

Colorado Municipal League

Housing Needs Assessments

PRESENTED BY

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WHAT WE DO

- Housing Market Studies
- Strategic Plans for Housing & Community Development
- Fair Housing Studies
- HUD Consolidated Plans
- Economic Mobility Studies

EXPERIENCE

- Years of Housing Market Research = **19**
- Years of Fair Housing Planning = **17**
- Years of Consolidated Plan experience = **28**
- Years of Economic Equity Research = **11**

Root Policy was founded to advance economic consulting and policy analysis in many areas critical to the development of thriving communities.

Agenda

- Key components of a Housing Needs Assessment (HNA)
- HNA scoping, RFP drafting, consultant selection
- Expected costs and staff time commitment when using a consultant
- Doing an HNA on your own
- Trade offs in community engagement; Advisory Committee pros and cons
- Strategy development

Why do we have affordable housing needs? (and why should you do an HNA)

1. Housing is **very dynamic**, closely tied to many aspects of the economy (not a single commodity) and is impacted by global commodities, investors, and markets.
2. It's also **fundamentally local**. Getting the right match of supply, demand, and price point is a real challenge.
3. **Supply isn't expanding fast enough** (exacerbated in places where the population and economy are growing quickly). Why?
 - Physical development of housing lags behind the factors that create demand;
 - Construction and labor costs up; labor hard to find;
 - Regulatory environment.
4. Housing that is produced **does not always meet community needs**. Inconsistent philosophies if/how the government should address housing needs and housing initiatives often driven by other policy goals.

Components of Housing Needs Assessments

Demographic Analysis

- “Existing conditions”
- Population and household trends and forecasts
- Demographic trends
- Economic profile (jobs, commuting)

Housing Supply

- Unit types and trends
- Vacancy analysis (may include short term rentals)
- Building permit analysis
- Rental and assisted housing analysis
- Locational analysis of homes for sale by price point

Components of Housing Needs Assessments

Housing Affordability

- Price trends
- Gaps in inventory and demand
- Projected affordability by unit type
- Sub-population analysis (e.g., homeownership gaps by race and ethnicity)

Recommendations

- Best practices in peer communities
- Short term actions
- Long term strategies
- Expected outcomes relative to needs

Components of Housing Needs Assessments

IF YOUR HOUSEHOLD EARNS...						
\$32,580 < 30% AMI	\$35,000 31-50% AMI	\$55,000 51-80% AMI	\$70,000 81-100% AMI	\$85,000 101-120% AMI	\$100,000 121-150% AMI	\$100,000+ 151%+ AMI
THE MAXIMUM RENT YOU CAN AFFORD IS...						
\$520	\$870	\$1,390	\$1,730	\$2,080	\$2,500	\$2,500+
THE MAXIMUM HOME PRICE YOU CAN AFFORD IS...						
\$90,000	\$150,000	\$240,000	\$300,000	\$350,000	\$450,000	\$450,000+
HOUSING TYPES AFFORDABLE TO RENTERS						
Publicly subsidized		ADU/Duplex				All products
		New multifamily with incentives	New multifamily			
		Older non-subsidized multifamily				
HOUSING TYPES AFFORDABLE TO OWNERS						
	Nonprofit/land trust		Duplex		Townhome	All products
		ADU		Cottage		
		Multi-plex/Townhome with incentives	Multi-plex/Townhome	Newer SFD		
			Older SFD			
CITY POLICY OPTIONS: RENTERS						
		ADU/Infill/Small multifamily				
		Parking reductions				
		Moderate density bonus				
		Expedited review				
		Inclusionary zoning/fee-in-lieu				
		MFTE				
CITY POLICY OPTIONS: OWNERS						
		Infill				
		ADU				
		Expedited review				
		Inclusionary zoning/fee-in-lieu				
		MFTE				

Product Trends/Add-ons

- Data dashboards for internal or external use
- Cost analysis of new product types compared to needs
- Analysis of the value of density bonuses
- Inclusionary housing and/or fee studies are typically separate scopes

Housing Needs Dashboard Austin/Travis County

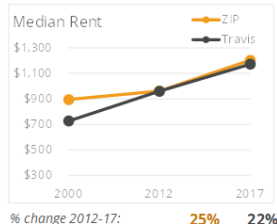
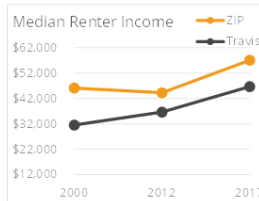
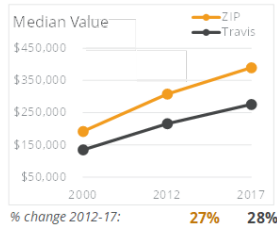
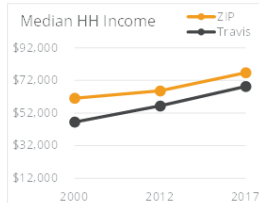
ZIP CODE: **78759**

CDBG Planning Area Type: Incorporated | Population 2017: 41,847 | Population 2040: 48,739 (16% growth)

HOUSING COSTS & MARKET TRENDS

	ZIP Code	Travis County
Median value	\$389,900	\$275,800
Median list/ sold price	\$454,875	\$365,000
Median rent	\$1,203	\$1,172
Average 2 BR apt	\$1,312	\$1,489

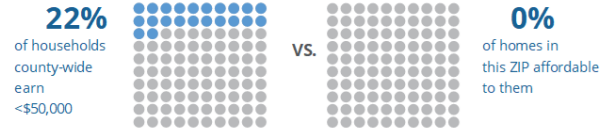
ARE INCOMES KEEPING PACE WITH PRICES?



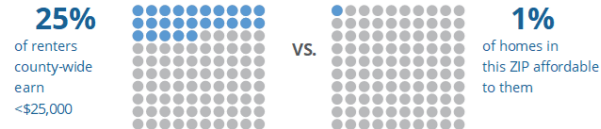
HOUSING AFFORDABILITY

Market Gaps

Homeownership for residents earning less than \$50,000



Rentals for residents earning less than \$25,000



Odds that workers can afford to...	Buy	Rent
Minimum wage workers (earning about \$15,000 per year)	0%	0%
Retail & service workers (earning about \$25,000 per year)	0%	1%
Public service and educators (earning about \$54,000 per year)	5%	63%
Tech sector professionals (earning about \$89,000 per year)	5%	96%

Key Considerations in HNA Scoping, RFP Drafting, Consultant Selection

Consultants typically fall into these categories:

- Boutique firms or sole proprietors who specialize in housing market studies and needs assessments
 - Staff are typically trained as economists, policy analysts, community planners
 - Site-specific analyses, such as those required for Low Income Housing Tax Credit (LIHTC) developments may be a subset of their work; however, these require different approaches and skill sets
- Planning firms
- Advocacy organizations/nonprofits
- Design, engineering, architectural firms

Who you hire should be driven by your desired product, outcomes, and questions you hope to have answered

If you have a firm in mind, give them a “heads up” that you will be contracting for an HNA and when

Key Considerations in HNA Scoping, RFP Drafting, Consultant Selection

Be honest with consultants you contact for proposals and interviews:

- If you have a consultant in mind, ask for a Request for **Qualifications** (these are easier to prepare on the consultant's side and ask less of those you won't hire)
- If you don't have a consultant in mind, be as precise as you can in the Request for Proposals about the desired scope. This will help narrow responses to consultants who have the time and expertise to dedicate to the work

Treat consultants fairly:

- In interviews, ask mostly the same questions of all consultants, with a few questions tailored to their proposal responses
- Don't prescreen some consultants and not others, especially if the firms differ in gender/race/ethnic composition

Key Considerations in HNA Scoping, RFP Drafting, Consultant Selection

Questions to ask to ensure the best consultant:

- Who in your firm will be working on this project? Who will manage the project? How much experience do they have working on HNAs in communities like ours?
- What was the most successful HNA you have completed – and why? Which types of HNAs have been challenging – and why?
- What questions do you have about the scope we hope to have completed?
- How often will we engage with you during the project?
- What is your firm culture and how do you promote equity in hiring and staff retention?

Key Considerations in **HNA** **Scoping, RFP** **Drafting,** **Consultant** **Selection**

- How well does leadership understand housing policy? Interview key Councilors and Commissioners before you scope the study
- What questions do you ideally want answered? Hold a brainstorming session with city/county management and department directors – and public and private housing partners
- What capacity do you have to implement recommendations? Interview senior staff who will be tasked with implementation

Key Considerations in HNA Scoping, RFP Drafting, Consultant Selection

What will we do with the information if we have it? Examples of curiosities about your market—that are challenging to influence:

- Are segments of the population with different demographics and different financial situations competing for the same types of homes (e.g. first-time home buyers and empty nesters who are scaling down)?
- Are out of state investors buying homes?
- What are gaps by household size v. unit size?

Key Considerations in HNA Scoping, RFP Drafting, Consultant Selection

- Gather 3-7 studies that you really like and email their staff to get the RFP. Note what you liked about those (graphic design, HNA speaks to your community's challenges, innovative solutions)
- Minimize forms, administrative requirements, hard copy submissions. Consultants typically have a fixed amount of time they can dedicate to preparing responses; incentive them to work on what matters for your decision-making
- Strike a balance in the scope of work response. Gather enough information that you can be confident the consultant will deliver a good product (ask about data sources, general methodology, type of product) but don't ask for proprietary information

Range of costs of an HNA :

- 1) \$40,000 for base-level analysis: demographic trends, housing supply, housing demand and needs (existing residents, future residents, in-commuters), housing gaps. No community engagement
- 2) \$75,000 for a base-level analysis with stakeholder focus groups and/or interviews and consultant recommendations
- 3) \$100,000 for a base-level analysis with stakeholder and resident engagement in the form of focus groups, interviews, and online surveys
- 4) \$125,000 for above with addition of a statistically significant resident survey, strategic planning workshops, community and/or leadership meetings, land use analysis



Expected Cost and Staff Commitment

Staff commitment:

- 1) **Beginning of study:** Scoping of analysis
- 2) **Beginning of study :** Scoping of community engagement; engagement promotion; providing contacts and connections for community engagement efforts
- 3) **Beginning of study :** Data provision
- 4) **Mid-study:** Progress meetings
- 5) **End of study:** Review sections in a timely matter
- 6) **End of study:** Participate in strategy development workshops
- 7) **End of study:** Promote final study

Expected Cost and Staff Commitment



Doing an HNA on Your Own

Best resources:

<https://egis.hud.gov/affht/> - snapshot of your community; best for HUD entitlements

<https://localhousingsolutions.org/build-a-housing-strategy/> - tool to generate strategies based on broad needs

<https://localhousingsolutions.org/> - comprehensive toolkit with local strategies

Key Considerations in Community Engagement

Resident Engagement

- Market research approach: professionally recruited focus groups to reach target populations
- Market research approach: statistically significant survey to reach target populations or geographic areas
- Online or paper survey distributed through partners, trusted network (not statistically significant)
- Community meetings <http://www.rootpolicy.com/portfolio-items/regional-analysis-of-impediments-to-fair-housing-choice/>

Stakeholder Engagement

- Interviews
- Focus groups
- Advisory Committee or Working Group
- Survey? Does not typically yield the information you need for an HNA; good for resource allocation

Baltimore Resident Survey Responses

COMMUNITY ENGAGEMENT BY THE NUMBERS

2,789 resident survey participants



1,102 had a child under 18



800 had a household member with a disability



433 had housing voucher



301 had other housing subsidy (place-based)



187 live alone



575 are single parents (no other adults in home)

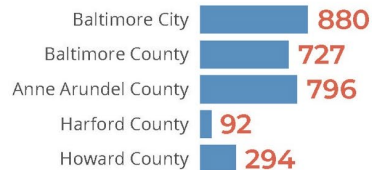


327 are single parents living with other adult family/roommates

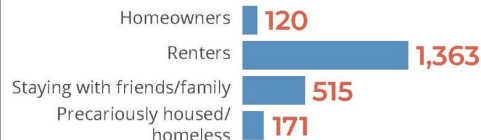


180 are couples with children only or with other adult family/roommates

WHERE PARTICIPANTS LIVE



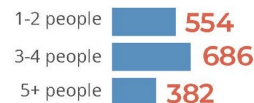
HOUSING STATUS



HOUSEHOLD INCOME

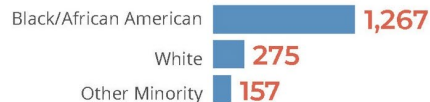


HOUSEHOLD SIZE



IDENTIFIED AS*

* Respondents could select all that applied.

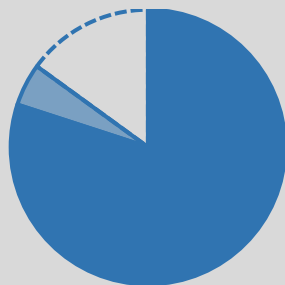


Common Approaches to Address Affordable Housing Needs

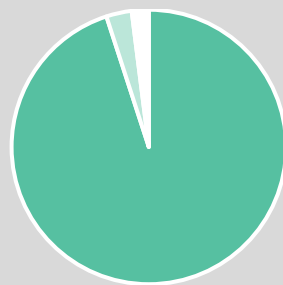
1. **Deregulation:** land use and zoning reforms, remove growth caps – generally focused on increasing supply and improving construction efficiencies.
2. **Regulation:** affordable requirements (IH/IZ), revenue generation through taxes, fees, etc.
3. **Subsidies** that support affordable production/preservation, programs, and services (mix of national, state, and local \$\$).

It is **critical that the private sector is part** of affordable housing strategies

80-85%
Rental Units



95-98%
Homes



How does a Strategy differ from Programmatic Solutions?

A strategy is...

“Finding the most effective way to direct and leverage resources”

“Deliberately choosing a different set of activities to deliver a unique mix of value”

“Directing resources to a more efficient outcome”

Building the Strategy

Typical steps to strategy development:

- Defining the problems, or challenges, in housing provision and meeting housing needs
- Identifying the factors that contribute to the challenges
- Deciding what to address, and when (prioritization)
- Crafting a clear plan to address the problems



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R E S E A R C H