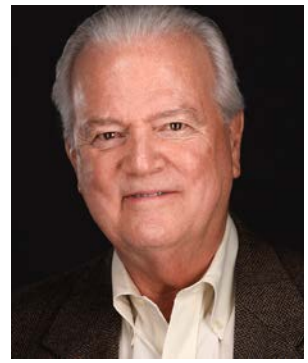
Town Hall

Thoughts from the Town Hall Research Chair...



CRAIG KNUTSON,
Town Hall Research Chair

In June of 2022, when members of the Academy's board of directors met to discuss/select the topic for this year's Town Hall, there was a lot of energy in the room. We had recently released our Town Hall consensus recommendations from the very timely and success 2021 Town Hall on Mental Health . . . and were finalizing the background resource document for our upcoming Town Hall on Workforce Development, which we knew was timely and hoped for it to be just as successful.

After much discussion and deliberation that morning, the majority of the board members present selected HOUSING as the 2023 Town Hall topic. Key elements could include homelessness, lack of affordability, restrictive zoning and regulatory environments, eviction law reform, and, of course, the 800 pound elephant in the room NIMBYism. I told my wife on the way home that this topic selection was a CLEAR sign for me to abandon my volunteer position as Research Chair. It barely met the criteria we have established for a topic to be considered, much less selected.

Well, as I write this piece, 12 months later, I have a new-found appreciation for the the topic (and have yet to abandon my volunteer position!). With over 160 articles and reports collected and over 20 statewide housing experts interviewed and engaged in committee work, I have a much better understanding of the impacts and complexities of this topic.

As a practicing economist for over 20 years, I understand and have witnessed many of the advantages of our free market system — efficient resource allocation, competition, innovation and product variety. But on the latter advantage, if one were to substitute affordability, accessibility, or attainability for "variety, you might come to the conclusion that the markets have proven to be relatively ineffective addressing the housing affordability problem we face nationally and locally. That is especially so for a number of submarkets like veterans, the disabled, the homeless (adult, children, and families), the elderly (trying to age in place), and the low-to-extremely-low income among us. The need to build, preserve, and rehabilitate our housing stock has never been greater."

In a US economy estimated to be $25 trillion in size (and housing spending making up 17% of that total), surely we can better identify how much and where the shortages are. I mentioned earlier that as successful as our market-based system has been, it has not successfully addressed housing stock shortages and ever-growing affordability inequities. As I interviewed local and national housing leaders, it became clear that those communities and states that had fewer imbalances had relied more heavily on public-private partnerships (P3s). In fact, many of the HUD programs (e.g., The Housing Choice Voucher Program) are structured with this in mind. They encourage the leveraging of capital, incentives, greater efficiencies, and the spreading of risk.

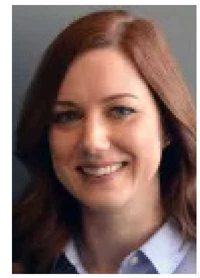
Finally, and while I identified only about five states that have developed and implemented a statewide housing plan, I am curious as to why Oklahoma has not pursued such an approach. While the "degrees of deficiency" may vary by county, all 77 counties are impacted by shortages and/or affordability issues. If a state like California (39 million residents), or Illinois, (12.6 million), or Michigan, (10 million), or Oregon (4.2 million), or Nebraska (2 million) can develop a roadmap to ensure every state resident has safe, affordable, and quality housing, SURELY we in Oklahoma can.

State actions/plans can be especially important for smaller cities and counties, with smaller budgets and administrative capacity to develop, adopt, and implement comprehensive housing strategies on their own. Furthermore, many housing finance programs have population minimums (<2,500/5,000) that essentially restricts most cities/towns in Oklahoma from even qualifying. A comprehensive, well-funded statewide housing plan could go a long way to addressing this demographic bias.

But, then, that's what YOUR job is to do: how to best address the housing shortages, improve affordability among all segments of the population, and make suggestions on how local zoning and development regulations are balanced, favoring no one segment of the community. I have faith that you can accomplish all of that . . . and more.

Town Hall Contributing Authors

Sabine Brown



Sabine Brown joined the Oklahoma Policy Institute as an Infrastructure and Access Senior Policy Analyst in January 2022. She previously worked at OK Policy from January 2018 until September 2020 as the Outreach and Legislative Director, and received a Master of Public Administration degree from the University of Oklahoma-Tulsa. Before joining OK Policy she served as the Oklahoma Chapter Leader for Moms Demand Action for Gun Sense in America. Sabine also earned a Bachelor of Science and a Master of Health Science from the University of Oklahoma and was a physician assistant prior to discovering advocacy work. She grew up in Germany but has called Oklahoma home since 1998.

Alisa West Cahill, LSW-Admn

Alisa West Cahill, LSW-Adm., is the Aging Services Program Manager with the Oklahoma Department of Mental Health and Substance Abuse Services. The emerging Aging Services Division seeks to enhance the health and well-being of older Oklahomans by collaboratively working with stakeholders to develop an age-informed system of care that recognizes the unique strengths, lived experiences, and needs of older adults. Alisa's career has focused on direct care and administrative/program development in the aging and housing sectors. Alisa has a history of engaging with stakeholders and colleagues from multiple jurisdictions; provided legislative testimony; facilitated graduate courses at two universities; served as a guest lecturer with Ritsumeikan University; presented at state, national, and international levels; and was a Senior Policy Fellow with the Network for Social Work Management.

Ginny Bass Carl

Ginny is Founder and CEO of Giving Well, LLC, a fifth generation Oklahoman, and a licensed attorney. She has accounting and law degrees from OU and has extensive experience with nonprofits, including work with Oklahoma Medical Research Foundation and the Oklahoma Hall of Fame. She achieved her Chartered Advisor in Philanthropy designation in 2019 and currently leads a public-private partnership — Community Cares Partners – a program funded by the Communities Foundation of Oklahoma. She serves on the boards of Leadership Oklahoma. Oklahoma Partnership for School Readiness's Foundation, and Healthy Living OKC. She and her husband have two children.

Kenneth Corn

Kenneth Corn has spent his entire adult life serving the people of Oklahoma. Elected at the age of 22 to the Oklahoma House of Representatives in 1998, he became one of the youngest individuals to serve in state history. In 2002 following the death of his mentor and friend Senator Larry Dickerson, Corn announced his intentions to seek the Senate seek for District 4. He was elected by the voters in Leflore and Sequoyah Counties with a margin over 80 percent making him the second youngest person to serve in the Senate in state history. Corn was appointed to serve as City Manager of Anadarko, Oklahoma on March 31, 2005. On February 24, 2022, Corn was appointed to serve as the United States Department of Agriculture (USDA) State Director for Rural Development in Oklahoma by President Joseph Biden, Jr.

Chas Craig, CFA, CPA, CFP

Chas Craig is a native Tulsan who after graduating from Bishop Kelley High School attended Oklahoma State University where he graduated summa cum laude with degrees in both accounting and finance in 2009. In addition to being a CFA Charterholder, he also holds the CPA and CFP® professional designations. Chas is the principal of C.E.C. Wealth Management where he provides customized financial advice and portfolio management services to individuals and institutions. He is also an Adjunct Lecturer of the Investments course at OSU-Tulsa, regularly provides presentations on market and economic topics and is a financial columnist for The Journal Record. Chas has served various community organizations over the years and enjoys spending time with his wife their three children.

Katie Dilks, J.D., M.P.P.

Katie Dilks is the Executive Director of the Oklahoma Access to Justice Foundation, where she works to collaboratively identify and strengthen statewide solutions ensuring access to civil justice for all Oklahomans. Katie brings over a decade of experience in access to justice work to her role, primarily her 9 years of work at Georgetown Law as the school's Associate Director for the Office of Public Interest and Community Service. Katie developed and led the innovative Public Interest Fellows program, working with over 600 students to prepare them for careers as public interest attorneys. Katie earned her Juris Doctor and Master's in Public Policy from Georgetown University, and her undergraduate degree in Psychology from the University of Kansas. She is a member of the bar in the District of Columbia.

Andrea Frymire, CCIM

Andrea Frymire is Vice President of the Southern Region for Midwest Housing Equity Group. She is a founding organizer, inaugural President, and current Board Member of the Oklahoma Coalition for Affordable Housing. She serves as the Oklahoma liaison to the Coalition of Independent State Housing Associations. She currently represents the affordable housing industry on the Board of Directors for the Oklahoma Association of REALTORS® and has served on their Fair Opportunity in Housing Committee. At the national level, she has represented the affordable housing industry for the National Association of REALTORS® Federal Financing & Housing Policy Committee, the Public Policy Coordinating Committee, and the Federal Taxation Committee. Andrea is chair of the Regional Housing Forums – a consortium of organizations that includes the Federal Reserve Bank of Kansas City – OKC Branch and the FDIC – that promotes awareness, advocacy, and training on housing issues for attorneys, housing providers, social workers, lending institutions and real estate professionals affecting low to moderate-income households.

Travis Hulse

Travis Hulse currently serves as the Housing Policy Director for the City of Tulsa in Mayor GT Bynum's Office. In his role, Mr. Hulse is implementing the City's first Affordable Housing Strategy and collaborating with community partners to create quality housing opportunities for all Tulsans. Current housing initiatives underway include aligning the City's regulatory structure to support housing development, achieving a goal of $500 million dollars in community investment towards housing initiatives by 2025, and leading a Mayor-Council task force on housing, homelessness, and mental health. Mr. Hulse is a certified member of both the American Institute of Certified Planners (AICP) and Certified Floodplain Managers (CFM) organizations.

Craig Knutson

Retiring in 2022, Craig Knutson served as President/CEO of the Potts Family Foundation. He has held professional/executive positions in Tulsa and Oklahoma City. He serves on a number of local and statewide boards of directors including the Oklahoma Academy for State Goals, Foundation Trustees for Sunbeam Family Services, Epworth Villa, Oklahomans for Energy and Jobs, Natural Resources Education Foundation, and Oklahoma Association for Business Economics. Craig is an OKCEO and has a long history of supporting early childhood development through his professional and personal affiliations. He holds a bachelor's in Political Science and a master's in Regional and City Planning both from the University of Oklahoma.

Mike Means

Mike Means is the executive vice president for the Oklahoma Home Builders Association. The Association is a trade organization representing about 2400 builders and associates in the State of Oklahoma. Means joined the association in April 2004, after serving as Oklahoma County Assessor for 10 years. Means' responsibilities for the association are the coordination of state and legislative initiatives affecting the homebuilding industry and serving as the association's chief lobbyist; maintaining the Certified Professional Builder program; communication between the association and members via a social media strategy; and the oversight of day-to-day operations. More about the association can be viewed at the official website, www.okhba.org. Means is a graduate of the University of Oklahoma with a degree in Finance. He and his wife Mary live in Chandler, Oklahoma.

Rebecca Porter

Rebecca Porter is a longtime employee of LIFT Community Action Agency, Inc. She began her career in 1994 within the Accounting Department but soon was promoted to Assistant to the Executive Director. In 2000, Porter was named Housing Director and remained in that capacity until becoming an Associate Director in 2003. In this role, she oversaw numerous programs, including: Self-Help Housing; Apartments; Technical and Management Assistance Program; Residential and Business Loan Programs; Retired and Senior Volunteer Program; Weatherization; Purchase/Rehab/Resale; Speculative housing and many more. On October 1, 2014, she became Executive Director of LIFT CAA. With nearly 300 employees and an annual budget of over $20 million, the agency is one of southeast Oklahoma's largest employers.

Valerie Thompson, Ph.D.

Since 1999, Dr. Valerie Thompson has served as the second female president and CEO for the Urban League of Greater Oklahoma City in the affiliate's 75-year history. She provides strong leadership and ambition for the Urban League, working to further its mission to assist African Americans, other minorities and the poor achieve social and economic equality. Dr. Thompson received a doctorate in political science and a master's of business administration from the University of Oklahoma. She also has a bachelor's degree in business administration from Oklahoma State University. Dr. Thompson has served as an adjunct professor at Oklahoma City University's School of Social Work for over 13 years. Thompson's research and professional interests remain in nonprofit strategic planning and program evaluation.

Lance Windel

Lance Windel is the Chief Executive Officer at LW Development, a full-service residential developer specializing in affordable housing across the state of Oklahoma located in Ardmore. He also operates a general contracting company and residential home building company. Lance specializes in developing, building and managing workforce and low income housing. He is currently opening a modular home factory in Oklahoma City to increase his team's speed and construction capability. Lance is a Colonel in the United States Marine Corps Reserve.

And how about that kitchen? Talk about easy clean-up.

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Together,
we will create
solutions for a
stronger Oklahoma!
...
...

" Ahh, here it is...I knew we had it somewhere ! "

Introduction
Housing Data

The State of US Housing: A Roller Coaster Ride

Chris Herbert, Harvard Joint Center for Housing Studies, February 21, 2023

Last week I was invited to testify by the Senate Banking, Housing, and Urban Affairs Committee in its first hearing of the new Congress on "The State of Housing 2023." I provided an overview of key market conditions to frame their work over the next two years. As my testimony spelled out, perhaps the most apt description of housing market trends over the last few years is that of a roller coaster ride; first marked by home prices and rents increasing at a dizzying pace in response to pandemic-enhanced demand and against a backdrop of restricted supply, and now in the midst of a dramatic slide in response to the Federal Reserve's efforts to bring inflation under control. But while the forces behind these trends are certainly out of the ordinary, they have illuminated and exacerbated housing challenges that are not new, but rather long in the making.

Arguably, the nation's principal housing challenge is that of affordability. The share of renters facing housing cost burdens rose from the 2000s through the middle of last decade. While the years before the pandemic saw a modest recovery, the cost-burdened share of renters has now worsened substantially in the face of rising rents. While young adults and people of color were able to make up some lost ground in homeowning, following the Great Recession, the combination of very high home prices and now much higher interest rates has priced most would-be owners out of the market. Today's worsening homebuyer affordability is particularly concerning given stubbornly high disparities in homeownership rates for Black and Hispanic households. One notable feature of the trends in housing affordability over the last two decades has been the spread of these problems to those higher up the income ladder. The recent jump in renter cost burdens has in fact been most pronounced among middle-income renters.

One key factor driving this trend has been a constrained supply of new homes, particularly modestly-priced homes and apartments, which has put upward pressure on both home prices and rents. Climbing interest rates further limited the supply of new single-family homes, but over the last decade multiple factors have been behind this lack of supply, including regulatory barriers to new development, rising costs of materials, and a lack of labor. Efforts to address these barriers to expand the supply of homes are needed to help improve affordability.

But the most severe affordability challenges continue to be concentrated among the nation's lowest-income households, who are outside of the reach of the private market under the best of circumstances and so in need of greater public subsidies to close the gap between what they can afford and the cost of decent housing.

However, housing affordability is not the only housing challenge we face as a country. Housing policy has an important role to play in responding to the economic trajectories of neighborhoods, including where residents are at risk of displacement and communities that are suffering from disinvestment, where housing investments can be an important part of a revitalization strategy.

Housing policies and supports also need to be attuned to our rapidly aging population, which presents a unique set of housing concerns. Finally, to maintain the quality of older, modest homes, to reduce energy consumption to meet our goals for carbon reduction, and to address the growing impact of severe weather events on homes, our nation's aging housing stock itself needs investment.

These are a broad—and perhaps daunting—set of challenges for the Senate to consider as it sets its agenda. But having a good quality, affordable, and secure home in a thriving community is foundational for a healthy and productive life for every person in America. Addressing our housing challenges will take a substantial commitment from the public, private, and non-profit sectors. But doing so would pay dividends for all of us. The opening remarks by Chairman Sherrod Brown of Ohio and Ranking Member Tim Scott of South Carolina both reflected a spirit of being open to work together on the nation's housing challenges. Given the importance of these issues I certainly hope they are able to find common ground in crafting solutions.

Chris Herbert is Managing Director of the Center. Dr. Herbert has extensive experience conducting research related to housing policy and urban development, both in the US and abroad.

Severe Housing Problems

America's Health Rankings, United Health Foundation

U.S. Value: 17.0%

Healthiest State: West Virginia: 10.9%

Least-healthy State: Hawaii: 26.2%

Definition: Percentage of occupied housing units with at least one of the following problems: lack of complete kitchen facilities, lack of plumbing facilities, overcrowding or severely cost-burdened occupants (5-year estimate)

Data Source & Year(s): U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy, 2015-2019

Suggested Citation: America's Health Rankings analysis of U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy, United Health Foundation, AmericasHealthRankings.org, accessed 2023.

WHY DOES THIS MATTER?

Housing influences health and well-being. Those lacking at least one basic household necessity (bathtub/shower, sink with faucet, stove or refrigerator) have higher rates of being uninsured. Poor quality of housing can cause disease and injury and affect childhood development, while other housing-related factors such as neighborhood environment and overcrowding can lead to mental and physical health problems.

Housing-related factors and their associated health consequences include, but are not limited to:

- **Affordability:** Cost-burdened families may have difficulty affording other basic needs such as health care, food and heat. Individuals who had difficulty affording housing were more likely to report fair or poor health, certain chronic conditions and non-adherence to prescriptions due to cost. Housing has become less affordable over time as rental costs have risen more quickly than incomes. Between 2001 and 2019, median rent increased by 15%, but median renter household income rose only 3.4% over the same period. This finding underscores the continued importance of federal and local housing subsidies. More than 10 million renters were severely cost-burdened in 2018, paying more than 50% of their income toward rent.

- **Hazards:** Hazards in the home (such as lead paint, allergens, water leaks, poor ventilation and inadequate heating, cooling or plumbing) are associated with poor respiratory health and disease, increased risk of cardiovascular conditions and developmental delays in children.

- **Overcrowding:** Overcrowding is defined as having more than one person per room in a residence. It is associated with an increased risk of poor mental health and physical illnesses, such as tuberculosis and other infectious diseases.

WHO IS AFFECTED?

While anyone may live in a home with conditions that threaten health, those with a greater risk of experiencing housing-related health conditions include:

- Low-income families and individuals.
- Racial/ethnic minorities.
- Renters.
- Children and older adults.

WHAT WORKS?

Evidence supports various interventions to prevent and minimize the impact of housing problems on health. Healthy Homes programs at state and local levels have been found to improve health by remedying unhealthy housing conditions, such as lead hazards, inadequate ventilation and excess moisture.

Increasing affordable housing options through local and national housing development policies, rental vouchers and subsidized housing programs can help cost-burdened individuals afford housing. More collaboration between the housing and health sectors is needed to promote healthy home environments and to better integrate health care into the housing systems — particularly for those with chronic health needs. The National Low Income Housing Coalition offers additional resources and policy recommendations related to housing challenges.

GOALS

Healthy People 2030 has multiple goals related to housing, including:

- Reducing the proportion of families who spend more than 30% of their income on housing.
- Increasing the number of states and territories that prohibit smoking in multiunit housing.

From Size of Homes to Rental Costs, Census Data Provide Economic and Lifestyle Profile of U.S. Housing

Phil Thompson, U.S. Census Bureau, June 29, 2023

Want to find a place to rent quickly? Move to the South or Midwest, regions that have the highest rental vacancies in the nation.

That could be because those regions have the highest U.S. homeownership rates, according to the U.S. Census Bureau's Housing Vacancies and Homeownership data, which provide current information on rental and homeowner vacancy rates and characteristics of units available for occupancy by region. Public and private sector organizations use these economic indicators to evaluate the need for new housing programs and initiatives.

Whether you're a renter or homeowner, housing is in the spotlight as we observe American Housing Month and National Homeownership Month celebrating the value of homeownership and ways banks and other institutions can help people reach their housing goals.

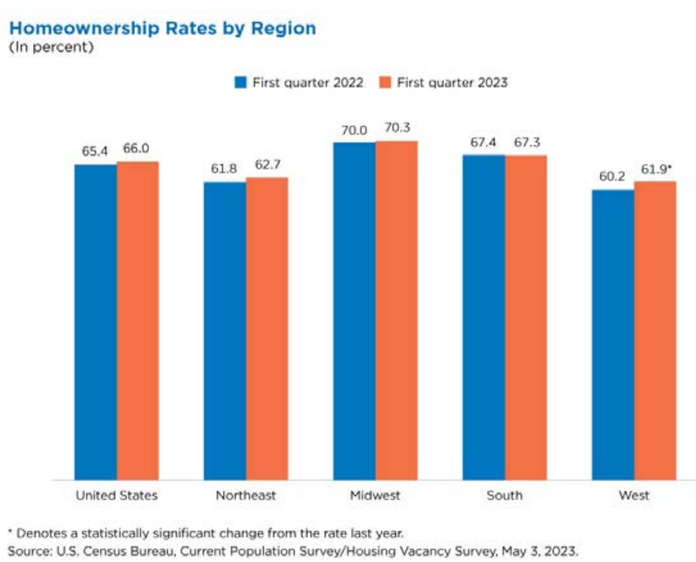
Census Bureau surveys help complete the U.S. housing picture by viewing it through an economic and lifestyle lens.

Rent or Buy? You Choose

According to Home Vacancies and Homeownership data, the Midwest had the nation's highest homeownership rate (70.3%) in the first quarter of 2023, followed by the South (67.3%), Northeast (62.7%) and West (61.9%).

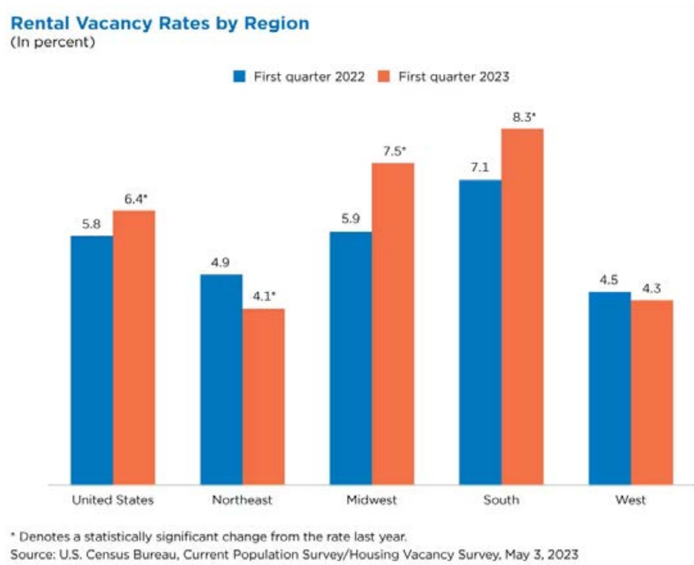
Homeownership is defined as the proportion of households that are owners.

The homeownership rates, compared to the first quarter 2022, were higher in the West and not statistically different in the Northeast, Midwest, and South.



Rental vacancy rates were higher in the South (8.3%) and Midwest (7.5%) than in the West (4.3%) and Northeast (4.1%). There was no statistical difference between the rates in the South and Midwest or between the West and Northeast.

The rates in the Midwest and South were higher and the rate in the Northeast lower than a year earlier; the rate in the West was not statistically different from first quarter 2022.



Who Owns and Who Rents?

The 2021 American Housing Survey provides a demographic profile of owners and renters and the types of housing and neighborhoods they choose.

Most U.S. owners:

- Had a home that was a detached, one-unit building (84.3%).
- Believed their neighborhood had good schools (92.7%).

Of the 5,380,000 U.S. homeowners planning to move in the next 12 months, 38.3% said they planned to move to a different city.

Most renters:

- Had a home in a building with two or more apartments (61.5%).
- Believed their neighborhood has good public transportation services (61.0%) and schools (89.3%).

Of the 14,375,000 renters planning to move in the next 12 months, 39.3% said they planned to move to a different neighborhood in the same city.

A bigger share of homeowners (41.6%) than renters (28.7%) had a bachelor's degree or higher. They also earned more money: median annual household income was $78,000 compared to renters' $41,000.

New Homes Sales
How much do new homes cost?

The New Residential Sales (NRS) economic indicator includes estimates of new homes sold, median and average sales prices, median months for sale since completion, months' supply and inventories of homes built for sale.

According to the NRS, there were 763,000 sales (based on the seasonally adjusted annual rate) of new, single-family houses in May. That's 12.2% (±12.8%) more than the revised April rate of 680,000 and 20.0% (±15.5%) more than the May 2022 sales (636,000). The average sales price for May 2023: $487,300.

What Do New Homes Look Like?

How big, how many bedrooms and bathrooms and what kind of heating fuel new homes use can all be found in the Census Bureau's Characteristics of New Housing, which provides national and regional annual data on the characteristics of new privately-owned residential structures.

Of the 1,022,000 new single-family homes completed in 2022:

- 994,000 had central air-conditioning.
- 92,000 had two bedrooms or less and 490,000 had four bedrooms or more.
- 33,000 had one and one-half bathrooms or less and 362,000 had three or more bathrooms.
- 440,000 had a heat pump. Of these, 435,000 were air-source and 5,000 were ground-source.
- 956,000 were framed in wood and 63,000 were framed using concrete.
- 370,000 had a patio and a porch, while 75,000 had no outdoor features.
- The median size of a completed single-family home was 2,299 square feet.

Home Improvements and Repair

For those not in the new-home market, the answer may be home improvement. The American Housing Survey (AHS) has up-to-date information about housing conditions and improvement costs in the United States and major metropolitan areas.

In 2021:

- U.S. homeowners spent a median of $5,000 on home improvements, including heating, ventilation and air conditioning or HVAC ($4,200); kitchen remodeling ($6,000); floor/panel/ceiling tiles ($2,000); bathroom remodeling ($3,500); and doors/windows ($1,900).
- 49.0 million (59%) homeowners made home improvements.
- 53.0 million (39%) of the 135.0 million home projects were do-it-yourself.
- There were 504,000 repairs made to owner-occupied housing units damaged by tornados and hurricanes and 156,000 to those damaged by fire.

Many of the nation's 128.5 million occupied housing units needed repairs in 2021:

- 11.4 million reported water leakage from outside their home.
- 7.2 million had open cracks or holes inside their home.
- 5 million had crumbling or an open crack or hole in their foundation.
- 3.8 million reported mold in their homes in the previous 12 months.
- 2.5 million had no working toilet at some point during the last three months.
- 15.3 million saw signs of mice/rats inside the home in the last 12 months.
- 14.5 million saw signs of cockroaches inside the home in the last 12 months.

Economic Impact of Housing and Homeownership
Activities related to housing and homeownership cross almost all industry sectors.

The Census Bureau's Annual Survey of Manufactures (ASM) provides the value of shipments and employment for select manufacturing industries that make housing-related products. Hover over the "dots" to find the value of shipments or employment data. Estimated 2021 value of shipments from these industries include:

Major Household Appliance Manufacturing – $24.2 billion.
Wood Window and Door Manufacturing – $16.0 billion.
Upholstered Household Furniture Manufacturing – $12.3 billion.

Whether you rent or own, furniture and appliances are necessities. The Annual Retail Trade Survey (ARTS) provides national estimates of total annual sales, e-commerce sales, end-of-year inventories, purchases, total operating expenses and sales taxes for U.S. retail businesses. Estimated sales for select housing-related industries in 2021 include:

- Furniture and home furnishings stores – $140.6 billion.
- Electronics and appliance stores – $93.5 billion.
- Building materials and supplies dealers – $417.0 billion.

The Annual Wholesale Trade Survey (AWTS) provides national estimates of total annual sales, e-commerce sales, end-of-year inventories, purchases, total operating expenses, gross margins, and commissions (for electronic markets, agents, and brokers) for U.S. wholesale businesses. 2021 sales estimates from this survey include:

- Furniture and Home Furnishing Merchant Wholesalers – $135.5 billion.

- Lumber and Other Construction Materials Merchant Wholesalers – $278.4 billion.
- Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers – $251.4 billion.

The Service Annual Survey (SAS) provides annual nationwide estimates of revenue, expenses and other measures for most traditional service industries. Estimated revenue for employer firms for select housing-related industries for 2021 include:

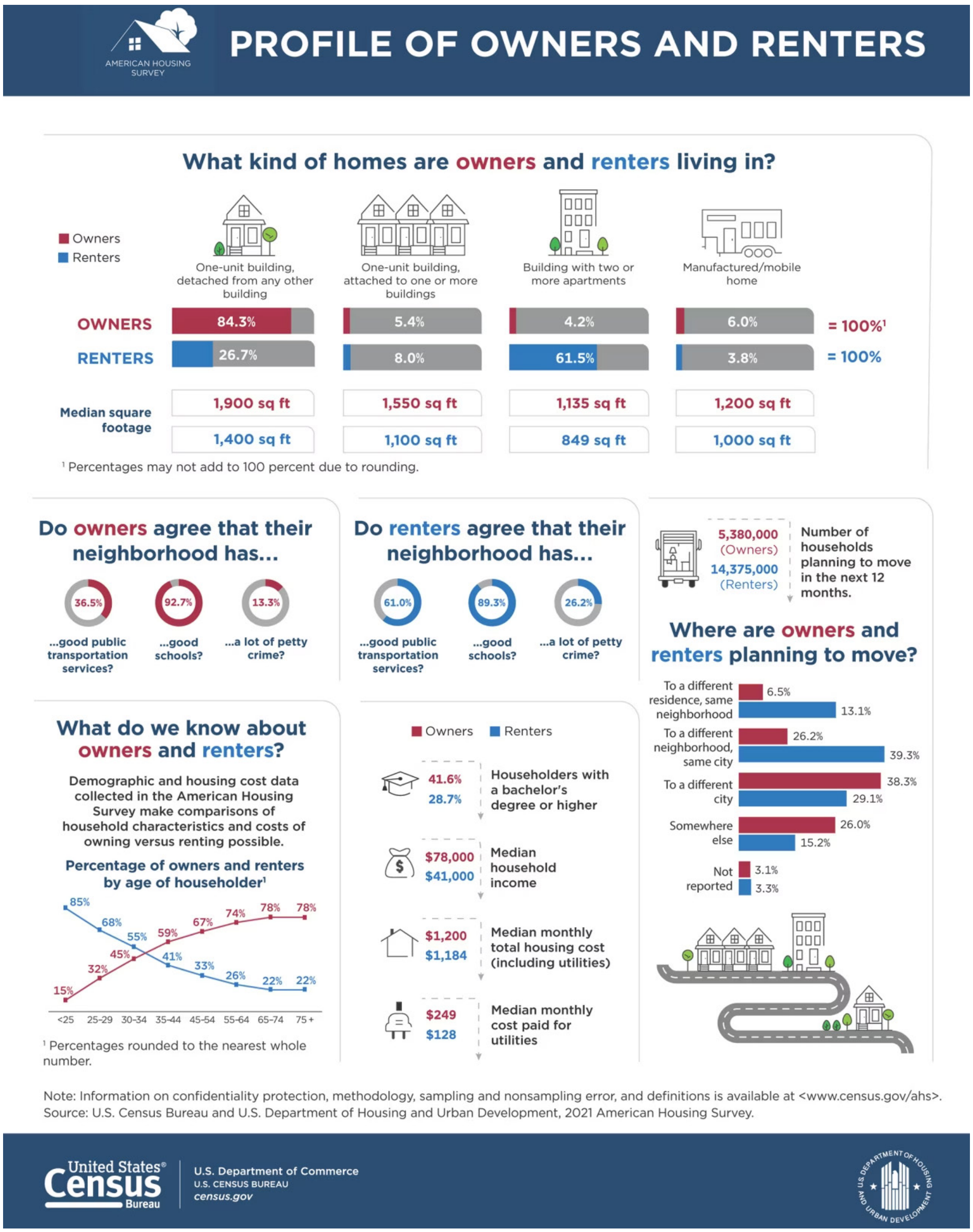
- Offices of Real Estate Agents and Brokers – $180.0 billion.
- Consumer Electronics and Appliances Rental – $10.3 billion.
- Home and Garden Equipment and Appliance Repair and Maintenance – $4.0 billion.

Stats for Stories provides additional resources for accessing other housing-related data available from the Census Bureau.

Note

Differences between estimates may be attributed to sampling or nonsampling error rather than to differences in underlying economic conditions. Use caution drawing conclusions from the estimates and comparisons shown.

The U.S. Census Bureau has reviewed these data products to ensure appropriate access, use, and disclosure avoidance protection of the confidential source data.



2023 Oklahoma Housing Profile

National Low Income Housing Coalition

Across Oklahoma, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.

KEY FACTS

134,533 OR **25%**
Renter Households that are extremely low income

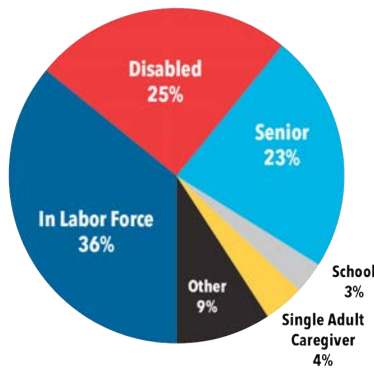
-81,638
Shortage of rental homes affordable and available for extremely low income renters

$26,500
Maximum income of 4-person extremely low income households (state level)

$37,436
Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent.

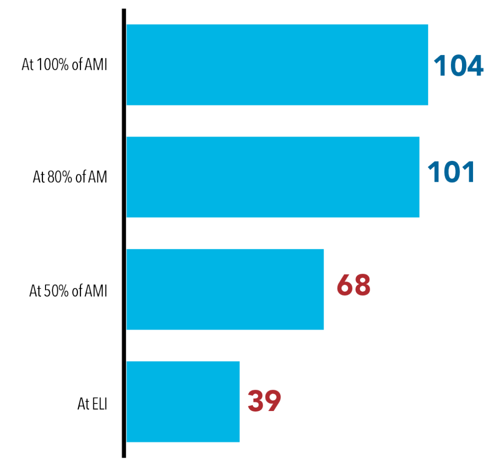
70%
Percent of extremely low income renter households with severe cost burden

EXTREMELY LOW INCOME RENTER HOUSEHOLDS



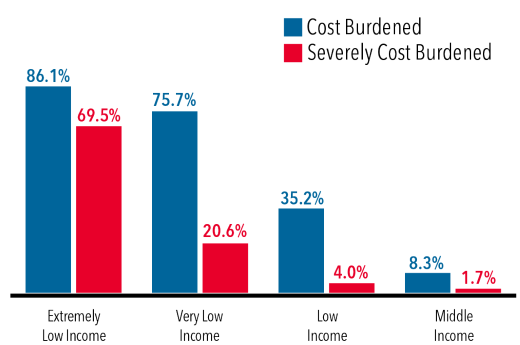
Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or of a household member with a disability, and other. Nationally, 15% of extremely low-income renter households are single adult caregivers, 55% of whom usually work more than 20 hours per week. Source: 2021 ACS PUMS.

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



Source: 2021 ACS PUMS.

HOUSING COST BURDEN BY INCOME GROUP



Note: Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.
Source: 2021 ACS PUMS.

Extremely Low Income = 0-30%* of AMI
Very Low Income = 31%*-50% of AMI
Low Income = 51-80% of AMI
Middle Income = 81%-100% of AMI
Note: *Or poverty guideline, if higher.

Affordability Worsens, but Oklahomans Still Pay Much Less for Housing

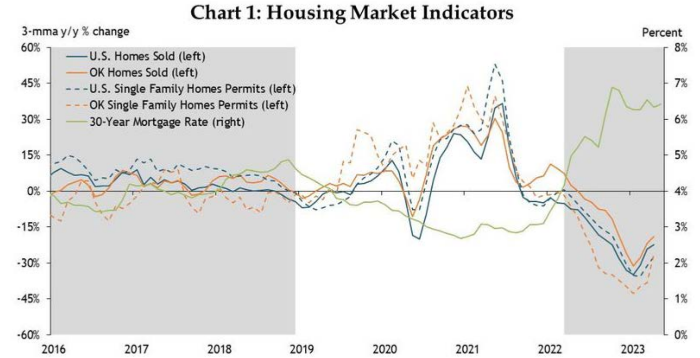
Chad Wilkerson and Chase Farha, Oklahoma Economist, June 21, 2023

Demand for housing in Oklahoma and the nation surged following the Covid-19 pandemic. This further reduced historically low supply and pushed home values up significantly. More recently, prices have begun to normalize, but affordability has been squeezed by higher mortgage rates. Purchasing a new home in Oklahoma now costs considerably more than it did a few years ago. This edition of Oklahoma Economist examines recent housing price trends and finds that despite these sizable increases in costs, including in rural Oklahoma, housing in the state remains much more affordable than in the nation.

Elevated pandemic housing demand and tight supply accelerated price and rent growth

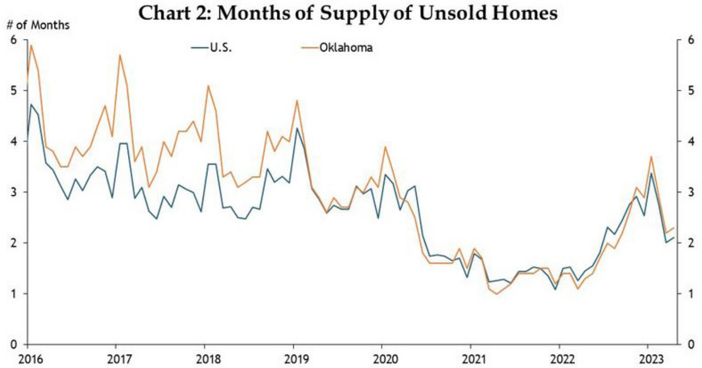
Not long after the onset of the Covid-19 pandemic, home sales, construction, and prices surged in Oklahoma, driven by low interest rates as well as elevated disposable incomes from stimulus payments and heightened demand as workers spent more time at home (Wilkerson and Shupert 2021). Home sales peaked in the summer of 2021 at 37% annual growth in the U.S. and 30% in Oklahoma (Chart 1). The surge in demand tightened housing supply from already depressed levels, reducing the months of supply of unsold homes in Oklahoma from four months in January 2020 to just one month by March 2021 (Chart 2).

Chart 1: Housing Market Indicators



Note: Shaded areas indicate FOMC tightening cycles.
Sources: Redfin, Census Bureau, Federal Reserve Board, Freddie Mac/Haver Analytics

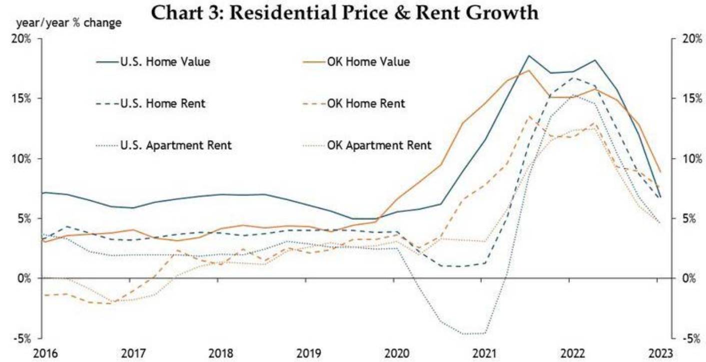
Chart 2: Months of Supply of Unsold Homes



Source: Redfin

As a result, home values rose dramatically, and rents largely moved in parallel. Both the state and the nation sustained growth rates in home values of 14-20% year over year from Q2 2021 to Q2 2022 (Chart 3). State home rents also grew rapidly during this time, peaking at nearly 14% year over year change in Q3 2021. While apartment rents in the U.S. declined initially during the pandemic, rents in the Oklahoma City and Tulsa metro areas sustained annual growth of around 3-5% in 2020. These disparities in growth may be partially explained by the state's higher personal income and consumer spending growth in 2020 (Wilkerson and Shupert 2021) as well as net domestic in-migration to Oklahoma from several states (Shupert and Wilkerson 2022).

Chart 3: Residential Price & Rent Growth



Notes: OK Home Rent is an average of the rents in the metro and micro areas weighted by housing stock. OK Apartment Rent is an average of the OKC and Tulsa rents weighted by apartment inventory.
Sources: Zillow, CBRE Econometric Advisors, Census Bureau/Haver Analytics, authors' calculations

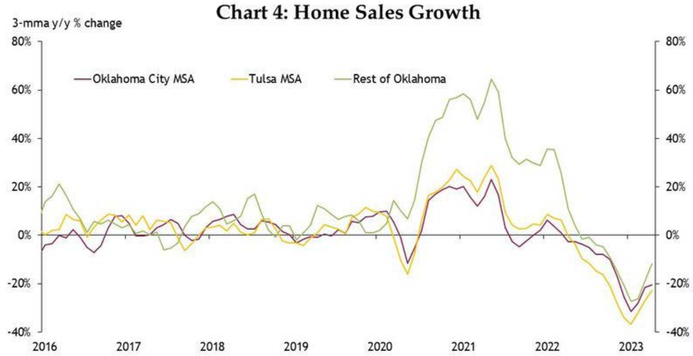
At its March 2022 meeting, the Federal Open Market Committee (FOMC) voted to raise the federal funds target rate, beginning a tightening cycle that has continued into 2023. Mortgage rates rose accordingly, from 4.2% in March 2022 to 6.4% in May 2023 on average, which in turn slowed demand for housing and caused supply to rebound somewhat in the U.S. and Oklahoma. Home value and rent growth has since begun to normalize as supply and demand have come a bit more into balance, but prices remain elevated.

Home prices in rural Oklahoma increased the most

While home sales growth in the state as a whole largely matched the strong national trends during the pandemic, the smaller areas in Oklahoma experienced far greater increases during the demand surge. The Oklahoma City and Tulsa metro areas' annual sales growth peaked in May 2021 at 23% and 29%, respectively, while home sales increased by 65% annually in the rest of the state (Chart 4).

Outsized demand for housing in smaller areas in the state caused home values to spike even more than in the larger parts of Oklahoma. Before the pandemic, home values were growing less across Oklahoma than in the nation. Home

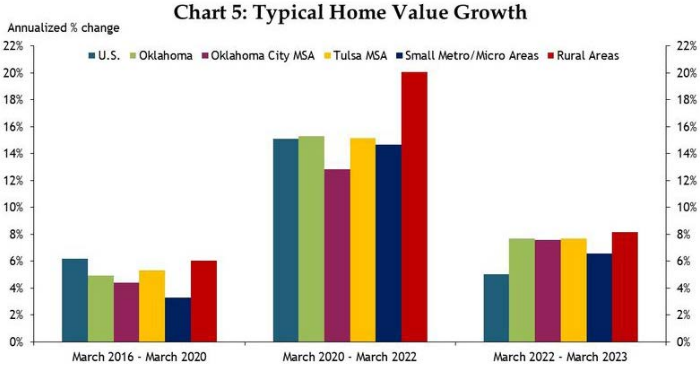
Chart 4: Home Sales Growth



Sources: Redfin, authors' calculations

values in the U.S. increased at an average annual rate of 6.2% from March 2016 to March 2020, while the state averaged a 4.9% annual rate (Chart 5). During the pandemic housing boom, home value growth in Oklahoma matched the nation, growing at around 15% annually from March 2020 to March 2022. Home values in rural areas grew even faster in the same period, at 20% each year. Even as demand eased over the past year, Oklahoma's home values continued to grow more than the nation's. The state, two large metros, and rural areas all grew around 8% year-over-year in March 2023. At the same time, U.S. growth fell to 5%, driven by declines in home values in the western part of the country.

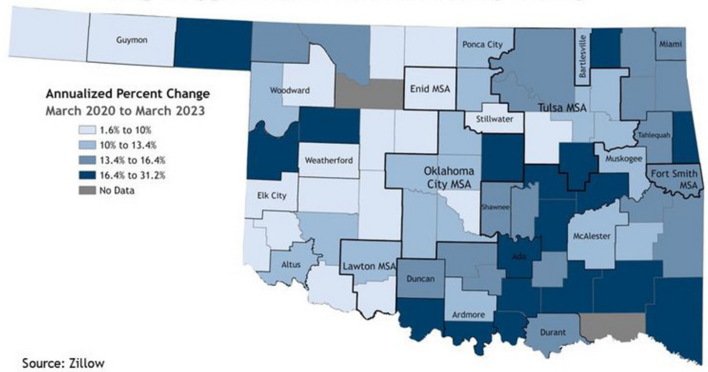
Chart 5: Typical Home Value Growth



Note: Zillow defines the typical home value as the value of homes in the 35th to 65th percentile range.
Sources: Zillow, Census Bureau/Haver Analytics, authors' calculations

The largest increases in rural Oklahoma's home values during the pandemic were mostly clustered in the scenic southeast corner of the state. Many counties in that region were in the top quartile of county home value growth, increasing by as much as 31% each year from March 2020 to March 2023 (Map 1). This growth could reflect continued urban sprawl into southern Oklahoma from the Dallas-Fort Worth metro, increased demand for recreational housing in scenic areas, and the ability to work remotely, among other factors. Several other areas in the eastern part of the state experienced strong home value growth. The Oklahoma City and Tulsa metros each had one exurban county in the top quartile: Lincoln County home prices grew by 20% yearly and Okmulgee County prices grew 18%. Home values in some neighboring counties to the Oklahoma City and Tulsa metropolitan areas—namely Hughes, McIntosh, Okfuskee, and Pontotoc counties—also grew by more than 16% each year. This trend may be a result of migration to the suburban periphery of metropolitan areas during the hybrid work revolution, as households were more willing to live farther from employers (Rappaport 2022).

Map 1: Typical Home Value Growth by County

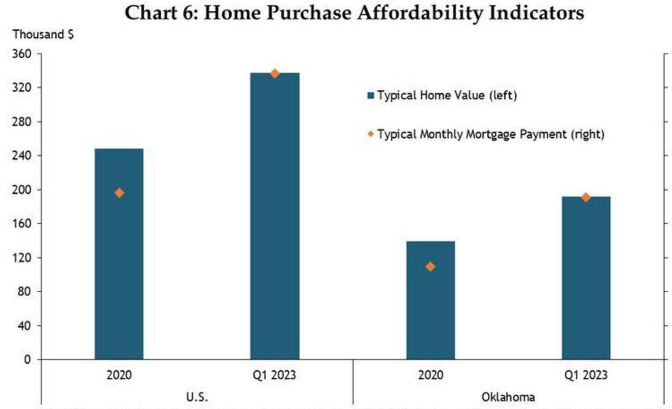


Source: Zillow

Despite high prices and rates, Oklahoma remains much more affordable than the nation

Following the significant increases in home prices in 2020 and 2021 and rapid rise in mortgage rates in 2022, mortgage payments on new homes shot up around the country and affordability has suffered. The typical home value in the U.S. increased from $248,000 in 2020 to $337,000 in Q1 2023, a 36% increase (Chart 6). The typical home value in Oklahoma increased by 38% from approximately $139,000 in 2020 to $192,000 in Q1 2023. Based on these home values and Freddie Mac's reported mortgage rates, the typical monthly mortgage payment for a new 30-year mortgage with a 20% down payment increased by nearly 75% during this period in both the U.S. and Oklahoma, assuming that additional annual home costs equal 3% of the current home value. The typical monthly payment for a house bought in the first quarter of 2023 in the U.S. was $2,522, up from $1,471 for a house bought in 2020. The typical new mortgage payment in Oklahoma reached $1,433 a month in Q1 2023, up from $823 in 2020.

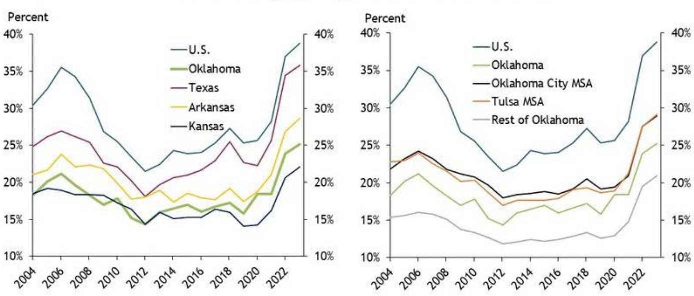
Chart 6: Home Purchase Affordability Indicators



Notes: Zillow defines the typical home value as the value of homes in the 35th to 65th percentile range. The monthly mortgage payment assumes a 30-year mortgage with a 20% down payment and additional annual costs and taxes equaling 3% of the current home value.
Sources: Zillow, Freddie Mac/Haver Analytics, authors' calculations

However, while purchasing a home costs considerably more for nearly all Americans than it did a few years ago, Oklahoma has actually increased its affordability edge. In the first quarter of 2023, the typical monthly payment on a new mortgage accounted for 25% of the median income in Oklahoma, up from 24% in 2022 and 18% in 2021 (Chart 7). In the nation however, the typical payment on a new mortgage was 39% of U.S. median income in Q1 2023, up from 37% in 2022 and 28% in 2021. Oklahoma also remains more affordable than neighboring states Texas and Arkansas. Oklahoma City and Tulsa are somewhat less affordable than the state, with mortgage payments accounting for approximately 29% of income, while payments in the rest of the state only make up about 21% of income. In addition, the spread between Oklahoma's ratio and the United States' ratio has increased to approximately 13 percentage points, up from 7-10 percentage points prior to the pandemic, raising Oklahoma's relative affordability advantage even further.

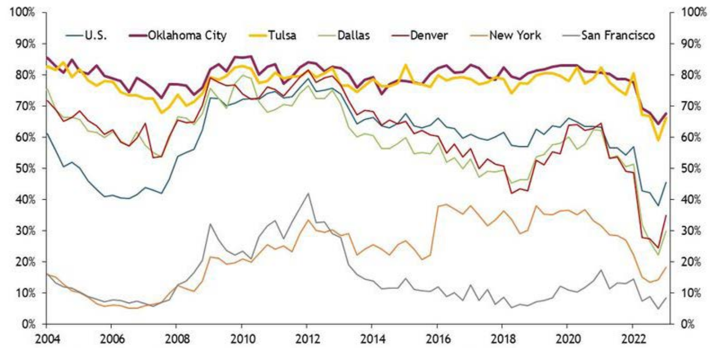
Chart 7: Mortgage Payment to Income Ratio



Notes: Median income for 2022 and 2023 is projected. 2023 data are from Q1. The mortgage payment assumes a 30-year mortgage with a 20% down payment and additional annual costs and taxes equaling 3% of the current home value.
Sources: Zillow, Freddie Mac, Census Bureau, BLS/Haver Analytics, authors' calculations

Another indicator that Oklahoma's affordability edge has increased further, despite recent surges in prices and mortgage rates, is the share of affordable homes in the state. This measure is defined by the National Association of Home Builders as the ratio of homes sold for which costs do not exceed 28% of the area's median income. Historically, Oklahoma City and Tulsa's share of affordable homes hovered around 75-85% (Chart 8). The Oklahoma metros maintained a fairly steady share of affordable homes from 2013 to 2022, even as the national average and other markets' shares declined. The oil bust in 2015 in Oklahoma may be a contributing factor to Oklahoma's affordability edge in the years since then, as the state's housing market dampened due to that industry's slowdown. Only recently have the Oklahoma metros seen a sizable shift in the share of affordable homes, as Oklahoma City's decreased from 78% in the first quarter of 2022 to 64% in the fourth quarter, a 17% decline. Similarly, Tulsa's decreased by 27% in the same period, from 80% to 59%. This occurred during a time of steeper mortgage rates and elevated home prices as the national share of affordable homes fell by 33%, with only 38% of homes being affordable. Oklahoma's metro areas remain much more affordable than other regional cities, like Dallas and Denver, which as recently as a decade ago were nearly as affordable as Oklahoma City and Tulsa, let alone high-priced coastal cities like New York and San Francisco.

Chart 8: Share of Affordable Homes



Note: NAHB defines an affordable home as a home for which costs do not exceed 28% of the area's median income, assuming a 30-year mortgage with a 10% down payment. The areas shown are the metropolitan areas as defined by the Department of Housing and Urban Development.

Source: National Association of Home Builders/Wells Fargo Housing Opportunity Index

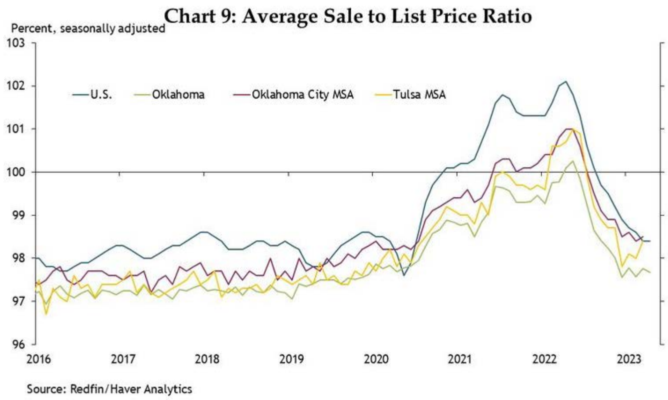
Even as home-buying costs have shifted significantly, home and apartment rental affordability has deteriorated only moderately in both the U.S. and Oklahoma. Renting a home requires approximately 30% of the median income in the U.S. and around 23% in Oklahoma City and Tulsa, up just a few percentage points from 2019. Apartment rental affordability has fallen by an even smaller amount, costing around 35% of the median income in the U.S. on average, and around 17% in the Oklahoma metros, just a small amount more than in 2019.

Heading forward, any slowing—or even decline—in home prices could improve affordability in the state. Following the large pandemic increases, home price inflation has slowed considerably over the past year, based on several home price sources. The Freddie Mac index fell to only 1.7% year-over-year growth in Oklahoma in April and nearly 0% growth in the nation. Redfin's three-month average median sale price declined year-over-year in the U.S. for the first time in over a decade in April and only grew at 2.4% in Oklahoma. Even Zillow's typical home value metric—which accounts for all homes in an area, not just homes on the market—is nearing 0% growth in the nation. Home value growth remains higher than sale price growth, especially in Oklahoma where home value growth is slowing, but still at 7.2% year-over-year in April

This spread between sale price and home value growth signals that demand is slowing enough to cool prices after they've entered the market. When demand increased during the pandemic, the average sale to list price ratio exceeded 100% in the U.S. and Oklahoma for the first time in at least a decade, meaning sale prices were actually higher than initial list prices (Chart 9). Since then, the ratio returned closer to its historical level, at around 98% of asking prices in April. This easing in prices may already be reflected in the increased share of affordable homes in the first quarter of 2023 shown in Chart 8, as the share ticked up somewhat to 46% in the U.S. and to around 67% in both Oklahoma City and Tulsa.

Summary and Conclusions

The U.S. housing market has experienced a turbulent three years as Americans' incomes and lifestyles were altered significantly by Covid-19. Higher incomes and lower mortgage rates fueled strong increases in housing demand that lowered supply and propelled home prices. Other pandemic trends, like domestic migration to mid-sized markets and accelerated urban sprawl, may have magnified this effect in Oklahoma. Despite these large price increases, which reduced overall affordability, housing in Oklahoma is still much more affordable than the nation, even when taking income differences into account. As mortgage rates have risen over the past year and a half, demand declined and price growth has eased, which could provide some degree of relief for homebuyers, especially if the market continues to soften.



Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Data and Analysis

Craig Knutson, Town Hall Research Chair

As we do in all Background Resource Documents (BRDs), we include a data and analysis section to provide participants a sense of how competitively positioned Oklahoma is relative to its peers. This section seeks to help Town Hall attendees make more informed choices, improve problem recognition, and to demonstrate areas in which Oklahoma is doing well . . . or not so well.

The tables on the following page compared Oklahoma to states that abut us geographically AND are similar to us demographically. Housing "affordability" and "accessibility" are tied closely to housing stock, housing prices, mortgage rates (for those wishing to purchase), and wage levels/growth. Each impact supply and demand and the resultant imbalances.

We use "per capita personal income" as a strong proxy for wage levels. Oklahoma has a long history of being a bottom ten state in this metric. In fact, for 2022, we ranked 42nd in the country (we ranked 47th in "average weekly wages"). In "average median income" we ranked 46th, again where 1st is best and 50th is worst. Such rankings impact our residents ability to save (down payments) and to increase options when markets are hot and/or mortgage rates high. We are definitely a "bottom-ten" dweller.

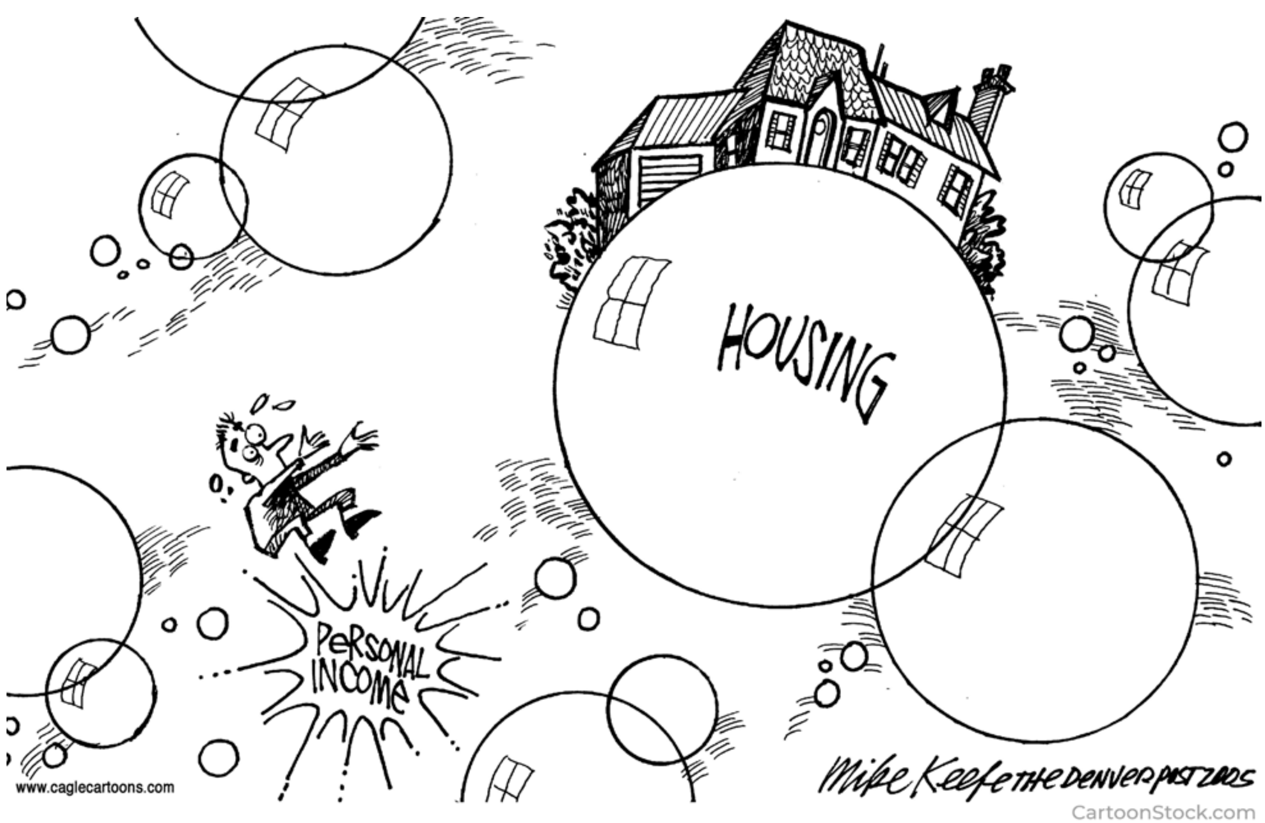
Offsetting that wage challenge is the fact that Oklahoma's "cost of living" is among the lowest in the nation. That means that once a purchase has been secured, residents can more comfortably furnish, power, and maintain their residences.

To make Oklahoma even more attractive, our "median home prices" are among the lowest in the country and our "income:mortgage ratio/rank" reflects that attractiveness. In this metric, we ARE a top ten state, ranking 8th best in the country.

And according to two separate reports, the findings above have been confirmed. Oklahoma ranks 5th best in the country according to buzzfeed.com's analysis and second only to Kansas in our region. U.S. News' Affordability report ranked Oklahoma 2nd in "overall affordability" and 3rd best in "housing affordability."

Finally, in WalletHubs's 2023 "Most/Least Financially Literate" states, Oklahoma ranked very low.

For a state that routinely ranks in the bottom ten in most socio-economic categories, Oklahoma is in a very enviable position when it comes to VALUE.



States	Population (millions)	Average Median Income	Per Capita Personal Income	Cost of Living/Rank
Arkansas	3	$74,200	$51,787	90.6/11
Colorado	5.8	$114,500	$74,167	104.6/34
Kansas	2.9	$92,700	$60,152	87.5/3
Missouri	6.2	$88,700	$56,551	89.1/6
New Mexico	2.1	$76,000	$51,500	90.0/19
OKLAHOMA	**4**	**$78,500**	**$54,998**	**85.8/2**
Texas	30	$90,100	$61,985	92.5/15
South Carolina	5.3	$82,900	$53,320	94.3/20
Alabama	5.1	$79,600	$50,637	88.1/4
Louisiana	4.6	$75,200	$54,622	93.6/18
Kentucky	4.5	$78,600	$52,109	94.9/22
Oregon	4.2	$98,800	$62,787	121.2/45
OKLAHOMA	**4**	**$78,500**	**$54,998**	**88.8/2**
Connecticut	3.6	$119,500	$84,972	116.8/44
Utah	3.4	$103,400	$57,925	102.8/30
Iowa	3.21	$95,200	$58,905	89.2/7
Nevada	3.2	$88,100	$61,282	103.0/33
Akansas	3	$74,200	$51,787	90.6/11

	Median Home Price	Income:Mortgage Ratio/Rank	Housing Price Index	Overall ; Housing Affordability Ranks	Most/Least Financially iterate States Rank
Arkansas	$127,800.0	12.0/10	79.3/10	7 ; 13	50
Colorado	$343,300	20.5/46	116.4/36	43 ; 48	7
Kansas	$151,900	11.2/5	72.6/3	12 ; 12	23
Missouri	$157,200	12.4/14	80.3/14	5 ; 9	20
New Mexico	$171,400	15.9/31	89.6/18	26 ; 35	48
OKLAHOMA	**$136,800**	**11.64/8**	**74.7/5**	**2 ; 3**	**47**
Texas	$172,500	13.1/19	83.8/17	11 ; 14	24
South Carolina	$162,300	13.5/21	79.6/12	25 ; 32	44
Alabama	$142,700	12.2/11	70.1/2	18 ; 25	30
Louisiana	$163,100	14.4/26	86.1/19	20 ; 23	49
Kentucky	$141,000	12.4/13	79.9/13	9 ; 15	45
Oregon	$312,200	21.9/48	172.6/46	45 ; 46	22
OKLAHOMA	**$136,800**	**11.64/8**	**74.7/5**	**2 ; 3**	**47**
Connecticut	$275,400	15.3/28	134.6/41	22 ; 19	40
Utah	$279,100	18.7/42	98.4/27	34 ; 45	2
Iowa	$147,800	10.6/1	76.0/6	4 ; 1	6
Nevada	$267,900	20.3/43	117.9/37	41 ; 43	41
Arkansas	$127,800	12.0/10	79.3/10	7 ; 13	50

Population: StatsAmerica.com
PCPI: FRED/St. Louis Federal Reserve
COLA: Missouri Economic Research and Information Center
Median Home Prices: Homebuyer.com
Income:Mortgage Ratio: Same

Housing Price Index: Buzzfeed.com
Affordability: Overall and Housing: USNews.com
Average Median Income; HUD.gov
Financially Literate States; WalletHub.com/edu/statistics

Section 1
Housing Stock

The Future of Housing

Alisa West Cahill, Aging Services Program Manager, ODMHSAS

This article explores the future of housing in an era when older adults outnumber children and youth. Juxtaposed against profound demographic shifts and accessible, affordable, attainable housing, is the opportunity for Oklahoma to embrace a housing policy that promotes behavioral health as we age.

Background

Demographics
The World Health Organization (WHO) projects by 2050 there will be 2.1 billion people living to the age of ≥60 and 426 million living to ≥80 (a double and triple increase from 2020) . In the United States older adults ages ≥65 are projected to outnumber children and youth by 2034.

In Oklahoma, adults ages ≥65 comprise nearly 16.5% of the population, equating to >659,000 people . Looking ahead to 2030, Oklahoma's population of adults ages ≥65 is expected to rise to nearly 19.5%, equating to >757,000 people, with nearly 100,000 of these individuals achieving the age of ≥85.

Housing
According to America's Senior Health Rankings, Oklahoma ranks 46th of 50 states on older adult health and well-being. However, Oklahoma is a top performing state on two housing measures: 1) Oklahoma is ranked 7 on the indicator of severe housing problems among small households with adults ages ≥62; and 2) is ranked 12th on housing cost burden as measured by households with one or more adults ages ≥65 in which housing costs exceed 30% of income. Yet, despite these comparative strengths, nearly ¼ of Oklahomans ages ≥62, in small households, live in substandard housing and slightly over ¼ of Oklahomans ages ≥65 face a significant housing cost burden.

Demographers estimate by 2050, reaching 100 years of age will become routine

Housing through an Aging Lens

Homelessness
The Housing First Model, supported by the U.S. Department of Housing and Urban Development, Substance Abuse and Mental Health Services Administration, and others, recognizes "everything is harder without a home; living with a mental health condition is no exception ." Now, consider adding aging to the equation.

Older adult homelessness is rapidly increasing and expected to continue for the next decade, with those born during the second half of the baby boom at particular risk. As young adults this cohort faced two recessions, a highly competitive job market in which wages were inversely related to rising housing prices, a rise in mass incarceration, and a sustained reduction in federal policy support for affordable housing. It is this cohort, now ages 58-68, that faced homelessness to such a degree then that it became associated with young adults and families . It is this same group that continues to face a heightened risk of homelessness.

Closer to home, in Oklahoma City, 23% of people experiencing homelessness in 2023 were ages ≥55, which equates to 330 individuals . In Tulsa during the same year the rate was nearly 19%, which equates to 213 individuals.

The interface between homelessness and aging can result from aging while experiencing chronic homelessness (early onset) or experiencing a first homeless episode age ≥50 (late onset) . Dr. Kushel encapsulates the human experience of the latter:

> *These men and woman reported that sometime after age 50, they experienced a set-back: the breakdown of a marriage, a job loss or illness (theirs or a spouse or partner), or the death of a spouse, partner, or parent. With little savings, difficulty finding work as an older adult, and having little ability to compete in an unforgiving housing market, they faced homelessness for the first time.*

Research shows that adults ages ≥50 experiencing homelessness are living with health conditions similar to housed counterparts two decades older. The behavioral health rates among those both older and experiencing homelessness are striking with >35% living with moderate-to-severe depression, >30% with post-traumatic stress disorder, and nearly 20% having experienced at least one psychiatric hospitalization.

Among people experiencing homelessness in the U.S., approximately 30% live in California, where nearly half of the adult homeless population is ≥50.

Longevity Ready Communities
The vast majority of older adults wish to live, and age, at home, a concept referred to as aging-in-place. This is "the ability to live in one's own home and community safely, independently, and comfortably, regardless of age, income, or ability level . One component of aging-in-place is the physical space, yet many people ages ≥50 indicate they do not live in homes that will fit their needs as they age. Beyond home structure, the WHO emphasizes the power of

communities to enable people to remain active, stay connected, and contribute to respective community economic, social, and cultural life.

Age-inclusive housing and communities are critical. Older adults are at higher risk for social isolation and loneliness, factors associated with increased risk of negative outcomes, including heart disease, depression, anxiety, dementia, weakened immune systems, death, among others. According to the U.S. Surgeon General, Dr. Murthy:

> *Loneliness and isolation represent profound threats to our health and well-being…By taking small steps every day to strengthen our relationships, and by supporting community efforts to rebuild social connection, we can rise to meet this moment together. We can build lives and communities that are healthier and happier… .*

Dr. Murthy's office released a national strategy to advance social connection, which underscores how an array of variables, including housing, life stage, and mental health, can promote, or impede, social connection . The framework contains recommendations for individuals, governments, workplaces, health systems, and community organizations.

Policy Considerations

Age-Informed Housing Policy

- Harness the momentum of Oklahoma initiatives that promote older adult health, behavioral health, and well-being.
- Analyze demographic, and other trends, to facilitate age-informed housing policy that invests in social connection.
- Broad-based adoption of age-informed policies and practice to ensure a comprehensive understanding of the unique needs, lived experiences, and strengths of older adults.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Affordable Housing – Out of reach for so many Oklahomans

Valerie Thompson, Ph.D, MBA, President and CEO, Urban League of Greater Oklahoma City

The Urban League of Greater Oklahoma City (ULOKC) continues to be the leader in providing services to the African American community in Oklahoma. For over 76 years, the ULOKC has addressed the needs of African Americans, other minorities, and the poor in the Oklahoma City metropolitan area. By analyzing community conditions and surveying program participants, the ULOKC constantly identifies unmet needs, which include services that promote and prepare individuals for economic self-reliance through access to education, housing, and employment opportunities. ***We want educated kids and healthy communities who have access to jobs and a roof over their heads.***

The ULOKC is a nonprofit housing developer, owner, and manager of affordable housing. The ULOKC in Oklahoma has maintained its status as a state Community Housing Development Organization (CHDO) with Oklahoma Housing Finance Agency (OHFA) contracts since 2008. One of our core strengths includes the quality of our housing portfolio combined with our housing staff's experience that allows the ULOKC to provide clients access to obtain homebuyer education and quality affordable housing that many clients did not feel they could achieve. The ULOKC constructed and sold 15 single-family homes in Mount Sterling and the surrounding neighborhood in Oklahoma City in the 1990s. In the early 2000s, the ULOKC won two competitive applications from Oklahoma Housing Finance Agency to develop and operate two multi-family developments: Capitol Square Villas, a multi-family townhome development located at Northeast 26th and Laird, and Mt. Olive Senior Cottages a multi-family duplex-style neighborhood development located at Northeast 38th and Kelley in Oklahoma City. The ULOKC also owns 13 single-family homes in Midwest City, Oklahoma that are currently rented to low-to-moderate-income families.

Affordable housing is a crucial concern for many people of color living in Oklahoma. For many Black, Indigenous, and People of Color (BIPOC), available housing options are limited, and the cost of housing is often prohibitively expensive. As a result, African Americans in Oklahoma often face a variety of challenges in securing safe and desirable housing. The availability of affordable housing is one of the most important factors for African Americans in determining their own personal economic well-being and overall quality of life. For many people, owning a home is often seen as the foundation for stability, financial security, and a sense of belonging. Unfortunately, the African American population often faces greater difficulties than other populations in securing and maintaining affordable housing. African Americans are more likely to have difficulty finding affordable housing than other populations because they are disproportionately likely to have lower incomes or credit challenges.

The City of Oklahoma City released the 2021 Housing Affordability Study by Economic and Planning Systems, (EPS) Inc. RRC Associates for the Oklahoma City Planning Department . The study reported that more than 68,000 households are spending more than 30 percent of their gross income on housing, impacting their stability and the economic development opportunities of the local economy. Compounding their problems, thousands of naturally occurring affordable owner and renter housing units in the City of Oklahoma City are in serious need of rehabilitation – many of which are in previously redlined areas and minorities face disproportionately large barriers to home ownership. The report stated that due to a variety of market and income factors, the portion of neighborhoods in Oklahoma City affordable to African American households has declined over the last decade, impeding their pursuit of economic opportunity and access to quality public schools. The report highlighted that housing stability is a problem for low-income, minority, and elderly renter households. The analysis revealed these subgroups are more likely to be underemployed, working multiple jobs, or paying more than they can afford on rent. Renters earning less than $50,000, which is roughly 60 percent of Area Median Income (AMI), are more likely to be: 1) living in housing with the serious need of rehabilitation, 2) struggling with a life event compromising their ability to cover living expenses or hold a job, 3) trying to remedy a bad credit history, 4) having difficulty finding accessible housing, or 5) experiencing discrimination.

While the minority population is disproportionately affected by the housing shortage, the Oklahoma City housing study stated that Oklahoma City is experiencing a "housing supply mismatch" where the inventory of affordable housing is unavailable to households at lower-level rent units at cost-burdened levels while households at higher income levels rent or purchase units at lower AMI levels. The study noted a 300-unit decline in supply at 60 to 80 percent AMI.

The importance of affordable housing for African Americans cannot be overstated. Without affordable housing, many African Americans are forced to live in underserved areas and are exposed to unsafe living conditions. These conditions can lead to poverty, education disparities, and health disparities. Low-income African American households are much more likely to face long-term housing insecurity, as they are unable to afford the cost of renting or owning a home. Consequently, many African Americans are relegated to substandard, dilapidated housing in dying neighborhoods. The availability of affordable housing is critical for all Oklahomans' success and achieving upward social and economic mobility. By providing safe, secure, and adequate living conditions, affordable housing can help to provide a strong foundation on which all Oklahomans can build their lives.

The ULOKC clients typically are approved for Section 8 housing, are single-income families, and have not been exposed to adequate financial literacy education. Other characteristics include: being a person of color; a high school dropout; a single parent with children; and being at risk for homelessness due to not being able to afford rent and utilities.

The National Urban League's 2021 State of Black America (SOBA) stated that the "old normal" laid the groundwork for the economic COVID disaster. COVID-19 economic conditions-including lower levels of income and wealth, higher unemployment, and greater levels of food and housing insecurity-left Black families with fewer buffers to absorb economic shocks and contributed to Black households' vulnerability to the COVID-19 economic crisis . The old normal consisted of being underbanked, underemployed, and living on the verge of homelessness. The SOBA 2021 reported that close to 17% of Black households and 14% of Hispanic families lacked basic financial services, compared with 3% of White households in 2017, the last year for which the FDIC statistics are available. These households are forced to rely on alternative systems like check cashing centers or payday loan businesses which can cost 50-100% more per month than traditional bank accounts.

ULOKC client/tenant, Melinda and her family, were living in a deplorable apartment. The family wanted safe, healthy, affordable housing to raise their children. "It was a blessing when we found the Urban League housing program", Melinda said. "The housing program lets us know that a house is feasible for our family. Getting this house gives us bigger and better opportunities. It shows our children that if mommy and daddy can do it, we can do it. It's more than just a house to us. We now live in a safe neighborhood and have more opportunities through the Urban League's programs. I am so thankful for the support that is given to the Urban League to improve our lives."

The 2021 Housing Affordability Study by Economic and Planning Systems, (EPS) Inc. RRC Associates offered several policy recommendations that the Urban League of Greater Oklahoma City supports and recommends to the Oklahoma Academy for statewide consideration:

- Increase the inventory and diversity of affordable rental units
- Preserve the long-term affordability and habitability of new and existing housing
- Increase Household and Supportive Services, such as financial literacy, counseling, and tenant rights
- Support opportunities to obtain and sustain affordable homeownership
- Refine development incentives and expand funding sources and partnerships, particularly nonprofit partnerships with extensive experience in affordable housing development.

Affordable Housing Crisis: Low-Wage Workers Struggle in Oklahoma

Andrea N. Frymire, CCIM, MRE, Oklahoma Coalition for Affordable Housing

A recent report by the National Low Income Housing Coalition (NLIHC) has shed light on the severe challenges faced by low-wage workers in Oklahoma when it comes to accessing affordable housing. The report reveals that in 2023, a full-time worker in the state needs to earn at least $18.00 per hour to afford a modest, two-bedroom apartment at fair market rent. This alarming “Housing Wage” highlights the growing disparity between wages and the cost of housing, leaving many low-wage workers and their families struggling to find affordable rental homes.

The Gap Between Wages and Affordable Rent:

The Out of Reach report, published annually by the NLIHC, emphasizes the significant gap between wages and the income needed to afford rental homes across the country. Nationally, the 2023 Housing Wage stands at $28.58 per hour for a modest two-bedroom rental home and $23.67 for a one-bedroom rental home. While the Housing Wage varies by state and metropolitan area, the struggle to afford housing is a widespread issue faced by low-wage workers nationwide.

A Pre-existing Crisis Exacerbated by the Pandemic:

Even before the pandemic, low-income workers were already grappling with a housing crisis, as rents continued to rise at a faster pace than wages. Insufficient funding for federal assistance programs further compounded the problem. With the arrival of the pandemic, widespread job and wage losses were followed by soaring rents, intensifying the challenges faced by renters across the country. While rental inflation has since moderated, rents remain prohibitively high for low-wage workers and other low-income households. Additionally, the expiration of pandemic-era benefit programs and childcare tax benefits has left the lowest-income renters without the safety net that kept them stably housed during the crisis.

The Inability to Afford Housing:

The report highlights that no state, even those with minimum wages set above the federal standard, provides sufficient income for a minimum-wage worker to afford a modest two-bedroom rental unit at fair market rent while working a 40-hour week. In Oklahoma, where the minimum wage is $7.25, a minimum-wage earner would need 2.5 full-time jobs or work 99 hours per week to afford a two-bedroom apartment. However, even workers earning more than the minimum wage often find themselves unable to afford housing. Nationally, over 25 million people work in the five lowest-paying occupations, where median hourly wages are at least $7.80 less than the Housing Wage for a one-bedroom unit. Additionally, 13 of the country’s most common occupations pay median wages that fall short of what a full-time worker needs to afford a modest two-bedroom apartment at the national average fair market rent. Oklahoma has an estimated shortage of 81,638 rental homes affordable and available for extremely low income renters. 70% of Oklahoma’s low income renter households are severely cost burdened, paying more than half their income on housing and utilities.

Addressing the Crisis:

The affordable housing crisis calls for comprehensive and urgent action. Advocacy for increasing the minimum wage, expanding federal assistance programs, and implementing policies to regulate and stabilize rental prices are crucial steps toward addressing this issue. Collaborative efforts among government agencies, housing organizations, and private sector entities are needed to ensure that affordable housing becomes accessible to low-wage workers and vulnerable populations.

The Out of Reach report underscores the deepening struggle faced by low-wage workers in Oklahoma and across the country to secure affordable housing. Urgent measures are necessary to bridge the gap between wages and rent prices, providing stable and affordable housing options for those who need them most. By addressing this crisis, we can strive for a more equitable society where everyone has access to safe and affordable housing, regardless of their income level.

Indian Country sees progress on Native American Housing Assistance and Self-Determination Act

Acee Agoyo, Indianz.Com, August 7, 2023

Indian Country is finally seeing progress on a long-overdue update to the Native American Housing Assistance and Self-Determination Act (NAHASDA) although victory is not yet at hand.

On July 27, the U.S. Senate passed S.2226, the National Defense Authorization Act for Fiscal Year 2024, by a bipartisan vote of 86 to 11. The measure, which runs thousands of pages, represents a significant win for tribal nations, as it contains an amendment to reauthorize NAHASDA, the cornerstone of Indian housing law and policy.

Ever since NAHASDA expired a decade ago, tribes and their advocates have been trying to convince the U.S. Congress to update the law. Funding for Indian housing projects, for example, has remained stagnant since 2013 amid rising costs and inflation.

But the inclusion of NAHASDA in S.2226 means that tribes are closer than ever to success. The bill, commonly known as the NDAA, is considered must-pass in Congress. "The success of NAHASDA and tribal housing programs stems from NAHASDA's self-determination roots which allow tribes to develop their own Indian housing plan to fit the housing needs and priorities of their communities, and it also provides the flexibility tribes need to carry out their programs," National American Indian Housing Council (NAIHC) Chairman Thomas Lozano said after passage of the NDAA on July 27.

"Tribes know best how to take care of their own citizens," said Lozano, who also serves as treasurer of the Enterprise Rancheria, headquartered in California.

Tribes and their advocates credited the bipartisan leadership of the Senate Committee on Indian Affairs for adding NAHASDA to the NDAA. The Democratic chair and Republican vice chair developed the amendment that made it into S.2226.

"NAHASDA is a critical housing law for American Indians, Native Hawaiians, and Alaska Natives," said Sen. Brian Schatz (D-Hawaii), the chair of the committee. "This amendment is an important win for Native communities to address their urgent housing needs."

"I'm pleased the Senate has overwhelmingly agreed to add our amendment to reauthorize and reform the Native American Housing and Self-Determination Act to this year's NDAA," added Sen. Lisa Murkowski (R-Alaska), the vice chair of the legislative panel with jurisdiction over Indian issues.

But in the committee's press release, Murkowski pointed out the major hurdle that tribes still must clear before NAHASDA is finally reauthorized. The U.S. House of Representatives, which is controlled by Republicans, already passed its own version of the NDAA — and it did not include the Indian housing bill.

"NAHASDA's overwhelmingly bipartisan passage in the Senate is a victory for Indian Country, and now the focus must turn to the House to fully realize this victory so that we can improve the lives of those living in our communities," Larry Wright Jr., a citizen of the Ponca Tribe who serves as executive director of the National Congress of American Indians (NCAI), said in a news release.

NAHASDA expired during the 113th Congress in September 2013, when the political landscape looked a lot similar to what Indian Country is seeing today. A Democrat, Barack Obama, was in the Oval Office. Democrats controlled the Senate while Republicans were in charge of the House.

Despite bipartisan support for NAHASDA, however, Congress has consistently failed to reauthorize the bill over the last decade. In late 2014, for example, for example, the House passed a Republican-sponsored measure while a companion bill languished in the Senate. The pattern repeated during the 114th Congress, the NAIHC noted at the time.

Some of the impasse can be traced to a disagreement among tribes about Indian Housing Block Grant funds that are carried over from year to year. But lawmakers themselves — notably Democrats — have been in conflict about using NAHASDA to address a long-standing controversy involving the Freedmen of the Five Civilized Tribes, who are the descendants of formerly enslaved Africans who were promised citizenship in five Indian nations in present-day Oklahoma after the end of the Civil War.

The Congressional Black Caucus, a group of African American lawmakers in the House, has sought to deny Indian housing funds to those five Indian nations until Freedmen descendants are recognized as citizens. An existing provision in federal law — one that has never been taken off the books — applies to the Cherokee Nation, linking receipt of NAHASDA money to the promise made by treaty in 1866. The statute was adopted by Congress in 2008, amid litigation in tribal and federal courts that eventually led to the Cherokee Freedmen being recognized as Cherokee citizens.

Lawmakers like Rep. Maxine Waters (D-California), a key

In February 2023, the Cherokee Nation broke ground on a 23-acre housing addition in Tahlequah, Oklahoma, named the Cherokee (Galitsode) Subdivision. When complete, the project will be home to dozens of Cherokee Nation families. Photo: Anadisgoi / Cherokee Nation

Democratic leader who has used her position in the House to advocate for the Freedmen, have called on the U.S. government to extend the Indian housing provision to the Chickasaw Nation, the Choctaw Nation, the Muscogee (Creek) Nation and the Seminole Nation. Marilyn Vann, the leader of the Freedmen of the Five Civilized Tribes Association, agrees that such an approach is necessary to uphold the treaty promises.

"Can the tribes change without Congressional and federal intervention? History says no," Vann, who was finally recognized as a Cherokee citizen following her decades-long fight, told the Senate Committee on Indian Affairs a little over a year ago.

"Cherokee Nation only came into compliance in 2017 after federal court decisions in Cherokee Nation v. Nash and Vann, and passage of Freedman protective language in the 2008 NAHASDA reauthorization act" Vann testified on July 27, 2022.

However, the NAHASDA reauthorization that the leaders of the Senate committee included in S.2226 does not include the Freedmen protective language that some Democrats in the House have called for. H.R.2670,, the House version of the NDAA that passed on July 14, does not include such provisions either. The GOP now controls the House — none of its members have spoken publicly in support of Freedmen language in any other legislative vehicle.

According to a summary released by the Senate Committee on Indian Affairs, S.2226 reauthorizes NAHASDA for seven years. The bill encourages greater self-determination over tribal housing, streamlines environmental reviews, increases accountability of federal funds and incentivizes private partnerships.

"NAHASDA has been a successful program since its inception," said NAIHC executive director Chelsea Fish. "Tribes were producing new housing units at rates similar to or higher than HUD prior to NAHASDA's enactment."

"By creating their own Indian Housing Plan, tribes can prioritize senior assisted housing, rental assistance or homeownership," said Fish, a citizen of the Seminole Nation. "Reauthorization of NAHASDA means increased resources and stronger programming."

Cherokee Nation Breaks Ground on Muskogee Housing Addition

Indian Gaming Magazine, April 12, 2023

The Cherokee Nation recently broke ground on a 12-acre housing addition in Muskogee that is being built for Cherokee families. The new neighborhood will be named the JCA (ditlihi) or Warrior Addition. The project will initially include 12 homes but has a total of 30 lots for future expansion as needs increase.

"Deputy Chief Bryan Warner and I created the Housing, Jobs and Sustainable Communities Act in 2019 to help address the struggles we were seeing among Cherokee families for safe, affordable homes," said Principal Chief Chuck Hoskin Jr. "The initial $30 million investment was historic, but the expansion of the Act with an additional $120 million last year is truly allowing us to make generational changes. We have built or repaired hundreds of homes under the Housing, Jobs and Sustainable Communities Act already and this new addition in Muskogee is another positive step forward for Cherokee families."

The 12 new Muskogee homes being built are part of the Housing Authority of the Cherokee Nation's New Construction Homeownership Program for Cherokee families who have applied and were on the waiting list for housing but do not have their own land.

The Cherokee Nation and HACN also broke ground in February on a similar project with 24 homes and room to build more on a 23-acre tract of land in Tahlequah.

"The housing market has been such a roller coaster of change in recent years, and for some Cherokee families the concern of housing insecurity is all too real," said Deputy Chief Bryan Warner. "These 12 new homes will be a true comfort and blessing to Cherokee families and another positive outcome of the historic Housing, Jobs and Sustainable Communities Act."

Houses in the new addition will each include three bedrooms, two baths and a two-car garage and will range from 1,745 sq. ft. to 1,844 sq. ft. with low-cost maintenance features and brick siding. Each home will also include a closet constructed of hardened walls to serve as a storm shelter.

"These new homes in Muskogee will improve so many Cherokee families lives and it's great to see housing projects under construction across the reservation," said Council of the Cherokee Nation Speaker Mike Shambaugh. "These homes will give people a safe, warm, nice new place to flourish and build equity. I'm proud of the progress Cherokee Nation has made on the housing needs of Cherokees and look forward to more to come."

The Housing Authority of the Cherokee Nation's New Construction Homeownership Program is a lease-to-own program created to provide a path to homeownership for eligible Cherokee citizens.

The Cherokee Nation is in the planning stages for nearly 200 upcoming housing projects across the Cherokee Nation reservation for Cherokees without land under the New Construction Homeownership Program. Aside from Muskogee and Cherokee County construction future projects are also planned for Adair, Delaware, Mayes, Nowata, Rogers, Sequoyah, Tulsa and Washington Counties.

As part of the reauthorized Housing, Jobs and Sustainable Communities Act signed into law in 2022, Cherokee Nation is dedicating a total of $60 million for constructing new homes, shortening wait times for applicants to the tribe's New Construction Homeownership Program. Another $30 million is dedicated to low-income housing rehabilitation or home replacement and low-income emergency housing rehab, primarily for elders and citizens with disabilities.

Also included in the funding is $4 million for new, low-income housing rental units, $4 million for building or expanding villages for fluent Cherokee speakers, $10 million for crisis shelters for homeless citizens or victims of domestic violence, $7 million to continue sustainability grants for Cherokee community organizations and buildings, and $5 million for land acquisition and development for housing projects.

Choctaw Nation holds ribbon-cutting for first local rental homes

Derrick James, McAlester News-Capital, July 25, 2023

Choctaw Nation Chief Gary Batton said affordable housing like the rental homes built in McAlester are desperately needed among tribal members.

Batton was among several tribal and local leaders in attendance Tuesday for a ribbon-cutting ceremony for the first set of affordable rental housing built by the tribe in District 11.

"How many of you have tried to go out and just rent a home here," Batton asked the crowd with a handful of hands being raised. "It is pretty desperate, isn't it?"

The chief said tribal members who can find a rental home will either find them in an old and dilapidated state or the rent is close to $1,000 a month.

Five families were present at the Choctaw Community Center in McAlester for the ribbon-cutting ceremony and planned to begin moving into the homes on Tuesday.

The five homes are a part of the tribe's current plan of building 1,600 homes across the tribe's 10 and a-half county reservation. Two more homes were under repair due to fire, according to Batton.

Tribal councilors unanimously approved more than $98 million to be used to construct 300 lease purchase homes, 240 affordable rental housing homes, and 60 independent elder homes in locations across southeast Oklahoma.

Councilors said the need for housing was evident through the applications received.

Choctaw Nation Tribal Council Speaker and District 1 Councilor Thomas Williston said the homes being built are all part of the council's goal for better lives for tribal members.

"We wanted more housing, which we do, and we did, and we are," Williston said. "It was kind of a unanimous decision, truly unanimous to put forward money to build these homes for our people."

Williston said the decision was a personal one as he grew up in a substandard home and grew up wanting better for himself and his family.

"I kind of grew up in one of those substandard homes and as I got older, and we all have said it, I wanted better for my children," Willison said. "We want all our people to have a nice home to go to and where you won't be cold in the winter and hot in the summer. That's our goal for all our people, a better quality of life."

Choctaw leaders thanked Ki Bois Community Action for donating the lots for the homes to be built and TTA Construction for their work on building the homes.

"This is just a continuing effort of us providing housing for our tribal members," Batton said.

Members of the Choctaw Nation who are interested in applying for housing or other assistance with housing can call the tribe's housing authority at 1-800-235-3087 or visit www.choctawnation.com and search for housing services.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

As OKC pursues a 'housing first' strategy, Gov. Kevin Stitt offers opposite rhetoric on homelessness

Matt Patterson, NonDoc, April 18, 2023

As a member of the Mental Health Association of Oklahoma's street outreach team, Shelah Farley is the tip of the spear when it comes to addressing chronic homelessness in Oklahoma City.

Farley and several others spoke at an April 4 OKC City Council workshop on homelessness in the city, telling attendees about a two-year scaled-up pilot program that aims to take 500 of the most chronically homeless people off the streets by 2025. Part of a broader "housing first" strategy, OKC's program will involve interventions at homeless encampments with an offer of up-front housing to individuals willing to participate. Ultimately, city officials intend close an encampment permanently after the interventions.

Farley is a part of that effort, which will cost $12.5 million and is being paid for by a mix of public and private funds. Currently, the City of OKC spends about $9 million each year in addressing homelessness, most of which comes from the federal government.

And it all begins with people like Farley who take those initial steps of meeting unhoused people where they are — living at encampments scattered around the city. An estimated 1,339 homeless people live on OKC's streets on any given day, according to a recent count.

For six years, Farley has been working to get people off the streets and into permanent housing. The process is long and arduous, and it usually starts by building trust.

"When you think about someone that has lost everything, along the line there was trust that was lost," Farley said. "So now you're on the street. You have people bringing you a sandwich or some water. They make you promises they can't actually keep, but you hold onto that promise they're going to come back and get me into housing. They're going to help me. And it never happens. So when that continually happens over time, you no longer trust the community."

Farley told OKC City Council members about "Joe," a man whom she had helped find a home during her time working on street outreach. Joe didn't trust Farley and those who had tried to help him previously. They engaged with him for months, until Joe finally relented and agreed to make a plan for change.

"He finally said, 'If you're willing to put in the work, so am I,'" Farley said.Joe was connected with services, and he was using them while still living on the streets. One day, while using those services Joe returned to find his tent and all his belongings were gone.

"This was Joe's worst fear come true," Farley said. "Joe experienced this a couple of times — his home being thrown away. Each time, street outreach had to start over. Joe is housed now, but it took over six months to house Joe."

When Farley and others go into encampments to start building that trust and connecting people with resources, it starts with gathering IDs and other documents like birth certificates — anything that can help establish a person's identification.

"We build those relationships while getting vital documents, and while that is going on the housing navigation team will visit them at their encampment, and while that is going on the unit acquisition team is looking for housing," she said.

Farley said that, under OKC's current pilot program, she's seen homeless encampments emptied and all of the residents housed in as little as three or four weeks.

Stitt ends state council, says 'building housing' not the answer

Less than two weeks after OKC's homelessness workshop, Oklahoma Gov. Kevin Stitt made headlines on the same topic but for different reasons: choosing to end the state's Interagency Council on Homelessness and telling media that "building housing and giving people free stuff is not the answer."

Formed in 2004 under former Gov. Brad Henry, the 26-member council had been tasked with coordinating agencies across the state to improve efforts to address homelessness. At the time of its dissolution, the council had been formulating a five-year plan to address homelessness in the state, according to The Frontier.

Stitt cited the need for local municipalities to grapple with homelessness as a reason for ending the council.

"We need a fresh set of eyes on there," Stitt said Friday following the council's dissolution. "So some 20-year-old commission I didn't think could move the needle on homelessness."

Asked about the need to increase housing to address homelessness, Stitt was less than enthusiastic about efforts like those OKC is embarking on, which include finding housing for people living on the streets and building additional housing for future needs.

"Here's the deal. Building housing and giving people free stuff is not the answer," Stitt said. "You can go look at what other big cities have done to try to house people and build housing or put them up in hotels."

After listing recent efforts by the Oklahoma Legislature to improve mental health care access, Stitt said some of those who are homeless remain in that situation because they don't want help.

"People need jobs. People need jobs. They need mental health (care) that they need," he said. "There's the drug addiction, and there's people out there who, for whatever reason, are refusing to get the help that they need."

Stitt said churches and other organizations are well-equipped to handle the state's homeless problem. He does not favor building additional housing, nor does he approve of encampments.

"We have a lot of nonprofits, we have a lot of churches around this issue, we have investments in mental health," he said. "We need to force these folks to get into mental health facilities. But we're not going to allow tents, as long as I'm governor in Oklahoma. We're not going to build housing. We're going to try to get them the help and get them the job that they need."

Oklahoma City Homeless Alliance executive director Dan Straughan was serving on the statewide council at the time of its dissolution. Straughan said the Homeless Alliance adopted a housing-first approach for those with a high barrier to housing about a decade ago. He said the one-year retention rate is about 90 percent for those placed in housing-first scenarios when the housing is paired with other services.

"When the governor said people who are homeless need mental health services and a job, he's not wrong," Straughan said. "But they also need education, rehabilitation services, access to health care, and on and on you go. It's different for everyone, but the one thing all homeless people have in common is that they need a home. It's not all they need, but it is proven that when they have a stable home they are more likely to have a job, complete their education, and live a more stable and productive life. So for the governor to ignore the home part of homelessness is a mistake."

Straughan said the council typically met six times a year and cost the state virtually nothing. He said one of its biggest benefits was the ability to get leaders of major state agencies together to communicate.

"It was worth it just to have that time to communicate so when there was an issue you knew who might be able to help," Straughan said.

Collaboration is important to max out resources

Back at the April 4 City of OKC workshop, strategy implementation manager Lindsay Cates told attendees that collaboration is the most important factor when it comes to addressing homelessness on a broad scale. She said OKC's current pilot program brings together a variety of organizations with expertise in caring for homeless people.

Oklahoma City Mayor David Holt created a task force to examine the city's homeless problem four years ago, and this pilot program is the product of that effort.

"We've been working on this planning for implementation for about the last year or year and a half," Cates said. "The providers have been working this way since the mayor's task force started with the aim of seeing how we can collaborate and work better together. The more collaboration, the more effective we can be. And I think with this encampment rehousing approach, I think it will be more effective for providers to get people housed more quickly."

Dallas and Houston have had burgeoning homeless problems that the cities have worked to address. In 2021, Dallas City Council members approved a $72 million plan to put 2,700 people experiencing homelessness into permanent housing. Houston has decreased its unhoused population by more than 60 percent since 2011 with a similar funding push.

OKC's pilot program spending breakdown includes $6.9 million for rental subsidies, $2 million for stabilization services including case managers, $1 million for moving kits and landlord incentives, and $1.3 million for management and administration.

The cost to house someone in the program is about $24,000, which includes the salaries of employees doing outreach, rental payments and the move-in kits that can include basic household supplies and furniture.

While Oklahoma City's $12.5 million over two years might seem paltry compared to the commitments in Dallas and Houston, Cates believes other cities' successes can be leveraged into more money down the road.

"Dallas put $70 million on the table, and then over a couple of years the HUD awarded them another $23 million," Cates said. "So to me, the hope is we can leverage those public and private dollars and we can get more federal funds. We know that federal funds always come with limitations, and so that's where the community itself can step up and say these dollars can help in a different way. That's the blend of public and private that we're going to need."

Council members are cautious but optimistic

OKC Ward 2 Councilman James Cooper, who also served on the mayor's task force that developed the current pilot program, said this is the beginning of a long-term effort.

"I think $12.5 million over a two-year period is encouraging," he said. "My hope is at the end of those two years we then understand how that $12.5 million investment strengthened this system that we are creating so that we can scale up capacity to better meet people the moment they first encounter homelessness so they're never in a position where they find themselves in an encampment and a tent."

Cooper said it's unlikely the problem will be solved in two years no matter how successful the current program is. He said while there is a fairly accurate accounting of actual numbers of people on the street on any given day, hundreds of others, including students in Oklahoma City Public Schools, are on the cusp of homelessness every day.

He said the program needs to show a strong measurable outcome.

"I'm a pragmatic person so, of course, I'm going to cite data and outcomes," Cooper said. "I'm a compassionate person but I'm also surgical. Hopefully, when we come back in two years after this scaled-out pilot program we will be able to see what lessons we learned and we can scale it up even more. I can assure everybody we're not done. We won't be done in two years. OKCPS has 1,900 kids who are experiencing housing insecurity. There are a whole lot of issues still out there."

While last year's official unhoused count in Oklahoma City stood at 1,339, Ward 6 Councilwoman JoBeth Hamon said numbers expand and contract, and understanding why that happens is among the most important parts of the process of reducing homelessness. The city's current pilot program has the goal of reducing the chronic homeless population on the streets by 75 percent by 2025, but even more people could be living on the streets by then.

"It really is difficult to get an accurate count," Hamon said. "There are so many different situations people find themselves in. The root of it is we have a lot of poverty in the city and Oklahoma and a lot of our safety nets have holes. What we're seeing is that people want the city to do something about it when people have fallen through every single one of those holes in the nets and ended up on the street. I think we have a number of people who are on that edge."

Hamon said addressing housing costs is another way to help strategically reduce the unhoused population. That's easier said than done, however, as OKC's housing market has seen an upswing in housing prices in recent years.

"I think programs like this are great as far as reducing the chaos in people's lives and getting them the assistance they need, but the reality is the longer term picture is also important," she said. "We need to be implementing the housing affordability plan to really keep that number down long-term."

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Combating homelessness: task force named to make Tulsa 'a leader in this work'

Kevin Canfield, Tulsa World, January 23, 2023

Mayor G.T. Bynum on Friday announced the creation of an 11-member task force to formulate a long-term strategy for how the city can do a better job of assisting the broader community in addressing homelessness.

The task force was one of several new tools to improve conditions for homeless people outlined by the mayor during his State of the City speech last month. A primary role of the task force, which is set to begin meeting in early 2023, will be to gather information from experts that the city can use moving forward.

"Cities across America are rethinking their role in addressing homelessness, and we want Tulsa to be a leader in this work," Bynum said in a news release.

In addition to Bynum and City Councilors Crista Patrick, Jeannie Cue, Lori Decter Wright and Phil Lakin, the members of the task force are Deputy Mayor Cassia Carr, Working In Neighborhoods Director James Wagner, Housing Policy Director Travis Hulse, Housing Solutions Executive Director Becky Gligo, QuikTrip Manager of Public & Government Affairs Michael Junk, and Healthy Minds Executive Director Zack Stoycoff.

"I'm ready to roll up my sleeves and help work to not only reduce houselessness but also address the underlying causes and the effects on all of our residents," Patrick said. "If we work together, we can create a better tomorrow for all Tulsans."

The latest point-in-time count for Tulsa County, done in January, showed 1,063 people experiencing homeless. A more recent indicator, compiled by A Way Home for Tulsa, found that 2,200 people in the county accessed services for the homeless in November.

In his State of the City address, Bynum said the experts he has spoken to say the No. 1 way to improve the situation for the homeless is to provide more housing. With that message in mind, he announced the Tulsa Housing Challenge.

The two-year program aims to secure at least $500 million in housing investments across Tulsa, with the city prioritizing its resources to develop more transitional, supportive and affordable residences.

Mayor G.T. Bynum, in his Nov. 15 State of the City address, announced the Tulsa Housing Challenge, among several initiatives to combat homelessness. *Stephen Pingry, Tulsa World file*

Bynum also announced the city's commitment to providing $1 million to establish the county's first around-the-clock mental health urgent care center for children and families in crisis. Bynum said the city will also work to certify local faith-based organizations to serve as emergency shelters when needed.

In addition, the city plans to open a low-barrier shelter sometime in 2023.

"These are an important starting point," Bynum said in a statement, "but we want to engage concerned stakeholders from throughout the community to determine how else the city government can be most helpful in reducing homelessness. I appreciate each of the members of this task force for their time and commitment to helping us do better."

For those too sick for the homeless shelter, few options in Oklahoma City

Kayla Branch, The Frontier, June 1, 2023

The hallway to the small shared room at a Bethany nursing home where Teddy, 62, has spent most of the past two years is dim and an ammonia-like scent hangs in the air.

Machines whir outside his door. A wheelchair sits next to Teddy's bed, the only piece of furniture besides a dresser. He leaves the room for meals and comes back to watch a compact TV that sits at the foot of the bed. Teddy rarely gets visitors. The Frontier and Curbside Chronicle are only using Teddy's first name to protect his privacy.

His former case manager, Sherry Helsel, said the nursing facility is a best-case scenario for Teddy, who suffered a traumatic brain injury years before, leaving him with severe memory loss and unable to walk without assistance. After his last family caregiver died, he bounced between shelters and health care facilities.

When he was discharged from an Oklahoma City hospital in July 2021 after a roughly two-week stay, hospital staff had him dropped off at a local homeless shelter with adult diapers and a walker, Helsel said. Lying in his nursing home bed in April, Teddy said he didn't remember his time experiencing homelessness.

"He didn't ask for any of this," Helsel said after visiting Teddy, pausing to dab at tears in her eyes. "Life happened to him, like it does to all of us. But a lot of us are fortunate, and we have resources to help us when we're in this situation."

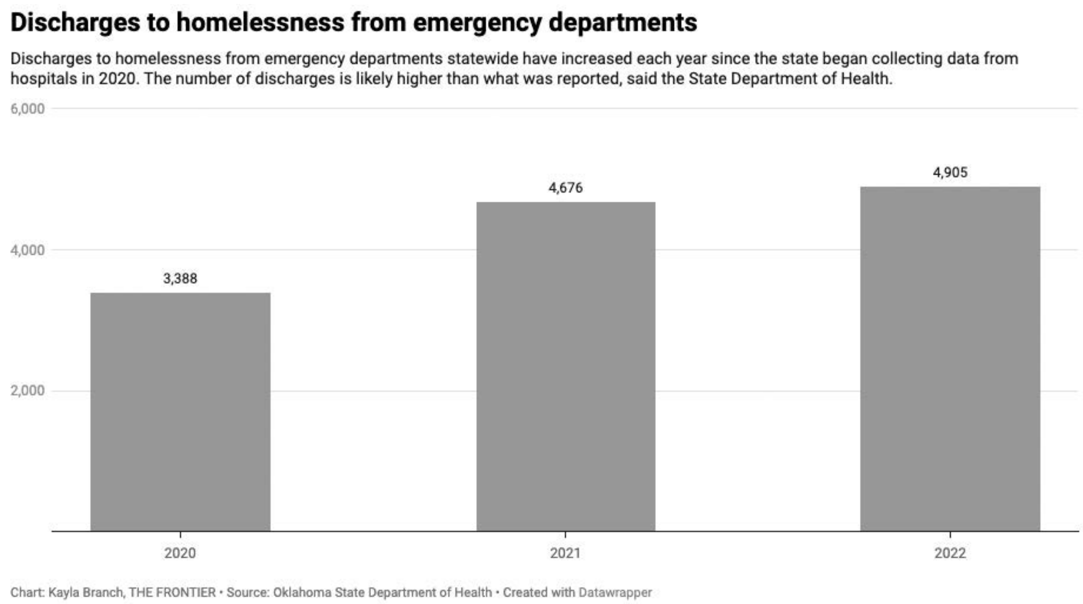
In Oklahoma City, there are few good options for people experiencing homelessness who are discharged after a hospital stay but still too sick for the city's already strained shelters.

Providers agree a medical-level respite facility would expand care options to more people, but no medical respite program exists in Oklahoma.

Hospitals mostly provide short-term care for severe illness or injury. The state's only non-medical respite center for people experiencing homelessness, the Cardinal Community House in Oklahoma City, doesn't provide care for people with intensive needs like Teddy, who can't do basic tasks on their own such as going to the bathroom or bathing.

Oklahoma County's Social Services Department has a seven-bed contract with Cardinal Community House to give case management and respite services to people experiencing homelessness after they are discharged from area hospitals. More than half of the applications the county has denied are because a person had higher care needs than the respite center could provide, according to county data.

Meanwhile, the need is growing. Statewide, discharges to homelessness from hospital emergency rooms increased nearly 45% between 2020 and 2022. Emergency rooms discharged about 13,000 people to shelters or the streets during that time, according to provisional data from the Oklahoma State Department of Health.



A state task force had been studying the problem and looking at ways to use Medicaid funding to expand care options in the state, but efforts stalled after Gov. Kevin Stitt disbanded the Governor's Interagency Council on Homelessness in April. The governor's office did not respond to requests for comment.

The state is also facing a nursing home staffing shortage, making bed space limited at long-term care facilities. People who rely on government benefits to cover care costs have an even harder time getting a bed since state reimbursement rates are often lower than the cost of care.

Cindy Maggart, Mercy hospital's director of post-acute care services, said her team faces an up to 90% denial rate when trying to get patients who need long-term care into nursing homes. Hospital administrators said it is part of their job to find facilities where patients can get the care they need. But financial barriers, criminal background checks, delays in gathering important documents and fears about losing personal freedom can keep people from some placements.

Without access to additional care options, individuals end up discharged to the street or to local shelters that aren't equipped to care for them.

"People are being discharged to the street or to the shelters because we're in this really hard spot of what do we do with this individual, especially those who can't perform their activities of daily living," said Racheal Singley, director of Catholic Charities' case management team serving respite center clients. "There's nowhere for them to go, and it's very difficult sometimes to see that."

A little more care

Helsel was in her office at the Homeless Alliance, a nonprofit that runs a day shelter in Oklahoma City, in July 2021 when she got a call from a social worker at SSM Health St. Anthony who was looking for someone to take Teddy after the hospital discharged him, she told The Frontier.

SSM Health said it couldn't comment because of patient privacy laws, but agreed that the community needs a place for individuals who are too sick for shelters but don't require hospital care. SSM Health was the first local health system to contract with the respite center in early 2022.

The first question Helsel had for the hospital staffer was whether Teddy could do basic daily living tasks on his own like dressing, eating and going to the bathroom. The hospital worker said yes, Helsel remembered.

After the hospital dropped Teddy off at the Homeless Alliance, Helsel took him to the City Care night shelter and planned to pick him up on her way to work the next morning. Teddy wouldn't be able to navigate the mile walk back to the Homeless Alliance day shelter on his own.

Every night, City Care fits as many people as possible into its 140-bed facility, sometimes going over capacity. On a daily basis, the night shelter sees people who have open wounds, are incontinent or have serious mobility issues, said director Shawn Loyd.

In the two years since the shelter opened in April 2021, there have been roughly 1,100 ambulance transports from the facility to a local emergency room, according to data provided by EMSA, Oklahoma City's ambulance operator.

Staff frequently have to act like nurses aides, Loyd said, showering people or changing adult diapers. But they aren't trained to do those jobs. Nursing homes and assisted living facilities, which provide those services, have to follow strict guidelines and regulations that the shelter isn't equipped to handle.

"We have multiple people that have unmet health care needs, and we still have quite a large number of folks that are walking in the door that are just discharged from a hospital and could use a little more care," Loyd said.

City Care tries to accommodate those it can, but some people are transported back to the hospital while others can't stay because of safety concerns.

When Helsel returned the next day to pick up Teddy, shelter staff told her he couldn't come back because he wasn't able to safely perform basic self-care tasks. Case workers arranged for Teddy to stay at a different area shelter, but he was discharged again because the shelter couldn't care for him either.

Helsel said she tried to get Teddy into Cardinal Community House, but he didn't qualify because his care needs were so high.

Cardinal Community House offers a place to recover and receive case management for people who were recently discharged from a health care facility who no longer need hospital-level care but still have ongoing medical needs that would be made worse without somewhere safe to stay. Clients must be able to manage their own personal care and the center does not have its own medical staff to provide care to clients directly. People are usually limited to 30-day stays at the center, unless the contractor paying for their bed — typically a hospital — approves an extension.

When Cardinal Community House opened in March 2021, it filled a hole in Oklahoma City's health care discharge system, providers said. People that receive care there are less likely to wind up back in the hospital, and collaboration between hospitals and shelters has increased. But the center has limited funding and is still trying to find new health care groups to partner with.

"The respite center fills a need, but I think that it has illuminated that there's still a gap," said Meghan Mueller, associate director of the Homeless Alliance.

The Homeless Alliance paid to put Teddy into a hotel while Helsel applied for federal and state benefits and searched for a facility that would accept him.

Helsel and two other staffers visited Teddy multiple times a day. He couldn't prepare food for himself or manage his medications. Helsel called other shelters, adult protective services and nursing homes. But Teddy's applications for benefits hadn't been processed so he had no way to pay, and he wasn't approved. After several weeks, Teddy was back in the hospital because of issues with managing his medications.

The hospital, along with Helsel and Loving Care Management, an organization that helps place individuals in nursing care, eventually found a facility that would accept Teddy in August 2021. He's still there today.

Helsel brings him bags of Reese's peanut butter cups and cases of Dr. Pepper when she can. Teddy's life is small, she said, but a nursing home is safer than living on the streets.

Looking for relief

So far, more than 250 individuals have received services from

Cardinal Community House.

Local hospitals and Oklahoma County's Social Services Department pay the center to provide a private room, daily meals and case management services for patients that have been accepted into the program. Case workers help clients find permanent housing, apply for benefits and gather personal documents.

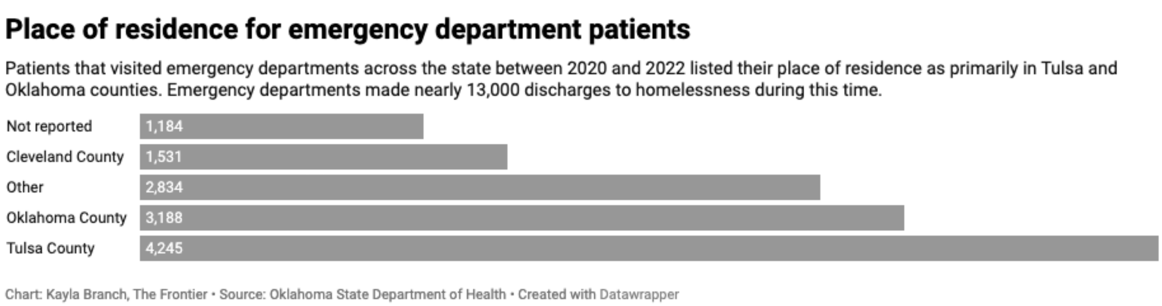
But unlike a medical-level respite program, Cardinal Community House staff can't provide much direct health care to clients. The center and hospitals can coordinate follow-up appointments with doctors, bring in some home health aides for certain clients, store medications and provide transportation.

Mercy hospital, which pays $135 per day for each of its five contracted beds, has kept its beds full with 20 patients since the contract went into effect in November 2022.

"It's that really great pivot point for patients that have really just been through the trenches, and they just need somebody to help them navigate that," said Cindy Maggart, who directs post-acute care for the hospital. "And instead of bouncing around from shelter to shelter, this provides great continuity for them."

But the hospital still sees a large number of patients who don't qualify for the respite center.

In Oklahoma City, the number of people experiencing chronic homelessness — people with disabling conditions that have been homeless for a long period of time — has nearly doubled since 2017, according to counts done by social service providers. These groups tend to have high medical needs and frequently visit emergency rooms.
Medical respite would increase the range of clients that can be accepted into care programs because health care staff would be employed by or partnered with programs directly, available to do multiple check-ins a day for all clients and help people do care tasks like going to the bathroom or getting dressed.



"It's in everybody's benefit for respite shelters to exist," said Kelli Ude, director of Cardinal Community House. "How the most vulnerable of our citizens are doing deeply impacts every one of us. With resources like this, we prevent poor outcomes, and we have a healthier community."

Cardinal Community House and City Care are both working on plans to develop medical respite facilities in Oklahoma City, but are still searching for funders. Costs have stopped the groups from creating medical respite programs so far.

Lindsay Cates, a homelessness initiatives coordinator for Oklahoma City, said while there are no plans to use city dollars to help fund respite now, officials may decide to get involved later on.

Oklahoma's Medicaid program can cover some high-needs care, said Bobbi Six, the congregate settings project coordinator with the State Department of Health, but it requires a doctor's order and a permanent place of residence. Getting approval takes about four months, she said. But since the respite center doesn't directly provide its own health care to clients, it can't currently receive any insurance payments.

The state could get a waiver from the federal government to provide some funding to medical respite organizations, but efforts to do so are less coordinated after the statewide homelessness council was dissolved. The federal Centers for Medicare and Medicaid Services approved the first state waiver for funding medical respite in California this year and called respite programs "cost-effective and medically appropriate alternatives" in a January 2023 letter.

Some hospitals have said they may be interested in participating in a medical respite program, which would likely be a financial benefit to them as individuals stop needing to rely on expensive emergency room visits, administrators said. Hospitals could provide funding or staffing.

"We would fill it up and keep it full," Maggart said.

By the end of April, Helsel was preparing for her last day as a case manager. The grant that funded her position was related to the pandemic and expired. She spent her last day visiting clients.

During her two years at the Homeless Alliance, many of Helsel's clients tried to get care at hospitals and were discharged without adequate resources. Expanded respite programs would have helped, she said.

As Oklahoma's population ages, Helsel said she's not sure the state is prepared. A lack of affordable housing options, low access to mental health care and staffing shortages at care facilities are all serious barriers that have not been addressed.

"There's not enough funding for care for people with high-level needs," Helsel said.

Tiny homes in OKC help young people facing homelessness

Alexia Aston, The Oklahoman, June 21 ,2023

Jennifer Goodrich and Chandy Rice admired the blank walls and empty cupboards of a small home that was once occupied by a young resident experiencing housing insecurity. The vacant dwelling meant the former tenant successfully transitioned out of uncertainty and into stability.

The tiny house is one of more than 20 dorm-size homes in a village on Pivot Inc.'s campus at 201 NE 50. Each home ranges between 280 and 320 square feet and was designed to house transitional-age youths, 18-24, experiencing housing insecurity.

Pivot Inc. is an organization dedicated to helping youths experiencing homelessness in and around Oklahoma City. Before opening 20 little houses in July 2022, Pivot Inc. began its small village about five years ago with three tiny houses funded by a grant from Impact Oklahoma.

How the tiny homes program has expanded to help young people in Oklahoma City

A year after expanding the small community, Goodrich, Pivot president and chief executive officer, said the greatest reward has been watching residents transition out of the program into successful jobs, stable housing and sometimes, higher education.

"It's being able to see them take the time and space to take care of themselves, set goals and achieve them," Goodrich said.

The organization also is anticipating an additional 15 homes to be installed next spring, along with a new community center and laundromat.

The homes were originally designed for youths transitioning out of foster care after turning 18 years old. However, outreach expanded to all youths experiencing homelessness due to the number of young people in the Oklahoma City area facing housing instability that weren't in the Oklahoma Department of Human Services' custody.

According to the 2023 Point in Time count, a one-night census and survey of people experiencing homelessness in Oklahoma City, there were 1,463 people experiencing homelessness on the night of the count. Of those, 11% were people age 24 or younger.

Goodrich said some of the most common reasons youths face homelessness include aging out of DHS custody, family conflict, abuse, neglect and the lack of acceptance from their families for identifying as a member of the 2SLGBTQ+ community.

How Pivot Inc.'s tiny homes program works

Pivot Inc.'s tiny homes provide youths facing housing insecurity with their own home featuring a twin-size bed, furniture, a kitchen and a bathroom. The homes are cleaned and redecorated after for each new resident, Goodrich said.

"I think knowing that somebody cared enough to say that, 'We care about your dignity, and we want it to be fresh and new,' means something to them," Goodrich said.

Each resident is required to find a job to pay $150 a month to live in their home, and the program returns 20% of that to them when they transition out of the houses.

Rice, Pivot's senior director of external affairs, said the most challenging part of the program is the isolation some residents may feel. She said the organization tries to combat this by creating community opportunities, but attendance at these events is not required.

"This is their first time living by themselves, and they are like, 'What do I do?' It's kind of lonely," Rice said.

However, the close proximity of the small houses allows residents to create friendships with their neighbors. Goodrich reflected on the many Sunday night dinners between residents and moments when one resident would baby-sit another resident's child.

Residents are accepted into the tiny homes program based on the severity of their situation, Goodrich said.

"Let's say you have housing instability, and you don't have your own safe and stable house, but you have a friend that's letting you live with them. That's different than a person that's living in their car under a bridge, right? And so they're gonna rise to the top of the list because their need is greater," Goodrich said.

The program teaches residents life skills, including budgeting, cleaning and cooking. When a resident moves out, they're also allowed to take the household items provided by Pivot Inc., like dishes and bedding, Goodrich said.

She said the more residents the program houses, the more resources the organization needs, including food and hygiene products.

To find out more about Pivot Inc. and the program, go to pivotok.org/.

Tiny homes, big dreams: Activists are reimagining shelter for the homeless

Giles Bruce, NPR, February 6, 2022

Part of an Occupy Madison tiny home village in Madison, Wisconsin

Tucked inside a residential neighborhood in Madison, Wis., and surrounded by a wooden fence and greenery, are nine little houses. With multicolored siding and roofs, they look like people-sized birdhouses. And they fit right in.

So does Gene Cox, 48. He hasn't been homeless in more than seven years. That's the point of this little development.

"This is the longest time I've stayed in one place," said Cox, nursing coffee and a cigarette outside his tiny home after working second shift as a benefits administrator. "I'm very nomadic. I've moved around Wisconsin a lot over the last 22 years."

After Cox got divorced in 2009, he bounced around rentals before living in his van for a year. He tried a local men's shelter. He lasted only two nights.

Then in 2014, he heard about this community being planned by Occupy Madison, a spinoff of the national movement against income inequality. Cox started helping with gardening, one of his passions. A few months later, he moved into one of its 99-square-foot houses (echoing the "99%" of the population that Occupy aimed to represent).

With housing costs rising, tiny homes are spreading as a solution to homelessness in California, Indiana, Missouri, Oregon, and beyond. Arnold Schwarzenegger garnered considerable publicity in December when he donated money for 25 tiny houses for homeless veterans in Los Angeles. It reflects a growing interest in outside-the-box ideas to get unhoused people off the streets, especially during winter in cold climates and amid the covid-19 pandemic.

"Anything that increases the supply of affordable housing is a good thing," said Nan Roman, CEO of the National Alliance to End Homelessness. "We have a huge shortage of housing — around 7 million fewer affordable housing units than there are households that need them."

Housing and health are inextricably linked. In a 2019 study of 64,000 homeless people, individuals living on the streets were more likely to report chronic health conditions, trauma, substance misuse, and mental health issues than those who were temporarily sheltered.

But not all tiny homes are created equal. They range from cabins with a cot and a heater to miniature houses with kitchens and bathrooms.

The communities themselves differ, too. Some are just "agency-managed shelters that use pods instead of the traditional gymnasium full of bunk beds," said Victory LaFara, a program specialist with Dignity Village, a tiny-home encampment since 2000, in Portland, Oregon. On the other hand, some are self-governing, like Dignity Village and Occupy Madison, and a few offer a path to tiny home ownership.

Many are in remote parts of town, though — far from jobs, grocery stores, and social services. "There's a balance between the benefits you get from the improved structure and the bad factors you could get from being in a worse location," said Luis Quintero, a housing researcher at the Johns Hopkins Carey Business School.

Donald Whitehead Jr., executive director of the National Coalition for the Homeless, said he thinks tiny homes are a good emergency option, to protect people from the elements and violence, but are not long-term solutions, like increasing the number of living-wage jobs, the housing stock, and funding for housing vouchers.

"There's been this theme since the '70s that there are some people in society that are less deserving," he said. "And the tiny home kind of fits within that mindset."

Zoning regulations and building codes have prevented tiny homes from being built in some cities, as have concerned neighbors. That opposition often fades once the communities are up and running, according to village organizers.

"Since we moved into Community First! Village six years ago, there have been no documented crimes from anyone on this property in any of the adjacent neighborhoods," said Amber Fogarty, president of Mobile Loaves & Fishes, a homeless outreach group in Austin, Texas, that operates the nation's largest tiny-home project.

Madison, which has about 270,000 residents and is home to Wisconsin's Capitol and flagship university, has three different types of tiny homes showcased in three locations.

Occupy Madison's newest village opened in late 2020 about a mile north of its original site. Next to a shuttered bar, 26 Conestoga huts, resembling covered wagons from the old West, line a fenced parking lot. The 60-square-foot temporary structures will eventually be replaced by tiny houses, which occupants are expected to help build.

On the outskirts of town, in an industrial development near an interstate, the city's new tiny-home project features parallel rows of 8-by-8-foot white prefabricated shelters that look like ice fishing shanties. Unlike the two Occupy settlements, this one has a full-time staff, including a social worker and an addiction counselor; on a recent day, residents streamed in and out of its cramped office, either to use the phone or grab a muffin or some cookies. People walked their dogs outside.

The 30 residents had previously been living in tents in Madison's busy Reindahl Park.

"The city was solving a political problem, first and foremost," said Brenda Konkel, president of Occupy Madison and executive director of Madison Area Care for the Homeless OneHealth. The so-called sheltered encampment cost about $1 million to set up and will run about $800,000 to $900,000 a year to operate.

City Community Development Director Jim O'Keefe said housing people in a traditional shelter would be significantly cheaper in the short term. But tiny-home villages can often serve those who are either unwilling or unable to stay in a congregate setting, because they have pets or partners, have severe emotional or psychological issues, or are banned from the shelter system.

"Anybody that spent any time at Reindahl understood how unsafe and untenable it was for people who were staying there," O'Keefe said.

Sara Allee-Jatta, clinical director of Kabba Recovery Services, said residents' substance use had increased since they arrived at the city-run site, perhaps because they finally had warmth and didn't have to worry about keeping their belongings safe. She hopes their newfound quietude will also give them the space to recover when they're ready.

For Jay Gonstead, a lifelong Madisonian who moved into the camp after it opened in November, the place has been a godsend. After a divorce, he lived in the tent city for seven months.

"Toward the end, it got really bad. I never thought in my lifetime I'd have to shoot Narcan into somebody, but I did," he said, referring to the treatment that reverses opioid overdoses. "I witnessed a man be shot. I witnessed stabbings. That was not a good place."

The 54-year-old sets out on his bike regularly to look for work. "I have a criminal history. I'm an alcoholic," he said. "It makes it tough."

But he's noticed smiles on his neighbors' faces for the first time he can remember. Electricity and hot showers — along with a sense of community — tend to have that effect, he said.

"When you've got a roof and a door that locks, that's home," he said, fighting back tears. "We're not homeless."

KHN (Kaiser Health News) is a national newsroom that produces in-depth journalism about health issues. It's an editorially independent operating program of KFF (Kaiser Family Foundation).

Bartlesville NEXT Report: Team finds 54 unsheltered

Kelli Williams, City Beat, City of Bartlesville, August, 16, 2023

Two areas identified as community concerns in the City's organizational strategic plan, Bartlesville NEXT, are moving forward thanks to work that has been underway by a multi-agency task force and the Bartlesville Police Department's Crisis Intervention Response Team.

"City staff and our community partners have been hard at work on the projects and concerns outlined in our strategic plan since the plan was adopted by the City Council earlier this year," said City Manager Mike Bailey.

"We have recently seen some fairly significant advances in two areas identified as concerns in the plan — homelessness and childcare — and we want to share this information with the public, both to obtain their input and to dispel some of the rumors going around about unsheltered individuals in our community."

Team gathers statistics on unsheltered in Bartlesville

Local residents may have noticed an apparent uptick in the number of unsheltered people in Bartlesville over the past few years, which is consistent with nearly every community across the country. The issue was identified in the strategic plan as one needing attention, prompting City staff to begin work to find out how many people are unsheltered in Bartlesville and the reasons behind their situation.

Assistant City Manager Tracy Roles, who is overseeing the City's role in addressing homelessness in Bartlesville, said the first step in addressing the issue is to understand who is homeless and/or unsheltered and why.

"There is a difference between those who are homeless and those who are homeless and unsheltered," said Roles. "A homeless individual or family isn't necessarily without shelter. These are people who may be staying or sleeping at the home of a friend or relative or someplace else provided in our community. They don't have a 'home,' but they have a place to stay, at least on a temporary basis.

"Unsheltered individuals, on the other hand, are sleeping and staying in our parks and City facilities, under bridges and other locations because they have no place else to go."

It is this population, the unsheltered, that Bartlesville Police Department has been making contact with to learn more about their situation, Roles said.

Crisis Intervention Response Team

Specifically, the police department's Crisis Intervention Response Team units have been gathering information as they make contact with unsheltered individuals in the community, Police Chief Kevin Ickleberry said this week.

"In an effort to better address the mental health issues and homeless population in Bartlesville, CIRT has begun gathering and tracking information pertaining to the unsheltered population currently living on the streets in Bartlesville," Ickleberry said.

CIRT consists of two units containing one officer and one mental health case manager from Grand Mental Health, approved by the City Council and implemented last year. The units are comprised of officers Sierra Compton and Michele McKinley, and mental health case managers Cori Bryson and Allison Klasna.

"CIRT answers calls for service involving cases of suspicious persons, welfare checks, domestic violence, sexual assault, and other similar calls," Ickleberry said. "Essentially, anytime there might be a mental health component involved, CIRT either responds to the call or is available to assist."

Ickleberry said the team has made contact with 54 unsheltered individuals in Bartlesville over the past several months and, as a result, has obtained a good amount of information.

"The information obtained is focused on where these individuals are from, why they are unsheltered, and how long they have been without shelter," he said.

The Stats

Of the 54 persons contacted, the following information was obtained:

Location

- 28 are local to Bartlesville
- 8 are from Osage, Nowata, or Mayes County
- 7 are from Tulsa or other parts of Oklahoma
- 11 report that they have moved from out of state

Reason

- 27 are homeless due to a mental health or substance related issue
- 7 have been discharged as homeless from jail or the Department of Corrections
- 1 was discharged from a hospital to Bartlesville
- 2 were brought to Bartlesville from a referral to the Lighthouse, a local homeless shelter
- 14 reported that they were homeless due to job loss or loss of their home

Length of Time

- 22 reported being homeless less than a year
- 14 reported being homeless for at least one year
- 11 reported being homeless for at least two years
- 1 reported being homeless for at least three years
- 5 reported being homeless for more than four years

Work continues

According to Roles, these numbers will be helpful as the City moves forward in studying possible solutions to the issue. The information also dispels claims that "hundreds of homeless people" are being bussed into the community from other states, he said.

"There have been rumors that people are being transported here from other places around the country. This information shows that is simply not true," he said. "The vast majority of unsheltered people in our community are local to Bartlesville.

Roles said the City will continue working with community partners to find ways to reduce or eliminate the number of unsheltered people in Bartlesville.

"There are a number of people in our community who are working on this issue, and the City will continue to participate in doing what we can to help everyone who is seeking shelter in Bartlesville to obtain it," he said.

In rural Oklahoma, homelessness remains a hidden problem

Ron Jackson, The Frontier, July 18, 2023

For Brittany Sullivan, homelessness is a place tucked away in a wooded area on the outskirts of this Custer County town 93 miles west of Oklahoma City. Hidden from the view of passing vehicles, she lives with a friend in a dilapidated, wooden shed with no electricity, running water, or doors.

At night, the shed's two screen doors are wired shut. Inside, is a bed piled with clothes and two car batteries, which provide enough power to run a small light and a fan the size of a palm. Showers are taken outside with five-gallon jugs of water behind a folding exercise mat that is propped on its side. And an ice chest serves as a refrigerator.

"This is home," said Sullivan, a 34-year-old Louisiana native whose navy-blue shirt reads "FIGHT LIKE A GIRL."

"You'd be surprised what you can cook with a lighter," said Sullivan, holding up a cigarette lighter and a can of cheese. "I've even made nachos in here, believe it or not. The tin keeps the cheese warm."

Sullivan is among those who move in the shadows, sleeping in abandoned houses and under a canopy of trees by the railroad tracks and even in storage units. Social workers, church leaders, and volunteers say rural western Oklahoma's ghost population of homeless are largely ignored save for a spirited few who battle daily to provide help.

There's scant resources and no state funding. Along the Interstate-40 corridor, there is only one overnight shelter for men between Amarillo and Oklahoma City. In Elk City – a town of 11,570 residents – a nonprofit opened the community's first day shelter recently to combat homelessness. But local leaders are reluctant to help finance an overnight shelter for fear it will attract transients.

Nationally, rural homelessness increased by nearly 6% between 2020 and 2022, according to the U.S. Department of Housing and Urban Development. Yet for those in the trenches of this struggle in Clinton and other rural communities in the state's region, the acknowledgement of a notable homeless population is their greatest challenge.

"A lot of people in this community would be shocked if they knew how many homeless were living on the streets," said Eli Colston, a benevolence team leader at TheEdge Church in Clinton. "There's definitely a stigma to homelessness out here. A lot of people don't even want to admit it's a problem in their community. But they're here, living under bridges and in abandoned houses and crowding into motel rooms.

"I know because I once lived on the streets … right here in Clinton."

Colston, 34, wandered Clinton's streets for more than two years while battling substance use.

"I saw a lot of people on the streets here," Colston recalled.

"It was not uncommon to stay in a one-bed hotel room with 35, 45 people crammed into the same room. I also lived under bridges, and once found an abandoned home between Clinton and Arapaho with the lights on and filled with a bunch of junk. I stayed there for two weeks. But I always kept moving. I never stayed in a place long enough to be noticed."

He wears a tattoo memorializing the day he broke the chain of addiction – December 24, 2017. Five months later and still sober, he was arrested for outstanding warrants in nearby Washita County.

"It was time for me to pay the piper," admits Colston, who said he eventually "found God " during an eight-month stint in prison at William S. Key Correctional Center in Fort Supply.

Today, Colston helps others at this part-time job with the church, which has filled the breach left by no city or state funding. His team provides emergency assistance in a variety of ways, from utilities and clothing to food and shelter. Last year, the church provided help of some kind to 90 of 104 applicants. He estimates "at least 30%" of those he meets are homeless. The church also provides financial support to Clinton's Mission House, the only overnight men's shelter along I-40 in rural Western Oklahoma.

The shelter operates out of a century-old, two-story house covered in peeling blue paint that served as the living quarters for local nurses years ago. Mission House serves as many as 31 homeless people a day. Clients can stay for up to 90 days. Director Twyla Williams helps connect people with resources to lift them off the streets, combatting issues that range from unemployment to mental health needs. Clients must pass a drug test to be granted a bed, disqualifying some.

Mission House serves an average of 2,200 meals a week for anyone in the community who is hungry out of an adjoining kitchen. Many of the 1,950 people the nonprofit served last year also have children.

Mission House has an annual budget of $42,000, none of which includes city, state, or federal money. And the need is growing. TheEdge Church congregation has agreed to donate 20% of its tithings each month to the Mission House so it can eventually build a newer, larger shelter.

Local advocates say Clinton's homeless population is likely undercounted and there's not enough resources to address the problem.

"Our homeless population would definitely shock the average person living here," said Williams, who conservatively estimated Clinton could have as many as 200 homeless people in a town of 8,380 residents.

Colston suspects that estimate is low.

"Easily, we could have as many as 200 homeless here in Clinton," he said. "Remember, there are a lot of homeless folks that we never even come in contact with for one reason or another. But trust me, they're out there. I've seen them."

But Clinton Mayor David Berrong is skeptical. In fact, he doesn't recall the issue of homelessness ever being addressed by the city council dating back to his first election to office in November 2016. He's now serving his fourth term.

And there are presently no plans for the city to jump into the homeless issue.

"I think it might be more of a transient problem," Berrong said. "But if there is a homeless problem here, I think it's something we would address in a compassionate way as a community because it's the right thing to do."

Exact numbers have always been elusive with the homeless population, and even more so in rural regions. HUD requires communities receiving federal grants to conduct an annual point-in-time count each January of the homeless population. The count includes those who live in emergency shelters, as well as on the streets. Those numbers are merely a snapshot in time, but critical in applications for federal dollars.

In January, a count in the 19-county area that includes Clinton, much of northwestern Oklahoma and the panhandle showed a homeless population of 216 people — 86 living on the streets.

But the numbers don't include people who are sleeping on couches, living in motels or cramped trailers with other families as homeless.

Weather can also play a role in the numbers. If the count happens on a cold night, more people will go to shelters.

Combating the stigma of a hidden problem

For 14 years, trips to the bus station to pick up another homeless person from some smaller town were commonplace for Lawton Housing Authority executive director Jervis Jackson. During that period, his agency led the Southwest Oklahoma Continuum of Care in a mission to end homelessness before handing over leadership to another nonprofit in 2021.

"A lot of rural communities outside of Lawton never wanted to admit they had a homeless problem," Jackson said. "One town in Stephens County would pick up someone who was homeless and give them a meal. They might even put them up in a hotel for a night. But the next morning, they would put them on a bus and ship them to Lawton.

"The feeling was always the same: 'We don't have a homeless problem. We have a transient problem.' That attitude prevails throughout those rural communities."

This year's county identified 409 total homeless people – 316 of whom were unsheltered, for the 16-county region that includes Lawton – Oklahoma's sixth largest city with a population of 91,542 people.

Jackson estimates that about 85% of the homeless population counted in those numbers is in Lawton. It becomes harder to get an accurate count of homeless people in rural areas, he said.

Liberty McArthur, executive director of the Western Oklahoma Family Care Center, said she's had to spend time raising awareness about the hidden problem of homelessness in her community. She started the organization in 2018 to fight homelessness in Elk City, 28 miles west of Clinton on Interstate-40.

"I'd go around town to try and raise money," McArthur recalled. "Some people would say, 'Oh Liberty, why are you doing that? We don't have a homeless problem.' Some people are just so far removed from that world, and well, you don't know what you don't know.

In January, the Western Oklahoma Family Care Center opened a day shelter where the homeless population can rest, shower, eat, and pick up hygiene supplies. The shelter is in the old National Guard Armory and is open from 10 a.m. to 5 p.m. Monday through Friday. The non-profit also oversees a food pantry, as well as a medical and dental clinic.

"We're trying to get an overnight shelter, but so far, the city council doesn't want one," McArthur said. "They think an overnight shelter would be a magnet for transients and then crime would rise. But I don't think an overnight shelter would be a beacon for homelessness. I do think it would help those who are already homeless in our community."

The face of homelessness in Clinton is as varied and complex as one might find anywhere in the nation. Mental illness, substance use, past criminal records, and those without the safety net of a family are all part of the equation. Although it isn't as obvious as a group of roadside tents amid a cluster of trees in Oklahoma City or Tulsa.

Mission House is at the epicenter of the problem.

Sullivan said she journeyed to Oklahoma with her partner of 12 years to be close to her two children, who live with their stepmother in neighboring Weatherford. Both she and her partner were strung out on heroin and being evicted from their rental home when her partner "took off."

For a while, Sullivan worked in the deli of a local grocery store, only to lose her job over her alcoholism – an issue she admits she still battles along with her drug addiction.

"I want to get clean," Sullivan said. "I don't wanna live this way. It's not something I'm proud of, but I'm afraid of moving too far away from my kids."

Sullivan sometimes walks into town to eat a meal at the Mission House, where Williams welcomes everyone with a hot plate of food and a smile.

"If it were just up to me, I'd let everyone who needed help live here," Williams said. "Why should people care? Well, number one, it's the Christian thing to do. But what if this was your daughter? Or what if this man was your brother? Sometimes, people don't care until it touches their lives directly.

"I just love people. And I love what I do."

Homeless Youth Walk a Hidden Path in Rural Oklahoma

Yasmeen Saadi, Oklahoma Watch, August 3, 2023

WOODWARD, Oklahoma — Anika Drew is drawn to beauty. Her boyfriend said she can stand in a barren field and still point out a pretty flower. Drew dreams of going to beauty school to become a makeup artist and moving to Japan to see the pink cherry blossoms.

For now, the 17-year-old wanders Woodward with her boyfriend. For the past year, they have slept in abandoned trailers and a trashed apartment. They have pitched a tent on the trails behind Woodward High School and couch-surfed at friends' houses.

A few weeks ago, they made a deal with a local motel owner: Drew would work cleaning rooms and her boyfriend Nicholas Stone, 18, would mow the lawn in exchange for a room at the Wayfarer Inn.

"It's not a path for a princess," Drew said, ducking under branches to a spot off the roadside where the couple set up their tent. Neighboring a junkyard filled with piles of rusty cars and strewn tires, the campground where Drew and Stone spent much of their winter was covered in heavy brush, trash and water flooding the area.

Anika Drew, left, and Nicholas Stone used to hang out for fun at Crystal Beach Lake. The teenage couple spent most of this year wandering Woodward since becoming homeless. Youth experiencing homelessness have less access to shelters and services in rural Oklahoma towns such as Woodward. (Yasmeen Saadi/Oklahoma Watch)

Drew and Stone are part of a 29% increase in homeless youth living without a parent or guardian in Oklahoma from 2020 to 2022 — one of the largest increases in the nation, according to the 2022 Annual Homelessness Assessment Report. One professor studying the issue estimated there could be more than 120,000 homeless youth in Oklahoma.

Living in Woodward, a rural town of fewer than 12,000 in northwest Oklahoma, Drew and Stone have less access to shelters and services. In rural areas, schools are often a primary means of support, where students have access to teachers and trusted adults. Each school district also has a homeless liaison. Several rural district liaisons said that they have helped students get jobs and taken students to food banks. However, as staff members tasked with identifying and meeting the needs of, at times, hundreds of students, their jobs come with limitations.

To help keep track of homeless students, a new state law aims to improve how districts identify and count students. Liaisons said by lessening absences and making it to graduation, homeless students have a better chance of breaking the cycle of poverty.

Drew will be a sophomore and Stone will be a senior when school starts next month. They said they missed most of the last school year after being kicked out for low grades and missing credits, but that they hope to return to the high school's alternative education program. For school-age youth not attending school, like Drew and Stone, and children younger than school age, not much data exists — causing youth homelessness to often go severely underreported.

Based on a homeless resource map created by University of Oklahoma researchers, 22 rural Oklahoma counties lack any homeless shelter or resource center, and many others only have one or two, miles from other corners of the county. In Woodward, there are two: one available at night and another, The Day Center, available from 8:30 am to 4:30 pm.

The overnight shelter has eight individual rooms and one family room, but Drew and Stone's 13 pets — their cat, Mittens, their two dogs, Narnia and Chubz and Narnia's 10 pups, prevent them from being able to stay there. Instead, this summer they often walked to The Day Center, where showers, a kitchen, couches and a job board are available during business hours.

Shanna Gonser runs The Day Center. Since opening in April 2022, Gonser said the center has served 156 clients with about seven people coming in each day.

Gonser said she rarely encounters homeless youth because many are so-called couch homeless and doubled up with another family. That form of homelessness is twice as common for youth in rural communities, according to a University of Chicago study.

Based on data collected by Woodward Public Schools, however, Drew and Stone are not alone. The district identified 113 homeless students during the 2018-2019 school year, the most recent year available.

Since leaving their families last August due to what they described as unstable and abusive households, Drew and Stone said they have not met another homeless teen. That may be partly due to their absence from school, but for all they know, they said, they're the only ones.

"They don't want a lot of people to know that they're in that situation," Gonser said. "It's embarrassing to them, so they don't go out and look for others that are in the same situation."

Anika Drew walks through the brush to show where she and Nicholas Stone stayed while living in their tent in Woodward, Oklahoma. (Yasmeen Saadi/Oklahoma Watch)

Drew said it's difficult for her to compare her situation to how she sees others her age living.

"Worthless," Drew said. "It makes me feel worthless."

Homeless in High School

Homeless liaison Elizabeth Ressel works at Comanche Public Schools, just east of Lawton, where about 16% of students are classified as homeless. Over the years, she has used federal funding to provide students with supplies for extracurricular activities and pay fees for students' classes.

The McKinney-Vento Act of 1987 requires that homeless youth have access to the same public education as other students. The act defines homelessness as lacking a fixed, regular and adequate nighttime residence, which might mean students living in motels, trailer parks, cars, in abandoned houses or doubled-up with another family. This definition is more lenient than that of the Department of Housing and Urban Development, which does not consider someone homeless if they are staying with others or in a motel.

Through the act, schools receive extra funding for homeless students that can be used for clothing, food, school supplies and class fees. Congress also mandates one homeless liaison per district to be in charge of identifying homeless students and connecting them with resources in the community.

In addition to using federal money, Ressel said she and other outreach coordinators at the school have identified student needs and received donated items to meet them.

"We've had students who, you know, they'll call and they'll say, 'I can't come; my clothes are wet. I washed 'em last night and we don't have a dryer. And I thought they'd dry overnight,'" Ressel said. "They don't want to come to school with wet clothes, so at our alternative school, we [now] have a washer and dryer. Our high school has a washer and dryer."

Further east of Comanche, Wilson Public Schools homeless liaison Claudia Labeth said 5% of students in the district were homeless.

With the closest shelter 25 minutes away in Ardmore, Labeth said the biggest day-to-day challenge for her students is figuring out where they will sleep that night.

Unreliable housing affects a student's ability to attend school and graduate. About one-third of students experiencing homelessness missed 15 or more days of school, according to the National Center for Homeless Education. Labeth said to help combat this problem, she tries to show how school is needed to attain a good job and eventually a home.

"'What do you want your future to look like, and how can we get there?'" Labeth said she often asks her students. "School is a big part of it, so making school relevant to their future so they can live maybe a way they want to live instead of the way that they're kind of living in the present. I think that's the key for me."

In addition to designated liaisons like Labeth, schools provide students with a network of caring and connected adults. Regular conversations with teachers, counselors and other staff can help identify if students are at-risk or struggling.

"Usually, the students will say, 'Well, you know, I had a home and now I've been forced out and don't know what I'm going to do,'" Wilson High School agriculture teacher Joseph Buzidragis said. "And we actually see this quite often in a small town."

This was the case when Buzidragis took in 16-year-old Kasper Hamilton in May 2022. He has since become Hamilton's legal guardian.

Hamilton had lived with his father and stepmother until his father died in a November 2022 car accident. He and his siblings were kicked out by his stepmother in May. Because Buzidragis knew the situation, Hamilton did not have to worry about finding a place to stay.

"We told him that we would do everything in our power to make sure he gets through high school and if he decides to go to college, to go to college or go to work, whichever he chooses," Buzidragis said. "That way we'd be there for him, not trying to take a parent's spot, but give him some safety and a place to live and kind of enjoy high school without having to worry."

Buzidragis said he has faced day-to-day challenges in getting Hamilton to open up emotionally and socially. His aim is to show Hamilton that he is wanted.

"It's rewarding, because you see, like this young man, you see their eyes start to light up as they see that we are not just going to throw them to the wayside," Buzidragis said.

Falling Between the Cracks

Sarah Svec has been working to address gaps in homeless data collected in southwest Oklahoma. As executive director of Family Promise, she collaborates with Lawton Public Schools, where about 700 students are homeless, according to the most recent data available. By engaging with families, Svec said she has encountered youth who do not seek help because they do not realize they would be considered homeless by public schools. One barrier to identification is virtual education, which she said is common for homeless children.

"They're not getting the teacher that sees they're coming in with dirty clothes every day," Svec said. "Part of what makes everybody successful at helping people that are experiencing homelessness is being able to identify people that are experiencing homelessness."

Another barrier is that homeless youth frequently move, sometimes to other districts. In the most recent available data, 371 school districts reported fewer than three homeless students in their schools. Rural nonprofit leaders said they do not believe that is true of any district.

To improve homeless identification in schools, Gov. Kevin Stitt recently signed into law a measure requiring the Department of Education to report the number of homeless students by district and grade level starting Nov. 1.

While the law might improve the counts of students, it does not address the population of homeless youth that are not yet school-age or are not attending school. Both Sisu Youth Services and Pivot, nonprofit organizations focused on youth homelessness in Oklahoma City, said many youth prioritize getting food and finding stable housing before going back to school.

David McLeod is one of three University of Oklahoma professors who partnered with the Oklahoma Housing Finance Agency to determine how to best distribute $32 million of federal funding toward unhoused and housing-insecure Oklahomans. McLeod said through talking with rural and urban homeless liaisons and accounting for the population of youth too young to attend schools or not in school, Oklahoma could easily have more than 120,000 homeless and housing insecure youth today.

"I would ask anyone willing to engage in the conversation this question: If I am wrong, and have inflated this extrapolated calculation even twice over, are we OK with 60,000 homeless children?" McLeod asked.

This number is drastically larger than the about 22,000 homeless students identified in Oklahoma through the McKinney-Vento program during the 2020-2021 school year, the most recent year reported. The report also found 3.2% of all Oklahoma students to be considered homeless, however, McLeod said liaisons estimated the number to actually fall around 10% for their districts.

"Let's say we missed the mark ten times over," McLeod said. "Would Oklahoma's citizens — the brave, bold, resourceful, and upright of our state — be content that we have 12,000 homeless children? What if I threw on top of that, we know where to find them? We know who they are, and we know where the majority of them and their siblings go to school? The fact is that we do know, and the correlation between this epidemic and our ranking of 49th in education and 46th in overall child-well being is difficult to ignore."

Yasmeen Saadi is a Scripps-Howard Fund intern and Emma Bowen fellow. Yasmeen is a journalism major at the University of Missouri-Columbia where she is a K-12 Education and Youth reporter at the Columbia Missourian. Contact Yasmeen at ysaadi@oklahomawatch.org. Follow her on Twitter at @YasmeenESaadi.

The First Step to Solving the Housing Crisis Might Be Simpler Than You Think

Yuliya Panfil and Sabiha Zainulbhai, POLITICO , May 4, 2023

It was 1920, and America was in the throes of a depression. Unable to recover after World War I, the country's stocks tumbled, industrial production fell by 30 percent, and unemployment queues stretched with millions of demobilized soldiers unable to find work.

Despite the fact that fixing unemployment was critical to fixing the economy, the Woodrow Wilson administration struggled to understand how many people were losing their jobs because it didn't have a reliable way to measure unemployment.

As the 1920 Depression gave way to the Roaring '20s, successive presidential administrations tackled the question of how to accurately collect unemployment data and other labor market statistics. This decadelong effort eventually bore fruit: just as America descended into the Great Depression, the Census Bureau fielded the 1930 census containing a series of new questions about unemployment. That census, and multiple follow-up surveys, showed unemployment had climbed precipitously; by 1932, nearly a quarter of Americans were out of work.

Faced for the first time with this irrefutable picture of American unemployment, the federal government sprang into action. Congress approved President Franklin D. Roosevelt's New Deal, which promoted economic recovery through $41.7 billion in stimulus and employment programs (equal to nearly $1 trillion today).

Nearly a century since its creation, the modern "unemployment rate" has become an authoritative barometer of the country's economic health, and of the hardship experienced by American families at any point in time. Fluctuations in the unemployment rate not only drive bold and swift government action, but can make or break political careers.

The U.S. government's response to the Covid-19 pandemic was the starkest reminder in recent memory of the power the unemployment rate holds. After the national unemployment rate jumped 400 percent between March and April of 2020, the federal government swiftly unleashed a tidal wave of fiscal and policy assistance. By the end of 2022, the unemployment rate had dropped to 3.6 percent, down from 15 percent in April 2020.

And yet, despite the obvious utility of measuring job loss, we fail to track an equally crucial indicator of social and economic vulnerability for American families: home loss.

When most Americans think of homelessness, they think of tent cities and panhandlers. Yet the larger problem of housing loss is far more complicated and much of it is invisible. Many people who lose their home are employed full time but earn too little to afford rent. Many move in with relatives or live in their cars or temporary arrangements. Often, they are families. And we don't really know how many they are.

Housing loss is caused by a wide range of factors, including evictions, foreclosures, eminent domain takings and natural disasters. These forced displacements are intensely traumatic, and lead to homelessness and housing instability, job loss, adverse health and educational impacts, and downward economic mobility.

And still, the federal government collects almost no data on how many people lose their homes each year, where, and why.

It is said you can't fix something you can't measure. If America wants to get serious about making sure people have a roof over their heads and ending the homelessness crisis that voters consistently list as a top concern, then it needs to start tracking the number of people who lose their homes each year. Just as America has a national unemployment rate, it should establish a National Housing Loss Rate.

The housing metrics we do track show that America ended 2022 in a deep and unprecedented housing crisis with few signs of easing.

This crisis has been building for decades, in part because we don't have the metrics to see it. Studies have shown that for the past 40 years, housing supply has not kept pace with demand, resulting in a housing shortage ranging between 2 million and 6 million homes. Yet across America, a combination of recalcitrant homeowners and outdated zoning laws routinely block attempts to build more housing.

The low supply of housing is one reason housing prices are skyrocketing. In 2022, for the first time in history, median rent nationwide exceeded $2,000, and nearly half of all renters are "housing-cost burdened," meaning they spend more than 30 percent of their income on rent.

Meanwhile, homeowners have been hit by the double whammy of interest rate hikes and soaring home prices. Not only did the price of homes increase by more than 10 percent in just one year between 2021 and 2022, but skyrocketing interest rates have nearly doubled median monthly mortgage payments over that same time period, from $1,242 to $2,044.

The Covid-19 pandemic brought fleeting relief for some, as the federal government provided temporary rental and mortgage assistance and passed eviction and foreclosure moratoriums. The provision of financial assistance and moratoriums were intended to work together to stave off housing loss during the height of job and income losses.

But those moratoriums have long-since lapsed, and federal assistance funds have largely dried up, launching U.S. cities and counties into a "choose your own housing policy adventure" that is largely untethered from data and puts the housing stability of renters and homeowners at the whims of local politicians.

Some cities and counties are working to make permanent the pandemic-era housing protections and assistance that provided temporary relief, while others have moved on. Just last month, lawmakers in the nation's capital proposed slashing emergency rental assistance by 81 percent — from $43 million in FY2023 to $8.2 million in FY2024 — all while introducing a 9 percent rent increase allowed on rent-controlled apartments. Based on the current need for housing assistance among renters in the District of Columbia, the proposed funding is enough to last for exactly one month.

Everything around us signals that housing insecurity has reached crisis levels. Homeless encampments dot American downtowns, natural disasters in 2022 alone forced 3.4 million Americans out of their homes, and in the few cities and states for which data is available, eviction filings have returned to pre-pandemic levels.

Voters across the political spectrum consistently say the availability of affordable housing and high housing costs rank among their chief concerns, and that these are important issues for the federal government to address.

And yet, 15 years after the subprime mortgage crisis, and three years after the predicted Covid "eviction tsunami," the lack of a comprehensive and coordinated metric for housing loss leaves us debating (and doubting) how big the problem really is nationwide, and what to do about it.

In our research, we've done our best to tally the numbers of Americans who are forced out of their homes each year as a result of evictions, foreclosures, eminent domain, natural disasters and other factors. The best we can do is a wide estimate of between 5 million and 10 million year — that's somewhere between the entire population of Alabama and that of Michigan.

Despite the fact that losing a home is as significant, if not more, of an economic and social shock than losing a job — and in fact, home loss often leads to job loss — we somehow have no idea how many people are experiencing devastating effects of losing their home at any given moment. The data we have is incomplete, based on various assumptions, and conducted using inconsistent methodology.

Of all the forms of home loss, evictions and foreclosures may be the best understood. But even here, we don't have the data to grasp basic metrics; New America's research found that as of 2020, we don't know how many Americans experienced a court-ordered eviction or a foreclosure last year, or the year before that. We know almost nothing about informal evictions and lockouts, which researchers estimate may be twice as common as evictions that occur through the court system.

Other forms of housing loss are even more of an enigma. For example, foreclosures for not paying property taxes are almost never tracked or studied. Yet in Detroit, one of the few places where this phenomenon has been studied, Detroit News reporters found that between 2008 and 2020, one third of city properties had been tax foreclosed.

And, because we have no idea how big the housing loss problem really is, America lacks a coordinated approach to fixing it, and no unified benchmarks to hold leaders accountable for their role in addressing it. By contrast, the monthly unemployment rate attracts rampant attention from the media, researchers and policymakers, and is tracked closely by the public — not only because it's an accessible bellwether for the state of the economy, but also because it's often viewed as a referendum on local and federal politicians' progress in office.

If we want to tackle housing loss, we need to understand how large the problem is, where it's occurring, and who is affected. Similar to how the unemployment rate is the most commonly used metric to gauge the state of the economy, a national housing loss rate would provide a baseline whose rise and fall reflects on the housing stability of American families. It would have to encompass the various ways that American families lose their homes each year — from eviction and foreclosure to the displacement caused by homes destroyed by natural disasters. Collecting data on each type of housing loss would require coordination between local and federal entities, since much of this data is generated at the local level.

What could a Housing Loss Rate look like? The unemployment rate is a good model.

Every month, the Bureau of Labor Statistics conducts a high-quality survey of the American population, asking whether in the previous month, people have been affected by a layoff, quit for some other reason, or are working part time but want to work full time. Similarly, a national Housing Loss Rate could start with a rigorous survey of the number of people who lost their homes the prior month.

Tracking who lost their home through a survey is not without precedent. The American Housing Survey, sponsored by HUD and fielded by the U.S. Census Bureau every other year, asks about eviction and foreclosure. The U.S. Census Bureau's Household Pulse Survey asks tens of thousands of Americans each week how confident they are in their ability to pay rent or their mortgage the following month (during much of the pandemic, between a quarter and a third of renters nationwide said they weren't confident in being able to pay next month's rent). The Annual Social and Economic Supplement of the Current Population Survey — also fielded by the U.S. Census Bureau and the Bureau of Labor Statistics — collects data on who, why, and how often household members have relocated in previous years.

At the same time, it's important to measure housing loss not just on a national level but locally — city, county and state leaders need real-time information to develop responsive housing policies, deliver targeted financial and legal assistance, and assess the impact of existing housing loss programs just as they do for job loss. The work of developing a national housing loss rate must include helping localities build and improve local housing loss databases of their own, including generating or standardizing this data in places where it does not exist.

In addition to the monthly unemployment survey, which is effectively a measure of the demand for jobs, the Bureau of Labor Statistics also measures the supply of jobs, what's often called "job creation." Similarly, the Housing Loss Rate could be combined with a measure of supply, including the number of new housing units built (a metric the Census Bureau already tracks) that would elucidate the ways in which supply shortages are driving housing insecurity and loss.

Put together, these metrics would allow us to state with confidence that we are in fact in the midst of a housing crisis, devise targeted policies, advocate for and deliver more housing resources, and demonstrate that large-scale forces (such as the lack of affordable housing, laws that disadvantage renters, and a lack of political will), rather than personal shortcomings, are at the root of housing insecurity.

Arriving at a national housing loss rate will not be an easy feat; it will require sustained attention, coordination and refinement. But the development of the unemployment rate nearly a century ago was also no easy feat, and neither are the ongoing efforts by the Bureau of Labor Statistics to consistently improve our understanding of job loss in America.

The good news is we've done it before. And if we care as much about Americans having stable housing as we do about them having stable jobs, it's time to start tracking housing loss.

Notes

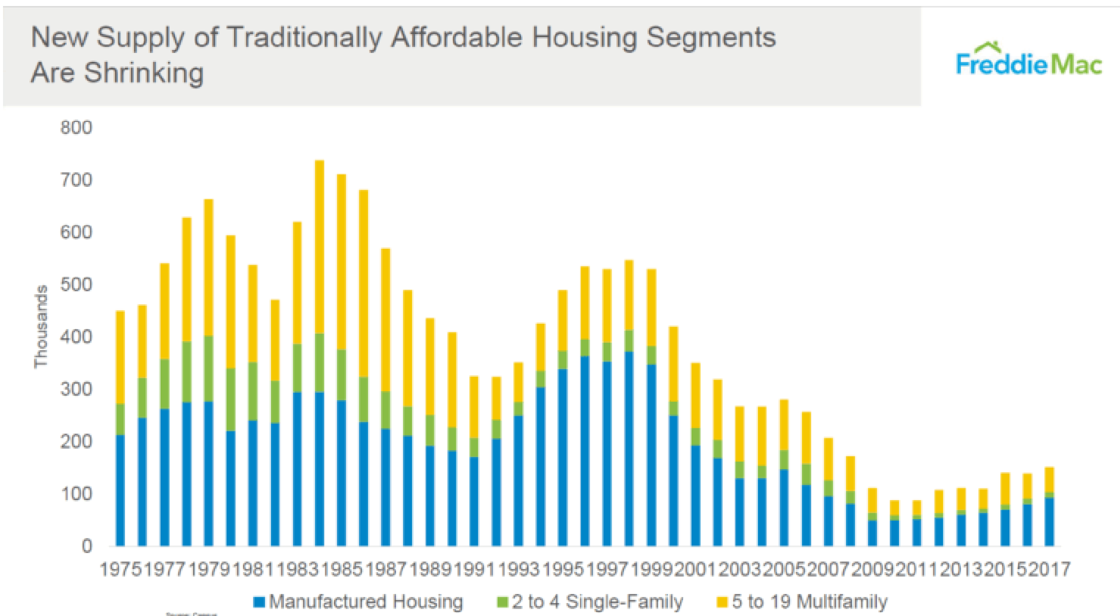
This is a resource document for you to use.
Take notes, highlight, use as a text book.

Two issues define America's new housing crisis

David Dworkin, The National Housing Conference

Two issues define our new housing crisis. How we address them will determine how our economy bears the next recession, and what kind of a country we will be in the decades ahead. These are the historic and enduring shortages of affordable housing for a growing number of working Americans, which has driven rising housing costs and rates of homelessness across the country; and the catastrophic collapse of homeownership for African Americans. To successfully address these issues, we need to do more than apply policy Band-Aids (although it's better than doing nothing). We need to conduct major reconstructive surgery by passing a comprehensive National Housing Act for the 21st century.

To be sure, critical policy issues like funding and tax credits for affordable housing construction, responsible modernization of the Community Reinvestment Act, and reform of our housing finance system play a major role in both these problems and potential solutions.



SKYROCKETING HOUSING COSTS

The cost of housing, for both homeowners and renters, is less affordable today than at any time in more than one hundred years – and it is on a steady path to get worse unless we act immediately. Affordable rental housing and entry level homeownership is out of reach for millions of working Americans from Portland, Maine to Portland, Oregon; from Nashville, Tennessee to Boise, Idaho. As NHC's Paycheck to Paycheck database makes clear, this is not just a problem in San Francisco or Los Angeles, California, although these areas show us what is to come if we continue to ignore this growing crisis. In all of these communities, a carpenter cannot afford to live in the home that he or she builds.

Every morning, in cities in every region of the country, men and women wake up in a tent or a car, wash up in a restroom, and go to work. If you haven't witnessed this yourself yet, you will. Over 4,000 homeless people in Los Angeles do it today, nearly 10 percent of its exploding homeless population.

The data guarantees this crisis will only get worse, as this chart from Freddie Mac makes all too clear. Housing is a continuum. Fewer homeowners mean more renters, more renters mean higher rents, and higher rents mean more economic homelessness, which is driving our national homeless numbers higher every year. It's the law of supply and demand, and that law cannot be repealed.

To reverse this trend, we must address local regulations that drive costs of existing housing even higher and increase the cost of building new housing higher than ever. Most of these market failures are self-inflicted. In California, for instance, development fees charged by local governments can reach $100,000 per unit, before a single permit is issued. While NHC members like Eden Housing are building affordable housing despite this locally-imposed disincentive, for-profit development of affordable housing units is strongly discouraged as a result. It's just one more example of how local policies have a direct impact on driving up homeless rates and drawing out commuting times.

Federal transportation assistance, highly coveted by local governments, should be denied to any state or local government that fails to repeal exclusionary zoning or charges paralyzing fees to build affordable housing. We also need to make it easier to build and finance affordable housing. As long as the cost of originating and servicing a loan exceeds the profitability of mortgages less than $150,000, this crisis will not end. No lasting company will seek out business that loses money.

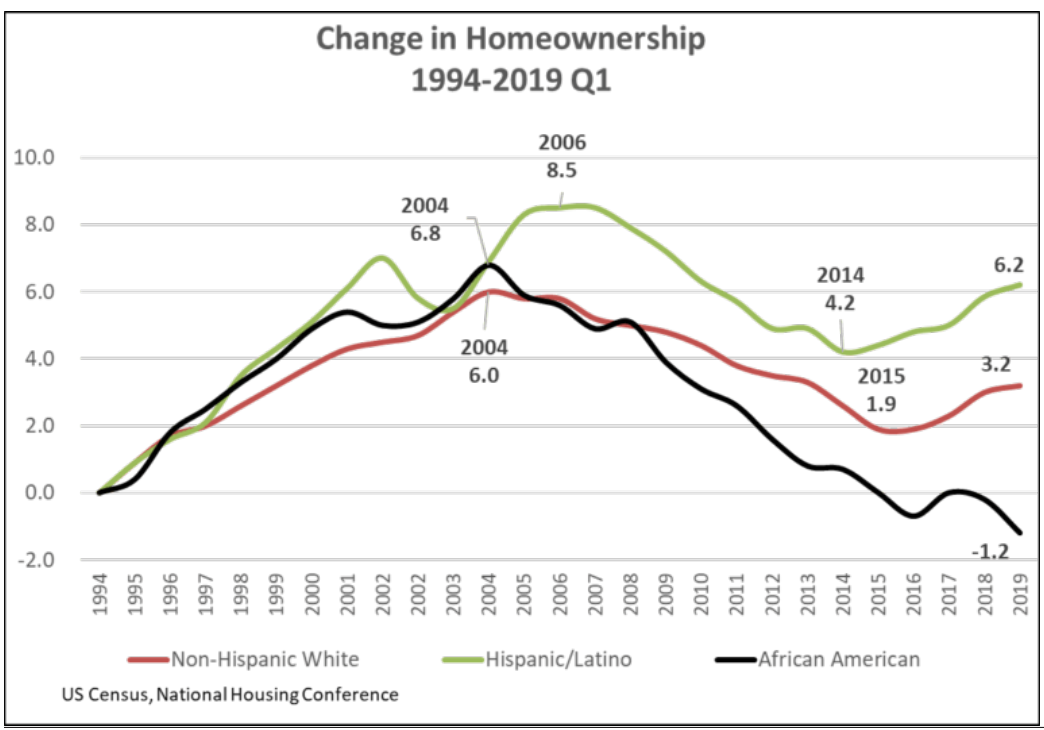
CRISIS IN BLACK HOMEOWNERSHIP

The homeownership rate for African Americans is lower today than it was when segregation was legal. It is a stunning reality that represents hundreds of thousands of American dreams turned into a family nightmare. The long-held false narrative was that too many African Americans bought homes they couldn't afford with bad mortgages made available by irresponsible housing policies like affordable housing goals for lenders and investors.

In fact, most black homeowners in 2004 were already homeowners and had good mortgages made by Fannie Mae, Freddie Mac and the Federal Housing Administration during the 1990's, driving their homeownership rate to nearly 48 percent according to the U.S. Census Bureau – before the rapid escalation of predatory lending to first time homebuyers. That growth in homeownership essentially ended as mortgage brokers and subprime lenders targeted them for equity stripping schemes that destroyed their home's value and left them on the edge of a cliff as the housing bubble burst. As the recession spread, a disproportionate share of them drowned in underwater homes.

The solution to this crisis begins with 1.7 million black millennials who are mortgage ready and earn more than $100,000 a year. If all of them were homeowners tomorrow, the black homeownership rate would be close to 50 percent. But like most millennials, they are concerned that housing is a bad investment and that down payment requirements are much higher than they are today. They are also burdened by the traumatizing experience of watching their parents and aunts and uncles and grandparents lose their homes during the Great Recession, often due to predatory lenders and toxic mortgages. Convincing them that homeownership is the single most impactful wealth generation tool, and that new laws and regulations have outlawed many of the practices and products that victimized their parents' generation, will be extraordinarily difficult. Successfully reversing the growing gap in black homeownership will yield essential strategies for closing the broader minority homeownership gap.

Taken together, these issues make up the bulk of NHC's important policy work. That's why NHC and our members have begun the hard work of writing a comprehensive National Housing Act for the 21st century. We have gathered experts to develop legislation to build more affordable homes for ownership and rental, end homelessness, enhance community development efforts while ending the displacement of the low and moderate income families that stayed committed to their neighborhoods, and addressing the devastating impact of climate change on our housing stock, which is likely to make all of these issues more difficult to address in the future.



More Housing Is Coming – But the National Shortage Will Persist

Tim Henderson, PEW Stateline Article, September 8, 2022

Local officials across the country have approved more than a million construction permits for new single-family and multifamily housing this year. That's up by nearly a third since 2019 and more than double the number from a decade ago, according to the U.S. Census Bureau.

Compared with the first seven months of 2019, Texas has issued 55,000 more permits, and Florida has issued 47,000 more this year. The number of permits issued is up by 17,000 in North Carolina, 14,000 in Arizona and more than 10,000 in California, where the state has tried to force municipalities to make it easier to construct new housing.

The number of permits issued declined only in Alaska, Hawaii, Illinois and the District of Columbia, a Stateline analysis shows.

Nevertheless, experts say it could take nearly a decade to erase the nation's housing shortage, which has driven up home prices and rents, pricing out many lower- and middle-income families. A Freddie Mac report released last year said the nation was short some 3.8 million units in 2020, up from 2.5 million in 2018. Experts cite a slowdown in building after the housing bubble of the late 2000s, with starter homes particularly lacking.

Furthermore, labor shortages and supply-chain issues have lengthened the time between the issuance of permits and construction. And some local officials across the country have resisted state plans to increase housing.

"How many people are living with relatives or friends and can't find a house? The safety net we have is generated by home ownership, and we're losing that," said Utah state Rep. Steve Waldrip, a Republican who sponsored a recent law that gives localities with more affordable housing an easier route to state transportation funding.

Robert Dietz, chief economist for the National Association of Home Builders, questions Freddie Mac's estimate of the nation's housing shortfall, saying it's closer to 1 million units. However, Dietz predicted that the deficit will grow this year, citing labor shortages and higher costs for building materials.

"When people say 'X' policy will help get more housing built, that means nothing if there isn't anyone to build it," Dietz said. He said construction is likely to start recovering next year, but he predicted it would take until at least 2030 to bring housing supply back into proportion with demand so prices can ease.

The housing gap is larger for single-family homes, which are more sensitive to high interest rates. By raising interest rates to tame inflation, the Federal Reserve likely will slam the brakes on construction of new single-family homes, said Nadia Evangelou, director of forecasting and senior economist for the National Association of Realtors. The association said the nation needs 5.5 million more single-family and multifamily units. Building that many would take a decade, even with accelerated construction.

States that have tried to promote the construction of more housing often are thwarted by local officials, who have the most say in what gets built and where, said Alexander Hermann, a senior research analyst at Harvard's Joint Center for Housing Studies, which in a June report noted that record numbers of homes are currently under construction.

"Obviously, statewide initiatives have the potential for a much greater impact," Hermann said.

California has a new eight-year plan that sets a goal of 2.5 million new homes, including a million for low-income families, more than twice the number in the last plan. Local resistance has been fierce, however. A state audit in 2020 noted that some wealthy cities, such as Newport Beach, were assigned less than their fair share of affordable housing, just two units, compared with 1,100 for nearby and comparably sized Lake Forest. Democratic Attorney General Rob Bonta accused the town of Woodside of trying to evade new housing rules this year by declaring itself a mountain lion sanctuary.

California has stepped up efforts to enforce local compliance with laws requiring zoning for more housing, threatening fines or even court-supervised rezoning.

"Recalcitrant cities are getting blown away by court rulings and state enforcement," said Stephen Levy, director of the Center for Continuing Study of the California Economy, a private economic research group based in Palo Alto.

Levy said the state's last eight-year housing plan was "a disaster," noting that some cities in Silicon Valley have only a small fraction of the low-income housing the state asked for by the end of 2022. Cupertino, for example, has approved permits for 19 units compared with a goal of 563 by the end of 2022, and Sunnyvale has 193 toward a goal of 2,555, Levy said.

The housing shortage is so dire that even in Connecticut, known for local rules that require large lots for single family homes, state lawmakers are considering changes. On 81% of the land in Connecticut that is zoned for residential use, the governing municipality requires each new home to be on at least .92 of an acre. On 51% of the state's land, the requirement is almost two acres, according to a 2021 Cornell University study.

A bill in Connecticut proposed last year, and revived in 2022, would create 10-year state housing plans, dividing up responsibility for producing affordable housing among regions of the state. The bill has yet to get out of committee despite support from state House Majority Leader Jason Rojas, a Democrat.

Rojas said he will try to bring the bill back next year, saying it's based on similar plans in both California and New Jersey.

"We're going to have to split the baby and make it not so much a top-down mandate, which doesn't fly in a place like Connecticut, which has an affinity for local control," Rojas said.

The idea faces local opposition.

It would be "very devastating for communities throughout Connecticut" and "force an arbitrary allocation of affordable housing units to every municipality," wrote Alexis Harrison, a Fairfield Town Planning and Zoning Commission member, in an editorial.

Waldrip, the Utah state legislator, said localities have raised similar complaints in his state. But, he said, "It's a serious enough situation that even a Republican, free-market state needs to take it very seriously."

By one measure, Utah has the fastest housing growth in the country, approving 34.5 new units per 1,000 existing units last year, according to calculations provided by Hermann of the Joint Center for Housing Studies. Even so, prices have risen beyond the means of most Utahns.

"I couldn't believe it when the median home price hit $600,000 for Salt Lake City. I thought I'd never see it," said Dejan Eskic, a housing expert at the University of Utah's Kem C. Gardner Policy Institute. He said 71% of families in the state can no longer buy the median-priced home in their area, despite a record 40,144 homes approved last year.

As in many states, Utah experts could see the price problems coming 10 years ago, when the population started booming but homebuilding was still on hold after the housing bubble burst in the last 2000s.

"We were permitting less than 10,000 homes but population growth didn't stop, and we said, 'Uh-oh, prices are about to take off,'" Eskic said.

States can improve housing well-being through thoughtfully designed policies

Jenny Schuetz, The Brookings Institution, November 15, 2021

Rising housing costs have become an increasingly salient political issue for state-level elected officials across the United States. Local governments have traditionally exerted the most direct control over land use and housing production, yet political and fiscal incentives align to pressure local officials into restricting new development, especially of moderately priced homes. However, state governments are increasingly feeling the pinch of poorly functioning housing markets in several ways. Inadequate supply, especially in near job centers and transportation infrastructure, makes it harder for companies to recruit and retain workers. Most new housing is developed on the urban fringe in car-dependent locations, leading to higher traffic volumes and more greenhouse gas emissions. Exclusionary zoning by affluent, high-opportunity communities restricts economic mobility and exacerbates racial and economic segregation. In short, the economic, social, and environmental costs of poorly functioning housing markets spill over beyond local boundaries to affect entire regions and states. State-level action has the potential to improve these outcomes.

In a new study, I examine what state governments can—and should—do to encourage healthy housing markets. I identify four broad goals to guide statewide housing policies, discussed in more detail below. To illustrate the range of existing state policy approaches, I examine the types of policies uses by five contrasting states: California, Massachusetts, Oregon, Utah, and Virginia. To achieve any particular goal, states can use a variety of different policy tools, giving them flexibility to design an approach that fits their economic needs, institutional capacity, and political circumstances.

GOAL #1: ANALYZE STATE HOUSING MARKET CONDITIONS TO DESIGN APPROPRIATE POLICIES

Before adopting or amending housing policies, state leaders should use data to identify key needs and challenges, and design their interventions accordingly. Comparing a handful of simple metrics across the five sampled states illustrates how differences in underlying market conditions can inform policy choices (Figure 1).

Figure 1: Housing market conditions & needs vary across states
Population growth, housing affordability, and housing age for selected states

Housing characteristic	California	Massachusetts	Oregon	Utah	Virginia
Population growth, 2009-2019	0.08	0.05	0.10	0.16	0.10
Median home value-to-income	7.00	4.78	4.85	3.94	3.92
Housing built pre-1940 (%)	8.9	33.1	11.0	6.9	6.8

Source: NHGIS American Community Survey 5-year estimates. State numbers are county-level averages, weighted by 2019 county population.

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Population growth is a primary driver of housing demand: Fast-growing places need to build more housing to accommodate more people. Utah counties experienced by far the highest average population growth (0.16) between 2009 and 2019, three times as high as Massachusetts counties. This implies that the typical Utah locality will need to expand housing supply more than localities in other states, particularly slow-growth states like Massachusetts.

A helpful affordability metric is the ratio of median home values to median household incomes. Value-to-income ratios between 3 and 4 are considered healthy, because they imply that the typical household could buy a home while spending about one-third of their monthly income on housing. Of the studied states, only Utah and Virginia fall in that range. California has (unsurprisingly) the most expensive housing, with median home value-to-income ratios around 7.00—well above any threshold for "affordable."

The final metric, the share of housing built before 1940, is a proxy for housing quality. Older homes typically have higher maintenance needs, including lower energy efficiency. Massachusetts stands out for having a very large share of older housing.

Although specific policy priorities and strategies will vary across states, based on underlying housing market conditions, most states could benefit from policies to address the next three goals:

- ◊ Encourage housing production in places with strong demand
- ◊ Provide financial support to low-income households,
- ◊ Reduce climate risks

GOAL #2: ENCOURAGE HOUSING PRODUCTION IN PLACES WITH STRONG DEMAND

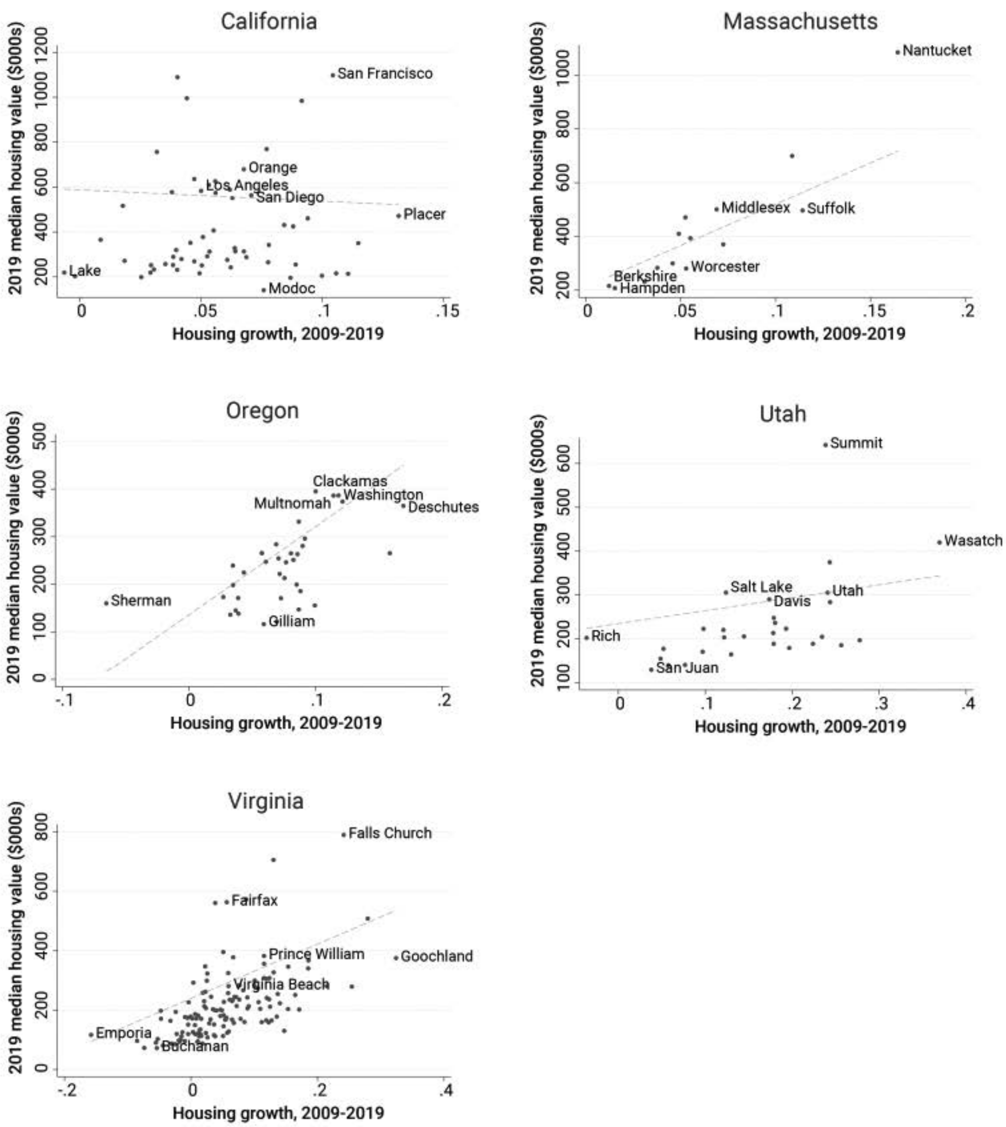
Current debates over how statewide zoning reform start with the assumption that local governments are overly restrictive of housing, needing more state oversight. This raises the question: Are strict zoning and limited housing production prevalent across all (or most) localities within states? One simple diagnostic is to look at the relationship between housing growth and prices or rents: In well-functioning housing markets, places with strong demand will add more housing, while places with weak demand build very little.

Graphing county-level housing values and changes in the number of homes for our sample states shows the expected positive relationship in four states (Figure 2).

In Massachusetts, Oregon, Utah, and Virginia, counties that had higher population growth from 2009 to 2019 had higher housing values in 2019. (Counties offer a consistent unit of analysis across states, although cities and towns also play important roles in land use regulation.) California is the one exception: The more rapidly growing counties are among the least expensive. This corresponds with prior research that affluent counties have the most restrictive regulations and generally oppose new development.

Figure 2: In most states, more housing was added in high-demand counties

County median housing values (2019) and housing unit growth (2009-2019)



Source: NHGIS ACS 5-year estimates, 2009 and 2019. Regression lines weighted by 2019 population. Each graph includes county names for the three most populous counties in the state, the most and least expensive counties, and the counties with highest and lowest housing growth.

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States have at least four different strategies to incentivize local governments to allow more development in places with strong demand. These can be designed either to apply to all localities within a state or targeted towards specific places where supply lags demand. Broadly defined, these strategies include:

◊ Financial carrots and/or sticks tied to quantitative housing production targets

◊ Oversight of local land use planning

◊ Create a "builders remedy" that allows developers to override local zoning under certain conditions (for instance, to construct below-market-rate housing),

◊ State pre-emption of specific zoning rules

Over the past few years, several states have focused on preemption of narrowly defined rules, especially zoning bans on accessory dwelling units (ADUs) and duplexes. However, the most effective policies will target improved housing outcomes, such as increased production or affordability. Land use regulations are complex and multi-layered, making it easy for localities that don't want to produce housing to appear compliant on paper while actually not building anything. For example, a city's zoning might technically allow duplexes, while large setback requirements or low floor-to-area ratios make them financially infeasible or impractical.

GOAL #3: PROVIDE FINANCIAL SUPPORT TO LOW-INCOME HOUSEHOLDS

Even in well-functioning housing markets with abundant housing, the poorest 20% of households in all parts of the U.S. cannot afford even modest market-rate housing without subsidies. This is primarily a reflection of very low wages, and so can be most directly addressed by giving poor households direct financial assistance. Because federal housing subsidies are not an entitlement, only one in four poor renters receive any federal rental subsidy. States have a number of different ways they can support low-income households including:

◊ Household-based rental assistance, such as vouchers and homelessness prevention services

◊ Supply-side rental assistance, including the federal Low-Income Housing Tax Credit (LIHTC) program

◊ Subsidies to help low-income homeowners with maintenance and utility costs,

◊ Down-paymentassistance for first-time homeowners

GOAL #4: REDUCE CLIMATE RISKS

Land use regulation and building codes are part of the toolkit available to state governments to reduce the risk and harm of climate change. Ideally, state environmental protection laws should discourage development in risky and/or sensitive locations (e.g. flood- and fire-prone areas) and encourage climate-friendly homes (energy efficient materials, structures, and locations), while not unduly restricting overall housing stock relative to population and job growth. In practice, states often struggle to balance these goals. The clearest example is California's landmark environmental protection law, CEQA. Adopted in the 1970s with the intent to limit environmentally damaging development, in recent years CEQA has been weaponized by NIMBY homeowners to block projects with broad public benefits, including climate-friendly projects like bike lanes.

CURRENT STATE HOUSING POLICIES START FROM WIDELY VARYING BASELINES

Housing policies in the five studied states vary along several important dimensions. They represent different points along the intensity and complexity of current policies, from highly complex (California) to lightest touch (Utah and Virginia). The states' legal and institutional structures—the framework within which localities operate—also vary widely. California sets housing production targets for metro areas and localities—although these targets have not been effectively enforced. California and Oregon have explicit statewide mandates to monitor land use planning and/or housing production. Massachusetts has a statewide "fair share" rule focused on low-income housing, which allows developers to override local zoning under certain conditions. All five states offer some types of housing subsidies, but differ in the target populations and activities. Figure 3 summarizes high-level differences in how each state addresses the four policy goals; specific policies and institutional structures are discussed in more detail in the longer report.

Figure 3: Policy goals and roles vary across states

State govt roles	California	Massachusetts	Oregon	Utah	Virginia
Assess housing market conditions					
Data collection/analysis	Yes	Yes	Yes	No	Occasional
Support well-functioning markets					
Housing production targets	Yes	Yes	No	No	No
Direct role in land use planning	Yes	No	Yes	No	No
Pre-empt local policies/practices	Yes	Yes	Yes	No	Yes
Zoning override mechanism	No	Yes	No	No	No
Financial support for low-income households					
Homeowner or rental subsidies	Yes	Yes	Yes	Yes	Yes
Reduce climate harms & conserve resources	Yes	Yes	Yes	n/a	n/a

Note: Policies marked as "Yes" can include partial or targeted policies (e.g. states that pre-empt local policies do this only in specific instances).

Source: Author's review of state housing agency websites

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GETTING POLICY JUST RIGHT REQUIRES GOOD DATA, CAREFUL PLANNING, AND A WILLINGNESS TO EXPERIMENT

Because states currently start from such different baselines—both in market conditions and institutional capacity—there is not one consistent set of recommendations that will work for all states. California would benefit from simplifying and streamlining its many complex programs and regulations. Virginia and Utah will need to start slowly, assessing current needs and building up staff capacity. With that caveat, three general rules of good policy can benefit all states.

◊ Do your homework. Thoughtful data analysis is the foundation of solid policy.

◊ Experiment, evaluate, and tweak. It's hard to get policy "just right" on the first try, especially in such a complex and fast-changing market. Implementing pilot programs that can be evaluated and tweaked before rolling out at scale can help deliver better long-term results.

◊ Keep things simple. Complex policies and regulations require more staff time and resources to administer and oversee and impose higher administrative burdens on grant recipients to comply.

◊ Think hard about unintended consequences. Policies can have ripple effects that undermine their primary goals—and it's very difficult to reform or repeal harmful policies (like California's CEQA and Prop 13) once they become deeply entrenched.

The Future of Affordable Housing

Greg Horton, 405 Business, February 1, 2023

Despite housing costs sitting 25 percent below the national average, Oklahoma City had the third highest increase in rental rates between 2000 to 2020, urging voters to pass a $10 million subsidy in 2017 to help out. Where will rental prices land as OKC's population growth continues to spike demand for housing?

The affordable housing report delivered to the Oklahoma City City Council in August 2021 is probably best described as sobering.

Prepared by Denver-based Economic and Planning Systems, Inc., the report was pretty stark in its assessment of OKC's affordable housing climate. Among the key findings was this observation: "Overall strong and resilient economy, yet portions of the population do not share in this experience."

Yes, there is a bit of a Captain Obvious vibe to the observation. What city, after all, does not have a portion of the population that doesn't share in the economic benefits? From jail inmates to homeless locals to the working poor, every city has demographics that don't share in the prosperity of a rapidly developing city. When combined with the next key finding, though, it's apparent that OKC is rapidly approaching an affordable housing problem, if not a full-blown crisis.

"Renters confront limited housing options, unaffordable rents, units in poor condition, and a regulatory framework that perpetuates instability."

"Affordable housing" is a phrase that will always be defined relative to context, so for governmental purposes, the metric is based on area median income, which for Oklahoma City is $73,200 – a number that is based on the wider OKC metro, not Oklahoma City proper.

The report noted that residents who earned below 60% of the area median income (roughly $50,000) were more likely to be:

- living in housing in serious need of rehab
- struggling with a life event, compromising ability
- to cover living expenses or hold a job
- trying to remedy bad credit history
- having trouble finding accessible housing
- experiencing discrimination.
-

The report also notes Oklahoma City has one of the highest mortgage denial rates in the country at 8% (in excess of 15% for Black and Hispanic applicants) as well as one of the country's highest eviction rates. That's followed by the observation that state statutes "give little recourse to renters to make repairs or protect them against landlord retaliation."

Maurianna Adams, chief community investment officer at MetaFund, said OKC is behind in addressing the issue of affordable housing.

"Like other markets our size, Oklahoma City was already short on affordable units going into the pandemic," Adams said. "The pandemic caused construction on affordable housing to stall, and then came materials shortages, supply chain issues, labor shortages and inflation. Now housing prices are spiking. We need policies that help us become more developer friendly for affordable housing, and we need better protections for tenants."

Mayor David Holt acknowledged that as the city grows, affordable housing "is going to be a growing issue.

"In 2017, voters passed the first bond issue that contained a specific subsidy for affordable housing," Holt said. "Developers who want access to the $10 million set aside for the purpose must agree to keep a portion of the apartments or units at a certain rate."

Outside of the city's faster-growing suburbs, the closer you get to the urban core, the higher housing costs get, and that includes rentals and tenant-owned housing. In fact, the report noted that OKC had the third sharpest increase in rental rates between 2000 and 2020, when 10 similar markets (Kansas City, Nashville, Ft. Worth, St. Louis, Tucson, etc.) were compared. Only Tucson and Austin had more drastic increases. Much of that rental increase can be found in and around downtown.

Given that much of the urban core is driven by a workforce who can't afford to live in downtown, affordable housing in and around the urban core would seem to be important, given that OKC doesn't yet have wide-reaching mass transportation, which means affordable housing and reliable transportation are critical.

"As the desirability of our community increases, so does the cost of housing," Holt said. "More people wanting to live here drives up the cost."

The report also noted that as of 2019, no single tract of residential property in the area considered "downtown" by the U.S. Census is considered affordable. In fact, only two designations in downtown exist: non-residential and not affordable.

"We have to start considering more innovative models," Adams said. "Currently, developers have to create some properties available at below-market rates, and then rely on government or private sources to make up the difference."

That is the model that the 2017 allocation typically funds. Holt said that most of the applicants for those funds have been working on a percentage-of-units basis. Adams, congruent with the reports recommendations, would like to see more innovative and flexible approaches, like community land trusts.

A community land trust is typically a non-profit that holds land – Adams suggests adjacent lots – on behalf of a community and is, legally speaking, the long-term steward for the purpose of affordable housing and other community benefits. The city has been using federal community development block grants (under HUD) that subsidize "decent housing and a suitable living environment," to quote HUD's verbiage. They do allow some flexibility, and do provide funds for affordable housing in small blocks that are part of larger developments.

The report noted that OKC needs a mechanism to ensure long-term affordability. Leaders don't disagree with that finding, so the next step is shaping policies that become the mechanism.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

The battle is on to increase housing supply; we'll see if it works

Jon Talton, The Seattle Times, March 3, 2023

This may be the year of aggressive efforts to increase the housing supply in Washington and Seattle.

A total of 13 bills are moving through the Legislature with bipartisan support. They would speed permitting, make it easier to build "mother-in-law" units adjacent to existing houses, and allow lots of more than 1,500 square feet to be subdivided to allow for more building.

According to a poll commissioned by the Sightline Institute, which favors more density, 71% of respondents supported a proposal to eliminate local zoning ordinances that allow exclusively single-family housing in localities with more than 6,000 residents. The caveat: The sampling was only 613 voters.

Not all proposals are sure to pass without a fight. For example, House Bill 1110 is moving slowly through the process in Olympia.

It would override local zoning rules in cities statewide to allow for greater density in every neighborhood and end exclusive carve-outs for single-family houses. Not surprisingly, this is facing opposition from localities seeking to retain control of zoning and residents concerned about preserving neighborhood character and property values.

Oregon passed a law to eliminate single-family zoning for localities of 10,000 or more in 2019. California passed two measures in 2021 doing much the same thing. Minneapolis was the first major city to take this step, in 2019.

Another controversial set of bills concerns landlords and tenants. They would put a cap on rent increases and require additional advance notice of large rent hikes, among other new regulations. For example, House Bill 1388 isn't shy about its intentions: "Protecting tenants by prohibiting predatory residential rent practices and by applying the consumer protection act to the residential landlord-tenant act and the manufactured/mobile home landlord-tenant act."

Landlords are opposed to this and other measures and not out of venality. Unintended consequences abound, such as mom-and-pop landlords carrying mortgages might be forced to sell. The rental property would be taken off the market as McMansions are built in their place.

Paula Joneli of Des Moines recently wrote a letter to the editor arguing, "As we contemplate introducing multifamily zoning into 'traditional' neighborhoods, perhaps we also need to consider limiting non-owner occupancy rates in residential neighborhoods.

"Non-owner occupants typically hold properties for income and appreciation while living away from the property. Absentee owners contribute to neighborhood declines. 'Buy and hold' strategies decrease sellable homes, resulting in price increases/seller profits, with the end result of less affordable homes. Note: Limiting NOOs does not preclude an owner from living in one unit of a two-, three- or four-Plex as their primary residence."

Yet a differentiation should be made between private equity and other financial outfits owning large numbers of properties as investments, and ordinary landlords who live off the rents on one or two houses. No evidence exists that the latter always contribute to the decline of neighborhoods. Aside from the stereotypical slumlord, these owners have a vested interest in maintaining quality neighborhoods.

Still, the goals of the legislation are to increase housing supply and make it more affordable.

Nationally, the median home price was $427,500 as of January, according to the Census Bureau and U.S. Department of Housing and Urban Development. Washington's was $560,400 as of 2021, according to the most recent state data.

The University of Washington's Washington Center for Real Estate Research pegged the median resale value of a house in King County at $860,100 in the fourth quarter of 2022. Meanwhile, Zillow recently reported the average house "value" statewide was $553,846, up 3.9% over the past year.

However you slice it, Washington — and especially the Seattle area — is one of the most expensive areas to live in the country.

At the same time, the state Department of Commerce estimates Washington will need 1 million additional dwelling units by 2044.

Meanwhile, Seattle voters recently approved a measure to create so-called social housing.

The novel — at least in the United States — program creates a quasi-governmental social housing developer to build or convert, as well as manage, low-income housing in the city. The units would cater to people making between 0% and 120% of the area's median income. Rent would be capped at no more than 30% of their income.

The catch is where the funding would come from. It's not included in the city budget — already stressed by the consequences of the pandemic — and help from the state and federal government isn't guaranteed. New taxes would be sure to cause a brawl in Olympia.

And this would be on top of the Seattle Housing Levy, which funds projects for the lowest-income residents. Voters will be asked to renew it in November at an estimated $900 million.

It's worth noting that more affordable housing is already available in the region, at least as so-called "workforce housing" for teachers, police officers, firefighters and other middle-income residents.

This ranges from increasing transit-oriented development along light rail, to locations in Tacoma and elsewhere in Pierce County. Sound Transit could help by rearranging schedules for Sounder commuter trains from traditional office hours to trains throughout the day and at night.

But all these new measures pose the ultimate question of whether the most desirable West Coast cities can be made genuinely affordable.

As a young reporter in the 1980s, I covered real estate in San Diego. Paid in "sunshine dollars," I could barely afford my apartment two blocks from the beach and had no hope of ever buying a home. I had to set out and continue my career elsewhere, gaining skills and experience, and earning better salaries until I could.

And San Diego? It's as expensive as ever, with marginal ups and downs. The same is true for Seattle.

We'll see what happens now.

Jon Talton writes about business and the Pacific Northwest economy in the Sunday Seattle Times.

Notes

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Take notes, highlight, use as a text book.

Tackling Rural America's 'Hidden' Housing Crisis

Taylor Sisk and Jan Pytalski, Center for Rural Strategies, March 15, 2023

What does homelessness in rural America look like?

In Southwest Oregon it looks like a city of under 25,000 residents with nearly 150 people on a waitlist for temporary housing.

In Eastern Kentucky, it looks like a severe shortage of affordable housing made immeasurably worse by a natural disaster.

For many tens of thousands of individuals and families in rural America, it looks like another anxiety-ridden night.

Homelessness in rural communities is generally less conspicuous than major cities like Portland, Oregon, or Los Angeles. "In rural communities, homelessness does tend to be more hidden," said Adrienne Bush, director of the Homeless & Housing Coalition of Kentucky. "It expresses itself through housing insecurity, folks doubled up with friends or family, people couch surfing because they don't have a place of their own."

Nationwide, homelessness rose less than a half percent from 2020 to 2022 but almost 6% in rural communities. The reasons are many and varied.

A primary factor is, of course, the cost of housing, said Lance George, director of research and information at the Housing Assistance Council in Washington, D.C. Wages are often stagnant, he said, and housing costs keep rising.

Compounding the problem is the fact that because large-scale development is rare in rural communities, construction costs are often higher and there's therefore less incentive for private investment.

But some rural communities are rising to the challenge, recognizing that getting people into at least temporary housing is critical to the health and well-being of the entire community.

George said working with community-based organizations inspires him.

"They're incredibly resourceful and ingenious and work on shoestring budgets and get amazing amounts of work done. They provide amazing services for their communities. And that inspires my hope."

Two such examples are found in rural Oregon and Kentucky.

Multiple Layers of Complexity

Roseburg (pop. 23,701), Oregon, is the county seat for Douglas County and claims to be the "Timber Capital of the Nation." The county is big and primarily rural. It stretches some 100 miles from north to south and 200 from the Pacific coast inland to the east.

To put it in perspective, it's bigger than the state of Connecticut.

Located on the southern edge of Roseburg's downtown is the Gary Leif Navigation Center, a shelter that provides a place to sleep and a variety of wraparound services for the unhoused, which is the term many housing advocates prefer.

The county's size adds multiple layers of complexity to caring for the unhoused – insufficient transportation, problems with locating individuals to reconnect them with family, and centralized social services – making access problematic to many outside Roseburg. And there are many who need help.

During the 2023 Point-in-Time Count, a nationwide annual event designed to estimate the number of unhoused people on a given night, 150 people showed up to be counted and another 200 were counted across homeless encampments in the county.

The center has been open since the summer of 2022 and currently provides 10 pods that offer an air-conditioned and heated safe environment for individuals to sleep and store their belongings. The pods are 8 feet square and contain some basic storage, beds, and a place to lock a bicycle on the outside.

The shelter's guests can also cook and store their own food in a communal kitchen in a separate building.

It's operated by the United Community Action Network. According to Shaun Pritchard, UCAN's executive director, being a known entity in the rural community is one of the keys to success.

"Our ability to do this is really because we're a trusted community partner," Pritchard said. "If you had somebody coming in from the outside to try to do this work, it probably wouldn't go over so well."

"We've been here 50 years; we've run the public bus system, we run…the food bank. People know us, we're their friends and neighbors, and so they know we'll give it our best shot to try to do this work, and they don't expect perfection out of us."

Nicole Brown, now a member of the shelter staff, experienced homelessness herself. When she heard about the job opening at the center, she jumped at the opportunity. "I

Nicole Brown, right, wanted to serve on the "frontlines," having experienced homelessness herself. Melissa Thomas, left, is known around the shelter for "not taking any crap." She makes sure things run smoothly. (Photo by Jan Pytalski)

wanted to be on the frontlines," she said.

The pods are phase one of the project. Phase two is underway and includes remodeling the adjacent building into a congregate shelter with an additional 30 beds. Once complete, it will be a low-barrier shelter and the pods will be exclusively for family housing.

A low-barrier shelter means that almost anyone who comes through the door will be taken care of, regardless of their past or present problems and life circumstances, said Erica Kimrey, UCAN's shelter program manager. Only people with Level 3 sex offenses can't be served at the shelter.

Kimrey said there are 136 people on the waitlist for a spot in the pods. Of those, 39 are "medically needy" or have kids. Everyone currently being housed has an income, either through employment or Social Security, she said.

Kimrey said about half of the homeless population in Roseburg comes from the area. Others arrive via the I-5 corridor, many of them victims of wildfires or the pandemic. Still more are in the area seeking treatment at the local VA hospital.

"The VA plays a huge role in bringing people to this community because of how large it is and the fact that it provides not just mental health services, but it has housing and urgent care services," Kimrey said.

Roseburg's VA hospital serves about 62,000 veterans from three counties in Oregon and one county in California. Its massive, 200-acre campus has 32 buildings.

"Unfortunately, they don't have the amount of housing that is needed to serve their population," Kimrey said. "We're working with a pretty high level of veterans on the street."

An extreme shortage of affordable housing is a primary source of homelessness in Roseburg.

Even two new housing developments with dedicated low-income units have not made a dent in the community's housing needs. Jordan Jungwirth, UCAN's housing and supportive services director, said the addition of these large complexes hasn't had much impact on the problem.

According to Jungwirth there is not enough low-income inventory added, while the market-rate apartments remain too expensive for unhoused people. The two new apartment complexes available and two more planned will collectively add 400 units to Roseburg's housing inventory.

East Kentucky: Putting Housing First

Across the country in the Central Appalachian hills of East Kentucky, local elected officials have been known to say that homelessness is not an issue. Angela Crase can inform them otherwise.

Crase is director of residential property management for Kentucky River Community Care. She said that in the most recent Point-in-Time Count, they were surprised to document more than 40 unhoused people in Perry County, one of eight rural Eastern Kentucky counties the agency serves.

Forty may not seem like a lot, but in a county of fewer than 30,000 people, and considering that those who are "hidden" – those in transit, tripled up with relatives or camped in dense wooded areas – probably number far more than that, it's a source of concern.

Kentucky River Community Care is a nonprofit community mental health center, part of a network of such facilities the state established in the 1960s after John Kennedy signed the Community Mental Health Act of 1963. KRCC's leadership recognized years ago the need to provide housing for those with behavioral health issues.

"The basic premise was that in order to have healthy clients, they had to have a clean, decent, affordable place to live," said Phillip Hardin, KRCC's facilities director.

Today, KRCC provides housing opportunities not only for those with behavioral health issues but anyone in need. A range of options are offered.

KRCC oversees 114 apartments throughout its region. It operates the Rose Building Apartments, a 17-unit facility in Breathitt County for people with behavioral health issues or intellectual or developmental disabilities. It has a rental assistance program. And it operates Knott County's Hickory Hill Recovery Center, a peer-driven residential recovery facility for men.

Supportive services include assistance with day-to-day issues. "We work with them to be a good tenant," Crase said.

KRCC has demonstrated that in pulling together resources in eight counties, it can execute big city-type projects, said Sarah Morgan, vice president and chief investment officer for Fahe, a network of more than 50 community-building Appalachia-based nonprofits, of which KRCC is a member. "It's been phenomenal."

"We follow a housing first model," Crase said. This approach recognizes the need for the most fundamental necessities to be met before addressing substance use, mental health concerns or employment. "It's hard to work on those things when you don't have a stable place to live," she said.

Stacy Miller, 45, is a Breathitt County native. She and Crase have known each other for years. Miller has experienced domestic abuse that resulted in a broken jaw, and she's recently had several deaths in her family. She previously lived in the Rose Building but has moved into a KRCC-managed apartment with her cat, Snowball.

Miller gives a proud tour of her apartment. "It looks nice, Stacy," Crase said. "It looks real nice in here."

"I love it here," Miller said.

July's catastrophic flooding in Eastern Kentucky has dealt a heavy blow to housing options in the region. Affordable property was already so scarce, Hardin said. And now FEMA will be reevaluating the floodplain to determine where rebuilding or new development will be permitted.

Serendipitous Outcomes

In Roseburg, the money for the Gary Leif Navigation Center comes from the state of Oregon and is disbursed by the city. UCAN is contracted by the city to operate the shelter. This places the bulk of responsibility for dealing with the community's homelessness issue on the city's shoulders. Instead of funding organizations like UCAN directly, the state goes through the town hall. To keep the funding, the city must show results. Phase one of the shelter had to be completed within a year; they made it just in time.

The building under renovation for phase 2 of the navigation center development previously served as the headquarters of the Southern Oregon Log Scaling & Grading Bureau. Now, old money vaults will serve as laundry rooms and showers. Once completed, phase two of the project will increase the shelter's bed capacity by 30. But more importantly, it will serve as a safe haven with basic amenities and access to wraparound services, as well as a stable address residents can use to receive mail, facilitating access to a range of services.

With the navigation center adjacent to the shelter, "we have a front-door service," Kimrey said, allowing people to easily access services and receive referrals.

Kimrey tells of a man who's received assistance for a number of years and now visits every day, often just to see a friendly face. One day while visiting, one of the coordinators helping him with his job applications received a call back from a potential employer. She put him right on the phone, Kimrey recalled. You can never know where that initial connection will lead.

Attainable

"I do believe that housing is a human right," said Bush with the Homeless & Housing Coalition of Kentucky. "We have Medicaid," she noted. Housing protection should likewise be provided. "For those for whom the private housing market isn't working, there should be an intervention."

"When I first started this job, it was hard to get the media's attention about housing," Bush said. "But one thing that I think has changed is that it's part of the public awareness now – at the community level, but also there's a policy window that I think wasn't there 10 years ago."

"I continue to gain hope and optimism from local community-based organizations," Lance George affirmed. "They're the ones that are going to solve this problem."

Bush is convinced that a home for all in rural America is attainable. "I look at places like [Los Angeles] and D.C., and I'm like, 'Oh, my God. The math doesn't work,'" she said. But in rural communities, where the will is there – and chronic homelessness is recognized as an issue somewhat other than a "lifestyle" choice – "I really firmly believe we can solve homelessness and housing insecurity."

Taylor Sisk is a freelance reporter who had his work published in Kaiser Health News, National Geographic, and 100 Days in Appalachia, among others.

Jan Pytalski is the associate editor of The Daily Yonder.

In Nearly Every State, People of Color Are Less Likely to Own Homes Compared To White Households

Alexander Hermann, Harvard Joint Center for Housing Studies, February 8, 2023

In every state across the US, Black, Hispanic, and Native American households have lower homeownership rates than white households; likewise, Asian households were less likely to be homeowners in all states but Hawaii. While these racial homeownership gaps vary somewhat state-to-state, their extent and persistence across the country demonstrate the need for coordinated policies and programs—at the state and national level—to address these gaps.

According to Center tabulations of the American Community Survey, fully 71.7 percent of white households owned their homes in the US in 2015–2019 compared to 47.0 percent of households of color, representing a 24.6 percentage point racial homeownership gap. (Households of color are those headed by someone who identifies as Hispanic, or as some race other than white.) The data for the interactive chart below show how these homeownership rates and the size of the racial homeownership gap vary by different racial/ethnic groups in all 50 states plus Washington, DC. We use the 5-year American Community Survey because it produces a larger sample size in less populous, less diverse states like Montana, Wyoming, and Vermont, which allows us to make more detailed comparisons by race/ethnicity in all states.

While homeownership rate gaps are pervasive, they tend to be largest in states in the Northeast and Midwest. The homeownership rate gap between white households and households of color exceeded 30 percentage points in 13 states, for example, with the widest gaps in Connecticut (35.8 percentage points), South Dakota (35.7 percentage points points), North Dakota (35.7 percentage points), and Wisconsin (35.4 percentage points). Gaps exceeded 30 percentage points in both relatively low-cost states like Iowa and Michigan, as well as higher-cost states like New York and Massachusetts.

Racial homeownership gaps persisted but were somewhat narrower in many Western states. Indeed, the racial homeownership gap was below 20 percentage points in 12 states, with the smallest gaps in New Mexico (8.4 percentage points), Wyoming (14.8 percentage points), Washington, DC (15.2 percentage points), and California (16.5 percentage points). In fact, only in Hawaii were people of color (59.1 percent) more likely to own their homes than white households (56.4 percent), driven at least partially by the lowest homeownership rate among white households nationally outside of Washington, DC and the highest homeownership rate among Asian households (70.4 percent).

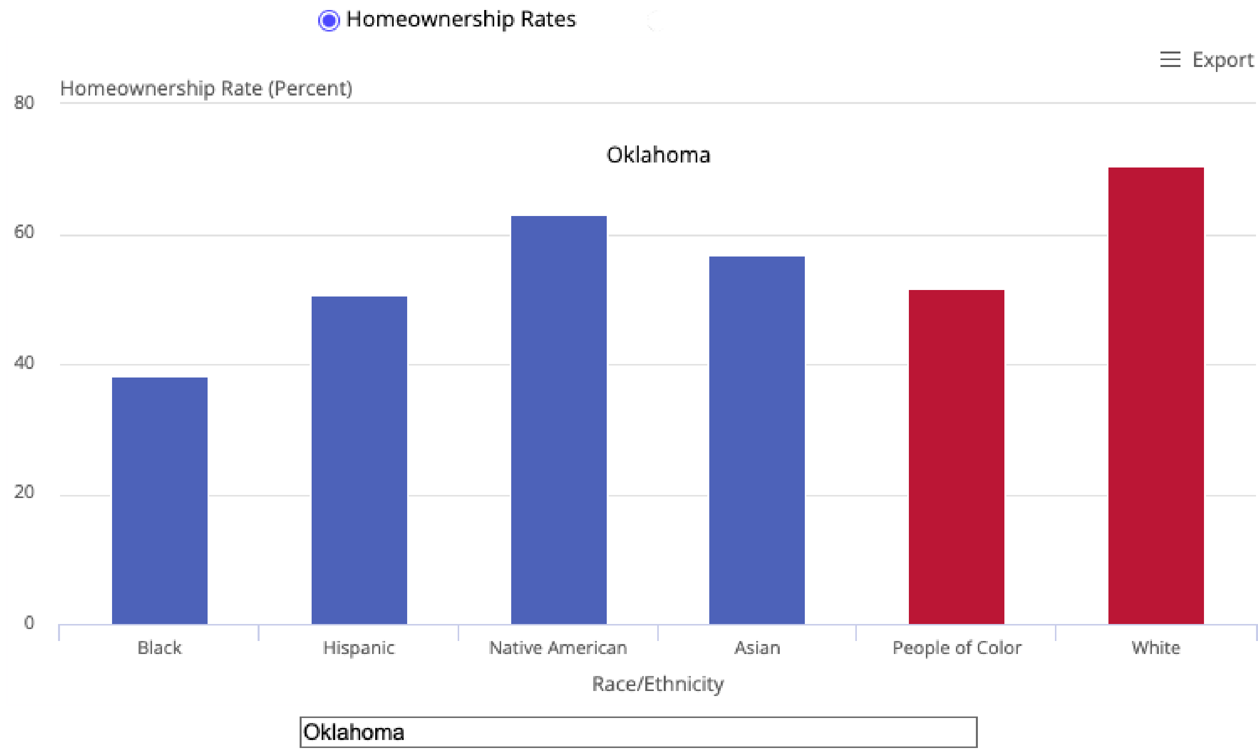
However, the racial homeownership gap is most striking for Black households. At just 41.7 percent, Black households have the lowest homeownership rate nationally—30.0 percentage points lower than white households. Indeed, Black-white homeownership gaps exceeded 30 percentage points in 37 states, including 10 states where they exceeded 40 percentage points. Homeownership rates among Black households also varied significantly across the country. Under a quarter of Black households were homeowners in four states with small Black populations: North Dakota (9.0 percent), South Dakota (22.2 percent), Hawaii (24.2 percent), and Minnesota (24.2 percent). Meanwhile, homeownership rates were highest in a handful of Southern states with large Black populations. Indeed, between 50.1 and 52.8 percent of Black households were homeowners in Alabama, Delaware, Maryland, Mississippi, and South Carolina.

While not as stark, other households of color are also far less likely to own their homes than white households. Nationally, 46.8 percent of Hispanic households owned their homes, 24.9 percentage points lower than white households. By state, the Hispanic-white homeownership rate gap exceeded 30 percentage points in 15 states. The racial homeownership gaps for Hispanic households were largest in the Northeast, where homeownership rates for Hispanic households were also lowest. Indeed, just over a quarter of Hispanic households owned their homes in New York (25.4 percent), Massachusetts (26.8 percent), and Rhode Island (30.3 percent). On the other end, more than half of Hispanic households owned their homes in 19 states, with the highest homeownership rates in New Mexico (65.2 percent), Wyoming (58.8 percent), and Michigan (57.4 percent).

Nationally, fully 56.7 percent of Native American households owned their homes, 15.0 percentage points lower than white households. Native American-white homeownership rate gaps exceeded 30 percentage points in five states. Across all states, Native American homeownership rates varied from about one-quarter in Hawaii to over three-quarters in Delaware. In the five states with the largest Native American populations—which collectively contained 43 percent of Native American households—homeownership rates for Native households were 52.5 percent in California, 55.8 percent in Arizona, 62.2 percent in New Mexico, 63.0 percent in Oklahoma, and 65.8 percent in North Carolina.

At 59.4 percent, Asian households had the highest homeownership rates among households of color. However, it was still 12.2 percentage points lower than white households. The Asian-white homeownership rate gap exceeded 30 percentage points in just two states: North Dakota (42.8 percentage points) and South Dakota (39.9 percentage points). Homeownership rates for Asian households were in fact lowest in these two states, at 24.1 and 32.4 percent, respectively. On the high end, two-thirds of Asian households

FIGURE 1: IN NEARLY EVERY STATE, PEOPLE OF COLOR ARE LESS LIKELY TO OWN THEIR HOMES THAN WHITE HOUSEHOLDS



Notes: Black, Native American, Asian, and white households are non-Hispanic. Hispanic households can be of any race. Households headed by another race or multiple races are not shown separately, but are included in the estimates for people of color.
Source: JCHS tabulations of US Census Bureau, 2019 American Community Survey 5-Year Estimates.

owned their homes in Hawaii (70.4 percent) as well as four Southern states: South Carolina (66.6 percent), Virginia (67.2 percent), Florida (69.2 percent), and Maryland (69.5 percent).

The pervasiveness and severity of racial homeownership gaps indicates that there is no single cause of the gap. Households of color overall and Black homebuyers in particular have been precluded from accessing and sustaining homeownership through a history of redlining, segregation, and other forms of discrimination within and outside the US housing market. These historical and contemporary realities have collectively prevented households of color from accumulating the kind of wealth that's increasingly necessary to afford homeownership in today's market. Just as there's no single cause, there's no one solution to solving these challenges. Special purpose credit programs and other lending efforts that offer downpayment assistance, interest rate reductions, or more flexible lending requirements for homebuyers of color have the potential to narrow racial homeownership gaps directly. These successes can be aided and sustained through homeownership counseling and the kinds of emergency assistance offered to homeowners during the pandemic, such as the widespread availability of loan forbearance or the Homeowner Assistance Fund. Moreover, supply-side solutions aimed at expanding the amount of housing available will help alleviate supply shortages in constrained markets and ultimately keep home price growth in check.

Alexander Hermann is a Research Associate, working on projects related to housing markets, demographics, and housing policy.

The remote workers have left, but the housing havoc they created remains

Shannon Pettypiece, NBC News, February 6, 2023

Small and midsize rural communities had some of the biggest increases in home prices in the first two years of the pandemic, driven by out-of-town buyers.

WASHINGTON — The throngs of remote workers who flocked to rural communities throughout the pandemic have begun to thin as employers push a return to offices. But for many of the towns remote workers descended on, the housing crisis they fueled has remained.

"The people can't find housing, and I'm not talking about affordable housing. I'm saying they can't find housing at all," said Barbara Bruno, the mayor of Springdale, Utah. "Even if they can afford to buy something, there's nothing to buy. It's really that dire."

Small and midsize rural communities saw home prices surge during the first two years of the pandemic as workers with the newfound ability to do their jobs from anywhere relocated outside of city centers for more space and easy access to outdoor activities.

But that city-to-country migration has shown signs of reversing over the past year. Home buyers have been shopping for places closer to large metro areas, with cities like Washington and Los Angeles seeing population gains again in 2022. The shift comes as a growing number of employers are requiring workers to come back into the office — for the first time since the start of the pandemic, more than half of workers in major metro areas went into the office at least once from Jan. 18 to 25, according to data from the building security firm Kastle Systems.

"They need to be back for their work, they have to go back to their office, so we see that the big city centers are reviving as more people are going back," said Nadia Evangelou, senior economist at the National Association of Realtors.

People's desire to get out into nature also appears to have waned, with visits to popular national parks like Yellowstone and Zion down from their pandemic highs last year, RV demand slowing, and several popular ski resorts, like Vail in Colorado, having fewer visitors.

All that should mean some relief for the housing markets in popular rural communities where home prices ballooned over the past two years from a burst of out-of-town buyers, pricing local workers out of the market. But residents and officials in the affected communities say that while the ranks of remote workers have ebbed, they have seen no relief from the massive housing shortages they spurred.

In the 500-person town of Springdale, Utah, near Zion National Park, residents and officials have been increasingly struggling to find even basic housing to support the local workforce, leaving businesses and the national park chronically understaffed with few signs of the situation improving, said Mayor Bruno.

Prior to the pandemic, Springdale wasn't known as a hotspot for out-of-towners seeking second homes or investors looking for rental income. But since the start of the pandemic, average home prices there have increased almost 60% in under three years to more than $575,000, according to the Zillow's home value index, which uses a range of data to determine average home values. That rise has been driven by out-of-staters buying second homes, investors and the conversion of long-term rentals to Airbnbs and other types of short-term rentals, said Bruno.

That has left local businesses, which cater to millions of visitors who pass through the town each year on their way to Zion, struggling to hire everyone from hourly workers to skilled professionals needed to support the community. Bruno said she has heard of renters repeatedly losing their lease because the property is being converted into a short-term rental, workers commuting more than 100 miles round-trip for hourly jobs, and others living in RVs, campsites or shipping containers.

Affordable housing has been an issue for decades in rural destination towns, like Aspen, Colorado, and Jackson, Wyoming, popular spots for wealthy visitors and dependent on large numbers of low-wage workers to support the tourism industry.

But the large numbers of people moving from high-cost, large cities to smaller communities greatly exacerbated those housing shortages and spread the problem to new communities with less experience dealing with affordable housing and fewer resources to respond, said Danya Rumore, a professor at the University of Utah who founded the Gateway and Natural Amenity Region Initiative.

"The pandemic really hit the gas pedal on what was already happening," said Rumore. "The pandemic basically expedited this trend by 15 years. So 15 years of a trend that we thought would happen was just compressed it into one."

In Moab, Utah, residents are having similar issues as their desert community has become a new hot destination for second-home buyers, said Kaitlin Myers, executive director of the Moab Area Community Land Trust.

Even with demand seeming to ease and the housing market cooling, developers continue to build housing that will be unaffordable for most local residents, said Myers. She said several mobile home parks, which were one of the last bastions of affordable housing in the community, were bought in 2021 by developers who plan to put higher-end housing in its place.

"Our housing prices were lower than a lot of other resort communities, so we had a surge in second homes, and for the first time we were seeing our community go to that next level of resort community," said Myers, who says she's begun to notice more homes sitting dark and empty.

There are few nearby alternatives for the town's workforce, with the closest city more than an hour and a half away. While in the past, lower-wage workers struggled to find housing, the pandemic-triggered surge in home prices means even middle-income professionals, like teachers, city officials and health care workers, have been priced out, Myers said.

"In 2018, 2019, you could be a working-class family and we still had housing options that were $300,000 to $400,000, which is manageable. But now we just don't have options like that in our market anymore," Myers said. "We definitely still need housing for housekeepers and restaurant workers and river guides, but for the most part, we have a lot of businesses that are starting to figure out housing for them. Our bigger issue is making sure that we have housing for teachers, nurses and firefighters and our essential workforce that we need to run the community."

In Whitefish, Montana, home to a ski resort and near Glacier National Park, the population grew by nearly 10% in 2021, to 8,500 people, and home prices doubled to nearly $1 million from just over $450,000 at the start of the pandemic, according to Zillow data.

When Daniel Sidder started searching for a home in Whitefish last fall after taking a job there as the executive director of the advocacy group Housing Whitefish, he said he was unable to find a place that would lease to his family for more than nine months a year because so many properties had been converted to vacation homes, with owners wanting to use the house in the summer or rent it for more to summer tourists.

"For a long time Whitefish has been a pretty affordable place where people could come and work seasonal jobs and maintain a pretty decent quality of life and continue to grow their careers over time," Sidder said. "It is just getting harder and harder for those people that are seeking those opportunities to maintain that over the long term."

Real estate economists say that the rural areas that saw the biggest pandemic booms will likely see outsize declines in prices, compared to the housing market nationally.

But given the limited supply of housing and the unwillingness of homeowners with low mortgage interest rates to sell, prices aren't expected to return to their pre-pandemic levels, said Lisa Sturtevant, chief economist for the real estate data firm Bright MLS.

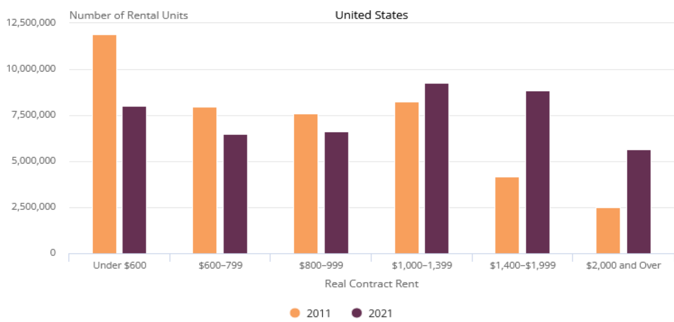
"There's just such an imbalance between how much housing is needed and how much housing is available, and that's not going to change in the near term at all," Sturtevant said. "That's going to still be challenging."

Low-Cost Rentals Have Decreased In Every State

Sophia Wedeen, Harvard Joint Center for Housing Studies, July 6, 2023

The supply of low-cost rentals fell by 3.9 million units over the last decade, according to our latest State of the Nation's Housing report. As a new interactive tool (Figure 1) released in conjunction with the report shows, the supply of low-cost rentals decreased in every single state, leaving lower- and middle-income renters with even fewer housing options they can afford.

Figure 1: The Supply of Low-Cost Rentals Continues to Decline



Notes: Includes both vacant and occupied rental units but excludes those with no cash rent. Contract rents exclude utility costs paid separately. Rents are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: Harvard Joint Center for Housing Studies tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

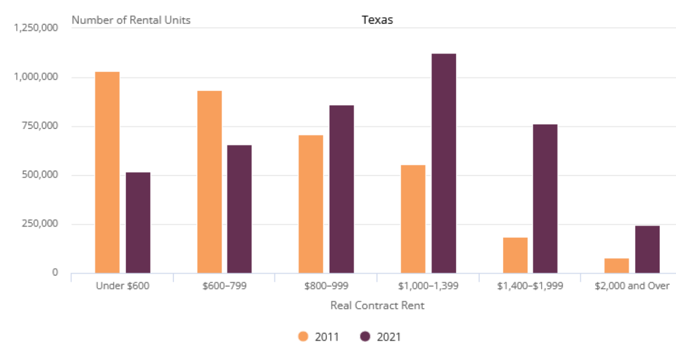
The supply of low-rent units has fallen continuously in the past decade due to rent increases in existing units, tenure conversions out of the rental stock, building condemnations, and demolitions. Adjusting for inflation, the number of units with contract rents below $600 fell from 11.9 million to 8.0 million between 2011 and 2021. A $600 rent is the maximum amount affordable to households who make $24,000 annually. Additionally, the market lost 1.5 million units with rents between $600 and $799, and 980,000 units with rents between $800 and $1,000 in the same years.

Rent increases and high-end new construction have driven up the number of higher-cost units; the number of units renting for $1,400 or more increased by 7.8 million, to 14.5 million units in 2021. These additions combined with the declining number of low-rent units have shifted the overall distribution of rents. Between 2011 and 2021, the share of rental units offering contract rents below $600 decreased by ten percentage points, to just 17 percent of rentals, while the share renting for $1,400 increased by 16 percentage points, to 31 percent of rentals.

The decline in low-rent units was geographically widespread. Between 2011 and 2021, 45 states and the District of Columbia lost at least 20 percent of units with contract rents below $600. Among those, 23 states lost at least 30 percent of units at this rent level, and 8 states (Arizona, Nevada, Texas, Colorado, Idaho, Oregon, Florida, and New Hampshire) lost at least 40 percent.

Many of the states with the largest declines in low-rent units were previously more affordable places in the South that have seen increasing rental demand in recent years. Texas had the largest decline of any state, losing 512,000 units with rents below $600, which was half of its low-rent stock (Figure 2). These losses came amid significant gains at the high end, including 742,000 units renting for $1,400 or more. Other states with particularly large declines in low-rent units included North Carolina (202,000 units), Georgia (159,000 units), and Tennessee (129,000 units), each of which had among the largest growth in the number of renter households of any states in the last decade, and at the same time gained large numbers of higher-rent units.

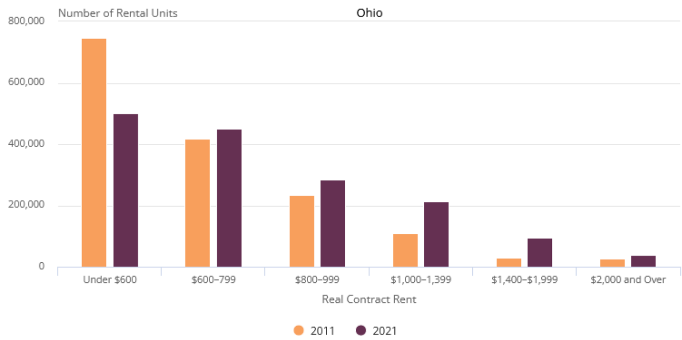
Figure 2: Texas Lost More Than Half A Million Units With Rents Under $600 Between 2011 and 2021



Notes: Includes both vacant and occupied rental units but excludes those with no cash rent. Contract rents exclude utility costs paid separately. Rents are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: Harvard Joint Center for Housing Studies tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The supply of low-rent units decreased even in affordable states that did not see rapid rental demand, including Ohio (247,000 units), Michigan (140,000 units), Missouri (120,000 units), and Indiana (114,000 units) (Figure 3). These states notably had some of the highest numbers and shares of low-cost rentals in 2011, with units renting for less than $600 ranging from 35 to 46 percent of rentals as compared to the national rate of 27 percent. These losses put housing in these previously more affordable states increasingly out of reach for lower-income households.

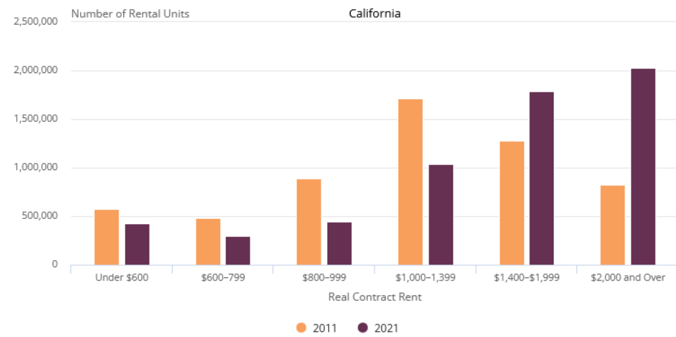
Figure 3: The Number of Low-Cost Rentals Decreased by Nearly 250,000 in Ohio



Notes: Includes both vacant and occupied rental units but excludes those with no cash rent. Contract rents exclude utility costs paid separately. Rents are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: Harvard Joint Center for Housing Studies tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

In more expensive states that had fewer low-cost rentals in 2011, the losses extended higher up the rent spectrum. Nine states—California, New York, New Jersey, Massachusetts, Hawaii, Maryland, Washington, Virginia, and New Hampshire—had net losses in units at all rent levels up to $1,400. In California, where just 9.6 percent of units rented for less than $600 in 2011, the supply of low-rent units declined by 152,000 (Figure 4). However, California also lost an additional 633,000 units renting for between $600 and $1,000 and an astounding 677,000 units renting for $1,000-1,399 – the largest decline of any state.

Figure 4: California Lost Units At All Rent Levels Below $1,400



Notes: Includes both vacant and occupied rental units but excludes those with no cash rent. Contract rents exclude utility costs paid separately. Rents are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: Harvard Joint Center for Housing Studies tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The long-term decline in low-rent units is not only geographically widespread but has accelerated in recent years, contributing to worsening affordability for renters. The market lost 1.2 million units with rents below $600 between 2019 and 2021 alone, which was also a period when many lower-income renters experienced major financial setbacks. As documented in the 2023 State of the Nation's Housing report, rising rents and stagnating renter incomes produced the highest number of cost-burdened renters on record in 2021. As the supply of low-cost units continues to decline, it will be increasingly difficult for lower-income renters to secure housing they can afford, even in areas that are relatively less expensive.

Notes

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The Rental Housing Crisis Is a Supply Problem That Needs Supply Solutions

Ashfaq Khan, Christian E. Weller and Lily Roberts, Center for American Progress, August 22, 2022

Housing insecurity in the United States long predates the COVID-19 pandemic. Current challenges most recently appeared in the wake of the Great Recession, which lasted from 2007 to 2009, as demand for housing increased while the supply of new housing units plummeted. People were squeezed out of the housing market, adding upward pressure on demand for rental properties. Those with deeper pockets—higher incomes and more wealth—can afford higher rents if they do not buy, leaving lower-income renters to fight over an insufficient pool of available rental housing.

In January 2019, the United States had a shortage of 7 million affordable homes for low-income renters,[1] resulting in only 37 affordable rental homes for every 100 low-income renter households.[2] Due to these market pressures, the most economically vulnerable suffered the highest housing precarity. As a result, millions of Americans have experienced eviction, homelessness, and housing insecurity, each of which leads to financial insecurity, toxic stress, poor health outcomes,[3] poor academic achievement for children,[4] food insecurity,[5] and other negative outcomes.

For decades, policies to address the complexities of the affordable housing crisis, such as rental assistance, have been underfunded, deferred, and inadequate.[6] In May 2022, the Biden-Harris administration released the Housing Supply Action Plan,7 which aims to address the rising cost of rent and the affordable housing shortage through comprehensive short- and long-term housing investments that focus on increasing the supply of available housing—particularly for low- and middle-income people. This issue brief offers policy solutions that build upon the administration's federal housing supply plan to ensure equitable housing for all households by:

- Boosting the supply of affordable rental units in opportunity-rich neighborhoods.
- Increasing housing voucher subsidies to ensure households receive the help they need in a timely manner.
- Expanding renter protections so that those who have housing do not lose it, as eviction is often the catalyst for further economic instability.

Housing affordability and stock do not meet demand

The housing affordability crisis is the result of deliberate policy choices and chronic underfunding that have persisted for decades but have worsened since the Great Recession.[8] Often, homeownership is the preferred housing choice for American families because it builds wealth. Homeownership provides homeowners and their families financial security and locked-in, predictable monthly costs and assets that support equity and can be passed down through generations, assuming homeowners are able to make mortgage payments and home values rise. Homeownership is also favored by U.S. policies. Tax benefits for homeowners include:

- Owners are not required to pay taxes on imputed rental income; essentially, homeowners act as both landlord and renter. They are able to make deductions on their property investment, which is discussed more below, and they are not taxed on the investment itself.
- Owners may deduct mortgage interest and property tax payments from their federal income tax if their deductions are itemized.
- When filing their taxes, homeowners are allowed to exclude part of their financial gains that result from selling their home.[9]

It is worth noting that these benefits are valuable to high-income households but not low-income households, further exacerbating economic inequality.

New housing supply fell dramatically after the Great Recession

A decline in new housing after the housing crash of the Great Recession squeezed many would-be homebuyers out of the market. These households were then forced to remain in the rental market, adding upward pressure to rental prices while driving those with less income and less wealth into more insecure and unstable rental housing. The supply of new housing cratered after the 2007–2009 housing crisis and only very slowly recovered. This is apparent in the number of units where construction was started but not completed.

This drop in supply was sharpest after the Great Recession. Authorizations of single-family units as well as multifamily units, which are defined as buildings with five or more units, fell in the aftermath of the housing crash. Most importantly, the years immediately following the Great Recession—2010 and 2011—saw a dearth of new multifamily building constructions. For several months, units with initiated construction dropped to 30,000—the lowest amount on record dating back to 1968. Importantly, this decline followed modest levels of initiated construction of multifamily buildings before the Great Recession. This lull made a bad situation worse and exacerbated the shortage of housing supply even while demand increased.

Without added supply, vacancies fell by the 2020s
The number of new single-family and multifamily buildings where construction had started grew during the past decade. However, construction has not kept pace with the rise in demand, as reflected in falling vacancy rates. Vacancy rates show the shares of rental and housing units that are readily available. Both have fallen sharply since the Great Recession, alongside the decreasing supply. Homeownership vacancies dropped to less than 1 percent for three financial quarters in 2021, the lowest consistent level since 1957. Without vacant homes, many would-be homeowners could not buy a new house and either stayed in their existing house, further reducing the housing supply, or entered the rental market and subsequently increased the demand for rental housing. Consequently, rental vacancies fell to less than 6 percent in the second half of 2021, the lowest level since 1984. Historically, low rental vacancy rates make it much harder for families to find an affordable housing option, as demand outpacing supply drives up prices to ever-higher levels.

Rental costs have increased dramatically

For more than a decade, rental costs consistently have gone up faster than the costs of owning a house. Since late 2006, when the housing bubble started to burst, through January 2021, rents have gone up faster than prices for homeowners. Early on in that period, both rents and house prices rose modestly as the country grappled with the fallout from the housing crisis. However, housing costs for both homeowners and renters have gained steam since mid-2010. Moreover, rents and homeowners' costs quickly shot up again after a drop at the start of the pandemic in early 2020. The recent rise in rental inflation is thus largely a return to and even an exacerbation of the pre-pandemic situation, as the pre-pandemic levels of housing supply did not meet the needs of many low-income renters.

Rental costs have increased across the country during the pandemic. Virtually all areas of the United States experienced an acceleration in rental prices from the first part of the pandemic—May 2020 to May 2021—to the latter part—May 2021 to May 2022. Prices rose especially sharply in areas of the South Atlantic such as Miami; Tampa, Florida; and Atlanta. Few areas experienced price increases of less than 3 percent—roughly the long-term average price increase—in both years. A price increase above this long-term average suggests higher-than-usual rental prices. Moreover, even where rental inflation stayed relatively low, it accelerated as the pandemic eased.[10]

Millions of Americans are cost-burdened by rent

Rising rents compound the overall financial insecurity of many households. The Department of Housing and Urban Development (HUD) defines a cost-burdened household as one that spends more than 30 percent of its income on housing costs. In 2019, 20.4 million renter households were cost-burdened.[11]

The onslaught of pandemic-related job losses, rising health care costs, and increased cost of necessities due to inflation and supply chain issues likely worsened the outlook for many renters. The Board of Governors of the Federal Reserve System projected rent increases of an additional 10 percent in 2022, meaning that millions of Americans will be pushed toward housing insecurity and even homelessness as housing costs become untenable.[12]

The pain of rising rents and the associated financial insecurity is unevenly distributed across demographic characteristics. Many Black, Latino, and Asian renters regularly face discrimination when trying to rent an apartment or a house. They are kept out of some rental places altogether, steered instead toward lower-quality housing, and they pay higher rents and fees than similarly situated white renters.[13] Housing insecurity also disproportionately affects single parents, individuals with disabilities, older adults, LGBTQ people, and people with multiple or intersecting identities.[14]

Federal investments helped stabilize the housing crisis during the worst part of the pandemic

The COVID-19 pandemic and subsequent economic fallout succeeded in shining a harsh light on the ongoing housing crisis. Key investments by the Biden administration during the worst of the pandemic helped mitigate some housing insecurity, but those were temporary fixes. For example, the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 included a 120-day federal eviction moratorium that helped keep people in their homes during the public health crisis.[15] The U.S. Supreme Court made the decision to end the moratorium on August 21, 2021.[16] The CARES Act also provided emergency rental assistance to households that were not able to make rental payments or other rental-related fees, such as security deposits, apartment applications, and late fees. Furthermore, in March 2021, Congress passed the American Rescue Plan (ARP) Act, which bolstered the CARES Act through emergency rental assistance, housing vouchers, homelessness assistance programs, homeowner assistance, utilities assistance, housing counseling, and fair housing activities. More than 80 percent of the Emergency Rental Assistance funds have reached vulnerable communities, helping very low-income households remain in their homes.[17]

While these pandemic-related responses led to a more equitable housing recovery, they are a drop in the bucket in comparison to the centuries of segregation and disinvestment in low-income communities of color. Therefore, more action is needed to ensure that investments in housing also focus on long-term solutions that ensure affordable, quality, and safe housing in opportunity-rich areas and create robust renter protections for all Americans.

Renters can benefit from greater supply, increased subsidies, and more protections

The housing crisis requires more affordable rental housing as well as protection for low-income people. The federal government has a plethora of programs and resources at its disposal dedicated to housing security and economic mobility. The administration and Congress have several tools available to help struggling renters. They can increase the supply of affordable and accessible housing while also providing housing allowances to those who need them, particularly low-income households and other marginalized people, and protect tenants facing evictions, thus increasing overall housing security for renters.[18] Such policies can specifically include the recommendations made in the following subsections.

Increase the supply of affordable rental units

Increased funding for affordable housing construction is a key requisite for boosting supply. Market forces alone will be insufficient to address the shortage of affordable housing units. In May, the Biden administration announced the Housing Supply Action Plan[19] to ease the burden of housing costs by boosting the supply of quality housing nationwide. The plan pertains to both rental housing and homeownership. In the next three years, this plan aims to create and preserve thousands of new units for low- and moderate-income families.

In essence, policymakers can address the rental crisis on the supply side in two ways. First, they can increase the total number of rental units, which can help slow rental inflation as more renters find the housing that they want. Second, they can focus on building housing units slated for lower-income renters. This increases supply, especially for those struggling the most to find affordable, stable, and secure housing. Another avenue is through reforming and strengthening the Low-Income Housing Tax Credit (LIHTC) program, created to address the mismatch between housing supply and relentless demand, incentivize the production of affordable units, and ensure that those units remain affordable in the long run. It would be beneficial to increase program credits and eliminate the income average provision that allows LIHTC-receiving owners to charge higher rents to households above 60 percent of the area's median income.[20] Currently, to participate in the LIHTC program, owners must rent at below-market rates for 30 years—only 15 of which are the "compliance period," during which tax credits that have gone to developers can be taken away if the developers do not comply with LIHTC regulations. To maintain affordability, limitations on rental rates could be mandated—and enforced—beyond the current period.

At the state level, policymakers should create and enforce state mandates for inclusionary housing, which use a portion of proceeds from rising real estate values to expand affordable rental and ownership opportunities for low- and moderate-income families. Housing supply is a crucial area for investment at the state and municipal levels and can contribute to financial stability for residents, tax bases for cities and states, and the vibrancy of communities. Prioritizing an increased supply of affordable rental housing near transit and good jobs is one of the most impactful ways state and local officials can shape the long-term financial health of their residents and jurisdictions.

Ensure eligible households actually receive housing subsidies in a timely manner

It will take some time before additional rental housing supply has a measurable impact on the most financially vulnerable renters. These renters will need extra support as the rental crisis continues to take its toll. Policymakers at the federal, state, and local levels can take additional steps that provide financial assistance to struggling renters. Data from the U.S. Census Bureau indicate that less than one-third of renters who were behind on their rent in spring 2022 either received rental assistance or expected it.[21] In other words, most struggling renters were either denied or did not even apply for rental assistance. These renters are just the tip of the iceberg, as they are already behind on their rent. Many others manage to pay their rent while making cuts in spending or falling behind on other payments.

In the meantime, millions of renters will need financial assistance even if there is a boost in affordable housing supply sufficient to meet demand. Additional steps to provide such help should include:

- Protect and expand the Housing Choice Voucher program, making it available to additional low- and moderate-income brackets, which could lift 9.3 million individuals above the poverty line and cut the child poverty rate by one-third.[22]
- Increase funds for the Emergency Rental Assistance program to reach all families in need in a timely manner.[23]
- Increase contact with communities vulnerable to imminent housing crises so that they are aware of the Emergency Rental Assistance program through transparent and guided outreach efforts.[24]

Protect tenants facing evictions to increase overall housing security for renters

Some tenants will still fall behind on their rent as they encounter rising rents, other costly expenses such as health care and child care, and widespread economic emergencies and insecurities. These renters will need protections to keep them in their homes while they get back on their feet. Congress and the administration could use a range of tenant protections to supplement the value of additional affordable housing supply, including:

- Expand tenant protections to keep people housed, not just during the pandemic but also any time they face economic challenges.[25]

- Protect households that face eviction by guaranteeing renters' right to counsel to better counter eviction proceedings and prevent homelessness.[26]

- Remove barriers to obtaining future housing by eliminating evictions from credit reports and public records, therefore empowering individuals who have experienced the trauma of eviction. The stigma of eviction records is detrimental for struggling households and severely limits future housing options.[27] If eviction records were sealed, landlords would not be able to deny applicants on the basis of their past eviction.[28]

- Additionally, at the state and local levels, mechanisms must be put in place to reduce preventable evictions. One way to achieve this is through expanding landlord-tenant community courts and increasing engagement of social service providers who could help avoid the high costs of eviction.[29]

Conclusion

There is no one silver bullet to address the affordable housing crisis. Affordable rental homes continue to be in short supply, and renters face high and ever-rising costs. However, policymakers have the tools and resources to ensure both greater supply of affordable rental units and better protections, financial and otherwise, for renters. Policy changes can strengthen many existing programs with the infusion of much-needed capital.

It is critical that policymakers at all levels of government address housing affordability. Some demand for homeownership will ease amid higher interest rates, which could ultimately lower housing prices and then spill over into lower rents. However, such shorter-term changes do not address the overall challenge of too little supply for the demand from lower-income households that has created financial insecurity for millions of Americans for so long. This is a moment when the Biden administration and others in government are advocating for increased housing supply; local and state officials can support and supplement this work through advocacy for greater supply, responsiveness to federal calls for innovation and partnership, and the prioritization of support for those squeezed by unaffordable rental housing while the market effects of increased supply take hold.

Policy inaction to address the affordable housing crisis adequately will only leave millions of American households vulnerable and unable to afford rent and other necessary expenses. Prolonging the pain in the rental market is not a viable approach.

Notes

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Factory-Built Homes Could Help Solve Housing Crisis

Erika Bolstad, PEW Stateline Article, August 2, 2022

As a boy in the late 1950s, Terry McDonald watched as workers built an 80,000 square-foot manufacturing plant in an industrial neighborhood on the west side of Eugene. Long after childhood, McDonald felt an affinity for the factory, where American Steel once fabricated heavy-duty logging equipment until the timber industry waned in Oregon.

Now, as the executive director of the local Society of St. Vincent de Paul, McDonald has made a career of turning other people's castoff goods into cash to support low-income housing and the charity's other anti-poverty initiatives. He easily imagined a creative reuse for the midcentury factory, a space flooded with natural light from paned-glass windows high above the manufacturing floor.

"I looked at this building and said: 'Someday, I would like to own that building,'" McDonald said. "Old industrial buildings are just kind of fun."

Over the next year, McDonald and his team will transform the massive space into a nonprofit manufactured home factory capable of producing as many as 80 homes a month. Known as the HOPE Community Corporation, it's a unique nonprofit venture, supported by $15 million in housing money from the Oregon legislature. Once the group is up and running in 2023, HOPE could employ more than 100 people to build factory-built homes for low-income families, at a time when many states face a critical housing shortage.

Nationwide, there's an estimated shortage of about 3.8 million housing units. The shortfall has many causes, including growing investor ownership of homes, but it stems largely from a construction slowdown that began in 2008 during the Great Recession and never regained the momentum to meet present-day need.

There are repercussions not only for homelessness but for nearly everyone looking for a place to live — buyers can't afford ever-increasing prices, and renters face escalating rents. Apartments are scarce, too, especially those for lower-income renters, according to a recent study by the National Multifamily Housing Council and the National Apartment Association. Three states alone, California, Florida and Texas, will require 1.5 million new apartments by 2035, the study found. As supply chain bottlenecks persist and interest rates and borrowing costs rise, the housing shortage could worsen without intervention.

Because manufactured homes are built on an assembly line, they're less expensive and faster to construct. They're seen as essential for providing new housing, especially for lower-income buyers who may have been priced out of site-built homes or expensive rental markets. Many housing experts see factory-built homes as an effective way of meeting current housing needs, especially in rural areas.

"The importance of manufactured housing for addressing our current affordability crisis is just immense, because manufactured housing is half the cost to build of traditional, site-built construction," said Esther Sullivan, a sociology professor at the University of Colorado Denver and the author of "Manufactured Insecurity," a book that examines challenges faced by residents of American mobile home parks. "I'm not trying to say it's perfect … but there's just a lot of opportunity to capitalize on the cost savings that comes from factory production."

The average factory-built home costs $106,000 to build, compared with $351,000 for site-built homes, said Lesli Gooch, chief executive officer of the Manufactured Housing Institute, a trade organization that in June exhibited some of the industry's newer home models on the National Mall in Washington, D.C.

The techniques used in factory-built homes are the difference between $72 and $140 per square foot in construction costs, Gooch said, though some of those estimates, as with all construction, may have increased recently because of inflation and supply chain issues.

Cheaper doesn't mean it's shoddier, Gooch said. Factory-built homes are constructed on an assembly line with the precision and quality that comes from a controlled building environment, she said. They also must meet the national construction and safety standards of the U.S. Department of Housing and Urban Development, which has building inspectors on site in factories.

"Sometimes people have preconceived notions about what a manufactured home is," she said. "That notion is not what's being produced today."

Manufactured homes are factory-built structures built after 1976 to HUD codes. Before that, they were called mobile homes or trailers, terms no longer a part of federal law or common usage. Manufactured homes are delivered in one piece, unlike modular housing, which also is built mostly in a factory, but assembled from multiple components on site and subject to local building codes.

The Biden administration's Housing Supply Action Plan released in May specifically supports the production of new manufactured housing and new ways of financing such homes. States such as Oregon have begun to respond, with zoning rules that allow more types of mobile homes, in more locations. So have many cities, Gooch said, among them some in Tennessee that have begun allowing so-called CrossMod homes that look more like site-built homes, but are made in factories.

Yet barriers to owning a manufactured home remain nationwide. Many low-income buyers don't have access to traditional mortgages to purchase new homes, and instead rely on personal property loans. Such loans can have higher interest rates, as well as fewer of the protections of federally backed mortgages, including forbearance when owners fail to make payments.

Manufactured homes also can have complicated ownership structure. In mobile home parks, people may rent the lot, but own their own home; outside of parks, they are more likely to own both the home and the land it sits on.

As important as it is to build new homes, it's also a priority to maintain existing manufactured housing stock, said Heather Way, a law professor at the University of Texas School of Law and an expert in preventing displacement. It can be done with zoning, she said.

In Austin, Texas, a city facing rapid gentrification in some neighborhoods, the city rezoned mobile home parks in a way that prohibits them from being torn down and converted to other uses. Way also worked on statewide legislation passed in 2019 that made it easier for people who inherit manufactured homes with murky titles to get the same sort of property tax exemptions as those who inherit more traditionally built homes.

Legislation passed in Colorado this year offers more protections to tenants who own manufactured homes in mobile home parks, Sullivan said. If owners of mobile home parks put them up for sale, tenants have 120 days to purchase the parks. The law also gives local governments more ability to step in and buy the parks, too. And if mobile home park owners convert their parks to other uses, they must compensate people who rent lots the cost of moving their homes. It costs on average $7,000 to move a manufactured home to a new site, and most stay once they're in place.

Some simple approaches can help communities maintain existing manufactured housing, or add to it, Sullivan said. Cities can add language to their comprehensive growth plans that acknowledges the importance of manufactured housing in their communities. States and housing nonprofits also can support efforts on the part of tenants to organize as resident-owned communities, by providing low-interest loans to buy the land and legal and financial support.

That's what's happening in the fire-stricken southern Oregon community of Talent. There, the nonprofit CASA of Oregon is helping future residents acquire and manage a mobile home park where all but 10 of the 98 homes were destroyed by fire in 2020. If the timing works out, CASA hopes to supply the park with homes purchased from the HOPE factory run by McDonald.

After fires destroyed thousands of manufactured homes in southern Oregon in 2020, regional HUD officials "heard loud and clear from community members" about their housing needs and hopes for the future, said Margaret Salazar, the federal agency's Northwest regional administrator. People crave opportunities to own their own homes, she said. Many of the people who lost homes to the fires in 2020 are Latino.

"That is a huge part of our strategic plan is expanding homeownership opportunities that are sustainable, and that are really rooted in our work on racial equity as well, and on addressing racial disparities in home ownership," Salazar said. "Low-income folks, working people are really looking for creative opportunities to be able to become homeowners. And so, I see this as another opportunity."

As homes roll out of the HOPE factory, McDonald said he's not yet certain how they will be priced. St. Vincent de Paul already owns eight Oregon mobile home parks for residents with low incomes, which was part of the impetus for starting a factory, McDonald said. He couldn't find enough homes to replace some of the aging stock at their existing parks.

Their goal is to offer affordable homes, built sustainably and with fire resilient materials. The homes also will come with energy efficient appliances and features that keep utility costs low for their future owners. McDonald already is working with the Federal Home Loan Bank of Des Moines to design loans to help people buy the homes the Eugene factory will produce.

"So, the goal on this is to try and basically hit a home run all at one time," he said. "This is a model where we can actually succeed in helping address one slice of the issue, but it's an important slice."

Median home sale price nearly $407K; inventory ticks higher

Alex Veiga, Associated Press, August 24, 2023

The U.S. housing market remains in a deep sales slump, but the worst declines may be over when it comes to home prices.

While home sales have fallen 22.3% through the first seven months of the year versus the same stretch in 2022, prices are being propped up by buyers competing for a near-record low inventory of properties on the market.

The national median sales price rose to $406,700 last month, marking its first annual increase since January and the second month in a row that it's been above $400,000, the National Association of Realtors said Tuesday.

Home prices didn't start falling on an annual basis until February, and even then the decline was modest, with the steepest drop 3% in May. That five-month streak of annual drops ended last month, when the median sales price rose 1.9% versus July last year. It's now an eye-popping 45% higher than it was in July 2019.

So, where do prices go from here? Homebuyers hoping for a big drop may be disappointed.

"At least when it comes to home prices, it looks like the housing recession is already over," said Lawrence Yun, the NAR's chief economist, adding that he sees a greater chance of an increase in prices versus a decline in the coming months.

Mike Simonsen, president of Altos Research, which tracks data on the U.S. residential real estate market, echoed that outlook.

"For people who are on the sidelines there's nothing in the data yet that suggests home prices are falling further," Simonsen said.

A shortage of homes for sale has kept the market competitive, driving bidding wars in many places, especially for the most affordable homes. About 35% of homes sold in July fetched more than their list price, according to the NAR. That's in line with sales data for April through June.

While still low by historical standards, the inventory of homes on the market has been ticking higher as the average rate on a 30-year mortgage has risen to just above 7%, discouraging more would-be homebuyers. If mortgage rates remain elevated and inventory continues rising, the combination could weigh on home prices and cause the national median sales price to dip this fall, said Lisa Sturtevant, chief economist at Bright MLS.

"I think we're going to see an overall kind of pullback in a segment of buyers for whom 7% mortgage rates are just off the table," she said. "At the same time, we've started to see some movement on listings. And so, while I think we might have hit a bottom in terms of prices, I think it's possible that we'll see another dip in prices this fall for those couple of reasons."

Other housing experts see little change in the U.S. median home price this year.

"Given that it still takes an outsized share of paychecks to buy a home at today's prices and mortgage rates, but inventory remains low, I would expect home prices to move largely sideways," said Danielle Hale, chief economist at Realtor.com.

Despite the resiliency of home prices throughout the market's downturn, the current slump has shown few signs of easing.

Sales of previously occupied U.S. homes fell 2.2% in July from the previous month to a seasonally adjusted annual rate of 4.07 million, NAR said. That's the slowest pace since January and below the 4.15 million pace that economists were expecting, according to FactSet.

Existing home sales sank 16.6% compared with July last year. It was also the lowest home sales pace for the month of July since 2010.

Sales decline in Northeast, Midwest

The annual sales decline was steepest in markets across the Northeast and Midwest, where sales slumped 20% or more, the NAR said.

One positive for home hunters: The inventory of homes for sale rose 3.7% in July from June, ending the month with 1.11 million homes on the market. That was still down 14.6% from a year earlier, however.

Homes listed for sale in July typically sold within just 20 days, with 74% staying on the market for less than a month.

All told, the number of homes on the market amounted to a 3.3-month supply at the current sales pace. In a more balanced market between buyers and sellers, there is a 5- to 6-month supply.

The combination of high borrowing costs and intense competition for the most affordable homes on the market is keeping many first-time buyers on the sidelines. They accounted for just 30% of home sales last month, though that was up from 27% in June, the NAR said.

“There’s virtually no inventory at the lower price point,” Yun said.

The latest housing market figures are more evidence that many would-be homebuyers are being shut out by the persistently low home inventory and rising mortgage rates.

The average rate on a 30-year home loan hovered just below 7% last month and has continued climbing, reaching 7.09% last week, according to mortgage buyer Freddie Mac. The average long-term U.S. mortgage rate is now at its highest level in more than 20 years.

High rates can add hundreds of dollars a month in costs for borrowers, limiting how much they can afford in a market already unaffordable for many Americans. They also discourage homeowners who locked in low rates two years ago from selling.

Mortgage rates have been rising along with the 10-year Treasury yield, used by lenders to price rates on mortgages and other loans. The yield has been climbing as bond traders react to more reports showing the U.S. economy remains remarkably resilient, which could keep upward pressure on inflation, giving the Federal Reserve reason to keep interest rates higher for longer.

“If mortgage rates stay at this 7% level, I do think it’s going to be a very slow fall,” Sturtevant said.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Rental ownership: Pot of gold or golden handcuffs?

Wealth Of Geeks, Journal Record, August 24, 2023

While homeownership remains a dream for most Americans, some lucky souls stumble backward into becoming a landlord.

These so-called "accidental landlords" may have never envisioned collecting rent so soon, yet the bizarre changes in the property market have nudged them into this seemingly lucrative role.

Millions of Americans bought homes in 2020 and 2021, locking in an enviably low mortgage rate of less than 3%. With the Fed's subsequent monetary tightening since 2022 and rates now hovering at around 6-7%, these pandemic-era rates are just too good to give up. So, when life circumstances change, many homeowners opt to rent out their property rather than sell and buy again. The "golden handcuffs " trend can be seen in the steep fall in new home-for-sale listings, which dropped 22% year-over-year in the four weeks ending March 5 this year, per Redfin's chief economist Daryl Fairweather.

These "accidental landlords" may start out with a killer financing advantage, yet that doesn't tell the whole story. For those who are seeking to accumulate assets and avoid liabilities, does becoming a landlord always make sense?

Before embarking on the journey toward the promised land of passive rental income, budding landlords must consider the big picture of what it really takes to manage numerous properties effectively.

Healthy return or just a hassle?

Property is a long-term game. It's no secret that running a property requires consistent effort sustained over time. According to Hemlane, a property platform, owners should expect to spend roughly four hours on monthly management work per rental property. This estimate assumes an equal amount of time is spent on leasing, finding a tenant, and turning over the rental, yet depending on circumstances, any of those task categories could balloon unexpectedly.

When it comes to estimating financial costs, another commonly cited yardstick is the so-called 50% rule. This suggests landlords should expect a property's operating expenses to be roughly 50% of its gross income.

Budding landlords need to clear several hurdles before they can enjoy that cash flow. To the uninitiated, it may look like

a great game of Monopoly; running multiple rental properties is no child's play.

"Real estate investing isn't just about the numbers; it's also about the 'return on hassle,'" says Jorey Bernstein, CEO of Bernstein Investment Consultants. "It's essential to weigh the monetary gains against the time, stress, and unexpected costs that can come with property management."

Myra Alport, founder of Myra Alport Money Coach, says barely a week goes by without someone telling her they want passive income from investing in real estate, but there is to consider.

"Do you want to answer phone calls during a cold winter night to fix a faulty furnace, or would I rather hire a reputable management company?" she asks. "Can you do the repairs myself, or at least have a team of contractors I can rely on to do the job?"

Average annual maintenance bill $6,409

Alport recommends building up a dedicated emergency fund for your property to cover the inevitable surprise expenses.

After a brief pullback in late 2022, the costs of upkeep for homes are rising again this year.

Nationwide, the average annual maintenance bill for a single-family house rose 9% year-on-year to reach $6,409 in the first quarter, according to Thumbtack's Home Care Price Index. Yet there are still pockets of cost efficiency to be found in other property types. Thumbtack reports fix-up costs for town houses and condos haven't risen nearly as steeply over the past year, creeping up around four and two percent, respectively.

“The property market isn’t a one-size-fits-all investment avenue – it calls for hands-on involvement, financial understanding, and a tolerance for illiquidity,” adds Bernstein. “Knowing your investment style is key to navigating this challenging but potentially rewarding landscape.”

“Do the comps on real estate in the area that interests you,” advises Alport. “Are they in line with the rent you want to charge? What ROI are you looking to achieve? Keep an eye on your cash flow to make sure you’re profitable.”

Thankfully, there are apps to make managing such administrative tasks easier. Real estate tech (or “proptech”) solutions run the gamut from rental collection tools to property investing crowdfunding platforms.

However, this space is going through a rough patch in 2023. The average pre-money valuation of prop-tech firms this year is just $64 million. According to PitchBook, this is at its lowest it’s been since 2013. A continued dry spell in VC funding for these platforms could spell a sharp slowdown in the development of new tools that make life easier for landlords.

“In the real estate world, technology and automation can be powerful allies, mitigating some of the day-to-day hassles,” says Bernstein. However, remember that convenience often comes with a price, which should be factored into your overall investment strategy.”

Professional management

For those who need more of the human touch, there are always hiring professionals in the real estate industry.

Property managers bring lived hands-on experience in managing properties, which proptech tools obviously lack. They have the interpersonal skills to deftly handle tenant screening and navigate the weeds of lease agreements. They can provide personalized attention to individual properties and call upon their best professional judgment to resolve complications and build trust between owners and tenants.

A well-managed real estate portfolio can be a huge financial asset and the key to unlocking passive income and early retirement for many. However, limiting the friction involved in keeping properties maintained and tenant turnover well-managed requires planning and foresight. By leveraging the tools and professionals available and crafting a personalized real estate strategy to their individual needs, landlords can substantially limit the pain of managing property and increase their gains over the long term.

In OKC, affordable housing options are scarce, even with rental assistance

Brianna Bailey, The Frontier, July 13, 2022

Editor's note: This story is part of an ongoing series on affordable housing in Oklahoma City in partnership with the local media collaborative Oklahoma Media Center, the nonprofit newsroom The Frontier, The Oklahoman and the Oklahoma City-based magazine Curbside Chronicle.

Kristi Colbert is starting over at age 54.

After she left an abusive relationship, Colbert spent time at a women's shelter in Oklahoma City.

She applied for rental assistance through the federally funded Housing Choice Voucher program through the Oklahoma Housing Finance Agency. The program is commonly known as Section 8.

But when Colbert worked her way through the agency's list of local Section 8-friendly landlords, many told her they no longer accepted the vouchers.

There's a shortage of landlords in Oklahoma willing to accept housing vouchers. Landlords can charge higher rents on the open market and properties must pass an inspection to receive rental assistance, slowing down the leasing process. Many landlords are also unwilling to lease to low-income renters with past evictions, even with a housing voucher.

Out of options, Colbert moved into an Oklahoma City public housing complex, where she said she didn't feel safe living.

Colbert signed up for the Section 8 waiting list three times over a period of three years, but was unsuccessful in finding a place to live before her voucher expired the first two times. She needed a place where she felt secure. On her third try, she was able to find a new home earlier this year in a peaceful neighborhood she likes.

"You can make any house a home and clean it up, but you can't change safe," said Colbert, who now works as an assistant manager for Curbside Flowers, a floral shop operated by the Oklahoma City-based Homeless Alliance.

Oklahoma City saw double-digit rent increases over the past year, but federal funding for the Housing Choice program hasn't kept pace. In Oklahoma City, the wait for a housing voucher can already be as long as two and a half years. Even with vouchers, some families can't find housing in Oklahoma City. Agencies that administer voucher programs can lose some federal funding if their vouchers don't get used. Limited funding coupled with rent increases mean Oklahoma housing officials will be able to house fewer families in the coming year.

Housing Choice vouchers are the federal government's largest initiative to help seniors, disabled and low-income households afford rent on the private market. The federally funded housing subsidies are paid directly to private landlords on behalf of participating renters. Tenants then pay the difference between the actual rent and the housing subsidy. The U.S. Department of Housing and Urban Development calculates the value of the vouchers annually based on fair market rent — estimates for how much rent and utilities cost in local housing markets across the country. But the federal government's formula for calculating the value of the vouchers hasn't kept up with unprecedented rental spikes the nation saw in the wake of the coronavirus pandemic, said Sunia Zaterman, executive director of the Council of Large Public Housing Authorities, which represents agencies that administer Housing Choice voucher programs across the country.

"It's a program that, although it's federally funded, is totally pegged to the private market," Zaterman said. "It's totally dependent on the rental market in your neighborhood."

The Department of Housing and Urban Development adjusted its fair market rent calculations in September for voucher payments for 2023 in an effort to keep up with the steep rate hikes. Most areas saw an average fair market rent increase of 10% over the past year. Congress is still debating the level of funding for housing vouchers for next year.

While economists say there are now signs inflation is starting to ease, Oklahoma City saw the biggest jump in rental rates in the nation over the past year — a more than 31% increase for the 12 months ending in October, according to the real estate tracker RedFin.

Oklahoma Housing Finance Agency, a state trust that administers affordable housing programs, has 10,785 Section 8 vouchers to help renters statewide. Because of rent increases, the agency projects it will be able to assist 200 fewer families over the next year through the program.

"That's less money to go around. So there are fewer families we can actually serve," said Tim Shackelford, rental programs director for the Oklahoma Housing Finance Agency.

Even with a voucher, many still struggle to find landlords who accept Section 8 rental assistance, Shackelford said. The agency is now trying to recruit more landlords to accept the vouchers. Higher rental rates mean property owners can make more money by declining vouchers and charging whatever the market will bear, he said.

"The market rents have gone up so much in some areas, and people are able to pay those higher rents, so that's what they're going for," Shackelford said.

Once a client receives a voucher, they usually have 60 days to find housing, and may request an extension for another 60 days. The agency has granted multiple extensions because of the challenges of finding affordable rental units in Oklahoma. Some people have been looking for six months or longer, Shackelford said.

The Oklahoma Housing Finance Agency provided over 1,900 extensions for new clients over the past year, with some people receiving multiple extensions. Some are unsuccessful in finding a place to live before their vouchers expire. The agency had 1,000 new clients who let their vouchers expire in the past year, although it doesn't track the reasons why.

Oklahoma City resident D'Metryus Freeman struggled to support himself in his early 20s and went through a few evictions and periods of homelessness. He's been on and off the Section 8 waiting list over the past few years. One time, he and his former partner lost their voucher before they could find housing. Then federal relief money from the coronavirus pandemic helped them afford rent. Freeman was able to get another voucher through the Oklahoma City Housing Authority in August. He slept on a mattress on the floor of a relative's living room while looking for his own place.

His past evictions made it harder to find a landlord willing to rent to him, even with a housing voucher.

"It's a lot of searching and jumping," Freeman said. "The places that do accept Section 8, a lot aren't eviction-friendly. You have to have a fairly clean record, or you have to be able to pay off those evictions. And that's not something I'm able to do."

Freeman called dozens of apartment complexes but still had to ask the housing authority for an extension. It took until November to finally find his own place in northeast Oklahoma City.

As of December, the Oklahoma City Housing Authority, which provides housing assistance programs in Oklahoma City, reported about 11,800 households on its list waiting for one of its 4,769 Section 8 vouchers.

Even as rents increase, there's less money to go around. The Oklahoma City Housing Authority's share of federal funding for vouchers is at the lowest level in three years after increases in rental assistance due to the coronavirus pandemic. Funding is now at $25 million, down from $28.8 million in 2021 and $26.5 million in 2020.

Mark Gillett, executive director of the housing authority, said the agency is adjusting voucher payments to cover increasing rental rates with the hope of making them more attractive to landlords.

"A cascading effect of doing that is we cannot issue as many vouchers," Gillett said. "As the cost of rent increases, and our payment amount to landlords increases, the number of vouchers we can issue goes down as our budget has not kept pace with the rent increases we are currently seeing."

It's a nationwide problem, Zaterman said.

"If we're keeping up with the costs of those in the program we're currently serving, there's no room for serving new people — and that's the conundrum," Zaterman said.

The Oklahoma City Housing Authority would need to triple the number of vouchers it has to meet growing demand, but even that wouldn't solve Oklahoma City's growing shortage of affordable housing, Gillett said.

"One of our highest priorities is outreach and education to property owners about the opportunity to accept vouchers," he said.

Richard Marshall, director of Housing Choice Vouchers for the housing authority, said he is dealing with an unprecedented shortage of affordable housing. Oklahoma City's rental increases have also made the market attractive to outside investors, who buy properties, raise rates and stop accepting vouchers, he said.

Oklahoma ranked third in the nation last year among states where institutional investors are buying single-family homes, according to the National Association of Realtors.

"Investors are pushing our tenants out, and they're having a very difficult time finding a place. It's never been that way for Oklahoma City," Marshall said.

The nonprofit Positive Tomorrows runs an elementary school for children experiencing homelessness in Oklahoma City, and also assists students' families in trying to find housing. But higher rents make it more of a challenge, particularly if clients have a past history of evictions or criminal charges.

There is also sometimes a stigma around the housing vouchers that can be hard to overcome, said Kelly Berger, director of family support for Positive Tomorrows.

"There's this idea that Section 8 equals bad tenant. And the opposite is true," Berger said. "Now you have a federally backed rental payment that will be coming in over and over again every month."

Many of the parents helped by Positive Tomorrows are working low-wage jobs but just don't earn enough to cover rent and a deposit for permanent housing, so they're stuck living in motels, paying week to week.

Families like these don't get priority on the Section 8 waiting list, because they aren't living on the street. A years-long wait for a voucher and permanent housing can leave a lasting impact on the life of a child, Berger said.

The stress of constantly moving from motel room to motel room can harm a child's capacity for learning at school, said Margaret Creighton, president and CEO of Positive Tomorrows.

"Homelessness is not a one-time trauma, especially for our kids that are so mobile — it's an everyday trauma," Creighton said.

The shortage of vouchers and eligible housing is also creating issues for counselors at the Oklahoma City nonprofit Palomar, which provides services to survivors of domestic violence.

Housing is now victims' most pressing need in Oklahoma City, said Palomar founder Kim Garrett.

"It hasn't always been like that. It was civil legal services and counseling. But we've seen a big shift," she said. "We know basic housing is the need for women and children most likely fleeing a violent home."

Palomar's referrals for housing assistance to the Homeless Alliance jumped from 8 in 2017 to 122 in 2022 — a 1,425% increase.

There are limited housing vouchers and area homeless shelters are full, she said.

"Some are living in their cars, or they stay with family and friends or couch surf," Garrett said. "And some go back (to an abuser). I'm really scared to say it but I fear we're going to see a lot more women and children facing homelessness."

A new home for Colbert has helped give her renewed hope for the future. Her apartment is in a quiet Oklahoma City neighborhood. She likes to drink her morning coffee in front of the window and watch the sunrise.

"It's a dream come true — and there's going to be more ahead," she said.

Notes

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Take notes, highlight, use as a text book.

How big is too big for Edmond? City leaders, some residents disagree

Jack Money, The Oklahoman, September 10, 2023

Excellent schools, low crime rates, high-caliber city services and businesses offering plenty to see and do are helping this community live up to its slogan — "A great place to grow." But at the same time, Edmond is facing an identity crisis.

Some city leaders and residents want to the see the community grow with additional businesses and more housing options for people who work in Edmond. Others are concerned about depreciating property values that might come with additional multifamily housing developments.

For Edmond leaders, it has become its quintessential question: How big is too big?

In 2020, U.S. Census Bureau data showed Edmond was the fifth-largest city in Oklahoma with a population of 94,428.

As it's grown, people working for some of its schools and businesses have found it increasingly difficult to find affordable places to live.

A lack of affordable housing handcuffs recruitment efforts for Edmond's major employers and makes it more difficult to lure new businesses to town, economic development and Chamber of Commerce leaders fear.

It also worries elected city leaders, who rely upon on sales taxes generated by a thriving community to provide quality city services.

Edmond City Council members recently accepted a housing study that showed a teacher making $44,000 to $50,000 a year only could afford to buy a home worth about $150,000. Even a nurse in a dual-income home making $84,000 a year could only afford to buy a home worth about $251,000, the study showed.

The average price for a home in Edmond, according to Zillow, is more than $335,000.

It's not just about finding affordable places to buy. Even finding affordable places to rent inside Edmond is challenging for some like barista Rylee Dean, 23, an Edmond native whose mother and grandparents still live in the community.

Dean and a roommate were living near Interstate 235 and Wilshire in an apartment costing $700 a month before recently moving to one at NW 122 and State Highway 74, costing nearly $1,200 a month. Neither address is in Edmond.

"I can't go anywhere near Edmond prices," said Dean, adding she would if possible because "it would be easier to spend time with them (her grandparents and mother), and I wouldn't have to drive as far to get to grocery stores and restaurants I like to visit."

Edmond's struggles to make more affordable housing available aren't unique. Cities and towns across Oklahoma and the nation are seeing a shortage of affordable housing amid rising rents and record-high interest rates for mortgages.

Oklahoma's Legislative Office for Fiscal Transparency recently talked about the Oklahoma's Housing Finance Agency's efforts to address the issue. The agency recently spent millions in federal funds to create nearly 10,000 housing vouchers to help an estimated 25,250 people find affordable housing.

LOFT said 26,291 Oklahomans continue to wait for rental assistance.

The agency also is developing plans to spend more than $200 million in state appropriated dollars to create a programs encouraging developers to build homes for sale through low- or zero-interest loans.

Affordable housing is defined by the federal government as a living arrangement where someone pays no more than 30% of their income on that expense, including utilities.

Young Edmond professionals say help is needed, others not so sure

Savannah Whitehead, program director at the Edmond Fine Arts Institute, led a young professionals focus group as part of the housing study and told council members three-quarters of young professionals under the age of 35 can't afford to buy even an average-priced home in the city.

Apartment options are limited too, because only a handful of those types of developments have been approved within the community over the past decade, she said.

Schoolteachers, hospital employees, police, firefighters and recent UCO graduates need affordable places to live in Edmond, and some community members don't understand how that impacts businesses, Whitehead said.

"These are some of the most active and involved people in the community, but we can't call Edmond home. A person should not have to work for 10-plus years and be in a dual-income household to be able to live in the city," she said.

Veteran Megan Lee Schmidt, 38, told council members she and her husband count themselves among lucky ones able to acquire a home in Edmond during the Great Recession in the late 2000s, when housing prices were not so extreme.

The same opportunities didn't exist just five years ago for one of her relatives, a married military veteran who returned to the United States after serving overseas.

Today, that relative and his family are living with parents because they can't afford to own their own home in Edmond, she told council members.

"Life doesn't look the same as it did in the 1970s," Schmidt said.

But not everyone who lives in Edmond shares their concerns.

The local market has changed over time because living in Edmond is so desirable, said longtime resident Robert Semands, 74.

He suggested that people who want to live in Edmond but can't afford it either should undergo additional training or choose careers that pay better.

"I totally believe in promoting and protecting our place here, because it's special; it's very special. I don't want to see anything happen here that could diminish ... our investments in this community as individual residents here," Semands said. "I can tell you, I worked my butt off to get here."

Edmond used outside help to evaluate housing issues

The study, led by St. Louis-based Development Strategies, collected data on residents' incomes and ages and information about recent home sales. It included surveys and focus groups.

It showed Edmond doesn't have enough available housing, driving prices for what is available higher, and recommended the community double the numbers of building permits it issues annually to add at least 8,900 new places to live over the next 10 years.

It also showed 64% of Edmond's residents can't afford to buy an average-priced new home in the community and that more than three quarters of Edmond's workers live in other communities.

It also showed some residents who live in older Edmond homes can't afford to improve them, despite city efforts to make that easier, and that Edmond's current market trends are unusual compared with most communities.

The study recommended Edmond allow more diverse types of developments, including multifamily projects, and create a housing task force to address challenges using educational and financial programs.

Edmond residents question study's purpose, intent

When Edmond's elected City Council members received a final study report this summer, some residents said city leaders had brought in a company with a hidden agenda to force outside points of view on their community, adding they felt ignored or marginalized when they tried to participate in the process.

Others said they don't understand why Edmond is concerned about making more affordable housing available after it created tax incentives to encourage the clearing of blocks of some of the community's oldest and cheapest homes for new, higher-density projects.

Like Semands, some told council members they had worked hard to be able to afford living in Edmond and encouraged others to do the same.

"A lot of us have invested a lot of money in our homes. In many cases, that's the biggest asset we have. We can't afford to have those assets depreciated on us because of what goes on around us," said Steve Curry, 76. "Don't forget those of us who have worked hard to get to where we are, and the values that we've created from working hard. I hope these young people do the same."

While a homebuilder, a Realtor and a Chamber of Commerce executive also came forward to tell council members they have seen problems the study revealed firsthand, Semands told council members it isn't Edmond's responsibility to address outside economic influences that have pushed both construction and financing costs for new homes much higher over the past 40 years, especially since the COVID-19-related shutdown prompted a massive infusion of federal dollars into the economy.

"That's the textbook definition of inflation — too much money chasing too few things, and there's nobody in this room that can do anything about that," Semands said.

Feedback from Semands, Curry and others during a recent presentation about the study left at least one member of the City Council frustrated.

Councilwoman Christin Mugg told audience members that Development Strategies, the company that led the study, is a professional, reputable firm whose business is to objectively study housing issues and proposing potential solutions.

It is unreasonable to expect people will indefinitely be willing to commute to get to and from their Edmond jobs, she said.

"We are not here with an agenda. There's no motive here, other than to make Edmond a great community," Mugg said.

Council members accept study's findings

Before voting with colleagues to accept the final study, Councilman Barry Moore said Edmond's housing issues caught his attention recently as he attended a young professionals meeting organized by Whitehead where only a half dozen of the 40 people there rose their hands when asked if they lived inside Edmond.

He reminded those critical of the study that incomes don't define the value of next-door neighbors, explaining he himself had experienced a hardscrabble childhood where his mother raised six kids by herself and depended on governmental assistance to help keep the family fed.

"When people say affordable housing, I don't actually know what that means. I know that people try to do what they can to put a roof over the head," Moore said.

"If all you can only afford is a $140,000 house, that doesn't make you less human than someone who lives in a $2.5 million house. We have got to figure this out. Let's look at this as we can, as a community."

Study shows Enid's housing needs

Kelci McKendrick, Enid News & Eagle February 17, 2023

A housing study conducted in Enid over the last five months has been completed.

The citywide housing study, which was a partnership between Enid Regional Development Alliance and RDG Planning & Design, began in September and aimed to identify effective strategies to address Enid's housing affordability needs.

Amy Haase, principal of RDG Planning & Design, said during ERDA's luncheon Thursday the results of the housing study show that Enid needs more housing units in general and more diverse housing options for all stages of people's lives.

Debbie Moore, interim executive director of ERDA, said the results of the housing study will be "critical in addressing Enid's housing issues."

"This gives us our 'marching orders' and lets us know where the shortages are and where some of the older housing stock is," Moore said. "It also gives us some strategies on how we may be best able to tackle some of those issues."

Growth rates

Enid and Garfield County have, in the last several decades, seen slow, steady growth in population, and building activity over the last few years has been "up and down," Haase said, with a lot of multi-family homes being added to the mix.

To help with having enough residences to match the jobs available, Haase said two scenarios were looked at.

In the first scenario, Enid's population had an annual 0.5% growth rate over the next 10 years, reaching a population of just more than 55,000 in 2035.

"For that, we would need to produce … almost 1,500 units to support that population growth," Haase said.

With that percentage, Haase said there would need to be more than 300 houses priced below $250,000, adding that is challenging due to costs of construction and other factors that go into producing units.

"But what we saw … was that we have a lot of those units existing within the market, so how do we preserve those units and get some movement in the market," Haase said. "If somebody is living in one of those $200,000 units, and it's not appropriate for their stage of life, do they have an option to do that unit that better fits their stage of life?"

In the other scenario, the annual growth rate of Enid's population was 1%, reaching 59,567 people by 2035. Haase said almost 3,000 new units would need to be produced, with more than 700 priced below $250,000.

Enid's affordability analysis, Haase said, showed that the city has a lot of housing units valued in a range that is affordable for individuals making less than $50,000 annually — meaning a lot of households could live in a house with a higher price-point.

"But, we also know people will choose to stay in the units they're in because they like their neighbors. It fits their needs. They're fiscally conservative, and their mortgage is paid off," Haase said. "They're happy where they're at, so we realized that just producing more high-end units isn't going to solve our housing shortage."

Garfield and Longfellow neighborhoods

As part of the housing study, Haase said the neighborhood around Garfield Elementary School and Longfellow Middle School — which has an estimated 3,813 residents living there with a median household income of $34,112 and median house value of $54,885 — were looked at.

Some of the characteristics of the neighborhood include a lot of historic, small and single-family housing and that Garfield and Longfellow are defining assets.

The neighborhood also has some of Enid's oldest housing stock built at entry-level housing; scattered housing reinvestment occurring there but also are some houses in poor or dilapidated condition; and a few areas with property maintenance issues.

Haase said some of the key assets of the neighborhood include having the most affordable housing in Enid; having Garfield and Longfellow as central nodes; reinvestment in the area; and a grid system, although sidewalks are lacking.

Some of the concerns in the neighborhood, according to the housing study, are visible blight; undervaluation; separation from jobs and services; and a lack of neighborhood services.

"What we ended up doing is taking the neighborhood … and identifying two or three strategy areas," Haase said.

The "anchor areas" in the neighborhood — which have "good, stable places" to build from — are those surrounding Garfield and Longfellow and along the Broadway Corridor.

"When we go to one of these schools, we want to be able to look around and say, 'Wow, the housing quality around these schools are of good quality. It feels good and safe, and it reflects the reinvestment that has been made in the schools themselves,'" Haase said.

To do that, Haase said some policies include removing any slum and blight conditions; rehabilitating streets and sidewalks; partnering on infill projects on sites with obsolete structures; encouraging mixed-use for infill and/or redevelopment sites along Broadway; enable increased densities; prohibiting and transitioning any light industrial uses and/or activities; and partnering on beautification efforts.

The "reinvestment/infill areas" in the neighborhood, Haase said, are between Pine and Walnut and 11th and 13th; between Elm and Maple and 12th and 16th; and between Maine and Oklahoma and 11th and 14th.

"In these areas, we want to target initiatives to remove any dilapidated structures," Haase said, adding that other policies include assembly of vacant lots; investment in streets, sidewalks and stormwater; having specific standards for projects that leverage "shovel-ready" lots; and being sensitive to any displacement that may occur because of redevelopment.

"We need to make sure that those households are finding units that fit their income levels and are meeting their needs."

Haase said in policies the "rehabilitation areas," which are those outside in the neighborhood of the other two areas, are reinforcing public features; targeting property maintenance initiatives; continuing to engage the neighborhood on initiatives and programs; and adequately funding things to ensure sufficient and long-term impact.

Possible projects to think about in these areas include affordable senior housing; opportunities for equity-buildings; acquisition/rehabilitation/resale of low-cost exiting units; infill mini-subdivisions on new sites and clusters of lots; combination of housing and support services like childcare; and new housing forms like townhomes.

Community-wide strategies

Enid, Haase said, has a strong economy and community partners and vibrant commercial districts, all of which she said are essential in growing the local housing market.

Some of the challenges in Enid's housing market are an older housing stock, a shortage of rental options, a lack of housing variety, real and perceived process issues and a shortage of ready-to-build lots.

Based on that, Haase said three goals were identified.

The first goal is to share risks with the private market when it's appropriate. The objectives are to lay the groundwork for the other two goals; expand awareness and partnerships to address Enid's housing needs; lower the risk and, therefore, incentivize more private market involvement in housing production; and lower the risk of developing under-built housing products that fill local needs.

Policies and programs under this goal should focus on affordable, low- and moderate-income housing; support unusual or relatively new-to-the-market types of projects; lower the risks related to infrastructure and public improvements; gap financing; and increased capacity with nonprofit developers.

The second goal is to increase housing production and variety, with the objectives of addressing the need for more than 560 units of affordable housing in the next decade; building and freeing up more housing for middle-income families, as well as those who do not qualify for low-income programs; addressing the needs for options beyond apartments and detached single-family units, including duplexes, townhomes and downtown Enid living; and increase the number of universally designed products.

Policies and programs under this goal should lower the risk of developing under-built housing products that fill local needs; increase the number of accessible units; and ensure that zoning regulations are not barriers.

The third goal is to preserve existing housing and to strategically reinvest in neighborhoods. The objectives are to maintain and protect the most attainable housing in Enid; target programs to strategic areas of the most need and opportunity; stabilize neighborhoods to create healthy, vibrant areas; increase affordable housing in proximity to jobs, services and community destinations; and ensure zoning regulations do not limit affordability and housing variety.

Policies and programs under this goal should improve overall housing quality, especially for Enid's most vulnerable populations; encourage and fund housing rehabilitation over demolition and facilitate reinvestment of older neighborhoods.

"(These are) all in the effort of just making sure that we're raising the overall quality of housing and making sure everybody is living in something that's safe for them," Haase said, "because, at the end of the day, that's really what we're all striving for — we want to make sure everybody that comes here to this community has a safe and affordable place to live."

Moore, who will serve as the interim executive director until Feb. 27 when newly named Charlene Flanery begins in the role, said housing issues impact quality of life for residents and people and businesses interested in moving to Enid.

"Having this housing study in our arsenal just gives us an opportunity to address the quality-of-life and recruiting issues, as well as the community development side of things," she said.

Moore said realtors, bankers and other interested parties were involved in the housing study.

"Having all of those people at the table to discuss the housing needs and the housing supplies gave us this report," she said, "Now, those same people could come back to the table, and … we could start figuring out how we're going to address the issues directly."

The complete report of the Enid housing study can be found online by visiting GrowEnid.com

To stem housing crisis, religious congregations building homes

The Chronicle of Philanthropy, May 11, 2023

The crowd that prayed together at Arlington Presbyterian Church's Sunday worship service had dwindled from more than 100 to a few dozen. Donations dropped, and for years, congregation members grappled with how to reinvent their nearly century-old Northern Virginia church.

Neighbors' stories guided the church's radical transformation. As church members spoke with people who worked nearby, they heard a common concern: People were struggling to afford to live there.

"Those stories broke their hearts," says the Rev. Ashley Goff, pastor since 2018. "They really felt this call by God to do something very dramatic about the lack of affordable housing."

After some contentious discussions, the church reached a decision to use the greatest asset it had: real estate. In 2016 the church sold its land and historic stone building to the Arlington Partnership for Affordable Housing, a nonprofit developer, for $8.5 million.

The church was razed. In its place now stands Gilliam Place, a six-story complex with 173 apartments. The building, with ground-floor space rented by the church for services, offers homes to people who earn 60% or less of the area's median income.

Hundreds of faith groups are using their property to build homes. For cash-poor congregations that face declining revenue and member participation and rising maintenance costs, developing housing can offer a financial benefit while also expanding their social mission.

Most faiths embrace helping the vulnerable, and faith-based organizations have long provided housing. But it's rare that religious leaders have real estate development expertise and resources to navigate the often-challenging financial and political barriers that come with planning and building apartments or houses.

Nonprofits and foundations have stepped in to help. Enterprise Community Partners, the Local Initiatives Support Corp., and other groups provide religious leaders with training, connections to developers, legal advice, and financial support to help them make informed decisions about whether they should use their land for housing. Then, the nonprofits guide leaders through the complex development process.

Banks offer support; initiatives spread

Enterprise, one of the biggest nonprofits working on housing issues, has run its Faith-Based Development Initiative since 2006. Capital One, Bank of America and local grant makers, including the Blank Foundation in Atlanta and New York's Trinity Church Wall Street and others, provided support. In 2022, Wells Fargo gave $8.5 million to help the program expand nationally from the mid-Atlantic region where it began.

Houses of worship in Atlanta, Baltimore, Miami, New York, Seattle and Washington are participating now. Grantmakers and local governments have committed roughly $12 million to the program for the next several years.

So far, the effort has created or preserved 1,500 affordable rental apartments in the Baltimore-Washington region. More than 1,000 homes are in various stages of development in other parts of the country, and the potential for more is huge.

"Even if just 10% of the faith-owned land got activated tomorrow for affordable housing, we're talking about potentially hundreds of thousands of units around the country," says the Rev. David Bowers, an Enterprise vice president and leader of Faith-Based Development Initiative. In the Washington metropolitan area alone, the Urban Institute identified nearly 800 vacant parcels owned by faith-based institutions, most of which are already zoned for residential buildings. Assuming multifamily housing could be built on that land, it could support building 43,000 to 108,000 new low-cost housing units.

Meanwhile, Local Initiatives Support Corp., a nonprofit community-development financial institution, is helping churches explore housing projects in New York and the San Francisco area. And Yes in God's Back Yard, backed by the grant-maker coalition Catalyst of San Diego & Imperial County, has ambitious goals for faith groups in Southern California.

Most faith groups don't opt to sell their land and tear down their sanctuary space as Arlington Presbyterian did. Rather, they want to maintain control of the land and take better advantage of underused property like parking lots or classrooms.

Congregations and other faith-based organizations have a long history of filling housing needs through land donations, Habitat for Humanity projects, and providing shelter for people who are homeless. Many churches in Black neighborhoods have been involved in those efforts, and these congregations are a priority for Enterprise, as they've historically had less access to financial resources to support their growth, Bowers says.

Leaders from more than 250 houses of worship across the county have participated in Enterprise training sessions. Black churches represent around 80%. The rest include a mix of churches and a few mosques and synagogues. "Part of our work is to get more faith communities from all kinds of walks involved," Bowers says. "When you have declining memberships and you see your building space very underutilized, it becomes pretty stark."

Some faith organizations that build housing rely on the Low-Income Housing Tax Credit, the country's largest affordable-housing subsidy program. But the process of applying for government tax credits can be sluggish, says Monica Ball, who leads community outreach for Yes in God's Back Yard, or YIGBY. The group's name is a play on NIMBY, or Not in My Back Yard, the acronym used to describe residents who object to new housing or other development where they live.

YIGBY helps faith leaders navigate the home-building process. Instead of relying on tax credits for development, the group hopes to demonstrate how foundations, corporations, and wealthy people can help increase the supply of affordable housing without necessarily spending a dime. Using a construction loan guarantee, foundations or donors pledge to repay a loan with their endowment or other assets. This helps developers access the funds they need while removing risk for the lender.

YIGBY is helping Bethel African Methodist Episcopal, San Diego's oldest Black church, build 26 new one-bedroom apartments for homeless veterans and older people. The region's severe shortage of housing means that many veterans who receive a housing voucher from the Department of Veterans Affairs often can't find a place to rent. Housing analysts estimate the San Diego region needs to build more than 13,000 new homes annually to meet demand.
Banks are often reluctant to lend to first-time developers, so YIGBY has turned to donors and low-interest loans, to help finance Bethel's project using a construction loan guarantee. Andy Ballester, a co-founder of the crowdfunding site GoFundMe, set aside around $5.3 million – an amount equivalent to the value of the construction loan. That money acts as insurance for the bank and will be tapped into only if the developer fails to make an interest payment on the loan.

So why haven't more faith groups built new housing to address the shortage?

"It's just a simple time and money and expertise disconnect," Ball says. And while these challenges aren't unique to houses of worship, the need to get zoning approvals from the government and deal with neighbors who resist new development often presents obstacles.

Sometimes houses of worship are at an advantage when they try to work through local opposition, Bowers says. "If people perceive the house of worship as an anchor institution and a good neighbor in that community, sometimes they have goodwill that they've accrued over time, and that may help."

Places of worship are "in need of revenue and relevance," says Ball, leader of community outreach at YIGBY.

"When you're in the middle of a housing crisis, if you've got land, the best way to generate revenue and become socially relevant is build housing."

Texas county prioritizes housing for public sector workers

Charlie Ban, National Association of Counties, July 5, 2023

Bill Gravell acts like a matador to encourage development of housing that public employees can afford.

The Williamson County, Texas judge will get everyone excited, he'll shake the cape around, and when the project comes charging at him, he steps out of the way. That's how he feels the county can best get the job done: Stay out of the way of the developers.

"In my experience, the less we're involved, the better," he said about the county government. Williamson County has a housing affordability problem, but at the same time, Gravell doesn't want to get into the housing business. The county is growing, roughly 40,000 new residents move in each year, and while private sector salaries have increased with new commercial and industrial development, the county's workforce can't hope to match it.

Public sector workers, like these newly-minted Rock Rock police officers, would be eligible to rent homes developed in cooperation with Williamson County, Texas.

Some opportunities for housing that will cater to public sector workers, specifically in law enforcement and education, are on the horizon, and although Gravell doesn't want the county to give anything away to developers, he sees an opportunity for an in-kind donation of sorts through a public-private partnership.

The first of those partners is a husband-and-wife team — he's a police officer and she is a teacher — and they lived outside of Williamson County, but they saw an increasing number of their colleagues in their situation: Unable to afford to live in the community they served. The couple wanted to build a community of 28 tiny houses across the street from an elementary school, one that rented only to public sector workers, for $1,340 a month, well below the market rate. Police officers get an additional discount if they park their patrol cars at the ends of the development, as a crime deterrent.

It works, Gravell said, because in construction, time is money, with materials and labor costs increasing steadily. Delays are costly. By expediting any government "red tape," Williamson County can help shepherd projects through and avoid delays that often puts them over budget.

"Sometimes in county government, we forget that we have a powerful voice, and we can 'add the fire' for lack of a better word," he said. "The value-add in this project was believing in it and permitting it.

"We're not giving them anything free, we're not giving any handouts, but we're giving them a hand up to be successful."

In the couple's situation, their development was off a county road, and Gravell was happy to allow them access to the road for utilities if it meant housing more county and city workers.

"I just can't ask men and women to put on uniforms and badges and go into our schools and then when they walk out of those properties they have to drive 45 minutes or an hour to lay their head down at night," he said. "It seems morally wrong that we ask people to work for us, and we ask people to sacrifice to work for the public — teachers, paramedics, firefighters, cops — and then send them somewhere else to live. I think we have a moral obligation to take care of them, a moral obligation to make sure they can have the same quality of life."

The initial development will include 28 freestanding buildings, with two bedrooms each, totaling 800 square feet.

"An 800 square-foot house is a lot better than an apartment the same size," Gravell said. "And for the teachers who live there, they can't walk to school. You can't walk to where you work in most parts of Texas."

He sees the tradeoff — more predictable costs for dedicated housing — catching the interest of other developers, and anticipates 500 new units among different developments over the next two years. His goal is 5,000 units.

New housing model in Montana turns tenants into shareholders

Keila Szpaller, The Daily Montanan, August 6, 2023

Reid Reimers is among the residents and shareholders who worked with nonprofit leaders to preserve affordability in homes in this historic building in Missoula. (Keila Szpaller/The Daily Montanan) https://dailymontanan.com

Collin Bangs got a phone call when the historic property on Wolf Avenue in Missoula went up for sale.

His daughter, Melissa Bangs, lives next door. She'd seen other apartment complexes sell, new owners hike up rents, and longtime residents displaced.

Collin Bangs, a developer in Missoula who has long worked in affordable housing, said his daughter told him a sale on the open market would devastate her neighbors.

"If that happens, half of those people will be homeless," Bangs said his daughter told him.

She asked him to buy the property instead and hold onto it for a spell.

If he could buy it, she'd rally the tenants and housing organizations to find a way to preserve affordability there, and she figured the tenants would have a shot at staying in their homes.

Now, the land under the homes is in a trust.

A statewide organization that helped craft a new design for affordability at Wolf Avenue is using the first-of-its-kind model in Montana in a second project — and plans to use it again.

Additionally, most of the former tenants are shareholders in the project, including a 75-year-old poet, a chef and a theater instructor. Their homes are secure.

Melissa Bangs said she intervened for the individuals and for the community. She asked: Don't the people who teach us, feed us and entertain us deserve to live in this community, too?

"I didn't even know what the answer would be," Bangs said. "But I was sure there had to be an answer, that there had to be a pathway for preserving existing affordable housing."

The project doesn't just represent security for the current residents, said Emily Harris-Shears, housing policy specialist for the city of Missoula.

"Eight units at a time is really meaningful when we're thinking about the impact of this over generations, and over the lifetime of a community land trust," Harris-Shears said. "That means that so many more households will be able to benefit from that than they would if it didn't exist."

In Montana, urban areas especially are in trouble because of a lack of affordable homes to buy or rent and tight vacancy rates. A healthy vacancy rate for rentals is around 5%, and Missoula sat at 1.2% for most of 2022, according to data from the Missoula Organization of Realtors.

But there's a big gap between being a renter and being a homeowner, and the new model also helps fill it, said Brittany Palmer, with the North Missoula Community Development Corporation. The NMCDC is a nonprofit that works on affordable housing in the neighborhood.

(The MOR said the vacancy rate bumped up to 2.3% at the end of 2022, but Palmer said when work started on Wolf Avenue, it was at just 0.5%.)

"It provides another access point for stability that's not quite home ownership, but it is community control over housing, which I think is really cool," Palmer said.

The property on Wolf Avenue is comprised of eight units, the smallest at 395 square feet and largest at 950 square feet, according to NeighborWorks Montana.

Kaia Peterson, executive director of NeighborWorks, said since the property converted to the land-trust-and-co-op model, all the monthly payments increased, but in some cases, just by $30.

In all cases, she said the monthly payment — formerly rent, now a shareholder payment — is well below market, generally $570 to $700 for the small- to medium-sized units, and $1,070 for the largest one.

By comparison, the median cost of a studio in Missoula was $821 in 2022, according to the Missoula Organization of Realtors.

Figuring out the new model took work by the tenants, NeighborWorks, and other organizations that work in affordable housing. The goal of affordability was clear, but the formula they'd end up using wasn't a given.

Peterson said the result for Wolf Avenue represents a different approach to helping current renters buy their building so it remains affordable, "a mash-up of models."

Essentially, a nonprofit holds the land in a trust; a cooperative business formed by the residents owns all the apartment units; and the residents buy shares in the cooperative.

(Similar to a mortgage payment that pays off a housing loan and allows a homeowner to accrue equity, the residents' monthly payment buys down a shareholder loan and allows them to accrue equity.)

NeighborWorks has helped people who live in manufactured home communities convert their properties into resident-owned complexes for close to 15 years. For the first time, Wolf Avenue used that idea for an apartment building.

But that wasn't the only affordable housing tool that was necessary.

The total property cost close to $1 million, more than what the residents could afford collectively. So the project also used a community land trust model, a tool the North Missoula Community Development Corporation has used in the neighborhood before.

In a community land trust, a nonprofit generally holds the value of the land in trust, and residents own the home that sits on top. (In this case, the residents own shares in the value of the homes.)

Most of the property value is in the land, so the setup means less potential equity for each owner. However, on the flip side, it also means the property remains affordable in perpetuity.

Palmer, with the Northside nonprofit, said community land trust organizations are "radically open source with one another." So when she started looking for places that had already used a land trust with a cooperative ownership model, nonprofits outside Montana readily shared legal documents.

To be sure other tenants in other buildings could use the work done to convert Wolf Avenue, she said lawyers who worked on the Northside conversion still had to do "a ton of work" to ensure the documents worked for the state of Montana.

"We really put a lot of energy and effort into doing it 100% right this first time so that it can be replicable," she said. "But we sure got a head start by reading out to our community land trust partners."

Financing was critical to the deal.

A low-interest loan from the Clearwater Credit Union to Bangs made the initial sale pencil out, his daughter said. Collin Bangs said Garden City Property Management's maintenance expertise and generosity also were critical and helped shore up the building given its age.

A low-interest loan and 40-year-term from NeighborWorks to the cooperative made the subsequent deal work. (Residents of all but one unit decided to purchase shares; the residents who didn't buy may still do so in the future.)

A $340,000 grant from the City of Missoula's affordable housing trust fund helped buy down the overall cost of the project to make the individual shares affordable for the residents, Harris-Shears said.

The city started the fund with federal COVID-19 relief money, and it has had $1.7 million altogether since it was first established in 2020, she said. She said a competitive application process ensures money from the fund leverages even more dollars for affordable housing.

Palmer said that local fund was important because the building is older, and federal money has restrictions on things like lead-based paint.

"It's important to know that this local affordable housing trust fund in Missoula is the only way that this could happen," Palmer said.

Eight units alone may seem like a drop in the bucket given the need in Missoula; Harris-Shears said a recent report on housing for the entire county identifies a shortage of 2,400 units at all levels.

However, the homes on Wolf Avenue will remain affordable to people at 80% or below area median income in perpetuity with help from the city's investment.

"We have to take bites out of the apple when we can get them," Harris-Shears said.

The deal might have created some migraines for the people trying to sort out all the details over two years of intensive weekly meetings.

But now, the wins are clear.

The original seller received his asking price for the property, according to those who worked on the cooperative deal.

Minus a small tax loss, Collin Bangs recovered his original investment, and he said he gets a write-off on the loss.

He also made good on his promise to his daughter, the neighbor who catalyzed the preservation of the building into affordable homes.

"The biggest risk to me was that I wouldn't be able to keep my pledge to Melissa that regardless of what happened, we'd find a way to keep it affordable and keep those people in there," Bangs said.

And the residents are in control of their own homes — and stand ready to help others.

Melissa Bangs said when she sees her smart, funny, generous neighbors, it's hard to capture the magnitude of the feeling that washes over her.

"Their home is now their home," Bangs said.

But she said there's a lesson in the project too, and that's that people with tenacity and grit can play a role in saving affordable homes, saving the soul of a community.

"I am certain that to save this community, we will need many creative solutions, not just this one," Bangs said. "We will need many creative solutions, and there are so many brilliant, inspired people and collaborations in the works."

Peterson, with NeighborWorks, said access to capital at low interest rates is critical for the model to be used again. She and Palmer also said staff support from housing experts to help residents iron out details is necessary.

At the end of May, Reid Reimers, one of the residents and shareholders, had just sent in his first monthly shareholder payment instead of rent.

Now, he and other residents are holding their doors wide open for others who might want to figure out how to create a similar cooperative. They sorted through more than a few details.

What are the maintenance priorities? What if someone is late with rent? What are the rules for pets?

"This is a crazy process, but here's how this might be able to help you," he said.

To read more about https://dailymontanan.com/2023/08/06/new-housing-model-in-montana-turns-tenants-into-shareholders/

OKC home construction has plummeted at all price ranges but one, and it's pretty sweet

Richard Mize, The Oklahoman, April 6, 2023

Oklahoma City homebuilders aren't building as much these days, but they're building for the sweet spot of the market: homes priced from $200,000 to $250,000, the only range to see growth in construction the first three months of the year.

Construction plummeted in every other price range in the first quarter, according to Norman-based Dharma Inc.'s Builder Report. The steepest decline was at the bottom, 80% for houses costing up to $150,000. The slightest slip was at the top, 6% for those at $500,000 and up.

That mostly fits what Realtor Kacie Kinney is seeing.

"Anything under $250,000 is still FLYING with multiple offers," she wrote in her monthly e-newsletter "Anything over $400,000 (in my experience) is slower to absorb and it's scaring some people."

It's familiar, but "weird," said Kinney, an agent with Keller Williams Elite in Yukon.

OKC housing market 'returning to pre-COVID': Parade of Homes goes on

"It's sort of like life is returning to pre-COVID, and there are moments that I feel like lockdown was a fever dream," Kinney said.

Mortgage rates have slipped the past few weeks, according to Freddie Mac, but are still about twice what they were for most of 2020 and 2021, and higher than they've been since 2008. Rising rates doused the sizzling pandemic market. And that, along with rising costs for building materials and general inflation, sent construction skidding.

The good news for some home shoppers and some builders is the Spring Parade of Homes will go on. It will be April 21-23 and 28-30, with new homes open free to the public from noon to 6 p.m. each day from Edmond to Norman and Yukon to Choctaw.

The rest of the news? Not that great, according to the Builder Report.

How far homebuilding has fallen so far this year in OKC and suburbs

Moore was the only city to see an increase in home starts in the first quarter, from zero the first three months of 2022 to five so far this year. For others, starts took a dive.

- OKC metro area: 1,492 through March last year; 842 this year; down 43.6%.
- Edmond: 115 last year; 93 this year; down 19.1%.
- Midwest City: 55 last year; six this year; down 89%.
- Norman: 160 last year; 83 this year; down 48.1%.
- Oklahoma City: 1,046 last year; 621 this year; down 40.6%.
- South OKC: 290 last year; 196 this year; down 32.4%.
- North OKC: 716 last year; 405 this year: down 46.2%.

Price ranges for new home construction in the OKC area in the first quarter of 2023

The lowest price range saw a lot less construction, and the highest price range saw a little less, but starts were down almost across the board, except for the $200,000-$250,000 sweet spot, the first three months of the year.

- Up to $150,000: 303 starts through March last year; 61 this year; down 80%.
- $150,000-$200,000: 349 last year; 194 this year; down 44.4%.
- $200,000-$250,000: 158 last year; 208 this year; up 31.7%.
- $250,000-$300,000: 142 last year; 74 this year;

down 48%.

- $300,000-$350,000: 180 last year; 66 this year; down 63%.
- $350,000-$400,000: 152 last year; 81 this year; down 46.7%.
- $400,000-$450,000: 64 last year; 42 this year; down 34.4%.
- $450,000-$500,000: 47 last year; 20 this year; down 57.5%.
- $500,000 and up: 101 this year; 96 this year; down 6%.

The three most active neighborhoods for new construction in the OKC area the first quarter of 2023

The Builder Report tracks listed home starts in more than 30 subdivisions. The three most active through March were:

- Sara Park, SW 38 and S Sara Road (Oklahoma City limits, Mustang Public Schools, Mustang postal address): 50 starts.
- Ashton Court, SW 22 and S Sara Road (Oklahoma City limits, Yukon Public Schools, Yukon postal address): 33 starts.
- Falling Springs, NW 150 and Rockwell Avenue (Oklahoma City limits and postal address, Deer Creek Public Schools): 29 starts.

The three most active homebuilders in the OKC area through March 2023

The Builder Report lists 35 homebuilders active in the Oklahoma City area in the first quarter. The three most active, and number of starts, were:

- D.R. Horton, based in Arlington, Texas: 130 starts through March.
- Rausch Coleman Homes OKC, based in Fayetteville, Arkansas: 104 starts.
- Ideal Homes & Neighborhoods, based in Norman: 74 starts.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Section 2
Housing Finance

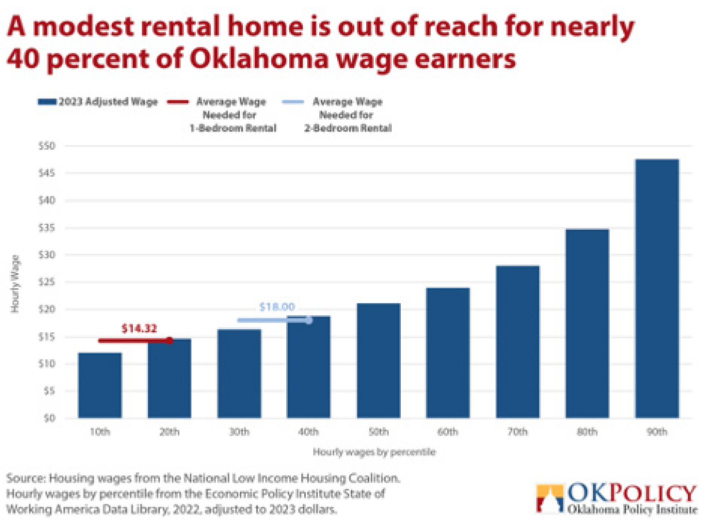
Housing is unaffordable for Oklahoma's low-wage workers

Sabine Brown, Senior Policy Analyst, Infrastructure and Access, Oklahoma Policy Institute

Oklahomans working a full-time job should be able to meet basic needs for themselves and their families, but 2 in 5 Oklahomans are unable to afford a stable home working one full-time job. The combination of rising housing costs and stagnant wages is keeping too many Oklahomans from being able to secure safe and stable housing for their families. To address this affordable housing crisis, policymakers must find solutions that close the gap between housing costs and wages.

Rental housing is out of reach for nearly 2 in 5 Oklahoma wage earners

Even for full-time workers, wages are insufficient to afford housing for Oklahoma's low-wage earners. More than 1 in 5 Oklahomans working a single, full-time job cannot afford a modest one-bedroom rental at fair market rent, while nearly 2 in 5 cannot afford a two-bedroom rental. For a single caregiver, working full-time often doesn't pay enough to provide a home for their family. Without an influx of more affordable housing or an increase in wages, working Oklahomans will continue to struggle to provide a stable home for their families.



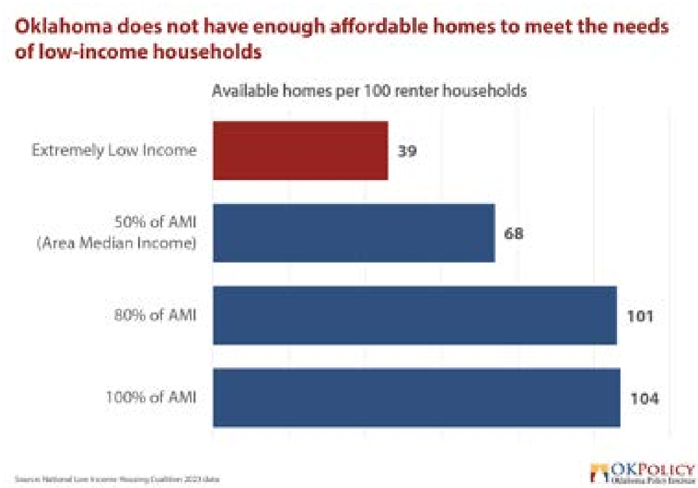
More than half of the state's most common professions don't pay enough to afford housing

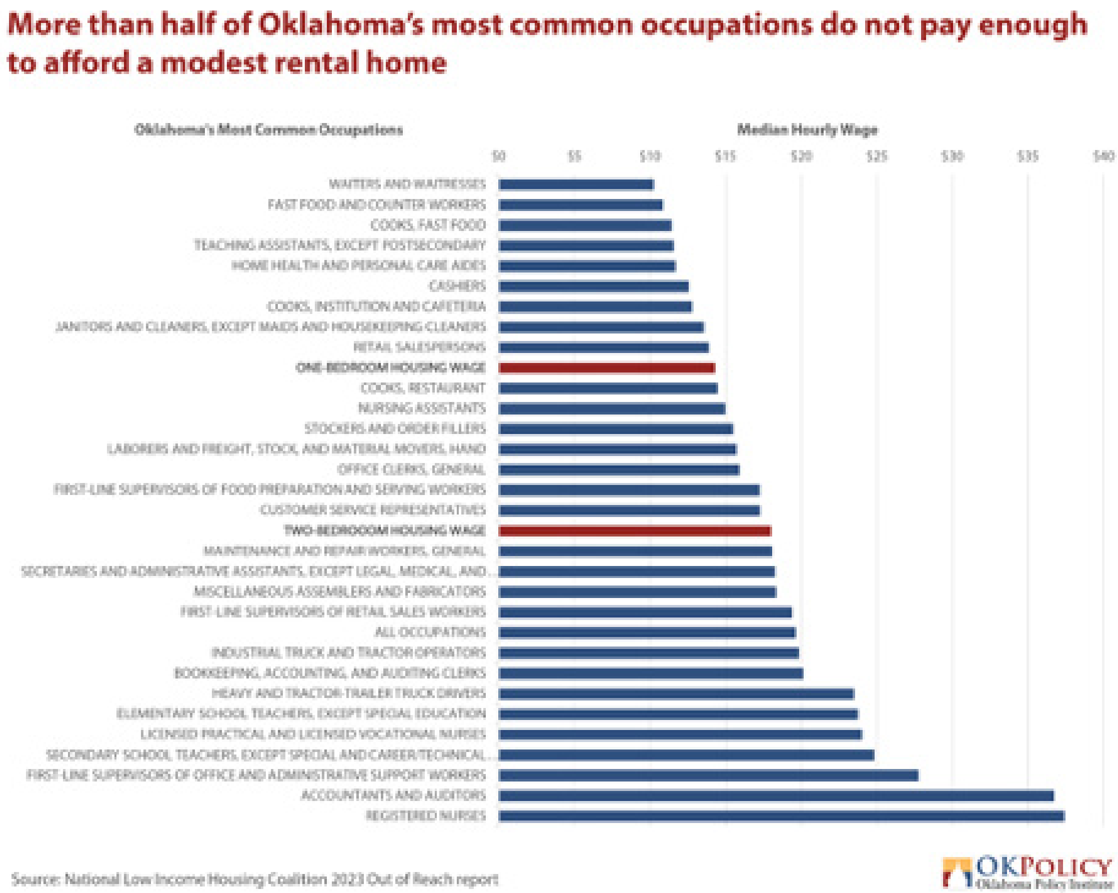
Workers employed in more than half of the state's most common professions don't make enough to afford a modest home or apartment. An Oklahoma worker needs to make $18 per hour to afford a two-bedroom rental home. However, on average, 16 of the 30 most common professions in Oklahoma — including teacher assistants, home health aides, and customer service representatives — pay less than that. Other professions that often don't pay enough to afford modest housing include emergency medical technicians, childcare workers, medical assistants, and phlebotomists. Workers in these professions provide vital services to our state. At a bare minimum, they should be able to afford a roof over their head in exchange for that work.

Housing costs are nearly impossible to afford for a minimum wage worker who supports a family. (And it's worth remembering that more than half of Oklahomans working for minimum wage are 25 years old or older.) A person working a minimum wage job at $7.25 per hour has to work 79 hours per week to afford a modest one-bedroom rental home at fair market rent. To afford a two-bedroom house or apartment, a minimum wage worker would need to work 99 hours per week — the equivalent of more than two full-time jobs. There simply aren't enough hours in the week for minimum wage earners to work enough for housing and care for their children or dependents.

Policymakers should support affordable housing development

One main reason that a stable home is out of reach for most low-income workers: Oklahoma has a severe shortage of deeply affordable housing, which is housing that can be secured by individuals who earn below 30 percent of the median income for the area. In Oklahoma, this means households that make less than about $22,000 per year for a family of four. Our state needs 81,638 additional homes or apartments that are affordable and available for such extremely low-income households. Oklahoma only has 39 homes available for every 100 extremely low-income renter households. Two in three extremely low-income households are severely cost burdened, meaning they spend more than half of their income on housing costs. These families are more likely than other renters to sacrifice necessities like food or health care to pay rent. If Oklahomans had better access to affordable housing options, it would mean families would not have to face the terrible choice between a home and putting food on the table or getting a needed car repair.





Oklahoma policymakers must find ways to greatly increase our stock of affordable housing. One solution available to lawmakers is to increase the cap on the state-based Affordable Housing Tax Credit. Between 2015 and 2021, Oklahoma's Affordable Housing Tax Credit program supported the construction and renovation of 3,723 housing units in 30 counties. Increasing the credit can expand this work and provide housing for households at 50 to 60 percent of area median income (AMI). However, developers will need new funding programs to fill the greatest gap — housing that is affordable for extremely low-income families (those making less than 30 percent of AMI or about $22,000 for a family of four). Lawmakers should target state dollars to fund deeply affordable housing development. The state recently appropriated $215 million for housing, and policymakers could use those funds to target the needs for extremely low-income households hurt the most by the current housing situation. Policymaker support should also include updating zoning laws to allow for more affordable housing options, such as multifamily housing, manufactured homes, and accessory dwelling units. These structures are often severely restricted by most municipal building codes, but such units have proved effective in addressing housing shortages.

The minimum wage should keep pace with rising housing costs

In addition to more affordable housing options, workers need wages that cover life's needs. The minimum wage was established to create a living wage for low-income workers and to protect workers from exploitation. Oklahoma's minimum wage of $7.25 per hour has been unchanged since 2009, and it has not kept up with inflation and rising housing costs. Rent is up 26.7 percent in Tulsa and 26 percent in Oklahoma City since March 2020. Affordable rent (rent that makes up no more than 30 percent of household income) for a minimum wage worker is $377 per month. However, fair market rent for a one-bedroom rental in Oklahoma is $745 per month and $936 per month for a two-bedroom rental. Making matters worse, the current annual inflation rate is 8.3 percent with energy prices and food costs experiencing the largest increases since April 1981. Without adjustment for the true cost of living, the minimum wage is not living up to its intended purpose. State policymakers should increase the state's minimum wage and/or lift the restrictions on municipalities increasing their own minimum wage.

The need for affordable housing is urgent

Everyday Oklahomans respect the value of work and will tell you that a person working a full-time job should be able to meet their basic needs. Yet, for many working Oklahomans, affordable housing is out of reach, and that gap increases with each passing month. Hard-working Oklahomans doing their best to provide for their families are facing housing instability, eviction, and homelessness. There are actions Oklahoma policymakers can take to lessen the gap between stagnant wages and rising housing costs. These actions include increasing tax credits and investment in affordable housing, updating zoning regulations to allow for more affordable housing development, and raising the minimum wage.

LIFT Community Action Agency

Becky Porter, Executive Director, LIFT Community Action Agency, Inc

LIFT Community Action Agency, Inc. is a 501(C) 3 private non-profit organization founded in 1968 as part of President Lyndon B. Johnson's War on Poverty. Our Mission is: "To improve the lives of low-income individuals and families through service and collaboration leading to self-sufficiency." As a Community Action Agency, our core funding comes from the Community Services Block Grant (CSBG) which is a federally funded block grant from the Office of Community Services, a division of the U.S. Department of Health and Human Services.

CSBG funding is intended to support services that alleviate the causes and conditions of poverty in underserved and under-resourced communities. There are more than 1,000 local Community Action Agencies in the United States which provide CSBG-funded services such as housing, nutrition, utility, and transportation assistance; employment, education, and other income and asset building services; crisis and emergency services; and community asset building initiatives, among other things. Over 9 million individuals are served by CSBG-funded programs annually.

LIFT Community Action Agency, Inc. has an annual budget of approximately $22 million and operates on average 20 separate programs. Some of the services provided include Public Transit, Head Start, Early Head Start, YouthBuild, Volunteer Income Tax Assistance, Emergency Food and Shelter program, Housing, housing supports, and many social service programs.

The provision of safe, decent and affordable housing is a priority and focus area of the organization. This is achieved through numerous lines of business. LIFT's housing activities include single family new construction, multi-family developments and operations, homeowner rehabilitation; housing weatherization; purchase/rehab/resale; management of HUD Senior Supportive Housing complexes; and construction of speculative housing. Additionally, LIFT serves as a third party packager for USDA Guaranteed loans; acts as an Intermediary for other Self Help Housing grantees in an 8 State region; and provides and services residential loans using an in-house loan officer.

For single family development, the USDA Rural Development Section 502 loan program, often referred to as the Self-Help Housing program, has long been our program of choice for residents in our service area. LIFT CAA currently operates the USDA Mutual Self-Help Housing Program in eight counties in Southeast Oklahoma. These include: Atoka, Bryan, Carter, Choctaw, Love, Marshall, McCurtain and Pushmataha counties. Through this program, families are provided the opportunity to realize the American Dream of Homeownership.

Section 523 Mutual and Self-Help Technical Assistance Grants are provided to grantees for the provision of technical assistance (pre-purchase counseling, construction supervision, loan packaging) to families who build homes in rural areas in conjunction with the Section 502 loan program. Self Help housing participants typically work in groups of eight to 12 families who construct each other's homes, and perform 65 percent of the construction labor. Through this "sweat equity", each homeowner earns equity in his or her home, decreasing the cost burden and investing in the community.

Since LIFT became a Self Help Housing grantee in 1974, nearly 2000 homes have been constructed in the 8-county service area through this program. This development contributes to the overall development and growth of our rural communities. Housing development attracts new residents, creates employment opportunities, and stimulates local businesses, leading to economic revitalization. According to a publication by the Rural Housing Coalition, "Despite the fact that families participating in Self-Help Housing have lower incomes that others receiving Section 502 loans, default and delinquency rates for Self-Help families are lower."

There are several advantages for families who participate in the program. The Self Help Housing program is designed to help low and very low income families realize the dream of homeownership through actual involvement with constructing their own homes as well as working on other participant's homes. Participants in the program pay no down payment and no closing costs but are required to contribute some of the labor, referred to as "sweat equity" which results in reduced construction costs to build the home. This contribution of labor equates to the need for a smaller loan which means a lower mortgage payment. Without the Self Help Housing program, homeownership would not be possible for many families.

Brian Huddleston of Arkansas said of the program, "If it wasn't for this program, we probably would never be able to afford a house."

In addition to sweat equity savings, some families qualify for grant funds from Oklahoma Housing Finance Agency and Federal Home Loan Bank of Topeka. Those families can apply for a developer subsidy and reduce the cost of their home on average, by $9,000 and some qualify for much more. These "loans" are fully forgivable provided the family maintain ownership for a "period of affordability." Families also obtain a fixed-rate low-interest (some as low as one-percent) loan. Native American families can receive tribal funds to include in their loan for construction from the Choctaw and Chickasaw Nations.

Threats within this program primarily center around rising costs of land, materials and labor. Since the onset of COVID, these development costs have increased by 50% or more while loan amounts and incomes have remained unchanged. Eligibility factors, program guidelines, loan requirements, etc. have not changed to align with the rising development costs. This equates to the need for a larger loan which families that would have been eligible families (families of low-income) now will not qualify. In other words, income limits would need to be higher for this program to remain affordable and accessible.

Policy Recommendations:

Nationally: I feel there needs to be changes within existing policy for federally financed affordable housing, especially within the Section 502 Mutual Self Help Housing Program. These and other programs are intended to make housing more attainable and affordable for individuals of low-income. Yet, families often face numerous barriers and challenges just to get certified eligible. We need policy reform within the USDA/Rural Development Section 502 Single family new construction program such as increased household income, etc.

State Policy: At the State level, I feel there needs to be legislation that would incentivize the creation of new homeowners. As an example, families at 150-200 % of the poverty level could have State-appropriated fully-forgivable "loans" to go toward the development of their new homes. This could not only help to create new homeowners but also reduce loan amounts thereby helping to reduce monthly mortgage costs.

Rural Homeownership is Possible Through USDA

Kenneth Corn, Oklahoma State Director, USDA Rural Development

I'm a passionate proponent of homeownership. There is simply no better tool for a family to generate generational wealth than through the blessings of being a homeowner. In rural Oklahoma, I know many of our fellow neighbors struggle with the uncertainties of how to obtain that elusive first home. There is simply no better feeling knowing that you are providing a safe, and secure setting for the family and yet so many don't know where to look or how to unlock that elusive door into homeownership.

It simply doesn't have to be this way. Thankfully in my role as State Director, I have seen the incredible ways Rural Development has been that key for so many new homeowners in Oklahoma. USDA RD has two programs that can directly finance homeownership for our fellow Oklahomans. We also have another program where nonprofits can assist low income Oklahomans into their first home. The bottom line is there is certainly a path to home ownership, and I want to make sure we are providing our Oklahoma partners with the tools needed to unlock this elusive rural homeownership benefit.

The first program is probably our most popular USDA rural homeownership tool, and that is our Section 502 Guaranteed Loan Program, which assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may purchase, build, rehabilitate, improve or relocate a dwelling in an eligible rural area with 100 percent financing. The program provides a 90 percent loan note guarantee to approved lenders to reduce the risk of extending 100 percent loans to eligible rural homebuyers. One of the best benefits of this loan is that there is no down payment required! Often a down payment is one of the biggest barriers to homeownership and USDA wants to uplift our Oklahoma neighbors – not put extra financial burdens on our rural communities.

To apply for this loan, first find a financial institution that processes USDA RD loans. I have found that most local banks in Oklahoma that extend mortgages utilize USDA, but nearly any bank that does mortgages usually utilizes this service. Next, we need to determine qualifications. For RD's purposes applicants must:

- Meet income-eligibility (cannot exceed 115% of median household income)
- Agree to personally occupy the dwelling as their primary residence
- Be a U.S. Citizen, U.S. non-citizen national or Qualified Alien
- Buy in an eligible rural area, USDA's eligibility site allows applicants to enter a specific address to determine suitable areas

The next program we offer is one of my favorite programs, and that is our Section 502 Direct Loan Program. This USDA loan assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income. Additional benefits of this program allow for a 33–38-year payback period, requires no down payment and has interest rates lower than any other commercial lender. Currently, the direct loan rate as of June 1, 2023, sits at four percent. As you can tell by these benefits this program is simply unmatched by any other homeowner program. Ultimately these loan funds, if approved, can be used to help low-income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

As you can imagine our Direct Loan Program, has stricter requirements than through a commercial lender. USDA RD requires applicants to:

- Have an adjusted income that is at or below the applicable low-income limit for the area where they wish to buy a house and they must demonstrate a willingness and ability to repay debt
- Be without decent, safe and sanitary housing
- Be unable to obtain a loan from other resources on terms and conditions that can reasonably be expected to meet
- Agree to occupy the property as your primary residence
- Have the legal capacity to incur a loan obligation
- Meet citizenship or eligible noncitizen requirements
- Not be suspended or debarred from participation in federal programs

Applicants can determine their eligibility status by calling our State Office at 405-742-1070 and they can also utilize USDA's Eligibility site to help review if they may or may not qualify for RD assistance in this program. Because this program has complex rules, I would encourage anyone who thinks they might qualify for this or is unsure to call our Oklahoma RD Team. I have staff who are not only knowledgeable about these programs but are motivated to help their fellow Oklahomans on their journey to homeownership.

The final USDA RD program that I would like to talk about is geared towards nonprofit organizations like Habitat for Humanity. USDA recognizes that nonprofit organizations and of course our incredible Tribal partners are outstanding stakeholders on our goal of providing affordable and safe housing for Oklahomans. Knowing the importance these organizations play Rural Development provides Mutual Self-Help Housing Technical Assistance grants to help these organizations carry out local self-help housing construction projects. Grant recipients supervise groups of very-low- and low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other's homes, with technical assistance from the organization overseeing the project. To see if an organization qualifies, I encourage them to call our State Office at 405-742-1070.

In addition to these amazing rural homeownership paths, RD also assists age 62+ and low-income rural homeowners with repair loans and grants. This is called our Section 504 Home repair Program and can be a valued lifeline for elderly neighbors who need a helping hand. Eligibility can be determined through our RD Staff by calling 405-742-1070.

As you can see the elusive nature of first-time homeownership in rural Oklahoma doesn't have to be a mirage. I am fully committed to helping my fellow Sooners neighbors, so if you have any question about these programs or concerns anyone can reach out to me at: Kenneth.Corn@usda.gov.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Single Family Home Loan Guarantees

What does this program do?

This program helps approved lenders make 100 percent-financed, no-money-down mortgage loans to eligible low- and moderate-income applicants.

Backed by USDA Rural Development, the 90 percent loan note guarantee encourages lender participation by helping them minimize risk.

With a Single Family Housing Guaranteed Loan, applicants can buy an existing home (including the cost of rehabilitating, improving, or relocating the dwelling) or they can build new. The home must be used as their primary residence, and must be modest, decent, safe, and sanitary.

This program is not restricted to first-time home buyers.

Who can apply?

Applicants must:

- Have a household income that does not exceed 115 percent of the median household income of the area in which the eligible house is located (information about income limits is available at this link: https://go.usa.gov/xzwRp - PDF)
- Agree to occupy the dwelling as their primary residence
- Be a U.S. citizen, U.S. non-citizen national, or qualified alien as defined in Public Law 104 - 193, Subtitle A, Sections 401 - 404, available at this link: https://go.usa.gov/xtduS
- Be unable to get conventional financing with no private mortgage insurance (PMI)
- Not be suspended or debarred from participation in federal programs

What types of properties are eligible?

- Must be located in an eligible rural area (a property eligibility map is available at this link: https://go.usa.gov/xtdJj)
- Must be a single-family dwelling (this includes detached, attached, Planned Urban Development (PUD), condominiums, modular, and manufactured homes)
- Existing dwellings must meet U.S. Housing and Urban Development (HUD) standards found in its Single Family Housing Policy Handbook 4000.1 (available at this link: https://go.usa.gov/xtdSt)
- There is no set maximum purchase price. Loans are based on an applicant's repayment ability
- There are no set acreage limits, although acreage must be considered common for the area
- There are no "seasoning" requirements. This means that, provided they are otherwise eligible, "flipped" properties are allowed

What are some primary applicant qualifications?

- Income: Borrowers must demonstrate stable and dependable income for repayment qualification. Minimum income history requirements depend on the income source.
- Assets: No down payment or reserves are required.
- Credit: Although there is no set credit score requirement, applicants must demonstrate a willingness and ability to repay debts. Lenders can assess alternative credit for applicants with no traditional credit.
- Monthly housing payment: Adjusting for eligible compensation factors, total payment (principal, interest, taxes, insurance, Home Owners' Association dues, and Rural Development's annual fee) cannot exceed 29 percent of the applicant(s) gross monthly income.
- All monthly debt payments shown on the applicant(s) credit report - including the proposed new mortgage payment - cannot exceed 41 percent of the applicant(s) gross monthly income, adjusting for eligible compensating factors.
- Seller (or interested party) contributions cannot exceed 6 percent of the sales price.
- There is no limit on the amount of gift funds an applicant can use.

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Single Family Home Loan Guarantees

How are the loans structured, and how can funds be used?

- Eligible buyers can purchase an existing, eligible dwelling, or build new using the USDA Combination Construction-to-Permanent (Single Close) Loan Program (available at this link: https://go.usa.gov/xtfbe (PDF).
- Current USDA Rural Development borrowers can take advantage of lower rates by using one of RD's refinance options. Information is available at this link: https://go.usa.gov/xzwQC (PDF)
- The interest rate is negotiated between the applicant and the lender, and must be a 30-year fixed rate.
- Program lending extends to 100 percent of the property's appraised value, not the purchase price. Thus, borrowers potentially can include closing costs and home repair expenses into the financing.
- In addition to closing costs and eligible repairs, funds can be used for reasonable and customary expenses associated with the purchase, including items such as utilities connection fees, tax and insurance escrows, essential household equipment, and site preparation.

How do we get started?

Interested applicants must work directly with approved USDA Rural Development lenders. A state-based list is available at this link: https://go.usa.gov/xtfjV (PDF).

Who can answer questions?

Any approved lender can answer questions. A state-based list is available at this link: https://go.usa.gov/xtfjV (PDF).

If you are interested in becoming an approved lender, email: sfhgld.lenderpartner@usda.gov.

What governs this program?

- 7 CFR part 3555 (available at this link: https://go.usa.gov/xtfD7) sets forth policies for the USDA Rural Development Single Family Housing Guaranteed Loan Program.
- HB-1-3555 (available at this link: https://go.usa.gov/xtfDM (PDF) - the Single Family Housing Guaranteed Loan Program Technical Handbook - provides Rural Development staff and participating, approved lenders the tools needed to effectively and efficiently originate, underwrite, and service loans.

Why does USDA Rural Development do this?

This program encourages approved lenders to partner with low- and moderate-income families in eligible rural areas to make homeownership a reality. In turn, this promotes prosperity, creating thriving communities and improving rural quality of life.

What other options are available?

USDA Rural Development also offers a Single Family Housing Direct loan program (available at this link: https://go.usa.gov/xtfW8) that provides payment assistance to qualified applicants from households with incomes below 80 percent of the Median Household Income (MHI) for their region. Applicants must not be able to qualify for the Single Family Housing Guaranteed Loan program. They can work with their state-based Rural Development office to apply (an alphabetical list is available at this link: https://go.usa.gov/xtfWw).

Tools and Resources:

A property and income eligibility tool is available at this link: https://go.usa.gov/xtfZk.

NOTE: Because citations and other information is subject to change, please always consult the program instructions listed in the section above, titled "What governs this program?" You will find additional forms, resources, and program information at: rd.usda.gov. Go to the "Programs and Services" tab and then select "Single Family Housing Programs." ***USDA is an equal opportunity provider, employer, and lender.***

October 2022

Rural Home Loans (Direct Program)

What does this program do?

Also known as the Section 502 Direct Loan Program, this program helps low- and very-low-income applicants buy decent, safe, and sanitary housing in eligible rural areas by providing payment assistance to increase their applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.

Who can apply for this program?

A number of factors are considered when determining eligibility for Single Family Direct Home Loans. At a minimum, applicants must have an adjusted income that is at or below the applicable low-income limit for the area in which they wish to buy a house (an income limit map is available at this link: https://go.usa.gov/xzcfb). They must also demonstrate a willingness and ability to repay debt.

Applicants must:

- Be without decent, safe, and sanitary housing
- Be unable to obtain a loan from other resources on terms and conditions that can reasonably be expected to be met
- Agree to occupy the property as their principal residence
- Have the legal capacity to incur a loan obligation
- Meet citizenship or eligible noncitizen requirements
- Not be suspended or debarred from participation in federal programs

Properties financed with direct loan funds must:

- Be modest in size for the area
- Not have market value in excess of the applicable area loan limit
- Not be designed for income-producing activities

Borrowers are required to repay all or a portion of the payment subsidy received over the life of the loan when the title to the property transfers, or the borrower is no longer living in the dwelling.

Applicants must meet income eligibility for a direct loan. You can visit the USDA Income and Property Eligibility website (available at this link: https://go.usa.gov/xzcdM) for complete details. Or, contact your local Rural Development office (a map is available at this link: https://www.rd.usda.gov/browse-state) to learn more.

What is an eligible area?

Properties must be located in an eligible rural area. Visit the USDA Income and Property Eligibility website (available at this link: https://go.usa.gov/xzcdM) for details.

How can funds be used?

Loan funds can be used to help low-income people or households buy homes in rural areas. Funds can be used to build, repair, renovate, or relocate a home, or to purchase and prepare sites, including providing water and waste treatment equipment.

How much can I borrow?

The maximum loan amount an applicant qualifies for depends on their ability to repay a loan. Rural Development considers various factors, such as income, debts, assets, and the amount of payment assistance the applicant is eligible to receive. Regardless of repayment ability, applicants can never borrow more than the area loan limit (plus certain other costs eligible to be financed) in the county in which the property is located (information is available at this link: https://go.usa.gov/xzcGB - PDF)

Rural Home Loans (Direct Program)

What is the interest rate and payback period?

- The interest rate is fixed, and based on current market rates at loan approval or closing, whichever is lower.
- When modified by payment assistance, the monthly mortgage payment can be reduced to a low as an effective 1 percent interest rate.
- The payback period is 33 years (38 years for very-low-income applicants who can't afford a 33-year loan term).

How much down payment is required?

Down payments are not typically required, but applicants with assets higher than the asset limit can be required to use a portion of those assets.

Is there a deadline to apply?

Applications are accepted year-round through your local Rural Development office. A map is available at this link: https://www.rd.usda.gov/browse-state.

How long does an application take?

Processing times vary depending on funding availability and program demand in the area in which the applicant is interested in buying. Processing times also are dependent upon the completeness of the applicant's package.

What governs this program?

- The Housing Act of 1949 as amended; 7 CFR, Part 3550 (available at this link: https://go.usa.gov/xzcvG)
- HB-1-3550 - Direct Single Family Housing Program Field Office Handbook (available at this link: https://go.usa.gov/xzcvM - PDF)

NOTE: Because citations and other information are subject to change, always consult the program instructions listed in the section above titled "*What Governs This Program?*" You can also contact your local office for assistance (a list is available at this link: https://go.usa.gov/xzjP7). You will find additional forms, resources, and program information at rd.usda.gov. *USDA is an equal opportunity provider, employer, and lender.*

Last Updated March 2022

Capital Perspectives: It's morning in Oklahoma

Chas Craig, The Journal Record, February 21, 2023

My most recent column "Housing – Something Must Give" discussed how Oklahoma (Tulsa specifically) is a microcosm for the housing affordability shock felt nationally driven by higher mortgage rates and housing prices (e.g., the mortgage payment on a typical Tulsa home is up roughly 60% in just the last year.). More optimistically, I want to expand on the second half of the closing paragraph (reproduced below) from that earlier column:

"The move to work from home has resulted in a lot of net migration to lower-cost-of-living cities from coastal markets. Many readers who have gone through the home-buying process in recent years, especially in the $400k to $800k range, have felt their presence, which puts upward pressure on home prices, all else equal. The relocation trend probably still has legs yet."

About those legs. Since many of our new/potential neighbors were/are Californians working in the tech industry, let's use the Diffusion of Innovation Theory developed by E.M. Rogers in 1962. According to this theory, the five established adopter categories and estimated percentages of the population each represents are: Innovators (2.5%), Early Adopters (13.5%), Early Majority (34%), Late Majority (34%) and Laggards (16%). To get a better feel for where we are in the cycle of coastal folks choosing to live in cities like Tulsa and Oklahoma City, here are descriptions for the first three categories:

- Innovators – People who want to be first movers and are entrepreneurial. Little needs to be done to appeal to this population.

- Early Adopters – Often viewed as leaders who embrace change as a necessity. These individuals do not need a lot of convincing, just implementation guidelines.

- Early Majority – While not leaders, these individuals do adopt new ideas prior to the average person. However, they typically need to see evidence that the innovation works before adoption. Success stories are an important motivator for this group.

My sense is that we are in the middle of the Early Adopter phase, leaving a long runway. It may be that the COVID catalyst and incentives like the Kaiser Foundation's Tulsa Remote Program, which, among other things, provides $10,000 to remote working newcomers, could continue to accelerate the process, moving us into the Early Majority phase much quicker than otherwise would have been the case.

Like other locales that have previously experienced an influx of relatively affluent new residents, there are concerns about what the potential change in housing prices and other cost-of-living categories means for the potential displacement of existing inhabitants. Our situation seems different though in one important respect – there are not many other cities that rival the affordability of Tulsa and OKC even assuming a continued migration from higher-cost-of-living places. The result could be a rural renaissance. For example, Stroud, a Route 66 town and the midpoint between Tulsa and OKC (roughly a 45-minute drive from both), seems like a natural beneficiary of the continued growth of both major metro areas.

Dreaming big here, but I for one have, for a long time, thought an NFL stadium would be well situated atop the concrete slab that remains after a tornado blew down the Stroud strip mall in 1999. To the extent that anyone reading this column considering moving here is understandably concerned by twisters, there is scientific evidence that tornado alley has shifted southeast in recent decades. Anecdotally, I remember ducking for cover a lot more as a kid than as an adult. So come on, the water is warm.

Chas Craig is principal of C.E.C. Wealth Management.

Capital Perspectives: Housing – something must give

Chas Craig, The Journal Record, February 7, 2023

In a May 2018 column, "Rental homes – It can't be that easy," I had this to say about housing affordability:

"While there are substantial variations between markets, the price for a typical U.S. home has now eclipsed the pre-crisis level. Despite this, housing affordability is still quite high by historical standards per the National Association of Realtors Housing Affordability Composite Index which tracks the affordability of housing based on a mix of median home prices, median incomes, and mortgage rates. The index currently registers at 157.7 compared to the long run (since 1986) average of 138.84. Since the turn of the century, the index has been as low as 102.7 in the heady days of the mid-2000s and as high as 207.3 in early-2012 as the implications of the Financial Crisis were still filtering into the real economy."

I revisited this index in recent weeks. Although aware that interest rates and home prices have gone up a great deal more than median wages over the past two years (the index registered ~170 in early 2021), I was floored when I saw the index currently has a sub-100 reading for the first time going back to '86, at 99.9. Therefore, based on this metric, the typical home in this country is less affordable now than it was at the peak of the housing bubble that preceded the Financial Crisis.

So, something must give if this index is to revert to its long-run mean. This could be reduced home prices (driven by reduced demand or increased supply), lower mortgage rates, or higher median incomes. Likely, all three have a role to play. However, I expect the variable that carries the most freight will be median incomes. I do not envision a sharp uptick in the typical worker's take-home pay. More likely is an extended, multi-year period of low housing market activity while wages play catch up. In line with this thinking, the seasonally adjusted annual rate of existing single-family home sales has dropped like a rock from the historically elevated 5.5 million level a year ago to 3.6 million now, a level of activity experienced during the Great Recession and consistent with the 1990-99 average, when the country's population was roughly 20% lower.

Closer to home, per Zillow, the median home price in Tulsa is $192,750, up 13.8% from a year ago. A 30-year mortgage rate was roughly 3.25% a year ago; it was 6.15% last week. Assuming a 20% down payment, the current monthly principal and interest payment is $939 versus $578 last year, a 62% increase. Tulsa is a microcosm for the affordability shock felt nationally. Thinking about this issue at the most micro-level, there are a lot of families living in homes they bought in prior years they couldn't afford if they had to pay the prevailing price and borrow at current mortgage rates. Most will stay put, hence, the low activity for an elongated period thesis.

It is not all doom and gloom. From a macro perspective, the banking system is immeasurably safer now than before the Financial Crisis. So, a housing rout, if it happens at all, is unlikely to have the sort of systemic consequences it did then. Locally, the move to work from home has resulted in a lot of net migration to lower-cost-of-living cities from coastal markets. Many readers who have gone through the home-buying process in recent years, especially in the $400K to $800K range, have felt their presence, which puts upward pressure on home prices, all else equal. The relocation trend probably still has legs yet.

Chas Craig is president of Meliora Capital in Tulsa.

Tulsa's $75M housing investment: Plan for funding expected by early next year

Kevin Canfield, Tulsa World, August 25, 2023

When it comes to Tulsa's housing shortage and the attendant homelessness crisis, there are many big numbers out there.

None has received more attention — at least not recently — than the $75 million for housing voters approved Aug. 8 as part of the $814 million Improve Our Tulsa 3 capital improvements package.

It is by far the city's single largest investment in housing. What remains uncertain is exactly how those funds will be spent. By the end of the year, however, city officials expect to have some answers.

That's when a study funded by the Anne and Henry Zarrow Foundation will be completed. The foundation also paid for the Tulsa Citywide Housing Assessment, issued in March, that fleshed out the city's housing needs in granular detail.

The same firms that conducted the Citywide Housing Assessment, Development Strategies and Homebase, are putting together the city's strategy to address the housing shortage.

"The data is not going to do us any good if we sit around and don't do anything with it," said Bill Major, president of the Anne and Henry Zarrow Foundation. "So we just want to plan how we can accomplish this. That is our interest is developing the plan."

Kian Kamas, executive director of Partner Tulsa, the city's economic development arm, said the study will provide strategies for addressing all aspects of Tulsa's housing shortage, including the needs of the homeless and low-income residents.

The city has in place tools to incentivize moderate- and higher-income housing developments, Kamas said, but it is not well-positioned to provide the same for lower-income housing.

"Particularly for Tulsans that are below 50% AMI (area median income), we just don't have a robust tool kit," Kamas said. "And so we asked them to do this supportive housing deep dive to really help us understand what are the best practices nationally on building and operating permanent supportive housing.

"And then, what is the cost to build those? What is the cost to operate those, and then what does that mean for how we allocate our resources?"

Kamas said the city's efforts will focus on establishing mixed-income communities.
"We really want to support and incentivize and spur mixed-income development," Kamas said. "We don't want to fall into the trap of concentrating poverty in single locations. That's not the best practice nationally and globally."

According to the Citywide Housing Assessment, Tulsa will need 2,730 housing units over the next decade for individuals moving off the streets and into permanent housing. They include 130 transitional housing units, 1,400 rapid rehousing units, and 1,200 permanent supportive housing units.

That's in addition to the 870 emergency shelter beds that will be needed.

Becky Gligo, executive director of Housing Solutions, said what she expects to come from the study are strategies for accelerating development and removing roadblocks to construction, particularly when it comes to affordable and supportive housing.

"There is something holding our market back from having these things naturally occur," Gligo said. "So my understanding is the strategy is really updating the (affordable housing) strategy we did five years ago now, and what are the barriers that we need to move out of the way and the policy mechanisms to make this actually happen?"

Kamas said the study will also identify the key players the city needs to engage to address the housing shortage, what their strengths are, and how the city can assist them.

Another key objective of the study is to determine what areas of the city are best suited for additional housing and how the city can prioritize those areas for development or potentially acquire land for that purpose.

What the $75 million from IOT 3 — or the $100,000 donated for the latest study — won't do is solve all of the city's housing problems.

The Citywide Housing Assessment notes that of the estimated $245 million needed annually to add 12,900 housing units over the next decade, $185 million, or 76%, will come from the private market, and $23 million, or 9%, will come from existing public resources.

That leaves an annual gap of $37 million. And while the city has approximately $30 million dedicated to housing above and beyond the $75 million voters approved this month, more investment will be needed.

Mayor G.T. Bynum has been clear about this, saying the city's intent is to use the $75 million to help provide shelters, transitional housing and permanent supportive housing but that the city cannot do it alone.

"Government has to play a role if we're going to build the units we need," Bynum said. "Improve Our Tulsa would provide part of the funding to cover this need, combined with federal and philanthropic support."

Kamas puts it this way: "Thirteen thousand units is an elephant. And so, how do you eat an elephant? One bite at a time. But you need to do it in the most thoughtful way possible. And I think we're already doing that."

Read the full Tulsa Citywide Housing Assessment at *https://www.housingsolutionstulsa.org/wp-content/uploads/2023/03/Tulsa-Citywide-Housing-Assessment_Final-03.01.23.pdf*.

Study finds OKC among most favorable metros for homebuyers

Journal Record Staff, June 7, 2023

People looking to rent a place to live in San Jose, California, should be prepared to spend more than $3,100 a month.

And any who might think it would be cheaper just to buy a home there likely will be forced to think again. Typical homes in the Silicon Valley city fetch well more than $1 million.

In 45 out of 50 of the most populous U.S. cities, in fact, home costs have spiraled to such dizzying heights in recent years that it makes more sense for most people to rent rather than buy – despite rent costs that also have risen dramatically.

Oklahoma City is an exception.

According to Homebay, a provider of data-driven real estate intelligence, since 2016 the average home price across the country has increased by 70% more than the average cost of rent. That has resulted in the average new homeowner currently paying a monthly mortgage payment that's $174 higher than the average paid for rent.

Some places are friendlier for first-time buyers looking to invest in a place to live. The South is the most affordable region, home to most of the metros with "price-to-rent ratios" favorable to buyers, including Oklahoma City, New Orleans, Memphis, Birmingham and others.

According to Homebay, calculating a city's price-to-rent ratio can help potential buyers to decide if their purchase would save them money. It can be determined by dividing the median home price by the median annual rent. A price-to-rent ratio of 15 or less means it's better to buy. A price-to-rent ratio of 21 or more means it's better to rent.

The current national average ratio is 18. In Oklahoma City, it currently stands at 14 – figured using a typical home value of $217,508 and a typical monthly rent cost of $1,306.

Rent prices were found to be within 20% of typical mortgage payments in 22 out of the 50 metro areas examined in the Homebay study. Other variables, such as home value fluctuations, interest rates, and additional costs of homeownership, also affect mortgage payments. Nationally, renters typically save $174 a month.

Many West Coast cities that have become popular among tech workers have price-to-rent ratios above 21. It's cheaper to rent than to buy in San Francisco, Seattle, Denver, Salt Lake City, Los Angeles, Austin and Portland.

"Technology companies brought high-paying jobs to cities like San Francisco and Seattle in the early 2000s, driving the average home price," the Homebay report states. "Now, with many remote tech workers moving to lower-cost cities like Denver, Austin, and Salt Lake City, those metros are feeling sharp increases in home purchase prices."

Three California cities – LA, San Francisco and San Jose – have the largest differences between monthly mortgage rates and typical rent. In LA, people can save around $3,000 a month renting rather than buying.

Sadly, people saving money by renting with a goal of eventually buying likely will have to save for a while. The Homebay study found that, on average, it would take 166.3 months, or almost 14 years, for a typical renter to save enough money for a down payment. In more expensive markets like San Jose, buying a home would take nearly 38 years of rent.

OKC, Tulsa among least 'rent-burdened' cities

Journal Record Staff, June 7, 2023

The average renter in 11 U.S. markets must earn a six-figure salary to avoid being classified as rent-burdened.

That's according to a new report from researchers at Florida Atlantic University and two other schools.

As typical rent rates have spiked in recent years across the nation, people in places like San Jose, San Francisco and San Diego in California and in New York City, Boston, and Bridgeport, Connecticut have been hit the hardest. To avoid the "rent-burdened" label in San Jose, a person these days would have to earn an annual salary of at least $131,563 a year.

Consumers considered rent-burdened spend 30% or more of their income on rent, and therefore struggle to afford other necessities like food and medication. Those who spend 50% or more are considered severely rent-burdened.

Things aren't so tough for renters in Oklahoma City and Tulsa.

According to a report from the university researchers, the current average monthly rent paid in Oklahoma City is just north of $1,300. That means a person in the city would have to make $53,342 a year to avoid being rent-burdened, or more than $32,222 to avoid being severely rent-burdened.

In Tulsa, the average rent averages a little less than OKC's, so a person would have to make $52,380 a year to avoid being rent-burdened, or at least $31,428 to avoid being severely rent-burdened.

Across the rest of the U.S., the average rent currently stands at just a little more than $2,000 a month. That means a renter typically would have to earn nearly $81,000 a year to avoid being rent-burdened, or more than $48,433.33 to avoid being severely rent-burdened.

"Not a lot of people make that kind of money," noted Ken H. Johnson, an economist in the College of Business at FAU. "This data illustrates perfectly what we've been saying about an ongoing housing affordability crisis. Rents aren't coming down significantly, if at all, so until incomes increase sharply, consumers in much of the country will continue to do without basic needs."

According to the report, the least rent-burdened market in the nation is Wichita, Kansas, where the average renter needs to make just less than $40,000. McAllen, Texas is the next least rent-burdened city, requiring an annual salary of less than $48,000.

Johnson and fellow researchers Shelton Weeks of Florida Gulf Coast University and Bennie Waller of the University of Alabama recently added the rent-burdened metric to their monthly analysis of the "most overvalued" U.S. rental markets. They used leasing data from Zillow's Observed Rental Index to determine existing rents and statistically model historical trends that have occurred since 2014. The Waller, Weeks and Johnson Rental Index covers the entire rental stock of homes and apartments.

According to the report, Florida continues to dominate the list of most overpriced markets, with Cape Coral-Fort Myers, Miami, North Port-Bradenton and Deltona all ranked in the top 10.

Three U.S. markets – Cape Coral-Fort Myers; Charleston, South Carolina; and Madison, Wisconsin – all experienced double-digit, year-over-year rent increases, the researchers noted.

Only seven markets posted month-over-month rent declines: Fresno, California; North Port-Bradenton; Stockton, California; Akron, Ohio; Albany, New York; New Haven, Connecticut; and Tulsa.

"In the past, the nation has dealt with unaffordable housing in the short run by moving in together," Waller said. "This is what seems most likely once again."

Weeks said it's essential to build more rentals to keep pace with household formation and demographic shifts across the country.

"But until then," he said, "the rent crisis will be most persistent in the Sun Belt states as they gain significantly in population," he said.

Agency will operate MAPS 4 affordable housing sites

Jana Hayes, The Oklahoman, March 29, 2023

Oklahoma City's public housing agency will receive $55 million to renovate and even build some new affordable housing, which has proved controversial for some city councilmembers and housing residents.

The Oklahoma City Housing Authority will use the money, along with about $400 million in other private and public funds, to redevelop at least 1,500 units of its current public housing. It also will create more than 600 new units of both supportive and workforce housing units — all part of a plan it first presented to the city council for consideration as a MAPS 4 project in July 2019.

Tuesday, the city council approved a contract to give the MAPS 4 money and operating rights to the housing authority in an 8-to-1 vote, approving some amendments to the original contract that addressed some councilmember's concerns. Councilwoman Nikki Nice voted against the proposal, which she has said she would since the agreement came to the council in February.

"I will not be supporting you all being the operator of this agreement, because I do not appreciate the things that have been taking place in the community that I represent," Nice said. "And it's always, I'm given the run-around about the expectations and what you all have not been doing for the people that I'm serving. And I'm tired of it. And I'm always the bad guy because of that."

Nice has been a critic of the city's public housing agency since some of her constituents living at the Northeast Duplexes were moved out over a year ago in expectation of a demolition and renovation that has yet to take place due to funding issues.

Public housing residents have varying opinions

When The Oklahoman visited several public housing properties in February, residents' experiences varied. This was also true with those who spoke up at Tuesday's meeting.

Lillie Swope, a 40-year resident of public housing and current commissioner on the housing authority's board, said in Tuesday's meeting her family of six was given the opportunity to have a safe and stable home through the Oklahoma City Housing Authority.

"I'm very grateful, I'm very thankful," Swope said.

Joy Reardon, a longtime resident of public housing property The Towers, has frequented Oklahoma City Council meetings to share frustrations with the housing authority. Her main concerns are that the authority is not responsive to resident complaints about safety, maintenance and other issues.

Reardon said she'd like to see better communication from the housing authority to residents, especially on when board meetings are being held.

"It's laughable, if it wasn't so stupid, the fact that they want to operate a program and have access to all this money when they can't get their house in order," Reardon said.

Most city councilmembers have come to terms with housing authority's operation

While some members of the city council previously expressed concerns about the housing authority receiving the funds, each of them besides Nice voted Tuesday to approve the contract with some updates since the last discussion.

Updates to the contract include:

- an independent third-party conduct an annual resident satisfaction survey.
- a process be set up for residents to submit electronic comments that can be anonymous.
- the authority also must come up with a plan for relocating residents whose properties will be torn down or repaired, giving residents the option to move back when construction is done.

Councilman David Greenwell first brought up uncertainty at the Feb. 14 city council meeting, when he said he'd like to see a survey done of public housing residents before making a decision. He said his concern stemmed from public housing tenants — namely Reardon, Greenwell told The Oklahoman — expressing unhappiness with the authority. But a survey of this kind would take an estimated three to four months, city staff found. Instead, the new contract will require an annual survey that council can use to evaluate any changes the housing authority should make or problems to address.

Greenwell told The Oklahoman on Tuesday he felt his concerns had been alleviated after meeting with the housing authority.

"Commitments were made to me and I think other members of the council that 'We hear your concerns, we hear Joy's concerns, and we're addressing them as we can,'" Greenwell said.

Councilwoman JoBeth Hamon said she voted to approve the contract reluctantly Tuesday, given the MAPS 4 resolution strictly limits who can receive the funds and that she is hopeful the housing authority is willing to be more transparent in the future.

Thanks to a historic disinvestment in public housing from the federal government, and a lack of attention to the issue from Oklahoma City's municipal government, Hamon said she believes the housing authority has a culture of not being as open with residents about operations while also simply not having the funds to keep properties in good condition. Restoring the public housing authorities in Oklahoma City is a "long overdue need," Hamon said.

"I constantly go back to feeling like it's that rock and a hard place, chicken or the egg sort of situation," Hamon said. "And that's to me why I ended up voting yes, is that I hope, I want to trust, that they're putting forth a good faith effort in instituting some of these changes."

How would the OKC Housing Authority use $55 million to build more affordable housing?

In a plan spanning the next decade, the city would grant five allocations of $11 million to the housing authority. The authority will provide specific benchmarks for each allocation, and each time, the city council can review whether the authority is following through. For the first proposed allocation, the housing authority expects to build or renovate about 700 units.

About 500 of those would be redeveloping Oak Grove apartments and replacing the Northeast Duplexes with the Creston Park project.

A complete renovation will be undertaken at Oak Grove apartments, which were built in the late 1960s and have not seen a "substantial renovation" since they were built, said Kassy Malone, director of Real Estate and Planning for the housing authority. Oak Grove's 288 units are found at S Grand Boulevard and SW 15 and serve over 1,000 residents.

"This will not only upgrade the units and include other necessary infrastructure repairs, but it will also include improvements to the community center, play areas, sports field, a new education center and the construction of a new head start day care facility," Malone said.

A future phase of the Oak Grove project will include building 50 new public housing units and 100 new affordable housing units, Malone said.

On the northeast side, 159 public housing units known as the Northeast Duplexes will be replaced with about 550 units that will be a mix of public housing units, affordable housing units with a sliding rent scale based on income and senior and assisted living. The new community will be known as Creston Park.

The first allocation also will fund two new supportive housing properties, which could include the acquisition and revitalization of existing properties or new construction, Malone said.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Company plans affordable housing complex in OKC

Staff Report, The Journal Record, August 29, 2023

A company based in Atlanta has announced plans to develop an apartment complex on S. MacArthur Boulevard in Oklahoma City utilizing affordable housing tax credits.

The Rising Sun Apartments planned at 1315 S. MacArthur Blvd. will be built at a cost of about $36 million.

The company, Monarch Private Capital, previously announced similar plans for construction of The Cornerstone Apartments in Yukon.

Monarch identifies as an "impact investment firm" that develops, finances and manages a diversified portfolio of projects generating both federal and state tax credits. It said it recently finalized low-income housing tax credit equity to allow for construction of the Rising Sun Apartments. The complex will include 224 affordable housing units and should be built by July 2024.

Monarch partnered on the project with DLP Development, a residential developer specializing in affordable housing in Oklahoma.

Half of the construction for Rising Sun will be completed in a new modular housing facility based in Oklahoma City called The House Factory, the investment firm said. Pre-constructed second-floor modules will be craned into place, reducing the overall build time of the development by 20%.

Based on estimations from the National Association of Home Builders, the project is expected to create more than 300 jobs and generate $23 million in local income.

"We are really excited to partner with Monarch on our Rising Sun development. Not only is their capital making this deal possible, but their extensive expertise in the affordable housing industry is helping us shape past and future developments we have in Oklahoma," said Lance Windel, the CEO at DLP Development.

There is an affordable housing crisis in the United States. Heading into the pandemic recession, only 36 affordable rental homes were available for every 100 renter households earning below the federal poverty level, according to the National Low Income Housing Coalition. And as inflation-adjusted median household incomes have stagnated, housing costs have risen and the availability of affordable units has declined. The diverging trends have relegated increasing numbers of American families to substandard living conditions and/or unmanageable financial burdens.

"Increased access to affordable housing is crucial for creating a thriving community and improving the quality of life for local residents," said Brent Barringer, a partner and managing director at LIHTC. "We're thrilled to partner with DLP Development on high-quality affordable homes that will have a lasting, positive impact on Oklahoma City."

In a release, Monarch said it offers innovative tax credit equity investments for affordable housing, historic rehabilitations, renewable energy, film and other qualified projects and has long-term relationships with institutional and individual investors, developers and lenders participating in federal and state programs. The firm has offices and professionals located throughout the United States.

DLP Development utilizes in-house development, construction, supply chain and property management resources. Windel and Denton Parker are principals.

With a shortage of affordable housing, Tulsa is looking for more landlords to take Section 8 subsidies

Michael Overall Tulsa World, August 31, 2022

The National Apartment Association offers a flowchart describing how landlords can qualify to receive Section 8 subsidies, with various paths through the bureaucracy branching off in multiple directions until the page becomes a tangled maze.

The best-case scenario, if all goes smoothly, includes nine steps. And that's why some Tulsa landlords say they would rather not bother with the federal program, especially when demand for housing is as high as it is right now.

With a shortage of affordable housing in general and Section 8 housing in particular, more than 350 Tulsa families currently have vouchers but can't find places to use them, officials said.

Many landlords assume that "'this is a government program, and so there's going to be a lot of red tape,'" said Ginny Hensley, vice president for communications and public affairs at the Tulsa Housing Authority.

But the process isn't as complicated as property managers might think, she said. And once enrolled, the steady income can make the effort worthwhile.

"So far this year, we've added 61 new landlords," Hensley said. "We aren't seeing a decrease. In fact, we're seeing the opposite."

Tulsa has nearly 1,600 property managers actively enrolled in the Section 8 program, which provides federal funds to pay part of a tenant's rent. But that's not enough to keep up with growing demand as high inflation puts more and more families under financial stress, Hensley said.

"The need is already great and continues to grow," she said. "A lot of folks who never thought they would need a subsidy, who always thought that they would be able to take care of things completely by themselves, are finding themselves in need of help just because of the economy right now."

Under Section 8, tenants generally pay about 30% of their income toward rent while a federal voucher covers the rest. In Tulsa, the vouchers typically range from $646 to $925 a month, depending on the size of the family and household income, officials said.

Landlords receive the vouchers even if tenants fall behind on their share, which is probably the biggest incentive for housing providers to participate in the program, officials said.

Nationwide, however, about 10,000 landlords a year quit the program, with most blaming "bureaucratic frustrations" for driving them away from Section 8, according to the National Apartment Association, an advocacy group for housing providers.

"There are issues and inefficiencies with the housing choice voucher program," said Keri Cooper, executive director of the Tulsa Apartment Association, "which is why it is challenging to find housing providers to take vouchers."

To reform the application process, both the local and national apartment associations have endorsed the Choice in Affordable Housing Act, currently under consideration in Congress.

The proposed legislation would increase incentives for housing providers and remove some regulatory requirements while streamlining applications and inspections. In short, the bill would make it easier and faster for landlords to sign up.

Tulsa landlords don't object to the source of Section 8 funding, Cooper said.

"It's the strings that keep housing providers from wanting to participate in the housing choice voucher program," she said. "If changes can be made to the program to make it more efficient, I think we will see more housing providers willing to participate."

Nowhere To Live: Profits, Disinvestment, and the American Housing Crisis

Chris Herbert, The Harvard Joint Center for Housing Studies, July 14, 2022

For over 30 years, our Center has published its annual State of the Nation's Housing report, which provides a comprehensive review of trends and drivers of housing market conditions. Yesterday, I was honored to share findings from this year's report at a congressional Ways & Means Committee hearing, Nowhere to Live: Profits, Disinvestment, and the American Housing Crisis. In my testimony, I discussed today's housing market conditions, how we got here, the consequences for the nation's families and individuals, and what steps are needed to alleviate the country's worsening housing affordability challenges.

The headline from this year's report is that record-setting increases in home prices and rents have exacerbated longstanding housing affordability challenges. A major reason for this rapid rise in housing costs is a ongoing shortage of new housing supply—particularly modest-cost housing. Even before the pandemic, new supply was failing to keep pace with rising demand, but the pandemic boosted demand and also drove the inventory of homes for sale and rental vacancy rates to their lowest point in decades.

A number of things have contributed to the housing shortage. Regulatory barriers limit the opportunity to develop smaller, denser housing that is both lower cost to build and makes more efficient use of land. Recent supply chain disruptions extended construction timelines and raised the costs of materials, further constraining builders' ability to provide modest-cost homes.

But swelling demand has been an important driver as well. Even before the pandemic, the large millennial generation had finally begun moving out on their own at rates similar to previous generations, pushing household growth to its highest level since the early 2000s. The shift to working and studying from home, and social distancing, spurred demand for single-family homes in particular. Homebuyers also had more purchasing power from curtailed spending during the pandemic, and because of historically low interest rates. When this demand came up against tight supply, the result was record-setting price gains. While the rental market softened somewhat in the first year of the pandemic, demand came roaring back this past year, fueled in part by frustrated homebuyers, creating record gains in rents as well.

The result has been worsening housing affordability for both buyers and renters. After reaching record levels a decade ago, the share of households spending an excessive amount of income on housing was inching down through 2019 but the pandemic abruptly reversed this trend, as both renters and homeowners experienced a sharp rise in cost burdens.

High home prices and skyrocketing interest rates also pushed homeownership out of reach for millions of renters. From April 2021 to April 2022, the monthly cost of a median priced home increased by 34 percent, raising the income needed to buy it from $79,000 to $108,000 and leaving 4 million renters, with incomes below this, on the sidelines of the homebuying market.

The consequences of housing cost burdens for the lowest-income households are significant, reducing spending on food and healthcare and increasing housing instability. The growing obstacles to buying a home also lock out millions of renters from the benefits of homeownership, which can provide both protection from rising housing costs and the opportunity to build wealth.

These challenges also fall disproportionately on people of color, who experience both higher housing costs burdens and significantly lower homeownership rates relative to white households. Black and Hispanic households experience the largest shortfalls in homeownership compared to white households, with gaps of 29 and 24 percentage points, respectively. For Black households this gap is nearly as large as it was at the time the Fair Housing Act was passed in 1968.

These challenges point to two broad categories of solutions. First, there is clear need for efforts to expand the supply of modestly priced homes, both for sale and for rent, to alleviate the severe housing shortage. But additional supply by itself will not address affordability challenges for the lowest-income households or put homeownership within reach for many moderate-income households. Well-designed demand side programs are also needed to ensure access to the opportunities to rent and own good quality homes. Addressing these challenges will take a substantial commitment from the public, private, and non-profit sectors, but would pay dividends for American families and for society at large.

What is the Low-Income Housing Tax Credit and how does it work?

Tax Policy Center Briefing Book

The Low-Income Housing Tax Credit (LIHTC) subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants. The LIHTC was enacted as part of the 1986 Tax Reform Act and has been modified numerous times. Since the mid-1990s, the LIHTC program has supported the construction or rehabilitation of about 110,000 affordable rental units each year (though there was a steep drop-off after the Great Recession of 2008–09)—over 2 million units in all since its inception.

The federal government issues tax credits to state and territorial governments. State housing agencies then award the credits to private developers of affordable rental housing projects through a competitive process. Developers generally sell the credits to private investors to obtain funding. Once the housing project is placed in service (essentially, made available to tenants), investors can claim the LIHTC over a 10-year period.

QUALIFYING FOR THE CREDIT

Many types of rental properties are LIHTC eligible, including apartment buildings, single-family dwellings, townhouses, and duplexes.

Owners or developers of projects receiving the LIHTC agree to meet an income test for tenants and a gross rent test. There are three ways to meet the income test:

1. At least 20 percent of the project's units are occupied by tenants with an income of 50 percent or less of area median income adjusted for family size (AMI).

2. At least 40 percent of the units are occupied by tenants with an income of 60 percent or less of AMI.

3. At least 40 percent of the units are occupied by tenants with income averaging no more than 60 percent of AMI, and no units are occupied by tenants with income greater than 80 percent of AMI.

The gross rent test requires that rents do not exceed 30 percent of either 50 or 60 percent of AMI, depending upon the share of tax credit rental units in the project. All LIHTC projects must comply with the income and rent tests for 15 years or credits are recaptured. In addition, an extended compliance period (30 years in total) is generally imposed.

COMPUTING THE CREDIT

The annual credit claimed by a taxpayer equals a credit percentage multiplied by the project's qualified basis. The percentage is larger for new construction or substantial rehabilitation (roughly 9 percent but specified in the law as a 70 percent present value credit) than for properties acquired for rehabilitation or for projects funded using tax-exempt bonds (roughly 4 percent but specified as a 30 percent present value credit). The qualified basis equals the fraction of the cost of the housing project rented to tenants meeting the income tests. For many LIHTC projects, the owners or developers aim to rent 100 percent of the units to qualifying tenants. State housing finance agencies may allocate enhanced tax credits to qualified projects in areas where the need is greatest for affordable rental housing.

The LIHTC statute originally specified that the IRS would periodically reset the specified credit percentages to maintain the present value of the 10-year stream of tax credits at 70 percent or 30 percent of the qualified basis. However, since 2008, Congress has specified that the minimum credit rate for the 70 percent present value credit should be at least 9 percent, regardless of prevailing interest rates. Thus, in a low interest rate environment, the present value of the credits claimed over 10 years will exceed 70 percent of the qualified basis.

ALLOCATING THE CREDIT

Congress sets a limit on the amount of LIHTC that can be allocated in any year. For 2018, each state was originally allocated \$2.765 million or \$2.40 per capita, whichever was larger. But Congress provided a 12.5 percent boost for 2018 through 2021, so these figures were increased to \$3.1 million and \$2.70, respectively for 2018. Both dollar amounts are adjusted for inflation.

This structure guarantees that states with low populations get a somewhat larger award when calculated on a per capita basis. States then allocate these credits (generally through state housing finance agencies) to developers, based on state-created qualified allocation plans. These plans are required to give priority to projects that serve very low income households and that provide affordable housing for longer time periods.

Projects financed by private activity tax-exempt bonds do not need to obtain a separate credit allocation from the state housing finance authority. The state, however, must approve the use of these bonds, which acts as a check on developers' ability to access 30 percent present value LIHTCs.

Developers generally sell the tax credits to investors, who may be better able to use the tax credits and other tax benefits of the housing project (e.g., depreciation, interest paid, net operating losses). Investors also contribute equity, often through a syndication or a partnership. The investors or limited partners usually play a passive role, receiving the tax benefits associated with the project but not participating in day-to-day management and oversight.

Most investors in LIHTC projects are corporations that have sufficient income tax liability to fully use nonrefundable tax credits. Financial institutions traditionally have been major investors, because they have substantial income tax liabilities, have a long planning horizon, and often receive Community Reinvestment Act credit from their regulators for such investments. Taxpaying investors cannot claim credits until the project is placed into service.

CALCULATING COSTS AND BENEFITS

The LIHTC is estimated to cost around $9.5 billion per year. It is by far the largest federal program encouraging the creation of affordable rental housing for low-income households. Supporters see it as an effective program that has substantially increased the affordable housing stock for more than 30 years. LIHTC addresses a major market failure—the lack of quality affordable housing in low-income communities. Efficiencies arise from harnessing private-sector business incentives to develop, manage, and maintain affordable housing for lower-income tenants.

Critics of the LIHTC argue that the federal subsidy per unit of new construction is higher than it needs to be because of the various intermediaries involved in its financing—organizers, syndicators, general partners, managers, and investors—each of whom are compensated for their efforts. As a result, a significant part of the federal tax subsidy does not go directly into the creation of new rental housing stock. Critics also identify the complexity of the statute and regulations as another potential shortcoming. Another downside is that some state housing finance authorities tend to approve LIHTC projects in ways that concentrate low-income communities where they have historically been segregated and where economic opportunities may be limited. Finally, while the LIHTC may help construct new affordable housing, maintaining that affordability is challenging once the required compliance periods are over.

Further Reading

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Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

HOME-ARP Overview

HUD Exchange

Eligible Grantees

The 651 State and local Participating Jurisdictions (PJs) that qualified for an annual HOME Investment Partnerships Program (HOME) allocation for FY 2021 are eligible to receive HOME American Rescue Plan (HOME-ARP) grants. HOME-ARP funds will be allocated using the HOME Program formula. The HOME-ARP allocations were announced on April 8, 2021.

Eligible Populations

HOME-ARP funds must be used to primarily benefit individuals or families from the following qualifying populations:

- Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a));
- At-risk of homelessness, as defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(1));
- Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by the Secretary;
- In other populations where providing supportive services or assistance under section 212(a) of the Act (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability;
- Veterans and families that include a veteran family member that meet one of the preceding criteria.

Eligible Activities

HOME-ARP funds can be used for four eligible activities:

- Production or Preservation of Affordable Housing
- Tenant-Based Rental Assistance (TBRA)
- Supportive Services, including services defined at 24 CFR 578.53(e), Homeless Prevention Services, and Housing Counseling
- Purchase and Development of Non-Congregate Shelter. These structures can remain in use as non-congregate shelter or can be converted to: 1) emergency shelter under the Emergency Solutions Grants (ESG) Program; 2) permanent housing under the Continuum of Care (CoC) Program; or 3) affordable housing under the HOME Program.

Administrative and Operating Funding

HOME-ARP provides up to 15 percent of the allocation for administrative and planning costs of the PJ and subrecipients administering all or a portion of the grant. In addition, HOME-ARP can provide up to 5 percent of its allocation for operating costs of Community Housing Development Organizations (CHDOs), other non-profit organizations, and homeless providers. Additional HOME-ARP funding is available to these organizations for capacity building activities.

Shared Equity Models Offer Sustainable Homeownership

HUD's Office of Policy Development and Research

HIGHLIGHTS

- Shared equity homeownership programs facilitate broader access to affordable, low-risk homeownership opportunities for low-income families.

- One Roof Community Land Trust fills the need for quality, affordable housing and provides pre- and postpurchase support for homebuyers in Duluth, Minnesota and surrounding areas.

- San Francisco's Below Market Rate Ownership Program balances wealth creation for existing owners of deed-restricted housing units with preservation of affordability for future buyers.

The social and economic benefits of stable homeownership, particularly the potential for wealth-building among low- and moderate-income families, are well documented. Homeownership continues to be out of reach for many of these households, however, particularly in the wake of the economic crisis. Although home prices have fallen in many localities and interest rates are at record-low levels, stringent lending standards and significant drops in household incomes have prevented many interested low-income buyers from becoming homeowners. The Center for Housing Policy reports that from 2008 to 2010, renters earning no more than 120 percent of the area median income saw their household incomes decrease by 4 percent even as housing costs went up 4 percent. As a result, the number of severely cost-burdened renter households — those paying more than half of their income towards housing costs — rose by 2.8 percent during this period. Meanwhile, the foreclosure crisis has heightened awareness of the risks of homeownership for low-income and minority families and the need for solutions that help attain as well as sustain homeownership. Faced with these challenges, a growing number of communities are turning to shared equity homeownership.

An Alternative Homeownership Option

Shared equity homeownership offers an alternative option to renting and traditional homeownership. The term refers to an array of programs that create long-term, affordable homeownership opportunities by imposing restrictions on the resale of subsidized housing units. Typically, a nonprofit or government entity provides a subsidy to lower the purchase price of a housing unit, making it affordable to a low-income buyer. This subsidy can be explicit, in the form of direct financial assistance, or implicit, in the form of developer incentives for inclusionary housing. In return for the subsidy, the buyer agrees to share any home price appreciation at the time of resale with the entity providing the subsidy, which helps preserve affordability for subsequent homebuyers. Although several types of shared equity homeownership programs exist, Rick Jacobus, director of Cornerstone Partnership Initiative at NCB Capital Impact, and Jeffrey Lubell, executive director of the Center for Housing Policy, describe two basic approaches: shared appreciation loans and subsidy retention programs. Shared appreciation loans are second mortgages provided by a public or nonprofit agency that buyers repay in full at the time of resale along with a percentage of home value appreciation. These funds are then reinvested to make homeownership affordable to another low-income buyer. With the more common shared retention approach, resale price restrictions ensure that the subsidy remains with the home. The most widely implemented subsidy retention programs include community land trusts (CLTs), deed-restricted housing programs, and limited equity housing cooperatives.

CLTs increase affordability by removing the cost of the land from the sale price of a home — homebuyers purchase the structure but lease the land from the CLT, which retains ownership. Resale price restrictions are built into the ground lease to maintain affordability for future income-eligible buyers. Currently, more than 250 CLTs are operating in 46 states and the District of Columbia.

In a deed-restricted housing program, resale restrictions are recorded with the property's deed and generally remain valid for more than 30 years. Estimates place the number of deed-restricted housing units at between 100,000 and 300,000 nationwide.

Residents of limited equity housing cooperatives are shareholders; instead of a housing unit, buyers purchase a share of stock in the cooperative, which entitles them to occupy one housing unit, at a much lower price. Limits on the resale price of the cooperative shares ensure affordability. The National Association of Housing Cooperatives estimates the number of limited- or zero-equity cooperative units at 425,000.

The maximum resale prices for shared equity homes in these models are established using formulas based on the appraised value of a home at the time of resale, changes to the consumer price index, or increases in the area median income.

Benefits of Shared Equity Housing

Although the different types of shared equity programs vary in structure, they are all distinguished by a common emphasis on owner occupancy, long-term or perpetual affordability, and equity sharing. These defining features enable shared equity models to facilitate broader access to affordable homeownership for low-income families. "Equally important," notes John Emmeus Davis, one of the nation's leading authorities on shared equity housing, these alternative models preserve "this opportunity for the same class of people over a very long period of time, while preventing the loss of the public (and private) subsidies that made this housing affordable in the first place." In markets where home prices are rising faster than household incomes and in gentrifying neighborhoods, shared equity mechanisms generate workforce housing that remains affordable over the long term, giving workers more local housing options while allowing communities to retain essential employees. For local governments dealing with large volumes of vacant and abandoned housing as a result of the foreclosure crisis, shared equity homeownership offers an avenue to transform vacant properties into permanently affordable housing and retain any public subsidies invested in them.

Shared equity programs also help reduce some of the risks associated with homeownership for low-income and minority households. As Jeffrey Lubell observes, "There are two main ways in which shared equity homeownership reduces risks. First, by buying homes at below-market prices, shared equity homebuyers are insulated to a significant extent from falling home values. It's still possible to lose money on a shared equity home purchase, but it's much more difficult since prices need to fall considerably before shared equity owners are forced to sell at a loss. Second, the purchase of a less expensive shared equity home may free up funds in some buyers' budgets to invest in other asset classes, such as retirement savings, education savings, etc., improving the diversification of assets." At the same time, homeowners have the opportunity to build equity. An evaluation of seven shared equity homeownership programs conducted by the Urban Institute shows that, despite being subject to resale price restrictions, households in these programs earned significant returns on selling their homes. The study, which also analyzed outcomes related to affordability, security of tenure, and mobility for the programs, reveals lower delinquency and foreclosure rates among shared equity homeowners compared with owners of market-rate housing. A separate study commissioned by the National Community Land Trust Network (CLT Network) found that at the end of 2010, only 1.3 percent of CLT home loans were seriously delinquent compared with 8.6 percent of conventional market-rate home loans.

Many of these benefits are illustrated in the following examples of two types of shared equity programs operating in localities with vastly different housing market conditions: a CLT serving northern Minnesota and a deed-restricted housing program that promotes affordable homeownership in San Francisco, California. The programs, both of which are included in the Urban Institute study, show that shared equity models can effectively promote long-term affordable homeownership opportunities in strong and weak housing markets.

One Roof Community Housing

One of 10 CLTs in the state of Minnesota, the Northern Communities Land Trust (NCLT) was established in 1990 by grassroots activists to provide affordable homeownership opportunities for low- and moderate-income families in the city of Duluth and surrounding areas. In January 2012, NCLT merged with Neighborhood Housing Services of Duluth, an organization with a similar mission, to form One Roof Community Housing. As with most of the community land trusts in the nation, One Roof Community Housing is structured as a tax-exempt nonprofit, governed by a board of directors that is elected annually by its more than 500 members. One of the distinguishing features of the CLT model is its tripartite governance structure, which balances the interests of multiple stakeholder groups. A typical CLT board includes equal representation from land trust leaseholders; community residents; and public officials, local leaders, or advocates who oversee the community's interests. One Roof's 16-member board follows this classic structure; one-third of the organization's board is composed of representatives from low-income neighborhoods, including four CLT homeowners.

A Path to Affordable Homeownership

One Roof Community Housing's operations are designed to meet the unique housing needs of the community it serves. At $41,092, Duluth's median household income is nearly 30 percent lower than the state median. Over one-third of the residents pay more than 30 percent of their income towards mortgage expenses in the city, where the median home value of owner-occupied units is $151,300. "Duluth has really old housing stock and very low incomes, and while some would say there is plenty of affordable housing in town, it's challenging for low-income families when they have to spend a lot of their time and income updating the homes," notes Jeff Corey, One Roof's executive director. To fill this need for quality affordable housing, the land trust builds and rehabilitates houses that it sells to families earning less than 80 percent of area median income (AMI) — the actual median household income of the land trust's current homeowners is closer to 60 percent of AMI.

The land trust currently rehabilitates vacant, blighted properties that it acquires from county foreclosure sales, the National First Look Program, and other bank programs. The rehabilitation work is done by One Roof's own construction company, Common Ground. "We had to do things differently, compared to places with high property values like Boston or Austin," says Corey. "We don't have much housing being built to scale like in some communities — there are few developers of owner-occupied housing and no general contractors that specialize in building affordable housing. We weren't able to get contractors to bid on our work, so we started building ourselves."

The renovated homes, all of which incorporate green building features, are sold to income-eligible buyers at prices 20 to 25 percent lower than appraised value. As with most CLTs, One Roof creates this subsidy by retaining ownership of land beneath the homes. Buyers enter into a 99-year ground lease and pay a small lease fee to the land trust every month. To keep the homes, which must be owner-occupied at all times, affordable to subsequent low-income buyers, One Roof employs a resale formula that is appraisal-based; homeowners receive 25 percent of any appreciation in appraised value of the property and 100 percent of investment in eligible capital improvements made to the home.

Except for the resale and occupancy restrictions, One Roof's homeowners enjoy many of the same rights and rewards as owners of market-rate homes, such as predictable mortgage payments, privacy, and an opportunity to accumulate wealth. Owners pay property taxes and are free to remodel or improve their CLT homes, which can eventually be passed on to heirs. When the homeowner wants to sell the land trust home, they have the option to choose One Roof as their real estate agent. The organization has its own realty company, a full brokerage through which it lists and sells land trust homes. Once again, a lower-priced housing market meant that One Roof needed to participate fully in the real estate industry. "Our price points aren't so dramatically different from market rate that if we had sort of thumbed our nose at the realtor community, we could have put ads in the newspaper and had people come running. They are our colleagues and business partners, and working with them helps us meet our mission in the community," notes Corey.

Pre and Post Purchase Support

Homebuyer education is essential to helping buyers become informed, successful homeowners. One Roof offers free one-on-one homebuyer counseling sessions and requires buyers applying for land trust homes to complete an eight-hour, HUD-certified homebuyer education class and attend an orientation session about the community land trust program. Although it does not require applicants to get fixed-rate mortgages, the land trust does require mortgage preapproval from one of the four participating One Roof lenders and has the right to review and approve mortgages before purchase. Strict lending standards following the foreclosure crisis have left many land trust homebuyers unable to obtain a mortgage. A quarter of the CLTs that participated in a 2011 survey conducted in partnership with the CLT Network reported that buyers who qualified for their programs often were not able to purchase homes because they could not qualify for a mortgage. Nearly half of the respondents cited higher credit score and down payment requirements as the primary barriers to securing financing. Building and maintaining partnerships with lending institutions is one way to ensure that CLT homebuyers are able to overcome this hurdle to achieving homeownership.

One Roof homebuyers are offered no-interest second mortgages to cover down payment and closing costs ranging from $2,000 to $6,000. An additional $2,000 in employer-assisted funding is also available to buyers who work for two of the area's medical centers as long as they purchase homes close to their place of employment.

To help owners keep their homes in good condition, One Roof disseminates newsletters, offers free home maintenance classes, and operates a tool lending library. Community residents can borrow tools free of charge from the library to complete necessary repairs and other home improvement projects. In addition, the organization assists CLT homeowners unable to make their mortgage payments due to temporary setbacks, such as a medical emergency, by providing small, no-interest loans paid directly to the lender. Homeowners in default due to long-term financial hardships are referred to Lutheran Social Services for foreclosure prevention counseling. This type of prepurchase support and ongoing stewardship "helps explain why owners of CLT homes rarely become delinquent," says Emily Thaden, research and policy development manager for the CLT Network and author of the CLT foreclosure study. "Legal contracts for shared equity homeownership are not self-enforcing, and the challenges faced by lower income households do not entirely disappear just because their home is affordable. CLTs know this, which is why they steward both their homes and homeowners on an ongoing basis."

Such long-term guardianship is expensive, however, and CLTs require large amounts of capital investment to build a housing portfolio. Most of One Roof's capital funding comes from HOME and Community Development Block Grant (CDBG) program funds awarded by local municipalities; other sources include the Minnesota State Housing Finance Agency and the Greater Minnesota Housing Fund. In addition, the organization generates substantial fee income, including lease fees, developer fees, and realty commissions, to finance its operations.

A Viable Model

The Urban Institute's evaluation of One Roof (before the merger) found that the land trust has been successful at maintaining affordability and building wealth for its homeowners. Although the minimum income required to purchase a land trust home slightly increased, the homes remain affordable to most low-income households. One Roof's homeowners, on average, realized a 38.7 percent annualized rate of return on resale, and 95 percent of homeowners who purchased 5 years prior to the study period had retained their homeownership status. Furthermore, only 1.1 percent of CLT homes — nearly all of which were financed with a 30-year, fixed-rate mortgage — were in the foreclosure process as of December 2009, compared with 4.4 percent of Duluth area homes. A separate study prepared for the Lincoln Institute of Land Policy, in which authors compared the One Roof land trust program with another low-income housing program in Duluth, found that the trust employed a more efficient use of subsidies and preserved affordability for multiple generations of low-income buyers. To date, One Roof has recycled more than $3.25 million in subsidies, overseen 67 resales, and helped 295 low-income families attain homeownership; one-third to half of these families are comprised of single mothers with dependent children.

One Roof Community Housing is unique in the scope of its services, which are structured to reflect market conditions and the community's needs. "I think we are different in that very few land trusts do all of the things that we do. There are a couple of CLTs that have realtors on staff, quite a few act as developers, and there may be some that have their own construction company, but I don't know any land trust that does all three," observes Corey. He stresses that CLTs operating in low-priced housing markets have to have a viable business plan and differentiate their product from what's on the market: "We have to be stronger than a typical nonprofit housing developer because we don't go away after the homes are built. We have a responsibility to maintain strong organizational capacity to carry out the stewardship role for our homes and homeowners going forward." With 228 units under its stewardship, the organization is presently working on expanding its geographic service area.

San Francisco Below Market Rate Ownership Program

In sharp contrast to One Roof Community Housing, San Francisco's Below Market Rate Ownership Program (Below Market program) assists households in one of the nation's most expensive housing markets with a median home value of $785,191, more than four times the national median. According to a study prepared for the San Francisco Mayor's Office of Housing (Housing Office), in 2011, only 7 percent of market-rate homes for sale in the city were affordable to households earning 80 percent of AMI. Not surprisingly, San Francisco's homeownership rate of 37.5 percent is almost half the national homeownership rate. Since 1992, the city has been adding affordable units to its housing stock through the Residential Inclusionary Affordable Housing Program. The program, which has been amended multiple times over the years, currently requires 15 percent of housing units in all developments of 5 or more units to be set aside for low- and median-income families. The set-aside requirement increases to 20 percent if the units are provided offsite or if developers elect to pay fees in lieu of providing affordable units. Through the Below Market program, the city makes the inclusionary units in for-sale developments available at below-market, affordable rates to first-time homebuyers earning no more than 100 percent of AMI.

More than 850 Below Market program units — most of them condominiums — are in the city's portfolio. These units are overseen by the Housing Office, which also administers the Residential Inclusionary Affordable Housing Program. The department posts information on below-market units available for purchase on its website and requires developers to advertise the units in at least five local newspapers that reach low- and moderate-income and minority households in the city. As with One Roof Community Housing, income-eligible buyers are required to participate in a first-time homebuyer workshop conducted by designated housing counseling agencies. These agencies receive CDBG funds from the city to promote homeownership counseling and build capacity in minority communities. Buyers must finance their purchase through 15- to 40-year fixed-rate mortgages from approved lenders. Housing Office staff members review the mortgages to make sure that buyers are not subjected to predatory lending practices. For both new and resale units, buyers are chosen by public lottery from a pool of qualified applicants. The Housing Office offers prospective homeowners assistance with down payment and closing costs ranging from $10,000 to $36,000. The funds are structured as shared appreciation loans to be repaid by the homeowner at the time of resale along with a certain percentage of the property's price appreciation; the amount of home value appreciation to be shared with the city depends on the portion of the original purchase price covered by the loan.

Long-Term Affordability

To protect the long-term affordability of below-market units, resale restrictions are recorded with the property deed; purchasers sign a secondary deed of trust and related documents acknowledging the restrictions. Such restrictions or covenants are a widely used mechanism to preserve affordability. Hundreds of jurisdictions across the country employ deed restrictions to impose controls on affordable housing units produced through inclusionary zoning, and many CLTs use them in lieu of long-term ground leases, particularly for condominium developments. Unlike a CLT ground lease, however, the length of the affordability period in deed-restricted housing programs can vary depending on state statutes. Some states specify a limit to the affordability period, while very few explicitly define or authorize perpetual affordability restrictions. The restrictions placed on San Francisco's below-market units are applicable for the life of the project and survive foreclosure; for units that were created before June 2007, the restrictions apply for 50 years but restart every time a unit is sold. The units, which must be owner-occupied at all times, can be passed to heirs only if the heirs meet all of the program qualifications (income-eligible, first-time homebuyer). The Housing Office monitors compliance by requiring below-market owners to submit an annual occupancy certification and report any changes in ownership status. The office also reserves the right of first refusal to purchase below-market units listed for resale.

A Balancing Act

In 2007, the city revised its homeownership program in response to changing market conditions. Previously, the resale price for below-market units was based on one of two formulas: changes to the consumer price index or a mortgage-based formula. The latter formula calculates the resale price by arriving at a mortgage payment that is affordable (defined as no more than 33 percent of gross income) to a household earning 100 percent of AMI. Along with a 10-percent down payment, the formula takes into account interest rates, taxes, homeowners association fees, and insurance costs at the time of resale. This formula "yielded perfect affordability," notes Myrna Melgar, who oversaw the changes to the Below Market program as the Housing Office's homeownership director during this time. As interest rates began to rise in 2006, however, homeowners who had purchased their deed-restricted units when the rates were low found themselves having to sell at a loss. The city responded by changing the resale formula. "We made the decision to sacrifice perfect affordability to ensure more predictability for individual homeowners," explains Melgar. With the new formula, the resale price is calculated based on the changes to AMI, providing a more stable equity building opportunity for owners. Sellers receive the resale price excluding loans, closing costs, and any shared appreciation related to the city's down payment assistance. Sellers also get reimbursed for capital improvements made to homes 10 years or older, although this amount is capped at 7 percent of home's resale price.

Melgar observes that the AMI formula may make below-market units more expensive over time, especially when interest rates are high. But given the city's strong housing market, the program still meets a need for affordable housing for moderate-income families. "A number of homeowners were able to build a nest egg and move on to market-rate homeownership, which is the program's goal," Melgar notes. The Urban Institute's evaluation of the Below Market program substantiates this conclusion based on an analysis of 771 sales and resales between 1999 and 2009. Study findings show that during this 10-year period, below-market units were purchased by first-time buyers with a median household income of about $60,000 at a median price of nearly half the units' appraised value. Moreover, homeowners in the program were able to realize an annual rate of return of 11.3 percent on resale.

San Francisco's ownership program is not without challenges, however, and chief among them is limited access to credit for many income-qualified households. Few lenders are willing to provide first mortgages for the below-market units. Buyers at the lower end of the income scale who do manage to secure a mortgage often face high homeowners association fees in some neighborhoods, which significantly decrease affordability. Another challenge involves the substantial amount of resources needed to reach out to and serve the city's high percentage of minority households. The Housing Office overcomes some of these problems by supporting a network of outside organizations. "The key is having good partners," notes Melgar. "The city does a good job of training lenders and title companies, funding counseling agencies, and including stakeholders in any policy decisions. All of that is important to keep the program healthy and productive.

A Way Forward

Shared equity homeownership continues to gain popularity as a viable alternative to traditional homeownership. Shared equity programs have proven successful at providing stable, affordable homeownership opportunities to low-income families who would otherwise be priced out of the housing market. At the same time, these programs ensure that public resources invested in affordable housing are maximized. Homeowners realize many of the same benefits offered by traditional homeownership, only with much lower risk. Inherent safeguards — such as mandatory homebuyer education and fixed-rate mortgage requirements — continuous monitoring, and other stewardship activities that are a part of shared equity models support a sustainable homeownership experience. Just as important, the One Roof CLT in Duluth and the Below Market program in San Francisco show that, regardless of market conditions, shared equity models that balance preservation of affordability with wealth creation have the potential to help lower-income households build equity and move up the housing ladder.

A Hybrid Model

<u>HIGHLIGHTS</u>

- Paths to Homeownership for Low-Income and Minority Households
- Individual Development Accounts: a Vehicle for Low-Income Asset Building and Homeownership
- Shared Equity Models Offer Sustainable Homeownership

The Lopez Community Land Trust is one of few CLTs in the nation that combines a ground lease mechanism with the limited equity cooperative model of housing. Established in 1989, the land trust serves Lopez Island, Washington, a rural island community of about 2,200 year-round residents. The organization, structured as a tax-exempt nonprofit, acquires land and develops housing for island residents earning no more than 120 percent of the area median income. As with a typical CLT, the trust retains ownership of land to create and preserve affordability. The completed homes, however, are not sold to individual buyers but are instead conveyed to a limited equity housing cooperative. The cooperative owns the homes and leases the underlying land from the trust for a period of 99 years. Income-qualified buyers sign a 99-year occupancy agreement with the cooperative that gives them the right to occupy the homes and become voting members of the cooperative.

According to Sandy Bishop, executive director of the land trust, this hybrid model allows the nonprofit to serve households who may not have the credit history needed to secure a mortgage. "We discovered that many of the people that we serve are very creditworthy, but they may have never used credit cards, so even if they paid all their bills and were hard workers, they would not meet banks' lending requirements," she explains. In limited equity cooperative housing, the cooperative holds both the title to the property and the mortgage; residents make monthly payments to the cooperative that equal their share of the mortgage, property taxes, and other maintenance fees. Tying the cooperative housing model to the CLT ground lease also protects the long-term affordability of the homes. Because residents control the cooperatives, there is an inherent risk that residents will choose to opt out of the affordability restrictions, but the land trust mitigates this risk by building the restrictions into both the ground lease and the occupancy agreement, ensuring lasting affordability. Members also benefit from the supportive services and stewardship provided by the trust, including first-time homebuyer classes, homeownership counseling, and training in cooperative governance. In addition, the land trust ensures that potential buyers meet income requirements and steps in when needed to mediate disputes for the cooperative. To date, the trust has developed 37 affordable housing units in 5 limited equity cooperatives.

Testimony of Peggy Bailey, Vice President for Housing Policy, Center on Budget and Policy Priorities, Before the Senate Committee on Banking, Housing, and Urban Affairs

Chairman Brown, Ranking Member Toomey, members of the Committee, thank you for the opportunity to testify before you this morning at this important hearing. I am Peggy Bailey, Vice President for Housing Policy at the Center on Budget and Policy Priorities, a nonpartisan research and policy institute in Washington, D.C.

In this testimony, I will discuss the pressing housing affordability crisis affecting people with the lowest incomes and recommend policies that will move us toward the goal of ensuring that everyone in this country is able to afford safe, stable housing.

Solving the Affordable Housing Crisis Must Include Subsidizing Rent Costs

Addressing the nation's affordable housing crisis must include housing subsidies, such as Housing Choice Vouchers, for people with little to no income. These families do not have incomes high enough to afford quality housing because landlords must set rents at least high enough to cover their own operating costs, perform general maintenance, and pay any debt owed. Housing agencies can "project-base" vouchers to guarantee that developments include units affordable for families with low and extremely low incomes. For example, many buildings with units dedicated as permanent supportive housing for people experiencing homelessness who also have disabilities use project-based vouchers to make units affordable for this population. The voucher program can also mitigate the need to build new units by allowing people to remain in modest, decent units that are appropriate to their family size. Voucher holders do not need to move but can have their rent burden reduced, which allows them to afford other basic needs or survive a small financial crisis.

Closing the housing affordability gap will require a long-term strategy but progress can be made in the short term. Most immediately, Congress should fund at least the 140,000 new vouchers included in the 2023 Transportation-HUD funding bill passed by the House Appropriations Committee, together with adequate funding for existing vouchers to cover rising housing costs. As part of that bill, Congress should also provide adequate voucher administrative funding, fund services to help voucher holders search for housing, and allow voucher subsidy funds to be used for security deposits. Over the longer term, lawmakers should enact major additional voucher expansions, with the goal of making vouchers available to everyone who is eligible. Congress must take additional steps, including:

- **Reducing the shortage of deeply affordable rental housing.** There is a need to increase affordable rental housing stock through multifamily and manufactured housing developments. Actions such as expanding the capacity of the Low-Income Housing Tax Credit; increasing funding for Department of Housing and Urban Development (HUD) programs like HOME, the Community Development Block Grant, and the Housing Trust Fund; implementing new strategies such as a renters' tax credit; and directing more resources for manufactured housing are needed. HUD's Our Way Home Initiative recognizes the need for a comprehensive strategy to increase housing supply. HUD's programs often work with the LIHTC to make rents affordable for families with the lowest incomes by subsidizing predevelopment and ongoing operating costs, which helps keep rents lower. Alongside these actions, there's also a need to address zoning practices and other local actions that can stand in the way of building new affordable housing.

- **Prevent the loss of existing affordable housing.** Resources are needed to preserve the existing affordable housing stock along with actions to improve the properties. Estimates are that about 6 percent of the federal assisted housing stock is set to lose affordability restrictions by 2025. Based on past data, about half will likely not stay affordable, resulting in the loss of about 176,000 units in the near term.

  Several actions are needed to preserve affordable housing:

  ◊ Redevelop existing public housing properties through HUD tools such as the Rental Assistance Demonstration program;

  ◊ Incentivize Low-Income Housing Tax Credit property owners to keep their developments affordable once their initial contract term ends;

  ◊ Invest in redevelopment resources for properties that receive HUD assistance such as through the Project Based Rental Assistance program; and

  ◊ Incentivize landlords to rent to families with low incomes — especially families receiving Housing Choice Vouchers.

- **Remove barriers to homeownership.** There is a shortage of affordable single-family homeownership opportunities due to a low supply of homes and challenges first-time buyers are facing accessing mortgages. If fewer people can successfully purchase homes, then more people remain in the rental market, creating a shortage of rental units and driving up costs. Down payment assistance for first-time homebuyers and other policies to make it easier for families to obtain mortgages are critical to relieving pressure from the rental market.

- **Reform existing public and multifamily housing.** Most project-based federal assistance does not allow families to move and maintain their housing subsidy. These programs should be reformed to allow tenants true choice in where they live. This will put pressure on landlords and owners to make their units more attractive and reduce neighborhood segregation of people with low incomes.

- **Improve the Low-Income Housing Tax Credit Program.** LIHTC should be reformed to make it easier for states and developers to ensure that more units are affordable to people with incomes well below the program's eligibility limit (although many low-paid workers and others with extremely low incomes will still need a voucher or other rental assistance to afford these units). This can include amending state Qualified Action Plans to include extra points for projects that will allow people with lower incomes to rent units and dedicating federal or state resources that reduce the predevelopment costs for developers.

- **Address housing needs in tribal communities**. Increase resources for Native American housing programs, particularly the Indian Housing Block Grant, the Indian Community Development Block Grant, and the Native Hawaiian Housing Block Grant, to address the high rates of housing hardship faced by American Indians and Alaska Natives living on tribal lands and Native Hawaiians on the Hawaiian homelands while continuing to honor tribal sovereignty.

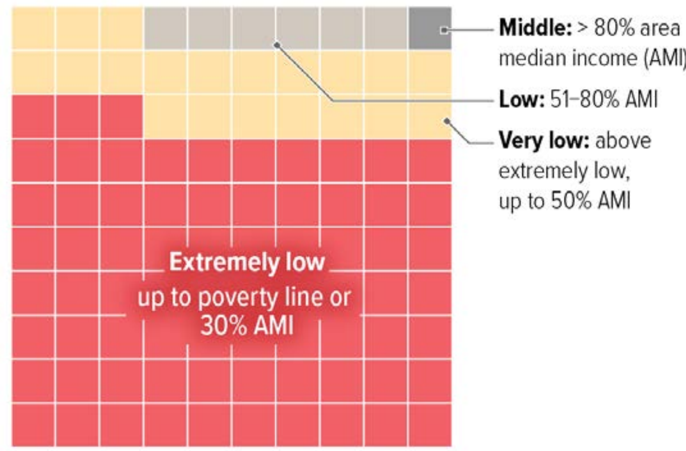
Millions of People Struggle to Afford Housing, With Needs Heavily Concentrated Among People With the Lowest Incomes and People of Color

The nation's most pressing housing problem centers on the millions of people with low incomes who are not able to afford safe, stable housing. This often is characterized as a problem due to the supply of hard units. While supply is an issue in some places, it is important to recognize that most people have a place to live and are not seeking to move; they simply struggle to afford their current residence. Even before the pandemic and economic downturn, 23 million people lived in 11 million low-income households that paid more than 50 percent of their income for rent. (See Figure 1.) Government programs and private owners and lenders often use 30 percent of income as a benchmark for the amount households can afford to pay for housing.

While most people who need housing to be more affordable already have a place to live, many do not. Unaffordable

Most Severely Cost-Burdened Renters Have Extremely Low Incomes

Share of renter households paying more than half their income for housing, by HUD income category; 1 box = 1%



Note: AMI is determined by the Department of Housing and Urban Development (HUD) for families of various sizes in each metropolitan area and rural county.

Source: CBPP analysis of the 2015-2019 American Community Survey and 2019 HUD income limits

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housing compels many people with low incomes to live in homes that are overcrowded or unsafe, and hundreds of thousands of people can't afford a home at all; 580,000 people slept in shelters or on the streets on the night in January 2020 when HUD conducted its annual point-in-time homeless count.

These affordability challenges are becoming increasingly urgent for many people around the country for two reasons:

- First, rent and utility costs have risen sharply since the summer of 2021. By June 2022, rents for newly leased units were 15 percent higher than a year earlier, according to one national index. And in the 12 months through June, prices for residential fuel and utilities rose 18 percent. Typically, renters who must pay very high shares of their income for housing have to divert money away from other necessities to keep a roof over their heads, such as by going without needed food, medicine, clothing, or school supplies. As those unmet needs pile up, families often find themselves one setback — a cut in their work hours or an unexpected bill — away from eviction. In March 2022, 10.4 million adult renters reported that they were not caught up on rent. Inflation can make this problem more acute.

- Second, many states and localities are beginning to exhaust the Emergency Rental Assistance funding provided through pandemic relief legislation. This assistance has helped at least 5.7 million households pay rental debt accumulated during the pandemic and accompanying economic downturn and to afford ongoing rent and utility costs. The exhaustion of these funds will eliminate a key source of help for people struggling to stay housed.

Difficulty affording housing is heavily concentrated among households at the bottom of the income scale. More than 70 percent of households that pay over half their income for rent have extremely low incomes (defined by HUD as below the federal poverty line or 30 percent of the local median income, whichever is higher), and these households are far more likely than higher-income households to experience homelessness and other housing-related hardship. Nearly everywhere in the country, rents are too high to be affordable to people with the lowest incomes, including low-paid workers and seniors and people with disabilities with low fixed incomes.

Due to a long history of racial discrimination in housing and other areas, these problems are disproportionately concentrated among people of color. As a result, people of color are already more likely to rent their homes because they have historically been denied homeownership opportunities; 55 percent of renters identify as a race other than white, compared to 39 percent of the general population.

People of color are also more likely to face housing hardship, instability, and homelessness. More than 60 percent of people in low-income households that pay more than half their incomes for housing are people of color. These renters are more likely than white renters to live in crowded conditions. Asian and Pacific Islander and Latino renters face the highest levels of doubling up and overcrowding, with 1 in 10 living in households that are both doubled up and overcrowded. And people of color are at much greater risk of experiencing homelessness. Nearly 40 percent of those who experienced homelessness in 2020 were Black and 23 percent were Latino, far above these groups' shares of the U.S. population (13 and 18 percent, respectively). Native Hawaiians and Pacific Islanders have the highest rate of homelessness, followed by American Indians and Alaska Natives.

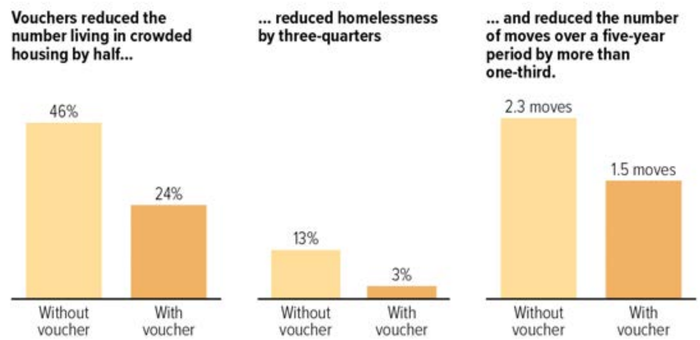
Rental Assistance Is the Best Way to Address Housing Needs Among Families With the Lowest Incomes

Rental assistance programs play a crucial role in closing the affordable housing gap and preventing housing instability, including homelessness, evictions, and overcrowding.

Federal rental assistance helps 10 million people in 5 million households afford housing, mainly through three major programs: Housing Choice Vouchers, Section 8 Project-Based Rental Assistance (PBRA), and public housing. In each of these programs, participants pay about 30 percent of their income for rent and utilities and a federal subsidy covers the remaining costs. Because of inadequate funding, these programs, along with several other programs administered by HUD and some by the Department of Agriculture, only assist about 1 in 4 households in need, and most applicants for rental assistance face waiting lists that are very long or closed.

Rental assistance is by far the most direct, effective way to address the nation's most severe housing problems. Research shows that vouchers sharply reduce homelessness, overcrowding, and housing instability. (See Figure 2.) And because stable housing is crucial to many other aspects of a family's life, those same studies show numerous additional benefits to vouchers. Children in families with vouchers are less likely to be placed in foster care, switch schools less frequently, experience fewer sleep disruptions and behavioral problems, and are likelier to exhibit positive social behaviors such as offering to help others or treating younger children kindly. Among adults in these families, vouchers reduce rates of domestic violence, drug and alcohol misuse, and psychological distress.

Housing Choice Vouchers Sharply Reduced Crowded Housing, Homelessness, and Frequent Moves, Study Shows



Note: The chart compares the housing status of low-income families in six U.S. cities who were randomly selected to receive a voucher and used it for at least part of the previous year to families in a control group who did not use vouchers. Families experiencing "crowded housing" were living in housing that has less than one room per household member. Number of moves reflects the average moves over a 4.5- to 5-year period since random assignment.

Source: Michelle Wood, Jennifer Turnham, and Gregory Mills, "Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation," Housing Policy Debate, 2008

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Expanding rental assistance can also sharply reduce racial disparities in poverty rates and a range of housing hardships. For example, one study estimated that providing vouchers to all eligible households would lift 9.3 million people above the poverty line, using a measure of poverty that counts in-kind benefits such as rental assistance as income. Poverty rates would drop for all racial and ethnic groups but most among Black and Latino households, reducing the gap in poverty rates between Black and white households by one-third and the gap between Latino and white households by nearly half.

Similarly, people of color would be particularly likely to benefit from the reductions in homelessness, overcrowding, and evictions and other housing instability that the added vouchers would bring about. Moreover, resources for tribal housing programs, such as the Indian Housing Block Grant, would be particularly helpful for reducing housing hardship in tribal areas. American Indians and Alaska Natives living on tribal lands face higher rates of overcrowding and substandard housing, compared to the national average, but tribes are ineligible for vouchers and other HUD rental assistance programs.

Racism has also prevented many people of color from choosing what community or neighborhood to live in, as federal, state, and local policies ranging from discriminatory lending rules to exclusionary zoning that prevented development of low-cost housing have blocked Black people and others from moving to areas with predominantly white populations. Moreover, due to neglect by public officials and other factors, many neighborhoods with large shares of people of color suffer from high poverty rates, poorly performing schools, unhealthy environmental conditions, and lack of other services and amenities. Despite anti-discrimination measures such as the 1968 Fair Housing Act, housing discrimination and local government practices that continue to drive investment away from communities of color remain widespread.

Housing vouchers can provide people with low incomes — including people of color — with more choice about where they live. Families with vouchers are much more likely — in one study, nearly four times as likely — to be able to move to low-poverty neighborhoods if they receive mobility assistance. But currently, programs like PBRA, public housing, and the Low-Income Housing Tax Credit don't automatically provide assistance to tenants if they'd like to move to a new building or community. These families, if they qualify, must be placed on the local housing voucher waiting list, which can be years long. But even without any special assistance, among Black children in households with incomes below the poverty line, children whose families use a voucher are twice as likely as children overall to live in a neighborhood with a low poverty rate.

Many New Vouchers Could Be Put to Use

The voucher program has long used nearly every dollar of funding it receives, so the number of families it helps is limited primarily by inadequate funding, not by a shortage of units. From 2011 to 2020, housing agencies on average spent 99.9 percent of the voucher subsidy funds they received. (This figure excludes agencies participating in the Moving to Work demonstration, which allows agencies to shift voucher funds to other purposes.) This percentage dipped during 2021 in the face of an unusually tight rental market, but agencies still used an average of over 96 percent of their funds, and many individual agencies used all or nearly all of their voucher funds. Agencies would be able to use many additional vouchers if they received the funds to do so, particularly if new resources are targeted toward agencies that have high utilization rates today.

Most households that receive a voucher (two-thirds, in one study) already rent a housing unit, so their vouchers do not add to the number of units demanded in the market. Typically, these households paid very high shares of their income for rent before receiving the voucher, and some use the voucher to help them afford their current unit without diverting resources from other basic needs. (The voucher also helps protect them from eviction if their earnings drop or they face unexpected expenses.) More than 8 million extremely low-income households have a home but spend more than half their income to rent it, so many vouchers could be absorbed simply by helping those households either to stay in their current housing or to move to a more suitable unit (such as one that provides adequate space given the household's size or is closer to a worker's job), thus freeing up the household's current unit for another household to occupy.

New vouchers would also help people who don't have their own unit, such as those living in a shelter or on the streets or who are doubled up with another family. But most rental markets could absorb many such households just as they absorb other new renters, such as young adults leaving their parents' homes or workers relocating to pursue a job opportunity. Rental markets in some parts of the nation have sizeable numbers of vacant units, and even relatively tight markets could likely absorb the vouchers on the scale proposed in recent legislation (such as the 140,000 vouchers funded in the 2023 Transportation-HUD appropriations legislation passed by the House Appropriations Committee) because the number of units needed would be low compared to the overall housing stock.

In fact, the Emergency Housing Voucher (EHV) program, funded through the American Rescue Plan Act, demonstrates housing agencies' ability to use new vouchers, even in tight rental markets. So far, the program has helped more than 26,000 households who were experiencing or at risk of homelessness or who were survivors of domestic violence. Those receiving EHVs on average have an income of $11,349, which is about 27 percent less than the typical voucher household. The success of this program demonstrates that additional rental assistance can be used and provides some lessons on how to work with community partners and use administrative fees to make the program more effective.

Policymakers should also make vouchers easier to use and expand choice for voucher holders, for example by allowing voucher subsidies to be used for security deposits, ensuring that voucher subsidy caps (which are set based on Fair Market Rent levels determined by HUD for metropolitan areas, rural counties, and zip codes around the country) are adequate to cover rising rent and utility costs, funding services to help families search for housing in a wide range of neighborhoods, conducting outreach to landlords to encourage them to participate in the program, and prohibiting landlords from discriminating against voucher holders.

Measures to Build and Preserve Housing Also Play an Important Role in Addressing Housing Need

Rental assistance won't solve those problems alone, and should be part of a broader, comprehensive policy.

Many parts of the country face serious housing shortages, estimated at 3.8 million units by one study, that drive up home prices and rents and limit the housing options available to families and individuals and that could be addressed through a range of subsidies and regulatory changes to expand the housing stock. In some parts of the country, there is an urgent need for investments to address housing quality problems in the existing housing stock, including serious health concerns such as lead paint. The nation's stock of public housing and to a lesser extent its privately owned affordable housing face large backlogs of unmet renovation needs that can place residents at risk and ultimately result in the loss of badly needed affordable housing.

Investments in the housing stock can further other important goals as well. Housing construction and renovation can play a key role in community development efforts that improve quality of life in the surrounding neighborhoods, including in urban neighborhoods affected by redlining and disinvestment, rural areas suffering from declining populations and economies, and tribal areas that often face severe problems with overcrowding and substandard housing. Supply-side investments can also increase the number of units accessible to people with disabilities and improve energy efficiency in ways that can potentially reduce costs, make units safer and more comfortable for residents, and reduce emissions of greenhouse gases and other pollutants.

In allocating resources for housing renovation and development, policymakers should prioritize investments that benefit the lowest-income people and other underserved groups, including the National Housing Trust Fund, Public Housing Capital Fund, and tribal housing programs. The great majority of households that pay very high shares of their incomes for housing have extremely low incomes — below half of the median income and nearly all below 80 percent of median income — so policymakers should generally not use scarce funding for supply efforts that will benefit households with incomes above that income level. Policymakers can, however, help make housing more affordable for both low- and moderate-income households through reforms to state and local zoning rules and other regulations that constrain the amount of new housing that is built in many areas.

Funding for Native American housing programs is also critical for advancing equity because they are the main resource for affordable housing for American Indians and Alaska Natives living in tribal areas and Native Hawaiians on the Hawaiian homelands. To respect sovereignty, tribal governments get federal housing funding through separate HUD grants, such as the Indian Housing Block Grant and the Indian Community Development Block Grant, instead of through Housing Choice Vouchers, public housing, and many other HUD programs. Similarly, the Native Hawaiian Housing Block Grant helps eligible Native Hawaiians with low incomes live on their homelands.

And while state-level allocations of the National Housing Trust Fund or the Low-Income Housing Tax Credit could be used to build or rehabilitate housing on tribal lands, such projects would have to compete with those in the rest of the state under structures not designed to address land-use barriers specific to tribal areas. Some 68,000 new homes are needed to eliminate overcrowding and replace inadequate housing on tribal lands, according to one 2017 estimate. Funding for tribal housing development and assistance programs, however, has remained relatively flat since the 1996 enactment of the tribal housing law. Annual Indian Housing Block Grant appropriations haven't kept pace with inflation, although Congress has provided some helpful increases in the past few years.

Pair Supply Measures With Rental Assistance to Help the Lowest-Income Households

While investments in housing construction and renovation are important, unless a household also receives a voucher or other similar ongoing rental assistance, construction subsidies rarely produce housing with rents that are affordable for households with incomes around or below the poverty line. Since most households that pay over half their income for rent or that experience homelessness have extremely low incomes, it is critical that supply investments are married with rental assistance investments. The supply investments can help create more affordable housing and the rental assistance can then fill the gap between what families with very low incomes can afford and the cost of units defined as "affordable."

One reason supply investments alone are rarely enough to enable the lowest-income households to afford housing is that these households typically can't afford rent set at a high enough level for an owner to cover the ongoing cost of operating and managing housing. The average extremely low-income renter household had an income of $11,318 in 2019, the latest year for which data are available. As explained above, government programs and private-sector owners and lenders often consider housing affordable if it costs no more than 30 percent of household income, which for this household works out to $283 a month for rent and utilities. Many households, including those most at risk of homelessness, have much lower incomes and can afford even less in rent. But in 2019 the average market rental unit's operating cost was $520 a month (over $580 when the owner paid for utilities), according to National Apartment Association data. By 2020, these figures had increased to $534 without utilities and $614 with utilities, and these figures have surely risen substantially since then. Consequently, even if development subsidies pay for the full cost of building housing, rents in the new units will generally be too high for lower-income families to afford without the added, ongoing help a voucher can provide.

The largest federal affordable housing development program, the Low-Income Housing Tax Credit, illustrates this. LIHTC allows rents to be set up to levels affordable to families with incomes at 60 percent of the local median, more than 200 percent of the poverty line in many areas. Fortunately, LIHTC developments house many families with incomes around or below the poverty line, but nearly all of those families either pay high shares of their income for rent or receive a voucher or similar rental assistance that enables them to afford the unit. If policymakers expand LIHTC or other development subsidies but do not adequately expand rental assistance, there will be a serious risk that many of the families who struggle most to keep a roof over their heads will not be able to afford the new homes.

Vouchers can help reduce rents to affordable levels for families with low incomes in two ways. First, most vouchers are tenant-based, meaning they can be used in a modest unit of the family's choice. Federal law prohibits owners of most buildings that receive federal development subsidies from discriminating against voucher holders, so a family with a tenant-based voucher could opt to use it in such a development or elsewhere.

Second, housing agencies can also enter into long-term project-basing agreements that require some vouchers to be used in a particular development. A family living in a project-based voucher unit is permitted to move with the next available tenant-based voucher after one year, and a new family from the voucher waiting list then moves into the project-based voucher unit. Project-based vouchers can play a useful role, for example by enabling housing agencies to enter into long-term agreements ensuring that some units are available to voucher holders in neighborhoods where vouchers are otherwise difficult to use, or for supportive housing that provides rental assistance together with services for people with disabilities or with a history of homelessness. In addition, a long-term project-based voucher contract can help finance affordable housing development, since a portion of the voucher subsidies can be used to pay back debts incurred during construction.

Agencies can project-base up to 30 percent of their vouchers with exceptions allowing agencies to go higher under certain circumstances. Only a few dozen of the nation's 2,100 voucher agencies are approaching the 30 percent limit once those exceptions are considered, so nearly all agencies could project-base many additional vouchers to make units in new developments affordable to people with the lowest incomes, without additional funding or any change to current law. (Other project-based subsidies such as public housing and PBRA can play a similar role, but don't allow families to move, as project-based vouchers do. Policymakers should consider extending this option and some other characteristics of project-based vouchers to public housing and PBRA, particularly if they opt to expand either of those programs.)

It is important, however, that most vouchers remain tenant-based and that any housing investment package sharply expand the voucher program as a whole so that housing agencies can increase the availability of both tenant-based and project-based vouchers. Tenant-based vouchers are essential to ensuring that federal housing investments allow low-income people to choose where they live. A housing investment package focused solely on development or on project-based rental assistance would limit the housing choices available to low-income renters (who are disproportionately people of color). Those families would receive help to rent a particular unit but would usually have to give up their subsidy if they need to move elsewhere (for example, to be close to a job opportunity, to a relative who can act as a caregiver, or to a school they would like their child to attend). Tying most rental subsidies to particular units would repeat a mistake housing policymakers made in the past, particularly during the establishment and expansion of the current public housing and PBRA programs.

This risk from limiting choice is compounded by a long history of discriminatory housing policies that have contributed to the segregation of low-income people, especially Black families, into poorer communities with under-resourced schools and other disadvantages. That history has been reinforced by ongoing resistance to affordable housing development in many predominantly white neighborhoods. It is critical that new housing supply and rental assistance investments not reinforce these patterns. Policymakers could avoid this by seeking to locate new affordable housing developments in neighborhoods that offer residents good opportunities and quality public services and encouraging developments that serve households with a mix of income levels. But coupling investments in affordable housing development with a major voucher expansion can help too, by making it easier for people with low incomes to move to a different neighborhood if they wish.

Without Aggressive Action, We'll Miss an Opportunity That May Not Come Again

Immediate action is critical. The Joint Center for Housing Studies at Harvard University and other industry leaders recognize that, while many parts of the country continue to experience housing shortages, through early 2022 we have been in a housing development boom as markets respond to those shortages. New housing starts are reaching levels we haven't seen since the 1990s. However, these new rental housing developments are largely targeted at the upper end of the housing market. The average asking rent for new units in 2021 was $1,740 per month, but the median renter could only afford $1,080 per month. These new developments are targeted to this segment of the rental market partly because of these renters' inability to move to homeownership, and, absent government action, will not be affordable for even families with moderate incomes. Yes, it may take several years for these new projects to begin to be occupied but now is the time to add rental subsidies, incentives, or contract requirements that ensure a significant amount of these units will be affordable.

Hourly wage required to afford a rental home in Oklahoma

National Low Income Housing Coalition

In **Oklahoma**, the Fair Market Rent (FMR) for a two-bedroom apartment is **$936**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **$3,120** monthly or **$37,436** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

$18.00
PER HOUR
STATE HOUSING WAGE

FACTS ABOUT OKLAHOMA:

STATE FACTS	
Minimum Wage	$7.25
Average Renter Wage	$17.89
2-Bedroom Housing Wage	$18.00
Number of Renter Households	510,477
Percent Renters	34%

MOST EXPENSIVE AREAS	HOUSING WAGE
Oklahoma City HMFA	$19.54
Tulsa HMFA	$18.98
Woodward County	$17.38
Enid MSA	$17.29
Payne County	$17.25

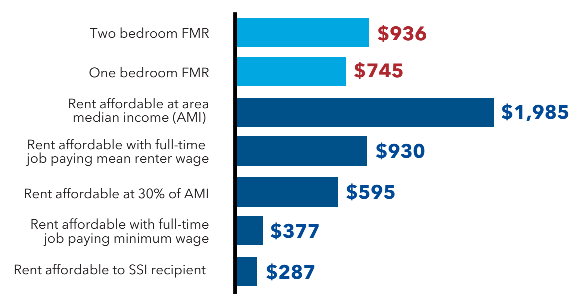
MSA = Metropolitan Statistical Area: HMFA = HUD Metro FMR Area.
* Ranked from Highest to Lowest 2-Bedroom Housing Wage. Includes District of Columbia and Puerto Rico.

99
Work Hours Per Week At **Minimum Wage** To Afford a **2-Bedroom Rental Home** (at FMR)

79
Work Hours Per Week At **Minimum Wage** To Afford a **1-Bedroom Rental Home** (at FMR)

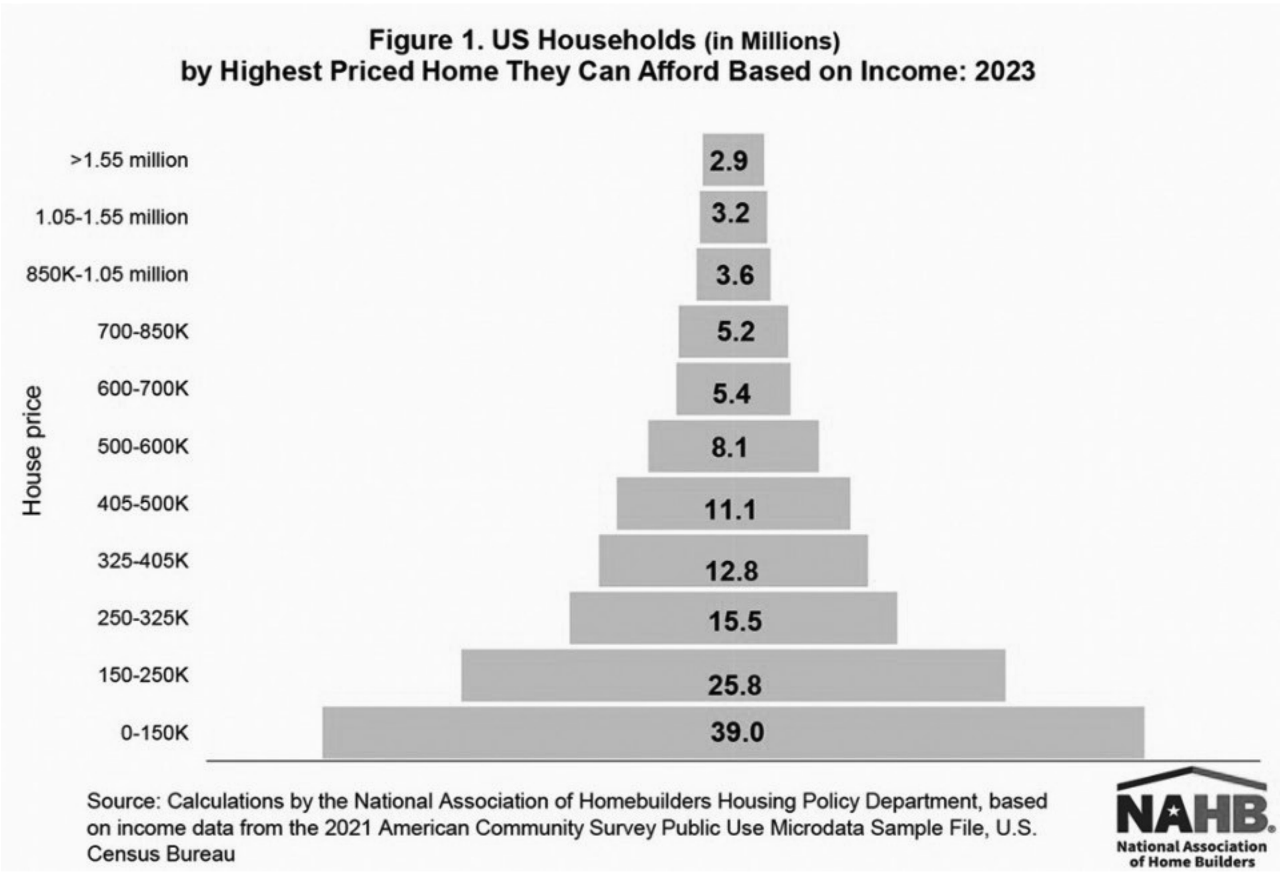
2.5
Number of Full-Time Jobs At **Minimum Wage** To Afford a **2-Bedroom Rental Home** (at FMR)

2.0
Number of Full-Time Jobs At **Minimum Wage** To Afford a **1-Bedroom Rental Home** (at FMR)



Pyramid Illustrates Housing Affordability Crisis

National Association of Home Builders, March 2, 2023



NAHB has updated its "housing affordability pyramid" for 2023, and the latest data show that 64.8 million households out of a total of 132.5 million are unable to afford a $250,000 home.

The pyramid is based on conventional underwriting standards that assume the cost of a mortgage, property taxes and property insurance should not exceed 28% of household income. Based on this methodology, NAHB economists have calculated how many households have enough income to afford a home at various price thresholds.

At the base of the pyramid are 39 million U.S. households with insufficient incomes to be able to afford a $150,000 home.

The pyramid's second step consists of 25.8 million with enough income to afford a top price somewhere between $150,000 and $250,000. Adding up the bottom two rungs shows that there are 64.8 million households who cannot afford a $250,000 home.

The nationwide median price of a new single-family home is $425,786, meaning half of all new homes sold in the U.S. cost more than this figure and half cost less. A total of 96.5 million households — roughly 73% of all U.S. households — cannot afford this median-priced new home.

This helps put affordability concerns into perspective and goes a long way toward explaining why housing affordability now stands at a more than 10-year low.

The top of the pyramid shows that 9.7 million households have enough income to buy a $850,000 home (adding up the top three rungs), and 2.9 million even have enough for a home priced at $1.55 million. But market analysts should never focus on this to the exclusion of the wider steps that support the pyramid's base.

On March 2, NAHB released its new Priced-Out Estimates for 2023, which shows that a $1,000 increase in the price of a median-priced new home will price 140,436 U.S. households out of the market for the home.

Prospective home buyers also are adversely affected when interest rates rise. NAHB's priced-out estimates show that 1.28 million households are priced out of the market for a new median priced home at $425,786 when interest rates rise a quarter-point from 6.25% to 6.5%. An increase from 6.5% to 6.75% prices approximately 1.29 million households out of the market.

Buying a home became a key way to build wealth. What happens if you can't afford to?

Brianna Scott, NPR, January 9, 2023

Rebecca Bush started her home search in January of 2020.

"I thought maybe I'll find the perfect house in the next couple of months, and then it will line up with when my lease ends," the 27-year-old says. "Obviously we all know what happened in March."

Coronavirus. The housing market plunged into chaos as a result of the pandemic. Home values increased nearly 20% across the U.S. between September 2020 and September 2021, according to Real Estate Witch. People were in a home-buying frenzy despite the soaring costs. It didn't leave a lot of houses on the market, and low supply of homes continues to be an issue in 2023 despite prices slowly cooling off.

Then came inflation and the Federal Reserve's attempt to combat it, which pushed some interest rates on mortgages to above 7%.

Between the rising interest rates and having to compete with all the cash purchases, Bush was in a bind when making offers on properties in her home of Tennessee.

"Every time I've been beat out by someone who it seems like they're coming in from out of town, the house ends up going for way more than it was listed for – 50, 60 grand more," she says. "And typically cash ... things that I just can't compete with as a first-time home buyer."

A tight home market and high interest rates have left prospective home buyers like Bush feeling locked out – at least for now. But owning a home is still a cornerstone of the American dream for many, and a key way to build wealth. What happens when you can't buy one?

The suburbs opened up after the war

All the money Bush has been saving for a future home is just sitting in her bank account. She's now thinking, if she isn't going to buy a home any time soon, what should she do with it?

"I just kind of wonder if I need to figure out a different place to build wealth," she says. "Is it not in a home?"

"Homeownership has been a central way of building wealth, I would say, certainly all throughout the post-war period; the wake of World War II, when the suburbs opened up," says Chris Herbert, the managing director of the Joint Center for Housing Studies at Harvard University.

Since the war, home ownership has remained a part of the "American dream" for many people in the U.S. — like Moira Rogers.

Rogers is 50 years old and works as a real estate appraiser, just like her father did before her.

"I love real estate appraisal and I love the American dream of home ownership," she says.

Rogers is a single mom to four children, three of whom are her sister's that she adopted. Rogers had been looking for a three or four-bedroom home with a yard in California. But having more than 30 years of experience in the appraisal industry, she had a feeling the housing market would remain uncertain.

"It was really difficult to hold back because that American dream and the idea of seeing your kids run into their bedroom, it's really an emotional thing," Rogers says. "I had to bring it back to the core roots, which is if the numbers don't make sense, they don't work."

Rogers moved her family to Alaska, where her sister's kids were originally born, in the hope it would be more affordable than California. It wasn't, and her family now lives in a 600-square-foot one bedroom condo that she bought for under $100,000.

"A closet has turned into beautiful bunk beds that look like they're from a children's book, for the two little ones, the four- and the six-year-old," Rogers says. "So every time they go to bed at night, they feel like they're climbing into their own little fort in a way."

The sole bedroom, which the 12- and 13-year-old share, has just enough space that it can be separated in a way they each have their own private space. As for Rogers, she sleeps on a foldout couch in the living room.

She says maybe when the market is a bit more stable, her family can upgrade to a bigger house. In the meantime, they spend more money on traveling and experiences rather than a huge mortgage payment. Rogers knows her family's home might be unconventional.

"But it is my own little slice of pie and of the American dream," she says. "And it's a beautiful, beautiful slice, that's for sure."

It's also a slice that doubles as an investment, which is helping Rogers and her family build wealth.

Renters have other options for building wealth

Chris Herbrt says that the wealth difference between homeowners and renters is “substantial.” For one, homeowners often have higher incomes and thus have the ability to put more money into their savings for other investments.

“The simple math of saying you take out a mortgage and then you pay it down over time means that you have this aspect of forced savings over time,” Herbert says. “So not only is your house appreciating in value, but you’re paying off that debt over time. So you combine those two things and home ownership has been a great vehicle for savings and for earning a financial return.”

Herbert says there are ways for renters to build wealth outside of home ownership, and he points to stocks and bonds as one example. In some cases, this may be a better investment than housing, he says.

“Renters can do well if they are able to put money into those financial instruments. The rate of return on stocks and bonds over the long term has certainly been higher than the rate of return on homeownership,” he says.

Still, Herbert is optimistic the housing market will improve in 2023 for those who want to go that route.

“We’re probably out of the darkest days now. Interest rates should come down over the next two years,” he says. “The other reason for optimism, I would say, is that from a policy perspective, there’s a lot of attention being paid to this issue right now.”

Herbert says policymakers and leaders in the housing industry — from lenders and realtors to builders — see good reasons why homeownership opportunities should be expanded.

“[They] are looking for ways to do that, looking for ways to provide new forms of credit and other supports to make homeownership accessible to people,” he says.

Rebecca Bush, who has put her home search on pause, is still hopeful about owning a home one day. She grew up on a 60-acre farm, so she always imagined she’d have a place of her own one day big enough to welcome people into, and maybe have a few farm animals of her own.

“[They] are looking for ways to do that, looking for ways to provide new forms of credit and other supports to make homeownership accessible to people,” he says.

Rebecca Bush, who has put her home search on pause, is still hopeful about owning a home one day. She grew up on a 60-acre farm, so she always imagined she’d have a place of her own one day big enough to welcome people into, and maybe have a few farm animals of her own.

“I still have that dream that maybe I will be able to buy a home,” she says. “But right now, I’m trying to be open to the idea that maybe there’s something else out there for me.”

“I think you can really picture yourself stuggling to make payments here.”

What's the "Sweet Spot" For Building Housing Inexpensively?

Daniel Herriges, Strong Towns, June 21, 2023

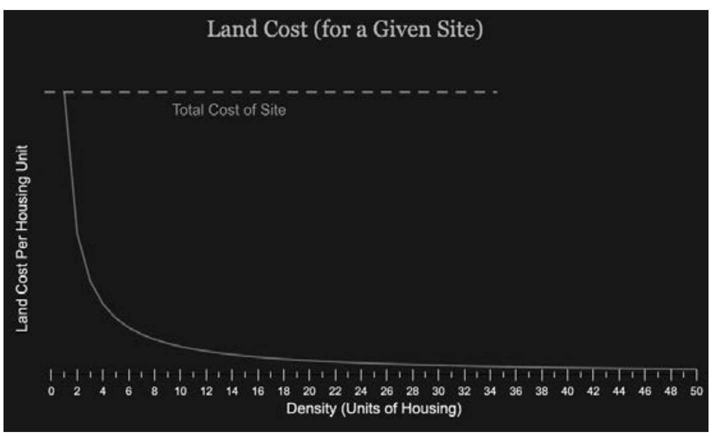
I recently shared a graph on Twitter and got a whole bunch of varied reactions. Twitter is a good place for quickly road-testing ideas and framings to see how they're understood and what people push back against.

The point I was trying to make was a simple one about the costs of building new housing. Countless American cities are in need of much more housing for their residents, and a reasonable question to ask is, "What's the cheapest way to produce it?" To answer that, we need to understand how development costs work.

I have a rough conceptual diagram, without hard numbers attached to it, that I use to illustrate the way the height and complexity of a residential building intersects with the cost of building it. We'll get to the version I shared on Twitter, but first, let me actually break it up into two separate diagrams: one that shows how the cost of land for new housing changes with density, the other that shows how the cost of construction itself changes.

(For the purposes of this article, we're going to ignore various forms of prefab or manufactured housing. They deserve a lot of consideration—just not here and not now.)

Land Cost vs. Density



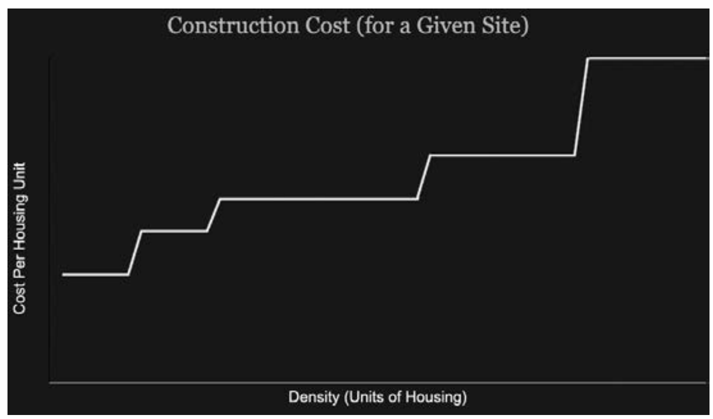
This graph is simple math. If you have a piece of land that is on the market for $K, and you build n units of housing (apartments, condos, townhomes, detached homes, etc.) on it, then the cost of land per unit will be K/n. This is the meaning behind the observation that density is how the poor are able to (sometimes) outbid the rich for urban land: by sharing the cost of that land among many households.

Notice that the slope of this inverse function curve starts out very steep and then moderates. Most of the gains come early. If you build six units where you could have built one unit, then you have saved 83% of the land cost per unit. If you build 60 units instead, you've only saved another 15%. If you go from 60 to 300, the savings are minimal.

The important caveat to this, of course, is that land cost in reality depends on a lot of things, and one of them is how much housing is allowed by the zoning code. A plot of land where you can legally build 300 homes is going to cost much, much more than an identically-sized plot of land where you can legally build six.

Still, what this implies is that ultra-high-density construction is not going to net you some sort of magically inexpensive new housing. On the most expensive urban land, it's still what makes the most sense. But on cheap land, there aren't miraculous gains to be had from, for example, having a public housing developer come in and build a tower in a low-rise neighborhood. Maybe this is obvious, but I've seen people talk about density as though it's a Magical Affordability Button, and it isn't. Here's the other reason why:

Construction Cost vs. Density



The cost of construction itself follows a stair-step pattern. It's not smooth or linear. This is something local planners and officials need to understand, but often don't.

The "steps" reflect thresholds in the size and complexity of a building where different, more expensive materials or technologies become required. Some of these thresholds are a matter of physics and technology. Above about six stories, for example, you need steel-frame construction. Below that, you can use wood (often on top of a concrete podium for mid-rise buildings—the classic "5 over 1" that is ubiquitous in U.S. cities).

Some of the cost thresholds are also determined by regulation. Parking mandates are, as always, the elephant in the room. The U.S. Americans With Disabilities Act (ADA) generally requires an elevator in a building of six or more stories, unless each floor is smaller than 3,000 square feet. Also, under most U.S. building codes, most apartment buildings must have two stairwells. In practice, this leads to buildings with far more inefficient floor plans, with less rentable space and more space devoted to corridors and stairs. (The prohibition on "single-stair" buildings has a bunch of other negative consequences for energy efficiency and the ability to build apartments on small lots.)

All of these types of requirements result in stair-step thresholds where adding units to a building requires a jump in the cost of constructing that building—often enough of a jump to make creating the additional housing not worth it to the developer.

Where local regulation really runs afoul of the goal of abundant and affordable housing is where there is a glaring mismatch between the physical requirements of construction and the regulatory requirements.

One of the most common examples of this—a problem in almost every city, large and small—is the requirement that three-unit buildings be built under the international commercial building code (IBC) and have costly features such as sprinklers, while one- and two-unit buildings (i.e., duplexes) can be built under the simpler residential building code (IRC). This very often renders three- through about six-plexes a non-starter on residential lots where they would otherwise be the optimal way to deliver a cheap-to-construct building that spreads its land cost across multiple households. (For an example of a city taking the lead on fixing this issue, look at Memphis.)

There are similar mismatches for higher-density and taller forms of construction. Payton Chung makes this point in a 2014 article for Greater Greater Washington about the height limits in Washington, DC:

Yet here in DC, the 90-foot height limit on residential areas, and commercial streets outside the core, tightly caps the additional building area that could pay for the substantial cost premium of building a high-rise.

For many areas in DC, land is expensive enough to fall into a Twilight Zone. These areas are expensive enough to require high-rise densities, but the local rents are too cheap to justify high rises' high per-foot construction prices.

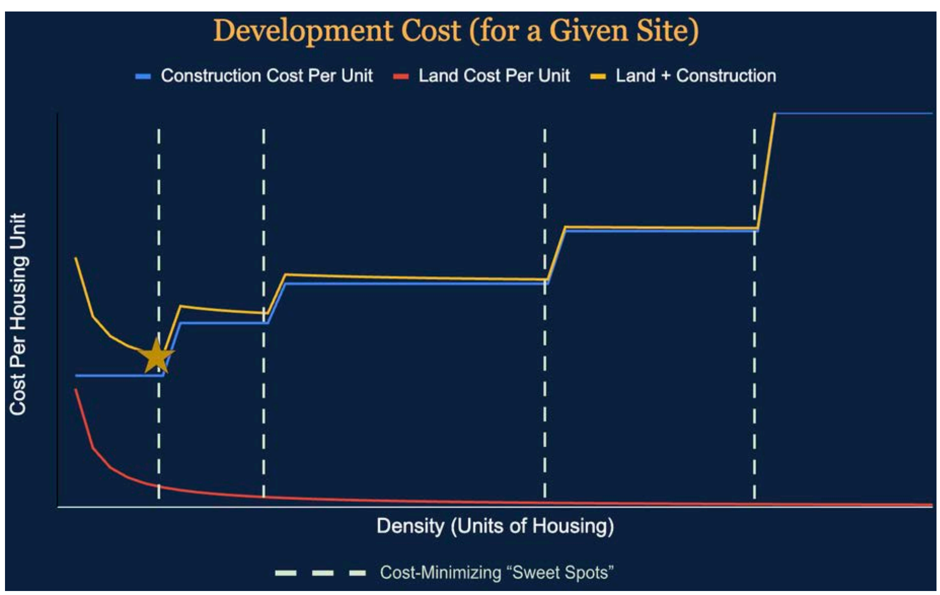
In areas that are in-between, a lot of landowners are biding their time, waiting until the moment when land prices will justify a 90-foot high-rise — a situation which explains many of the vacant lots in what might seem like prime locations.

Putting It Together

The quickly-thrown-together graph I shared on Twitter layered the two cost curves—land and construction—on top of each other. This creates the potential for confusion, because it's not actually obvious where they should sit relative to each other. It's going to vary a lot depending on where you are. I have tweaked the graph to offer some clarification, though.

A lot of commenters said, "You should put real numbers on this." I disagree. Real numbers are open to all sorts of nitpicky scrutiny and turn a conceptual lesson into an empirical case study. Empirical case studies are great and important, but that's not what I'm trying to offer here.

Below, in a rough conceptual sense, is the most common scenario for North American metro areas, by far. It's one in which land cost is not exorbitantly high, and the dominant development pattern is low-rise, single-family homes. I've added a line (in yellow) which shows the added costs of land plus construction.

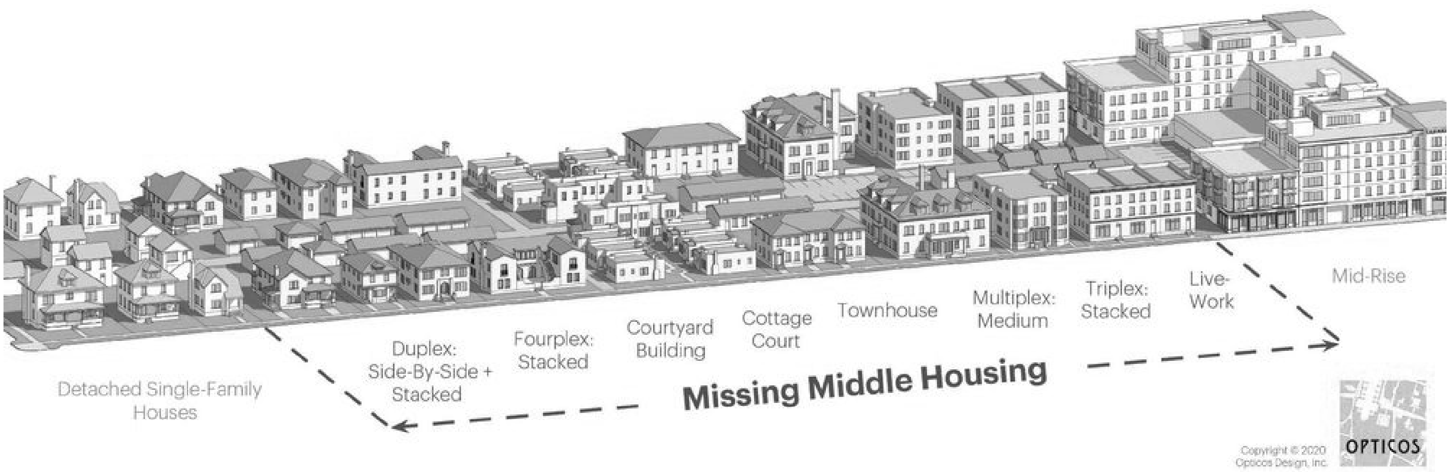


There are several “sweet spots” where development cost per unit of housing is minimized, and they occur right before each “stair step” where adding more units requires a different type of construction or design as note in the top graph on the previous page.

Of those “sweet spots,” the leftmost one, when land cost is reasonably low, reflects the absolute lowest cost for building a single housing unit. It’s represented by the gold star on the second graph on the previous page.

What that sweet spot corresponds to in real terms is the maximum density of housing you can build while still using the cheapest construction techniques, basically the same ones you would use for a single-family house.

In other words, it corresponds to the missing middle.



The missing middle refers to the range of small-scale apartment housing, from duplexes all the way up to small apartment buildings (as well as other arrangements like cottage courts) that:

1. Can fit on a regular urban lot, without the developer needing to buy up many lots and combine them.

2. Can be done by a relatively small-scale, semi-amateur developer without a huge amount of capital.

3. Uses basic construction techniques and doesn’t require features like elevators, steel-frame construction, or structured parking that add expense and complexity.

The missing middle is the dominant urban form in large U.S. cities built before the mid-20th century. It’s the triple-deckers of Boston, the row houses of Philly and San Francisco, the brownstones of New York, the various larger (but still generally walk-up) apartment buildings interspersed into that fabric.

There’s a very good reason for that. It’s the “sweet spot” on the construction-cost curve. The missing middle was the cheapest way to build a pretty high density of housing on relatively affordable land. Almost anybody could learn to do it. (And did.)

Today, of course, somewhere between 70% and 90% of the residential land area of most U.S. cities is reserved for one thing and only one thing: single-family homes. Single-family zoning, in effect, is a legal requirement to waste land. It requires a household to buy more land than they might otherwise want to, for the privilege of being able to own a home in a given neighborhood. Its primary function is to make housing more expensive.

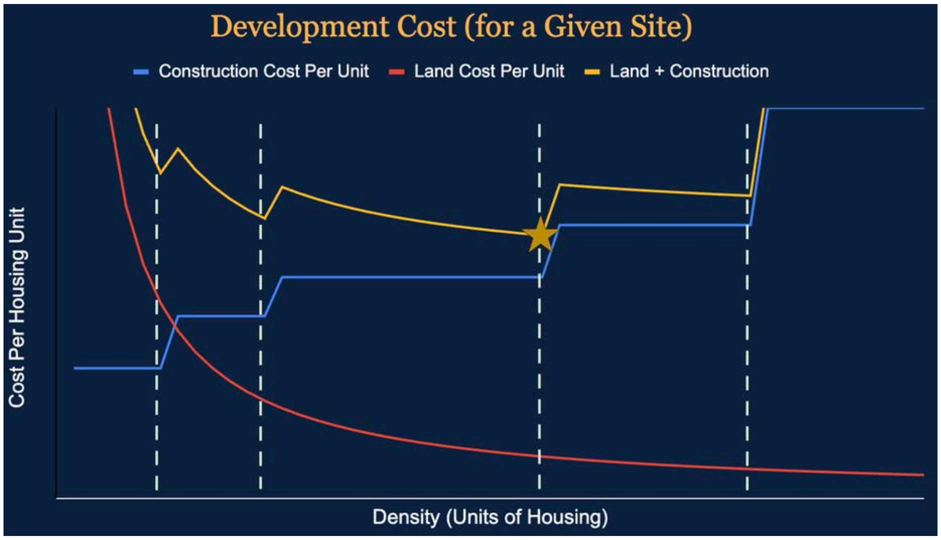
Allowing households to pay for less land—either by broadly allowing missing middle housing, accessory dwelling units (ADUs), or reducing or eliminating minimum lot sizes and allowing larger lots to be split up—is the single best thing most cities, in most neighborhoods, can do to make it possible to build housing at a lower floor price.

If you’re a city official, and you claim to be serious about affordability in your local housing market, but you haven’t worked toward eliminating single-family zoning, I have a tough message for you: you’re not serious about affordability.

This Isn’t an Argument Against Large Buildings

The most common negative reaction my graph received on Twitter came from people who seemed to think I was making an argument against allowing mid-rise and high-rise buildings. I’m not, and the math we’re talking about doesn’t support that. Quite the contrary. Developers build tall buildings for a reason: because they’re profitable in the locations that support them. They hit their own “sweet spot” in terms of cost.

Here’s what the combined land + construction graph looks like (again, in an abstract sense, without hard numbers) in a situation where land is extremely expensive:



Here, the minimum combined cost of land plus construction is found not at the "missing middle" low-rise sweet spot, but just below one of the higher thresholds for development cost and complexity.

There's also a point to be made here that I've made many times before: the majority of housing is not new construction. Most people live in "used" homes, and the market price of a pre-existing home or apartment has nothing to do with construction cost. It is simply set by what buyers and renters are willing to pay. If there's a lot of available supply on the market—almost any supply, really—it will help moderate the costs of existing housing, because home seekers will have more options and rents will be bid down.

If one way to get a lot more housing in your city is in towers, and you have developers who want to build towers, fine. I'm not against letting them build towers where the market supports it.

Here's the nuance, though. We should recognize that very often, where we're seeing that happen today, it's because of an overall, artificial scarcity of developable sites. Most cities lock down most of their urban land under single-family zoning or otherwise extremely restrictive rules on what can be built. And then funnel a whole city's worth of demand to a tiny minority of neighborhoods.

In that small number of places, we upzone to allow very high densities, and land prices shoot through the roof. The housing built in those neighborhoods is going to be comparatively dense. But it's also likely to be very expensive.

It's still supply, and supply helps moderate rents region-wide. I'm not disputing that. But we can do better.

Some cities, in the name of "solving" the affordability crisis, have tried to artificially induce very high densities in very constrained areas. (I'm looking at you, Seattle, with your "urban village" strategy.) What this does is send land values sky high and requires more expensive forms of construction. You still get apartments out of the deal, often perfectly nice apartments in nice buildings, which people are happy to live in. But there's ultimately going to be a cap on how much of that sort of development the market can sustain. There are only so many cranes. Only so many big development firms, capable of building large mid-rises and high-rises.

If developable land is not scarce—if there are lots of sites in lots of neighborhoods where it is legal to house more people than are housed today—then land values will likely moderate. They won't be so spiky. And there will be a whole lot of places where that missing middle sweet spot becomes attainable.

Lack of Manufactured Home Financing Shuts Out Many Buyers

Alex Horowitz and Tara Roche, Pew Research Center, December 7, 2022

Americans face significant challenges when it comes to securing housing. Record low supply has driven the ability to purchase a home out of reach for many, and lack of access to safe and affordable financing has made the pathway to homeownership more difficult for prospective homebuyers, especially for Black, Hispanic, and Indigenous families.

Manufactured homes could be part of the solution. These homes are produced on a large scale in factories and cost about half per square foot compared with site-built homes. But Americans seeking to buy these homes often face higher credit standards and denial rates for loans compared with those buying site-built houses. Leading lenders for manufactured homes often keep the loans they make "in portfolio," as opposed to selling them, a standard practice for site-built mortgages. Such companies then retain all of the financial risk and reward for each loan they make, but they tend to have the highest denial rates compared with lenders that largely sell their loans or use a federally backed program to defray losses if borrowers default.

Analysis by The Pew Charitable Trusts shows that mortgages through federal loan programs improve access to financing to purchase manufactured homes when the homes are owned as real estate—meaning the buyers also purchase or own the land and own them together just like with a site-built home. But more than 75% of new manufactured homes are purchased as personal property for which there is no functioning federal loan program. As a result, buyers have few financing options—just a handful of lenders make the majority of what are known as personal property "chattel" loans, and most loan applications are denied. Instead, those who want to buy but cannot obtain a mortgage or personal property loan are left to purchase their manufactured homes in cash or use riskier alternatives such as rent-to-own. In many instances, they may be shut out of homeownership altogether.

The Federal Housing Administration (FHA) and Ginnie Mae—government agencies that provide mortgage insurance and loan guaranty to help homebuyers to secure financing—issued a joint request for input (RFI) in July. The RFI focused on identifying hurdles to the use of their current Title I Manufactured Housing Program, which insures personal property loans but is virtually unused. In response, The Pew Charitable Trusts on Sept. 26 submitted a comment letter that suggests the government update and align Title I with FHA's Title II program, which already provides an important source of credit to manufactured home mortgage borrowers. Updates could improve access to safe and affordable financing options for buyers who want to use a personal property loan.

More than half of manufactured home financing applications are denied

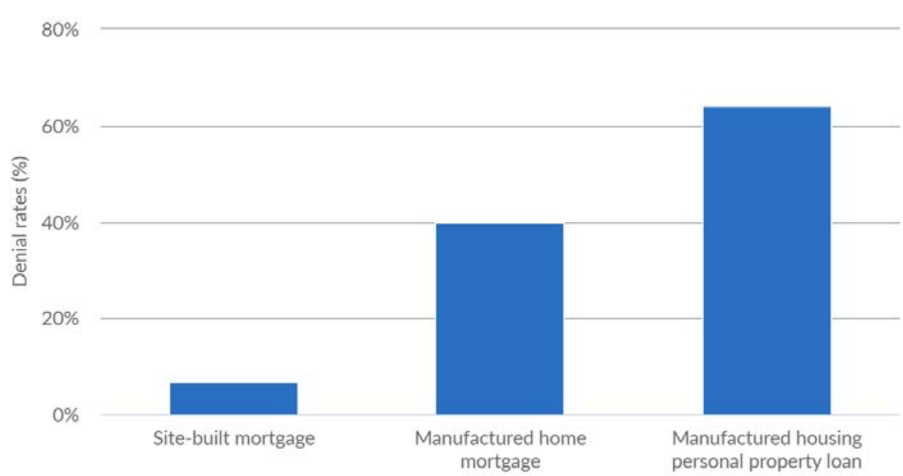
Applications for manufactured home financing are denied far more frequently than applications for site-built home financing. In 2021 lenders denied 54% of completed applications for financing—those that included all the information needed for underwriting—to purchase a manufactured home. For site-built home buyers, the rate was just 7%. These rates have remained unchanged from the previous denial rates research, when Pew and the University of North Carolina's Center for Community Capital (UNC) completed an extensive analysis of 2018-19 manufactured home denial rates. That research demonstrated that manufactured homes are more likely to be purchased using cash than are site-built homes (37% vs. 11%), in part because of lack of financing.

This year, Pew used the same methodology as the earlier Pew-UNC study with updated 2021 national data from the

Figure 1

Applications for Loans to Buy Manufactured Homes Denied More Often Than for Site-Built Structures

Denial rates by loan and housing type



Notes: Pew's denial rate calculations use 2021 Home Mortgage Disclosure Act data to update an analysis of completed applications for first-lien, closed-end, forward loans used to purchase owner-occupied manufactured housing. These methods were described in the Pew-UNC paper by Riley, Freeman, and Dorrance on page 84.

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act, 2021, accessed July 2022, https://ffiec.cfpb.gov/data-browser/data/2021

Home Mortgage Disclosure Act (HMDA) database, a national repository of information on mortgages from point of application through origination or denial. For manufactured homes, personal property loans have the highest denial rates at 64%, but even traditional mortgages were denied 40% of the time. (See Figure 1.).

Manufactured home buyers are often held to higher credit standards than mortgage applicants buying a site-built unit. Consumer Financial Protection Bureau (CFPB) analysis of 2019 HMDA and credit score data found that when seeking to finance a manufactured home, buyers with strong credit—especially those applying for a personal property loan—had a higher likelihood of being denied than site-built home purchasers with lower scores.

Denials of conventional loan applications for manufactured homes drive high rates

One of the striking findings from the Pew-UNC research is the difference in denial rates between government-backed loans—that is, financing that has government insurance or backing, such as from the FHA or Department of Veterans Affairs (VA)—and conventional loans, which have no government backing.

The 2021 HMDA data shows a similar pattern. Manufactured home loan applicants fared much better when they had support from the federal government: Lenders denied FHA and VA manufactured home mortgage applications just 14% and 13% of the time, respectively. Conversely, applications for conventional financing—those without government insurances or guaranties—were denied 52% of the time for mortgages and 64% of the time for personal property loans to purchase manufactured housing. In contrast, only 6% of applications for conventional site-built home mortgages were denied. (See Figure 2.)

Reasons for differences in denial rates

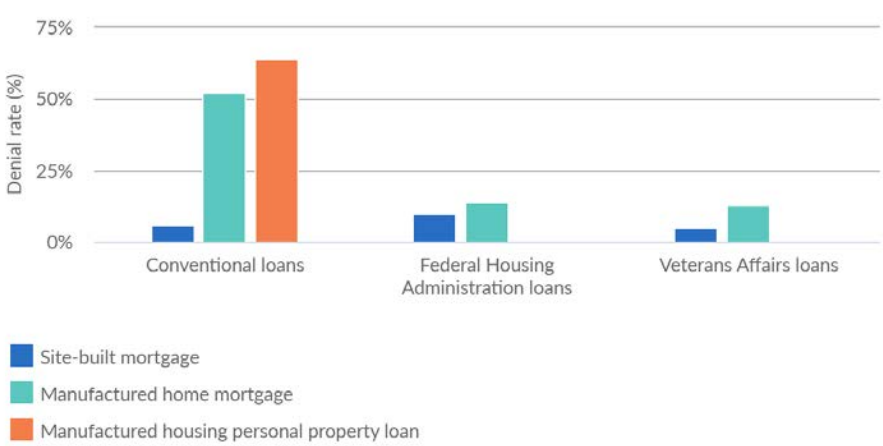
The disparities in denial rates occur, at least in part, because conventional mortgages for manufactured homes are underwritten more stringently than FHA mortgages that rely more on credit history than other factors, such as home value. Pew-UNC research shows that manufactured home buyers applying for an FHA Title II mortgage were 16 percentage points less likely to be denied financing than if they had applied for a conventional mortgage. The majority of denials for conventional or personal property loans were because of credit history (59% and 65%, respectively). In comparison, just 23% of FHA denials could be attributed to borrower credit history. This shows that FHA insurance plays an important role in helping borrowers access manufactured home mortgages.

Lenders have suggested to the CFPB that personal property loans are denied so often because many prospective borrowers apply to lenders that do not offer manufactured home financing and are therefore turned down. Pew-UNC research does not support that theory. Conventional personal property loans and mortgages are rarely denied because of home type or quality "collateral" (7% and 1%, respectively). Rather, the data shows that higher credit standards for manufactured home borrowers make conventional mortgages and personal property loans more difficult to obtain than conventional mortgages for site-built homes or federally backed loans for manufactured homes.

Figure 2

Lenders More Likely to Deny Applications for Loans Without Government Insurance

Denial rates by housing type and federal backing



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Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act, 2021, accessed July 2022, https://ffiec.cfpb.gov/data-browser/data/2021

FHA provides an important source of financing that could be expanded

In the same way that FHA's Title II mortgage program helps expand access to manufactured home mortgages, FHA's Title I program could be leveraged to improve access to personal property loans. Pew's comment letter noted that the agency has an opportunity to examine the success of the Title II program and use that as a roadmap for improving the Title I program. It also could study current challenges for use by lenders and borrowers and seek to increase coordination of federal manufactured home financing programs. A successfully reworked program could improve Title I's usefulness for lenders and borrowers and expand the availability of safe, affordable manufactured home loans.

Linlin Liang is a senior associate, Rachel Siegel is a senior officer, and Adam Staveski is a senior associate with The Pew Charitable Trusts' home financing project

Small Mortgages Are Too Hard to Get

Alex Horowitz and Tara Roche, Pew Research Center, December 7, 2022

Overview

Mortgages are essential financial tools that create a pathway to homeownership for millions of Americans each year. In recent years, however, many homebuyers have struggled to obtain small mortgages to purchase low-cost homes, those priced under $150,000. This problem has garnered the attention of federal regulators, including the Federal Housing Administration (FHA) and the Consumer Financial Protection Bureau (CFPB), who view small mortgages as important tools to increase wealth-building and homeownership opportunities in financially undeserved communities.

Research has explored mortgage access at different loan amounts, such as below $100,000 or $70,000, and found that small mortgages are scarce relative to larger home loans. Those analyses show that applications for small mortgages are more likely to be denied than those for larger loans, even when applicants have similar credit scores. Although the existing research has identified several possible contributing factors to the shortage of small mortgages, the full spectrum of causes and their relative influence are not well understood.

The Pew Charitable Trusts set out to fill that gap by examining the availability of small mortgages nationwide, the factors that impede small mortgage lending, and the options available to borrowers who cannot access these loans. Pew researchers compared real estate transaction and mortgage origination data from 2018 to 2021 in 1,440 counties across the U.S.; looked at homeownership statistics; and reviewed the results from Pew's 2022 survey of homebuyers who have used alternative financing methods, such as land contracts and rent-to-own agreements. (See the separate appendices document for more details.) This examination found that:

Small mortgages became less common from 2004 to 2021. Nationally, much of the decline in small mortgage lending is the result of home price appreciation, which continually pushes properties above the price threshold at which small mortgages could finance them. However, even after accounting for price changes, small mortgages are less available nationwide than they were two decades ago, although the decline varies by geography.

Most low-cost home purchases do not involve a mortgage. Despite rising prices, sales of low-cost homes remain common nationwide, accounting for more than a quarter of total sales from 2018 to 2021. However, just 26% of properties that sold for less than $150,000 were financed using a mortgage, compared with 71% of higher-cost homes.

Borrowers who cannot access small mortgages typically experience one of three undesirable outcomes. Some households cannot achieve homeownership, which deprives them of one of this nation's key wealth-building opportunities. Others pay for their home purchase using cash, though this option is challenging for all but the most well-resourced households and is almost never available to first-time homebuyers. And, finally, some resort to alternative financing arrangements, which tend to be riskier and costlier than mortgages, because in most states they are poorly defined and not subject to robust—or sometimes any—consumer protections.

Structural and regulatory barriers limit the profitability of small mortgage lending. The most significant of these barriers is that the fixed costs of originating a mortgage are disproportionally high for smaller loans. Federal policymakers can help address these challenges by identifying opportunities to modernize certain regulations in ways that reduce lenders' costs without compromising borrower protections.
Mortgages are the main pathway to homeownership
In the United States, homeownership remains a priority for most families: In one nationally representative survey, 74% of respondents said owning a home is an integral part of the American Dream. Some Americans value homeownership for personal reasons, citing it as a better option for their family, their sense of safety and security, and their privacy. Still others emphasized homeownership's financial benefits, noting that owning makes more economic sense than renting, enables them to take advantage of their home's resale value, and can provide substantial tax benefits.

But regardless of their reasons for buying homes, most American families rely on mortgages to gain access to homeownership because they cannot afford to purchase a home with cash. According to a survey conducted from July 2021 to June 2022, 78% of homebuyers financed their purchases with mortgages, most of which were fixed-rate loans. Mortgages are even more prevalent among first-time homebuyers: 97% used a mortgage to purchase their starter home. Given the predominance of mortgages, it is no surprise that changes in mortgage availability have closely correlated with shifts in the nation's homeownership rate over the past two decades.

Mortgages not only enable homeownership, but they also enhance its financial benefits. In most cases, these loans help borrowers purchase larger or more valuable homes than they could otherwise afford. Fixed-rate mortgages also serve as a hedge against inflation and offer borrowers housing cost certainty in the form of a predictable schedule of payments for the duration of the loan.

In addition, mortgages are subject to robust consumer protections. Most mortgages include inspection and appraisal contingencies, which ensure that homes meet minimum habitability standards and that the sale price reflects the home's true market value, respectively. Further, real estate transactions involving mortgages typically include a clear process for transferring the property's title from seller to buyer, which is a crucial step in guaranteeing that borrowers can demonstrate ownership of their property. And in the event of default, CFPB rules contain clear foreclosure and delinquency processes that give mortgage borrowers an opportunity to make any missed payments and retain their homes.

Because of these advantages, financing a home purchase with a mortgage is almost always in buyers' best interest. However, homebuyers seeking loans under $150,000 are often unable to find a mortgage and so are deprived of the benefits of homeownership, of mortgages, or both.

Small mortgages are scarce

Small mortgages are less common today than they were before the Great Recession, when lenders issued small and large mortgages in roughly equal measure. In 2004, for example, lenders originated 2.7 million mortgages for less than $150,000 (in 2004 dollars) and 2.9 million large mortgages—those of $150,000 or more. But Pew estimates that from 2004 to 2021, small mortgage lending fell by nearly 70% to 830,000 loans a year, while large mortgage lending grew by 52% to 4.4 million loans annually. The decline was more acute in certain parts of the country. For instance, the Federal Reserve Bank of Philadelphia found that small mortgages declined by only 28% in Pennsylvania and Delaware from 2019 to 2021 but fell by 43% in New Jersey over the same span.

Some of the decrease in small mortgage lending can be explained by rising home prices. As homes become more expensive, fewer properties can be purchased using a small mortgage. And the issue of housing affordability has grown more acute over the past two decades. According to the Zillow Home Value Index, single-family home prices rose faster than the rate of inflation from 2004 to 2021. Furthermore, those increases were largest among lower-priced homes.14 Still, home price appreciation does not fully account for the decline in small mortgage lending.

Although low-cost properties are scarcer than they once were, they continue to be bought and sold in large numbers across the country. But the share of those homes purchased with a mortgage is far lower than that for higher-priced properties. From 2018 to 2021, the 1,440 counties Pew studied collectively recorded about 20 million home sales, of which 5.3 million were for less than $150,000. Although the share of low-cost properties varied based on local market conditions, every county in this analysis recorded at least one low-cost sale. During the same period, lenders originated about 12.1 million mortgages in the counties Pew studied, including roughly 1.4 million for purchases under $150,000. Based on these mortgage origination and home sale figures, Pew estimates that about 71% of homes priced at $150,000 or more were financed using a mortgage, compared with just 26% of lower-cost homes. This amounts to a financing gap of 44 percentage points, or about 560,000 home purchases that were not financed with small mortgages.

Importantly, however, this analysis probably overstates the magnitude of the financing gap for two key reasons. First, Pew is unable to observe the physical quality of the homes purchased in the studied counties. Evidence suggests that low-cost homes are more likely than higher-cost homes to have structural deficiencies that disqualify them from mortgage financing. Second, even if small mortgages are readily available, many sellers, and probably some buyers, are likely to prefer cash transactions. *(See "Cash purchases" on the following page for more details.)* Still, these factors do not fully account for the gap in small mortgage financing.

What happens when people cannot get a small mortgage? When prospective buyers of low-cost homes cannot access a small mortgage, they typically have three options: turn to alternative forms of financing such as land contracts, lease-purchases, or personal property loans; purchase their home using cash; or forgo owning a home and instead rent or live with family or friends. Each of these outcomes has significant disadvantages relative to buying a home using a small mortgage.

Alternative financing

Many alternative financing arrangements are made directly between a seller and a buyer to finance the sale of a home and are generally costlier and riskier than mortgages. For example, personal property loans—an alternative arrangement that finances manufactured homes exclusive of the land beneath them—have median interest rates that are nearly 4 percentage points higher than the typical mortgage issued for a manufactured home purchase. Further, research in six Midwestern states found that interest rates for land contracts—arrangements in which the buyer pays regular installments to the seller, often for an agreed upon period of time—ranged from zero to 50%, with most above the prime mortgage rate. And unlike mortgages, which are subject to a robust set of federal regulations, alternative arrangements are governed by a weak patchwork of state and federal laws that vary widely in their definitions and protections.

But despite the risks, millions of homebuyers continue to turn to alternative financing. Pew's first-of-its-kind survey, fielded in 2021, found that 36 million people use or have used some type of alternative home financing arrangement. And a 2022 follow-up survey on homebuyers' experiences with alternative financing found that these arrangements are particularly prevalent among buyers of low-cost homes. From 2000 to 2022, 50% of borrowers who used these arrangements purchased homes under $150,000.

Further, the 2022 survey found that about half of alternative financing borrowers applied—and most reported being approved or preapproved—for a mortgage before entering into an alternative arrangement. Pew's surveys of borrowers, interviews with legal aid experts, and review of research on alternative financing shed some light on the advantages of alternative financing—despite its added costs and risks—compared with mortgages for some homebuyers:

- **Convenience**. Alternative financing borrowers do not have to submit or sign as many documents as they would for a mortgage, and in some instances, the purchase might close more quickly. For example, Pew's 2022 survey found that just 67% of respondents said they had to provide their lender with bank statements, pay stubs, or other income verification and only 60% had to furnish a credit report, credit score, or other credit check, all of which are standard requirements for mortgage transactions.

- **Upfront costs.** Some alternative financing arrangements have lower down payment requirements than do traditional mortgages. Borrowers who are unable to afford a substantial down payment or who want small monthly payments may find alternative financing more appealing than mortgages, even if those arrangements cost more over the long term. For example, in Pew's 2022 survey, 23% of respondents said they did not pay a down payment, deposit, or option fee. And among those who did have a down payment, 75% put down less than 20% of the home price, compared with 59% of mortgage borrowers in 2021.

- **Specifics of a home**. Borrowers who prioritize the location or amenities of a specific home over the type, convenience, and cost of financing they use might agree to an alternative arrangement if the seller insists on it, rather than forgo purchasing the home.

- **Familiarity with seller.** Borrowers buying a home from family or friends might agree to a transaction that is preferable to the seller because they trust that family or friends will give them a fair deal, perhaps one that is even better than they would get from a mortgage lender.

However, regardless of a borrower's reasons, the use of alternative financing is cause for concern because it is disproportionately used—and thus the risks and costs are inequitably borne—by racial and ethnic minorities, low-income households, and owners of manufactured homes. Among Americans who have financed a home purchase, 34% of Hispanic and 23% of Black households have used alternative financing at least once, compared with just 19% of White borrowers. Further, families earning less than $50,000 are seven times more likely to use alternative financing than those earning more than $50,000. And nearly half of surveyed manufactured home owners reported using a personal property loan. In all of these cases, expanding access to small mortgages could help reduce historically underserved communities' reliance on risky alternative financing arrangements.

Cash purchases

Other homebuyers who fail to obtain a small mortgage instead choose to pay cash for their homes. In 2021, about a quarter of all home sales were cash purchases, and that share grew in 2022 amid an increasingly competitive housing market. The share of cash purchases is larger among low-cost than higher-cost property sales, which may partly be a consequence of the lack of small mortgages. However, although cash purchases are appealing to some homebuyers and offer some structural advantages, especially in competitive markets, they are not economically viable for the vast majority of first-time homebuyers, 97% of whom use mortgages.

Purchasing a house with cash gives buyers a competitive advantage, compared with using a mortgage. Sellers often prefer to work with cash buyers over those with financing because payment is guaranteed, and the buyer does not need time to secure a mortgage. Cash purchases also enable simpler, faster, and cheaper sales compared with financed purchases by avoiding lender requirements such as home inspections and appraisals. In essence, cash sales eliminate "financing risk" for sellers by removing the uncertainties and delays that can accompany mortgage-financed sales. Indeed, as the housing supply has tightened and competition for the few available homes has increased, purchase offers with financing contingencies have become less attractive to sellers. As a result, some financing companies have stepped in to make cash offers on behalf of buyers, enabling those borrowers to be more competitive but often saddling them with additional costs and fees.

However, most Americans do not have the financial resources to pay cash for a home. In 2019, the median home price was $258,000, but the median U.S. renter had just $15,750 in total assets—far less than would be necessary to buy a house. Even households with cash on hand may be financially destabilized by a cash purchase because investing a substantial sum of money into a home could severely limit the amount of money they have available for other needs, such as emergencies or everyday expenses. Perhaps because of the financial challenges, homes purchased with cash tend to be smaller and cheaper than homes bought using a mortgage.

These challenging economic factors limit the types of homebuyers who pursue cash purchases. Investors—both individual and institutional—make up a large share of the cash-purchase market, and are more likely than other buyers to purchase low-cost homes and then return the homes to the market as rental units.

Researchers have questioned whether cash purchases are truly an alternative to mortgage financing or whether they fundamentally change the composition of homebuyers. One study conducted in 2016 determined that tight credit standards enacted in the aftermath of the 2008 housing market crash resulted in a large uptick in cash purchases, mostly by investor-buyers. More recent evidence from 2020 through 2021 suggests that investor purchases are more common in areas with elevated mortgage denial rates, low home values, and below-average homeownership rates. In each of these cases, a lack of mortgage access tended to benefit investors, possibly at the expense of homeowners.

No homeownership

Some prospective homebuyers who are unable to access a small mortgage simply forgo homeownership entirely. Instead of buying, these families may choose to rent or live with friends or family. And although these are not necessarily bad outcomes, they lack the financial advantages of homeownership.

On average, homeowners have a net worth that is more than 40 times that of renters, largely because of the equity they accrue from paying down their mortgage balances and from their homes' appreciation over time. In 2019, the median homeowner had $225,000 of equity, accounting for almost 90% of their overall net worth.

Further, in rental markets with few vacancies and commensurately high costs, owning a home can cost less per month than renting. Recent evidence suggests that, particularly when mortgage interest rates are low, a mortgage payment for a three-bedroom house can be cheaper than the monthly rent for a three-bedroom apartment. Likewise, some evidence suggests that buying an inexpensive starter home costs less than renting in some metropolitan areas in the South and Midwest.

Importantly, the financial benefits of homeownership are not shared equally throughout the country. Historical patterns of discrimination in mortgage lending and government policy have prevented Black, Hispanic, and Indigenous households from accessing homeownership at the same rate as White households. And many of those structural barriers persist, as evidenced by the Black-White homeownership gap, which was wider in 2020 than it was in 1970.3

Mortgage Denials Play a Small Role in Low Access to Credit

Lenders deny applications for small mortgages more often than those for larger loans. From 2018 to 2021, lenders received about 700,000 small mortgage applications per year for site-built single-family homes, of which they denied 11.8%. In contrast, lenders denied just 7.8% of the roughly 3.6 million applications submitted annually for larger mortgages during the same period.

These differences do not entirely reflect applicants' creditworthiness, as measured by debt-to-income ratio (a person's monthly debt divided by their income), loan-to-value ratio (dollar amount of a mortgage as a share of the subject property's appraised value), or credit scores. Research demonstrates that, even for applicants with similar credit profiles, denial rates are much higher for small mortgages than large ones.38 Pew's analysis confirms these findings. Lenders denied small mortgage applicants with low debt-to-income ratios (36% and below) 8.8% of the time, compared with 4.7% of the time for larger loan applicants with a similar profile. Likewise, applicants with loan-to-value ratios under 80% were more likely to be denied for a small mortgage than a large one.

However, mortgage denials are not the primary cause of the small mortgage shortage. Pew's analysis found that if lenders denied applications for small mortgages at the same rate as those for larger mortgages, they would originate about 31,000 more small mortgages each year. Although thousands of borrowers would benefit from lower small mortgage denial rates, those additional loans would increase the share of low-cost properties financed with a mortgage by only about 3 percentage points. These findings suggest that lowering the denial rate is not sufficient to increase access to safe and affordable mortgage financing and that regulators need to do more to improve incentives for lenders to originate small mortgages and boost awareness among borrowers.

Small mortgage lending is not profitable for lenders

Policymakers, consumer advocates, and industry agree that increasing the supply of small mortgages could boost homeownership—especially in underserved, low-cost communities. But many mortgage lenders simply do not offer small home loans to borrowers. Of the more than 5,000 lenders that originated mortgages from 2018 to 2021, 38% did not issue a single small mortgage.

In conversations with Pew, lenders, consumer advocates, and government officials identified several potential structural and regulatory obstacles to small mortgage lending. These include the high fixed cost of origination, commission-based compensation for loan officers, the poor physical quality of many low-cost housing units, and various rules and regulations that help protect consumers but may add cost or complexity to the origination process and could be updated to maintain safety at lower cost to lenders.

Structural barriers

Lenders have repeatedly identified the high fixed cost of mortgage originations as a barrier to small mortgage lending because origination costs are roughly constant regardless of loan amount, but revenue varies by loan size. As a result, small mortgages cost lenders about as much to originate as large ones but produce much less revenue, making them unprofitable. Further, lenders have reported an increase in mortgage origination costs in recent years: $8,243 in 2020, $8,664 in 2021, and $10,624 in 2022.41 In conversations with Pew, lenders indicated that many of these costs stem from factors that do not vary based on loan size, including staff salaries, technology, compliance, and appraisal fees.

Lenders typically charge mortgage borrowers an origination fee of 0.5% to 1.0% of the total loan balance as well as closing costs of roughly 3% to 6% of the home purchase price. Therefore, more expensive homes—and the larger loans usually used to purchase them—produce higher revenue for lenders than do small mortgages for low-cost homes.

In addition, standard industry compensation practices for loan officers may limit the availability of small mortgages. Lenders typically employ loan officers to help borrowers choose a loan product, collect relevant financial documents, and submit mortgage applications—and pay them wholly or partly on commission. And because larger loans yield greater compensation, loan officers may focus on originating larger loans at the expense of smaller ones, reducing the availability of small mortgages.

Finally, lenders must contend with an aging and deteriorating stock of low-cost homes, many of which need extensive repairs. Data from the American Housing Survey shows that 6.7% of homes valued under $150,000 (1.1 million properties) do not meet the Department of Housing and Urban Development's definition of "adequacy," compared with just 2.6% of homes valued at $150,000 or more (1.7 million properties). The Federal Reserve Bank of Philadelphia estimates that, despite some improvement in housing quality overall, the total cost of remediating physical deficiencies in the nation's housing stock nevertheless increased from $126.2 billion in 2018 to $149.3 billion in 2022.

The poor physical quality of many low-cost properties can limit lenders' ability to originate small mortgages for the purchase of those homes. For instance, physical deficiencies threaten a home's present and future value, which makes the property less likely to qualify as loan collateral. And poor housing quality can render many low-cost homes ineligible for federal loan programs because the properties cannot meet those programs' strict habitability standards.

Regulatory barriers

Regulations enacted in the wake of the Great Recession vastly improved the safety of mortgage lending for borrowers and lenders. But despite this success, some stakeholders have called for streamlining of regulations that affect the cost of mortgage origination to make small mortgages more viable. The most commonly cited of these are certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the Qualified Mortgage rule (QM rule), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and parts of the CFPB's Loan Originator Compensation rule.

The Dodd-Frank Act requires creditors to make a reasonable, good-faith determination of a consumer's ability to repay a mortgage. This provision has significantly increased the safety of the mortgage market and protected borrowers from unfair and abusive loan terms—such as unnecessarily high interest rates and fees—as well as terms that could strip borrowers of their equity. Lenders can meet Dodd-Frank's requirements by originating a "qualified mortgage" (QM), which is a loan that meets the CFPB's minimum borrower safety standards, including limits on the points, fees, and annual percentage rate (APR) the lender can charge. In return for originating mortgages under this provision, known as the QM rule, the act provides protection for lenders from any claims by borrowers that they failed to verify the borrower's ability to repay and so are liable for monetary damages in the event that the borrower defaults and loses the home.

Some lenders and researchers have suggested that the QM rule has increased the cost of mortgage origination because lenders had to establish new processes to verify borrowers' ability to repay and adhere to stricter compliance requirements. In addition, lenders who cannot keep their charges within the QM rule limits often have to offer credits to lower the borrower-facing fees, which can result in lenders originating the loan at a loss. And although 2020 revisions to the QM rule gave lenders more flexibility in calculating a borrower's ability to repay, the extent to which those changes help lenders keep origination costs in check remains unclear.

Another regulation that lenders and researchers have cited as possibly raising the cost of origination is the CFPB's Loan Originator Compensation rule. The rule protects consumers by reducing loan officers' incentives to steer borrowers into products with excessively high interest rates and fees. However, lenders say that by prohibiting compensation adjustments based on a loan's terms or conditions, the rule prevents them from lowering costs for small mortgages, especially in underserved markets. For example, when making small, discounted, or reduced-interest rate products for the benefit of consumers, lenders earn less revenue than they do from other mortgages, but because the rule entitles loan officers to still receive full compensation, those smaller loans become relatively more expensive for lenders to originate. Lenders have suggested that more flexibility in the rule would allow them to reduce loan officer compensation in such cases. However, regulators and researchers should closely examine the effects of this adjustment on lender and borrower costs and credit availability. Although such changes would lower lenders' costs to originate small mortgages for underserved borrowers, they also could further disincline loan officers from serving this segment of the market and so potentially do little to address the small mortgage shortage.

Lastly, some lenders have identified HOEPA as another deterrent to small mortgage lending. The law, enacted in 1994, protects consumers by establishing limits on the APR, points and fees, and prepayment penalties that lenders can charge borrowers on a wide range of loans. Any mortgage that exceeds a HOEPA threshold is deemed a "high-cost mortgage," which requires lenders to make additional disclosures to the borrower, use prescribed methods to assess the borrower's ability to repay, and avoid certain loan terms. Changes to the HOEPA rule made in 2013 strengthened the APR and points and fees standards, further protecting consumers but also limiting lenders' ability to earn revenue on many types of loans. Additionally, the 2013 revision increased the high-cost mortgage thresholds, revised disclosure requirements, restricted certain loan terms for high-cost mortgages, and imposed homeownership counseling requirements.

Many lenders say the 2013 changes to HOEPA increased their costs and compliance obligations and exposed them to legal and reputational risk. However, research has shown that the changes did not significantly affect the overall loan supply but have been effective in discouraging lenders from originating loans that fall above the high-cost thresholds.51 More research is needed to understand how the rule affects small mortgages.

Regulators and lenders have taken some action to expand access to small mortgages

A diverse array of stakeholders, including regulators, consumer advocates, lenders, and researchers, support policy changes to safely encourage more small mortgage lending.52 And policymakers have begun looking at various regulations to identify any that may inadvertently limit borrowers' access to credit, especially small mortgages, and to address those issues without compromising consumer protections.

Some regulators have already introduced changes that could benefit the small mortgage market by reducing the cost of mortgage origination. For example, in 2022, the Federal Housing Finance Agency (FHFA) announced that to promote sustainable and equitable access to housing, it would eliminate guarantee fees (G-fees)—annual fees that Fannie Mae and Freddie Mac charge lenders when purchasing mortgages—for loans issued to certain first-time, low-income, and otherwise underserved homebuyers.53 Researchers, advocates, and the mortgage industry have long expressed concern about the effect of G-fees on the cost of mortgages for borrowers, and FHFA's change may lower costs for buyers who are most likely to use small mortgages.

Similarly, FHFA's decision to expand the use of desktop appraisals, in which a professional appraiser uses publicly available data instead of a site visit to determine a property's value, has probably cut the amount of time it takes to close a mortgage as well as appraisal costs for certain loans, which in turn should reduce the cost of originating small loans without materially increasing the risk of defaults.

At the same time, some lenders have been exploring the use of special purpose credit programs (SPCPs) to increase access to mortgage financing for low-cost homebuyers from historically disadvantaged communities. SPCPs allow lenders to design loan products that address the unique needs of borrowers of color, manufactured home buyers, and residents of areas where alternative financing is prevalent, all of whom have typically been underserved by the mortgage industry.

Other entities, such as nonprofit organizations and community development financial institutions (CDFIs), are also developing and offering small mortgage products that use simpler, more flexible underwriting methods than other mortgages, thus reducing origination costs. Where these products are available, they have increased access to small mortgages and homeownership, especially for low-income families and homebuyers of color.

Although these initiatives are encouraging, high fixed costs are likely to continue making small mortgage origination difficult, and the extent to which regulations governing loan origination affect—or might be safely modified to lower—these costs is uncertain. Unless policymakers address the major challenges—high fixed costs and their drivers—lenders and regulators will have difficulty bringing innovative solutions to scale to improve access to small mortgages. Future research should continue to explore ways to reduce costs for lenders and borrowers and align regulations with a streamlined mortgage origination process, all while protecting borrowers and maintaining market stability.

Solutions to small mortgage challenges in underserved communities

Structural barriers such as high fixed origination costs, rising home prices, and poor home quality partly explain the shortage of small mortgages. But borrowers also face other obstacles, such as high denial rates, difficulty making down payments, and competition in housing markets flooded with investors and other cash purchasers. And although small mortgages have been declining overall, the lack of credit access affects some communities more than others, driving certain buyers into riskier alternative financing arrangements or excluding them from homeownership entirely.

To better support communities where small mortgages are scarce, policymakers should keep the needs of the most underserved populations in mind when designing and implementing policies to increase access to credit and homeownership. No single policy can improve small mortgage access in every community, but Pew's work suggests that structural barriers are a primary driver of the small mortgage shortage and that federal policymakers can target a few key areas to make a meaningful impact:

- Drivers of mortgage origination costs. Policymakers should evaluate federal government compliance requirements to determine how they affect costs and identify ways to streamline those mandates without increasing risk, particularly through new financial technology. As FHFA Director Sandra L. Thompson stated in April 2023: "Over the past decade, mortgage origination costs have doubled, while delivery times have remained largely unchanged. When used responsibly, technology has the potential to improve borrowers' experiences by reducing barriers, increasing efficiencies, and lowering costs."

- Incentives that encourage origination of larger rather than smaller mortgages. Policymakers can look for ways to discourage compensation structures that drive loan officers to prioritize larger-balance loans, such as calculating loan officers' commissions based on individual loan values or total lending volume.

- The balance between systemic risk and access to credit. Although advocates and industry stakeholders agree that regulators should continue to protect borrowers from the types of irresponsible lending practices that contributed to the collapse of the housing market from 2005 to 2007, underwriting standards today prevent too many customers from accessing mortgages. A more risk-tolerant stance from the federal government could unlock access to small mortgages and homeownership for more Americans. For example, the decision by Fannie Mae and Freddie Mac (known collectively as the Government Sponsored Enterprises, or GSEs) and FHA to include a positive rent payment record—as well as Freddie Mac's move to allow lenders to use a borrower's positive monthly bank account cash-flow data—in their underwriting processes will help expand access to credit to a wider pool of borrowers.

- Habitability of existing low-cost housing and funding for repairs. Restoring low-cost homes could provide more opportunities for borrowers—and the homes they wish to purchase—to qualify for small mortgages. However, more analysis is needed to determine how to improve the existing housing stock without increasing loan costs for lenders or borrowers.

In addition to reducing structural and regulatory barriers to small mortgage lending, a robust policy response on home financing should focus on borrowers who are acutely affected by the lack of small mortgages. Federal policymakers should look for opportunities to expand existing programs and policies for communities that have historically been excluded from homeownership and mortgage access, particularly:

- The Duty to Serve rule, which directs the GSEs to improve access to mortgage financing for borrowers of modest means in three underserved markets: manufactured housing, rural communities, and areas requiring funds to preserve affordable housing. Homebuyers in these markets often require a small mortgage to purchase a home, so the GSEs could seek to link their Duty to Serve obligations with small mortgage lending in these markets.

- Equitable Housing Finance Plans, which are three-year strategies that the GSEs develop to promote equitable access to affordable and sustainable housing for disadvantaged groups, particularly Black and Hispanic communities. People in these communities are less likely to own a home and more likely to use alternative financing than the overall population, which probably indicates an unmet demand for mortgages. The GSE leadership should consider adding an objective to their plans related to refinancing alternative financing arrangements—which the plans' target communities disproportionally use—into mortgages.

- SPCPs, which can help lenders better serve specific populations that would otherwise be denied credit or receive it on less favorable terms. Policymakers should encourage the creation and use of these programs for underserved populations in low-cost areas where there is a special need for small mortgages and measure the impacts.

Future Pew research will explore not only important questions about the barriers to small mortgage origination but also the strategies that policymakers can use to expand the nation's affordable housing stock, improve the habitability of existing low-cost homes, and ensure that small mortgages are more accessible and competitive in the marketplace.

Conclusion

Mortgages are vital financial tools that enable homeownership and wealth-building opportunities for millions of Americans each year. However, the scarcity of small mortgages deprives some prospective borrowers of homeownership opportunities and drives others to buy their homes with cash or risky alternative financing arrangements.

To address this problem, policymakers should aim to expand mortgage access and the overall safety of financing for low-cost homes by reducing the structural and regulatory constraints that increase lenders' costs and make small mortgages unprofitable, and establishing strong consumer protections for alternative arrangements. In addition, federal agencies and lawmakers can reduce racial disparities in mortgage lending by prioritizing Black, Hispanic, and Indigenous households in the development and implementation of small mortgage and alternative financing programs. Together, these initiatives would help bring homeownership opportunities to more Americans.

Rent prices vs. income: Why is renting so unaffordable?

Wealth Of Geeks, July 13, 2023

Rent prices have increased dramatically over the past four decades. Since 1985, rent growth has exceeded inflation by 40% and income by 7%, according to a new study from Real Estate Witch.

While rent prices have climbed steadily upward, wage growth has been more volatile. Since 2011, income has increased about 4% each year. However, if adjusted for inflation, it's grown just 2% each year, according to the Real Estate Witch study. As the price of rent rises, the purchasing power of the average U.S. worker erodes.

Rent prices remain stubbornly high because there's a surge of tenants who want their own place to live. The COVID-19 pandemic dramatically accelerated a shift toward solitary living, but construction of new homes and apartments never really recovered from the 2008 financial crisis, and inventory remains incredibly low today.

When you combine a limited resource like housing with pervasive and increasing income inequality, rich people are the ones setting the price," said Ezra Glenn, a lecturer at the Massachusetts Institute of Technology's Department of Urban Studies and Planning. "The poor end up having to pay more of their income or get pushed out entirely since we're all competing in these same limited markets."

In a country where rent has largely outpaced income, the average rent-to-income ratio has become much less favorable to renters. From 2009 to 2021, the rent-to-income ratio increased in 46 of the 50 most-populous U.S. metro areas.

Rent prices have risen 42% since 2009

From 2009 to 2021, the last full year for which data is available, the median rent across the U.S. increased 42% – from $817 a month to $1,163. In high-demand rental markets, rent rose even higher.

In half of the 50 most-populous U.S. metros, rent increased more than 42%. In seven cities, it increased by more than 60%:

- San Jose, California (85%).
- Denver, Colorado (82%).
- Seattle, Washington (81%).
- Portland, Oregon (72%).
- San Francisco, California (71%).
- Nashville, Tennessee (62%).
- Austin, Texas (60%).

In San Jose, rent increased from $1,360 a month to $2,511. That's an 85% increase in just 12 years, which equates to about 7% growth each year.

As extreme as San Jose's rent increase may seem, some cities may be on pace to surpass it. In six U.S. cities, rent increased by 9% or more from 2022 to 2023:

- Louisville, Kentucky (10%).
- Cincinnati, Ohio (9.9%).
- Indianapolis, Indiana (9.8%).
- Miami, Florida (9.6%).
- Buffalo, New York (9.1%).
- Kansas City, Missouri (9%).

Rent has grown faster than income in 92% of largest metros
In a textbook definition of inflation, wages should rise in tandem with prices. But that's not what working Americans have experienced. The affordable housing crisis across the U.S. exists because in 46 of the 50 most-populous metros, rent growth has exceeded income growth.

One of the hottest real estate markets is in Denver, where rent exceeded income by a staggering 71% – the highest percentage among all 50 cities studied. Denver isn't the only city where the gap between rent and income is growing rapidly. In seven cities, rent surpassed income by more than 50%:

- Denver, Colorado (71%).
- Las Vegas, Nevada (57%).
- Charlotte, North Carolina (56%).
- Seattle, Washington (55%).
- Atlanta, Georgia (53%).
- Portland, Oregon (51%).
- Nashville, Tennessee (51%).

Since 2009, income growth has exceeded rent growth in only four U.S. cities: Providence, Rhode Island; Buffalo, New York; Cleveland; and Pittsburgh.

Those cities remain bastions of affordability, in part, because they've experienced lower population growth than in other cities where rent has increased sharply. From 2009 to

2021, the population did not grow by more than 1,500% in any of those four cities. By contrast, the population grew by at least 1,500% in all seven cities where rent exceeded income by more than 50% from 2009 to 2021.

However, if renters started flocking to affordable cities for their low prices, increased demand would likely cause rent to rise.

Most and least affordable cities for renters

Financial experts suggest paying no more than 30% of gross monthly income on housing. On average, Americans spend about 20% of their monthly wages on rent.

Miami renters have the highest rent-to-income ratio, spending 28.5% of their monthly income on rent. Miami residents are squeezed on both sides by high rent and low pay. Their monthly payment of $1,492 is 28% higher than the national median rent price, while their annual income of $62,870 is 9% less than the U.S. median income.

On the other hand, Cincinnati renters have it good, spending just 15.5% of their monthly income on rent. Better yet, Cincinnati renters earn $70,308 – 2% more than the national median income – and pay just $906 a month on rent – 22% less than the national median.

Behind Cincinnati, Pittsburgh, St. Louis, Minneapolis, and Buffalo, New York, are the most affordable cities for renters, with rent-to-income ratios below 17%.

Notes

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Take notes, highlight, use as a text book.

What's Worse Than Record High Rent? Record High Rent, Plus Fees.

Will Parker, The Wall Street Journal, September 5, 2023

The cost to rent a home or apartment has soared, and it isn't just because of super high rents.

Landlords are hitting tenants with an abundance of fees every month. Many are no more than five or 10 dollars each, but when stacked up they can amount to hundreds of dollars more each year. Some fees, such as those for parking and pets, have been around for years, but many renters now pay up for things they were rarely charged for in the past.

That includes fees for trash pickup, pest control, the use of a mailbox, and for making routine maintenance requests. Then there are fees for move-ins and move-outs and for "lease administration." One Minnesota landlord collected a $100 so-called January fee the first month of each year, though it isn't clear what tenants got in return for that charge.

In suburban Phoenix, buildings increasingly charge for valet trash pickup that can add more than $30 to the monthly rent. "I can carry the trash 50 feet to the dumpster," said Debbie Giannecchini, who moved out of a building that started charging the fee.

Apartment asking rents rose 25% between early 2021 and summer 2022, straining the budgets of many renters whose wages didn't keep up. While rent growth has since flattened in much of the country, large property-investment companies continue with these add-ons to boost their bottom lines.

The five largest single-family-home rental landlords increased their annual fee income per lease by about 40% between 2018 and 2021, according to a report last year from the House of Representatives' Committee on Financial Services, which obtained fee data from the companies.

"A lot of this stuff used to just be called 'rent,'" said Mike Vraa, a Minnesota tenant attorney. His organization, HOME Line, keeps a running list of newly discovered species of rental fees.

While some companies made fewer charges during the pandemic, many of those firms are now expanding the scope of their fee programs. Invitation Homes, one of the largest owners of single-family rentals, said this March that it was increasing profit margins via charging more fees for smart-home features such as video doorbells, as well as charging extra every month for air-conditioning filter replacements.

The company's "other income" revenue, which includes fees, grew at more than twice the rate of rent last year, according to the company's public filings.

"We continue to see strong demand for the convenient, professional services that make leasing a home from us a worry-free experience," an Invitation Homes spokeswoman said in a statement.

Large apartment building owners, meanwhile, also say they expect to continue reaping income from fees. One executive at a privately held apartment company in the Midwest said that the firm had more than doubled income from fees at more than 20 rental properties it recently purchased.

"People pay it," the executive told The Wall Street Journal.

The federal government and some states are moving to crack down on how landlords charge rental fees. In July, the White House said it won commitments from a handful of the country's largest listing platforms, including Zillow and Apartments.com, to require landlords to disclose all fees and their costs alongside listings. In June, the state of Colorado capped pet deposits at $300, and Maine limited how much landlords can charge for application fees.

The creep of fees into rental housing follows the path of several other large U.S. industries, such as hotels, airlines and live entertainment, which are also drawing greater scrutiny from the government.

Landlords say fees are merely a way for companies to compensate for rising operating costs.

"The reality is providers are facing unrelenting and often unprecedented increases in the underlying cost of virtually all aspects of the business, from operations to financing to supply chain to labor to regulations," said David Howard, chief executive of the National Rental Home Council.

Strategic use of fees by landlords goes back to at least the late 1990s, when apartment-building owners sought ways to increase revenues separate from rent growth, said Jay Lybik, director of multifamily analytics at CoStar Group.

Tenants have tried to push back. Renters have sued several major landlords over how they charge them. Invitation Homes, for example, settled with 11 tenants who alleged the company charged illegally inflated late fees at its rental homes, though the company didn't admit to any wrongdoing, a spokeswoman said.

Some renters only find out about the recurring fees they will owe once they go to sign their leases. By that time, they might have already paid hundreds of dollars in application fees, background check fees and holding fees. They might have also notified their current landlord of plans to move.

"You are trapped," said Charlie Bliss, director of advocacy at Atlanta Legal Aid.

Lisa Keelor, who rents a house from the publicly traded landlord AMH in Jacksonville, Fla., said she didn't know about the monthly renter's insurance fee, or the "convenience fee" charged on top of the utilities until they first appeared in her online payment portal.

While those fees are relatively small, other large charges have popped up. She said she was once hit up for more than $200 to repair the home's sprinkler system and spent weeks trying to get the landlord's staff to reimburse it.

"What tenants have to do is keep going in this portal and looking to see 'what have they done this month?'" Keelor said.

In a statement, AMH, formerly known as American Homes 4 Rent, said tenant fees and responsibilities for other maintenance charges are detailed in each of the company's leases.

Notes

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'The starter home in Utah is extinct': How first-time homebuyers could get 20K for new homes

Katie McKellar, Deseret News, February 28, 2023

The Utah Legislature has given final legislative approval to a bill that would set aside $50 million to help first-time homebuyers buy new homes — but only if they're newly constructed.

The aim of SB240 is to help Utahns afford homes while also encouraging homebuilders to continue adding to the state's housing stock. For years, Utah has grappled with a housing shortage that sent home prices climbing even before the pandemic housing frenzy sent the West's housing prices sky high.

Now, even as the national housing market corrects and Utah's home prices drop, experts don't expect Utah's housing affordability crisis to go away given its rapid growth and housing shortage. So lawmakers approved the bill, one of multiple housing-related bills making their way through the Utah Legislature's 2023 session.

The Senate last week voted 28-1 to approve the bill, and on Tuesday the House voted 60-8 to give it final legislative approval. It now goes to Gov. Spencer Cox.

Senate President Stuart Adams, R-Layton, sponsored the bill because he said it's high time Utah "reinvent" a first-time homebuyer program that the state first started back in the '90s.

"We're losing our middle class," Adams told reporters in a media availability earlier this month, adding that Utah shouldn't address affordable housing by only building multifamily rental units. "We need to get people out of their apartments (and) into homes."

The bill would use $50 million in state money to offer an up to $20,000 loan to eligible homebuyers to help them buy new homes, whether that's for down payment assistance, closing costs or buying down their interest rates.

State officials estimate it would help about 2,500 buyers. The program would be administered through the Utah Housing Corporation.

The loan would be a lien on the house, Adams said, "So, if they happen to get a better rate or they want to refinance at some point in time it has to be paid back, or if they sell the home it needs to be returned."

To qualify for the loan, the single-family home, condo or townhome must be newly constructed and cost no more than $450,000.

In a Senate committee earlier this month, Mike Ostermiller, representing the Utah Association of Realtors, urged lawmakers to support the bill, saying it will help both homebuyers and the homebuilding industry.

"The starter home in Utah is extinct. They don't exist anymore," Ostermiller said. "Our families aren't able to realize the American dream and be able to get into home ownership, and the only way to fix that is on the supply side. We have to create inventory."

Ostermiller said Adams' bill is designed to "actually solve the problem." He noted Utah's homebuilders — which were hard hit when interest rates began rising last year — have pulled back.

"With the number of new construction starts being down, driving construction drives the economy," Ostermiller said. "So this will not only help families in a profound way, but also trickle down and help the rest of the economy."

If the program wasn't limited to new construction, Ostermiller said, "that just helps buyers get into a home without creating more inventory. In a sense, we're exacerbating the very problem that we have out there. Our problem is not a lack of buyers. Our problem is a lack of places to put them."

House Minority Assistant Whip Sandra Hollins, D-Salt Lake City, spoke in favor of the bill on the House floor on Tuesday, saying she and her husband were able to become homeowners back in 1995 because of the state's first-time homebuyer program back then.

"I can tell you it is one of the reasons why we have stayed in Utah in this state," Hollins said. "Just giving a person an opportunity to be able to buy a home does stabilize (them) and in turn stabilizes that community."

Section 3
Local Zoning / Ordinances

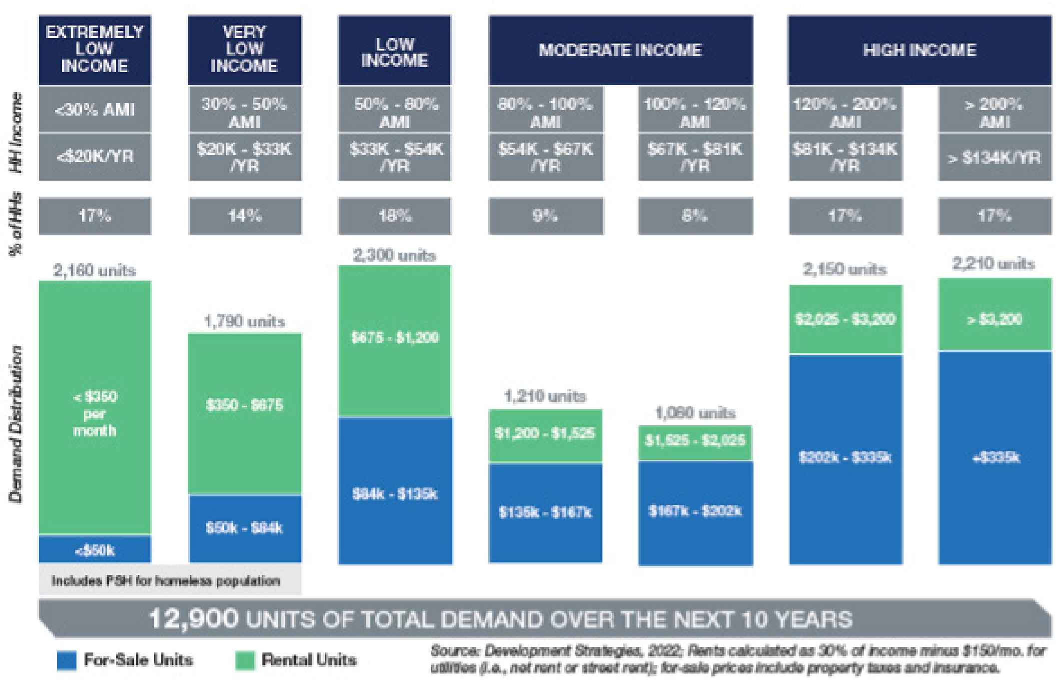
Addressing Housing Needs Now in Order to Protect the Future

Travis Hulse, AICP, CFM , Housing Policy Director, City of Tulsa

Overall, Tulsa remains an affordable city for housing in both for-sale and rental markets. However, pent up demand, increasing interest rates, supply chain disruptions, and extremely limited supply are leading to increased prices, and increasing the risk of long-term housing instability. Meeting housing demand will not solve all of Tulsa's housing challenges, but it will begin to create a more equitable housing market and support continued growth without jeopardizing long-term housing affordability.

In March 2023 an independent study (Tulsa Citywide Housing Assessment) of Tulsa's housing market revealed a demand for nearly 12,900 units across all income levels that will require nearly $2.45 billion in resources over the next 10 years, or $245 million per year. The housing study estimates that about 85% of the needed investment can be made through conventional financing sources paired with gap-financing tools and existing public-sector programs. The remaining 15%, or $37 million, will require innovation among public, private, and philanthropic partnerships. More than half (7,460) of the projected demand is for households making at or below 100% of Area Median Income (AMI). See Table 1 below. Housing at those income levels is very difficult to produce without financial subsidy. The City of Tulsa currently offers a variety of tools to incentivize the development of housing by providing direct funding incentives. However, most of the City's funding incentives have historically led to housing projects for households at or above 100% of AMI.

Table 1: Ten-Year Demand Summary



This summer, local voters will have an opportunity to pass the third Improve Our Tulsa (IOT) capital program funded by general obligation bonds and a sales tax extension. Unlike previous IOT programs, this package includes $75 M in housing funds to go along with other committed public funds as part of a total $104.2 M Tulsa Housing Initiative. For the City, it will be important to develop the right tools for deploying these one-time funds. As previously mentioned, the focus of which will be for housing product not produced by traditional market activity. *(Voters overwhelmingly approved the third Improve Our Tulsa capital improvements package on August 8.)*

In addition to financial resources, Tulsa has a couple of opportunities to address housing challenges around affordability, accessibility, and attainability. These same opportunities act as threats if left unaddressed. To start, there are a couple of key observations made in the study worth highlighting.

Opportunity/Threat #1 - Vacant and underutilized properties:

According to the study, "The greatest opportunity may be in commercial corridors with high vacancy. Various studies have found that compact and mixed-use infill housing can support healthy growth with lower costs, reduced environmental impacts, and increased economic benefits. Nearly 16 percent (6,850 acres) of Tulsa's commercial parcels are vacant. Additionally, approximately 40 retail properties in key commercial corridors of the city are leased below 50 percent. These commercial corridors present an opportunity to convert underutilized parcels into much needed mixed-use development that would support the housing demand as well as act as anchors, generating increased commercial activity at key nodes."

Existing city-led initiatives/policies:

- Mixed-Use Rezoning Incentive – rezoning incentive program that waives application fees (typically around $2,000) for owners of eligible properties along the Bus Rapid

Transit (BRT) corridors.

- BRT Development Fee Reimbursement Program – development fee reimbursement program intended to offset the costs of opening a business along the BRT routes.

- Neighborhood Infill Overlay – remove zoning barriers to allow a greater variety of moderate-density residential housing types in a manner that is compatible with the size and residential character of surrounding properties.

Opportunity/Threat #2 - Aging housing stock:

According to the study, "Nearly 45 percent of the city's housing units were built before 1970s. An aging housing stock presents multiple challenges related to the health and safety of its occupants as well as the increasing costs related to upkeep and maintenance. Aging housing contributes to housing insecurity when, for instance, long-term homeowners on fixed incomes may not be able to pay for expensive repairs that are needed, such as HVAC, plumbing, electric, or roofing upgrades. Rehabilitation and preservation of these units can expand the city's housing supply, while improving neighborhood conditions. The older housing stock presents an opportunity to meet housing demand and provide affordable housing options for lower and moderate-income households, while renovating vacant units that are structurally stable is also an important aspect of any housing strategy."

Existing city-led initiatives/policies:

- Home Repair Program – grant program to very low-income residents to make emergency repairs to conditions that threaten the health and safety of the occupants, the resident must own and occupy the residence.

- Emergency Rehabilitation Program – rehabilitation loan program available for moderate to very low-income residents to assist citizens with home repairs, weatherization, and energy efficiency.

- Save Our Homes Initiative – a program to help low-income homeowners pay delinquent property taxes.

- Other local or state policies could help address issues around both vacant and underutilized properties and an aging housing stock. One approach is to develop a partnership with the local County to grant municipalities the right to acquire properties prior to their sale at the tax delinquency auction and/or get legislation passed allowing the City to acquire properties and return them to productive use.

Another approach is by adopting inclusionary zoning policies which use local regulations of land use to require or incentivize the production of affordable housing. As more housing comes online to support a broad range of income levels, municipalities are looking at ways to incentivize or, in some cases, require affordable units following a mixed-income housing model.

While there is no single solution to addressing the housing needs identified in Tulsa, the City is committed to playing it's part. At Mayor G.T. Bynum's last State of the City address, he challenged Tulsans to invest $500 million over the next two years into housing, while at the same time establishing a task force on how the City can best collaborate with community partners to address the housing shortage in Tulsa. As market dynamics shift it will be important for cities across the country to adapt and align policies with the right set of tools.

Rural Affordable Housing Solutions Start at Home

Lance Windel, LW Development, LLC

During the past 15 years my team has built over 4500 housing units across 40 towns in Oklahoma. We've built everything from open market for sale homes to HUD Section 8 apartments. While we've built in Oklahoma City, we specialize in smaller towns having placed units in multiple towns with populations less than 1000. The most important predictor to our success is the desire of the municipality for us to be there and their true support prior to and during construction.

Most cities will tell you they need the housing and they want you there. Usually, an economic development guy or a local banker will even buy you lunch if you come take a look. But the cities that will offer their own incentives, help with entitlements, provide guarantees for our success; they stand out as places where I want to work and where I believe we'll be successful.

I first encountered this in my hometown of Ardmore in 2007. A local legend in economic development, Wes Stuckey, realized he couldn't get the jobs if he couldn't house the labor. So, he took the back side of an industrial park, used a TIF to bring it infrastructure, developed 30 single family home lots, and interviewed builders that would follow his rules. Four of us applied. Three made the cut and got 10 lots each. In exchange for selling us the lots at less than half of what it cost him to develop them, we had to sell 1200-1800 sq ft, 3 bed 2 bath brick homes for $80 per sq ft. One of the builders couldn't make it work. The other two were successful. When we went back to Wes and said let's go again, he politely said no. But he'd give us the land if we'd develop it ourselves. 117 homes later we finished the project in Ardmore and I was an accomplished workforce housing provider.

Similar models have foretold success across Oklahoma. The city of Guymon used their separate water authority to provide a $12,000 per home incentive for 30 open market for sale homes to be built with the idea that the spinning water meters, sewer and trash fees would eventually pay it back. We coupled that with the Oklahoma Housing Finance Agency's (OHFA) State Housing Trust Fund for the construction financing and sold most of the homes before they were complete. Four years later we returned to Guymon when the city installed $1 million plus in sewer and water lines to serve our new location for residential housing.

The city of Tonkawa took a different approach. Their industrial authority asked the local businesses that were constantly concerned about the lack of housing to step up and guarantee the purchase of half the homes we were willing to build. Those guaranteed sales were enough to convince First National Bank of Oklahoma to provide the construction financing. Again, homes sold easily and we all had a successful project.

The town of Stringtown asked The Choctaw Nation to guarantee the purchase of the 10 homes we were considering building if we were unable to sell them to individual buyers. That small ask started a relationship that has seen The Choctaw Nation build over 500 homes across their 10.5 counties in the past 5 years with commitments to build at least another 600.

But cash incentives and purchase guarantees aren't the only ways a municipality can attract our attention. Not all towns have the ability to provide financial incentives from their funds. The city of Spencer once called a special meeting of their planning and zoning board at noon on the 27th of December, followed by a special meeting of their city council at 12:30, with pizza provided in between, in order to get a tract of land properly zoned before an application was due to OHFA a few days later. Their willingness to accommodate resulted in 70 homes built to date with more still under construction.

Kansas has created an incentive at the state level that is run at the local level. It was the necessary financing gap filler that allowed us to build 130 units of housing in Dodge City mixed between low income rental, moderate income rental and for sale workforce housing. Called the Rural Housing Incentive District (RHID), it's a modified Tax Increment Financing (TIF) district that is completely controlled locally with very easy and inexpensive means of implementation. A lack of existing infrastructure, and the funds to fix it, is one of the primary problems rural Oklahoma towns face. Adopting this model at the state level would give those towns the ability to provide an incentive that would help cover the cost of infrastructure without relying on the municipality's funds.

As many stories as I have of success, I also have my share of municipal failures. Where I and other developers keep a blacklist of towns it's just better to not work in. The city engineer has onerous or outdated requirements; the building official believes his knowledge of quality construction trumps the state adopted code; the city council sides with the NIMBYs and makes rezoning and platting expensive or impossible.

Unfortunately, builders, whether they are local or those willing to travel, are in high demand. And we can be choosey about where we are willing to work. With the recently passed Oklahoma Housing Stability Program and the existing Affordable Housing Tax Credits, there are good incentives at the state and federal level to start to satisfy the extensive housing demand across the state. Most rural towns want to draw the builders that can bring these incentives to satisfy the housing need. But they need to look closely at what they can offer themselves to be set apart from their neighbors only a few miles down the road.

The Regulatory Burden on Home Builders: Balancing Affordability and Quality

Mike Means, Executive Vice President, Oklahoma Home Builders Association

The housing attainability crisis has placed immense pressure on home builders who face a complex web of regulations and policies. While the pursuit of affordable housing is crucial, it is equally important to recognize the challenges faced by builders in navigating the regulatory landscape. This column sheds light on the burdensome regulatory environment that home builders encounter and explores the need for a balanced approach that addresses both affordability and quality.

Home builders confront a myriad of regulations at various levels of government, including zoning restrictions, building codes, environmental regulations, and permit processes. While these regulations serve important purposes, their cumulative impact can significantly impede the timely and cost-effective construction of homes.

Zoning restrictions, for instance, often limit the density and type of housing that can be built in specific areas. While these restrictions aim to preserve community aesthetics and manage infrastructure, they can inadvertently restrict the supply of affordable housing options. Often these come in the form of architectural design standards that have little to do with the safety, health and welfare basis of zoning. Add to that the NIMBY (Not In My Back Yard) sentiments often confronted, the attempt to build more density is often stymied.

Similarly, stringent building codes and environmental regulations, though necessary for safety and sustainability, can add significant costs to construction projects, ultimately driving up home prices. Too often, many of the agencies pursuing these items do so in a vacuum, without consideration of the cumulative costs.

Home builders face a lengthy and intricate permits and approval process, which can lead to delays and increased costs. Obtaining permits from multiple agencies can be time-consuming and cumbersome, further exacerbating the housing crisis. Streamlining the permitting process and implementing a coordinated approach among government entities could alleviate these challenges and expedite housing construction.

Regulatory compliance comes at a financial cost that is ultimately borne by home buyers. Builders must allocate resources to meet various requirements, including environmental impact studies, impact fees, and building inspections. While these measures aim to ensure quality and safety, they contribute to the overall cost of housing, making affordability a daunting challenge for many aspiring homeowners.

While the regulatory burden on home builders is undeniably challenging, it is important to strike a balance that considers both affordability and quality. Efforts should be made to evaluate existing regulations and identify areas where flexibility can be applied without compromising safety and sustainability.

Streamlining the permit process and reducing unnecessary administrative burdens can significantly alleviate costs and accelerate housing production. Governments should consider implementing clear and standardized guidelines, reducing redundant inspections, and embracing digital technologies to expedite the review and approval process.

The zoning and platting process in Oklahoma needs to be improved. There should be clear and ascertainable guidelines that can be followed by developers and builders. Some of these are administrative in nature and some are legislative in nature. Those that are legislative should be limited to the police powers of the government, that is, the health, safety and welfare of the public. Limiting activism to those areas are crucial to the overall process.

Some communities are trying different solutions. One potential solution to address this issue is to enact a housing approval shot-clock — for example a 60-day limit on issuing approval or denial for each housing proposal. Even better, cities such as Sacramento are now issuing policy that makes certain housing types by-right or able to bypass these entitlement processes all together. Another expediating strategy is to release preapproved plans for housing types.

Collaboration between home builders and regulatory agencies is essential for finding practical solutions. Engaging in open dialogue and establishing partnerships can lead to better understanding and more effective regulations that address affordability concerns without sacrificing quality.

Encouraging innovation within the home building industry can help overcome regulatory challenges. Governments can provide incentives for adopting cost-effective and sustainable construction methods, such as modular housing and energy-efficient designs. These innovations can streamline the construction process, reduce costs, and improve housing affordability without compromising quality. An example of this is the Energy Efficient Tax Credit. Although the Oklahoma Legislature has terminated this credit, it did provide an incentive for builders to build smaller, affordable homes that met higher energy standards. Perhaps it is time to revisit this incentive.

As we seek solutions to the housing attainability crisis, it is crucial to acknowledge the regulatory burden faced by home builders. Striking a balance between affordability and quality requires a collaborative effort between government entities, home builders, and other stakeholders. By streamlining regulations, improving the permit process, and incentivizing innovation, we can alleviate the burdens on home builders while ensuring the construction of affordable homes that meet the needs of communities. It is imperative that we work towards a regulatory framework that supports the goal of attainable housing without unduly burdening those tasked with building it.

Home Suite Home?

Richard Mize, The Oklahoman, March 29, 2023

Call them granny flats, granny units, in-law suites, casitas or garden cottages, but city planners call them accessory dwelling units — ADUs — and they could be coming to Oklahoma City. Legitimately, not just grandfathered in like your grandfather's garage apartment or backyard guest house.

ADUs are being considered as part of an overall overhaul of the OKC zoning and planning code, which now does not allow more than one dwelling per lot on most property zoned for residential use, except in older neighborhoods with recognized nonconforming structures that predate the city's code ordinance.

Researchers found "majority support among renters citywide but not majority support from owners" for ADUs, according to a 2021 Housing Affordability Study conducted for the city by Economic & Planning Systems Inc

City planners are working to build on and implement the city's comprehensive guiding planning document, planokc, authorized in 2015. Community meetings and surveys the past few years yielded information and public opinion that are guiding the development of a new code to eventually be presented to the city council, said Lisa Chronister, assistant director of the OKC Planning Department.

In the meantime, planners are at work distilling broad ideas into specifics for a new code with new zoning districts based on land use typology areas, or LUTAs. Among many other changes, the code rewrite considers allowing for accessory dwelling units.

"We are still in the 'development phase' of the project, which includes presenting to various stakeholder groups," Chronister said. "It will be some time before the proposed new code is presented to Planning Commission or City Council. We have yet to present any detailed development standards for ADUs to any stakeholders but we are working on them."

Since ADUs would be new to OKC, here's an introduction.

What is an ADU? A few different structures qualify as accessory dwelling units

An ADU is a secondary housing unit, not a specific kind of structure, according to BuildinganADU.com, a clearinghouse for all things ADU by builder Kol Peterson in Portland, Oregon, a leading city in ADU development. They be attached or detached from the main house. OKC planners are looking into both, Chronister said.

Types of ADUs include:

- **Detached accessory dwelling units**, sometimes called DADUs.
- **Garage conversion** ADUs.
- **ADUs above a garage or workshop**.
- Addition ADUs, or "**bump-outs**" built onto an existing home.
- **Basement conversion** ADUs.
- **Internal** ADUs, where part of the primary house has been converted.

What defines an in-law suite or ADU?

"While their structural forms vary, ADUs share some common traits and face common design and development challenges," BuildinganADU.com says. "For one thing, the fact that they're secondary housing units on single-family residentially zoned lots places ADUs into a unique category of housing. And ADUs also have some other distinguishing characteristics that help further define, differentiate, and distinguish them from other housing types."

According to BuildinganADU.com:

- ADUs are **accessory and adjacent** to a primary housing unit.
- ADUs are **significantly smaller** than the average U.S. house.
- ADUs tend to be **one of two units owned by one owner on a single-family residential lot**.
- ADUs tend to be primarily **developed asynchronously from the primary house** by homeowner developers.
- A large range of **municipal land use and zoning regulations differentiate ADU types and styles**,

and dramatically affect their allowed uses.

- Vast numbers of **informal ADUs** exist compared to permitted ADUs.

What are some city planning challenges to allowing ADUs?

Daniel Harrison and Erica Craycraft-Bartlett with OKC's Freese and Nichols, an urban planning and design consultancy, outlined basic questions in a presentation on alternative housing types to the Oklahoma Chapter of the American Planning Association:

- **Defining ADUs:** Is it attached to the main dwelling or detached? Does it have a kitchen?

- **Occupancy:** Can only family members live there? Can it be rented?

- **Use:** Is it still a "single-family" use? Can it be used for a home occupation?

- **Dimensional standards:** Is there a minimum size? Is there a maximum size or percentage of main building?

Who wants accessory dwelling units, ADUs, in Oklahoma City?

Researchers found "majority support among renters citywide but not majority support from owners" for ADUs, according to a 2021 Housing Affordability Study conducted for the city by Economic & Planning Systems Inc. Chronister said the biggest support is from people in the central part of the city.

An advisory group of housing industry representatives, private and public stakeholders, members of the community, and affordable housing advocates recommended exploring ADUs, with nearly 70% of the group in favor of using incentives for their development.

The advisory group also encouraged city planners to:

- "Examine the **market potential** for ADUs among the growing population of young professionals who may be interested in living in more urban settings."

- "Establish ADUs in **appropriate contex**t."

- " **Remove minimum square footage** for new developments — for land and dwelling units."

- "**Eliminate single-family zoning**."

What renters and homeowners think the city of OKC should do about ADUs and other housing issues

The study revealed residents' views on ADUs, housing diversity, improving housing quality, and other issues, and broke down findings by renter versus owner sentiments.

- **Acceptability of ADUs**. "There is majority support among renters citywide, but not majority support from owners."

- **Comfort with Same Style Housing in Neighborhood.** "There is more agreement from owners, but no clear statement of support either way."

- **Comfort with Gradual Changes in Housing Type Diversity.** "As with the acceptability of ADUs, there is also majority support among renters, but less support among owners."

- **City Involvement in Remedying Housing Quality Problems.** "Here there is a clear mandate from both renters and owners that the City should be involved in addressing quality problems."

- **City Ensuring Adequate Supply of Affordable and Safe Housing.** "Here also is a clear mandate of support from renters and owners."

- **Market Will Take Care of Itself.** "Nearly two-thirds of renters and just over half of owner believe that the market will not take care of itself."

Senior Business Writer Richard Mize has covered housing, construction, commercial real estate and related topics for the newspaper and Oklahoman.com since 1999. Contact him at rmize@oklahoman.com. Sign up for his weekly newsletter, Real Estate with Richard Mize.

Can ADU's help solve the housing crisis?

Mindy Ragan Wood, Norman Transcript, August 20, 2023

As the city of Norman grapples with a limited supply of housing units, some experts have pointed to zoning changes to allow detached dwellings on residential lots as an affordable answer.

Strong Towns officials, along with some City Council members and local builders, have touted accessory dwelling units (ADUs) as a shortcut to increase apartments and boost diversity in neighborhoods. The council contracted with Strong Towns in November to study the community's zoning needs as it relates to housing, transportation, business districts and other land use issues.

The Transcript reached out to policymakers and residential construction professionals for their insight into these structures and the zoning changes to allow them.

Charles Marohn, president of Strong Towns, told the council and other city officials to consider the state of California's policy, enacted by its Legislature, to make it lawful for any resident to install them.

While California handed the right to expand housing on residential lots with light-handed setback requirements on properties, other cities like Plano, Texas and Richardson, Texas are more cautious about those setbacks and issues like on-street parking and alleys.

Plano's policymakers worried more dwelling units, whether added onto the house or built in the backyard, would increase traffic and parked cars, said Richardson, Texas City Councilor Dorian Bahr.

Bahr, owner of Dorian Development, is a board member of the National Association of Remodeling Industry and builds in cities across the Midwest. He said staff at Richardson are examining Plano's policy and others in major cities to consider a zoning allowance.

"I think they calculated about 1,000 homes after they did all their research," Bahr recalled. "In a backyard, you still have the requirement of setbacks. If you're going to put in a tiny home or an ADU, you have these stipulations that are going to warrant whatever size it's going to be."

Plano's population is 288,253, more than double Norman's 128,097. According to a Plano city staff report, it estimated 10-15% of single-family lots could "accommodate a backyard cottage."

"Due to changes in neighborhood and home design trends that have occurred over time, development patterns are more supportive of cottages in east and central Plano," the report stated. It also noted that newer homes left less room on the lot for detached structures.

Bahr said, as in Norman, parking is a frequent complaint in Richardson.

"How much more traffic and how many more cars would be placed on property, because people already complain daily about all the cars parked out in front of a home off street," Bahr said. "It's hard to drive down the street without having cars on both sides."

The size of a lot is also an issue. Many homes are "close together" he said, "like 10-15 feet between each home in some of these neighborhoods, unless you have a larger property."

Larger lots and larger homes can mean "two or three families" live there, as is the case in Bahr's neighborhood. The owners poured a driveway and a two-car concrete pad on the property to allow for parking.

"The space above the garage, they're using that as a rental but it's not a separate unit," he said. "It's part of the house, but they bought the house because it was large."

In large homes, leased to multiple families, it can mean "everyone has a car," which can add several cars on the property.

"That's the biggest concern, I think, that I hear from cities and it's a concern for us," he said.

California builder and owner of Inspired ADUs, Carrie Shores Diller, said those concerns have not kept up with the results she has witnessed.

Diller said a study on the Pacific Northwest prior to California's law indicated parking was not a significant impact on neighborhoods. And crime went down.

"A lot of times it's an aging parent moving in or it's a property sharing resources," Diller said. "So, maybe there aren't necessarily adding additional cars."

In the beginning, "everyone was really afraid of the impact of these cottages," Diller recalled. "But what's been really positive is it's meant more eyes on the street … crime went down because there were more people watching."

Diller said most of the units she builds are for an aging parent or a "boomerang kid" who can't afford the housing prices in the family's city.

The state Legislature legalized the dwelling units to tackle its affordable housing crisis, which also let cities decide to "relax" zoning ordinances, Diller recalled.

"The state of California created what they call the 'State Exempt ADU' which allows everyone to have an 800-square-foot ADU, 4 feet from the rear and side setbacks 16 feet tall, regardless of lot coverage, floor area ratio, and design review cannot be required," Diller said. "Local municipalities can relax those, but they can't make them more strict, so they can reduce the setbacks to 3 feet and allow buildings to be taller."

Pushback to these allowances in other cities sometimes comes down to a resistance to change, she said.

"I think people are just nervous about the impact," Diller said. "Are there going to be privacy concerns with people looking over the yard? At least in our standard houses, a lot of garages are pushed to the back. So the language of having something the backyard was kind of already established. California has just started getting into two-story ADUs...which you have to do responsibly to respect privacy."

Norman builder, Richard McKown said it's a change that's possible if residents rethink the waste of space and environmental pollutant front yard lawns have become.

McKown, who co-owns Ideal Homes, spoke about ADUs during a town hall on affordable housing last October.

"The front yard is the most irrigated crop in America," McKown said. "It's four times the size of the corn crop and it's useless. Not only is it a useless waste of water resources, it's the biggest source of pollution."

In addition to reducing the requirements to build further back from sidewalks, McKown suggested certain areas of the city could be more easily planned for cottages, including those older neighborhoods in the front yard where there are no sidewalks.

"If you don't have a sidewalk, you now have the ability to build," he said. "Brining the house to the street, reducing the speed at which cars travel, making more of a conversational distance between the front door and the sidewalk is really the most transformational thing we could do."

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

OPINION: The Role of ADUs in Easing America's Housing Crisis

Emily Hamilton, Governing, April 3, 2023

For many Americans, an affordable home is harder than ever to come by. A fed up public is now realizing that local constraints on building housing and resulting high prices and rents have plagued the United States' most productive regions for decades. In this environment, state policymakers are increasingly searching for statewide solutions to ease the housing crunch.

Accessory dwelling units (ADUs) — small rental units that can be added to existing properties and ease housing shortages — are at the forefront of these efforts. From an affordability perspective, ADUs are an attractive reform option because these units can rent for hundreds of dollars less than apartments in the same neighborhood. In new research, Abigail Houseal and I show how both the overall policy landscape and conditions on the ground can affect the number of ADUs built.

Nationwide, median rent in the United States increased by 22 percent in the five years between 2016 and 2021 while median household incomes increased by only 15 percent. This amounts to an alarming decrease in housing affordability, leading policymakers in some states to establish guardrails on local zoning authority (primarily local governments' domain for the past century). The most popular approach has been legalizing the building of ADUs for homeowners across an entire state.

ADUs can take many forms. In Washington, D.C., they are most likely to be an apartment in a rowhouse's English basement. On the West Coast, they're often backyard cottages or converted garages.

Among the eight states that broadly allow ADUs (California, Connecticut, Maine, New Hampshire, Oregon, Utah, Vermont and Washington), the relevant laws vary widely. At one end of the spectrum, California policymakers have gone the farthest to protect homeowners' right to build ADUs. On the other, New Hampshire policymakers legalized ADUs but left open the opportunity for local zoning ordinances to put many limits on them.

California legislators first legalized ADUs in 1982, requiring localities across the state to allow homeowners to add a second unit. But in response, local governments established so many barriers to building them that few homeowners found it worthwhile. For example, some localities charged exorbitant "impact fees" for second units despite relatively few new local service costs. Others required homeowners who wanted to build ADUs to go through a discretionary review process including a public hearing, an intimidating, expensive process.

Many California localities only permitted ADUs with deed restrictions preventing a unit from being rented out separately from the main house if the property owner didn't live on site. These owner occupancy requirements have been a big limiting factor in ADU construction. They mean that a homeowner would never have the option of renting out their primary residence if they also rent out their ADU. They also make ADU financing more difficult.

Starting in 2017, a series of California state laws now prevents localities from implementing any of these important barriers to ADU construction. The results have been an impressive surge in permitting, particularly in Los Angeles and San Diego. Across the state, 60,000 ADUs have been permitted, homes for tens of thousands of people made possible by state reforms.

But having the right policies in place is only part of the picture. Two other key determinants of ADU construction

— and of its potential to lower prices in a given city or neighborhood — are how easy it is to adapt the existing housing stock to include them and the willingness of local homeowners to take the leap to build them.

We studied ADU construction under New Hampshire's much weaker ADU law. While localities there are allowed to hinder ADUs just as California cities once did, some are still experiencing four times as much ADU construction as Los Angeles did prior to California's recent liberalization.

What explains this rate of construction in New Hampshire? One factor is demographics. New Hampshire has the oldest population of all U.S. states except Vermont. Seniors are important for both the supply and demand of ADUs. Older homeowners are most likely to have the home equity or other savings to finance an ADU. Seniors are also particularly likely to be residents of an ADU on a family member's property that facilitates intergenerational living. In fact, many ADUs in New Hampshire are built when an elderly person sells their property and uses the proceeds to build the unit at their adult child's house.

Additionally, New Hampshire's large lots and large houses make it easy to add ADUs at minimal cost. In New England, many old houses have additions or basements that provide natural spaces to add ADUs relatively inexpensively.

A bill under consideration in the New Hampshire Legislature would expand the state's homeowners' options for building ADUs. It would require localities to allow larger, detached ADUs through a by-right process. Today, many New Hampshire localities permit ADUs through slower, riskier conditional use permits. The conditional-use permit process stymied California ADU construction prior to recent reforms.

Are ADUs the right approach for legalizing more housing everywhere? They have much to offer. Because many homeowners can see themselves wanting the right to add an income-generating or relative-accommodating ADU to their property at some point, they may be the least contentious way to create opportunities for more housing within existing residential neighborhoods.

We see from California that even a state where many houses are relatively small and sit on small lots, the right policy can lead to significant levels of ADU construction. In places with underused existing space, like large New England houses that might just house one or two people, conditions are ripe for adding ADUs if some of the existing policy barriers to building them can be rolled back.

Given current ADU construction rates in New Hampshire, implementing California-style ADU policy could potentially go a long way toward more being built in parts of the country where many homeowners already have extra space.

The housing shortage is the root of all of America's problems

Jacob Zinkula, Business Insider, February 3, 2023

ANALYSIS

- The US hasn't built enough homes in recent decades.
- The shortage is among the reasons homes are unaffordable for many Americans.
- It could also be contributing to other problems — like inequality, low birth rates, and climate change.

The US housing shortage isn't just fueling an affordability crisis. It could be contributing to several of the major problems the country is facing.

Imagine you're a city-dweller living paycheck-to-paycheck. You're trying to save so you can afford a down payment on a home someday, but there's not much left to stash away after paying rent.

A few years later, you buy a home that's probably a little more expensive than you can afford. You used to walk to work, but given you now live an hour away from your job in the city, you begin spending much more time in a car. You make plans to start a family over the next year, but given the cost of the home, the extra years it took to finally obtain it, and its modest size, you decide to aim for a fewer number of children than you had previously envisioned.

This is the gist of the "housing theory of everything," coined in 2021 by economists Sam Bowman and Ben Southwood and housing advocate John Myers. They wrote in the Stripe-owned online magazine Works In Progress that the substantial shortage of homes in the US is a key driver of more than just falling housing affordability in recent decades.

"Western housing shortages do not just prevent many from ever affording their own home. They also drive inequality, climate change, low productivity growth, obesity, and even falling fertility rates," they said.

While roughly two-thirds of US households are owner-occupied, the country is short between 1.5 million and 6 million homes, according to various analyses. The housing market's crash during the Great Recession led the industry to pull back on construction for many years, and materials and labor shortages during the height of the pandemic fueled another slowdown. Some have pointed to complex rules and regulations — many of them related to environmental concerns — that have made it more difficult to build homes.

With the US homeowner vacancy rate — the percent of units available for occupancy — near record lows, the lack of supply has contributed to soaring prices. As of last June, the combination of elevated prices and interest rates made the housing market "more unaffordable than at the peak of the runoff in 2005," Mark Palim, Deputy Chief Economist for Fannie Mae, told Insider.

The housing theory of everything, however, suggests that this lack of affordability is far from the only American problem the housing shortage is contributing to.

Homeowners benefit way more from a good economy and suffer less in a bad one

The authors pointed to a 2021 paper by two University Of Michigan researchers, which concluded that the primary driver of US wealth inequality is not income inequality — but housing inequality. When housing shortages drive up home prices, it's the existing homeowners — who tend to be more well off — that benefit, the authors argued, at the expense of new homebuyers.

"A fixed supply of housing means improvements in people's aggregate incomes often partially go to landowners, since people bid up the price of housing with some of their increased income," they said.

And when homeownership — a driver of wealth for many families — is out of reach for Americans, this can contribute to persisting inequality. Roughly 90% of US households in the top 20% income bracket own their own homes, according to a 2021 Cleveland Fed report, compared to less than half of households in the bottom 20%.

Even for households that are content as renters, a shortage of homes pushes more people to rent, which ultimately drives up rental rates.

Fewer homes in cities increases car use and worsens climate change

Americans are the kings of the road. As of 2015, the US had 823 cars per 1,000 people, more than any other country in the world. In 2019, the average American traveled roughly two times the number of miles in vehicles than countries like France, Germany, or the UK.

Most of these vehicles are not yet electric, which means US drivers are responsible for a boatload of carbon emissions that are fueling the broader climate crisis.

While Americans surely love their vehicles, many are also dependent on them as a means of transportation. A shortage of housing in more densely populated areas like cities, the authors argued — where cars as less necessary — have pushed people out to areas where they need a vehicle to get to work and the grocery store.

The authors compared the US to Japan, where they said lighter regulations have allowed the country's cities "to grow far more densely" than those in the States. On the whole, Japan is roughly 12 times more densely populated than the US. This is among the reasons, they argued, that people in Japanese cities drive significantly less than Americans and have had lower per capita carbon emissions.

"Most American cities are far too spread out to get around by walking, cycling or even public transport, which needs dense pockets of population to be efficient," they said.

When increased driving leads to less physical activity among a substantial portion of the population, obesity could become a more likely outcome as well. The authors noted that in Manhattan, the heart of the US's most densely populated city where less than a quarter of households own a car, the obesity rate is less than half that of the national average.

America's obesity rate has shot up in recent decades, and it's had significant health consequences. Experts haven't come to a consensus on why this has happened, but a failure to build housing — particularly in cities — could be part of the answer.

Families may put off having kids if they don't have the space

In 2021, the US fertility rate remained near the record-low 2020 figure since the data became available in the 1930's. Similar to the obesity spike, experts have pointed to several explanations for the decline in past decades, including increased accessibility to contraception, the growth of women in the workforce, and the high cost of raising children.

But housing could be another piece of the puzzle. When a larger living space isn't affordable, it may dissuade people from starting or expanding their families. The authors cited a 2016 UK study that found a 10% rise in house prices was associated with a 1.3% fall in overall births. A 2018 Zillow study came to a similar conclusion when analyzing US data.

And even if families manage to land a larger home, the high cost it took to acquire it may lead some to ultimately have fewer children than they had initially planned.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

*What Would Mass Upzoning *Actually* Do to Property Values?*

Daniel Herriges, Strong Towns, January 19, 2022

If we are to have a nation of strong towns, one key policy we have advocated here is that every neighborhood in every city should allow the next increment of development as of right. Without nitpicking here over exactly what that "increment" is, the principle is that developed places should always be able to intensify over time. Otherwise, you're dictating by law a condition in which neighborhoods, once built, are frozen in amber forever—a deeply unnatural and ultimately societally untenable arrangement, as Addison Del Mastro argues in "Is Zoning a Contract?"

As a growing number of cities and states seek to reform their longstanding residential zoning policies in response to the housing affordability crisis, "upzone everything a little" is rapidly becoming the approach with the most political momentum. (Examples include Minneapolis, Charlotte, and the states of Oregon and California.) Instead of picking specific areas to concentrate new high-density housing, like around a transit station or a redeveloped warehouse district, this latest wave of zoning reforms allows the next increment—typically some version of duplexes through fourplexes—on nearly every residential lot in a whole city or state.

To this, a commonly heard objection has arisen, mostly from the defenders of single-family, homeowner-dominated neighborhoods: "Won't allowing more development everywhere set off speculative feeding frenzies? Isn't this tantamount to unleashing rapacious developers upon every neighborhood to transform it?"

The short answer is that no, it isn't. Those who warn of this outcome are committing a classic Fallacy of Composition.

The Fallacy of Composition is a logical fallacy in which you assume that something that applies to the individual parts of a whole must also apply to the whole. For example, consider a concertgoer who stands up in his seat in order to see over the head of the person in front of him. "If I stand up, I can see better" may be true, but if everyone in the audience stands up, the effect is neutralized and nobody actually has a better view than before.

What's true: Upzoning a property, all else equal, increases its market value substantially.

What's not true: Upzoning every property will substantially increase the market value of every property.

To understand why the composition doesn't work, you need to understand how zoning affects land value.

How Zoning* Affects Land Value

(*Just to get this out of the way, I'm using "zoning" here as a catch-all for local land-use regulation. This includes not just the regulation of use or density, but also provisions such as setbacks, height restrictions, parking requirements, and so forth—anything that affects what can be built on a piece of land.)

The amount a developer is willing to pay for a piece of property—including an existing home—is determined by their perception of its development potential. They're looking to pay an amount for land that leaves it profitable to build a building on it, after all the costs (including construction labor, materials, professional services, loan interest, and fees) are accounted for. The larger the eventual building and the higher the rent or sale price it will command, the more the developer can afford to pay for the land up front.

But—and here's the crucial thing—the zoning itself doesn't create development potential. It can only restrict it. What creates that potential is genuine demand for the product: the finished building.

Let's use an absurd example to make this point clear: if Effingham, Illinois, (population 12,511) upzones a block of downtown for a 30-story tower, nobody is going to show up in Effingham to build a 30-story tower. And the land isn't going to sell for a price that assumes a 30-story tower will be built. Nobody would rationally make that deal.

The effect of zoning is like that of a limiting nutrient in biology. If the plants in my garden have a nitrogen deficiency, and I add a nitrogen-based fertilizer, I can see a dramatic increase in their growth. If they are already getting all the nitrogen they need, however, and the thing holding them back is sunlight, or water, or phosphorus, then no amount of nitrogen that I add to the soil is going to have any effect at all.

Suppose you could wave a magic wand and upzone the entire city of Los Angeles—a place where 30-story towers are viable and do exist—to allow 30-story towers tomorrow. Some new towers would definitely pop up. But the primary thing you'd accomplish would be to make zoning largely irrelevant to the question of what gets built where in Los Angeles. Local government permission would cease to be the limiting nutrient for growth.

Why Targeted Upzonings Activate the Fire Hose

Zoning does act as a limiting ingredient in places where more intense development would be economically viable right now: where there would be many ready buyers if it simply weren't illegal. Limiting residential development to single-family homes on spacious lots in a prosperous city with good jobs and schools, for example, tends to drive up the cost of housing, because it restricts the supply of homes in that place. But it also tends to keep the cost of the single-family-zoned land itself down relative to what it would be if that land could be used more intensively.

More importantly, though, doing this across a large enough area creates a lot of pent up demand. Think of the number of people who would like to live somewhere on the Westside of Los Angeles, given the right price point. The giant crescent extending west from downtown L.A. along the foot of the Santa Monica Mountains and then south along the Pacific Ocean is one of the most unaffordable real estate markets in the U.S., in part because it is dominated by single-family detached homes (in most areas) and was aggressively downzoned in the 1970s and 1980s to prohibit anything else. Many of the people who would prefer to live in this vast area currently live elsewhere in L.A.—maybe the San Fernando Valley to the north, or South L.A., or suburbs to the south and east.

That's a lot of suppressed demand for new housing. Now imagine you upzone one little pocket of the single-family residential part of the Westside, and you do so dramatically, allowing six-story apartment buildings to be built. What would happen?

Ever taken a pot boiling aggressively with the lid on, and cracked the lid just a little bit in one corner and watched the WHOOSH of steam rushing to the opening? That.

This one neighborhood or corridor would now be absorbing all the development pressure from a much larger region around it that has not been upzoned. You would see a construction frenzy, and a speculative feeding frenzy on land. And you'd likely see property owners not only selling to apartment developers, but others holding out for a similar deal, driving prices up into the stratosphere.

This is a story well chronicled in many cities. The one hot neighborhood with a conspicuous flock of construction cranes, fueling the widespread perception of a development boom even though most residents live in neighborhoods untouched by it.

Most of the research on the economic effects of upzoning has looked at scenarios in which specific neighborhoods were micro-targeted for it. For example, a 2020 study by Yonah Freemark found that upzoning of select, transit-served areas in Chicago caused property values to increase. This study is often cited by opponents of upzoning to argue that it will not aid the cause of housing affordability, but it's not at all clear that it is applicable to the blanket upzoning of a whole city, because of that pesky Fallacy of Composition. Freemark has responded to the misuse of his study to this effect, pointing out that the Chicago rezoning he studied involved "a relatively small portion of land (just about 6 percent of the city's total parcel area), [thus] it encouraged intense interest just in the areas that were affected."

Broad But Shallow Upzonings Are Different

Think of our boiling pot analogy. This time, instead of cracking a corner of the lid, lift it straight off the pot vertically. You don't get the same rush of steam, because the effect is distributed and thus muted. This is, essentially, the hope of advocates of broad but incremental upzoning applied to an entire city or state at once.

With tens of thousands of new potential development sites to accommodate pent-up housing demand, it's a mathematical certainty that only a fraction of them will be developed. There's not enough population growth to support more than that. (Most U.S. metro areas are growing by 1% to 2% per year or less.) And there are also limits to development capacity: there are only so many construction materials and skilled tradespeople, and in fact a crippling shortage of the latter.

The development that does occur will not be spread like an even blanket across the entire city or region, of course: it will tend to concentrate in areas where demand is strongest and potential profits are highest. But it is unlikely to be anywhere near as concentrated as under the targeted-upzoning scenario, where local government policy forces development into one or two neighborhoods only. If I had to guess at where we'll see the most triplex and fourplex activity in the states and cities that have allowed it, I would say, "Look at the neighborhoods that already have a lot of single-family teardowns and renovations." What would have been a new McMansion might instead be four townhome units. The construction methods and economics are similar, but the result is a greater amount of somewhat less expensive housing.

In fact, the first project application under California's SB-9—a state law allowing four units on most residential lots, which took effect on January 1, 2022—was filed on January 3 in the extremely wealthy and exclusive Silicon Valley suburb of Palo Alto, a place where modest 20th-century bungalows are bought for exorbitant sums in order to demolish them and build back bigger. An architect intends to build four units on what was a single-family lot: No doubt they will not be cheap, but no doubt they will be cheaper than Palo Alto's median home price of $3.5 million.

Outside of those places, the market value of every residential lot isn't going to reflect a fourplex—only in places where buyers are willing to pay the amount that requires building a fourplex to recoup their investment. And they're only willing to pay that amount where they have some reasonable expectation of being able to build one and rent it.

Upzoning an entire city is not going to double or triple the total amount of development that happens in that city. (Though it ought to increase it, by bringing more and, more importantly, different developers into the game.) It is going to redistribute where that development happens, on balance away from the suburban fringe and a small handful of hot neighborhoods where things are happening at a very large scale, and toward, well, everywhere else.

Addressing Challenges to Affordable Housing in Land Use Law: Recognizing Affordable Housing as a Right

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The rise of zoning at the dawn of the twentieth century ushered in an era of city planning that promised to improve the "safety and security of home life" in the wake of the Industrial Revolution. However, the zoning movement also buoyed efforts to separate neighborhoods by race, income, and social class. In Village of Euclid v. Ambler Realty Co., the U.S. Supreme Court justified zoning's burden on property rights in part by pointing to the necessity of sequestering the new apartment — "a mere parasite" — for fear that higher-density housing would infect American social values and instigate "race suicide."

Nearly a century after Euclid was decided, the desire to limit higher-density residential construction continues to drive modern land use law. Homeowners, who financially benefit from higher land prices, leverage outsized political influence at the local level to lobby for zoning laws protective of property values, which in turn fuel a housing shortage, dramatically inflating housing costs in urban and rural areas alike. Housing payments amount to thirty percent or more of household income for half of the nation's renters and a quarter of homeowners, a level considered excessively burdensome by the U.S. Department of Housing and Urban Development (HUD). Where housing is affordable, it is often located in undesirable and difficult-to-access parts of town, away from grocery stores, public transit, parks, and higher-quality schools. This geographic separation of homeowners, who tend to be white and wealthier than nonhomeowners, has allowed school segregation to resurge to levels unseen since the Fair Housing Act (FHA) was passed in 1968.

This Note argues that recognizing affordable housing as a right through state constitutional amendments is an effective and necessary intervention to address the role of legal barriers in exacerbating the growing affordable housing crisis. A rights-based approach empowers traditionally marginalized groups to overcome shortcomings in existing reforms by comprehensively curtailing the authority of local governments to enact exclusionary zoning measures. Part I overviews the role that flaws internal to land use law have played in contributing to the massive shortage of affordable housing in the United States. Part II surveys past attempts at reform, from the Mount Laurel cases to modern efforts to set aside land for affordable housing. Part III argues for the necessity of recognizing affordable housing as a right and describes the contours that such a right might take, and Part IV briefly concludes.

I. Existing Barriers to the Construction of Affordable Housing within Land Use Law

While the causes of the national shortage of affordable housing are manifold, this Note focuses on the role that land use law, particularly zoning, plays in constraining the supply of affordable housing. Restrictive zoning rules, like single-family zoning, reduce the supply of land available for new housing, which in turn inflates the cost of new housing projects. And where zoning laws do permit the construction of higher-density housing, density-reducing regulations — such as height restrictions, minimum lot size requirements, prohibitions on accessory dwelling units (ADUs), or setback requirements — impair affordability by forcing each unit to bear a greater share of the cost of land. Removing these legal barriers is not likely to be sufficient to fully relieve the nation's severe housing shortage, and other policy solutions such as rent subsidies are likely to be more effective in addressing the role that factors like income inequality play in magnifying the impact of the shortage. However, legal reform remains critical to removing blockages to constructing additional affordable housing.

This Part outlines two ways in which land use law internally contributes to affordable housing shortages. First, localism and failures of the democratic process in individual zoning decisions reinforce hostility to affordable housing. Second, judicially created doctrines impose considerable barriers preventing politically disempowered constituencies from challenging land use decisions that impede the development of affordable housing.

A. Challenges in the Local Legislative Process

Most states statutorily delegate to local governments the authority to regulate and plan land use development. These statutes are generally based on the framework developed under the 1926 Standard Zoning Enabling Act: local governments develop comprehensive land use plans through planning commissions and hear appeals of these decisions, which can be further appealed to courts of law. This basic model of localism is still dominant today. But as James Madison warned, this type of hyperlocal, participatory self-governance risks enabling the creation of tyrannical majorities in small groups. Anti–affordable housing measures are not, however, the exclusive domain of local governments — states also impose legal barriers to expanding the supply of affordable housing.

On its surface, the process of passing zoning ordinances is legislative. It often involves public hearings conducted at least in part by elected officials or political appointees who serve at the will of the mayor. But zoning, even at the planning stage, often deals with small-scale classifications and reclassifications that are as much decisions about individual rights as they are about future community land use. This has led many observers and some courts to characterize zoning as an exercise of judicial power, and others to suggest that planning commissions defy categorization at all within the tripartite separation of powers.

Members of local land use authorities possess a political expertise that enables them to channel community desires, but that expertise also undermines their impartiality. As politicians, zoning board members may import their own beliefs as to the appropriate nature of land use as well as the desires of the politically influential. This risk is heightened by the fact that local politicians are generally not the type of technocratic, subject-matter experts that might be expected to neutrally execute legislatively delegated duties. Thus, local planning boards are often subject to capture by homeowners who oppose the construction of affordable housing out of concern that a new development might change the character of their community by triggering an influx of lower-income and minority residents, creating congestion and safety risks, and depressing property prices.

One significant way this cohort seeks to exercise its influence over local decisionmakers is by exerting political pressure at public hearings, where participants are disproportionately likely to be homeowners. Consequently, public hearings generally oversample from the portion of the community that benefits most from measures that preserve property values at the expense of increasing the supply of affordable housing.

B. Challenges in the Judicial Process

Although zoning decisions denying special permits or variances from zoning rules are generally subject to judicial review, several restrictions limit courts' ability to act as a check on the imbalances of the local land use planning processes.

1. Stringent Standing Requirements. — In order to challenge zoning decisions in general courts of law, states require plaintiffs to prove that they have standing, which is generally accomplished by alleging an injury distinct from that incurred by the community at large. Those owning land proximate to the parcel in question usually have standing, although some states recognize claims by non-neighbors. Courts often impose further limits on third-party standing by adopting an approach similar to that set out by the U.S. Supreme Court in Warth v. Seldin. Warth barred third parties from bringing land use claims unless they suffered an injury themselves, such as being denied access to existing housing, or, if the third party is an association, an injury shared by its members that involves concrete harm. This limits the ability of better-resourced parties like developers, industry lobbies, or nonprofits to bring suit on behalf of lower-income groups who may not own land in the area. As a result, those with standing are often the same as those who are well situated to influence the local legislative processes — neighbors who own property and are concerned about property values, rather than those who would benefit from a new affordable housing development.

2. Standard of Review for Zoning Decisions. — When plaintiffs do have standing, courts generally review due process claims against zoning decisions under a deferential rational basis standard. In some jurisdictions, a court might find that community opposition against affordable housing voiced at public hearings is sufficient to determine that a zoning board was rational in determining that a proposed use would not benefit the community. Given that statements of those attending public hearings are unlikely to be representative of the broader community, judicial deference to zoning decisions relying on these statements can reinforce the unrepresentative nature of zoning decisions regarding the construction of affordable housing.

II. Overview of Prior Reforms

Legal barriers to constructing affordable housing have proved remarkably resilient, despite a rich history of reform. Concerns about the exclusionary effects of zoning ordinances propelled by excessive localism have driven zoning reform for decades, particularly during the 1970s. For example, at the federal level, a desire to insulate national needs from the decisions of local zoning boards pushed Congress to restrain local governments from exercising their zoning powers to restrict where cell towers can be sited. At the state level, legislatures and supreme courts have sought to check excess competition among localities for the wealthiest residents and the highest tax base by retaking police power and reducing the authority of local governments to enact zoning measures to exclude lower-income and minority populations. While these reforms have played an important role in helping address the affordable housing crisis, they offer incomplete solutions that leave many legal barriers to expanding access to affordable housing intact.

A. Prior Reforms

One of the most influential legislative interventions has been Massachusetts's Chapter 40B program. Chapter 40B was developed in 1969 and grants developers a right to appeal some local decisions restricting the construction of affordable housing when less than ten percent of housing stock is devoted to affordable housing. Local governments can also achieve immunity from suit if construction has begun on a sufficient quantity of affordable housing that year. This system establishes a presumption in favor of constructing affordable housing until ten percent of a town's housing stock consists of affordable housing and affords developers a right to appeal adverse municipal decisions to a special Housing Appeals Committee (HAC). Massachusetts places the burden of proving whether the denial of affordable housing was proper on the developer, while other states developing similar set-aside programs place the burden on the government. After the ten percent threshold is reached, however, Massachusetts law relaxes the presumption in favor of constructing affordable housing, and towns have more freedom to restrict construction of affordable housing with protection from legal challenges.

Courts have also exercised a great deal of creativity to address the affordable housing crisis. At the state level, the most notable such reform is arguably the New Jersey Supreme Court's Mount Laurel doctrine, which created a "builder's remedy" that allows developers to sue to challenge exclusionary zoning laws. At the federal level, the Supreme Court has interpreted the FHA to authorize citizen suits seeking relief from discriminatory housing practices. While the FHA is not strictly directed toward addressing the cost of housing, a reduction in housing discrimination may increase access to affordable housing.

In recent years, one popular target of reform has been single-family zoning, which prevents new residential construction from housing more than one family. From the days of Euclid, governments have generally privileged single-family zoning in all residential districts. However, zoning that limits construction to single-family houses has primarily benefited wealthier residents. Since single-family zoning places the full cost of land on each household, it is often unaffordable for lower- or middle-income households. Currently, single-family, detached homes are the only permissible use for roughly three-quarters of residential land in many cities. Since most zoning schemes grandfather in non-conforming uses previously in place, single-family zoning primarily operates to limit new residential construction. Consequently, states like Oregon and California and municipalities like Minneapolis and Charlotte have taken steps to reduce or eliminate single-family zoning and reduce barriers to growing the housing supply.

B. Limits of Prior Reforms

Although these reforms have made important progress, land use law's anti–affordable housing tendency continues to pose a significant barrier to the construction of affordable and higher-density housing. For example, while Massachusetts's influential Chapter 40B program has been instrumental in increasing the construction of housing during its nearly fifty-year history, its impact has been fairly limited — only sixty-five of the state's 351 municipalities comply with the ten percent set-aside requirement. Even municipalities meeting the ten percent requirement face significant shortages of affordable housing. In every Massachusetts municipality, extremely low-income residents are rent-burdened and without affordable housing.

Like many states, Massachusetts relies on developers to mitigate the problem of access to affordable housing and does not grant individuals a right to challenge anti–affordable housing zoning actions. Massachusetts hears developer claims in specialized administrative fora that are appealable to general courts of law. However, the delays associated with litigating through two different fora raise the risk that a developer may choose to forgo the development altogether, which may fuel, rather than mitigate, the housing shortage.

Targeted interventions, like bans on single-family zoning, make important progress toward reducing legal barriers to the construction of affordable housing. But they are at most capable of addressing a portion of the problem and cannot address the effects of equally effective exclusionary alternatives, such as burdensome requirements of minimum lot size or height restrictions. Furthermore, minority neighborhoods, where real estate demand may be less than in white neighborhoods absent forces like gentrification, may not benefit from the elimination of single-family zoning. Thus, eliminating single-family zoning may only ease the housing bottleneck for white neighborhoods without addressing the needs of minority neighborhoods. Piecemeal interventions also risk deflating the affordable housing movement by purporting to make significant change through reforms that are in fact limited in scope. Cities like Seattle and Berkeley, for example, have recently garnered attention for taking aim against single-family zoning, but the initiatives themselves have been largely symbolic.

III. The Contours of Affordable Housing as a Right

Recognizing affordable housing as a right protects those whose access to affordable housing is impaired by state or local laws. By placing affordable housing on the same playing field as other traditionally favored forms of residential uses, like single-family housing, states can codify a norm of allowing the construction of affordable housing and empower those who have been traditionally boxed out of the land use planning process.

This Note focuses on examining a right to affordable housing as a negative right, which would guard against regulations placing an unjustified burden on the new development of affordable housing. The proposed right would protect landowners' ability to construct affordable housing, so long as it is designed to be accessible for low- or middle-income individuals, and would prevent municipalities from using their regulatory powers to reduce access to affordable housing. While the right would not create an additional duty for state or local governments to provide housing, governments would have a duty to refrain from imposing unjustified barriers to the development of housing by enacting anti–affordable housing measures or enforcing existing ones.

A. Advantages of the Right

A rights-based approach offers greater flexibility in addressing legal barriers to expanding affordable housing compared to existing reform approaches. While set-aside programs provide developers a cause of action to challenge exclusionary zoning policies, this cause of action expires once an area's housing supply has met a predetermined threshold, which falls below the area's need for affordable housing. Similarly, bans on specific policies that limit construction address only one possible tool used to limit the expansion of affordable housing. In contrast, a rights-based framework protects against anti–affordable housing policies at the state or local level as long as legal barriers to expanding affordable housing persist, without regard to the form of the policy, and accommodates a region's changing needs in the amount of affordable housing supply.

In addition to establishing substantive legal protections for building affordable housing, recognizing affordable housing as a right offers a clear method of recourse to those whose ability to construct or access affordable housing has been injured. In most states, the absence of a clear cause of action, limited third-party standing, and deferential standards of review combine to deprive those harmed by anti–affordable housing decisions of judicial protection. By recognizing the injuries suffered from exclusionary policies, a right can encourage meaningful judicial oversight of the individual zoning decisions that can aggregate to have a vast influence on the state's housing supply.

Preserving local authority to regulate land use, subject to judicial oversight, enables those who are most familiar with a community's needs to shape growth according to community input in ways that are not improperly exclusionary or otherwise forbidden by law. This approach encourages a more democratic form of local governance that considers the housing needs of less wealthy and less politically influential residents. Retaining local control may also help reduce political backlash against the reduction of local power to regulate land use. Preventing this local authority from being abused will require enforcing the right in individual land use decisions, such as denials of special permits to build affordable housing, which makes the task naturally suited for courts, rather than state legislatures.

Relying on litigation to enforce the right, however, raises the concern that the costs and delays associated with litigation may render enforcement of the right inaccessible to some. To minimize this risk, legislatures may adopt specific policies targeted at minimizing delays, such as requiring those opposing the approval of an affordable housing project to post bonds that cover the cost of delay. Furthermore, if courts demonstrate a willingness to enforce the right and afford individuals asserting it procedural protections, the prospect of unfavorable court decisions may be enough to encourage a municipality to zone to promote affordable housing at the outset or to settle before trial.

Despite the seemingly dramatic nature of this proposal, wholesale elimination of governmental authority to promulgate anti–affordable housing measures may enjoy political advantages compared to other reforms. A piecemeal approach to reducing individual zoning barriers to the construction of affordable housing provides opponents multiple opportunities to stymie progress. The uptick of statutory protections of affordable housing development and growing bipartisan support for zoning reform to minimize barriers to affordable housing indicates increasing political appetite for bigger zoning reforms. A rights-based approach may face less political opposition than other reform efforts because, by recognizing the right in individuals, it addresses the critique that zoning-focused approaches to promoting construction of affordable housing grant windfalls to developers without sufficiently addressing the need for affordable housing.

B. Beneficiaries of the Right

By providing for a rights-based protection against undue governmental interference in securing access to affordable housing, legislatures can both reduce barriers to constructing affordable housing and recognize the interests of prospective residents in new housing developments.

1. Developers. — To enable the proposed right to have full impact, states should extend the right to developers as well as to those who would live in the development, as both groups have significant interests in the creation of additional affordable housing. Recognizing developers' right enables them to bring suits in states where they do not currently have standing. Developers are generally better resourced than individuals, and their financial interest in securing authorization to build is likely to present a strong incentive to marshal the resources necessary to protect the right from infringement. In some circumstances, developers may find that a proposed development is still profitable even if they must pay the costs of challenging a local government's action. This is especially likely to be true if the developer is able to challenge a zoning scheme wholesale, rather than challenging decisions denying permission to build particular developments, as success in the former scenario may open an opportunity for multiple developments.

2. Individuals Harmed by Anti–Affordable Housing Actions. — To maximize enforcement of the right, states should also recognize an individual right to challenge local zoning decisions that restrict the development of affordable housing. Unlike developers, whose interests in building affordable housing in a community may fluctuate based on the finances of doing so, those in need of affordable housing have a deep and persisting interest in vindicating the right. Additionally, community organizations have historically been a powerful force in advocating for and enforcing housing protections at the local level and are likely to continue playing a major role in future efforts to expand the supply of affordable housing. Placing the power of enforcing the right in the hands of those in need of housing, instead of developers solely, also helps address concerns that zoning-based affordable housing reforms bestow windfalls upon developers who capitalize on a region's growth and contribute to developments that further gentrify lower-income neighborhoods. Giving community members a voice in shaping the future of affordable housing helps ensure that growth will be informed by a community's assessments of its needs rather than being dictated by developers' financial interests.

Once individuals' substantive right to access affordable housing is recognized, courts can also develop more robust procedural due process rights to protect against infringements on the substantive right. In developing these procedural rights, courts may draw on existing models of due process rights designed to protect nonproperty rights like free speech, which deem the substantive right to be a procedurally protected interest. If individuals and developers are granted procedural rights that afford them the chance to have hearings on whether a specific governmental action violates the right, these hearings are likely to provide focal points around which community activism can coalesce and counteract existing participation imbalances in local government.

Recognizing an individual right to access affordable housing has an important expressive function in addition to practical import. A state constitutional amendment enshrining that right expresses a collective understanding that the state has equal regard and concern for the basic needs of lower- and middle-income residents as it does for wealthier residents. It would mark an important step to fulfilling the state's moral obligation to its residents to protect them equally from governmental incursions on their basic right to housing. Recognition of the right, and holding the state accountable to uphold the right, establishes a strong norm that lower- and middle-income residents should not be ostracized. This norm can help bolster community ideals of acceptance, in contrast to the many existing exclusionary policies that legitimize and fuel private divisional attitudes. While policies protecting residents from barriers to affordable housing may indicate a collective value for providing affordable housing, constitutional rights play a central role in shaping the social and political values of a community through the expressive impact of their text and interpretations through judicial opinion. Thus, a rights-based approach makes a stronger expressive statement against policies that harm the dignity and wellbeing of those seeking affordable housing.

C. Adjudicating Violations of the Right

To evaluate whether localities have been successful in protecting the right to affordable housing, states should adopt a two-step burden-shifting framework. At step one, plaintiffs must make a showing that a specific land use decision or zoning scheme is designed to or has the effect of causing a shortage in the supply of affordable housing by imposing undue burdens on new residential construction. If plaintiffs can make that prima facie showing, step two allows the government to prove that the decision is necessary to achieve a legitimate government interest and could not be achieved through an alternative, less burdensome approach. If the government is unable to meet this burden, courts would then strike down the land use policy as an unjustifiable infringement on the right to affordable housing. This framework balances the right to affordable housing with the government's other legitimate interests, while ensuring that litigation remains an accessible option for harmed parties to enforce the right.

1. Step One. — To establish a prima facie case, plaintiffs must first identify a government action that restricts the right to access affordable housing. States should allow plaintiffs to challenge both specific incursions against the right, such as a denial of a construction permit for a low- or moderate-income development in an area with insufficient housing, as well as other zoning decisions that operate to preclude the development of affordable housing. For example, exclusionary zoning maps that allocate insufficient land to higher-density housing, like multifamily dwellings, or drive up the price of housing by establishing high acreage requirements for homes would be subject to challenge. Requiring plaintiffs to allege sufficient facts to establish a prima facie case also reduces the risk that expanding the right to aggrieved individuals in addition to developers would overwhelm courts and local land use planning processes, as courts can dismiss suits that do not prove a prima facie case.

In order to effectively evaluate whether a particular government action infringes on the right to access affordable housing, states should clearly define what constitutes affordable housing. While state-specific definitions do vary, housing often qualifies as affordable if it costs no more than thirty percent of the state's average household income. Some states also designate housing as affordable if it is eligible for state or federal grants, or if it is offered to lower-income residents at below market value, even if the price is above thirty percent of the average household income. States may also consider higher-density housing to be affordable housing, regardless of the costs of individual units, under the theory that efforts to ease the overall housing shortage will drive down housing prices.

Because the affordable housing crisis impacts both residents of a municipality by making housing less affordable and residents outside of the municipality by excluding them from living within its boundaries, the availability of affordable housing should be assessed on a regional level. For example, an individual alleging that a zoning map operated to impair her ability to access affordable housing by causing a shortage of affordable housing would need to demonstrate a prima facie case that the amount of land allocated for affordable housing was insufficient to accommodate the housing needs of the region. Measurement at a statewide level may be too imprecise because housing needs for rural and urban areas are likely to be substantially different, and communities may not fluidly move from urban areas, where housing needs are highest, to rural communities.

2. Step Two. — In order to uphold the challenged government decision, the government must prove that its policy is necessary to achieve a legitimate government interest and could not be achieved through an alternative approach that is less burdensome to the right. Allocating the burden of proof to the government helps ensure that litigation remains an accessible option for harmed parties to enforce the right. This approach also avoids forcing plaintiffs to create alternative, less burdensome policies to defend against when the government is more knowledgeable about the policy options available to it.

Regulations that aim to exclude lower- to middle-income residents or prevent new development in an area would not be based on legitimate government interests. Other regulations that are designed to promote critical policies, such as public health, building safety, and environmental protections, safeguard the quality of housing and community resources and should be preserved. It is imperative to avoid past affordable housing programs' tendency to increase supply while deepening segregation and disparities in access to public resources like transportation and quality education. For example, zoning ordinances that require minimum buffers from waterways may restrict construction but protect residents by ensuring that there is sufficient undeveloped land to hold back floodwaters or absorb runoff that could pollute a water supply. Therefore, they play a critical role in protecting the public welfare and should be preserved. Zoning plans separating toxic industrial uses from residential uses similarly safeguard residents' wellbeing.

By demanding that decisions restricting construction of affordable housing be justified by legitimate governmental interests, states can preclude planning authorities from relying on impermissible factors, like discriminatory animus, while continuing to protect legitimate policy goals. To help local governments and courts understand how to balance the varied and sometimes-competing interests that characterize land use planning, legislatures should provide clear guidelines illustrating what types of concerns may be considered in evaluating how to best increase the supply of affordable housing. In designing these guidelines, legislatures may build upon the successful efforts of the more than thirty states that have developed similar tailoring requirements to overcome local opposition to manufactured housing.

Once the legitimacy of the asserted government interest is established, the government must next prove that there were no other, less burdensome means of achieving it. The mere existence of a competing, legitimate policy interest cannot be an excuse to obstruct the growth of affordable housing. Rather, governments must genuinely try to accommodate the need to promote the expansion of affordable housing.

While some zoning rules may be justified by reference to legitimate government interests, closer examination reveals that they are untethered to these interests and are instead based on covert or overt desires to restrict growth. This is often the case for laws requiring new construction to conform to an existing community character. While these limits may be justified as attempts to promote historical or environmental preservation, they are frequently the product of covert or overt desires to keep the community free of the types of residents that might populate affordable housing. Allowing governments to vindicate such animus violates the state's moral duty to give its citizens equal regard, as it deprives a large group of residents of their right to housing based merely on another group's dislike. Consequently, courts in states recognizing affordable housing as a right could not allow local governments to justify zoning rules obstructing the construction of affordable housing on such grounds. To ensure that a legitimate government interest is not used to justify means that are not in fact necessary to further that interest, courts will likely need to review a government's justification for more than facial rationality.

In addition to ensuring that the asserted government interest is legitimate and that the challenged action is in fact necessary to achieve this interest, the government must prove that there is no feasible alternative that is less burdensome to the right to access affordable housing. One common reason given for zoning regulations that restrict the construction of new housing and cap growth is a concern that local governments will not be able to scale up public services, like sanitation, sewers, and public education, if new housing attracts new residents. Providing sufficient municipal services is a legitimate government interest, and careful attention to adequate expansion of municipal services is especially important to avoid perpetuating historical discrimination in the provision of municipal services to minority communities. However, using static limits on housing to cap growth and limit municipal costs is an excessively burdensome approach to protecting this interest. Increased costs will necessarily accompany growth. Allowing fiscal concerns to stymie the construction of affordable housing would perpetuate the regional competition for higher tax bases and encourage municipalities to respond to public pressure to keep property taxes low in wealthier regions, thereby enabling municipalities to shirk their share of the fiscal burden of providing for the region's lower- and middle-income residents. Instead, alternative means of addressing fiscal concerns should be considered, such as raising property taxes.

D. Recognizing and Implementing Affordable Housing as a Right

States recognizing a right to affordable housing should ideally codify the right through a state constitutional amendment in order to maximize its impact. Adopting the right through a state constitutional amendment, rather than by statute, maximizes the expressive power of the right, given constitutions' unique cultural role in influencing the values and ideals of political society in the United States. The right is also less likely to be subsequently revoked if it is codified constitutionally, as state constitutions are generally more resistant to change than state statutes or supreme court opinions that read implied rights into state constitutions.

Once the right is recognized, states will face the task of defining the precise contours of the right in a manner that gives full force to the right and grants sufficient leeway to planning authorities to pursue other legitimate policy goals. The complex policy decisions underlying land use planning and the continually evolving nature of the affordable housing crisis suggest that legislatures may be best suited to provide guidance on how to accommodate competing policy interests against the need to allow greater construction of affordable housing. For example, states are often major landowners, and the legislature may wish to impose rules as to whether, and how, affordable housing can be constructed on state property. Policies that seek to promote development are also often accompanied by fact-intensive environmental concerns, including managing drainage from buildings with bigger footprints and reducing pollution, that a legislature will need to balance against the need to construct more housing in order to provide clear guidelines to planning authorities.

Like any other policy intervention, the success of the right in addressing legal barriers to affordable housing will depend upon implementation. Courts must be willing to fulfill their duty of scrutinizing local governments' justifications for land use decisions that burden the right, a duty that may be made easier by legislative action defining the contours of the right. While the act of recognizing a right to affordable housing will not itself be sufficient, it can bolster broader housing reform efforts by helping address the legal power imbalance between politically influential homeowners and traditionally excluded groups.

Conclusion

Recognizing affordable housing as a right is an effective solution to remove legal barriers to the construction of affordable housing and would help additional interventions, such as rent subsidies or construction grants, to grow the supply of affordable housing without obstruction from land use authorities. The expressive value of recognizing prospective residents' right to affordable housing is also likely to provide significant rhetorical and social support to other forms of political and economic housing advocacy. Thus, recognizing affordable housing as a right offers a path forward for comprehensive reform to increase the supply of affordable housing and empower those communities that have suffered most from exclusionary zoning practices.

Time To Abolish Zoning? New Book Makes The Case

Adam A. Millsap, Forbes, July 29, 2022

In many U.S. cities housing is too expensive. Housing prices in coastal cities such as New York and San Francisco are notoriously outrageous, but even in inland cities such as Nashville and Denver prices are rising rapidly. Research shows that zoning is a big contributor to America's high housing costs, and in a new book, Arbitrary Lines: How Zoning Broke the American City and How to Fix It, former New York City planner M. Nolan Gray persuasively argues that cities should abolish zoning root and branch.

Before discussing the problems with zoning, Gray (full disclosure: Gray is a friend and sometimes coauthor) tells the reader what zoning is and what it is not. Zoning separates land uses into three broad categories—residential, commercial, and industrial—as well as numerous subcategories, and regulates density. Zoning is not building codes, historic preservation, subdivision ordinances, design review, environmental regulation, or comprehensive planning. These are all tools local governments use to shape the built environment, but they are not zoning.

Clearly defining zoning up front is important since the idea of abolishing zoning may seem radical if people think it is the only way local officials can mitigate the nuisances of city life. But as Gray explains, even though zoning has a big impact on a city's form, it does little to make it more livable.

The book is divided into three parts. Part one explains what zoning is and why it was established. Part two presents four critiques of zoning: It increases housing costs, reduces economic growth, foments economic and racial segregation, and mandates sprawl. Part three discusses current zoning reform efforts and early successes; makes the case for abolishing zoning; and considers what city planning could look like in a world without zoning.

A brief history of zoning

Gray reminds us that zoning is relatively new. The first zoning code was established in New York City in 1916, barely over 100 years ago. Yet cities had already existed for thousands of years, and officials and residents of those pre-zoning cities had to deal with all the nuisances that plague modern city life—noise, pollution, waste disposal, congestion—without zoning. Did zoning offer local officials a new, more effective way to improve city life? Not really, says Gray.

While the troubles of city life were and are all too real, Gray explains that zoning quickly shifted from a tool to address traditional nuisances to something more nefarious—a way to exclude people from certain races, income classes, and occupations from desirable areas.
As an example, Gray brings up Berkeley, California's zoning ordinance, established shortly after New York City's. It contained the first single-family zoning district in the country. Ostensibly about protecting neighborhood character and limiting congestion—common refrains of modern zoning supporters—it banned more affordable housing options such as apartments and tenement housing.

It also banned businesses, such as Chinese laundries, from operating in residential neighborhoods. While not the stated goal, this rule conveniently kept Chinese immigrants away from more prosperous natives since at the time most people lived close to their job so they could walk to work.

These two ideas—prioritizing detached single-family homes and banning most businesses from residential neighborhoods—became pillars of modern zoning ordinances that continue to promote income and racial segregation.

Gray's account of the federal government's role in promoting local zoning is particularly insightful. In 1923, only 218 municipalities had zoning ordinances. By 1936, over 1,000 local governments had adopted zoning. Federal officials, such as then secretary of commerce Herbert Hoover, helped drive this rapid expansion of zoning because they wanted a society of widespread homeownership that would restore "national character" and support the building industry.

To further his goals, Hoover assembled the Advisory Committee on City Planning and Zoning. It was composed of several stars of the contemporaneous planning movement, including distinguished landscape architect Frederick Law Olmstead Jr. The committee drafted the Standard Zoning Enabling Act (SZEA), which was model legislation states could adopt that empowered municipalities to create local zoning ordinances. The SZEA was heavily promoted by Hoover and the committee, and by 1930, 35 of the then 48 states had implemented legislation, often modeled on the SZEA, that allowed local governments to implement zoning. Later, the federal government further encouraged zoning by making zoning ordinances a condition for Federal Housing Administration assistance and other federal grants and loans.

The high costs of zoning

Part two of the book explains four problems caused by zoning. First, zoning increases housing costs. As Gray explains, zoning rules that limit housing density such as minimum lot sizes, restrictions on multifamily housing, height limits, and minimum parking requirements all reduce the supply of housing. When the supply of housing is unable to keep up with demand, prices go up. In a nutshell, this is what is happening in every expensive neighborhood in every expensive city in the country.

The second cost Gray discusses is the negative impact zoning has on national economic growth. When people are unable to move to cities with more job opportunities and higher wages the entire country suffers. We lose out on the goods and services people would produce if they could afford to move, and by trapping people in places with lower wages and fewer opportunities, we inevitably end up spending more money on social safety net programs.

Next, Gray describes how zoning encourages segregation. Early zoning codes contained explicitly racial language, but after the courts ruled such language was illegal, the explicit racial restrictions were replaced with other restrictions that largely achieved the same result. Zoning rules that restrict or prohibit construction of cheaper apartments, duplexes, or triplexes and instead require people to purchase single-family homes on large lots prevent lower-income people from purchasing housing in many neighborhoods. Since blacks, Hispanics, and other minority groups had—and still have—lower incomes than whites on average, these rules resulted in widespread racial and income segregation that exists to this day.

Finally, zoning encourages sprawl which hurts the environment. Gray recounts a story on this point from his planning days. A developer proposed a project to turn an old hospital building into an apartment building with medical office space on the first floor and roughly 140 income-restricted units along with 220 market-rate units. The site was close to transit, so many people could live in the building without requiring a car. As Gray writes, "From a planning perspective, it was a slam dunk." Still, some locals used the re-zoning process to adamantly oppose the project, arguing that the new development would harm the environment.

The idea that growth is bad for the environment is common among opponents of more development, but as Gray explains, denser development is better for the environment. It makes it easier for people to walk or bike to places, which reduces the need for a car and the accompanying emissions. Apartments and duplexes also require less energy to heat and cool than detached single-family houses since the units are typically smaller and have fewer walls exposed to the outside. Finally, denser development reduces the need for new development on the edge of cities, which means more forests, parks, and open space.

How to abolish zoning

After explaining the significant costs of zoning, Gray returns to his main argument—the need to abolish zoning. To show that abolishing zoning will not lead to disaster, Gray turns to Houston, the only big city in America that does not have traditional zoning.

As Gray explains, land use in Houston largely follows the pattern seen in other cities—businesses are on arterial roads, houses are in quieter residential neighborhoods, apartments are often in mixed-use neighborhoods, and heavy industrial uses are far from residential areas. This is because the price system naturally allocates scarce land in Houston, doing the job of other cities' planning departments but without the adverse side effects. As a result, Houston is just as livable as zoned cities but cheaper, since without zoning restrictions the supply of housing can keep up with demand.

Gray suggests two steps other cities can take to be more like Houston. First, municipalities should require that zoning ordinances be regularly approved by a supermajority in an election-year referendum. Houston residents voted on zoning three times—in 1948, 1962, and 1993—and each time they rejected it. If other cities allowed residents to vote on zoning, we may see equivalent results elsewhere.

Homeowners worried about property values and local officials who need their votes may be reluctant to implement a voting requirement on their own, but since state governments ultimately control what local governments are allowed to do, a state law that requires regular zoning referenda can appropriately force their hand. Throughout the book, Gray supports state preemption of local zoning rules to overcome local NIMBYism and a state referenda rule is an example of this.

The second step is to create a process that allows the most adamant zoning advocates to implement zoning-like rules in their immediate neighborhood. Houston did this, allowing areas to opt-in to stricter rules based on a vote of the affected property owners. Creating an option for more neighborhood control can appease the residents who favor zoning while preventing them from imposing their preferences on the entire city.

Life after zoning

So, what does city planning look like without zoning? Gray offers a few ideas.

Unburdened by zoning enforcement, planners should focus on alleviating actual externalities. Noise, pollution, and congestion are real problems in cities, but zoning is not the only or best way to address them. Setting standards for various externalities, e.g., noise rules, does not require traditional zoning. Planners and police can enforce the standards while tort law and mediation services can adjudicate disputes between neighbors when necessary. Along with code enforcement, Gray suggests that planners should play a part in the mediation process.

The elimination of zoning will also give planners more time to work on actual city planning—laying out street grids, ensuring there is space for parks, and determining where schools and other public facilities should be located to accommodate future growth. To make sure their planning is working, Gray suggests planners should collect and analyze more data, such as commute times, air quality, and housing prices. Can people get to their jobs in a reasonable amount of time? Can people afford to move to the city? These questions should occupy a planner's time, not whether an apartment building can have two stories or three or whether a laundromat is an approved use of commercial space.

Conclusion

Overall, Gray's book is an excellent addition to the literature on housing and land-use regulations. He clearly diagnoses the problems caused by zoning and offers sensible solutions to improve the way American cities use land. His experience as a practicing planner strengthens his critiques and recommendations. While I did not agree with everything—his proposals to maintain housing affordability in gentrifying areas involve too much government meddling for my taste—the book's main argument is convincing: Instead of improving cities, zoning is largely used by established residents to exclude newcomers. Gray is right, we should abolish zoning. Hopefully, this idea gains traction in cities across the country.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Is zoning a useful tool or a regulatory barrier?

Jenny Schuetz, The Brookings Institution, October 31, 2019

In the past year, a previously obscure topic has drawn new public attention: zoning. Local regulations over how land can be developed are under fire for their role in escalating housing costs. Research shows that overly restrictive zoning makes it hard for developers to build new housing, driving up rents and prices.

State and federal policymakers—including the White House and several of the Democratic presidential candidates—have voiced interest in creating carrots and sticks to nudge local governments into reducing "regulatory barriers," starting with zoning. But to design policies that are effective are reducing these barriers, we need to answer several questions. How exactly does zoning drive up housing costs? How can we tell whether zoning is excessively restrictive? The answers to these questions are complicated—not unlike zoning laws themselves.

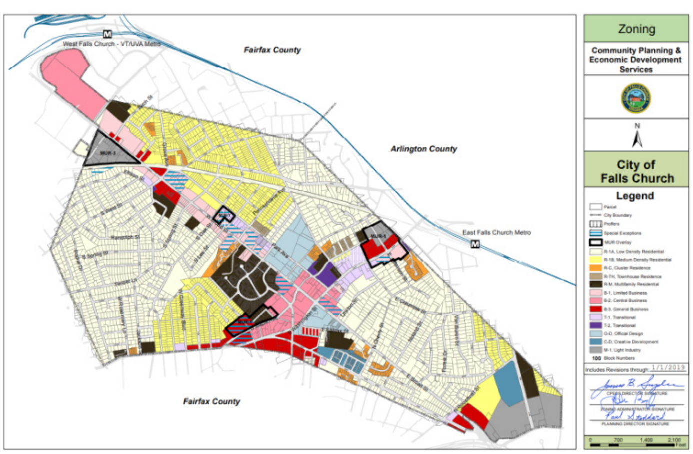
In this article, I describe how zoning laws regulate housing, discuss the strengths and limitations of different approaches to measuring zoning stringency, and outline an alternative framing of the problem facing policymakers who are concerned over escalating housing costs.

How do zoning laws regulate housing development?

Most cities and counties in the U.S. have local zoning laws that regulate land use (Houston is famous for using deed restrictions and other types of local laws instead of zoning). At the most basic level, zoning laws do four things. First, they divide land into designated regions or "zones," each of which corresponds to geographic areas on the zoning map. Figure 1 shows the zoning map for Falls Church, Va., a city of about 15,000 people just outside Washington, D.C.

FIGURE 1

Zoning map for Falls Church, Va.



Source: https://www.fallschurchva.gov/DocumentCenter/View/690/Zoning-Map?bidId=

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Second, zoning laws specify what type of structures can be built (or not built) within each zone. For instance, all of Falls Church's "R" zones are intended for residential uses, ranging from single-family detached homes in the R1-A and R1-B zones to apartment buildings in the R-M zones. (Note that apartments are only allowed in a small section of the city, near the commercial corridor, while about two-thirds of land is reserved for single-family homes—a pattern typical of many cities.) Other zones allow offices, retail, and industrial buildings.

Third, zoning laws proscribe limits on the size and dimensions of each structure type by zone. A selection of Falls Church's dimensional requirements is shown in Figure 2. Standard components include the minimum lot size (the smallest amount of land on which one structure can be built), a maximum building height, and setbacks (how close the building can be to the edge of the lot in each direction).

FIGURE 2

Falls Church, Va. table of dimensional requirements

DIVISION 6. - HEIGHT, LOT AND YARD REGULATIONS

Sec. 48-1101. - General requirements.

The building height, lot size and yard regulations indicated in this division shall be observed unless otherwise specified for particular uses or situations elsewhere in this chapter. With respect to regulations on maximum height, the building shall not exceed either the specified number of stories or the specified number of feet.

District Uses	Min. Height (Stories)	Max. Height (Stories)	Max. Height Range (feet)	Min. Lot Area (square feet)	Min. Lot Width (feet)	Min. Lot Area Per Family (square feet)	Min. FAR	Max. FAR Range	Min. Front Yard (feet)	Max. Front Yard (feet)	Min. Side Yard Each Side (feet)	Min. Rear Yard (feet)	Max. Lot Coverage (Percent)
T-1							None	None	25*/ 20 [11]	None	10	30	25
1-Family Dwellings		2- 1/2	35	7,500	60	7,500			25*	None	10	30	25
					(As regulated in R-1B)								
2-Family Dwellings		2- 1/2	35	12,000	100	6,000			25*	None	10	30	25
					(As regulated in R-1B)								
Townhouses		3	35	130,680	24	2,460 [5]			25	None	None [6]	40	40 [7]

Source: https://library.municode.com/va/falls_church/codes/code_of_ordinances?nodeId=PTIICOOR_CH48ZO_ARTVSURE_DIV6HELOYARE

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The fourth essential function of zoning is to define the process by which local governments grant permission for new development. One approach is to allow structures to be built "by right," meaning that proposals for new development can be reviewed and approved by administrative staff as long as they conform with dimensional requirements. Alternatively, zoning may require that certain proposed developments undergo additional reviews before approval; building types that require additional review are sometimes called "conditional use" or "special use." The process required for conditional uses varies widely across cities and counties (and even across zones and use types within a locality), but usually requires the landowner or developer to hold public meetings where residents and advocates may voice concerns over the project. Sometimes, elected bodies such as the city council or planning board hold public votes to decide conditional use applications.

The procedural requirements of development are a critical element in determining whether housing gets built and how much it costs. A long process in which the outcome (whether or not the project will be approved) is uncertain makes development more expensive and riskier. Those extra costs show up in the rents or sales prices of the finished housing.

The four elements described above are only the start of contemporary zoning laws. Zoning can regulate a range of activities: the amount of off-street parking that must be included with new homes or offices, the type of landscaping or lighting that accompanies buildings, even the size and brightness of outdoor signs. The table of contents for Montgomery County, Maryland's zoning code runs for eight pages, while the entire ordinance is nearly 400 pages.

Is zoning a useful tool or a "regulatory barrier"?

There are good reasons why local governments want to exert some control over what kinds of structures are built where. Each component of zoning emerged to address concerns over the spillover impacts of new development on surrounding neighborhoods. Very few people would want a sewage treatment plant located across the street from their home, for instance. In theory, a development process that allows the general public to provide input offers more transparency than "by right" zoning, and could potentially allow vulnerable communities to push back against projects that would harm them, from urban renewal to highways.

While zoning can help achieve valuable social goals, excessively restrictive zoning contributes to the rising affordability problem. For researchers and policymakers, the challenge is to determine when zoning becomes too restrictive. Are there specific components of zoning that are problematic? On any given dimension, what are appropriate limits and what is too strict? Given the length and complexity of zoning laws, answering these questions is challenging.

Measuring zoning restrictiveness is conceptually and practically hard

Researchers in economics and urban planning have been trying for decades to measure zoning restrictiveness. There isn't one central database that contains all the thousands of local zoning codes, so most researchers conduct surveys of local planning officials. A few scholars have reviewed and manually coded laws, and there is increasing interest in using technical tools such as text analysis and machine learning. Each method has distinct strengths and limitations.

Starting in the 1980s, researchers tried to measure regulations through surveys asking local planners to characterize zoning in their home jurisdiction. The exact set of questions posed varies across surveys, in part reflecting the topics of most concern to particular geographies and time periods. For instance, Glickfeld and Levine focused on growth management tools, which were prevalent among California local governments during the 1990s.

Measuring zoning through planner surveys has two main drawbacks. First, like any voluntary survey, response rates tend to be low, and following up with recalcitrant participants is expensive. The best-known survey, conducted by economists at the Wharton School, had a response rate of around 40% in the second iteration (2008). And the local governments that did submit responses systematically differed from those that did not: Cities and counties with larger populations responded at higher rates than smaller communities. This is not surprising, as large cities have bigger municipal budgets and more full-time planning staff. But any systematic differences between respondents and nonrespondents will limit the usefulness of the survey responses.

Selection bias raises additional challenges when researchers want to aggregate jurisdiction-level metrics into indices that measure zoning stringency for metropolitan areas or states. The jurisdictions that did not respond may have quite different zoning rules than those that did, leading researchers to make imputations or assumptions about missing observations that may not be correct.

The second limitation to asking planners about their regulations is that staff may not have the right data to inform their answers. Even apparently straightforward questions like "What's the typical minimum lot size required for single-family homes?" turn out to have complicated answers. For instance, Falls Church allows single-family homes by right in at least three different zones, with different minimum lot sizes required in each zone. How should the planner estimate a "typical" lot size? The one applicable on the largest share of land? A weighted average across all the zones? Something else entirely?

Other questions try to elicit data that most communities don't systematically track. For instance, "How frequently do developers request variances, and what share of variances are granted?" This information could be collected and analyzed from administrative records, but that would require considerable staff effort.

Many surveys also ask for planners' subjective interpretations. "Has the regulatory environment in your jurisdiction become more or less stringent over the past 10 years?" This question could plausibly elicit different answers from staff working in the same jurisdiction, depending on their length of service with the department and their personal interpretation.

Despite these limitations, zoning measures collected via survey have been a useful and valuable tool in understanding differences in local land use practices across the U.S. Many, many researchers (including myself) have analyzed these survey data and generally found that more restrictive zoning—as measured by planners' responses—is strongly correlated with less housing production and higher housing prices. Survey data may not provide precise, literal measures of zoning, but they do capture planners' perceptions of their local communities.

A different approach to measuring zoning that does not rely on local planners' judgment is for researchers to read zoning laws themselves and create standardized metrics directly from the text. The main drawback to this approach is that, given the length and complexity of each law, reading the full code for many jurisdictions is extremely labor-intensive. (For my dissertation, I spent nearly a year reading zoning laws for 187 Boston-area suburbs, working with a team that included a full-time project manager and 12 research assistants.)

Some subjectivity still comes into play when deciding what metrics to include and exactly how to code them. For instance, in tracking the presence of inclusionary zoning programs, should both voluntary and mandatory programs be included? Grouped together or categorized separately? Small teams of researchers can bring more consistency to these coding decisions than surveys filled out independently by hundreds (or thousands) of local planners.

In recent years, a few researchers have started taking advantage of technological tools to capture zoning data, such as digitizing zoning maps or using text analysis and machine learning to code written laws. These tools could offer a more reliable and efficient way to capture specific zoning components (digitizing maps gives more accurate information on how much land is zoned for different uses, for instance). But technical tools still don't get around some of the conceptual hurdles to evaluating restrictiveness.

Zoning rules on paper don't always match development on the ground

Coding zoning laws from text—whether manually or through automated text analysis—does not address discrepancies between de facto and de jure zoning, or variation in how local governments choose to implement or enforce the laws on their books.

Local governments vary enormously in staff size and capacity and financial resources, to say nothing of the varying political environments in which they operate. It is entirely plausible that two localities could have zoning laws that look similar on paper, at least on certain dimensions, but are implemented in ways that lead to widely differing outcomes, especially when the procedure for granting permits is highly discretionary. For instance, if a local government wants to encourage development in a particular neighborhood, it can grant a variance that exempts a project from certain zoning requirements. Conversely, neighbors who are hostile to new development can leverage political pressure on city councilors or threaten lawsuits against developers to block proposals that might technically be allowed under zoning.

Assessing whether housing production in practice matches zoning rules on paper—and understanding the reason for any deviations—is extremely difficult. Most local governments don't know the answer to this question themselves. They seldom track variances requested and granted, or the number of threatened or filed lawsuits—metrics that would be helpful to policymakers as well as researchers.

Another complication to identifying the impact of specific tools or components of zoning is that the same regulation can have very divergent effects on housing markets in different locations or time periods. For instance, a six-story maximum height for apartment buildings would be a binding constraint in midtown Manhattan, but not in rural Kansas. Developers in Manhattan would choose to build much taller than six stories in the absence of the height limit, but the economics of construction and rents in rural Kansas make it unlikely developers would build tall apartment buildings, even if no zoning limits existed. Relaxing zoning requirements will only change housing outcomes if zoning is a binding constraint in the first place.

Ask not which rules should be changed, but what outcomes we want to achieve

Trying to identify which specific policies or procedures are binding constraints on housing supply is not just technically difficult—it's not really the most important question for policymakers to ask. Rather, they care about how well housing markets are functioning to meet the needs of current and future residents. Three questions that better capture the impact of regulation are:

- Is the housing market producing enough additional housing to meet increased demand, as driven by population and job growth?
- Within a city or metropolitan area, is new housing being built in the locations with highest demand (i.e., the neighborhoods where people most want to live)?
- Does the market provide a diverse range of housing choices that match household budgets, size, and other characteristics?

In the absence of regulatory barriers or other frictions that impede the market, housing stock should adjust to changes in demand to meet all these conditions. In future articles, I will discuss how each of these outcomes can be measured, to help policymakers assess the health of their local housing market.

What Is a Family? Ask a Zoning Official.

Howard Husock, Reason Foundation, October 26, 2022

The increased cost of housing is a major driver of inflation. It's even forcing modest change in the restrictive zoning codes that distort and restrict supply. California has now moved to legalize small "accessory dwelling units" on housing lots statewide and Minneapolis has rolled back single-family zoning.

Legal constraints on housing supply still abound, however. But less noticed than the exclusionary impact of 4-acre house lot requirements (as in Greenwich, Connecticut) is the fact that city officials are using thousands of local zoning codes to define what a family is. Doing so encourages inefficient use of the housing stock we have and stands in the way of living arrangements that could help young families and older Americans lower their housing costs.

Widespread local regulations limit so-called "unrelated" co-occupants (i.e., roommates or lodgers) even though there are no limits on the number of occupants related by "blood, marriage, or adoption" (the language often used by local zoning codes). Even when there are empty bedrooms that could accommodate more occupants, such rules stand in the way of older homeowners who might like to rent rooms to unrelated helpers, or younger families who would like to share quarters to more easily make their mortgage payments.

For a new American Enterprise Institute research paper, I reviewed zoning regulations in 30 major cities and nearby suburbs and found that, notwithstanding changing social norms, zoning restrictions on the composition of households remain common. Zoning codes in 23 of the 30 largest U.S. cities or nearby suburbs, impose limits on occupants deemed "unrelated."

In Village of Belle Terre v. Boraas (1974), the Supreme Court allowed localities to impose the "related by blood" regulations. The ruling upheld a New York village ordinance that "restricted land use to mean one or more persons related by blood, adoption or marriage, or not more than two unrelated persons."

Even traditionally tolerant cities have kept such restrictions. In New York City, for instance, as explained by the popular rental listing service, StreetEasy, Real Property Law stipulates that when two people sign a lease, "there should be no more than four occupants living in the apartment at one time."

Even stricter laws are not uncommon. In the city of Baltimore, no more than two unrelated persons may live together, unless in an approved rooming house. In Las Vegas, the limit is four; the same zoning limit applies in Grand Rapids, Michigan. No more than three unrelated persons may share a household in St. Louis; the same is true in Nashville, where housing affordability is a crisis.

Just because the Supreme Court found such laws to be constitutional does not, of course, mean that localities must adopt them. Change is not widespread but it is definitely afoot—including laws which distinguish between crowding (which may be a health and safety concern) and the relationships among residents.

Legislation in Oregon passed last year prohibited municipalities from regulating occupancy based on familial relations. Pam Marsh, a Democratic state legislator from Ashland, Oregon, said in support of the bill: "We know that unrelated people live together for lots of important reasons and there is simply no reason for cities to be regulating that." Property owners would not be barred from restricting occupancy based on potential crowding.

This has long been the legal rule in California, in the wake of a 1980 state Supreme Court decision which struck down a Santa Barbara local law that defined family as "two or more persons related by blood, marriage or legal adoption living together as a single housekeeping unit in a dwelling unit."

Change is not limited to blue states. In 2020, the Columbus, Ohio, suburb of Bexley revised its zoning code to recognize "persons living together as a functional family" who "share the entire dwelling unit and live and cook together as a single housekeeping unit." One can view this as cultural change—or simply a means to make better use of our existing housing stock.

This is no call for change dictated by courts or Washington, though. Gradual change at the local level is the best way to proceed. Some communities will prefer to continue to use their zoning law to endorse the traditional nuclear family with two parents and children. In the American federalist tradition, that should be their choice. Still, it's worth reexamining local laws that promote those preferences at the expense of the fuller and varied use of homes.

We've become accustomed to the idea that housing market pressures can only be relieved by grand policy interventions led by Washington. But the quiet zoning code definitions of what may constitute a family can both accommodate changing social norms—and help make sure bedrooms don't go empty while young families are locked out of communities in which they grew up. Let's consider leaving the definition of family to families themselves.

The Flip Side of NIMBY Zoning

Richard Florida, Bloomberg CityLab Government, October 26, 2017

It's become perhaps the most widely accepted truism in urban development and economic policy circles: NIMBY zoning and overly restrictive land-use policies and building codes keep housing prices high, making superstar cities like New York and San Francisco less affordable. Plus, they take a huge bite out of the U.S. economy as a whole.

Remedying this has won wide support from urban economists and city builders on both sides of the political aisle. In the February 2016 Economic Report of the President and in a follow-up report that advocated for a new housing policy toolkit, the Obama administration indicted unduly strict land-use rules as leading to damaging rents and holding back American innovation and economic progress.

But what pundits and experts talk about much less is that these same land-use restrictions function to keep America's deepening spatial inequality from becoming even worse. Believe it or not, a growing number of studies find that the widening gap between thriving coastal superstar cities and tech hubs and the rest of the country could be even bigger, if not for these restrictions.

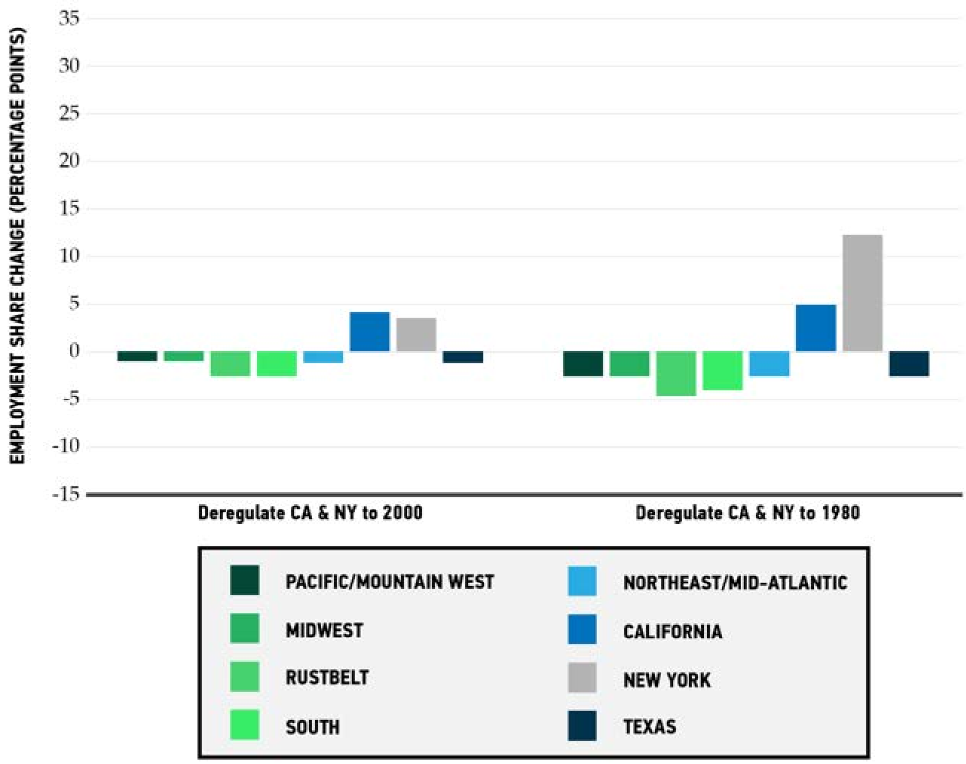
A recent study co-authored by Nobel Prize–winning economist Edward Prescott, Kyle Herkenhoff of the University of Minnesota, and Lee Ohanian of the University of California, Los Angeles, shows that although land-use restrictions can and do stifle overall economic productivity, they have also kept geographic inequality between states from growing worse.

The widening gap between thriving coastal superstar cities and tech hubs and the rest of the country could be even bigger, if not for these restrictions.

The study looks at the effects of land-use policy on the 48 contiguous U.S. states over the six-plus decades between 1950 and 2014. It compares the effects of tight land-use restrictions in California and New York to Texas, the state with the most relaxed restrictions of those studied, as well as five other broad groups of states: the South; the Rust Belt; the Northeast/Mid-Atlantic region; the Midwest region; and the Pacific/Mountain region.

The study finds that tighter land-use restrictions in California and New York have created a vast spatial misallocation of resources. The authors' analysis reveals that reverting urban land regulations from 2014 levels back to 1980s levels would vastly improve productivity. If all U.S. states moved just halfway from their current regulation levels to the current Texas level, both productivity and economic output nationwide would be roughly 12 percent higher.

However—and this is important—such deregulation would bring substantial geographic consequences. While it would make the superstar economies of California and New York, as well as that of the Northeast/Mid-Atlantic region, even stronger, it would also draw people and jobs away from the Rust Belt, worsening the already bad economic situation of those states. And it would potentially draw people and jobs away from the Sunbelt, as well as draining the already dwindling economic activity in that area.



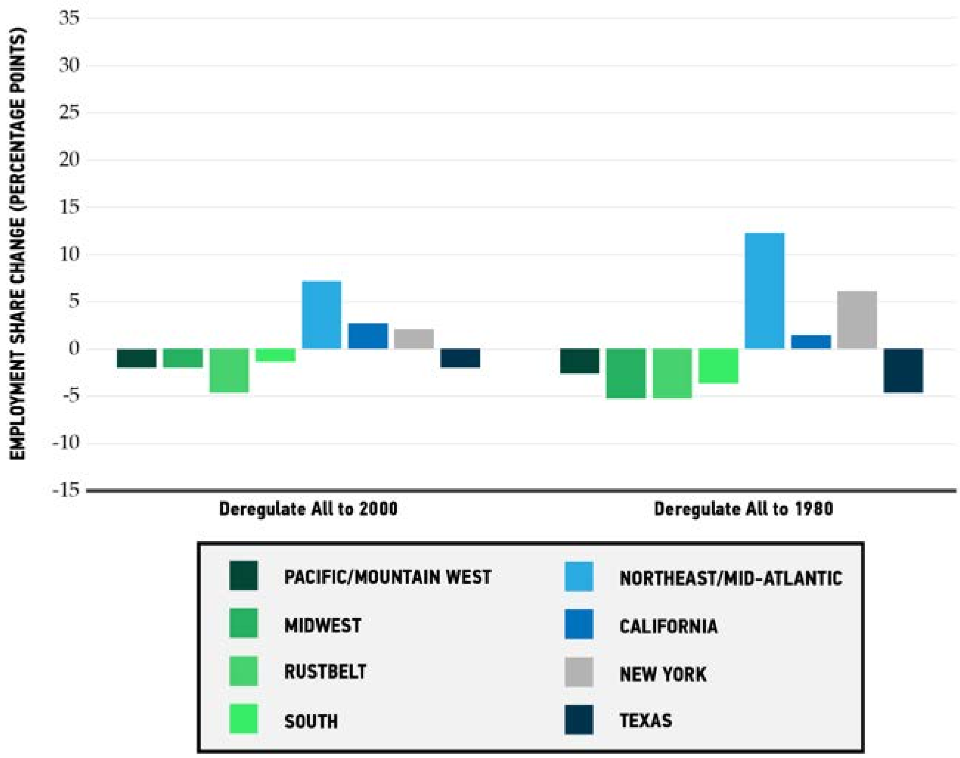
Data from Prescott, Herkenhoff, and Ohanian; graph by Madison McVeigh/CityLab

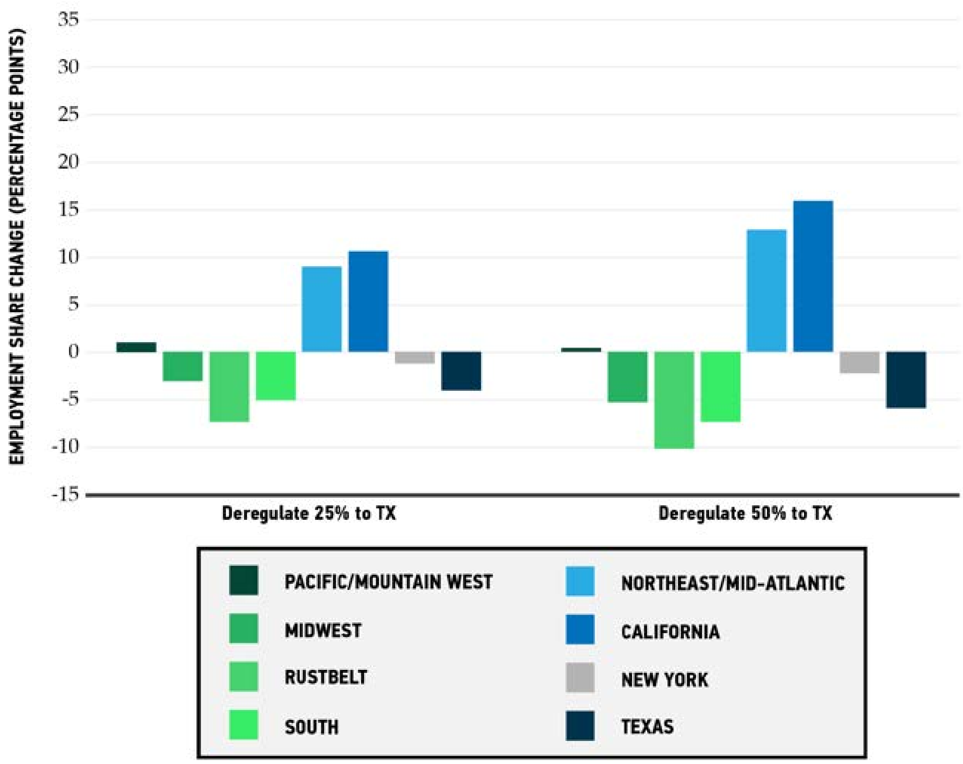
The table below, adapted from the study, shows what would happen if land-use regulations in California and New York were loosened to 1980s and 2000s levels. While employment and productivity in these states would grow, all of the other measured regions would suffer as a result of the shift of people, jobs, and economic activity to New York and California and their clusters of superstar cities.

This is reinforced by the table below, also adapted from the study, which shows what would happen if land-use regulations in all states were deregulated to 1980s and 2000s levels. Employment and productivity in California, New York, and the Northeastern/Mid-Atlantic would grow, but all of the other measured regions would see negative impacts.

The study found that even modest land-use deregulation has a noticeable effect. If all states loosened their land-use regulations halfway to Texas' current level, there would be substantial reallocation of population across the states, with California's employment growing substantially.

And that's the rub: Deregulating land use would make the most productive metros and states even more productive, adding to U.S. productivity and increasing the wages and earning power of more Americans. The country as a whole would be more productive and richer; California and New York would be much better off, and have many more people and a greater share of economic output. But the gap between these few places and the rest of the country would be even wider than it already is.
Let me be clear: I am not advocating for keeping these onerous land-use restrictions. Overly restrictive land-use laws not only drive NIMBYism, but also contribute to an economically damaging form of New Urban Luddism. This makes housing less affordable and holds back the very clustering that drives innovation, productivity, and growth. However, it is crucially important to understand the geographic implications of our land-use policies.





This basic conundrum should also caution those who believe we can somehow overcome these divides by breaking up the liberal city or encouraging the "rise of the rest." The basic clustering force that drives the U.S. and other advanced economies is very powerful. If anything, a growing body of research shows that big American cities are in fact smaller than they would be in the absence of these regulatory limits. If winner-take-all urbanism is bad today, imagine how bad it would be without these land-use restrictions, which are perhaps the most effective restraint on spatial inequality we currently have.

Can Affluence and Affordable Housing Coexist?

Talmon Joseph Smith, The New York Times, August 26, 2023

In the recreation-fueled, amenity-rich economy of Colorado's Rocky Mountain region, there are two peak seasons: summer, with its rafting, hiking, fishing and biking, and the cold months filled with skiing and other winter activities.

And then there is "mud season" — a liminal moment in spring when the alpine environment, slowly then suddenly, begins to thaw and only a trickle of tourists linger.

It's a period that workers in other places might bemoan. But for much of the financially stretched work force serving the assemblage of idyllic mountain towns across the state, a brief drop-off in business this spring was a respite.

During a slow shift on a 51-degree day at the Blue Stag Saloon — a nook on Main Street in the vacation hub of Breckenridge — Michelle Badger, a veteran server, half-joked with her co-workers that "this winter was hell."

Crowds were larger than ever. And workers in the old Gold Rush town still enjoy the highs of the easy camaraderie and solid tips that come with service jobs in the area. But it was all sobered by the related headaches of soaring rents and acute understaffing, which left employees, managers and demanding customers feeling strained.

Working in mountain towns like Breckenridge and others in Summit County — including Silverthorne, Dillon and Frisco — would feel like a fairer bargain, Ms. Badger and her colleagues said, if they could better afford living close by.

Long commutes are common throughout America. But rental prices in hamlets among the wilderness on the outskirts of town are becoming burdensome too.

Job growth has severely outpaced the stock of shelter throughout Colorado. Median rent in Frisco — which a decade ago was considered a modest "bedroom community" for commuting employees — is about $4,000 a month, according to Zillow, and 90 percent above the national median. Home buyers buttressed by family money abound.

The wage floor for most jobs in and around the county — from line cook to ski lift operator — is at least $18 an hour, or roughly $37,000 a year. Yet for those not lucky enough to land a rare slot in subsidized local employee housing, it's not uncommon to live an hour or more away to attain a livable budget.

As that happens, the contingent displaced by the rich ripples outward down rural highway corridors and, in turn, displaces the farther-flung working poor.

Inequality has always been rampant within the orbit of popular destinations. But the financial knock-on effects of those ritzy spheres have expanded as the pandemic-induced surge in remote work has supercharged divides.

Wanderlust-filled white-collar workers abruptly discovered that multiweek visits or even permanent relocations were possible for them and their families. Those seeking investment properties saw the opportunities of this hybrid-driven land rush as well, and pounced.

Longtime residents have had a front-row seat.

Matt Scheer — a 48-year-old musician who grew up on a ranch eastward in El Paso County, where "as soon as we could carry the milk bucket we were milking the cow" — is the sort of extroverted jack-of-all-trades who typifies the spirit (and the wistful brand) of Summit County.

Having moved near Breckenridge in the early 2000s to ski, hike, fly fish and work around town, he's relieved that he managed to pick up his place in 2012 for $240,000 with a fixed-rate mortgage. Prices in his tucked-away French Creek neighborhood — a hilly, unincorporated patch with modest double-wide manufactured homes — have more than tripled.

Though he's a loyal resident with little interest in ever moving, Mr. Scheer said he "can't really leave."

For a payout of tens of thousands of dollars from the local government, he recently signed onto a hefty "deed restriction" for his property, banning its use for Airbnb stays, limiting any potential renter or buyer to the work force of Summit, and limiting any potential resale price. And he did it with pride.

It's part of a growing program led by Breckenridge and other local governments to limit gentrification without licensing a large buildup of new developments. (Deed restrictions in destination areas got off to a quieter start in the 2010s but have ticked up.)

Incumbent property owners willing to sacrifice lucrative short-term vacation rental income see it as a fair trade-off, key to keeping long-term residents and the dashing contours of their towns' terrain. Policy critics, and frustrated local renters fighting over limited spots, say it is an inadequate tool for the scale and source of the problem: a lack of units.

Those critics include the governor of Colorado, Jared Polis, who is skeptical that lump-sum payments to owners in exchange for deed restrictions will be a sufficient incentive to broadly move the needle on affordability.

"There is no silver bullet," he said in an interview. "But one of the areas that we have focused on is removing the barriers to additional home construction." He added that "housing is not a problem that you can solve by throwing more money at the existing housing stock."

His sweeping legislation to ensure "a home for every Colorado budget" by pre-empting local land-use laws and directly loosening zoning rules statewide died in the State Senate in May, after some initial momentum. All but one of the mayors in the state's Metro Mayors Caucus issued a letter opposing the plan.

'It's Either Five Mil or Five Jobs'

As politicians jockey, many resourceful Coloradans find ways to make do.

Mr. Scheer, for instance, has picked up over 30 music gigs through the end of summer, paying about $100 an hour — though he acknowledges it's his locked-in, lower housing costs that make his lifestyle workable.

During a practice jam session and impromptu afternoon party of 20- to 40-somethings at Mr. Scheer's place in the spring, his pal and fellow guitarist, Bud Hallock (the other half of their occasional duo band, Know Good People), explained the grind people face by echoing the playfully hard-nosed aphorism uttered around town: "It's either five mil or five jobs."

"If you're willing to put in the work, you'll be able to," argues Mr. Hallock, who moved out West shortly after graduating from St. Lawrence University in 2015. Mr. Hallock has three jobs, he said, adding, "I don't think it's the God-given right of anyone to come to a ski town and have it easy."

For many longtime residents and transplants alike, it has become harder to finesse: Even as Summit County adds waves of remote workers, it has experienced net negative migration since 2020. It's a trend mirrored in the larger urban areas of Denver and Boulder, where the share of people working remotely is among the highest in the country, as homelessness rises.

Tamara Pogue, a member of Summit County's governing board, said the mountain towns and valley cities of the Front Range near Fort Collins and Colorado Springs as well as those out by the Western Slope struggled with an "affordability issue" similar to the nation's big cities for the same reason: "We're supply-constrained."

"The problem is the average cost of a single-family home in Summit County so far this year is $2.14 million," Ms. Pogue said. "Not one job makes that affordable."

The stock available is limited: 70 percent of homes in the county are second homes that sit vacant most of the year or serve as short-term rentals, she said, typically Airbnbs. As a single mother of three, Ms. Pogue bought a 1,400-square-foot duplex for $525,000 in 2018 — a rarity, if not an impossibility, now. She said a determination to prevent "mountain communities" from becoming "towns without townspeople" had driven her to become a staunch YIMBY, or a "yes in my backyard" supporter of home-building efforts, against the wishes of perceived NIMBYs, or the "not in my backyard" voices.

Ms. Pogue and her allies argue that the relatively slow pace of building in the Rockies, despite the area's popularity and rising prices, is a subtle form of denial.

"Everyone wants to be here, whether they work here or not," she added, "and so we have this spiral."

If, When, Where and How to Build More

A few affordable-housing projects visibly chug along in Summit near the airport service road, not far from Kingdom Park Court, one of a handful of mobile home parks in the county with pricey lot rents. But getting middle-income developments greenlit can be a slog. Many proponents of limiting development note that about 80 percent of the county is restricted federal public land, putting a ceiling on what can be done. (There's a nascent pilot program with the U.S. Forest Service to approve some apartments on leased land.) In the meantime, the well-off are gobbling up much of what's left.

Just north of downtown Silverthorne sits Summit Sky Ranch — a sprawling development with homes starting around $1 million, with a pledge of "bringing modern mountain living to over 400 acres of pristine natural beauty" in the valley. It quickly sold out and many have moved in, lured by a private observatory and private access to a river bend.

Laurie Best, the longtime planning manager for housing in the community development department for the Town of Breckenridge, said she had emphasized deed-restriction policies and more generally trying to preserve existing units to reduce the need for new ones.

Ms. Best and her backers have acceded to some construction at a slow and steady pace, but they staunchly oppose taller, dense multifamily buildings, which are not, as she put it, "consistent with the character of the town."

In several counties, there has been a swell in "conservation easements" — legal agreements between private landowners and local governments or land trusts to guard wildlife and scenic open space by permanently banning development. The trend led the state to create a Division of Conservation in 2018 with an oversight commission to authenticate the contracts.

Eric Budd, a leader of a movement in Colorado called

Bedrooms Are for People — which favors expanding land use and more widely permitting apartments, duplexes and triplexes — scoffs at the uptick in easements. He contends that what he tartly calls a "xenophobic attitude of 'there's only so much to go around'" is self-defeating.

Trying to restrict access to a hot commodity — in this case, half of a state — won't end well for anyone, he said, and a California-level, cost-of-living crisis is only five or 10 years away.

Down in the foothills of the Rockies in Boulder, where Mr. Budd lives, school enrollment and the overall population have declined along with affordability, as remote-worker migration has picked up.

In some sense, the arguments against restrictionism amount to a water-balloon analogy: squeezing leads to odd bulges in random places.

Before the pandemic, Leadville, an old mining town 15 minutes from the trailhead of the highest peak in the Rockies, was an affordable harbor for working-class Hispanic employees of the nearby vacation economies: just out of reach of the affluence around Aspen to the west and resorts near Vail to the north.

Since 2020, though, Leadville has become engulfed as those realms of wealth expand and overlap, causing rents and home prices to spike beyond what many can feasibly afford over time, with few other places to go.

Second-home owners constituted half of all home sales in 2020 and 2021.

The Downside of Good Intentions

Half of Colorado renters are officially defined as cost-burdened — spending more than 30 percent of their income on housing costs. And local economists suggest that the rate has ticked even higher in mountain locales.

For Kimberly Kreissig, a real estate agent in Steamboat Springs, a year-round recreation hub with natural hot springs near Wyoming, the affordability crisis in "the high country" has no simple villain. For years, her practice in Steamboat — where the average home price is above $1 million, compared with $580,000 in early 2019 — included both upper-middle-class, first-time home buyers and luxury-market sellers.

In 2018, she and her husband, a developer, broke ground on a dense, 50-unit multifamily project in Steamboat designed for people "in that $75,000 range," she said — "for instance, my office manager here."

"We had grandiose plans that we were going to be able to sell these things for $300,000," Ms. Kreissig said, but they were foiled by several factors.

Even before Covid-19 struck, "the demand was just so through the roof that people were offering us more than list price right out of the chutes," she said, with precontract bids coming in "twice as high as we anticipated."

Then, once lockdowns in early 2020 ended, the remote-working cohort swooped in — just as labor and material costs shot up for the contractors still finishing some units. Before long, many families she sold units to in 2019 for around $400,000 realized that because of the housing boom they had "over $300,000 in equity" in their homes — and with interest rates so low, they could parlay a different (or additional) purchase. Many apartment owners began independently flipping their units to investors and buyers of second homes who were willing to pay well above the list prices.

"One flip near the end for one of the units was for $800,000," Ms. Kreissig said. "We tried to be the good guys."

One way to respond to house flippers is through greater deed restriction, which Steamboat has enforced in a few neighborhoods, along with some short-term rental restrictions, not unlike other hot spots. The area has also benefited from the state's Middle Income Housing Authority pilot program, which has put up a few buildings in town. But Steamboat still has a shortage of 1,400 units, according to a report from local authorities.

A big break came when an anonymous donor recently purchased a 534-acre farm property, Brown Ranch, and turned it over to the Yampa Valley Housing Authority, with instructions that it be used for long-term affordable housing for local workers.

It came as welcome news to the area's middle class. And yet the sheer surprise, and luck, of the donation is indicative of broader, underlying tensions that typically drive community-level and state debates: Is more supply a threat to both cultural vibes and property price appreciation, or a win-win opportunity to flourish?

Ms. Kreissig thinks it all comes back to "the kind of 'not in my backyard' mentality" that a silent majority holds.

"For the people that are already 'in,' there's a fair share of folks that are saying, 'You know, 'I'm in, we don't we don't need any more growth,'" she said. "But you can't stop growth."

Adrift Between Uphill and Down

In March 2020, Nancy Leatham, 34, was making just above the minimum wage, living with her husband and their baby daughter in Idaho Springs — a little city above 7,000 feet wedged between a steep crag and an I-70 exit, far downhill from chic resort land.

They struggled to get by "right during the height of the pandemic, when everything was shut down," wiping out their income, she said. It felt like a repeat of her teenage years during the mortgage-induced financial crisis when her family's business as excavation contractors — preparing sites for home construction — went belly-up, and their house was foreclosed upon.

In spring 2020, "I had to start going to food banks and stuff to get food," she said. "And we had to sell a car, and just stuff like that to, like, to make ends meet."

By 2021, her husband, Austin, had found a job at Walmart making $19 an hour, while she was promoted at Starbucks, becoming a manager at $18 an hour, plus bonus — and "we had our child tax credit," she added.

"I started looking for a house because we had really great income," roughly $80,000 before taxes, she said. "I grew up in poverty, since 2008 especially, and we'd been living with food insecurity and stuff, so I was like 'Look at us, we made it!'"

But almost as soon as she started house hunting, she realized that, within months, the booming housing market had far outpaced the good labor market. They had been priced out of their sleepy, snowy town, after merely a few bidding wars. The average home price — $340,000 at the start of 2019 — is up 66 percent. Higher mortgage rates hurt, too.

Many of the Starbucks employees Ms. Leatham managed owned their homes rather than rented, she said, and "half left because they were able to sell their house off for considerably more than they were when they bought."

Hoping to buy or rent something bigger than what she called a "closet" apartment, Ms. Leatham, who now has a second child, is preparing for the cold reality of "having to move downhill" — though where exactly is unclear: 15 miles down the corridor, renters and buyers run into coveted areas near Golden and Denver.

Recently, a woman visited the Starbucks Ms. Leatham works at, she said, and was dressed very much like an out-of-towner. They chit-chatted at the register, and the woman mentioned she was in town to check on a recent property purchase.

Getting her hopes up for a nicer place, Ms. Leatham pried a bit:

"I was like, 'Oh, nice, what are you going to do with it?' And she's like, 'Oh, it's for rental.'"

"And I'm like, 'Oh, cool.' And then she goes, 'Short-term rental.'"

"And then, I went 'Dang it!' But really loud, and I made her feel awful — I didn't mean to make her feel that way."

Irresistible Allure, Harsh Reality

Back up the I-70 corridor in Frisco, a sprawling Walmart parking lot often occupied by unhoused people living out of their cars and campers is tucked in front of a commercial complex with a high-end furniture store, a Whole Foods and a craft microbrewery.

It's one of the few places for the growing homeless population to go, since overnight parking is widely banned in Summit County, even in sparse hamlets like Blue River, perched just beyond Breckenridge above 10,000 feet.

The effects of the global and national wealth parked in the Rockies often cascade downstream like the snow melt that carves the rivers. But it's a force that can be identified in any direction.

For many, if not most, homeowners in high-country counties like Summit, the hard truth is that only so much can be done if the very idea of mountain living — experiencing nature, removed from the bustling downhill hassles of the outside world — is to be maintained.

"It's funny, on our little block, there's probably, you know, 10 homes — and on a beautiful day, which we have a lot of, you'll see all of us standing out in our driveway, taking pictures," said Ms. Best of Breckenridge's community development department. "I must have the same picture 100 times because it's so stunning when you go out there, and you're still in awe of where we live. So I totally get the folks that want to be here."

OPINION: How we can solve the nation's affordable housing crisis

Janneke Ratcliffe, CNN Business Perspectives, February 16, 2022

Millions of Americans are losing out on the chance to reap the benefits of homeownership because of a supply shortage. This shortage is most acute among affordable homes, where low- and moderate-income renters, younger first-time homebuyers, and people of color are losing faith that they will be able to experience this part of the American dream.

We must do better. The US is in need of roughly 3.8 million to 5.5 million housing units. Building more homes for low- and moderate-income families and first-time homebuyers, and equipping these families with reliable and affordable financing tools so they can compete to buy these homes, is essential if we're to solve the nation's affordable homeownership crisis.

In many respects, this crisis was born during the Great Recession. The per-capita rate of new production of single-family homes plummeted in the mid-2000s and has remained at about half that of the preceding four decades. This deficit quietly accumulated even as Millennials, who initially delayed homeownership in the aftermath of the financial crisis, began to enter the market.

Then came Covid-19. Low interest rates and quarantines stoked housing demand while labor and materials shortages and supply chain challenges slowed construction and increased costs. Land prices and development costs are also rising in many parts of the country. The result is an environment in which developers are discouraged from building smaller, more affordable homes in favor of high-end homes that can absorb these increased costs while still returning a profit. Meanwhile, many existing home sellers are flooded with generous cash offers, often from investors, and are discouraged from accepting offers from typical first-time buyers who need more time to arrange for and obtain a mortgage.

Past experiences can provide valuable lessons about how to address this crisis. After World War II, the federal government, recognizing "an unprecedented emergency shortage of housing," made a number of moves, including limiting non-residential construction, removing import tariffs on lumber for building houses, and requiring allocation of building supplies for housing production for a period of time. At the same time, the government enabled families to buy homes with low-down payment, fixed rate, long-term amortizing mortgages facilitated by government guarantees, spurring the demand for new construction of such homes. From 1950 to 1959, an estimated 15 million new homes were built and the homeownership rate rose from 43.6% in 1940 to 61.9% in 1960.

The strategy was flawed, however, because the homes and the beneficial financing were largely restricted to White households. Layers of federal and local policies effectively excluded people of color from the opportunity to become homeowners, inequities that have greatly contributed to our current racial homeownership gap. Today, 72% of White households own their home, as compared to 42% of Black households, 48% of Hispanic households and 58% of Asian American and Pacific Islander households.

This is unacceptable. The government was correct to treat the housing shortage as an emergency after WWII, and we must rekindle that same urgency today. But we must also consider who we are building homes for.

Here are a few ways that we can begin to address the housing shortage:

Incentivize new construction of affordable homes

Financial incentives can encourage builders to build new homes that are within reach for many first-time buyers. Possible incentives run the gamut, from federal supports and subsidies, to better terms on construction lending, to fewer local regulations and restrictions that significantly add to building costs.

Lift condo lending restrictions

Construction of condominiums, which are a potential stepping stone for first-time buyers, is at record lows. State- and local government- and federal government-sponsored agencies' restrictions on condo lending presents a big barrier to first-time buyers who need a loan, and in turn to the development of for-sale condominiums.

Focus on manufactured housing

Manufactured, modular, panelized and precut homes are a key piece of the puzzle. Built entirely or partially in factories and assembled on site, these various forms of prefabricated dwellings are an attractive solution because they cost less to produce than homes built on-site.

Before 1995, roughly 240,000 manufactured homes shipped annually, compared to less than 100,000 annually now. Similarly, modular, panelized and precut homes constituted 7% of new single-family homes in the 1990s compared to just 3% today. The Urban Institute estimates we could add 200,000 units of new, affordable housing annually by increasing production in these areas. Expanded zoning and building code flexibilities can help spur the creation of manufactured housing.

Improve financing for existing homes

Within our existing housing stock are millions of affordable but older homes that need repair. Many people in the market for an affordable home can't just buy a house and repair it because of the way mortgage financing works. Most lenders will only lend against the property's current value, which does not allow enough for the needed repairs. As a result, a potential homebuyer may lose the chance to buy the home to investors and corporations that can afford to buy homes in bulk, finance the repairs, and then rent out the property, prohibiting the property from returning to the market as an affordable home for purchase.

Lenders, the Federal Housing Administration and Fannie Mae and Freddie Mac can improve terms of financing for purchase/rehab loans, which can help unlock this potential supply by enabling new owners to buy, fix up and live in these homes.

Another path to get preserved housing stock into the hands of owner-occupants is to simply update homes before they go on the market, so that would-be owners don't have to wrangle the financing and construction. In many places, community-based developers are bridging this gap with local subsidies or by acquiring foreclosed properties on preferential terms, enabling them to prioritize offers from buyers who plan to live in the home.

Empower borrowers

None of these measures will succeed at increasing stable, affordable homeownership if we don't also empower households with better financing tools. Mortgage credit has remained excessively tight since the Great Recession, locking out many solid potential first-time buyers. Government and federal government-sponsored agencies should consider easing financing restrictions generally. Specifically, enabling more small balance mortgages, those under $100,000, with underwriting flexibilities, simplified processes and reduced fees and costs, will help many low- and middle-income families obtain modest homes. Down payment assistance, particularly for first-generation homebuyers, will also provide low-wealth families with a much-needed start on the path to homeownership.

Data shows that at this very moment, there are millions of renters, low- and moderate-income households, and people of color who meet the criteria to secure a mortgage. They've done the hard work of positioning themselves to become homeowners. Now we need to do our part by making sure that there are houses for them to buy and reliable financing tools to do so.

Janneke Ratcliffe is vice president for the Housing Finance Policy Center at the Urban Institute. The opinions expressed in this commentary are her own.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Ten Actions Cities Can Take to Improve Housing Affordability

Owen Minott and Julia Selby, Bipartisan Policy Center, August 10, 2022

Housing unaffordability, rooted in an acute shortage of homes both for rent and sale, is a severe problem across the nation, affecting red states and blue states, small cities and major metropolitan areas alike. Fortunately, city governments have a great deal of influence over housing costs, with many policy levers at their disposal to increase the supply of homes and improve housing affordability. Below are ten steps local leaders can take to help constituents who are contending with high housing costs.

1. Legalize more apartment units

Many American cities make it illegal to build anything other than a single-family, detached home on over 75% of land zoned for residential use, severely restricting efforts to increase the supply of affordable housing. Often, higher-income neighborhoods are disproportionately zoned for single-family homes, preventing low- and middle-income families from living in communities with more economic opportunities. While rolling back single-family zoning is one of the highest profile policies proposed to enhance affordability, early evidence from Minneapolis, which eliminated single-family zoning, indicates that such measures alone are not sufficient. Cities can also address other potentially restrictive policies, including minimum lot size requirements, density limits, and prohibitions against mixed-use developments (apartments in commercial zones) to more quickly build affordable housing at scale.

2. Legalize accessory dwelling units

Accessory dwelling units (ADUs) are independent residences located on the same lot as a single-family house, often in basements or above garages. ADUs are typically affordable units that diversify a city's housing stock and make more efficient use of already-existing homes. ADUs can be a win-win for tenants and property owners, providing affordable rental units as well as benefits to homeowners—including generating income from an existing asset and adding flexibility in family living arrangements. Cities such as Seattle, WA, Princeton, N.J., and Washington, D.C., have already relaxed zoning ordinances to allow for more ADUs. Los Angeles recently announced a city-wide ADU plan as a tool to combat its affordable housing crisis.

3. Eliminate or reduce parking requirements

Cities often require new buildings in a designated zone to have a certain number of designated parking spaces based on projected occupancy. Research has made clear that parking is very frequently oversupplied, with one study of six New England municipal centers, for example, finding the mandated amount of parking was, on average, two-and-a-half times more than demand at peak times. Parking minimums are also costly; building a single parking space adds an average of $50,000 in costs per housing unit in some metropolitan areas—and much more in others—with underground parking being particularly expensive. Dozens of cities have reduced or eliminated parking minimums with positive results. For example, one study found that eliminating parking minimums in Los Angeles led developers to build more homes and convert old buildings into housing, helping to stimulate neighborhood revitalization.

4. More quickly and predictably approve developments that meet zoning laws

Even when zoning allows for more affordable apartments, getting new projects approved is often slow, costly, and unpredictable. Many projects require discretionary approvals, meaning local planning commissions and boards can reject proposed projects even if they meet zoning requirements. While community input is essential, the loudest voices are often existing homeowners in the area opposed to new development and are wealthier than the beneficiaries of new housing. When commissions do approve projects, regulatory delays and uncertainty can still increase the costs of developing new housing—costs that are passed on to residents and discourage development. Establishing by-right development processes and more predictable permitting processes can increase the supply of affordable housing by ensuring buildings that meet zoning laws are approved and drive down housing costs associated with delays.

5. Build more affordable housing near transit

Low-income families in cities disproportionately rely on public transit to access jobs and other travel needs. Yet housing near transit tends to be more expensive, forcing low-income families to either pay high rents or live far from accessible transit, potentially spending their limited resources on owning a car. Increasing the supply of affordable housing near transit can reduce the cost of living for low-income families by reducing their transportation costs—often the second-largest annual expense for families after housing—and better connect families to jobs and economic opportunities. Cities should use every tool in their toolbox to spur affordable housing in transit-rich-neighborhoods, including upzoning, better harmonizing housing and transit planning, and prioritizing housing construction subsidies for developments with transit access. Transit agencies can also utilize the real estate they own in innovative ways to build well-placed housing. For example, the Washington Metropolitan Area Transit Authority recently partnered with Amazon to develop 1,000 affordable units at Metro stations.

6. Establish and expand affordable housing trust funds

Cities do not need to rely solely on federal and state financing to overcome the expensive upfront costs of development; they can establish their own affordable housing trust funds, like those that exist in Los Angeles, Seattle, Philadelphia, and Washington, D.C.—as well as many counties and states. A housing production trust fund is a source of funds designated to finance production and preservation of affordable housing, providing additional gap financing in addition to other sources like the Low-Income Housing Tax Credit and private subsidies. Some cities, such as Albuquerque, have capitalized their housing trust funds through voter bond measures. While their exact structures and processes vary, the results are promising and worthy of consideration. In Washington, D.C., the Housing Production Trust Fund has produced over 6,000 affordable units since 2015.

7. Improve housing voucher programs

Thousands of public housing authorities (PHAs) across the country administer Housing Choice Vouchers, which help low-income renters afford housing payments. Housing vouchers effectively reduce housing instability and allow low-income households to afford units in higher-opportunity neighborhoods. However, the program's success is restrained by landlords unwilling to accept vouchers as payment, with acceptance rates of vouchers declining—and reaching especially low levels in low-poverty areas. Evidence suggests that high denial rates are due to a combination of landlord discrimination against voucher holders as well as legitimate challenges working with PHAs—including the time-consuming inspection process. PHAs can improve landlords' experience with the Housing Choice Voucher program by having dedicated landlord liaisons, customer service hotlines, and workshops for participating landlords. Marin County, CA started offering security deposits, damage protection, and vacancy loss coverage, which increased leases for voucher holders. Similarly, the PHA in Cambridge, MA offers damage and vacancy payments for landlords who lease to voucher holders and conducts landlord surveys to improve landlord service satisfaction.

8. Maintain and establish emergency rental assistance programs

During the COVID-19 crisis, Congress provided $46 billion for emergency rental and utility assistance programs to prevent evictions and help low-income renters sustain financial shocks caused by the pandemic. The program—along with other emergency measures—helped prevent 1.36 million eviction filings, by one estimate. While most of this funding has been distributed, local governments can build on this success and maintain local emergency rental assistance programs, leveraging institutional capacity developed during the pandemic. For example, San Antonio, TX assisted more than 56,000 households with federal emergency assistance funds during the pandemic and will fund a new emergency rental assistance program at a smaller scale without federal funds, helping low-income households weather temporary hardships unrelated to COVID-19 and ensuring families stay stably housed until they regain their financial security. Even as the economy recovers from the pandemic, many low-income Americans will continue to be vulnerable to financial shocks as the high cost of rent outpaces wage growth.

9. Inventory and allocate public land for affordable housing

As a first step toward maximizing the use of public land and resources, a 2016 BPC report recommended that local governments develop a complete list of all assets owned, including vacant land and underutilized real estate. For example, a 2016 audit in New York City found more than 1,000 vacant lots owned by the city, many of which had been sitting idle for decades. Atlanta's Public Land Advisory Council oversaw an asset mapping effort in 2021 that identified 2,023 parcels of land suitable for affordable housing projects. Once surplus land is identified, cities can sell or lease it at a reduced cost—or donate it—to offset the high cost of land and build more affordable housing. Montgomery County, MD, King County, WA, and Washington, D.C., have all instituted policies encouraging low-income housing development on public land.

10. Support community land trusts

Community land trusts (CLTs) are nonprofit organizations governed by boards of residents and public representatives that act as stewards of land for affordable housing. Land is bought and maintained by the nonprofit organization, which sells homes that sit on the land to occupants—splitting the ownership of the land value and the home value so that occupants pay less for homeownership. Nonprofit stewards hold land in a trust in perpetuity in order to preserve affordability even when market rates rise sharply, permanently preventing developers from purchasing land for expensive units. Cities can support CLTs by providing financing, property tax exemptions, and technical assistance. There are hundreds of CLTs across the country, which have a record of empowering households—especially low-income families of color—to build wealth.

Conclusion

Tackling the affordable housing crisis will require an all-hands-on-deck approach at the federal, state, and local levels. Some of the actions highlighted in this blog can be carried out at the state level, a more efficient process than instituting reforms city by city. Nevertheless, cities should not hesitate to do everything in their power to address the urgent need for more affordable housing—as soon as possible. No single policy can serve as a silver bullet to sufficiently improve affordability, and cities will need a comprehensive approach including a slate of policy solutions to have a meaningful impact.

Overcoming NIMBY Opposition to Affordable Housing

Jaimie Ross and Kody Glazer, Florida Housing Coalition, 2022 Advocates' Guide

The Not In My Backyard Syndrome (NIMBYism), in the context of affordable housing, connotes objections made for reasons such as fear and prejudice. This is in contrast, for example, to objections over the real threat of an incompatible neighboring use, such as a hazardous waste facility near a residential area. NIMBYism presents a particularly pernicious obstacle to producing affordable housing. Local elected officials are too often barraged by the outcry of constituents over siting and permitting affordable housing. Consequences of NIMBYism include lengthy and hostile public proceedings, frustration of consolidated plan implementation, increased costs of development, property rights disputes, and inability to meet local housing needs.

Fortunately, there are tools advocates can use to avoid or overcome these objections, usually to the eventual satisfaction of all parties.

ISSUE SUMMARY

Local zoning and land use decisions have historically resulted in racially and economically segregated communities. Richard Rothstein's *The Color of Law* details the intentional segregation wrought throughout the United States by means of government lending, insurance, and appraisal requirements for housing, including through practices like redlining and the security maps used by the Homeowners' Loan Corporation and Federal Housing Administration (FHA). A parallel argument can be made that government planning and zoning discrimination used to entrench NIMBY opposition is the perpetuation of modern-day segregation. NIMBYism is ofte n a proxy for intentional segregation as it keeps people confined to pre-existing demographic patterns that often reflect the overt, intentional segregation of the past.

Local zoning codes that segregate uses by housing type and require subjective standards of "compatibility" with existing surroundings set the stage for NIMBYism and for segregation. Exclusionary zoning laws that create single-family-only districts and use a subjective test of "compatibility" and consistency with the "character" or "neighborhood scale" perpetuate homogenous neighborhoods of low-density, single-family homes. These policies create an uphill battle when developers of affordable rental housing look for sites that will provide desperately needed homes for lower-income households.

Land use decisions are made in an everincreasingly political environment fueled by NIMBYism and NIMTOOism (the Not In My Term Of Office syndrome). The NIMBYs are residents determined to maintain homogeneous neighborhoods, "preserve" their property values, and vehemently oppose the development of affordable housing. The NIMTOOs are the local elected officials who may or may not agree with the NIMBYs but are not about to vote in favor of the affordable housing development if it will jeopardize re-election.

Best Practices for Housing Advocates to Overcome NIMBYism.

The best defense to NIMBYism is a good offense. And a good offense means:

1. Know your legal rights.

When discrimination against an affordable housing development is really discrimination against a race, color, national origin, religion, disability, sex, or familial status, it violates the federal Fair Housing Act. State and local fair housing protections may include additional characteristics protected from discrimination. Litigation is usually not a meaningful remedy because housing funding cycles are on a tight time clock and court actions can take years to resolve. But knowing your legal rights and making local government lawyers and elected officials aware of what you know about your rights is often all you need to benefit from fair housing protections. In cases where discrimination is clear and local elected officials act in disregard of that fact, consider reporting the incident to the U.S. Department of Housing and Urban Development (HUD) or your state or local fair housing centers. If HUD or the U.S. Department of Justice (DOJ) takes the case, it is a little like standing up to a schoolyard bully - it could make your future dealings with your local government much easier.

A non-profit developer may be hesitant to challenge a local government over land use issues if the local government provides funds to the non-profit. Establishing a good relationship with a local legal services office or other local advocates for the public interest is an effective way around the need for the affordable housing developer to cry foul when local government succumbs to neighborhood opposition. Local advocates can make these arguments on behalf of future tenants or residents directly impacted by the land use decision.

2. Expand legal protections for affordable housing.

(a) Fair Housing & Due Process

Advocate for state or local laws that make it harder for NIMBYism to prevail. For example, in 2000, the Florida Fair Housing Act1 (the state's substantial equivalent to the federal Fair Housing Act) was amended to include affordable housing as a protected class. This expansion of the Florida Fair Housing Act has provided the Florida Housing Coalition and other housing professionals a useful tool for advocating for local government lawyers and commissions to approve affordable housing units or face legal challenges. In 2009, North Carolina adopted a similar state law to add affordable housing as a protected class in its fair housing law.

One of the reasons the Florida statute is so effective is that enforcement does not require going to court. If a local governing body violates this state fair housing statute, the affordable housing developer can immediately file a petition under the Florida Land Use and Environmental Dispute Resolution Act3 to have a special magistrate appointed who will review the denial in the context of the private property rights and fair housing rights of the affordable housing developer. This set of state statutes has been used to reverse land use denials of affordable housing, causing elected officials to reverse denials that were made in response to NIMBY-fueled public outcry. Using a special magistrate process is particularly beneficial because even if a party prevails in a court case using a substantive due process claim under the 14th Amendment or an anti-discrimination claim under an applicable Civil Rights law, the time it would take could thwart development as funding opportunities disappear due to delay.

(b) Zoning & Land Use

Regulations that unduly restrict flexibility in housing types and densities enable NIMBYism to thrive and allow existing patterns of segregation to continue. For communities that do not look all that different from the days of redlining, NIMBYism in the form of local land development regulations requiring a subjective test of neighborhood compatibility is a way for the government to perpetuate the overt, intentional segregation of the past. Housing advocates can study their local land development processes and push for reforms that facilitate more integrated communities.

Restrictive zoning, particularly single-family zoning, creates a high hurdle for affordable housing. In December 2018, Minneapolis, Minnesota, became the first major city in the United States to adopt a plan to allow up to three dwelling units on a single-family lot in areas zoned for single-family only housing. This change allows duplex and triplex rental housing in what would otherwise be an exclusively single-family homeownership area. In 2019, Oregon passed a law requiring cities with populations of 25,000 or more to allow duplexes, triplexes, townhomes, and other "missing middle" housing types in single-family districts. Cities of 10,000-25,000 in population are required to allow duplexes in single-family zones.5 In 2021, California passed Senate Bill 9 which, among other policies, provides that a proposed duplex within a single-family zone be "considered ministerially, without a discretionary review or a hearing" if the proposal meets statutory requirements. Up-zoning policies such as these remove the obligation for an affordable housing developer to seek land use changes on a case-by-case basis and thereby avoid forums that invite NIMBYism.

In 2020, the Florida Legislature passed a law permitting all local governments to approve affordable housing developments without zoning or land use changes on land zoned for residential, commercial, or industrial uses. This state permission for local governments to override its own zoning requirements may prove to be a powerful tool in avoiding NIMBYism by reducing the need for developers to secure zoning approval in a public forum. It could be particularly useful for incorporating small-scale rental developments in single-family zoning districts and for adaptive reuse of commercial properties for affordable residential development. Of course, advocates will need to ensure that this zoning override is never used to site affordable housing near toxic uses.

Laws, whether federal, state, or local, that are helpful to your cause are only helpful if decision-makers and their staff are aware of those laws. The expansion of the state fair housing act to include affordable housing in Florida, for example, has been successful in keeping local elected officials from succumbing to NIMBY opposition. But the law has been successful only because housing advocates have been conscientious about ensuring that local government lawyers know about the statute. It is now commonplace in Florida for a city or county attorney to inform the elected body during a heated public hearing that they run afoul of the state's fair housing law if they deny the affordable housing developer's application. Legal protections for affordable housing provide political cover to elected officials who are sometimes facing an electorate threatening to unseat those officials who vote in favor of affordable development.

3. Educate elected officials.

Once a NIMBY battle ensues, it is often too late to educate. Local elected officials need to understand the importance of affordable housing in general. Advocates should have an education campaign about affordable housing and its importance to the health of the entire community without regard to a particular development. Getting good media coverage is also helpful. Whenever possible, education should include bringing elected officials to see completed developments and sharing the credit with them at ribbon cuttings and in news stories. Regarding a pending development, whether you can meet with your elected officials depends upon the ex parte rules in your jurisdiction. However, if you discover that the community opposition is meeting with elected officials about your development, you certainly should do the same.

4. Garner allies for affordable housing from a broad range of interests.

Too often, the only proponents of an affordable housing development are the developers themselves. Whenever possible, have members of the business community, clergy, and likeminded social service agencies stand up for your development to demonstrate the community value of new affordable housing construction. The potential beneficiaries of the development (future residents) can also be effective advocates. And, if possible, recruit a former member of the opposition to speak on behalf of your development.

The media can be an important ally throughout the process of development approval. Whenever you foresee a potential NIMBY problem, it is best to contact the media first so that they understand your development plan and its beneficial public purpose. In this way, the neighborhood opposition will have to justify to the media why it makes sense to stop a development that the media already considers an asset for the community. Again, the best defense is a good offense.

5. Address all legitimate opposition.

Key to overcoming NIMBYism is to address all legitimate concerns expressed by the opposition. Those concerns may be, for example, traffic, available infrastructure, or project design - issues that may lead you to adjust your proposed development. The developer should come prepared with professional traffic studies, infrastructure impact reports, and other important planning documents so that what may be a legitimate concern is addressed. If you address all legitimate concerns and the opposition persists, you are now in the enviable position of being able to state with certainty that the opposition is illegitimate - it is, therefore, opposition that would be inappropriate, arbitrary, capricious, or unlawful for the local government to consider in making its land use decision. In other words, you win!

America, take note: New Zealand has figured out a simple way to bring down home prices

Eliza Relman, Business Insider, August 7, 2023

Imagine a bustling neighborhood with a mix of single-family homes, triplexes, apartment buildings, businesses, and public amenities. Rent growth is slow, home prices are reasonable, and there are plenty of affordable-housing options. Families, young people, retired folks, and businesses are all able to coexist, making the area diverse and vibrant.

Unfortunately, most American neighborhoods don't look like this. Instead, huge parts of the country have zoning laws that make it illegal to build anything other than a single-unit home. But these laws — originally designed to keep residential neighborhoods separate from manufacturing and to segregate and exclude people based on race — are running up against a harsh reality. American cities, especially those with growing job markets and a healthy influx of new residents, need to build millions of new homes to keep housing from becoming unaffordable. And keeping single-family-only zoning laws in place makes it almost impossible to meet these areas' housing needs.

To make housing more abundant and affordable, economists and urban planners say, we need to upzone many neighborhoods — legalize the construction of denser, taller housing like duplexes, triplexes, and townhomes. Upzoning won't cause the price of existing housing to suddenly tumble, but it will slow the growth of housing costs by meeting demand. It's a necessary, but not sufficient first step in solving the affordability crisis.

"There's an enormous amount of economics literature going back decades that shows us that places that have restrictive zoning build less housing over time, and that making zoning more restrictive reduces supply and increases prices," Jenny Schuetz, an expert on urban economics and housing policy at the Brookings Institute, told me. "There's essentially a unanimous consensus among economists and policy analysts that this is the direction we have to go."

Aggressive opposition to zoning reform has limited the number of real-world models we have in the US. So experts have looked abroad for solutions. New Zealand stands out as an exceptional example of how to successfully boost housing supply through zoning reform. Facing an urgent housing crisis, the island nation implemented upzoning measures that legalized the building of medium-density housing. Not only did this help to slow down skyrocketing housing costs, it inspired a bipartisan, nationwide expansion of the policy.

"The Auckland example is so particularly groundbreaking because it's no longer a theoretical debate," Matthew Maltman, an Australian economist who's closely studied New Zealand's housing reforms, told me. "It just makes it a lot easier to sell to people."

The Kiwi model

New Zealand has long had the same issue facing many American cities: very low-density residential neighborhoods that restricted the amount of housing that could be built. In the 1970s and '80s, the country even "downzoned" residential areas, further limiting housing capacity in much of the country. As its population grew rapidly — expanding almost 11% between 2013 and 2018 — a serious housing-affordability crisis started brewing. Home prices in Auckland, New Zealand's biggest city, doubled between 2009 and 2016 and prices across the rest of the country followed close behind. People even began to pay hundreds of dollars a month to rent garages in Auckland without bathrooms or kitchens.

In the face of this growing problem, the city decided to act. A law passed in 2016 allowed for "gentle density" — making it legal to build duplexes, triplexes, and townhomes on single-home lots. The policy tripled the city's housing capacity. Between 2015 and 2022, new housing units permitted in the city grew from 9,200 to 21,301. Auckland went from mostly single-family homes to a much denser mix of multi-unit homes and attached single-unit buildings. In a 2021 research paper, Ryan Greenaway-McGrevy, the director of the Economic Policy Center at the University of Auckland, found that Auckland's policy succeeded in its twin goals of boosting supply and increasing density.

"In per capita terms, Auckland has gone from somewhat of a laggard to a leader among New Zealand's largest cities," he told me in an email, adding that the number of per capita construction permits issued in the city hit a "record high in 2020 or so, which was surpassed in 2021 and again in 2022."

The changes not only led to a lot of new housing, it also slowed the pace of rising housing costs. Maltman found a "significant reversal of the trend" of skyrocketing costs in Auckland.

"There's been a significant slowing of rental price growth since the policy was implemented," Maltman told me, referring to the 2016 reforms. "Both incomes and inflation have grown faster than the price of rental housing."

While the voices of New Zealand homeowners who opposed dense housing were loud in the rollout of the policy, a 2020 study found that Auckland residents were increasingly supportive of new construction in their neighborhoods — 64% supported medium-density housing as a way to solve the city's housing shortage. The success of Auckland's upzoning even helped inspire a bipartisan national policy, passed in 2021, that requires the country's biggest cities to allow medium-density building in residential areas.

The shift hasn't been a silver bullet, and New Zealand continues to face housing challenges. The 2021 policy has faced significant local pushback and the center-right National Party has turned against it. The pandemic and seesawing interest rates wreaked havoc on the market, and the country is now technically in a recession. But experts say things would be much worse without the zoning reforms.

Early struggles and successes in the US

In the US, there are many opponents to zoning reform — particularly higher-income local homeowners, who don't want to see their neighborhoods change. Some question the basic laws of supply and demand and insist that new housing actually raises prices. Others have more founded concerns about strains on infrastructure, schools, and other services.

Many cities are also operating under old, complex regimes of regulations that make it hard to build. Land-use regulations tend to pile up and sometimes contradict each other, Vicki Been, who served as New York City's deputy mayor of Housing and Economic Development under Mayor Bill de Blasio, told me. "So you have to, really, every once in a while, just sort of take a scalpel and say, 'OK, we're going to update this, we're gonna cut through all of the layers of complexity,'" she said.

But New Zealand offers a way out of this morass. The country is a particularly good model for the US, because the countries have relatively similar urban-planning systems, land-use regimes, and geographies, Schuetz said. "It's more similar to the US than, say, much of Europe."

Nolan Gray, a city planner and research director for California YIMBY, agreed. "A typical New Zealand city looks a lot like a typical US city," Gray said. "Most of the construction happened in the age of the car; you have a lot of single-family neighborhoods; you have a lot of low-rise commercial corridors." Like Americans, average New Zealanders also treat their homes as an investment "that they secretly hope will go up in value, and they can cash out and retire," Gray added.

There are three models of housing construction in US cities right now, Gray said. There are cities — including New York, San Francisco, and Los Angeles — that are building very little new housing per capita. Then there are cities, including Sunbelt boom towns like Phoenix, Houston, and Atlanta, that are mostly building sprawl. And then there are cities like Denver, Seattle, and Washington, DC, that are successfully building a lot of new, denser housing in existing neighborhoods. He's optimistic about the third model.

"What those cities share is a shared long-term recognition that we're going to grow a lot, and let's start doing the infrastructure planning and the public-amenity planning to make that happen," Gray said.

The legalization of accessory-dwelling units — smaller, detached homes like backyard "granny flats" — in California and in a few US cities, including Seattle and Portland, Oregon, has been very successful in spurring construction. California approved more than 23,000 ADU permits in 2022, up from fewer than 5,000 in 2017.

"The fact that there's been such extreme developer response to allowing the construction of ADUs suggests that there's something going right about that policy," Yonah Freemark, a land use and housing researcher at the Urban Institute, told me.

Houston also dramatically increased density by cutting its minimum home lot size from 5,000 to 1,400 square feet in 1998. Almost 80,000 new homes have since been built on these smaller lots.

And there are signs zoning reform is appealing to different geographies and across the political spectrum. Progressive blue state YIMBYs, libertarians, and free-market conservatives have all gotten behind versions of it. Montana Republicans recently passed a slew of bills loosening zoning across the state, framing the effort as a way to avoid California-style sprawl.

"Flexibility in messaging is one of the real strengths of the pro-housing movement," Schuetz, of the Brookings Institute, said. "In California, you can frame this as about racial equity, about climate friendliness. In Montana, you can say this is the anti-California. Utah is very focused on their scarcity of water and also very much on family-friendly areas, making it feasible for kids to move back to the places where they grew up."

Reforms don't always work in one fell swoop, though. In 2018, Minneapolis became the first major US city to institute Auckland-style reforms, ending single-family zoning and legalizing the construction of up to three homes on a single-family lot. But the city didn't allow new multiunit buildings to be taller or wider than the single-family homes they replaced, so the initial policy changes spurred just a fraction of the construction the city was hoping for. The size limitations make the option less financially attractive to developers. The experience proved that policymakers have to be willing to tweak policies repeatedly to get their desired outcomes.

"The devil is in the details," Been, the former New York City deputy mayor, said. "There are a gazillion details."

In spite of some hiccups, Been added, the early success of these zoning reforms is promising.

Taming inflation with affordable housing

Mark Niquette and Augusta Saraiva, Bloomberg News, August 9, 2023

No place in the US has put inflation in the rearview mirror quite as fast as Minneapolis.

In May, the Twin Cities became the first major metropolitan area to see annual inflation fall below the Federal Reserve's target of 2%. Its 1.8% pace of price increases was the lowest of any region that month.

That's largely due to a region-wide push to address one of the most intractable issues for both the Fed and American consumers: rising housing costs. Well before pandemic-related supply-chain snarls and labor shortages roiled the economy, the city of Minneapolis eliminated zoning that allowed only single-family homes and since 2018 has invested $320 million for rental assistance and subsidies.

That helped unleash a boom in construction of apartments and condos in the region that proved to be a powerful antidote against inflation, given that the cost of shelter accounts for more than a third of the overall US consumer-price index. Minneapolis shelter prices were up at half the nation's annual pace in May.

"I can't tell you how many people were like, 'Oh, look at all this supply, look at all these just brand new buildings,' and kind of scoffing at it like this was going to lead to gentrification or rents skyrocketing," said Minneapolis Mayor Jacob Frey, a two-term Democrat, in an interview. "The exact opposite has happened."

The housing initiatives — including the Itasca Project, an alliance of the business, philanthropic and public sectors in the region pushing for at least 18,000 new housing units per year through 2030 — have picked up where the Fed's monetary tightening leaves off, demonstrating the role state and local policies can play in curbing inflation.

They also show how a regional economy can get a boost when politicians are able to temper opposition to new building, sometimes part of the "not in my backyard," or NIMBY movement. Local backlash has squashed projects from California to New York, where an ambitious plan by Governor Kathy Hochul to add about 800,000 units of housing over the next decade fell apart in April after resistance from suburban areas.

Rent growth in Minneapolis since 2017 is just 1%, compared with 31% in the US overall, according to the Pew Charitable Trusts. Its share of affordable rental units and ratio of rent to income are better than most comparable US metro areas.

"There is no more effective way to rein in inflation than to expand the supply of affordable housing and increase housing affordability," said Moody's Analytics chief economist Mark Zandi.

The mayor's approach to housing has drawn opposition, including legal action based on environmental concerns and complaints about multifamily rental units next to single-family homes. And in the city that was shaken by the 2020 police killing of George Floyd, inequality remains entrenched, with residents of color remaining nearly twice as likely to be living in households burdened by shelter costs as White residents.

In the Twin Cities of Minneapolis and St. Paul, "it just keeps coming back to this housing story," said Peter Frosch, the chief executive officer of the Minneapolis Saint Paul Regional Economic Development Partnership. "To the extent that we're interested in continuing this performance around managing costs, we have to stay focused on housing."

Government data due Thursday will provide further insights into the trajectory of inflation across the US. The CPI report is projected to show annual inflation re-accelerated to 3.3% nationwide in July as some price pressures prove sticky.

Currie Commons is a 187-unit complex under construction in the Harrison neighborhood of north Minneapolis, where the poverty rate exceeds 30%. A quarter of the apartments will be reserved for those making less than 30% of area median income — or $35,500 for a family of four. The four-story property will include a rooftop deck with a view of the city skyline and a large community area.

David Wellington, its developer, said such projects have more complicated financing and take longer to build than apartments with market-rate rent.

But "we feel pretty strongly that the demand for these units is there and needs to be served," said Wellington, co-owner of Wellington Management Inc.

Across the Mississippi River in St. Paul, on a 122-acre site where a Ford Motor Co. assembly plant once stood, a mixed-use development is going up with 20% of the housing reserved for lower-income renters.

These are the kinds of projects that are typical of the area's recent surge in multifamily housing.

The Minneapolis region got authorization to build about 14,600 multifamily buildings last year, ranking 11th out of 51 peer metro areas in permits per capita in that category in 2022, according to Bloomberg calculations using Census

Bureau data.

Having more units available that lower-income residents can afford helps the people who have been most impacted by inflation, said Cathy Capone Bennett, executive director of the Twin Cities Housing Alliance.

The growth has also created more options for residents like Gina Kowalczyk, an elementary school teacher who moved to the region in June and didn't think she'd be able to afford a one-bedroom apartment in the suburb of Minnetonka.

"The location, the amenities, the building, the fact that it's brand new, I was very surprised that it was so affordable for me," Kowalczyk, 51, said in an interview at her apartment in Wellington's new Townline complex.

The housing initiatives have not all worked the way policy makers intended. Critics say a stringent rent-control policy implemented in St. Paul in 2021 has chilled development of some projects because the financing no longer worked when the rents would be capped for years to come.

The push also has not erased some persistent housing problems. When comparing Black households and White households, the Twin Cities had the highest difference in homeownership rates and housing cost burden of any similar-sized metro in 2021.

That disparity is "the stain on this region," said Adam Duininck, director of government affairs at North Central States Regional Council of Carpenters.

At the same time, high costs for groceries and other goods can make it hard for Minneapolis residents to notice the favorable conditions in the housing market. Food prices in the metro area rose 6.8% in May over the year, federal data show.

Still, Minneapolis had one of the lowest "misery" rates, a Bloomberg calculation using inflation plus unemployment data from the US Bureau of Labor Statistics, of 21 metro areas in May and June. A major drop in utility prices since last year has contributed to its improving inflation picture.

The Twin Cities benefit from some unique characteristics: The area has a high concentration of Fortune 500 companies, including Target Corp. and US Bancorp. While peer metro areas including Dallas, Phoenix and Jacksonville saw a mass influx of residents in recent years that sparked demand shocks in the local housing markets, the Twin Cities population has remained close to 3.7 million people.

"The Twin Cities has historically been an affordable housing market relative to the nation," said Ron Feldman, vice president at the Minneapolis Fed and co-chair of the Itasca Project. "We're trying to make sure we keep it that way."

A Colorado city put a cap on new housing – and proved why it doesn't work

Raksha Vasudevan, The Guardian, August, 3, 2023

In 2017, Stephanie Deveaux noticed her city and neighborhood were changing. Lying on Denver's western outskirts, Lakewood was known for its spacious single-family homes, good public schools, pristine parks and Rocky Mountain views. But many of the things that made Lakewood so livable seemed under threat.

"All these multiunit dwellings [were] starting to be developed," she said, referring to the boxy, ultramodern and monotone buildings now scattered across Lakewood. "And then lands that I thought had been earmarked for open space, those started to get filled up."

Cathy Kentner, a teacher and Lakewood planning commission member, also noticed those same tall buildings "adjacent to small single-family homes and cutting off all their sunlight"; deteriorating streets; busier hospitals; and green space being replaced by "a sea of concrete". She mentioned the murals dotting several buildings along West Colfax Avenue as an example. "I really appreciate the art that they put on the outside, how it's all green and plants," she said. "[But] how nice would it be to actually have some real greenery."

Kentner, Deveaux and other residents wondered if they could slow Lakewood's growth and preserve, as if in amber, affordable housing and all their community's beloved qualities. They argued developers were raising housing costs across the board, while doing little to maintain the parks, roads and schools that made Lakewood such a great place to live. Ultimately, they campaigned for a municipal Strategic Growth Initiative (SGI), which limited new construction in the city to 1% of the previous year's housing stock. Buildings with more than 40 units needed to go through public hearings before approval.

Growth caps like Lakewood's can have notoriously uneven results, sometimes cutting housing supply and raising costs even when the goal is to lower them. Such impacts are partly why, in June, Colorado's governor signed a new state law prohibiting cities from explicitly limiting population growth or the number of residential units that can be approved; taking effect this month, the measure aims to lessen the "irreparable economic harm to working-class Coloradans" they can sometimes cause. It leaves Lakewood and other Colorado cities in limbo, wondering whether their policies will be overturned and, more importantly, what they can do to keep housing costs low and costs of living high.

In Lakewood, housing prices keep rising. Single-family house prices have skyrocketed 94% since 2015, from \$370,000 to almost \$716,000. Average apartment rental prices now range from \$1,704 to \$1,833 depending on the neighborhood, representing an annual increase of 5% to 6% since 2017. Most renters are also paying more than they can afford: currently, 58% of all renters spend more than 30% of their income on housing. That makes them "cost-burdened" and less able to comfortably support themselves.

In Lakewood, Kentner observed it's not just the cost of housing that's a barrier. It's what kind of housing gets built in the first place. Over the last 20 years, two-thirds of all new residential construction in Lakewood has been multifamily structures: apartment and condo complexes, duplexes, townhomes. As Lakewood's housing stock has shifted, its households have also shrunk: nearly 75% now contain only one or two residents. The number of families with children in Lakewood declined, and next year, Lakewood will close five of its public schools.

Kentner attributes these trends to the growing scarcity of affordable single-family homes. "The starter homes for people, the smaller ones that are a little older, are being torn down and replaced by these multifamily structures that don't attract young families," she said.

It's not clear if this type of new development is driving young families out of Lakewood or if they were already on the decline. But there are undeniable demographic shifts; the population now skews toward millennials between 25 and 34 and retirees over the age of 65.

"It's working in both directions," said Joseph Gyourko, professor of real estate and business economics at the University of Pennsylvania's Wharton School of Business. "Development can change demographics if it's big enough. … But there's so many other factors that influence that."

Since it was implemented in 2020, Lakewood's growth cap hasn't curbed housing starts. "Our strategic growth initiative was never implemented as intended," said Kentner. Developers used exemptions for redevelopment of blighted property or the replacement of existing units. Those exceptions pushed residential growth over the permitted numbers. In its first year, the ordinance allowed up to 693 units to be added. Of these, only 184 residential building allocations were issued, but another 654 units were built under various exemptions.

A growth cap played out similarly in Boulder, some 35 miles away. There, the cap was implemented stringently enough in its early years to significantly slow the rate of new construction and push growth to surrounding cities. But more recently, exemptions for certain types of new construction – in mixed-use buildings, areas rezoned from nonresidential purposes – have meant that the cap is no longer constraining growth.

John D Landis, professor emeritus of city and regional planning at the University of Pennsylvania, has studied growth caps over the past 50 years. He pointed out that their effects are highly contextual. Growth caps have largely failed at slowing growth and instead made housing more expensive – with some variations.

"Housing development is pretty cyclical. So some years the caps would be constraining, and other years they would not be," he said. In California, where the '70s and '80s brought caps in coastal metropolitan areas, Landis found only small differences in rates of new construction between cities that had caps and their neighbors that didn't.

Elizabeth Peetz with the Colorado Association of Realtors – which donated $25,000 to defeat Lakewood's SGI – warned the cap could worsen affordability. "There will be unintended consequences for current and potential homeowners: increases in property taxes for existing homeowners, rising rents, and fewer affordable options for potential future homeowners," she told 5280 magazine in 2019.

But Landis said "the amount that housing prices have gone up has varied tremendously, depending on whether the city or the community next door had a similar cap. Whenever the adoption of a growth cap inspired an adjacent city to adopt a similar measure – usually from fear of receiving the spillover from their neighbor – significant increases in housing costs followed.

And with those higher prices come wealthier neighbors who drive more and use more services. So crowding and infrastructure wear and tear can go up even as housing development goes down. Caps can also be associated with declining populations of Black and Latino/a residents, though Deveaux insisted that's not the case with the SGI. "It's not to cherry pick the kind of residents that we have," she said.

In Colorado, Boulder and Golden, which has also had a similar growth cap in place for years, are among the state's most expensive places to live. Median home prices range from $978,000 in Golden to $1.5M in Boulder. Campaigns for growth restrictions are also underway in the ski town of Aspen (which tries to limit new development by square footage) and the suburb of Englewood (where petitions are circulating to fire city council members who considered allowing multifamily residences in single-family zoning areas). It remains to be seen whether these efforts, which limit growth without explicitly restricting population or the units built, will survive under the new state law.

The experiences of both California and Colorado suggest that growth caps generally don't work to address the harms of rapid development.

Instead, other mechanisms can address the concerns that draw residents to growth caps. Kentner acknowledged inclusionary zoning as another, more evidence-backed path to affordability. Such policies require developers to make a certain percentage of new units affordable. Though outcomes depend heavily on policy design, in southern California, inclusionary zoning produced as many affordable units as the Low Income Housing Tax Credit (LIHTC), the country's largest housing subsidy program. Denver also instituted inclusionary zoning in 2022.

To avoid overburdened infrastructure, Landis pointed to adequate public facilities ordinances, which allow new construction so long as there is available capacity in the community's roads, parks and schools. When that room starts to run out, developers can contribute to a fund to expand that capacity and continue building. Another strategy could be to raise the fees paid by developers, which then go into the city tax base to offset the costs of growth. Lastly, urban growth boundaries can restrict high-density development to specific areas, which can help reduce sprawl, traffic congestion, and road wear and tear.

In late July, Lakewood's city attorney presented a draft emergency ordinance that would temporarily exempt the city from the new state law and keep the SGI in place for another two years. City officials say they need time to create new land use laws in compliance with the state bill, and the city council will discuss the ordinance on 7 August.

Kentner seems resigned to the SGI's eventual overturning. But she said, "Our initiative was really a cry to our elected officials to please do something about development that is causing displacement of families, and not building the housing that we need, and [creating a] lack of open space."

Gyourko also does not believe the overturning of Lakewood's cap will fling the gates to growth wide open. "You can restrict and prevent development in an incredibly diverse number of ways," he said. "You could do it through zoning, you can do it through environmental regulation, you can do it in public health regulation."

At the same time, he thinks communities that allow development should be subsidized by state or federal governments. "[If] you're truly fearful that your roads will get clogged, we'll provide funds for roads," he offers up as an example. Without such "payoffs", existing residents will keep fighting to preserve their neighborhoods and cities as they once were – and will likely never be again.

Austin went from a 'weird' oasis to one of the most expensive cities in the US. Now it's fighting runaway housing prices.

Eliza Relman, Business Insider, July 22, 2023

Until relatively recently, Austin was best known as Texas' quirky, liberal, and affordable haven for university students, musicians, and artists. A "weird" place that its residents hoped would stay that way.

But since the capital city was discovered by the world's biggest tech companies and their well-compensated employees, it has transformed into one of the least affordable cities in the country. Neighborhoods have gentrified and home prices and rents have skyrocketed as supply has struggled to keep up. In the process, the "keep Austin weird" slogan has been leveraged by anti-development advocates to protest new housing.

Demand for housing in Austin has surged over the last decade, fueled in large part by the movement of major tech companies, including Apple, Amazon, and Tesla, into the city. Median home prices in Austin more than doubled between 2011 and 2021 as the city's median household income rose from $55,744 to $80,954 in roughly the same time period, the Austin Chamber of Commerce reported.

City lawmakers are finally finding some success in their efforts to boost housing affordability. The city council on Thursday approved a resolution that would reduce the minimum lot size for a home by more than half and allow up to three units on each residential lot.

The upzoning measures, supported by nine of the council's 11 members, are designed to promote the construction of so-called "gentle density" — also known as infill housing or missing-middle housing. It would allow townhomes, duplexes, and triplexes to be built on lots that only single-family detached homes could previously sit on.

The resolution also asks the city manager to review regulations on how tall homes can be, how far they need to be from the street, and how much of a lot can be covered by surfaces like rooftops and driveways that don't absorb rainfall.

Austin also recently ended its mandates requiring a certain amount of parking spots be built with every new home — a move that is also expected to reduce housing costs.

While the city has built new housing at a faster rate than most US cities in recent years, its restrictive zoning policies simply haven't allowed it to build as much as it needs. The Texas capital's 1980s land development code makes it illegal to build anything other one single-family home on a lot that's at least 5,750 square feet in most of the city.

Opponents of the rezoning efforts say more dense new housing would change the character of their neighborhoods, increase congestion, and displace longtime residents, among other concerns.

Research has found that increasing the market-rate housing supply makes housing more affordable for both middle- and low-income residents, despite widespread skepticism that the laws of supply and demand apply to housing.

The lawmakers who've pushed the effort say it's designed to help middle-income homeowners.

"Together we will tackle the challenges middle-income families face and deliver true benefits to those looking to buy a home and stay in Austin, as well as those who continue to work to stay," City Council Member Leslie Pool said.

This comes after years of battles between so-called YIMBYs — "yes in my backyard" pro-housing advocates — and NIMBYs, "not in my backyard" activists. Last year, a Texas appeals court struck down a previous city council effort to increase housing density through upzoning.

HOUSING AMERICA'S RESIDENTS: The Role of Counties

Kevin Shrawder, The National Association of Counties (NACo), April 2023

The Basics of Housing Affordability

There are three basic components of housing – supply, costs and quality – that are determinants for housing affordability. Affordable housing is often associated with public sector housing, colloquially referred to as "Section 8 Housing," which are usually large-scale developments financed with mechanisms like the Low-Income Housing Tax Credit (LITEC) and owned or operated by a housing authority or other public entity. However, a broader definition of housing affordability, applicable to every county, can be conceptualized as market rate housing that is widely available, affordable to buy or rent for the modal resident (typically less than 30 percent of gross income) and of objectively fair quality. In most cases, housing affordability is unattainable where there are too few homes to meet demand, costs unreasonably exceed incomes or a home's quality is unsuitable for general habitation.

Housing Affordability Consists Of:

- **SUFFICIENT ACCESS**
  Supply – refers to the availability of homes within a particular market or region.
- **REASONABLY PRICED**
  Affordability – refers to the relative price points for rental units and mortgages compared to median county and regional incomes.
- **FAIR QUALITY HOUSING**
  Quality – encompasses challenges such as the age, condition and location of housing stock within a community

NATIONAL HOUSING CHALLENGES PRESENT OPPORTUNITY FOR COUNTY ACTION

There is a shortage of more than 3.8 million housing units in counties across the country, according to a recent study from Freddie Mac. The lack of homes impacts access to housing differently within communities. In some rural communities, there has been a dramatic uptick in new residents due to expanding telework employment opportunities. Some popular tourism destinations grapple with large second-home and seasonal housing markets, with few options for long-term and middle-income residents. Many urban communities are struggling to increase available housing stock as demand rises, seeking innovative land use approaches to maximize buildable property. In any community facing a shortage of marketrate housing and steady or rising demand, a fundamental economic problem manifests: escalating cost burdens on homeowners and renters alike. Households in 18 percent of counties spend more than 3.5 times their annual income to afford a typical home based on an analysis of median home prices within counties compared to incomes. Renters are confronted with similar challenges, with nearly a quarter of households that occupy rental units designated as severely costburdened (spending more than half of their annual income on rent). Rising housing costs are particularly salient for communities of color, who represent disproportionate shares of cost-burdened renters and homeowners. Further, increased costs are straining the ability for firsttime homeowners to enter the market. Because home ownership is often a primary drive of wealth-building over a lifetime, the increasing costs present long-term challenges for the economic stability and mobility of many county residents, not to mention the spillover affect to health, education and general wellbeing.

Despite these challenges, counties continue to work towards solutions because housing is essential to healthy, safe and vibrant communities.

In some communities where costs for a home may seem reasonable, the quality of available homes is lacking. The Philadelphia Federal Reserve concluded more than onethird of homes had significant non-cosmetic deficiencies (e.g., structural, plumbing electrical, etc.) in 2017, conveying an estimated price tag of $127 billion for repairs. Homes likely to need significant repair are typically older, and located in lower-income neighborhoods. In nearly onethird of counties, at least 20 percent of existing housing stock dates to pre-1940 construction. Further, homes built in areas prone to natural disasters or without access to amenities (e.g., transit in urban areas, utilities, roads, parks, etc.) can create a different set of burdens on residents.

THE COUNTY HOUSING ECOSYSTEM

Housing spans a wide range of touchpoints in many counties. Though authority may vary, each county can play a role in the solution. There are five key areas in which counties can use policy, administrative, financial or convening levers to foster housing affordability.

COUNTY HOUSING TOUCHPOINTS:

1. **Community engagement, partnerships and education** – Much of the work required to increase housing stock depends on engagement with the community. Not only can counties partner with other governments and community organizations to advance housing, but local leaders can also serve as an educational body to inform residents.

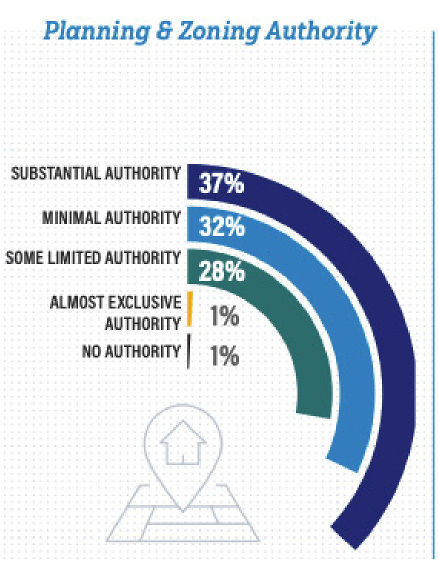
2. **Financing, lending and county tax policy** – Property taxes are the primary driver of most county finances and can play a significant role in the use of land. Additionally, some counties work with financial institutions or leverage federal programs to provide direct support to individuals or incentives for new developments, homeownership and other housing programs.

3. **Regulation, codes and associated fees** – Developing a property for housing requires following a set of codes and regulations to ensure safety. Counties often issue permits and conduct code enforcement, and some developments require studies or carry other special fees associated with construction.

4. **Land use, zoning, infrastructure and community planning** – Zoning is important to designating how a parcel of land is used within a community, and a community land use plan seeks to properly map out the land within a county jurisdiction. Further, to build housing requires infrastructure like roads, utilities and broadband, some of which counties build, maintain, regulate or otherwise support.

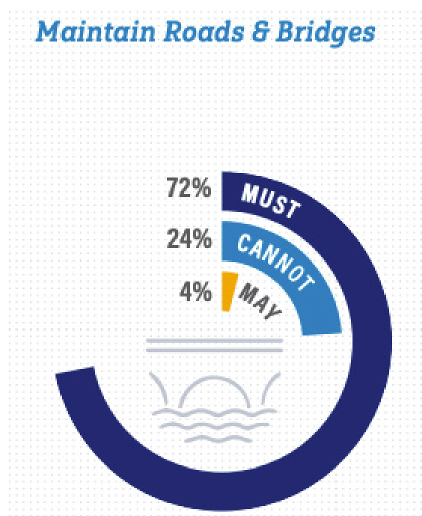
5. **Federal County Nexus** – Federal funding – often through the U.S. Department of Housing and Urban Development (HUD) – is often used by counties to administer housing programs, build infrastructure that supports new development and provide assistance for low-income residents.

THE COUNTY HOUSING POLICY AND ADMINISTRATIVE TOOLKIT

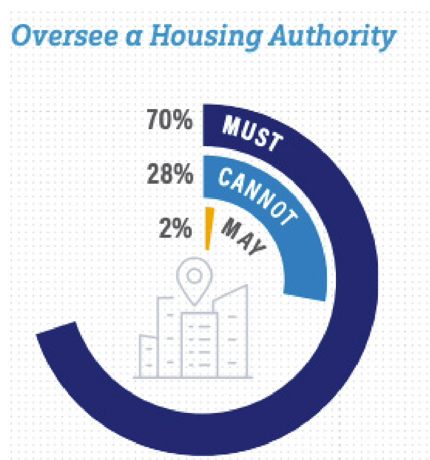


Broadly speaking, nearly every county has some level of authority regarding planning and zoning, and over one-third of counties have substantial authority in this arena. Planning and zoning is the foundation for new development; restrictive zoning across a community land use plan can disincentivize new developments while other zoning policies can catalyze development through density bonuses and other measures. In some counties, planning and zoning authority is limited to unincorporated areas, while other counties have more direct control across the county jurisdiction.

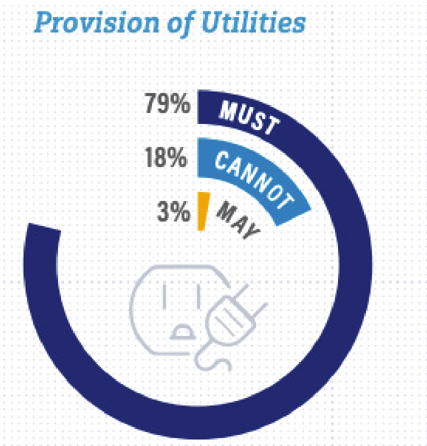
Similarly, roughly two-thirds of counties have some form of authority over permitting and reviews for new developments, which often includes code enforcement and inspection. As another avenue to spur development, some counties have been working to implement new systems that make the permitting process more efficient, and even producing template plans and re-zoning to accommodate Accessory Dwelling Units (ADUs) which serve as an additional unit on an existing development.



One of the most integral parts of local leaders efforts to advance housing affordability are considerations of infrastructure. Access to public transportation, good-quality roads and, in more urban or suburban areas, pedestrian infrastructure such as sidewalks and bike paths is imperative to new developments and ensuring existing units remain affordable. Nationally, counties own 40 percent of public road miles, and less than a quarter of counties are restricted from maintaining and creating roads and bridges. Not only is "hard infrastructure" important, but "soft infrastructure" like access to county libraries, public parks and recreation sites also impacts housing affordability – and equity.



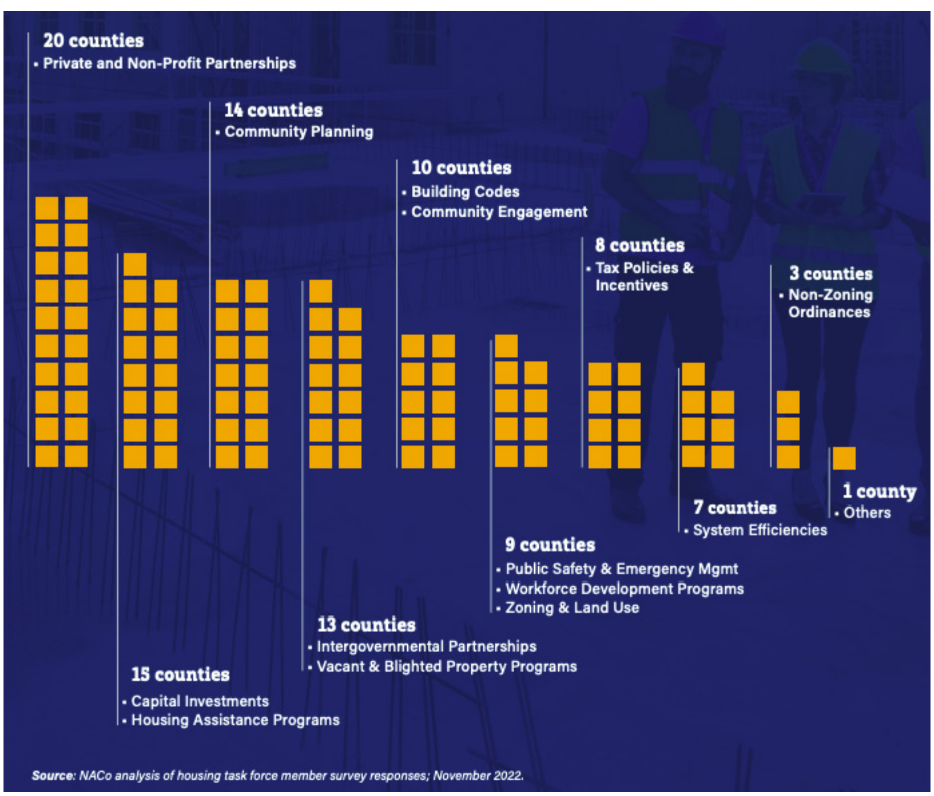
Another avenue in which many counties directly oversee housing is through Hosing Authorities. Seventy-two (72) percent of counties have the authority to erect a housing authority. Housing authorities generally serve a portion of a county, or a multi-county region. The primary purpose of this body in many communities is to administer and provide oversight on county housing programs. This sometimes includes direct ownership of housing properties, administering federal funding like Housing Choice Vouchers, or enacting policies that foster housing affordability. Housing authorities often function similar to other special districts like school districts, with a separate governing board and oversight. Some counties, either via a housing authority, a nonprofit or directly, establish housing trust funds and land banks for the purpose of collecting funding (trust fund) or land (land bank) with the purpose of preserving existing housing units or positioning for new development.



Utility infrastructure is also critical to housing affordability. In particular, new development at minimum must have stable access to sewer, clean water and electricity systems. Though most counties have limited roles in the provision of electric and natural gas services, over 80 percent of counties have the authority for direct oversight in water and sewer systems. Though issues with water rights may persist – particularly in western and public lands counties – counties across the country can use policy, administration and financial levers to expand access and quality of these services. Access to broadband is also becoming increasingly important to housing affordability and is an equity consideration, particularly for rural communities, safe and vibrant communities.

COUNTIES ARE LEVERAGING MULTIPLE TOOLS TO ADDRESS AFFORDABILITY CHALLENGES

Number of NACo Housing Task Force county solutions by topic area.



COUNTY LEADERS MEETING THE MOMENT

Elected and appointed county leaders have taken – and continue to take – tangible steps toward local housing affordability. Still, challenges persist, many of which fall outside the purview of local leaders.

Global supply chain and skilled labor shortages restrict the ability to construct new units; demographic and migration patterns put pressure on local markets to meet demand; federal interest rate increases drive up the cost of capital; market competition from institutional investors, private and community interests create tension and hamper growth.

Despite these challenges, counties continue to work towards solutions because housing is essential to healthy, safe and vibrant communities.

- Housing fulfills a basic human need for shelter, contributing to our overall safety, well-being and generational asset building.

- Access to stable housing is the foundation for better health, consistent education, a stronger workforce, improved financial wellness, and lowered financial wellness, and lowered demand for the social safety net.

- Safe, quality housing reduces stress, toxins and infectious disease, improving physical and mental health.

Section 4
Housing Policy

The Economic Impact of the Oklahoma Affordable Housing Act

Andrea N. Frymire, CCIM, MRE, Oklahoma Coalition for Affordable Housing

While Oklahoma is frequently touted as an affordable place to live, it is isn't affordable to everyone. According to recent research from the National Low-Income Housing Coalition, Oklahoma ranks 44th for housing costs and Oklahomans need to earn at least $18.00 per hour in order to afford a modest two-bedroom apartment. This is up from a housing wage of $16.28 per hour in 2021. According to The Gap: A Shortage of Affordable Rental Homes, Oklahoma has 134,533 extremely low income (ELI) households and 70% of these households are severely cost overburdened. The Gap also found that only 39 housing units are available and affordable for every 100 extremely low-income renter households. HUD defines cost burdened renters as those that pay 30% or more of their income for housing. Severely cost burdened households pay 50% or more of their income towards housing. One of the ways to encourage the development and preservation of affordable housing for Oklahomans is through effective policy.

The Oklahoma Affordable Housing Act of 2014 established a state affordable housing tax credit that mirrors the federal Low-Income Housing Tax Credit. The Oklahoma Affordable Housing Act is capped at $4M per year and is a nonrefundable ten-year credit. The federal and state credits are for households earning 60% or less of the Area Median Income (AMI) and are allocated annually by the Oklahoma Housing Finance Agency. The credit is nonrefundable and may be carryforward for a period of two years. The program is reviewed every four years by the Incentive Evaluation Commission. HB2040-Nichols was filed during the 2023 Legislative Session to increase funding to $10M per year. This bill passed the House but was not heard by the Senate Appropriations Committee prior to the deadline.

Between 2015-2023, the Oklahoma Housing Finance Agency allocated $35,332,125 in state affordable housing tax credits to provide financing for 67 developments across 31 counties.

Using the IMPLAN model, the Oklahoma Department of Commerce found that these 67 developments create a direct impact of over $709 million in construction activity and is estimated to create over $1.03 billion in economic activity when the projects awarded 223 have been built and start operations.

During the period of construction, over 1,400 jobs are impacted annually through the program. Permanent employment for the 2015-2023 allocation is estimated at 243 jobs which directly generate over $11 million in labor income and over $74 million in economic activity for the state. An additional 390 jobs are supported through induced impact spending by employees in the local economy and indirect spending by the businesses with local suppliers. The total effect of long-term jobs is roughly 633 annually. However, as new projects come online, the numbers will continue to grow.

The overall economic impact of the Oklahoma Affordable Housing Act, as allocated between 2015-2023 exceeds an estimated $1.75 billion and will revert to over $126 million annually from ongoing operations.

The Oklahoma Affordable Housing Act is a proven tool in assisting in the development and preservation of housing for our seniors and families. The economic impact report does not consider the additional social and economic benefits of the housing produced such as better school attendance and higher graduation rates, reduced Medicare spending or reduction in homelessness.

The Oklahoma Affordable Housing Act has a positive impact, both economically and socially, on our state. Affordable housing is more important than ever as the effects of COVID-19 disproportionately hit our low to moderate income seniors, veterans, and families.

For more information on affordable housing, or to view a copy of the Economic Impact Report, please visit affordablehousingcoalition.org.

Expanding Housing Access for People with Conviction Histories in Oklahoma

Jacqueline Altamirano Marin, Niloufer Taber, and John Bae, Vera Institute of Justice, March 2023

For people with a conviction history, stable housing is a fundamental pillar of reentry. Housing allows people to focus on employment, education, health care access, and building social support. However, public and private sector policies actively prohibit many people with a history of conviction or arrest from accessing affordable housing. The Vera Institute of Justice (Vera) conducted extensive research to estimate the minimum number of Oklahomans unable to access affordable housing, making clear the far-reaching effects of these restrictions. For public safety, justice, and the wellbeing of all Oklahomans, the state should explore ways to make safe and affordable housing available for everyone.

Restrictive policies in public housing authorities (PHAs) and in developments supported by low-income housing tax credits (LIHTC) are largely responsible for keeping Oklahomans with conviction histories out of affordable housing. The most restrictive of these policies concern lookback periods, the amount of time following a conviction, arrest, or other criminal legal system event (e.g., release from prison) during which providers can consider these records in determining admission into housing. These lookback periods can range from two years for certain types of convictions to lifetime bans.

Public Housing Authorities

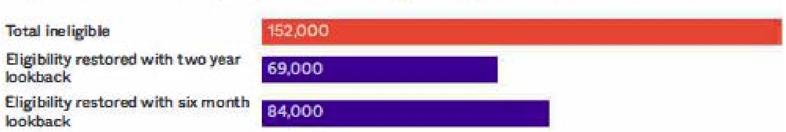
Vera estimates that 233,000 adults who are otherwise eligible or public housing or housing vouchers are unable to attain housing due to restrictive PHA policies, including lookback periods. If the state's PHAs reduce their lookbacks, Oklahoma will create immense opportunity for thousands of Oklahomans (see figure 1). For example, reducing lookbacks to six months could result in 4 percent of all Oklahomans gaining access to housing.

Figure 1. Number of people excluded by PHA policies in Oklahoma

Low Income Housing Tax Credit

Vera estimates that at least 152,000 adults are potentially ineligible for residence in developments supported by LIHTC due to developer policies. Reducing lookback periods could make tens of thousands of people eligible for LIHTC housing (see figure 2).

Figure 2. Number of people excluded by LIHTC policies in Oklahoma



Children and families of people with conviction histories also suffer from exclusionary housing barriers. Vera researchers estimate that 77,000 children who are otherwise eligible for public housing or housing vouchers are unable to attain housing due to having at least one parent or guardian with a conviction history. For developments supported by LIHTC, approximately 50,000 children are potentially ineligible. Changing these policies could help keep families together and stable.

Oklahoma can improve public safety and increase economic mobility by building upon the important reforms it has already enacted. During the 2022 legislative session, legislators passed a slate of criminal justice reform bills that addressed occupational license changes, earned credit for people on parole, the Sarah Stitt Act, and the automatic expungement of records, commonly known as "Clean Slate." While the Clean Slate Act provides a second chance for thousands of residents, many of them are still ineligible for affordable housing. Greater access to housing will help more people to find employment, while also helping employers attract and keep new talent.

Recommendations

To expand housing access for people with conviction histories and enable more families to thrive and contribute to their communities, Oklahoma should:

- Explore statewide policy to increase housing access in PHAs. These policy changes could limit PHA lookback periods and introduce other reform strategies, such as eliminating misdemeanors as a reason for denial. New policies could also institute data collection mandates that track applicants' demographics to uncover potential gaps in housing. All this would be in line with legislative changes across the country, including Illinois's exemplary 2021 Public Housing Access Bill.

- Identify changes to LIHTC policies that would make affordable housing units more accessible. Oklahoma should engage stakeholders-including formerly incarcerated people-in a review of its LIHTC policies to identify opportunities for reform. Many states are doing this work, and Louisiana might serve as a model. In 2021, the Louisiana Housing Corporation made changes to its tenant selection policy to prohibit the use of arrests and certain misdemeanors as the basis for admissions decisions; place time limits for when other types of convictions may be considered; and require admissions decisions to incorporate evidence of positive behavior-such as counseling, employment, and recommendations from the community.

When people with a conviction history face housing instability, they can enter a cycle of incarceration and reentry that undermines efforts at reform and reintegration. By investing in stable, safe, and affordable housing access for all its residents, Oklahoma can invest in public safety and expand on its statewide innovations in criminal justice reform.

About this fact sheet

For more information about this project, contact John Bae at jbae@vera.org. Support for this fact sheet was provided by the Oklahoma Justice Fund at the Tulsa Community Foundation.

Oklahoma lawmakers need to close the affordable housing gap

Sabine Brown, Oklahoma Policy Institute, April 10, 2023

Oklahoma, like the rest of the country, faces a housing crisis. The state's affordable housing supply isn't keeping up with Oklahoma's needs, and the issue is getting worse. To close the affordable housing gap, lawmakers should increase funding for the Oklahoma Affordable Housing Act and find new solutions to grow the stock of affordable housing. Several good bills are on the table this legislative session. House Bill 2040 would increase the state affordable housing tax credit annual cap from $4 million to $10 million, while HB 2870 and HB 2098 would create new programs to support affordable housing development. The affordable housing crisis will require a multi-faceted approach to solve and lawmakers can start that work this session.

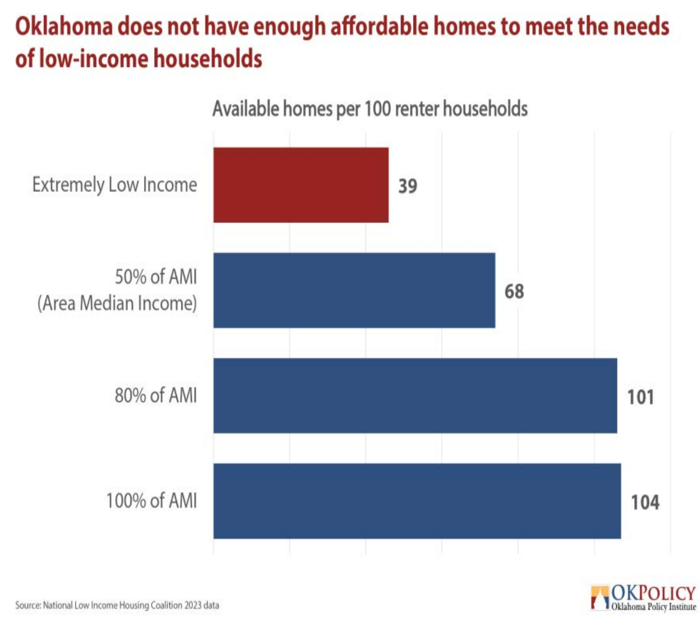
The affordable housing tax credit works, it just needs more investment

Raising the cap on the state's affordable housing tax credit would help close the large and growing gap in affordable housing. The state credit was established in 2014 through the Oklahoma Affordable Housing Act and has a $4 million annual statewide cap set by the Oklahoma Legislature. Developers use a combination of both the state and the federal credit – the Low-Income Housing Tax Credit – to finance housing that is affordable for low-income households. The federal and state credits are administered through the Oklahoma Affordable Housing Tax Credit program. HB 2040 would increase the state affordable housing tax credit cap from $4 million to $10 million, providing much-needed funding to developers to build more housing.

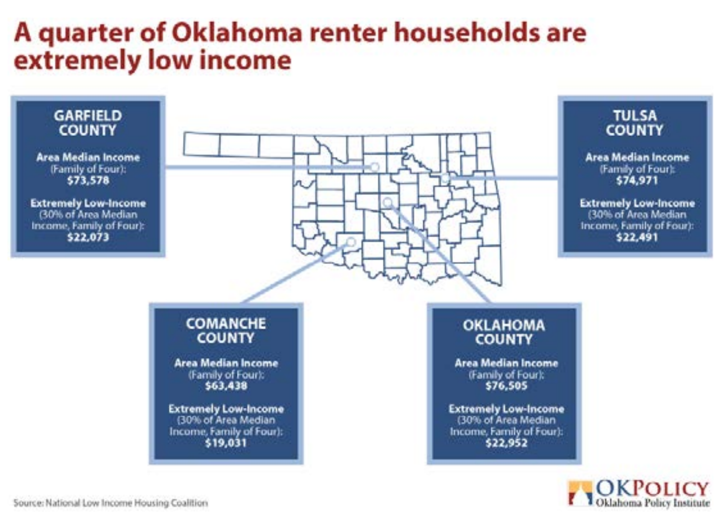
Between 2015 and 2021, Oklahoma's Affordable Housing Tax Credit program supported the construction and renovation of 3,723 housing units in 30 counties. The tax credit helped build housing in rural counties that have been neglected and struggled with attracting new businesses due to limited housing. The Incentive Evaluation Commission – tasked with providing objective evaluations of Oklahoma's economic incentives – recommended retaining the program in 2022. Their report also noted that the average cost of projects have increased since the program was rolled out. The affordable housing tax credit has made a positive impact on communities across the state, and more investment will be needed to build the additional tens of thousands of housing units the state needs.

Oklahoma needs a lot more affordable housing, and the problem is growing

Oklahoma currently needs an additional 81,638 rental homes or apartments to meet the needs of extremely low-income renters (those making 30 percent or less of the area median income). This is an increase of more than 10,000 additional homes than was needed in 2022, which indicates the problem is getting worse. Today, there are only 39 affordable and available homes for every 100 extremely low-income Oklahoma households.



The situation is marginally less dire for very low-income families (those making between 31 and 50 percent of area median income), with 68 affordable and available homes for every 100 households. Working full-time is not enough to avoid feeling the housing crunch – 2 in 5 Oklahomans can't afford a stable home working one full-time job. With record inflation and rising rents, it is getting harder for Oklahoma families to keep a roof over their heads.



We need to do more to reach extremely low-income renter households

Oklahoma needs new programs and investments to reach households that are struggling the most with affordable housing. Several bills this session would create new programs to support affordable housing development and ownership. HB 2870 would support the development of affordable single family housing through a loan program for homebuilders with interest rates as low as zero percent. It would also further help developers finance single- and multi-family housing and provide down payment assistance to homebuyers. HB 2098 would allow people to donate up to one percent of the sale of personal property to an affordable housing fund that can be used by cities, towns, and other entities to develop affordable housing.

Affordable housing tax credits, on their own, are not enough to reach the lowest income families. In tax credit-financed developments, a specific share of units must be occupied by tenants with incomes at or below 50 to 60 percent of area median income, depending on the project. To make units that are affordable to extremely low-income households – those at or below 30 percent of area median income – developers rely on rental assistance or layering these credits with other government funding. Oklahoma has an opportunity to add to the funding pool and help developers make housing affordable for those most in need.

We need immediate action to address the housing crisis

Oklahoma's affordable housing crisis is large, growing, and shows no sign of correcting itself without timely government intervention. Oklahoma lawmakers can help put more families into homes by investing in proven programs, like the state tax credit for affordable housing, while providing funding that would help quicken the pace for affordable housing development and home ownership. The need to close the affordable housing gap is urgent, and state lawmakers can act this session to ensure every family has access to a safe, stable home.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Renters need protection against landlord retaliation

Sabine Brown, OK Policy Blog, March 15, 2023

Unlike most other states, Oklahoma does not protect tenants against landlord retaliation when they report health or safety violations to their landlord, a government agency, or when they organize other tenants to advocate with their landlord for needed repairs. Oklahoma renters risk higher rents or losing their lease simply for asking their landlord to address basic habitability standards. People shouldn't be penalized when they request needed repairs or act as responsible tenants by reporting problems in their rental to their landlord or a government agency. Lawmakers have an opportunity this session to remedy this omission by adding anti-retaliation protections to our landlord tenant act by passing House Bill 2109.

Renters shouldn't be punished for attempting to address health and safety violations

Retaliation protections would ensure that tenants won't risk homelessness or housing instability for asking their landlords for essential services and safe living conditions. Retaliatory actions can include filing an eviction, ending a lease, increasing rent or fees, or denying the use of premises or service in response to a tenant reporting a health or safety issue. When a landlord fails to properly address a habitability concern, renters should be able to exercise legal rights such as reporting code violations to a government agency or organizing a tenant union. For example, anti-retaliation protections would allow a tenant to contact the health department about unaddressed mold or circulate a petition among tenants to demand working air conditioning without fearing retaliatory eviction, lease termination, rent increase, or other retaliatory actions.

These aren't hypotheticals. Oklahoma renters have faced backlash for asking for habitable living conditions. Several tenants in one Oklahoma City apartment complex received eviction notices after complaining about the hot conditions in their rental units after two months without working air conditioning in August 2022. One eviction attorney reported to Oklahoma lawmakers during a 2022 interim study that several of his clients have chosen to live with sewage rather than risk homelessness. Without retaliation protections, tenants can be forced to stay in unsafe conditions or risk losing the only home available to them as affordable housing options become scarce.

Anti-retaliation laws would protect about a third of Oklahoma households

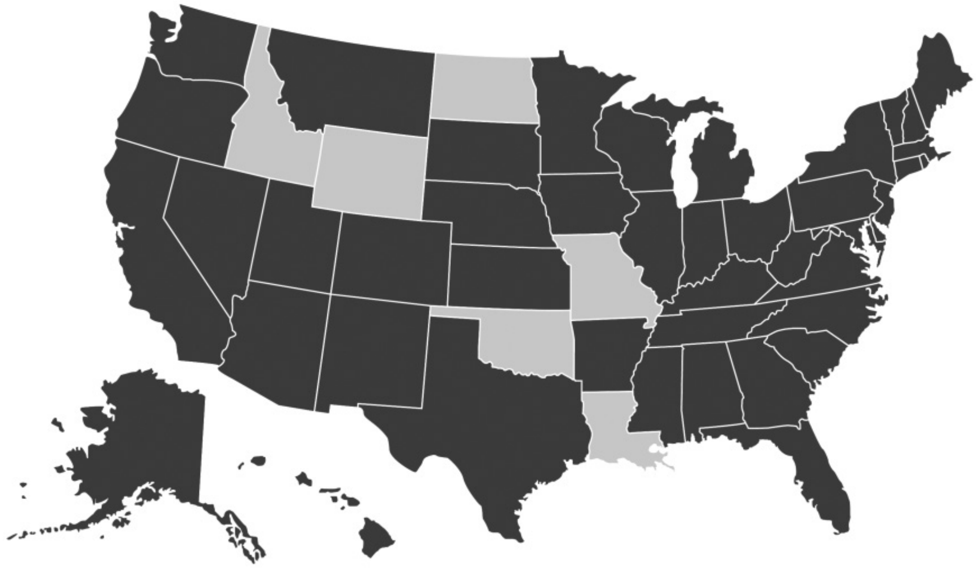
One in 3 Oklahoma households rent their home. These households tend to have lower incomes and housing represents a larger percentage of their income compared to homeowners. This group is more financially impacted when forced to move or face increased fees or rent. Rising rents and low vacancies mean low-income households may not be able to simply move when faced with habitability issues. Renters are disproportionately Black and therefore more impacted by the lack of tenant protections. This disparity in homeownership is created by systemic racism and the legacy of racist housing policies like segregation and redlining. Anti-retaliation laws for renters would help protect people who already face significant barriers to housing.

In the midst of a nationwide affordable housing crisis, anti-retaliation protections would also help preserve existing affordable housing by allowing tenants to report issues and have them repaired before their rentals become uninhabitable. As Oklahoma faces a shortage of more than 71,000 rental units for extremely low-income renters, anti-retaliation protections are one way Oklahoma could keep much-needed housing stock on the market.

Oklahoma is 1 of only 6 states without tenant protections against landlord retaliation

Ensuring Oklahoma has anti-retaliation protections consistent with the rest of the country will prevent out-of-state and foreign investors from exploiting Oklahoma's lax landlord-tenant laws. Oklahoma ranked third in the nation last year among states where institutional investors – entities that invest several millions or even billions of dollars in real estate on behalf of clients or shareholders – are buying up single-family homes to turn into rental proper-

Only 6 states lack tenant protection statutes



Source: Nolo
NOTE: Arkansas' anti-retaliation law applies only to landlords who have received a notice of lead-based paint on the property.

OKPOLICY Oklahoma Policy Institute

ties or to renovate for quick resale. In 2021, institutional buyers made up 18 percent of single-family homes sales in Oklahoma. Institutional investment in single-family rental homes is expected to grow dramatically over the next eight years, according to a 2022 report. Out-of-state investors are also buying up multi-family housing. For example, in 2022 a New York investment firm bought a 264-unit Tulsa apartment complex for one of the highest per-unit prices in the city's history. In 2019, a California-based investment firm bought a 280-unit apartment and townhome complex in Oklahoma City. International investors also make up an increasing share of the real estate market. In 2018, Oklahoma ranked as the 12th-highest state for money coming from outside the U.S. Nationally, multifamily housing represents 19 percent of international real estate investments. Anti-retaliation laws would protect Oklahomans from out-of-state bad actors who would keep tenants in unsafe conditions to increase their profits.

Most of our neighboring states have added retaliation protections to their state statutes, which ensures tenants can exercise their legal rights. For example, Texas and Kansas prohibit landlords from retaliating against tenants who complain to their landlord or government agency or participate in a tenant organization. In addition, anti-retaliation laws have been shown to reduce the number of evictions. Counties in states that prohibit landlord retaliation have around 24 percent fewer evictions. As evictions are skyrocketing in several parts of the state, anti-retaliation laws would help more Oklahomans stay in their homes.

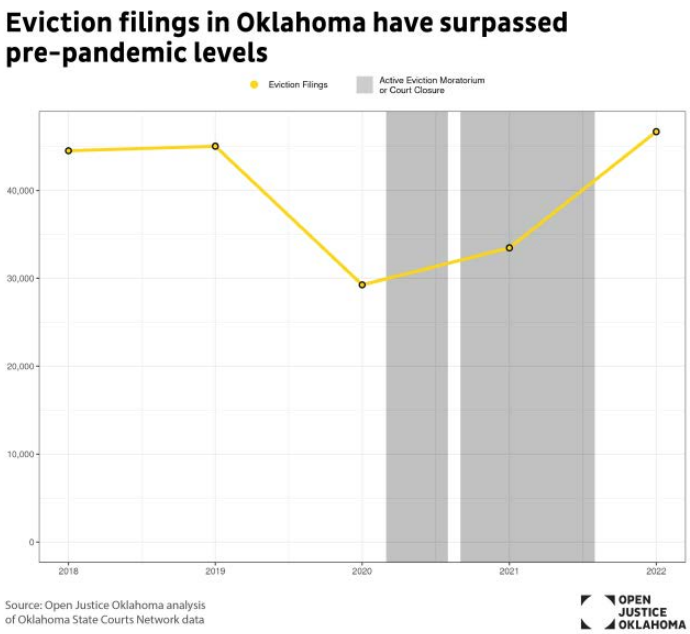
Anti-retaliation laws would protect both renters and Oklahoma's housing stock

Renters should be able to expect that their homes meet basic habitability requirements. If those standards aren't met, renters should have the means to hold landlords accountable. An anti-retaliation law would give Oklahoma tenants much needed protections against bad actor landlords who would choose to punish their tenants rather than keep their property in good condition. Additionally, this law would prevent out-of-state investors from taking advantage of our lax tenant protections and exploiting Oklahomans to pad their bottom lines. Oklahoma lawmakers have a chance to add these protections by passing HB 2109.

Oklahoma legislators need to do more to expand access to housing

Sabine Brown and Justice Jones, Oklahoma Policy Institute, July 31, 2023

Oklahoma is in the midst of a housing crisis. With 46,688 eviction filings in 2022, evictions in Oklahoma surpassed pre-pandemic levels, which were among the highest per capita in the country. This crisis is driven by a severe lack of affordable housing, stagnant wages, and an unequal playing field between landlords and tenants due to Oklahoma's landlord tenant laws. Legislators made a significant investment in affordable housing during the 2023 legislative session, but missed other opportunities to expand the state's stock of affordable housing and ensure a level playing field between landlord and tenant in eviction proceedings. It is vital that advocates continue to talk to their lawmakers about increasing investments in affordable housing and revising policies that will slow the rising tide of evictions.



The legislature made a significant investment in affordable housing

Investments in affordable housing pay back enormous dividends. Families have more money to spend in their communities, children perform better in school, and communities can attract new business by providing adequate workforce housing. The state budget for Fiscal Year 2024 dedicates $215 million to help incentivize affordable housing construction through interest-free loans for more single-family dwellings and gap financing for single- and multi-family units to help address the state's growing affordable housing crisis. Another bill, House Bill 2040, would have increased the state affordable housing tax credit cap from $4 million to $10 million. This bill passed through the House and Senate committee with strong bipartisan support, but failed to get a Senate floor vote before the legislative deadline. HB 2098 would have allowed Oklahoma residents to donate up to one percent of the sale of personal property to an affordable housing fund that can be used by cities, towns, and other entities to develop affordable housing; this bill did not advance this session and can be considered again during the 2024 legislative session.

Legislators this session seem to be realizing what many Oklahomans have known for a while – there simply isn't enough housing to go around, especially for low-income families. The state needs 81,638 rental homes or apartments to meet the needs of extremely low-income renters (those making 30 percent or less of the area median income, or about $22,000 for a family of four). This represents an increase of more than 10,000 more homes than were needed in 2022. This year's investment in affordable housing will help close the gap. But with such a large and rapidly growing gap, legislators should explore all options and revisit bills that failed to pass in the next legislative session.

Oklahoma renters will go another year without protections from landlord retaliation

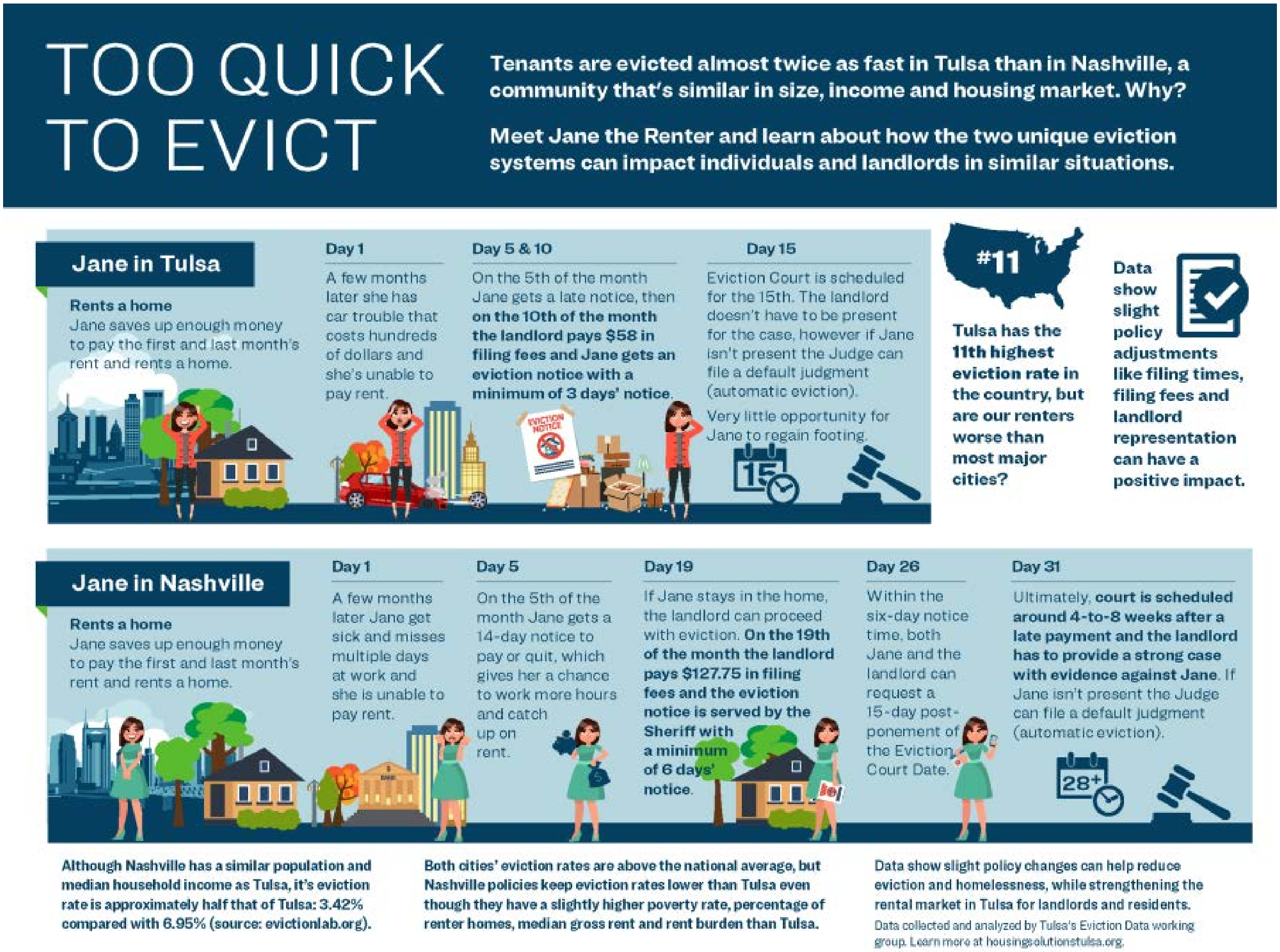
Oklahoma legislators failed to advance HB 2109, a bill that would have brought the state in line with the rest of the country by adding anti-retaliation protections to the state's landlord tenant act. Oklahoma is one of only six states without any form of protection against landlord retaliation. Without this protection, renters continue to face eviction, loss of lease, increased fees, and harassment simply for reporting health and safety concerns to their landlord or government agency.

HB 2109 was supported by a broad range of stakeholders, including direct housing service providers, charitable organizations, and real estate professionals. The bill, however, failed to meet the deadline to be heard in the Senate. HB 2109 can and should be brought up again next session to ensure Oklahoma renters are not punished for flagging health and safety issues in their rental homes.

Oklahomans need more action to address the eviction crisis

Eviction filings have surpassed pre-pandemic levels, posing a crisis that affects a substantial portion of Oklahoma's population as 1 in 3 Oklahoma households rent their homes. The City of Tulsa's eviction rate is the 11th highest in the nation, while Oklahoma City has the nation's 20th highest rate. Oklahoma's high eviction rate highlights how easily Oklahoma tenants can lose their homes. Unfortunately, efforts to reform the eviction process largely failed to advance this session.

HB 2277, a bill that would have slowed the eviction timeline and increased the eviction filing fee for landlords, failed to even get a committee hearing. Comparing eviction



processes in Tulsa and Nashville, two cities of similar size and income levels, reveals how Oklahoma's timeline and low filing fees contribute to Oklahoma's high eviction rate.

In Tulsa, tenants can receive an eviction notice within five days of late rent; in Nashville, tenants receive a 14-day notice to pay or quit, granting them nearly three times as long to address the issue. It is also far more expensive for Nashville landlords to file an eviction than for Tulsa landlords: landlords in Nashville pay $127.75 to file an eviction, while Tulsa landlords pay $58 — less than half of Nashville's filing fees. Higher filing fees lead to lower eviction rates, especially for renters in majority-Black neighborhoods. Increasing the eviction timeline and filing fee would help ensure eviction is a last resort for Oklahoma landlords. Such changes also would help ensure that unscrupulous landlords don't use the legal system as a way to pad their profits.

While this year's legislative session may not have resulted in much progress for Oklahoma tenants, there was a glimmer of hope with the passing of HB 2792. This bill instructs the Oklahoma Bar Association to update the eviction summons document that tenants receive. The revised summons will include easier-to-understand language. The language used in eviction summons had remained unchanged for more than half a century until now, and it was largely incomprehensible to most Oklahomans. With this bill's implementation, tenants can now better understand their rights and navigate the eviction process more effectively.

Oklahomans must continue to advocate for access to safe, affordable housing

Legislators made a smart investment in affordable housing during this session, but they could have done more to keep Oklahomans in stable housing. Two in 5 respondents to an annual survey of Tulsa's homeless population cited lack of affordable housing as the cause of their homelessness. One in every 5 respondents in both Tulsa and Oklahoma City explicitly cited eviction as a cause of their homelessness. These responses, directly from the impacted communities, highlight the urgent need for a better eviction process and an expansion of affordable housing options. Without these essential measures in place, the number of Oklahomans experiencing housing insecurity and homelessness is bound to rise. To ensure Oklahoma doesn't miss another opportunity next year, advocates must continue to ask their state legislators for increased investments in housing and draft laws that strengthen eviction prevention.

Housing Is a Right. $337,000,000 Confirmed It

Ginny Bass Carl, Executive Director, Community Cares Partners

In the interest of time, let's stipulate that:

1. Every Oklahoman needs and deserves housing that is safe, stable, and affordable to them.

2. We don't have sufficient inventory of that housing.

3. For many, getting and staying housed is difficult and additional services are needed.

4. Money alone -- without a strategic plan, public-private partnerships, innovation, and updated laws -- will not solve the problem.

5. Tenants and landlords both have rights and responsibilities.

6. Taxpayers ultimately pay if we don't address these issues head on and take smart actions.

While I have specific recommendations, my main goal is for Oklahoma to internalize that affordable/attainable/accessible housing is "for us", not "about them". To understand that we are not a great state until ALL our neighbors are living in safe, affordable, stable housing. And that housing is a right not a privilege or earned.

I became a semi-expert on (rental) housing (a) on the shoulders of many in the field who generously offered their support and hard-won expertise to me and my team in our hour of need, and (b) due to this little inconvenience we call a pandemic. In June 2020, we stood up Community Cares Partners (CCP) as a public-private program of Oklahoma Communities Foundation to administer over $468,000,000 in emergency rent assistance and housing stability services (funded by CARES, the Emergency Rental Assistance Program I and Emergency Rental Assistance Program II, part of ARPA) for the state, Oklahoma and Cleveland Counties, and Oklahoma City.

From June, 2020 through June, 2023, over $337,000,000 in rent and utilities was paid for over 83,000 Oklahoma households. Yet, when evictions pre-pandemic are compared to evictions now, the number is higher. And, Oklahoma continues to rank as one of the worst states for renters.

Over 150,000 Oklahomans applied with CCP. Our team reviewed each application, ensuring compliance with the US Treasury program guidelines (including income limits), statutory requirements, and program policies, and processed nearly 140,000 payments to help Oklahomans suffering financial hardship during the pandemic stay housed.

CCP team members were in Oklahoma and Cleveland County eviction courts daily. They listened to scared, angry, and frustrated tenants, and explained the ERA program again and again and again. They were harassed, ignored, thanked, praised.

Data was compiled and reviewed, the Oklahoma Residential Landlord Tenant Act was repeatedly read, leases were poured over, ledgers studied, evolving policies revised, involvement in the housing community increased, partnerships with dozens of nonprofits and agencies across the state deepened.

When you concentrate time and money at the levels we did, you can't help but notice trends and confront facts that confirm suspicions and rumors –

- too many Oklahomans live at or below paycheck to paycheck (when there are paychecks),

- "mom and pop" as well as corporate landlords can be generous in granting extra time to make rent and work with tenants to avoid eviction,

- men, women, and children are forced to live in deplorable conditions - apartments and houses that you wouldn't wish your worst enemy to stay in, much less raise a family in - snakes, rats, feces, holes in roofs and walls, broken windows and doors, balconies with missing railing, no AC in the dead of summer, no heat in the dead of winter,

- dozens of nonprofits across the state, understaffed and underpaid, work tirelessly to house, treat, and help people needing housing,

- repairs are haphazardly made or not at all by landlords, risking safety and insulting human dignity,
- sometimes tenants do not know how to work appliances, are victims of a violent partner, or mess up a repair and cause damages,

- a few landlords take a chance on a difficult to place tenant (justice involved, Afghan refugee, no work history), and

- it's near impossible to get out from behind the eight ball with $50/day late fees, charged day after day, resulting in late fees higher than the monthly rent.

Causes are many, but the most prevalent ones are –

- a dire shortage of affordable, safe, and decent housing,

- greed resulting in rent 50-300% over market rate, shoddy repairs, and fraud,

- laws encouraging some of the easiest, cheapest evictions in the country,

- tenants, and landlords, not knowing their rights and responsibilities under our (archaic) landlord tenant laws (did you know AC is not a right under Oklahoma law?),

- severe legal underrepresentation of tenants in eviction court, and

- property rights trampling human rights.

CCP and CFO are road weary. Maybe even rode hard and put up wet. But this baptism by fire opened hearts and minds to the plight of lower income tenants in this state. We continue to work on the issue even though the funds for rental assistance have been exhausted. Three new nonprofits have emerged to "fight the good fight" by swimming upstream and working on prevention and housing stability issues that, hopefully, will reduce docket numbers and Oklahoma's ranking as a state with one of the highest eviction rates.

Solutions must include –

- Money – rent assistance by itself will not "fix" the problem; it merely kicks the can down the road. But acute situations will always be with us, and we must be ready with funds to address them. Wraparound services and sufficient availability and accessibility of affordable, safe, stable housing takes money – short and long-term investment of private and public dollars.

- Long-term planning and implementation – we didn't get here overnight and, especially after a pandemic, will need years and years of sustained commitment and investment to get ahead of the problem. Plans must start with listening to ALL stakeholders, including those with lived experience, be strategic, flexible, creative, and innovative, and include traditional and unlikely partnerships.

- Changes to law and policy – Oklahoma is one of six states that does not have anti-retaliation protection. The cost of filing an eviction case is ridiculously low. Someone can lose their home in five days; let's allow at least ten. Air conditioning should be a right. Without a property registry, it's near impossible to track down owners and enforce codes. Shorten the path to housing vouchers and make more vouchers available. That's a good start!

- Wraparound services and an understanding that stable housing is more than just paying the rent – equipping people with the knowledge, skills, education, and services that increase their chances of getting and remaining stably housed is not only compassionate but smart and cost-effective. Building people up to help them become productive, taxpaying citizens is a win-win. Instead of being mad about someone's circumstances, let's find out what happened to them and what can be done to overcome and equip them with tools for success. From case management to workforce training, from mental health services to legal counsel, from financial literacy to medical services – we must address the complexities of the person and their situation.

- Housing and housing first – building and renovating more affordable, accessible, and attainable housing and moving people into that housing is where we must start.

When housing is a right, the solutions to provide safe, affordable, stable housing follow.

Legal Protections Necessary to Ensure Safe, Affordable Housing

Katie Dilks, Esq., Executive Director, Oklahoma Access to Justice Foundation

Oklahoma, like many states, faces a housing crisis that demands a sustained effort to significantly increase affordable housing. This crisis is not solely an issue of housing availability, however; it is also driven by overly lax eviction laws and an inability to address substandard health and safety conditions. The most recent annual surveys of people experiencing homelessness in Tulsa and Oklahoma City found that approximately one in five respondents had been evicted. While state and local actors have started to take meaningful action to increase housing stock, that increase alone will not stabilize Oklahoma families.

To truly ensure safe, adequate housing for all Oklahomans, we must invest as a state in meaningful legal protections for renters. Eviction prevention and housing conditions are two areas that demand adequate legal avenues for protection. By restructuring our eviction process to be less "cheap and easy," by ensuring people have access to attorneys when navigating the legal system, and by giving tenants meaningful ways to hold landlords accountable for necessary repairs, we can improve the standard for renters across Oklahoma.

Evictions in Oklahoma are among the quickest and cheapest in the country. An eviction here can be processed in as little as two weeks, with only a $58 filing fee. Recent research from the Eviction Lab at Princeton University found a direct correlation between the cost of filing an eviction and a locality's eviction rate. They estimate that increasing the eviction filing fee by $100 decreases the filing rate by 2.25 percentage points. That means a $100 increase in the filing fee here could potentially reduce our filing rate from 7.8% to 5.5%, saving thousands of Oklahoma families each year from facing this harrowing process. Oklahoma's eviction filing fee has not been increased since 2003.

Additionally, people facing eviction are not guaranteed the help of a lawyer like criminal defendants are. This imbalance led to a reality in Tulsa in 2020 where fewer than 5% of tenants facing eviction were assisted by an attorney, while over 80% of landlords were. Statewide, the number of unrepresented landlords increases, though tenant representation remains shockingly low. While tenant representation in Oklahoma's large metro areas has increased thanks to philanthropic investment and the availability of rental assistance over the past two years, it is in danger of slipping back to the old status quo if no action is taken.

Cities across the United States, from Cleveland to Kansas City and New Orleans to Denver, have invested in "right to counsel" programs for eviction prevention that guarantee a lawyer for those facing eviction. Studies have found that for every dollar spent in programs like this, cities reap economic benefits of anywhere between $3 and $12, an extraordinarily high return on investment. These savings are realized when people do not have to use emergency shelter services, do not face increased medical care costs, and can avoid the job loss that often accompanies eviction.

Oklahoma renters also need full legal protection for their ability to live in habitable housing with timely access to repairs. Unfortunately, our landlord-tenant laws, when adopted in the late 1970s, stripped out nearly all of the recommended tenant remedies in the national model statute it was based on. One missing remedy is the lack of protection against retaliation for reporting a code violation or requesting repairs. Oklahoma is one of only six states that excludes this fundamental protection. Tenant advocates, legal aid attorneys, and others have shared countless stories of renters having their rent increased, their leases terminated or non-renewed, evictions filed against them, even their cars towed, simply in response for requesting basic repairs.

Additionally, most other states provide some method for a landlord to be held accountable for failing to meet the habitability requirements of the landlord-tenant law. This may involve giving a tenant the ability to withhold rent, to perform any needed repair themselves and deduct the cost of it, or to ask a court to require the landlord to make the needed repair. The only remedies available to a tenant in Oklahoma if a landlord refuses to make repairs are to either deduct the cost of the repair up to a cap of one month's rent, or to end their lease. Both of these remedies were woefully inadequate to prevent such catastrophes as were seen at Vista Shadow Mountain in Tulsa or Creekside Apartments in Oklahoma City.

Some out-of-state corporate landlords feel empowered by Oklahoma's lax tenant protection laws to exploit vulnerable renters by engaging in repeated, often harassing evictions without actually removing a tenant, leading to functional increases in rent of approximately 20% through legal and late fees. Oklahoma Policy Institute found that just 50 landlords were responsible for more than half of all eviction filings in Tulsa, and more than half of those filings were repeated against the same tenant. This may occur, for example, if a renter on a fixed income receives their disability check on the 10th of the month, but rent is due on the 1st, a predatory landlord can choose to file evictions month after month in order to tack on a variety of fees totaling hundreds of dollars.

Fortunately, there are existing models of better ways to build a fair and equitable legal system for housing issues. Nashville, for example, has a similar demographic profile to Tulsa when considering income and proportion of renters. However, the filing fee for an eviction there is $128 compared to Tulsa's $58, and the typical court process takes between four and eight weeks, which is up to four times longer than the process can take in Tulsa. These simple differences lead to Nashville having an eviction rate that is half of Tulsa's (3.42% vs. 6.95%). Jurisdictions that have implemented guaranteed legal representation have also seen substantial decreases in eviction filings.

By investing just a small fraction of the state's promised resources for housing development into eviction prevention and legal recourse for tenants, while guaranteeing our legal framework is fundamentally fair, Oklahoma can ensure that this new housing can provide safe and stable long-term homes for families to work and thrive in our state.

Affordable housing investment falls short in Oklahoma, report shows

Mindy Ragan Wood, Oklahoma Voice, August 30, 2023

Oklahoma lawmakers' investment in affordable housing programs isn't enough to keep up with rising demand, low wages and a shortage of homes, according to a legislative watchdog's analysis.

While lawmakers recently appropriated $215 million to boost supply, the Legislative Office of Fiscal Transparency (LOFT) found that lawmakers have not made regular appropriations to the Oklahoma Housing Finance Agency (OHFA), which administers affordable housing programs.

The state does offer a $4 million a year tax credit program to incentivize low-income housing development, but most of OHFA's programs are federally funded, the analysis found.

The report showed that Oklahoma's overall investment is well short of what's needed. That's in part due to rising rent and a shortage of new or available homes and rental units.

LOFT reported that OHFA spent $59.8 million in federal funds to create 9,847 housing vouchers. Those serve an estimated 25,250 people. Affordable housing means a person pays no more than 30% of their income on housing, including utilities.

However, 26,291 Oklahomans continue to wait for rental assistance.

The state's housing finance agency also distributes federal dollars to help families afford rent and home ownership. It also offers low-interest financing to developers for new affordable housing development.

In 2022, low-income Oklahomans waited an average of 18 months for assistance, less than the national average of 26 months.

The report showed there is also a gap for Oklahomans whose incomes exceed the limit, but fall below housing market prices. Financial assistance is limited to families who earn less than the income requirements in their area.

Adding to the crisis, LOFT noted that Oklahoma housing construction declined sharply in 2022 as the cost of home building materials climbed nationwide.

A third finding noted that between 2021 and 2022, Oklahoma had the 10th highest migration rate, which bumped the state to the 28th most populated. New housing units though increased by less than 1%.

OHFA declined to comment.

House Majority Leader Jon Echols, R-Oklahoma City, told Oklahoma Voice that the findings show that lawmakers must focus on housing supply.

"Overall, the written report I reviewed shows that the Oklahoma Housing (Finance) Authority is doing a good job in an increasingly difficult housing climate," Echols said. "The answer to make prices go down lies in simply supply and demand economics. We have a massive housing demand so we need to focus on policies to increase supply."

Sen. Julia Kirt, D-Oklahoma City, who serves on the LOFT oversight committee, also said more must be done.

"I'm glad the state is investing millions to incentivize new, high quality rental housing, but we have to ensure new units are affordable for the range of wages in each community," Kirt said in a statement.

Kirt pointed to a 2023 state law that took effect July 1 that's supposed to incentivize the construction of affordable homes. The housing finance agency, which administers the $215 million Oklahoma Housing Stability Program, has drafted plans to offer zero interest loans for single-family home developers, down payment assistance to home buyers, and zero-interest loans for developers that construct rental units.

Sabine Brown, senior policy analyst Oklahoma Policy Institute, said the law is a good start, but it's not enough to keep up with demand.

"We have a great need for more affordable housing and that's going to continue to grow with the stagnant wages we're seeing with rising housing costs," Brown said. "Oklahoma is going to need a lot more investment to close the gap."

Dan Straughan, executive director of the Homeless Alliance in Oklahoma City, said the housing crisis keeps getting worse. His group works with other organizations to house people experiencing homelessness.

"Oklahoma City had the fastest rising rent of the 50 largest cities in the U.S. from Oct. 2021 to Oct. 2022," he said, citing a 2022 Redfin report. The study placed Oklahoma first in the top 10 states for rent hikes at 31.7%.

Straughan said many landlords refuse to accept housing vouchers.

LOFT recommends the housing finance agency create rules to ensure the state's housing stability program develops new affordable housing areas, prioritizes shovel-ready sites for development and provides guidance to address the waiting list for housing vouchers.

LOFT Rapid Response: Oklahoma Housing Finance Agency

Oklahoma Legislative Office of Fiscal Transparency, Executive Summary, August 2023

Key Objectives:

- **Identify the operational framework, governance, authority structure, and sources of funding for the Oklahoma Housing Finance Agency.**
- **Determine the Legislature's authority to direct the Agency's policies and program objectives to accomplish State priorities.**
- **Assess the agency's role in developing affordable housing.**
- **Examine OHFA's measures of success for agency programs and assess its effectiveness in addressing affordable housing.**

Executive Summary

The Oklahoma Housing Finance Agency (OHFA) finances affordable housing resources for eligible individuals and families. OHFA administers three main programs encompassing two key program types: those which help individuals and families to afford housing - whether through rental or ownership - and those which assist in the development of additional housing, ranging from low income to workforce housing.

Division	Programs
Rental Assistance (Section 8)	Performance Based Contract Administration
	Housing Choice Vouchers
Homeownership Programs	Down payment and closing cost assistance
Housing Development	Subsidies and low interest financing to housing developers for low-income housing

OHFA is not a traditional State agency in that it was not statutorily created, nor does it submit its budget to the Legislature. OHFA was formed without legislative involvement by a Trust Indenture signed by Governor Boren in 1975 and is effectively a public trust with the State as its beneficiary. Despite these anomalies, OHFA functions as a State Agency under the terms of the Oklahoma Public Trusts Act and can promulgate administrative rules and receive appropriations. OHFA is governed by a Board of Trustees appointed by the Governor.

The State does not make regular appropriations to OHFA, as most of its programs are federally funded. In 1998, the agency received a one-time appropriation of $4 million for the Oklahoma Housing Trust Fund program. In 2023, $215 million was appropriated for new programs to increase the supply of affordable housing in Oklahoma. The 2023 funding is more than OHFA receives annually for all other programs combined. The State also supports OHFA's programs through the provision of tax credits, which were established in 2014 to help subsidize the construction of new low-income housing units. This tax credit is paid through the Oklahoma Tax Commission and does not flow through OHFA.

With this evaluation, the Legislative Office of Fiscal Transparency (LOFT) sought to examine OHFA's role and success in addressing the State's housing needs and determine the Legislature's authority to direct OHFA's programs to accomplish State objectives.

This evaluation resulted in three key findings:

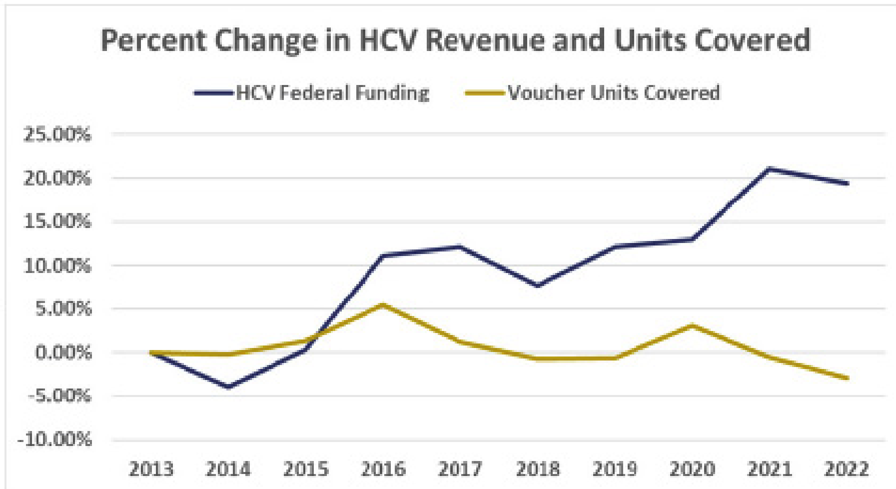
Finding 1: Market Conditions are Limiting Impact of OHFA's Housing Assistance Programs

OHFA is primarily an administrative agency responsible for running federal low income housing programs in Oklahoma. LOFT's fieldwork found the agency is considered very effective in this role. However, rising rents and a lack of new low income housing development are blunting the impact of OHFA's programs.

The majority of OHFA's resources are directed at rental assistance programs known as Section 8. OHFA administers two rental assistance programs for those earning less than 50 percent of the Area Median Income: the Housing Choice Voucher (HCV) program and the Performance Based Contract Administration (PBCA) program.

Through the HCV program, in 2022, OHFA distributed approximately $59.8 million in federal funds for 9,847 housing choice vouchers to house an estimated 25,250 residents. With the PBCA program, OHFA provides funding directly to property owners based on occupancy by a qualifying resident. OHFA contracts with 180 properties, providing 12,533 rental units to 31,332 residents. Total program cost is $78.9 million annually. New residents entering PBCA properties have fallen 29 percent since 2013. OHFA attributes this to rising rents, which lead tenants to stay in PBCA housing for longer periods.

The number of families OHFA serves is limited by annual Congressional appropriations to HUD. There are approximately 26,291 people on OHFA's waiting list for rental assistance. In 2022, the average waiting list time was 18 months, six months longer than the average PHA in Oklahoma but less than the national average of 26 months. Currently, OHFA prioritizes those who are disabled or homeless, sending them to the top of the waitlist. OHFA has established partnerships with other government entities and non-profit organizations to help distribute housing vouchers to vulnerable populations. Engagement with stakeholders found OHFA generally administers the housing vouchers programs effectively; demand simply exceeds availability.

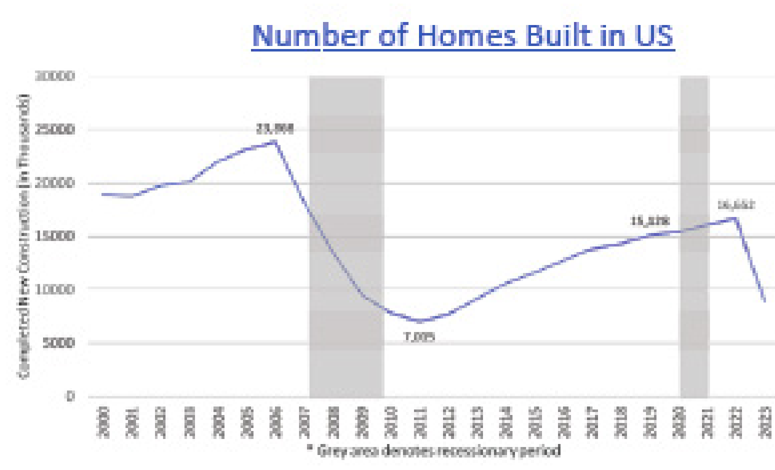


OHFA also administers Homeownership programs which provide downpayment and closing cost assistance to approximately 2,000 Oklahoma borrowers each year. The assistance lowers interest rates and provides a loan for the down payment equal to 3.5 percent of the total loan amount. This assistance must be repaid upon loan maturity, or when the home is sold or refinanced. Because this program is tied to home prices, which are on the rise, it will assist fewer home buyers each year.

Finding 2: OHFA's Development Programs Focus on Low-Income Multi-Family Housing, but Oklahoma Needs Affordable Housing of All Types

Historically, OHFA has focused primarily on improving the supply of - and access to - low-income housing. This includes a focus on financing the development of low-income housing. However, Oklahoma is also in need of housing that is affordable for its workforce population, whose income exceeds Section 8 income limits but is not sufficient to afford market rate housing.

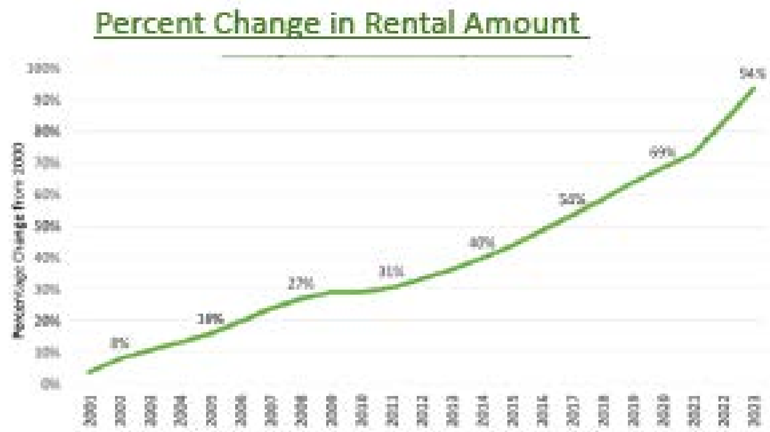
Oklahoma is feeling the effects of a nationwide decline in housing construction, resulting in the demand for affordable housing outpacing the available stock. Oklahoma needs additional housing stock for both rental and owner-occupied residences. OHFA's most recent housing needs assessment from 2015 projected that Oklahoma would need 43,942 new



owner-occupied units and 22,879 rental units by 2020. A new needs assessment is underway, projected to be completed by late 2024.

Administered by the U.S. Treasury Department and locally by OHFA, the Low-Income Housing Tax Credit (LIHTC) program provides an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing. The LIHTC is the largest source of affordable housing financing in the United States, subsidizing more than 47,500 projects and 3.13 million housing units nationwide. Oklahoma has its own tax credit program, administered by OHFA, that provides $4 million per year in tax credits which can be used in conjunction with the federal LIHTC. OHFA annually updates the scoring rubric by which it determines which projects receive tax credits, allowing the agency to advance State funding priorities.

Numerous stakeholders, from non-profit organizations to housing developers to local public housing authorities, reported that OHFA was an effective administrator of its programs, as prescribed by HUD. However, the bulk of innovations in housing policy originate with local PHAs and nonprofit organizations, with OHFA serving as an essential partner to support these innovations.



Finding 3: New State Programs Create Opportunities for Innovation in Housing Policy

Between 2021 and 2022, Oklahoma had the tenth-highest net domestic migration and is now the 28th most populous state. However, during that same time frame, housing units increased by just .8 percent. LOFT's review of the current available housing stock across the State found approximately 4,700 move-in ready houses available for purchase with a price between $50,000 and $300,000, a price point that would be considered within the range of affordable housing for those earning the average salary for common occupations like police officers, firefighters, and teachers.

In 2023, the Legislature enacted the Oklahoma Housing Stability Program (OHSP), which created new programs to encourage the construction of affordable homes across the State. The programs are to be administered by OHFA, with a total budget of $215 million. OHFA drafted a white paper to outline its intentions for establishing program guidelines and to solicit public feedback. The current draft proposes three programs: the Homebuilder Subsidy for Homeownership, a zero-interest loan to encourage development of single-family owner-occupied houses; the Consumer Downpayment and Closing Cost Assistance Program, which provides forgivable loans directly to homebuyers; and the Developer Subsidy for Rental Housing, a zero-interest loan for development of rental units.

OHFA's current proposed guidelines substantially increase the program's potential impact over the first iteration proposed. Previously, each developer program offered grants which would have subsidized the building costs for new units. This approach would have depleted the funds after their initial award. The legislation creating the Housing Stability Program authorizes developers to apply for gap financing in building both single-family and multi-family homes across the state. The draft guidelines published by OHFA on August 4, 2023, changed the structure of the

Oklahoma Housing Stability Programs Created by HB1031X

Program	Amount Dedicated
Oklahoma Homebuilder Program	**$106 Million**
Homebuilder Subsidy for Homeownership	$100.7 Million
Administration	$5.3 Million
Increased Housing Programs	**$109 Million**
Developer Subsidy for Rental Housing	$63.55 Million
Consumer Downpayment and Closing Cost Assistance Program	$40 Million
Administration	$5.45 Million

program from providing grant funding to providing zero percent interest loans. **With the repayment of these funds, these programs will provide over $164 million for the State of Oklahoma to redeploy in perpetuity.**

Oklahoma has dedicated substantial resources to improving the State's manufacturing capacity, but lack of available housing near potential manufacturing sites is an impediment to growth. Oklahoma needs a formalized connection between its lead economic development agency and the agency with the power to incentivize housing development. Some of the funding for the Housing Stability Program could be dedicated for locations in and around existing shovel-ready industrial sites, or the State's lead economic development agency could be given a say in scoring some portion of proposals to ensure alignment with future workforce housing needs.

In addition to these strategic considerations, Oklahoma needs the ability to be fast and flexible with its housing, especially in the short term. If a State goal is to develop affordable, quality housing quickly and efficiently, State policy ought to leverage new technologies and building practices that enable faster, cost-efficient construction, as long as it meets quality standards. For example, manufactured, or prefabricated housing, can cost half as much per square foot to build, and has a significantly shorter build time. OHFA's early drafts of the proposed guidelines for the OHSP excluded mobile, modular, and other innovative housing options. However, the current draft allows developers to decide whether the increased price of brick or stone is desirable to the market they are trying to serve, while Oklahoma's uniform building code ensures a certain level of quality.

With the newly created programs and accompanying funding, the Legislature has an opportunity to direct program objectives to accomplish the State's priorities of creating more housing that is affordable for its current and future workforce needs, as well as making home ownership attainable for more families. Currently, statute allows OHFA to establish administrative rules for the new housing programs. However, OHFA has chosen to keep administrative rules broad while setting program eligibility through the application phase. OHFA has demonstrated it is an effective program administrator when it receives clear direction, as it does with HUD programs. As the policymaking arm of State government, the Legislature can and should provide more detailed direction to OHFA about the objectives to be accomplished with the new programs. Additionally, the Legislature can determine how flexible the program parameters can be in terms of allowable building methods and materials, types of housing to be developed, and eligibility of participants.

You can read the full Rapid Response Evaluation: Oklahoma Housing Finance Agency at *https://okloft.gov/reports/Oklahoma-Housing-Finance-Agency/report* .

Affordable housing in Oklahoma a focus of next legislative session

Jeff Elkins, The Journal Record, August 8, 2023

Oklahoma legislators will look to help address the lack of access to affordable housing for renters and buyers in next year's session.

With interim studies pertaining to housing availability approved in both chambers, legislators will meet next week to discuss how to approach the issue before the committees meet this fall.

State Rep. Daniel Pae, R-Lawton, and state Rep. Forrest Bennett, D-Oklahoma City, submitted an interim study request with the purpose of researching successful affordable housing programs in other states and exploring the development of and access to affordable housing in Oklahoma.

Pae said he wants to make sure they focus on how to partner with the federal government to seek grants and other collaborative opportunities.

"In addition to making sure housing is affordable, I believe we need to make sure that our landlord tenant act becomes more modernized," Pae said. "We tried that earlier this session with providing more tenant protections, and that bill got through the House and got through the Senate committee, and I will pick that back up next year."

Pae said Bennett is passionate about making sure that urban areas have affordable housing. Some may believe there's plenty of houses available both to rent and buy in urban areas, but Pae said that's not always the case.

Anya Mashaney, an Oklahoma City-based Realtor and state director of the Oklahoma Association of Realtors, said finding affordable homes for buyers is a continuing struggle.

"It's hard to find something under $200,000, even a three-bed, one-and-a-half bath, one-car garage in a neighborhood that isn't scary," Mashaney said.

Available rental housing is also an issue, particularly for those with low incomes. According to the Oklahoma Policy Institute, there are 46 available homes for every 100 extremely low-income renter households.

According to the National Low Income Housing Coalition, Oklahoma lacks more than 81,000 homes to adequately house renters at or below the poverty guideline or 30% of their area median income.

When the study commences, Pae said they will look to draw inspiration from other states with "sensible" and "successful" policy on increasing access to housing for both renters and buyers.

State Sen. Julia Kirt, D-Oklahoma City, also filed an interim study on the availability, safety and stability of housing for all Oklahomans. To ensure that both chambers go into depth on various housing-related topics, Pae said he will meet with Bennett and Kirt sometime next week.

"I was happy that the speaker approved the interim study and that it has been signed to the Business and Commerce Committee, so later in the fall I would anticipate a formal hearing, and in the meantime, Bennett, Kirt and I will sit down and start planning," Pae said.

While progress was made in the 2023 legislative session through House Bill 1031X, appropriating $215 million to create the Oklahoma Housing Stability Program, which is still being developed, Pae said he hopes future legislation born from the upcoming studies can build upon that.

Kirt and Bennett did not respond to requests for comment by press deadline Tuesday.

OHFA gets an earful during housing stability session

Matt Patterson, NonDoc, July 11, 2023

Oklahoma's Legislature took a crack at making housing more accessible and affordable to middle- and lower-income people across the state this year by creating the new Oklahoma Housing Stability Program and dedicating $215 million toward the construction of new homes and assistance for those looking to live in them.

Construction progresses on the Fairground Flats apartment complex being built on North May Avenue near the State Fairgrounds in Oklahoma City on Wednesday, May 17, 2023. (Joe Tomlinson)

The Oklahoma Housing Finance Agency is administering the program and proposing rules for implementation. As part of that process, the agency is the holding a series of listening sessions open to the general public, realtors, developers and those who work in nonprofits that help people get into homes, either as renters or buyers.

Monday's session was held at Metro Tech in Oklahoma City and featured plenty of feedback from industry players. Another session was held Tuesday in Tulsa, and a Zoom meeting is slated for 1 p.m. Wednesday.

OHFA program director Darrell Beavers said four other sessions will be scheduled in rural areas of the state over the coming months.

"Our goal is to take what we hear at these meetings and use the ideas where we can and where they fit," Beavers told the crowd in the Metro Tech auditorium as Monday's session began.

Program includes homebuilder subsidies, downpayment support

A purpose of the program is to increase the number of single-family homes available for purchase across Oklahoma by providing gap financing to assist buyers and offer incentives to entice developers to build homes within specific parameters: from 1,300 to 2,200 square feet in size and between $140 and $160 per square foot in cost, depending where the home is located.

Lawmakers said during session that the state is drastically lacking workforce housing.

"There's a housing shortage, period, every place I look, and I'm from rural Oklahoma," House Appropriations and Budget Chairman Kevin Wallace (R-Wellston) said in May. "Every time a new teacher comes in, there's never a place they can live. There's never any open housing."

Included the Legislature's $215 million funding package is $81.7 million for homebuilder subsidies, including 0 percent interest loans. Those homes would eventually be sold to individuals who qualify for OHFA's down-payment assistance program.

Also included is another $81.7 million of subsidies for developers to construct affordable rental properties at a maximum cost of $250,000 per unit.

An additional $40.8 million will be used to assist consumers with down payments and closing costs to buy new homes built through the program. Those who participate are required to live in the home for at least five years. If the resident stays in the home for that period, the down payment costs are eventually forgiven on a pro-rated basis determined by the amount of time the resident lived in the property.

Finally, $10.7 million has been allocated for OHFA administrative costs associated with running the program.

"It is not our goal to make money off of this," Beavers told the audience at Metro Tech. "We want this money to go to what it is intended for, so our administrative money will be spent on getting the money out there and monitoring it and making sure it is doing what the Legislature intended."

OHFA homeownership director Valenthia Doolin told the audience that down-payment assistance helps with one of the key barriers to home ownership.

"What we know is people lack the ability to come up with the down payment required to purchase a home," Doolin said. "Any effort to improve home ownership in Oklahoma needed to include an aspect that will help individual households have enough money to finance down payment and/or closing costs."

Feedback: 'Leave some flexibility for what the market dictates'

OHFA officials had no shortage of realtors and developers who attended their first public session on Monday. OKC-based real estate agent Boston Snowden said more education is needed for those in the industry.

"I find that as a BIPOC developer, it's not an even playing field," he told OHFA officials. "And that's no offense to anyone here. I'm pretty sure everyone here would like it to be. But the situation just isn't that way. Learning about affordable housing is very complicated, and once you learn it, you also learn you need a lot of money. Just to get started you need marketing analysis, pre-development fees, and site control. There are lots you have to have. My question: Is there going to be money for developers who aren't traditionally in this situation? It could be education or other help — loans, grants, some of these things that would make it a little more even."

Retired homebuilder David Richey questioned whether homes could be built for the $140 per square foot in rural areas and $160 per square foot in urban areas as outlined in OHFA's initial guidelines, though those are subject to change.

"I've got news for you, when you buy lumber and you want it delivered to Jones, Oklahoma, they're not going to give you a break in price because you're building in a rural area," Richey told OHFA officials. "They're going to charge you more. Just because you do it in the country doesn't mean it's cheaper. That's not the way it comes out. Most of the stuff we're seeing built on standard-spec houses is anything from $180 to $200 per foot."

Lawton-based builder Ron Nance told OHFA officials there is a great need for rental property across Oklahoma.

"Let me say that I believe home ownership is a way that people are able to build a very nice nest egg for themselves that they can use later in life, but my concern is with interest rates the way they are now, there aren't going to be as many moderate house payments as there have been in the past," he said. "This program will help people buy houses, but what we see is a lot of people who cannot afford to make a payment, so they rent. It's a necessity that they rent. I would have a hard time predicting in our market, and the rest of the state, that a 50-50 split from buying and renting is the way the customers come. What I'm trying to say is to leave some flexibility for what the market dictates. I would hope that we see a lot of home buyers, but we are likely to have more renters."

Gary Jones, the government affairs director for the OKC Metro Association of REALTORS, urged OHFA to administer the program as efficiently as possible so that more money can be allocated by the Legislature in the future to help continue to build more homes across the state.

"There is one thing that our membership has in common is that the amount of money in this legislation is not enough to address the overall needs in the state of Oklahoma," Jones said. "That is why it is important that you are as successful in this as you possibly can be so that we can show the Legislature this is a good investment."

CAIR Oklahoma advocacy coordinator Nicole Baumann questioned the decision of OHFA to allocate most of the $215 million to assist rural communities with housing. Baumann also works with an area housing coalition. Under current OHFA guidelines, 75 percent of the money will go to rural areas, with just 25 percent allocated to urban areas. Rural Oklahoma has seen its population decline as the state's population continues to grow overall.

"I know you said the rural-urban split was fairly non-negotiable, and I acknowledge the spirit of the bill, but I've been wondering if that is a needs-based assessment?" she asked Beavers.

Beavers said the split is how the OHFA interpreted the wishes of the Legislature when it crafted the bill.

"It's pretty clear the legislation was intended to help rural areas the most," Beavers said. "The 75-25 isn't based on empirical data. It's based on what we perceive, and that is 75 percent of the money should go to rural areas."

OKC-based real estate agent and developer Nick Singer also questioned the split.

"The rural areas are depopulating," he said. "While they do have a need for housing, the urban areas are growing much faster. Oklahoma as a whole grew 5.5 percent in the 2010 to 2020 census and rural areas didn't follow that trend. It doesn't make sense to build a bunch of housing where people don't want to live."

The OHFA draft rules on the Housing Stability program can be read at https://www.ohfa.org/wp-content/uploads/2023/06/Housing-Stability-Program-Emergency-Draft-Rules-06302023.pdf.

House Bill 2288 advances fair housing practices

Staff Report, 405 Business, June 23, 2023

The new law works to remove discriminatory covenants from property documents to create more equitable housing environments by ensuring these covenants do not have legal standing. Julie Smith, Oklahoma Association of Realtors board president, speaks about the bill's impact on Oklahoma real estate.

The new law works to remove discriminatory covenants from property documents to create more equitable housing environments by ensuring these covenants do not have legal standing. Julie Smith, Oklahoma Association of Realtors board president, speaks about the bill's impact on Oklahoma real estate.

What are the details of House Bill 2288?

Oklahoma recently adopted legislation, known as House Bill 2288, allowing for the removal of already illegal, discriminatory property covenants. These covenants were historically used to uphold racial segregation within neighborhoods with many still in existence today.

Before, although legally unenforceable, these covenants were transferred to new owners during property acquisitions because no removal mechanism existed in Oklahoma. Now, potential buyers can effectively remove any discriminatory covenants from their property documents.

Why is the passage of House Bill 2288 significant for both renters, buyers, sellers and Realtors?

For renters and buyers, the legislation ensures fair housing practices by removing discriminatory covenants that may repel potential buyers due to outdated language that is no longer enforceable. This helps create a more inclusive housing market.

For sellers, the removal of these covenants eliminates delays and shadows that may have cast a negative light on the homebuying process. With the enactment of HB 2288, property owners now have the opportunity to voluntarily submit a form to the county, effectively severing and removing any discriminatory covenants from their property documents. Realtors can now facilitate transactions without the complications and implications associated with discriminatory covenants.

Why are we seeing this legislation now? What led up to this?

The legislation is being enacted now because it addresses a long-standing issue that has persisted not just in Oklahoma, but across the United States. Although discriminatory property covenants became legally unenforceable due to Supreme Court rulings and federal law, their removal from property documents was not previously addressed. The absence of a removal mechanism meant that these covenants were still being transferred to new owners during property acquisitions.

The introduction of HB 2288 was a response to this ongoing problem and aimed to rectify it by providing a formal process for removal. While this issue has existed for years, states have just begun pursuing this process in recent years and Oklahoma, while not the first, is one of the early states to pass such legislation into law.

How will this benefit Oklahoma?

The passage of HB 2288 benefits Oklahoma by promoting fair housing practices. By officially removing discriminatory covenants from property documents, the legislation helps create a more inclusive housing market in the state and reflects our values as a people. It ensures that these outdated and discriminatory practices are no longer perpetuated and that potential buyers are not deterred by language that is no longer legally enforceable. Ultimately, it fosters a more positive and transparent homebuying process.

What else do we need to know about HB 2288 that we haven't discussed?

One additional aspect to note about HB 2288 is that it was championed by the Oklahoma Association of Realtors. OAR played a crucial role in advocating for the legislation and worked closely with state legislators to emphasize its importance for the future of housing in Oklahoma. Their efforts, along with the support of key individuals such as Representatives John Pfeiffer, Daniel Pae and Eric Roberts, Senators Brent Howard, Joe Newhouse and George Young, House Leader Cyndi Munson and Edmond Mayor Darrell Davis, contributed to the successful passage of the bill.

This collaboration between the OAR and various stakeholders highlights the collective commitment to addressing the issue of discriminatory covenants and promoting fair housing practices in Oklahoma.

Stitt dissolves statewide council on homelessness

Kayla Branch and Reese Gorman, The Frontier, April 14, 2023

Citing a desire for smaller government, Gov. Kevin Stitt dissolved a nearly 20-year-old statewide council on homelessness this week, even as the number of unsheltered Oklahomans continues to grow.

At his weekly press conference at the Oklahoma Capitol on Friday, Stitt said he didn't think the council was "moving the needle on homelessness." Stitt also rejected the idea of directing other state resources toward building housing to address homelessness and said churches and nonprofits are already meeting some of the demand for services.

"Building housing, giving people free stuff is not the answer," Stitt said.

Stitt said he did support investing in mental health programs and job training in the state.

"….If you don't want to get help, there's not a lot that society can do," he said.

The Governor's Interagency Council on Homelessness received no recurring funding from the state and hosted regular meetings to discuss barriers to housing, coordinate grants and provide updates on programs to serve people experiencing homelessness.

The council was in the process of updating the state's five-year plan to address homelessness, which will likely not be finished, and no other group exists to track homelessness across the state and report numbers to the state and federal governments, said Greg Shinn, associate director of Mental Health Association Oklahoma who served on the council. Some worry there could be impacts to federal funding given to Oklahoma to address homelessness.

While rates of homelessness among some groups, like veterans, have decreased across the state in recent years, the number of people who are unsheltered or experiencing chronic, long-term homelessness has skyrocketed in Oklahoma City and Tulsa since 2017, according to counts of homeless populations across the state.

"There's just nowhere for people to go," Shinn said. "My response is that we have not accomplished our task or met our goals yet. We have a long, long way to go."

The council was created in 2004 through an executive order to promote collaboration between social service providers, state agencies, lawmakers and faith communities and improve access to services and affordable housing. Stitt chose not to renew the order.

Stitt spokeswoman Kate Vesper previously said the governor trusts local efforts and agencies like the state Department of Mental Health and Substance Use Services to continue the work to reduce homelessness.

"Governor Stitt believes in keeping government small and is confident that after nearly 20 years, the Interagency Council on Homelessness has accomplished their task to brainstorm solutions to reduce homelessness in the state," Vesper said.

Council administrators were told on April 11 the council would be disbanded and sent members a brief letter the next day to cancel future meetings. Council members said they were surprised the group of mostly volunteers would be dissolved.

Without the council, providers said there will likely be disconnected local efforts rather than a comprehensive plan to address homelessness across the state.

"The GICH provided a forum to facilitate connections between and among state agencies and the nonprofit and faith-based agencies doing most of the knee-to-knee work with people experiencing homelessness in our state," said Dan Straughan, director of the Homeless Alliance in Oklahoma City. "That kind of facilitated connecting and information-sharing was valuable, if hard to quantify."

Most other states have statewide councils on homelessness. Jeff Olivet, director of the U.S. Interagency Council on Homelessness, came to Oklahoma last fall and met with Stitt and tribal leaders.

The federal council said in a statement to The Frontier it encourages states to create and continue to operate their own councils.

"The work of ending homelessness is not done until every person has a safe and affordable home," the federal council said.

OU Researchers Supporting State Goal to End Homelessness in Oklahoma

Vice President for Research and Partnerships, University of Oklahoma, July 18, 2022

Researchers at the University of Oklahoma are working with the Oklahoma Housing Finance Agency to assess services available across the state that help Oklahomans experiencing homelessness or housing insecurity.

OHFA has received one-time funding of approximately $32 million through the U.S. Department of Housing and Urban Development HOME-ARP program. OHFA's contract with the OU team will provide research on where the funds could have the greatest impact across the state.

According to data reported to the U.S. Department of Education for the 2018-19 school year, an estimated 23,372 Oklahoma public school students experienced homelessness over the course of the year. Some experts believe the COVID-19 pandemic has caused this total to climb even higher.

The HOME-ARP program stipulates that funding from the award is used to directly support populations currently experiencing or at the greatest risk of homelessness, and that the resources be allocated based on data-driven findings for where the investment can make the greatest impacts. By working with OU, OHFA can ensure compliance with the funding requirements to distribute the funding to service and resource providers across the state.

"I commend HUD for being very specific that the right kind of people get the right kind of help," said Darrell Beavers, the housing development programs director for the Oklahoma Housing Finance Agency. "We have to come up with an allocation plan that we will submit to HUD for their approval, and that plan has to cover a number of topics, like a consultation with stakeholders – people who are working with the homeless population, which is not something our agency regularly does."

To help with this assessment, Beavers contacted Bryce Lowery, Ph.D., a regional and city planning associate professor in the Christopher C. Gibbs College of Architecture, who had previously worked with OHFA on a statewide housing needs research project in 2015.

Lowery is working with faculty in the Anne and Henry Zarrow School of Social Work, David McLeod, Ph.D., and Christina Miller, Ph.D., who have expertise in the intersections of social work with criminal justice and education, respectively.

"By using data-informed recommendations to better guide the allocation of resources related to homelessness and housing instability, we have an opportunity to improve multiple outcomes across the state – whether those are criminal justice outcomes, educational outcomes, health outcomes, food and security – you name it. There's just a lot of opportunity," McLeod said. "We know from existing research if someone doesn't have a place to lay their head at night that their likelihood of being connected to all those other adverse experiences exponentially increases."

Together with assistance from nine graduate student researchers, the team is working with the Governor's Interagency Council on Homelessness, a state advisory board working to end homelessness in Oklahoma, to "make sure we're capturing as many experiences and perspectives as possible," Lowery said.

Emily Roberts, a master's student in the School of Social Work and a member of the research team, said the goal is to enhance the services currently available by finding what's working well in and beyond Oklahoma City and Tulsa "to ensure the entire state has access to these resources."

McLeod said they are distributing an online survey, hosting regional meetings across the state, speaking with representatives of service provision areas like housing providers, food banks and transportation service providers, and collecting data from people experiencing housing instability and homelessness. They are also using existing tools like Be a Neighbor, an online platform connecting Oklahoma nonprofits and community and faith-based organizations, to integrate with their independently collected research.

"After we've collected our data, we're taking those findings back to the community, basically a 'qualitative member check,' to make sure we are communicating this in a way that they believe represents their voices," Lowery said. "We're also hoping to create an interactive map that would allow visitors to our website to see where resources are."

McLeod adds that the potential outcomes of improving access to resources for those experiencing homelessness and housing insecurity in the state extend beyond individual benefit.

"We all know people who are one paycheck away from housing insecurity – where some accident would cause economic turmoil, and it's shocking the number of kids under 18 who don't have a reliable place to sleep," he added. "How can we help them? What's the strategy for us to open our hearts to these folks?"

Lowery added that there can be a stigma around homelessness. "It's not that most people going through this don't want to pick themselves up, they just need to see a pathway to get there. Sometimes it's a longer reach to get to the bootstrap. If they can see the light at the end of the tunnel, then they can move toward it."

The research team will be conducting in-person and virtual meetings through August with the final reports delivered to the OHFA by the end of the year.

Forced Out: Skyrocketing Rent, Evictions Pushing Thousands Out of Their Homes

M. Scott Carter, Oklahoma Watch, November 22, 2022

The courtroom is crowded. The hallway, too. Those who arrive early have a seat. The rest stand or pack the hall.

It's familiar territory for Amy Forsythe. In her previous job, she helped find housing for the homeless and eviction court was a regular stop. Today, Forsythe, 45, is here so the JGS Real Estate Company can evict her from her home.

Forsythe owes $2,656 in back rent.

Most people here are poor. Some groups such as Legal Aid, Restore Hope, Community Cares Partners and the Homeless Alliance attempt to help. Many Oklahomans facing eviction still do so without legal assistance.

Like Forsythe, many have taken the day off from work in an attempt to keep the roofs over their heads.

Most of the time their efforts are unsuccessful.

In Oklahoma, it's easy to be evicted. Moderate- and low-income families face skyrocketing rent, utility and food prices and the ongoing fallout from the COVID-19 pandemic. The resulting economic storm coupled with a lack of affordable housing and weak protection from Oklahoma's Landlord Tenant Act has pushed thousands from their homes.

In Tulsa County, 2,936 evictions were filed in March 2020, up from 1,700 a year earlier. This year, Oklahoma County eviction filings increased by 1,799 through June compared to the same period in 2019.

"Evictions are skyrocketing in some areas of Oklahoma, part of a nationwide crisis in affordable housing," wrote Ryan Gentzler, an analyst for the Oklahoma Policy Institute. "In several counties across the state, including Canadian and Oklahoma counties, evictions in the first half of 2022 were at an all-time high."

For Forsythe, a mother of five, the trouble began after she was injured on the job. A housing coordinator for Housing Solutions, Forsythe was checking on a client who was living in a shed. She was crossing a fence when her leg was caught and broken.

Workers' compensation payments were sporadic, she said. "I wouldn't get paid for three weeks at a time," Forsythe said, "and because of that he evicted me for untimely payments."

At the beginning of the pandemic, Congress authored more than $100 million in federal aid and established a federal eviction moratorium. Those efforts helped keep many Oklahoma families in their homes.

Those funds have been spent, the eviction moratorium ended and rent keeps rising. It rose 13.5% in Tulsa and by 15.7% in Oklahoma City since 2021, according to the Oklahoma Policy Institute.

"Oklahoma legislators and judges can amend laws and eviction procedures to ensure the law is being followed consistently statewide and even the playing field," Gentzler wrote. "Without intervention, it may be years before the eviction wave crests."

Some help may be on the way.

Tulsa Mayor G.T. Bynum used his state of the city speech on Nov. 15 to announce a two-year, $500 million investment in affordable housing and a new low-barrier shelter for the homeless.

"When I ask the experts in Tulsa what we lack, what is the greatest cause of homelessness in our city, what comes up over and over again is housing," Bynum said in announcing an initiative to include public funds and private investment incentives.

Odds That Favor Landlords

Evictions take place in Small Claims Court, under the Forcible Entry and Detainer docket. In Tulsa, that docket is held at 2 p.m. on weekdays except for Wednesday. In Oklahoma City, the docket starts at 9 a.m. on weekdays.

The law requires those awaiting eviction to appear in court, with or without an attorney. A tenant's absence results in a default judgment. Landlords can send a representative. With so many eviction cases happening at once, the judge calls the case number and tenant's name and often sends them into the hall to negotiate with a representative from the rental property.

The parties are supposed to reach an agreement known as a Judgement Under Advisement, generally allowing the tenant more time to pay what they owe and move out.

Without an agreement, participants return for a bench trial

Life in a $300-per-week Tulsa motel is trying for Amy Forsythe, left, and her three youngest children. 'We're in survival mode," she said. (Rip Stell/For Oklahoma Watch)

in which both sides can present evidence.

The odds favor the landlord.

Almost 45% of the 1,395 cases filed in Tulsa's eviction court in January 2020 resulted in default judgments, according to a study by the University of Tulsa's Terry West Legal Clinic.

Forsythe was officially evicted on Thursday.

She'd already moved her possessions. Whatever didn't fit in storage, she abandoned.

Part of her eviction agreement includes paying $50 a month until her debt is settled. Even with two jobs, she is behind.

"I have to keep making those payments at the end of each month to keep an eviction off my record," she said.

Forsythe said she, her three young children and their dogs and cats will stay in a $300-per-week motel off Admiral Boulevard until she gets her tax return sometime in the spring.

"We're all right now in survival mode because we don't know what else to do," she said.

A Law That Makes Evictions 'Fast and Cheap'

Slightly more than 44,600 evictions were filed statewide in 2019, and more than 25,000 were approved.

Tulsa ranked 11th in the nation for eviction filings, according to the Eviction Lab, which collects national housing data. Three other Oklahoma cities were among the top 100: Oklahoma City (20), Norman (83) and Broken Arrow (90).

Many evictions are filed in bulk by a single attorney who represents many landlords.

Court records show that four attorneys accounted for 75% of Tulsa County eviction filings for the 18-month period ending June 2021. Tulsa County attorney Nathan Milner filed 7,865 cases, Tulsa attorney Blaine Frierson filed 6,163 and Oklahoma City attorneys Tracy Persons and Michael Decarlo filed a combined 5,737 cases.

For attorneys representing landlords, Oklahoma's Residential Landlord Tenant Act is a sharp weapon. The 1972 version included an anti-retaliation provision that prevents landlords from evicting tenants who complain about the rental property or code violations. Lawmakers stripped those protections in 1978.

Today, Oklahoma is one of only six states that doesn't include anti-retaliation language.

"It makes evictions both fast and cheap," said Katie Dilks, the executive director of the Oklahoma Access to Justice Foundation.

"Our landlord tenant act is considered one of the five worst in the country," said Dan Straughn, the executive director of the Homeless Alliance. "Tenants don't have the right to withhold rent if the unit needs repair. And landlords can be bullies. You can get an eviction notice on Monday and be out by Friday."

It's difficult for tenants to sue their landlords for failing to maintain the property, Legal Aid attorney Eric Hallett told state lawmakers during a September hearing.

"The number one question I get is, 'Can I force my landlord to make repairs?'" Hallett said. "Unfortunately, my calls often end with, 'I can't force your landlord to do anything because there's a good possibility you'll be evicted for asking for repairs.'"

Many times, Hallett said, repairs are never done.

Other Holes In State Law

Industry groups say the eviction problem is more nuanced and the Landlord Tenant Act has been modernized. A 2022 amendment increased the repair deductible for tenants from $100 to one month's rent.

Many tenants were not aware of the new provision and that lack of knowledge could be part of the eviction problem, said Will Roberts, government affairs director for the Oklahoma Association of Realtors.

"If owners are not keeping up their property, then you have these remedies in statute," Roberts told a state House committee. "Ultimately the person who is responsible for this is the person who owns the building."

Roberts said Realtors would be willing to discuss including anti-retaliation language in the act during the next legislative session.

"We're not defending these bad landlords," he said. "What we are trying to do is just ensure that people are in control of their own property."

Still, there are holes in the state law. Though health codes require running water and heat for the winter, neither the Landlord Tenant Act nor state health codes require air conditioning during the summer.

Enforcement of the act also is hampered.

Dilks said Oklahoma law bars municipalities from setting up local property registries, databases of rental real estate and their owners. The databases typically include contact information for owners and can be updated when property changes hands.

"We are fairly confident that we are the only state in the country that has barred local property registries," she said. "Often these properties are changing hands so quickly that those people who are renting don't even know who the owner is."

The Role of Rising Rental Costs

The eviction process isn't the only way to get rid of tenants. Some renters are simply priced out of their homes.

Multi-unit rental properties are regularly sold to large out-of-state investors. One mortgage company, CMG Financial in Edmond, told The Oklahoman that half of its loans made in the fall of 2021 were to investors, with 60% of those investors located out of state.

Oklahoma ranks third nationally for corporate ownership of residential homes, according to a National Association of Realtors report. Institutional buyers account for 18% of state residential purchases, the report showed.

Once a new owner takes possession, they can move quickly to raise rents and force out tenants.

That's what happened to Rita Cooper-Roberts.

Cooper-Roberts, a behavioral wellness coach at an Oklahoma City-based behavioral health center called NorthCare, works with many Oklahomans who have been forced out of their homes or evicted.

Now Cooper-Roberts is being forced out of her home.

Kansas-based Prism Real Estate purchased Cooper-Roberts' apartment complex in April and raised the rent almost immediately.

Utility costs, which were originally included in the rent, are now hers to pay. For Cooper-Roberts that means scrambling to cover the large deposits required for gas and electricity. Divorced after a 43-year marriage, Cooper-Roberts said she never had utility service in her name.

"Three years ago, I was paying $750 and everything was included," she said. "Now we're up to $900 plus the utilities and they said they are going to add another $50 at the end of the month. I just can't do that."

Cooper-Roberts, who has lived in her apartment for 10 years, said many tenants in her building struggled to get the property manager to make basic repairs.

"Many air conditioners were broken," she said. "And they (the rental company) refused to fix them. There was one woman who lived upstairs from me. She had seizures. It was the summer and her air conditioner didn't work. She told them she wouldn't pay rent because they didn't fix her air conditioner. They tried to evict her."

Cooper-Roberts said she's been unable to find a new apartment she can afford. Even if she does, her lease requires her to give 60 days' notice. And getting a new place will be costly, too.

In addition to about $300 for utility deposits, Roberts will have to put down a security deposit for a new apartment — about $2,200 — before she gets the keys.

"I'm not sure where I'll go," she said.

A Path To Substandard Housing, Homelessness

Many non-profits that assist with housing are having difficulty finding homes for their clients, said Megan Mueller, the associate director for the Homeless Alliance.

"We have people with the housing vouchers in hand," she said. "But we can't find the landlords who are willing to accept the subsidy. We've reached out and had zero luck."

The story echoes others across the state.

In northeast Oklahoma City, the new owners of the Grand Boulevard Townhomes, an apartment complex, evicted all their tenants. The owners, Grand Circle Investments LLC, sent each tenant a notice saying they had 30 days to move out.

The Homeless Alliance said it gets about 200 daily requests for housing assistance. Some families find new housing. Others move in with family members or couch-surf at a friend's house. However, many of those who have been evicted or forced out of their homes quickly become homeless.

The impact on children is often devastating: 26,623 Oklahoma public school students experienced homelessness during the 2017-18 school year, according to U.S. Interagency Council on Homelessness data.

Of 26,896 verified cases of child neglect in 2016, about 1,500 were due to inadequate or dangerous housing, according to the state Department of Human Services.

Roni Amit, the law professor who led the 2020 TU study, said the lack of affordable housing, the push for evictions by big-box landlords and Oklahoma's permissive legal environment have helped cause a large number of evictions and the increase in homelessness. The state's homeless count was estimated at 3,932 in 2022, according to the National Alliance to Eliminate Homelessness.

For those who find a new place to rent, affordable housing doesn't always meet housing standards, Amit said.

"People are living in substandard housing conditions because that's all they can get," she said.

Oklahoma is one of 20 states with a minimum wage set at the federal minimum wage of $7.25.

"A minimum-wage worker would need to work 92 hours to pay rent," said Sabine Brown, an analyst with the Oklahoma Policy Institute, during testimony before a legislative committee.

Brown told state lawmakers that Oklahoma needs 70,000 affordable rental homes.

Approaching that goal, amending the Landlord Tenant Act and repealing the state law banning municipalities from developing property registries would benefit both the tenant and the landlord, said Ginny Bass Carl, executive director of Community Cares Partners.

"Knowing who owns the property and how to get in touch with them would help tenants protect their rights," said Carl, whose group distributed federal rental assistance during the pandemic.

Even if those changes come, it will be too late for Amy Forsythe.

She hopes to eventually move to Missouri to be closer to Forsythe's older daughter.

"Tulsa is where I'm from. Tulsa is home. But after all this, I don't want to stay," Forsythe said. "I went to court today and I was sitting with one of my clients I had housed, she was getting evicted. I don't want to be here. You can be one accident away from losing everything. That's what happened to me."

Innovative Solutions for the Housing Crisis

Abby Ivory and Kent W. Colton , Stanford Social Innovation Review, December 1, 2020

Six pathways to making housing more affordable and available from the Ivory Prize for Housing Affordability.

The nation is experiencing a major housing shortage coupled with a crisis of housing affordability. "New housing supply is not keeping pace with rising demand," warns Sam Khater, Freddie Mac's chief economist, citing a shortage of about 300,000 units a year. And innovation can have a significant impact. But as Matt Ridley recently stressed in the Wall Street Journal, we need to rethink the incentives for innovation, "to expand the use of prizes, to replace the reliance on grants, subsidies, and patents." Prizes provide the opportunity to identify innovations that are already underway, as well as recognizing creative successes that can be expanded or repeated by others. To this end, the Ivory Prize for Housing Affordability was established in 2018 to advance projects and reward innovators for their efforts to develop affordable solutions to tackle housing affordability.

Through the Ivory Prize, significant innovation and creativity have been identified: Not one solution, but a number of solutions are emerging, with a great deal of energy and creativity at the grassroots level. Based on the innovation underway and recognized through the Ivory Prize process, this article will highlight six innovative paths that will help us move towards affordability in housing.

1. Removing Regulatory Barriers at the Local, State, and Federal Level to Allow More Homes and Apartments to Be Built and Reduce the Time and Cost of Building

If the nation, and state and local communities, are going to make significant progress in addressing housing affordability, one of the key policy levers is to reduce or remove regulatory barriers to building new homes and apartments. Work is underway in the private sector and the public sector to achieve better regulatory policies for housing affordability.

An excellent example of private sector innovation is Symbium, located in San Francisco, which has developed a computational law platform that mechanizes the rules and regulations of a planning code, to help homeowners, design professionals, and planners quickly determine if an Accessory Dwelling Unit (ADU) is allowed on a property. Automating the legal analysis for the planning code enables anyone to access what is possible in a certain jurisdiction or on a given parcel, and it reduces the processing time from multiple months or weeks to an immediate response. This kind of computational capacity is an important breakthrough in reducing the administrative and regulatory barriers, and demonstrates the potential for other processing innovations related to planning and zoning.

In the public sector, the City of Minneapolis and the State of Oregon have made important steps to break down the regulatory barriers to housing affordability by essentially eliminating single-family zoning. While nearly 75 percent of the housing in Minneapolis was previously zoned single-family, now, up to three units are allowed on any residential plot of land throughout the entire city. "By rezoning lots that currently accommodate only one single-family house to allow duplexes and triplexes," says Andrea Brennan, Minneapolis's Housing Policy and Development Director, "Minneapolis effectively triples the housing capacity of some neighborhoods."

In Oregon, the state legislature passed HB2001 in June 2019, with bipartisan support, historic legislation that effectively ended single-family zoning in the state. States hold the legal authority to establish the parameters for zoning at the local level, and the State of Oregon has made a bold move to assert that authority to encourage local jurisdictions to allow more housing to be built in their state.

2. Innovation to Build Faster, Increase Productivity, and Lower Costs

Entekra, located in California and focused on off-site framing, focuses on increasing home building productivity and reducing time and costs. Stick-built framing of a typical 2,500-square-foot house generally takes a crew of five workers about 15 days (71 man-days) to complete, but with Entekra's Fully Integrated Off-Site Solution (FIOSS) and a crane, the framing can be accomplished in just four days by a crew of four (14 man-days). This represents a productivity increase of more than 500 percent and reduces total build time by an average of 30+ days, with estimated savings for each house up to $25,000. FIOSS also contributes to a reduction in errors and reduces on site skilled labor needs.

In the area of multifamily housing, FullStake Modular, located in New York City, merges modular housing with new construction technologies to bring a higher level of control, predictability and scalability to multifamily development.

FullStack Modular built the modules for 461 Dean Street in Brooklyn, New York, which is the tallest modular building in the world, with 33 stories and 363 units. They use structural frames to build each of their units and verify that all tolerances are within 0.25".

New technologies are also contributing to the effort to fight homelessness. For example, New Story Charity, based in San Francisco, has built more than 2,700 homes globally, affecting 12,000 lives, in part by partnering with a company called ICON in Mexico to use 3D printing to drive down costs.

3. Creative Finance to Allow More People to Qualify for a Mortgage and Buy a Home, and to Provide More Affordable Rental Housing

Rhino, located in New York City but licensed to operate in all 50 states, partners with building owners and managers to offer low-cost insurance as an alternative to cash security deposits. When a renter inquires about a unit where Rhino is an option, they can choose between low-cost insurance or a traditional security deposit, and the transaction is made directly with the renter. The renter receives information about the premium immediately, and then they can decide whether to pay the premium in lieu of a security deposit. The cost of insurance varies but tends to average between $4-7/month.

Several companies have developed "crowdfunding" approaches to help future home buyers and to seek investors. For example, HomeFundIt in Baltimore, Maryland, is an online crowdfunding platform that allows home buyers to use gifts from family and friends for the down payment on a home. Using a different approach, Small Change in Pittsburgh connects investors with developers to build better cities. On Small Change, anyone over the age of 18 can invest in affordable housing projects, community-centric projects, transit-oriented projects, and projects that make better places for everyone.

4. Assist Renters to Improve Their Financial Position and Credit Scores to Help Them Achieve Homeownership

Renters face a number of financial and other barriers, especially minorities and those with lower incomes, and overcoming these barriers is one of the essential paths to housing affordability. Till, located in Alexandria, Virginia, has established a platform that transforms a renter's ability to pay, stay, and thrive in their home by using real-time data to develop payment solutions to address their needs. These personalized structures reduce the avoidable costs of delinquency and eviction. In addition, as rent is often a renter's largest household expense, Till helps to drive meaningful improvements across a renter's entire financial landscape.

Less than 1 percent of credit reports include rent, yet for many people it is their largest and most consistent payment. ESUSU, which is located in New York City, offers a rental data reporting service that includes rent as a factor of credit scores. This reporting service builds credit reports for renters by partnering with property managers and public housing authorities or working directly with landlords. That renters have not received credit for their payment history prevents many low-to-moderate income renters from qualifying for a mortgage, or qualifying for a higher-priced home. By using rent payment data to establish creditworthiness, ESUSU can dramatically lower the cost-of-capital for a renter who becomes a homeowner.

5. Using Existing Housing and Land to Provide Greater Housing Opportunities

One way to accommodate the unmet housing demand is to better utilize existing housing and land. Starcity, located in San Francisco, is an owner, operator, advocate, and builder of co-living communities with a mission to make great cities accessible to everyone. They accomplish this by creating comfortable community homes that inspire people to live what they feel is a more intentional life. In Boston, Nesterly has developed an innovation that tackles two big housing affordability challenges with one solution, connecting senior households and students. Students are looking for affordable places to live while they are going to school in the Boston area and senior households have homes and space but need additional income to live and pay their expenses. Nesterly provides an electronic platform that matches the students with the senior citizens, and the added benefits are often companionship for the seniors and friendly support for the students.

Another example is Accessory Dwelling Units (ADUs) built on the lot of a new or existing home. The Casita Coalition in San Francisco fills a unique need in California by encouraging the construction of small homes, such as ADUs, throughout all types of neighborhoods. In addition, the City of Boston provides gap funding for those approved for an ADU through a zero-interest loan, which have no monthly payment until the owner either sells or refinances.

6. Preserve and Produce Affordable Housing in Neighborhoods, Building on the People and Strengths of That Community

Century Partners in Detroit, Michigan is noted for their work to help revitalize the neighborhoods on Detroit's northwest side through renovation, new construction, the provision of green infrastructure, and creative work with the community. They have hired more than 40 neighborhood residents to perform lawn maintenance, demolition, and eventually construction rehabilitation.

ROC USA, located in Concord, has worked over the past decade to convert mobile home parks to resident-owned communities in 17 states nationwide. ROC USA, LLC is a nonprofit social venture with a mission to make quality resident ownership viable nationwide (generally for lower-income families or individuals) and to expand economic opportunities for homeowners in manufactured (mobile) home communities. As a cooperative non-profit business, ROC USA targets lower-income people who live in mobile home parks and helps the residents with financing and technical assistance to purchase and then successfully manage their own manufactured home park as a co-op or Resident Owned Community (ROC). A recent Freddie Mac study on Resident Owned Communities found that: “ROCs are one of the few sources of unsubsidized naturally occurring affordable housing in the country not subject to market-based rent increases.”

Focus on the Solutions, Not the Problem

There are no simple nationwide solutions to housing affordability, but it’s a mistake to spend all our time talking about the problems. With the focus on solutions and innovation, it is possible to identify marvelous creativity at the “grassroots level” which is already underway throughout the country. As we recognize the innovation that is in progress, it helps highlight the directions and paths that should be followed to improve housing affordability.

Policy Principles for the Nation's Housing Crisis

American Planning Association, Policy Principles, March 29, 2018

Our nation is confronting a housing crisis. This crisis varies in scope and specifics from city to city and market to market, but the reality remains that current policies are undermining the broad goal of ensuring housing choice and affordability for all.

The shortage of quality affordable housing reinforces inequality and limits access to opportunity, and the lack of housing options hurts the economy and constrains social and economic mobility. Addressing this crisis must be a priority for policymakers.

Planning Is Part of the Solution

Good planning is essential for increasing housing options, boosting affordability and unlocking opportunity. Enhancing planning resources and reforming planning policy can help ensure communities see the housing they need in the places that work best.

Housing Crisis Realities

Many of our nation's cities have been dubbed "high cost" and metropolitan areas are struggling to maintain their workforce due to stagnant wages. Small towns and rural communities face unique housing issues that deserve attention and investment such as improving housing quality and options. Production has not kept pace with demand. Preservation of existing affordable homes, whether through existing affordability restrictions or market forces is also critical. It is not an appropriate goal to provide affordable homeownership options to all; rental is now and will remain an important part of the mix of housing options. Planners are well-positioned to address these issues due to their close-proximity to development activities, permitting, and policy-setting at all levels of government.

Our Plan

APA seeks to identify and remove barriers to housing affordability through the action agenda of Planning Home — APA's multiyear housing initiative. Some barriers are regulatory, some are social, and some are economic. Eliminating these barriers will require political solutions while others require funding. All will require revisiting community goals.

Long-held beliefs some planners hold about the planning process and regulatory frameworks may have contributed to the housing crisis, however well-intentioned. Where and how people want to live is changing. A range of reforms can help our communities and neighborhoods provide more affordable choices.

With these policy principles, policymakers at all levels can advance strategies that will equip communities to address changing demographics and needs. Together, we can provide local communities with new tools, updated plans and codes, better public involvement, and a pathway for truly inclusive prosperity.

These strategies are intended to break down local, state, federal barriers to more housing choice:

- Remove **INSTITUTIONAL BARRIERS** in zoning codes, funding programs and lending practices;
- Ensure **AFFORDABILITY** by facilitating the production of housing at all price points;
- Promote **DIVERSITY** by producing a wide variety of housing types and formats;
- Ensure **EQUITY** in the distribution of affordable units; and
- Ensure adequate **FUNDING** from both public and private sources.

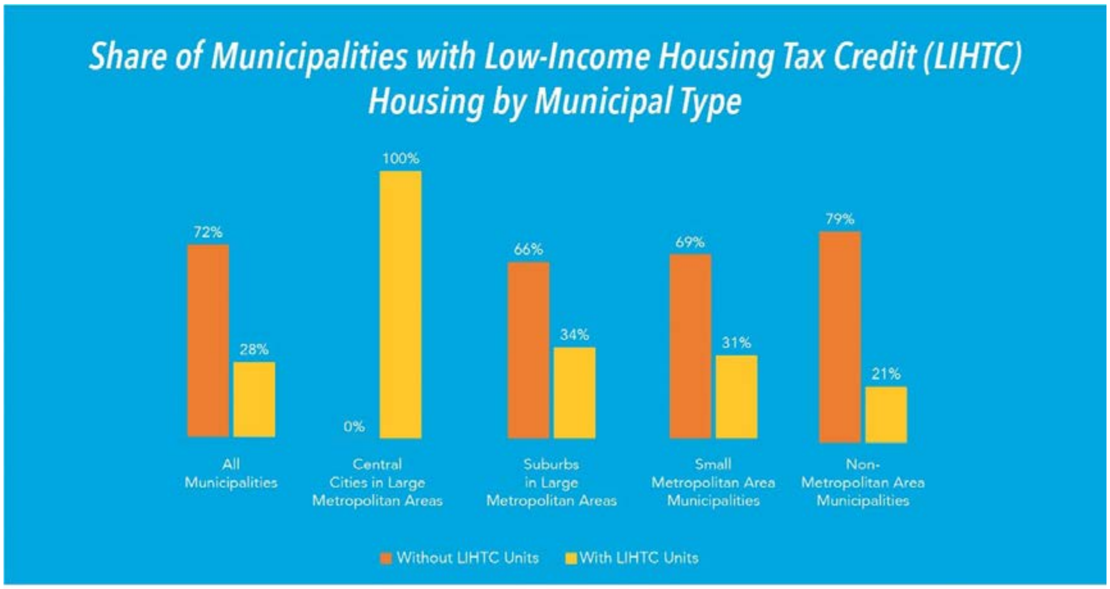
Realizing our action agenda will require a concerted effort by all of those in the planning profession to advocate, to engage their legislative officials and to conduct public outreach and education.

Planning can deliver homes, places, communities, and opportunity.

APA's Housing Principles were approved by APA's Board of Directors on March 29, 2018.

Study Finds Nearly Three-Quarters of Municipalities Lack LIHTC Housing

National Low Income Housing Coalition, March 6, 2023



Source: Schwartz, A., McClure, K. (2023). The geography of absence: Cities, towns, and suburbs with no LIHTC housing. *Housing Policy Debate*. Retrieved from https://www.tandfonline.com/doi/full/10.1080/10511482.2023.2171740

NATIONAL LOW INCOME HOUSING COALITION

A new article published in Housing Policy Debate, "The Geography of Absence: Cities, Towns, and Suburbs with No LIHTC Housing," examines the differences in municipalities with and without Low-Income Housing Tax Credit (LIHTC) housing. According to the study, LIHTC housing is present in all central cities of large metropolitan areas, but almost three-quarters of other local jurisdictions lack any LIHTC housing. Municipalities that experienced population and multifamily housing stock growth between 2010 and 2019 are more likely to have LIHTC housing, but a majority (52%) still do not offer it. The authors find that municipalities that exclude LIHTC housing tend to be smaller, wealthier, and whiter compared to areas that include LIHTC housing.

The authors used HUD's LIHTC database to calculate the number of LIHTC properties and units within each U.S. municipality. They also utilized data from the American Community Survey (ACS) to evaluate the differences in demographic, socioeconomic, and housing-stock characteristics of municipalities with and without LIHTC properties between 2014 and 2019. Their analysis distinguishes between all municipalities and growing municipalities, which they define as municipalities that saw increases in population and multifamily housing units.

The authors find that 72% of all municipalities have no LIHTC housing. Growing municipalities in metropolitan areas are more likely to accommodate LIHTC housing, but 52% of such municipalities still lack any LIHTC housing. Higher rates of growing municipalities in micropolitan (56%) and nonmetropolitan (65%) areas exclude it. The authors find that the lack of LIHTC housing is widespread and pervasive throughout the country, even in states like New Jersey and California that require municipalities to provide affordable housing.

The authors find that municipalities that are smaller, wealthier, whiter, and have less rental housing are more likely to have no LIHTC housing. While only .9% of municipalities with populations of 100,000 or more exclude LIHTC housing, 19% of municipalities with a population between 25,000 and 49,999 exclude it and 83% of municipalities with populations of less than 5,000 exclude it. Municipalities that included LIHTC housing also had a higher number of renters, with 40% of the housing stock as rental housing compared to 27% of their exclusionary counterparts on average. The municipalities with LIHTC housing also had higher population shares of people of color than jurisdictions without LIHTC housing (31% vs. 22%) and higher poverty rates (17% vs. 14%). The biggest discrepancies emerged when looking at the presence of public housing and other federally subsidized housing: while municipalities that included other federally subsidized housing programs had LIHTC housing 64% of the time, only 14% of those without federally subsidized housing included LIHTC housing.

The authors also analyzed factors predicting the absence of LIHTC housing. The most significant factor predicting the absence of LIHTC housing is whether a municipality is in a suburb in large metropolitan area, which increases the likelihood of exclusion by 19%. This factor, however, is not statistically significant for growing municipalities. Increases in total population are associated with a 9.6% decrease in the odds of LIHTC exclusion among all municipalities, and a 6.2% decrease in the odds among growing municipalities. While the total share of residents of color is not a significant predictor of LIHTC exclusion, increases in the share of residents of color are associated with a 1.1% increase in the odds of LIHTC exclusion among all municipalities and a 2% increase among growing municipalities.

These findings suggest that despite being the largest affordable housing program in the country, LIHTC has yet to enter many housing markets. The authors propose a few solutions to address this problem, including state-level mandates for municipalities to meet state-wide affordable housing needs and implementing regional housing choice voucher programs that facilitate access to municipalities lacking affordable housing options.

Notes

This is a resource document for you to use.
Take notes, highlight, use as a text book.

Some states to landlords: You can't evict tenants without a good reason

Caitlin Dewey, Stateline, June 29, 2023

For years, Charlene Redrick worked double shifts to make sure she made rent each month. The 64-year-old nursing home aide always paid on time — even at the height of the pandemic.

But in 2022, Redrick's landlord moved to evict her from the three-bedroom apartment she shared with her granddaughter and infant great-grandson. The landlord wanted to sell the building, Redrick said, and thought it would show better if it were vacant.

Redrick initially planned to fight the eviction, knowing she wouldn't find another three-bedroom apartment she could afford.

"But I just gave up," she said. "I didn't want to fight anymore."

Redrick has since moved to a smaller apartment — and begun fighting for something else. This year, housing advocates in New York state mounted a fierce campaign in support of a once-obscure policy called "just cause eviction," which requires that landlords provide a valid reason — a just cause — such as unpaid rent or property damage, for removing tenants. Such policies aim to increase housing stability and prevent arbitrary, retaliatory or discriminatory evictions.

Since 2019, California, Oregon and Washington have all adopted "just" or "good" cause policies, while Colorado, Connecticut, Maryland and New York considered them. More than 20 cities — including Baltimore, Boston, Philadelphia and Washington, D.C. — also have adopted some form of just cause protections, often over the objections of landlords.

Landlord and real estate groups argue that the policies would make it more difficult to remove problem tenants and adapt to changing business conditions, and could make the housing shortage worse by pushing some to stop offering rentals altogether.

Just cause protections likely will be tested as tenants lose pandemic-era welfare benefits and housing costs continue to increase. While evictions fell sharply during the COVID-19 pandemic, they have since returned to or exceeded normal levels in many places, according to Princeton University's Eviction Lab, which tracks filings in 10 states and more than 30 cities.

Researchers at the lab estimate that landlords filed an average of 3.6 million eviction cases each year between 2000 and 2018.

"That's a huge number of households facing the possibility of losing their homes and all the disadvantages and risks that go along with that," said Peter Hepburn, the assistant director of the Eviction Lab and an assistant professor of sociology at Rutgers University-Newark. "The fact that … we've returned to the status quo on evictions is deeply disappointing and cause for serious concern."

A long-standing protection

Just cause policies have existed since at least 1974, when New Jersey introduced new rules around evictions as part of its response to a statewide housing shortage. Several states also observe long-standing just cause eviction laws that apply only to tenants of mobile home parks.

But just cause policies became more widespread after 2007 and the onset of the Great Recession, as new construction crashed across the country and rents skyrocketed in many urban centers. The tenants' rights movement also grew rapidly during the 2010s, fueled in part by concerns about gentrification and displacement.

Against that backdrop, New Hampshire adopted a just cause policy in 2015, followed by Alameda and San Jose, California, Boston and Washington, D.C. The COVID-19 pandemic sparked another flurry of legislation: At least 19 cities or states have proposed just cause legislation since 2020, according to the National Low Income Housing Coalition and local media reports.

"During the pandemic, we saw how critical consistent housing is to the health and safety of our residents," said Maryland state Del. Jheanelle Wilkins, a Democrat, who has repeatedly sponsored just cause legislation.

While those statewide bills stalled, Baltimore passed a just cause policy in 2021. Washington state and a string of cities in New York and California also adopted similar measures during the pandemic.

Just cause policies vary widely by jurisdiction, but commonly allow landlords to evict tenants or decline to renew leases for a list of predetermined reasons. Those include circumstances such as failure to pay rent, property damage, disorderly conduct, criminal activity and lease violations, as well as the landlord's desire to live in the unit or take it off the market.

Some just cause laws also include rent-stabilization measures that regulate by how much landlords can raise rents each year. Advocates argue such policies, which have been adopted in California and Oregon and proposed in New York, prevent tenants from experiencing de facto evictions if their rents are abruptly raised to unaffordable levels.

Evaluating the success of these policies is difficult, in part because they vary so considerably by jurisdiction. Different places also experience different trends and types of evictions according to their local policy landscape and housing markets, said Tim Thomas, the research director at the University of California, Berkeley's Urban Displacement Project. That can make it challenging to isolate the effects of specific factors that contribute to eviction.

Importantly, because nonpayment of rent is always considered a "just cause," the just cause policies, by design, only protect a minority of tenants.

"It's kind of a complicated mess — I liken it to the gun debate," Thomas said. "You have people on both sides who feel very strongly, and there's not a lot of research to back up some of that intensity."

Preliminary research does suggest that forms of just cause legislation decrease evictions, Thomas said — albeit by small numbers. A 2019 study published in the Journal of Public & International Affairs, a peer-reviewed graduate student journal, found that four California cities with just cause protections experienced slightly fewer evictions than similar cities without them.

More recently, a 2022 research brief published by the Urban Displacement Project found that just cause protections appeared to help one of every 100 extremely low-income households remain in gentrifying neighborhoods when they otherwise would have been pushed out.

Housing advocates argue that those impacts, while small, are powerful in combination with other tenant protections, such as right-to-counsel laws, legal defense funds and bans on source-of-income discrimination.

They also add up across a population of thousands or millions of tenants. Violet Lavatai, the executive director of the Tenants Union of Washington State, said she believes just cause has kept "hundreds" of Washington tenants in their homes since it passed two years ago.

The law is not perfect, Lavatai acknowledged. Some landlords, she said, have devised "new, creative ways" to get rid of people they don't want — such as moving tenants to month-to-month leases, which are not as tightly regulated.

But through the union's tenant rights hotline, which renters can call with housing and eviction questions, Lavatai has coached "countless" renters on the law's protections, she said.

"We've heard it all: 'I don't like the way your voice sounds, you annoyed me, you didn't water the plants correctly — now you have to go,'" she said. "We have a lot of landlords out there who don't operate like that. But there are also bad characters who don't really care about their tenants."

Landlords 'strongly' oppose regulations

As just cause eviction policies have spread, however, they've also faced what Maryland Del. Wilkins calls a "strong, well-financed opposition." Major landlord and real estate industry groups allege that eviction protections make it more expensive and time-consuming to remove problem tenants.

Critics also argue that rent stabilization measures, like those in effect in California and Oregon, make it more difficult for landlords to respond to changing business conditions and could prompt some to pull out of the market altogether.

In 2022, Vermont Gov. Phil Scott, a Republican, vetoed a Burlington just cause provision over concerns it would exacerbate the state's housing shortage. Later that year, council members in St. Paul, Minnesota, also weakened a 5-month-old rent stabilization measure after the city saw a steep drop in new construction.

For Chris Athineos, the owner of six small apartment buildings in Brooklyn, New York, and an outspoken critic of rent regulations, such harms are a growing cause of concern. New York City has long required a "just cause" for evictions in rent-controlled apartments, but statewide legislation first proposed in 2019 would extend those protections to all tenants and impose a cap on annual rent increases.

Athineos and his parents, who bought their first building in the 1960s, enjoy an unusually close relationship with their renters, he said: They've attended tenants' weddings and funerals and celebrated holidays together.

But as just cause legislation gained momentum in New York, Athineos sold two of his properties and made plans to raise rents across his remaining portfolio. His business already has been squeezed, he said, by an increase in insurance prices and a slate of recent, costly city housing regulations.

"It's like a 'use it or lose it' situation — if I don't take that rent increase now, I can't make up for it down the road if I need to," he said. "They want to cap rents, but no one is capping our expenses."

New York did not pass its just cause eviction bill this session — much to Athineos' relief and Charlene Redrick's disappointment.

While legislative leaders fought to include the measure in state budget negotiations, and later to pass it as part of a last-minute package of housing reforms, they ultimately failed to reach an agreement with Gov. Kathy Hochul, a Democrat who favors other ways to address the housing crisis.

Similar just cause bills also died in Colorado and Connecticut last session.

State lawmakers and housing advocates have vowed to redouble their efforts next year. But in Buffalo, Redrick said she worries about the tenants who face eviction in the interim: She sees a lot of homeless people sleeping in the laundromat or hanging out in the street near her new apartment.

"Seeing people be evicted and homeless, I'm still hoping there's something we can do to affect what is happening," Redrick said. "I'm afraid for other people to go through what I went through. That's my main focus."

A federal definition of 'homeless' leaves some kids out in the cold. One state is trying to help

Neal Morton, The Hechinger Report, March 2, 2023

VANCOUVER, Wash. — When her bill for overdue rent topped five digits, Resly Suka decided it was time to tell her kids they might lose their home.

A bout with Covid in late 2020 had forced Suka, a single mother of seven, to take time off from her job as a home hospice caregiver. That triggered a series of financial setbacks and, by October 2021, she owed more than $10,000 in back rent. Washington state's eviction moratorium was set to expire the next month.

Suka feared what a notice-to-vacate would mean for her children. Her two youngest, both attending Vancouver's Washington Elementary School, had struggled with remote learning and still lagged their peers in basic math and reading. Her older kids loved their high school sports teams and she couldn't imagine uprooting them.

"'Oh no, Mom. Please don't make us go to another school. We like our teacher. We love our school,'" said Suka, recalling the conversation. "All I was thinking: 'That's true.'"

After her primary employer cut her hours — and her health insurance — Suka ended up in the emergency room for a heart attack. As she began to recover, Suka started making calls from her hospital bed to a local housing hotline seeking assistance. She never got a reply.

Then a cousin suggested she call her kids' school. A woman she'd never met asked a few questions about Suka's living situation and suggested she could get help with her utility bill. Within an hour, the woman called back and shared news of a second check — to cover up to $11,000 in overdue rent.

The assistance came thanks to a Washington state program — one of the first of its kind in the country — that aims to help children who aren't considered homeless, and unqualified for help, under a strict federal definition.

In response to rising numbers of homeless youth here, state legislators passed a bill in 2016 that freed up money to enable schools to identify more students as homeless and get them into stable housing — even if they aren't viewed as homeless by the federal Department of Housing and Urban Development.

In other parts of the country, though, the picture for homeless students is starkly different. Public schools identified 1.1 million kids as homeless in 2020-21, the most recent school year for which data was available. But roughly 85 percent of these children didn't qualify for public housing assistance. While the federal Department of Education considers kids homeless if they are living in motels or doubled up with other people, HUD, which controls the purse strings for federal housing aid, requires that recipients live in shelters or on the street. That forces parents to move their families into cars or risk more dangerous living situations before they're eligible for aid.

For years, advocates for homeless youth have tried to convince HUD and lawmakers to expand the agency's definition to include anyone who can't afford to put a roof over their children's heads. Research continues to show the harmful impact of housing instability on kids' learning: Each time students switch schools, for example, they are more likely to fall behind academically and less likely to graduate.

Homeless youth advocates succeeded in getting a bill to change the law's language before Congress last year, but the legislation never got a hearing. And they must restart the legislative process with this year's new congressional term.

"We do nothing to prevent the 'hidden homeless,'" said Darla Bardine, executive director of the National Network for Youth, a nonprofit that works to end youth homelessness. "You have to sleep on the street for 14 days — you have to put yourself in danger for two weeks — before you're eligible" for federal aid, she added. "That's actually mandating long-term suffering before you extend a helping hand."

A spokesperson for HUD said the agency does not support a broader definition to determine who's eligible for housing aid, which the official described as "programs of last resort." He said the law obligating schools to identify homeless kids was designed to help children who needed more stability at school, not who necessarily need immediate support to find a home.

"Our targeted homeless programs are grant funds, subject to annual appropriations from Congress. It's not an entitlement program," said the spokesperson, who spoke on the condition of anonymity.

The nation's patchwork of solutions to homelessness dates to the McKinney-Vento Homeless Assistance Act of 1987, Congress's first significant response to the problem. But beyond declaring that homeless children should have access to the same public education as other kids, the McKinney-Vento Act contained few protections for elementary and secondary students experiencing homelessness.

The law has since been amended several times; school districts now must identify and enroll any student experiencing homelessness. The education provisions of the law's definition of homeless — "individuals who lack a fixed, regular and adequate nighttime residence" — encompasses unaccompanied and unsheltered youth, students in homeless shelters, kids living at a hotel or motel and children staying with friends or family due to economic hardship or similar reasons.

Once a school identifies a student as homeless, the federal government requires districts to pay to transport the student to their preferred school, regardless of cost or distance. Districts also can compete for federal funds — about $80 per homeless student — to cover the cost of clothes, prescription glasses and other school supplies, although funding is scant and only a fraction of districts receive the aid.

Federal law prohibits schools from spending any of that money on housing. Instead, educators direct families to local housing providers, which often rely exclusively on HUD funding and have few or no resources for students the agency does not consider homeless.

The discrepancy in defining homelessness can leave families, educators and housing providers with few satisfying, or safe, options. A shelter manager in Bozeman, Montana — where a population boom has priced many locals out of housing — lied on a housing application so a young mother of three who'd spent her tax refund on a hotel room wouldn't have to move her family into their car. In Vancouver,a shelter provider had to inform callers to its housing hotline that they might have to stay in their car for two weeks before they could get help.

Families "have to get into more desperate situations in order to qualify for services," said Vivian Rogers Decker, who manages the homeless student stability program for Washington state's education department. "They won't be able to just get it while doubled up. They would have to progress into the car and onto the streets or have one night of what others might call 'literal homeless' in order to get those services."

One reason the requirements haven't changed is opposition from some national homeless organizations. The National Alliance to End Homelessness, an influential Washington, D.C., nonprofit, has lobbied since at least 2015 against expanding HUD's definition, arguing it would further strain the nation's system of housing providers, which already struggle to serve the millions who count as "literal" homeless.

"That would add millions of families with no additional funding," said Steve Berg, the group's vice president for programs and policy. "It sort of calls on the homeless programs to have more people eligible without being able to help them. It just means saying no to a lot more people."

Unless the government allocates more funding for homeless aid, Berg added, the increased competition for already limited services could leave chronically homeless individuals without help.

"People in more stable situations have an easier time getting help," he said. "They can keep appointments. They can get to them. So, it's not just saying no more often. I'm afraid it would mean people who need help the most would be squeezed out."

And some educators worry about further extending the role of schools to include housing navigator. Many districts are already struggling to comply with the federal mandate to employ a homeless liaison, and that duty is often given to school or district administrators who don't have time for it. Mike Carr, a retiring liaison in the Washington County School District in southern Utah, said it's hard not to worry at night about all the families he can't help. "Every emergency cannot always be my emergency," he said.

Similar debates played out in Washington state in 2016, when the bill to help alleviate student homelessness was before the state legislature. Lawmakers questioned whether it made sense to spend public dollars on kids who could finish their homework at a friend's kitchen table or in a hotel lobby, rather than on children living in a homeless shelter or on the street.

But research suggests any housing instability — whether that means sleeping in a tent or a cousin's basement — harms the ability of young people to learn. Regardless of how and where homeless students find a place to sleep each night, their academic performance suffers equally, according to a 2019 analysis of state education data by the homeless advocacy group Building Changes. The Seattle-based group found students experiencing any form of homelessness posted lower rates of attendance, graduation and academic proficiency. Low-income housed students, meanwhile, performed much better.

"Homeless is homeless is homeless," said Liza Burrell, managing director of programs for Building Changes. "These definitions don't matter. When it comes to academic outcomes, any instability takes up so much of our young peoples' brain energy. That doesn't create a great moment for learning."

That message resonated with state lawmakers, and the 2016 bill passed with bipartisan majorities in both chambers. The program financially incentivizes housing providers and school districts to partner on homeless prevention. School districts also receive state grants to boost what little, if any, money they get from the federal government to find and support unhoused kids. Funding for housing providers, meanwhile, can cover rental assistance, emergency shelter, case management and other services for all students identified as homeless — including those who live in hotels or couch-surf.

Early findings suggest the program has provided stability to some families and students, although it's not a panacea. According to a Building Changes evaluation for the state, two-thirds of households that participated in the program in 2020 and 2021 stayed in or secured permanent housing, while a quarter ended up in less stable situations, such as shelters. Housing providers primarily used the grant money they received — roughly $460,000, combined — to help families cover past due rent, landlord fees and other forms of rental assistance or move-in costs like security deposits and application fees.

In Vancouver, the homeless student stability program covered the entirety of Resly Suka's overdue rent. Her kids didn't have to relocate across the city — or across state lines, a common move along the Columbia River here — and had the chance to stay in their schools.

"It's hard on homeless kids," said Suka. "But at least we can help them focus on school if they have a place to stay."

When Suka took her cousin's advice to call her kids' school for help, Elizabeth Owen picked up the phone. Owen works as the community resource coordinator at Washington Elementary, helping families navigate services, like housing aid. The school identified 16 students as homeless — out of a total enrollment of 250 — during an annual count for the 2021-22 school year. The district as a whole counted nearly 750 homeless students, up from about 620 students during the 2020-21 school year.

Owen has the local housing providers on speed dial: She knows which receive the state grants that can actually help those families. If circumstances forced her families into neighboring Oregon, it's a gamble whether Owen's counterparts in school districts there will have the same ability to help.

"We live in a system that's extremely hard — it was set up to be difficult," she tells parents and guardians. "But we'll figure this out."

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