

Priority Strategies to Support Housing Development in Ulster County



Prepared for:

The Ulster County Housing Consortium

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Priority Strategies to Support Housing Development in Ulster County was prepared as part of the Ulster County's Housing Consortium's mission to promote a cooperative and collaborative environment in which all persons and entities can work together to effectively and efficiently garner and use resources to ensure safe, decent, affordable housing and related support services which meet the diverse housing needs of all Ulster County residents.

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I. Why Be Concerned About Housing

Like many states and regions around the county, Ulster County has a housing affordability problem. Even with the recent national recession and the tragic terrorist attacks of September 11, 2001, the average sales price of a single family home in the county has nearly doubled over the last six years. Last year's \$190,000 median priced single family home required nearly \$64,000 in household income just to keep housing costs from being a burden—where housing costs were more than 30% of household income¹—on many of the county's residents and their families (see Table 1). Renters, likewise, are also finding it difficult to find decent housing that does not claim a

Table 1: Household Income Needed to Afford[1] Housing (2004)

County-Wide (by Housing Unit Type)	Single Family	Renter
	Owner Units	Units
	(\$2004)	(\$2004)
Median Price/Median Rent (\$2004)	\$190,000	\$740
Annual Utilities Expense [2] (\$2004)	\$1,980	\$612
Annual Real Estate Taxes [3] (\$2004)	\$840	---
Annual Insurance Expense [4] (\$2004)	\$424	---
Annual Mortgage Payments [5] (\$2004)	\$12,672	---
Affordable Payments Needed	\$1,550/Month	\$740/Month
Required Household Income	\$63,995	\$29,986

Notes:

[1] Costs do not exceed 30% of household income

[2] Excludes telephone costs

[3] At the average property tax rate for all municipalities

[4] Determined by survey

[5] 30 year term with a 5% downpayment

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disproportionately large amount of household income. In 2004, renter households needed household income of roughly \$30,000 to afford the estimated median market rent of \$740 in the county without being overly burdened with housing costs. A recent survey of rental units in the county by the Ulster County Planning Board showed that vacancy rates for rental housing are very low, wait lists for subsidized units are long (and in most cases increasing), and rents for non-subsidized rental units are increasing at a rate that is faster than the overall rate of inflation.²

These data point to rising housing affordability pressures in the county that are making it increasingly difficult for many residents to live, work and raise their families here. This is particularly true for county's younger households and families who represent the future. This is evident in the population change record of the county over the 1990s, where Ulster County experienced an alarming decline in the number of young persons aged 20-34 years old (Table 2). In fact, the county lost young people at a rate that was nearly four times the

¹ Per the guidelines of the U.S. Department of Housing and Urban Development (HUD).

² Ulster County Rental Housing Survey, 2004 (January 2005). This statement holds true for all bedroom categories except studio apartments.

U.S. average. The rate of decline in the county's young people exceeded 25% in at least half of its communities. The only community where the county added young persons during the 1990s was in the Town of New Paltz—likely a reflection of student enrollments at SUNY. There are likely many reasons for this record over the 1990s—including among others the retrenchment of IBM. However, rising housing prices also likely began to play a role in this as well during the late 1990s when housing prices began to escalate.

Table 2: 1990-2000 Population Change in (Aged 20 to 34 Years)

Community:	1990 (#)	2000 (#)	1990-2000 #	1990-2000 %
			Change (#)	Change (%)
Ulster County	41,290	32,799	-8,491	-20.6%
Esopus Town	2,167	1,556	-611	-28.2%
Gardiner Town	1,004	900	-104	-10.4%
Hurley Town	1,236	735	-501	-40.5%
Kingston City	5,902	4,409	-1,493	-25.3%
Lloyd Town	2,424	1,781	-643	-26.5%
Marbletown Town	1,079	755	-324	-30.0%
Marborough Town	1,782	1,438	-344	-19.3%
New Paltz Town	3,922	4,137	215	5.5%
Olive Town	799	555	-244	-30.5%
Plattekill Town	2,256	1,808	-448	-19.9%
Rosendale Town	1,527	1,201	-326	-21.3%
Saugerties Town	4,487	3,619	-868	-19.3%
Shawangunk Town	3,064	2,849	-215	-7.0%
Ulster Town	3,032	1,920	-1,112	-36.7%
Wawarsing Town	3,223	2,713	-510	-15.8%
Woodstock Town	1,052	609	-443	-42.1%
Rochester Town	1,228	1,136	-92	-7.5%
Shandaken Town	588	434	-154	-26.2%
Denning, Hardenburgh, Kingston Town	362	244	-118	-32.6%

Basic Data Source: Bureau of the Census

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apartment for two wage earner households—much less a single wage earner household—on average, in the county without being housing cost burdened according to HUD guidelines (See Tables 3 and 4 below).

Even if housing price increases played a less significant role in the loss of young people during the 1990s than the adjustments in the county's economy, they are playing a much more significant role now in today's housing market. For many young people, they cannot afford to come back. The cost of acquiring and maintaining a home—whether owned or rented—is today often beyond the financial capacity of these younger households, who often have lower earnings levels than households in the middle-aged and older-aged categories. In fact, many of the jobs today at businesses in the county cannot pay the costs of owning a home or renting a typical 2-bedroom

Table 3: % of County Job Sectors Paying a Wage Needed to Afford a Median Priced Home or Greater [1]

Community	Median Price in 2004 [2] (\$)	Combined Hourly HH Wage to Afford (\$ Per Hour)	Combined Annual HH Wage to Afford [3] (\$ Per Hour)	Number of Sectors (#)	Percent of The Total (%)	Earnings Multiple
Ulster County	\$190,000	\$30.77	\$64,002	2	2.8%	2.3

Memo:

Total Job Sectors (3-Digit NAICS Level) 72

Notes:

[1] QCEW wage data includes the average wage for the first 3 quarters of calendar year 2004

[2] Median Price through October of 2004

[3] Annual Average Wage is calculated by multiplying the Hourly Housing Wage by 2,080 hours

Basic Data Source: New York State Office of Real Property**Prepared By: Economic & Policy Resources, Inc.****Table 4: % of County Job Sectors Paying the HUD Housing Wage or Greater, 2000-03**

Renter Unit by Bedroom Type	2001	2002	2003
2 Bedroom Units:			
Housing Wage (@HUD FMR)	\$14.50	\$14.81	\$14.87
Annual "Housing Wage" Income	\$30,160	\$30,805	\$30,930
Number of Job Sectors	24	28	32
Percent of the Total	34.3%	38.9%	44.4%

Memo:

Total Job Sectors (3-Digit NAICS Level) 70 72 72

Note:

NA means Not Available

Sources:

National Low Income Housing Coalition [Housing Wage]

New York State Department of Labor [QCEW Data for Job Sectors]

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This is important because these younger people and their households include the next generation of the county's leaders, and represent the county's future work force. They are a key component of the county's human capital resource—comprising a big part of the unique and essential strategic economic development asset of the county—that is so critical to the success of the regional economy. In fact, it is the county's human capital resource that helps to maintain, and ultimately improve the standard of living of Ulster County residents. Yet, as Table 2 highlights, they appear to be leaving the county in great numbers—to the detriment of the county's future.³

Beyond the home-grown talent factor, there also has been growing recognition that addressing the housing issue has positive impacts on the county's strategic economic development effort as well. The county's housing problem affects the ability of Ulster

³ Appendix 1 of this study includes a full demographic and economic assessment of the county within the context of the greater Hudson Valley Region and the state as a whole.

County businesses to attract and retain the type of skilled and talented work force that is needed to effectively compete in today's high and increasingly competitive global marketplace. As housing affordability deteriorates, the ability of businesses to hold on to the best and brightest of the county's existing younger workers and their ability to attract new workers into the region is compromised. As these younger workers seek employment in other parts of the country, the quality of the county's human capital base—and therefore its future economic success and standard of living—is increasingly put “at risk.”

Aside from its connection to workforce development and retention, the county's housing affordability problem also diminishes the “livability” of communities throughout the county. Clearly, some individual communities have been more adversely impacted by recent trends in affordability than others. One of the central features of healthy, livable communities is the availability of housing options both tenure and type across the full price spectrum. This includes: (1) an ample supply of options in the lower or affordable end of the price range, (2) an ample supply through the moderate price range that allows younger workers to move into the region and those in starter homes to “trade up,” and (3) a good supply through the high end of the price range taken as a whole these allow for a smoothly functioning real estate marketplace. A full range of housing price options also promotes healthy communities through a critical interdependence between quality and affordable housing options, good jobs, high environmental quality, and a sense of community where residents want to live, work, recreate and patronize local businesses.

Community development and smart-growth literature is full of descriptions of such healthy, “livable” communities throughout the country. “Livable” communities are, by definition, places where residents patronize a vibrant local base of businesses, and are able to work and recreate in a reasonable proximity to their homes. This, in turn, encourages greater community involvement and volunteerism. When housing choices are lacking or out of balance, this critical interdependence is lost to the detriment of a community's health and “livability.”

The solution to this housing affordability problem is multi-dimensional. Any strategies undertaken to address the problem need to recognize the multiple layers of the county's housing affordability problem. To begin with, housing affordability affects are not limited to low-income households in the county. The data presented in this study show that housing affordability difficulties have recently climbed higher and higher up the household income ladder. Today these issues engulf households with incomes that are recognized as typical of middle-class and upper-middle class families. Because the issues have multiple dimensions, solutions should include strategies for the entire price and type spectrum—not just the lower end of the price range or for only one type of housing nor rental or home ownership. Further, whatever strategic options for addressing the housing portion of the county's future are chosen, the implementation of those solutions will need to be coordinated with current county efforts in the areas of strategic economic development, transportation, and land use policies. All are

interconnected, and represent important pieces of the county's strategic mosaic for ensuring a sustainable, high quality of life.

II. Overview of Recent Housing Price Trends in the County

The data on home prices and affordability in the county are striking, even if they simply confirm what many stakeholders, housing advocates, businesses, and individuals have been reporting anecdotally for the last several years. Since 1998,⁴ the median selling price of a single family home⁵ has nearly doubled, rising significantly from an average of

Table 5: Housing Price Trends in Ulster County [1]

Community	Rate of Change			Median Price 1998 (\$)
	Median Price 2004 [2] (\$)	Per Year 1998-2004 (%)	Percent Change 1998-2004 (%)	
Ulster County	\$190,000	12.1%	97.9%	\$96,000
Denning	\$151,375	NM	NM	NM
Esopus	\$196,000	11.9%	96.2%	\$99,900
Gardiner	\$309,000	15.7%	139.5%	\$129,000
Hardenburgh	\$383,500	NM	NM	NM
Hurley	\$219,250	14.8%	128.4%	\$96,000
Kingston Town	\$142,218	NM	NM	NM
Kingston City	\$155,000	14.7%	127.9%	\$68,000
Lloyd	\$216,950	12.4%	101.8%	\$107,500
Marbletown	\$226,000	13.1%	109.3%	\$108,000
Ellenville Village	\$115,750	8.7%	65.4%	\$70,000
Marlborough	\$262,000	12.4%	101.5%	\$130,000
New Paltz	\$250,000	13.0%	108.3%	\$120,000
Olive	\$185,000	10.6%	82.7%	\$101,250
Plattekill	\$247,200	13.9%	117.8%	\$113,500
Rochester	\$168,000	11.5%	92.0%	\$87,500
Rosendale	\$164,900	13.9%	118.4%	\$75,500
Saugerties	\$169,450	12.2%	100.0%	\$84,730
Shandaken	\$210,000	19.5%	190.7%	\$72,250
Shawangunk	\$232,500	12.5%	102.3%	\$114,900
Ulster	\$159,950	11.7%	93.9%	\$82,500
Wawarsing	\$123,000	11.2%	89.2%	\$65,000
Woodstock	\$290,500	12.3%	100.3%	\$145,000

Notes:

NM means **Not Meaningful** due to a very small number of arms-length transactions

[1] Includes arms length sales of single family homes, condominiums, and mobile homes

[2] Median Price through October of 2004

Basic Data Source: New York State Office of Real Property

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\$210,000 (through October) in 2004. Single family home prices in Shandaken have risen at the rate of 19.5% per year over the 1998-2004 period, with a +27.3% rate of

\$96,000 in 1998 to \$190,000 in 2004 (using data through October of 2004), an average annual rate of increase of 12.1% per year (see Table 5). Over the 1998-2004 period, arms-length single family home sales have increased at double digit rates in 4 of the last 6 years. The slowest annual rate of increase across the county is still at a lofty level of +7.3% in calendar 1999 with the highest topping out at 17.9% in 2003. In some individual communities, the escalation in housing prices has been even more dramatic. There was a near tripling in the average sales price of a single family home in Shandaken over just the last six years, where the median price increased from \$72,250 in 1998 to

⁴ With calendar year 1998 being the first year in the county where housing prices started to recover from the difficult early- to mid-1990s period in the aftermath of the IBM job contractions throughout the Mid-Hudson region.

⁵ In this study, a single family home includes the traditional single family home, condominiums, and mobile homes.

increase during the January to October period of 2004 in comparison to the same time period during calendar 2003 (see Table 6 below). Home prices have also risen sharply in the Town of Gardiner, where the median price rose from \$129,000 in 1998 to \$309,000 in 2004 through October and including a +31.5% over the first 10 months of 2004. The rate of increase in the average home price in the Town of Hurley (where the

Table 6: Housing Price Trends in Ulster County [1]

Community	Years with >10% Price Increases 1998-2004 (# of Years)	Average # of Transactions/Yr. 1998-2004 (#)	Memo: % Increase 2004 (To-Date) (%)
Ulster County	4	1,883	15.2%
Denning	NM	5	NM
Esopus	4	100	16.2%
Gardiner	4	58	31.5%
Hardenburgh	NM	3	NM
Hurley	5	89	16.8%
Kingston Town	NM	9	NM
Kingston City	6	256	21.1%
Lloyd	4	112	20.6%
Marbletown	3	74	-4.4%
Ellenville	3	36	40.6%
Marlborough	2	65	34.1%
New Paltz	2	134	27.6%
Olive	4	104	12.1%
Plattekill	3	73	21.2%
Rochester	4	97	8.9%
Rosendale	4	69	13.7%
Saugerties	4	222	13.0%
Shandaken	4	57	27.3%
Shawangunk	4	129	16.3%
Ulster	2	133	3.2%
Wawarsing	3	77	23.0%
Woodstock	4	116	15.0%

Notes:

NM means Not Meaningful due to a very small number of arms-length transactions

[1] Includes arms length sales of single family homes, condos, and mobile homes

Basic Data Source: New York State Office of Real Property

Prepared By: Economic & Policy Resources, Inc.

median price increased from \$96,000 in 1998 to \$219,250 in 2004 through October) likewise increased sharply as well—with another 16.8% for calendar year 2004 (through October).

The rate of increase in the average home sales price in the City of Kingston, the county's most populated community and one of the county's communities where housing is most affordable, also experienced a sharp increase in housing prices during the 1998-2004 period. Over the last six years, the median home sales price increased from \$68,000 during 1998 to \$155,000 by 2004 (through the first 10 months of 2004)—representing an increase of 127.9%. That corresponded to an average annual increase in the

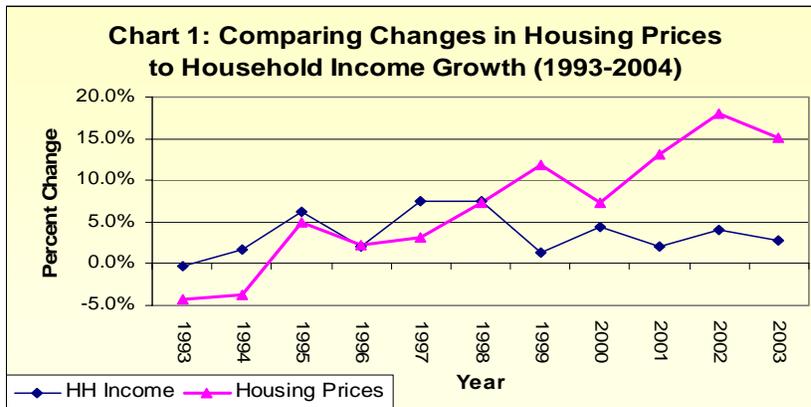
median single family home sales price in the City of 14.7% per year. The average sales price of a City home has increased at a double-digit rate in every year dating back to 1999, the only community in the entire county to do so over this period.

The most restrained rates of home price increases over the 1998-2004 period occurred in Ellenville Village⁶ (where the median price increased from \$70,000 in 1998 to \$115,750 in 2004 through October or an increase of 8.7% per year), the Town of Olive (where the median price increased from \$101,250 in 1998 to \$185,000 in 2004 through October), Wawarsing—outside the Village of Ellenville—where the median price

⁶ Ellenville was singled out as a separate sub-municipal entity for illustrative purposes in this study because of the historically important role the Village has in providing affordable housing to county residents.

increased from \$65,000 in 1998 to \$115,750 in 2004 through October (or an increase of 8.7% per year), Rochester (where the median price increased from \$87,500 in 1998 to \$168,000 in 2004 through October), and the Town of Ulster (where the median price increased from \$82,500 in 1998 to \$159,950 in 2004 through October—or an increase of 11.7% per year). Rounding out the list of communities where housing price increases was the most restrained is the Town of Esopus, where the median sales price of single family homes rose by 11.9% per year, from \$99,900 in 1998 to \$196,000 in 2004 (through the first ten months of 2004).

The “most restrained price increase” municipalities are important because they represent communities with a significant number of home price sales⁷ where median home prices did not more than double over the 1998-2004 time frame. Ellenville’s *only* 8.7% annual rate of increase—as the lowest among individual municipalities—was still a



historically elevated rate of increase in comparison to the restrained housing price environment that prevailed during the early-1990s to mid-1990s. The striking feature is that this record of the most restrained rate of housing price increase in the entire county easily out-distanced the annual rate of

household income growth in the county by a factor of between 2-3 times household income growth. A major change in the relationship between income and housing price can be seen after 2001 (see Table 7 below).

Table 7: Comparing Housing Price Changes to Household Income Growth

Year	Median SF Price	% Change	Household Income	% Change
2004 To-Date [Through Oct.]	\$190,000	15.2%	\$49,213	2.8%
2003	\$165,000	17.9%	\$47,891	4.1%
2002	\$139,900	13.1%	\$45,991	2.1%
2001	\$123,750	7.4%	\$45,047	4.5%
2000	\$115,250	11.9%	\$43,110	1.3%
1999	\$103,000	7.3%	\$42,551	7.5%
1998	\$96,000	3.2%	\$39,599	7.5%
1997	\$93,000	2.2%	\$36,834	2.0%
1996	\$91,000	5.1%	\$36,098	6.2%
1995	\$86,625	-3.8%	\$34,001	1.7%
1994	\$90,000	-4.3%	\$33,438	-0.3%

Note:

Includes arms length sales of single family, condos, and mobile homes

Source: New York State Office of Real Property

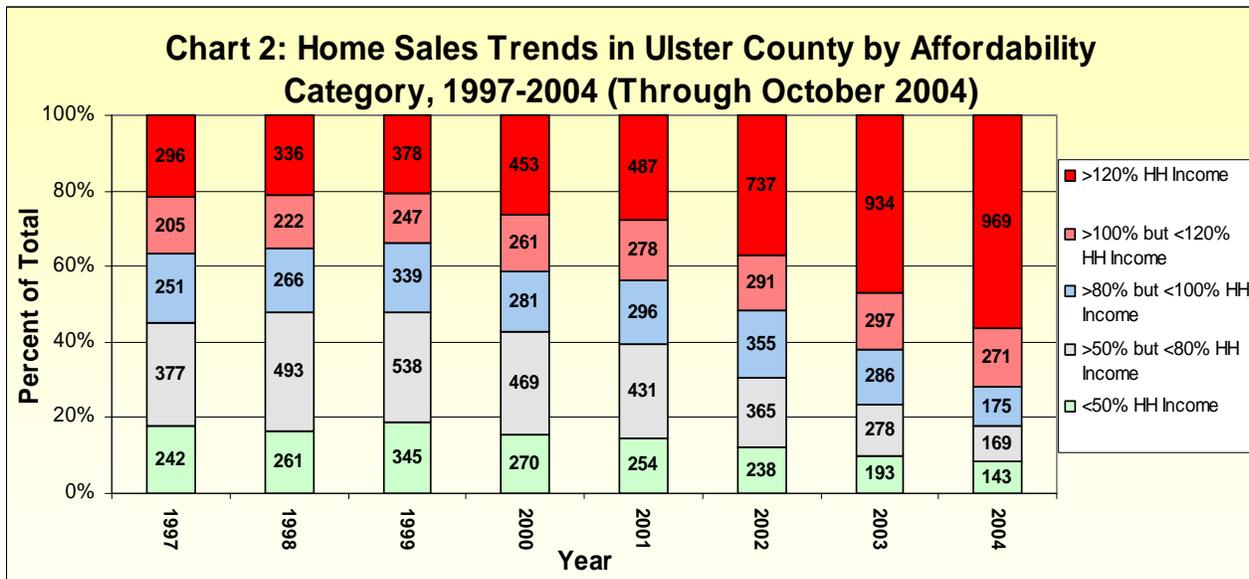
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⁷ Defined by this study as a municipality with an average number of 35 or more arms-length home sales per year during the 1999-2004 period.

III. Impact on Housing Affordability

Given the above, it is not surprising that the current situation and recent trends in affordability have deteriorated since markets began to tighten back in calendar 1999. The following section presents detailed data for owner affordability for the county and selected individual communities as well as county-wide estimates of renter affordability.

A. The Situation/Trends in Owner Affordability. In the owner category, there has been dramatic erosion in housing affordability in the county over the 1998-2004 (through October) time frame. This erosion in affordability has included a transformation in the affordability dynamics of home sales market activity in the county over the period, where the affordability profile of single family home sales has nearly become inverted (See Table 8 and Chart 2 below). Table 8 shows that during more normal home sales market dynamics in the county during the 1997-1999 period, roughly 2/3 of the transactions were at price levels that were affordable to households with incomes at or below 100% of the county median. During the period, only about 1/3 of the single home sales transactions involved that part of the market that was affordable only to households with incomes greater than 100% of the county median.



By calendar 2004 (using home sales data through the first ten months of 2004), the county's housing market had more than reversed itself. Only 28.2% (or less than 1/3) of the county's 1,727 home sales transactions were at prices that were affordable to households with incomes at or below 100% of the county median of just over \$49,200. A total of 71.8% of the county's home sales transactions were affordable only to those households with incomes greater than 100% of the county median. More than half of the county's home sales transactions (corresponding to 969 sales or 56.1% of the total) were affordable only to households who had incomes in excess of 120% of the county household average for that year. In terms of the number of transactions, there was only 487 total sales transactions in the entire county during January to October of 2004 that

were in the price range affordable to households at or below the county median income level. For the county's households in the very low-income level (those at or below 50% of the county median level), there were only 143 total sales, less than 1 of every 10 sales—or 8.3% of the 1,727 home sales transactions total.

Table 7: Trends in Single Family Home Sales in Ulster County, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004	\$190,000	143	169	175	271	969	1,727
[Through October]							
2003	\$165,000	193	278	286	297	934	1,988
2002	\$139,900	238	365	355	291	737	1,986
2001	\$123,750	254	431	296	278	487	1,746
2000	\$115,250	270	469	281	261	453	1,734
1999	\$103,000	345	538	339	247	378	1,847
1998	\$96,000	261	493	266	222	336	1,578
1997	\$93,000	242	377	251	205	296	1,371
Percent of Total							
2004		8.3%	9.8%	10.1%	15.7%	56.1%	100.0%
[Through October]							
2003		9.7%	14.0%	14.4%	14.9%	47.0%	100.0%
2002		12.0%	18.4%	17.9%	14.7%	37.1%	100.0%
2001		14.5%	24.7%	17.0%	15.9%	27.9%	100.0%
2000		15.6%	27.0%	16.2%	15.1%	26.1%	100.0%
1999		18.7%	29.1%	18.4%	13.4%	20.5%	100.0%
1998		16.5%	31.2%	16.9%	14.1%	21.3%	100.0%
1997		17.7%	27.5%	18.3%	15.0%	21.6%	100.0%

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For the City of Kingston, the erosion in housing sales activity is even more dramatic (See Table 8 and Chart 3). During the 1997-1999 period, the City's single family home sales price profile mirrored the county's, with roughly 2/3 of the transactions were at price levels that were affordable to households with incomes at or below 100% of the City's estimated median. During the period, only about 1/3 of the single home sales transactions involved a price range that was affordable only to households with incomes greater than 100% of the City's estimated median.

By calendar 2004 (using home sales data through the first 10 months of the year, the City of Kingston's housing market had reversed itself to an even greater degree than the county's. Through October of 2004, only 16.5% (or less than 1 of every 5) of the City's 255 home sales were at prices that were affordable to households with incomes at or below 100% of the estimated City median household income for 2004 of just over \$33,300. Conversely, a total of 83.5% of the City's home sales were affordable only to those households with incomes greater than 100% of the estimated City median household income. In fact, more than 2/3 of the City's home sales transactions (corresponding to 176 or 69.0% of the total) were affordable only to households who had incomes in excess of 120% of the City's estimated household average income.

In terms of the number of transactions, there was only 42 total sales in the City during the first 10 months of 2004 were in the price range that was affordable to households at or below the City's estimated median household income level. For the City's households in the very low-income level (those at or below 50% of the estimated City median household income), there were only 8 total home sales transactions or only 3 of every 100 sales in the City (or 3.1% of the 255 home sales that occurred in the City over the ten month period) that were affordable to households in this income category. Elsewhere in the county, New Paltz and Woodstock experienced a similar degree of erosion in owner affordability over the period.

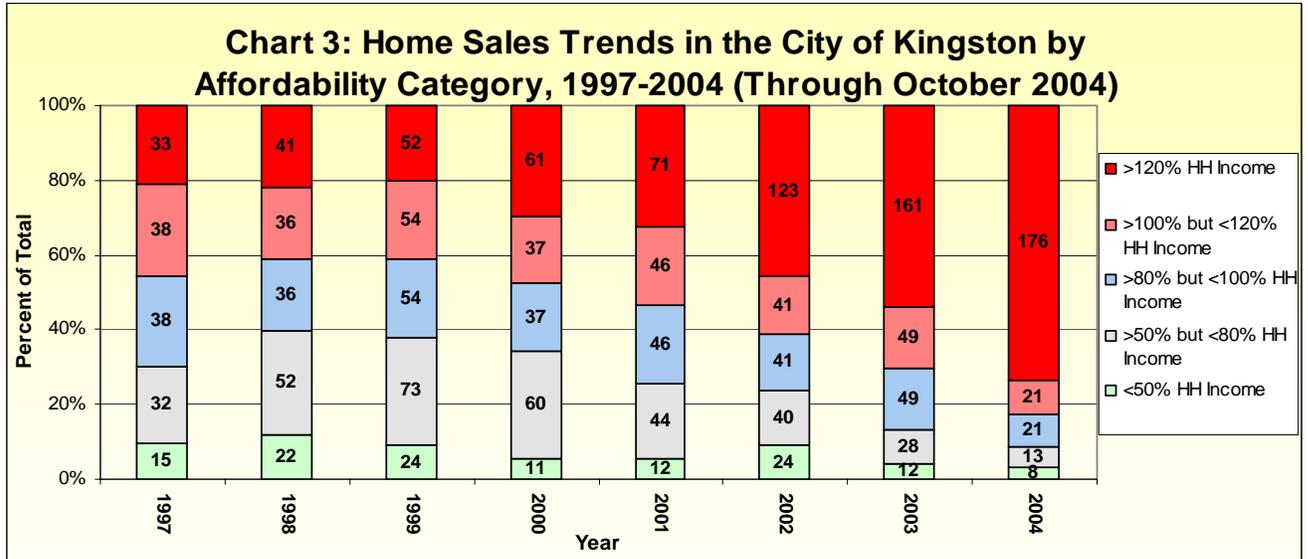


Table 8: Trends in Single Family Home Sales in the City of Kingston, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004	\$155,000	8	13	21	37	176	255
[Through October]							
2003	\$126,000	12	28	49	39	161	289
2002	\$109,180	24	40	41	43	123	271
2001	\$95,000	12	44	46	39	71	212
2000	\$85,000	11	60	37	25	61	194
1999	\$75,000	24	73	54	25	52	228
1998	\$68,000	22	52	36	13	41	164
1997	\$69,125	15	32	38	18	33	136
Percent of Total							
2004		3.1%	5.1%	8.2%	14.5%	69.0%	100.0%
[Through October]							
2003		4.2%	9.7%	17.0%	13.5%	55.7%	100.0%
2002		8.9%	14.8%	15.1%	15.9%	45.4%	100.0%
2001		5.7%	20.8%	21.7%	18.4%	33.5%	100.0%
2000		5.7%	30.9%	19.1%	12.9%	31.4%	100.0%
1999		10.5%	32.0%	23.7%	11.0%	22.8%	100.0%
1998		13.4%	31.7%	22.0%	7.9%	25.0%	100.0%
1997		11.0%	23.5%	27.9%	13.2%	24.3%	100.0%

Prepared By: Economic & Policy Resources, Inc.

The community, among the sub-group of individual communities studied, where the erosion in affordability was the least pronounced was the Town of Ulster (see Table 9 and Chart 4). During the 1997-1999 period, the Town of Ulster's single family home sales price profile was significantly more affordable than the county's profile, with roughly 3/4 of the transactions at price levels which were affordable to households with incomes at or below 100% of the Town's estimated median household income during those years. During the period, only about 1/4 of the single home sales transactions involved a price range that was affordable to households with incomes greater than 100% of the Town's estimated median.

By calendar 2004 (using home sales data through October of 2004), the town's housing market had deteriorated, but not the degree experienced on average in the county. Through the first 10 months of 2004, slightly more than 1/3 (or slightly more than 1 of every 3) of the Town's 120 home sales were at prices that were affordable to households with incomes at or below 100% of the estimated median household income for 2004 (estimated at \$48,271 for the year). On the other side of the affordability scale, a total of 63.3% of the Town's home sales were affordable only to those with incomes greater than 100% of the estimated median household income. Of the total home sales transactions during 2004 (through the first 10 months of the year), 40.0% (corresponding to 48 of 120 transactions) were affordable only to households that had incomes in excess of 120% of the Town's estimated average household income.

For the Town of Ulster's households in the very low-income level (those at or below 50% of the estimated median household income in the Town), there were 16 total home sales transactions—or 13.3% of the 120 home sales over the ten month period of 2004 where sales data were analyzed—that were estimated to be affordable to households in this household income category. Elsewhere in the county, the Town of Saugerties experienced a similar change in owner affordability over this period.

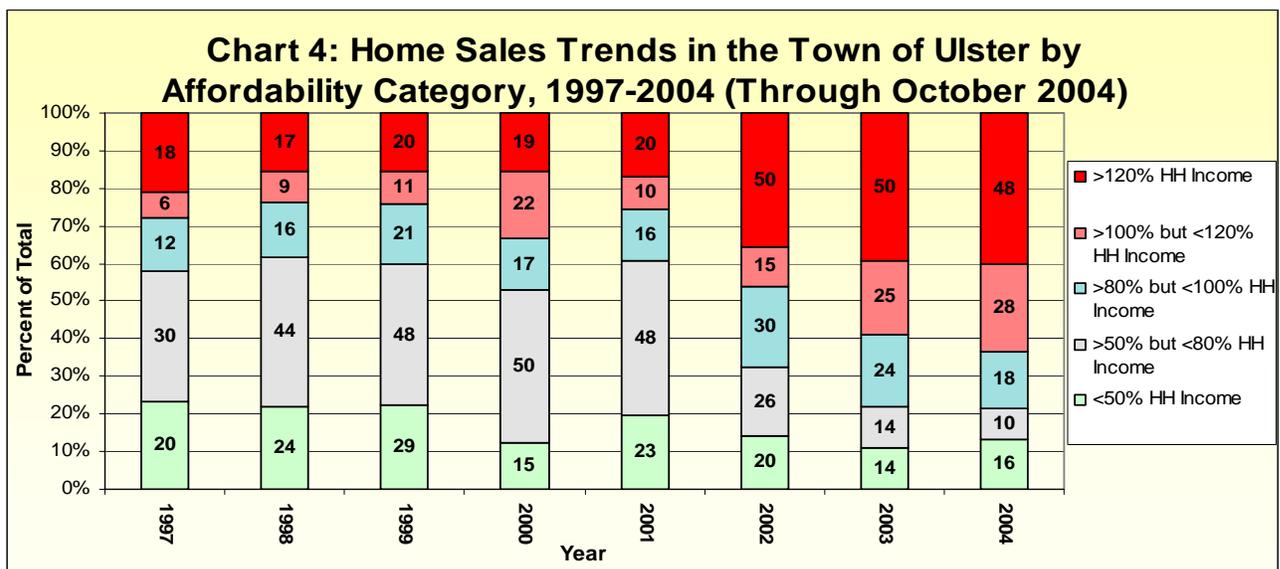


Table 9: Trends in Single Family Home Sales in the Town of Ulster, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004 [Through October]	\$159,950	16	10	18	28	48	120
2003	\$152,000	14	14	24	25	50	127
2002	\$127,000	20	26	30	15	50	141
2001	\$89,000	23	48	16	10	20	117
2000	\$95,000	15	50	17	22	19	123
1999	\$89,600	29	48	21	11	20	129
1998	\$82,500	24	44	16	9	17	110
1997	\$79,500	20	30	12	6	18	86
Percent of Total							
2004 [Through October]		13.3%	8.3%	15.0%	23.3%	40.0%	100.0%
2003		11.0%	11.0%	18.9%	19.7%	39.4%	100.0%
2002		14.2%	18.4%	21.3%	10.6%	35.5%	100.0%
2001		19.7%	41.0%	13.7%	8.5%	17.1%	100.0%
2000		12.2%	40.7%	13.8%	17.9%	15.4%	100.0%
1999		22.5%	37.2%	16.3%	8.5%	15.5%	100.0%
1998		21.8%	40.0%	14.5%	8.2%	15.5%	100.0%
1997		23.3%	34.9%	14.0%	7.0%	20.9%	100.0%

Prepared By: Economic & Policy Resources, Inc.

The community, among the sub-group of individual communities studied, where the erosion in affordability was the most significant was the Town of New Paltz (see Table 8 and Chart 5)—where the single family home price more than doubled over the 1998-2004 period. All during the 1997-2004 period, the Town of New Paltz's single family home sales price profile was skewed towards the higher end of the household income scale. Even during the municipality's best years of affordability (calendar year 2000), only about 1/4 of the transactions were at price levels that were affordable to households with incomes at or below 100% of the Town's estimated median household income. During the period, it was typical for roughly 6 of every 10 single home sales transactions to involve a price level that was affordable only to households with incomes greater than 120% of the Town's estimated median. Given the presence of the SUNY at New Paltz, it seems apparent that the presence of a high number of college students—many from out of the region—may skew the numbers.

By calendar 2004 (using home sales data through October of 2004), the town's housing market had deteriorated even further. Through the first 10 months of 2004, less than 1 of every 10 arms-length single family home sales in the Town was at a price level that was affordable to households with incomes at or below 120% of the estimated median household income for 2004. On the other side of the affordability scale, a total of 84.7% of the Town's home sales were affordable only to those with incomes greater than 120% of the estimated median household income for the Town of New Paltz. Of the total home sales transactions during 2004 (through the first 10 months of the year), only 15.3% (corresponding to 21 of 137 transactions) were affordable to households who had incomes less than 120% of the Town's estimated average household income.

For the Town of New Paltz's households at the very low-income level (or those households at or below 50% of the estimated median household income in the Town), there were no arms-length home sales transactions among the 137 transactions that had occurred through October of 2004. Over the previous 1997-2003 period, no more than 5 total transactions in the Town (nor more than 4.1% of the total transactions in any given year) occurred at a price level that was affordable to households in this at or below 50% of the median household income category. Elsewhere, the Town of Woodstock experienced a similar change in owner affordability over the period.

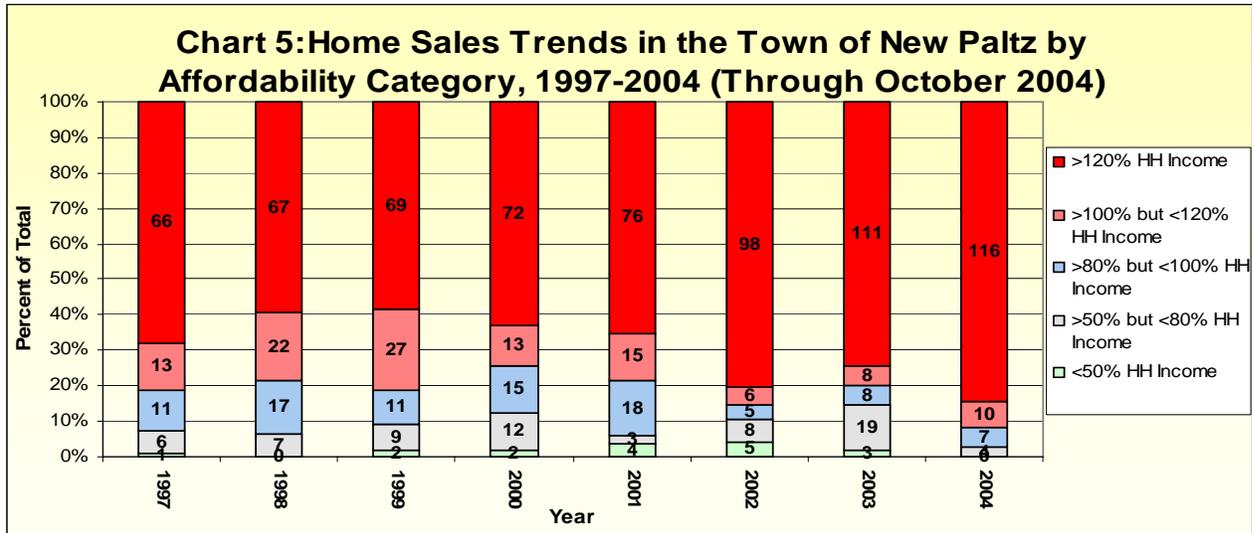


Table 10: Trends in Single Family Home Sales in the Town of New Paltz, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004 [Through October]	\$250,000	0	4	7	10	116	137
2003	\$200,000	3	19	8	8	111	149
2002	\$188,500	5	8	5	6	98	122
2001	\$153,950	4	3	18	15	76	116
2000	\$140,500	2	12	15	13	72	114
1999	\$129,500	2	9	11	27	69	118
1998	\$120,000	0	7	17	22	67	113
1997	\$124,500	1	6	11	13	66	97
Percent of Total							
2004 [Through October]		0.0%	2.9%	5.1%	7.3%	84.7%	100.0%
2003		2.0%	12.8%	5.4%	5.4%	74.5%	100.0%
2002		4.1%	6.6%	4.1%	4.9%	80.3%	100.0%
2001		3.4%	2.6%	15.5%	12.9%	65.5%	100.0%
2000		1.8%	10.5%	13.2%	11.4%	63.2%	100.0%
1999		1.7%	7.6%	9.3%	22.9%	58.5%	100.0%
1998		0.0%	6.2%	15.0%	19.5%	59.3%	100.0%
1997		1.0%	6.2%	11.3%	13.4%	68.0%	100.0%

Prepared By: Economic & Policy Resources, Inc.

For the other 4 sample communities in the county that were looked at individually, the picture is much the same. Affordability has deteriorated significantly over the 1997-2004 time frame. However, this housing price affordability deterioration has occurred between the two boundaries outlined above.

In the Town of Marborough—one of the river towns in the list of sample communities—affordability held up relatively well through calendar year 2001. Through that year, well over half of the arms-length single family sales transactions in the Town were affordable to households at 100% or below the estimated median household income in the Town. In fact through calendar year 1999, more than 6 of every 10 single family home sales transactions fit into this price range category (see Table 11 and Chart 6).

After calendar year 2001, affordability of owner units has experienced a significant decline. For calendar years 2003 and 2004, only 1 in 4 arms-length, single family home sales are affordable to town households with incomes at or below 100% of the estimated town median. Transactions over the 2003 and 2004 period also have been noticeably skewed towards the upper end of the price range, with more than 3 of every 4 transactions affordable to households with incomes that exceed 100% of the estimated town median household income level. In fact during calendar year 2004 (through the month of October), 2 of every 3 arms-length, single family housing sales were affordable only to those households with incomes that exceeded 120% of the estimated median household income level. Over the 1997-1999 period and as late as calendar year 2001, this upper end of the price spectrum comprised less than 20% (or only 1 of every 5 sales) of all of the arms-length, single family homes sales transactions in the community.

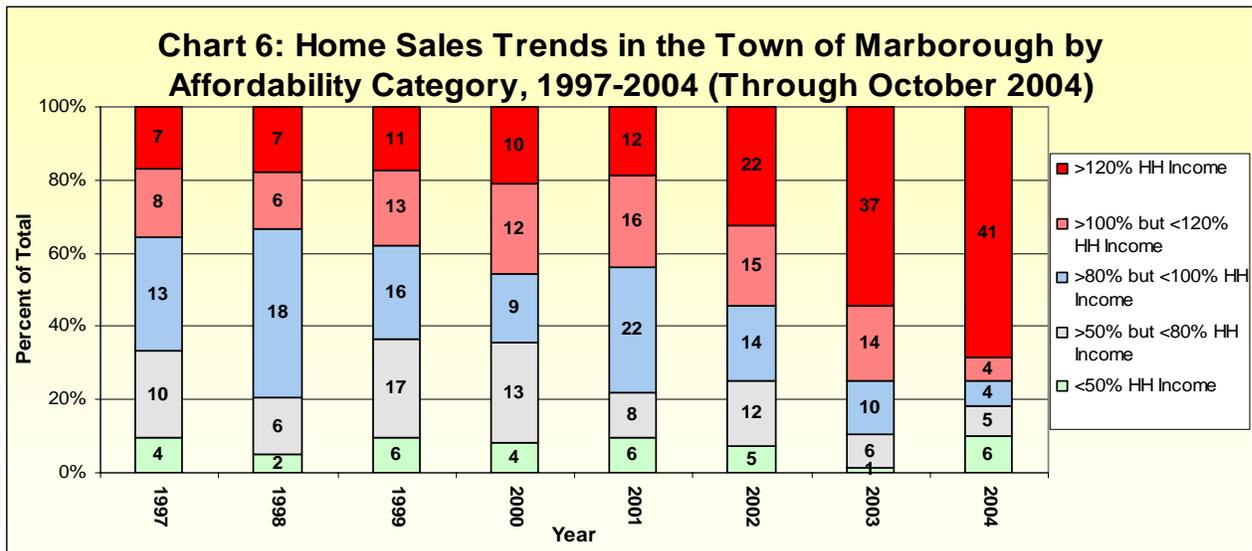


Table 11: Trends in Single Family Home Sales in the Town of Marlborough, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004 [Through October]	\$262,000	6	5	4	4	41	60
2003	\$212,500	1	6	10	14	37	68
2002	\$163,250	5	12	14	15	22	68
2001	\$150,000	6	8	22	16	12	64
2000	\$143,750	4	13	9	12	10	48
1999	\$132,500	6	17	16	13	11	63
1998	\$130,000	2	6	18	6	7	39
1997	\$115,000	4	10	13	8	7	42
Percent of Total							
2004 [Through October]		10.0%	8.3%	6.7%	6.7%	68.3%	100.0%
2003		1.5%	8.8%	14.7%	20.6%	54.4%	100.0%
2002		7.4%	17.6%	20.6%	22.1%	32.4%	100.0%
2001		9.4%	12.5%	34.4%	25.0%	18.8%	100.0%
2000		8.3%	27.1%	18.8%	25.0%	20.8%	100.0%
1999		9.5%	27.0%	25.4%	20.6%	17.5%	100.0%
1998		5.1%	15.4%	46.2%	15.4%	17.9%	100.0%
1997		9.5%	23.8%	31.0%	19.0%	16.7%	100.0%

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In the Town of Saugerties, the erosion in affordability was among the least significant among the group of individual municipalities studied in this analysis (see Table 12 and Chart 7). During the 1997-2001 period, the Town of Saugerties' arms-length, single family home sales price profile was significantly more affordable than the county's profile as a whole and nearly all of the sample communities—the exception being the Town of Ulster. Over the 1997-2001 period, more than 3/4 of the transactions at price levels which were affordable to households with incomes at or below 100% of the Town's estimated median household income. During the same period, only about 1/4 of the single home sales transactions involved a price range that was affordable to households with incomes greater than 100% of the Town's estimated median household income over those years.

By calendar 2004 (using home sales data through October of 2004), the Town's housing market had deteriorated modestly, but not the degree experienced on average in the county or in many of the other communities in the sample group. Through the first 10 months of 2004, 41.0% (or slightly more than 4 of every 10 transactions) of the Town's 210 home sales were at prices that were affordable to households with incomes at or below 100% of the estimated median household income for 2004. On the other side of the affordability ledger, a total of 59.1% of the Town's home sales were affordable only to those with incomes greater than 100% of the estimated median household income for the Town. Of the total home sales transactions during 2004 (through October), 41.0% (corresponding to 86 of 210 transactions) were affordable only to households who had incomes in excess of 120% of the Town's estimated average household income.

For the Town of Saugerties households at or below 50% of the estimated median household income in the Town, there were 25 total arms-length, home sales transactions—or 11.9% of the 210 home sales that occurred in the town over the ten month period of 2004—that were estimated to be affordable to households in this household income category. Elsewhere in the county, the Town of Ulster experienced a similar change in owner affordability over this period.

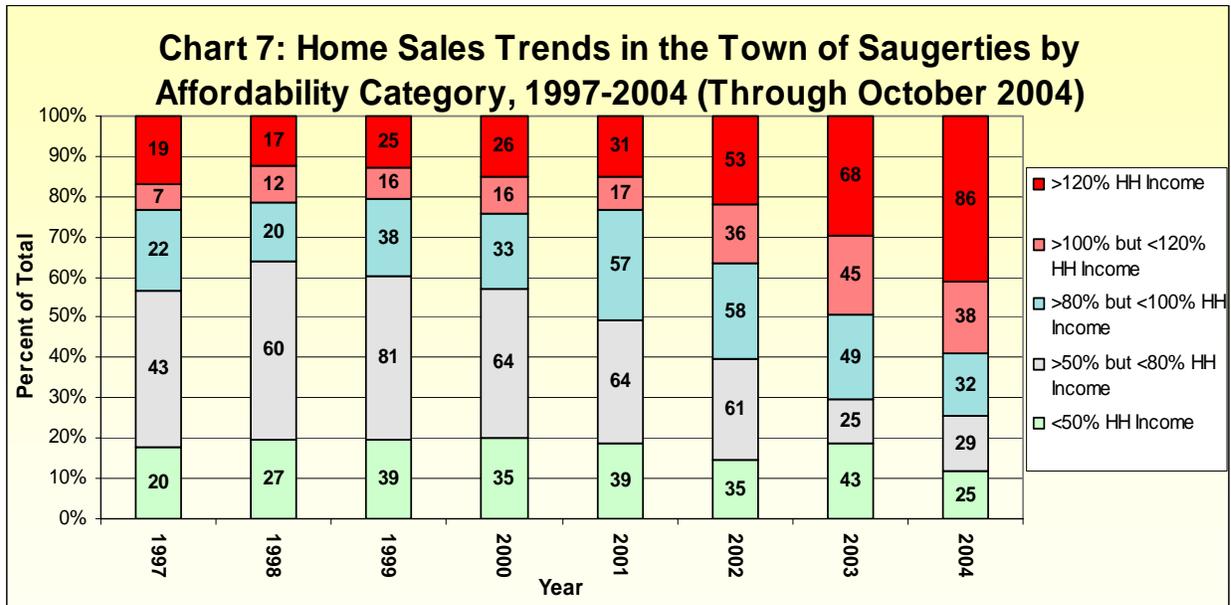
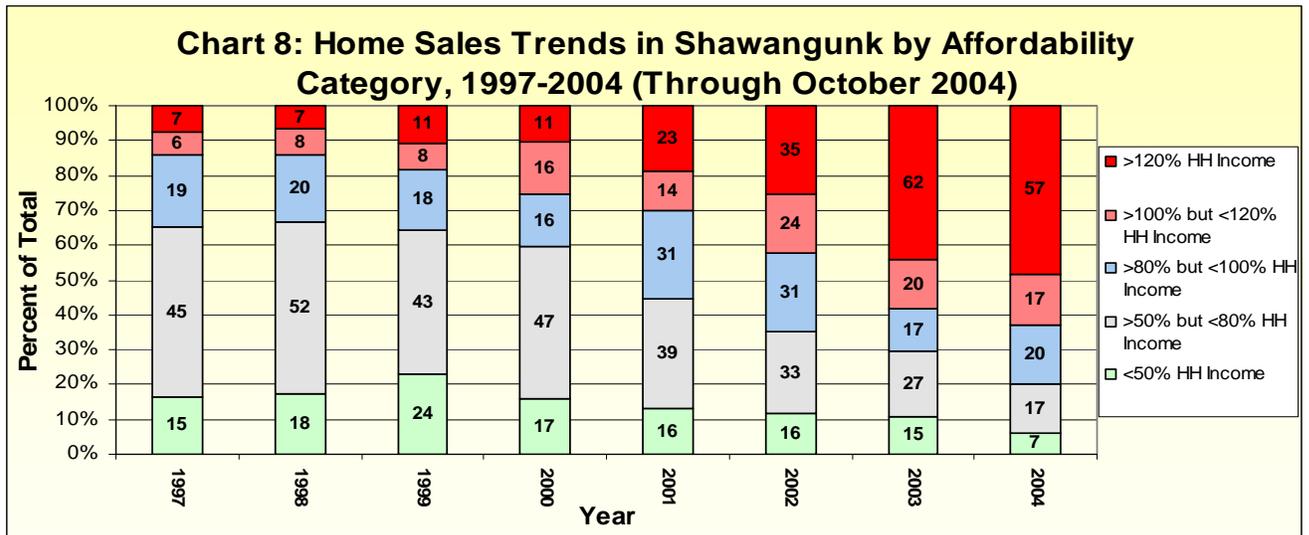


Table 12: Trends in Single Family Home Sales in the Town of Saugerties, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004	\$169,450	25	29	32	38	86	210
[Through October]							
2003	\$145,000	43	25	49	45	68	230
2002	\$125,000	35	61	58	36	53	243
2001	\$110,000	39	64	57	17	31	208
2000	\$92,750	35	64	33	16	26	174
1999	\$92,000	39	81	38	16	25	199
1998	\$84,730	27	60	20	12	17	136
1997	\$85,000	20	43	22	7	19	111
Percent of Total							
2004		11.9%	13.8%	15.2%	18.1%	41.0%	100.0%
[Through October]							
2003		18.7%	10.9%	21.3%	19.6%	29.6%	100.0%
2002		14.4%	25.1%	23.9%	14.8%	21.8%	100.0%
2001		18.8%	30.8%	27.4%	8.2%	14.9%	100.0%
2000		20.1%	36.8%	19.0%	9.2%	14.9%	100.0%
1999		19.6%	40.7%	19.1%	8.0%	12.6%	100.0%
1998		19.9%	44.1%	14.7%	8.8%	12.5%	100.0%
1997		18.0%	38.7%	19.8%	6.3%	17.1%	100.0%

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The Town of Shawangunk is a community in the southern part of the county that borders Orange County. Over the 1997-2004 period, there has been a steady erosion in housing price affordability according to arms-length, single family home sales transactions data (see Table 13 and Chart 8). Looking back to 1997 and 1998, the price profile of housing transactions showed that over 85% of the single family home sales those years were affordable to households at or below the estimated median household income level in those years. Then, housing price affordability began to erode, first slowly in 1999 and 2000, accelerating somewhat over the calendar 2001 through calendar 2003 period. In fact, the 85.9% share of total arms-length, single family home transactions registered in calendar 1997 has declined to a share of just 37.3% of the transactions by calendar 2004 (or just over 1 of every 3 arms-length sales).



In the categories that are affordable only to those households at the level of 100% of the median household income level or above, the share of single family home transactions rose from just 14.1% of the total in calendar 1997 to 62.7% of the total by calendar 2004. In the price category that includes transactions affordable only to those households with incomes greater than 120% of the Town's median, the share of the Town's transactions has risen dramatically—from just 6.7% of the total in 1998 to nearly half, or 48.3% of the total in calendar year 2004 (through the month of October).

Table 13: Trends in Single Family Home Sales in the Town of Shawangunk, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004	\$232,500	7	17	20	17	57	118
[Through October]							
2003	\$210,000	15	27	17	20	62	141
2002	\$169,950	16	33	31	24	35	139
2001	\$150,000	16	39	31	14	23	123
2000	\$127,500	17	47	16	16	11	107
1999	\$118,000	24	43	18	8	11	104
1998	\$114,900	18	52	20	8	7	105
1997	\$105,500	15	45	19	6	7	92
Percent of Total							
2004		5.9%	14.4%	16.9%	14.4%	48.3%	100.0%
[Through October]							
2003		10.6%	19.1%	12.1%	14.2%	44.0%	100.0%
2002		11.5%	23.7%	22.3%	17.3%	25.2%	100.0%
2001		13.0%	31.7%	25.2%	11.4%	18.7%	100.0%
2000		15.9%	43.9%	15.0%	15.0%	10.3%	100.0%
1999		23.1%	41.3%	17.3%	7.7%	10.6%	100.0%
1998		17.1%	49.5%	19.0%	7.6%	6.7%	100.0%
1997		16.3%	48.9%	20.7%	6.5%	7.6%	100.0%

Prepared By: Economic & Policy Resources, Inc.

The Town of Woodstock rounds out this examination of the sub-county, community-by-community sample (see Table 14 and Chart 9). From the data, the Town's housing price distribution for arms-length, single family home sales has deteriorated significantly just as the other communities in the study's sample has over the 1997-2004 period. Back in calendar year 1999, 51.2% or just over half of the total arms-length transactions in that year were affordable to households that were at or below the Town's median household income level. Since calendar 1999, there has been a dramatic decline in affordability to the point where the share of arms-length, single family home sales had dropped to just 12.7% of the total in calendar 2004 (through October).

Conversely, the share of transactions that is affordable to only those households in the Town that were at or above 100% of the Town's median household income has increased to 87.3% of the total—or nearly 9 of every 10 transactions. In the price category that includes transactions affordable only to those households with incomes greater than 120% of the Town's median, the share of the Town's transactions has more than doubled—from 35.7% of the total in 1999 to more than ¾ of the transactions, or 78.2% of the total arms-length, single family home sales transactions in calendar year 2004 (through the month of October).

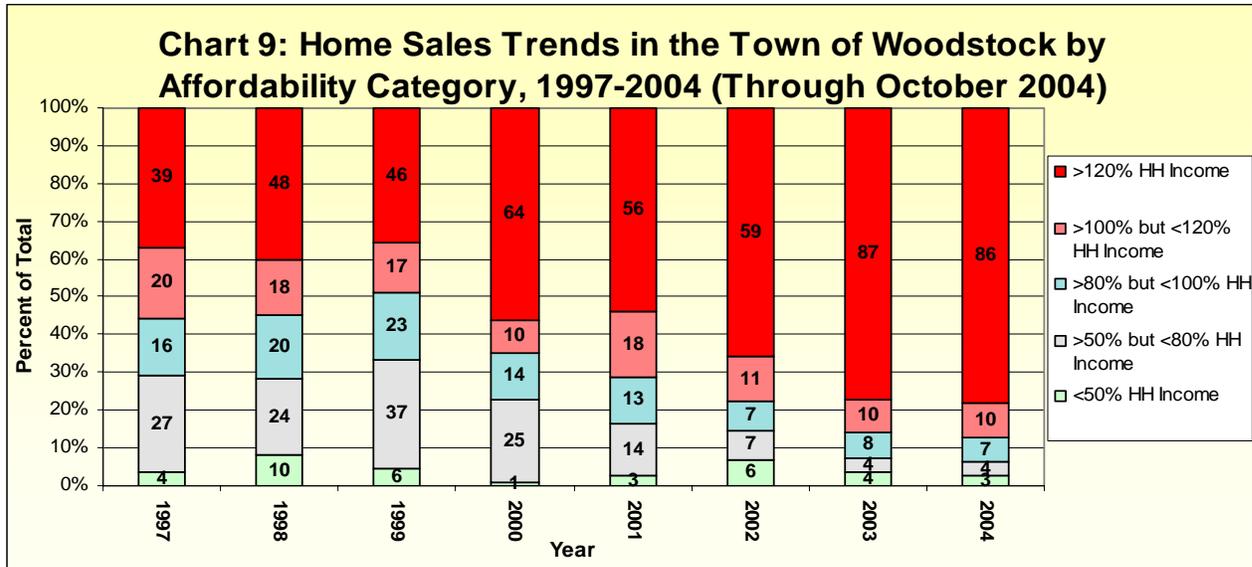


Table 14: Trends in Single Family Home Sales in the Town of Woodstock, 1997-2004

Year	Median Price	Number of Home Sales Affordable to :					Total
		< or = 50% of Med. HH Inc.	>50% but <80% of Med. HH Inc.	>80% but <100% of Med. HH Inc.	>100% but <120% of Med. HH Inc.	= or >120% of Med. HH Inc.	
2004 [Through October]	\$290,500	3	4	7	10	86	110
2003	\$265,000	4	4	8	10	87	113
2002	\$235,250	6	7	7	11	59	90
2001	\$205,000	3	14	13	18	56	104
2000	\$188,750	1	25	14	10	64	114
1999	\$142,000	6	37	23	17	46	129
1998	\$145,000	10	24	20	18	48	120
1997	\$136,500	4	27	16	20	39	106
Percent of Total							
2004 [Through October]		2.7%	3.6%	6.4%	9.1%	78.2%	100.0%
2003		3.5%	3.5%	7.1%	8.8%	77.0%	100.0%
2002		6.7%	7.8%	7.8%	12.2%	65.6%	100.0%
2001		2.9%	13.5%	12.5%	17.3%	53.8%	100.0%
2000		0.9%	21.9%	12.3%	8.8%	56.1%	100.0%
1999		4.7%	28.7%	17.8%	13.2%	35.7%	100.0%
1998		8.3%	20.0%	16.7%	15.0%	40.0%	100.0%
1997		3.8%	25.5%	15.1%	18.9%	36.8%	100.0%

Prepared By: Economic & Policy Resources, Inc.

B. Owner Housing Wage in 2004: A second way to look at owner affordability is to turn the equation around and assess what level of household income is needed for a household in the county of a community to affordably purchase a median priced home. This section of the analysis makes the tie to the county labor market and illustrates how difficult it has become to live and work in the county and still be able to afford to purchase an “average priced home.” This was first presented for the county as a whole in section I. above on page 3. Table 15 shows the data for the county and the 7 individual municipalities that were part of the sample communities examined in this study.

The data in the table demonstrate just how difficult—if not nearing impossible—it has become for families with only one breadwinner to both work and live in the county. For the county, the roughly \$64,000 average household income in 2004 needed to afford a single family home at the \$190,000 median price, is well beyond the income level of most jobs where there is only a single wage earner in a household. According to this analysis, it took total annual wages-earnings from 2.3 average-paying private sector jobs in the county for an average household to be able to “affordably” purchase a single family home in 2004 (using annualized county wage data through the first 3 quarters of calendar 2004).

Table 15: % of County Job Sectors Paying a Wage Needed to Afford a Median Priced Home or Greater [1]

Community	Median Price in 2004 [2] (\$)	Combined Hourly HH Wage to Afford (\$ Per Hour)	Combined Annual HH Wage to Afford [3] (\$ Per Hour)	Number of Sectors (#)	Percent of The Total (%)	Earnings Multiple
Ulster County	\$190,000	\$30.77	\$64,002	2	2.8%	2.3
Selected Municipalities:						
City of Kingston	\$155,000	\$24.23	\$50,398	3	4.2%	1.8
Marborough	\$262,000	\$42.62	\$88,650	0	0.0%	3.3
New Paltz	\$250,000	\$44.31	\$92,165	0	0.0%	3.4
Saugerties	\$169,450	\$27.00	\$56,160	2	2.8%	2.1
Shawangunck	\$232,500	\$36.78	\$76,502	0	0.0%	2.8
Ulster	\$159,950	\$26.00	\$54,080	2	2.8%	2.0
Woodstock	\$290,500	\$47.00	\$97,760	0	0.0%	3.6
Memo:						
Total Job Sectors (3-Digit NAICS Level)				72		

Notes:

[1] QCEW wage data includes the average wage for the first 3 quarters of calendar year 2004

[2] Median Price through October of 2004

[3] Annual Average Wage is calculated by multiplying the Hourly Housing Wage by 2,080 hours

Basic Data Source: New York State Office of Real Property

Prepared By: Economic & Policy Resources, Inc.

Among the 7 communities in the sub-county municipal sample, the annual household wage to afford a single family home in 2004 ranged from a low of \$50,398 in the City of Kingston to a high of \$97,760 in the Town of Woodstock.⁸ For the Town of Woodstock, it is noteworthy that there is not a single private sector job category where the average wage paid in the county exceeded the owner housing wage level. The same was true for the Towns of New Paltz and Marborough. These data indicate that one of a number of circumstances would be required for a household to affordably purchase a median priced single family home in those communities. First, the household would need multiple wage earners if the wage earners worked in Ulster County. Alternatively, the principal wage earner or wage earners would need to work at businesses in relatively higher earning locations. Third, a purchaser household could have one or more parties

⁸ The average household wage in this context reflects the total household income needed to afford a median priced home in each community per this analysis (see Appendix III for an explanation of this methodology) divided by 2,080 hours per year.

that had either accumulated significant savings-wealth and/or potentially sold another piece of property in a higher priced market area and utilized a significant amount of accumulated equity to make a large down-payment on a home in an Ulster County community. Of course, there could be combinations of any or all of the above possibilities.

Even in the communities such as the City of Kingston and the Towns of Ulster and Saugerties that are at the lower end of the needed household income spectrum, the news is not all that much better. The number of job sectors in the county's employment base that could affordably support a median priced single family home purchase in 2004 where there is only one wage earner—were in fact few and far between. Only 3 sectors or 4.2% of the total private sector job categories in the county in 2004 paid an average wage where a single earner household could afford to purchase a median priced single family home in that community without housing cost stress. In the Towns of Ulster and Saugerties, the number of job sectors meeting the affordability parameters listed above totaled just 2 sectors (or just 2.8% of the total number of private sector job categories) in each community. In both cases, these data indicate why two wage earner households are now the norm here in the county (and elsewhere as well), even in those municipalities where housing prices are the most affordable.

C. The Situation/Trends in Renter Affordability. For renters, this study shows there has been a similar erosion in affordability. However, the data indicate that this erosion is somewhat less pronounced than in the owner category. The median rent in the county is estimated to have increased by 4.3% per year over the 2000-2004 period, eight tenths of a percentage point faster than the 3.5% per year increase in the U.S. Consumer Price Index for Rent of a Primary Residence. Approximately 1/3 (or just over 7,100 units) of the estimated 22,265 renter units in the county in 2004 are estimated to be affordable to very low-income households (see Table 16). Roughly $\frac{3}{4}$ of the county's renter units can be considered affordable to households with household incomes at 80% of the county median or below. This percentage is estimated to have increased to over 90% of the total for households at or below the county's median income level of more than \$49,200. The estimated \$740 median rent level requires a household income totaling \$29,986 in 2004 to be affordable to renter households (that is to keep households from spending greater than 30% of their income on rent and utility⁹ costs). That household income level was 58.9% of the county household income average.

⁹ Excluding household costs for telephone service.

Table 16: Estimate of Affordable Renter Units in the County

	Very Low Income HH	Moderate Income HH	Median Income HH	Above Median Income HH
% of Median HH Income	50%	80%	100%	120%
Annual HH Income	\$24,606	\$39,370	\$49,213	\$59,055
Monthly Utility Expense (Excluding Telephone)	\$51	\$58	\$60	\$64
Monthly Income	\$2,000	\$3,223	\$4,041	\$4,858
% of Income for Rent Payments	30.0%	30.0%	30.0%	30.0%
Affordable Rent	\$600	\$967	\$1,212	\$1,457
Estimated 2004 Median Rent	\$740	\$740	\$740	\$740
Estimate of Year-Round Rental Units Below	7,128 32.0%	17,023 76.5%	20,431 91.8%	21,843 98.1%

Prepared By: Economic & Policy Resources, Inc.

D. Fair Market Rent Housing Wage: Another way to look at renter affordability is to track the estimated affordable housing wage (from the National Low Income Housing Coalition) as implied from the Fair Market Rents (FMR) for the county published by the U.S. Department of Housing and Urban Development. Data in Table 17 show the level and the trend in 2 bedroom, 3 bedroom and 4 bedroom units in the county and compares the implied affordable housing wage to the number of private sector job categories in the county's job base where pay is equal to or greater than the estimated renter housing wage.

Table 17: % of County Job Sectors Paying the HUD Housing Wage or Greater, 2000-03

Renter Unit by Bedroom Type	2001	2002	2003
2 Bedroom Units:			
HUD Fair Market Rent	\$736	\$754	\$770
Housing Wage (@HUD FMR)	\$14.50	\$14.81	\$14.87
Annual "Housing Wage" Income	\$30,160	\$30,805	\$30,930
Number of Job Sectors	24	28	32
Percent of the Total	34.3%	38.9%	44.4%
3 Bedroom Units:			
HUD Fair Market Rent	\$958	\$982	\$1,003
Housing Wage (@HUD FMR)	\$18.88	\$19.29	\$19.37
Annual "Housing Wage" Income	\$38,515	\$39,352	\$39,515
Number of Job Sectors	10	8	13
Percent of the Total	14.3%	11.1%	18.1%
4 Bedroom Units:			
HUD Fair Market Rent	\$1,206	\$1,236	\$1,262
Housing Wage (@HUD FMR)	\$23.77	\$24.27	\$24.35
Annual "Housing Wage" Income	\$48,491	\$49,511	\$49,674
Number of Job Sectors	5	4	5
Percent of the Total	7.1%	5.6%	6.9%
Memo:			
Total Job Sectors (3-Digit NAICS Level)	70	72	72
Note:			
NA means Not Available			
Sources:			
National Low Income Housing Coalition [Housing Wage]			
New York State Department of Labor [QCEW Data for Job Sectors]			

Prepared By: Economic & Policy Resources, Inc.

The table shows that renters also have found it difficult to afford county FMRs, even though the extremely low mortgage rate environment that has prevailed for this period has underpinned a “modern golden age” of homeownership and average wages have increased somewhat. Fewer than half of the job categories would allow a single wage earner household to afford a 2 bedroom renter unit at the FMR level—up from just over 1/3 of the county’s job sectors in 2001. Just fewer than 1 in every 5 job categories would pay enough to affordably support a FMR payment for a 3 bedroom unit in the county—up slightly from 14.3% of the job categories in 2001. Fewer than 1 in 10 of the county’s job categories (or only 6.9%) pay an average wage that would be sufficient to allow a single wage earner household to afford the FMR of a 4 bedroom unit. The 2 bedroom category did experience a significant improvement over the 2000-04 time frame (of just under 10 percentage points from 34.7% of the sectors to 44.4% of the total).

However, the level of improvement overall appears to be for the most part tied to the lack of an increase in the Fair Market Rent levels over the period as opposed to a robust level of wage growth in the county’s private sector job base. In addition, the county’s non-profit stakeholders also point out that there has been a reduction in the number of units that are affordable to very low and extremely low income households that is not evident in these aggregate indicators of renter affordability.

IV. The County’s Housing Affordability Outlook Continues to Worsen

The reasons underpinning the deterioration in housing affordability in the county are still open to on-going discussions-debate. The data appear to support the view that, whatever the motivation-reasons for transactions, a significant amount of home-buying activity in the county is being supported by investment dollars from those previously living and/or working outside of the county. The rate of price increase in single family homes in particular is rising at a much higher rate than the rate of increase in household incomes, and has been doing so for more than 5 years dating back to 1999 when this period of significant price escalation began (presented earlier in Table 7). This is symptomatic of a speculative situation, where housing prices in a region rise more significantly than the underlying growth rates in regional jobs and household income.

To date, the growth in owner housing price increases in the county are not yet characteristic of the full-fledged price bubble which are typically accompanied by few or no additions to the regional housing stock—a situation that is not currently evident in the county. However, there is evidence of high and increasing housing price-affordability stress throughout the county. Tangible signs of a significant abatement in the price of acquiring, owning, and/or renting a home, remain few and far between. This situation may change as a result of a rise in long-term interest rates although other regional factors have a role.

Indeed, price increases in the county appear to be being driven by the combination of good surface transportation access (e.g. Interstate Route 87) and “relatively high”

housing prices in other parts of the greater Mid-Hudson Valley region, including Westchester, Rockland, Putnam, and Dutchess counties, and supply issues generally. This combination has resulted in a dynamic situation where the families of workers throughout the Hudson Valley labor market area are choosing to live in Ulster County while working elsewhere in the Hudson Valley region. Evidence of this can be seen in the increase in out-commutation contained in the 2000 Census data and anecdotally from the number of cars in the park and ride lots located around the county. These regional dynamics are typical throughout the northeast. Examples include the Boston metro area and points west along Route 2 and the Mass Turnpike, and the Portland Maine metro area and areas to the north up the Maine Turnpike and to the east along U.S. Route 302. Closer to the county, the same is true with escalating housing prices in the Fairfield County, Connecticut area and lower housing cost areas to the northeast along U.S. Routes 84 and 8 in the Lower Naugatuck Valley region.

This above is true even as the rate of housing price increases began to moderate slightly in parts of the Hudson Valley region during late-calendar year 2004—particularly in the upper end of the price range in the region’s higher priced areas such as Westchester, Orange, and Putnam counties. Although there are some signs that the rate of housing price escalation also appears to have begun to moderate in the upper end of the price range in Ulster County as well during the period, this has represented merely a slowing in the otherwise strong rate of housing price increases in the county. This moderating trend also has not yet been sufficient to begin to significantly arrest, much less reverse, the significant and still increasing erosion in housing affordability in the county—particularly for the owner portion of the county’s housing stock—that has occurred over the last half decade. In fact, the data show that the rate of housing price increase through the first 10 months of 2004 was below the 6 year average rate of increase in only 3 of the 19 municipalities studied in this analysis (including the Towns of Marbletown, Ulster, and Rochester as presented back in Table 6).¹⁰

There are only two ways that the current imbalance will be “corrected.” The first way is for housing prices experience a period of significant decline. The second involves an increase in the rates of growth in the economic fundamentals underlying the region—including additions to housing supply, increasing rates of job and income growth. The correction could, of course, also include some combination of the two. Since it is rare that housing prices in a region would experience a protracted period of significant price decline,¹¹ it is more likely that an improvement in the market fundamentals of the county will be needed in order to off-set a near doubling in housing prices over the last 6 or 7 years.

¹⁰ In the Town of Rosendale, the +13.7% rate of housing price increase through October of 2004 was only marginally below the +13.9% average for the 1998-2004 (through October) period.

¹¹ See U.S. Home Prices: Does Bust Always Follow Boom?, Federal Deposit Insurance Corporation (February 2005).

a. The County's Poor Affordability Situation is Likely Not Self-Correcting. The above discussion demonstrates that the current housing affordability pressures is not likely to be self-correcting without some policy intervention—unless the county is prepared to “wait” for an exceptionally long period of time for affordability to come back into a more balanced alignment. Household incomes in the county would likely take many years to catch up to the degree of housing price escalation that has occurred in the county since 1997-98. In addition, although there is an avalanche of projects representing more than 5,000 units in projects in various stages of the development review-construction pipeline in the county, many developers continue to express concern—indeed frustration in some cases—with the high up-front costs and length of time needed to conceive, receive permits for, and then construct projects. This is true, even though the construction of these projects would add significantly to the county's housing supply and at least begin to deal with some of the price escalation pressures that have impacted affordability across the county.

The deteriorating housing affordability in the county is a logical outcome of the economic-demographic dynamics of the entire Hudson Valley region and surrounding metro areas (including the New York metro area), the governance structure in the county where the culture of home rule remains strong, and the still uncoordinated approach to education the public as to why housing development is good for the region's economy and the quality of life in the region.

There also is evidence that the NIMBY phenomenon (or **Not in My Backyard**) remains pervasive throughout the county, judging by the myriad of new stories surrounding housing development in the county. It is natural for people to “like things the way they are” in their communities, and the public will resist change—particularly in the development of housing when there are concerns about the design, quality, and target market of what is proposed to be constructed. This situation calls for the refinement and implementation a more coordinated and deft housing policy within the county. **The Ulster County Consortium, which includes an impressive cross-section of the county's stakeholders directly involved in housing and closely related issues, appears to be in the best position to undertake such an effort.**

V. Overview of the Strengths, Weaknesses, Opportunities, and Threats Analysis of the County

As part of this study, a Strengths, Weaknesses, Opportunities, and Threats assessment (or a SWOT) was conducted by our team. Interviews with key regional stakeholders in and associated with the housing issue were conducted during the Winter of 2004-05. These interviews were conducted in order to receive and gauge important information from knowledgeable individuals and groups across the county as to: (1) conditions on the “ground,” (2) the level and quality of efforts to address the issue relative to their perceived need, and (3) how those engaged housing activities viewed the execution of programs and the quality of the services delivery infrastructure. The following is a synopsis of what these interviews revealed.

A. Strengths

This analysis uncovered a number of reported strengths for the county. These ranged from the existence of several positive examples of affordable housing projects in the county to a still significant inventory of available land for housing development.

1. Positive Examples: There Are “Good” Affordable Housing Projects in the County.

Unlike some areas of the northeast, the county has several positive examples of past projects that can be pointed to as successes in the area of affordable work force housing. These examples can be cited as evidence of some success when attempting to educate the public on the advantages-shortcomings of developing housing projects of this type. SWOT participants pointed to the Park Heights in Rosendale, Meadowbrook in New Paltz, and the Chambers Court and Birchwood Village projects as good examples where projects have successfully been developed to the benefit of the residents **and** the municipalities where they are located. SWOT interviewees also mentioned the Kingston Housing Authority as a particularly effective and well run-organization. This organization currently has 657 units under management in their portfolio.

2. Construction Activity: A “Full” Regional Construction Pipeline.

A number of SWOT interviewees mentioned the recent news stories indicating that there were a number of housing projects are under consideration. A review of projects in that pipeline indicates that over 5,000 units including approximately 300 subsidized units was either under development review or close to entering the development review process. In addition, this SWOT analysis indicated that the County Health Department may approve over 1,000 septic systems within the next year—an indication of robust building activity. Further, the County’s Long-Range Transportation Plan—which is admittedly a forecast in the upper end of the range that is designed to measure traffic congestion and long-term transportation needs for the county—is forecasting households to grow by 8,000 between 2000 and 2010, and an additional increase of 9,000 households between 2010 and 2020. This level of increase in households indicates a continuing strong demand for housing and therefore housing construction over the period.

Respondents reported that such a level of robust housing construction was viewed as a situation that can both help and potentially hurt efforts to develop housing projects at the moderate to lower end of the price range. SWOT respondents felt that if most of these units delivered to the inventory by housing construction are “unaffordable” to young families in the region, this demand accomplishes little to address increasing affordability problems in the county and the Mid-Hudson Valley region. However, including affordable units as part of the construction-development mix—even if it is developed over a longer than expected period of time—could provide tangible assistance as part of a comprehensive plan to address housing affordability in the county.

Respondents also indicated that if the new housing stock increases allow existing residents to move-up the price spectrum from in their housing choice, then the

prospective additions to the county housing supply by this pipeline development would represent a local strength. If the new stock only meets market demand generated by immigration, then this new demand will do little to alleviate the existing affordability pressures discussed earlier in this study.

3. Regional Organizations: Active Organizations in the County.

SWOT participants indicated that they felt another local strength of the county is the relatively few, but active organizations that are working on the housing affordability issue. For example, respondents mentioned the Ulster County Housing Consortium as such an organization. The consortium was created in 2000, and includes representatives from the County Planning Board, the Ulster County Legislature, the judiciary, the private sector, RUPCO, and the Ulster County Development Corporation—among several others. The Consortium acts as an advisory board that coordinates the county’s housing efforts and allows it to access certain funding assistance from HUD. The assembly of the consortium allowed the county to “get in the game” for federal HUD continuum of care creating the needed policy coordinating and implementation umbrella that is required to apply for and these funds. The consortium reports that as a result of their first several years of effort, the county has been awarded approximately \$2.5 million to support disabled homeless, transitional living for adolescents and their infants, permanent housing for women with children, rental assistance and case management services for homeless with chemical dependencies, and permanent housing for homeless families.

Many SWOT participants also recognized the efforts of the Rural Ulster Preservation Company (RUPCO) as a county asset for implementing progressive solutions to housing affordability. RUPCO administers a County Home Ownership Grant Program, and this program provided down payment and closing cost assistance to 41 low-income and moderate-income households over the past year. The program is reported to have leveraged \$600,000 into \$3.5 million in private mortgages. An additional \$600,000 was awarded to the County in December of 2004 to continue its work in this area. RUPCO will administer the funds to provide home ownership assistance to an anticipated 29 moderate-income families and leverage \$2.5 million toward affordable home ownership.

In addition to the above, RUPCO also builds and revitalizes affordable housing projects. As an organization, they have built or rehabbed and currently manage 111 residential units throughout the county. RUPCO also initiated a new program called the “Section 8 to Homeownership Program.” This program’s objective is to move Section 8 renter households to home ownership, after they meet certain income and other threshold requirements for owning a home. Homebuyer education classes are mandatory under this program, and participation in other educational programs is encouraged.

The county’s Department of Social Services also was identified as a regional asset. More specifically, SWOT participants pointed to the recently developed regional Homeless Management System in the Hudson Valley. As part of this effort, the county’s Department of Social Services brought in Dutchess and Orange Counties as collaborating partners. The federal government requires the county to collect data on

homeless populations as a prerequisite to HUD funding. Service providers for the system enter data on homeless populations and generate information regarding the number of and services used by homeless individuals and families in Ulster County. This data is an important part of knowing and understanding the level of demand (need) for such housing services in the county and in neighboring counties as well.

It also is noteworthy that there are a number of other quality organizations in the county that are active in the area of housing that were not explicitly mentioned by SWOT interviewees. These include housing authorities in Ellenville and Saugerties, special needs providers such as Family and Gateway, and several other departments of the county—including the Departments of Planning, Aging and Mental Health.

4. Land: The County Has An Inventory of “Affordable” Land.

The price of land in the county is viewed by SWOT respondents as being a regional strength—but also a weakness in some respects. Although the price of land is reported to be relatively expensive and rising rapidly, SWOT interviewees indicated that land currently remains at more affordable levels than similar land in neighboring counties to the south and east. SWOT participants indicated that the people who are finding it increasingly difficult to buy land are those who are trying to live in the county and earn Ulster County wages. Clearly, the second situation represents the weakness portion of this situation. The former indicates the seed of an opportunity (see the Recommendations part of this report in Section IX for additional details on the strategy for seizing upon this opportunity).

B. Weaknesses

As with the Strengths listed above, SWOT respondents also pointed out there were a number of weaknesses that in their view needed to be addressed in the county. These weaknesses ranged from the largely reactive and under-supported level of local-municipal planning in the county to a perceived lack of aggressiveness in pursuing available funding to support housing programs-activities.

1. Decision Making and Planning Processes: Lack of Local-Municipal Planning Capacity.

Participants in the SWOT surveys indicate that the planning process in Ulster County is largely reactive in nature. They point out only two communities have a paid planner on staff. Zoning enforcement officers, department secretaries, or volunteer board chairs staff the planning departments in the other 23 municipalities in the county. However, these volunteer positions exist mainly to review development proposals and enforce existing codes.

This is viewed as a serious weakness because professional planners on staff at the municipal level can provide a proactive view on development as well as reviewing development proposals and assist in code enforcement. Planners also can help the community prepare for its unique needs, create development codes and incentives to implement community-supported decisions, negotiate development projects in the interest of the town, and provide consistent policy advocacy for the town over time. This

is important for a development climate of consistency and fairness for municipalities in the county.

In the municipalities in the county, development fees are charged to fund most planning activities at the municipal level. This system pays for plan review but not for comprehensive planning or code development. Moreover, the municipality is put in the position where what planning is done, is funded by the entity initiating the development. Without a proactive planning staff to advocate for a consistent and coherent set of development policies, the municipality will likely experience inconsistent, haphazard development. This environment does not lend itself to municipalities' thoughtfully preparing for their long-term future.

The SWOT interviews revealed a local government perspective on housing affordability issues that may be symptomatic of this lack of planning capacity. SWOT respondents indicated that they observed that the general level of knowledge about housing affordability issues and model strategies for effectively dealing with such issues as being "low." The demand for, supply, and benefits of developing work force housing at the low- to moderate-end of the price spectrum is not well known "on the street level" and among municipal boards and staff in many of the county's municipalities. Likewise, educational materials about the housing issues in this regard are not common, and the number of housing developers actually developing affordably-priced housing is also relatively low. Even worse, informed public discussions about the housing affordability issue are minimal. Moreover, SWOT respondents also pointed out that the words "affordable housing" spoken in most any forum often creates false images and impressions in the minds of many. That reaction will have to be addressed to build the type of broad consensus needed to make significant progress towards addressing the county's increasing housing affordability problem.

SWOT participants also indicated there is little public understanding with respect to the linkage between economic development and housing. Upstate House Magazine in its March 2005 article "Growing Pains: Despite Demands, New Development Faces Myriad Difficulties and Strong Resistance" put it succinctly when the authors of the article wrote that ***"developers face a limited amount of land, a patchwork of varying zoning codes, and strict environmental requirements. But the most formidable obstacle is community resistance...many communities, encountering an onslaught of attention and interest from developers are pulling up their drawbridge and enacting moratoria on new construction."*** If the county is to address its housing and economic development needs, it needs to do a better job of drawing the connection between quality job creation and housing choice across the entire price spectrum—the critical workforce-to-housing connection.

2. Housing Costs: Home Prices Are Escalating.

Consistent with the transactions data reviewed earlier, several of the SWOT participants commented on recent increases in the cost of single family homes as a regional weakness. They cited statistics from the most recent rental survey by the Ulster County Planning Department which found that rental rates in the county continue to rise and are

now above the U.S. Department of Housing and Urban Development (HUD) fair market rates, ranging from \$700 for 1-bedroom apartments to \$994 for 3-bedroom apartments in some cases. SWOT participants also report that the number of renters paying over 30% of their household income on rent is reported to have doubled in the past 10 years (Again, see Appendix 1 for a review of data and information on this issue). Therefore, SWOT participants believe the housing affordability problem is growing just as more attention is being focused on getting the issue addressed.

Some SWOT participants commented on statistics contained in a recent 2004 New York State Association of Realtors Report that indicated the median selling price of single-family residences in Ulster County rose by approximately 75% since 2000 (to \$210,500 compared to a statewide median of \$232,000) as evidence of increasing affordability stress.¹² At the same time, they also point out that the number of existing homes sold declined by over 15% through 2003 (although this category experienced a slight increase volume in 2004). In addition, SWOT respondents also indicated that homelessness is on the rise in the county. One respondent said: **“There is a significant and growing homeless population, and the characteristics of the homeless are changing as housing becomes less affordable to more people.”** The federal government has also reduced its support of housing, and funds are inadequate to meet current needs.”

3. Funding Resources: A Perceived Lack of Aggressiveness in Pursuing Public Funding:

SWOT participants also commented on what they perceive as the lack of aggressiveness by county groups and advocates in seeking federal and state subsidies for sub-market rate housing. A SWOT participant listed a specific instance where there are specific Notices of Funding Availability (NOFA) for veteran housing, and no one to their knowledge from Ulster County has or routinely applies for such funds. Some SWOT participants also point out that the Ulster Savings Bank has many mortgage options available to potential home buyers. However, this SWOT analysis indicates that buyers in the county are often unaware of those opportunities or they are intimidated by the process required to access those assistance from such programs.

C. Opportunities

In addition to the above, SWOT participants identified a number of opportunities for the county to tackle its housing affordability issues. Opportunities range from leveraging of the county’s land assets to cultivating the county’s leadership to build a broad regional consensus for action. Each is described below.

¹² This median selling price is somewhat different than the housing price data presented earlier from arms length transactions from the New York State Office of Real Property. This is because the realtor data does not include all arms-length transactions since it only covers those in the MLS network.

1. Leveraging County Land Assets: Utilize County-Owned Open Land.

The county has land with existing buildings that it currently owns outright that may be suitable for residential development. Two county owned properties have been identified on Golden Hill and Flatbush Avenue. Both of these properties have access to sewer and water and have ample land for multifamily residential development.

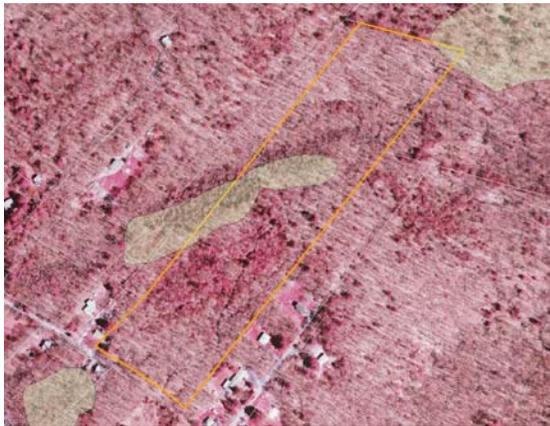


Golden Hill



Flatbush Avenue

2. Leveraging County Land Assets: Utilizing Parcels from Tax Delinquencies for Housing.



One area of opportunity for the county relayed by SWOT respondents was an opportunity for the county to creatively leverage its land assets acquired by tax delinquencies. Currently, it is reported that the county owns 49 vacant parcels of land greater than 1 acre in size. Many of those parcels are landlocked or in floodplain areas. There are 8 building lots suitable for housing development—totaling roughly 37 acres. One of those properties is 17 acres in size and is located in the Town of Shawangunk in a residential neighborhood.

Shawangunk Property, 17.5 acres

Another county owned property which offers promise for housing development is a 3 acre parcel in the town of Shawangunk as well.

For those properties that fit the criteria for residential development, a request for proposal process could be initiated that requires inclusion of affordable housing as part of the decision on sale. Where properties have existing residential dwellings, the county could sell the house with a restrictive covenant on the title to ensure for perpetual affordability. Such a covenant would restrict to owners equity share with a majority of the equity remaining with the building.

Such an approach implies the county would have to be agreeable, at times, to accepting less than market value for its land assets in order to provide a financial incentive to develop affordable housing on those parcels. This is essentially an incentive based approach using the private sector to create needed housing.

3. County Leadership: Seizing the Current Opportunity to Address Increasing Need.

This SWOT analysis indicated there are opportunities for several county-level entities to take on the responsibility to facilitate a more aggressive approach to the housing affordability issue. Some groups in the county have made progress toward accepting this challenge as evidenced by the number of dedicated groups within several departments of the county government that were undertaking significant pieces of this regional issue. However, SWOT participants indicated that a broad-based consensus for action on these issues that is proportional to the scale of the housing affordability issue is still lacking.

Indeed, many respondents identified the Ulster County Housing Consortium (including several regional groups, the County Planning Board, and the Ulster County Economic Development Corporation) and the Ulster County Legislature as key players in developing a consensus for addressing the housing affordability issue in the county. The prospective roles of these groups vary, but all groups acting in a coordinated and concerted way, were identified by SWOT participants as an being integral part to finding successful solutions.

4. State Government: Opportunities for Greater Collaboration:

Several SWOT respondents pointed to the myriad of state programs that they felt the region had not yet fully tapped into. They also expressed interest in following state legislative developments more closely and advocating for what they felt were positive legislative proposals in support of housing. For example, one SWOT respondent pointed to a bill currently pending in the State Legislature that is proposing to change the way affordable housing property is assessed—from a property value approach to an income approach. If the assessed property value (and therefore its annual property tax bill) was based on the income produced from the project in contrast to the value of the land, the taxes and cost of operating the project would be lower. This would allow sub-market rents to generate enough income to pay all of the costs of a housing project—including property taxes.

In addition to efforts to reduce the carrying costs of sub-market housing projects, there are a number of state programs that respondents felt the county could take greater advantage of. One example mentioned was the state Low Income Housing Tax Credit program. Although there is some difference of opinion about how aggressive the county has been in seeking finding assistance from this program, there was some sentiment that the county could be more aggressive in capturing a larger share of the state's resource allocation for that program and several other state programs that support affordably priced housing development. A full description of state programs and estimates of historical activity in the county under each major program area currently

available to assist the county to address the housing affordability issue is found in Appendix 3 of this report.

SWOT participants also mentioned several other state programs including:

- Homeless Housing and Assistance Program (as enacted by Chapter 61 of the Laws of 1983) - this program authorizes state financial assistance to provide grants or loans to acquire, construct or rehabilitate housing in order to expand the supply of housing for low income persons who are, or would otherwise be, homeless. The Family of Woodstock, Inc. in Ulster County has received \$841,350 from the total HHAP funding out a total of \$39 million available. RUPCO has three programs funded by this program.
- State of New York Mortgage Agency (SONYMA) Low Interest Rate Mortgage Program - provides below market interest rate mortgages to qualified low and moderate-income first-time homebuyers. Low down payment mortgages for one to four family dwellings and cooperative apartments are available. The program is financed by SONYMA through the sale of tax-exempt bonds and has purchase price limits. Ulster Savings has originated many of these mortgages as well as numerous others. Meetings with Ulster Savings Bank revealed that there are over 200 different types of mortgage programs that they use to get low-income residents in homes. Ulster Savings bank and SONYMA are two valuable opportunities to Ulster County residents for owner occupied housing.
- New York State Affordable Housing Corporation - provides financial assistance, as a part of a package of other private and public investment, for the construction, acquisition, rehabilitation, and improvement of owner-occupied housing. Since 1999, AHC have awarded 3 projects in Ulster County totaling \$930,000 in AHC award funds. These funds affected a total of 48 units. SWOT participants also indicated this program appears as an untapped opportunity.
- New York Main Street Program - provides grants to stimulate reinvestment in mixed-use (commercial/civic and residential) buildings in downtowns and village centers. The program helps address issues of code compliance, energy conservation, accessibility, and to provide affordable housing and job opportunities. The Shandaken Area Revitalization Project (SHARP) Committee, Inc. was awarded \$200,000 of funding through this program. RUPCO also was awarded \$200,000 in the first round of funding and has another application for \$400,000 that is pending.

D. Threats

The next section of the SWOT analysis deals with those issues that participants identified as threats to the county on this issue. Threats, as opposed to weaknesses, are those challenges that are generated from external factors and organizations of which the county has little direct control over. The county can react and adapt to these factors and forces. The following issues were identified by SWOT participants as the principal threats on the housing program-issue front for the county.

1. The 2006 Federal Budget: Reduced Federal Funding Support for Non-Defense Discretionary Spending Programs Such as Housing.

By far, the greatest threat to Ulster County's efforts to address the housing cost affordability issue identified by SWOT participants may be coming from the federal government. SWOT participants commented that the federal 2006 budget proposes an 11% decrease in funding for HUD. Housing support for persons with disabilities is proposed to be cut in half from \$238 million to \$120 million. Funds for tenant vouchers under the Section 8 Program would be cut by \$2.9 billion over the next five years. SWOT participants also indicated that another \$200 million is proposed to be cut from public housing. The federal budget also proposes to reduce funding by \$14 million from the current services baseline for fair housing. An additional \$13 million is proposed to be cut from AIDS housing. Over at the U.S. Department of Agriculture's rural housing service, SWOT participants indicated that this program is to be reduced \$99 million in federal fiscal year 2005 to \$27 million for federal fiscal year 2006. These proposed cuts are then carried forward in the federal government's fiscal planning estimates for subsequent years.

This situation is repeated in many other areas of the federal government as it struggles with an escalating structural budget deficit. This is an artifact of the dramatic erosion in the federal budget balance over the last five years from a roughly \$220 billion federal surplus to a roughly \$350 billion-\$375 billion structural budget deficit. Until the structural budget deficit is brought back under control, there is likely to be continuing downward pressure on all types of federal discretionary spending, but particularly for non-defense programs—for at least the next 5 federal fiscal years, if not longer.

2. Escalating Construction Costs: Cost of Construction and Building Materials.

SWOT participants also indicated that the costs of construction and building materials are rising rapidly. The ability to construct sub-market rate housing is withering under those rising costs. Subsidies to construct below-market priced or rented units must therefore include greater subsidies in order for a project to succeed financially.

In addition, some SWOT participants reported another largely hidden dimension of how the trend of escalating construction and building materials prices hurts the expansion of the housing unit inventory at the lower end price spectrum. Rising costs add an extra dimension to "risk" to the developer which often is enough to discourage them from undertaking "unfamiliar" development projects with sub-market housing—even with incentives. It is reported by some SWOT participants that developers become comfortable with building a certain type of house in a specific density and expect to sell it in a fixed price range. If a mixed use/mixed income housing development project or a project with a significant affordable housing component is desirable for an area, it is often more difficult to attract private developers in a rising construction and building materials environment because that environment creates an added area of risk in an already unfamiliar area, to the detriment of developing a creative, but clearly alternative product outside of the experience realm of many developers.

3. Local Property Taxes: High School Property Taxes/Strained School Capacity.

SWOT respondents also reported that rising taxes and the school funding formula also threatens the ability to construct sub-market or affordable housing. School crowding and cost has increased pressure to restrict the number of housing projects. It is assumed by many that more housing—particularly lower priced units—leads to an increase in school age children on an already overcrowded school system. This perception coupled with the tax abatement needed for many sub-market units makes it much more difficult to receive necessary approvals.

VI. Overview of the County's Zoning Regulations

An important part of this study was a review of the zoning ordinances of every municipality in Ulster County from the standpoint of their ability to encourage or discourage housing development—including higher density, below market priced housing. This review focused on whether or not specific zoning tools were in place that commonly are used around the country to encourage the development of housing. More specifically, this analysis looked for the general availability of zoning tools such as density bonuses, set-asides or mandatory affordable percentages, accessory dwelling provisions as key components of housing friendly zoning.

This review found over 125 different zoning districts in Ulster County that allow for residential development. Each district has similar characteristics yet all vary slightly in their specific provisions. Regulations also vary within individual districts on the basis of the availability of water and sewer. For example, in the Town of Hurley, the R-2 zoning district allows for 4 dwelling units per acre if the units are serviced by municipal sewer and water and one dwelling unit per acre if they are not. The analysis here assumes the availability of sewer and water giving the maximum allowable density. The main variables inventoried include: density; maximum allowable height of buildings; allowances for accessory dwellings; whether multi-family dwellings are permitted by right; inclusionary zoning; and if the municipality had any form of density bonuses or incentives for affordable housing. The sources used for this research was the zoning documents currently on file at the offices of the Ulster County Planning Board.

In general, there is little variation between zoning ordinances in the county. As expected of an urban area the City of Kingston stands out as an exception on density allowances and incentives. Towns outside of the Catskills generally have more sophisticated statutes than the more rural communities that may have only one or two districts. There is strong consistency between municipalities on height restrictions, accessory dwellings, and density bonuses. Almost every municipality allows accessory dwelling units in residential districts. None of them, with the exception of 4 districts in the City of Kingston, permit multi-family uses as a right. Very few have density bonuses and inclusive zoning. A summary of the County's zoning documents are included in the table in Appendix 2.

The City of Kingston has 4 zoning districts that permit the landowner to build multi-family dwellings without requiring a special use permit. The density on the lots, depending on the district, is 8 units per acre or higher. This has the advantage of notifying potential developers that the municipality has planned for and expects high-density residential development in certain locations. If the proposed development meets design guidelines and engineering specifications then the developer typically experiences a facilitated review process. The City of Kingston also has a Residential/Mixed Use zone with an inclusive zoning tool. Developers seeking adaptive reuse of commercial buildings must reserve 20% of the residential units as “affordable” if they develop more than 5. The City of Kingston is the only municipality in the county with inclusive zoning.

Senior housing appears to be gaining in acceptance in terms of zoning regulations in the county. There are six municipalities that have some type of incentive to encourage affordable senior housing. The Town Marlborough, New Paltz Village, the Towns of Olive, Shawangunk, Ulster, and Warwarsing each provide density bonuses to developers who agree to build affordably-priced units for senior citizens. The incentive varies between municipalities. Marlborough increases the allowable density from 1 unit per acre to 10 units per acre. Olive has a 100 percent density increase for projects with affordable senior housing. New Paltz Village increases their allowable density from 6 units per acre to 24 units per acre in the R-3 zone for affordably-priced senior housing projects.

The zoning districts that allow the tallest buildings in the county can be found in the City of Kingston and the Village of Saugerties. Buildings as high as 80 feet (or 7 to 8 stories) are permitted in those two communities. The highest densities can be found in the City of Kingston, and in the Villages of Ellenville, New Paltz, and Saugerties.

There are 13 municipalities with vacant parcels that are served by public sewer and water. The municipalities and the zoning districts for those vacant parcels are shown in Table 17. Some of the vacant parcels are in districts that do not allow residential development. However, for the districts that do allow development, considerations could be made for specific incentives and/or regulations that allow for higher density, below market prices housing.

These districts, that have vacant land that is served by sewer and water, represent the greatest opportunity to focus higher density, more affordable housing development. Municipalities should work diligently to make efficient use of public infrastructure, and provide appropriately scaled residential development in areas where there is water and sewer infrastructure is available. This study considers overall residential development densities of less than 4 units per acre to be an inefficient use of public infrastructure. In terms of smart growth and quality communities as well as below-market priced housing, the county and its communities should identify existing sites that can support higher density development as well as priority growth areas for future infrastructure investment. Together, these areas could be candidates to expand the village and hamlet pattern while including affordable or below market priced housing.

Municipality	Total Vacant Lots	W/Sewer	W/Water	W/Both	Zoning W/Both
Ellenville	573	573	573	573	R-A; R-1; R-2; R3; R/O; B1; B2; B3; I1; I2;
Kingston City	750	750	750	750	All Zoning Districts
Lloyd	681	248	201	152	R-2, R-1, R-1/2, R-1/4, GB, MF-10, PUD, PRD, LI, DB
Marlborough	468	40	135	39	R, R-1, C, HD, IND
New Paltz Town	356	6	24	3	B-2, I-1
New Paltz Village	107	107	107	107	R-1; R-2; R-3; B-1; B-2
Rosendale	306	26	44	25	R-1, R-2, R-2a, R-3, B-1, B-2, A
Saugerties Town	1,207	143	32	29	R-1, R-2, R-3, GB, I
Saugerties Village	126	126	126	126	A; R-1; R-2; R-3; B-1; B-2
Shawangunk	653	18	15	12	R-AG1, R-AG4, SB
Ulster	833	153	292	110	R-10, HC, RC, OM
Wawarsing	1,269	47	67	19	R/V-15, B/R, I/L
Woodstock	949	376	41	23	R-1, R-3, H
Total	14,659	2,833	2,541	1,968	

Table 18 shows those zoning districts with vacant parcels that are served by public sewer and water. The highlighted districts show the areas that have densities less than 4 units per acre. Consistent with the discussion above, these are the areas of opportunity for meeting housing needs while preserving community values.

Table 18: Zoning Districts With Vacant Parcels Served By Public Sewer-Water (May 2005)

Ellenville	R-1	4/ac	Rosendale	A	1/1.5AC
	R-2	7/ac		R1	1/.5AC
	R-3	4/ac		R2	3/AC
	R-1A	1.3/ac		R3	5/AC
Esopus	R40	1/AC	B1	8/AC	
	R12	1/AC	B2	4/AC	
Kingston	RR	4/1ac	Saugerties Village	A	1/AC
	RR	5/1ac		R1	5/AC
	R1	8/1ac		R2	7/AC
	R2	8/1ac		R3	12/ac
	R-3	8/1ac	B1	8/ac	
	Mixed Use	8/1ac	B2	4/ac	
	R-4	8/1ac	Saugerties Town	R1	1/2AC
	R-5	8/1ac		R2	1/1ac
R-6	8/1ac	R3		4/ac	
		RH		4/ac	
Lloyd	R2	2/ac	GB	4/ac	
	R1	1/ac	Shawangunk	R1	4/AC
	R1/2	1/2ac		SB	8/AC
	R1/4	1/4AC			
Marlborough	R	4/1ac*	Ulster	R10	4/AC
	R1	1/1ac		LC	4/AC
New Paltz Town	B2	6/1ac		HC	4/AC
				RC	4/AC
New Paltz Village	R1	8/ac		OM	4/AC
	R2	16/ac	Warwarsing	RC5	1/6AC
	R3	24/ac		R/V	2.5/1AC
	B1	16/ac		BR	2.5/1AC
	R3	6/ac	Woodstock	R3	1/3AC
	B1	16/ac		HR	4/AC
	B2	8/ac		HC	4/AC

VII. Overview of the County's Current Housing Tool Kit

Over the last five years the county has increased its efforts to build strategic partnerships and assemble an organizational infrastructure to address housing needs that includes access to funding assistance from HUD and various other programs. This section of the study presents an overview of the existing tool kit for implementing housing strategies and policies in the county. It begins with an overview of current organizations and stakeholders working on housing issues and concludes with an inventory of the types of tools and approaches that “successful” regions employ in dealing with housing issues, and the type smart development-growth that supports “livable communities-regions.”

A. Overview of Selected Housing Groups “On the Ground.” There are a number of organizations and stakeholder groups “on the ground” that currently are actively working on the housing affordability-availability issues. This list includes many but not all of the various stakeholder groups

Ulster County Housing Consortium: The Ulster County Housing Consortium, the coordinating entity for this study, was formed in June of 2000 to help fill that critical coordinating function, in addition to providing a conduit for groups and stakeholders to identify, and develop a consensus on solutions to the county’s wide range of housing needs. The Consortium is comprised of a broad cross-section of stakeholders and representatives of the Ulster County Planning Board, the Ulster County Development Corporation, members of the county legislature, regional non-profits, and many others. One measure of the consortium’s success was the \$2.5 million the county received to support disabled homeless, transitional living for adolescents and their infants, permanent housing for women with children, rental assistance and case management services for homeless with chemical dependencies, and permanent housing for homeless families.

Rural Ulster Preservation Company (RUPCO): The Rural Ulster Preservation Company (RUPCO) is the RPC that operates county-wide. RUPCO provides a wide range of housing assistance and as a “Neighborworks” organization brings significant professional resources to bear. RUPCO administers a County Home Ownership Grant Program that provides down payment and closing cost assistance to 41 low and moderate-income households in the past year. The program leveraged \$600,000 into \$3.5 million in private mortgages. An additional \$600,000 was awarded to the County this past December, and RUPCO will administer the funds to provide home ownership assistance to an anticipated 29 moderate-income families and leverage \$2.5 million toward affordable home ownership. RUPCO also builds and revitalizes affordable housing projects. The organization has built or rehabbed, and currently manages 111 residential units in the county. RUPCO manages the county’s Section 8 housing subsidy program, managing the majority of the 1,635 vouchers issued in 2004,¹³ and it has developed and implemented an innovative Section 8 to Homeownership Program. The Section 8 to Homeownership Program includes, after meeting certain income and other threshold requirements, steps to tangibly assist families to move from the Section 8 rental program to home ownership. Homebuyer education classes are mandatory, and participation in other educational programs is encouraged. In total since April of 2003, RUPCO has been the recipient of more than \$1 million in state funding to undertake its housing assistance efforts.

Shandaken Area Revitalization Project (SHARP) Committee, Inc.: The Shandaken Area Revitalization Project Committee, Inc.(SHARP) has substantial experience in housing issues. SHARP develops and maintains affordable housing for low- and

¹³ The Kingston CDA (237 vouchers), the Town of Wawarsing (144 vouchers), and the Saugerties PHA (180 vouchers) manage the rest.

moderate-income residents in the towns of Olive, Woodstock, Hardenburgh, and Shandaken. The Committee also manages economic development revolving loan funds and other revitalization projects. Since 2001, SHARP has received over \$500,000 in grant awards for the state HOME and state Main Street programs.

Ulster County Department of Social Services: The Department of Social Services is also a major player meeting the needs of the county's homeless population. The Department recently developed a regional Homeless Management System in the Hudson Valley, collaborating with the counties of Dutchess and Orange, to devise a regional approach to this issue. The federal government requires the county to collect data on homeless populations as a prerequisite to HUD funding. Service providers enter data on homeless populations and generate information regarding the number of and services used by homeless individuals and families in Ulster County. The data collected by this effort is an determinant in assessing the demand for and nature of housing services needed by this part of the county's population.

Strand Community Organization to Rehabilitate the Environment (SCORE): The Strand Community Organization to Rehabilitate the Environment (SCORE), a county organization also provides affordable housing to low-income families in Ulster County. In 1999, SCORE have received \$175,000 to create or rehabilitate housing units for low-income seniors, families and disabled individuals as well as first-time home buyers. In 2001, SCORE received a total of \$50,000 to assist in the restoration of 15 units of affordable housing.

Municipal Housing Authorities (Ellenville, Kingston, and Saugerties): The county has three very active housing authorities that, among many other functions, manage affordable housing projects, manage the Section 8 voucher program in their part of the county, and provide other forms of assistance (e.g. After School Programs, etc.) to those individuals and households that require assistance with their housing and other related needs. These authorities provide important services that meet the needs of more than 1,000 households in the county.

Special Needs Providers (Family of Woodstock, Inc. and Gateway Community Industries): The county is fortunate to have a group of providers that provide valuable assistance to assist the county's special needs population to acquire, use, and maintain the skills necessary for independence and successful lives. The services provided cover a range of needs from job training and placement to psychiatric rehab services and other living and educational services that are necessary for these individuals to lead successful and independent lives.

Departments of Ulster County Government (Aging, Mental Health): Rounding out the county's services infrastructure in housing are key departments that contribute to the county's housing services tool kit (in addition to the contributions of the Social Services Department and the Planning Department described above). These departments include the Mental Health Department and the Office for the Aging, which

assist in addressing the needs (including housing issues) of these important parts of the county's population.

B. Overview of Statewide and Federal-State Programs Available in the County:

In this section, an inventory is presented of existing housing programs available to potential homeowners and renters and to developers and organizations involved in affordable housing activities in the county. These programs include a review of those initiatives available from the state of New York (including both state programs and those administered in cooperation with the federal government).

Fannie Mae Program: The state Fannie Mae program makes it possible to buy a home with much less cash up front by providing a secondary market for lenders for low down-payment mortgages, removing a stumbling block that many homebuyers—particularly those with young and middle income families—often have with conventional mortgages and their corresponding down payment requirement. Fannie Mae also has programs designed to provide educational and other assistance to prospective homeowners, and to encourage employers to implement Employer-Assisted Housing (EAH) programs so that these companies can attract and retain employees in reasonably close commuting distance to their facility's location.

Since 2002, the Fannie Mae program indicates that it has served 1,164 county households, providing over \$244 million in purchase money for mortgages for middle income families that have less than or equal to 165% of the Area Median Income—or an estimated \$93,225 in household income per year for Ulster County. In Ulster County over the 2002-04 time frame, more than \$12 million in low down payment mortgages were purchased through the program representing a total of 79 loans.

Homeless Housing & Assistance Program (HHAP): The HHAP (as enacted by Chapter 61 of the Laws of 1983), authorizes state financial assistance to provide grants or loans to acquire, construct or rehabilitate housing in order to expand the supply of housing for low income persons who are, or would otherwise be, homeless. The Family of Woodstock, Inc. in Ulster County received \$841,350 from the total HHAP funding in the year 2000. Project activity from that originated from that funding is ongoing as of March of 2005.¹⁴

Low-Income Housing Credit Program (LIHC): The LIHC program was established through the federal Tax Reform Act of 1986. Under the Act, the federal government established the Low-Income Housing Credit Program to promote investment in the production and retention of affordable low income rental housing. The program provides a dollar-for-dollar reduction in federal income tax liability for project owners in direct relation to the number of affordable housing units they produce. In 1999, Low Income Housing Credit Program provided \$213,797 for the Two Plus Four Construction Co. Inc. to create or rehabilitate housing units for low- income seniors, families, disabled

¹⁴ Telephone contact with Family of Woodstock, Inc. Finance Department, March 2005.

individuals and first-time home buyers. Over the years, this program has proven itself to be one of the more effective ways to develop sub-market owner and renter housing units.

As of early 2005, the statewide portfolio of LIHC units consists of 821 projects with 2,301 buildings with 29,921 tax credit units. Since 2000, there have been a total of 7 LIHC projects in the county totaling \$3.79 million in new housing investment. That corresponds to 2.8% of the \$134.33 million in projects approved statewide over the period. The Birchwood Village Limited Partnership project in Kingston, the Birches at Saugerties LP, and the Kingston Limited Partnership projects are notable examples of this state program's presence in the county, receiving \$987,136, \$656,043 and \$646,369 from the LIHC funding, respectively, over the period.

SONYMA Mortgage Insurance Fund: SONYMA's Mortgage Insurance Fund ("MIF") promotes the preservation and revitalization of neighborhoods throughout the State of New York by insuring mortgage loans and thereby encourages the investment of mortgage capital by commercial and public lenders. MIF was created in 1978 to address housing and development needs in areas of New York State.

The Policy and Planning Department of SONYMA's MIF and HFA Programs indicates that from 1999 to 2005 to-date, SONYMA's Mortgage Insurance Fund insured a total of 5 projects in the county, totaling \$4,970,000 of total loans impacting a total of 210 units county-wide.

State of New York Mortgage Agency (SONYA): The SONYMA's Low Interest Rate Mortgage Program provides below market interest rate mortgages to qualified low- and moderate-income first-time homebuyers with low down payment mortgage (up to 97% of the value of the property¹⁵) financing on one- to four- family dwellings and cooperative apartments. The program is financed by SONYMA through the sale of tax-exempt bonds and has purchase price limits. Ulster Savings originated 55 SONYMA loans for \$4.3 million in 1997, 62 loans for \$4.5 million in 1998, and 16 loans for 1.2 million in the first quarter of 1999. In 1999, 2000 and first half of 2001, the bank originated a total of 86 loans for \$6.3 million, 76 loans for \$5.4 million and 33 loans for \$2.5 million. In March of 2005, data was requested from the program for the second half of 2002 through 2004. As of late June of 2005, that request was still pending despite additional follow-up contacts.

New York State Affordable Housing Corporation (AHC): The AHC provides financial assistance, as a part of a package of other private and public investment, for the construction, acquisition, rehabilitation, and improvement of owner-occupied housing. The Policy and Planning Department of SONYMA's MIF and HFA Programs reported that since 1999, AHC have awarded 3 projects in Ulster County totaling \$930,000 in AHC award funds. These funds have impacted a total of 48 units in the county to-date as of March 2005.

¹⁵ Thus, the potential buyer has only a 3% down-payment requirement (plus closing costs).

New York State Housing Finance Agency (NYHFA): The New York State Housing Finance Agency was created to assist in the financing of low income housing by raising funds through the issuance of municipal securities and the making of mortgage loans raised in that manner available to eligible borrowers. The NYHFA is authorized to issue bonds to reimburse the State for appropriated expenditures for various housing programs. More recently, the Agency's mission has been focused exclusively on creating and preserving affordable housing.

The SOMYMA's Department of Policy and Planning indicates that as of March 2005, the MIF and HFA Programs between 1999 and so far through 2005 financed 1 project in the county. This project impacted 89 units with a \$1,000,000 mortgage and \$880,000 in Low Income Housing Tax Credits.

New York Main Street Program (NYMS): The NYMS Program provides grants to stimulate reinvestment in mixed-use (commercial/civic and residential) "main street" buildings in order to address issues of code compliance, energy conservation, accessibility, and to provide affordable housing and job opportunities. The Housing Trust Fund Corporation (HTFC) objective is for the NYMS program to be a catalyst of creating of new affordable housing opportunities within these mixed-use centers.

In January of 2005, Governor George E. Pataki announced nearly \$11 million in awards under the New York Main Street Program's first funding round. These funds are intended to stimulate downtown revitalization in communities across New York State by providing funding for building renovations, streetscape enhancements and downtown business or cultural anchors. In the county, RUPCO received \$200,000 in the first round of funding and has another application for \$400,000 that is pending. The Shandaken Area Revitalization Project (SHARP) Committee, Inc. also was awarded \$200,000 from this first round of funding in 2005.

U.S.D.A. – Rural Development Housing Programs. The U.S. Department of Agriculture Rural Development administers a variety of loan and grant programs to assist very low and low-income individuals, State, local, private and nonprofit organizations to assist in creating homeownership opportunities in rural areas. Single-Family and Multi-Family Housing Programs are designed to finance and facilitate the development of housing in rural communities. The local office of Middletown Service Center based in Orange County, NY provides housing program services to Ulster County individuals and organizations.

C. Inventory of “Model Housing Tools” from Selected States-Regions-Municipalities:

This part of the study is intended to help begin the process of building consensus among stakeholders and the public around the additional tools that are needed in the county to begin to effectively address the issues raised by this study. In that vein, this section first outlines a set of filtering criteria to assist in the prioritization of the possible additional tools-policy alternatives that could be used in the county to augment the

current tool kit. These criteria were used as a first cut to reduce the list of all possible “best practices housing tool” options to a manageable list of those that appeared to have the greatest applicability to the housing issues-circumstances in the county.

The primary objective of this list is to present helpful information on a range of options that would help elevate the level of public discussion on growth-housing policy issues and lead to the implementation of real solutions. Included on this list of alternatives is a wide range of possibilities that could be discussed and developed further in the county. They include “best practices” initiatives that could be pursued by the county, by individual communities within the county, and/or through strategic partnerships with stakeholders and organizations that are located both inside and outside of the county region.

At the point of developing the list of options, the study made no firm recommendation on how to specifically address the growth-housing issues in the county. It likewise endorsed no specific proposals to deal with those emerging growth-housing policy issues and the rapidly changing economic and demographic environment have foisted on the region. This study does set forth a set of proposed evaluative criteria (as outlined below) that could act as a context against which future growth-housing policy proposals could be evaluated. However, like the initial list of options described in the above paragraph, these proposed evaluative criteria remain just that—a proposal.

(1) Proposed Essential Criteria for Effective Actions on Growth-Housing Policy in the County.

Within the context of the above, the following was the set of policy criteria used to develop the inventory of tool kit options list. This list emerged from a comprehensive review of the housing strategies literature and many hours of discussions with knowledgeable individuals inside and outside of the county over the course of the nine month study period. They cover a relatively wide range of territory, and several are overlapping. Readers of this report are encouraged to make suggestions of additional criteria and suggest further refinements to the criteria as the housing and policy circumstances of the county evolve over time. As of the writing of this initial housing strategies report, the list of evaluative criteria includes the following:

- a) Effective actions require public sector-private sector cooperation both in terms of education and implementation.
- b) Effective actions will require cooperation between all levels of government (including the federal, state, and municipal levels).
- c) Effective actions may require a multi-county approach where stakeholders-groups-municipalities in the county and the county itself may need to cooperate with other stakeholders-groups-municipalities both inside and outside of the county. It should be noted that this approach may also involve groups and/or other counties that are potentially outside of the Hudson Valley Region as well.

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- d) Effective actions should emphasize incentives-based approaches (e.g. the “carrot” rather than the “stick”) but a regulatory requirement for inclusion of affordable housing units will be needed.
 - e) Effective actions will recognize and respect inter-community differences within the county.
 - f) Effective actions will almost certainly require extensive information to help educate municipal and other stakeholders and the general public.

2. Inventory of “Best Practices” Tools.

a. This Inventory is a “Living List” of Tools Options as Housing Markets and Tools-Policy Needs Are Constantly Changing: Within the context of those prioritization criteria, the following section presents an inventory of possible “best practices” additional tools-actions that study participants felt were appropriate for the county. This inventory is therefore a complete, but not necessarily an all inclusive, list of options to help the county’s housing sector-services infrastructure to augment current efforts to address its housing needs. New programs and innovative approaches are being designed, proposed, and implemented every month-year all over the northeastern region and the county as a whole. Readers are therefore reminded that this initial list of possible new tools and options is a “living list” of tools and options. The housing issues-circumstances and housing market of the region and the county are constantly changing. The nature of the needed tools and policies are also likely to continue to evolve as well.

All of the tools-policies that made the “first cut” of the filtering criteria are listed in the pages that follow. They comprise a core inventory of the typical tools and policy initiatives that housing analysts typically look for in housing-friendly communities and regions. All that have applicability, or are thought to have potential applicability to the housing issues-circumstances of the county are listed. This is true even if a tool or policy did not make it through the second stage of the winnowing process to the short list of options. The dynamic nature of housing issues and the changing needs of the county may elevate some to “short-list’ status some time in the future. In this regard, the county appears only to be limited by the creativity of those involved in addressing housing and housing-related issues.

1. Inclusionary Zoning.

The first tool typically evident in housing-friendly environs is inclusionary zoning. Briefly stated, inclusive zoning is a series of policies, adopted by local governments that may differ in specific content between individual municipalities, but have the same effect of encouraging the construction of affordably-priced and workforce housing. In general, inclusionary zoning is an integrated approach that provides density bonuses, leaner parking requirements, flexible lot setbacks, fee waivers, and other policy exemptions for projects that will build a certain number of affordably priced housing units. It could be

mandatory, voluntary or a combination of both and has the flexibility to target a specific set of income levels—if desired.

In Ulster County, the analysis of zoning presented earlier found that while several communities in the county have selected elements of inclusive zoning, no municipality has a complete set of housing oriented inclusionary zoning features. The zoning analysis found that although nearly all of the county's municipalities allowed for accessory units in residential districts,¹⁶ only one community—the City of Kingston—had what could be termed inclusionary zoning although extremely limited to an overlay zone for parts of the City (e.g. in the mixed use zone). Only the City of Kingston allows multi-family construction as a permitted use subject to site plan approval. Other communities require special permits. Six communities provide density bonuses although these are limited in most to senior housing. These represent a start, but it certainly does not measure up to the threshold level of housing-friendly zoning policy from an allowed housing unit density perspective.

2. Density Bonuses.

Density Bonuses can be a key factor of an overall Inclusive Zoning approach, especially when employed against high development costs related to land prices and associated environmental constraints that are now in evidence within the county.. Density bonuses allow the developer to build more units on a parcel than would otherwise be normally permitted under existing zoning regulations. Used correctly the tool provides sufficient economic stimulus to the developer for the production of additional units. When coupled with mandatory requirements it insures the community can meet it housing goals and avoid a “takings” issue. Like most tools, density bonuses must be used correctly to have the desired effect. For example, a developer with a 10-acre parcel in an R-40 zone is allowed to build 10 units. A 50% density bonus would allow 15 units to be built resulting in an average density of one unit per every $\frac{3}{4}$ of an acre. In this way, density bonuses are attractive in that they have the effect of lowering the per-unit cost of the land. This would be a particularly helpful tool as the price of land escalates further in the county.

More specifically to our example, if the 10 acres used in the above project sold for \$500,000 and the developer in our example was only able to build 10 units, the per unit cost of the land would be \$50,000. Using a widely accepted developer's rule of thumb, the land cost should be 25% of the total product sold. In this case without a density bonus option, the developer would need to sell each unit for at least \$200,000 in order to make the project viable, a level that is above an affordable price level for most communities in the county. The density bonus illustrated above would lower the sale price to \$133,332 per unit (taking the land sales price at \$500,000 and dividing by the 15 units allowed under the hypothetical density bonus divided by the “25% developer rule of thumb”) per unit. In exchange for the bonus the developer would be required to

¹⁶ While this is an important feature, but such a zoning feature represents relatively “low-hanging fruit” as inclusionary zoning features go for municipalities.

build the 5 additional units with deed restricted affordability clauses that ensure the units is affordable to the next and subsequent buyers.

Numerous factors come into play to determine whether a density bonus program will succeed. The size of the lot and original density, the existence of municipal sewer and water, the size of the bonus, and local regulatory procedures all effect whether or not a developer perceives this as an incentive. Each municipality must design an incentive program that works in their jurisdiction. Some programs are a combination of mandatory and voluntary approaches. For example, Montgomery County, Maryland has a successful program that resulted in over 10,000 units to be built in the past 20 years.

The density bonus approach can be criticized as representing a substantial and unfair “mid-course” change of the local zoning rules in a neighborhood/community. While there certainly are issues of that nature to be thought through when proposing such an approach, the “after the fact zoning uncertainty” associated with such proposals is in many ways no more “unfair” than any other major proposed zoning change. That is why this approach is seen as been able to be widely employed throughout the country to encourage public-private development of affordable housing.

Currently, density bonuses are used only sparingly in a minority of municipalities. Further, density bonuses are for the most part used only to promote the development of affordably-priced housing for seniors. The unit density incentive varies between the municipalities that allow density bonuses for senior housing, with New Paltz Village increasing the allowable density from 6 units per acre to 24 units per acre in the R-3 zone for affordably-priced senior housing.

3. Regional-State Housing Trust Fund Approach.

Housing Trust Funds, established at either a state or local level, are specially earmarked sources of money to assist in the purchase of land and/or as part of a financing package to construct affordable housing units. Typically, such funds are capitalized through development fees on higher priced homes and/or the type of commercial development that employs lower wage workers. Such a fund can also accept other sources of revenue such as other taxes or donations. They are typically administered by a state or regional agency, a non-profit housing agency, or a local municipality.

One such housing trust fund approach is currently being employed in the development review process at the state level in Vermont and was developed by this study’s investigators. During the mid-1990s, Stratton Mountain Resort (owned by Intrawest Corporation of British Columbia, Canada) developed and submitted a Master Development Plan proposal to state and local regulators to expand its operations, and to more than double the vacation home real estate inventory at the resort. During the development review process, the resort negotiated a collaborative deal with state and local officials that involved making payments into an escrow account in the amount of a certain percentage of the sale price each time a vacation home was sold by the resort.

The prescribed amount reflected a subsidy level that would be necessary to close (through subsidization) the affordable price gap between existing single-family home sales in the housing market area that encompasses the Stratton Mountain resort and 80% of the household income average for the same region (comprised of 2 counties).

This payment system has been in place for over two years, and the payment in lieu of construction escrow account is currently being administered by the Vermont Housing and Conservation Board. The proceeds from this program so far have supported the development of 16 units to-date through May of 2005. This approach has subsequently been adopted in the state development review process as a template for three other major resort expansions in the state.

The Trust Fund approach has also been effectively used in many local jurisdictions throughout the county, including: (1) Sacramento City-County, CA, (2) King County, Washington (State), (3) Columbus/Franklin County, Ohio, (4) Dayton, Ohio, and (5) Montgomery County, Maryland. This approach could be successfully employed in the county as well with a discussion on how to target a broader base of funding sources.

4. Workforce Housing Coalitions or Roundtables.

A workforce housing coalition is typically an assembly of housing advocates and business and industry representatives of a given region that seeks to expand housing availability for the purposes of ensuring a stable labor pool and healthy regional economy. Over the past decade, it has become increasingly clear that when labor struggles to afford housing in a region, businesses find it difficult to attract and retain employees. In that context, housing policy becomes inextricably linked to economic development and the creation-retention of high quality job opportunities in a region. Simply put, if households are spending more income on housing they have less discretionary income to spend in other sectors of the economy especially those things that improve their lives such as health care, education, clothing, and transportation, not to mention incidental services, retail, and entertainment. A workforce housing coalition recognizes the interconnectedness between housing and the economy, and they typically work to advance both in collaborative public-private partnerships. The county's Housing Consortium is a good example of such a coalition or roundtable. There does however appear to be less of a voice available to small and mid-size businesses. These typically see the problems that high housing prices bring but have little time to devote to solutions or advocacy. Local chambers of commerce and businesses groups should be urged to take up the housing connection and provided representation on the Consortium.

5. Live/Work Homebuyer Programs.

Live/Work Programs are intended to create incentives for people to buy homes either in or near the communities where they work. They can be valuable tools for regions that seek to reduce commuting traffic and for urban municipalities that would like to encourage increased homeownership that strengthens neighborhoods. The program stimulates homeownership in target areas by providing mortgages at below market rates, down payment assistance, closing cost subsidies, and mortgage insurance to

qualified buyers. Such a program can also be used to rehabilitate structures in the same target areas. Qualified buyers are usually earning below 100% of the median income and are buying real estate at less than the median regional price.

One example of this approach is found in the State of Maryland. Under this program, the state has set aside \$40 million dollars for home mortgages financed at 4%. Eligible purchases under this program are established by municipalities participating in this program. Local employers have the option of participating in the program with matching funds and promotional support. The county already has access to such a program as part of the Employer Assistance Housing program through Fannie Mae. Live/Work Programs would represent an expanded version of this existing program.

Another part of Maryland's approach on this issue is the "Live Near Your Work" program, administered by the State's Department of Housing and Community Development. The program was established in 1997, and offers a minimum of \$3,000 in subsidies is provided for potential home purchasers (funded by a \$1,000 subsidy each from the local municipality, local employer, and the State) towards the costs associated with a home purchase. The program does include location restrictions for eligible home purchases in order to link homes to work sites. Through calendar 2002, the program is reported to have assisted 807 households purchase homes throughout that state.

"Live Near Your Work" programs have good applicability to the county's current economic development—housing needs situation. The county already has a significant number of out-commuters that represent potential, currently un-tapped work force assets—if quality job opportunities could be offered to those workers within the boundaries of the county.

6. Accessory Units.

Accessory dwelling units are another widely used tool to expand the supply of affordable housing through the development of fully functional apartments built on a parcel that has an existing primary dwelling unit. Typically, accessory units can be attached or unattached, built new or come from within the existing structure, a remodeled garage or carriage house. Accessory units must meet all local and state building codes for occupancy and have separate entrances. Permitting accessory units is entirely a local government decision. Their sizes, quantity, location, design and ease at which they are permitted is controlled by local zoning. The units are not sold but rented and the original parcel is not typically subdivided.

Accessory dwellings are often employed to help to meet the market demand for rental units without necessitating any government subsidies. They also typically provide homeowners with additional income to help ensure their ability to afford their home in the event of personal financial problems. Finally these accessory units help the families provide affordable housing options to relatives such as elderly parents or recent graduates first entering the job and housing markets.

The zoning analysis in Section VI. showed that accessory units are allowed in nearly all of the county's municipalities in residential zones. Only the Towns of Hardenburgh, Olive and Plattekill (which has partial restrictions on accessory units) do not permit accessory units.

7. Mixed-Use, Mixed-Income Developments.

Mixed-use mixed-income development is another tool that can be used to promote an expanded supply of affordably-priced housing in a community and region. Mixed use approaches are implemented at the local level through well known devices such as zoning ordinances and capital improvement planning. Mixed income housing development is a favored approach in some communities because they preclude high concentrations of poverty, expose lower income residents (particularly children) to alternative lifestyles that help to break the "cycle of poverty" and encourage homeownership among renters.

Local governments can encourage mixed income developments by providing density bonuses (see above) to developers of market rate housing in exchange for some units to be deed-restricted for the purposes of adding affordably-priced units to the municipal inventory. The reverse is also true – in order to gain acceptance of affordable housing and remove the perception of a "project", communities can require a portion of these projects to be market rate. Another benefit of this approach is a mixed use (e.g. commercial/residential) development project has the added benefit of providing essential commercial goods and services to the residents that live near-by. This mixed-use development approach also can be an attractive option when combined with economic revitalization funding sources. The result is a synergistic boost for projects in locations such as blighted areas.

HOPE VI funding administered through the U.S. Department of Housing and Urban Development may be the greatest force today that seeks to disperse high concentrations of poverty. Since 1993, over \$4.5 billion in grants have been awarded to public housing authorities to demolish distressed public housing and to replace them with units that are more integrated into the community and which accommodate a variety of household income levels. HUD's "Moving to Opportunity" and Chicago's "Gautreaux" program focuses on moving residents out of high concentrations of poverty. The initial results of the "Gautreaux" program show that there has been a significant increase in employment among parents and higher test scores and greater rates of college attendance among children among program participants.

8. Brownfields Redevelopment.

Redeveloping Brownfields is also an option to be explored for providing low cost land to a housing project. Contaminated properties are often abandoned by landowners due to the regulatory obstacles and the relatively high cost of their clean up and re-development. With federal money provided for their environmental assessment and clean up, previously unused land can be returned to the tax rolls. The county currently is participating in a Brownfields Assessment Demonstration Project that was announced in July of 2004.

A brownfields re-development program for the county could be a useful approach to expand the list of potential housing and mixed use development sites currently (e.g. in the City of Kingston) and in the future as new sites are discovered in order to access federal funds that would be used cleaning contaminated sites and developing housing in either single or mixed use projects.

9. Low Income Housing Tax Credits.

Low-Income Housing Tax Credit is a federal program that provides developers additional construction capital when building affordable rental housing for low income households. Tax credits are a critical part of many low-income, multifamily financing proposals. This is so, because without them, the rental income generated by an affordably-priced project-complex would ordinarily be insufficient to cover the costs of construction and maintenance on the property. Developers who receive tax credits typically sell them to private investors who, in turn, benefit from a reduction in tax liability. The proceeds from the sale generate equity for the development, reducing the need for debt financing, and enabling the owner to charge more affordable, often sub-market rents. Programs typically require a developer to maintain affordable rents for a significant length of time (e.g. 20 years) when taking advantage of this program.

The State of New York has a Low Income Housing Tax Credit program. Some developers in the county already participate—securing 2.8% of total state program funding over the 2000-2004 period. However, it is felt among the county’s stakeholders that that participation level could be enhanced—especially considering the negative structural economic changes that have occurred in the county over the past 15 years—in order to help expand the supply of affordably-priced workforce housing in the county.

10. Employer Assisted Tax Credits.

Employer Assisted Tax Credits are a tool that is very similar to Low Income Housing Tax Credits, except they are targeted toward local private sector employers. Under this approach, the employer typically applies for an allocation of tax credits from the Housing Finance Agency in the state. The employer establishes a revolving loan fund with as little as \$1,000 to as much as \$100,000. The employers receive a dollar for dollar tax credit on the investment. Employees borrow from the fund for their housing purchase or rental needs. Unused tax credits can be carried forward or back, usually over a 5-year period. After a period of 6 years, the initial investment is returned to the employer. While this could potentially be combined with other financing tools to expand work force housing options (such as a housing trust), the private sector nature of this approach would be a separate work force housing development tool.

11. Tax Increment Financing Districts for Affordable Housing.

A Tax Increment Financing (TIF) District is a tool designed to address areas of blight and low property values where a municipality is seeking to generate increased levels of private investment. State legislative authority enables municipalities to establish TIF districts. Once established, the assessed property values are frozen for a period of 10 years. TIF Districts can be effective development tools because as new investments

are made in the area, the incremental property taxes that would otherwise be generated can be used to fund abatements for TIF district investors or to help leverage public investments such as sewer, water roads, and other public amenities within the district. A TIF district for Affordable Workforce Housing would allow a municipality to invest the incremental property tax revenue that would otherwise be due from investors into providing an expanded inventory of housing options and infrastructure within a targeted area within a community. Our analysis indicated that the State of New York and Ulster County do not currently have enabling legislation for housing TIF districts or TIF districts to support the development of infrastructure to support high density housing development—unless these districts are located in areas of “urban blight.”

12. Fair-Share Approaches.

One affordable housing tool which has been employed around the country over the past two to three decades has been the so-called “fair share” approaches to expanding the supply of affordable housing in regions or groups of individual communities surrounding a metro area. State and regional housing studies over the 1980s and into the 1990s which have attempted to deal with this issue have tended to focus on identifying needs for certain types of housing and to develop “fair share” allocation plans patterned after the precedent setting affordable housing Supreme Court decisions in the State of New Jersey in 1975 and 1983 (the so-called Mount Laurel decisions).

“Fair share” strategies as they relate to housing generally have been developed to deal with the fair distribution of affordable housing between individual jurisdictions. They have the common goal of expanding housing opportunities and choice for lower-income families vis-a-vis what existed prior to the development of a “fair share” approach. These “fair share” schemes also have been developed with the additional objective of reducing existing concentrations of low-income and moderate-income families in one jurisdiction versus another, and preventing the potential development of additional concentrations low- and moderate-income households in single or a relatively few individual communities in a region in the future. Lastly, “fair share” approaches have been based on the assumption that all communities in a defined region have a responsibility to provide for some amount of affordable housing for low- and moderate-income residents. As such, these approaches try to improve upon the “status quo” by allocating affordable housing unit responsibilities between communities in a rational and equitable manner.

“Fair share” allocation strategies have been developed across a broad array of structures and approaches. Some approaches have been voluntary and others have involved mandatory approaches. Some have followed so-called formulaic allocation methods and others have employed simple guideline approaches. Voluntary plans over the years have tended to rely on the willingness of individual political jurisdictions to accept their moral obligation to provide affordable housing and participate in regional “fair share” efforts. Mandatory “fair share” plans usually have involved devices such as regulatory tools (e.g. development sanctions or development review requirements) and/or some form of incentive funding (e.g. federal HUD money, federal and state monies for rehabilitation projects, and the like) in order to implement “fair share”

allocation strategies. Other programs such as the statewide approach being employed in New Jersey have come into existence because of a judicial mandate.

Once the allocation methodology approach has been completed (e.g. a formula or set of guidelines has been developed), the next step in a “fair share” approach has been the development of an allocation strategy. Within this part of strategy development, the sometimes problematic and difficult discussion of choosing between possible methods of implementation has occurred. For mandatory programs, these have historically involved devising methods for enforcement to assure movement toward the actual attainment of “fair share” allocation goals. For voluntary programs, the strategy has often been to try to devise creative ways to encourage all individual communities in the area or region to participate in the “fair share” approach/effort.

The literature has indicated that totally voluntary programs have experienced difficulties achieving compliance since there has been no legal way to compel reluctant communities to participate. This same experience also has indicated that mandatory programs likewise have not fared well without some monetary inducement to help offset the costs associated with affordable housing development. One approach that has been reasonably success has been the King County (Washington) Growth Management Planning Council approach that blends a fair share approach using the quality of jobs created in a community-region over time.

There are also other examples of fair share approaches under a variety of structures throughout the country. The State of Connecticut has a state-wide “fair-share”-like program that could be applicable to the state and the county. That program publishes a list of “exempt” communities every year of municipalities in the state that meet a state guideline requirement that a minimum of “10% of the units in a community being affordable.” Although sometimes imprecise, the program uses information such as a unit inventory of affordable units and Section 8 vouchers to determine the number of units that are “affordable” in a particular community. In communities where the state’s 10% of the total number of affordable units is not met, affordable housing projects are “exempt” from local development guidelines and review. Like the other tools listed above, such a program could be implemented in the state-county as well.

13. Other Options of Applicability to the County.

In addition to the above, there are a multitude of other initiatives in place around the country that deal with many of the same regional economic-housing issues that the county is experiencing. They encompass a broad range of options ranging from land use, to cost reduction and other funding tools. The following is a listing of several other programs that have not already been mentioned above by type:

a. Summaries of Additional Zoning Tools:

1) Affordable Housing Overlay Zones

Overlay zoning offers developers any number of incentives in one or more existing zoning districts. If a developer agrees to meet the conditions of the community in terms

of building affordably-priced units, the overlay zoning applies instead of the existing zoning.

2) Sewer Allocation Restrictions

This tool would reserve a certain percentage of the unused sewer capacity in a sewer district for affordably-priced dwelling unit projects.

3) Multi-Family Districts

Often all a community has to do to encourage affordable housing is to allow multifamily zoning. If the density is ample for the market and the units are “permitted by right” a developer would have support to combat NIMBY complaints and a shorter review process.

4) Design Standards

Often affordable housing is rejected because the community assumes the buildings will look bad. Writing design standards for the construction of multifamily housing, manufactured housing, and mobile homes can help alleviate those concerns.

5) Incentive Zoning

Density bonuses are one form of incentive zoning. Other incentives would be land set asides, waivers of site standards, waivers of fees, modifications of design requirements, or payments to land trusts.

6) Plan and Zone Areas for Manufactured Homes with Design Restrictions

Master planning certain site for manufactured homes help proactively plan for affordable housing. It puts all interested parties on notice as to the what, where, how and when of manufactured homes in the municipality.

b. Summaries of Additional Land Planning Tools.

1) Advocate Mixed Use Commercial/Residential Development

Mixed-use zoning helps increase the value of certain land markets. When downtown commercial markets only support ground level development but the owner needs to purchase the entire building it may not be profitable. Housing permitted on the upper floors may provide the additional income a developer needs to make a project with sub-market priced owner and renter housing more profitable.

2) Establish Community Land Trusts to Hold Property and Retain Equity

Land trusts can be used to hold land in perpetuity and thereby remove the value of the land from the building. This allows the housing unit to be resold to new owners at greatly reduce prices because the owner doesn't hold title to the land.

3) Housing Cooperatives and Limited Equity Partnerships Among Landowners.

This arrangement is similar to land trusts where a group of owners hold the assets for the express purpose of providing affordable housing. Deed restrictions are held on the property to ensure the agreements and purposes of the ownership remain.

c. Summaries of Additional Public Education-Relations Tools.

1) Workforce Housing Task Force

This is a specific purpose task force. It is made up of business owners who gather to counter the NIMBY opposition to housing. Business owners send the clear message that housing, affordably-priced housing, is needed to ensure that they can afford their employees and to address issues associated with housing and employee retention-recruitment. Task forces typically gather periodically to review housing proposals and attend local development review meetings at the municipal development review level. In this way, Workforce Housing Task Forces can act as a counter weight to the prevalence of NIMBY opposition that typically develops—especially when prospective housing projects are promoted-publicized as being in the affordably-priced or lower end of the price-rental cost spectrum.

2) Costs Analysis of Not Building Both Affordably-Priced and Market Rate Housing

This tool takes the opposite approach of calculating the direct and indirect costs of not having housing choice across the complete home price-rental spectrum. Given current housing dynamics, this tool often focuses on the lower- to medium priced-rental cost portion of the market. At the lower- and middle priced-rental cost portion of the spectrum, costs are typically articulated as increased social services, lower household incomes that reduces the overall purchasing power of households in the local economy (these lower- and middle-income households tend to spend disproportionately higher percentages of their household incomes), lost local tax revenue, and increased demand on homeless services. These costs obviously can result in significant and negative fiscal impacts on municipal and county governments. If accurately accounted for the final results can be effective in educating the public on the value of having housing choice across the entire price-rental cost spectrum—and not just at the higher end.

3) Public Education Campaigns

A critically important strategy tool option, that almost always is an integral part of the implementation of nearly every successful regional housing strategy, is a coordinated educational-public relations campaign. Such campaigns typically utilize all media to raise the level of awareness on the need for housing—and below-market rate housing in particular. This approach is grounded presumption that a significant part –if not the majority—of local opposition to housing development projects is coming from a certain level of ignorance around the issue. A public education-public relations campaign can reduce the stereotypes and false assumptions and eventually reduce the opposition to housing projects—and especially those that seek to develop below-market priced owner and rental housing.

VIII. Development of the “Short-List” of Additional Tool Options

Once the initial draft of this “living inventory” of options for additional housing strategy tools was developed, the study turned to the process of identifying a “short list” of high priority tools that would be developed further based on the findings of this study and the citizen feedback received. This citizen feedback was solicited in three ways: (1) through a public forum held on April 19, 2005, (2) through a presentation on April 26, 2005 at the annual meeting of the Rural Ulster Preservation Company (RUPCO), and (3) solicitation through media and the Ulster County Planning Board website. Comments and feedback were categorized and incorporated into the study. Feedback on the prioritization of the potential additional housing policy tools was gathered and used to winnow the comprehensive list of options into a defined set of six tools that represented the best opportunities to make a significant difference in addressing the housing affordability issues in the county.

A. The April 19, 2005 Public Forum: These roughly 2 dozen tools-policy options in Section VII. were presented in a public forum held on April 19, 2005 at Ulster County Community College in Stone Ridge. Forum participants were provided with an overview of the current trends in owner and renter affordability, the economic-and demographic context under which these trends were occurring, the initial inventory of the “best-practices” tools-policies that could potentially be used in the county and the feedback objectives for the session.

Following the presentation, attendees were divided into discussion groups where the various options were discussed utilizing a process called “The Big Deal” (a copy of the cards utilized during this process are included in Appendix V). Participants were then asked to prioritize the list of potential options into a preferred, short list of strategic tools-policies are included in Table 19 (below). The results of this prioritization process was the main sources of public input that ultimately resulted in the preferred housing strategies that are to be implemented to effectively deal with the growth-housing issues and the largely negative housing affordability trends evident in the county over the past 6 years.

B. April 26, 2005 Annual Meeting of the Rural Ulster Preservation Company (RUPCO): The second venue used to solicit public feedback on the study’s initial results and comprehensive inventory of candidate tools-policies was the April 26, 2005 annual meeting of the Rural Ulster Preservation Company (RUPCO). This event was a widely-attended breakfast meeting held in the Town of Ulster. More than 100 interested parties attended the meeting and were given the same slide presentation that was given at the April 19, 2005 citizen forum. Feedback forms were given to each attendee, and roughly 2 dozen completed forms were substantially filled-out and returned to the Ulster County Planning Board for consideration.

C. Web-Based Comment Solicitation: The third approach to soliciting citizen feedback was a web-based request by the Ulster County Planning Board. Attendees at both the public forum and the RUPCO annual meeting were asked to share the Planning Board’s web address where the public presentation was posted and available

in a downloadable format for review and comment using both an electronic and printable feed back form. Less than 10 feedback forms were received from this approach.

Table 19: Results of the April 19, 2005 Public Forum

Top Issues Overall (NOT RANKED) <i>(Issues that emerged most often as the #1 issue of the 22 presented.)</i>			
PE4 - "Fair Share" Approaches Z3 - Accessory Units Z9 - Leveraged Expansion of Public Facilities/Infrastructure LP1 - Mixed-Use, Mixed-Income Developments Z1 - Inclusive Zoning Z2 - Density Bonuses PE6 - Cost Analysis of Not Building Affordable Housing			
Relative Importance of Issues Overall (RANKED) <i>(Based on a weighted average of number of times ranked 1st, 2nd, 3rd.)</i>			
1. Public Education/Community Leadership 2. Zoning Initiatives 3. Land Planning			
Individual Group Breakdown			
Facilitator: Jennifer			
Group 1	Top Issue	PE4 - "Fair Share" Approaches	Note: "Zoning Initiatives" never ranked last. "Land Planning" never ranked first.
	CWGs Ranked	1. Zoning Initiatives 2. Land Planning 3. Public Education/Community Leadership	
Facilitator: Paula			
Group 2	Top Issue	Z9 - Leveraged Expansion of Public Facilities/Infrastructure	
	CWGs Ranked	1. Public Education/Community Leadership 2. Zoning Initiatives 3. Land Planning	
Facilitator: Tim			
Group 3	Top Issue	PE4 - "Fair Share" Approaches	
	CWGs Ranked	1. Public Education/Community Leadership 2. Zoning Initiatives 3. Land Planning	

After all citizen and stakeholder feedback was received and digested, a short-list of strategic tools-policies was developed. This was presented to the members of Ulster County Housing Consortium at the May 26, 2005 monthly meeting of the consortium. The final list of strategic tools-policies was then finalized. This list included the following priority tools-policies:

- 1) Implement a Countywide "Housing-Friendly" Zoning Policy.
- 2) Explore the Establishment of a Community-Based Housing Trust in the County to Support Affordably-Priced Housing Development and the Preservation of Land.

-
- 3) Implement a Countywide Cooperative Program of Public Facilities Expansion Which Leverages Current and Prospective Public Infrastructure Investments.
 - 4) Implement a “Fair Share” Housing Alternative Which Represents A “Best-Fit” for the County.
 - 5) Implement a Concurrent Public Education Campaign to Address Not-In-My-Backyard (NIMBY) Syndrome.

IX. Recommended Actions

Given the results of this study as described in Sections I. through VIII., the following recommendations were developed as suggested approaches for the Ulster County Housing Consortium to consider at this critical juncture in its and the county’s history on housing issues. These recommendations include the many cross-cutting issues involved in developing effective policies to provide adequate and affordable housing options for the county’s residents of all household income categories. These recommendations are advisory unless or until they are adopted-implemented by the Consortium in its on-going efforts, and/or are codified in municipal ordinances, and in state and county statute for those tools-policies that require ordinance changes and enabling legislation. Each strategy has a list of components—or elements—that includes a priority timeframe ranking for action. There are two classifications in this regard, including: (1) Short-Intermediate Term priorities, and (2) Long-Term priorities.

These recommendations also are intended to stimulate additional, informed discussion among stakeholders in the county so that county residents can approach the, at times, very difficult trade-offs/choices proactively, promptly, and in a way that will result in a least cost impact to the county, its individual municipalities, those who continue to live in the county.

Because these strategy recommendations to expand the county’s current housing policy tool kit cut across many issues, this section of the report re-orders the above short-list of tools and policies for the purposes of clarity in presentation. We begin with number 5 of the above list first, and then progress through the list in adjusted order. All short list strategies should be implemented as each is critically important to a cohesive and comprehensive approach. When implemented, these strategies will augment the current efforts already underway in the county.

Strategy Recommendation 1:

Implement a Concurrent Public Education Campaign to Address Not-In-My-Backyard (NIMBY) Syndrome.

A. An Initial Context for Implementing Housing Policy Recommendations: The nation, the state, the county, and its municipalities are all in the midst of major economic, demographic, and cultural changes. The globalization of the economy, the

rapid and far more widespread use of new technologies, and the tragic terrorist attacks of September 11, 2001 have presented communities and regional governments with an increasing number of challenges as they seek to achieve safe, vibrant, and livable communities—regions—with balanced development and vibrant commercial-industrial centers with high quality services that are supported by affordable tax rates. Housing choice across the entire price-rental cost spectrum is a very important part of safe, vibrant and livable communities—regions is. In healthy communities—regions, every individual and household—regardless of socio-economic status—should have access to decent, affordable housing.

Over the past two decades, there have been many studies and commissions on the national, state, and regional-local levels that have tried to find innovative ways to address the fundamental societal need of providing access to decent housing that is within the financial means of individuals and families throughout the county. This effort is intended to assist county stakeholders to address the myriad of complicated and cross-cutting issues as they apply to achieving that promise in Ulster County. **In order to achieve that important and elusive goal, this study recommends that the implementation approach for these and any other tools-policies be undertaken and accomplished within the context of promoting healthy communities across Ulster County.** Although the concept of what constitutes “livable communities” is at times a moving target, it is an appropriate backdrop for implementing this study’s housing strategy recommendations because such an approach will put the correct context on the issue for those who are open-minded about the housing affordability issue. In addition, this approach may also be useful in addressing those members of the public who are not “open-minded” (e.g. the NIMBYs) on the housing issue by placing the issue in a more positive, constructive light. This is crucial for addressing the reflexive, and often times incorrect, public perception that arises any time the terms “affordable” and “housing” are used in the same sentence.

So-called “livable communities” typically involve building futures that “sustain prosperity and economic opportunity, enhance quality of life, and build a stronger sense of community.”¹⁷ Nearly all “livable community initiatives” include a number of values or performance dimensions that make for strong, supporting public arguments in support of developing affordable housing options in a community or region. These strong supporting arguments include:

- (1) increased vitality, and creating-reinforcing a sense of place and-or community in a municipality or region,
- (2) support of architecture that is appropriate to the history and culture of the community or region,
- (3) pedestrian friendliness-accessibility,

¹⁷ Excerpted from Clinton Administration’s “Livable Communities Initiative of 2000.”

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- (4) people living and recreating near to where they work,
 - (5) preservation-enhancement of environmental quality, and
 - (6) **access to a full range of housing options for residents that combine housing, shopping, and access to quality and affordable private-public services.**

From a housing perspective, offering a range of housing options in a community (region) is one of the most important components in achieving “livable communities.” This is true for several reasons. First, a full range of housing options helps to improve the overall health and stability of the community (region) as a whole. This effect is best illustrated by the fact that when families are living in quality, affordable housing, they tend to take a more active role in the many issues of importance to their communities (e.g. safety, education, etc.). In addition, the greater level of *community stability* that families living in a broad range of more attractive living situations creates results in a greater base of stability for a community’s schools and retail-commercial businesses located there because of a reduced housing turnover rate. That reduced rate of family-resident turnover, in turn, results in: (1) a more stable foundation of regular customers-patrons for community-regional businesses who feel connected and deeply committed to the quality of life and services that are offered there, and (2) a more stable and predictable base of population (for municipal services) and students (for schools) that assist in a more predictable business opportunity and municipal-county services cost climate.

Third, a full range of housing options configured in a denser, community-friendly manner also has been shown over time to “reduce vehicle trips, encourage biking and walking, and support public transit.” For example, smart growth literature has indicated that a doubling residential density in certain circumstances can positively reduce the rate of vehicles per miles traveled (VMT) in a specific area by sometimes as much as 20 to 30 percent. That reduction in vehicle travel can help improve environmental quality and reduce the level of traffic congestion in communities-regions.¹⁸ Such “livable community” benefits could likewise be expected to inure to county under such a “broad range of housing options” umbrella as well.

As such, this recommended implementation strategy should always take care to make the bridge between the specific elements of the recommended strategy and the issue of housing choice from this “healthy communities” vantage point. This approach would **reinforce the view that the issue of housing affordability as a low-income or a low-to-moderate income issue is an old, outdated, and incorrect view of the housing affordability problem.** This is true especially given recent housing price and other demographic trends in the county where the housing affordability question now

¹⁸ “Housing,” from Local Government Commission. URL: <http://www.lgc/communitydesign/housing.html>

encompasses an increasing number of higher income households. Indeed, affordability pressures in the county in recent years have come to engulf household incomes in the \$40,000-\$50,000, sometimes as high as \$60,000 in household income per year. This means that housing affordability has crept into what was previously the unfamiliar household income territory of the middle- and upper-middle income household classes.

In effect, the housing affordability issue today has progressed into household categories that include the elderly, young people (and their young families) just starting out in their professional careers, and a number of households with semi-skilled and even skilled professionals. The later include occupations such teachers, health services professionals, and those in similar job circumstances that have recently found it difficult to afford housing in the very communities where they work.

A second reason for adopting this “livable communities” public presentation approach for housing strategy implementation is that it is a relatively small, logical leap to get to the view that a full range of housing choice is an essential component of future economic development success. This view stresses housing choice from a workforce housing perspective, an important connection that the SWOT analysis in Section V. revealed was nearly non-existent among the general public and many municipal officials.

B. Recommended Strategy:

Undertake a “Full Court Press” Public Information-Education Campaign to Raise Public Official and Citizen Awareness About the Importance of Housing Choice to the County’s Economy and Livable Communities.

Background Discussion:

The findings of the SWOT analysis indicated that the level of public understanding—including public officials at the municipal level—about the importance of housing choice is very low in the county. Care needs to be taken to explain that when the county labor force struggles to afford housing, county businesses struggle to afford their employees. The competitiveness of county businesses is therefore put at risk, if local labor demands higher wages for essential goods such as housing and the labor force resource in competing regions does not make equal of greater salary demands. Further, if regional households are spending more for housing, they have less to spend on other essential and non-essential items such as health care, education, food, clothing, retail purchases and entertainment—to the detriment of healthy communities with a vibrant commercial business base in the region. These factors can be used as an effective counterpoint to the NIMBY stance that is pervasive and to a great extent effective across the county when it comes to the development review process for housing projects—particularly for those in the low-to-moderate price-rental cost range. The only way to successfully address NIMBY is through a sustained public information-education effort that is: (1) at a level that is noticeable, if not aggressive; (2) coordinated, at least among the county’s key housing and economic development stakeholder groups, and (3) broad-based, in

that it includes more than just housing advocates that may not be seen at this point by the public to have the objectivity to deliver a credible message by themselves.

The message materials in this prospective public information-education campaign should be in a language that decision-makers, public officials and the general public can understand. The materials should recognize that target audiences are skeptical and reluctant to receive and process information on the subject. They should be responsive to the fact that many of the terms in this debate have “elastic meanings” and often are already misunderstood before this effort even begins. This means that any effort of this kind will have to have a significant “re-education” component, before new facts and information can be brought into the public discourse.

It is likely that assistance from a public communications professional, knowledgeable in the idiosyncrasies of the county, will be needed. A significant resource commitment will likely be required up-front to develop the content materials for such an effort, even before resources can be expended for the actual process of communications-educations. In addition, the campaign has to be designed to be flexible enough to be able to modify message materials as issues arise and the regional approach to housing choice and smart growth evolve over time.

Lastly, there are a multitude of materials that are currently available in the public domain that can “jump-start” the message content and strategic approach of this effort. Credible sources such as HUD’s “America’s Affordable Communities Initiative” (<http://www.HUD.gov/initiatives/affordablecom.cfm>), the American Planning Association, and the Shimberg Center for Affordable Housing at the University of Florida in Gainesville, and A.D. Makepeace Company of Wareham Massachusetts are good examples of materials that could be useful in the design and drafting of materials content. The content of materials also will likely be a function of the Consortium’s efforts and the efforts of other stakeholders such as the Ulster County Planning Board on the other recommendations in this section of the study.

The estimated resources needed are best determined through a detailed project scoping exercise and an RFP process that would provide input from professionals that are skilled with undertaking such efforts. It is not likely to be a small effort, significant annual expenditures on the order of magnitude of tens of thousands of dollars in both staff resources and outreach would be necessary. The use of free-paid media strategy and a training effort to utilized volunteers as a speakers/educators forum can help reduce this cost.

Elements of the Strategy:

- (1) Design and Implement a Coordinated Public Information-Education Campaign Under the Umbrella of the Ulster County Housing Consortium (Priority: Short-Intermediate Term).

Currently, there is no systematic and coordinated effort in the county to disseminate factual information about housing issues and the economic development importance of housing choice and livable communities outside of the efforts of non-profits housing groups and the ad hoc presentations by selected members of the Consortium. The results of this study and increasing housing affordability issues in the county represent an opportunity to develop and implement a coordinated public information and education campaign on a scale necessary to address the current high level of community opposition to needed housing projects in the county.

- (2) Utilize County Planning Board Staff to Conduct Municipal Outreach in Support of “Best Practices Approaches” to Housing Development (Priority: Short-Intermediate Term).

In conjunction with Strategy Recommendation 2 (see below), the Planning Staff, should develop a regular visitation schedule to each of the municipalities to present ideas, information and technical assistance on developing affordably priced housing and development policies consistent with livable communities. New data, case studies and success stories could be presented within the context of removing the disincentives in local zoning and subdivision regulations currently on the books throughout the county and why moving in the direction of “housing friendly” zoning and subdivision regulations is good for the community and the county. A graphic presentation with visuals on what projects look like and the details of how they get built could be presented at regular board meetings of legislative, planning, development review and zoning boards in each community to begin the process and support the prospective effort of the Consortium to break down these existing regulatory obstacles to housing.

- (3) Utilize Business Leaders of the Ulster County Housing Consortium to Establish A Workforce Housing Advocacy Group to Speak to Business About the Need for Adequate Workforce Housing (Priority: Short-Intermediate Term)

Like the Ulster County Planning Board opportunity described above, the Ulster County Housing Consortium has an opportunity to implement a specific outreach to the business community as well. The Consortium includes representatives of organizations such as the Ulster County Economic Development Corporation and small business persons that have the credibility to go out and speak with business leaders about the need for workforce housing and the connection to successful long-term economic development in the county.

The establishment a Workforce Housing Advocacy Group with the appropriate message could be a powerful voice to get the county business community more engaged in supporting housing development. One tactic could involve proactive participation in housing project development prior to formal review, where coordinated supportive statements could be crafted and made by business representatives in order to counter the NIMBY (Not In My Back Yard) groups so

that the decision makers can hear both sides of the housing argument. This group would have a time advantage over the planning action in that there would be far less lead-time needed to craft message content since no comprehensive analysis would be required before outreach could begin.

- (4) Complete an Analysis of the “Net Fiscal Benefit” of Having Housing Choice across the Housing Spectrum (Priority: Long Term).

This approach includes an all-inclusive net fiscal impact analysis that identifies and calculates the costs and benefits of not having housing choice across the price spectrum in a community. Given current housing dynamics, this tool would focus on the lower- to medium priced-rental cost portion of the market. At the lower- and middle priced-rental cost portion of the spectrum (where there is a lack of housing choice), costs are typically articulated under this approach as increased social services, lower household incomes that reduces the overall purchasing power of households in the local economy (In addition, these lower- and middle-income households tend to spend disproportionately higher percentages of their household incomes), lost local tax revenue, and increased demand on homelessness and other social services. These costs obviously can result in significant and negative fiscal impacts on municipal and county governments. If accurately accounted for the final results could be effective in educating the public on the value of having housing choice across the entire price-rental cost spectrum—and not just at the higher end of the price spectrum.

Suggested Steps:

1. Establish responsibilities within the Ulster County Housing Consortium to inventory and evaluate alternative approaches for the design of a public information-education campaign in support of Workforce Housing Choice. Those responsible should reflect a mix of stakeholder views and have or be able to obtain the knowledge of the essential elements of successful public information-education strategies.
2. Complete a scoping analysis of the major elements of such a campaign (message content, overall information dissemination strategy, etc.), and present a preliminary campaign design to the full consortium for review and discussion.
 - a. Include a scoping analysis of the Workforce Housing Advocacy Group in (3) above.
 - b. Include a scoping analysis of the required qualifications for conducting a “Cost of Not Having Housing Choice” fiscal impact assessment analysis in (4) above.
 - c. Include technical support for strategy elements (2), (3), and (4) above.

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3. Devise an initial funding plan for this effort and solicit initial funding support from key potential funding partners—public, grant, non-profit, and private.
 4. Develop draft needed RFPs/RFQs documents for elements 1 through 4 for full consortium review and approval.
 5. Receive and analyze RFP/RFQ responses.
 6. Hire consultant and begin implementation of the campaign.
 7. Continue grant-writing and funding requests.
 8. Dove-tail with on-going Consortium efforts to address workforce housing-smart growth efforts.

Strategy Recommendation 2: *Implement a Countywide “Housing-Friendly” Zoning Policy*

A. Removing Key Regulatory Obstacles to Housing Choice and Livable Communities: No public information-education effort—no matter how substantial or cleverly designed—will be successful in shaping public perceptions and sentiment unless it is coupled with basic fundamental actions designed to address the barriers to housing choice. One of the most important steps that the county stakeholders can undertake is to complete a frontal attack on the regulatory barriers that pose a major obstacle to having ubiquitous housing choice in the county. While removing regulatory barriers is necessary for the production of housing, it is important to recognize that, in general, the development community will not create mixed income/mixed use projects without regulatory guidance. That guidance is represented in this strategy recommendation as inclusionary zoning. Given the housing projects proposed for the county and the expected growth in the future, this tool coupled with incentives offers tremendous opportunities to provide needed affordable units.

There are a multitude of empirical studies that cite the negative impacts that regulatory barriers have on housing choice and the livability of communities. Examples of the impacts include: (1) increasing the cost of land and the process of developing that land for housing, (2) prohibiting the development of housing types altogether through land use controls, and failing to recognize costs associated with under-utilization of existing public infrastructure. Practically speaking, these barriers impact the location of housing (often forcing low- and moderate-income workers who have the least amount of choice to live far away from their jobs and increasing vehicle congestion and air emissions), and pose a major obstacle to fitting development proposals to available infrastructure. Appropriately scaled development is often the most effective way to meet housing needs at the lower end of the price-rental payment spectrum, prevent “sprawl,” and the prevent the inefficient use of existing public facilities-infrastructure.

Two “additional best practices” tools identified by this study and supported by feedback from the public was to add inclusionary zoning and incentive zoning tools in a more broad-based way into the county arsenal in support of developing more affordably priced housing. This recommendation is for more broad-based use of these tools because the zoning analysis portion of this study indicated: (1) that the City of Kingston currently has an inclusionary zoning approach in its Mixed Use Zone, and (2) that the Town of Shawangunk currently employs an incentive zoning approach in its zoning districts.

B. Definition of Inclusionary Zoning: Inclusionary zoning is a program that either requires or encourages market-rate housing development projects to include a percentage (typically between 10%-20%) of homes be “affordable” as defined in the statute. Inclusionary zoning typically applies to larger housing developments—usually more than 5 units. Smaller projects may be required to make “in lieu of fees payments to a publicly-controlled fund” instead of constructing affordably priced units. Inclusionary zoning should be an essential part of an integrated approach for assuring housing choice across the price-rental cost spectrum.

Inclusionary zoning has several advantages for municipalities. First, by requiring a certain percentage of larger market rate housing developments to be “affordable,” it not only expands the inventory of affordably priced housing but also creates a more economically diverse community as a whole and within itself. Second, this approach allows for the expansion of the affordably priced housing inventory with little or no direct cost to local governments. Third, it promotes the efficient use of the finite land resource in a municipality or county, and naturally encourages the more efficient use of public infrastructure.

Effective inclusionary zoning programs typically have 5 features: (1) an “inclusive percentage” of affordable units for covered developments (between 10% - 20% of total units), (2) a concise description of the household population targeted (usually employs HUD Low-Income and Moderate Income households), (3) a list of alternatives to construction of on-site affordably priced units when on-site construction is not feasible (usually fees, land dedication, off-site development), (4) a list of developer incentives (density bonuses, reduced parking requirements, expedited development review, design accommodations, growth control exemptions, or whatever regional developers identify as key obstacles to housing development), and (5) a specific length of time for the affordability of the units covered by the inclusive percentage (e.g. include deed restrictions of not less than 25 years, and typically 50-55 years).

C. Definition of Incentive Zoning: Incentive zoning is an innovative and flexible zoning technique that closely resembles inclusionary zoning—but has several differences. This zoning approach essentially exchanges “developer bonuses” for community amenities—of which affordably priced housing is just one. Developer bonuses include such items as increased density, the easing of set-back and lot coverage requirements, and relaxation of height and other use and other restrictive provisions—such as use restrictions. Community amenities that are most often

exchanged for “developer bonuses” include the development of recreation facilities such as parks, development of bike-pedestrian paths and linkages to existing systems, public access to recreation assets on the project’s site, affordably priced housing, or cash payments when the development of such amenities are not feasible or desirable. Like inclusionary zoning, incentive zoning can be employed to increase the development potential of certain parts of a municipality where such development is desirable (e.g. infrastructure costs, proximity to services and commercial businesses, etc.).

While approaches vary, there are several common features of Incentive Zoning approaches. These include: (1) definitions of developer incentives, (2) definition of community amenities that are part of the program, (3) designation of parts of the community where Incentive Zoning applies, (4) an accompanying study with the Incentive Zoning regulations that indicate the designated areas for Incentive Zoning can accommodate the anticipated development authorized under the developer incentives, (5) a generic environmental impact statement (GEIS) as prescribed by New York State law (Title 6 NYCRR Part 617.10), and (6) a process in the zoning regulations for allowing “in lieu of cash payments” when the actual provision of the qualifying amenity is not feasible.

D. Recommended Strategy:

Complete a Comprehensive Review of All Municipal Zoning and Sub-Division Regulations in the County to Remove Disincentives and then Integrate “Best Practices” Incentive-Based Regulations to Encourage Housing Development.

Background Discussion:

As noted previously, many communities in the county have no paid planning staff. These communities for the most part only react to development as it is proposed. In addition, the level of knowledge regarding housing development and the need for housing was reported to this study’s investigators during the SWOT analysis as being very low among the general public and elected officials on several levels.

This lack of capacity at the local level offers an opportunity for the County Planning Board to seize the initiative and help fill the technical planning void in support of developing a more housing-friendly zoning and sub-division regulations throughout the county. The County Planning Board currently has highly qualified staff that could provide technical assistance to municipalities in writing zoning, subdivision and other regulations-ordinances that include incentives. One aspect of this assistance could take the form of a search, review, and destroy analysis within the municipal land use regulations of all communities that represent obstacles to appropriate housing development in the county. Once the disincentives to affordably-priced housing development highlighted, the next step in the process would be to develop, propose, and eventually amend the zoning and sub-division regulations working with key municipalities to include the policies and tools that would make those communities more receptive to the type affordably-priced housing development that is so crucial to the success of the county’s economy and extending over time to all municipalities.

Clearly, this is a significant effort for the Ulster County Planning Board to would be difficult to take on with existing staff and resources. Absent a redirection of the Planning Board's current work program, it is likely that this effort will require additional staff and/or other resources—either through state funds, shared municipal funds, grant funds, private sector fees, re-programmed existing fund support, and/or some other combination of the above that leverages existing county funds. To be most useful, this additional technical planning support resource should focused on working with the county's municipalities on the smart growth-work force housing connection and what needs to be done to proactively begin to address the key planning issues related to them. This is especially true when viewed within the context of the “regional bull’s eye” that is currently on the forehead of the county with respect to growth and the housing price dynamics of entire Hudson Valley region.

Elements of the Strategy:

- (1) Complete an Examination of All Comprehensive Plans for the County's Municipalities to Identify and Recommend Positive Changes to All Zoning and Subdivision Regulations That Represent Obstacles to Housing Development (Priority: Short-Intermediate Term)

Currently, all of the counties municipalities have at least some part of their existing zoning and subdivision regulations that represent an obstacle to sub-market priced-rental cost housing development. These disincentives should be removed. Most communities have some regulation that is not supportive of housing, and it takes a conscious, concerted effort to change such regulations.

- (2) Develop Model Approaches for County Municipalities to Adopt “Best Practices” Tools to Facilitate Housing Development in the County (Priority: Short-Intermediate Term).

After the disincentives to developing affordably-priced housing are removed, the next step in the process is to devise and have municipalities more ubiquitously adopt approaches that would provide incentives for developers to build affordably priced housing. Attempts should be made to incorporate such approaches within the next municipal comprehensive plan following the successful removal of the housing disincentives identified above.

- (3) Design and appropriately resource a monitoring system to track federal and state legislation of importance to housing-infrastructure issues, and to keep up-to-date on “best practices” advancements in smart growth-housing strategies with a goal to understand and influence where needed those that reflect positively on the housing environment within the county (Priority: Short-Intermediate Term).

The SWOT analysis indicated that the county could do a better job at tracking legislative developments on the federal and state levels. This analysis indicated

that such efforts are generally ad hoc, with certain stakeholder groups, mainly following items of interest to their respective constituencies. In addition, most of this monitoring outside a few stakeholder groups is reactive, instead of proactive. If such federal and state legislative developments were followed more closely and systematically, the county's stakeholder groups and involved staff could perhaps be in a position to appropriately advocate for what SWOT respondents believe were positive legislative proposals in support of housing in the county.

This study recommends that this monitoring be expanded to also include advances in "best practices" advances in smart growth-housing policy and strategies. Advances in such policy and strategic approaches are always occurring, and the county needs to keep abreast of such changes for the benefit of the county's municipalities and the livability of its communities. This system should be systematic and sufficiently periodic to accommodate both the legislative monitoring and policy advancement objectives. This will clearly need to be properly resourced since it will require time, the development and maintenance proper contacts-linkages, and a research capability that is tailored to identifying and monitoring policy developments-advancements.

Suggested Steps:

1. Establish the capacity within the County Planning Board to undertake this assignment. This will likely involve securing additional resources, and potentially an additional staff position.
2. Complete an examination of all municipal comprehensive plans to identify disincentives.

Sample questions to consider in this examination include:

- a. Are there affirmative statements in each plan about housing demand and housing needs in the municipality?
 - b. Are there affirmative statements about the importance of housing to community social and economic health?
 - c. Is there any (enough) data to support the articulated housing recommendations and policies in the municipality?
 - d. Is the municipality's plan realistic about housing?
3. Complete a list of community-by-community zoning and regulatory changes to eliminate the identified disincentives. Complete a set of information meetings-workshops and formal presentations at all municipal planning, development review, and legislative boards in coordination with Strategy recommendation 1 above.

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4. Push for ratification of these disincentive-removing proposals by the legislative boards of all municipalities.
 5. Develop a set of model incentives-based regulations for communities in the county and complete a set of community-outreach workshops.
 6. Develop a list of specific community-by-community recommendations regarding an incentives policy in support of a housing-friendly zoning and subdivision regulatory environment across the county. Complete a set of information meetings-workshops and formal presentations at all municipal planning, development review, and legislative boards in coordination with Strategy recommendation 1 above.
 7. Push for ratification of these incentives regulations by the legislative boards of all municipalities.
 8. Establish a monitoring system to keep abreast of both federal and state legislation and advancements in “model housing strategies” for potential use in county.

Strategy Recommendation 3:

Explore the Establishment of a Community-Based Housing Trust to Support Affordably-Priced Housing Development and the Preservation of Open Land (Space).¹⁹

A. Description of the Community Housing Trust Model: One strategy option that is typically employed to control the appreciation of land and housing costs is the establishment of a Community (perhaps in this case a multi-community) Housing Trust (CHT). The CHT approach has been successfully employed in many states and communities throughout the northeast.

A CHT is a democratically structured, community-publicly based non-profit corporation, designed to strike a fair balance between individual and community interests and to meet the strategic requirements for a new approach to land use and housing problems. The main objective of the CHT model is to acquire land and remove it from the speculative, for-profit market. The land is made available to individual families, cooperatives, and/or other organizations through long-term leases, which may be transferred to the homeowner’s heirs if they wish to continue to use the land and are income eligible. Typically, all lessees are members of the CHT, and they are represented on its Board.

¹⁹ In the housing study literature, this is most often referred to as the Community Land Trust Model.

CHTs combine the best features of private and community ownership. For residents, CHTs provide some of the key benefits of home ownership—lifetime security, a fair—but not speculative—equity return for their investment, and the possibility of a legacy for their descendants. At the same time, the CHT makes access to housing available and prevents absentee ownership—forced on local owners because of escalating real estate markets. CHTs also are beneficial to the public sector; because it enables the public sector (e.g. a state or community) to exercise more effective and representative control over its long-term development. CHTs also provide a source of revenues to the public sector through lease fees and appreciated value of CLT lands.

B. What Is the Primary Objective of A Housing Trust for the County: Although there are many variations on the CLT model, they are generally formed to create and maintain permanently affordable housing. Ownership of the land remains with the CHT. Homes and other buildings on the land are usually owned by individuals or by groups sharing ownership such as cooperatives or condominium associations, and may include rental units or other forms of housing. Some trusts own commercial as well as residential property. While the non-profit mission of the corporation usually requires that the majority of homes are maintained as affordable housing, there are some examples of CHTs whose mission it is to promote mixed-income housing. That model is employed by some because it eliminates the tendency to concentrate people of lower socio-economic status in one area.

C. The Standard Model: The standard CHT model includes divided ownership of land and improvements (buildings), and this separation is an essential component to preserving affordability. Land owned by the trust is issued to homeowners under a long-term, exclusive-use lease. These leases are usually for a period of 99 years and may be transferred to owners' heirs. The lease effectively restricts any additional development of the land. This restriction helps to hold down the assessed value of the CHT land to a level that is below that of developable land.

Although buildings on CHT land are typically in private ownership, conditions are put in place to ensure that these homes remain affordable. First, homeowners must adhere to a resale formula that limits the amount of equity gains from the sale of the house. Numerous versions of these resale formulas exist. However, in general, the seller is allowed to keep a fixed percentage of the difference between the purchase price of the house and its assessed value at the time of resale. The resale formula suppresses the sale price of housing on CHT land, and helps to preserve the affordability of the units on CHT land.

Beyond resale restrictions, CLTs also employ other limitations-conditions to preserve affordability. These include: (1) limitation on re-sales to buyers who meet the CHT's income guidelines, (2) right of first refusal to the CHT when a home on leased land is offered for resale, and (3) deed restrictions that limit additions and improvements to CHT structures that limit value increases so that housing values do not appreciate to levels beyond the financial capacity of targeted buyers.

D. Key Considerations Regarding the Pursuit of the CHT Approach: Although there are advantages to having a functioning CHT as part of the tool kit to support the development of affordably priced housing, there are significant disadvantages to this approach. First, split ownership and control of the total property asset is clearly a “tough sell” for those who have historically owned and controlled their property asset. Secondly, the establishment and maintenance of a CHT requires significant commitment, time and energy, and considerable organization capacity. There is a strong likelihood that if an Ulster County CHT were to be established, it would need at least some staff—probably full-time staff—in order to have a sufficient level of operations to be effective. Further, the establishment and operation of a CHT would require the creation of by-laws and the establishment of a board of directors. It is unclear whether the culture within the county would be receptive to the establishment of yet another organization for an issue that currently is not prominent on the public policy radar for many groups in the county. Fourth, in order to operate a CHT under the traditional non-profit model, a prospective CHT organization would need to apply for and acquire IRS 501(c) (3) status. Among the purposes recognized by the IRS for this designation include:

1. Relieving the Poor or Distresses
2. Combating Community Deterioration
3. Eliminating Prejudice and Discrimination
4. Lessening the Burdens of Government
5. Environmental Conservation

Lastly, should the Consortium decide to pursue this recommendation, the assessment of the feasibility of the CHT approach should take advantage of several resources that could assist in the development of the “right CHT model” for the county. An example of such a resource in this regard is the Institute for Community Economics in Springfield, Massachusetts. The institute is a recognized leader in the community land and housing trust field and has developed a manual for establishing and operating such a trust.

E. Recommended Strategy:
Conduct a Feasibility Analysis of the Efficacy of Establishing a Community Housing Trust to Preserving Housing Affordability in the County

Background Discussion:

If the county or communities within it are serious about addressing and preserving housing affordability, then the proven CHT model is worthy of investigation as part of an integrated housing strategy. The CHT model should be tested with respect to the: (1) applicability of using a CHT to address the county’s housing affordability problems, and (2) the feasibility of using it on an individual community and/or multi-community level. CHTs are currently in place in several states around the county. CHTs have proven to be effective in reducing the financial pressures on landowners associated with speculative real estate markets.

A comprehensive feasibility analysis of this approach is needed to determine whether or not the CHT model would work in all or part of the county. However, the CHT model is not a “stand alone” approach. Establishing a CHT should be only one part of a comprehensive approach to address housing affordability issues of significance over time.

Elements of the Strategy:

- (1) Utilize information from existing “best practices models” to assess the feasibility and applicability of establishing a CHT in a municipality, multiple municipalities, and/or for the entire county (Priority: Long Term).

The success of CHT models throughout the northeastern U.S. and other parts of the country make this approach a logical candidate for being added to the county’s tool kit to support the development and preservation of affordably priced housing. The establishment and operation of a CHT for either a part of the county or the county as a whole represents a significant undertaking. A full operational and financial feasibility analysis of the CHT approach and its applicability-acceptance among existing stakeholder groups involved in the housing affordability issue should be undertaken before pursuing this concept further.

Suggested Steps:

1. Establish a sub-committee of the Ulster County Housing Consortium with a clear scope of work to complete the above-described feasibility analysis assignment for establishing a CHT in and/or for the county.
2. Assemble and review existing resources and available information on successful CHTs in operation around the country with applicability to Ulster County.
3. Complete the necessary concept design and financial feasibility analysis (including a proforma five year operating plan—if appropriate) for a model non-profit CHT in the county. This analysis should identify a list of strategic partners, a series of outcome-based goals and benchmarks, and a funding strategy so that the prospective CHT organization would be financially self-sustaining.

Strategy Recommendation 4:

Implement a Cooperative Program of Public Facilities Expansion Which Leverages Current and Prospective Public Infrastructure Investments in the County

A. Background Discussion:

For the greater part of the last 50 years, Americans and residents of the Hudson Valley Region have lived with a fundamental conflict—love of their automobile and

the American Dream of living in a single family home with an acre of land versus a strong affection for the traditional center of town. Political choices and funding decisions made at all levels of government over the years have resulted in the construction of the interstate highway system, the suburbanization of America, and the construction of shopping malls far from the center of villages and towns. These decisions have collectively been combined to produce what is commonly referred to today as “sprawl.” “Sprawl” is a hard to define term²⁰ that essentially means the type of low density, spread-out development that includes strip malls, large lot subdivisions that consume the open space, and more and more reliance on the automobile for travel—including all of the attendant congestion and increases in air emissions that greater vehicle miles traveled engenders. It also means the loss of the sense of community in our towns and villages—the type of shared purpose that used to bond families together in our communities.

This type of development has resulted in the inefficient use of public infrastructure, such as transportation, water, and waste water treatment. In many communities, it is now uneconomic to build or expand public transportation, water, and waste water treatment systems because inappropriate land use regulations (and other obstacles) prohibit the density necessary to make private investments in these systems economic or to build or expand such systems with public monies. Current zoning regulations within Ulster County indicate that it is not an exception to this situation as the Zoning Analysis completed for this study presented in Table 20 below show. The districts that are highlighted in yellow are residential areas in the county that have allowable housing unit densities of less than 4 units per acre. Overall, the analysis shows there are a total of 17 residential zones in 9 of the county’s municipalities where zoning has unit density maximums of 4 units or less per acre. While each municipality is unique and there are some circumstances where public health and safety reasons compel sewer and water systems to serve lower unit densities, it is as a general rule inefficient to use public infrastructure on low-density residential development of less than 4 units per acre. This means that there are 17 residential zones in roughly half of the county’s municipalities that are zoned for maximum residential unit densities that are too low for the efficient utilization of public facilities such as municipal water and waste water treatment (sewer) infrastructure.

²⁰ However, most individuals would say they know what “sprawl” is when they see it—even if they cannot define “sprawl” in clear, definitive terms.

Municipality	Zoning District	Area	Municipality	Zoning District	Area
Ellenville	R-1	4/ac	Rosendale	A	1/1.5AC
	R-2	7/ac		R1	1.5AC
	R-3	4/ac		R2	3/AC
	R-1A	1.3/ac		R3	5/AC
Esopus	R40	1/AC	B1	8/AC	
	R12	1/AC	B2	4/AC	
Kingston	RR	4/1ac	Saugerties Village	A	1/AC
	RR	5/1ac		R1	5/AC
	R1	8/1ac		R2	7/AC
	R2	8/1ac		R3	12/ac
	R-3	8/1ac	B1	8/ac	
	Mixed Use	8/1ac	B2	4/ac	
	R-4	8/1ac	Saugerties Town	R1	1/2AC
R-5	8/1ac	R2		1/1ac	
R-6	8/1ac	R3		4/ac	
Lloyd	R2	2/ac	RH	4/ac	
	R1	1/ac	GB	4/ac	
	R1/2	1/2ac	Shawangunk	R1	4/AC
	R1/4	1/4AC		SB	8/AC
Marlborough	R	4/1ac*	Ulster	R10	4/AC
	R1	1/1ac		LC	4/AC
New Paltz Town	B2	6/1ac		HC	4/AC
New Paltz Village				RC	4/AC
	R1	8/ac		OM	4/AC
	R2	16/ac	Warwarsing	RC5	1/6AC
	R3	24/ac		R/V	2.5/1AC
	B1	16/ac		BR	2.5/1AC
	R3	6/ac	Woodstock	R3	1/3AC
	B1	16/ac		HR	4/AC
B2	8/ac	HC		4/AC	

In terms of the county's inventory of open land as of May 2005 (see Table 21), there was over 127,000 acres of vacant land in Ulster County. This includes over 14,600 vacant building lots. Of those building lots, there were 2,139 lots within a municipal sewer district and 1,274 lots that "can be" connected to both sewer and water. Most, if not all, of the 2,139 lots were in a zoning district that would allow residential construction. The 2,139 lots that were located in wastewater treatment (sewer) districts were on 6,858 acres of land for an average lot size of 3.2 acres.

Table 21: Vacant Lots Available in Ulster County (as of May 2005)

Municipality	Total Vacant Lots	W/Sewer	W/Water	W/Both	Zoning of W/Both
Ellenville Village	573	0	0	0	
Denning	214	0	0	0	
Esopus	854	210	27	0	
Gardiner	480	10	0	0	
Hardenburgh	140	0	0	0	
Hurley	487	0	0	0	
Kingston City	750	750	750	750	
Kingston Town	112	112	112	112	

Lloyd	681	248	201	152	R-2, R-1, R-1/2, R-1/4, GB, MF-10, PUD, PRD, LI, DB
Marbletown	883	0	0	0	
Marlborough	468	40	135	39	R, R-1, C, HD, IND
New Paltz Town	356	6	24	3	B-2, I-1
New Paltz Village	107	0	0	0	
Olive	581	0	0	0	
Plattekill	636	0	0	0	
Rochester	1,138	0	0	0	
Rosendale	306	26	44	25	R-1, R-2, R-2a, R-3, B-1, B-2, A
Saugerties Town	1,207	143	32	29	R-1, R-2, R-3, GB, I
Saugerties Village	126	0	0	0	
Shandaken	856	0	107	0	
Shawangunk	653	18	15	12	R-AG1, R-AG4, SB
Ulster	833	153	292	110	R-10, HC, RC, OM
Wawarsing	1,269	47	67	19	R/V-15, B/R, I/L
Woodstock	949	376	41	23	R-1, R-3, H
Total	14,659	2,139	1,847	1,274	

B. Planning Considerations for Below Market Priced-Rental Cost Housing: In terms of regional planning for below-market priced housing policy, the two tables pointed to opportunities for encouraging higher density development—and thus more efficient utilization of that existing infrastructure systems and designated sewer core area. Research also should be conducted on those vacant land assets and under-zoned areas to identify potential opportunities for providing additional sites for higher density housing development. By definition, these areas that were identified as compatible with higher density residential development also could be viewed as candidate areas to expand the inventory of below market priced-rental cost housing units within the county.

C. Recommended Strategy:

Develop Creative Approaches to Reward the County's Communities for Efficient Use and Expansion of Existing Regional Infrastructure To Support Higher Density Housing Development

Background Discussion:

There are many possible ways to approach the leveraged development of the county's infrastructure to support higher density development. First, the county's existing inventory of vacant land is an asset that could be employed in this effort. However, the costs to local communities and regional governments associated with furnishing the public facilities needed to serve the unit densities needed to keep both owner and renter housing costs affordable are high—if not prohibitive. The only way to solve this obstacle to the approval and construction of higher density housing is to devise a system of new incentives that will reward municipal and regional governments for saying "yes" to the unit densities that will permit the construction of below-market rate-rental or owner occupied housing.

This will obviously require the ability of the county and its municipalities to access new sources of public and private sector funds. Several ways have been proposed and used around the northeastern U.S. region to provide the necessary level of resources for this effort. These include:

1. Authorization for tax-increment finance districts (TIFs) for infrastructure and housing related developments in eligible areas.

TIFs allow communities to direct all or a portion of new, additional tax revenues generated by new development to pay for infrastructure improvements in desired areas. If structured properly, TIFs can enable municipalities to generate the revenues needed to cover the entire cost of debt service on loans for infrastructure when linked with contributions from private developers.

2. Priority treatment for state or other levels of government, including the county for infrastructure grants funding for projects in eligible areas.

The state currently makes substantial capital investments in local communities each year in many counties throughout the state. These investments come through a myriad of programs (see below) that includes assistance with the construction of schools, water and waste water systems, highway and other transportation improvements, downtown re-development and other public infrastructure items. Some are funded through federal funds, direct appropriations, and through the issuance of tax exempt bonds. This recommended strategy would have the state elevate housing and housing related infrastructure projects to a high—if not the highest priority level—for funding. This means that, all other

aspects of a project being equal, projects that are located in communities that have eligible areas for higher density development will get priority for funds over a community where the proposed project does not benefit an affordable development area.

3. State assumption of a higher share of local school costs related to high density residential development.

The school funding formula and costs were identified in the SWOT analysis as an impediment to the development of sub-market priced-rental cost housing. A primary goal of this recommended strategy is to try to change the financial impact for communities to say “yes” to higher density housing development. For most communities, the heart of the opposition to the financial aspects of development is the impact of housing on school costs. The fear in the community is that construction of new housing units that are not restricted in their occupancy (e.g. senior housing) will result in an increase in school costs that will have to be borne by the current residents in the community.

A financial incentives program that has the objective of reducing the local financial burden of providing public services to new housing should therefore include an incentive to address the potential public schooling costs associated with that development. The solution to be explored under this recommendation would include the state of New York providing increased aid—if not 100% of the education costs—for each child attending public school who lives in a new housing unit that is part of an eligible affordable high density housing district. Such an approach could alter the current negative dynamic related to the financial impact of new housing on the taxpayers of a community.

4. Use county owned land (both vacant and tax sale parcels) as part of a leveraging strategy to encourage private developers to assist in public facilities infrastructure development to potential higher density development sites.

More public sector financial support is not the only option available for “leveraging” public infrastructure development. One way to assist in expanding the inventory of affordably priced housing in the county is to find creative ways of utilizing the county-owned land inventory to “piggy-back” on market-driven development to provide sub-market cost land to developers in exchange for commitments to construct affordably priced housing. There are a number of ways to reduce land-lot costs (e.g. zoning and encouraging mixed use/mixed-income projects and the creative utilization of “set-asides”). These should be explored in cooperation with the host municipalities as a way to encourage higher density development that increases the efficiency of municipal and county-owned infrastructure.

-
5. Rehabilitation of sub-standard housing in the county to facilitate and increase rental housing options and more efficiently utilize existing public infrastructure.

One other option to expand the inventory of affordably priced/rental cost housing is to increase the efficient use of existing public infrastructure facilities. Although there was no specific research completed in this regard, several stakeholders reported that there may be a significant number of renter housing units in the county that may not be up to the standards that would make them eligible for occupancy for families that are participating in subsidy programs such as the Section 8 voucher program. Such an inventory of sub-standard units was beyond the scope of this study, but is an area ripe for further investigation. An inventory of such units should be developed, and an estimate of what (and how much in the way of resources) would be required to bring such units up to federal subsidy program participation standard should also be completed. In addition, further analysis should be undertaken to better understand how the presence of sub-standard units (to the extent they exist) may be adversely impacting the more optimal utilization of public support programs that could otherwise be very helpful to families with relatively fewer housing options because of their socio-economic status.

There clearly are other approaches such as Zoning Overlay Districts that could be utilized to create financial incentives needed to leverage the development of public facilities in meaningful ways to accommodate higher housing unit densities. These also should be inventoried and studied as part of this recommended strategy as well.

Elements of the Strategy:

- (1) Design a list of financial incentives proposals (including both public sector and private sector options) to encourage local communities and the county to develop the public infrastructure needed to support high density development—including housing development (Priority: Short-Intermediate Term).

The current system of local and county government finance creates disincentives for planning for and approving the type of high density residential development that is supportive of sub-market priced-rental cost housing. The dynamics of this financial system have to change or the housing affordability problem will likely worsen. This will involve finding new sources of public and private sector funds, and/or giving priority treatment to projects in municipalities and counties that encourage the level of high density residential development that supports the construction of affordably priced housing.

- (2) Complete a county-wide assessment of sub-standard owner and rental housing and assess county-wide requirements (financial and others) to bring sub-

standard units up to the level needed for those units to be eligible for public rent-subsidy programs (Priority: Short-Intermediate Term).

This recommendation offers the opportunity to add to the affordably- priced/rental cost housing inventory by bringing sub-standard owner and renter units up to standard. This not only enables the more efficient use of public infrastructure investments but also leverages units where housing subsidy programs can be used.

- (3) Complete a county-wide approach for addressing the needs of special needs populations (Priority: Short-Intermediate Term).

While the Housing Strategies Report emphasizes “workforce” housing needs, it does not specifically address housing for “special populations.” Special populations would include persons with disabilities, mental and/or physical, who are financially distressed as a result of their disability and therefore unable to afford market priced housing.

The Ulster County Mental Health Department, in its role as Local Government Unit (LGU) for mental health, substance abuse and MR/DD services, recently completed a needs assessment for housing for persons with psychiatric illnesses. The assessment determined that there is a need for at least twenty-five apartment units (permanent housing) for these individuals at this time. The assessment further identified that due to the lack of permanent housing inventory, many individuals are unable to move out of transitional housing arrangements, such as community residences, for years. The LGU is making plans to address these issues.

Suggested Steps:

1. Establish a sub-committee of the Ulster County Housing Consortium with a clear scope of work to complete an inventory of plausible financial incentives alternatives (including concurrent private sector tools such as set-asides) to be presented to the above-described financing options.
2. Develop an inventory of proposed modifications/changes to existing programs that could be used for the purposes of establishing density-based incentive payments (see below) could be modified.

a. Existing State Programs: As part of the development of this strategy, research was conducted on all state programs that could be modified as part of this investigation. Many of these programs are already well known to members of the Consortium. However, they are listed here so that all readers of this report will have a complete list of these programs.

1. Small Cities Community and Economic Development Program

Small Cities program is administered through the Governor's Office for Small Cities (GOSC) Community and Economic Development Program. The purpose of this program is to provide CDBG funding to cities, towns and villages with a population less than 50,000 and to counties less than 200,000 in order to improve public infrastructure, create jobs and provide better housing for working families in the state of New York. In 2005, the State of New York provides \$50 million in grant funding to small communities for projects such as housing rehabilitation, homeownership assistance, the expansion or improvement of water and sewer systems and development or expansion of public facilities such as senior centers (the program does not provide grant funding for infrastructure of new affordable housing). Minimum request for economic development projects is \$100,000 and maximum is \$750,000. All communities in Ulster County are eligible to apply for these funds.

2. Community Development Block Grant Program

Federally funded CDBG program is administered through United States Housing and Urban Development. The program provides grant funding to assist communities in projects such as neighborhood revitalization, economic development and the provision of improving community facilities and services. The program, actually allows municipalities to develop their own funding activities but keeping in mind that 70% of all activities primarily have to benefit low-and-moderate low income households with income at or below 80% of the area median income. Major funding activities are:

- Housing Rehabilitation and Maintenance
- Public Services
- Public Facilities and Infrastructure
- Planning and Administration
- Economic Development

3. Quality Community Program

The program is administered through the Office of Local Government and Community Services of New York State Department. The program provides counties, cities, towns and villages with strategies and tools of community planning and development to enhance economic prosperity, community well-being and environmental protection. Program activities include:

- Improving Public Vision
- Revitalizing Downtowns and Promoting Livable Neighborhoods
- Protecting Open Space and Critical Environmental Resources

4. New York Main Street Program

The program is administered through Housing Trust Fund Corporation that provides financial and technical resources to assist communities in preserving and revitalizing mixed-use (commercial/civic and residential) main street

downtown business districts. Most program activities primarily have to benefit low-and-moderate low income households with income at or below 80% of the area median income. Program activities include:

- Façades Renovation
- Building Renovation
- Downtown Anchors
- Streetscape Enhancement

5. House-NY Program

The program is administered through New York State Division of Housing and Community Renewal. The program provides financial (soft loans- has to be paid back) and technical assistance for communities to produce an inventory of shovel-ready and hammer-ready sites to increase the development of housing production for households of mixed income groups (there is no targeted income group). The program cannot be used for infrastructure development. The program provides assistance in planning stage of new construction or rehabilitation of existing structures to produce more housing.

6. Water and Sewer Infrastructure Co-Funding Initiative

The program is administered through New York State Environmental Facilities Corporation. The program provides grant funding for water and sewer projects. Agency such as Governor's Office for Small Cities provides grants for wastewater and drinking water facilities, housing and public infrastructure projects through Small Cities Community Development Block Grant. Cities and villages may apply for a maximum of \$400,000 and counties may apply for up to \$600,000 in assistance.

7. HOME Program

The program is administered through New York Division of Housing and Community Renewal. The program provides grants, direct loans, loan guarantees or other forms of credit enhancement, rental assistance or security deposits to build, buy, and/or rehabilitate affordable housing for rent or homeownership. Local jurisdictions are eligible to receive at least \$500,000 under the formula of this program at the time when the state was automatically eligible to receive \$3 million. HOME does not provide infrastructure development.

8. Housing Trust Fund Program

The program is administered through New York Division of Housing and Community Renewal. The program provides decent affordable housing opportunity for people of low income. HTF provides funding and direct loans to not-for-profit corporations, municipalities, counties, housing authorities and private developers. In order to be eligible for HTF funding, projects must be based in eligible areas where the property must be either vacant or under-occupied residential properties, or occupied less than 60 percent. The funding is limited up to \$75,000 per unit. The program does not provide infrastructure development.

9. Low-Income Housing Credit Program (LIHC)

The program is administered through New York Division of Housing and Community Renewal. LIHC provides a dollar-for-dollar reduction in federal income tax liability for project owners who develop rental housing for low income households. LIHC can also be used in conjunction with CDBG and HOME subsidies. Individuals, corporations, Limited Liability Corporation and Limited Partnerships are eligible applicants that can receive LIHC credit only for units that are occupied by low-income households with an income of 60% or less of the area median adjusted household size. The program cannot be used for infrastructure development.

- (3) Develop the conceptual approach for all politically feasible program change and new program proposals for discussion and approval by the consortium.
- (4) Complete full program change and new program proposals for all initiatives approved by the Consortium—including necessary enabling legislation on the state and county levels.
- (5) Advocate for passage with existing program administrators, housing advocates and legislative representatives.
- (6) Complete an inventory and assessment of sub-standard units in the county and develop an inventory of options (e.g. building code and enforcement, rehabilitation strategies²¹) for dealing with this issue.
- (7) Devise a strategy to address the unit rehabilitation needs identified in Strategy Element 2. above.
- (8) The Continuum of Care in conjunction with the Mental Health Department should implement its plans to conduct assessments for the substance abuse and MR/DD populations during the next year. This information should be incorporated into the county's comprehensive housing needs assessment and plan.
- (9) Devise a comprehensive list of prioritized strategies for addressing the needs of special needs populations in the county as indicated in Element 3. above, and incorporate those strategies into the county's overall housing strategy so that special populations are accounted for and included as a stakeholder group in all aspects of this plan.

²¹ Included in the rehabilitation options are the programs of the New York State Affordable Housing Corporation mentioned on page 36 of this report.

Strategy Recommendation 5:

Implement a Fair Share Housing Alternative Which Represents A “Best-Fit” for the County

One affordable housing tool which has been employed around the country over the past two to three decades has been the so-called “fair share” approaches to expanding the supply of affordable housing options in regions or groups of individual communities surrounding a metro area. State and regional housing studies over the 1980s and into the 1990s which have attempted to deal with this issue have tended to focus on identifying needs for certain types of housing and to develop “fair share” allocation plans based on this need.

Background Discussion:

A. Overview of Typical Fair-Share Strategy Approaches: “Fair share” strategies as they relate to housing generally have been developed to deal with the fair distribution of affordable housing between individual jurisdictions. They have the common goal of expanding housing opportunities and choice for lower-income families vis-a-vis what existed prior to the development of a “fair share” approach. These “fair share” schemes also have been developed with the additional objective of reducing existing concentrations of low- and moderate-income families in one jurisdiction versus another, and preventing their potential development of additional concentrations low- and moderate-income households in single or a relatively few individual communities in the future. Lastly, “fair share” approaches have been based on the assumption that all communities in a defined region have a responsibility to provide for some amount of affordable housing for low- and moderate-income residents. “Fair share” approaches try to improve upon the “status quo” by allocating affordable housing unit responsibilities between communities in a rational and equitable manner.

“Fair share” allocation strategies have been developed across a broad array of structures and approaches. Some approaches have been voluntary and others have involved mandatory approaches. Some have followed so-called formulaic allocation methods and others have employed simple guideline approaches. Voluntary plans over the years have tended to rely on the willingness of individual political jurisdictions to accept their moral obligation to provide affordable housing and participate in regional “fair share” efforts. Mandatory “fair share” plans usually have involved devices such as regulatory tools (e.g. development sanctions or development review requirements) and/or some form of incentive funding (e.g. federal HUD money, federal and state monies for rehabilitation projects, and the like) in order to implement “fair share” allocation strategies. Other programs such as the statewide approach being employed in New Jersey have come into existence because of a judicial mandate.

Whatever their genesis, “fair share” approaches have been either formulaic (based on mathematics) or based on a general set of “fair share” guidelines such as a guideline that builders make a certain percentage of the units in a particular project affordable to

low- and moderate-income households. Formulaic approaches have been by far the most prevalent form of “fair share” strategies. These approaches have attempted to express a region’s affordable housing development strategies in mathematical form, reducing strategies to specific estimates of affordable housing unit need for each participating political jurisdiction in the region. Guideline plans usually have relied on simpler approaches. Experience with each type of allocation approach has indicated that the considerations entering into the design of “fair share” housing approaches have been wide in breadth, and a balance must be reached between the complexity of the allocation approach and the overriding objectives of the “fair share” effort.

The cornerstone of any fair share strategy has historically been the distribution or allocation methodology. The process of developing an allocation method usually has begun with a broad discussion of goals and the relevant guideline criteria that should be part of any “fair share” formula or allocation guideline. Criteria have run across a wide array of categories, including relative need and development potential to measures of economic capacity. From those categories, specific indicators or factors have been developed as a tangible way to apply the guideline allocation criteria developed in the “fair share” strategy’s initial development discussions. For formula-based approach, an often-used indicator for determining a jurisdiction’s economic capacity has been the estimated median household income relative to the defined area’s average median household income level. For jurisdictions with household incomes above the regional median, it could be determined that the particular jurisdiction may be in a better position to support the costs associated with the development of affordable housing versus other jurisdictions in the defined “fair share” area. Formulas often have used simple averages for the particular variables selected for the allocation approach. Others have used more sophisticated approaches dealing with standard deviations around such averages.

Once the allocation methodology approach has been completed (e.g. a formula or set of guidelines has been developed), the next step in a “fair share” approach has been the development of an allocation strategy. Within this part of strategy development, the sometimes problematic and difficult discussion of choosing between possible methods of implementation has occurred. For mandatory programs, these have historically involved devising methods for enforcement to assure movement toward the actual attainment of “fair share” allocation goals. For voluntary programs, the strategy has often been to try to devise creative ways to encourage all individual communities in the area or region to participate in the “fair share” approach/effort. The literature has indicated that totally voluntary programs have experienced difficulties achieving compliance since there has been no legal way to compel reluctant communities to participate. This same experience also has indicated that mandatory programs likewise have not fared well without some monetary inducement to help off-set the costs associated with affordable housing development.

The following are brief summaries of model “fair share” program experience around the country. These examples include both existing “fair share” approaches and “fair share” formulas that may no longer be in existence.

B. New Jersey Council on Affordable Housing Approach

The most widely studied statewide “fair share” approach is the one implemented by the Council on Affordable Housing in the state of New Jersey. Created in 1985 under the New Jersey Fair Housing Act, this “fair share” approach was the result of a judicial mandate in the well-known Mount Laurel Supreme Court decision which occurred in 1975 and 1983. The Act implemented the ruling that each jurisdiction had a constitutional obligation to provide for the realistic opportunity for the construction of low- and moderate-income housing units to meet the affordable housing needs of their low- and moderate-income residents. The Act created a formal infrastructure for encouraging the creation of affordable housing in the state through determining a community’s “fair share” allocation for affordable housing, and set up guidelines for meeting those share allocations through a statewide Council on Affordable Housing (COAH). The COAH also was set up to be a referee between communities and developers. As part of this effort, the state also has implemented additional requirements to measure the impact of development and re-development on housing demand and supply by defined regions for housing.

The allocation formula employed in the New Jersey approach is extremely complex and is based on present and future affordable housing need. The formula goes through a complicated 17-step process to arrive at a “calculated need” for affordable housing that includes both current and future affordable housing needs. The formula also is subject to various adjustments (for factors such as undeveloped land) and includes a controversial provision that allows for the trading of “fair share” obligations between neighboring communities.

C. King County (Washington) Growth Management Planning Council.

Authorized under the Washington Growth Management Act, the “fair share” approach of the King County Planning and Community Development Division is a far simpler formula approach to allocating a community’s “fair share” of affordable housing. This is a mandatory formula that calculates an index based on community’s relative share of low-wage jobs and low cost housing versus the average share for the county.

They are calculated as follows:

Jobs Index:

The proportion of low-wage jobs in a community *divided by the* Average proportion of low-wage jobs county-wide.

Where:

If a community’s index was greater than 1.0, lower wage employment was greater than the county average.

Housing Index:

The proportion of low-cost housing in a community *divided by the* Average proportion of low-cost housing county-wide.

Where:

If a community's index was greater than 1.0, lower-cost housing was less than the county average.

According to the formula, the two indices are then multiplied to arrive at a composite index that is used to put communities into one of two general planning categories. Communities where the composite index is greater than 1.0, 24% of all newly constructed units shall be low-income units. In communities where the composite index is less than 1.0, 20% of all newly constructed units shall be low-income.

The advantage of this approach is its simplicity as opposed to the extremely complex approach employed by the state of New Jersey. However, the simplicity of the formula means that factors such as current and future employment growth, environmental constraints (e.g. the inventory of developable land), and the past provision of affordable housing are left out of the "fair share" allocation calculations.

There are also other examples of fair share approaches under a variety of structures throughout the country. As mentioned previously, the state of Connecticut has a "fair-share"-like program in that it publishes its "exempt" communities list every year of municipalities in the state that meet Connecticut's "10% of the units in a community being affordable" guideline. In communities where this guideline is not met, affordable housing projects are "exempt" from local development guidelines and review.

D. Recommended Strategy:

Develop and Integrate a Comprehensive Set of County-Municipal Housing Targets Consistent with the Economic Development and "Smart Growth" Needs of the County and Individual Municipalities

Elements of the Strategy:

- (1) Undertake and Complete a "Housing Targets" Effort Aimed at Elevating the Level of Public Understanding About Housing and Economic Development.

At this point, this study does not recommend adopting a mandatory or even voluntary fair-share approach for the county. Instead, it is recommended that the Ulster County Housing Consortium sponsor a process, in conjunction with the Ulster County Planning Board, the Ulster County Economic Development Corporation, and local governments for developing a comprehensive set of regional and municipal level long-term housing targets. Information in Appendix I of this report (Which includes a long-term forecast for the county and the Hudson Valley Region overall) is intended to form the basis of a starting point for this effort (Priority: Short-Intermediate Term).

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- (2) Integrate the Completed Set of “Housing Targets” Into County and Municipal Comprehensive Plans (Priority: Short-Intermediate Term).

After the housing targets are developed and hopefully ratified by the county’s municipalities, the Consortium should and take specific steps to facilitate the integration of this set of consensus housing targets into the fabric of comprehensive planning on both the individual municipal and county levels. As the saying goes, “if you do not know where you are going, any road will take you there.” Successful implementation of a housing targets effort could be an important part of the education and potential eventual acceptance of the scope of the county’s workforce housing needs on the municipal level.

Suggested Steps:

1. Establish a “Housing Targets Task Force” that includes members from municipalities and key stakeholder groups.
2. Establish a consensus time frame and complete county-level target.
3. Complete individual community targets (and sub-community targets) for total housing units, by major tenure category, and HUD income group.
4. Complete a series of public information meetings and meetings at all municipal planning, development review, and legislative boards.
5. Push for ratification of the planning targets by the legislative boards of all municipalities.

X. Consortium Consensus/Schedule for Performance Monitoring-Strategies Update

The objective of this study was to facilitate the type of consensus needed to implement effective solutions toward improving the county’s housing affordability situation. The Ulster County Housing Consortium believes that the study provides a clear statement of the depth of the problem and a selection of best practices on which to base solutions. It is expected that other stakeholders will view the recommendations from different perspectives. What is hoped is that whatever the perspective, the consensus achieved is:

- The affordability problem is real,
- Business as usual will not solve it,
- The recommended strategies offer opportunities that should move forward,

-
- That additional resources will be needed, and
 - That Ulster County is one community and all our residents deserve appropriate housing opportunities

A. Periodic Implementation Progress Monitoring and Strategies Update

Schedule: Since this report is a living document of proposed strategies, the Ulster County Housing Consortium felt it is important to monitor its own progress towards the implementation of these suggested strategies, and to periodically update (add, subtract, or refine) these housing strategies. To that end, members of the U.C. Housing Consortium agreed to monitor implementation progress on an annual basis (using the county's fiscal year as the annual time frame), and make fine-tuning adjustments as necessary. The members of the Consortium also agreed that they would initiate and complete a more comprehensive review and update of the strategies in this plan at least once every five years. Included in the update of the strategies report would be: (1) a thorough review of the list of recommended strategies, (2) a review and update of the associated elements under each updated-refined strategy and any additional strategies, and (3) the specific tasks designed to facilitate consortium or strategic partner actions to implement the updated-refined and/or new strategies.

This implementation monitoring and periodic re-examination/update of the county's housing strategies plan is crucial if the county's stakeholders are to—as a group—become less reactive and more proactive in the area of housing policy. This monitoring and update function also is important so that the county can recognize and adapt to the increasingly fast pace of change in today's global economy and the county's continually evolving housing needs. The members of the Housing Consortium also believe that the five year re-examination-update schedule for these housing strategies would be adequate to identify broader housing needs and adjustments in policy priorities that reflect both the cyclic changes in the regional economy and real estate market conditions, and the longer-term structural shifts in the needs of its changing population-demographics.