Housing Market Analysis 2013: A Call to Action

Lancaster County, Pennsylvania
Housing in Lancaster Today:

- Low housing vacancy rates
- Increasing rental rates
- Increasing housing costs & rates of housing cost burden
- Increasing transportation costs due in part to the location of housing
- Mismatch between housing supply and demand
- Older housing stock requires maintenance and reinvestment
The housing vacancy rate in Lancaster County is extremely low; our housing stock is at **functional full capacity**.

### Housing Vacancy Rate (2013)

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>PA</th>
<th>Lancaster County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Housing that is Vacant</td>
<td>11.4</td>
<td>9.8</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Source of US & PA Data: 2013 Claritas
Source of Lancaster Data: 2013 Claritas/HMA 2013 by Zimmerman/Volk Associates
An August, 2013 survey of rental properties in Lancaster County indicated an occupancy rate of 97.4%.

Source of Lancaster Data: 2013 by Zimmerman/Volk Associates
We have more single-family detached housing than all other housing types combined.
Lancaster County Today: Age of Housing Stock

- **46%** of housing units in the county were built more than 40 years ago.
- In Lancaster City...that figure is **84%**.
- Older homes require investment in order to keep them in good condition.
- Maintenance costs can quickly add up & overwhelm lower-income homeowners or landlords.
When housing is not maintained, it can become hazardous for occupants and whole communities.
Incomes are not keeping pace with housing costs.

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Household Income</th>
<th>Median Rent</th>
<th>Median Home-Owner Costs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$52,764</td>
<td>$726</td>
<td>$1,355</td>
</tr>
<tr>
<td>2008</td>
<td>$55,850</td>
<td>$786</td>
<td>$1,431</td>
</tr>
<tr>
<td>2009</td>
<td>$55,673</td>
<td>$779</td>
<td>$1,432</td>
</tr>
<tr>
<td>2010</td>
<td>$51,740</td>
<td>$822</td>
<td>$1,417</td>
</tr>
<tr>
<td>2011</td>
<td>$53,387</td>
<td>$834</td>
<td>$1,471</td>
</tr>
<tr>
<td>2012</td>
<td>$51,371</td>
<td>$877</td>
<td>$1,423</td>
</tr>
</tbody>
</table>

* For Homeowners with a mortgage

Source: American Community Survey 1-Year Estimates, 2007 - 2012
When people spend more than 30% of their income on housing costs, they are **housing cost burdened**.

**Owned Housing Units with a Mortgage**
- 72.4%
- 27.6%

**Rented Housing Units**
- 49.6%
- 50.4%

Source: 2013 American Community Survey, 1-Year Estimates
Homes and jobs continue to be spread out across the county, resulting in traffic congestion, longer commute times, and higher transportation costs.

- **72%** of county households have a housing/transportation cost burden of more than 45% of income.
## Lancaster County Today: Household Types

<table>
<thead>
<tr>
<th>Empty-Nesters &amp; Retirees</th>
<th>Families</th>
<th>Younger Singles &amp; Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td>29%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Photo Credits: HDC Midatlantic
The Yearicks
Future Conditions

Housing Market Potential in Lancaster Over the Next 5 Years: 2013 – 2017

• Younger singles & couples will form the most households
• High demand for rental housing & apartments
• Need for diverse price points
Lancaster County **Tomorrow**: Households

Market Potential: 2013 through 2017

<table>
<thead>
<tr>
<th>Empty-Nesters &amp; Retirees</th>
<th>Families</th>
<th>Younger Singles &amp; Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>31%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Photo Credits: HDC Midatlantic
The Yearicks
Over the next 5 years, younger singles & couples will dominate the market for new housing.

Households Today: 197,395

New Unit Market Potential 2013 – 17: 8,235 to 14,000

- Empty-Nesters & Retirees: 24%
- Families: 31%
- Younger Singles & Couples: 45%

19% 29% 52%
Over the next 5 years, people will be looking for far more multi-family housing than is currently available.

**County Housing Available Today**
- 16.3% Multi-Family (Own&Rent)
- 24.1% Single-Family Attached/Duplex
- 59.6% Single-Family Detached/MH

**Housing People Want Over the Next 5 Years**
- 49.1% Multi-Family (Own&Rent)
- 10.4% Single-Family Attached/Duplex
- 40.5% Single-Family Detached/MH
Who lives in affordable housing?

HUD Defines “Low Income” as households earning less than...

<table>
<thead>
<tr>
<th>Family Size</th>
<th>80% of Area Median Income</th>
<th>Hourly Wage for Single-Wage Family</th>
<th>Hourly Wage for Two-Wage Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$39,200</td>
<td>$18.85</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>$44,800</td>
<td>$21.54</td>
<td>$10.77</td>
</tr>
<tr>
<td>3</td>
<td>$50,400</td>
<td>$24.23</td>
<td>$12.12</td>
</tr>
<tr>
<td>4</td>
<td>$56,000</td>
<td>$26.92</td>
<td>$13.46</td>
</tr>
<tr>
<td>5</td>
<td>$60,500</td>
<td>$29.09</td>
<td>$14.55</td>
</tr>
</tbody>
</table>

HUD also uses additional levels: “very low income” (<50% AMI) and “extremely low income” (<30% AMI) to categorize income.

Median Annual Wages in Lancaster County (May, 2014)

- Carpenters - $37,190
- Roofers - $33,510
- Preschool Teachers - $26,440
- Retail Salesperson - $22,320
- Janitors & Cleaners - $26,200
- Nursing Assistants - $28,880
- Security Guards - $24,390
- Restaurant Cooks - $23,340

Sources: US Department of Housing & Urban Development
PA Department of Labor and Industry
Nearly half of the households looking for housing over the next five years will be “low-income.”

What is “low income”?
- A household that earns less than 80% of the area median income (AMI).
  - Family of four: $56,000
  - Single person: $39,200
- Many people are employed full time at good jobs and are still considered to be “low-income.”

Percent of Households Looking for Housing Over the Next 5 Years by Income

- Low Income: 48%
- Higher Income: 52%

Sources:
Zimmerman/Volk Associates
HUD 2015 Area Median Income Limits
Key Challenges & Concerns

• Providing enough multi-family/rental housing options.
• Providing housing at a variety of price points.
• Maintaining our aging, existing housing stock.
• Providing housing near jobs, schools, transportation and existing infrastructure.
Why Housing Matters

- To maintain a strong economy, we need jobs.
- To continue to attract good jobs, we need an ample supply of well-educated workers.
- To get workers to their jobs, we need a diverse, efficient transportation system.
- None of this happens without quality, affordable housing...the right type, at the right price, in the right place for each household.
We Envision A Community Where...

• Safe, quality rental housing is viewed as essential infrastructure.

• A wide range of rental housing is available at a variety of prices and in a variety of locations.

• Barriers to development of new rental and mixed-used residential communities are removed.

• Barriers to thoughtful conversion of existing housing into quality rental housing are removed.

• Uniform and reasonable inspection and maintenance requirements are implemented.
• **LHIFT** is a regional revolving loan fund that attracts investment from the community in the form of tax deductible and Community Reinvestment Act (CRA) credit eligible contributions and investment loans.

• **LHIFT** is available to make *flexible, low interest* loans within the 8 county region of south central PA (Adams, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, Perry and York) for affordable housing or mixed-use, mixed income projects.
What Activities Will LHIFT Finance?

- **Pre-development costs, bridge loans or gap closing** to developers seeking tax credits for construction of affordable home ownership and rental housing.
- **Construction** of new or rehabilitation of existing structures into affordable multi-family housing.
- **Physical Improvements** to buildings and living conditions in mixed-income and potentially mixed-use buildings in downtowns of cities, boroughs, and villages.
- **Acquisition** of homes and/or other properties for rehabilitation and resale for either affordable home ownership or rental opportunities.
We are asking for a lot of help...

Municipal Officials
Keep an open mind and remove the regulatory barrier to quality rental housing.

School District Officials
Recognize the importance of quality rental housing and support its development at the municipal level.

General Public
Advocate to your neighbors and elected officials for quality rental housing.

Civic Organizations
Be engaged with us in mutually advocating for the community benefits of quality rental housing.

Business Community
Be vocal advocates for the economic benefits derived from quality rental housing.

Builders/Developers
Build more market-driven, mixed-income quality rental housing.
Coalition for sustainable housing (C4SH).

WHO WE ARE

A diverse coalition of 60+ concerned people and organizations:

• Municipal officials/governmental agencies
• Non-profit organizations
• Employers/businesses
• Economic development professionals
• You?

OUR GOAL

To accomplish an increase in the supply of rental housing (market rate & affordable) as part of a diverse housing market that contributes to the economic vitality of Lancaster County.
Coalition for Sustainable Housing (C4SH).

Key Issues that must be resolved in order to accomplish an increase in multi-family housing to meet market demand:

- Lack of Public / Local Gov’t Acceptance
- Funding / Financing for Multi-Family Housing
- Poor Property Conditions and the Disposition of Condemned Properties
- Widening Gap Between Income and Housing Costs

Work Groups were formed to develop strategies to reduce or eliminate barriers in solving the identified issues. This will form a strategic plan for the Coalition.
Thank you!

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