TAB A

THE STATE OF THE NATION'S HOUSING

2021

JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

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HARVARD GRADUATE SCHOOL OF DESIGN | HARVARD KENNEDY SCHOOL

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National Association of REALTORS®

National Council of State Housing Agencies

National Housing Conference

National Housing Endowment

National League of Cities

National Low Income Housing Coalition

National Multifamily Housing Council

NeighborWorks America

1 EXECUTIVE SUMMARY

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

SOARING PRICES AMID HIGH DEMAND AND TIGHT SUPPLY

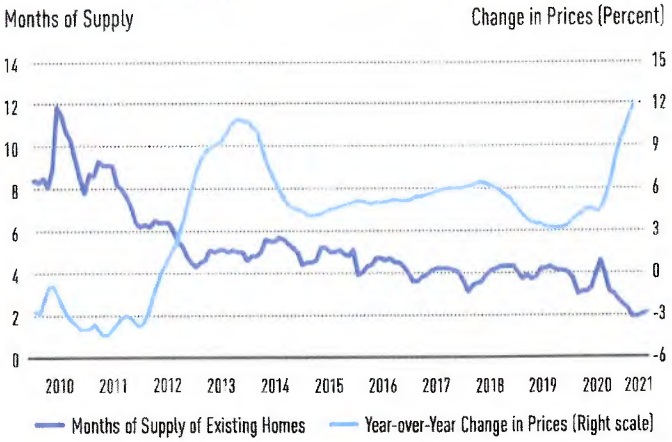
Home sales bounced back quickly from a mid-2020 pause. Following a 26 percent drop in May, sales of existing homes were up 20 percent year over year on average from September 2020 through February 2021. Sales of new single-family homes rebounded even earlier and faster, increasing by more than 30 percent on average from June through February. For 2020 as a whole, existing home sales rose 5.6 percent and new single-family home sales jumped 20.4 percent. On the strength of these gains, total home sales were at their highest level since the peak of the housing boom in 2006.

The homebuying binge occurred despite historically tight supply. Inventories of existing homes for sale were already low heading into 2020, and the pandemic made matters worse by discouraging potential sellers from putting their homes on the market. From March 2020 through March 2021, the existing home inventory shrank by about 30 percent, leaving just 1.05 million homes for sale. Months of supply for existing homes, measuring how many homes are available at the current sales rate, also fell steadily from 3.9 months on average in 2019 to 3.1 months in 2020, and dipped below 2.0 months in late 2020 for the first time ever **(Figure 1)**. Median time on the market also hit a record low in March at 18 days.

The combination of robust demand and limited supply lifted home prices to their fastest pace in over a decade. According to the S&P CoreLogic Case-Shiller Home Price Index, home prices rose 13.2 percent nationally in March 2021, up from 4.2 percent on average in the first quarter of 2020 and 3.5 percent on average throughout 2019. The FHFA House Price Index shows a similarly large year-over-year increase in the first quarter of 2021, with prices up by double digits in 85 of the 100 large metro areas and divisions that it tracks. The

FIGURE 1

With Inventories at Record Lows, Existing Home Prices Continue to Head Up



Note: Months of supply measures how long it would take the number of homes on the market to sell at the current rate, where six months is typically considered a balanced market.
Source: JCHS tabulations of National Association of Realtors (NAR), Existing Home Sales; S&P CoreLogic Case-Shiller US National Home Price Index.

largest price gains were in rapidly growing Western states, led by a 28 percent jump in Boise and 22–23 percent increases in Austin and Tacoma. But several markets in the Northeast and Midwest were also among the top ten metros for home price growth, including Bridgeport and Grand Rapids (both up 17 percent).

These outsized increases have raised concerns that a home price bubble is emerging. However, conditions today are quite different than in the early 2000s, particularly in terms of credit availability. The current climb in house prices instead reflects strong demand amid tight supply, helped along by record-low interest rates. Indeed, the rate on a 30-year fixed mortgage averaged less than 3.00 percent from July 2020 through February 2021, with another dip below 3.00 in May.

Low interest rates and rapidly rising prices have in turn given a substantial boost to new residential construction. Single-family housing starts hit 1.0 million units at a seasonally adjusted annual rate in August 2020 and continued to exceed that pace through the first quarter of 2021. If sustained, this would be the first year that single-family starts have topped the one-million mark since 2007.

Although part of the answer to the nation's housing shortage, new construction can only do so much to ease short-term supply constraints. To meet today's strong demand, more existing single-family homes must come on the market. The widespread availability of COVID-19 vaccines and resumption of more normal social interactions may in fact encourage more homeowners to sell. Still, with interest rates so low and home sales at such a furious pace, prices are likely to continue their rapid ascent in the near term.

HOMEOWNERSHIP RATES RISING, BUT NOT FOR ALL

The national homeownership rate remains on an upward trajectory, driven by the aging of more millennials into their 30s and the strong income gains among these young adults. Census Bureau estimates for the first quarter of 2021 show a 0.3 percentage point year-over-year increase in homeownership, which comes on the heels of a 1.2 percentage point rise between the post-recession low in 2016 and 2019.

Younger households continued to lead the growth in homeownership rates, with a 0.8 percentage point year-over-year increase in the first quarter of this year. Indeed, rates for households under age 35 were up 2.2 percentage points in 2016–2019, coinciding with an 8.0 percent rise in real incomes among renters in this age group. Households aged 35–44 also posted a substantial 0.5 percentage point increase in homeownership in early 2021, building on a 1.5 percentage point gain in 2016–2019.

However, rapidly rising home prices mean that the upfront costs of homeownership are also increasing, particularly in markets where bidding wars have become commonplace. As it is, home price gains continued to outrun income growth last year, lifting the national price-to-income ratio to 4.4—the highest level since 2006. Two decades ago, the ratio was less than three times income in two-thirds of the 100 largest metros and above five times income in only a handful of markets. In 2020, price-to-income ratios were under 3.0 in only 16 metros and above 5.0 in 23 metros **(Figure 2)**. With house prices representing such large multiples of income, accumulating the downpayment and closing costs to buy homes could take years, particularly for younger households facing the twin burdens of high rents and significant student debt.

FIGURE 2

Home Price-to-Income Ratios in an Increasing Number of Metro Areas Are Back Near Mid-2000s Levels

Notes: Price-to-income ratios are for the 100 largest metro areas by population. Income data for 2020 are based on Moody's Analytics forecasts.
Source: JCHS tabulations of NAR, Metropolitan Median Area Prices; Moody's Analytics estimates.

Although narrowing, differences in homeownership rates between households of color and white households remain substantial. According to the latest Housing Vacancy Survey, the Black-white homeownership gap stood at 28.1 percentage points in the first quarter of 2021, an improvement from the record high of 30.8 percentage points in 2019 but still large by historical standards. Indeed, the Black-white gap held under 27 percentage points for most of the 1980s and 1990s. Meanwhile, the Hispanic-white gap decreased by 1.8 percentage points between 2019 and the first quarter of 2021, to 23.8 percentage points.

Income inequality contributes to the disparities in homeownership, with the median household income of white renters ($45,000) in 2019 some 40 percent higher than that of Black renters ($32,100) and 7 percent higher than that of Hispanic renters ($42,000). But even controlling for these differences, the homeownership gaps are still wide. For example, among households earning 50–80 percent of area median income, just 38 percent of Black, 43 percent of Hispanic, 56 percent of Asian, and 53 percent of Native American households owned homes, compared with 64 percent of white households.

Accumulating the savings needed for downpayment and closing costs is difficult for most first-time buyers, but especially for renter households of color. According to Survey of Consumer Finances data, the median net wealth of Black renters was just $1,830 in 2019—a fraction of the $6,000 median for Hispanic renters and $8,300 median for white renters. In addition, only 8 percent of Black renters and 12 percent of Hispanic renters had more than $10,000 in cash savings, compared with 25 percent of white renters. Moreover, studies have found that white homebuyers are four times more likely on average than Black homebuyers to receive help from parents in coming up with a downpayment.

With interest rates near historic lows, downpayment assistance programs would give a substantial lift to homeownership rates among households of color with insufficient savings. As a recent Joint Center analysis concluded, a $15,000 income-targeted assistance program could help as many as 1.0 million Black renters and 470,000 Hispanic renters buy homes. When coupled with homebuyer education and counseling to overcome information and credit barriers, this support has the potential to reduce the Black-white homeownership gap by 12 percentage points and the Hispanic-white gap by 4 percentage points.

RENTAL MARKETS STABILIZING AFTER SLOWDOWN

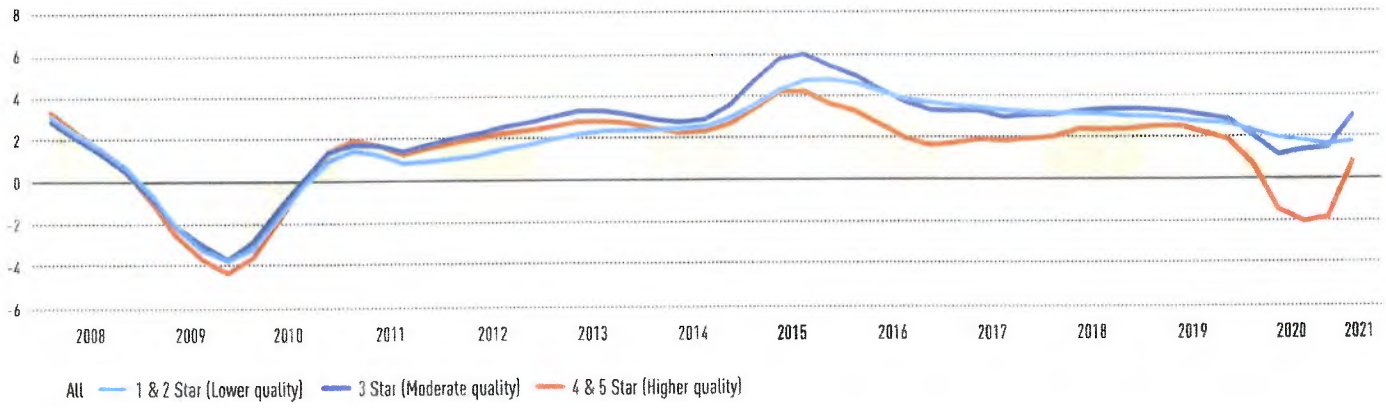
Just as rental demand cooled in urban areas last year, it heated up in suburban markets. According to CoStar data on the professionally managed stock, vacancy rates in prime urban neighborhoods soared from 7.2 percent in the first quarter of 2020 to 10.0 percent in the fourth quarter, before edging back down to 9.6 percent in the first quarter of 2021. At the same time, vacancy rates in prime suburban areas also started out at 7.2 percent early last year, but shrank to 6.3 percent by the end of 2020 and further to 6.0 percent in early 2021.

Since many higher-quality rentals are located in prime urban areas, vacancy rates in this segment rose from 10.1 percent in the first quarter of 2020 to 10.5 percent in the fourth, then receded to 9.9 percent early this year. As a result, rents for higher-end units were down 1.9 percent year over year at the end of 2020 before recovering to an 0.8 percent increase in the first quarter of 2021 **(Figure 3)**.

FIGURE 3

Following a Dip Early in the Pandemic, Rents for Higher-Quality Apartments Are Again on the Rise

Annual Change in Rents (Percent)



Note: Apartment quality is based on the CoStar Building Rating System for professionally managed market-rate apartments in buildings with five or more units.
Source: JCHS tabulations of CoStar data

However, the markets for moderate- and lower-quality apartments remained tight, with little change in vacancies over this period. Rent growth for moderate-quality apartments eased from 2.0 percent to 1.5 percent in 2020, but then jumped to 3.0 percent in the first quarter of 2021—an even faster pace than before the pandemic. In contrast, rent increases for lower-quality apartments slowed from 2.3 percent in early 2020 to 1.8 percent in early 2021.

At the metro level, rents in the first quarter of 2021 were down in 25 of the 150 markets tracked by RealPage. The sharpest declines were primarily in high-cost markets such as San Francisco (-20 percent), San Jose (-16.5 percent), New York (-15 percent), and Boston (-8 percent). At the same time, rents increased by more than 2.0 percent in 94 metros, primarily lower-cost markets in the West and South, with especially large gains in Boise (11 percent) and Fayetteville (10 percent).

The firming of rents and vacancy rates in prime urban areas and in the higher-quality segment in early 2021 suggests that the strengthening economy and easing of pandemic-related restrictions will make the dip in rental demand only temporary. The latest uptick in multifamily construction reflects that view, with starts of units in buildings with five or more apartments rising from a 342,000 annual rate in the fourth quarter of 2020 to a 429,000 annual rate in the first quarter of 2021. If sustained, this year would be the first time that starts in this segment have exceeded 400,000 units since 1987.

THE WORSENING CHALLENGE OF RENTER COST BURDENS

Even after ten years of economic expansion and the lowest unemployment rate in decades, the share of renter households with cost burdens in 2019 was down just four percentage points from the 2011 high. Some 20.4 million renters (46 percent) paid more than 30 percent of their incomes for housing that year, including 10.5 million (24 percent) severely burdened households that paid more than half of their incomes for rent.

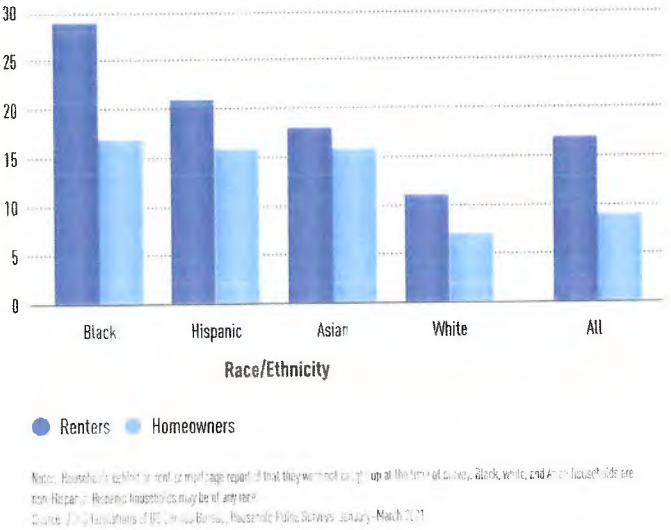
Although long the plight of lowest-income renters, cost burdens have moved up the income ladder. More than 80 percent of renters earning less than $25,000 were cost burdened in 2019, with a large majority severely burdened. Remarkably, 70 percent of renter households earning between $25,000 and $34,999 and nearly 50 percent of renters earning between $35,000 and $49,999 were also at least moderately burdened. The racial and ethnic disparities are stark, with 54 percent of Black and 52 percent of Hispanic renters having at least moderate burdens, compared with 42 percent of both white and Asian renters.

Renters in general, and lowest-income renters in particular, have taken the brunt of the economic fallout from the pandemic. The Census Bureau's Household Pulse Surveys show that more than

FIGURE 4

Households of Color and Renters Are More Likely to Have Fallen Behind on Monthly Housing Payments

Share of Households Behind on Housing Payments (Percent)



Notes: Households behind on rent or mortgage report that they were not caught up at the time of survey. Black, white, and Asian households are non-Hispanic. Hispanic households may be of any race.
Source: Joint Center tabulations of U.S. Census Bureau, Household Pulse Surveys, January–March 2021

half of all renter households had lost income between March 2020 and March 2021. Not surprisingly, 17 percent were behind on rent early this year, including nearly a quarter of those earning less than $25,000 and a fifth of those earning between $25,000 and $34,999. Racial disparities are evident here as well, with 29 percent of Black, 21 percent of Hispanic, and 18 percent of Asian renters in arrears, compared with just 11 percent of white renters **(Figure 4)**.

The shares of renters behind on housing payments vary widely across the country. States with the highest concentrations of renters in arrears are in the Southeast, with Mississippi topping the list at 27 percent, followed by Delaware and Louisiana, both at 25 percent. The lowest shares are in the Midwest and Mountain West states, including Idaho, North Dakota, Montana, and Utah, where less than 12 percent of renters were behind on their housing payments in early 2021.

With so many renters in financial distress, there are serious concerns about an impending wave of evictions. So far, substantial federal relief through stimulus payments, expanded unemployment benefits, and other funding, along with federal and state eviction moratoriums, have prevented large-scale displacement. However, if the federal moratorium ends in July as scheduled (or earlier due to successful legal challenges), staving off a substantial increase in evictions and homelessness will depend on whether the latest round of assistance reaches at-risk households in time.

Even before the pandemic, the number of people experiencing homelessness was on the ascent. In January 2020, HUD put the

count at 580,000 people, up nearly 13,000 from a year earlier and up more than 30,000 from the post-recession low in 2016. The rising incidence of unsheltered homelessness drove the overall increase, with a jump of 50,000 since 2016. Most of the uptick in people experiencing homelessness is centered in Western and Sunbelt states, particularly Arizona, California, Texas, and Washington.

Fortunately, governments at all levels recognized early in the pandemic that people experiencing homelessness were especially at risk not only of infection, but also of dying from COVID-19 given their underlying health conditions. Among the most effective responses to this public health threat was the conversion of vacant hotels and motels into non-congregate shelters. In some cases, these conversions have become permanent, creating new capacity for emergency homeless shelters and supportive housing. The American Rescue Plan of 2021 allows for the use of funding for these same purposes, helping to stem the rise in homelessness.

ENDURING PRESSURES AMID THE RECOVERY

Spurred by generous federal spending packages and the wide availability of COVID-19 vaccines, the US economy is steadily recovering. In the first four months of 2021 alone, the economy added more than 1.3 million jobs, reducing the national unemployment rate to 6.1 percent. Even so, there were 7.6 million fewer jobs in February than a year earlier, and unemployment rates remained distressingly high for Black (9.7 percent) and Hispanic workers (7.9 percent), as well as for those with less than a high school diploma (9.3 percent).

In December 2020 and again in March 2021, the federal government stepped in to support households that had fallen behind on rent with more than $50 billion in assistance. While that level of aid appears commensurate with current need, a key concern is whether state and local governments will be able to quickly and effectively distribute this assistance. Some state and local programs funded in part by last year's CARES Act failed to reach many in need because of difficult application processes, restrictive eligibility requirements, and a lack of consumer awareness about available support. Lessons learned from that experience will hopefully make distribution of new funding under the American Rescue Plan more efficient.

Homeowners who faced COVID-related hardship have also received support in the form of loan forbearance and a ban on foreclosures. This protection, allowing borrowers to defer or reduce their monthly payments for up to 18 months, was extended to the 70 percent of homeowners with federally backed loans. As of March 2021, a majority of the 7.1 million loans that had entered forbearance since the start of the pandemic had left that status. Of these loans, payments on two-thirds were again current and another fifth were paid off. A small share (8 percent) of borrowers were still delinquent but engaged in loss mitigation with their lenders, while 3 percent were delinquent and not working on a resolution.

But the outcomes are uncertain for the 2.3 million borrowers in forbearance that have yet to resume their mortgage payments. A simple solution for many of these homeowners would be to extend the terms of their mortgages to make up for the missed payments. But the situation is more complicated when the accumulated deficit of mortgage, property taxes, and insurance payments, on top of the outstanding loan balance, exceeds the value of the home. And even in cases where some equity remains, borrowers may not be able to resolve their accumulated debt by selling their homes if that equity does not cover sales costs (generally about 10 percent of a home's value).

Black Knight estimates that, of the borrowers taking advantage of the full 18 months of forbearance, some 22 percent would have less than 10 percent equity after factoring in these deficits. The shares of borrowers in this situation but with loans backed by the Federal Housing Administration and Veterans Administration are even higher, at 36 percent. Although the American Rescue Plan includes $10 billion in support for homeowners in such circumstances, it is unclear whether this aid will be available or sufficient to safeguard some borrowers from foreclosure or forced sales once forbearance ends. For most of these borrowers, that deadline is July 2021.

For the many households that had to tap savings or go into debt to cover lost income last year, the impacts of the pandemic will linger well into the future. A Joint Center review of surveys conducted over the past year found that about a quarter of the renters with COVID-related job losses reported that they had substantially depleted their savings, another quarter had borrowed from families and friends, and a tenth had turned to payday or personal loans. Even assuming they regain their financial footing, these households will have fewer resources to draw on whether for everyday needs, emergencies, or for a downpayment on a home. Recovering from the devastating effects of the pandemic will be harder yet for those who have lost loved ones to COVID-19 or are themselves suffering from the long-term debilitating effects of the virus.

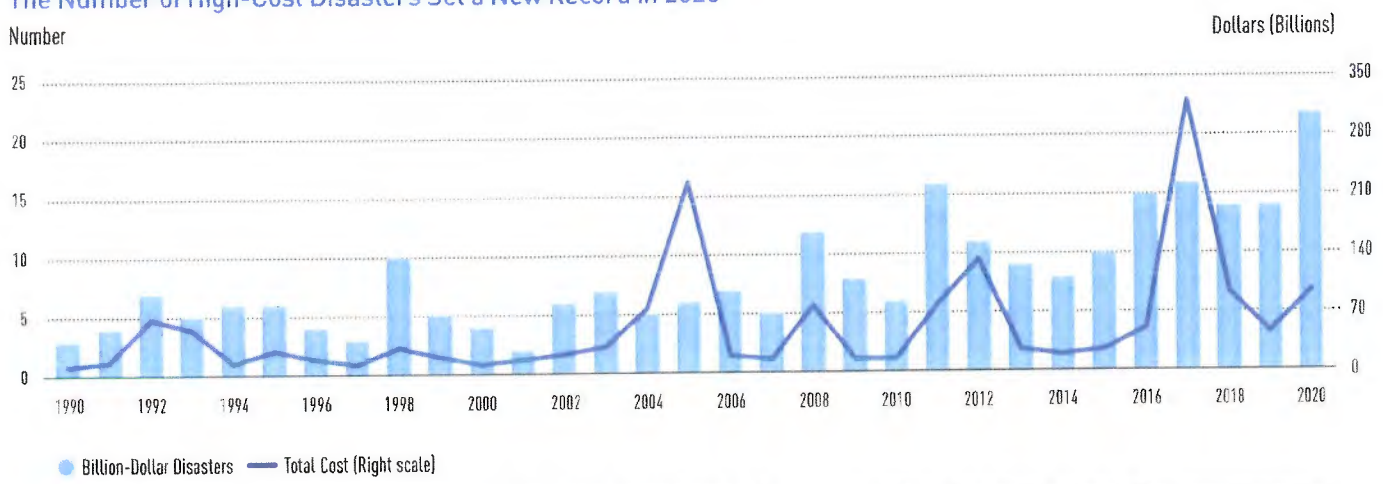
THE NATION'S CRITICAL NEED FOR HOUSING INVESTMENT

After years of relatively weak residential construction, the median age of the US housing stock increased sharply from 34 years in 2007 to 41 years in 2019. Older housing generally needs more upkeep than newer housing. Indeed, a 2019 analysis by the Federal Reserve Bank of Philadelphia and PolicyMap found that 45 percent of homes built before 1940 were in need of repair, compared with 26 percent of homes built in 2000 or later.

This study also estimated that more than a third of all occupied homes in 2017 had structural, plumbing, electrical, and heating

FIGURE 5

The Number of High-Cost Disasters Set a New Record in 2020



Notes: All costs are adjusted to 2020 dollars using the CPI-U for All Items. Estimated costs of disasters include physical damage to buildings, material assets, vehicles, infrastructure, and agriculture, as well as the costs of business interruption, wildfire suppression, and disaster restitution.
Source: JCHS tabulations of National Oceanic and Atmospheric Administration (NOAA), Billion-Dollar Weather and Climate Disasters.

problems, leaks, and/or pest infestations, and put the total cost of addressing these needs at $127 billion. This figure does not include the costs of improving indoor air and water quality or removing lead contamination, which all pose serious threats to human health and safety. Moreover, it is likely that overall repair needs are even higher today, given that many homeowners had to put off these types of expenses during the pandemic.

Among the homes most in need of repair are manufactured housing units, units occupied by renters, and those occupied by Black, Hispanic, and Native American/Alaskan Native households, as well as by people with disabilities. Public housing is an important case in point. National Association of Housing and Redevelopment Officials estimated that the backlog of capital funding needed to address deficiencies in the stock of roughly one million units was $70 billion in 2019 and accruing at $3.4 billion per year.

Climate change has made improving the energy efficiency and resiliency of housing ever more urgent. Given that residential energy use accounts for a fifth of the nation's greenhouse gas emissions, retrofitting older homes with energy-efficient systems would help to reduce the nation's reliance on fossil fuels. These improvements also carry potential cost savings for low-income homeowners and the millions of cost-burdened renters who pay for utilities out of pocket.

Ensuring that homes can withstand extreme weather events is a related priority. In 2020, the US experienced a record 22 distinct billion-dollar disasters **(Figure 5)**. As these events increase in both intensity and frequency, they pose an ever-growing threat to homes across the country. Indeed, NOAA reports that the average annual cost of billion-dollar disasters has already escalated from $27 billion in the 1990s to $81 billion in the 2010s. Beyond disaster recovery, additional federal support is needed for mitigation programs that support at-risk communities in efforts to improve the resiliency of their housing stocks.

Another unmet housing need is for home modifications that enable older households to remain in place as they age. Within the next two decades, the number of households headed by people age 75 and over is projected to double from 14 million to 28 million. At that stage of life, mobility typically becomes more limited. At last measure in 2011, however, only 3.5 percent of the US housing stock provided three critical accessibility features—a no-step entry, single-floor living, and extra-wide doorways and halls—that help households with reduced mobility to live safely and comfortably in their homes. Given that many of these home modifications would be beyond the means of most low- and moderate-income homeowners and rental property owners, expanded tax credit or grant programs would be necessary to subsidize the costs.

The American Jobs Plan would address many of these needs, proposing $213 billion to construct, preserve, and retrofit two million housing units, including retrofitting the homes of low- and moderate-income owners to improve energy efficiency and resiliency. The proposal also includes $40 billion to repair and update the energy efficiency of public housing. While the fate of this proposal is uncertain, there can be no question about the need for substantial investments in the nation's housing stock to reduce the residential sector's contributions to greenhouse gas emissions, safeguard homes and residents against severe weather, preserve the existing supply of affordable housing, and prepare for a rapidly aging society.

THE OUTLOOK

The unprecedented events of 2020 both exposed and amplified the impacts of unequal access to decent, affordable housing. For households with secure employment and good-quality housing, their homes provided a safe haven from the pandemic. But for the millions of households that lost income and are still struggling to cover their housing costs, their situations are anything but secure. These disparities are likely to persist even as the economy recovers, with many lower-income households slow to regain their financial footing and facing possible eviction or foreclosure.

At the same time, though, demand for homeownership is likely to remain robust as the huge millennial generation continues to move through the prime ages for forming households and buying homes. Although the supply of existing homes for sale is at a record low, the subsiding pandemic and resumption of more normal activity should encourage more owners to put their homes on the market. An expanded supply of for-sale homes would help to slow the meteoric rise in house prices, but new construction also has to pick up substantially to keep homeownership relatively affordable.

Certain impacts of the pandemic on housing markets are probably temporary—most notably, the drop in high-end urban rental demand. Indeed, early signs suggest that the reopening of offices, universities, restaurants, and other amenities is already bringing renter households back to city centers. However, the growing demand for suburban and exurban living may be a more enduring shift, particularly if working from home becomes common practice. If freed from the requirement to commute every day, many more households will seek out lower-cost housing away from employment centers.

In the longer term, impending demographic changes cloud the housing outlook. Falling birth rates, sharply lower immigration, and higher-than-expected mortality rates have already left population growth at its lowest level in 100 years. Although this slowdown may help to alleviate the current imbalance between housing demand and supply, it also has serious implications for the broader economy. To sustain vibrant housing markets, policymakers must take measures now to reinvigorate population growth through increased immigration, promote higher birth rates through support for working families, and reduce the drag on economic growth from income and wealth disparities.

The Biden Administration has proposed a major increase in federal funding for affordable housing that would move the nation closer to achieving those goals. The plan would substantially expand support for renters and homeowners alike, addressing the need for a broader and stronger housing safety net while also closing the racial and ethnic disparities in housing markets. The profound disruptions of the past year have made clear how urgent these bold steps have become.

2 HOUSING MARKETS

The homebuying market remained hot even as the COVID-19 pandemic moved into its second year. Sales of both new and existing homes soared in early 2021 amid low interest rates and strong demand. In combination with record-low inventories, the homebuying frenzy has helped to push up home prices by double digits. Rents have also started to recover from last year's drop. After years of underbuilding, housing developers have finally responded to favorable market conditions, with production increasing in line with projected household growth.

CONTINUING SURGE IN HOME SALES

Despite a sharp drop at the onset of the pandemic, home sales bounced back quickly in 2020. Several factors helped to buoy sales, starting with record-low mortgage interest rates. The pandemic itself drove up demand for more private living space, particularly among the higher-income households that were least affected by the economic downturn. The aging of the millennial generation also helped by lifting the number of households in their peak homebuying years.

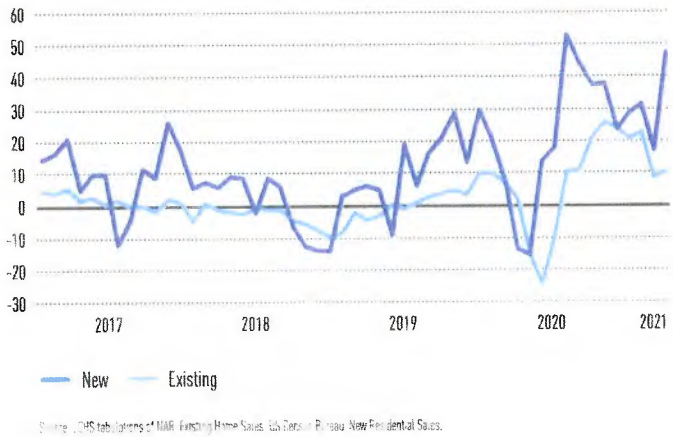
Even after a 26 percent year-over-year plunge in May, sales of existing homes increased 5.6 percent for the year, to 5.64 million units. Single-family home sales were especially strong, up 6.3 percent to 5.07 million units **(Figure 6)**. Meanwhile, condo and co-op sales fell slightly for the third straight year, to 578,000 units. Sales rose across the country, with growth in the South (7.4 percent) and the Midwest (6.4 percent), far outpacing increases in the West (2.7 percent) and Northeast (1.4 percent). Existing home sales continued to gather steam in the first quarter of 2021, up 15 percent on average.

Sales of newly built single-family homes rebounded even more rapidly. Following a 16 percent year-over-year drop in April, new home sales jumped 53 percent in July, to 972,000 units at a seasonally adjusted annual rate. For 2020 as a whole, sales of new single-family homes were up 20.4 percent, to 822,000 units—the highest mark since 2006. New home sales were strong across all regions of the country, increasing 29 percent in the Midwest, 23 percent in the Northeast, 20 percent in the West, and 19 percent in the South. Robust growth continued in the first quarter of 2021, with seasonally adjusted single-family sales averaging 32 percent gains and running at an annual rate of 921,000 units.

FIGURE 6

After a Brief Pause Early in the Pandemic, the Pace of Home Sales Has Been Brisk

Year-over-Year Change in Single-Family Home Sales (Percent)

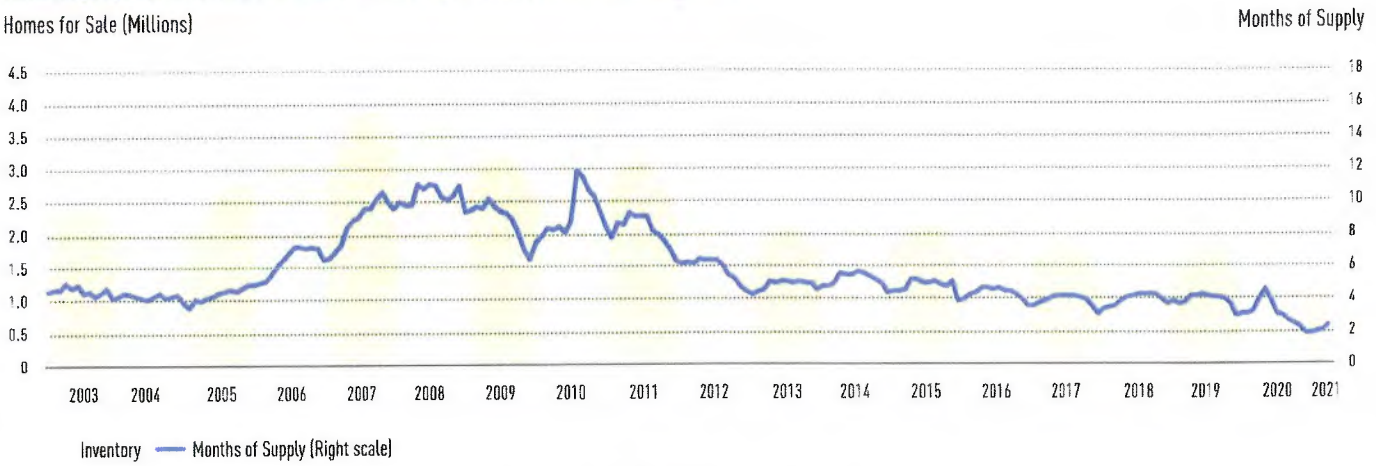


Source: JCHS tabulations of NAR Existing Home Sales; US Census Bureau New Residential Sales.

Metro-level home sales followed a similar pattern. Early in 2020, slightly more than half of the 95 large markets tracked by Zillow posted year-over-year increases in sales. But after stumbling in April and May, sales were on the rise in fully 89 metros by the end of the year. Indeed, growth exceeded 50 percent in five markets, including Baltimore (63 percent), Milwaukee (57 percent), and New Haven (53 percent). The six metros with year-over-year declines included Wichita (down 17 percent) as well as Ogden and Boise City (both

FIGURE 7

Inventories of Homes for Sale Fell to a Record Low in Early 2021



Note: Months of supply measures how long it would take the number of homes on the market to sell at the current rate, where six months is typically considered a balanced market.
Source: JCHS tabulations of NAR, Existing Home Sales.

down 1 percent), where sales growth was especially constrained by limited supply.

While still a small share of the market, sales of second homes also surged since the start of the pandemic. These purchases are important because they take inventory off the market without adding to the supply of primary homes for sale. Redfin reports that mortgage rate locks on second home purchases were up more than 80 percent year over year every month from June 2020 through April 2021—about twice the rise in those on primary home purchases. National Association of REALTORS® (NAR) data echo the strength of demand, indicating that 68 percent of vacation homes on the market in September 2020 sold in less than one month. On average, only 20–40 percent of vacation homes sold that quickly from 2017 through early 2020.

INCREASINGLY ACUTE SHORTAGE OF HOMES FOR SALE

The supply of existing homes for sale has never been tighter. By NAR's count, there were 1.03 million existing homes on the market in February 2021, down from an already low 1.46 million a year earlier **(Figure 7)**. This amounts to a 29 percent decline in just one year and a 37 percent drop in two years. Single-family homes accounted for only 870,000 of the existing units available—the lowest level in records dating back to 1982.

The decline in the supply of new single-family homes for sale was somewhat more modest. After starting the year at 329,000 units, the number of new homes available bottomed out at 283,000 units in August—a year-over-year drop of 13 percent. New home inventory, which includes homes under construction, picked up to more than 300,000 units from December 2020 through March 2021 as housing production increased. Even so, supplies were still down 8 percent on average from the same period a year earlier.

Measured by months of supply (how long it would take for homes on the market to be sold at the current sales rate), inventories of existing homes for sale fell from 3.0 months in December 2019 to 1.9 months in December 2020. The supply of single-family homes was even tighter at just 1.8 months, marking the first dip below 2.0 months since recordkeeping began in the early 1980s. As a rule of thumb, a balanced market has about 6.0 months of available inventory.

Supply constraints are nearly universal. Inventories in 87 of the 95 markets tracked by Zillow fell year over year in December 2020, up from 31 markets in December 2019. The number of homes available for sale fell by more than 30 percent in 14 of these metros, with the largest drops in mid-sized markets in the West, including Provo (43 percent) and Boise (40 percent). Declines were also severe in certain metros in the South, ranging from 34 percent to 36 percent in Augusta, Columbia, Jackson, and Raleigh. While still historically tight, for-sale inventories increased in some higher-cost markets, especially those on the West Coast, including San Francisco (50 percent), San Jose (45 percent), and Seattle (16 percent).

The pandemic is partially to blame for such tight conditions. As the COVID-19 virus spread in the spring, many potential sellers pulled their homes off the market while others delayed listing their homes for sale. Because of the limited inventory, any home that went on the market sold almost immediately. Indeed, the typical home listed for

sale on Zillow was available for 14 days in December before a pending sale, less than half the median of 35 days a year earlier.

But the biggest reason behind the constraints on supply is the underproduction of new homes since the mid-2000s. New construction creates housing choices for current homeowners who want to move, freeing up existing units for other buyers. Without that option, owners are more likely to remain in place. As a result, only a consistent increase in housing construction over a period of years will provide meaningful growth in inventory in many of today's tight markets.

HOUSING CONSTRUCTION AT NEW HIGHS

Like home sales, new residential construction rebounded quickly in the summer of 2020 and continued at a strong pace through early 2021. Housing starts climbed 6.9 percent last year to 1.38 million units—the highest output since 2006 when production reached 1.80 million units. Completions were also up 2.5 percent to 1.29 million units, while permitting rose 6.1 percent to 1.47 million units.

For the first time in three years, single-family construction drove the increase in production in 2020. Starts of single-family homes jumped to 991,000 units—a 12 percent gain for the year and the biggest percentage increase since 2013 **(Figure 8)**. But even these impressive numbers probably understate the strong upturn. After dropping to 685,000 units in April at a seasonally adjusted annual rate, single-family starts averaged 1.16 million units from August 2020 through March 2021. This represents a substantial pickup from the previous 13 years when starts consistently lagged below the one-million mark.

Meanwhile, multifamily housing construction dipped 3 percent last year, to 389,100 units, but remained on par with the elevated pace maintained since 2014. Indeed, multifamily starts topped 350,000 units just once in the 24 years from 1990 through 2013, but then exceeded that level for the next seven years. Starts accelerated further in the first quarter of 2021, averaging a robust 446,000 units at a seasonally adjusted annual rate.

Housing construction has finally approached levels consistent with projected demand. From June 2020 through March 2021, total starts averaged just over 1.5 million units at a seasonally adjusted annual rate, in line with the Joint Center's housing demand projections calling for production of 1.5 million units annually in 2018–2028. Although those projections do not account for lower-than-expected population growth in the past few years, the low level of homebuilding since the mid-2000s likely means that new supply has not yet caught up with demand. In fact, Freddie Mac estimates that the housing supply at the end of 2020 was 3.8 million units short of the level needed to match long-term demand.

SHIFTING LOCATION AND SIZE OF NEW HOMES

When suddenly under stay-at-home orders in March 2020, many households found the need for more living space to accommodate the dramatic changes in their work, school, and leisure activities. The pandemic thus fueled already hot demand for single-family homes, the type of housing typically found in communities outside of major urban centers.

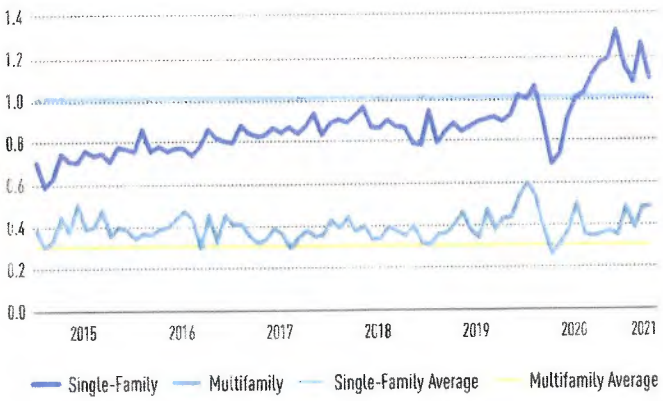
As a result, total permitting increased 12 percent in the suburban counties of large metros last year, but fell 2 percent in the core counties of these markets. Permitting also rose 10 percent in smaller metros and 9 percent in non-metro areas. Growth was largely on the single-family side, with double-digit increases in single-family permits in the suburban counties of large markets (17 percent), smaller metros (15 percent), and non-metro areas (12 percent). About a third (303,000) of all single-family permits were issued in the suburban counties of large markets in 2020, while another 38 percent were issued in small and midsized markets **(Figure 9)**. Single-family permitting in the core counties of large metros also rose 8 percent last year, to 212,000 units.

Meanwhile, multifamily permits in core areas fell 10 percent in 2020, but at 250,000 units, construction remained close to the elevated levels of the past half-decade. Following substantial increases in 2019, the numbers of multifamily permits issued in the suburban counties of large markets and in smaller metros declined 2 percent last year. Permitting in non-metro areas, however, was unchanged.

FIGURE 8

The Pace of Both Single-Family and Multifamily Construction Has Exceeded Historical Averages for Nearly a Year

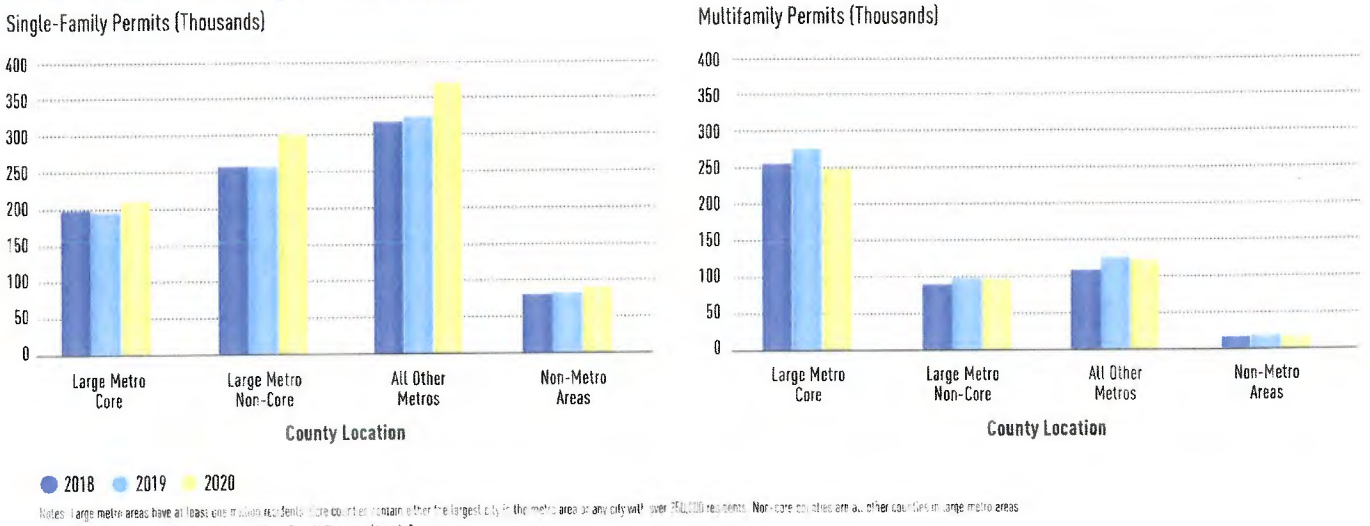
Annualized Housing Starts (Millions of units, seasonally adjusted)



Note: Single-family and multifamily historical averages are of seasonally adjusted monthly data from January 1990 to March 2021.
Source: JCHS tabulations of US Census Bureau, New Residential Construction data.

FIGURE 9

Single-Family Construction Continued to Strengthen Across Markets Last Year Even as Multifamily Construction Hit a Pause, Particularly in Core Counties



Notes: Large metro areas have at least one million residents. Core counties contain either the largest city in the metro area or any city with over 250,000 residents. Non-core counties are all other counties in large metro areas.
Source: JCHS tabulations of US Census Bureau, Building Permits Survey via Moody's Economy.com.

With more young and first-time homebuyers entering the market, demand for smaller, more affordable homes was on the increase in 2019. Completions of single-family homes with less than 1,800 square feet rose 13 percent that year, to 217,000 units, slightly outpacing the 11 percent increase in midsized units (1,800–2,999 square feet). The share of larger homes (at least 3,000 square feet) declined 4 percent. Even so, smaller units accounted for only 24 percent of completions in 2019, about the same as in 2018 but well below the 32 percent share averaged from 1999 to 2011.

When the COVID-19 pandemic hit, demand for larger homes again increased. As a result, the median size of newly started single-family homes fell only slightly from 2,271 square feet in 2019 to 2,265 square feet in 2020. The size of typical new homes inched up by another 0.2 percent in the first quarter of 2021 from a year earlier.

Still, the need for new homes at a variety of price points will only increase as more millennial homebuyers come into the market. Newly built units, however, are typically more expensive than existing homes. According to CoreLogic, new homes accounted for almost a fifth (19 percent) of premium home sales nationally (in the top third by price) from October 2019 through September 2020, but just 6 percent of entry-level sales (in the bottom third). However, new construction does provide more than 10 percent of entry-level housing in nearly a quarter of the 100 large markets that CoreLogic tracks. Most of the metros with large shares of new entry-level homes—including Dallas (18 percent), Phoenix (14 percent), and Denver (11 percent)—are moderate-cost markets with substantial new construction.

CONTINUING CONSTRAINTS ON RESIDENTIAL DEVELOPMENT

Restrictive land use regulations are among the most significant barriers to housing production. A 2018 survey of land use practices in nearly 2,800 communities found that 93 percent imposed minimum lot sizes in their jurisdictions. Some 40 percent of these communities set a one-acre minimum, including 27 percent with two-acre minimums. The stringency of these requirements varied by region, with 61 percent of jurisdictions in the Northeast imposing at least a one-acre minimum, compared with 36 percent of communities in the Midwest, 32 percent in the South, and 29 percent in the West.

In addition, some land use and zoning practices, as well as other local and state requirements, restrict the amount of land available for development. These regulations can raise the cost of land, especially in markets where demand is strong. According to FHFA estimates, the median land value of a quarter-acre lot occupied by an existing single-family home was $163,500 in 2019, some 60 percent higher than in 2012. Among the nation's 100 largest markets, median land prices were highest on the West Coast, particularly San Jose ($1.2 million), San Francisco ($945,900), and Honolulu ($786,500). In contrast, median land values were below $50,000 in 38 large markets located outside the West.

Many communities also require multiple approvals for residential developments. While ensuring that legitimate public concerns are addressed, these approvals mean delays, uncertainty, and additional costs for developers. The process for approving construction of single-family units takes about 2.5 months on average if the project

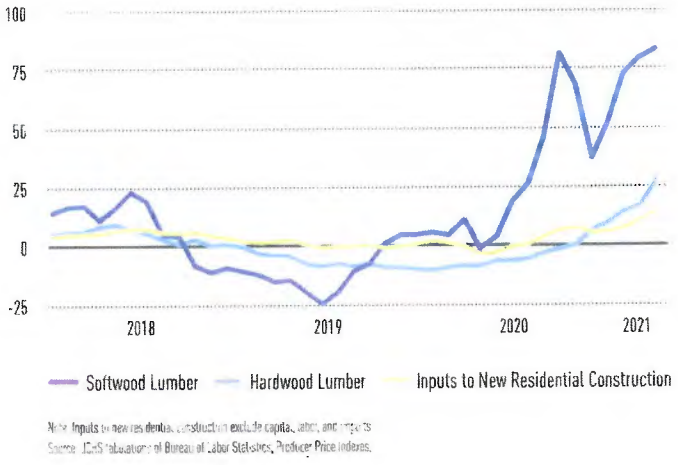
is permitted under existing rules and 4.3 months if special approval is required. For multifamily projects, the average review times are 3.1 months and 4.9 months, respectively.

The cost and availability of labor is yet another issue for homebuilders. The average hourly wage in the construction industry increased by 2.8 percent in March 2021 from a year earlier, to $32.25 per hour. The steady rise in wages may eventually help to attract workers from other fields or those returning to the labor market as the pandemic continues to subside. As it is, though, the number of job openings in construction fell sharply on a 12-month rolling basis from 309,000 in early 2020 to 268,000 in early 2021, but remained about twice the 130,000 openings averaged from 2000 to 2016.

However, the NAHB/Wells Fargo Housing Market Index indicates that the top concerns for homebuilders in 2020 were the scarcity and cost of building materials, likely exacerbated by supply chain problems during the pandemic. Multifamily developers responding to the NMHC Construction Survey in early 2021 were similarly concerned, with 93 percent of firms reporting an increase in the price of materials compared with just 5 percent of firms a year earlier.

FIGURE 10

Sharply Rising Lumber Prices Have Driven Up the Materials Costs of Residential Construction Since the Start of the Pandemic



Note: Inputs to new res dential construction exclude capital, labor, and imputs
Source: JCHS tabulations of Bureau of Labor Statistics, Producer Price Indexes.

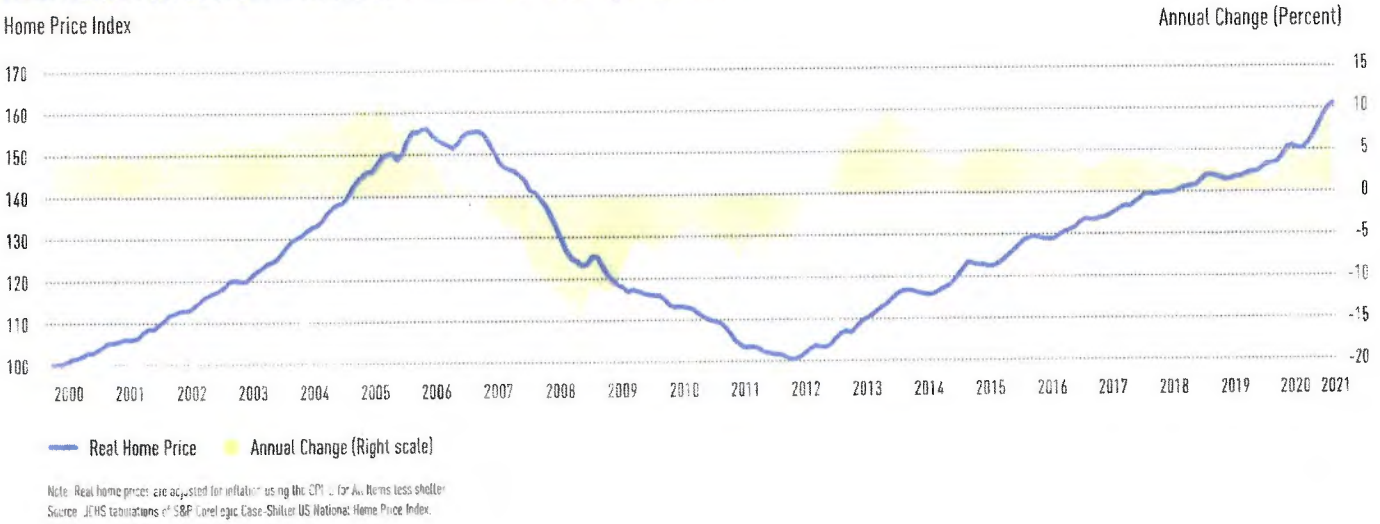
The surge in softwood lumber prices is particularly alarming, up some 83 percent year over year in March 2021 **(Figure 10)**. A recent NAHB analysis found that the jump in lumber costs added about $36,000 to the average price of a new single-family home. Given increasing costs for other common construction materials such as gypsum (up 6 percent) and concrete (up 2 percent), the price of inputs to new residential construction overall rose by a substantial 14 percent year over year in March 2021.

PERSISTENT CLIMB IN HOME PRICES

With inventories and interest rates at or near record lows, home prices have moved progressively higher. Year-over-year increases in the S&P CoreLogic Case-Shiller Home Price Index jumped from 4.5 percent in March 2020 to 10.4 percent in December—the first double-digit rise since 2014. Adjusted for inflation, the end-of-year increase was still a robust 9.1 percent **(Figure 11)**. The runup that began in mid-2012 and continued for over 100 consecutive months

FIGURE 11

Real Home Prices Have Continued to Climb for Nearly a Decade



Note: Real home prices are adjusted for inflation using the CPI-U for All Items less shelter.
Source: JCHS tabulations of S&P CoreLogic Case-Shiller US National Home Price Index.

thus left real home prices 2 percent above the mid-2000s peak and 60 percent above the level in 2000.

According to the FHFA Purchase-Only House Price Index, nominal home prices in the first quarter of 2021 increased by at least 10 percent in 85 of the 100 metro areas and divisions tracked by the index, up from just 5 markets the year prior. In 99 of those markets, the pace of the increases was escalating. The largest metro area gains were in Boise (28 percent), Austin (23 percent), and Tacoma (22 percent). Home prices in non-metro areas also climbed. The FHFA All-Transactions House Price Index, which generally shows slower appreciation than the Purchase-Only Index, indicates that non-metro home prices rose at a 6.0 percent annual rate at the end of 2020, up from 5.6 percent a year earlier.

Based on Moody's household income projections, the national price-to-income ratio is expected to rise from 4.14 in 2019 to 4.37 in 2020. This would mark the fifth consecutive year that the median home price was more than four times median household income. By comparison, average price-to-income ratios were considerably lower at 3.21 in the 1980s, 3.31 in the 1990s, 4.01 in the 2000s, and 3.82 in the 2010s. Ratios in the nation's 100 largest metros are expected to range as high as 10.9 in San Jose, 9.5 in Honolulu, and 9.4 in Los Angeles, and as low as 2.5–2.6 in Scranton, Syracuse, and Toledo.

Meanwhile, home prices and rents have diverged sharply. Zillow reports that typical home values rose 9.1 percent nationally in January 2021, up from 3.7 percent a year earlier. At the same time, rent growth slowed from 2.9 percent to just 1.2 percent. This divergence is widespread, with home price growth exceeding rent growth in all 99 large metros that Zillow tracks.

The different trajectories of home prices and rents reflect fundamental market forces. On the demand side, low interest rates have given a big lift to home prices but have had little immediate effect on rents. In addition, the financial fallout from the pandemic has been much less detrimental to the older, higher-income households who typically buy homes than to younger, lower-income households who typically rent. Pandemic conditions also increased demand for suburban living where owner-occupied housing predominates and reduced demand in urban areas where rental housing is concentrated. These conditions left a growing supply of rental housing, particularly in high-end markets in select metro areas, even as the inventory of for-sale homes reached an all-time low.

RAPID HOME PRICE GROWTH IN COMMUNITIES OF COLOR

From December 2019 to December 2020, typical home values increased in about 27,300 of the nearly 30,000 zip codes tracked by Zillow. In a third of those zip codes, home price appreciation exceeded 8 percent, including over half of the neighborhoods where people of color were in the majority. Home values in these communities rose 9.3 percent on average over the year, far faster than the 7.7 percent increase in majority-white neighborhoods.

Price growth in communities of color also outran metro-wide averages in 47 of the 50 largest markets in December 2020. In Philadelphia, for example, prices in the 51 neighborhoods where people of color made up at least half the population rose by an average of 14.3 percent—3.5 percentage points faster than the average for all 353 metro-area zip codes. In Atlanta, home prices in communities of color were up 10.6 percent, outpacing metro-wide gains by 1.4 percentage point.

Home price appreciation where people of color are in the majority has in fact exceeded metro-area averages for several years. Even so, prices have not returned to their mid-2000s peaks in many cases. In the 18,000 zip codes with Zillow home prices dating back to 2004, typical home values in 19 percent remained below peak in 2020. Yet in the 3,000 communities where people of color were in the majority, the share below peak was much higher at 26 percent. In the 616 majority-Black neighborhoods, the share was higher yet at 36 percent.

Still, rising home prices mean rising equity for current owners, which could offer some buffer against the income losses that many households of color suffered during the pandemic. But the long-term lag in home prices in communities of color highlights the disadvantages that homeowners in these neighborhoods face in attempting to build wealth and secure their financial futures.

THE OUTLOOK

Given the extremely limited supply of homes for sale across the country, prices will likely continue to rise for the foreseeable future even if interest rates tick up and more sellers put their homes on the market. But in the longer term, robust growth in housing construction will be necessary to temper conditions in some of today's overheated homebuying markets. However, homebuilders will need to meet the growing demand for homes of various sizes and at different price points, especially as millennials become a dominant force in the market.

3 DEMOGRAPHIC DRIVERS

Early estimates suggest that the pandemic did little to interrupt the ongoing rise in household growth, with millennials continuing to head up new households at a strong clip. As these young adults marry and have children, they are reinforcing household growth outside of urban centers. The economic disruption caused by the pandemic did, however, widen already large inequalities in income and wealth. On top of slowing population growth, these persistent disparities prevent people of color and those with lower incomes from forming their own households, in turn reducing longer-term demand for housing.

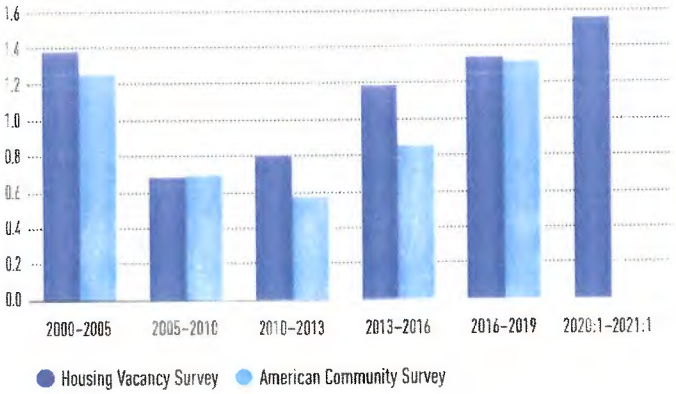
UPTICK IN MILLENNIAL HOUSEHOLDS

The pandemic hit at a time when household growth, the primary driver of housing demand, was strong and accelerating. By American Community Survey estimates, the number of US households increased by 1.3 million per year on average from 2016 to 2019—significantly faster than the 856,000 annual increases averaged in 2013–2016. Housing Vacancy Survey data also put average annual household growth at 1.3 million in 2016–2019, comparable to the level averaged in the early 2000s **(Figure 12)**. By both of these measures, household growth had been running well above the 1.2 million mark—the pace that Joint Center projections suggest would be due to population growth and demographic shifts alone.

FIGURE 12

Early Evidence Points to a Consistent Pickup in Household Growth Despite the Pandemic

Average Annual Increase in Households (Millions)



Note: Estimate for 2021:1 is the year-over-year change in the first quarter.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys and American Community Survey 1-Year Estimates.

Rising headship rates among young adults (the share heading their own households) explain this uptrend. Until recently, the millennials (born 1985–2004) had not formed independent households at a pace similar to that of previous generations at the same ages. In fact, American Community Survey data show that the number of households headed by adults under age 35 declined for most of the 2010s even though the population in that age group was soaring. Since 2016, however, household formation rates among millennials have been rising. Indeed, adults under age 35 have made increasingly large contributions to overall household growth, accounting for an additional 250,000 households annually in 2016–2019 **(Figure 13)**. Headship rates among 35–44 year olds also increased over that period, adding 200,000 households in that age group each year.

The economic shutdowns starting in March 2020 had only a limited and temporary impact on headship rates and therefore on household growth. When the unemployment rate spiked to 14.8 percent in April, many young workers were unable to sustain their own households and moved back in with their parents. However,

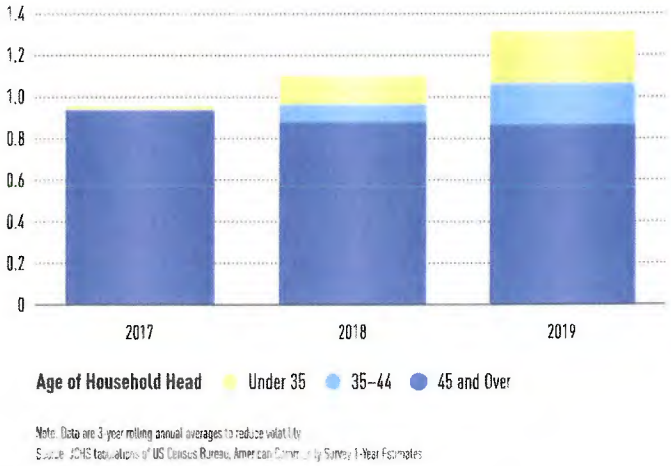
once job growth began to revive in the fall, the increase in young adults living with parents and the decline in their headship rate were nearly reversed by the end of the year **(Figure 14)**. According to Housing Vacancy Survey data, the total number of households was up by 1.5 million in the first quarter of 2021 from a year earlier, largely on the strength of higher headship rates among these young adults.

The surprising resilience of household formations among the millennial population suggests that their generation will continue to lead the growth of housing demand. The headship rates of adults under age 35 are still historically low and therefore have room to increase. In addition, the older millennials are moving into the 35-44 year old age group, a stage of life when headship rates are consistently higher. While slowdowns in national birth and death rates are becoming increasingly evident, higher household formation rates among the millennial generation will likely offset those drags on household growth in the near term.

FIGURE 13

Younger Adults Have Given an Increasingly Large Lift to Household Growth

Annual Household Growth (Millions)



Note: Data are 3-year rolling annual averages to reduce volatility.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

CHANGES IN RESIDENTIAL MOBILITY

Early in the lockdown, most households chose to stay put. Nearly twice the share of respondents to Fannie Mae's National Housing Survey for the third quarter of 2020 said that they delayed (11 percent) rather than accelerated (6 percent) their moves. Renewals of rental leases thus hit record highs in April 2020, while existing home sales were down 27 percent in May from a year earlier.

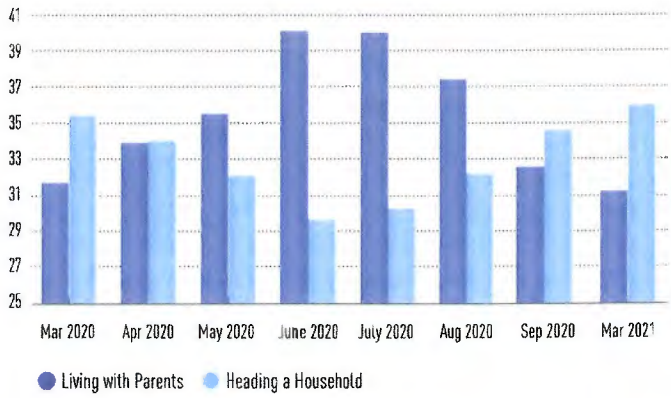
As the months wore on, however, the pace of residential moves picked up. Historically low mortgage interest rates encouraged a spate of homebuying, lifting existing home sales by more than 20 percent year over year from September 2020 through January 2021. A growing number of urban renters—particularly those with higher incomes—also moved out of apartments where they were paying a premium for proximity to job centers and other amenities. Many of these households either bought homes or relocated to rentals in the suburbs, but others simply moved to nearby apartments that were offering rent concessions or at least lower costs. Indeed, RealPage data indicate that renter retention rates in urban areas fell much more than rental occupancy rates, implying that many households either traded up to higher-quality apartments or sought out lower-rent units within the city.

With the reopening of businesses, restaurants, entertainment venues, demand for rental housing in prime urban areas started to revive in early 2021, giving another boost to residential mobility. As pandemic-related restrictions continue to ease and vaccination rates increase, more homeowners will become comfortable putting their homes on the market and more potential buyers will consider relocating. Many conditions that encourage homebuying are already in place, including low interest rates, a growing number of households at the prime ages for first-time homeownership, changing needs for living space, and

FIGURE 14

After Retreating to Their Parents' Homes Last Summer, Many Young Adults Were Living on Their Own Again by Early 2021

Share of Non-Student Population Aged 18–29 (Percent)



Note: Data exclude people enrolled full time in college or university.
Source: JCHS tabulations of US Census Bureau, Current Population Survey via IPUMS CPS, University of Minnesota, www.ipums.org.

increased ability to work from home. However, the persistent shortage of homes for sale is a significant constraint on purchases and therefore on overall residential mobility rates.

POTENTIAL IMPACTS OF A SHIFT TO REMOTE WORK

Even before the pandemic began in March 2020, household growth in the suburbs of large metros and in small metros had been on the

increase **(Figure 15)**. In part, this shift reflects the fact that the large millennial population was reaching the ages when they typically have children and move from urban rentals to larger homes. Those homes are often single-family units in outlying communities where more space is available at a price they can afford.

The pandemic thus helped to accelerate these moves, particularly among younger households that were already contemplating a home purchase to stop paying the high rents charged in prime urban locations. Record-low interest rates provided a strong incentive to buy, while the increased savings afforded by the economic shutdown gave some the additional means to do so.

The need for more space to work comfortably from home was yet another impetus to move. In 2019, the American Community Survey indicated that just 5.7 percent of the labor force worked from home full time. In May 2020, however, the Bureau of Labor Statistics reported that the share working from home because of the pandemic stood at 35.4 percent. Although the total share working from home receded to 18.3 percent by April 2021, large portions of certain groups continued to work remotely, including over a third of workers with college degrees and nearly half of workers in business and financial operations.

Now, more than a year after lockdowns began in March 2020, many employees are set up to work at home and have the experience to do so productively. While most would prefer to continue to do so at least part of the week, employers are less sold on the idea. A January 2021 PricewaterhouseCoopers survey shows that over half of employees (55 percent) would like to work remotely at least three days a week, but only a quarter of executives expected many or all office employees to work at home for a significant share of the workweek after the pandemic ends. Still, more than 70 percent of executives also planned to increase spending on virtual collaboration tools and manager training, and about half planned to invest in systems that would support hybrid working models, such as hoteling apps for shared desks and communal office space.

If lasting, the increase in remote work could profoundly reshape housing demand, albeit in potentially conflicting ways. On the one hand, homebuyer surveys indicate that those expecting to work from home look for larger houses, which usually means living in suburban or exurban communities. This would reinforce the concentration of household growth in outlying areas. On the other hand, research has also shown that remote workers desire easy access to stores, transit, and other amenities, which means that they would be more drawn to urban settings. The extent to which employees are able to work remotely after the pandemic, and how much impact a major shift to this practice would have on neighborhoods and the built environment, are thus unclear.

Meanwhile, working from home is not an option for more than half of the US labor force, particularly those in the leisure and hospitality, healthcare, services, and education sectors. Even so, they could still benefit if remote work becomes commonplace among workers in other professions. For example, less competition for prime urban locations could make housing near job centers more affordable. And with fewer people traveling to work at peak hours, commute times might improve. Research from before the pandemic suggests, however, that these indirect benefits may take years to develop and could easily be offset by other factors. For example, improvements in commuting times are often short-lived because the shorter travel times tend to attract more commuters.

DIVERGING TRENDS IN INCOMES AND WEALTH

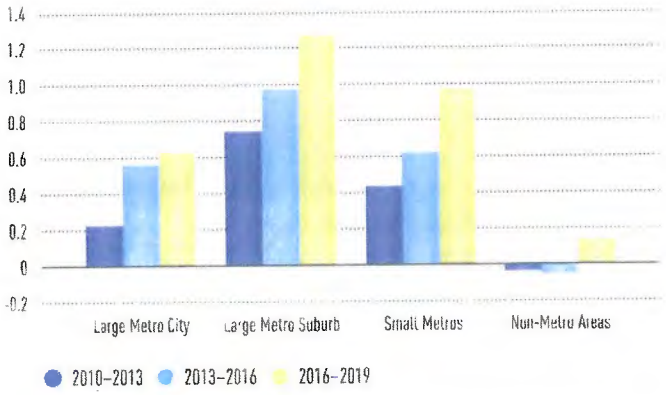
With fewer opportunities to spend money as well as significant cash infusions from the federal government, many households with stable jobs were able to reduce their expenses and even build wealth during the pandemic. In fact, the personal saving rate rose from 7.6 percent of disposable income in January 2020 to an all-time high of 33.7 percent in April 2020. For many homeowners, these savings came on top of a jump in housing wealth propelled by rising home prices. And for many renters, the extra cash provided an opportunity to pay down debt or save for a downpayment on a home.

At the same time, though, soaring job losses left millions of other households in dire straits. The US lost 22 million jobs between February and April 2020 when employment in food services and in the leisure and hospitality industries dropped by nearly half.

FIGURE 15

Household Growth Outside the Cities of Large Metro Areas Was Accelerating Well Before the Pandemic

Change in Households (Millions)



Notes: Large metro areas have at least one million residents. City tracts are either in the metro's principal city or in cities with populations over 100,000. All non-city tracts in metro areas are suburban.
Source: JCHS tabulations of US Census Bureau, American Community Survey 5-Year Estimates.

By early 2021, fully 43 percent of all households—including 53 percent of renters—reported lost income due to the pandemic. The diverging circumstances between those with the resources to weather the economic shutdowns and those struggling to simply stay afloat thus widened already large inequalities in income and wealth.

The Household Pulse Surveys reveal stark disparities driven by differences in educational attainment and income. In early 2021, nearly half (48 percent) of the households that lost income due to COVID-related factors earned less than $50,000, and nearly three quarters (74 percent) were headed by someone without a college degree. Meanwhile, households with higher incomes and advanced education were much less affected during the lockdowns because they were more likely to be able to work remotely. Indeed, a 2020 report from the Bureau of Labor Statistics found that 67.5 percent of workers with a bachelor's degree worked in occupations that could be done from home, compared with just 24.5 percent of workers with only a high school diploma.

The ability to withstand a temporary loss of income depends largely on having a reserve of wealth. In this case, homeowners have a huge advantage over renters. At last measure in 2019, the median wealth for homeowners was $254,900—more than 40 times the $6,270 median for renters **(Figure 16).** Even excluding home equity, the median wealth of owners was $98,500, or more than 15 times that of renters.

There are also significant differences in household wealth and financial resiliency by race and ethnicity. Indeed, a November 2020 survey by the Federal Reserve found that just 45 percent of Black adults and 47 percent of Hispanic adults would have enough cash to pay for an unexpected expense of $400, compared with 72 percent of white adults. Overall, the median wealth of white households was more than seven times that of Black households and over five times that of Hispanic households. Although smaller, the differences in wealth among only homeowners are still considerable. For example, the median net wealth of Black homeowners was over 60 percent less than that of white homeowners and over 30 percent less than that of Hispanic homeowners.

Inequalities in household wealth are even greater when measured by income, leaving lowest-income households particularly at risk in the event of a job loss. The median net wealth of households in the top income quartile in 2019 was 60 times that of households in the bottom quartile. Indeed, the top 1 percent of households by income held more wealth ($35.7 trillion) than the bottom 90 percent ($22.6 trillion). Meanwhile, the typical renter in the bottom income quartile had just $1,900 in total wealth—less than one month's usual expenditures for this group—including only $360 in cash savings.

Even lowest-income households that own homes are vulnerable to job losses because much of their wealth is tied up in home equity—an asset that is difficult to access quickly and without cost. Indeed, while homeowners in the bottom income quartile had a median net wealth of $108,000, their median cash savings amounted to just $1,500. One in three of these homeowners had less than $500 in cash.

FIGURE 16

Wide Disparities in Wealth Leave Renters at a Large Disadvantage in the Housing Market

Median Household Wealth (Dollars)

	Owners	Renters	All Households
All Households	254,900	6,270	121,760
Race/Ethnicity			
Black	113,130	1,830	24,100
Hispanic	164,800	5,800	36,050
Asian and All Other Races	299,000	6,710	74,500
White	299,900	8,900	189,100
Income Quartile			
Bottom	108,100	1,900	10,700
Lower Middle	161,000	8,300	64,800
Upper Middle	240,200	20,700	164,000
Top	703,000	154,000	627,000

Notes: White, Black, and Asian and all other race households are non-Hispanic. Hispanic households may be of any rac
Source: JCHS tabulations of the Federal Reserve Board, 2019 Survey of Consumer Finances.

THE IMPENDING DRAG OF SLOWER POPULATION GROWTH

New Census Bureau estimates indicate that US population growth slowed again last year, dipping to 0.35 percent from July 2019 to July 2020. The addition of just 1.15 million people was about half the 2.37 million originally projected. The unexpected weakness of population growth reflects a combination of factors, including higher-than-predicted death rates and lower-than-predicted birth rates among the resident population, as well as the more than 50 percent drop in international immigration from 2016 to 2020.

COVID-19 was of course a large contributor to the increase in deaths last year, responsible for more than 384,000 fatalities according to provisional CDC data. The ongoing opioid crisis also added

to the count, with drug overdoses reaching a record high in May 2020. Meanwhile, the US fertility rate declined 4 percent last year, resulting in the fewest births since 1979. The Brookings Institution estimates that the number of births in 2021 will also be 300,000 below normal due to the pandemic. Moreover, the CDC reduced the estimated life expectancy for those born between 2019 and the first half of 2020 by one full year.

The halt in immigration in April 2020 also pulled down overall population growth, reducing the number of net new immigrants to 477,000 for the year. As it was, international immigration had already fallen 47 percent from 1.07 million per year in 2016 to 570,000 in 2019 **(Figure 17)**. The size of this decline is significant because immigrants account for such a large share of both population growth and household growth. Indeed, foreign-born residents contributed about a third of the nation's population growth in 2010–2019, along with 40 percent of household growth.

Immigration is particularly critical to sustaining population growth in large cities and stabilizing the populations in rural areas. For example, the population of New York City would have declined by more than a quarter-million between 2010 and 2019, but instead grew by 160,000 with the arrival of nearly 500,000 international immigrants. Similarly, in rural counties with declining populations, gains from immigration over the decade have stemmed even greater losses. If international immigration remains as constrained as it has been since 2017, population losses across the country will increase in scale and scope, not only dampening household growth but also destabilizing local economies.

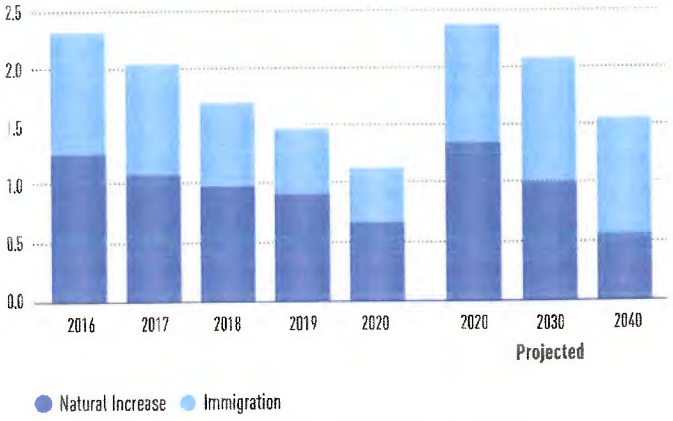
Low immigration levels translate directly into slower household growth and therefore into weaker housing demand. Assuming that the Census Bureau's low-immigration projection of roughly 600,000 net new immigrants per year in 2018–2028 stands, the Joint Center's household growth projections for that period would be reduced by 1.8 million, from 12.2 million to 10.4 million.

So far, though, household growth measures do not reflect the impacts of slowing population growth for several reasons. First of all, the overall aging of the population continues to have a large positive impact on household growth because the likelihood of heading a household increases with age. Rising headship rates among younger adults are also giving a large and growing boost to household growth. Moreover, much of the slowdown in resident population growth is due to lower birth rates and fewer children under age 18—cohorts that are too young to form households and therefore not affecting current growth rates. And finally, since the majority of immigrants do not immediately form their own households upon arriving in this country, the drag on household growth from lower immigration only becomes apparent over time.

FIGURE 17

Sharp Declines in Both Natural Increase and Immigration Left Population Growth in 2020 at Half Its Previously Projected Levels

Year-over-Year Change in US Population (Millions)



Note: Natural increase is the difference between the number of births and the number of deaths in the resident population.
Source: JCHS calculations of US Census Bureau, Vintage 2020 Population Estimates and 2017 Population Projections.

THE OUTLOOK

Despite the unprecedented economic and social disruption caused by the pandemic, the rebound in headship rates among the millennial generation should prop up household growth in the near term even as overall population growth slows. The aging of this large generation into their 30s will likely increase demand for single-family homes in suburban and exurban areas. If working at home full time becomes common practice post-pandemic, this change could also reinforce the shift in housing demand away from expensive urban locations.

But over the longer term, lower-than-expected birth rates and drastic cuts to immigration have exacerbated the slowdown in population growth, potentially dragging down future household growth. Policies providing greater support for working families could eventually counter the current decline in birth rates and ultimately boost housing demand. But immigration is the only demographic driver of demand that could rebound quickly with more supportive federal policies in place.

Efforts to reduce the many stark economic disparities in US society would also lift future housing demand. The combination of low incomes and high housing costs limits the ability of many young adults to form their own households and to remain securely housed. Indeed, as the last year has demonstrated, the loss of steady incomes and lack of savings have left millions of households—particularly those of color or with low incomes—at risk of eviction or foreclosure, fueling even greater inequality.

4 HOMEOWNERSHIP

Despite the economic contraction, the national homeownership rate increased again in 2020 amid strong demand from younger and higher-income households. But fierce competition for the limited supply of homes for sale has pushed up prices to new heights and left many potential buyers on the sidelines. Since many of these would-be owners are lower-income households and households of color, these conditions have reinforced longstanding disparities in homeownership. Meanwhile, millions of current owners are behind on their mortgage payments and at risk of foreclosure when forbearance programs end this year.

RISING DEMAND FOR HOMEOWNERSHIP

The national homeownership rate continues to edge up. According to the Housing Vacancy Survey, the national homeownership rate stood at 65.6 percent in the first quarter of 2021, a 0.3 percentage point increase from a year earlier **(Figure 18)**. Preliminary Census Bureau data also show that the number of homeowners rose by about 1.3 million over this period, consistent with average annual gains from 2016 to 2019.

Households under age 35 made the largest advances over the past year, continuing the uptrend that preceded the pandemic. Homeownership rates for this age group increased 0.8 percentage point from the first quarter of 2020 to the first quarter of 2021. This followed a 2.2 percentage point rise between the 2016 low and 2019. These large homeownership gains were fueled in part by strong income growth. While incomes for all age groups rose throughout the 2010s, households under age 35 posted the largest increase of 21 percent over the decade.

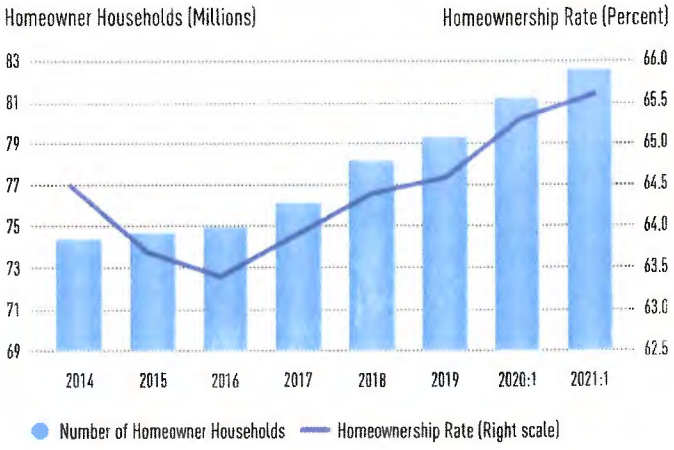
The homeownership rate for households aged 35–44 also climbed in early 2021, up 0.5 percentage point from a year earlier, while the rates for the 45–54 and 55–64 year-old age groups fell slightly. Meanwhile, the homeownership rate for households age 65 and over increased by 0.6 percentage point. Although the rate for these older adults declined slightly in 2016–2019, the aging of the baby-boom generation meant that the number of older homeowners still grew by some 800,000 per year over that period—far exceeding the 500,000 annual increase in homeowners in all other age groups combined.

HIGHER PRICES LIMITING AFFORDABILITY

Following a steady downtrend since the third quarter of 2019, the 30-year fixed mortgage rate hit a record low of 2.70 percent in the first week of January 2021. Although rates then began to tick up, they were back below 3.00 percent again in May. Such low rates have helped to hold down the monthly costs of homeownership amid the sharp

FIGURE 18

Despite the Pandemic, the National Homeownership Rate Remained on the Rise Over the Past Year



Notes: Data for 2014–2019 are annual. Data for 2020 and 2021 are for the first quarter.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

rise in prices. Indeed, typical monthly homeowner costs rose just 2.2 percent in 2020, keeping real payments at the 1990 level **(Figure 19)**.

In combination with extremely limited supply, however, low interest rates have also helped to fuel the rapid climb in home prices. NAR reports that the median sales price of homes jumped 28 percent from $233,000 in December 2016 to $299,000 in December 2020. From December 2019 to December 2020 alone, the median sales price increased by 10 percent.

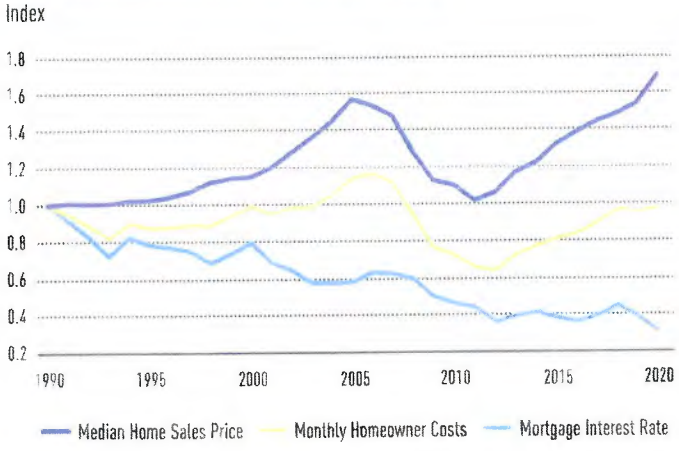
Higher home prices present a substantial hurdle for would-be buyers by increasing the upfront costs of ownership. A recent report from Realtor.com shows that the median price of a primary home purchased in April 2020 by households aged 25–40 was $280,800. At that price, potential homebuyers would have to come up with $15,400 to cover a modest 3.5 percent downpayment and 2.0 percent closing costs—well above the savings of the typical renter in that age group. As prices continue to rise, so too will downpayment requirements, forcing many potential homeowners to either delay their purchases or take on mortgages with very low downpayments and the added costs of mortgage insurance.

But even if potential buyers have sufficient savings, high housing prices still shut many households out of the homeowner market. A recent Joint Center analysis found that the median-income renter could not afford the monthly payments on the median-priced home in more than half of US states in 2019. And in high-cost markets, households with moderate to high incomes also struggled to buy homes. For example, renters in California, Hawaii, and the District of Columbia had to earn 120 percent or more of the area median income to afford the median-priced home. In another five states (Colorado, Idaho, Oregon, Utah, and Washington), renters had to earn 100–120 percent of the area median income.

Given rapidly rising home prices and the economic challenges facing many low- and moderate-income households during the pandemic, the households able to buy homes last year generally had relatively high incomes. According to NAR's Profile of Home Buyers and Sellers, the median income of households purchasing homes between April and June 2020 ($110,800) was well above that of households purchasing homes from July 2019 and March 2020 ($94,400). The homes themselves were also substantially more expensive, with a median price of $339,400 compared with $270,000. Indeed, almost a quarter (23 percent) of the households that bought homes between April 2020 and June 2020 paid $500,000 or more.

FIGURE 19

Declining Interest Rates Have Offset the Rise in Home Prices, Preventing a Sharp Increase in the Real Monthly Cost of Homeownership



Notes: House prices and monthly homeowner costs are adjusted to 2020 dollars using the CPI-U for All Items less shelter. Monthly homeowner costs assume a 3.5% downpayment on a median-priced, existing single-family home (including condos and coops), property taxes of 1.15%, property insurance of 0.35%, and mortgage insurance of 0.85%.
Source: JCHS tabulations of Moody's Analytics estimates; US Census Bureau, Current Population Surveys; and Freddie Mac, Primary Mortgage Market Surveys.

FINANCIAL FALLOUT FROM THE PANDEMIC

Despite having higher incomes and wealth on average than renters, many homeowners were also financially stretched last year. Household Pulse Surveys from the first quarter of 2021 indicate that nearly 40 percent of homeowners had lost income due to the pandemic, and 9 percent were behind on their mortgage payments.

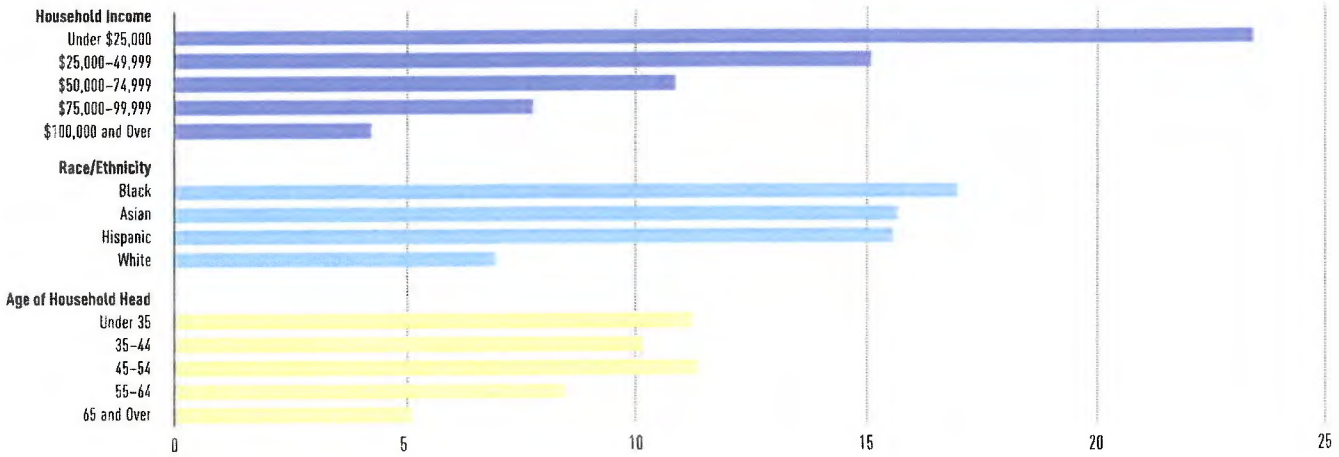
Homeowners of color were hit especially hard by income losses, given that they were more likely to be employed in the service industries with the most drastic job cuts. Half (50 percent) of Hispanic homeowners lost income by the first quarter of this year, somewhat higher than the 43 percent share of Black homeowners, the 39 percent share of Asian homeowners, and the 35 percent share of white homeowners. As a result, 17 percent of Black, 16 percent of Hispanic, and 16 percent of Asian homeowners were behind on their mortgage payments in early 2021—more than twice the 7 percent share of white homeowners **(Figure 20)**.

Low-income homeowners were also more apt to be in arrears. In fact, the share of homeowners making less than $25,000 that were behind on their payments actually increased from 20 percent in August 2020 to 24 percent in the first quarter of 2021. Meanwhile, 15 percent of homeowners with incomes of $25,000–49,999 were also delinquent, along with 11 percent of homeowners with incomes in the $50,000–74,999 range. In contrast, just 5 percent of homeowners earning at least $75,000 were behind on their mortgages in early 2021. Age of the household head is also a factor, with owners under age 55 twice as likely to be in arrears (11 percent) than older owners (5 percent).

FIGURE 20

Large Shares of Low-Income Homeowners and Households of Color Were Behind on Their Mortgages in Early 2021

Share of Homeowners Behind on Payments in 2021:1 (Percent)

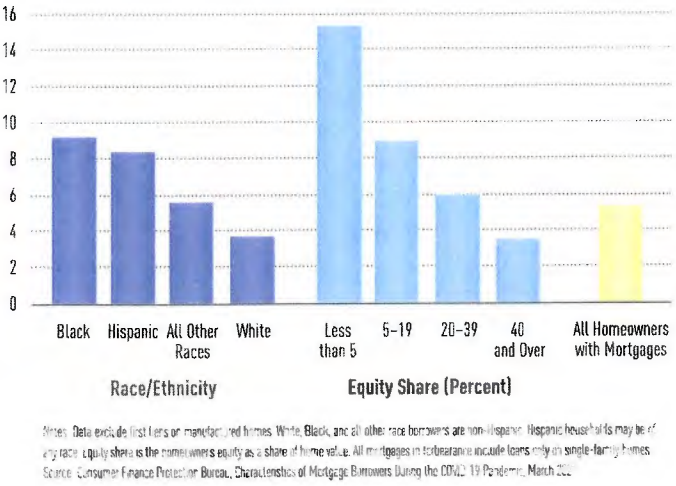


Notes: Households behind on their mortgages reported that they were not caught up at the time of the survey. Household income is for 2019. Black, Asian, and white households are non-Hispanic. Hispanic households may be of any race.
Source: JCHS tabulations of US Census Bureau, Household Pulse Survey, January–March 2021.

FIGURE 21

Homeowners of Color and Borrowers with Little Equity Were Especially Likely to Be in Forbearance in Early 2021

Share of Mortgage Holders in Forbearance (Percent)



Notes: Data exclude first liens on manufactured homes. White, Black, and all other race borrowers are non-Hispanic. Hispanic households may be of any race. Equity share is the homeowners equity as a share of home value. All mortgages in forbearance include loans only on single-family homes.
Source: Consumer Finance Protection Bureau, Characteristics of Mortgage Borrowers During the COVID-19 Pandemic, March 2021.

POTENTIAL RISKS FOR BORROWERS IN FORBEARANCE

Under the CARES Act, the federal government imposed moratoriums on foreclosures and mandated mortgage payment forbearance programs to protect delinquent homeowners from losing their homes. According to Black Knight, 7.1 million homeowners (14 percent of all mortgage holders) entered into forbearance during the pandemic. Of these, 4.8 million (68 percent) had exited the programs by March 2021. A large majority of those borrowers had either resolved the delinquency (65 percent) or paid off their loans (23 percent). A small share (8 percent) were engaged in loss mitigation with their lenders, and the remaining 4 percent were delinquent.

However, some 2.3 million homeowners were still in active forbearance in early 2021. Homeowners in these circumstances were more likely to be households of color and/or have little equity in their homes **(Figure 21)**. A recent Consumer Financial Protection Bureau report found that 9.2 percent of Black and 8.4 percent of Hispanic mortgage holders were in forbearance in March 2021, considerably higher than the 3.7 percent share of white mortgage holders. In addition, 15 percent of borrowers with less than 5 percent equity were in forbearance, compared with just 3 percent of borrowers with at least 40 percent equity.

Forbearance will end by July 2021 for most of this group. At that point, owners must engage with lenders to resolve their accumulated delinquencies. But because these borrowers are especially likely to have suffered sustained income losses, it may be difficult for them to make up for their missed mortgage payments as well as property taxes and homeowner insurance premiums. Lenders often resolve delinquencies by adding the accumulated debt to the mortgage and extending the loan term to cover the costs, but this solution presumes that borrowers can again make full monthly payments.

For homeowners in forbearance and unable to resume payments, selling may be the best option. Again, though, this would not be a solution for borrowers with high debt and limited equity. Black

Knight estimated that, as of January 2021, about a fifth (22 percent) of the borrowers still in forbearance would have less than 10 percent equity left at the end of their 18-month forbearance period if their accumulated mortgage, property tax, and insurance payments were added to their loan balance. The share for borrowers with FHA- and VA-insured loans in a similar situation is even higher at 36 percent. Having this little equity would make it difficult for owners unable to resume their mortgage payments to sell their homes with enough proceeds to resolve their debt.

The American Rescue Plan Act passed in March 2021 includes $10 billion to help struggling homeowners avoid foreclosure or forced sales by making up for a broad range of missed mortgage payments and even reducing outstanding principal. This funding could provide a critical lifeline not only for owners facing the loss of their homes, but also for the other 30 percent of mortgage borrowers and manufactured home owners that were ineligible for forbearance programs.

SURGE IN REFINANCING ACTIVITY

Record-low interest rates fueled a refinancing boom last year. The Mortgage Bankers Association reported nearly $2.4 trillion in mortgage refinances in 2020, more than double the volume in the prior year and the highest annual dollar total since 2003 **(Figure 22)**.While purchase origination volumes also increased from $1.2 trillion to $1.4 trillion, the refinancing share of total mortgage loan volume jumped from 45.6 percent in 2019 to 61.0 percent in 2020.

Along with favorable interest rates, rising home prices encouraged many owners to tap their growing equity. According to Freddie Mac, homeowners took the opportunity to cash out $48.0 billion in net home equity in the fourth quarter of 2020, a substantial increase from $34.3 billion a year earlier but still well short of the $108.1 billion peak in the second quarter of 2006.

For homeowners able to refinance, the savings were significant. Freddie Mac found that borrowers lowered their interest rate from 4.3 percent to 3.1 percent on average, the largest reduction since the second quarter of 2015. Indeed, borrowers that refinanced their 30-year fixed mortgages without taking out equity saved more than $2,800 in principal and interest payments annually on average.

High-income borrowers benefited the most from refinancing last year. Recent research from Freddie Mac shows that borrowers in the top income quintile were five times more likely to refinance than those in the bottom income quintile. The disparity in refinancing rates between high- and low-income homeowners in 2020—and in the amount of savings each group realized—is unusually wide and further evidence of how the pandemic has exacerbated inequalities.

Households of color have historically been less likely to refinance than white households and therefore among those who also missed out on these savings. Research suggests that households of color may be deterred from refinancing by relatively high denial rates and limited funds to cover the upfront costs. Only about a quarter of Hispanic and Asian homeowners and a fifth of Black homeowners refinanced their mortgages in 2019, compared with a third of white homeowners.

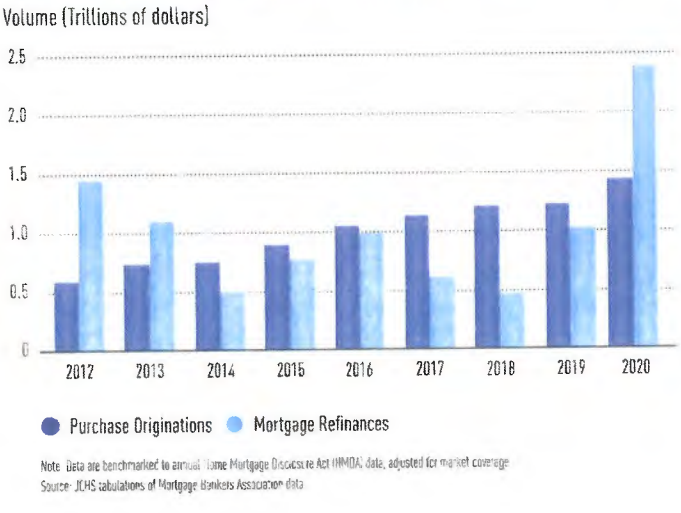
Black owners in their 30s and 40s have particularly low refinancing rates. Indeed, just 9.6 percent of Black homeowners aged 35–44 refinanced their mortgages in 2019, compared with 23.7 percent of same-aged white homeowners. Although refinancing rates by race and ethnicity tend to converge by age 75, homeowners of color that do not refinance earlier in life lose out on savings that would otherwise accrue throughout their prime wealth-building years.

PERSISTENT GAPS IN HOMEOWNERSHIP

Although racial and ethnic disparities in homeownership rates exist across the board, the difference between Black and white households is especially large. The Black-white gap reached a record 30.4 percentage points in 2018 before narrowing slightly to 29.9 percentage points in 2019. American Community Survey data indicate that the homeownership gap exists across all age groups but is the widest (33.8 percentage points) among households in the prime homebuying years of 35–44 **(Figure 23)**. Even among households age 65 and over, the ages when homeownership rates are typically highest, the difference in Black-white rates was still 20.3 percentage points.

FIGURE 22

Mortgage Refinancing Activity Surged Last Year, Spurred by Record-Low Interest Rates

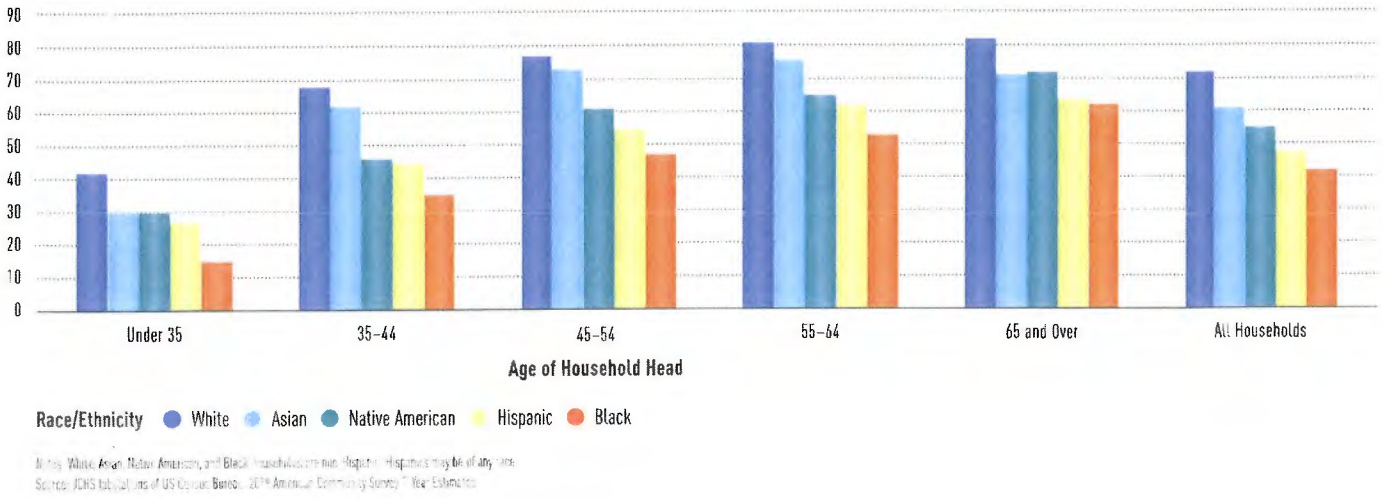


Note: Data are benchmarked to annual Home Mortgage Disclosure Act (HMDA) data, adjusted for market coverage.
Source: JCHS tabulations of Mortgage Bankers Association data.

FIGURE 23

Homeownership Gaps for Households of Color Persist Across All Age Groups

Homeownership Rate (Percent)



Note: White, Asian, Native American, and Black households are non-Hispanic. Hispanics may be of any race.
Source: JCHS tabulations of US Census Bureau, 20[th] American Community Survey 1-Year Estimates.

The wide disparity among older households had in fact inched up from 19.7 percentage points in 2018, which may indicate that Black baby boomers—who were hit especially hard during the Great Recession—had not recovered fully from those setbacks as they reached retirement age. At the same time, though, the Black-white homeownership gap for households under age 35 did improve slightly from 27.4 percentage points in 2018 to 26.7 percentage points in 2019.

Reflecting longstanding inequalities in economic opportunity, income disparities are a key factor in Black-white homeownership gaps. Lower incomes limit the ability of would-be buyers to save for a downpayment and to qualify for a mortgage. In 2019, the median income of Black households was $43,000, far lower than the $71,000 median income of white households.

But even controlling for income, significant Black-white homeownership gaps remain. The widest disparity was among households with incomes between $30,000 and $44,999, at 29.0 percentage points in 2019. But the gap for households earning $75,000 to $99,999 was still 21.0 percentage points. And even among those with incomes of $100,000 and above, the difference in homeownership rates between Black and white households was 14.1 percentage points.

Homeownership disparities for Hispanic and Asian households have improved more than for Black households, in part because of their higher incomes. The Hispanic-white gap narrowed from a peak of 25.9 percentage points in 2013 to 24.1 percentage points in 2019, while the Asian-white gap shrank from a peak of 14.5 percentage points in 2011 to 11.9 percentage points in 2019. Meanwhile, the median income of Hispanic households in 2019 ($55,000) was more than 20 percent lower than that of white households, but some 27 percent higher than that of Black households. The median income for Asian households ($92,000) was not only 30 percent higher than that of white households, but also more than double that of Black households.

CONTINUING CONSTRAINTS ON WEALTH & CREDIT ACCESS

Along with income disparities, longstanding differences in wealth make it especially difficult for renter households of color to save to buy first homes. Survey of Consumer Finances data show that median net wealth was $1,800 for Black renters, $6,000 for Hispanic renters, and $8,330 for white renters in 2019. Although increasing in recent years, the net wealth of Black and Hispanic renters remained low in absolute terms as well as relative to that of white renters. The wealth gap between Black and white renters in 2016–2019 was unchanged at $6,500, while the Hispanic-white gap decreased slightly from $3,350 to $2,330.

Wealth gaps are even larger for households under age 35, leaving young Black renter households at a large and growing disadvantage in the homebuying market. Indeed, the median net wealth of Black renters under age 35 fell 6 percent from $479 in 2016 to just $450 in 2019, while the median net wealth of same-age white renters rose by 51 percent, from $4,700 to $7,100.

Access to mortgage credit is another major barrier for households of color, especially under today's tight credit conditions. The Urban Institute's Housing Credit Availability Index was at a record low in the third quarter of 2020, indicating that lenders were imposing

extremely stringent credit standards. Although the MBA's Housing Affordability Index showed a slight easing at the beginning of January 2021, credit availability was still at its tightest level since 2014.

Credit history is a key factor in mortgage loan approvals, but structural racism and other systemic factors related to unemployment, income, and student loan debt all affect scores. The Urban Institute reports that median credit scores in October 2020 were about 610 for Black borrowers and 660 for Hispanic borrowers, significantly below the 745 for all borrowers of conventional loans. In addition, the shares of borrowers with subprime credit scores of 532 and below were significantly higher for Black (45 percent) and Hispanic applicants (32 percent) than for white applicants (18 percent). These differences in credit histories are one reason mortgage denial rates are noticeably higher for Black (16 percent) and Hispanic (12 percent) applicants, compared with white applicants (7 percent).

The limited availability of small-dollar mortgages (under $70,000) also makes it difficult for low-income households and households of color to buy homes. The costs of originating loans, including verifying income, assets, and home value, do not vary with the amount borrowed, and there are caps on the fees that can be charged as a percent of the loan balance. As a result, lenders seldom offer these loans. This makes financing the purchase of low-cost homes a challenge, particularly in the neighborhoods where low-income households and households of color tend to live. The difficulty of acquiring small-dollar mortgages also limits owners' ability to tap their home equity or secure loans to finance home maintenance.

THE OUTLOOK

Both the national homeownership rate and the number of homeowner households continued to rise in early 2021, boosted by low interest rates and steady gains in savings among many younger renters. The aging of the population also helped by lifting the number of households in age groups with traditionally higher homeownership rates. Today's strong demand for homeownership is thus being driven by households that put off purchases last year because of the pandemic, those who originally planned to buy this year, and those who sped up their homebuying plans because of today's favorable interest rates and concerns about further price increases.

A significant rise in interest rates could, however, temper the surge in housing demand. And as the pandemic subsides and the economy continues to recover, homeowners may feel more comfortable putting their homes on the market, which would also help to slow the pace of price appreciation. Still, high prevailing housing prices—and therefore high downpayment requirements—prevent low- and middle-income households from buying homes in many markets, particularly on the coasts. And without explicit policies designed to help close homeownership gaps, wealth disparities between households of color and white households, as well as between renters and homeowners, will remain large.

The Biden Administration has proposed new programs that would address many of the challenges present in homeownership markets. On the supply side, the proposal includes building 500,000 affordable homes for low- and middle-income buyers. The Administration is also asking Congress to authorize a grant program that would provide funding to jurisdictions that eliminate exclusionary zoning. And on the demand side, passage of any of a number of new propopsals to provide downpayment assistance to socially disadvantaged buyers would potentially bring millions of low-income households and households of color into homeownership.

More immediately, it is vital that policymakers take steps to ensure mortgage borrowers that suffered financial setbacks during the pandemic are able to stave off the loss of their homes. Indeed, 2.3 million owners are still in forbearance programs and will be under threat of foreclosure when the federal moratorium expires. Funding provided by the American Rescue Plan is available to help these struggling homeowners, but it is unclear whether this assistance will be large enough or timely enough to meet the need.

5 RENTAL HOUSING

Millions of renter households were still behind on their housing payments in the first quarter of 2021. Still, rental demand in prime urban areas was already recovering from a jump in vacancy rates earlier in the pandemic. Multifamily housing starts also bounced back from the second-quarter slowdown. But returns to rental property owners took a hit from increases in vacancy rates and operating costs, and mom-and-pop landlords were feeling the pinch of lower rent collections. Despite the recent growth in new multifamily construction, much of the nation's rental stock is older and in need of maintenance and repairs.

SHORTFALL IN RENTAL PAYMENTS

The economic shutdown beginning in March 2020 left millions of renter households out of work. The Household Pulse Surveys show that more than half of renter households (51 percent) had lost employment income due to the pandemic by late March 2021. Low-income renters and households of color were especially likely to be in financial distress.

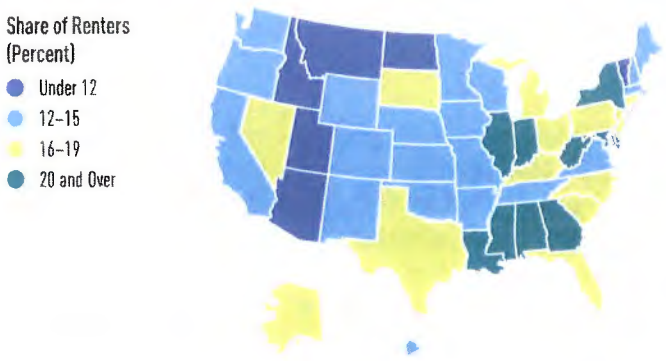
As a result of these income losses, large shares of renter households were behind on their housing payments in early 2021. Although down from a peak share of 19 percent in early January, one in seven renters was still in arrears in late March and at risk of being forced from their homes. Again, low-income renters and households of color were most likely to be behind on their housing payments, as were tenants of rental properties owned by mom-and-pop landlords.

Indeed, an Avail survey found that more than 27 percent of non-institutional rental property owners had tenants who did not or could not pay rent in September 2020. In a follow-up survey in February 2021, nearly two-thirds of these landlords (61 percent) reported at least $5,000 in lost rental income during the pandemic. The Household Pulse Surveys suggest that the shortfalls for owners of smaller properties will continue, with 18 percent of renters of single-family homes and 17 percent of renters in buildings with 2–4 units reporting they were behind on their payments in the first quarter of 2021.

The financial pressures on renters vary considerably by state **(Figure 24)**. Households in arrears on rent were primarily in the South. Mississippi was at the top of the list, with 27 percent behind on rent, followed by Delaware, Louisiana, Alabama, and Georgia. Most of these states have lower-than-average median incomes as well as higher-than-average shares of Black renter households, a group that was especially likely to have lost income during the pandemic.

FIGURE 24

More than a Fifth of Households in Several States Struggled to Pay Rent in Early 2021



Note: Households behind on rent reported that they were not caught up at the time of survey.
Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, January–March 2021

Many of the states with the smallest shares of renters behind on housing payments were in the West and Upper Midwest, where housing cost burden rates are relatively low and the local economies are less dependent on service industries. The share of renters behind on rent was just 10 percent in Idaho and under 12 percent in Montana, North Dakota, and Utah.

In four of the 15 metros tracked by the Household Pulse Survey (Chicago, Houston, New York, and Philadelphia), the shares of households in arrears on rent were at or above 20 percent. Phoenix had the smallest share, at 11 percent. Several high-cost markets—including Boston, San Francisco, Seattle, and Washington, DC—also had relatively low shares of households behind on payments, largely because the majority of renters in these metros have relatively high incomes.

MODERATION IN RENTAL DEMAND AMID UPTURN IN SUPPLY

The pandemic came on the heels of a nationwide slowdown in renter household growth. After increasing by nearly 850,000 per year from 2004 to 2016, the number of renter households has since remained essentially flat. Indeed, the latest Housing Vacancy Survey put the total number of renter households at 43.4 million in the first quarter of 2021, just shy of the 43.5 million recorded in 2016.

After the pandemic took hold in early 2020, rental demand fell sharply. Annualized growth in the number of occupied apartments dropped from 333,000 units in the first quarter to 176,000 units in the second quarter. The decline was especially large in markets heavily affected by the pandemic, such as New York City and San Francisco.

But multifamily construction, which had been closely tracking new rental demand, continued at a brisk pace in 2020 despite a slowdown early in the pandemic. After falling to a 312,000 unit annual rate in the second quarter, multifamily starts rebounded quickly and ended the year at a total of 389,000 units, not far from the 2019 level. Completions also slowed briefly in the second quarter of 2020 but recovered quickly, climbing to 375,000 units for the year—the highest annual total since 1989.

Completions of professionally managed apartment units also rose throughout 2020, climbing from 296,000 units at an annual rate in the first quarter to 341,000 in the fourth quarter. The pace of completions picked up even further in the first three months of 2021, increasing to a 353,000 unit annual rate on average. Although net new apartment leases were also back up to a 316,000 unit annual rate, apartment completions far outpaced growth in rental occupancy **(Figure 25)**. As a result, the national vacancy rate for professionally managed multifamily rentals increased from 6.7 percent in early 2020 to 6.9 percent in early 2021.

DIVERGING TRENDS IN RENTAL SUBMARKETS

Much of the overall increase in vacancy rates reflects conditions in prime urban markets, particularly at the high end. The rate for professionally managed buildings jumped from 7.2 percent to 10.0 percent over the course of 2020, before edging back down to 9.6 percent early this year **(Figure 26)**. Vacancy rates in other urban markets rose more modestly, from 6.0 percent in the first quarter of 2020 to 6.4 percent in the first quarter of 2021.

Meanwhile, rental vacancies in suburban areas fell. Following four consecutive quarters of increases, the vacancy rate in prime suburban submarkets declined from 7.2 percent in early 2020 to 6.0 percent in early 2021. Rates in suburban markets outside of prime areas dipped as well, from 6.8 percent to 6.3 percent. The tightening of suburban markets may reflect a move of some urban renters to less expensive locations after the pandemic forced many commuters to work from home.

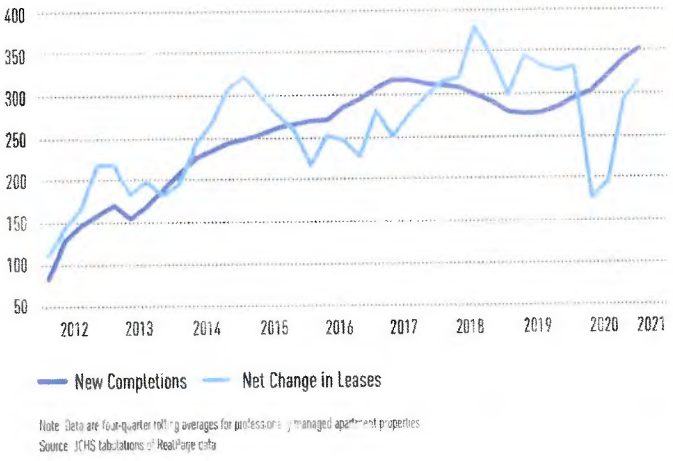
Trends in rental demand also varied by quality segment. According to CoStar data, vacancy rates in higher-quality (4 & 5 star) apartments soared to 10.5 percent in the fourth quarter of 2020, before retreating to 9.9 percent in early 2021. In contrast, the market for lower-quality (1 & 2 star) apartments remained especially tight, with a vacancy rate of just 5.2 percent in the first quarter of 2021. The vacancy rate for moderate-quality (3 star) apartments was nearly as low at 5.6 percent.

At the metro level, first-quarter 2021 vacancy rates were up year over year in about a third (48) of the 150 markets tracked by RealPage. The sharpest increases were primarily in high-cost markets such as San Francisco (up 3.0 percentage points), San Jose (up

FIGURE 25

Additions to the Rental Supply Ramped Up During the Pandemic Even as Lease Rates Fell

Units in Professionally Managed Properties (Thousands)

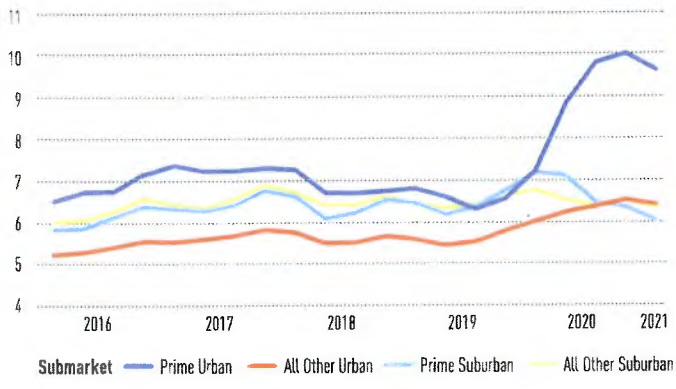


Note: Data are four-quarter rolling averages for professionally managed apartment properties.
Source: JCHS tabulations of RealPage data

FIGURE 26

Vacancy Rates Soared in High-Rent Urban Areas Last Year, But Fell Steadily in Prime Suburban Markets

Vacancy Rate (Percent)

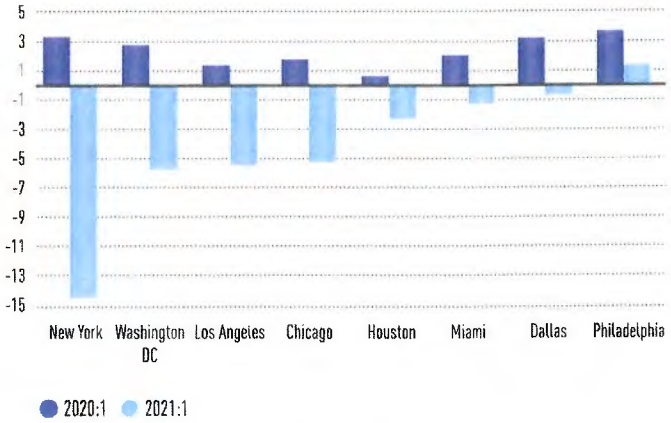


Notes: Urban/suburban areas are defined based on density in the 54 largest markets that CoStar tracks. Prime submarkets are those with the highest rents.
Source: JCHS tabulations of CoStar data.

FIGURE 27

Rents in the Nation's Eight Largest Markets Were Down Sharply in Early 2021

Year-over-Year Change in Rents (Percent)



Note: Rent changes are for the eight largest metro areas by population in 2019.
Source: JCHS tabulations of RealPage data.

2.6 percentage points), and New York (up 2.3 percentage points). At the same time, vacancy rates fell in 101 metros, with especially large declines in Riverside (down 1.9 percentage points) and Virginia Beach (down 1.3 percentage points).

SLOWDOWN IN RENT GROWTH

With vacancy rates moderating, rents followed suit with only modest gains in early 2021. The annual change in the Consumer Price Index for rent of primary residence—the broadest and most stable measure of rents—dropped from a high of 3.8 percent in March 2020 to just 2.5 percent in April 2021. This was the smallest annual increase in any month since 2012, although still substantially larger than the 1.2 percent rise in prices for all other items.

After slowing early in the pandemic, rent increases for single-family homes picked up from 3.0 percent in March 2020 to 4.4 percent in March 2021. Rents for units in professionally managed buildings also resumed their rise in early 2021, up 1.3 percent year over year nationwide after modest declines in much of 2020. Indeed, after averaging 2.7 percent annual increases in 2019, growth in rents in this segment plummeted to 1.4 percent in the first quarter of 2020 and -0.2 percent in the second, and then remained in negative territory throughout the rest of the year.

Rents in the higher-quality segment started to rebound as well, recovering from a 1.9 percent year-over-year decline in the fourth quarter of 2020 to a 0.8 percent gain in the first quarter of 2021. At the same time, rent increases for moderate-quality apartments—which slowed during the pandemic but remained positive through 2020—accelerated from 1.5 percent in the fourth quarter to 3.0 percent in the first quarter of this year. Rent growth for lower-quality apartments was essentially flat, edging up from 1.7 percent in the fourth quarter to 1.8 percent in the first quarter of 2021.

However, first-quarter rents were still declining in 25 of the 150 metros tracked by RealPage, including seven of the nation's eight largest metros **(Figure 27)**. Of this group, New York City posted the biggest drop, with rent growth plummeting from a 3.4 percent year-over-year increase in early 2020 to a 14.6 percent decline in early 2021. Rents also fell by more than 5.0 percent in Washington, DC (-5.8 percent), Los Angeles (-5.5 percent), and Chicago (-5.3 percent), all high-cost markets with economies that were especially hard hit by the shutdowns. Philadelphia was the only large metro with positive rent growth although there, too, the 1.4 percent increase was significantly smaller than a year earlier.

RENTAL PROPERTY PRICES HOLDING UP

Despite rising vacancy rates and slowing rent growth, apartment property prices were up a relatively strong 7.1 percent year over year in March 2021, according to Real Capital Analytics. Still, the increase was substantially smaller than the 10.2 percent gain a year earlier. Indeed, apart from other months in 2020, this was the smallest gain in apartment property prices since 2011.

Low interest rates encouraged a round of refinancing and helped to push up the volume of mortgage debt on multifamily properties.

Multifamily mortgage debt reached $1.7 trillion in the fourth quarter of 2020, a 1.5 percent increase from the fourth quarter of 2019. Holdings in GSE portfolios and mortgage-backed securities rose the most, up 13 percent in 2020.

Although overall mortgage debt remained on the increase, the pace of growth slowed. Multifamily mortgage originations in the first quarter of 2021 were 5 percent below the year-earlier level, with lower transaction volumes more than offsetting the strong demand for refinancing. CoStar data indicate that year-over-year growth in transaction volumes in the professionally managed market sank from a 7.5 percent increase in the first quarter of 2020 to a 71.6 percent drop in the second quarter. By the first quarter of 2021, year-over-year transaction volumes were recovering but still down 37.5 percent.

Lower returns, in combination with rising property prices, may have dampened investor interest in multifamily properties. Indeed, rising vacancy rates, declining incomes, and increased operating costs pushed rental property returns deeply into negative territory last year. The National Council of Real Estate Investment Fiduciaries reports that annualized declines in net operating incomes accelerated from 1.5 percent in the second quarter to 10.3 percent in the third and to 17.2 percent in the fourth—the largest drop since 1987. By the first quarter of 2021, net operating income was down some 14.0 percent from a year earlier.

Pandemic-related increases in operating expenses were partially to blame, given the costs of additional cleaning time and equipment, personal protective equipment for staff, and addressing greater wear and tear on the units from tenants spending so much time at home. According to a September 2020 survey by the National Apartment Association, a fifth of property owners said that their expenses had risen at least 50 percent due to the pandemic, and another fifth said that expenses were up at least 25 percent. Nearly two-thirds of respondents were also considering COVID-related capital investments, primarily to allow for social distancing in common areas.

Despite the weakness in returns, though, multifamily mortgage delinquencies increased little during the pandemic. The Mortgage Bankers Association found that only 0.7 percent of the balance of multifamily loans were 60 or more days past due as of April 2021—only slightly higher than the 0.2 percent share that prevailed in April 2020 at the onset of the pandemic. Still, individual property owners, who typically own single-family rentals or small multifamily buildings, may be particularly at risk of delinquency. For these landlords, having only a single tenant fall behind on rent means a significant loss of income. Individual property owners are also less likely than institutional investors to have sufficient cash flow to cover any shortfalls in rent collections.

LARGE BUILDINGS STILL DOMINATING CONSTRUCTION

In the years leading up to the pandemic, multifamily rental construction was increasingly concentrated in larger buildings. As construction rebounded from the Great Recession, the share of new multifamily completions of buildings with at least 50 apartments more than doubled from 30 percent in 2011 to a peak of 62 percent in 2018. Shares remained elevated during the pandemic, with fully 56 percent of newly completed rental units in 2020 located in buildings with 50 or more units.

Although most newly built rental housing still consists of multifamily units, the number of single-family homes built specifically for the rental market has also increased over the past decade. While accounting for just 12 percent of total rental construction last year, starts of single-family rentals were at a record high of 50,000 units, up from just 23,000 in 2011. The sharp uptick in demand for larger rentals in suburban locations during the pandemic may spur even more construction of this type of rental housing in the coming years.

Newer single-family rentals are typically more spacious than newer multifamily rentals, with 77 percent having three or more bedrooms compared with just 14 percent in newer multifamily units. Accordingly, households living in newer single-family rentals are more likely to be married couples (46 percent vs. 23 percent) and include children (39 percent vs. 14 percent). Tenants of single-family rentals also have a higher median income ($77,000) than renters overall ($42,000). Indeed, 38 percent earn more than $100,000, compared with just 15 percent of all renters.

BACKLOG OF MAINTENANCE NEEDS

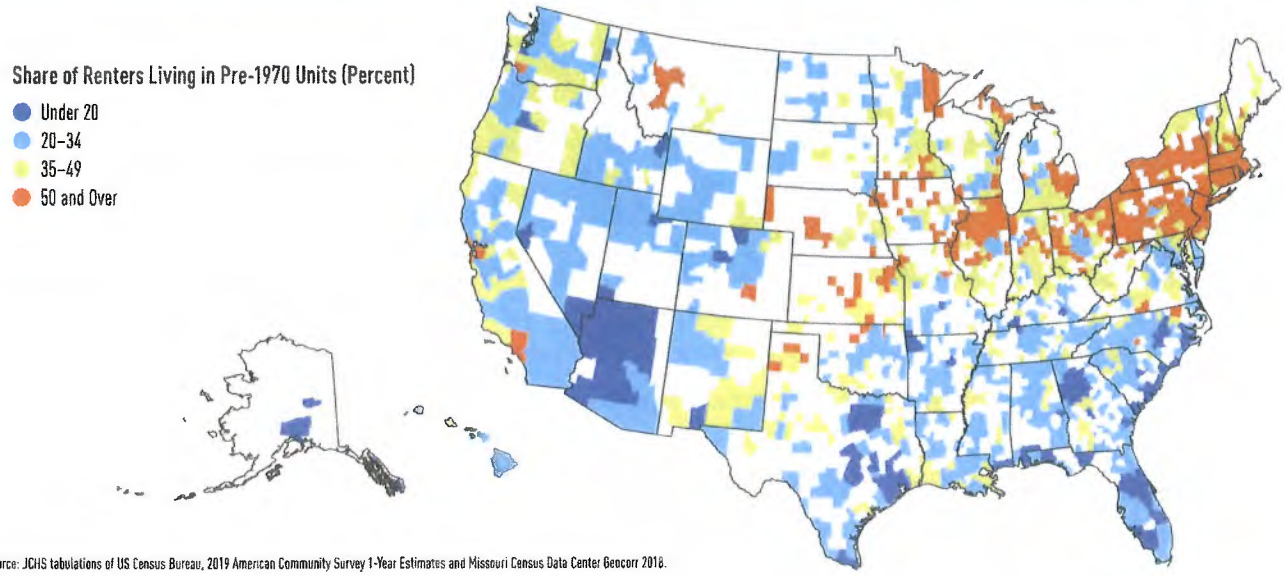
Despite the recent strength of multifamily construction, the rental stock is aging and many units are in disrepair. In 2019, some 39 percent of renter households (17 million) lived in housing built before 1970. These older units are more likely to have structural deficiencies or pose health hazards than newer units. They are also less energy efficient, less resilient to the impacts of climate change, and less likely to have accessibility features.

Much of the aging rental stock is concentrated in the Northeast, where more than 60 percent of renter households live in units that are at least 50 years old **(Figure 28)**. The Midwest has the next-highest share of renter households living in older units, at 45 percent. The shares of renters that occupy this older housing are significantly lower in the South (27 percent) and West (34 percent).

A 2019 analysis by the Federal Reserve Bank of Philadelphia and PolicyMap estimated the aggregate cost of addressing reported rental housing deficiencies at $45 billion, with median repair needs of $1,355 per unit. The findings suggest that maintenance needs

FIGURE 28

In Parts of the Northeast and Midwest, More than Half of Renter Households Live in Housing Built Before 1970



Source: JCHS tabulations of US Census Bureau, 2019 American Community Survey 1-Year Estimates and Missouri Census Data Center Geocorr 2018.

were most acute for, but not limited to, older properties occupied by lower-income households.

Indeed, housing quality is a particular challenge for the approximately 970,000 households living in public housing. The National Association of Housing and Redevelopment Officials estimated that the backlog of capital funding needed to address deficiencies in the stock of roughly one million units was $70 billion in 2019 and accruing at $3.4 billion per year.

THE OUTLOOK

When the shutdown began in March 2020, rental demand dropped sharply in prime urban markets, particularly in high-cost metros. Suddenly freed from having to commute to work, many renters sought out homes in the suburbs of large metro areas and in smaller markets where they could pay lower rents and have more private space. But by early 2021, recovery in urban rental demand was evident in most markets, with vacancy rates down and rents back on the increase.

In the near term, many households are still experiencing the direct financial fallout of the pandemic. Millions of renters are still behind on their rent payments and on the brink of eviction. Their missed payments also put financial pressure on property owners, particularly mom-and-pop owners of small rental properties with little cushion against a shortfall in rent collections. While the federal government approved substantial aid for renters in both December and March, it remains to be seen whether this assistance will reach those in need before the federal eviction moratorium ends.

The longer-term impacts of the pandemic on the location of rental demand are unclear. With the vaccine rollout and offices reopening, the public health concerns that drove some renter households out of cities are subsiding. At the same time, though, a change in employment practices allowing regular work from home could encourage more renters to move to less expensive suburban and exurban locations. The widespread income losses over the past year could also push more renter households toward lower-cost markets.

6 HOUSING CHALLENGES

The pandemic has left millions of households deeper in financial distress. Low-income households are especially likely to have lost wages and fallen behind on housing payments. Although the crisis prompted an outpouring of government assistance, this support does not begin to address longstanding issues of housing affordability. Meanwhile, many higher-income households were largely unscathed by the financial impacts of the pandemic, leaving the country even more divided between haves and have-nots. Adding to the nation's housing challenges, 2020 brought an unprecedented number of disasters that damaged thousands of homes and displaced residents.

DISPARATE IMPACTS OF THE PANDEMIC

Although widespread, the financial hardships from the pandemic have fallen largely on low-income households, and particularly households of color. The Census Bureau's Household Pulse Surveys found that 55 percent of all low-income renters in early 2021 reported having lost employment income since the start of the pandemic, along with 46 percent of low-income homeowners.

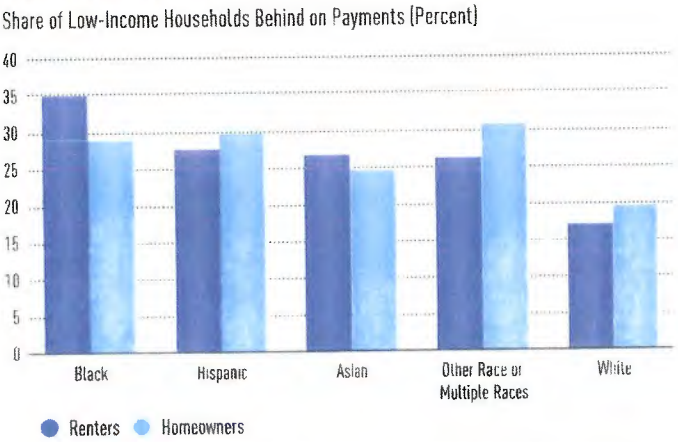
But within this income group (earning less than $25,000 in 2019), the shares ranged widely by race and ethnicity. Some 67 percent of Hispanic, 58 percent of Black, and 53 percent of Asian renters reported losing income since the start of the pandemic, compared with 49 percent of white renters. Among low-income homeowners, Hispanic households were again the most likely to have lost income (57 percent), followed by Asian (55 percent), Black (50 percent), and white (41 percent) households.

These income losses left nearly a quarter of both low-income renters and homeowners behind on housing payments at the start of 2021. Again, though, the racial disparities were pronounced **(Figure 29)**. More than a third of low-income Black renter households were behind on rent early this year, along with more than a quarter of Hispanic and Asian renters. The share of low-income white renters was significantly lower at 17 percent. These shares were similar for low-income homeowners, with just under a third of Black and Hispanic households and a quarter of Asian households behind on mortgage payments in early 2021, compared with a fifth of white households.

Falling behind on housing payments was not unique to those with the lowest incomes, however. In the first quarter of 2021, 19 percent of those earning $25,000–34,999, 16 percent of those earning $35,000–44,999, and 11 percent of those earning $50,000–74,999 also reported being behind on housing payments. The share for house-

FIGURE 29

Disproportionately Large Shares of Low-Income Households of Color Were Unable to Cover Their Housing Costs in Early 2021

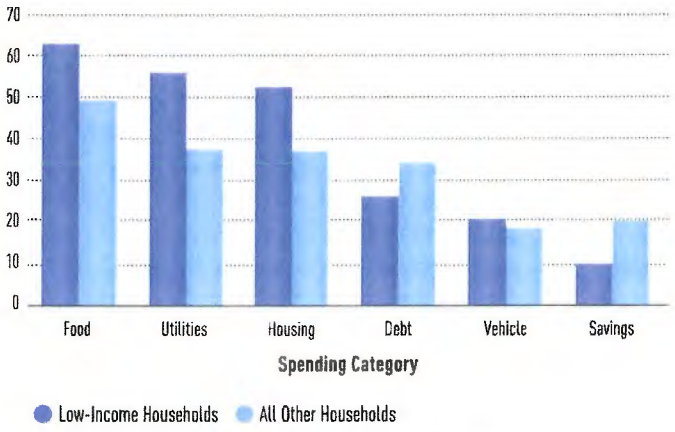


Notes: Low-income households earned less than $25,000 in 2019. Black, white, and Asian households are non-Hispanic. Hispanic households may be of any race.
Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, January–March 2021.

FIGURE 30

Most Low-Income Households Spent Their Economic Impact Payments on Essentials Like Food, Utilities, and Housing

Share of Households Reporting EIP Expenditures in Each Category (Percent)



Notes: Low-income households earned less than $25,000 in 2019. Data only include households that received an economic impact payment during the seven days prior to the survey. Responses are not mutually exclusive. Debt includes credit card debt, student loans, and other liabilities.
Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, January–March 2021.

holds that earned at least $75,000 was just 6 percent, or four times lower than that of the lowest-income group.

Moreover, the shares of households behind on housing payments do not fully capture the dire circumstances of many households. A Joint Center and Urban Institute analysis of surveys conducted in late 2020 and early 2021 found that between 25 percent and 40 percent of renter households had used savings to cover their housing payments during the pandemic. Roughly a quarter had depleted those savings and another quarter had borrowed money from family or friends to pay for their housing.

These findings are unsurprising given how low savings were before the pandemic. Survey of Consumer Finances data show that the median cash savings of renter households was just $1,400 in 2019, compared with $10,100 for homeowners. Fully a third of renters had less than $500 in cash, along with a tenth of homeowners. This suggests that many renters began this year with few resources in reserve or even deeper in debt than a year earlier.

Eviction fears were running high in early 2021. According to a January survey by the Philadelphia Federal Reserve Bank's Consumer Finance Institute, 4 percent of renters had received eviction warnings, while 17 percent were concerned about being evicted even though their landlords had not issued warnings. Respondents to the Household Pulse Survey in the first quarter of 2021 echo these concerns, with 17 percent of renters who were behind on rent believing that eviction was very likely in the upcoming two months. A smaller but still concerning 5 percent of homeowners who were behind on mortgage payments expected foreclosure within the next two months.

POLICY RESPONSES TO KEEP PEOPLE IN THEIR HOMES

Policymakers have enacted several measures to alleviate some of the financial pressures on struggling households. The CARES Act of March 2020 was the first major legislation during the pandemic to provide direct payments to many individuals and expanded benefits to unemployed workers. Projections made by the Urban Institute in July 2020 suggested that these interventions could reduce the national poverty rate in 2020 from 12.4 percent to 9.2 percent. The Consolidated Appropriations Act enacted in December 2020 followed up with additional relief that included $25 billion in rental assistance, $600 in direct stimulus payments, and extensions to both the expanded unemployment benefits and the CDC eviction moratorium. The American Rescue Plan of March 2021 delivered yet more aid, including $1,400 in direct payments to individuals, $300 per month in extra unemployment benefits, $10 billion in homeowner assistance, and another $25 billion in rental assistance.

Households that received stimulus payments under the Consolidated Appropriations Act spent the money primarily on basic needs **(Figure 30)**. More than 60 percent of low-income households spent at least part of their funds on food, 56 percent spent at least part on utilities, and 53 percent spent at least part on their rent or mortgage. Households with higher incomes, however, were more apt to put the money toward debt (35 percent vs. 26 percent of low-income households) and savings (20 percent vs. 10 percent).

Recipients of federal rental assistance could use the funds to cover utility bills as well as housing costs. The American Rescue Plan included additional assistance with utility payments by providing new funding for the Low Income Home Energy Assistance Program ($4.5 billion) and the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program ($500 million). For their part, many states instituted residential utility shut-off protections. The National Association of Regulatory Utility Commissioners reported that 36 states had enacted moratoriums on utility shut-offs during the pandemic, although only 12 states still provided these protections as of February. However, some states that did not impose a COVID-related moratorium on shut-offs had their usual wintertime moratoriums in place. The National Energy Assistance Directors' Association projected that about 57 percent of the US population was covered by either type of moratorium at the end of February 2021.

State and local governments also provided aid to renters and played the critical role of distributing federal assistance. According to a January 2021 report from the National Low Income Housing

Coalition, the Furman Center, and the University of Pennsylvania, 68 state and 370 local emergency rental assistance programs were created or expanded in response to COVID-19. But even with these quick responses on top of the large injection of federal funding, demand often outstripped the assistance available. Lessons learned from these early programs about leveraging local networks, simplifying and limiting application requirements for tenants and landlords, and providing direct assistance to lowest-income households should ensure more efficient distribution of American Rescue Plan funds.

The primary goal of all these government programs was to keep people safely in their homes. The CARES Act instituted a partial eviction moratorium from March 2020 to late July 2020, along with a foreclosure moratorium that was extended to June 2021. In September 2020, the CDC also instituted a nationwide eviction moratorium, which the Biden Administration extended to June 30, 2021. However, this moratorium was successfully challenged in the courts in May and is pending appeal. An analysis by the Government Accountability Office found that eviction filings were lower in 2020 than 2019 during these federal moratoriums, and filings were even lower in states that had their own moratoriums. As of May 1, 2021, 17 states and Washington, DC, still had eviction moratoriums in place.

However, programmatic challenges and a lack of public awareness about eviction moratoriums and the support available to at-risk renters undermined some of the effectiveness of these programs. A February 2021 survey conducted by the Urban Institute and the non-institutional landlord servicer Avail found that 84 percent of landlords knew about the CDC eviction moratorium's first extension, but just 47 percent of renters were also aware of this change. In addition, only 48 percent of landlords and 31 percent of renters were aware of the $25 billion in rental assistance provided by the Consolidated Appropriations Act. This lack of awareness may reflect problems with digital access, language barriers, and comprehension of different program requirements, as well as lack of outreach.

The American Rescue Plan also included an additional $5 billion for homelessness prevention, which could take the form of rental assistance, affordable housing development, and acquisition of non-congregate shelters. When the pandemic began, many local and state governments established non-congregate shelters by redeploying vacant sites like hotels that would allow social distancing. President Biden signed an executive order in January 2021 directing the Federal Emergency Management Agency to cover 100 percent of state and local costs for these shelters until September 2021. The state governments of Oregon and California went a step further by making some of their hotel conversions permanent for use as emergency shelters or affordable housing after the pandemic. The latest infusion of federal funding may make this possible for more states.

AFFORDABILITY CHALLENGES BEFORE THE PANDEMIC

Many households that fell behind on their housing payments in 2020 were already cost burdened and living on thin margins. In fact, nearly half of all renter households (20.4 million) and a fifth of homeowner households (16.7 million) spent more than 30 percent of their incomes on housing in 2019. Of these 37.1 million households, 17.6 million spent more than 50 percent of their incomes on housing.

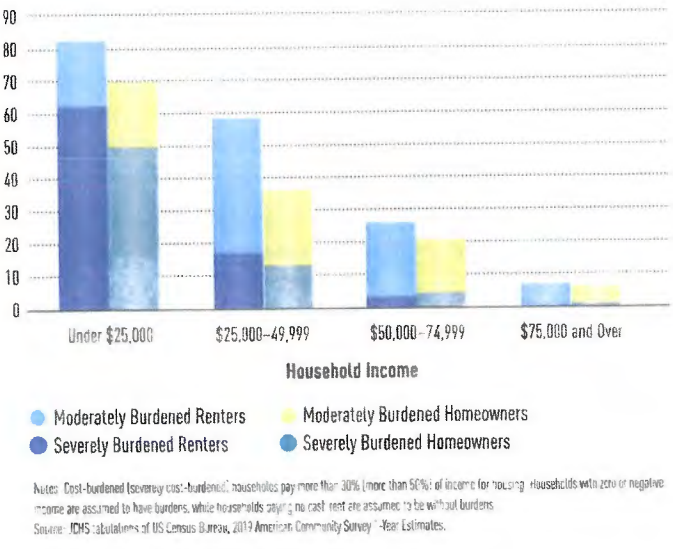
Households with low incomes were the most likely to face severe cost burdens **(Figure 31)**. More than three-fifths of renters and nearly half of homeowners earning less than $25,000 were severely cost burdened in 2019, along with one in six renters and one in eight homeowners earning $25,000–49,999. In contrast, less than 2 percent of all households earning $50,000 or more had severe burdens.

Within the low-income group, cost burden rates were disproportionately high among households of color. While 82 percent of all renters earning less than $25,000 were cost burdened in 2019, the shares for Hispanic (86 percent), Black (83 percent), and Asian (84 percent) households all exceeded the share for white households (80 percent). In addition, some 69 percent of low-income homeowners were cost burdened, but the shares for Hispanic (72 percent), Black (74 percent), and Asian (81 percent) households were also higher than for white households (68 percent).

The prevalence of cost burdens reflects the chronic lack of affordable housing for households of modest means, particularly those with

FIGURE 31

A Large Majority of Low-Income Renters Were Severely Cost Burdened Even Before the Pandemic

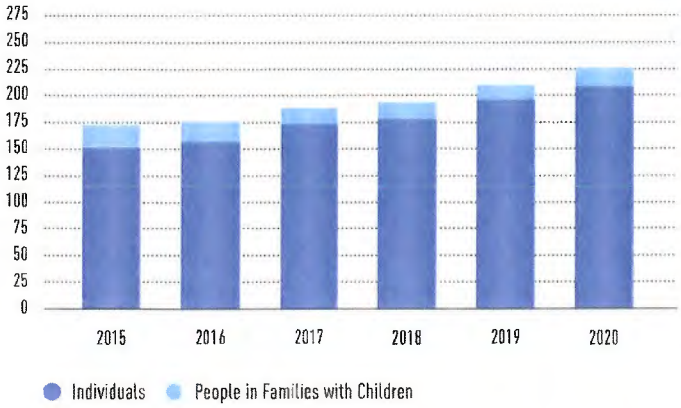


Notes: Cost-burdened (severely cost-burdened) households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens.
Source: JCHS tabulations of US Census Bureau, 2019 American Community Survey 1-Year Estimates.

FIGURE 32

The Number of People Experiencing Unsheltered Homelessness Climbed Again in 2020

People Experiencing Unsheltered Homelessness (Thousands)



Notes: Data are point-in-time estimates for late January in each year. People experiencing unsheltered homelessness are defined as sleeping in places not ordinarily used or meant for sleeping, including streets, parks, and vehicles. People in families with children are defined as members of a household with at least one adult and one child experiencing homelessness.
Source: JCHS tabulations of US Department of Housing and Urban Development, Annual Homeless Assessment Report Point-in-Time Estimates.

FIGURE 33

Households Behind on Rent or Mortgage Payments Often Face Other Hardships as Well

Share of Households Facing Hardships by Housing Payment Status (Percent)

Hardship	Behind on Payments	Up-to-Date on Payments
Difficulty Paying Expenses in the Past Week	77	29
Symptoms of Depression or Anxiety	60	38
Moderate or Severe Food Insufficiency	37	8
Fair or Poor Health	35	19
No Work in Past Week Due to COVID	24	9
No Public/Private Health Insurance	21	8

Notes: Each hardship is showing data from the first quarter of 2021 except for Fair or Poor Health which is from the fourth quarter of 2020. Data include both renters and homeowners.
Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, September 2020–March 2021.

extremely low incomes (earning less than 30 percent of area median income). According to the National Low Income Housing Coalition's annual gap report, there were only 37 affordable and available homes for every 100 extremely low-income renter households nationwide in 2019. Supplies of affordable and available homes were tightest in several Western states, including Nevada (20 for every 100 extremely low-income renters), California (24), and Oregon (25). The metro areas with the most acute shortages were Las Vegas (16 per 100 extremely low-income renters), Houston (19), and Los Angeles (20). It is no coincidence that these states and metro areas have especially high cost-burden rates.

Another sign that the affordability crisis worsened even before the pandemic was an increase in homelessness. According to HUD's point-in-time estimates, the total number of people experiencing homelessness rose from 568,000 in January 2019 to 580,000 in January 2020, driven entirely by an increase in the unsheltered population. The number of people sleeping on the streets or in parks or vehicles was up by 15,000, more than offsetting the 2,000-person reduction in the number of people sleeping in homeless shelters. Most of the rise in people experiencing unsheltered homelessness was among individuals **(Figure 32)**. More than half of the total increase in unsheltered homelessness occurred in California (up 5,000), Texas (up 2,000), and Washington (up 1,200).

Point-in-time counts are taken on just one night and do not include some forms of homelessness such as people doubling up with family or friends. As such, they seriously understate the number of people experiencing homelessness each year. Indeed, HUD estimated that 1.4 million people slept in homeless shelters at some point in 2018. The National Center for Education Statistics also reported that 1.35 million public school students experienced homelessness at some point during the 2016–2017 academic year. So far, there are no national statistics on homelessness rates since the start of the pandemic and many jurisdictions skipped the usual point-in-time counts in 2021 due to health concerns. As a result, it may be some time before the pandemic's impacts on this vulnerable population are clear.

CRITICAL LINKS BETWEEN HOUSING AND WELL-BEING

The pandemic has highlighted how vital affordable, good-quality, and well-connected housing is to health and well-being. Indeed, the Household Pulse Surveys in the first quarter of this year show a clear relationship between the stress of being behind on housing payments and the incidence of other hardships. For example, more than three-quarters of households that were unable to cover their rents or mortgages also struggled to pay other expenses **(Figure 33)**. Some 60 percent of households in arrears experienced feelings of depression or anxiety, while 35 percent reported being in fair or poor health. Many of these households may have little recourse to get help with these health issues, with a fifth having no public or private health insurance.

Particularly worrisome is the 37 percent share of households behind on housing payments that experienced food insufficiency—more than four times the share of households that were up to date.

Food insecurity in fact became much more commonplace during the pandemic. Analysis by the Health Communication Research Laboratory of the 2-1-1 calls in 31 states found that there had been a 98 percent increase in calls about help buying food between October 2019 and October 2020, along with a 59 percent increase in calls about soup kitchens and a 44 percent increase in calls about food pantries.

Similarly, the Household Pulse Surveys indicated that 20 percent of all renters and 6 percent of all homeowners sometimes or often experienced food insufficiency in early 2021. The shares of low-income households were especially high. Some 28 percent of those earning less than $25,000 reported food insufficiency, compared with 18 percent of households earning $25,000–34,999 and 13 percent of households earning $35,000–49,999. Here again, the racial and ethnic disparities are notable, with far larger shares of Hispanic and Black households experiencing food insufficiency (18–20 percent) than Asian and white households (6–8 percent).

Pandemic conditions also underscored the need for more supportive housing for the nation's aging population. Given that older adults have had the highest mortality rates from COVID-19, maintaining social distance and taking other precautions against infection are crucial to their safety. But the pandemic disrupted the care and support systems for this vulnerable age group, leading to greater social isolation and difficulties accessing food and medications. According to a recent Joint Center report, however, older adults living in service-enriched housing benefited from the help of on-site staff in meeting their needs. Expanding the availability of service coordinators to more properties would be an important step in supporting the health and safety of older adults during the recovery from the pandemic as well as in more typical times.

Relatively low rates of internet and technology use compounded the hardships not only for older adults, but also for families with limited or no internet access. During the pandemic, the ability of parents to work at home and of children to keep up with school relied almost entirely on having an internet connection. But as American Community Survey data show, 13.4 million households (11 percent) were without internet access in 2019, while 19.5 million (16 percent) had access but lacked broadband. The shares were especially high in rural areas, where 3.1 million households (18 percent) had no internet access, and another 4.2 million (24 percent) had access but no broadband. With libraries and schools closed during the pandemic, these families had few options to access this key service.

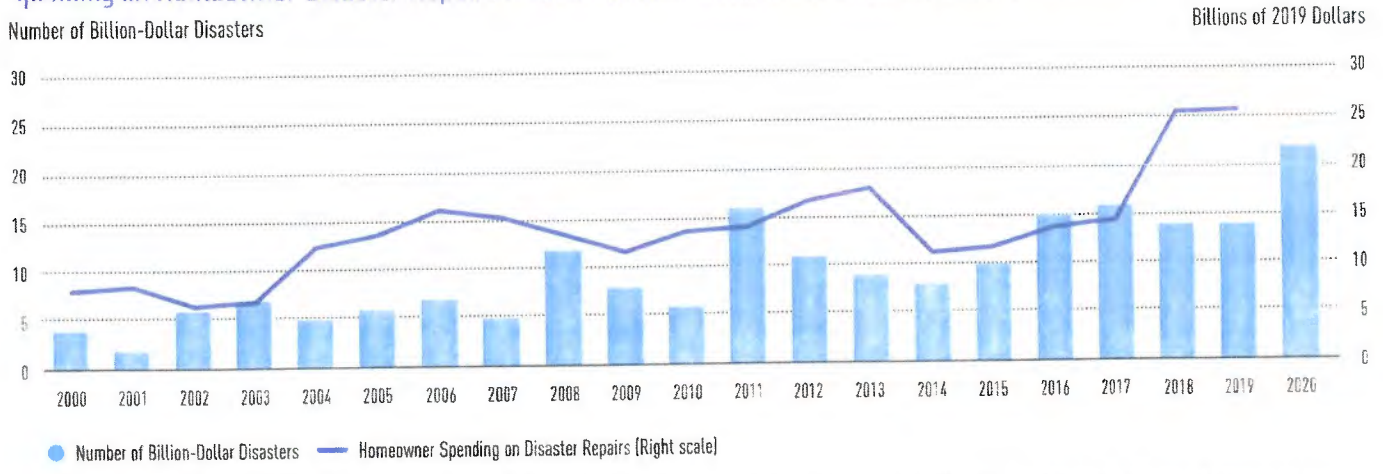
INCREASED RISKS TO HOUSEHOLDS FROM CLIMATE CHANGE

On top of the devastating effects of the pandemic, the number of major disasters hit a new high last year. There were 22 distinct billion-dollar disasters in 2020, up from the previous high of 16 in 2011 and 2017. The combined cost of last year's disasters was $95 billion, making it the fourth-costliest year since NOAA started tracking major disasters in the early 1980s. The February storm that swept through Texas and many other states was the first billion-dollar disaster of 2021 and the costliest winter storm on record, with damages estimated at more than $10 billion.

The frequency and severity of disasters have increased for several decades, spurred by climate change. On average in the 1980s, just

FIGURE 34

Spending on Homeowner Disaster Repairs Has Risen in Line with the Frequency of Severe Events



Notes: Billion-dollar disaster are adjuster to 2020 dollars using the CPI-U for All Items. The direct costs of disasters include physical damage to buildings, material assets, vehicles, infrastructure and agriculture, as well as the costs of business interruption, wildfire suppression, and disaster restoration. Disaster repair expenditures are for homeowners only and are adjusted for inflation to 2019 dollars using the CPI-U for All Items. Disaster repair spending for 2013 uses Joint Center-adjusted weights.
Sources: JCHS tabulations of NOAA, Billion-Dollar Weather and Climate Disasters; HUD, American Housing Surveys.

three billion-dollar disasters occurred each year, with costs of about $18 billion in real terms. By the 2010s, however, the average number of events had quadrupled to 12 and average costs had soared to $81 billion. For homeowners alone, real spending on disaster repairs climbed from $8 billion in 2000 to $14 billion in 2010 and to $26 billion in 2019 **(Figure 34)**. These increases have lifted the share of homeowner remodeling expenditures devoted to disaster repairs from 4 percent to 10 percent over the last two decades.

As severe weather becomes more common, it poses an ever-growing threat to homes across the country. The First Street Foundation estimated that 14.6 million properties were at substantial risk of flooding last year, some 5.9 million more than identified by the Federal Emergency Management Agency. By CoreLogic's count, 7.1 million single-family homes and 253,000 multifamily units were under threat from storm surges, with a total reconstruction cost of $2.65 trillion. In assessing vulnerability to seven types of natural hazards, CoreLogic found that the states most at risk were California, Kansas, Nebraska, Oklahoma, and Texas. The analysis also identified multi-state hotspots around the Mississippi River, the Gulf Coast, and the Atlantic Coast.

Just as weather-related events pose increasingly devastating threats to the housing stock, they also pose increasingly severe risks to human health. Indeed, 2020 was the fifth-hottest year on record in the contiguous US, and all four of the previous hottest years occurred since 2012. Rising temperatures are hazardous to people living in homes without air conditioning, particularly older adults and young children. Smoke from wildfires is another serious hazard because it can infiltrate homes via poorly sealed windows, doors, and ventilation systems, degrading air quality and aggravating respiratory problems. In the case of flooding, the presence of mold can be dangerous to people with asthma and other acute conditions.

The pandemic highlighted another hazard related to housing quality, particularly in older homes. The CDC estimates that 24 million housing units contain significant amount of lead-based paint, a particularly toxic health threat to the young children living in 4 million of those homes. The need to quarantine during the pandemic increased the exposure of those children to this hazard while also preventing lead testing and mitigation efforts. Moreover, the children most likely to suffer the ill effects of prolonged lead exposure and reduced testing live in the same households most affected by the pandemic—those with low incomes and households of color.

THE OUTLOOK

Now that vaccine distribution has accelerated, the end of the pandemic in the United States may finally be in sight. While massive government assistance has provided temporary lifelines to many struggling households, the magnitude of the financial damage from the economic shutdown, on top of the ongoing affordability crisis, has expanded the already long list of national housing challenges. Most immediately, the impending end to government moratoriums could set off a wave of evictions and foreclosures unless federal assistance from the most recent relief package is implemented quickly and effectively.

This potential crisis is clear evidence of the importance of rental assistance in keeping economically vulnerable households affordably and stably housed. At last count in 2017, 5.2 million households earning less than 50 percent of area median income were living in subsidized rental housing. Over the past year, this support has been vital in preventing these households from falling behind on rent while also ensuring the income of property owners. At the same time, 12.9 million renters with similarly low incomes were on their own to weather the pandemic's challenges, with the vast majority already facing cost burdens or living in inadequate housing. To remedy the tremendous gap between assistance and need, the Biden Administration has proposed a significant expansion in both the housing voucher and affordable housing production programs.

The events of the past year have also reinforced the many racial and ethnic disparities in American society, with unequal access to homeownership among the most persistent. Indeed, the Black-white gap in homeownership rates is nearly 30 percentage points and the Hispanic-white gap is not much smaller at 24 percentage points. The inability to qualify for financing—whether because of low incomes, insufficient savings, or troubled credit histories—means that these households miss out on a critical wealth-building opportunity. Federal support for downpayment assistance programs targeting people of color would be an important step toward closing these gaps.

Meanwhile, more fortunate households with stable incomes have been on a homebuying spree that has left for-sale inventories at record lows. Although the supply of existing homes on the market may increase as the pandemic subsides, the longer-term solution to the housing shortage is to ease the constraints on residential development. Policymakers can address some of these barriers, such as the spiraling costs of materials and the shrinking supply of construction labor, with measures aimed at removing supply chain frictions and supporting workforce development, including immigration reform.

But perhaps the chief obstacles to housing production are restrictive land use regulations and complex, time-consuming approval processes that push up costs. Policymakers at all levels of government must work together to reduce these barriers so that homebuilders can begin to meet the demand for modestly priced homes in a broad range of communities. The Biden Administration's proposal to link funding for affordable housing to state and local regulatory efforts provides a good template for how the federal government can incentivize these reforms.

7 ONLINE RESOURCES

The following resources are available at www.jchs.harvard.edu/state-nations-housing

INTERACTIVE CHARTS

- Home Prices Are Skyrocketing in Most Markets
- The Negative Impacts of the Pandemic Are Uneven

INTERACTIVE MAPS

- Even Before the Pandemic, High Shares of Households Were Burdened by Housing Costs
- The Financial Pressures on Households Varied Considerably by State in Early 2021

DATA TABLES

- Housing Market Indicators: 1980–2020
- Housing Cost-Burdened Households by Tenure and Income: 2001, 2018 and 2019
- Cost-Burden Rates by Tenure and Income for States and Metro Areas: 2019
- Median Home Price to Median Income Ratios by Metro Area: 1990–2000
- Home Price Changes by Metro Area: 2019–2021
- Change in Median Land Prices by Metro Area: 2012–2019

The State of the Nation's Housing 2021 was prepared by the Harvard Joint Center for Housing Studies. The Center advances understanding of housing issues and informs policy. Through its research, education, and public outreach programs, the Center helps leaders in government, business, and the civic sectors make decisions that effectively address the needs of cities and communities. Through graduate and executive courses, as well as fellowships and internship opportunities, the Center also trains and inspires the next generation of housing leaders.

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TAB B

The New York Times https://www.nytimes.com/2021/08/11/opinion/politics/we-need-to-build-our-way-out-of-this-mess.html

GUEST ESSAY

We Need to Build Our Way Out of This Mess

Aug. 11, 2021

By Eli Dourado
Mr. Dourado is an economist and a senior research fellow at the Center for Growth and Opportunity at Utah State University.

This essay is part of a series exploring bold ideas to revitalize and renew the American experiment. Read more about this project in a note from Ezekiel Kweku, Opinion's politics editor.

Many of our country's problems are reducible, in one way or another, to the fact that we have lost the imperative to transform the physical world. While the soft technology of the internet has marched forward, development of real stuff — of steel and concrete — has slowed, hampered by laws that privilege the status quo.

Many Americans experience the fallout from our failure to build in the housing market. Housing costs are at an all-time high, and over the past half-century, the median rent has outpaced the median household income. In our coastal hubs, our most productive cities, the numbers are even more dire. The typical home value in San Francisco, for instance, is $1.48 million, 12 times the city's median annual household income of around $120,000.

Housing costs exacerbate economic hardship and inequality. Because the poor spend a greater share of their income on housing, high costs hit them the hardest. State homelessness rates track housing prices. The economist Matthew Rognlie showed in 2015 that capital's rising share of income, an indicator of growing inequality, was caused entirely by increases in housing prices. Housing costs also perpetuate educational inequality; they are 2.4 times as high near high-scoring public schools as near low-scoring public schools. Children whose families are priced out of the best school zones forgo hundreds of thousands of dollars of lifetime income as a result.

Although housing is for many of us a proximate manifestation of the failure to build, it is not the only one. America's airports lag those in Asia in Europe, and high-speed rail is practically nonexistent. We have more electric power outages than residents of any other rich country. Our infrastructure inadequacies slow our response to climate change and lower living standards.

The solution to high housing costs could not be simpler: Build more homes. To address housing affordability, many progressives have advocated subsidized affordable housing programs. These programs may not be adequate to generate sustained cost reductions, and they aren't necessary. What will work with certainty are the laws of supply and demand. If we increase the supply of housing enough, prices will fall. Any solution to our infrastructure problems will likewise boil down to the need to build infrastructure.

But to build housing and infrastructure, we must sweep aside the regulatory obstacles that stand in the way.

In housing, zoning and related rules are the culprits behind the restricted supply of new homes. Zoning, in theory, is supposed to separate incompatible uses of land — for example, keeping polluting factories separate from housing. In practice, it has an ugly history of promoting racial segregation. In 1910, Baltimore adopted the country's first explicitly racial zoning law, barring Black residents from moving into predominantly white neighborhoods and, cynically, vice versa. The Baltimore law was copied in cities all over the South until the Supreme Court held that a version in Louisville, Ky., was unconstitutional in 1917. Even after this ruling, explicitly racial zoning codes in some cities tested its limits.

While we would not tolerate open segregationist justifications for zoning today, laws that ban multifamily construction in certain neighborhoods — along with parking minimums and restrictions on lot coverage, setbacks and building heights — continue to perpetuate segregation by income and race. These rules reduce the supply of housing, increasing its cost. Recent research estimates the value of the "zoning tax," the amount by which zoning rules are artificially raising the cost of land. In our coastal hubs — San Francisco, Los Angeles, Seattle and New York — the zoning tax per quarter-acre of land exceeds twice the city's median income. In San Francisco, it's four times the median income.

In infrastructure, too, the proximate obstacle to building more is legal. Under the National Environmental Policy Act, passed in 1969, federal agencies must produce a detailed statement of environmental impacts for any action — including granting a permit — that significantly affects the human environment. In contrast with the ugly motivations driving zoning, NEPA came into existence riding a wave of environmental consciousness. It was motivated by two well-meaning but mistaken beliefs: that material progress was the enemy of environmental quality and that environmental justice could be served through greater citizen input.

The act slowed progress in infrastructure. Per-mile spending on the Interstate System of highways tripled between the 1960s and the 1980s, with the inflection point coming in the early 1970s, when NEPA took effect. And in practice, the citizen input function of NEPA has been used not to enact environmental justice but to let wealthy communities oppose projects — including transportation and public works projects — that inconvenience them. To protect against community opposition, environmental impact statements under NEPA have ballooned over the years and now take an average of four and a half years to complete. One that was finalized in 2019 took almost 16 years.

Actions that affect the environment deserve scrutiny, but the biggest cost of NEPA is with respect to federal actions that have no impact. When permit approvals do not significantly affect the human environment, agencies and project sponsors have to prove that through another report. These environmental assessments, of which over 10,000 are produced per year, likewise add years to the process.

And until an environmental assessment or environmental impact statement is finalized, no work on the project in question can begin. Even after finalization, a lawsuit filed by virtually anyone can challenge the adequacy of these documents and bring the project to a halt.

The delay and risk in government decision making affect both government-led initiatives and private sector projects, which depend on speedy returns for financing. One reason venture capitalists have invested so much in software companies and relatively little in transformative physical-world technology is that the returns in software come faster and face less regulatory risk.

Environmental review has far-reaching economic and social consequences. It slowed the 2009 economic recovery, as infrastructure projects specified in the American Recovery and Reinvestment Act were subject to at least 192,705 NEPA reviews. Projects funded through this year's infrastructure bill will undoubtedly face similar delays. Even immigration policy is not immune to NEPA lawsuits. Arizona is challenging President Biden's order to halt construction on the border wall on NEPA grounds.

To become a nation that builds, we must tear down the regulatory obstacles. In housing, ordinances that prohibit multifamily housing need to go. Other policies that limit density, like parking minimums and height restrictions, must be liberalized.

If we want to build infrastructure as well as housing, we need to address environmental review as well as zoning. We must protect the environment, but we need not do it indirectly with laws that operate only through paperwork and court cases. We should do it directly — with stricter air and water standards, smarter conservation policies and a carbon tax. A direct approach would enable speedy government decisions and get shovels in the ground. A pro-building, pro-environment deal, eliminating environmental review in favor of these direct protections, could improve the environment through stricter substantive standards and through a stimulative effect on new, clean infrastructure.

How did the most dynamic country on the planet become so sclerotic? We did it to ourselves. We enacted laws that privilege the status quo at the expense of change and progress. We liberally passed out veto rights to anyone with the money and wherewithal to hire a lawyer. If we want to reverse the damage and create a more prosperous future, we must make it easy to build.

Eli Dourado is a senior research fellow at the Center for Growth and Opportunity at Utah State University.

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SNAP OUT OF IT, AMERICA!

A series exploring bold ideas to revitalize and renew the American experiment

It's Time to Dream Again

BY EZEKIEL KWEKU

The Strange, Sad Death of America's Political Imagination

TAB C-1

2020 Affordable Housing Appeals List - Exempt Municipalities							
Town	2010 Census	2020 Gov Assisted	2020 Tenant Rental Assistance	2020 Single Family CHFA/USDA Mortgages	2020 Deed Restricted Units	2020 Total Assisted Units	2020 Percent Affordable
Ansonia	8,148	349	764	147	0	1,260	15.46%
Bloomfield	9,019	558	106	341	0	1,005	11.14%
Bridgeport	57,012	6,505	4,353	900	19	11,777	20.66%
Bristol	27,011	1,908	962	1124	0	3,994	14.79%
Danbury	31,154	1,615	1,269	565	289	3,738	12.00%
Derby	5,849	275	301	111	0	687	11.75%
East Hartford	21,328	1,593	815	1035	0	3,443	16.14%
East Windsor	5,045	559	42	116	0	717	14.21%
Enfield	17,558	1,340	227	659	7	2,233	12.72%
Groton	17,978	3,727	107	377	10	4,221	23.48%
Hartford	51,822	10,501	8,635	1523	0	20,659	39.87%
Killingly	7,592	520	147	188	0	855	11.26%
Manchester	25,996	1,851	950	964	32	3,797	14.61%
Meriden	25,892	1,964	1,270	1029	11	4,274	16.51%
Middletown	21,223	3,019	1,123	543	25	4,710	22.19%
New Britain	31,226	2,913	1,583	1167	100	5,763	18.46%
New Haven	54,967	9,511	6,867	982	440	17,800	32.38%
New London	11,840	1,598	510	509	101	2,718	22.96%
North Canaan	1,587	148	0	14	0	162	10.21%
Norwalk	35,415	2,242	1,468	437	635	4,782	13.50%
Norwich	18,659	2,249	794	567	0	3,610	19.35%
Plainfield	6,229	377	190	224	0	791	12.70%
Putnam	4,299	383	64	77	0	524	12.19%
Stamford	50,573	4,225	1,971	450	1270	7,916	15.65%
Torrington	16,761	908	322	547	17	1,794	10.70%
Vernon	13,896	1,509	461	386	12	2,368	17.04%
Waterbury	47,991	5,344	3,123	1,751	21	10,239	21.34%
West Haven	22,446	1,024	1,868	439	0	3,331	14.84%
Winchester	5,613	350	167	92	0	609	10.85%
Windham	9,570	1,763	617	363	0	2,743	28.66%
Windsor Locks	5,429	297	156	243	0	696	12.82%

2020 Affordable Housing Appeals List - Non-Exempt Municipalities							
Town	2010 Census	2020 Gov Assisted	2020 Tenant Rental Assistance	2020 Single Family CHFA/USDA Mortgages	2020 Deed Restricted Units	2020 Total Assisted Units	2020 Percent Affordable
Andover	1,317	18	1	32	0	51	3.87%
Ashford	1,903	32	0	36	0	68	3.57%
Avon	7,389	244	16	44	0	304	4.11%
Barkhamsted	1,589	0	6	23	0	29	1.83%
Beacon Falls	2,509	0	4	46	0	50	1.99%
Berlin	8,140	556	50	142	4	752	9.24%
Bethany	2,044	0	2	13	0	15	0.73%
Bethel	7,310	192	26	154	87	459	6.28%

Bethlehem	1,575	24	0	9	0	33	2.10%
Bolton	2,015	0	2	28	0	30	1.49%
Bozrah	1,059	0	3	30	0	33	3.12%
Branford	13,972	233	77	170	9	489	3.50%
Bridgewater	881	0	24	1	0	25	2.84%
Brookfield	6,562	155	27	110	77	369	5.62%
Brooklyn	3,235	189	9	65	0	263	8.13%
Burlington	3,389	27	0	47	0	74	2.18%
Canaan	779	1	4	5	1	11	1.41%
Canterbury	2,043	76	1	68	0	145	7.10%
Canton	4,339	211	15	53	32	311	7.17%
Chaplin	988	0	1	37	0	38	3.85%
Cheshire	10,424	258	22	100	17	397	3.81%
Chester	1,923	23	3	16	0	42	2.18%
Clinton	6,065	105	8	66	0	179	2.95%
Colchester	6,182	364	38	146	4	552	8.93%
Colebrook	722	0	1	7	1	9	1.25%
Columbia	2,308	24	2	62	0	88	3.81%
Cornwall	1,007	28	2	6	0	36	3.57%
Coventry	5,099	103	5	131	20	259	5.08%
Cromwell	6,001	212	11	198	0	421	7.02%
Darien	7,074	136	10	2	104	252	3.56%
Deep River	2,096	26	6	32	0	64	3.05%
Durham	2,694	36	1	28	0	65	2.41%
East Granby	2,152	72	2	48	0	122	5.67%
East Haddam	4,508	73	3	63	0	139	3.08%
East Hampton	5,485	70	6	91	25	192	3.50%
East Haven	12,533	542	168	302	0	1,012	8.07%
East Lyme	8,458	396	20	95	19	530	6.27%
Eastford	793	0	0	15	0	15	1.89%
Easton	2,715	0	0	3	15	18	0.66%
Ellington	6,665	260	5	118	0	383	5.75%
Essex	3,261	58	2	17	16	93	2.85%
Fairfield	21,648	231	131	70	124	556	2.57%
Farmington	11,106	470	107	149	155	881	7.93%
Franklin	771	27	2	20	0	49	6.36%
Glastonbury	13,656	604	44	133	2	783	5.73%
Goshen	1,664	1	1	5	0	7	0.42%
Granby	4,360	85	2	51	5	143	3.28%
Greenwich	25,631	879	443	16	33	1,371	5.35%
Griswold	5,118	137	54	158	0	349	6.82%
Guilford	9,596	186	10	34	0	230	2.40%
Haddam	3,504	22	1	31	0	54	1.54%
Hamden	25,114	937	788	523	4	2,252	8.97%
Hampton	793	0	1	11	0	12	1.51%
Hartland	856	2	0	8	0	10	1.17%
Harwinton	2,282	22	5	36	5	68	2.98%
Hebron	3,567	56	3	51	0	110	3.08%
Kent	1,665	58	4	5	0	67	4.02%
Killingworth	2,598	0	0	18	5	23	0.89%
Lebanon	3,125	26	3	84	0	113	3.62%
Ledyard	5,987	32	8	233	0	273	4.56%
Lisbon	1,730	2	0	59	0	61	3.53%
Litchfield	3,975	140	2	28	19	189	4.75%
Lyme	1,223	0	0	5	8	13	1.06%
Madison	8,049	90	2	11	33	136	1.69%

Mansfield	6,017	175	124	96	2	397	6.60%
Marlborough	2,389	24	0	24	0	48	2.01%
Middlebury	2,892	77	5	25	20	127	4.39%
Middlefield	1,863	30	3	21	1	55	2.95%
Milford	23,074	726	208	192	74	1,200	5.20%
Monroe	6,918	35	3	54	8	100	1.45%
Montville	7,407	81	58	267	0	406	5.48%
Morris	1,314	20	4	8	0	32	2.44%
Naugatuck	13,061	493	315	367	0	1,175	9.00%
New Canaan	7,551	175	21	5	21	222	2.94%
New Fairfield	5,593	0	1	67	17	85	1.52%
New Hartford	2,923	12	4	55	15	86	2.94%
New Milford	11,731	307	44	182	17	550	4.69%
Newington	13,011	531	122	479	36	1,168	8.98%
Newtown	10,061	134	7	95	32	268	2.66%
Norfolk	967	21	2	5	0	28	2.90%
North Branford	5,629	62	13	52	0	127	2.26%
North Haven	9,491	393	53	97	23	566	5.96%
North	2,306	0	1	27	6	34	1.47%
Old Lyme	5,021	60	2	20	3	85	1.69%
Old Saybrook	5,602	50	15	25	73	163	2.91%
Orange	5,345	46	9	12	6	73	1.37%
Oxford	4,746	36	2	31	0	69	1.45%
Plainville	8,063	205	41	306	22	574	7.12%
Plymouth	5,109	178	21	196	0	395	7.73%
Pomfret	1,684	32	5	13	0	50	2.97%
Portland	4,077	185	94	70	0	349	8.56%
Preston	2,019	40	7	40	0	87	4.31%
Prospect	3,474	0	6	56	0	62	1.78%
Redding	3,811	0	1	17	0	18	0.47%
Ridgefield	9,420	175	7	36	69	287	3.05%
Rocky Hill	8,843	235	52	194	0	481	5.44%
Roxbury	1,167	19	0	5	0	24	2.06%
Salem	1,635	0	3	34	0	37	2.26%
Salisbury	2,593	24	2	2	14	42	1.62%
Scotland	680	0	1	31	0	32	4.71%
Seymour	6,968	262	28	113	0	403	5.78%
Sharon	1,775	32	1	3	0	36	2.03%
Shelton	16,146	254	45	137	82	518	3.21%
Sherman	1,831	0	1	7	0	8	0.44%
Simsbury	9,123	289	60	98	0	447	4.90%
Somers	3,479	146	9	35	0	190	5.46%
South Windsor	10,243	443	55	232	9	739	7.21%
Southbury	9,091	90	6	41	0	137	1.51%
Southington	17,447	499	63	354	51	967	5.54%
Sprague	1,248	20	13	27	1	61	4.89%
Stafford	5,124	257	22	127	0	406	7.92%
Sterling	1,511	0	7	24	0	31	2.05%
Stonington	9,467	441	16	97	0	554	5.85%
Stratford	21,091	524	460	373	33	1,390	6.59%
Suffield	5,469	296	5	51	15	367	6.71%
Thomaston	3,276	104	6	98	0	208	6.35%
Thompson	4,171	151	13	48	0	212	5.08%
Tolland	5,451	127	5	103	3	238	4.37%
Trumbull	13,157	315	19	97	303	734	5.58%
Union	388	0	0	5	0	5	1.29%

Voluntown	1,127	20	1	24	0	45	3.99%
Wallingford	18,945	354	129	328	35	846	4.47%
Warren	811	0	0	1	0	1	0.12%
Washington	2,124	14	2	4	23	43	2.02%
Waterford	8,634	123	30	266	0	419	4.85%
Watertown	9,096	205	32	229	0	466	5.12%
West Hartford	26,396	643	854	372	250	2,119	8.03%
Westbrook	3,937	140	5	30	29	204	5.18%
Weston	3,674	0	2	6	0	8	0.22%
Westport	10,399	265	60	4	58	387	3.72%
Wethersfield	11,677	705	114	293	0	1,112	9.52%
Willington	2,637	160	5	37	0	202	7.66%
Wilton	6,475	158	6	17	51	232	3.58%
Windsor	11,767	154	258	453	26	891	7.57%
Wolcott	6,276	313	9	184	0	506	8.06%
Woodbridge	3,478	30	8	6	0	44	1.27%
Woodbury	4,564	60	3	28	0	91	1.99%
Woodstock	3,582	24	0	32	0	56	1.56%
	########	92,075	47,034	29,858	5,241	174,208	

TAB C-2

2021 Affordable Housing Appeals List - Exempt Municipalities							
Town	2010 Census	2021 Gov Assisted	2021Tenant Rental Assistance	2021 Single Family CHFA/USDA Mortgages	2021 Deed Restricted Units	2021 Total Assisted Units	2021 Percent Affordable
Ansonia	8,148	366	799	138	0	1,303	15.99%
Bloomfield	9,019	574	114	303	0	991	10.99%
Bridgeport	57,012	6,949	4351	815	19	12,134	21.28%
Bristol	27,011	2,006	950	1,031	0	3,987	14.76%
Danbury	31,154	1,652	1258	465	221	3,596	11.54%
Derby	5,849	275	314	102	0	691	11.81%
East Hartford	21,328	1,593	809	964	0	3,366	15.78%
East Windsor	5,045	559	37	102	0	698	13.84%
Enfield	17,558	1,360	221	592	7	2,180	12.42%
Groton	17,978	3,727	103	335	10	4,175	23.22%
Hartford	51,822	10,733	8,723	1,441	0	20,897	40.32%
Killingly	7,592	467	152	167	0	786	10.35%
Manchester	25,996	1,871	979	872	32	3,754	14.44%
Meriden	25,892	1,976	1,360	956	11	4,303	16.62%
Middletown	21,223	3,116	1,129	486	25	4,756	22.41%
New Britain	31,226	3,017	1,583	1,109	100	5,809	18.60%
New Haven	54,967	9,652	7,142	891	457	18,142	33.01%
New London	11,840	1,600	490	475	101	2,666	22.52%
North Canaan	1,587	148	0	14	0	162	10.21%
Norwalk	35,415	2,245	1,546	385	667	4,843	13.67%
Norwich	18,659	2,296	796	516	0	3,608	19.34%
Plainfield	6,229	377	196	191	4	768	12.33%
Putnam	4,299	413	63	70	0	546	12.70%
Stamford	50,573	4,219	2,073	383	1270	7,945	15.71%
Torrington	16,761	912	328	513	17	1,770	10.56%
Vernon	13,896	1,509	470	348	12	2,339	16.83%
Waterbury	47,991	5,385	3,156	1,597	48	10,186	21.22%
West Haven	22,446	1,024	2,119	395	0	3,538	15.76%
Winchester	5,613	350	170	84	0	604	10.76%
Windham	9,570	1,776	597	338	0	2,711	28.33%
Windsor Locks	5,429	297	154	224	0	675	12.43%
2021 Affordable Housing Appeals List - Non-Exempt Municipalities							
Town	2010 Census	2021 Gov Assisted	2021 Tenant Rental Assistance	2021 Single Family CHFA/USDA Mortgages	2021 Deed Restricted Units	2021 Total Assisted Units	2020 Percent Affordable
Andover	1,317	24	1	29	0	54	4.10%
Ashford	1,903	32	0	32	0	64	3.36%
Avon	7,389	244	21	36	1	302	4.09%
Barkhamsted	1,589	0	5	21	0	26	1.64%
Beacon Falls	2,509	0	4	38	0	42	1.67%
Berlin	8,140	556	50	124	4	734	9.02%
Bethany	2,044	0	2	11	0	13	0.64%
Bethel	7,310	192	30	132	87	441	6.03%
Bethlehem	1,575	24	0	5	0	29	1.84%
Bolton	2,015	0	2	29	0	31	1.54%
Bozrah	1,059	0	3	27	0	30	2.83%
Branford	13,972	243	73	152	9	477	3.41%
Bridgewater	881	0	0	1	0	1	0.11%

Brookfield	6,562	155	22	97	77	351	5.35%
Brooklyn	3,235	232	10	63	0	305	9.43%
Burlington	3,389	27	0	44	0	71	2.10%
Canaan	779	1	3	4	1	9	1.16%
Canterbury	2,043	76	1	61	0	138	6.75%
Canton	4,339	251	31	48	32	362	8.34%
Chaplin	988	0	2	35	0	37	3.74%
Cheshire	10,424	258	23	88	17	386	3.70%
Chester	1,923	23	4	15	0	42	2.18%
Clinton	6,065	105	8	60	0	173	2.85%
Colchester	6,182	364	37	132	4	537	8.69%
Colebrook	722	0	1	6	1	8	1.11%
Columbia	2,308	24	2	57	0	83	3.60%
Cornwall	1,007	28	2	6	0	36	3.57%
Coventry	5,099	103	4	120	20	247	4.84%
Cromwell	6,001	212	9	173	0	394	6.57%
Darien	7,074	161	14	2	104	281	3.97%
Deep River	2,096	26	6	32	0	64	3.05%
Durham	2,694	36	1	26	0	63	2.34%
East Granby	2,152	72	2	42	0	116	5.39%
East Haddam	4,508	73	2	59	0	134	2.97%
East Hampton	5,485	64	7	83	25	179	3.26%
East Haven	12,533	542	167	274	0	983	7.84%
East Lyme	8,458	396	19	86	19	520	6.15%
Eastford	793	0	0	10	0	10	1.26%
Easton	2,715	0	0	3	15	18	0.66%
Ellington	6,665	260	5	104	0	369	5.54%
Essex	3,261	75	2	16	16	109	3.34%
Fairfield	21,648	231	139	56	182	608	2.81%
Farmington	11,106	470	115	128	155	868	7.82%
Franklin	771	27	2	19	0	48	6.23%
Glastonbury	13,656	604	49	108	2	763	5.59%
Goshen	1,664	1	1	4	0	6	0.36%
Granby	4,360	85	2	46	5	138	3.17%
Greenwich	25,631	879	458	13	38	1,388	5.42%
Griswold	5,118	222	57	144	0	423	8.26%
Guilford	9,596	186	10	32	0	228	2.38%
Haddam	3,504	22	1	27	0	50	1.43%
Hamden	25,114	1,048	818	473	4	2,343	9.33%
Hampton	793	0	1	11	0	12	1.51%
Hartland	856	2	0	6	0	8	0.93%
Harwinton	2,282	22	6	34	5	67	2.94%
Hebron	3,567	58	3	44	0	105	2.94%
Kent	1,665	58	4	4	0	66	3.96%
Killingworth	2,598	0	0	16	5	21	0.81%
Lebanon	3,125	26	3	76	0	105	3.36%
Ledyard	5,987	32	12	210	6	260	4.34%
Lisbon	1,730	2	0	58	0	60	3.47%
Litchfield	3,975	140	3	30	19	192	4.83%
Lyme	1,223	0	0	5	8	13	1.06%
Madison	8,049	90	3	9	33	135	1.68%
Mansfield	6,017	175	128	80	2	385	6.40%
Marlborough	2,389	24	0	24	0	48	2.01%
Middlebury	2,892	77	5	18	20	120	4.15%
Middlefield	1,863	30	3	18	1	52	2.79%
Milford	23,074	728	244	168	74	1,214	5.26%
Monroe	6,918	35	5	44	8	92	1.33%
Montville	7,407	81	54	247	0	382	5.16%
Morris	1,314	20	3	5	0	28	2.13%
Naugatuck	13,061	493	305	344	0	1,142	8.74%

New Canaan	7,551	175	19	5	21	220	2.91%
New Fairfield	5,593	0	2	53	17	72	1.29%
New Hartford	2,923	12	3	47	15	77	2.63%
New Milford	11,731	319	41	153	20	533	4.54%
Newington	13,011	531	128	437	36	1,132	8.70%
Newtown	10,061	134	7	80	32	253	2.51%
Norfolk	967	21	1	5	0	27	2.79%
North Branford	5,629	62	14	45	0	121	2.15%
North Haven	9,491	393	51	85	23	552	5.82%
North Stonington	2,306	0	1	21	6	28	1.21%
Old Lyme	5,021	64	2	14	3	83	1.65%
Old Saybrook	5,602	52	15	21	73	161	2.87%
Orange	5,345	46	10	10	6	72	1.35%
Oxford	4,746	36	3	26	0	65	1.37%
Plainville	8,063	205	46	282	22	555	6.88%
Plymouth	5,109	178	20	174	0	372	7.28%
Pomfret	1,684	32	2	13	0	47	2.79%
Portland	4,077	185	90	64	0	339	8.31%
Preston	2,019	40	5	38	0	83	4.11%
Prospect	3,474	0	4	43	45	92	2.65%
Redding	3,811	0	2	15	0	17	0.45%
Ridgefield	9,420	175	6	26	79	286	3.04%
Rocky Hill	8,843	235	62	157	0	454	5.13%
Roxbury	1,167	19	0	5	0	24	2.06%
Salem	1,635	0	4	30	0	34	2.08%
Salisbury	2,593	24	0	2	14	40	1.54%
Scotland	680	0	1	28	0	29	4.26%
Seymour	6,968	262	29	98	0	389	5.58%
Sharon	1,775	32	1	3	0	36	2.03%
Shelton	16,146	254	40	118	82	494	3.06%
Sherman	1,831	0	1	6	0	7	0.38%
Simsbury	9,123	289	63	86	0	438	4.80%
Somers	3,479	146	7	33	0	186	5.35%
South Windsor	10,243	443	57	186	12	698	6.81%
Southbury	9,091	90	7	31	0	128	1.41%
Southington	17,447	499	62	317	54	932	5.34%
Sprague	1,248	20	12	24	1	57	4.57%
Stafford	5,124	257	20	115	0	392	7.65%
Sterling	1,511	0	6	21	0	27	1.79%
Stonington	9,467	441	19	79	2	541	5.71%
Stratford	21,091	524	425	344	33	1,326	6.29%
Suffield	5,469	296	6	48	15	365	6.67%
Thomaston	3,276	104	5	97	0	206	6.29%
Thompson	4,171	151	13	42	0	206	4.94%
Tolland	5,451	127	12	95	3	237	4.35%
Trumbull	13,157	315	19	82	315	731	5.56%
Union	388	0	0	6	0	6	1.55%
Voluntown	1,127	20	1	22	0	43	3.82%
Wallingford	18,945	354	142	296	35	827	4.37%
Warren	811	0	0	1	0	1	0.12%
Washington	2,124	17	2	3	23	45	2.12%
Waterford	8,634	213	33	239	0	485	5.62%
Watertown	9,096	205	33	216	0	454	4.99%
West Hartford	26,396	643	852	320	250	2,065	7.82%
Westbrook	3,937	140	5	29	29	203	5.16%
Weston	3,674	0	2	6	0	8	0.22%
Westport	10,399	265	60	2	63	390	3.75%
Wethersfield	11,677	705	109	258	0	1,072	9.18%
Willington	2,637	160	6	35	0	201	7.62%

Wilton	6,475	158	9	14	51	232	3.58%
Windsor	11,767	154	288	420	26	888	7.55%
Wolcott	6,276	313	14	174	0	501	7.98%
Woodbridge	3,478	30	8	3	0	41	1.18%
Woodbury	4,564	60	4	27	0	91	1.99%
Woodstock	3,582	24	0	28	0	52	1.45%
	1,487,891	93,840	48,102	26,989	5,406	174,337	

TAB D

NEW CANAAN

2014 Plan of Conservation & Development

STRATEGIC ELEMENT

New Canaan Planning & Zoning Commission

TABLE OF CONTENTS

The cover photograph, taken by Peter Hanson of New Canaan, was awarded First Prize in a Photography Contest conducted during the time this Plan was being prepared.

June 2014

To New Canaan Residents,

This document is the 2014 Plan of Conservation and Development for New Canaan. After the final public hearing on June 3, it was revised to reflect additional input and adopted by the Planning and Zoning Commission on June 24. The effective date is August 1, 2014.

Prepared over a 16-month period, the Plan reflects input from New Canaan residents and organizations and discussions among the members of the Planning and Zoning Commission about desirable future strategies for the future of our community.

This Plan of Conservation and Development (called the strategic element) has a companion part which is called the implementation element. While the strategic element identifies "big picture" strategies for the future, the implementation element identifies more specific policies and tasks intended to help implement the overall strategies.

The Planning and Zoning Commission looks forward to your continued support and input as we implement the Plan. Thank you for your interest.

Sincerely,

Laszlo Papp, Chair
Planning and Zoning Commission

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INTRODUCTION 1

Overview

This Plan has been prepared to help guide New Canaan's future conservation and development ...

This Plan of Conservation and Development is a strategic plan for the physical development of New Canaan. It is an advisory document which is intended to guide local actions and to provide a framework for consistent decision-making with regard to conservation and development activities over the next decade or so.

Since a Plan of Conservation and Development helps guide local actions toward outcomes considered beneficial for the community and/or desired by residents, there are few documents that have a greater potential long term influence on the physical characteristics of New Canaan.

New Canaan has a history of preparing plans for the entire community and on different topics. Each plan has strived to enhance the community and the lives of its residents. It is in that spirit that this Plan of Conservation and Development has been prepared.

Advisory Documents

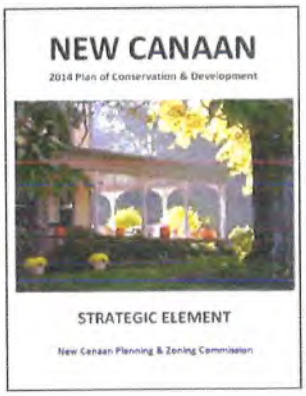
The Strategic Element of the Plan of Conservation and Development is an advisory document intended to guide the future physical development of New Canaan. The same holds true for the Implementation Element.

While the Implementation Element may recommend specific tasks or actions, it is also advisory. During the anticipated lifespan of this Plan, the Planning and Zoning Commission and other Town agencies may decide to implement (or not implement) specific recommendations as the needs and circumstances of the Town dictate.

Organization Of This Plan

This Plan differs somewhat from prior plans in that it has been configured in a way which is intended to facilitate implementation. To help accomplish this, the Plan of Conservation and Development has been configured as a two-part document.

This part - the "Strategic Element" - is a statement of strategic directions considered integral to the vitality, livability, and quality of life in the community. It is "big picture" and strategic in nature so that New Canaan residents will use it to discuss and refine the major directions of the community.



It is envisioned that the Strategic Element will be *occasionally* reviewed to ensure that the strategic directions are appropriate for addressing the issues facing the community.

The other part –the "Implementation Element" – identifies tasks to accomplish the strategies. It identifies the task to be completed, the entity responsible for completing it, and the anticipated timeframe for completion. It is envisioned that this element will be regularly updated as tasks are completed and new tasks identified.

The Plan recommends that the Implementation Element be maintained and administered by a Plan Implementation Committee. The Committee would regularly review the Implementation Element to ensure that the work program and tasks for the coming year (and beyond) reflect fiscal and operational capabilities.

While the Strategic Element of the Plan will be updated less frequently than the Implementation Element, the Strategic Element should evolve as the needs of the community change. As new issues come to light, the community should strive to update the Strategic Element by evaluating alternative approaches and selecting the best overall strategy for New Canaan. The fact that a topic or issue is not addressed in the Strategic Element should not prevent it from being considered at some time in the future.

Preparation Of This Plan

The process used to prepare this Plan is illustrated by the adjacent flowchart.

Since this Plan is an update of the 2003 Plan of Conservation & Development, the inventory phase included a review of the recommendations in the 2003 Plan, a discussion with the Planning and Zoning Commission, a number of interviews with local officials and other interested persons, an independent analysis of issues and trends in New Canaan and elsewhere, and a public meeting to generate input from residents. An evaluation of demographic changes and other trends was also undertaken.

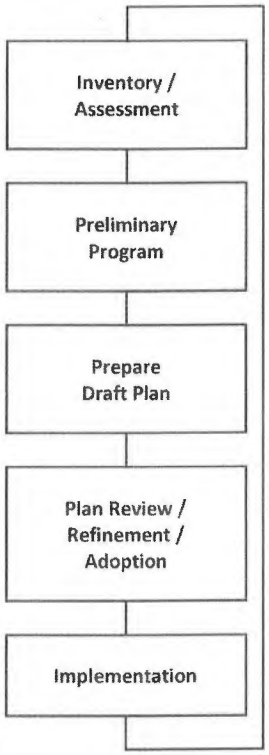
From this work, a preliminary planning program was prepared for review by the Planning and Zoning Commission. The preliminary planning program outlined possible strategies so that the Commission could provide feedback and guidance. Following some modifications to the preliminary program, a draft Plan was prepared for discussion.

The Planning and Zoning Commission reviewed the draft Plan and discussed alternative policies and desirable future outcomes. Additional input was obtained throughout the process by public meetings and community workshops that generated input and discussion.

The final phase, "Implementation", takes place after the Plan is adopted and the various recommendations are put into action and evaluated. The Planning and Zoning Commission has both the statutory responsibility to adopt the Plan and the lead role in overseeing the Plan's implementation.

However, implementation will only occur with the diligent efforts of the residents and officials of the Town of New Canaan. As a result, responsibility for implementation rests with all boards, agencies, and individuals in New Canaan.

The Planning Process



Statutory Reference

Section 8-23 of the Connecticut General Statutes requires that the Planning and Zoning Commission prepare, adopt, and amend a Plan of Conservation and Development for New Canaan.

Selected Other Planning Studies

Over the years, New Canaan has completed a number of planning studies to help guide growth and change in the community:

- Long-Range Planning Committee (2012)
- Downtown Market Demand Study (2011)
- Incentive Housing Study (2011)
- Community Survey (2010)
- Senior Housing Study (2010)
- Downtown Planning Study (2006)
- Parking Study Update (2002)
- Open Space Study Group (2001)
- Traffic Study (1999)
- Long-Range Planning Task Force (1998)
- Parking Study (1997)
- Historic / Architecture Survey (1987)
- Plan of Development (1986)
- Traffic Study (1983)
- Business District Development Plan (1972)
- Traffic and Access - Central Business Area (1968)
- Plan of Development (1967)
- Business District Study (1958)
- Plan of Development (1954)

After the final public hearing on June 3, 2014, the Plan was adopted at the June 24, 2014 meeting of the Planning and Zoning Commission with an effective date of August 1, 2014.

EXCERPTS FROM CONNECTICUT GENERAL STATUTES
SECTION 8-23 - PLAN OF CONSERVATION AND DEVELOPMENT

The Plan shall:

- be a statement of policies, goals and standards for the physical and economic development of the municipality ..
- show the commission's recommendation for the most desirable use of land within the municipality ... and for the most desirable density of population ....
- be designed to promote with the greatest efficiency and economy the coordinated development of the municipality and the general welfare and prosperity of its people.

The Plan may:

- show the commission's recommendation for a system of principal thoroughfares, parkways, bridges, streets and other public ways; for airports, parks, playgrounds and other public grounds; for general location, relocation and improvement of public buildings; for the general location and extent of public utilities and terminals, whether publicly or privately owned for water, sewerage, light, power, transit and other purposes; and for the extent and location of public housing projects.
- include recommended programs for the implementation of the plan ...
- (include) such other recommendations ... in the plan as will ... be beneficial to the municipality.

KEY ISSUES

2

Overview

The following overall philosophy, which emerged as the foundation for the 2003 Plan of Conservation & Development, is still considered to be relevant to this Plan:

Promote an appropriate balance of conservation and development in order to enhance community character and improve the overall quality of life.

"If we could first know where we are, and whither we are tending, we could then better judge what to do, and how to do it."

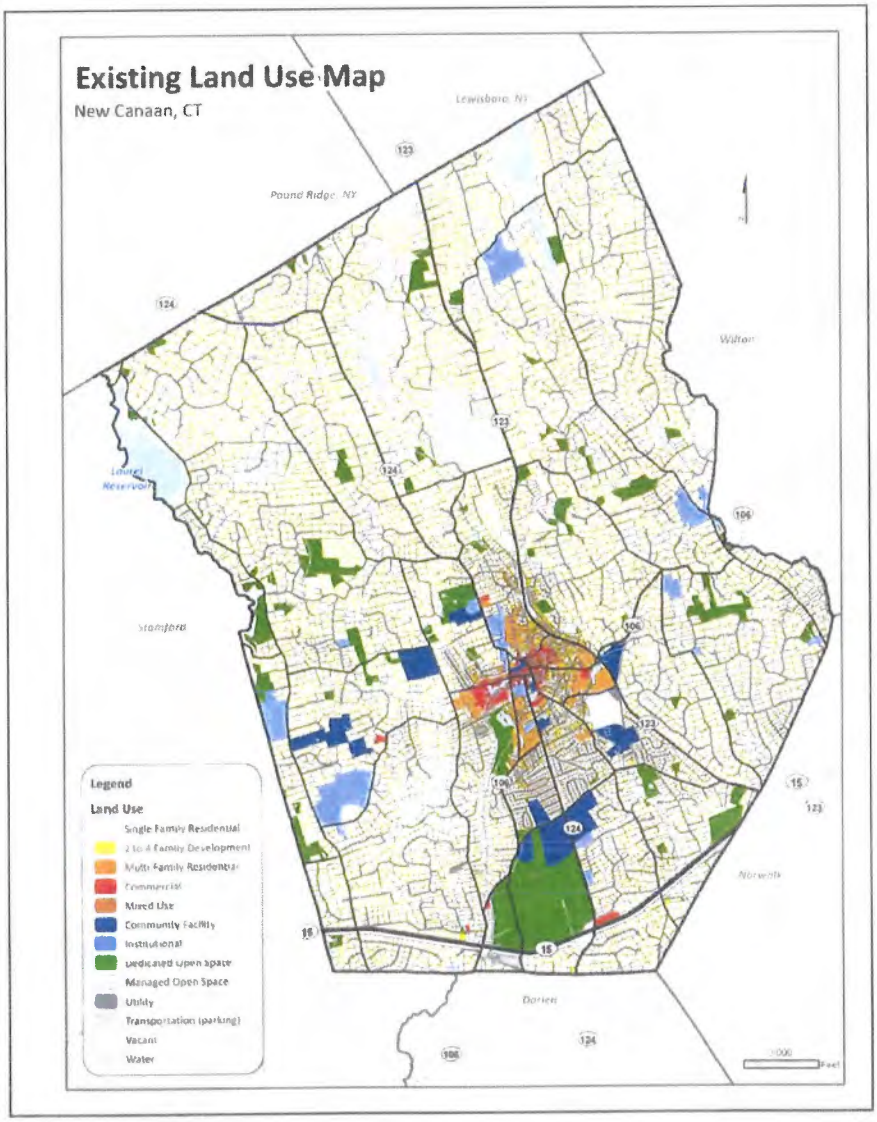
Abraham Lincoln

New Canaan Is Mostly Developed ...

A land use analysis of New Canaan revealed that about 97 percent of the land in the community has been developed or committed to different land uses. Most of the land in New Canaan is used for residential homes.

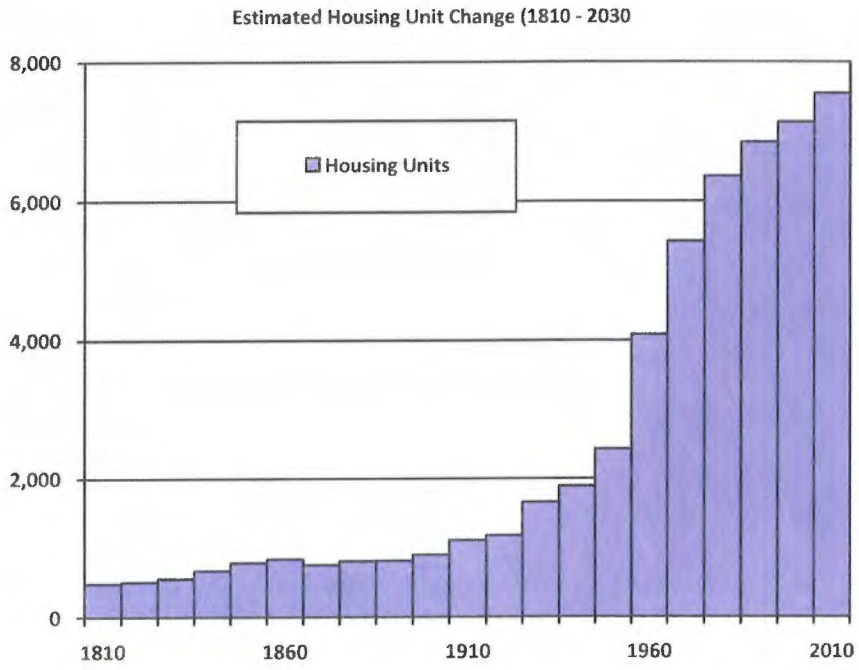
Since almost all of the land in New Canaan has been developed or committed, growth and change in the future is most likely to occur as a result of:

- changes in occupancy of existing housing units, and
- from redevelopment of existing property rather than from development of major new subdivisions or projects.



Housing Growth Is Slowing ...

With most of the land area in New Canaan being developed or committed, the number of housing units which can be built in the community is nearing a theoretical limit based on local land use regulations, natural resource constraints, and other factors. The following chart reveals a flattening "growth curve" which typically occurs as a growth threshold is neared.



Census data reveals that housing in New Canaan (our housing "portfolio") is focused primarily on single-family detached housing. Since this type of housing was the preferred housing choice in the 1950s and 1960s when New Canaan was growing rapidly, it is understandable that single-family housing became the predominant form of housing in the community.

Housing Unit Data

Although exact data on the number of housing units in New Canaan in the 1800s is not available, it is possible to estimate the number of units.

Year	Housing Units
1810	485
1820	512
1830	555
1840	672
1850	789
1860	840
1870	757
1880	811
1890	819
1900	900
1910	1,112
1920	1,181
1930	1,655
1940	1,887
1950	2,427
1960	4,084
1970	5,421
1980	6,365
1990	6,856
2000	7,141
2010	7,551

1960-2010 from US Census.
1810-1950 estimated from information on typical household sizes at that time.

Population Data

Year	Population	
1810	1,599	
1820	1,689	
1830	1,830	
1840	2,217	
1850	2,600	
1860	2,771	
1870	2,497	
1880	2,673	
1890	2,701	
1900	2,968	
1910	3,667	
1920	3,895	
1930	5,456	
1940	6,221	
1950	8,001	
1960	13,466	
1970	17,451	
1980	17,931	
1990	17,864	
2000	19,395	
2010	19,798	
2020	*19,300*	*19,660*
2030	*18,800*	*19,520*

1900 – 2000 Census, Projections in Italics.

Low projections by Planimetrics based on continuing the age-specific migration rates from 2000 to 2010.

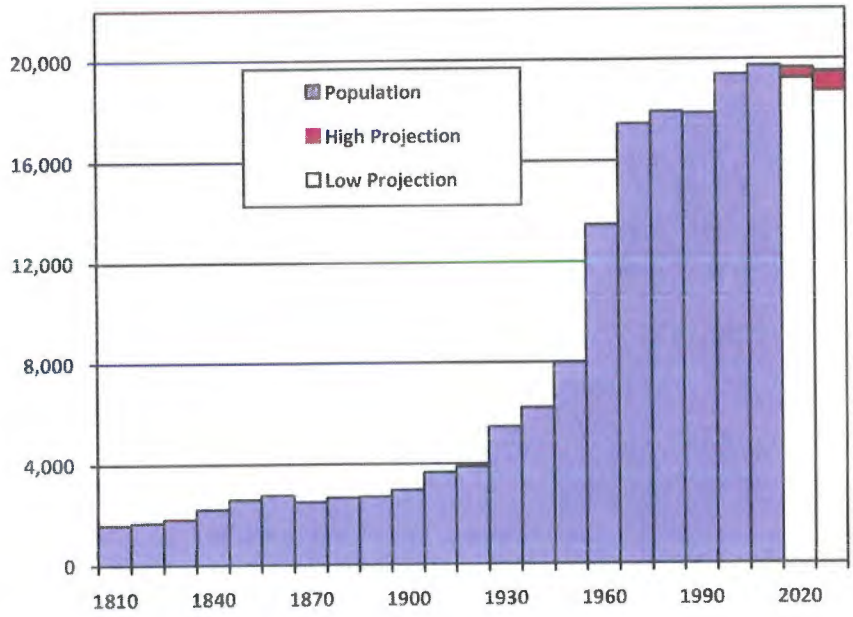
High projections from the Connecticut State Data Center.

Population Growth Has Slowed ...

According to the U.S. Census Bureau, New Canaan had a population of 19,798 people in the year 2010. This represents an increase of 343 people (2 percent) from the 2000 Census. In comparison, the population of Connecticut grew by almost 5 percent during this same period. If recent migration patterns continue, New Canaan's population may experience a slight decrease in the future as school children graduate and some households get smaller.

It is interesting to note that New Canaan added over 400 units of housing from 2000 to 2010 but the population only grew by 343 people.

Population Change (1810 - 2030



Sidewalk Sale Day

New Canaan Advertiser

Selectmen's Meeting

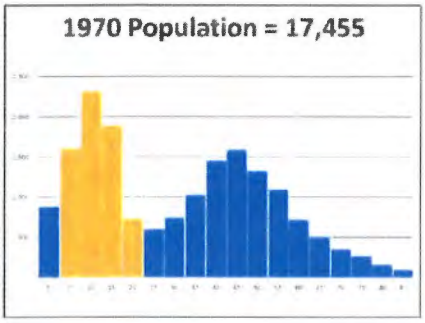
New Canaan News On-line

Age Composition Is Changing ...

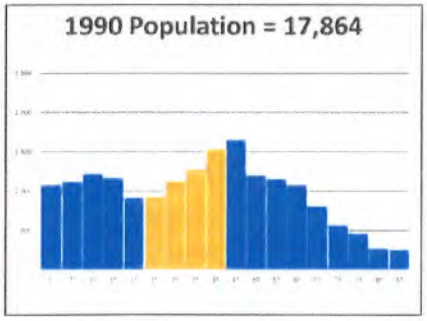
The age composition of New Canaan has been changing over time and changes are expected to continue in the future. This has the potential to influence the demand for certain services in the community and to change New Canaan's approach to issues in the community.

To help illustrate this point, the following charts illustrate the number of residents in 5-year age groups in different Census years.

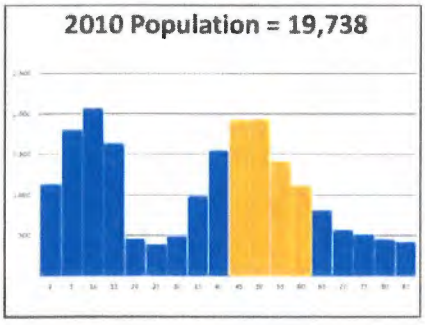
In 1970, New Canaan's age composition was dominated by younger age groups (the "baby boom"). People considered part of the "baby boom" were aged 5 to 25 in 1970.



Twenty years later, in 1990, New Canaan had many fewer children but had a number of young adults (roughly corresponding to the "baby boomers – now aged 24 to 45).



In 2010, the number of children had increased again as a result of the "baby boomers" having had children (the "baby boom echo"). In addition, there was significant growth in the older age groups as the baby boomers aged and as people lived longer.



In the future, the age composition of New Canaan is expected to continue to be strongly influenced by longer life expectancies. Some population projections estimate that about 40% of New Canaan's population in the year 2025 could be over the age of 55 and about 20 percent could be over the age of 65.

Population Dynamics Are Key To Our Future ...

Population change in a community occurs in two ways:

- Natural increase (births minus deaths), and
- Net migration (move-in minus move-out).

The table below reveals that New Canaan has tended to experience natural increase (more births than deaths) except for the 1970s. The number of births and deaths in a community tends to be driven by its age composition (ages for forming families, women of child-bearing age, age of person, etc.). This helps explain the large number of births in the 1960s (the "baby boom") and the 1990s (the "baby boom echo").

Components of Population Change (1960 to 2010)

	1960s	1970s	1980s	1990s	2000s
Total Change (from US Census)	**3,985**	**480**	**(67)**	**1,531**	**343**
Change Due To Natural Increase (Births – Deaths)	**670**	**(15)**	**154**	**1,247**	**850**
Births	1,811	1,193	1,474	2,455	1,952
Deaths	1,141	1,208	1,320	1,208	1,102
Change Due To Net In-Migration (Move-In Minus Move-Out)	**3,315**	**495**	**(221)**	**284**	**(507)**

US Census, Connecticut Health Department reports

Thus, the key variable in overall population change in New Canaan appears to be net migration. In the period from 2000 to 2010, more people moved out of New Canaan than moved in. This pattern is simply a reflection of the overall age composition of the community.

Natural Increase

Net Migration

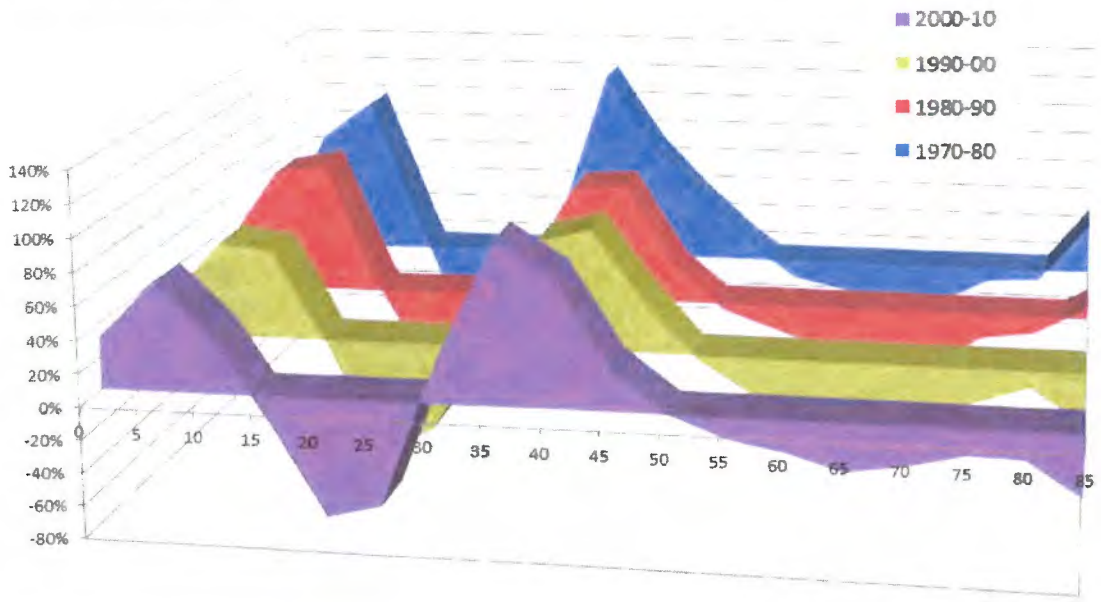
While migration can be driven by economic considerations, the pattern over the past four decades in New Canaan seems to be driven by age as well. Since 1970, New Canaan's migration patterns have been dominated by:

- Net in-migration of younger families (ages 30-55), often with school-age children (ages 0-20),
- Net out-migration of young adults (ages 20 to 30), and
- Net out-migration of older persons (ages 55+).

The fact that these trends have been consistent for forty-plus years suggests it is part of an underlying dynamic which is likely to persist.

Migration Rates and Patterns By Age Group (1970 to 2010)

(Percent of people in a 5-year age group compared to the number of people who were 10 years younger a decade earlier - adjusted for births and deaths in the interim)
(i.e. – people aged 30-35 in 2010 compared to the number of people aged 20-25 in 2000)



In the next few decades, New Canaan will experience a "tug-of-war" between several trends:

- Modest net housing growth,
- The "baby boom" generation (people born between 1946 and 1964) reaching the age groups that have historically had net out-migration,
- Existing residents generally living longer and occupying housing units with only one or two people, and
- The "baby boom echo" generation (people born between about 1978 and 1996) having children themselves and reaching the age groups that have historically moved into New Canaan.

Plan Themes

Based on issues and strategies which arose during preparation of the Plan, the following themes were selected as a way to organize Plan recommendations:

PRESERVE & ENHANCE COMMUNITY CHARACTER	• Protect Physical Character • Preserve And Enhance Open Space • Preserve Historic Resources • Promote Community Involvement
NURTURE DOWNTOWN	• Maintain And Enhance The Character Of Downtown • Rationalize Parking • Guide Development And Redevelopment • Support Downtown • Address Other Downtown Issues
ENHANCE LIVABILITY	• Provide Appropriate Facilities and Services • Protect Residential Neighborhoods • Provide For A Diverse Housing Portfolio • Enhance The Walking Environment • Enhance Bicycle Circulation • Enhance Wireless Communications • Enhance Energy Services • Support Transit • Address Other Livability Issues
ACHIEVE SUSTAINABILITY AND RESILIENCY	• Maintain Environmental Health • Promote Sustainability • Promote Resiliency • Address Other Sustainability Issues

NURTURE DOWNTOWN

4

Overview

New Canaan's downtown is recognized as one of the most attractive places in the region ...

New Canaan's downtown is a special place. New Canaan residents and visitors recognize the strong "sense of place" which exists in the downtown and which is unique. Residents want to preserve and enhance the overall image and character of the downtown and ensure it remains the "heart and soul" of New Canaan.

The Plan specifically calls for improved maintenance and enhancement of the Town Center in New Canaan because of the important role that it plays in community character and community spirit.

Still, there are improvements and enhancements which can and should be made to improve downtown.

Forest Street

South Avenue

Maintain And Enhance The Character Of Downtown

Maintaining and enhancing the unique quality and character of downtown is an important element of this Plan. New Canaan is widely recognized as having an attractive and charming downtown area. This overall impression needs to be maintained and enhanced for the downtown to be as successful as it can be.

New Canaan designated its downtown zoning districts as "village districts" in 2005 and this designation helps give the Planning and Zoning Commission the tools to maintain and enhance the character and appearance of the downtown area. The village district designations should be continued.

Character Elements

A number of studies over the years have identified the following elements as contributing to (or detracting from) the overall character of downtown:

- Buildings
- Signage
- Sidewalks
- Lighting
- Parking
- Street furniture
- Plantings
- Pedestrian linkages
- Crosswalks
- Pavement
- Curbs
- Traffic circulation
- Utilities
- Garbage / Litter
- Weeds
- Litter
- Vacant buildings

Over the years, New Canaan residents have indicated that they wanted more of the following types of things in the downtown.

- More streets like Elm Street
- Attractive streetlights
- People living in the downtown
- Mixed use buildings
- Medical space / office
- Cleaning of common areas / trash pickup
- Control of delivery vehicles
- Pocket parks and green spaces

Elm Street

Elm Street

Main Street

Sidewalk Sale

New Canaan News Online

CASE STUDY

Downtown Strategic Plan

Due to funding constraints, the 2003 Plan of Conservation and Development did not contain an evaluation of downtown issues. Instead, that Plan acknowledged recommendations from the 1984 Downtown Study and recommended that a more detailed study be undertaken.

In 2007, a Downtown Planning Study was prepared for the Town by Fitzgerald and Halliday. The key issues to be evaluated included the overall development potential in the downtown, the estimated parking surplus or deficit, and the relevance of the zoning regulations for the downtown area. The final report is available on the Town website.

The study estimated there was about 900,000 square feet of floor area in the downtown and that the zoning regulations at that time might allow for construction of an additional 160,000 square feet. Overall, a parking deficit was found both in the downtown and at the train station.

Key strategies from the plan included:

- Sustain and enhance downtown character/aesthetics
- Maximize efficient use of existing parking supply and expand the parking supply to meet long-term demand
- Improve vehicle loading options
- Improve pedestrian access and amenities
- Enhance traffic operations

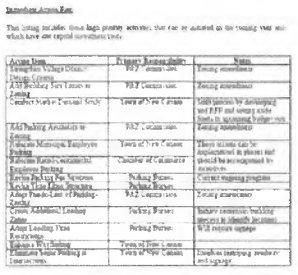
Report Cover


DOWNTOWN NEW CANAAN STRATEGIC PLAN

Town of New Canaan

FITZGERALD & HALLIDAY, INC

Recommended Immediate Action Items



Need For A Parking Review

New Canaan has studied parking many times over the years and a common thought is that ***another*** parking study is not needed.

However, past parking studies have generally looked simply at the supply and utilization of parking spaces (the number of spaces available and occupied). This is not what the POCD recommends.

The POCD recommends that New Canaan look at the ***dynamics*** of parking in the downtown:

- In order to provide for a more efficient parking system
- The opportunity to provide more parking to better support existing businesses and/or support additional development in the future,
- Support pedestrian activity
- The ability to capture commuter parking revenue from residents of nearby communities

Of course, the following realities are understood:

- Most people in New Canaan do not seem to be in favor of paid parking on Main or Elm,
- Meters (used in the past) and machines (used at present) may not be appropriate for Main or Elm, and
- New technologies may not yet be at a stage for implementation and acceptance by the public.

Rationalize Parking

A. Undertake A Comprehensive Parking Review

The most desired and attractive spaces in the downtown are available for free (and end up being used by employees and long term parkers) while the spaces which may be less desired (due to location, appearance, or other factors) involve monthly permits or user charges (daily or hourly). People who want to make a purchase at a local shop or who want to complete a quick errand end up circling the block or parking further away because parking is not available.

Quite a bit of research has gone into parking dynamics in recent years ("*The High Cost Of Free Parking*" by Donald Shoup is a good example) and it would make sense for New Canaan to investigate its approach to parking to ensure it is satisfying local needs. New Canaan should undertake a parking review for the downtown area.

The goals of such a review might be to:

- Use the spaces we have most efficiently
- Provide convenient parking for customers of downtown businesses
- Provide cost-efficient spaces for downtown workers
- Provide parking for special events
- Support the downtown
- Provide parking for commuters

The review should evaluate how parking is provided and priced and how this might be improved. Studies in other areas have shown that pricing parking to result in a five percent vacancy rate maximizes revenue while ensuring that users will be confident they can find parking when they want it. While metering on Elm Street might be one approach, there are a number of technologies available to address parking issues and New Canaan should be at the forefront of how to use these strategies to make downtown successful.

Funds from the parking system (or any net increase in parking revenue) could be used to help support streetscape improvements and other programs which would support the downtown area and businesses.

The review can also look at how to provide "way-finding" to parking areas so that visitors to New Canaan will be able to easily find parking areas which are conveniently located relative to their destination.

The review can also look at ways to incentivize employee parking at the Locust Street lot and the School Street lot in order to free up parking in other areas.

B. Expand Parking

New Canaan should seek opportunities to expand parking in the downtown area. An adequate supply of parking will be an important asset in terms of supporting the uses we already have in the downtown area, the demand for parking by shoppers, workers and commuters, and the type of downtown we want to have in the future.

Locust Avenue

The need for more parking has already been recognized. With the renovation of Town Hall, a number of parking spaces are going to be lost at that site. The Town decided to add a parking deck at the Locust Avenue parking lot to expand the number of spaces, which primarily serves downtown workers, by about 100 spaces. Since some spaces are available for hourly users and since all spaces are available for no charge on weekends and evenings, this project will help support a number of activities in the eastern part of downtown (shops, restaurants, Town Hall, downtown workers, downtown residents, special events, etc.).

Locust Avenue Parking Structure

Long Range Planning Committee Report / BFJ Planning

Observation

People complain about [parking], but nobody does anything about it ...

Paraphrase of
Charles Dudley Warner

Parking Tidbits

In the 2011-12 fiscal year, over $1.1 million was deposited in the Town's "General Fund" (the main account the Town uses to fund local services) as a result of parking revenues.

An additional $157,000 was deposited into the Town's "Railroad Fund". This reflects revenue raised from the meters at the State-owned parking lots adjacent to the train station. If revenue collected exceeds maintenance expenses, half of the net income is sent to the State of Connecticut.

Over the years, the Town has also collected about $450,000 from a "fee-in-lieu-of-parking" regulation which is intended to help fund the construction of additional public parking facilities in and near the downtown area. Approximately $200,000 of this was appropriated for improvements to the Locust Street lot.

Approach

Due to high utilization of the parking areas near the train station, care and sensitivity should be taken to ensure that existing commuters will be accommodated as best as possible during any parking expansion.

While parking expansion may result in short-term difficulties for some people, the fact that parking spaces will be available at the train stations for more New Canaan commuters will be a major enhancement. This will further acknowledge that New Canaan is a commuter-friendly town and recognize the crucial role that such commuters play in the local economy.

In addition, such parking could support additional development that could benefit all New Canaan residents and businesses.

Train Station

Expanding parking at the train station could also help New Canaan accomplish other objectives. More spaces at the station would make more spaces available for New Canaan residents (who might no longer need to park at Talmadge Hill or Richmond Hill or elsewhere). The construction of a parking structure of some type would allow parking to be sheltered from the weather. Overnight parking might be permissible. Such a project would help support activities in the western part of downtown.

Providing spaces in a garage at the train station might present an opportunity to incorporate parking currently provided in the State of Connecticut lots (on Elm Street and Pine Street) and allow these properties to become available for new buildings and uses in the downtown area. The consolidation of parking in the most convenient location (the former lumberyard location immediately adjacent to the tracks and the station) might allow other lots to be used for other local objectives.

The additional parking can help support downtown residential uses. The additional parking could also help support an active streetscape by allowing some sites to be devoted to buildings with the parking off-site.

Parking at the Locust Avenue lot and at the Train Station lot should meet community needs for the foreseeable future. Should additional parking supply be desirable in the future, studies could be undertaken of the feasibility of a parking facility at other sites.

Train Station And Parking Areas

Possible Train Station Parking Structure

Long Range Planning Committee Report / BFJ Planning

Observation

Parking is a key issue for downtown merchants and businesses. We should not be afraid to look at the overall parking situation and learn from the experience of others ...

Comment from a Public Meeting

Train Station "Gateway"

A "gateway" is a recognizable location where a person would become aware that they had entered a different place. The concept of a "gateway" is very important in community design and "place-making".

The area around the train station is an example of a gateway for people arriving by train.

At the present time, this area may not be presenting the best image of New Canaan. For example, the sidewalks on Park Street should be all brick, the service alleys (and garbage bins) should be shielded, and planting should be added to enhance the area and mask the retaining wall.

Through efforts such as these the concept of "place" and "character" will be positively impacted in New Canaan's downtown.

Guide Development And Redevelopment

A. Orient Development Activities Towards Pedestrians

New Canaan has an attractive and inviting pedestrian environment in the Retail A and Retail B zones and in most others areas of the downtown as well.

Maintaining and enhancing the pedestrian-friendly nature in all areas of the downtown is a key strategy of the Plan. There are two key ways that this can happen:

- Providing for a convenient, attractive, and safe network of sidewalks, crosswalks, and other pedestrian connections, and
- Maintaining inviting and interesting uses of buildings adjacent to the street.

As discussed in a number of reports and studies, there are some missing mid-block links in the sidewalk system and some opportunities to strengthen pedestrian connections to and from parking areas which should be implemented (such as acquiring easements for these pedestrian connections) as opportunities present themselves:

- Sidewalk along the Town Hall driveway to Main Street
- Connection from Park Street lot to Elm Street (two locations)
- Mid-block connection from Main Street to Forest Street
- Mid-block connection from Elm Street towards Cherry Street

Sidewalks within the downtown should be wide and be constructed of high quality materials. Brick is recommended (and could be required) in the key areas. Widening sidewalks and extending the brick sidewalks is encouraged.

Enhancing the pedestrian environment through the use of attractive lighting (both building lighting and sidewalk fixtures), street trees, benches, and other amenities is strongly encouraged.

In terms of the uses of buildings abutting sidewalks, New Canaan has regulations which encourage active uses (or prohibit uses which do not promote window shopping or pedestrian interest) at the street level. These regulations should be maintained and strengthened, as appropriate.

Since it can be a challenge to maintain the right balance between the amount of parking (to meet demand) and the location of parking (for convenience) while maintaining a pedestrian-friendly streetscape, New Canaan may wish to consider some sort of transit service if it will help maintain an appropriate balance.

B. Extend and Enhance The Pedestrian-Friendliness

Within the downtown, the areas which are the most pedestrian-friendly are:

- Elm Street between Main Street and Park Street
- Main Street between Locust Avenue and Morse Court
- Forest Street between East Avenue and Locust Avenue

The elements of these areas which support their pedestrian-friendly nature include:

- Brick sidewalks
- On-street parking (since it provides a sense of convenience to visitors and protection from traffic)
- Active and inviting uses adjacent to the sidewalk
- Appropriately scaled buildings adjacent to the sidewalk
- Attractive and inviting lighting
- Pedestrian amenities (benches, etc.)
- Street trees and other landscaping
- Parking areas which are visually shielded or buffered
- Minimal interruptions to the pedestrian experience

Over time, New Canaan should investigate extending these pedestrian-friendly characteristics to other streets including, but not necessarily limited to:

- Elm Street west of Park Street
- Pine Street west of Park Street
- Park Street between Elm Street and Pine Street

Street Segment Which Is More Pedestrian-Friendly

Street Segment Which Is Less Pedestrian-Friendly

An Active Street-Front

While most of the streets in downtown New Canaan are amazingly attractive and inviting and pedestrian-friendly, some streets are not.

Part of the reason for this is the location of surface parking lots or buildings set back from the street and the sidewalk. It is surprising to realize that some of the most visible, attractive, and valuable real estate in all of New Canaan is devoted to parking.

New Canaan should look at the redevelopment of some areas in order to promote an active street-front and shield parking areas.

Pedestrian Through-Cuts

Mid-block pedestrian connections are an important part of a pedestrian-friendly area and an active pedestrian system Without such connections, the walking distances around blocks can discourage walking.

New Canaan should encourage (or require) mid-block connections where they may be necessary or desirable. Some communities have a requirement that there be a pedestrian connection every 250 feet.

Design Contests

New Canaan should regularly explore alternative ideas for keeping downtown an attractive and engaging place.

One approach might be to request submissions of ideas for downtown (or sponsor a design contest) where ideas might be proposed.

While the community would be under no obligation to implement any of the ideas proposed, such an exercise would open people's eyes to new potentials and it might even result in some ideas strongly supported by residents.

Such an undertaking could be directed towards everyone or targeted to invite submissions from different groups:

- Local students
- Architecture schools
- Design professionals
- New Canaan residents

C. Promote Appropriate Development

There is interest in additional development in and near the downtown area for a number of different purposes:

- Housing, particularly for "empty nesters" and senior citizens,
- Entertainment and cultural facilities,
- Municipal facilities and community amenities,
- Retail and restaurant space, and
- Office space, including medical offices.

Provided this development occurs in ways that enhance the downtown, it will continue the evolutionary process that has made the downtown an important part of the fabric of the community for hundreds of years.

The most appropriate types of development for the downtown area will be appropriately scaled and designed to fit into the existing fabric of the downtown area. Building design and scale is especially important. A strong relationship to the street and pedestrian traffic in terms of uses and activities will be key.

Multi-story, moderate density, mixed-use development (generally with residential and/or office uses on upper floors combined with retail shops or other active uses at street level) would reflect the pattern of much of the existing development in the downtown. The fact that the downtown is within an easy walk of the train station allows it to easily support this pattern of development (even with reduced amounts of parking).

Various studies have found that this type of development can have a number of community benefits as well:

- It can help support changing lifestyles of a number of population segments (including younger people, older people, people who prefer not to drive, and those who don't own cars) who wish to live in a mixed use environment where a number of services and activities are available within walking distance.
- It helps strengthen downtowns since more people living in and near the area helps to support the businesses and other activities (restaurants, food-related stores, markets, boutiques, theaters, etc.) through the day and evening and it also has a secondary benefit in that these uses and activities are also available to other residents of the community and the region.
- It can help address the desire to diversify our housing portfolio in a way that extends and expands the kind of development we already have and appreciate.
- It can help support economic development (and the overall tax base) since the existence of a variety of uses near the train station can increase the desirability of the entire area

D. Continue To Review Zoning Regulations For Downtown

To help ensure that the appropriate guidance and direction is given to development in the downtown, the Commission should continue to regularly review the regulations for the downtown area.

This should include a review of the uses and dimensional requirements in each of the districts to ensure they are meeting community needs and expectations. It might also include an evaluation of "form-based codes" and other tools or techniques to help ensure the appropriate future development of the downtown area.

It could also include a review of the zoning district boundaries.

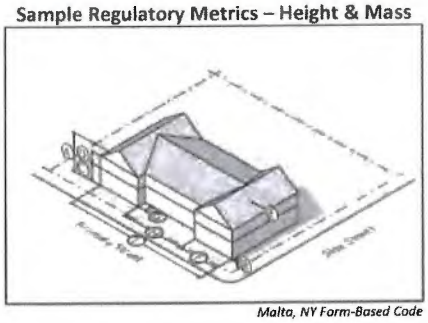
Darien Buildings

Wilton Building

Greenwich Buildings

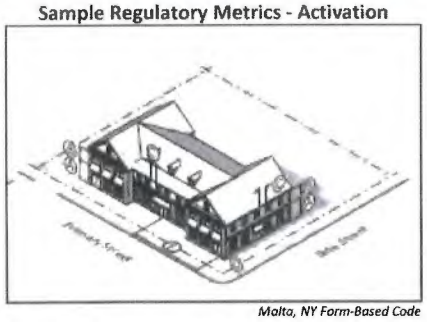
Litchfield Buildings

Sample Regulatory Metrics – Height & Mass



Malta, NY Form-Based Code

Sample Regulatory Metrics - Activation



Malta, NY Form-Based Code

Regulation Revisions

Over the past decade or so, the Planning and Zoning Commission has regularly reviewed and, as appropriate, amended the Zoning Regulations to help guide development and redevelopment in the downtown area.

For example, in 2005, the Commission designated the downtown zones as "village districts" which allow the Commission to have greater review and approval authority over aesthetic issues and building design in the downtown area. In 2008, the Commission evaluated whether banks were appropriate uses in some business areas in terms of promoting an active streetscape. In 2011, the Commission adopted some changes for the Retail B zone to provide flexibility for redevelopment for mixed use properties.

Overall Purposes

Overall, the POCD recognizes the following purposes and intents:

1. Encourage a mix of moderate density development in and near the downtown area.
2. Emphasize mixed use, pedestrian oriented development.
3. Create a pedestrian-friendly environment to encourage walking, bicycling and transit use.
4. Create a neighborhood identity that promotes pedestrian activity, human interactions, safety and livability.
5. Encourage building reuse and infill to create appropriate densities.
6. Provide a range of housing options for people of different income levels and at different stages of life.
7. Take advantage of the fact that most areas are within easy walking distance of the train station.

Possible Strategies And Options For Downtown

Mixed Uses / Density

1. Consider encouraging or requiring mixed uses (residential and business in the same building) in appropriate areas.

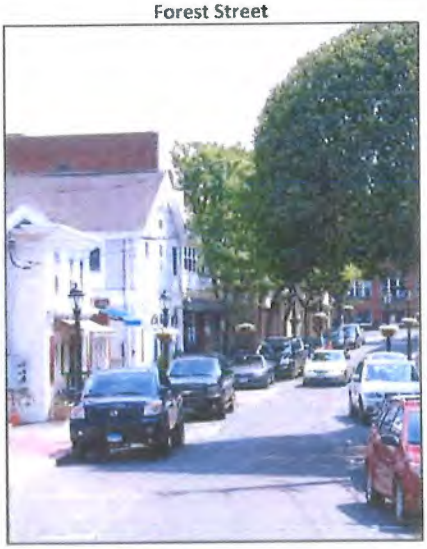
2. Consider allowing or requiring increased density to promote desired development patterns (mixed use buildings, housing, etc.) and help support New Canaan's downtown:
   - Consider a minimum floor-area-ratio (FAR) requirement.
   - Consider a minimum building height standard.
   - Consider increasing the FAR limitation *by Special Permit*.
   - Consider increasing the building height limitation *by Special Permit* (i.e. - allow building heights above 30 feet and/or 2.5 stories in certain zones).

3. Consider implementing a cap on the floor area of stores in other zones in the downtown core (in addition to the RA zone) to support small-scale businesses (or regulate by Special Permit or other approach).

4. Consider creating a new zoning district on the west side of the business district to effectively guide the development and redevelopment of this area (mixed use, walkability, streetscape, etc.) since several properties are among the largest within the business district.

5. Evaluate the appropriate zoning for the Cross Street / Vitti Street area.

Forest Street



Main Street

Streetscape

6. Review permitted uses (including those permitted by Site Plan Approval and/or Special Permit) and development patterns to ensure that a pedestrian orientation is maintained.

7. Consider requiring active ground floor uses in more areas.

8. Consider modifying setback standards (build-to-line, etc.) to allow buildings to be located closer to the street and/or sidewalk and promote an attractive and pedestrian-friendly streetscape.

9. Prohibit or discourage parking in front of buildings (i.e. – between the building and the sidewalk) in order to maintain an active streetscape.

Housing

10. Provide for additional housing opportunities in and near the downtown area including:
    - Multi-family housing.
    - Multi-family senior-friendly housing.
    - Mixed use rental housing for younger persons and families.

11. For residential units in some zones, consider allowing modification of the following *by Special Permit*:
    - The limitation on floor area.
    - The limitation on number of bedrooms.

Parking

12. Consider allowing decked or tiered parking structures in several zones *by Special Permit* to minimize land area utilized for surface parking.

13. Consider modifying parking standards:
    - For office uses within walking distance of the train station.
    - For mixed use buildings when the peak parking demands of the uses do not coincide.
    - For multi-family uses within walking distance of the train station.

Transit Orientation

Much of what New Canaan already has and seeks to enhance is often referred to in other areas as "transit oriented development."

Our vision is not specifically for development that supports transit or is oriented towards transit.

Rather, our vision is for development that meets the needs of our community. The fact that it is, and will be, supported by transit is an added bonus.

Cross & Vitti Streets

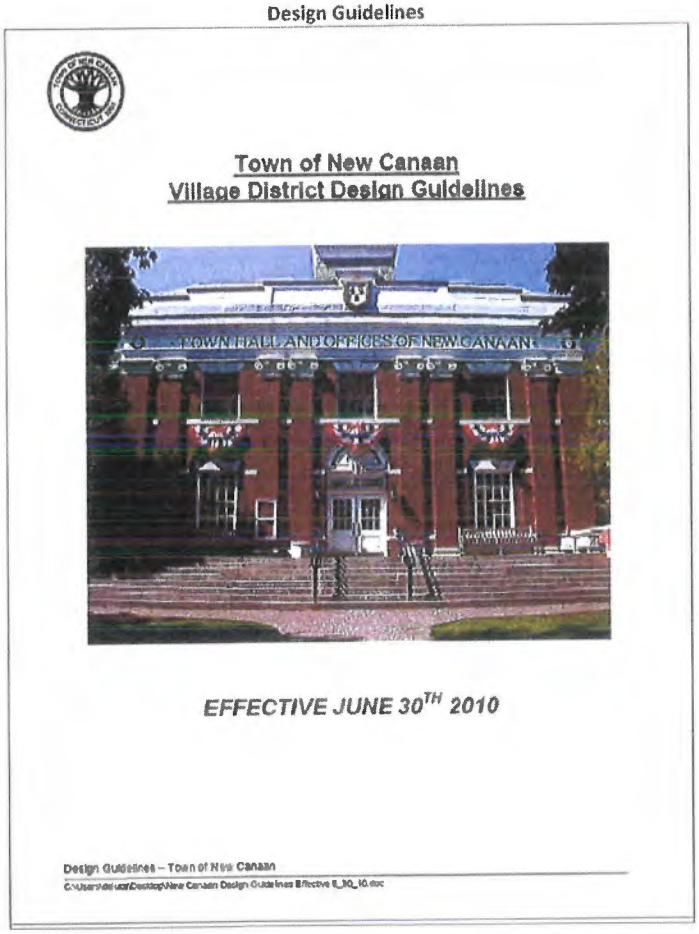
Following the recommendation of the POCD, suggesting a zoning review, the Commission authorized a study of the business zones of the Cross and Vitti Streets area. After a series of Commission meetings and public hearings, a conceptual Master Plan (the Plan) of that area was completed in December of 2015. Over time, the Commission will consider changes to the zoning regulations in order to potentially implement certain recommendations of the Plan. The Commission reserves the right to accept, reject, or alter any of the recommendations. In addition, the Commission may consider incorporation of the design recommendations of the Plan into the Village District Design Guidelines. With the incorporation of this amendment into the POCD, the Commission will refer to the Plan in its evaluation of applications in the Cross and Vitti Streets area. Further, the Commission will ask applicants to consider the elements of the Plan when submitting applications. (Added 4/1/16)

E. Supplement Village District Review

New Canaan adopted "*Village District Design Guidelines*" in 2010 to help guide activities in the downtown area. These guidelines should be reviewed and supplemented over time to ensure that the level and quality of design and construction in the downtown area is exceptional.

In accordance with the requirements of Section 8-2j of the Connecticut General Statutes, the Commission should consider retaining a "village district consultant" to supplement the design review work currently being undertaken.

Design Guidelines



Town of New Canaan
Village District Design Guidelines

EFFECTIVE JUNE 30TH 2010

Design Guidelines – Town of New Canaan

CASE STUDY

Commercial Market Study

In 2012, BFJ Planning prepared a "Commercial Market Study" for New Canaan to evaluate the overall composition of the uses in the downtown area, the issues affecting downtown today and in the future, and how to strengthen the downtown. The final report is available on the Town website.

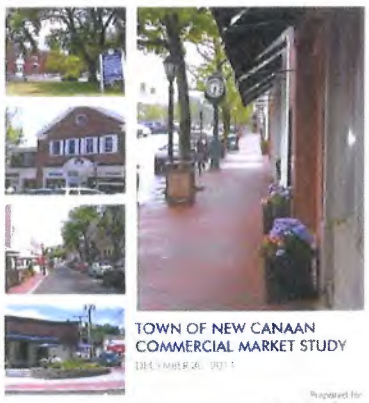
Overall, the study found the following:

- While there were some specific uses that could be attracted to downtown, there was a fairly good balance between real estate supply and demand
- The character of downtown is an attraction and should be maintained
- New Canaan could do more to market its unique brand of small-town New England charm

Major recommendations included the following:

- Seek to attract identified "opportunity uses"
- Increase parking capacity and improve parking management
- Promote downtown through technology and special events
- Capitalize on marketing opportunities with other local venues
- Make streetscape and quality of life improvements
- Create a Downtown Improvement Council or similar entity

Report Cover



Identified Market Area

Consider rezoning the Park Street lot to Business A

Consider providing opportunities for mixed-use development near the train station

Consider converting the State parking lot to development sites

Investigate the potential to extend the pedestrian-friendly environment westward along Elm Street

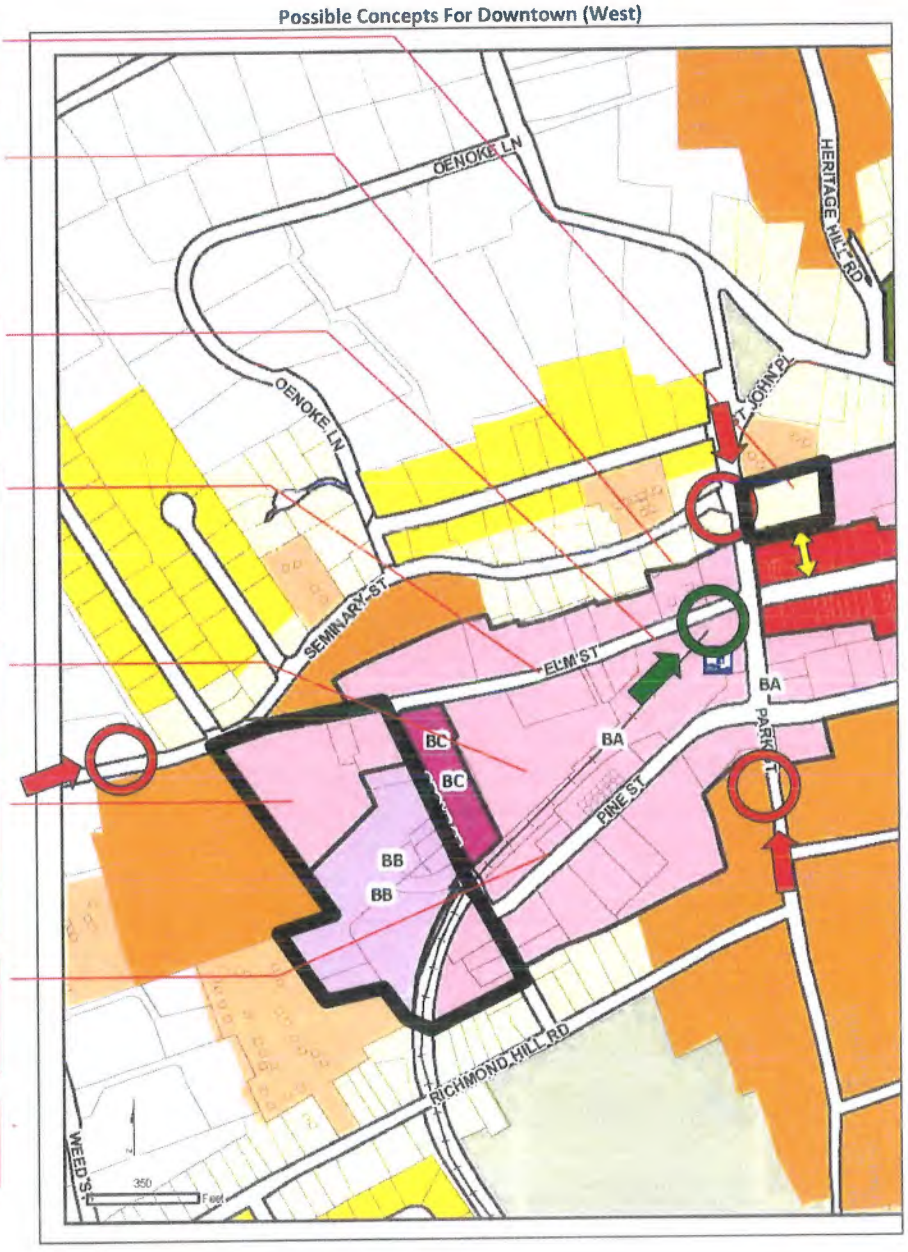
Consider building a parking structure at the train station

Consider establishing appropriate zoning in this area to guide any future development which may occur

Strive to create a more pedestrian-friendly experience on Pine Street

Preserve a post office presence in the downtown

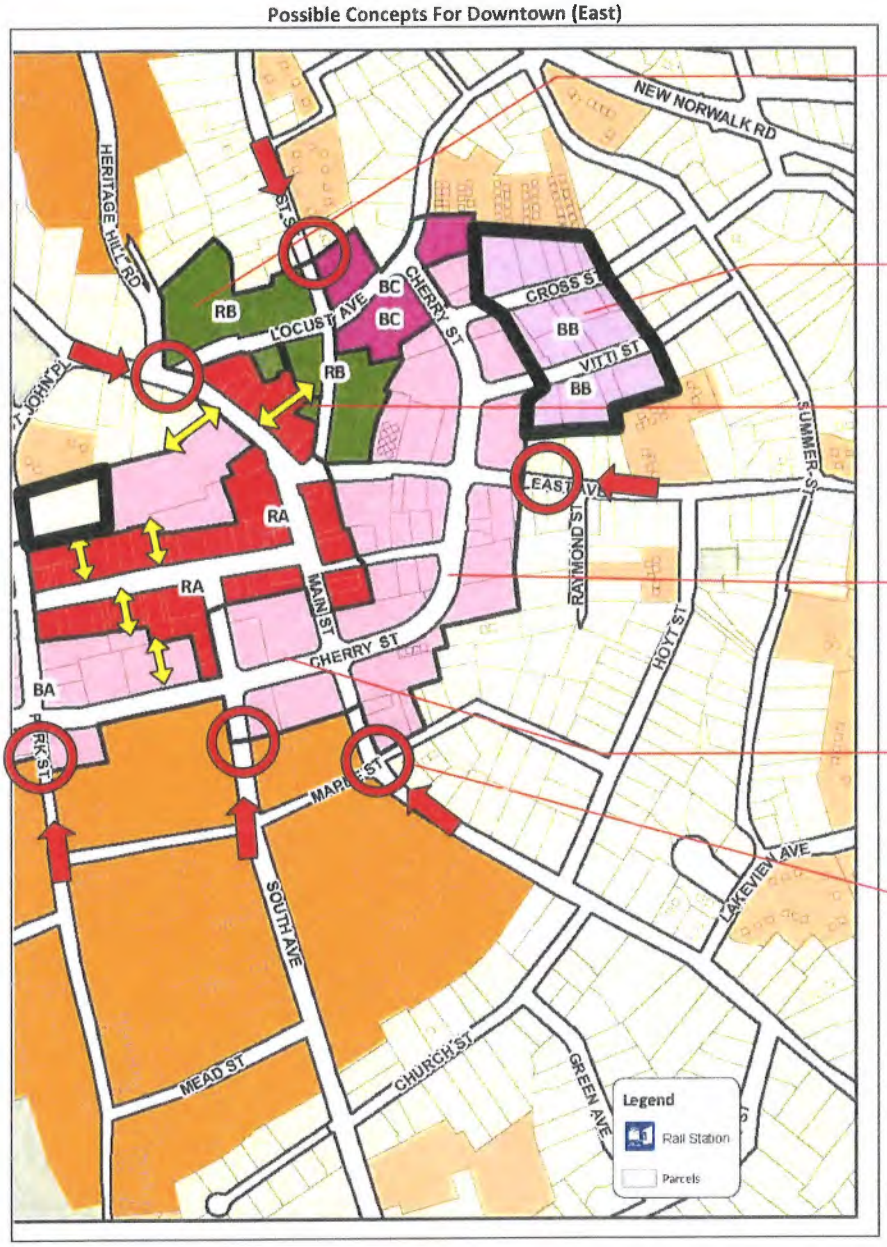
Possible Concepts For Downtown (West)



Main Vehicular Gateway

Train Station Gateway

Possible Concepts For Downtown (East)



Build the parking structure at the Locust Avenue lot

Evaluate the most appropriate zoning for the Cross / Vitti Street area

Enhance pedestrian connections from parking lots to shopping areas (typical)

Investigate designating Cherry Street between Main Street and East Avenue as CT Route 106

Investigate opportunities to enhance the pedestrian-friendliness of Cherry Street

Enhance gateways to the downtown (typical):

- Improvements
- Signage
- Maintenance

Support Downtown

A. Designate A Coordinating Organization

The downtown is so important in New Canaan that it needs to have an organization with the tools and resources to support it and produce positive results.

In recent years, the New Canaan Chamber of Commerce has been a very effective organization for helping local businesses and promoting downtown. The Chamber has done some extremely creative programs and events to help support downtown, their members and the community:

- The "iBlast" program (I buy local and shop in town) as a way to reward loyal shoppers
- The "pop-up park" established downtown on summer weekends with outside entertainment and activities and a removable fountain

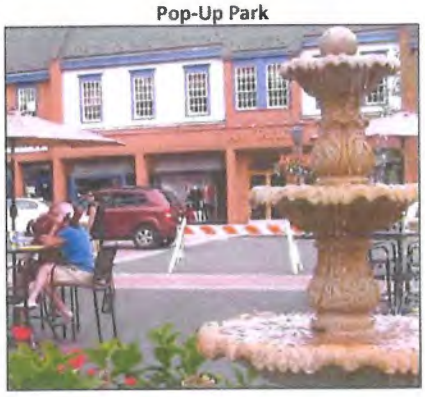
These efforts should be encouraged to continue. Town Staff do not have the time or experience to advocate effectively for downtown merchants and businesses and the Chamber can do this.

Alternatively, a Downtown Improvement Committee or other organization could be established, even as a public/private partnership, to ensure that downtown continues to get the attention it needs.

Whichever approach is implemented, the designated organization should be encouraged to participate in the Connecticut Main Street Center and similar programs where technical assistance is available to support local efforts.

Chamber Of Commerce

Pop-Up Park



B. Consider Appointing A Downtown "Captain"

Maintenance of the downtown area is a key element in its overall attractiveness. At the present time, the overall responsibility for maintaining downtown areas is somewhat diffuse. New Canaan would benefit from a more direct responsibility / accountability approach.

New Canaan should consider appointing a person or organization as the "Downtown Captain" responsible for coordinating overall maintenance of the downtown area and responding to issues that may arise. Having a specific person identified with downtown maintenance will elevate the overall importance of this function and help businesses and property owners and others coordinate efforts.

This person would be responsible for scheduling maintenance activities (trash barrel pickup, sidewalk cleaning, street sweeping, litter pickup, weeding, etc.) and coordinating public and private efforts to address these issues. It would not necessarily be this person's responsibility to do the work, but it would be this person's responsibility to see that the work is done. People will know who the "Downtown Captain" is and this will help ensure that downtown gets the attention it deserves.

C. Consider Establishing A Business Improvement District

Downtown needs to have tools to implement strategies which will benefit the downtown area. This can include outside maintenance and other strategies.

One tool available to do this is a "business improvement district" (known in Connecticut as a "special services district"). A business improvement district (BID) is a private organization which provides services to improve the area for everyone. BID programs are often oriented towards common marketing efforts, supporting special events which benefit all businesses, and making outdoor public spaces as clean, safe, and as attractive as possible to residents and visitors.

Such organizations, which are made up of local businesses and property owners, can decide to establish a mechanism to generate revenue to support the downtown area. If the businesses and property owners resolve to do this as provided in Section 7-339m of the Connecticut General Statutes, the Town can establish a procedure to collect this revenue on behalf of the BID and place the funds in a special fund for the benefit of the district.

If the property owners were to participate in this way (or even if they do not), it might make sense for the Town to match the funds raised by dedicating some of the parking revenue to downtown activities.

Downtown Needs

During the process of preparing this Plan, a number of people commented that the Town does not do a good job maintaining the public parts of the downtown.

In fact, some local businesses and property owners have "stepped up" because the Town has not always been reliable in meeting all of its responsibilities.

Downtown Maintenance

Maintenance of the downtown area is critical to its overall appearance and attractiveness. However, sometimes things fall through the cracks because there is not a person or organization responsible for the issue.

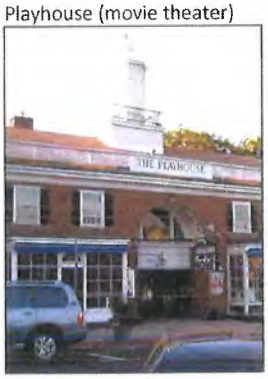
Some of the maintenance topics which have been identified as issues in the past include:

- Litter
- Weeds
- Gum on sidewalks
- Overflowing public garbage bins
- Private garbage bags and containers placed in plain view (including on the sidewalk itself)

Entertainment

While more entertainment options will enhance the downtown and the community, New Canaan has several entertainment activities at the present time:

Playhouse (movie theater)



Town Players (a theater group for 67 years)

D. Consider Establishing An Entertainment Venue

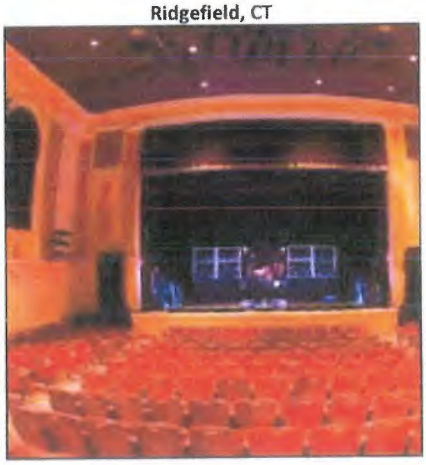
New Canaan should investigate and pursue ways to expand the entertainment focus and opportunities in the downtown area. Some communities have found that live performance venues can add an additional attraction to the downtown area. The Ridgefield Playhouse is an example of a performance venue that attracts people for live performances. Since New Canaan is on a rail line connecting to Stamford and New York City, it could attract people from a wide area to New Canaan for shopping, dining, and a live performance.

Such a goal might be accomplished by renovating the Playhouse or by establishing a new entertainment facility.

The Playhouse on Elm Street dates to 1923. It was privately operated for many years as a one-screen movie theater and was later adapted into a two-screen movie theater. The Playhouse was purchased by the Town in 2007. The theaters now are operated by Bow Tie Cinemas. A movie theater is a great "anchor" for the downtown area and it helps to attract people in the evenings and on weekends. This use should be maintained since it helps support the vibrancy and vitality of the downtown. However, it might be possible (and desirable) for the Town to consider additional options in the future. The theater could show films most evenings of the month but there might be one or two nights per month (or more) where live performances could be scheduled. Since the renovation of the facility into a live performance space may be expensive, it would make sense to study the feasibility of this adaptation and possible ways to fund it (donations, fund-raising, naming rights, etc.).

Alternatively, it may make sense for New Canaan to support or coordinate the establishment of a dedicated entertainment venue at another site in the downtown area.

Ridgefield Playhouse
Ridgefield, CT



Infinity Hall
Norfolk, CT

E. Maintain "Anchor" Uses In The Downtown

Some of the uses in the downtown area are so important at attracting traffic to the downtown that we need to be sure we do everything we can to maintain their presence there:

- Town Hall
- Post Office
- Theater
- Food Stores
- Library

Town Hall

Post Office

F. Continue Special Events In The Downtown

The Chamber of Commerce does a good job scheduling special events in the downtown area (see sidebar). The "pop-up park" created by the Chamber is an exceptional event that has proven very popular.

These activities are important to attracting residents and visitors and should be continued. In addition, opportunities to expand the number of events or extend their time period, especially for the "pop-up park", should be pursued (more hours, more days, more weeks, etc.).

As indicated in the Commercial Market Study, opportunities to integrate special events in the downtown with other activities in New Canaan (such as those held by the Nature Center, the "Glass House", and other organizations) should also be pursued.

Pop-Up Park

New Canaan News Online

Pop-Up Park

New Canaan Chamber of Commerce

Special Events

Some of the events which have been scheduled for the downtown area include:

- The "pop-up park" on weekends during the summer months
- The Village Fair / Sidewalk Sale
- The Restaurant Week / Taste of the Town
- The Halloween Parade
- The Holiday Stroll

Address Other Downtown Issues

There are a number of other issues which have been identified in prior studies and should be addressed in the downtown area:

1. **Garbage / Litter** – Management of garbage has been identified as one of the things that most affects people's perception of downtown. New Canaan should identify a solution to this situation since litter and overflowing garbage bins detract from the downtown as much as businesses placing their garbage on the curb for pickup at the end of their business day –at the same time as people are arriving for dinner.

2. **Loading Zones** – There are issues with trucks making deliveries on downtown streets where the trucks simply block the travel lanes and/or parking spaces. New Canaan should work with delivery companies and businesses to establish specific loading zones (and defined hours, if necessary) for delivery trucks and enforce them.

3. **Bicycle Provisions** – New Canaan should consider how to make provisions for bicycles in the downtown area. This can include bicycle lockers at the train station and providing places to lock bicycles elsewhere in the downtown.

4. **Car Sharing Program** – New Canaan may wish to consider how to make special provision in the downtown for car sharing operations (such as Zipcar) to help support residents and visitors.

5. **Car Charging Station** – Over time, New Canaan may wish to consider how to make more provision in the downtown for charging stations for electric cars to help support residents and visitors (to supplement the station currently available in the Morse Court parking lot).

6. **Screening of Service Areas** - New Canaan may wish to consider how to best screen areas used for utility equipment, garbage dumpsters, propane tanks, deliveries, and similar purposes.

7. **Traffic Circulation** - Traffic circulation in the downtown area has always been of keen interest to New Canaan residents. At one time, a recommendation was made to consider instituting a clockwise traffic flow pattern on Cherry, Pine, and Elm Streets in order to minimize conflicting turning movements and make traffic operations more efficient. A recommendation was also made to renumber Cherry Street between Main Street and East Avenue as Route 106 to make it easier for trucks and other traffic. These ideas may have some merit and New Canaan should continue to study traffic circulation patterns in the downtown area to promote the best overall downtown experience.

ENHANCE LIVABILITY

5

Overview

The livability of a community is the result of the factors that add up its quality of life ...

Livability of a community is the result of the factors that add up to its quality of life—including the built and natural environments, economic prosperity, social stability and equity, educational opportunity, and cultural, entertainment and recreation possibilities.

New Canaan has many of these factors and future efforts will be devoted to sustaining and enhancing them. While 93 percent of respondents to the 2010 community survey indicated they were either satisfied or very satisfied with living in New Canaan, we cannot take this for granted and must continue efforts to enhance livability of our community.

Excellent Facilities

Housing Options

Mobility / Accessibility

Desired Services

Provide Appropriate Facilities and Services

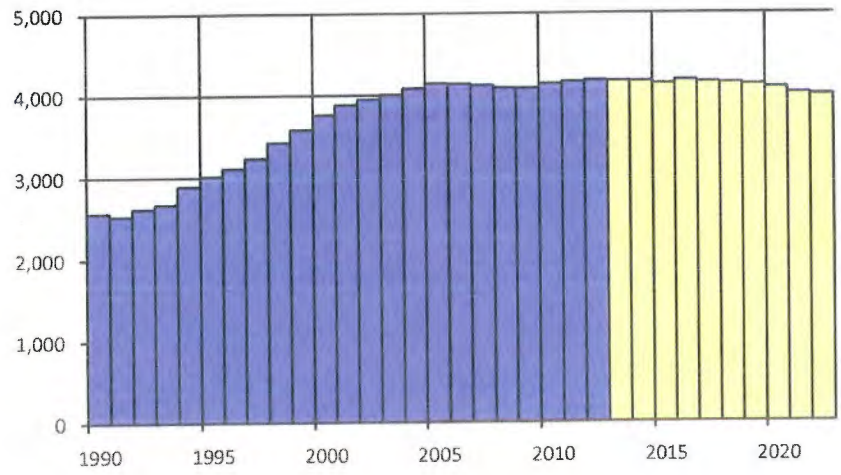
A. Maintain Excellence In Education Programs And Facilities

New Canaan is widely recognized for the excellence of its school system. Since the school system is important to the quality of life of residents and the underlying residential real estate market, this excellence should be maintained.

While demographic trends have resulted in decreasing enrollments in many communities in recent years (economic conditions, fewer families of child-bearing age, etc.), New Canaan's enrollments have held steady and even grown especially in the elementary grades. Managing this enrollment has been a focus for the school system given the capacity constraints at the existing facilities and projections which had led to expectations of an enrollment decrease.

While recent projections show an enrollment decline through to 2022, it is anticipated that demographic trends (economic growth, births to "baby boom echo" parents, etc.) could result in enrollment increases in New Canaan after that time which may challenge the capacity of the existing facilities. How this will play out in New Canaan (if older residents choose to remain in their current homes, etc.) will determine whether or when additional school capacity will be needed.

Total School Enrollments (Grades K-12)



CASE STUDY

School Excellence

In a recent independent study of the nation's school districts, New Canaan ranked:

- No. 1 in Connecticut,
- No. 2 in the nation among communities with an average home price of $800,000 or more,

New Canaan was also recognized for characteristics that contribute to the academic environment, including that over half the population has at least a college degree.

"Best Cities to Live and Learn,"
GreatSchools.org in conjunction
with Forbes magazine

New Canaan High School

Saxe Middle School

South Elementary School

West Elementary School

B. Maintain Excellence In Community Facilities And Services

Community facilities include governmental and other buildings (such as the Library) which provide services and functions to all residents. Such services contribute significantly to community character and quality of life.

New Canaan recently had a Long Range Planning Task Force evaluate municipal facilities in order to prioritize community needs. The recommendations from that report included renovation of Town Hall, expansion of parking at the Locust Street lot, and other recommendations. New Canaan has used similar approaches in the past in order to evaluate and prioritize facility needs. The Plan of Conservation & Development supports this type of overall planning process which evaluates and prioritizes facility needs.

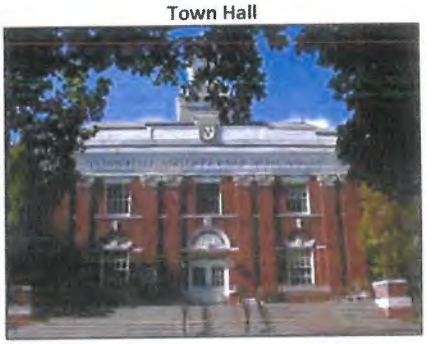
New Canaan enjoys excellent public safety services (police, fire, emergency response) and the quality of these services should be maintained.

Since local parks and recreation facilities are an important part of the overall character and quality of life in New Canaan, these facilities should continue to be maintained to a high standard. In addition, a master "parks plan" should be undertaken during the planning period in order to provide a clearer definition of use areas (active, passive, natural, etc.). The wonderful parks and recreation areas in New Canaan provide opportunities for active and passive recreation and contribute to the overall quality of life in the community.

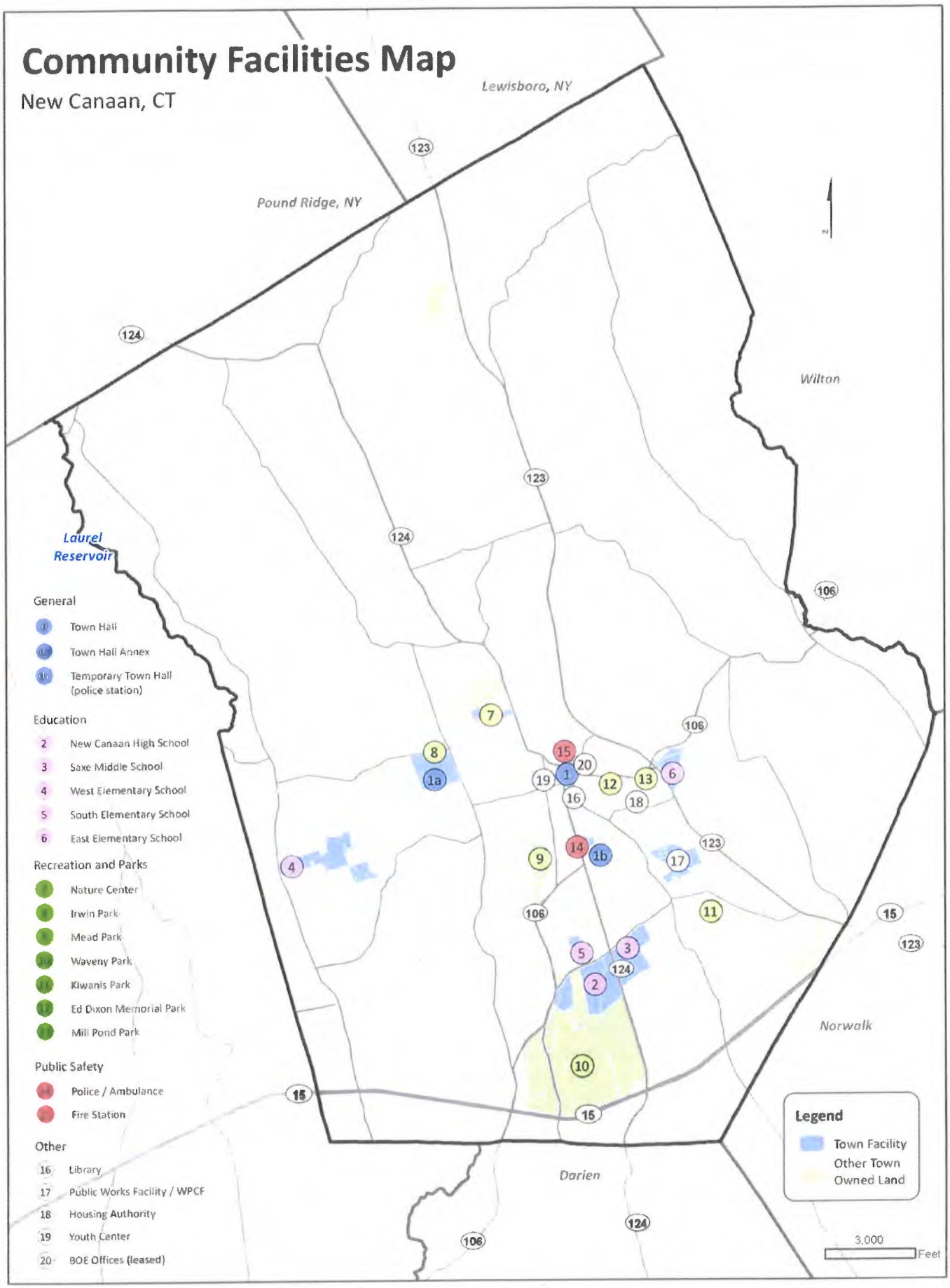
While the library is not a Town-owned facility, it also contributes to the overall quality of life in the community. In addition to its traditional role, the New Canaan library also hosts many other activities that contribute to lifelong learning, cultural enrichment, and information exchange. The expansion of the building and/or parking areas is being considered and should be supported.

Since there are a number of organizations presently involved in maintenance of Town facilities (sometimes with overlapping jurisdictions), it may make sense to investigate ways to consolidate maintenance of municipal facilities (including education facilities) in order to achieve the best results in the most cost effective way.

Town Hall



Fire Department


Community Facilities Map
New Canaan, CT
Lewisboro, NY
Pound Ridge, NY
Wilton
Norwalk
Darien
Laurel Reservoir
123
124
106
15
N
General
Town Hall
Town Hall Annex
Temporary Town Hall (police station)
Education
2 New Canaan High School
3 Saxe Middle School
4 West Elementary School
5 South Elementary School
6 East Elementary School
Recreation and Parks
Nature Center
Irwin Park
Mead Park
Waveny Park
Kiwanis Park
Ed Dixon Memorial Park
Mill Pond Park
Public Safety
Police / Ambulance
Fire Station
Other
16 Library
17 Public Works Facility / WPCF
18 Housing Authority
19 Youth Center
20 BOE Offices (leased)
Legend
Town Facility
Other Town Owned Land
3,000
Feet

Protect Residential Neighborhoods

A. Monitor Residential Regulations

Within the past decade, New Canaan adopted a number of changes to the zoning regulations to address housing teardowns and new construction which had become "out-of-scale" with the neighborhoods in which they were located. At the present time, it appears that housing built under the new rules is more in character and scale with the neighborhoods and that no additional changes are warranted at this time. Should this change, the Planning and Zoning Commission should revisit this issue.

B. Ensure Institutional Uses Are Appropriately Scaled

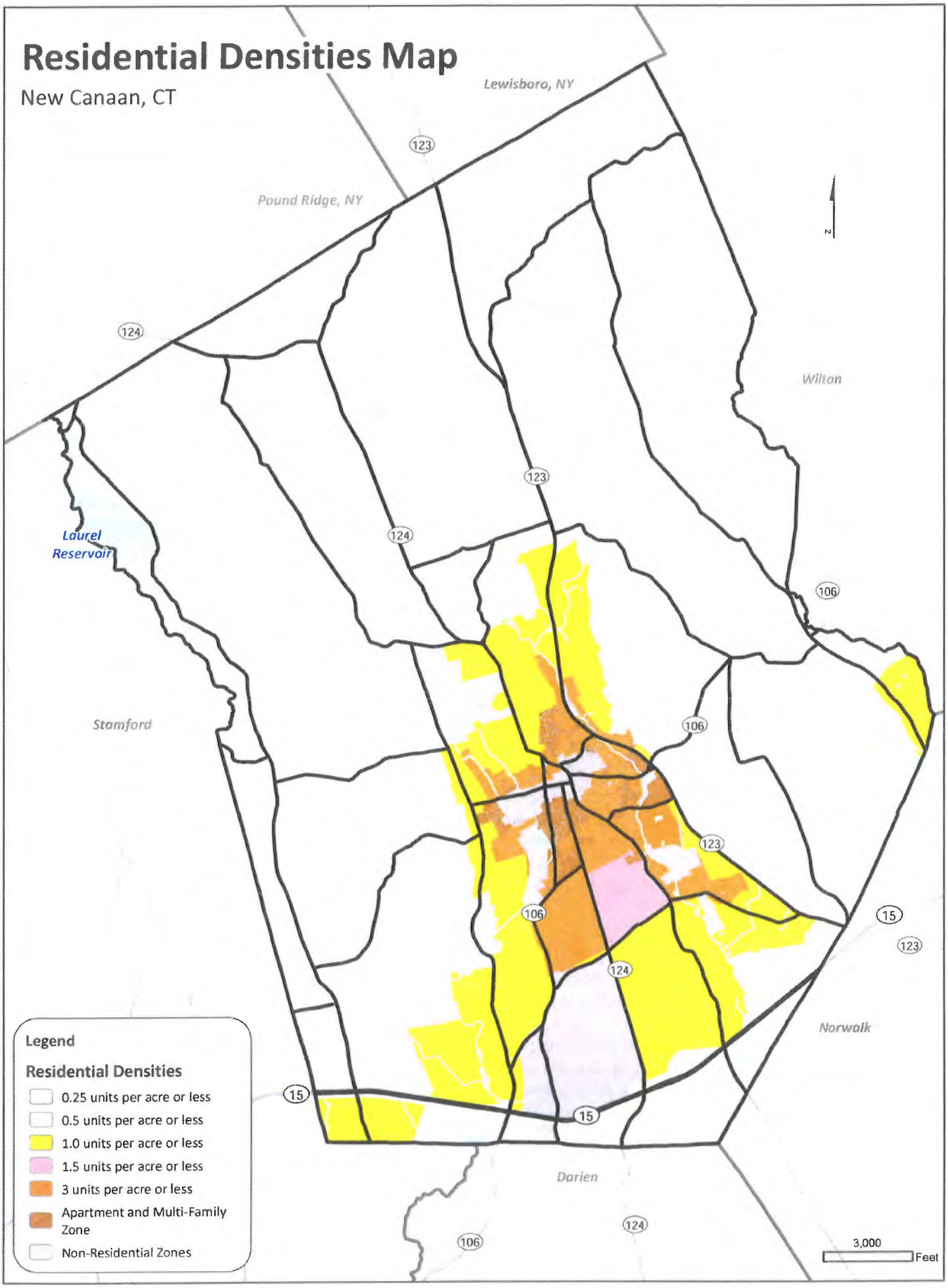
On the other hand, some changes may be warranted to the regulations to ensure that some of the institutional and other uses currently allowed in residential zones (such as those identified in Section 3.2.C of the Zoning Regulations) have an appropriate scale and intensity for their location.

There is no doubt that institutional and other uses currently allowed in residential zones are community assets and they help enhance the overall quality of life. The challenge is to find an appropriate balance so that such uses fit into the community and the neighborhood.

At the present time, institutional and other uses currently allowed in residential zones are allowed in residential districts by granting of a Special Permit by the Commission. Since there are no additional standards or provisions related to most of these uses, they are subject to the same dimensional standards as have been established for residential uses within the zoning district.

New Canaan Country School

New Canaan YMCA


Residential Densities Map
New Canaan, CT
Lewisboro, NY
Pound Ridge, NY
Wilton
Laurel Reservoir
Stamford
Norwalk
Darien
123
124
106
15
N
Legend
Residential Densities
0.25 units per acre or less
0.5 units per acre or less
1.0 units per acre or less
1.5 units per acre or less
3 units per acre or less
Apartment and Multi-Family Zone
Non-Residential Zones
3,000
Feet

The Special Permit criteria in the Zoning Regulations (Section 8.2.B.4) do cover some key areas for the Commission to consider in terms of ensuring compatibility with the proposed activity in the proposed location:

- Suitable location for use
- Appropriate improvements
- Suitable transportation conditions
- Adequate public utilities and services
- Environmental protection and conservation
- Long term viability
- Plan of Conservation and Development

However, the Special Permit criteria do not contain any specific standards. Overall then, the regulations allow a variety of uses to be proposed but place the Commission (and the neighborhood) in a reactive role.

As part of any application for establishment of such uses (or expansion of existing uses), the Planning and Zoning Commission should seek to minimize and/or manage the encroachment or impact of institutional and other uses currently allowed in residential zones on neighboring residential properties (noise, lighting, traffic, drainage, etc.).

The Commission (and the neighborhoods) might benefit from a different approach where there are better tools in the regulatory toolbox.

Enhanced Special Permit Criteria

In this approach, the existing Special Permit criteria (Section 8.2.B.4 in the Zoning Regulations) would be enhanced with more criteria and/or more specific criteria to be considered.

While this does not solve the issue of a well-funded applicant populating the public record with complementary reports, it would give the Commission more information to consider as part of the application. However, it might be more expensive for applicants to prepare information to address these considerations and more expensive for abutters to respond appropriately. The Commission would essentially remain in a reactive role and review the information submitted to it.

The Commission could hire experts to provide testimony on an application (at the applicant's expense) in circumstances where it feels it is warranted.

While this approach may be better than what the Commission currently has, it does not seem to go far enough to address the main issues the Commission and the neighborhoods are facing.

More Rigorous Standards For Special Permit Uses

In this approach, the provisions in Section 3.2.C of the Zoning Regulations would be amended to add specific standards and thresholds for particular uses. For example:

- Institutional and other uses currently allowed in residential zones might be required to be located on collector or arterial roadways.
- A larger minimum lot area might be required (to ensure that adequate area was available for buffering, etc.).
- A lower building coverage limitation might be established (to ensure that the size of buildings and facilities, often much bigger than residential homes, would be manageable in a residential neighborhood).
- Larger setbacks for buildings, parking lots, and recreational facilities might be required (to ensure that larger buildings or facilities are well separated from adjacent residential uses).
- A lower maximum height limit or a floor area ratio limit (to ensure that overall building bulk is not out of character with the setting).
- Greater landscape buffer requirements, such as 50 -100 feet around the perimeter of the property.
- Limitations on lighting or noise and/or hours of operation.

These standards might vary depending on the use. For example, the setback for a lower impact use might be less than those for a higher impact use.

The Commission could consider inserting the phrase "unless modified by the Commission ..." to these standards so that flexibility could be available, if appropriate, or in certain specified situations while establishing an expectation of the appropriate standard in most situations.

This approach would seem to put the Commission in a more proactive role where it establishes minimum expectations for an application but retains the flexibility to modify that expectation based on unique circumstances. Of course, any such modification would occur as part of the application process where the neighborhood could comment on whether they felt an exception was appropriate.

In this approach, institutional and other uses currently allowed in residential zones would then have to look at potential property acquisitions and building expansions in terms of the new standards and how to make their overall facility more conforming over time. At the same time, it would seem to swing the "balance of power" back towards the Commission and the neighborhood.

Establish An Institutional Zone

In this approach, the Commission would establish an "Institutional" zone where institutional and other uses currently allowed in residential zones (or uses above a certain size) would be permitted by Special Permit. This new zoning district would have standards similar to the previous discussion. The Commission could retain some flexibility to modify the standards, if appropriate.

As a corollary to this approach, the institutional and other uses currently allowed in residential zones (or uses above a certain size) would no longer be permitted in the residential districts. Existing uses or uses above the size threshold would become non-conforming. If these uses wanted to expand or wanted to become conforming, they could apply for a rezoning to the new "Institutional" zone.

This approach also seems to put the Commission in a more proactive role and established standards for institutional and other uses currently allowed in residential zones (or uses above a certain size) to comply with. In this approach, institutional and other uses currently allowed in residential zones expanding their boundaries would have to apply for a zone change for the new property before it could be added into their campus.

St. Marks Episcopal Church

Planned Development District

Another approach might be what is known as a "planned development district". In this approach, a new zoning district would be created, known as a "PDD" where the requirements for the zone would be the actual site plan being reviewed by the Commission. Since the Commission has considerable discretion when it acts in a legislative capacity (such as for zone changes and regulation changes), reviewing and approving the actual site plan is much more definitive than reviewing words or numbers.

Again, a corollary to this approach would be that institutional and other uses currently allowed in residential zones (or such uses above a certain size) would no longer be permitted in the residential districts. Existing uses or uses above the size threshold would become non-conforming. If these uses wanted to expand or wanted to become conforming, they could apply for a rezoning to the new "PDD" zone. If institutional or other uses currently allowed in residential zones want to expand in the future, they will need to come back to the Commission with a request to modify the PDD zone as applied to their property. Essentially, this is a new zone change request.

This approach gives the Commission the maximum amount of discretion in reviewing such uses. The Plan only recommends consideration of the Planned Development District approach for managing institutional and other uses currently allowed in residential zones.

St. Lukes School

Development Districts

A number of communities around Connecticut have reported they have adopted "planned development districts" (sometimes called "special development districts" or by other names):

- West Hartford
- Stonington
- Mansfield
- Southbury
- Windsor
- Branford
- Ridgefield
- Simsbury
- New Haven
- Stamford

CASE STUDY

Planned Development District

PDD regulations for New Canaan ***might*** be configured as follows:

Planned Development District.

1. Purposes.

   This section of the Regulations is intended to:
   - enable the development of specific areas in accordance with an overall master plan for such area;
   - encourage a mixture of compatible uses and structures to create a sustainable and attractive environment;
   - be flexible in order to allow for innovative design techniques, accommodate unique uses and encourage creative approaches to development issues; and/or
   - result in a development that demonstrates a high regard for design and that is compatible with the historic, cultural and geographic qualities of New Canaan.

2. Basic Parameters

   a. Persons submitting an application to establish a Planned Development District hereunder are strongly encouraged to arrange for preliminary meetings with the Planning and Zoning Commission prior to submitting an application for a Planned Development District.

   b. Prior to submitting a formal application to the Planning and Zoning Commission, persons preparing an application to establish a Planned Development District hereunder are strongly encouraged to arrange for preliminary meetings with the neighborhood.

   c. A Planned Development District may only be established by approval of:
      1. A master plan in accordance with Section 3 following,
      2. A Text Amendment application, processed in accordance with Section xxx, codifying the approved master plan as part of this Section of the Regulations, and
      3. A Zone Change application, processed in accordance with Section xxxx, locating the approved master plan on the official Zoning Map.

   d. The location and general objectives of the Planned Development District shall be in general accordance with the Plan of Conservation and Development.

   e. The Commission may require the applicant to pay the cost of reasonable consulting fees for peer review of the technical aspects of the application.

   f. The Commission may refer an application to other agencies, boards or commissions of the municipality for comment.

CASE STUDY (continued)

3. Master Plan Requirements

A master plan of the proposed development shall be submitted to the Commission for approval and such master plan shall include the following:

a. **Name of Planned Development District** – A name identifying the proposed Planned Development District.

b. **Purpose Statement** – A general statement regarding the intent of the proposed Planned Development District.

c. **Proposed Uses** – A statement identifying the specific uses proposed within the Planned Development District and whether such uses will be subsequently permitted by:
   1. Zoning Permit approval,
   2. Site Plan approval, or
   3. Special Permit approval.

d. **General Development Plans** – One or more sheets depicting the proposed schematic design of the site including:
   1. The identification and general location of proposed uses;
   2. Existing and proposed building footprints;
   3. Proposed public and private streets, sidewalks and/or pedestrian walkways, rights-of-way, and parking areas;
   4. A landscaping plan, including the location of proposed buffers;
   5. Information regarding the provision of water, sewer, drainage, and other utilities; and
   6. The location of public and/or private open space or conservation areas.

e. **Schematic Architectural Drawings** – One or more sheets illustrating the schematic design of the proposed buildings and structures, which may include:
   1. Schematic floor plans;
   2. Architectural elevations of all buildings, and/or
   3. Photographs of buildings similar to the proposed buildings.

f. **Data Table** – Information regarding the proposed development including:
   1. Lot area and lot frontage;
   2. Building setbacks, yards, and/or building separations;
   3. Building coverage;
   4. Impervious coverage;
   5. Proposed floor area by proposed use;
   6. Parking spaces.

g. **Additional Documentation** – Depending on the nature and/or intensity of the proposed Planned Development District, the following documentation may also be required by the Commission:
   1. A traffic study estimating the potential traffic generation and the capacity of streets within and neighboring the district to accommodate the projected traffic;
   2. A report regarding the adequacy of proposed utility services;
   3. A statement on how the proposed development complies with the Plan of Conservation and Development; and
   4. Any additional information as may be required by Section xxxx of these Regulations.

CASE STUDY (continued)

4. Decision Process

   a. While the establishment of a Planned Development District is a legislative decision rather than a Special Permit, the Commission may use the criteria in Section xxxx of these Regulations when reviewing an application to establish a Planned Development District.

   b. Following the close of the public hearing(s), the Commission shall first approve, modify and approve, or deny the master plan.

   c. If the Commission denies the master plan, they shall also deny the Text Amendment application and the Zone Change application.

   d. If the Commission approves or modifies and approves the master plan, the Commission may approve the Text Amendment application and the effect of such approval of the Text Amendment application shall be to include the following in Section xxxx of these Regulations provided that the approved master plan has been signed by the Chair of the Commission and filed on the New Canaan land records:

> **# Name of Planned Development District.**
>
> a. Purpose of Planned Development District.
>
> b. Permitted uses - as approved by the Commission and shown on the approved master plan filed on the New Canaan land records on *(insert date here)*.
>
> c. Development layout and design - as shown on general development plans titled *(insert name here which must include the name of the design district)* as revised through *(insert date here)* and filed on the New Canaan land records on *(insert date here)*.
>
> d. Architectural design - as shown on schematic architectural plans titled *(insert name here which must include the name of the design district)* as revised through *(insert date here)* and filed on the New Canaan land records on *(insert date here)*.
>
> e. Other provisions or limitations – *(if any, such as the affordability plan)* as revised through *(insert date here)* and filed on the New Canaan land records on *(insert date here)*.
>
> f. Effective date - *(insert date here – the date filed on the New Canaan land records)*.

CASE STUDY (continued)

e. If the Commission approves the Text Amendment application, the approved master plan and accompanying material shall, within xxxxxxx (xxxx) days of the Commission's action unless some other period of time is authorized, be submitted to the Commission for signature by the Chair.

f. Once signed by the Chair of the Commission, the approved master plan shall be filed on the New Canaan land records within xxxxxxx (xxxx) days of the Chairman's signature and the Text Amendment and the Zone Change shall not be effective until such filing on the land records.

g. If the Commission approves or modifies and approves the master plan, the Commission may approve the Zone Change application and the effect of approval of the Zone Change application shall be to rezone the property to the name of the Planned Development District provided the approved master plan and accompanying material shall have been signed by the Chair of the Commission and filed on the land records:

5. Following Approval

a. Development within a Planned Development District shall only be as authorized by the approved master plan.

b. Development within a Planned Development District shall conform to the approved master plan.

c. Any modification of an approved master plan that, in the opinion of the Commission, does not substantially alter the character of the approved master plan may be approved by Site Plan approval in accordance with Section xxxx of these Regulations.

d. Any modification of an approved master plan which substantially alters the character of the approved master plan shall be processed as a Text Amendment application, processed in accordance with Section xxxx, codifying the revised master plan as part of this Section of the Regulations.

6. Approved Planned Development Districts

(to be added at a later date)

Housing Market Changes

Due to the growing number of older households and the changing housing choices of young and old alike, there is greater interest in smaller housing units, more densely located, in and near town centers for both convenience and affordability.

If New Canaan can find ways to respond to this market trend, it will be able to diversify its housing stock to meet the needs of its residents and expand its tax base.

There can be little doubt that the net out-migration seen in certain age groups in New Canaan (see page 11) is a reflection of insufficient housing accommodations for young professionals and an aging population.

Provide For A Diverse Housing Portfolio

A. Increase Housing In And Near Downtown

As the age composition of New Canaan has changed, interest has been expressed in providing additional housing choices in and near downtown. This is a reflection of the growing realization that housing in such a location will meet the needs of a number of households, help support the downtown, and provide a number of other community benefits.

Higher density, multi-family development is already permitted in and near the downtown in the Apartment district, the B Residence district, and the Business zones (Business A, B, and C). Two-family development is permitted in the B Residence district.

Areas such as these (near downtown and serviced by public water and public sewer) are the best sites for higher density development since it will help to promote development of a vibrant downtown with a variety of land uses and help meet local housing needs. Residential uses in mixed-use buildings in the Town Center area also contribute to the overall ambience and character of the Town Center area and should continue to be allowed.

Multi-family (and/or higher density) developments should be discouraged in other areas unless there is some significant community benefit that will result.

Multi-Family On Heritage Hill Road

Multi-Family On South Avenue

B. Provide Housing Choices For An Older Population

New Canaan should seek ways to provide an array of housing types to accommodate the changing age composition within the community.

Within society as a whole, more and more people are expected to live longer and, as people age, their housing needs or desires may change. For example, an elderly couple may prefer to move from a larger home on a good-sized lot to a smaller home or a condominium within walking distance of downtown. Alternatively, a New Canaan family may wish to provide an independent living unit (sometimes referred to as an "accessory apartment") on their property for their parents. Or, an elderly homeowner may wish to create an accessory apartment for themselves or for a caretaker.

New Canaan's Commission on Health and Human Services has undertaken a number of innovative programs related to addressing the needs of older residents and these efforts should continue to be encouraged and supported.

In terms of the housing needs and desires of an aging population, New Canaan should:

- Continue to provide or facilitate assistance (dial-a-ride, meals-on-wheels, senior activities, and home health services)
- Continue to provide property tax relief for elderly residents.
- Continue to allow accessory units in some or all zones.
- Continue to allow multi-family developments in and near the downtown.
- Allow congregate, assisted living, or life-care facilities as a Special Permit use.
- Consider providing or allowing development of subsidized elderly housing units.

CASE STUDY

"Senior Friendly" Housing

Significant interest has been expressed in finding ways to provide for "senior-friendly" housing in and near the downtown. The Plan supports this concept.

Such housing could offer one-floor units in a multi-story building served by an elevator or some other configuration. Units might be modest in size, limited to no more than 2 bedrooms, and offer universal accessibility for long-term comfort and convenience. The overall goal is to promote a variety of housing types, styles, and prices to meet a variety of present and future housing needs.

C. Provide For Workforce Housing

Housing in New Canaan is highly desirable and expensive and, as a result, is not affordable to some of the people that work in the community (teachers, police, fire, etc.) or experience unplanned life changes (illness, divorce, job loss, retirement, etc.). Often, the children of New Canaan residents cannot afford to live independently in the community.

New Canaan should seek to provide for a diversity of housing types, opportunities, choice, and costs consistent with community conditions and constraints. Opportunities to encourage the development of less expensive housing should be explored.

New Canaan has been working on this for some time and has made considerable progress in some areas.

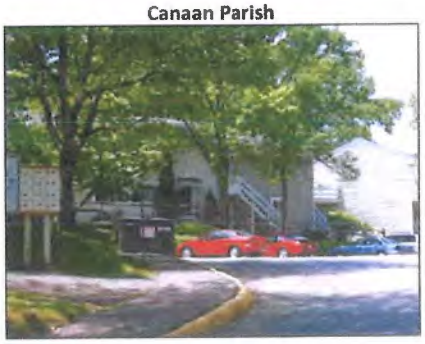
Income Restricted Housing

The New Canaan Housing Authority manages 56 units of income-restricted housing on Millport Avenue and has been working to renovate and expand the number of units at this location. In the last decade, several older buildings were removed and replaced with newer and more efficient buildings containing more housing units. In addition, two adjacent properties were recently purchased in order to support construction of additional units. These efforts should be continued.

There are also 60 units of income-restricted housing at "Canaan Parish" located on Lakeview Avenue. Opportunities to renovate and expand the number of units at this development should be explored.

Millport Housing

Canaan Parish



Housing Trust Fund

At the time this Plan was being prepared, New Canaan was believed to be the only community in Connecticut to have taken advantage of Section 8-2i of the Connecticut General Statutes and established a fee collected from any new building construction or renovation in any zone in order to support a housing trust fund. This provision is codified in section 7.6 of the New Canaan Zoning Regulation.

Since being established, the housing trust fund has collected over $2,500,000 and distributed over $900,000. The moneys in the housing trust fund are available to be used for constructing, rehabilitating or repairing housing affordable to persons and families of low and moderate income.

Incentive Housing Overlay Zone

One of the recommendations from the Incentive Housing Overlay Zone study undertaken in 2011 was to consider adopting a new zoning regulation (a housing overlay zone) which could allow higher densities on sites in exchange for affordable housing units as part of any development (or redevelopment) on that site. This type of approach could be considered as a tool to help create mixed income housing and units which are affordable to persons and families of modest means.

Other Approaches

New Canaan should also consider other approaches to providing housing opportunities to people earning modest incomes. Since unrestricted housing will always be priced above what people earning modest incomes can afford, some sort of "price-limited" housing units could be required as part of market rate housing developments and such developments could be given a density bonus for providing affordable units. The affordable units could be priced at levels making them reasonably priced to people earning some percentage of the area median income.

In addition, housing opportunities that can be provided with the assistance of non-profit agencies or state and federal grants or subsidies should also be explored.

D. Seek Solutions Which Do Not Invoke CGS 8-30g

Section 8-30g of the Connecticut General Statutes provides a process whereby certain housing developments can be proposed without regard to local zoning rules. New Canaan would prefer to address housing needs in ways compatible with the community. New Canaan is almost eligible for an exemption from CGS 8-30g (see sidebar) and should seek to accomplish and maintain this status.

CGS 8-30g Moratorium

Section 8-30g of the Connecticut General Statutes provides an opportunity for a housing developer to bypass local zoning regulations when at least 30 percent of the units meet affordability criteria.

New Canaan would prefer that affordable housing built in the community be as compliant as possible with local regulations and as compatible as possible with local regulations and settings.

New Canaan can be exempt from the provisions of CGS 8-30g for a period of four years if it accumulates a total of approximately 151 housing unit equivalency points (defined in the statutes). New Canaan had accumulated about 133.5 points at the time this Plan was being drafted and should continue to pursue a moratorium.

Then efforts can be devoted to becoming eligible for additional moratoria in the future.

Enhance The Walking Environment

A. Expand The Sidewalk Network In And Near Downtown

New Canaan has a good sidewalk network in much of the downtown area. While there are sidewalks on some streets in the adjacent residential zones, there are gaps in the sidewalk network which can make it more challenging for people to walk to the downtown, parks, train station, etc.

The livability of the downtown, the adjacent residential areas, and the entire community will be enhanced by having a cohesive and expansive pedestrian network in areas where they provide pedestrian mobility and accessibility to desired destinations. In addition to building and maintaining sidewalks, this will also include efforts aimed towards acquiring easements, where needed, to preserve pedestrian accessibility in mid-block areas in the downtown.

As part of a "complete streets" policy, New Canaan should continue to expand the sidewalk network, either as part of road paving projects or as independent sidewalk installations. The recommended hierarchy for sidewalk installations is as follows:

- Within business areas (on both sides of the street)
- On major streets within one-half mile of the train station to allow commuters to walk safely to and from the station (on one or both sides of the street)
- As connecting links between the main sidewalks which extend from the downtown and train station

The width of the sidewalk should be determined by the anticipated usage and the field conditions. Wider sidewalks are recommended in business areas in order to enhance the overall pedestrian environment and experience. Sidewalks connecting to the downtown and train station are expected to get the most usage and a width of five feet is recommended (four foot minimum).

Sidewalks For Shoppers

New Canaan News Online

Sidewalks For Commuters

New Canaan News Online

"Complete Streets"

According to Smart Growth America, "complete street" are defined as:

> *Complete Streets are streets for everyone. They are designed and operated to enable safe access for all users, including pedestrians, bicyclists, motorists and transit riders of all ages and abilities.*
>
> *Complete Streets make it easy to cross the street, walk to shops, and bicycle to work. They allow buses to run on time and make it safe for people to walk to and from train stations.*

The State of Connecticut adopted PA 09-154 which encourages "complete streets" thinking and approaches to roadway projects in Connecticut.

New Haven recently adopted a City-wide complete streets policy in order to ensure that roadways (and roadway improvements) make accommodations for all users.

A "complete streets" policy or philosophy would be a valuable approach for New Canaan to consider, especially for the higher density parts of the community.

CASE STUDY

Sidewalks

In recent years, New Canaan residents have expressed more interest in walking for exercise, recreation, and as a means of getting to their destination. This strong interest resulted in several accomplishments.

First, as part of road widening and paving project, the Town proposed and built a sidewalk along Main Street extending southerly from Oak Street to Farm Road. The construction of this sidewalk in 2012 helped support a pedestrian loop which extends down South Avenue from the downtown, across Farm Road/Fieldcrest Road to Main Street and back to the downtown. This link strengthens walking opportunities for residents of this area and, in fact, residents of other parts of New Canaan will drive downtown to walk in this area.

Second, the sidewalk ordinance was revised to indicate that the Town was assuming maintenance responsibility for sidewalks in residential areas (property owners in downtown remain responsible for the sidewalk in front of their property). This ordinance revision removed some concerns about extending sidewalks to other areas and enhances the ability of the Town to extend sidewalks where desired.

Walkers on South Avenue

Main Street Sidewalk Construction

New Canaan Advertiser

Regional Connections

The Southwest Regional Planning Agency has prepared a plan which identifies ways to promote bicycle and pedestrian use throughout the region.

This Bicycle and Pedestrian Plan can also be an important resource for New Canaan.

B. Correlate Sidewalk Materials To Function And Area

Over time, it makes sense for New Canaan to reinforce the overall hierarchy of sidewalks by requiring the use of surface materials appropriate for the character of different areas:

- Brick – within the Retail A and Retail B zones, and
- Concrete – within the other Business zones and along major arterial roads leading to the downtown or train station, and elsewhere

Asphalt sidewalks may be considered in low duty areas but are not preferred.

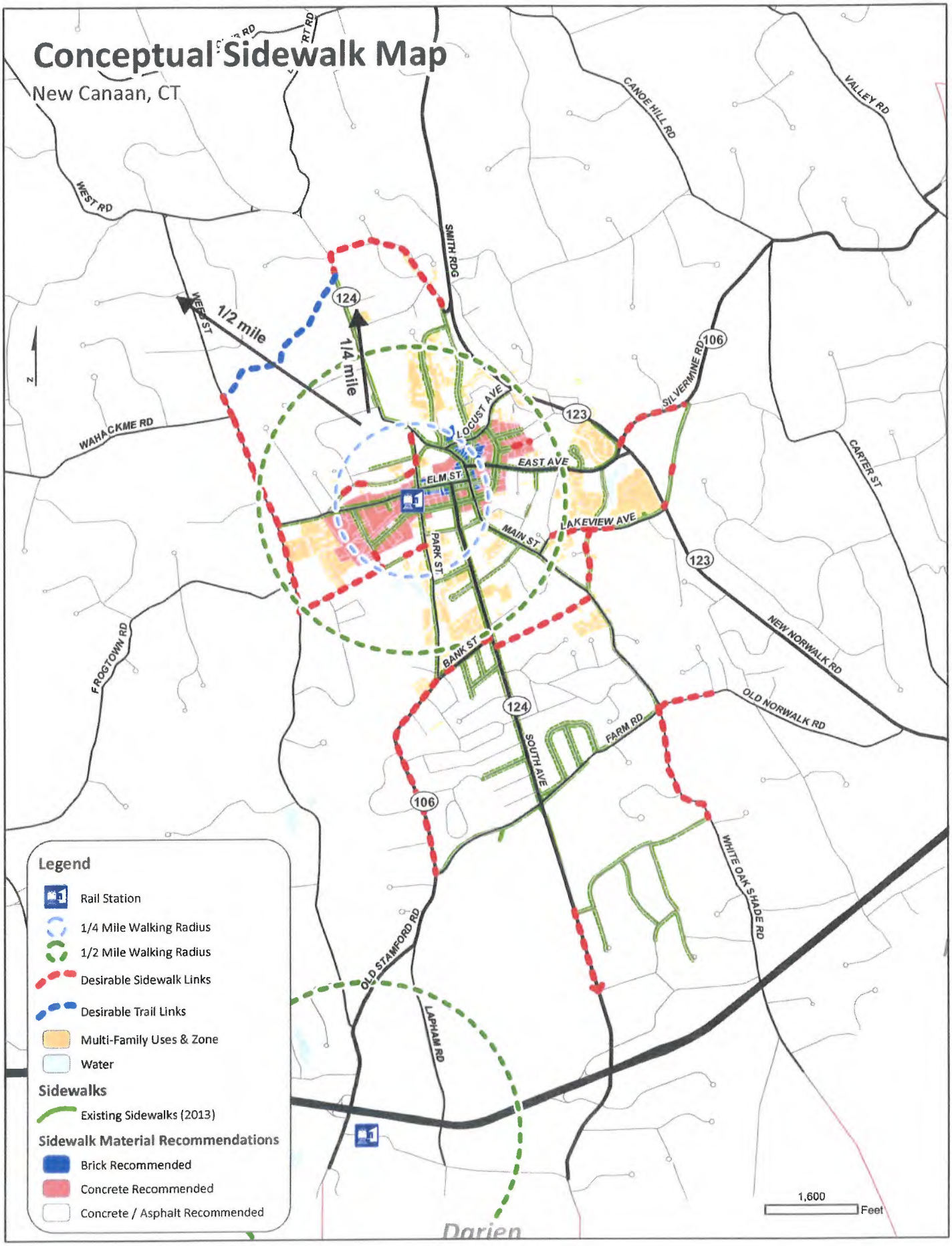
Brick Sidewalk

Concrete Sidewalk

C. Support Establishment Of Trails

In general, sidewalks will not be a major priority in outlying areas of New Canaan where the density is much lower (such as the One-Acre, Two-Acre, and Four-Acre residential zones) unless such sidewalks will enhance public safety (such as near a school) or provide other benefits. On the other hand, trails should be promoted within dedicated open spaces in these areas (see pages 18-21 for more information).

Trails (or special purpose sidewalks) might also be appropriate for connecting New Canaan's sidewalk network and downtown area to the proposed greenway trail along the Merritt Parkway. Although this greenway trail may not come to fruition for some time, having a connection from that trail to New Canaan's downtown area could be advantageous.


Conceptual Sidewalk Map
New Canaan, CT
WEST RD
SMITH RDG
CANOE HILL RD
VALLEY RD
WAHACKME RD
1/2 mile
1/4 mile
124
123
106
LOCUST AVE
EAST AVE
ELM ST
MAIN ST
PARK ST
LAKEVIEW AVE
SILVERMINE RD
CARTER ST
FROGTOWN RD
BANK ST
NEW NORWALK RD
OLD NORWALK RD
FARM RD
SOUTH AVE
WHITE OAK SHADE RD
OLD STAMFORD RD
LAPHAM RD
Darien
Legend
Rail Station
1/4 Mile Walking Radius
1/2 Mile Walking Radius
Desirable Sidewalk Links
Desirable Trail Links
Multi-Family Uses & Zone
Water
Sidewalks
Existing Sidewalks (2013)
Sidewalk Material Recommendations
Brick Recommended
Concrete Recommended
Concrete / Asphalt Recommended
1,600
Feet

Possible Bike Route Ratings

Green Circle
Most Suitable Route

Blue Square
Suitable Route

Black Diamond
More Challenging Route

Enhance Bicycle Circulation

A. Categorize And Identify Bicycle Routes

In recent years, there has also been increased interest among New Canaan residents in bicycle usage for recreation, occasional errands, and for commuting.

The Connecticut Department of Transportation created a statewide database which classifies state highways by potential suitability for bicycle usage (see the map on the facing page). That classification system considers traffic speed and the width of the roadway shoulder area to suggest potential suitability.

New Canaan should enlist a committee comprised of local cyclists to look at local streets and establish a comparable system of bicycle routes in New Canaan, coded by potential suitability. Much as is done for ski slopes, this categorization would be of use to residents and to recreational riders who might be inclined to visit New Canaan and cycle.

These symbols could be placed on the posts supporting traffic signs, appropriate pavement markings could be added (such as lane marking or symbols), and the routes could be summarized on a map available on-line. This approach would also support the establishment of "complete streets" in New Canaan.

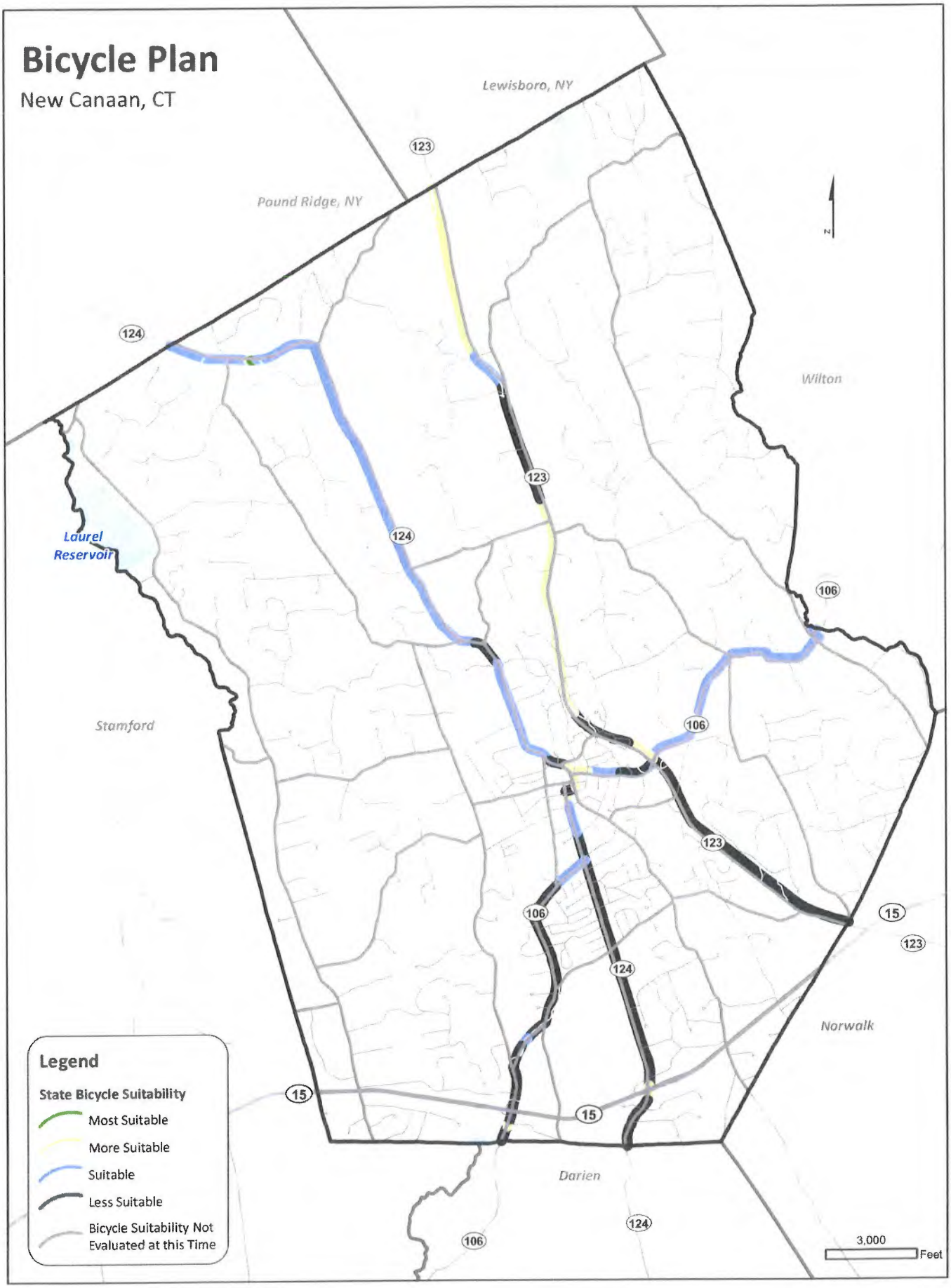
B. Become Recognized As A Bicycle-Friendly Community

An organization called League of American Bicyclists evaluates and designates communities that apply for bicycle-friendliness. In Connecticut, Simsbury (bronze) and South Windsor (bronze) have been so designated. New Canaan should consider applying for this designation.

Bicycle-Friendly Designation

New Canaan Cyclist

New Canaan Cyclist


Bicycle Plan
New Canaan, CT
Lewisboro, NY
Pound Ridge, NY
Wilton
Laurel Reservoir
Stamford
Norwalk
Darien
123
124
106
15
N
Legend
State Bicycle Suitability
Most Suitable
More Suitable
Suitable
Less Suitable
Bicycle Suitability Not Evaluated at this Time
3,000
Feet

Coverage Map

The map on the facing page is an illustration of the types of issues which can affect wireless coverage. It is not a map of actual cellular coverage which can vary based on service provider, terrain, and other factors.

Should accurate information become available, that information should supersede the map on the facing page.

Enhance Wireless Communications

A. Enhance Wireless Coverage For Residents And Visitors

New Canaan needs to enhance the wireless communications coverage in the community and do it in ways which are available, effective, and discrete.

People are increasingly using smart phones and other wireless devices for basic communications. Statistics show a strong trend towards people foregoing "land lines" (a wired connection to a physical location) and relying exclusively on wireless devices. Adults are typically providing their children with smart phones for safety and security.

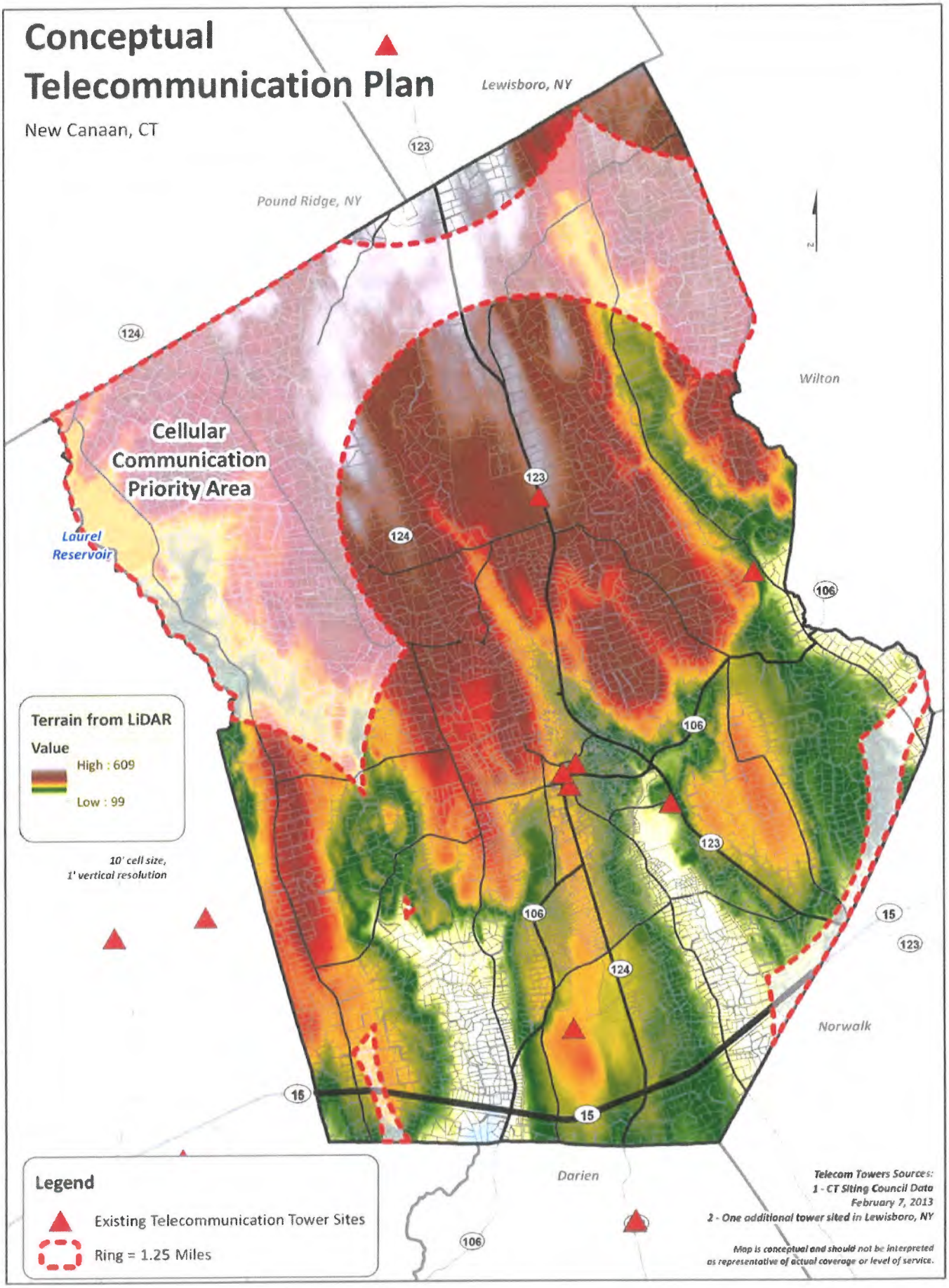
But this transformation in communications requires wireless service. Most people are familiar with the situation where a call gets "dropped." Typically just an inconvenience, it can be a serious issue if it involves a parent trying to reach their child or if it is the only means of communication for people who are lost, in danger, or requesting emergency assistance.

While New Canaan has reasonably good wireless coverage in the southern areas of the community, there are areas in the northern parts of New Canaan where wireless service is simply not available. In the past few years, there are reported instances where people were unable to summon emergency assistance when needed as a result of car accidents or fire. Today, and in the future, better wireless coverage is needed.

The lack of service in large parts of the community needs to be addressed. It is ironic that New Canaan residents enjoy excellent cell phone coverage in other communities while being unable to experience the same service here. The Utilities Commission is investigating potential approaches which should be available, effective, and discrete.

B. Enhance Public Safety Communications

At the present time, public safety communications (police, fire, ambulance, etc.) can be challenging in the northern parts of the community due to topography and the distance from existing antennas. The Plan recommends that public safety communications be improved.


Conceptual
Telecommunication Plan
New Canaan, CT
Lewisboro, NY
Pound Ridge, NY
Wilton
Norwalk
Darien
Laurel
Reservoir
Cellular
Communication
Priority Area
123
124
106
15
16
Terrain from LiDAR
Value
High : 609
Low : 99
10' cell size,
1' vertical resolution
Legend
Existing Telecommunication Tower Sites
Ring = 1.25 Miles
Telecom Towers Sources:
1 - CT Siting Council Data
February 7, 2013
2 - One additional tower sited in Lewisboro, NY
Map is conceptual and should not be interpreted
as representative of actual coverage or level of service.

Enhance Energy Services

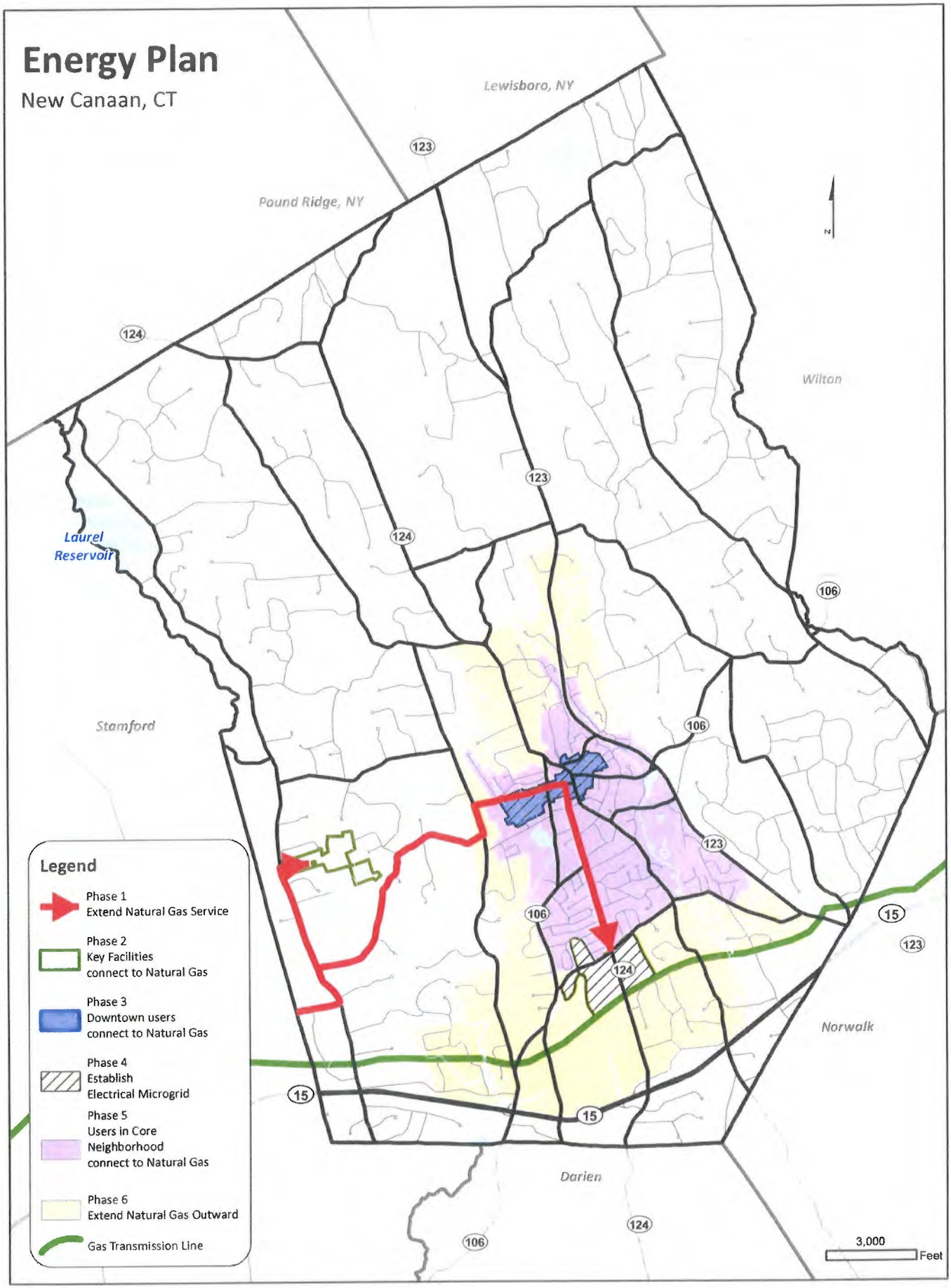
A. Extend Natural Gas Service

Natural gas is an energy source which is projected to be an affordable alternative in the future as a result of the discovery of new domestic sources. Although natural gas service is presently only provided by Yankee Gas Company to a small area of southwest New Canaan (near Ponus Ridge Road and Running Brook Lane), it is a major strategy of the Plan to extend natural gas service to key areas.

At this time, the Plan recommends that natural gas be extended to serve the downtown and some of the key facilities in the community (New Canaan High School, Saxe Middle School, South Elementary School, the YMCA, and Waveny Care Center). Since the High School is the emergency shelter for New Canaan, this extension will serve multiple purposes. The Utilities Commission estimates the Town could save up to $250,000 per year on energy costs just for its facilities.

In terms of the downtown area, extending natural gas service to downtown will provide an alternative energy source for local buildings and help support many of the businesses there. The extension of natural gas may also increase public safety by eliminating above ground propane tanks currently in use by some restaurants and other uses.

The Plan also recommends that local gas franchise holders (Yankee Gas and/or Connecticut Natural Gas) undertake the extension of natural gas within the residential neighborhoods adjacent to the downtown. It is estimated that homeowners in these areas could save 25%-50% off their annual heating costs and the density of homes is likely to support the gas company investment in extending the gas lines.


Energy Plan
New Canaan, CT
Lewisboro, NY
Pound Ridge, NY
Wilton
Laurel Reservoir
Stamford
Norwalk
Darien
123
124
106
15
N
Legend
Phase 1
Extend Natural Gas Service
Phase 2
Key Facilities
connect to Natural Gas
Phase 3
Downtown users
connect to Natural Gas
Phase 4
Establish
Electrical Microgrid
Phase 5
Users in Core
Neighborhood
connect to Natural Gas
Phase 6
Extend Natural Gas Outward
Gas Transmission Line
3,000
Feet

B. Enhance Electrical Service Reliability

Recent severe storm events have raised awareness about electrical service reliability. In the last few years, some residents of New Canaan have lost power for up to a week or more on multiple occasions.

Electrical service in New Canaan is provided by Connecticut Light & Power (CLP). While CLP has made numerous system improvements over the years (interconnecting circuits, redesigning circuits, new transformers, and installation of new wiring to improve circuit performance), there is little that can be done about the impact of severe storms except for more aggressive tree trimming.

Finding the right balance for tree trimming is something the Town should continue to work on with CLP.

Over the years, interest has been expressed in placing wired utilities underground. However, this can be expensive and has not been undertaken. New Canaan should continue to seek ways that wired utilities can be placed underground over the long term to enhance utility reliability. Placing utilities underground would also contribute to overall community character as well as help maintain and improve scenic views.

Electrical Service Interruption

New Canaan News Online

Electrical Service Interruption

New Canaan News Online

C. Consider Establishing A Microgrid

A "microgrid" is a small independent electrical system which serves one or more uses in a defined area. Since it generates its own electricity, it can operate independently of the larger electrical grid and any issues it may have (such as service interruptions). It can also be connected to the larger electrical grid for back-up or if it is designed to supply power back to the larger electrical system. Microgrid generation resources can include fuel cells, wind, solar, or other energy sources.

New Canaan should consider establishing one or more microgrids for key facilities such as the high school / emergency shelter (and other schools in the vicinity), the police station, the fire station, the sewage treatment plant, elderly care facilities, and some of the key private businesses in the downtown area (food suppliers, gasoline stations, etc.). The connected users could save money by receiving power from the microgrid while also increasing the reliability of this service.

In 2012, the Connecticut Department of Energy and Environmental Protection established a pilot program to provide grants and loans to municipalities and other users for developing microgrids. Although New Canaan did not participate in this program, it may be possible to apply some of the lessons learned to establishing a local microgrid in the future.

Fuel Cell

Microgrid Pioneers

In 2013, the Connecticut Department of Energy and Environmental Protections awarded grants to the following communities for establishing microgrids.

The following applicants received funding in Phase 1 and may provide useful benchmarks for New Canaan in the future:

- Bridgeport (2 projects)
- Glastonbury - Celtic Energy
- Groton – Submarine Base
- Hamden (2 projects)
- Hartford - CT Transit
- Hartford (2 projects)
- Middletown - Wesleyan
- Southington (Woodard & Curran)
- Stratford - Sikorsky
- South Windsor - CT Studios
- Storrs - UCONN Depot Campus -
- Trumbull
- West Hartford - University of Hartford
- Windham
- Windsor - Great Pond (ABB)
- Woodbridge

The following applicants received conditional funding in Phase 1 but still may provide useful benchmarks:

- Ansonia - Greenpoint Energy
- Fairfield (Public Safety)
- New London
- Norwich - Backus Hospital
- Simsbury
- Southbury
- Stamford
- Windham - Hospital

Support Transit

A. Seek Improvements To The Metro-North Branch Line

New Canaan is served by a branch line as part of the Metro-North commuter rail system. From the New Canaan station (in the Town Center) and the Talmadge Hill Station (just south of the Merritt Parkway), service is provided to Stamford and New York's Grand Central Station.

At the present time, service is limited on the New Canaan branch line because it is a single-track line. Adding a second track or dedicated pass-by areas would allow service on the branch line to be increased. New Canaan should advocate for improvements to the branch line to increase service.

B. Maintain The "Get About" Service

New Canaan has the "Get About" service to provide dial-a-ride services for its senior citizens and special needs residents. In the future, there may be an increase in ridership as a result of an aging population that may require an increase in equipment or service.

Alternatively, this service could also be expanded to provide dial-a-ride services to youths and other residents at other times of day.

C. Consider Other Transit Services

At some time in the future, New Canaan may wish to consider supporting the establishment of scheduled bus transit service to Norwalk or Stamford. In addition, it may make sense at some time in the future to consider some sort of transit service to connect downtown businesses to parking lots and outlying residential areas.

Address Other Livability Issues

There are several other livability issues which should also be addressed:

1. **Road Maintenance** – In the 2010 community survey, road maintenance and road conditions were identified as important issues by survey respondents. New Canaan should be sure to address these issues.

2. **Communication** - The Town website should be maintained and improved as a source for important local information. In addition, opportunities for e-commerce with Town programs and activities should be enhanced.

TAB E

2020 Housing Data Profiles

NEW CANAAN

PARTNERSHIP FOR STRONG COMMUNITIES

KEY FINDINGS

Housing

3%
of housing is subsidized

20%
of households rent their home

17%
of housing units are in multifamily buildings

Affordability

18%
of households spend between 30% and 50% of their income on housing

15%
of households spend more than half of their income on housing

$39.98
the hourly wage needed to afford a 2-bedroom apartment

Population

42
the median age of residents

13%
of residents are people of color (BIPOC)

0%
projected population change from 2020 to 2040

HOW TO READ THIS REPORT

Throughout this report, a series of graphs like the one below are used to show how **New Canaan** compares to other towns in the state on a variety of measures.

ABOUT THE HOUSING DATA PROFILES

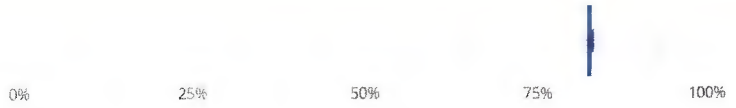
The Partnership for Strong Communities' Housing Data Profiles are a free resource to help Connecticut residents, developers, legislators, municipal officials, and others make data-informed decisions. Profiles are available for every town and county in the state. To learn more, please visit **pschousing.org** or **housingprofiles.pschousing.org** to view the interactive version of the profiles.

DATA NOTES

Data comes from the 2014-2018 American Community Survey unless stated otherwise. Percentages may differ slightly or not sum to exactly 100% due to rounding.

SINGLE-FAMILY HOMES AS PERCENT OF ALL HOMES

82%

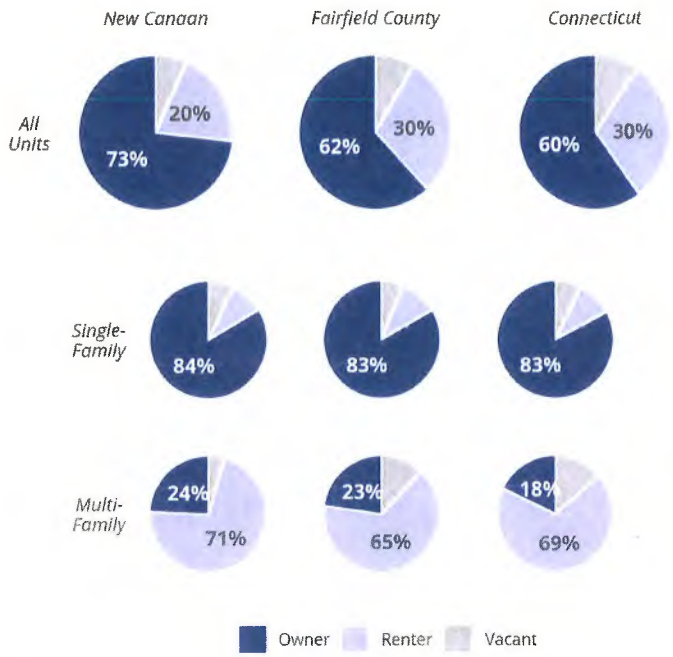


PERCENT OF ALL HOMES OCCUPIED BY OWNERS

73%

Overall, 64% of Connecticut's occupied housing stock is comprised of single-family housing, while 35% is multifamily housing (2+ units in structure). Most single-family homes are occupied by homeowners, while most multifamily units are occupied by renters.

In New Canaan, 82% of occupied homes are single-family, and 17% are multi-family. Owners live in 84% of New Canaan's 6,250 single-family homes, and renters live in 71% of its 1,315 multifamily homes.

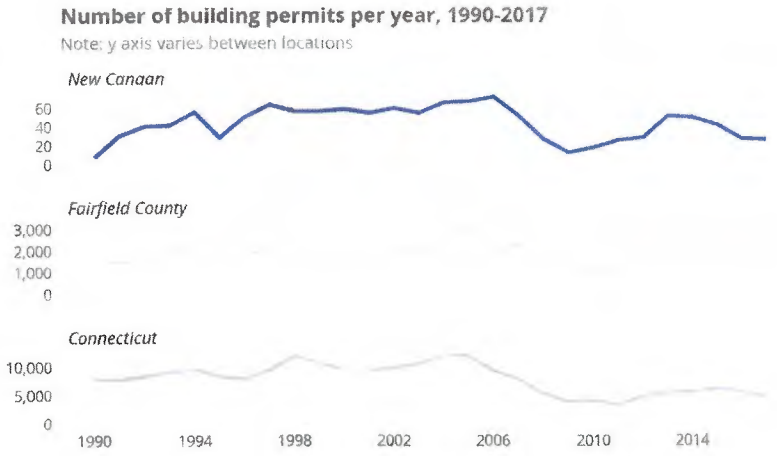


CHANGE IN BUILDING PERMITS, 1990-2017

+257%

Growth is slow in the state, which has seen a 42% decrease in building permits between 1990 and 2017.

In New Canaan, there were 7 building permits issued in 1990, compared to 25 issued in 2017, representing a 257% increase.

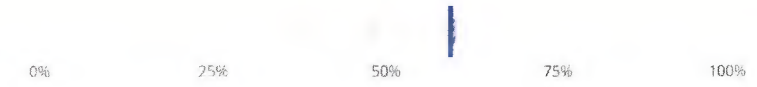


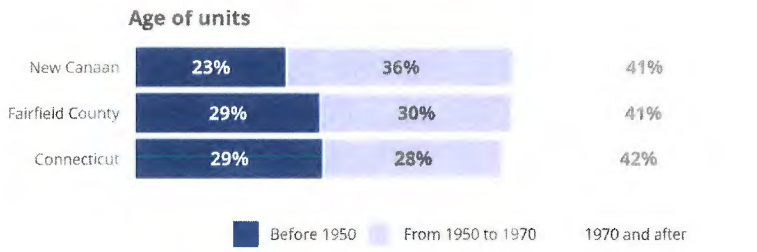
Source: Connecticut Department of Economic and Community Development

UNITS BUILT BEFORE 1970

59%

Older homes are prone to falling into disrepair, and often carry environmental risks such as lead paint. An aging housing stock can be a sign of poor housing quality.

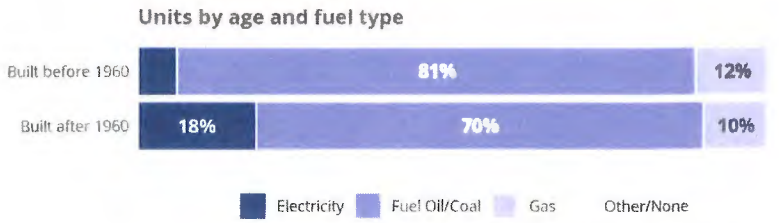




SPENDING ON ENERGY AS PERCENT OF TOTAL INCOME

1.9%

Households that use electricity spend 1.9% of their income on energy (1.9% for fuel oil/coal and 2.0% for gas).



Source: United States Department of Energy

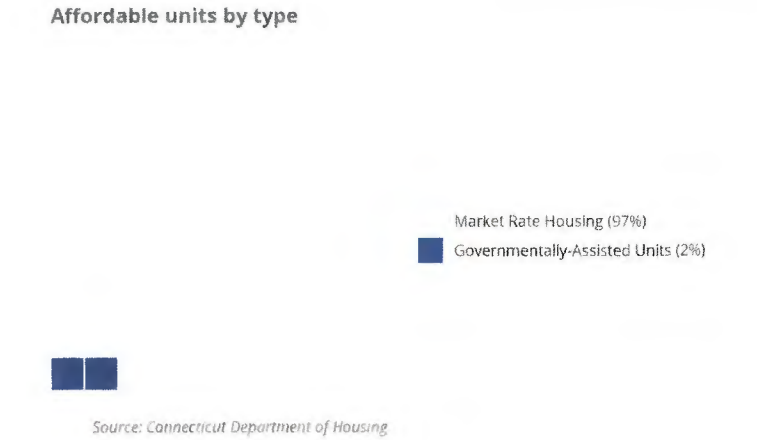
AFFORDABLE HOMES AS A SHARE OF ALL HOUSING UNITS

3%

The CT Department of Housing calculates the percentage of affordable units in a municipality annually for the Affordable Housing Appeals List. Affordable units are units that are subsidized below market-rate through programs like Housing Choice Vouchers or CHFA/USDA mortgages.

Of the 7,551 total units in New Canaan, 222 are considered to be affordable.

Source: Connecticut Department of Housing



Source: Connecticut Department of Housing

PEOPLE BURDENED BY COST OF HOUSING

33%

Households that are cost-burdened spend more than 30% of their income on housing. Severely cost-burdened spend more than 50% on housing.

RENTERS BURDENED BY COST OF HOUSING

55%

OWNERS BURDENED BY COST OF HOUSING

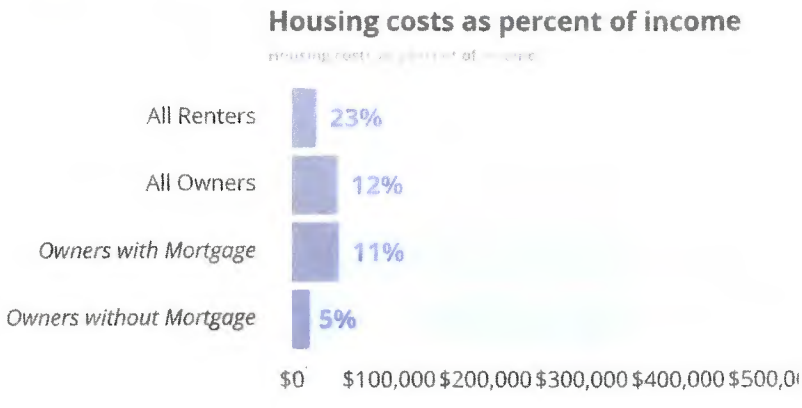
30%

RENTERS' HOUSING COSTS AS PERCENT OF INCOME

23%

OWNERS' HOUSING COSTS AS PERCENT OF INCOME

12%



HOUSING WAGE

$39.98

Each year, the National Low Income Housing Coalition calculates the "housing wage," the hourly wage needed to afford a two-bedroom rental home without paying more than 30% of income on housing.

New Canaan is included in the Stamford-Norwalk HMFA. New Canaan's housing wage is higher than the state housing wage of $26.42.

New Canaan is one of 9 towns with a housing wage of $39.98

Source: National Low Income Housing Coalition

HOUSING PRESERVATION UNITS

0%

New Canaan has 180 federally assisted housing units, of which 0% are at risk of loss within the next 5 years.

Housing preservation by risk

Source: National Housing Preservation Database

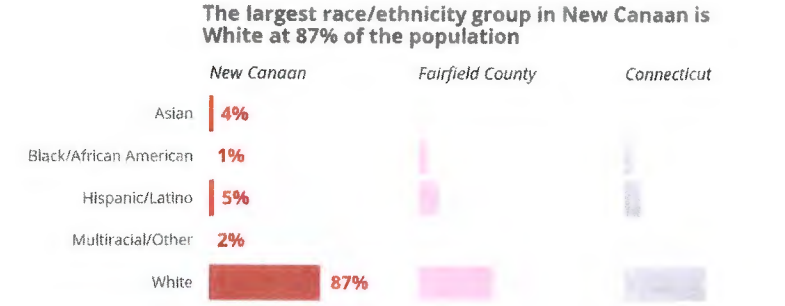
TOTAL POPULATION

20,273

PEOPLE OF COLOR

13%

Connecticut population is becoming increasingly diverse, but the BIPOC population is concentrated in certain municipalities, especially Connecticut's cities. In New Canaan, 13% of residents are BIPOC, while 87% are white.



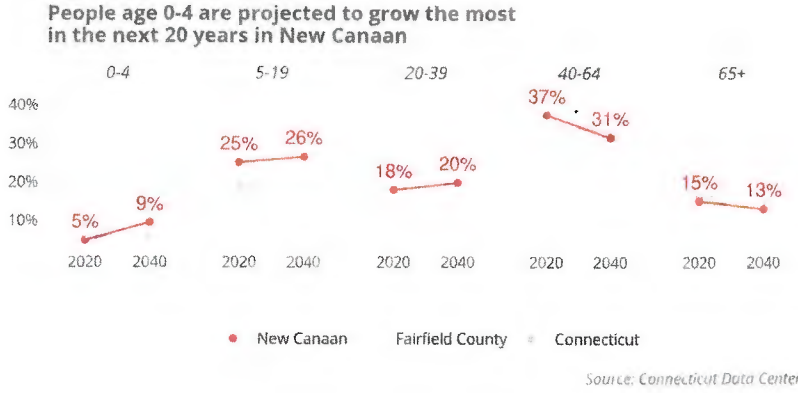
MEDIAN AGE

42

POPULATION CHANGE, 2020 TO 2040

0%

In the next twenty years, New Canaan's population is projected to shrink from 18,565 to 18,563.

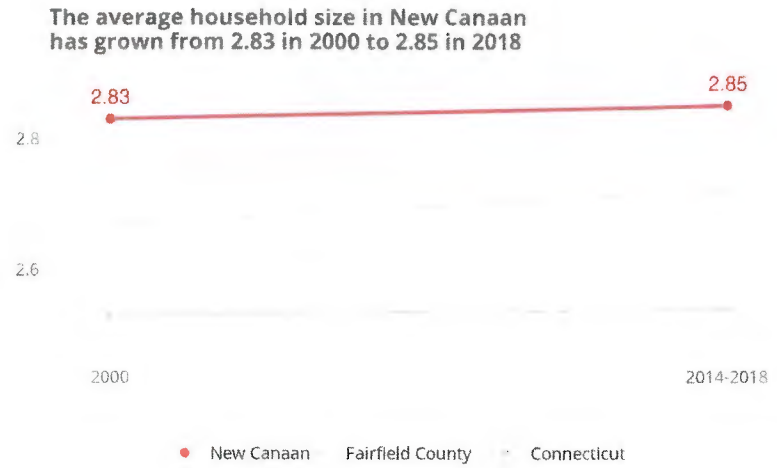


Source: Connecticut Data Center

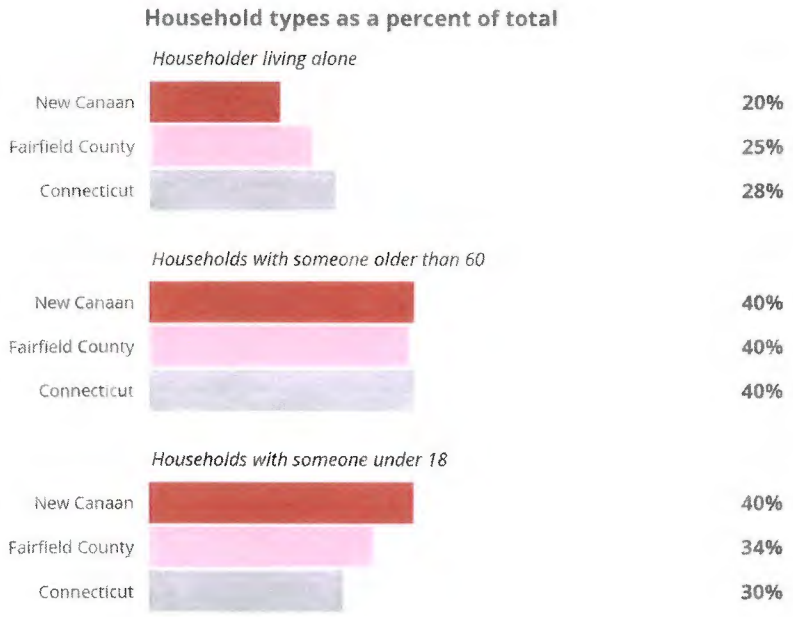
AVERAGE HOUSEHOLD SIZE

2.85

The average household size in New Canaan has grown between 2000 and 2018.



Understanding who lives in our towns provides insight into the housing and service needs for each community such as accessibility, transportation, child care, and education. Compared to Connecticut, New Canaan has fewer households with someone older than 60 and more households with school-age children.



TAB F

Apartments.com™

Home Connecticut New Canaan
New Canaan Apartments for Rent

Apartments for Rent in New Canaan, CT

Nestled in the southwestern corner of Connecticut, about 45 miles from Manhattan, New Canaan is an upscale suburb consistently ranked among the best places to live in the state. New Canaan is known for its exceptional school system, diverse architecture, luxurious housing, and abundant shopping opportunities.

Downtown New Canaan contributes a village atmosphere to the town, with a mix of vibrant boutiques, antique stores, specialty shops, local restaurants, and national retailers. Plenty of local parks, trails, and nearby country clubs afford New Canaan residents endless opportunities for outdoor recreation in addition to the Five Mile River and the Noroton River, both of which flow through New Canaan. Quick access to a commuter train station and the Merritt Parkway allow for simple commutes from New Canaan.

Learn More about New Canaan, CT

Frequently Asked Questions

Average Rent Rates

What is the average rent in New Canaan, CT?
The average rent in New Canaan is $3,069. When you rent an apartment in New Canaan, you can expect to pay as little as $3,069 or as much as $6,279, depending on the location and the size of the apartment.

What is the average rent of a 1 bedroom apartment in New Canaan, CT?
The average rent for a one bedroom apartment in New Canaan, CT is $3,069.

What is the average rent of a 2 bedroom apartment in New Canaan, CT?
The average rent for a two bedroom apartment in New Canaan, CT is $4,369.

What is the average rent of a 3 bedroom apartment in New Canaan, CT?

The average rent for a three bedroom apartment in New Canaan, CT is $6,279.

Transportation

How transit friendly is New Canaan, CT?

Transit options in New Canaan vary, but overall, it has a transit score of 0.

Education

What are the top Elementary schools in New Canaan, CT?

In New Canaan, you'll find top-ranking elementary schools like Saxe Middle School, East School, and South School.

What is the top high school in New Canaan, CT?

Moving is tough for high school students! Look for New Canaan apartments near top-ranking high schools like New Canaan High School.

What colleges and universities are in New Canaan, CT?

If you're a student moving to an apartment in New Canaan, you'll have access to University of Connecticut, Fairfield University, and Purchase College, State University of New York.

Search Nearby Rentals

Cities

- Wilton
- Norwalk
- Stamford
- Ridgeway
- South Norwalk
- Darien
- Ridgefield
- Weston
- Westport
- Cos Cob

Neighborhoods

- Downtown Stamford
- Harbor Point
- Silvermine
- West Norwalk
- Merritt
- Springdale
- Spring Hill
- Downtown Norwalk
- Wall Street
- Springdale-Glenbrook-Belltown

Cities Houses

- Wilton Houses
- Stamford Houses
- Weston Houses
- Westport Houses
- Riverside Houses
- Old Greenwich Houses
- Greenwich Houses

TAB G

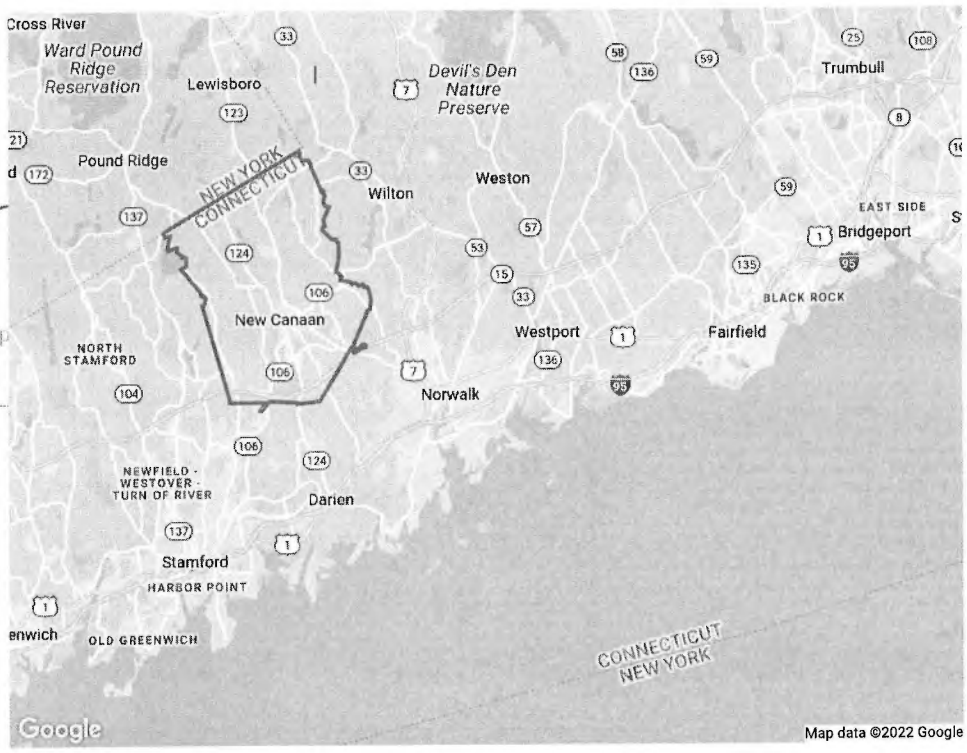
New Canaan Home Values

ZILLOW HOME VALUE INDEX

$1,632,223

18.0% 1-year change

The typical home value of homes in New Canaan is $1,632,223. This value is seasonally adjusted and only includes the middle price tier of homes. New Canaan home values have gone up 18.0% over the past year.



New Canaan Market Overview

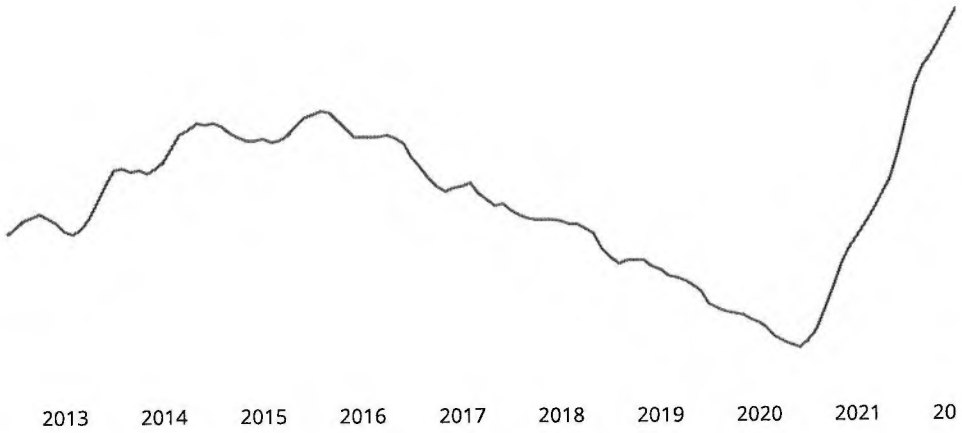
Data through Apr 30, 2022

$1,632,223 ZHVI

No data 1-yr forecast

Zillow Home Value Index | All homes | 1-yr 5-yr Max

Apr 2022 New Canaan $1.63M

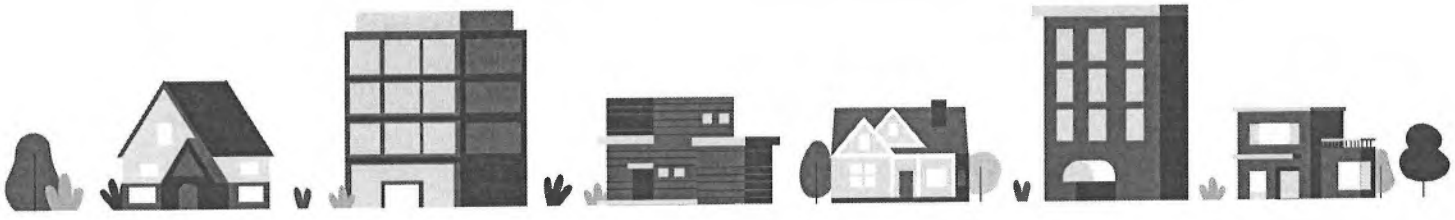


New Canaan

Compare Submit

More Housing Market Data

REAL ESTATE	RENTALS	MORTGAGE RATES	BROWSE HOMES
Browse all homes	Rental Buildings	Current mortgage rates	California
Albuquerque real estate	Atlanta apartments for rent	Alaska mortgage rates	Texas
Atlanta real estate	Austin apartments for rent	Alabama mortgage rates	Florida
Austin real estate	Baltimore apartments for rent	Arkansas mortgage rates	New York
Baltimore real estate	Boston apartments for rent	Arizona mortgage rates	Ontario
More	More	More	More



TAB H

PARTNERSHIP FOR STRONG COMMUNITIES

Housing Data Profiles

Data on housing and affordability for each of Connecticut's 169 towns and cities

CTdata

Funded through support from Fairfield County's Community Foundation and Liberty Bank Foundation

Choose towns and counties to compare

Housing

Units in Structure

The table below shows breakdown of housing units (both occupied and vacant) by the number of housing units in the structure. Urban core areas have a higher share of multi-family housing, such as apartment buildings. Suburbs and rural areas tend to be built up with one-unit detached homes.

	Fairfield County		Connecticut	
Total	370,999	100.0%	1,512,305	100.0%

Fairfield County × Connecticut ×

Jump to Housing, Affordability, or Population

3 or 4	29,917	8.1%	130,948	8.7%
5 to 9	16,971	4.6%	84,021	5.6%
10 to 19	13,163	3.5%	57,153	3.8%

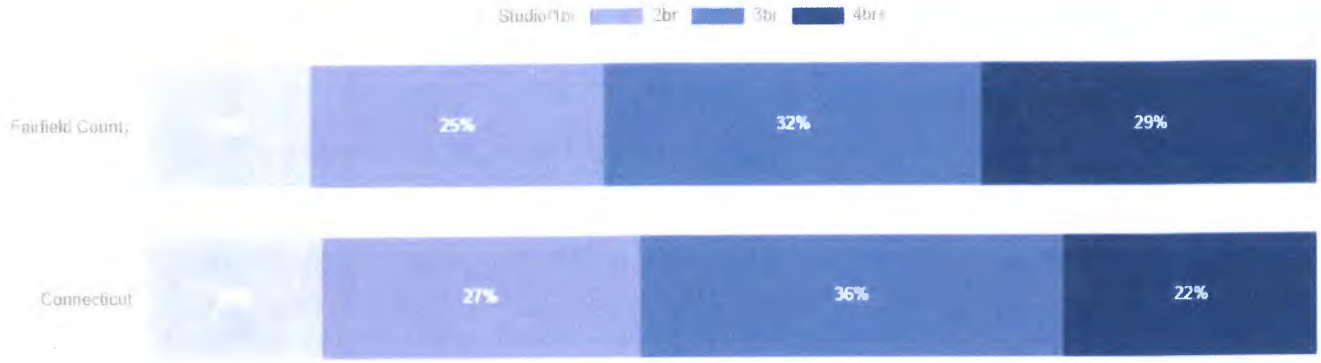
	Fairfield County		Connecticut	
20 to 49	13,121	3.5%	52,380	3.5%
50 or more	26,735	7.2%	78,492	5.2%
Mobile home	1,310	0.4%	11,734	0.8%
Boat, RV, van, etc.	64	0.0%	377	0.0%

Source: 2018 American Community Survey 5-year estimates, Table B25024

Bedrooms

The bar charts below show what percent of housing units by number of bedrooms in Fairfield County and Connecticut.

Hover over bars to see units instead of percentages. Percentages may add up to 99 or 101 due to rounding error.



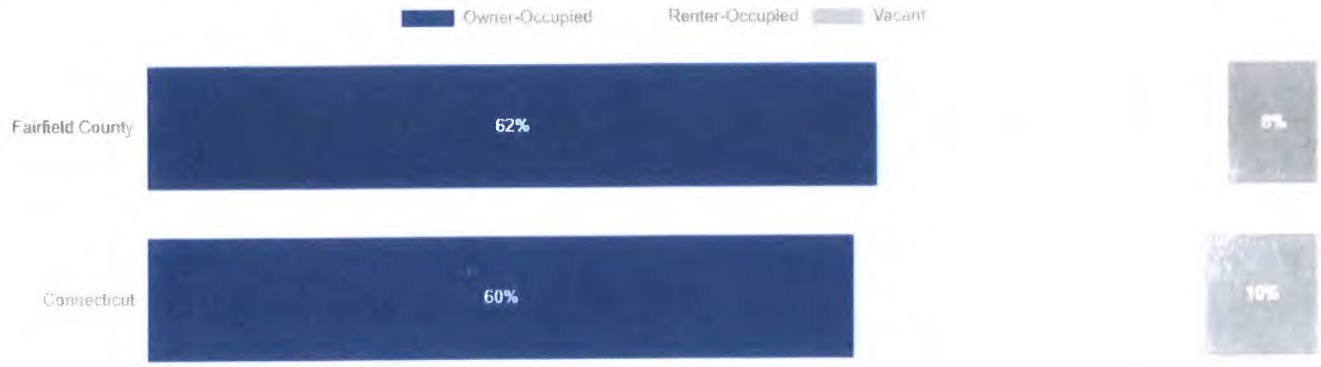
Source: American Community Survey 2018 5-year estimates, Table B25041
Visualization created by CTData Collaborative

Occupancy Status

The bar charts below show what percent of housing units are owner- and renter-occupied, and vacant in Fairfield County and Connecticut.

> Among selected geographies, Connecticut has the highest share of renter-occupied units (30.4%).

Hover over bars to see units instead of percentages. Percentages may add up to 99 or 101 due to rounding error.



Source: American Community Survey 2020 5-year estimates, Table B25036
Visualization created by CTData Collaborative

Age of Units

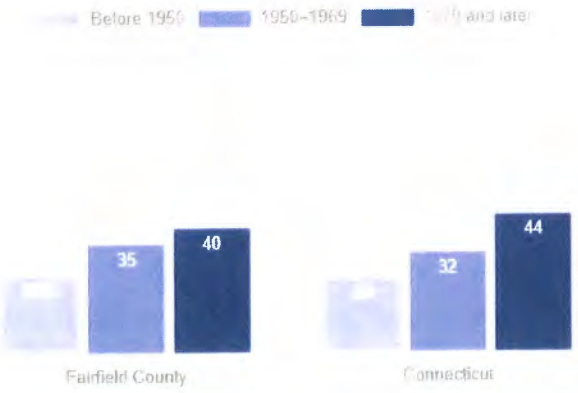
The age of housing is an important indicator for potential environmental hazards and the cost of maintenance and repairs. Homes built prior to 1950 likely have high concentrations of lead paint while those built after 1977 typically do not have lead paint.

The bar charts below show owner- and renter-occupied housing units by year built (prior to 1950, between 1950 and 1969, and 1970 and later).

Hover over bars to see counts. Click categories in the legend to remove them from the chart. Percentages may add up to 99 or 101 due to rounding error.

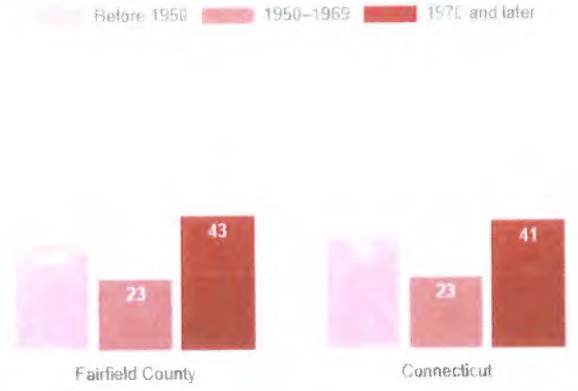
Owner-Occupied

Among selected geographies, Fairfield County has the largest share of owner-occupied homes built before 1950.



Renter-Occupied

The highest share of renter-occupied homes built before 1950 among selected geographies is in Connecticut.

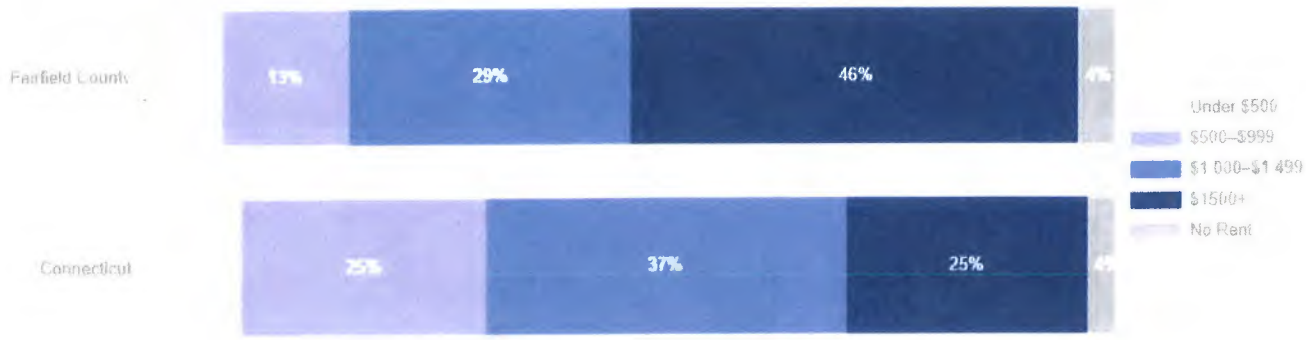


Source: American Community Survey 2020 5-year estimates, Table B25036
Visualization created by CTData Collaborative

Units by Gross Rent

The bar chart below shows rental units by gross rent in Fairfield County and Connecticut.

Hover over bars to see units instead of percentages. Percentages may add up to 99 or 101 due to rounding error.



Building and Demolition Permits

Building permits are an important indicator of economic activity in the region. Areas of growing population and intense development see a larger number of issued permits.

The table below shows how many building authorizations were issued in 2017 in Fairfield County and Connecticut, by number of units.

	Fairfield County		Connecticut	
Permits, Total	1,719	100%	4,547	100%
Permits, 1 Unit	765	45%	2,480	55%
Permits, 2 Units	44	3%	102	2%
Permits, 3 or 4 Units	35	2%	53	1%
Permits, 5 or More Units	875	51%	1,912	42%
Demolitions	538	-	1,403	-
Net Gain	1,181	-	3,144	-

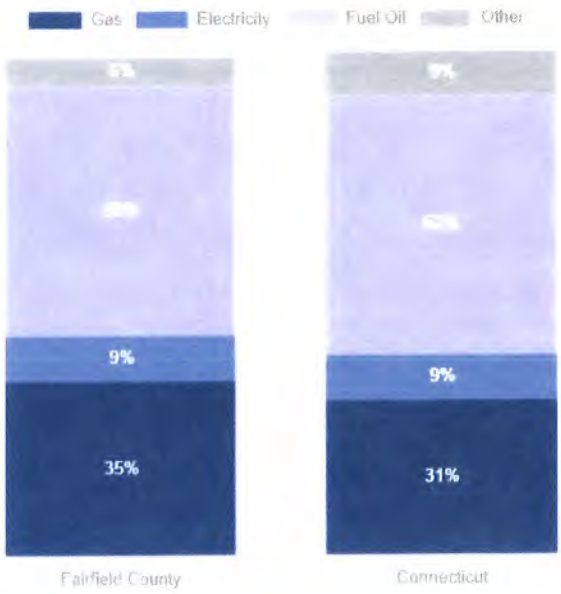
Heating Fuel

In Connecticut, gas, electricity, and fuel oil (such as kerosene) are the most common types of heating fuels. The bar charts below show owner- and renter-occupied housing units by heating fuel used in Fairfield County and Connecticut.

Hover over bars to see counts. Click categories in the legend to remove them from the chart. Percentages may add up to 99 or 101 due to rounding error.

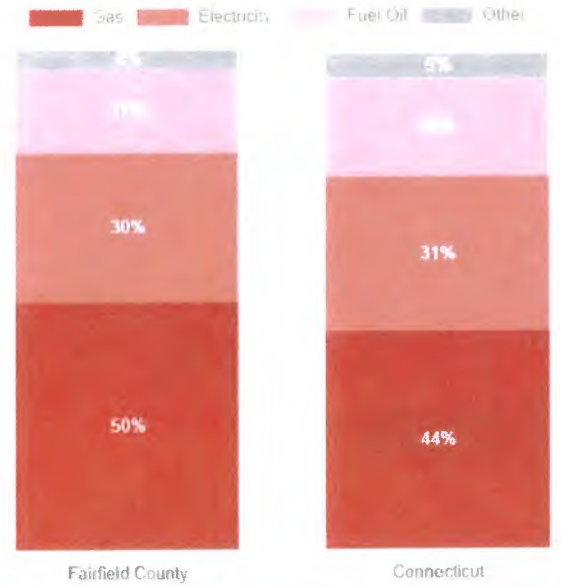
Owner-Occupied

52% of homeowners in Connecticut use fuel oil for heating.



Renter-Occupied

31% of renters in Connecticut use electricity for heating.



Source: American Community Survey 2018, 5-year estimates, Table B25117. *Other* category includes bottled gas, coal, wood, solar energy, other fuel, and no fuel.
Visualization created by CTData Collaborative

Affordability

Assisted Housing Units

Totally assisted units are housing units that receive government financial assistance or the construction or substantial rehabilitation of low and moderate income housing, and any housing occupied by persons receiving rental assistance.

The table below shows the number of affordable units, and its share of all housing units in Fairfield County and Connecticut.

> Connecticut (11.6%) has the largest share of totally assisted units among selected geographies.

	Fairfield County	Connecticut
Total Assisted	34,846 (9.6%)	172,277 (11.6%)
CHFA/USDA Mortgages	3,582	29,519
Governmentally Assisted Units	17,933	91,303
Tenant Rental Assistance	10,130	46,289
Deed Restrictions	3,201	5,166

Source: CT Department of Housing, 2018 Affordable Housing Appeals Listing

Median Rent

Median rent represents gross rent paid by the "middle" renter. In other words, half of renters pay less than the median rent, and half pay more.

> Among selected geographies, the highest median gross rent of $1,470 is in Fairfield County, and the lowest median rent of $1,156 is in Connecticut.

Fairfield County

Connecticut

Source: 2018 American Community Survey 5-year estimates, Table B25106
Visualization created by CTData Collaborative

Housing Costs

Guidelines from the federal Department of Housing and Urban Development state that households should pay no more than 30% of their income on housing to be able to pay other expenses. Those paying over 30% are considered cost-burdened, those paying 50% – severely cost-burdened. Those living in rented accommodation tend to spend a greater share of their income on housing compared to homeowners.

Three bar charts below show how much households spend on housing. It is broken down into homeowners with and without mortgage, and renters.

Hover over bars to see counts. Click categories in the legend to remove them from the chart. **Percentages may not add up to 100% due to *not computed* values.**

Homeowners, without mortgage

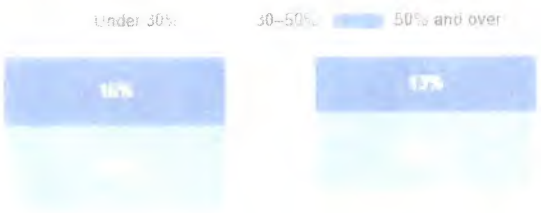
26% of homeowners (no mortgage) in Fairfield County are cost-burdened, that is, spend 30% or more of their income on housing costs.

Fairfield County

Connecticut

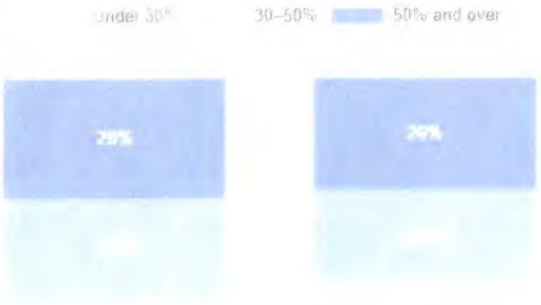
Homeowners, with mortgage

36% of homeowners (with mortgage) in Fairfield County are cost-burdened.



Renters

52% of renters in Fairfield County are cost-burdened, that is, spend 30% or more of their income on rent and associated costs.



Source: American Community Survey 2015-19 5-year estimates, Tables B25070 and B25074
Visualization created by CTData Collaborative

Home Values

The real estate website Zillow provides data on home values across cities in the United States. The bar charts below show average home values in Fairfield County and Connecticut in 2019 for single-family residences, including condos and apartments.

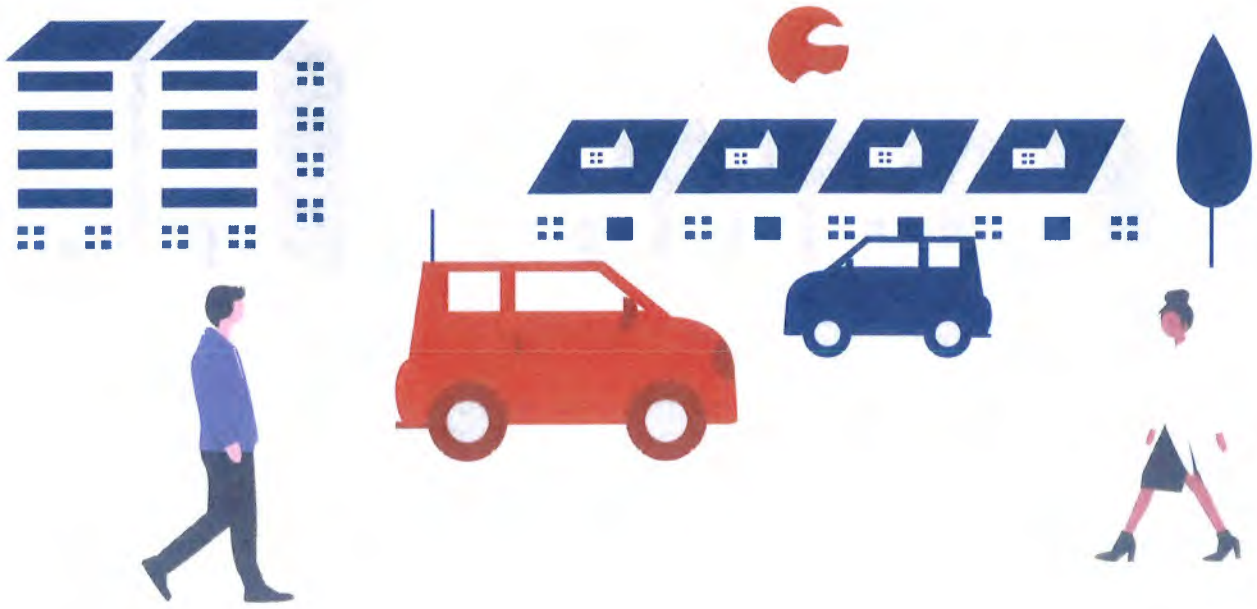
> Among selected geographies, the most expensive homes are in Fairfield County, valued at $420,080, and the cheapest homes are in Connecticut ($259,129).

Housing Preservation Units

The table below shows the number of active, federally assisted rental housing units in Fairfield County and Connecticut. *At-risk* units are those rental homes that face an expiring affordability restriction in the next five years.

	Fairfield County	Connecticut
Active Units	16,245	77,095
At Risk	1,987	11,444

Population



The table below shows estimated current and projected population, number of households (people occupying the same housing unit), average family and household size, and median age in Fairfield County and Connecticut.

See US Census Subject Definitions to learn the difference between households and families.

	Fairfield County	Connecticut
Population	944,348	3,581,504
Population Projection (2030)	897,553 -5.0% ↓	3,633,994 1.5% ↑
Population Projection (2040)	905,219 -4.1% ↓	3,654,015 2.0% ↑
Households	340,491	1,367,374
Average Household Size	2.7	2.5
Average Family Size	3.3	3.1
Median Age	38.7	39.1

Source: [illegible] 5-year estimates, Tables B[illegible]; [illegible] projections by CT State Data Center

Population Change In Past 3 Years

The table below shows population change between 2015 and 2018 for Fairfield County and Connecticut, ordered by percent change.

Geography	Population in 2015	Population in 2018	Change	% Change
Fairfield County	948,053	943,823	-4,230	-0.4% ↓
Connecticut	3,590,886	3,572,665	-18,221	-0.5% ↓

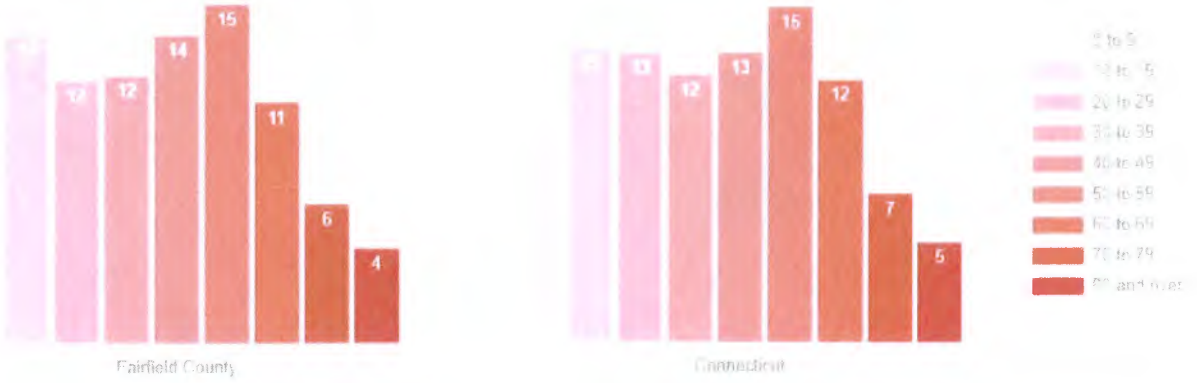
Source: CT Department of Public Health, annual population estimates

Population by Age

The chart below shows population breakdown by age. Each column represents a ten-year interval and is labeled by percentage of population in that age group.

> At 26%, Fairfield County has the highest share of youth under the age of 20 among 2 selected geographies. At 23%, Connecticut has the highest share of elderly population, or those aged 60 and over.

Hover over bars to see population counts for the age groups. Click categories in the legend to remove them from the chart. Percentages may add up to 99 or 101 due to rounding error.

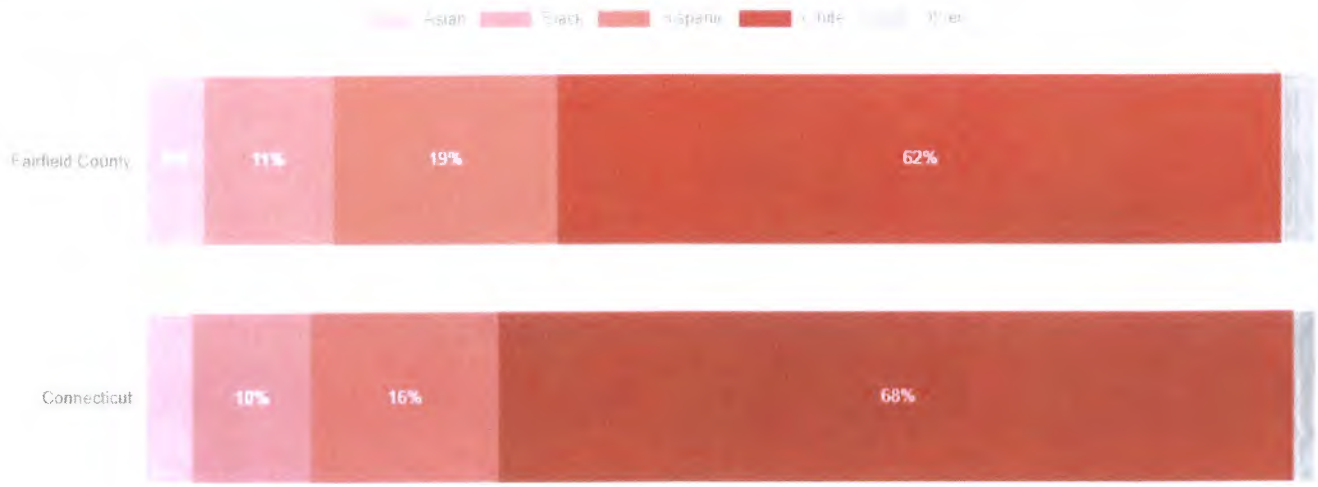


Source: American Community Survey 2018, 5 year estimates, Table B01001
Visualization created by CTData Collaborative

Population by Race

The chart below shows population breakdown by race and Hispanic ethnicity. Races include counts and percentages for non-Hispanic population of that race only. Hispanic population of all races is combined under Hispanic category.

Hover over bars to see population counts for racial groups. Click categories in the legend to remove them from the chart. Percentages may add up to 99 or 101 due to rounding error.



Source: American Community Survey 2018, 5 year estimates, Table B03002. *Other* category includes those self-identifying as American Indian and Alaska Native, Native Hawaiian and Pacific Islander, some other race, and two or more races.
Visualization created by CTData Collaborative

Median Household Income

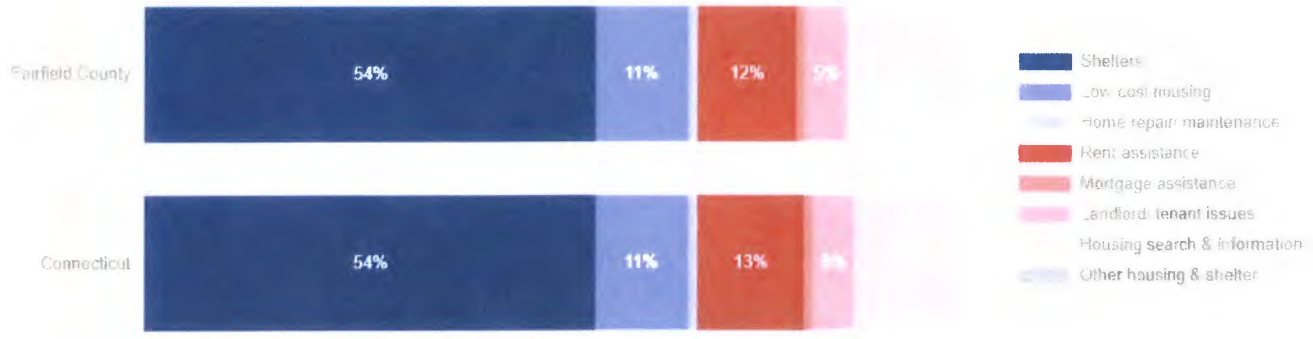
The bar chart shows median household income in Fairfield County and Connecticut for renters, homeowners, and everyone. Median represents the "middle" income if all households were to be arranged from lowest to highest. In other words, half of households earn less than the median amount, and half earn more.

> Among all households in selected geographies, the highest median household income of $92,969 is in Fairfield County, and the lowest income of $76,106 is in Connecticut.

2-1-1 Calls

The bar charts below show 2-1-1 calls related to shelters and housing in Fairfield County and Connecticut.

Hover over bars to see numbers instead of percentages. Percentages may add up to 99 or 101 due to rounding error.



Source: 211Counts Connecticut, https://ct.211counts.org
Visualization created by CTData Collaborative

About

The Partnership for Strong Communities's Housing Data Profiles are a free resource to help Connecticut residents, developers, legislators, municipal officials, and others make data-informed decisions. Profiles are available for every town in the state, as well as each county, and the state as a whole.

TAB I

OUT of REACH

THE HIGH COST OF HOUSING

2021

NATIONAL LOW INCOME HOUSING COALITION

HOW TO USE THE NUMBERS

A renter household needs to earn at least $24.90 per hour in order to afford a two-bedroom home at FMR.

For a family earning 100% of AMI, monthly rent of $2,050 or less is affordable.

The annual median family income (AMI) in the United States is $81,997 (2021).

Renter households represented 36% of all households (2015-2019).

There were 43,848,654 renter households in the United States (2015-2019).

The estimated mean (average) renter wage in the United States is $18.78 per hour (2021).

	FY21 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR[1] FMR[2]	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR[3]	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households	% of total households	Estimated hourly mean renter wage	Rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
UNITED STATES	$24.90	$1,295	$51,789	2.4	$81,997	$2,050	$24,599	$615	43,848,654	36%	$18.78	$977	1.3

The FMR for a two-bedroom rental home in the United States is $1,295 (2021).

A renter household needs an annual income of $51,789 in order to afford a two-bedroom rental home at FMR.

On average, a renter household needs 2.4 full-time jobs paying the minimum wage in order to afford a two-bedroom rental home at FMR.

In the United States, a family at 30% of AMI earns $24,599 annually.

For a family earning 30% of AMI, monthly rent of $615 or less is affordable.

If a full-time worker earns the mean renter wage, monthly rent of $977 or less is affordable.

A renter household needs 1.3 full-time jobs paying the mean renter wage in order to afford a two-bedroom rental home at FMR.

1: BR = Bedroom.

2: FMR = Fiscal Year 2021 Fair Market Rent.

3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.

4. AMI = Fiscal Year 2021 Area Median Family Income.

5: Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

WHERE THE NUMBERS COME FROM

Multiply Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($81,997 x .3 = $24,599). Divide by 12 to obtain monthly amount ($24,599 / 12 = $2,050).

Divide number of renter households by total number of households (ACS 2015-2019) (43,848,654 / 121,920,243 = .36). Then multiply by 100 (.36 x 100 = 35%).

Average wage reported by the Bureau of Labor Statistics (BLS) for 2019, adjusted to reflect the income of renter households relative to all households in the United States, and projected to 2021. See Appendix B.

Divide income needed to afford FMR ($51,789) by 52 (weeks per year) and then by 40 (hours per work week) ($51,789 / 52 = $996; $996 / 40 = $24.90).

HUD FY21 estimated median family income based on data from the American Community Survey (ACS). See Appendix B.

ACS (2015-2019).

	FY21 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR FMR[2]	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR[3]	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households	% of total households	Estimated hourly mean renter wage	Rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
UNITED STATES	$24.90	$1,295	$51,789	2.4	$81,997	$2,050	$24,599	$615	43,848,654	36%	$18.78	$977	1.3

Developed by HUD annually (2021). See Appendix B.

Multiply the FMR by 12 to get yearly rental cost ($1,294.73 x 12 = $15,537). Then divide by .3 to determine the total income needed to afford $15,537 per year in rent ($15,537 / .3 = $51,789).

National average of jobs needed across all counties, weighted by number of renter households. To find jobs needed in a particular state, metro, or county, divide annual income needed to afford the FMR by 52 (weeks per year). Then divide by the prevailing minimum wage. Then divide by 40 (hours per work week).

Multiply Annual AMI by .3 ($81,997 x .3 = $24,599).

Multiply 30% of Annual AMI by .3 to get maximum amount that can be spent on housing for it to be affordable ($24,599 x .3 = $7,379.70). Divide by 12 to obtain monthly amount ($7,379.70 / 12 = $615).

Calculate annual income by multiplying mean renter wage by 40 (hours per week) and 52 (weeks per year) ($18.78077 x 40 x 52 = $39,064). Multiply by .3 to determine maximum amount that can be spent on rent ($39,604 x .3 = $11,719.20). Divide by 12 to obtain monthly amount ($11,719.20 / 12 = $977).

Divide income needed to afford the FMR by 52 (weeks per year) ($51,789 / 52 = $996). Then divide by $18.78 (the United States' mean renter wage) ($958 / $18.22 = 53 hours). Finally, divide by 40 (hours per work week) (53 / 40 = 1.3 full-time jobs).

1: BR = Bedroom.

2: FMR = Fiscal Year 2021 Fair Market Rent.

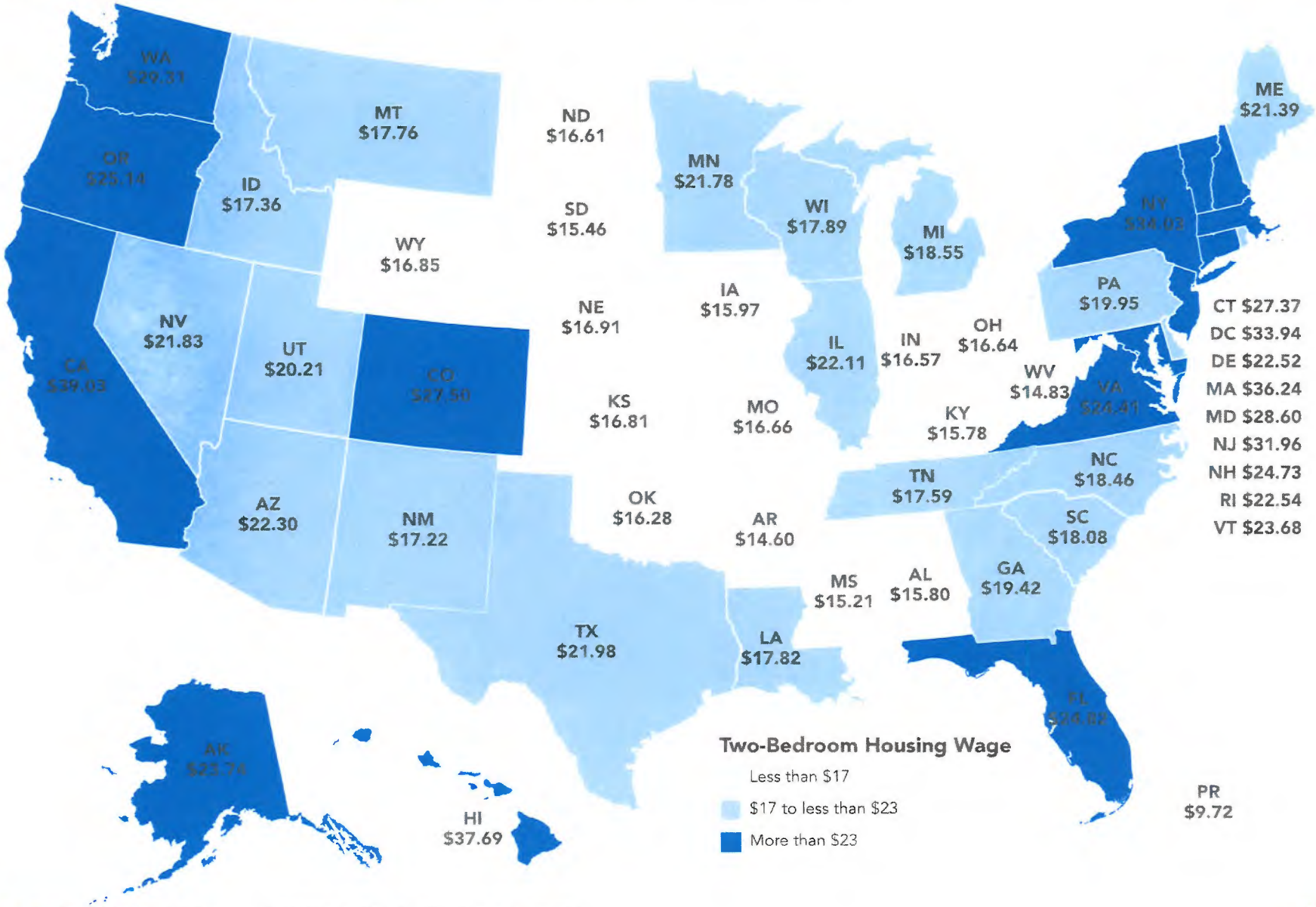
3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.

4: AMI = Fiscal Year 2021 Area Median Family Income.

5: "Affordable" rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

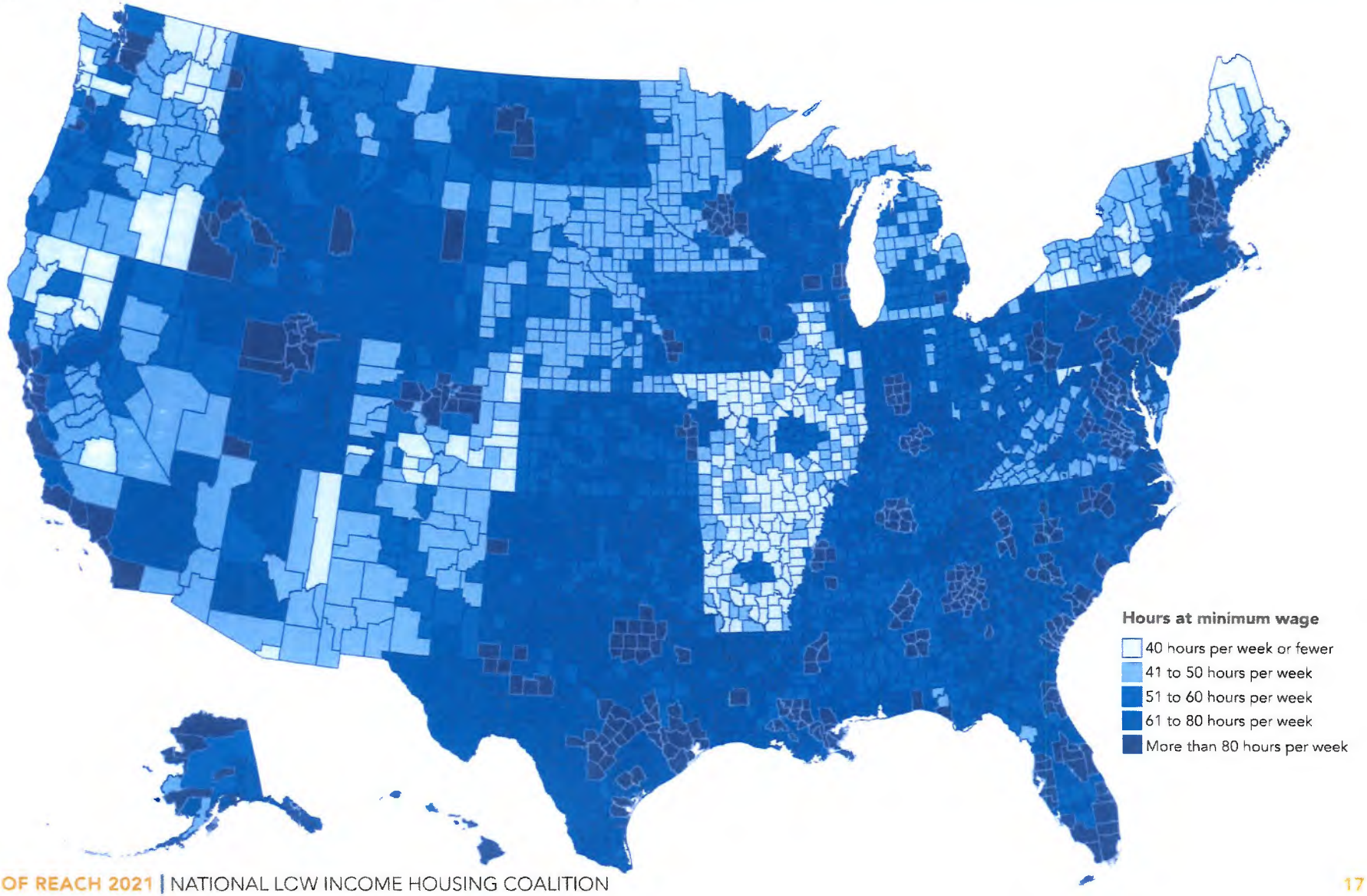
2021 TWO-BEDROOM RENTAL HOUSING WAGES

Represents the hourly wage that a full-time worker must earn (working 40 hours per week, 52 weeks per year) in order to afford Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of income.



2021 HOURS AT MINIMUM WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT

*Note: New England states are displayed with HUD Fair Market Rent Areas. All other states are displayed at the county level. This map does not account for sub-county jurisdictions with minimum wages higher than the standard state or federal minimum wage. No local minimum wages are sufficient to afford a one-bedroom renta home at the Fair Market Rent with a 40 hour work week. The geographic variation of Oregon and New York's state minimum wages are reflected at the county level.



MOST EXPENSIVE JURISDICTIONS

Metropolitan Areas	Housing Wage for Two-Bedroom FMR[1]
San Francisco, CA HMFA[3]	$68.33
San Jose-Sunnyvale-Santa Clara, CA HMFA	$58.67
Santa Cruz-Watsonville, CA MSA[4]	$58.10
Oakland-Fremont, CA HMFA	$45.83
Santa Maria-Santa Barbara, CA HMFA	$45.65
Boston-Cambridge-Quincy, MA-NH HMFA	$44.92
Santa Ana-Anaheim-Irvine, CA HMFA	$44.83
San Diego-Carlsbad, CA HMFA	$40.85
Honolulu, HI HMFA	$39.87
Los Angeles-Long Beach-Glendale, CA HMFA	$39.58

Metropolitan Counties[2]	Housing Wage for Two-Bedroom FMR
Marin County, CA	$68.33
San Mateo County, CA	$68.33
San Francisco County, CA	$68.33
Santa Clara County, CA	$58.67
Santa Cruz County, CA	$58.10
Alameda County, CA	$45.83
Contra Costa County, CA	$45.83
Santa Barbara County, CA	$45.65
Orange County, CA	$44.83
San Diego County, CA	$40.85

State Nonmetropolitan Areas (Combined)	Housing Wage for Two-Bedroom FMR
Hawaii	$30.51
Massachusetts	$27.34
Alaska	$24.55
Connecticut	$23.50
California	$21.01
New Hampshire	$20.87
Colorado	$20.65
Vermont	$18.73
Oregon	$18.41
Maryland	$18.23

Nonmetropolitan Counties (or County-Equivalents)	Housing Wage for Two-Bedroom FMR
Nantucket County, MA	$38.90
Dukes County, MA	$38.00
Kauai County, HI	$36.58
Monroe County, FL	$33.54
Eagle County, CO	$32.98
Pitkin County, CO	$32.90
Bethel Census Area, AK	$31.04
Summit County, CO	$30.90
Aleutians West Census Area, AK	$30.67
Nome Census Area, AK	$29.50
Juneau City and Borough, AK	$28.50

1 FMR = Fair Market Rent.

2 Excludes metropolitan counties in New England.

3 HMFA = HUD Metro FMR Area. This term indicates that a portion of an Office of Management & Budget (OMB)-defined core-based statistical area (CBSA) is in the area to which the FMRs apply. HUD is required by OMB to alter the names of the metropolitan geographic entities it derives from CBSAs when the geographies are not the same as that established by the OMB.

4 MSA = Metropolitan Statistical Area. Geographic entities defined by OMB for use by the federal statistical agencies in collecting, tabulating, and publishing federal statistics.

STATES RANKED BY TWO-BEDROOM HOUSING WAGE

States are ranked from most expensive to least expensive.

Rank[1]	State	Housing Wage for Two-Bedroom FMR[2]
1	California	$39.03
2	Hawaii	$37.69
3	Massachusetts	$36.24
4	New York	$34.03
6	New Jersey	$31.96
7	Washington	$29.31
8	Maryland	$28.60
9	Colorado	$27.50
10	Connecticut	$27.37
11	Oregon	$25.14
12	Florida	$24.82
13	New Hampshire	$24.73
14	Virginia	$24.41
15	Alaska	$23.74
16	Vermont	$23.68
17	Rhode Island	$22.54
18	Delaware	$22.52
19	Arizona	$22.30
20	Illinois	$22.11
21	Texas	$21.98
22	Nevada	$21.83
23	Minnesota	$21.78
24	Maine	$21.39
25	Utah	$20.21
26	Pennsylvania	$19.95
27	Georgia	$19.42
28	Michigan	$18.55
29	North Carolina	$18.46
30	South Carolina	$18.08
31	Wisconsin	$17.89
32	Louisiana	$17.82
33	Montana	$17.76
34	Tennessee	$17.59
35	Idaho	$17.36
36	New Mexico	$17.22
37	Nebraska	$16.91
38	Wyoming	$16.85
39	Kansas	$16.81
40	Missouri	$16.66
41	Ohio	$16.64
42	North Dakota	$16.61
43	Indiana	$16.57
44	Oklahoma	$16.28
45	Iowa	$15.97
46	Alabama	$15.80
47	Kentucky	$15.78
48	South Dakota	$15.46
49	Mississippi	$15.21
50	West Virginia	$14.83
51	Arkansas	$14.60
OTHER		
5	District of Columbia	$33.94
52	Puerto Rico	$9.72

1 Includes District of Columbia and Puerto Rico.

2 FMR = Fair Market Rent.

STATE SUMMARY

State	FY21 HOUSING WAGE: Hourly wage needed to afford 2 BR[1] FMR[2]	HOUSING COSTS: 2 BR FMR	HOUSING COSTS: Annual income needed to afford 2 BR FMR	HOUSING COSTS: Full-time jobs at minimum wage[3] needed to afford 2 BR FMR	AREA MEDIAN INCOME (AMI): Annual AMI[4]	AREA MEDIAN INCOME (AMI): Monthly rent affordable at AMI[5]	AREA MEDIAN INCOME (AMI): 30% of AMI	AREA MEDIAN INCOME (AMI): Monthly rent affordable at 30% of AMI	RENTER HOUSEHOLDS: Renter households (2015-2019)	RENTER HOUSEHOLDS: % of total households (2015-2019)	RENTER HOUSEHOLDS: Estimated hourly mean renter wage (2021)	RENTER HOUSEHOLDS: Monthly rent affordable at mean renter wage	RENTER HOUSEHOLDS: Full-time jobs at mean renter wage needed to afford 2 BR FMR
Alabama	$15.80	$822	$32,862	2.2	$67,287	$1,682	$20,186	$505	583,145	31%	$13.62	$708	1.2
Alaska	$23.74	$1,235	$49,382	2.3	$96,079	$2,402	$28,824	$721	90,350	36%	$20.23	$1,052	1.2
Arizona	$22.30	$1,160	$46,387	1.8	$73,624	$1,841	$22,087	$552	914,512	36%	$18.12	$942	1.2
Arkansas	$14.60	$759	$30,372	1.3	$61,88[illegible]	$1,547	$18,564	$464	398,616	34%	$14.36	$747	1
California	$39.03	$2,030	$81,191	2.8	$94,162	$2,354	$28,249	$706	5,889,686	45%	$24.89	$1,294	1.6
Colorado	$27.50	$1,430	$57,208	2.2	$94,999	$2,375	$28,500	$712	747,259	35%	$20.42	$1,062	1.3
Connecticut	$27.37	$1,423	$56,922	2.3	$104,545	$2,614	$31,363	$784	465,065	34%	$18.23	$948	1.5
Delaware	$22.52	$1,171	$46,846	2.4	$84,986	$2,125	$25,496	$637	104,542	29%	$18.11	$942	1.2
Florida	$24.82	$1,290	$51,619	2.9	$70,950	$1,774	$21,285	$532	2,677,470	35%	$17.69	$920	1.4
Georgia	$19.42	$1,010	$40,398	2.7	$75,452	$1,886	$22,636	$566	1,381,025	37%	$18.00	$936	1.1
Hawaii	$37.69	$1,960	$78,401	3.7	$100,068	$2,502	$30,020	$751	189,047	41%	$17.56	$913	2.1
Idaho	$17.36	$903	$36,116	2.4	$68,852	$1,721	$20,656	$516	189,292	30%	$13.62	$708	1.3
Illinois	$22.11	$1,150	$45,986	2	$86,811	$2,170	$26,043	$651	1,543,419	34%	$18.23	$948	1.2
Indiana	$16.57	$862	$34,474	2.3	$73,294	$1,832	$21,988	$550	794,237	31%	$14.58	$758	1.1
Iowa	$15.97	$831	$33,224	2.2	$79,931	$1,998	$23,979	$599	366,250	29%	$13.76	$716	1.1
Kansas	$16.81	$874	$34,975	2.3	$75,840	$1,896	$22,752	$569	381,104	34%	$14.62	$760	1.2
Kentucky	$15.78	$821	$32,824	2.2	$66,024	$1,651	$19,807	$495	568,587	33%	$14.25	$741	1.1
Louisiana	$17.82	$927	$37,062	2.5	$66,040	$1,651	$19,812	$495	598,292	34%	$14.54	$756	1.2
Maine	$21.39	$1,112	$44,488	1.8	$76,460	$1,912	$22,938	$573	155,126	28%	$12.90	$671	1.7
Maryland	$28.60	$1,487	$59,480	2.4	$111,309	$2,783	$33,393	$835	730,055	33%	$18.42	$958	1.6
Massachusetts	$36.24	$1,885	$75,382	2.7	$107,985	$2,700	$32,395	$810	971,726	38%	$22.56	$1,173	1.6
Michigan	$18.55	$964	$38,575	1.9	$75,937	$1,898	$22,781	$570	1,132,342	29%	$15.62	$812	1.2
Minnesota	$21.78	$1,133	$41,301	2.2	$93,854	$2,346	$28,156	$704	620,733	28%	$16.56	$861	1.3
Mississippi	$15.21	$791	$31,645	2.1	$58,510	$1,463	$17,553	$439	351,553	32%	$12.23	$636	1.2
Missouri	$16.66	$867	$34,662	1.6	$74,771	$1,869	$22,431	$561	802,535	33%	$15.62	$812	1.1
Montana	$17.76	$923	$36,931	2	$72,450	$1,811	$21,735	$543	136,400	32%	$13.40	$697	1.3
Nebraska	$16.91	$879	$35,175	1.9	$79,768	$1,994	$23,930	$598	257,497	34%	$14.04	$730	1.2

1 BR = Bedroom.
2 FMR = Fiscal Year 2021 Fair Market Rent.
3 This calculation uses the higher of the state or federal minimum wage. Local minimum wages are not used. See Appendix B.
4 AMI = Fiscal Year 2021 Area Median Income
5 Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

STATE SUMMARY

State	FY21 HOUSING WAGE: Hourly wage needed to afford 2 BR[1] FMR[2]	HOUSING COSTS: 2 BR FMR	HOUSING COSTS: Annual income needed to afford 2 BR FMR	HOUSING COSTS: Full-time jobs at minimum wage[3] needed to afford 2 BR FMR	AREA MEDIAN INCOME (AMI): Annual AMI[4]	AREA MEDIAN INCOME (AMI): Monthly rent affordable at AMI[5]	AREA MEDIAN INCOME (AMI): 30% of AMI	AREA MEDIAN INCOME (AMI): Monthly rent affordable at 30% of AMI	RENTER HOUSEHOLDS: Renter households (2015-2019)	RENTER HOUSEHOLDS: % of total households (2015-2019)	RENTER HOUSEHOLDS: Estimated hourly mean renter wage (2021)	RENTER HOUSEHOLDS: Monthly rent affordable at mean renter wage	RENTER HOUSEHOLDS: Full-time jobs at mean renter wage needed to afford 2 BR FMR
Nevada	$21.83	$1,135	$45,416	2.2	$74,544	$1,864	$22,363	$559	479,997	44%	$17.52	$911	1.2
New Hampshire	$24.73	$1,286	$51,441	3.4	$97,178	$2,429	$29,154	$729	153,859	29%	$16.17	$841	1.5
New Jersey	$31.96	$1,662	$66,468	2.7	$105,344	$2,634	$31,603	$790	1,167,634	36%	$19.38	$1,008	1.6
New Mexico	$17.22	$895	$35,814	1.6	$61,900	$1,548	$18,570	$464	252,353	32%	$14.37	$ 747	1.2
New York	$34.03	$1,770	$70,782	2.7	$90,280	$2,257	$27,084	$677	3,385,432	46%	$26.67	$1,387	1.3
North Carolina	$18.46	$960	$38,400	2.5	$71,821	$1,796	$21,546	$539	1,379,548	35%	$16.37	$851	1.1
North Dakota	$16.61	$864	$34,552	2.3	$88,956	$2,224	$26,687	$667	119,840	38%	$17.64	$917	0.9
Ohio	$16.64	$865	$34,608	1.9	$75,761	$1,894	$22,728	$568	1,587,312	34%	$14.84	$772	1.1
Oklahoma	$16.28	$847	$33,865	2.2	$67,936	$1,698	$20,381	$510	508,939	34%	$15.42	$802	1.1
Oregon	$25.14	$1,307	$52,296	2.0	$82,412	$2,060	$24,724	$618	606,086	38%	$17.30	$900	1.5
Pennsylvania	$19.95	$1,037	$41,494	2.8	$82,911	$2,073	$24,873	$622	1,572,128	31%	$16.43	$854	1.2
Rhode Island	$22.54	$1,172	$46,885	2.0	$87,905	$2,198	$26,372	$659	160,997	39%	$14.24	$741	1.6
South Carolina	$18.08	$940	$37,598	2.5	$69,180	$1,730	$20,754	$519	588,023	31%	$13.97	$726	1.3
South Dakota	$15.46	$804	$32,159	1.6	$75,887	$1,897	$22,766	$569	110,790	32%	$13.15	$684	1.2
Tennessee	$17.59	$915	$36,587	2.4	$68,613	$1,715	$20,584	$515	875,045	34%	$16.20	$843	1.1
Texas	$21.98	$1,143	$45,714	3.0	$76,812	$1,920	$23,044	$576	3,686,845	38%	$20.25	$1,053	1.1
Utah	$20.21	$1,051	$42,036	2.8	$86,186	$2,155	$25,856	$646	291,614	30%	$15.66	$814	1.3
Vermont	$23.68	$1,231	$49,258	2.0	$82,044	$2,051	$24,613	$615	76,030	29%	$13.83	$719	1.7
Virginia	$24.41	$ 1,269	$50,767	2.6	$94,743	$2,369	$28,423	$711	1,063,334	34%	$19.18	$997	1.3
Washington	$29.31	$1,524	$60,966	2.1	$95,767	$2,394	$28,730	$718	1,055,157	37%	$22.94	$1,193	1.3
West Virginia	$14.83	$771	$30,852	1.7	$62,217	$1,555	$18,665	$467	196,432	27%	$12.69	$660	1.2
Wisconsin	$17.89	$930	$37,202	2.5	$81,313	$2,033	$24,394	$610	777,217	33%	$14.76	$767	1.2
Wyoming	$16.85	$876	$35,041	2.3	$82,333	$2,058	$24,700	$617	68,129	30%	$15.72	$817	1.1
OTHER													
District of Columbia	$33.94	$1,765	$70,600	2.2	$129,000	$3,225	$38,700	$968	166,019	58%	$30.13	$1,567	1.1
Puerto Rico	$9.72	$506	$20,225	1.3	$26,086	$652	$7,826	$186	380,029	32%	$7.53	$391	1.3

1 BR = Bedroom.
2 FMR = Fiscal Year 2021 Fair Market Rent.
3 This calculation uses the higher of the county, state, or federal minimum wage, where applicable.
4 AMI = Fiscal Year 2021 Area Median Income
5 Affordable rents represent the generally accepted standard of spending no more than 30% of gross income on rent and utilities.

TAB J-1

TRULIA RESEARCH AFFORDABILITY

There Doesn't Go the Neighborhood: Low-Income Housing Has No Impact on Nearby Home Values

By **Cheryl Young** | Nov. 16, 2016 12:01AM

In the nation's 20 least affordable housing markets, low-income housing built during a 10-year span shows no effect on nearby home values

Corrected Nov. 29 at 2 pm ET. See below.

Some of the nation's least affordable markets are also ground zero for the fight against building affordable housing – which opponents say, among other things, depreciates nearby home values. Resistance to affordable housing development has surfaced in tight housing markets across the country such as **San Francisco**, **New York**, and **Seattle**.

Given **low inventory** and high prices in these tight markets, we set out to uncover how much homeowners really have to fear.

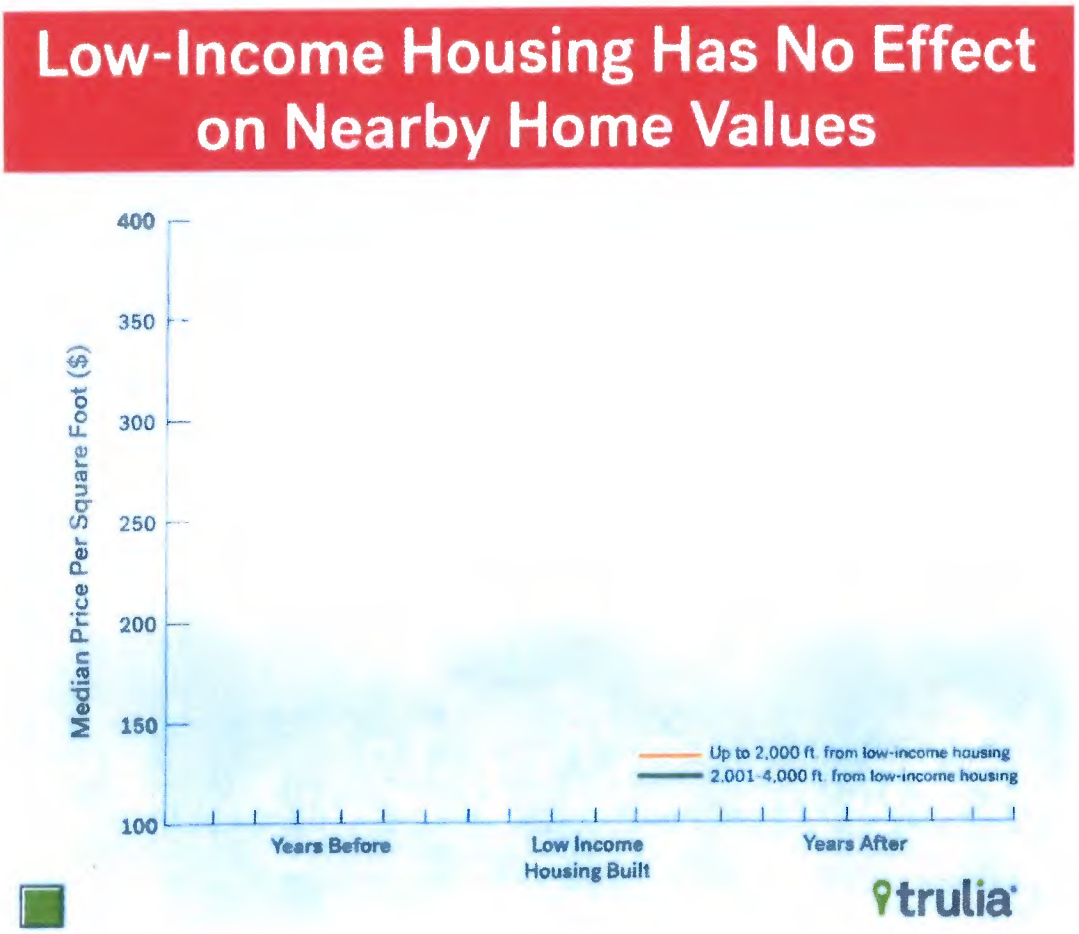
We define low-income housing projects as those funded through the Low-Income Housing Tax Credit (LIHTC) program administered by the U.S. Department of Treasury. Data on these low-income housing projects are collected by the U.S Department of Housing and Urban Development (HUD). Using Trulia home value data, we examined changes in nearby home values before and after a low-income housing project is completed. Based on the location of low-income housing

projects and completion dates,[1] we determined whether or not these projects impact home values. We found:

- In the nation's 20 least affordable markets, our analysis of 3,083 low-income housing projects from 1996 to 2006 found no significant effect on home values located near a low-income housing project, with a few exceptions.
- Among the cities where there was enough data to measure, San Jose, Calif., was the most aggressive in adding low-income housing units (7.81 per 1,000 people) during the decade. Meanwhile, Oakland, (0.52 per 1,000 residents) added the fewest units per capita.
- Of the 20 markets examined, Denver was the only metro area where homes located near low-income housing projects registered a positive effect in terms of price per square foot after a project was completed.
- In Boston and Cambridge, Mass., however, low-income housing projects had a negative effect on nearby homes in terms of price per square foot, suggesting a region-specific market effect for these two geographically adjacent metros.

We focused on the time period prior to the start of the housing bubble in 2007 in order to ensure that prices reflect consistent comparisons around the time a project is completed and ready for occupancy.

[1] HUD uses the term "placed into service" to denote when an eligible household can move in. For purposes of this report, we consider this the time at which the project is complete and ready for occupancy.



Least Affordable Housing Markets and Low-Income Housing Projects

To test for spillover effects of low-income housing, we tracked home values in terms of price per square foot at two different distances from the low-income housing project from 1996 to 2006. For the **neighborhood**, we identified properties within an inner ring of 2,000 feet of a given low-income housing project as close enough to be impacted by the project. Properties located 2,001 to 4,000 feet from the low-income housing project were used as a **comparison** group **[1]** The chart below illustrates how properties are placed into inner (light blue) and outer (green) rings around a low-income housing project (orange).

[1] Using distance measures as a way to compare potential effects of housing projects on property values proximate to a project site to those in surrounding neighborhoods is common in the academic literature. See Ellen et al. (2007)'s analysis of the effect of subsidized housing projects in New York City on property values by comparing price changes of properties within a 2,000 foot distance ring to those in similar surrounding neighborhoods. Ellen, Ingrid Gould, Amy Ellen Schwartz, Ioan Voicu and Michael H. Schill. 2007. "Does Federally Subsidized Rental Housing Depress Neighborhood Property Values?" *Journal of Policy Analysis and Management* Vol. 26, No. 2, pp. 257-280

If there was an effect from the placement of a low-income housing project into a neighborhood, we would expect to see a drop in prices in the inner ring (red line) compared to the outer ring (blue line) after the project is completed (year 0). In terms of median price per square foot, the inner and outer distance buffers track closely together as shown in the figure below.

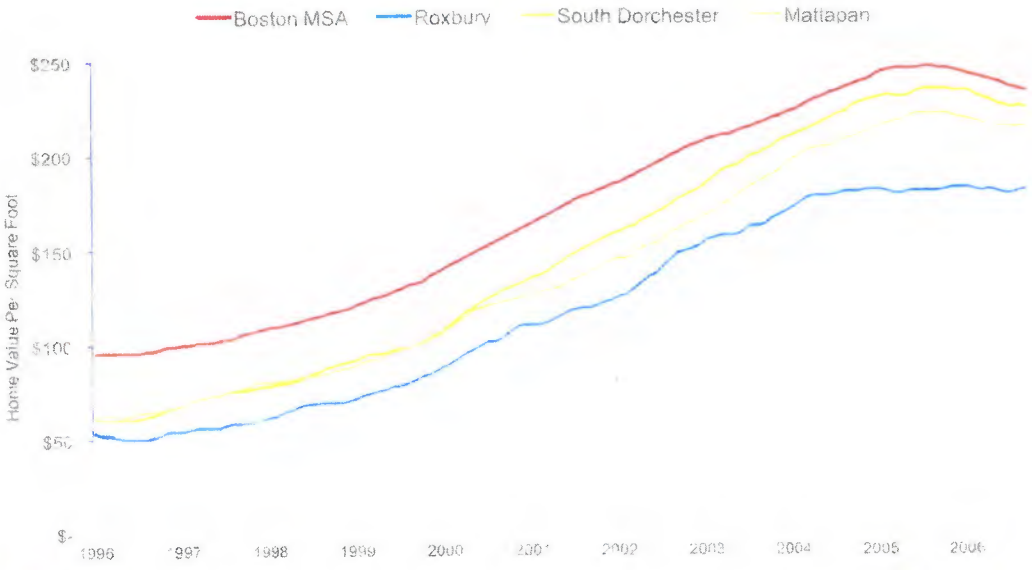
There is no statistically significant difference in price per square foot when comparing properties near a low-income housing project and those farther away when examining projects across all 20 metros. Likewise, at the metro level, the majority of markets yield no significant difference in prices between the inner and outer ring after a project is completed. However, a few housing markets revealed significant differences in price per square foot near low-income housing projects after they were placed into service.

Why did values diverge in some places?

Homes near low-income housing projects in both Boston and Cambridge saw a negative impact on per square foot property prices. Post-project prices near low-income housing projects saw an estimated $18 and $19 drop in prices per square foot relative to the outer ring. Given that these estimated effect in these two markets are geographically adjacent to one another, this effect might be attributed to a region-specific market effects that reflect where low-income housing projects were placed. Concentrating subsidized housing projects in particular areas such as Roxbury and Dorchester in Boston, or Cambridgeport in Cambridge in a short time period, for example, might have the effect of crowding out other development activity.[1] The chart below shows that in neighborhoods like Roxbury, prices were indeed depressed compared those of the greater Boston metro area.

[1] Indeed, the concentration of affordable housing development in certain areas seems to have exacerbated an unequal geography of where low-income residents have settled in the Boston area according to a recent report by the ***Boston Globe***.

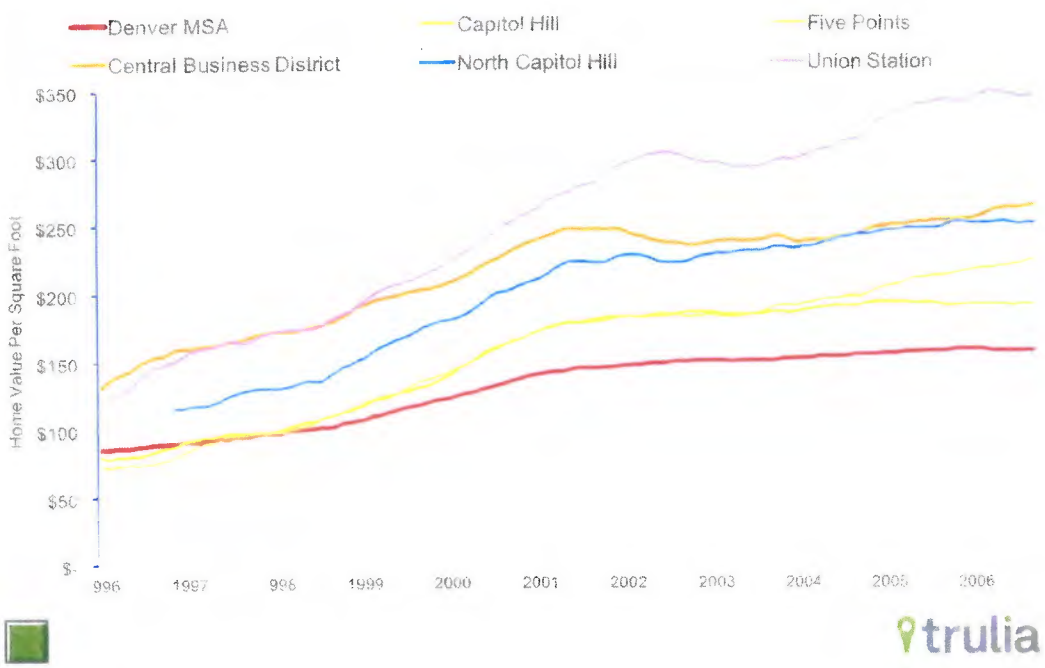
Low-Income Housing and Boston Neighborhoods



trulia

Unlike Boston and Cambridge, the effect of low-income housing projects in the Denver metro area were associated with a $1.35 per square foot increase in property values for the neighborhood versus the region. One possibility: parts of downtown Denver around where low-income housing projects were built saw a renaissance in the 1990s driven by the development of **LoDo** (Lower Downtown Denver) and the construction of Coors Field. Some of these neighborhoods in downtown Denver are now the most sought real estate in the metro area. Indeed, as the chart below illustrates, neighborhoods such as Central Business District and Five Points, where low-income housing projects were concentrated in our study period outperformed greater Denver in terms of home values per square foot.

Low-Income Housing and Denver Neighborhoods



What does it mean?

Again, these are exceptions to the finding that low-income housing projects largely have no effect on home values. The bottom line for NIMBYs who fear that property values will take a hit when a low-income housing project locates nearby is that their anxiety is largely unfounded – at least in cities where housing is either expensive or in short supply.

This post has been corrected to reflect that it is the U.S. Treasury Department that administers the LIHTC program. An earlier version of this post said HUD administered the program.

Methodology

LIHTC project location, unit count, and year placed into service data are accessed from the United States Department of Housing and Urban Development's LIHTC Database. While LIHTC projects do not cover the entire universe of affordable housing, they constitute the large majority of subsidized rental housing development in the nation. The precise location data of these projects also allows us to estimate their potential spillover effects on nearby property values.

Using the latitude and longitude of these projects, we constructed two distance buffers—one up to 2,000 feet from the project, and another from 2,001 to 4,000 feet. We then identified homes within these buffers and captured Trulia home value data for each of these homes from 1996 to 2006. Trulia home value data is collected as an annual snapshot on June 1st of each year. In order to avoid large shifts in prices from new construction, we only include homes with property records for the entire time period under study. The analysis in this report uses home value per square foot in order to control for changes for housing quality and mix as well as potential changes in value from renovations during the study period.

We use a basic differences-in-differences regression framework to estimate the difference in home values in the inner ring compared to the outer ring after the LIHTC project is placed into service. Differences-in-differences offers a way to identify the effect of a policy by examining relative changes in outcomes in treatment and control groups. In this report, the treatment group consists of those homes located in the inner ring, or nearby the LIHTC projects, and the control

group are those in the outer ring. The assumption is that these homes, on average, only differ in terms of their relative proximity to the LIHTC project. Note that after plotting the median home value per square foot of the two distance rings before and after the project, we felt confident home values between distance rings prior to the time projects were placed into service shared common trends. The treatment occurs once the project is put into place, so the differences-in-differences reflects the difference between the treatment group and control group (a proxy for the counterfactual) in the post-treatment period compared to the pre-treatment period.

In order to control for idiosyncratic differences in home values within years and different metro areas, we include year fixed effects (and metro fixed effects for regressions containing projects across all 26 metros). Additionally, we implement cluster-robust standard errors on individual LIHTC projects in order to correct for likely correlation of errors terms within the clusters. Our results yielded differences that were statistically significant in three metro areas. In Boston and Cambridge, the estimated effect of living near LIHTC projects was -$18.05 and -$19.05 per square foot. In Boston the effect was significant at the 99% confidence level and in Cambridge at the 95% confidence level. In Denver the estimated effect was $7.35 and significant at the 95% confidence level.

Affordability is defined as the percent of a median household's income in that market that would be needed to afford a mortgage payment on the median listing price of a home in that market. These median listing prices reflect Trulia listing data from Jan 2016. Population figures in this report come from the 2000 Census.

Cheryl Young

Cheryl is a Senior Economist at Trulia. Prior to Trulia she was a consultant with the World Bank's Urban Development Unit. She has also served as an associate with Bankable Frontier Associates' housing finance practice, led a housing research program... **See more**

AFFORDABILITY

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TAB J-2

UPDATED MAY 2014

Affordable Rental Housing Does Not Reduce Property Values: **Evidence from the Twin Cities**

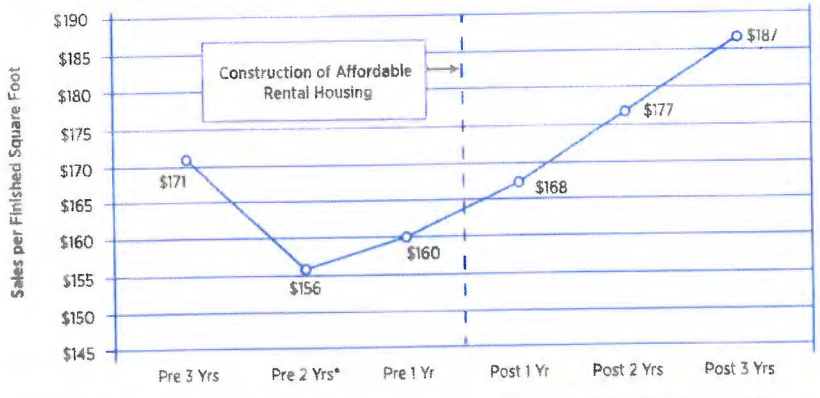
Some neighbors of proposed affordable housing developments express apprehension that the new buildings will lower nearby home values. Concern about property values is understandable; after all, a home is the single largest investment that most families will ever make.

However, the facts about the actual effect of affordable housing on neighboring home values tell a different story. A recent study found little to no evidence to support the claim that affordable housing developments stimulated a decline in their surrounding housing markets; in fact, each of the areas analyzed displayed stronger market performance after affordable housing was built.

The Family Housing Fund commissioned Maxfield Research, a private real estate research firm, to update their original study (published in 2000) of home sales in neighborhoods surrounding affordable rental housing developments with data from developments built between 2002–2008. Research for the updated report was conducted in four counties, within eight suburban communities: Dakota County (Inver Grove Heights, Lakeville, and Rosemount), Hennepin County (Bloomington and Minnetonka), Scott County (Prior Lake), and Washington County (Oakdale and Woodbury).

The affordable rental housing developments studied are typical of those being built throughout the Twin Cities metropolitan area today, all utilizing Low Income Housing Tax Credits to finance construction. The developments provide apartments and townhomes with affordable rents for families earning less than $50,000 per year (less than 60 percent of the area median income).

Average Sales Price Per Finished Square Foot of Homes Sold Three Years Before and After Construction of Affordable Rental Housing



Note: Data sets spand pre- and post-construction periods from 11/1/1999 through 12/8/2011

* The decrease in price per finished square foot in the two years prior to construction was due largely to the housing market crash that was occurring around the same time. Additionally, two of the areas studied had a large number of newer homes; new homes experienced a greater decline in value during the crash than existing stock, further depressing the group average.

Market Performance Remains Strong

In the updated report, Maxfield Research compared home sales prices in the neighborhoods surrounding affordable housing for the three years before and after construction, compared those sales to similar neighborhoods without affordable housing, and compared the data to the broader Twin Cities market. They concluded:

- **Prices Gained by Home Sellers:** Sellers increased the average price they received per square foot of finished space by nearly five percent annually after affordable housing was constructed. Additionally, the average sales price for the entire property increased more than two percent in the post-construction period.
- **Demand for Prices by Buyers:** While the average percentage of the list price that sellers received fluctuated over the six years, it was highest in the third year after construction (99.4 percent). This indicates there was little to no discounting by the buyer as a result of the presence of nearby affordable housing.
- **Speed of Home Sales:** The number of days homes stayed on the market was essentially stable after the affordable rental housing was built, indicating that developments did not make it more difficult for owners to sell their homes.
- **Market Performance:** Market performance of homes located near affordable housing (based on the three previously listed indicators) was as strong or stronger than those located farther from rental housing in 95 percent of the cases.

In short, Maxfield Research found little to no evidence to suggest that the construction of affordable rental housing hurt the performance of home sales. In the areas studied, home sales displayed similar or stronger performance in the period after affordable rental housing was built compared to a control group.

The study examined home sales during an unstable period in the housing market. In the Twin Cities, housing prices began deflating in 2006, and market activity did not renew until 2011. Because of this volatility, Maxfield Research compared the sales prices in the neighborhoods with affordable rental housing to the larger Twin Cities market. The study found that the neighborhoods studied performed similarly or better than the Twin Cities metropolitan area as a whole. Prior to the construction of affordable housing, the neighborhoods analyzed were growing 0.35 percentage points above the overall Twin Cities market. Post-construction, the growth of home sales prices in these neighborhoods was nearly five and a half percentage points higher than the Twin Cities market. In addition to providing evidence that affordable rental housing does not lower property values, this also indicates that the suburban neighborhoods studied were areas of higher price appreciation.

This new study supports the conclusion reached by Ed Goetz, et al. (University of Minnesota, Center for Urban and Regional Affairs, 1996) about the Twin Cities and Ingrid Ellen and Ioan Voicu (New York University, 2006) about New York City that affordable housing managed by nonprofit organizations has a positive impact on property values. Additionally, studies have found that access to affordable housing has a positive impact on education, health, and wealth/earnings outcomes for families.

Whether in the Twin Cities or elsewhere in the country, the evidence is overwhelming: providing quality housing that lower-income families can afford poses no threat to area property values.

Prairie Crossings, Lakeville, Minnesota, was one of the affordable housing developments studied.
(Photo courtesy of Dakota County Community Development Agency)

The full study, An Updated Analysis of the Relationship Between Affordable Family Rental Housing and Home Values in the Twin Cities, *can be ordered free of charge from the Family Housing Fund, or viewed and downloaded at www.fhfund.org/reports.*

This publication is part of a Public Education Initiative on affordable housing sponsored by the Family Housing Fund. The Family Housing Fund is a private, nonprofit organization created in 1980 to help bridge the gap between the housing that people need and the housing they can afford. Its mission is to provide safe, affordable, sustainable homes to all families in the Twin Cities metropolitan area through ongoing partnerships with the public and private sector.

For more information about the Family Housing Fund and/or to view other publications available in this series, please visit www.fhfund.org.

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May 2014

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TAB K

Busted: Seven Myths About Affordable Housing

Posted by Twin Cities Habitat for Humanity on 8:00 AM on February 18, 2020

The need for affordable housing is a fact of life in most communities across the country, yet myths, fear, prejudice, and misunderstanding often overshadow the debate.

To give a little perspective to the debate, here are seven affordable housing myths and realities.

MYTH #1: Affordable housing drives down property values.

REALITY: Repeated research shows affordable housing has no negative impact on home prices or on the speed or frequency of sale of neighboring homes. According to the National Low Income Housing Coalition, 85% of affordable housing meets or exceeds federal quality standards and over 40% of this housing is considered "excellent." That means affordable housing is likely either on-par with its surrounding neighborhood or in even better condition than its neighbors!

MYTH #2: Affordable housing looks "cheap and undesirable."

REALITY: Builders of affordable housing must comply with all the same restrictions on design and construction standards as market-rate projects. Furthermore, because affordable housing projects frequently rely on some public money, they have to comply with additional restrictions and higher standards than market-rate housing.

The reality is that affordable housing is affordable because public and private funds go into making it less costly to live in, not because it's lower quality construction.

Take a look at our current available properties.

MYTH #3: Affordable housing hurts the quality of local schools and lowers standardized test scores.

REALITY: The opposite is actually true. Without affordable housing, many families become trapped in a cycle of rising rents and have to move frequently to find living space they can afford. That means their children are not able to stay in the same school for long, resulting in lower test scores on standardized tests.

When a child has a stable home and can remain in a single school system, their test scores rise. It also means children are able to build long-term relationships with peers, teachers, and mentors that are key to increasing performance in elementary and secondary schools. Finally, it increases the likelihood that children will be able to attend college. When housing disruptions are minimized, everybody wins.

MYTH #4: Affordable housing is a burden on taxpayers and municipalities.

REALITY: Affordable housing actually enhances local tax revenues. By improving or replacing substandard housing, affordable housing becomes a net plus on the tax rolls. Instead of low or no payment of taxes by distressed properties, affordable housing owners actively contribute to the local economy in the taxes they pay, the money they spend in local businesses, and in how they increase property values and revenue in a neighborhood. In fact, in 2019, Twin Cities Habitat for Humanity homeowners contributed nearly $2.7 million in property taxes alone.

MYTH #5: Affordable housing brings increased crime.

REALITY: There are no studies that show affordable housing brings crime to neighborhoods. In fact, families who own their own homes add stability to a neighborhood and lower the crime rate. Homeownership increases neighborhood cohesion and encourages cooperation in ridding communities of criminal activity. Families who live in affordable housing seek the same thing every family does – a safe place to raise children and the opportunity to enhance the value of what they own.

MYTH #6: Affordable housing is just another government hand-out.

REALITY: It isn't the poor who benefit the most from federal housing subsidies, it's the wealthy homeowner. Homeowners receive tax deductions for mortgage interests and a similar write-off for property taxes paid. According to the Department of Housing and Urban Development, in 2003 these subsidies cost the federal government $87.8 billion, while building and subsidizing affordable housing cost only $41.5 billion.

When you factor in improvements in property values, increases in taxes paid by stable employment, and enhanced revenues from a better-educated populace, affordable housing provides a net gain to governments at every level.

MYTH #7: Affordable housing only benefits the very poor, everyone else pays.

REALITY: Some of the people impacted by a lack of affordable housing include employers, seniors, low-income people, immigrants, low-wage or entry-level workers, firefighters, police officers, military personnel, and teachers. The lack of affordable housing means tax revenues are not in place to improve roads, schools, or air quality. It means businesses struggle to retain qualified workers, and lowers the amount of money available to spend in those businesses. Affordable housing isn't about doing something to help the poor, it's about improving business and raising the standards of working- and middle-class families, and the nation at large.

Here at Twin Cities Habitat for Humanity, our mission is to eliminate poverty housing from the Twin Cities and to make decent, affordable shelter for all people a matter of conscience. Despite the affordable housing myths, the truth is that helping people own their own home helps the community as a whole.

To learn more, read the "Myths and Stereotypes About Affordable Housing" report from Business and Professional People for the Public Interest.

TAB L

URBAN INSTITUTE

Assessing the Impact of Affordable Housing on Nearby Property Values in Alexandria, Virginia

Christina Stacy and Christopher Davis

April 2022

Stable, affordable housing provides benefits to both people with low incomes and local economies overall. For individuals, it reduces homelessness, lifts people out of poverty, and improves health outcomes (Lubell, Crain, and Cohen 2007). It also improves youth educational outcomes and long-term earnings and reduces the likelihood of later adult incarceration (Andersson et al. 2016; Fischer 2015; Cunningham and McDonald 2012). Affordable housing can help maintain health, daily functioning, quality of life, and maximum independence for adults as they age (Spillman 2012). And it supports employment growth and stability, because low-wage workers are less willing to travel long distances for minimum wage jobs (Altali 2017; Chakrabarti 2014).

Despite these benefits, property owners who live near proposed affordable housing developments often oppose such projects, citing fear that the developments will cause their property values to decline (Scally 2014). However, empirical research provides little evidence that subsidized housing depresses neighborhood property values (Ellen et al, 2007; Galster 2002; Center for Housing Policy 2009). Projects financed through the Low-Income Housing Tax Credit (LIHTC), the largest affordable housing financing program in the United States, have been associated with an immediate positive increase of 3.8

Data provided by Zillow through the Zillow Transaction and Assessment Dataset (ZTRAX). More information on accessing the data can be found at http://www.zillow.com/ztrax. The results and opinions in this brief are those of the authors and do not reflect the position of Zillow Group.

Dr. Christina Stacy is a voluntary member of the Alexandria Housing Development Corporation, an affordable housing nonprofit developer in Alexandria, Virginia.

percentage points in nearby property values (Ellen et al. 2007). Another study found that LIHTC properties, on average, revitalize low-income neighborhoods, increasing house prices by 6.5 percent, lowering crime rates, and attracting racially and income-diverse populations (Diamond and McQuade 2016). However, some studies have found that LIHTC developments in higher-income areas are associated with house price declines (Diamond and McQuade 2016; Woo, Joh, and Van Zandt 2016). Other types of affordable developments, such as those funded by new markets tax credits, have not been found to depress property values and can increase property values under certain conditions (Theodos et al. 2021).

It is unclear what conditions and which types of affordable housing developments affect property values differentially, and many local governments require their own analyses to help inform community debates. To add to this knowledge base, we use Zillow's assessor and real estate database to estimate the relationship between affordable housing developments in Alexandria, Virginia, and sales prices of nearby single-family homes, duplexes, cooperatives, and residential condominiums between 2000 and 2020 (Zillow 2021). We use a repeat sales model that estimates the change in sales prices before and after an affordable housing development is built near a home. The model compares those changes with changes in the sales prices of other residential units in Alexandria, thus isolating the relationship between the development and changes in property values.

We find that affordable units in the city of Alexandria are associated with a small but statistically significant *increase* in property values of 0.09 percent within 1/16 of a mile of a development, on average—a distance comparable to a typical urban block. These results are robust to other radii and comparison groups, such as comparing homes within a block with homes within a few blocks or comparing homes within a block with homes between half a mile and one mile away. When we remove set-asides—defined as affordable housing units within market-rate developments—the coefficient increases to 0.11 percent, confirming that set-asides are not driving these results. And when we split the effects by the baseline income of neighborhoods to see whether affordable housing construction in lower-income neighborhoods is driving the results, we find the opposite of prior research: in Alexandria, affordable housing in higher-income neighborhoods has a positive and highly significant effect on surrounding home values, as does affordable housing in lower-income neighborhoods. This calls into question prior findings that affordable housing in high-income areas necessarily causes nearby property values to decline.

The positive relationship between affordable units and nearby home sales in Alexandria may reflect strong local oversight and the close relationship between the city and affordable housing developers. Various municipal measures help ensure that new or preserved developments fulfill strict requirements for design, development, maintenance, and operation. Other cities have shared that they are unhappy with affordable housing in their jurisdictions, which they believe is because they have little local oversight over the developments.[1] Alexandria's close partnerships with affordable housing developers and oversight of affordable housing may explain the positive effects found here.

These findings show that multifamily affordable housing developments in Alexandria do not cause a decline in nearby property values, as some fear, but are actually associated with a small but statistically

significant increase in nearby values. This should ease residents' concerns about their impact on neighborhoods and bolster support for increased development.

Background

Alexandria, Virginia, a suburb of Washington, DC, had an estimated population of 159,200 in 2020. The city lost 78 percent of its market-rate affordable units—defined as nonsubsidized rental units affordable to households earning 60 percent of the area median income (AMI)—between 2000 and 2020.[2] 2019 estimates generated by the Urban Institute predict that the city will need an additional 13,600 housing units to accommodate household growth from 2015 to 2030 (Turner et al. 2019), and most of those units need to be affordable to middle- and low-income households.

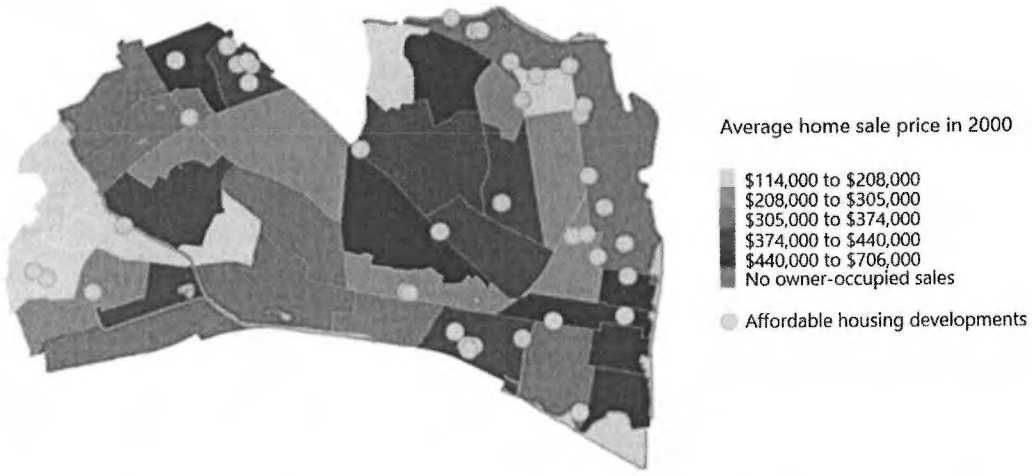
However, producing and preserving affordable units can be a challenge as some residents oppose their development on the grounds that it will depress their property values.[3] To explore whether this is true, we estimate the relationship between the development of 40 multifamily affordable housing developments that began providing subsidized rental units between 2000 and 2020 and nearby property values.

The developments included in our analysis are shown in figure 1 and table 1. This list includes 6 public housing developments, 18 market-rate developments that include affordable set-asides, and 16 developments that were built or preserved by affordable housing developers and include all affordable units. Some of the developments were new construction; others were converted to affordable housing or preserved through redevelopment in partnership with a market-rate developer.

Affordability levels in the developments range from units affordable to families whose incomes are between 0 and 30 percent of AMI to those affordable to families with incomes between 60 and 80 percent of AMI. The number of affordable units in each development ranges from 2 to 244 and accounts for 1 to 100 percent of the total units in the development. To account for this range, our model uses the number of affordable units as the treatment variable, rather than the number of developments.

FIGURE 1

Multifamily Affordable Housing Developments in Alexandria, Virginia, between 2000 and 2020, Overlaid with Average Home Sale Price in 2000



Source: Authors' calculations from city of Alexandria administrative data and Zillow ZTRAX home sales data (Zillow 2021). Home sale price is inflation-adjusted to 2020 dollars.

TABLE 1

Multifamily Affordable Housing Developments in Alexandria, Virginia, Where Assistance Began between 2000 and 2020

Project name	Year assistance began	Set-asides	Public housing	Origin	Level of affordability of affordable units (percent of AMI)	Committed affordable units	Total units in complex	Percent affordable
Potomac West Apartments	2001	No	No	Conversion to affordable housing	60–80	45	60	75%
Lynhaven Apartments	2002	No	No	Conversion to affordable housing	50–60	28	28	100%
Chatham Square	2004	No	Yes	Preservation through redevelopment	0–30	52	151	34%
Northampton Place	2005	Yes	No	New construction	60	12	275	4%
BWR/Reynolds	2005	No	Yes	New construction	0–30	18	18	100%
BWR/Whiting	2005	No	Yes	New construction	0-30	24	24	100%
Beverly Park Apartments	2005	No	No	Conversion to affordable housing	60	33	33	100%
Arbelo Apartments	2006	No	No	Conversion to affordable housing	60	34	34	100%
Lacy Court Apartments	2006	No	No	Conversion to affordable housing	40–60	44	44	100%
ParcView Apartments	2006	No	No	Conversion to affordable housing	60	120	149	81%
Carlyle Place	2007	Yes	No	New construction	60	13	326	4%
BWR/Braddock	2007	No	Yes	New construction	0–30	6	6	100%
Halstead Tower	2007	Yes	No	New construction	60	9	174	5%
Meridian at Eisenhower Station	2007	Yes	No	New construction	60	15	369	4%
The Alexander	2007	Yes	No	New construction	60	13	275	5%
Longview Terrace	2007	No	No	Conversion to affordable housing	60	41	41	100%
The Tuscany Apartments	2007	Yes	No	New construction	60	2	104	2%
The Station at Potomac Yard	2009	No	No	New construction	60–80	64	64	100%
Alexandria Crossing at Old Dominion	2009	No	Yes	New construction	0–30	36	54	67%

Project name	Year assistance began	Set-asides	Public housing	Origin	Level of affordability of affordable units (percent of AMI)	Committed affordable units	Total units in complex	Percent affordable
Alexandria Crossing at West Glebe	2009	No	Yes	New construction	0–30	48	48	100%
Del Ray Central	2010	Yes	No	New construction	60	9	141	6%
Beasley Square	2011	No	No	New construction	60	8	8	100%
Post Carlyle Square II	2012	Yes	No	New construction	60	6	344	2%
Old Town Commons	2013	No	Partial	Preservation through redevelopment	0–30	134	379	35%
Station 650 at Potomac Yard	2015	Yes	No	New construction	60	8	186	4%
The Bradley	2015	Yes	No	New construction	60	10	159	6%
Notch 8	2015	Yes	No	New construction	60	12	252	5%
Parc Meridian at Eisenhower Station	2016	Yes	No	New construction	60	33	505	7%
Jackson Crossing	2016	No	No	New construction	60	78	78	100%
Southern Towers	2016	Yes	No	Conversion to affordable housing	55–60	105	2,184	5%
The Thornton	2018	Yes	No	New construction	60	24	443	5%
St. James Plaza	2018	No	No	New construction	40–60	93	93	100%
Silverado Alexandria Memory Care	2018	Yes	No	New construction	0–80	2	66	3%
Gables Old Town North	2019	Yes	No	New construction	60	9	232	4%
Ellsworth Apartments	2019	No	No	Conversion to affordable housing	50–60	20	20	100%
The Nexus at West Alex	2019	No	No	New construction	40–60	74	74	100%
Parkstone	2020	No	No	Conversion to affordable housing	60–80	244	326	75%
The Foundry	2020	Yes	No	New construction	60–80	5	520	1%
Denizen Apartments at Eisenhower Square	2020	Yes	No	New construction	60	13	336	4%
The Bloom	2020	No	No	New construction	40–60	97	97	100%

Source: City of Alexandria administrative data.

TABLE 2

Descriptive Statistics of Census Tracts with and without Affordable Units in Alexandria, Virginia

	Never had affordable housing units between 2000 and 2020	Had affordable housing units between 2000 and 2020	Had affordable set-aside units between 2000 and 2020	Had affordable units that were not set-asides between 2000 and 2020
Population	2,978	4,408	3,078	4,705
Median household income	$86,360	$69,783	$56,662	$72,718
Unemployment	2.70%	3.43%	3.81%	3.34%
Percentage in poverty	7.22%	11.15%	10.01%	11.41%
Share of people of color	44.93%	53.63%	52.10%	53.86%

Sources: Authors' calculations from city of Alexandria administrative data and the 2000 Census.

Notes: Numbers reflect weighted averages, weighted by the total number of affordable units in the census tract between 2000 and 2020.

Methods

Our primary analysis uses an analytic sample that includes properties that were sold more than once between 2000 and 2020 within the city of Alexandria and properties that were sold more than once outside of the city that were also within 1 mile of an affordable housing development in our sample (i.e., properties just outside the city's borders located near affordable housing developments). We drop sales that were greater than $10 million since they appear to be data errors rather than true sales.

The main model estimates the linear relationship between the natural log of sales prices within 1/16 of a mile of each affordable housing development, before and after the year the assistance began—compared with all other properties in the city that sold more than once—while controlling for housing characteristics by incorporating a fixed effect, or dummy variable, for each property. This "repeat sales" model strives to eliminate omitted variable bias by examining multiple sales of the same properties over time. This controls for attributes about each property that do not change over time. We also control for changes in the housing market at the city level to account for overall trends in the housing market.

The treatment variable in the regression is the number of affordable units in each development. This allows us to weight the development by size (or number of affordable units) and allows developments with more affordable units to count for more than ones with a small number of affordable units.

To examine the spatial impacts, we also estimate mutually exclusive treatment effects for each 1/16-mile ring around a project, up to 1 mile. This analysis allows us to observe the geographic relationship between affordable housing and nearby property values over space. If a property is within 1 mile of more than one development, our model counts the affordable units in both of those developments in the treatment variable.

Finally, we conduct a series of checks to ensure that our results are robust to alternative treatment and control radii. This includes increasing the size of each treatment variable and including a development window control two years before and after the development opened to account for anticipatory effects and to give residents time to move in.

Data

We use two main sources of data for this analysis: administrative data from the city of Alexandria about multifamily affordable housing developments that began assistance between 2000 and 2020 and sales data from the Zillow Transaction and Assessment Dataset (ZTRAX) (Zillow 2021). These data are available from 2000 to 2020 and contain multiple characteristics related to sales and building parcels, including the number of units, year the building was built, size of the parcel, sale amount, and sale type.

Results

We find that affordable housing units in Alexandria are associated with an increase in property values of 0.09 percent within 1/16 of a mile of a development, on average (table 3). This effect is statistically significant at the 1 percent level, roughly meaning that there is a 99 percent chance of a positive value.

TABLE 3

The Relationship between Affordable Housing and Property Values

Average treatment effects for affordable housing on property values within 1/16 of a mile of a development

	ln sales price
Affordable housing units	0.09%***
	(0.03%)
Number of observations	57,998
Adjusted R-squared	0.46

Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within 1 mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects.

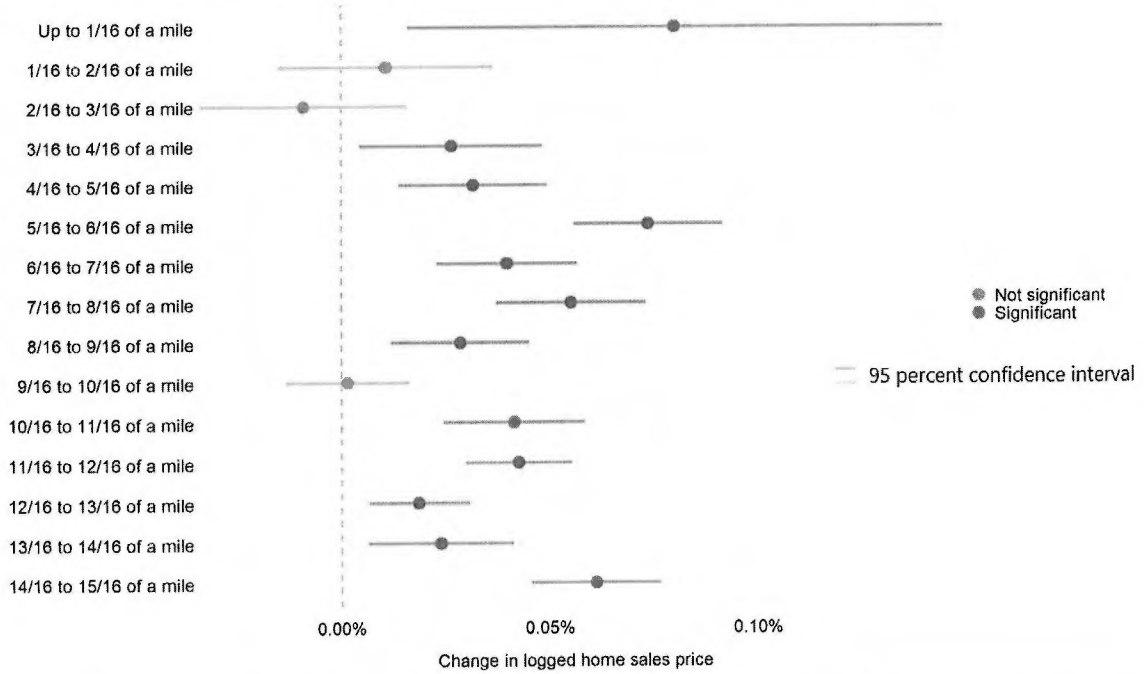
*** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$

Over space, affordable housing units are associated with a positive and statistically significant effect on properties within 1/16 of a mile of a unit but have no effect on properties between 1/16 of a mile and 3/16 of a mile (figure 2). Affordable housing units are associated with an increase in property values for each 1/16-mile ring after that, but at a much lower level, suggesting that those coefficients reflect the placement of the units in growing neighborhoods rather than representing the true impact of an affordable unit.

FIGURE 2

The Relationship between Affordable Housing Units and Property Values over Space

Distance to affordable housing development



Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within 1 mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Confidence intervals at the 95 percent level (shown as lines) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. Coefficients shown in red are statistically significant at the 5 percent level, and coefficients shown in blue are not significant.

Removing Set-Asides

Because affordable units in set-asides often account for a small portion of the overall number of units, the market-rate units in set-aside buildings may bias our results. To ensure that this is not the case, we re-run our analysis removing set-asides.

We find that the relationship between affordable units and nearby properties after removing set-asides is even larger than it is when we include them (table 4). Affordable units that are not set-asides are associated with an increase in property values of 0.11 percent within 1/16 of a mile of a development, on average. Again, this may be due to the close relationship between the city and affordable housing developers in Alexandria, which ensures that affordable housing developments excluding set-asides are amenities rather than disamenities to the neighborhood.

TABLE 4

The Relationship between Affordable Housing and Property Values, Removing Set-Asides

Average treatment effects for affordable housing on property values within 1/16 of a mile of a development

	ln sales price
Affordable housing units that were not set-asides	**0.11%*** **
	(0.03%)
Number of observations	57,998
Adjusted R-squared	0.460

Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within 1 mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. ***p<0.01; **p<0.05; * p<0.10.

Variation by Census Tract Income Level

Previous literature has found that affordable housing in higher-income neighborhoods has a different effect on nearby property values than does affordable housing in low-income neighborhoods. To see whether this is true in Alexandria, we re-run our analysis with the treatment variable split by whether the affordable housing units were in census tracts that had household median incomes above or below the median income in Alexandria, as determined by the 2000 Census (table 5).

We find that affordable housing units in above-median-income census tracts are associated with a 0.06 percent increase in property values, and affordable housing units in below-median-income tracts are associated with a 0.17 percent increase in nearby property values. This is counter to prior findings in the literature that show that affordable housing in high-income neighborhoods reduces nearby property values. In Alexandria, affordable housing units in both higher-income and lower-income neighborhoods are associated with statistically significant increases in nearby property values.

TABLE 5

The Relationship between Affordable Housing and Property Values, Split by Household Median Income in Census Tract of Affordable Housing Development

	ln sales price
Affordable housing units in census tracts with household median incomes below the median	**0.17%***
	(0.101%)
Affordable housing units in census tracts with household median incomes above the median	**0.06%*** **
	(0.03%)
Number of observations	57,998
Adjusted R-squared	0.460

Source: Author calculations from ZTRAX (Zillow 2021), city of Alexandria administrative data, and the 2000 Census.

Other Robustness Checks

We run a number of additional regressions to ensure that our results are robust to various specifications and models. This includes using alternative treatment radii and alternative comparison group radii, as well as including a five-year development window for each opening date.

Specifically, we estimate the relationship between affordable housing developments and property values located within 1/16 of a mile of the development—our preferred specification, since effects are likely very localized—but also within 1/8 of a mile, 1/4 of a mile, and 1/2 of a mile. We also estimate the relationship between properties within 1/8 of a mile, controlling for those between 1/8 of a mile and 1/2 of a mile, in case there are spillover or displacement effects within that distance. In other words, we compare changes in property values within 1/8 of a mile with changes in property values farther than 1/2 a mile from the development.

Table 6 shows the results of these robustness checks. The findings are consistent throughout and follow theory (i.e., they are positive and significant and generally decline with distance), showing that our results are robust to these alternative specifications.

TABLE 6

Robustness Check Results for Varying Distances

In sales price, by varying distances from an affordable housing development

	1/16 of a mile (main model)	1/8 of a mile	1/4 of a mile	1/2 of a mile	1/8 of a mile, controlling for 1/8 to 1/2 of a mile
Affordable housing units	0.09%***	0.03%**	0.01%**	0.03%***	0.02%*
	(0.03%)	(0.01%)	(0.007%)	(0.004%)	(0.01%)
Observations	57,998	57,998	57,998	57,998	57,998
R-squared	0.460	0.460	0.460	0.461	0.461

Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within 1 mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. ***p<0.01; **p<0.05; * p<0.10.

We also undertake robustness checks where we control for a five-year window around the opening of the affordable housing development to account for anticipatory effects and any construction effects that are likely to have a short-term impact on nearby properties (table 7). These results are again consistent and actually larger than our main results, suggesting that controlling for this predevelopment window and move-in period correlates affordable housing developments with even larger increases in nearby property values.

TABLE 7

Robustness Check Results, Varying Distances and Controlling for a Five-Year Development Window

In sales price, by varying distances from an affordable housing development

	1/16 of a mile (main model)	1/8 of a mile	1/4 of a mile	1/2 of a mile	1/8 of a mile, controlling for 1/8 to 1/2 of a mile
Effects controlling for five-year development window	0.16%***	0.03%*	0.02%	0.04%***	0.03%
	(0.044%)	(0.018%)	(0.010%)	(0.005%)	(0.018%)
Five-year development window	0.20%***	-0.01%	-0.01%	0.003%	-0.01%
	(0.047%)	(0.009%)	(0.005%)	(0.003%)	(.009%)
Observations	57,998	57,998	57,998	57,998	57,998
R-squared	0.460	0.460	0.460	0.461	0.461

Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data.

Notes: Impact estimates show the effect of affordable housing units and developments on nearby property values. We estimate changes in sales prices using a repeat sales model over all property sales within 1 mile of an affordable housing development. Dollars are adjusted to inflation for 2021. Standard errors (listed in parentheses) are heteroskedastic robust and are clustered at the property level. All regressions include property and quarter fixed effects. ***p<0.01; **p<0.05; * p<0.10.

Conclusion

Although the impact of affordable housing on nearby property values is not the primary reason to build affordable housing, individuals often cite it as a reason to oppose such developments. This analysis adds to the current research on the topic, showing that affordable housing developments in the city of Alexandria, Virginia, not only do not reduce property values but also are associated with a small but statistically significant *increase* in values.

Alexandria's positive results overall could reflect a combination of strict requirements for design, development, maintenance, and operation of affordable housing, as well as a cadre of sophisticated local and regional developers including nonprofit housing developers working in the city's real estate market. They could also reflect ongoing oversight from local, state, federal, and private lenders and investors, as well as the city's commitment to diversity and inclusion, which helps incorporate new and preserved affordable housing developments into the fabric of Alexandria neighborhoods.

Given the known benefits of affordable housing on housing stability, access to opportunity, the economy as a whole, and the overall health of households with low incomes, these results support the development of additional affordable housing in the city of Alexandria.

Appendix A. Supplemental Tables and Figures

TABLE A.1

Number of Property Sales by Distance from an Affordable Housing Development

2000–2020

Distance to affordable housing development	Number of sales
0 to 1/16 of a mile	1,832
1/16 to 2/16 of a mile	7,513
2/16 to 3/16 of a mile	11,517
3/16 to 4/16 of a mile	14,637
4/16 to 5/16 of a mile	18,009
5/16 to 6/16 of a mile	20,370
6/16 to 7/16 of a mile	24,334
7/16 to 8/16 of a mile	25,100
8/16 to 9/16 of a mile	24,867
9/16 to 10/16 of a mile	29,251
10/16 to 11/16 of a mile	27,322
11/16 to 12/16 of a mile	28,173
12/16 to 13/16 of a mile	33,656
13/16 to 14/16 of a mile	34,964
14/16 to 15/16 of a mile	34,632
15/16 to 1 mile	36,050

Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data. Sales above $10 million are excluded from this analysis.

Notes: The number of sales includes homes located between the distances shown in the first column, not for all sales between the affordable housing development and the larger distance.

TABLE A.2

Descriptive Statistics of Property Sales by Distance

2000 and 2020

	Minimum	Mean	Median	Maximum	Count
Within 1 mile, 2000	$2,040	$337,126	$297,320	$4,784,986	2,944
Within 1 mile, 2020	$1,268	$605,314	$527,043	$5,035,610	4,525
Within 1/16 of a mile, 2000	$70,598	$276,443	$289,139	$502,031	45
Within 1/16 of a mile, 2020	$59,071	$672,892	$641,845	$3,913,686	68

Source: Authors' calculations from ZTRAX (Zillow 2021) and city of Alexandria administrative data. Sales above $10 million are excluded from this analysis.

Notes

[1] Urban Institute presentation with a city council from a midsized Southern city.

[2] Office of Housing, City of Alexandria.

[3] Authors' discussion with local leaders and developers.

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Errata

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Christopher Davis is a data scientist in the Metropolitan Housing and Communities Policy Center. He is interested in the impact housing inequities have on health, poverty, and career opportunity in disadvantaged communities. Before joining Urban, Davis was a budget analyst at the Department of Finance in California, overseeing environmental protection issues.

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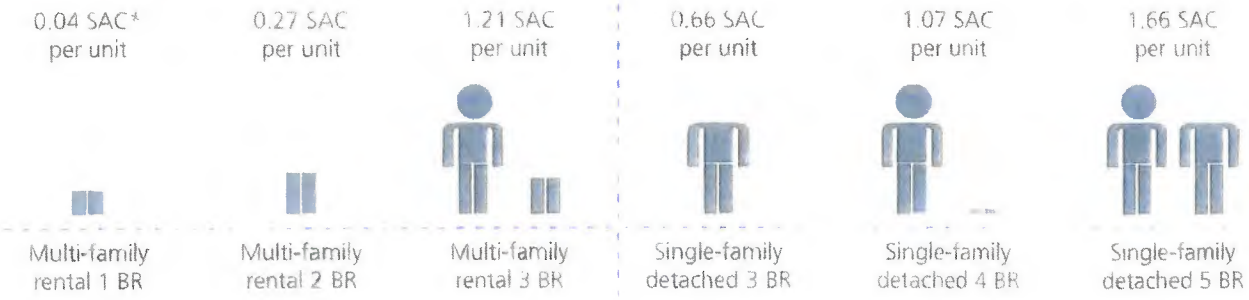
TAB M-1

HOMECONNECTICUT

The School Cost Myth
All Housing **Doesn't** Increase School Costs

Only larger homes bring many school-age children

Rutgers University's Center for Urban Policy Research analysis (June 2006) of Connecticut's number of school age children living in various housing types indicate the following averages:



* SAC = School-Age Children

Plus, school enrollments are falling

Report by the CT State Data Center (June 2008) projected significant declines in CT school enrollment:

From their peak in 2004-05, school enrollments are expected to drop by 17% by 2020. Even if new housing brings additional school children, it is likely that classroom vacancies will be able to absorb them without additional costs.

Most school budget increases are not related to enrollment, or to the number of children in housing

Findings of a University of Massachusetts Donohue Institute study (May 2007) on school cost impact of mixed-income housing:

Studying seven Massachusetts communities with mixed-income housing between 1994 and 2004, they found teaching staff levels and overall expenditures increased independently of changes in enrollment.

During that time period, school enrollments statewide were essentially flat, while employment of full time equivalent (FTE) teaching staff increased by eight percent, and total school expenditures grew by 28.6 percent.

Some school districts studied had costs rise significantly even while their enrollment declined. There are clear fiscal pressures on municipalities due to educational costs, but there is no evidence that student enrollment growth is the cause of the budgetary problems.

TAB M-2

THE WANING INFLUENCE OF HOUSING PRODUCTION ON PUBLIC SCHOOL ENROLLMENT IN MASSACHUSETTS

AN MAPC RESEARCH BRIEF
OCTOBER 2017

MAPC
METROPOLITAN AREA PLANNING COUNCIL

THE WANING INFLUENCE OF HOUSING PRODUCTION ON PUBLIC SCHOOL ENROLLMENT IN MASSACHUSETTS

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ABOUT MAPC

The Metropolitan Area Planning Council (MAPC) is a regional planning agency serving the people who live and work in the 101 cities and towns of Metropolitan Boston. Our mission is to promote smart growth and regional collaboration.

Our regional plan, MetroFuture, guides our work as we engage the public in responsible stewardship of our region's future. We work toward sound municipal management, sustainable land use, protection of natural resources, efficient and affordable transportation, a diverse housing stock, public safety, economic development, clean energy, healthy communities, an informed public, and equity and opportunity among people of all backgrounds.

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COVER PHOTO CREDIT

Ryan Stanton

THE WANING INFLUENCE OF HOUSING PRODUCTION ON PUBLIC SCHOOL ENROLLMENT IN MASSACHUSETTS

One of the most widespread worries about new housing development, especially in suburban communities, is that it will drive up school enrollment. Many local officials and residents assume that new housing, and especially new multifamily housing, will attract families - families with children who will inevitably increase enrollment in the local public schools - creating additional education costs outweighing any new revenue the housing generates.

These apprehensions are rooted in the demographic and development patterns of the late 20th century, when Baby Boomers were in their prime child-rearing years. Their residential choices caused housing stock, enrollment, and school expenditures to grow quickly in many suburbs. Many communities even considered limiting housing development in hopes of curbing school budget increases and the need for more tax revenue.

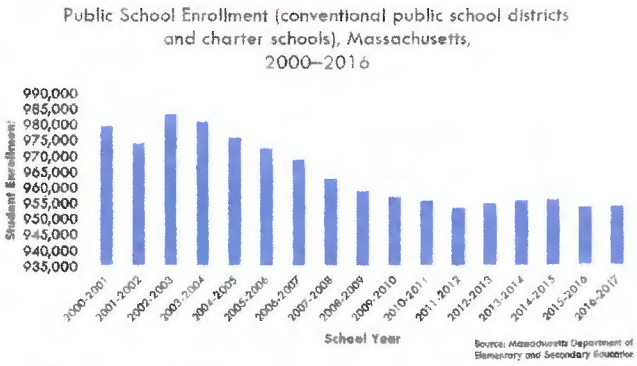
Over the past 15 years, however, multiple studies[1] have examined the enrollment and fiscal impacts of individual housing developments and found that concerns about those impacts are commonly overstated. To complement this work, MAPC examined housing permit and enrollment trends across 234 public school districts over the past 6 years, from 2010 to 2016, inclusive.[2]

We find that the conventional wisdom that links housing production with inevitable enrollment growth no longer holds true. At the district level, we observe no meaningful correlation between housing production rates and enrollment growth over a six-year period. While it is true that schoolchildren occupying new housing units may cause a marginal change in enrollment, they are one small factor among many. In cities and town with the most rapid housing production, enrollment barely budged; and most districts with the largest student increases saw very little housing unit change. The rate of housing unit growth is not a useful predictor of overall enrollment change, nor is rapid housing development a precondition to sudden enrollment increases. It appears that broad demographic trends, parental preferences, and housing availability now play a much larger role in enrollment growth and decline. Our findings raise important issues related to capital planning, education finance, and housing incentive programs.

STATEWIDE ENROLLMENT IS ON A STEADY DECLINE

Over the past 15 years, the patterns of housing growth and enrollment have changed substantially. The state's public school enrollment (including local and regional districts, as well as charter schools) peaked in 2002 and has been declining ever since, now standing at about 3% lower than 14 years ago. The enrollment decline in "conventional" districts (municipal and regional districts) has been somewhat faster, accelerated by a growing enrollment in charters (which now educate 4.5% of the state's pupils, compared to 3.0% in 2011), but at the statewide level, growing charter enrollment explains only about one-third of the decline in local and regional districts. None of the decline in statewide public school enrollment can be attributed to a net shift to private schools, which saw a 20% decline in enrollment over the same period. This decline in the number of school-age children is an expected result of sweeping demographic changes affecting the region. The Baby Boomers are now aging out of their prime child-bearing years, and younger generations are having fewer children, later in life. As a result of these persistent demographic trends, MAPC projects that the number of school-age children (ages 5–19) in Metro Boston will decline by 8% from 2010 to 2040, even as the total population grows by 13%, according to MAPC's population projections. In other words, the "new normal" for statewide school enrollment is likely one of long-term enrollment contraction as a result of slow growth and demographic factors.

FIGURE 1: PUBLIC SCHOOL ENROLLMENT IN MASSACHUSETTS, 2000–1016



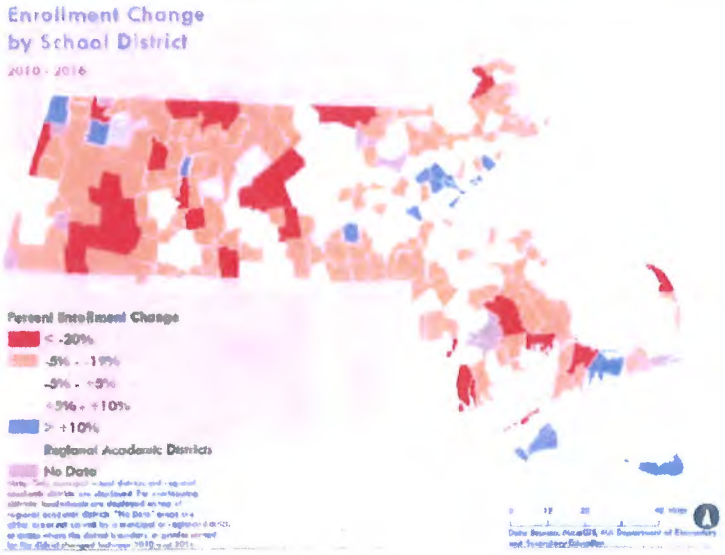
[1] *Housing the Commonwealth's School-Age Children* The Implications of Multi-Family Housing Development for Municipal and School Expenditures. 2003. Community Opportunities Group, Inc. & Connery Associates. Citizens Planning and Housing Association (https://www.chapa.org/sites/default/files/1_1253203891HousingSchoolageChildren.pdf), and *The Costs And Hidden Benefits Of New Housing Development In Massachusetts* Michael Goodman, Elise Korejwo, and Jason Wright, EPIC Working Paper Vol. 02 March 2016 (http://publicpolicycenter.org/wp-content/uploads/2016/03/GoodmanKorejweWright_TheCostsBenefitsOfNewHousingDevelopment.pdf)

[2] School years are referenced by the starting year of the school year span.

URBAN DISTRICTS GROWING WHILE SUBURBS ARE CONTRACTING

Figure 2 is a map of enrollment change by school district. From this map it's clear that enrollment declined across vast swaths of the state. In fact, 159 out of 234 local school districts saw enrollment declines over the 6-year period. Also, 43 out of 51 regional academic districts saw declines in enrollment between 2010 and 2016.[3]

FIGURE 2: MAP OF ENROLLMENT CHANGE BY SCHOOL DISTRICT



Nor were these modest declines. In the MAPC region, districts with declining enrollment saw drops averaging 8%, and more than a dozen districts saw drops of 11% or more. Meanwhile, growing districts saw fairly sizeable growth (7% on average in the MAPC region) and a dozen local districts grew by more than 10%, adding an average of 826 students per district. This creates an interesting and significant dichotomy that bears further study, and that policy makers must take into account, since most districts are losing students fairly quickly, while at the same time some districts are growing rapidly. The overall patterns of enrollment change don't fit the narrative of suburban districts bursting at the seams while urban districts are on the decline. In fact, high rates of enrollment growth were more common in urban communities, while most suburbs saw declining enrollment.

Figure 3 shows average enrollment change as organized by MAPC's Community Types, a classification system that groups municipalities on the basis of demographic and land use characteristics. Districts in the highly urbanized Inner Core saw average enrollment growth rates of 8%, while the typical Regional Urban Center district saw little change. Conversely, both suburban Community Types (Maturing Suburbs and Developing Suburbs) averaged negative enrollment change, with the lower-density Developing Suburbs experiencing the sharpest declines in schoolchildren.[4]

In other words, the region's urban school districts are educating an increasing share of the region's schoolchildren, and the number of suburban pupils is rapidly declining.

FIGURE 3: ENROLLMENT CHANGE BY COMMUNITY TYPE, MAPC REGION

Community Type	Average Enrollment Change, 2010–2016	Number of Districts	Example Districts
Inner Core	7%	16	Boston, Cambridge, Revere, Chelsea, Melrose, Arlington, Watertown, Milton
Regional Urban Centers	–1%	11	Lynn, Salem, Framingham, Quincy
Maturing Suburbs	–3%	43	Saugus, Lexington, Acton, Natick, Braintree
Developing Suburbs	–7%	23	Ipswich, Bolton, Holliston, Franklin, Norwell
All Districts	**–2%**	93	

In other words, the region's urban school districts are educating an increasing share of the region's schoolchildren, and the number of suburban pupils is rapidly declining.

[3] We excluded all regional academic districts that changed the area or grades they serve between these two years and excluded any schools that did not exist at both time points.
[4] A fifth Community Type, Rural Towns, is not represented in the MAPC region.

HOUSING PRODUCTION RATES

Of course, we don't expect enrollment to decline equally everywhere. Even as demographic patterns shift regionally, one would assume that rates of housing production would retain some influence on enrollment. We all know the Baby Boomers are getting older, but more housing still means more students, right? Not necessarily. MAPC tracked housing permit issuance and enrollment data for 234 public local school districts in Massachusetts.[5] We found that most school districts lost students over the last six years, and rates of housing production had no significant correlation with the rate of enrollment change.

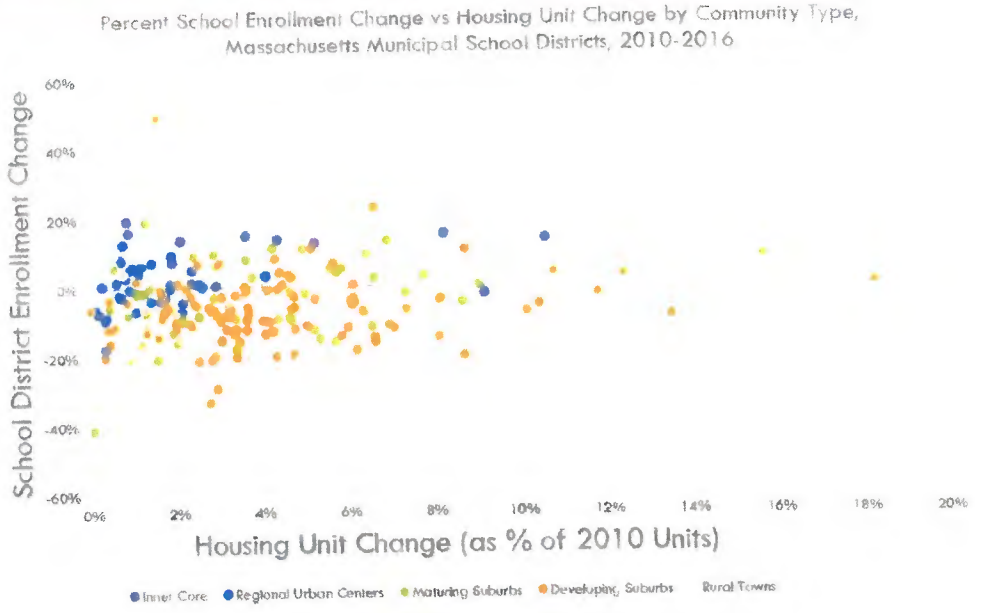
Figure 4 depicts housing-unit growth and enrollment change since 2010, and demonstrates a clear lack of correlation between the two. If these two outcomes were correlated, the data points on the chart would trend upward and to the right, so that districts with higher housing unit change would see higher enrollment growth, and vice versa. This association is clearly absent. The district with the most rapid housing unit growth (Hopkinton, at 18%), saw almost no change in enrollment (increase of 0.23%), and the dozen fastest-growing districts (from a housing perspective) saw enrollment growth of only 1%, on average. Meanwhile, those districts with very low rates of housing growth were highly scattered in their

We examined the 12 fastest-growing MAPC-region districts, which grew by an average of 14% over a six-year period, and found striking results.

In these 12 rapidly growing districts, as with the region overall, housing production rates show no significant correlation with enrollment.[6] Only Natick, Everett, and Chelsea added more than 5% new units, a far lower jump than their enrollment rates. Meanwhile, the fastest growing district, Revere, reported less than 1% housing unit growth, and saw a 20% increase in enrollment. These findings suggest that rapid housing unit growth is neither a predictor, nor a precondition, of net enrollment change. Whether or not much housing is being built, families are moving to these districts and adding their children to the public school rosters.

If not housing units, then what can explain the rapid enrollment growth in some districts, and what does this tell us about capital planning and education finance?

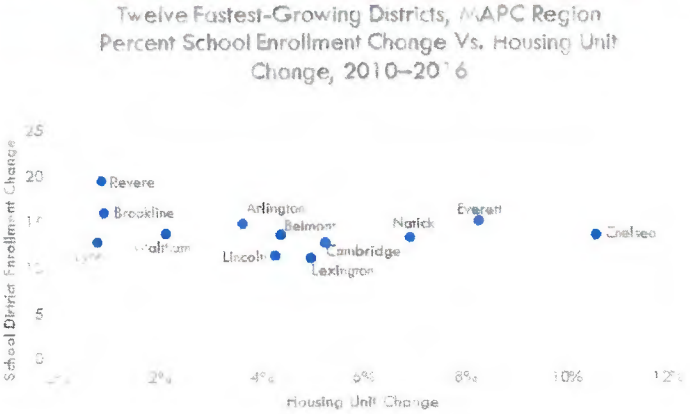
FIGURE 4: HOUSING PRODUCTION RATES AND ENROLLMENT CHANGE, BY DISTRICT



[5] We did not aggregate data for regional districts composed of multiple permit-issuing jurisdictions

[6] It should be noted that Chelsea and Arlington are inconsistent reporters to the Census Bureau building permit survey, providing permit data for fewer than half the months in the study period. However, the Census Bureau's use of imputed data for non-reported months helps to mitigate this lack of response.

FIGURE 5: HOUSING PRODUCTION RATES AND ENROLLMENT CHANGE, BY DISTRICT, 12 FASTEST-GROWING MAPC DISTRICTS



As a first step to explaining rapid enrollment growth in these districts, we found that they fall into two distinct clusters. Seven districts (Arlington, Belmont, Brookline, Cambridge, Lexington, Lincoln, and Natick) could be characterized as highly desirable from an educational perspective, with high standardized-test scores relative to the rest of the region. They have an average 75% proficiency rating on the 2013 3rd grade English Language Arts (ELA) MCAS[7], markedly higher than the 67% region-wide average proficiency rate. These districts are also correspondingly expensive, with a 2016 median home sale value of $815,000, almost twice as much as the MAPC regional median sale value of $455,000. With a few exceptions, they are also highly accessible to employment both in Boston and along Route 128, and they feature compact neighborhoods and vibrant, walkable downtowns that are increasingly attractive to some younger families. The other fast-growing districts (Revere, Everett, Chelsea, Lynn, and Waltham) are in diverse, lower-income, and generally more urbanized communities. These districts also exhibit lower test scores, averaging 41% proficient on the same 2013 ELA 3rd grade MCAS, well below the region-wide average proficiency. They are also much more affordable, with 2016 median sale prices of only $360,000, or 20% less than the regional median.

Troublingly, these results are consistent with existing theories about how educational segregation worsens over time. National studies[8] have found that when comparing across school districts, income segregation of families with children worsened by 15% over a 20-year period leading up to 2010, driven in large part by self-selection of wealthy families into high-income districts.[9] We speculate that wealthier families pursuing high-ranking schools may be bidding up housing prices in a limited number of attractive and accessible districts, with cascading results: these municipalities become less accessible to middle- and low-income families; rising prices may induce more Baby Boomers to sell their existing units and leave town, thereby freeing up even more units for young families; and higher socioeconomic status of the school-age population contributes to higher standardized test scores, making the district even more attractive and reinforcing the cycle, without a single new housing unit being built.

Meanwhile, districts with a high number of low-income, immigrant, and English-language learner students are also more likely to have lower standardized test scores, making them less attractive to wealthy families. These cities remain relatively affordable, and may provide the only viable options for low- and moderate-income families priced out of many other places, contributing to a rapidly growing number of students. The combination of rapidly growing enrollment, a high concentration of disadvantaged students, and limited fiscal capacity due to relatively low property values make it particularly challenging for these districts to provide sufficient resources and ensure positive educational outcomes for all students.

SUBURBAN ENROLLMENT DECLINES BRING THEIR OWN CHALLENGES

As described above, the vast majority of suburban communities are seeing sustained declines in enrollment. Even in communities where substantial housing construction has occurred, the corresponding growth in households and children has not generally been sufficient to offset the natural demographic decline in school-age residents associated with the aging of the children of Baby Boomers.

If Baby Boomers choose to age in place, as a result of personal preferences, lack of attractive alternatives, or financial reasons, then those suburban communities will see fewer new households and continued declines in enrollment.

[7] Massachusetts Comprehensive Assessment System
[8] Owens, A., Reardon, S.F., & Jencks, C. (2016). *Income Segregation between Schools and School Districts* (CEPA Working Paper No.16-04). Retrieved from Stanford Center for Education Policy Analysis: http://cepa.stanford.edu/wp16-04
[9] Owens, A. (2016). *Inequality in Children's Contexts: The Economic Segregation of Households with and Without Children. American Sociological Review*, 81(3), 549–574.

While this may sound like music to the ears of local officials who are concerned about municipal finances, the lack of new housing and new households means that municipal tax rolls will become increasingly dependent on aging and retired Baby Boomers. Furthermore, sustained enrollment declines have negative repercussions as well. Many school expenditures are highly inelastic with regard to enrollment, so as enrollment goes down, per-pupil costs are likely to rise. [9] Declining enrollment may also result in less return on investment for capital improvements if recently-constructed facilities become rapidly underutilized. Excess capacity may become a drain on the system, suggesting that districts facing sustained decline need to develop flexible long-term plans for "right-sizing" their facilities and administration, or for combining their systems with those of neighboring communities.

CONCLUSIONS

This analysis provides additional evidence countering misconceptions regarding the patterns of enrollment growth across the region and their relationship to housing production. We observe that, consistent with MAPC's demographic projections, the state has entered a period of long-term decline in school-age population. Some districts are growing quite rapidly and are facing significant funding and capacity challenges, but this growth cannot be attributed only to new housing units. We found no relationship between housing production rates and enrollment growth rates for the 234 districts we studied.

We acknowledge that there are limitations to this analysis: we were not able to analyze charter school enrollment at the district level; building permits are an incomplete picture of housing production; and the lag between production and enrollment may be longer than analyzed here. We intend to continue this analysis with further research into the characteristics of new students, the volume of housing turnover, and the type of housing being produced across districts. Nevertheless, the results described here indicate clear and substantial conclusions relevant to state and local policy:

The permits don't produce the pupils.

These findings demonstrate that the fiscal impact of new residential development cannot be estimated without a full understanding of district demographics and school capacity. While it's true that some students may be housed in new units, the enrollment effect of these students is dwarfed by larger demographic factors driving declines in school age children and parental location preference. As it turns out, the presence of students living in new homes may actually help to mitigate what would otherwise be rapid and disruptive declines in enrollment in many communities, while in other communities, new housing may add students to a much lesser degree than is commonly supposed. Municipalities should take heart in this additional piece of evidence that under most conditions, additional housing, even "family" housing, can be accommodated without driving enrollment through the roof.

School cost reimbursement might not break the bank.

The Commonwealth currently offers a limited school cost reimbursement program tied to certain types of housing developments.[11] There have been calls to expand this "hold harmless" incentive to other types of housing developments. The cost of such a program might be less than assumed. Prior research[12] has shown that the marginal cost of each new student depends in large part on whether the district has available capacity in its physical plant and staff. As shown here, most districts across the state are experiencing declining enrollment and are likely to have excess capacity. Therefore, a program that a) specifically incentivizes multifamily housing and b) focuses on the marginal cost of each new student might require relatively little subsidy to reimburse municipalities for education costs that exceed the property tax generated by new housing.

[10] For example, statewide public school expenditures on benefits and fixed charges (including employee and retiree insurance), which make up 17% of all public school expenditures, increased 9% from 2012 to 2016, but as a result of declining statewide enrollment the per-pupil cost increased at the faster rate of 11%. (Source: MAPC analysis of FY12–FY16 Per-Pupil Expenditures published by MA Department of Elementary and Secondary Education at http://www.doe.mass.edu/finance/statistics/ppx12-16.html.)

[11] http://www.mass.gov/hed/community/planning/chapter-40-s.html

[12] The Costs And Hidden Benefits Of New Housing Development In Massachusetts Michael Goodman, Elise Korejwa, and Jason Wright; PPC Working Paper No. 02 March, 2016 http://publicpolicycenter.org/wp/wp-content/uploads/2016/03/GoodmanKorejwaWright_TheCostsBenefitsOfNewHousingDevelopment.pdf. That study found that in districts with excess capacity, the marginal cost of each new student is only 0.65 times the district-wide per pupil expenditures.

Chapter 70 Education Aid should adapt to the new normal

In a cruel irony, those dense and diverse urban districts seeing rapid enrollment increases are also struggling with recent decreases in state aid that have resulted from a change in the way socioeconomic status is calculated. Recently, the state switched from using a free-lunch eligibility measure based on parent-reported income to using one based on tax and administrative records for public assistance programs.[13] In districts with large numbers of foreign-born residents, both documented and not, who are ineligible for public assistance, this has resulted in substantial declines in apparent economic disadvantage, and corresponding decreases in state aid. Our findings regarding the rapid enrollment growth in these same communities underscore the need to correct this deficiency in the Chapter 70 funding and work toward a system that better accounts for the needs and fiscal capacity of each district, while also recognizing the unique challenges faced by rapidly growing districts of all types.

Is it time to talk regionalization again?

Over the years, Commonwealth support for district consolidation and regionalization has ebbed and flowed; at this time, the incentives for regionalization are relatively weak. However, other factors such as excess capacity and growing fixed costs may prompt some districts to consider this option anew. Given the considerable efficiencies that may be achieved with a well-designed consolidation, the Commonwealth should evaluate how it can provide additional incentives and assistance for districts seeking to deliver more cost effective education to a steadily declining resident school-age population.

[13] http://www.doe.mass.edu/infoservices/data/ed.html

TECHNICAL NOTE:

This analysis examined 234 municipalities that maintained municipal school districts between the 2010–2011 and 2016–2017 school years (referred to as 2010 and 2016, respectively) according to the Department of Elementary and Secondary Education. This analysis does not include regional districts, charter schools, vocational schools, or municipalities/districts where the boundaries or grades served changed over the study period.

Housing-unit production growth in the 234 municipalities we examined was measured using the total number of units reported by the municipality to the Census Building Permit Survey from 2010–2016, as a percentage of 2010 housing stock (2010 Census). It must be acknowledged that building permits are an imperfect measure of actual housing unit growth. The Census Building Permit Survey excludes certain forms of housing unit creation, such as adaptive reuse of existing buildings. Issuance of a building permit is no guarantee of unit production, since construction may be halted due to financial reasons at any time. The worst limitation may be the result of incomplete reporting: numerous municipalities— including some that are known to be experiencing robust housing growth —fail to report building permits to the Census Bureau. In 2016, 47 of 234 municipalities did not provide any building permit reports. Fortunately, the Census Bureau does estimate permits for non-reporters based on prior years, which helps to mitigate the effect of these data gaps. Future research in this area should seek to exclude non-reporters or supplement the available data.

The permit data include the calendar years from 2010 to 2016, inclusive, while the enrollment data is based on school years from 2010 to 2016. Therefore, there is effectively a 9-month lag between permit issuance and enrollment counts. We tested the effect of using a longer lag period (21 months), which also revealed no correlation between housing permits and enrollment.

TAB N

Photos of Affordable Housing From Across the Country

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Lincoln, Massachusetts

What Affordable Housing Looks Like

Boulder, Colorado

What Affordable Housing Looks Like

Wilmette, Illinois

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

St. Paul, Minnesota

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Montgomery County, Maryland

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Longmont, Colorado

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Andover, Massachusetts

What Affordable Housing Looks Like

Montgomery County, Maryland

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Chicago, Illinois

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Fairfax County, Virginia

What Affordable Housing Looks Like

Denver, Colorado

What Affordable Housing Looks Like

Andover, Massachusetts

What Affordable Housing Looks Like

Denver, Colorado

What Affordable Housing Looks Like

Lincoln, Massachusetts

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What Affordable Housing Looks Like

Highland Park, Illinois

What Affordable Housing Looks Like

Lincoln, Massachusetts

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What Affordable Housing Looks Like

Boulder, Colorado

What Affordable Housing Looks Like

St. Paul, Minnesota

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Denver, Colorado

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Aurora, Illinois

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Boulder, Colorado

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Highland Park, Illinois

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Chicago, Illinois

What Affordable Housing Looks Like

Newton, Massachusetts

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Longmont, Colorado

What Affordable Housing Looks Like

St. Paul, Minnesota

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What Affordable Housing Looks Like

Fairfax County, Virginia

What Affordable Housing Looks Like

Montgomery County, Maryland

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What Affordable Housing Looks Like

Newton, Massachusetts

What Affordable Housing Looks Like

Montgomery County, Maryland

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Weston, Massachusetts

What Affordable Housing Looks Like

Longmont, Colorado

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Newton, Massachusetts

What Affordable Housing Looks Like

Glendale Heights, Illinois

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What Affordable Housing Looks Like

Montgomery County, Maryland

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What Affordable Housing Looks Like

Chapel Hill, North Carolina

Business and Professional People for the Public Interest

What Affordable Housing Looks Like

Newton, Massachusetts

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