Helping Communities to Help Themselves

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NJ DEPARTMENT OF
CommunityAffairs

Introduction to Affordable Life Cycle Housing

What is Affordable Housing?

- Housing that people can pay for while still having sufficient income so they can pay for other needs
    - If people pay more than 30% of their income for their housing, they are considered cost-burdened
    - If people pay more than 50% of their income for their housing, they are considered severely cost-burdened
- Across NJ, average Fair Market Rent for a 2-BR apartment is $2,079 – this is affordable to households making at least $83,173 a year

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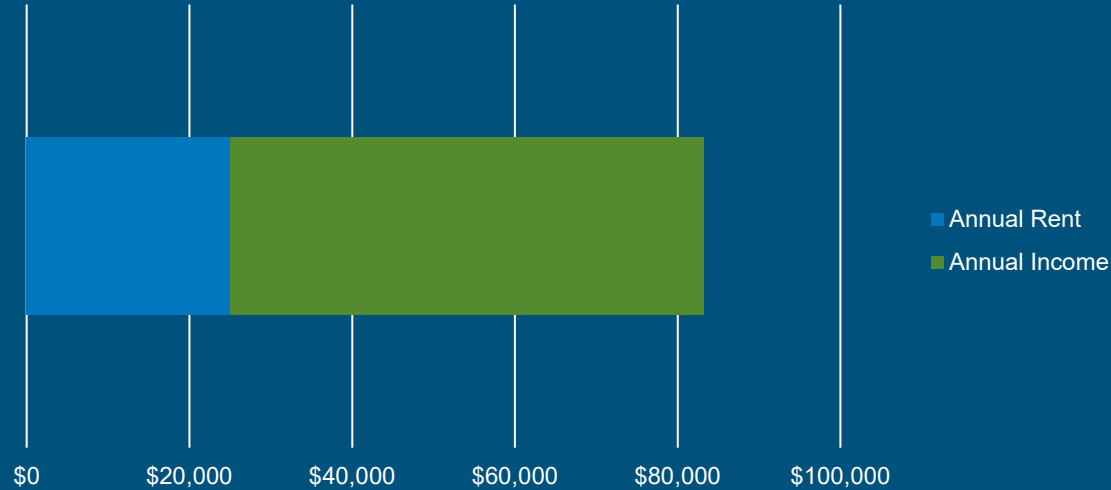
What is Affordable Housing?

- Area Median Income – just what it says
- Most affordable housing is targeted to be affordable to people who make 80% or less of their area's median income
  - Very low income – 50% or less of Area Median Income
  - Extremely low income – 30% or less of Area Median Income
  - Household size and geographic location play a role in determination

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How Do We Make Housing Affordable?

- Raise Incomes?

  - Per National Low Income Housing Coalition, the "housing wage" on average in NJ is $39.99/hour.

- Who makes less than the "housing wage"?

  - Nursing assistants, administrative assistants, home health aides, truck drivers, security guards, janitors, food prep workers, and many more

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How Do We Make Housing Affordable?

- Provide rental subsidies/vouchers?

  - With a housing voucher, people in the household pay 30% of their income toward their rent, and the voucher pays the remainder up to the Fair Market Rent

  - Can be expensive – DCA pays more than $330 million per year every year for 25,000 households in its Section 8 Housing Choice Voucher Program – and amount needed goes up as rents rise

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How Do We Make Housing Affordable?

- Create more housing!

  - More "natural" affordable housing – as housing stock increases, rents stabilize, and as people move into newly built housing, creates more vacancies for others to backfill

  - Build affordable housing - housing that sets its rent at a level that is lower than market and will be affordable to people in a certain income tier

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What is Life Cycle Housing?

- Affordable for everyone at all ages and stages of life
  - At different stages of life, people want and need different types of housing
  - People's incomes change throughout their lives
  - People's needs change throughout their lives
- People and communities aren't static – life cycle housing allows communities to adapt and evolve with their residents

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Who Lives in Life Cycle Housing?

- Young adults looking for independence, walkable downtowns, work opportunities

- Young families looking for first time homeownership

- Growing families who need more room

- Empty nesters who want to downsize in towns where they've made their lives

- Multigenerational families

- Caregivers, nursing assistants, administrative assistants, truck drivers, teachers, first responders, workers in small businesses

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What Does Life Cycle Housing Look Like?

- "Missing middle" housing
  - Single family homes and condos
  - Duplexes and townhomes
  - Owner occupied rentals
  - ADUs and tiny homes
  - 1-4 unit apartment buildings
  - Garden apartment buildings – up to ~25 units
  - Cottages, cohousing, and new models of housing

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Myths vs. Reality

- Myth: Affordable housing drives down property values
- Reality: Research shows no negative impact on neighboring home prices, market time, etc.
  - Affordable housing must comply with State and funding source requirements for safe, high quality housing, often including green features
  - Affordable housing can turn dilapidated buildings/vacant lots from eyesores into attractive homes

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Myths vs. Reality

- Myth: Affordable housing is a financial burden on towns – more kids in schools, more municipal services

- Reality: Affordable housing drives opportunities for economies to thrive:
    - Per National Association of Home Builders, 100 units of affordable housing = 300 construction jobs
    - Families who aren't cost-burdened have more money to spend in local businesses, restaurants
    - Workers who aren't worried about affording their homes are better, more stable workers – workers displaced by housing instability can average $10K in lost wages/worker
    - New households pay taxes – property taxes, sales tax, etc. – and add to the tax base

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Myths vs. Reality

- Myth: Affordable housing is a financial burden on towns – more kids in schools, more municipal services.

- Reality: Affordable housing drives opportunities for economies to thrive:
    - Revitalized neighborhoods draw more local businesses, foot traffic, etc., leading to more commercial investment and increased tax base
    - Affordable housing means workers in local businesses can live nearby – reducing commutes = more worker retention and higher productivity

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Myths vs. Reality

- Myth: Affordable housing brings down the community – more crime, less cohesion

- Reality: Affordable housing builds community

    - Housing stability = more neighborhood cohesion & less crime

    - Housing stability = healthier families, physically and mentally

    - Housing stability = improved test scores and better educational outcomes for kids

Myths vs. Reality

- Myth: Affordable housing means large apartment buildings full of small apartments, while most communities want larger single-family homes

- Reality: Any model of housing can be affordable, including single-family homes Communities need many different types of housing
  - Smaller families are a growing trend across the State and the country
  - Many areas with an aging population need smaller scale and accessory dwelling unit options
  - Affordable "starter home" opportunities for families, especially more affordable smaller homes, are a growing gap in many markets

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Affordable Housing Development

- Sounds great – how do we do it?

- Make a Plan and Assess Community Needs – NJHOMES will help

  - What does the data tell you?

  - What do your neighbors tell you?

  - What are your opportunities and challenges – land availability, zoning, infrastructure, $$$$?

  - How can you as a town take the lead and make policy that creates the neighborhoods you need?

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Affordable Housing Development

- Understand the Development Process and Development Roles
  - Vision/concept
  - Feasibility
  - Making the Deals
  - Construction & Lease-Up
  - Ongoing Operation – the Longest Phase!

Affordable Housing Development

- Identifying and evaluating good projects

  - How do we assess a project – will it work/should it work?

  - Does it meet our community's needs?

  - Does it pencil out?

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Affordable Housing Development

- How do we pay for it?
  - Tax credits
  - Federal resources like HOME, NHTF, CDBG
  - State Resources like AHTF, SNHTF
  - Local HTF
  - Other resources (CDFIs, Federal Home Loan Bank)

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Affordable Housing Development

- Any Other Help?
  - DCA, HMFA, EDA, NJRA
  - @DCA:
    - Housing & Community Resources
    - Local Planning Services
    - Local Government Services
    - Codes & Standards
    - DCA Tools:
      - Data Hub – NJ Community Asset Map, Municipal Housing Profile Dashboard, PILOT Database, NJHOMESChoice, and More!

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