

Dutchess County, New York



**Smart Growth Housing
Task Force
Report**

Presented to: William R. Steinhaus, County Executive

December 2001

Dutchess County Smart Growth Housing Task Force

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Smart Growth Housing Task Force

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Introduction

In January 2001 Dutchess County Executive William R. Steinhaus announced formation of the Dutchess County Smart Growth Housing Task Force in his annual State of the County address. The Task Force was asked to summarize the current state of the county's housing stock, to identify obstacles to a balanced housing stock and make recommendations as to how these obstacles can be addressed as a community. The work of the Task Force was to be supported by the staff of the Dutchess County Department of Planning and Development.

The creation of this Task Force stemmed from the concern that new housing being built in Dutchess County is not meeting the needs our current residents and workforce. Many feel that this problem has been brought about by the recent influx of households who work in Westchester and New York City and that the housing market is creating large, expensive homes for these new residents while ignoring the needs of our existing residents and workforce. There was a concern that failure to meet the community's housing needs will affect individuals and families and, in turn, will affect our long-term economic stability.

The Task Force included various representatives interested in housing issues including: local government officials, realtors, developers, non-profit housing organizations, economic development officials and an advocate for senior citizens. The Task Force met through the summer and early fall of 2001 to discuss the current state of the housing market and make recommendations on achieving a more balance housing stock.

This report is divided into four sections. The first section discusses the county's demographics including; population, income, housing stock and employment patterns, with a focus on any significant changes in the last decade. The second section uses this information to determine whether our housing stock is meeting our community's housing needs and discusses the short and long-term implications of not meeting these needs. The third section outlines the major impediments to a balanced housing stock and discusses the programs available to assist with the development of moderately priced housing. The conclusion makes recommendations as to how to alleviate the impediments and encourage the development of a balanced housing stock which meets the community's diverse housing needs.

This report uses data from traditional sources and the Census' newly completed American Community Survey (ACS) for Dutchess County. The American Community Survey is the Census' new approach to collecting timely and accurate information. This survey will be conducted each year and the Census plans to use this survey to replace the decennial census long form by 2010. This is the first year this survey has been conducted in Dutchess County, although it has been conducted in other municipalities across the country for several years. The survey will be conducted in every county of the United States by 2003.

At this time only a small portion of the official 2000 Census information is available which is why this report must rely on ACS data for some analysis. Although we expect that this information is accurate, it is important to remember that for the purposes of this discussion we

are often comparing official 1990 Census information to 2000 ACS information. The accuracy of the ACS data will be confirmed as the balance of the official 2000 Census information is released.

Population Growth and Changes

According to the 2000 U.S. Census, Dutchess County’s population increased 8% from 1990 to 2000, an increase of approximately 20,700 residents. Table 1 below shows the actual increase and the racial breakdown. The percent change is more than the New York State population increase of 5.5% but significantly less than the national increase of 13.2%. Within New York State, Dutchess County is one of only nine counties, out of sixty-two New York counties, with 8% or more population growth. Twenty-one counties actually lost population.

**Table 1
Population Growth and Racial Breakdown 1980-2000**

	1980	1990	2000
Total Population	245,055	259,462	280,150
Racial Breakdown			
White	90.50%	88.33%	83.66%
Black	7.00%	8.40%	9.32%
American Indian	0.20%	0.14%	0.22%
Asian/Pacific Islander.	1.20%	2.25%	2.58%
Other	1.20%	0.88%	2.37%
Hispanic Origin	2.4%	3.76%	6.25%

Source: U.S. Census

Dutchess County has become increasingly diverse in both race and ethnicity. Over the last three decades, the county has seen steady increases in all racial categories. Minorities now make up about 16% of the county’s population.

Most of this change is due to the increasing diversity of our population but it is important to note that it is difficult to make direct comparisons between 1990 and 2000 data because of changes made in reporting methods with the 2000 Census. For the first time the Census allowed people to chose more than one racial category in an effort to learn more about how people identify themselves. That said, it appears relatively safe to compare the 1990 and 2000 data because only 5,297 people out of the total population of 280,150 chose more than one race.

A significant source of our population growth is from new residents relocating to Dutchess County. The ACS residency data showed that 19,127 residents or 7.3% of the total population lived outside Dutchess County a year prior to the 2000 survey. The breakdown showed that 5,564 lived abroad (2.1%), 8,468 lived in a different county within New York (3.2%) and 5,113 lived in another state (2.0%). These percentages are higher than surrounding counties where the survey was conducted. Westchester County had only 4.4% of its residents living outside the

County while Orange County had only 4%. Dutchess County's percentage also exceeded the NYS percentages which show that 1.1% of NYS resident lived outside the State a year prior to the survey and only .9% had lived abroad. Clearly, within New York State, Dutchess County is having a higher than average influx of new residents.

The trend in the county's household and family populations is also interesting. Household population increased 11% from 89,567 in 1990 to 99,536 in 2000. The number of families increased to a lesser extent and actually increased less than the increase in the overall population. The number of families only increased 6.9% from 64,757 in 1990 to 69,201 in 2000.

Our average household size decreased from 2.90 persons per household in 1990 to 2.63 in 2000, a 9.3% decrease in household size. The average family size decreased only .6% from 3.18 to 3.16 persons. The 2000 Census has also provided information on household size by tenancy for the first time. The average size of a household in an owner-occupied unit is 2.81 persons, which is 7% larger than the average household size. The average size of a renter household is 2.23 persons, which is 15% smaller than the average household size.

The trend toward smaller households is also shown in the shift in household size distribution. These numbers show that the number of one- and two-person households have increased in the past ten years. The table below shows a 23.5% increase in the number of single person households and a 12.1% increase in the number of two person households. **One and two person households now make up 56.1% of the population.**

Table 2
Household Size Distribution
Change from 1990 – 2000

	1990	Percentage of 1990 Population	2000	Percentage of 2000 Population	Percent Change 1990-2000
1-person	19,817	22.1%	24,481	24.6%	23.5%
2-people	27,998	31.2%	31,387	31.5%	12.1%
3-people	16,354	18.2%	16,803	16.9%	2.7%
4-people	15,314	17.1%	15,966	16.0%	4.3%
5-people	7,033	7.8%	7,144	7.2%	1.6%
6-people	2,321	2.6%	2,542	2.6%	9.5%
7-people	790	.9%	1,213	1.2%	53.5%
Total	89,627	100%	99,536	100%	

Source: U.S. Census

There was also a significant percentage increase in the number of households with seven or more persons but the number of households in that category was so small in 1990 that any increase in this category was bound to result in a significant percentage increase. That said, it is important

that the community look at the needs of these households since they often have difficulty finding housing with a sufficient number of bedrooms, particularly in the rental market.

Within the population there were also several demographic shifts some of which have an impact on the housing needs of the county. **Single parent households with children under 18 have increased from 6,217 to 7,835. This represents a 26% increase in the number of single-parent households in our community.**

The most dramatic shifts have been the changes within the age categories. An analysis of this data shows that we have gained population in all age categories except the 18-34 age category where we had a 33% decrease in population. The next most significant shift was a 38% increase in the number of persons between 45 and 55 and a 13% increase in the number of children under 18. There was also a 30% increase in the number of persons 85 years of age and over and while they remain a small portion of our overall population, they are a fast growing segment which will require extensive services and a variety of housing types.

Income Growth and Changes

Income is one of the most important aspects in any discussion of the housing needs of a community. An analysis of income changes and a comparison of income and housing costs gives the best indicator of the health of our housing market and whether the housing market is meeting the needs of the community.

Official 2000 Census information on income is not available as this report is being written so this portion of the report must rely on information from the 2000 ACS. This information gives us our first look at the shifts in income over the past ten years and for much of the population the information is good. Both the median family and household incomes have increased significantly. The median household income increased 31% from \$42,250 in 1990 to \$55,744 in 2000. The median family income increased 32% from \$49,705 in 1990 to \$65,705 in 2000. These income increases show that a significant number of households and families have benefited from the strong local, regional and national economies.

A closer look at these numbers shows that while many households and families have prospered there are those whose incomes have not increased as significantly and those whose income, by its nature, will always be less than the median. It is important to remember that half the households and families in Dutchess County have incomes less than the median. This means that approximately 48,000 households and 35,000 families make less than the median incomes noted above. It is these households and families that we must be concerned about and must take a closer look at.

The breakdown of the ACS income information shows that 17,467 households and 10,130 families make less than \$25,000 per year. The income for these households and families is insufficient to afford the average priced one-bedroom apartment in Dutchess County. These

households represent 18% of all Dutchess County households and these families are 14% of all families.

The ACS survey shows us that there are 23,088 households that receive Social Security benefits. A majority of these households are senior citizens. The average social security benefit is only \$12,871. There are also 22,042 households with some type of retirement income such as IRA's or pensions with an average retirement income benefit of only \$17,600. Although the survey is unable to break down these households, the survey does tell us that there are 6,986 senior citizens living alone and the demographics of the elderly population tell us that many of the seniors living alone will be single widows on social security income or social security and a small pension. Even households with social security and other retirement income only have an average income of about \$30,000. With incomes at these levels many of our senior citizens have trouble paying the rent or maintaining their homes as they try and cope with other living expenses including ever increasing medical bills.

A deeper analysis of the household versus family income is also instructive. One must remember that all families are households but not all households are families. A family is defined as a householder and one or more other persons living in the same household who are related by blood, marriage or adoption. A household is all people occupying a housing unit. Households are divided into family households and non-family households, which includes single people (young and old), roommates and couples living together among other living arrangements. The median non-family household income was only \$33,436 in 2000. This is the median income for our young single people, elderly widows and widowers and young people sharing an apartment.

A discussion of the housing challenges of these groups will take place in section three of this report.

Changes in Employment

Any discussion of housing needs must consider the needs of the workforce. This is particularly true for a community that is trying to attract new businesses since the cost of housing is one of the factors that businesses use in location decisions.

Dutchess County experienced a dramatic shift in its workforce between 1990 and 2000. These shifts were precipitated by the significant downsizing at IBM in the early 1990's and the national trend away from manufacturing to service jobs. Data from the NYS Department of Labor confirms and quantifies these shifts. According to this data, the largest employment sector in 1990 was Manufacturing followed by Government (23%), Services (17%) and Wholesale/Retail Trade (17%). Table 3 below shows the breakdown of the county's workforce in 1990.

Table 3
Business Sectors as Percentage of Workforce 1990

Business Sector	Percentage of Workforce
Manufacturing	26%
Services	23%
Government	20%
Wholesale/Retail Trade	19%
Construction	5%
Finance/Real Estate/Insurance	4%
Transportation/Utilities	3%
All Other Industries	1%

Source: NYS Department of Labor

By 1999 there had been a shift in the county's workforce substantially caused by the downsizing of IBM. The largest sector in the county's workforce is now Services at 31% followed by Government (20%), Wholesale/Retail trade (19%) and Manufacturing (16%). The drop in the government sector is due to the downsizing of the state institutions within Dutchess County. The following table shows the breakdown by sector.

Table 4
Business Sectors as Percentage of Workforce 1999

Business Sector	Percentage of Workforce
Services	31%
Government	20%
Wholesale/Retail Trade	19%
Manufacturing	16%
Finance/Real Estate/Insurance	5%
Construction	4%
Transportation/Utilities	4%
All Other Industries	1%

Source: NYS Department of Labor

These sector shifts are important because of the variance in wages between sectors, which in turn impacts what type of housing that households can afford. The following table shows the average 1999 salaries of workers in Dutchess County by sector. **This data shows there has been a shift from well-paying manufacturing jobs to lower paying service oriented jobs.**

Table 5
1999 Average Salaries by Business Sector

Business Sector	Average Annual Salary
Manufacturing	\$69,766
Government	\$34,591
Wholesale/Retail Trade	\$19,735
Services	\$28,719
All other industries	\$23,890

Source: NYS Department of Labor

Commuters

Much of the pressure on the housing market has been blamed on the influx of commuters. While Dutchess County has always had a large segment of its population commuting to New York City or White Plains, the numbers of people making this commute on a regular basis has increased significantly. Unfortunately, the 2000 journey to work information will not be available from the Census until the spring of 2002. In place of this information the County completed an analysis of the increased traffic on the Taconic State Parkway (TSP), I-84, the Metro-North Commuter Railroad and Amtrak.

The Taconic State Parkway (TSP) provides access to southern counties and acts as a connector with I-84 that takes commuters to Danbury or west to the NYS Thruway. The traffic reports for sections of the TSP in Dutchess County, which cross into Putnam County, shows significant increases in annual average daily traffic (AADT) from 1990 to 1999. Gains as high as 52% have been experienced on sections of the TSP within southern Dutchess County. Counts at the intersection of Taconic and I-84 increased by 39% from 1990 to 1999.

Metro-North data also confirms an increase in commuters. An analysis of station weekday passengers for the Hudson and Harlem Lines shows an increase in passengers on both lines since 1985. The Hudson Line experienced an increase of 187% while the Harlem Line experienced a 549% increase during this period.

Data for the individual stations in Dutchess County from 1995-2000 also shows increases. Ridership from the Poughkeepsie station increased by 21% while passengers at the Beacon station increased by 27%. Ridership at the New Hamburg station has remained fairly stable. On the Harlem Line the number of passengers at the Pawling station increased by 69% while the number of passengers at Wingdale increased by 41%. The only station on either line to experience a decrease was Dover Plains.

Amtrak ridership has also increased significantly. Data from 1991 to 2000 shows that weekday ridership has increased by 48% from Poughkeepsie and 127% from the Rhinecliff station, which is not serviced by Metro-North. There are 100,000 more people getting on Amtrak at the

Rhinecliff station on weekdays in 2000 than did so in 1991. Anecdotal information suggests that many of these riders are commuters to New York City.

These statistics support the assertion that more residents of Dutchess County are commuting to Westchester County and New York City on a regular basis for employment. It is also assumed that a higher than average percentage of new residents are commuting out of the County for work than has been traditional in Dutchess County. This commuting trend is important because of the impact that these households have on our demographics and the way our community does business.

Many people have asserted that households where one or more persons commute to Westchester or New York City for employment have higher incomes than households where people are employed in Dutchess County. Information from the NYS Department of Labor supports this assertion because its statistics show that average wages in Westchester and New York City are significantly higher in all business sectors than the average wages in Dutchess County.

These higher income households are a concern for households who work locally because household incomes compete in the housing market and as in any "market" the person who is willing and able to pay more usually wins. In addition to the concerns about direct competition in the housing market, households who work locally must be concerned about these higher income households to the extent that they drive what type of housing is being produced. As developers work to address the housing need of higher income households, which provides a higher profit, the housing needs of moderate and lower income households may be ignored. A review of new construction later in the report shows that this is happening in Dutchess County.

If these higher income commuting households continue to push households who work in the local workforce out of the local housing market this will have the effect of making many local workers into commuters because they will be forced to go to Ulster and Columbia counties for housing that is affordable to them.

The increase in the number of commuters affects the way many of our institutions have traditionally functioned in Dutchess County. Traditionally, volunteers have staffed our municipal boards and emergency services, among other services. As people spend an increasing amount of time commuting they have less time to devote to such volunteer efforts. The result is that we will need to rely more on paid staff to do municipal business and provide emergency services and the source of funding for their salaries will be local taxes. We are already experiencing this trend as municipalities complain they are having an increasingly difficult time recruiting residents to serve on boards such as planning and zoning. Volunteer fire departments are also experiencing problems. A telephone survey of fire districts showed that many municipalities have already contracted with private ambulance companies to provide emergency services and many towns that do not currently contract out these services are considering doing so in the not to distant future.

Most municipalities remain completely reliant on volunteers and there were several common concerns among fire districts. Most districts, even those that do not have personnel issues today, expressed serious concerns about their ability to provide volunteer fire services into the future. They seem to be just waiting for the day that they will have the same problem as the first district next door. Many of these concerns come from the fact that although they may be meeting their needs today they are spending an increasing amount of time recruiting people and have needed to become increasingly innovative in the ways they outreach to potential volunteers.

A variety of other vital community services are provided by volunteer organizations including churches, civic groups and non-profit organizations. As a commuter population increases, people will have less time to volunteer for such organizations. As these organizations lose volunteers they will be forced to drop services and some services may need to be transferred to the government. A perfect example of such an organization is the Dutchess County Coalition for the Homeless Shelter (DCCHC). This is a 12 bed overnight shelter for homeless individuals. It is the only overnight shelter for homeless individuals in Dutchess County. This shelter has been staffed every night for years by volunteers from numerous churches throughout Dutchess County. As it becomes increasingly difficult to get volunteers from churches, the non-profit organization which coordinates the shelter will be forced to move to paid staff. Since they are providing a necessary service they will most likely look to the government to pay for the new staff.

Current Housing Conditions

Census Data

A survey of the 2000 Census information confirms the tightening of the county's housing market. U.S. Census information shows an 8.6% increase in housing units from 97,632 in 1990 to 106,103 in 2000. While this increase is in line with our population growth it is less than the 11% increase in our household growth. When housing growth does not keep up with household growth households are forced to double up.

The vacancy statistics also show a similar tightening in the housing market. In 1990 the vacancy rate in owner-occupied housing was 1.8% while the vacancy rate in renter-occupied housing was 6.8%. By 2000 the owner-occupied vacancy rate had dropped 28% to 1.3%. The renter-occupied vacancy rate dropped even more significantly to 4.5%, a 34% drop in the vacancy rate.

Rental Housing

Each fall the County completes a survey and analysis of the County's rental housing market. This survey analyzes the four major sectors of the county's rental housing market: apartment complexes of twenty units or more, multi-family housing, homes and condominiums for rent and subsidized housing. The most recent survey shows that the market is tighter than any time in the twenty years that the County has been surveying.

Apartment Complexes

The survey covers 7,508 apartment complex units and shows that the average rents for these units range from \$579 for a studio unit to \$1,216 for three-bedroom unit. It should be noted that heat and hot water are generally included in the rents for these units. The following tables show the average rents and change in rents by bedroom size for 1997-2001.

Table 6
Average County Rents 1997-2001

	2001	2000	1999	1998	1997
Studios	\$579	\$554	\$555	\$505	\$486
1-Bedroom	\$781	\$721	\$673	\$636	\$623
2-Bedroom	\$933	\$855	\$794	\$747	\$738
3-Bedroom	\$1,216	\$1,159	\$971	\$952	\$927

Source: 2001 Dutchess County Rental Housing Survey

Table 7
Annual Percentage Change in Rents 1997-2001

	2000- 2001	1999- 2000	1998- 1999	1997- 1998	1996- 1997
Studios	4.5	0	9.9	3.9	-1.6
1-Bedroom	8.3	7.1	5.8	2.1	3.3
2-Bedroom	9.1	7.7	6.3	1.2	3.5
3-Bedroom	4.9	19.3	2.0	2.7	4.4

Source: 2001 Dutchess County Rental Housing Survey

The percent change shows that rents have increased at more than double the rate of inflation for the past two years with the rents for the one- and two-bedroom units increasing by 8-9% in 2001.

The municipality with the largest number of apartment complex units in the county is the town of Poughkeepsie with 2,375 units reporting. The towns of Fishkill and Wappingers also have a significant number of apartment complex units with 1,799 units and 1,558 units, respectively. The units in these municipalities make up 76% of the county's apartment complex units.

A review of the size of units shows that 91% of the apartment complex units are one or two bedroom units. Only 4.4% of the units have 3 bedrooms.

Vacancy Results

The increase in rents is a direct result of supply and demand and the county's vacancy rate confirms that supply is currently insufficient to meet the demand. Housing experts consider that a healthy rental market should have a 5.0% vacancy rate. This rate is low enough not to affect a

landlord's financial stability but is high enough to permit tenant mobility. In 2001 the vacancy rate in Dutchess County was 1.7%, which is less than one-half of the acceptable rate. It should be noted however that 48 of the 116 vacancies were at one complex in the town of Poughkeepsie which was undergoing renovations, although the complex claimed the vacant units could be occupied. The vacancy rate when this complex is removed from the calculation is 1.0%

The vacancy rate impacts the rents because it is the tenant's ability to move which partially controls rent increases. In a normal market, tenants can threaten to leave if their rent is increased too dramatically. In a tight housing market this power is taken away from the tenants, who being unable to move, must accept the rent increase.

The following table shows the vacancy rates for the last five years:

Table 8
Vacancy Rates 1997-2001

2001	2000	2000	1998	1997
1.7%	1.5%	2.0%	2.6%	3.4%

Source: 2001 Dutchess County Rental Housing Survey

Recent Construction

While the decrease in the vacancy rate is a concern, it is even more of a concern that the vacancy rate continued to drop when in the last two years almost 660 rental-housing units were built. This fact shows a huge pent-up demand in the rental market. Although it is difficult to determine how many adult children are living at home or how many people are doubling up, the fact that the vacancy rate decreased when so many units were created suggests that a significant number of people are living in such situations just waiting for units to become available.

Multi-Family Units

The second part of the rental market surveyed by the County is multi-family housing. These are apartments in any building of twenty units or less. These can include 10 unit buildings in our cities or a single accessory unit in a rural community.

The County is unable to calculate a vacancy rate on these units because the universe of units is too difficult to determine but the County is able to get some sense of the availability of such units by comparing the number of units available during a given year to the number available in previous surveys. This year's survey included only 181 units, which is the fewest number of units available since this 1990 when this sector began to be surveyed in the current manner.

The municipality with the largest number of rental units was the City of Poughkeepsie, with 58 units. On the other end of the spectrum, the town of Washington reported 1 unit during the period covered by the survey.

The multi-family rental housing has experienced rent increases similar to the apartment complex units, which is another indicator of the pressure on the rental market. The table below shows that the average rent for a one-bedroom unit increased from \$630 to \$699 in one year. This \$69 increase equals a 10.9% rent increase in one year. The rents for two-bedroom units increased 9.6% from \$789 to \$865. The rents for studio units increase significantly while the rent for three-bedroom units decreased slightly after increasing significantly last year.

Table 9
Multi-Family Units
Average Rents 1997-2001

	2001	2000	1999	1998	1997
Studios	\$558	\$515	\$437	\$439	\$428
One-bedroom	\$699	\$630	\$577	\$524	\$543
Two-bedroom	\$865	\$789	\$701	\$653	\$643
Three-bedroom	\$925	\$940	\$760	\$705	\$722

Source: 2001 Rental Housing Survey

Table 10
Multi-Family Units
Percent Change 1997-2001

	2000-2001	1999-2000	1997-1998	1997-1998
Studios	8.3	17.8	2.6	2.6
One-bedroom	10.9	9.2	-3.5	-3.5
Two-bedroom	9.6	12.6	1.6	1.6
Three-bedroom	-1.5	23.7	-2.4	-2.4

Source: 2001 Rental Housing Survey

The median rent statistics for this type of housing confirms the average rent data. Median numbers are often considered more reliable indicators of a market as they remove the exaggerating influence of extremely high and low rents.

Single-Family Homes and Condominiums

The rents for condominiums and homes for rent showed a similar trend to traditional rental housing. Although a much smaller part of the rental market they are important because they provide larger units that are not provided in apartment complexes and multi-family housing. The median rent for a two-bedroom condominium increased from \$850 to \$1,190 while the rent for a three-bedroom home increased from \$1,325 to \$1,400. These represent increases of 40% and 6%, respectively.

The town with the most number of condominiums and home for rent was Wappingers.

Subsidized Housing

The county has about 2,500 subsidized housing units in 26 apartment complexes that are strictly for households who fall within income limits that were established by the project's original funding source. A majority of the units are located in the City of Poughkeepsie. These units are an important component of the housing market because they provide a significant number of affordable housing units of low-income families and senior citizens. Approximately half of the units are limited to senior citizens. In many of these complexes households who meet the income requirements pay 30% of their income towards their rent. The vacancy rate for this type of housing is considered zero, since all of the complexes have waiting lists ranging from 3 months to 5 years.

For-Sale/Owner Occupied Housing

A survey of the for-sale housing market using various data sources shows price increases similar to the rental housing market. The County used the sales information from the NYS Office of Real Property Services (NYS ORPS), the listings of the Mid-Hudson Multiple Listing Service (MLS) and recently released information from the Census' American Community Survey (ACS). The NYS ORPS information lists each single-family home sale since 1994. The MLS is the County's largest computer information systems with listings of properties from over 150 real estate offices. At the time this information was collected their database contained 1,336 single-family listings. The ACS survey provided basic information on housing value in 2000.

According to the American Communities Survey, the median value of owner-occupied housing units in Dutchess County in March 2000 was \$160,702. This is value as reported by the property owners to the Census Bureau. This value is 7.7% more than the 1990 median value of \$149,200. The NYS ORPS data shows a similar moderate increase in the sales price with a median sales price of a single-family home in 1994 of \$132,000 that increased to \$155,000 by 2000. (Data from NYS ORPS is not available prior to 1994.) Both of these values are reasonably in line with the sales information from the Mid-Hudson Multiple Listing Service for the periods noted.

Although these sale prices may seem high to many households, the actual increase in the median cost of housing was quite reasonable from 1990 to 2000. It was significantly less than the rate of inflation and the increase in both income and wages. It should be noted however that much of the reason for the moderate increase in housing value and sales price has to do with the downsizing of IBM and its impact on the housing market. In the late 1980' and early 1990's the county was beginning to experience a dramatic increase in the value of homes and the cost of rents when the downsizing of IBM caused a correction in the housing market significantly lowering both property values and rents. All data sources show this drop in value and sales prices and show that it took until mid-1998 for the sales prices to rebound to the 1990 levels.

Although the increase between 1990 and 2000 may have been reasonable, the increases since have been anything but. The MLS data shows a strong, steady increase in housing sales prices in the past two years with a current median sales price of approximately \$210,000 in January 2002. This is a 36% increase in the median sales price of a single family home in less than two years. The table below shows the median sales prices for homes in Dutchess County for each month in the last two years.

Table 11
Housing Sales Prices
2000-2001*

	2000	2001
January	\$139,900	\$180,000
February	\$165,000	\$184,000
March	\$154,000	\$191,000
April	\$175,000	\$187,500
May	\$169,000	\$194,000
June	\$175,000	\$206,000
July	\$165,000	\$190,000
August	\$169,500	\$200,000
September	\$177,000	\$200,000
October	\$175,000	\$218,000
November	\$184,000	\$199,000
December	\$186,000	\$207,500

*Source: Mid-Hudson Multiple Listing Service

The table below also shows the median sales prices by municipality using data from the NYS ORPS. All towns, except two, experienced increases in the median sales price between 1994 and 2000. The lack of an increase in the sale prices in the towns of Milan and Pine Plains is a function of a limited number of sales not a fall in their housing market.

Table 12
Single Family Homes
Median Price by Municipality

Municipality	1994	2000	Percent Increase
<i>Cities</i>			
Beacon	\$97,000	\$103,000	6.2%
Poughkeepsie, City	\$91,000	\$120,000	31.9%
<i>Towns</i>			
Amenia	\$93,750	\$124,500	32.8%
Beekman	\$145,000	\$186,000	28.3%
Clinton	\$125,000	\$225,000	80.0%
Dover	\$134,000	\$149,000	11.2%
East Fishkill	\$159,000	\$197,000	23.9%
Fishkill	\$127,000	\$155,520	22.5%
Hyde Park	\$109,250	\$135,000	23.6%
Lagrange	\$149,000	\$180,000	20.8%
Milan	\$153,000	\$128,900	-15.8%
Northeast	\$97,250	\$119,800	23.2%
Pawling	\$150,000	\$170,500	13.7%
Pine Plains	\$110,000	\$97,500	-11.4%
Pleasant Valley	\$133,500	\$162,000	21.3%
Poughkeepsie, Town	\$120,250	\$150,000	24.7%
Red Hook	\$132,000	\$155,000	17.4%
Rhinebeck	\$213,500	\$158,000	-26.0%
Stanford	\$128,750	\$185,000	43.7%
Unionvale	\$145,000	\$185,000	27.6%
Wappinger	\$137,250	\$178,900	30.3%
Washington	\$130,000	\$185,000	42.3%
<i>Villages</i>			
Fishkill	\$113,200	\$169,000	49.3%
Millbrook	\$120,000	\$170,000	41.7%
Millerton	\$75,000	\$120,000	60.0%
Pawling	\$139,500	\$171,000	22.6%
Red Hook	\$118,500	\$127,500	7.6%
Rhinebeck	\$173,000	\$167,500	-3.2%
Tivoli	\$91,050	\$127,500	40.0%
Wappingers Falls	\$89,200	\$116,500	30.6%
Dutchess County	\$132,000	\$155,000	17.4%

Source: NYS Office of Real Property Tax

A review of the MLS current listing was also conducted in September 2001 to determine which price categories have the most significant listings. This data showed that the most number of listing was for homes with sales between \$200,000-\$299,999 which made up 33% of their listings. Homes for sale over \$300,000 made up another 33% of the listings. The listings were rounded out with 19% between \$150,000-\$199,999 and only 14% for homes under \$150,000. Only 45 homes, or 4.5% of all listing, were for homes between \$50,000-\$99,999.

The County also reviewed the MLS new construction listings. This listing showed that four towns had significant new construction listings: Beekman, East Fishkill, LaGrange and the Town of Poughkeepsie. East Fishkill had the most listings with 43 and Poughkeepsie has the least at 14. The balance of the municipalities had only one to five listings for new construction.

Of the towns that had significant new construction listings, Poughkeepsie had the least expensive median sales price at \$367,000 followed by \$369,000 in Beekman, \$387,400 in LaGrange and \$399,900 in East Fishkill. The least expensive units in those towns were \$189,900 in LaGrange, \$234,900 in East Fishkill, and \$249,900 in Beekman and Poughkeepsie.

There is a development of small homes in the Town of Poughkeepsie that was not considered in this analysis because it is not a traditional single-family development. The purchaser buys the house but must rent the land and pay the property taxes and water and sewer charges. The least expensive unit in this development is \$118,000 but the owner must pay an additional \$312 in lot rent and \$125 in property taxes.

Much of the increase in the cost of for-sale housing relates the increase the size of the average unit and the increase in the minimum acreage requirements. Both of these factors increase the cost of housing. An analysis of the square footage of the homes built in the 1950's, which were sold in the last seven years, shows that the median square footage of these homes was 1,041 square feet. By the 1990 the median square footage has almost doubled to 1,928 square feet. The average acreage increase by 144% county-wide from .41 acres in the 1950's to 1 acre in 1990's. The tables below shows the median square footage and median acreage by municipality.

Table 13
Single-Family Homes
Median Square Footage 1950's and 1990's

Municipality	Year Built	
	1950's	1990's
<i>Cities</i>		
Beacon	1,170	1,368
Poughkeepsie	1,456	No Data
<i>Towns</i>		
Amenia	1,428	1,400
Beekman	1,118	2,028
Clinton	1,259	1,879
Dover	1,148	1,284
East Fishkill	1,120	2,190
Fishkill	1,248	1,250
Hyde Park	1,344	1,824
LaGrange	1,396	2,381
Milan	1,300	2,200
Northeast	1,295	2,006
Pawling	1,182	2,190
Pine Plains	1,048	1,163
Pleasant Valley	1,268	2,295
Poughkeepsie	1,386	1,666
Red Hook	1,292	2,032
Rhinebeck	1,200	2,545
Stanford	1,502	1,733
Unionvale	1,248	2,156
Wappingers	1,296	2,268
Washington	1,399	3,369
<i>Villages</i>		
Fishkill	1,470	1,424
Millbrook	1,640	2,031
Millerton	1,020	1,786
Pawling	1,214	1,200
Red Hook	1,464	No Data
Rhinebeck	1,352	2,190
Tivoli	997	1,728
Wappingers Falls	1,064	1,120
Dutchess County	1,041	1,928

Table 14
Single Family Homes
Median Acreage 1950's and 1990's

Municipality	Year Built	
	1950's	1990's
<i>Cities</i>		
Beacon	.22	.14
Poughkeepsie	.26	No Data
<i>Towns</i>		
Amenia	.26	1.32
Beekman	1.05	.72
Clinton	1.31	1.9
Dover	1.00	.61
E. Fishkill	.74	1.1
Fishkill	.34	No Data
Hyde Park	.38	1.3
Lagrange	.55	1.8
Milan	.92	5.6
Northeast	1.3	3.1
Pawling	1.4	No Data
Pine Plains	1.1	.8
Pleasant Valley	.82	1.5
Poughkeepsie	.36	.28
Red Hook	.44	4.0
Rhinebeck	2.5	2.4
Stanford	2.7	3.3
Unionvale	1.2	2.3
Wappingers	.58	1.3
Washington	1.1	5.2
<i>Villages</i>		
Fishkill	.35	.23
Millbrook	.47	.49
Millerton	.46	.37
Red Hook	.46	No Data
Rhinebeck	.34	.33
Tivoli	.28	.63
Wappingers Falls	.17	.08
Dutchess County	.41 acres	1 acres

Homeless Housing

Those unable to afford housing often end at the bottom of the housing market which is the county's homeless delivery system. When the housing market is not meeting the needs of its various residents the homeless delivery system is often one of the first sectors to notice the problem as people with the least resources get pushed out of the competitive housing market. This system is generally divided into three categories: emergency housing, transitional housing and permanent housing.

In Dutchess County emergency shelter is provided in two ways: (1) vouchers, provided by the Department of Social Services, Salvation Army or the Red Cross, for brief stays in area motels and (2) shelter facilities. Both forms of shelter meet the basic need of providing an alternative to sleeping in places not meant for human habitation.

The Department of Social Services, Salvation Army and the Red Cross will provide vouchers for overnight stays in area motels if no shelter units are available. There are currently 79 beds and 19 units of emergency housing throughout Dutchess County serving all sub-populations of homeless. The following is a list of the main providers of emergency shelter:

- * *Gannett House*: a 19-unit emergency facility for homeless families and individuals.
- * *The Dutchess County Coalition for the Homeless (DCCH) Shelter*: a 12-bed overnight shelter for adults.
- * *Hudson River Housing River Haven Program*: a 12-bed emergency shelter for homeless and runaway youth ages 10 - 17.
- * *Grace Smith House*: a 20-bed shelter for victims of domestic violence within the City of Poughkeepsie and a 10-bed facility in northeastern Dutchess.
- * *YWCA Battered Women's Services*: offers "safe house" referrals.
- * *Daniloff House*: providing a 3-unit facility serving individuals with HIV disease and their families.

Referrals to these facilities are made from agencies around the county.

There are three transitional homeless housing with supportive services programs operating in the County. In addition, there are five other programs which serve individuals with chemical and/or

alcohol dependencies who may or may not be homeless. The three transitional housing programs specifically for the homeless include:

- * *Hudson River Housing's Hillcrest House*: SRO housing provided in 39 studio rooms, 11 larger rooms and 5 apartments.
- * *The HRH River Haven Program*: 5 transitional apartments serving 10 youth at a time.
- * *Grace Smith House's Brookhaven*: A 15-unit supportive housing program, including three transitional units.

The homeless persons access transitional housing through case management from the providers of emergency housing.

Permanent housing is often the most difficult piece of the puzzle to provide for homeless persons coming out of emergency or transitional housing because housing for these populations often requires long term subsidies. The main provider of permanent housing for the homeless and persons with special needs are the local Section 8 programs. There are four programs in Dutchess County: Rural Opportunities, Town of Poughkeepsie, City of Poughkeepsie and the Beacon Housing Authority. One of the problems with using Section 8 as a source of permanent housing for formerly homeless persons is that in a tight housing market landlords become less willing to accept Section 8 assistance.

There are 145 permanent supported housing beds funded through the DC Department of Mental Hygiene serving individuals and a limited number of families with mental illness. The agencies providing this housing are Hudson River Housing, Rehabilitation Support Services/Multi-County, Gateway Community Industries and PEOPLE, Inc.. Hudson River Housing also operates a 12 unit permanent supportive housing program for low-income households through its Maximize Program. The Mid Hudson Alcoholism Resource Center(MARC) has four Shelter Plus Care units, and five additional supportive living units for individuals in recovery from chemical dependencies.

The homeless delivery system is often the first sector of the housing market to recognize problems with the availability and cost of housing when it sees an increasing number of people requesting their services and end up turning away an increasing number of individuals and families because of the lack of capacity. From January to June 2000, 1,183 persons were turned away from emergency shelters because of lack of space. This total is comprised of 678 adults and 505 children. These numbers are not unduplicated so the same person can be counted each night he/she is turned away. Some agencies make an effort to determine if a person has been previously rejected and as such some agencies numbers are unduplicated. Some people turned away by one agency may have been housed by another. This is particularly true of women with children. Regardless, each rejection represents a night where an adult or child could have been forced to stay on the street, in a car or some other place not meant for habitation.

As the demand for emergency housing increases, the demand for transitional and permanent housing increases as agencies look to move people through the system and free up units/beds for people they are currently turning away. Currently, transitional and permanent housing for the homeless are 100% occupied. Since agencies only accept applications upon a vacancy, they do not have statistics on turnaways or have waiting lists. As units become available, agencies look within their own organization or network with other agencies to fill the vacancy. Vacancies are filled immediately.

Does our current housing stock meet our current housing needs?

Having looked at the demographics in population, income, employment, commuting and the existing housing market, what does this information tell us about the housing market's ability to meet the needs of our current residents and workforce? **A comparison of all this information suggests that we are beginning to have a disconnect between the housing needs of many of our residents and the housing we are building.**

The survey of current housing conditions showed the most of the new housing we are building is large and expensive costing at least \$367,000. New townhouses cost a minimum of \$180,000. The median sale price of a single-family home in Dutchess County is now in the \$210,000 range. In the September 2001 there were only 45 single-family homes listed with the Multiple Listing Service for under \$100,000.

This housing is unaffordable and inappropriate for many residents. Using the 2000 American Community Survey data, in 2000 the median income household and family would have been able to afford the median priced single-family home assuming a 10% downpayment and a thirty-year, fixed rate mortgage. The median income household of \$55,744 would have been able to afford a \$163,000 house assuming a 10% downpayment. The median income family would be able to afford a house with a sales price of \$195,000. According to the survey the median single-family home was worth \$160,000 which means that both the median income household and family would have been able to afford the median value single-family home in 2000.

Considering the significant increase in the median sales prices in the past two years, the median income household can no longer afford the median priced home since it is unlikely that the median household income has increased by the 35% that housing prices have increased by. The median income family may be able to afford the median priced single-family house, even after the dramatic increases, but it will be unable to do so shortly if housing prices continue to escalate at the current rate. A household would need to make \$70,000 to afford the median priced house of \$210,000. Income data shows that 61% of Dutchess County households cannot afford the median priced single-family house. In a balanced housing stock only 50% of the households would not be able to afford the median priced home.

One of the problems with this affordability calculation is that it assumes a standard 10% downpayment which many households have difficulty saving particularly when rent consumes such a large percentage of their household income. It should also be noted that at this price range households and families would be purchasing existing housing since no significant new construction exists at this price range. Households wanting new construction would need to purchase in one of the few townhouse or condominium developments located throughout the county.

If the median priced home is becoming unaffordable to median income families and households, what hope is there for lower income households and young, single people who may wish to purchase a home. Using the non-family median income of \$33,436, a single person would be able to purchase a home with a sales price of approximately \$93,000 which is less than half of the price of the median priced single-family home. ACS income data also shows that we have about 32,000 households with incomes between \$35,000 and \$68,000 (the income needed to purchase the median priced single-family home). These households can afford homes that sell for between \$96,000 and \$200,000. Homes in these price ranges are unavailable in new construction and severely limited in existing housing at the lower end of the price range.

In addition to housing becoming increasingly unaffordable, much of the new housing being built does not meet the changing needs of the community. At a time when our population is changing and diversifying, we are building almost exclusively large, expensive single-family homes. Census data shows that we have an increasing number of single-person households who now make up almost 25% of our population. Many of these households want to invest in a home but do not need or want a 4,000 square foot home. Younger single person households, who are fleeing Dutchess County at an alarming rate, want small, starter homes in which they can build equity until they settle down, start a family, and move on to a bigger house more appropriate for their new lifestyle. Many older single and two-person households want to downsize from the homes they raised their families in to smaller, accessible units to minimize expenses, maintenance and have a unit that is more appropriate to their changing physical needs. Single-parent families, another growing category of households, have do not have the time or often the resources to afford or maintain a large home. These smaller families need homes that are sized appropriately for a single parent with one or two children.

The news isn't much better in the rental housing market. Using the U.S. Department of Housing and Urban Development's guidelines that a household should not pay more than 30% of their gross income for housing, including utilities, households would need the following incomes to afford the average Dutchess County rents:

Table 15
2001 Annual Income by Unit Size

Units Sizes	Annual Income
<u>Apartment Complexes</u>	
Studio	\$23,680
1-Bedroom	\$31,920
2-Bedroom	\$38,280
3-Bedroom	\$49,760
<u>Multi-Family Units</u>	
Studio	\$24,880
1-Bedroom	\$31,320
2-Bedroom	\$39,000
3-Bedroom	\$42,400

Source: 2001 Rental Housing Survey

The ACS income data shows us that about 20,000 households cannot afford the average one bedroom apartment while 26,000 households cannot afford the average two-bedroom rent. About 21% of the county’s households cannot afford to rent an average priced one-bedroom apartment.

While the income levels noted above may not be difficult for two income families to attain, they are difficult for senior citizens, single-income families and single-parent families and low wage or entry-level employees. The ACS income data showed that the average senior citizen who lives on only social security makes about \$13,000. The average senior household with social security and a pension makes about \$30,000 which would pay for a one-bedroom apartment but would be insufficient to rent a two-bedroom apartment.

This same data shows that the median income for non-family households, which includes single person households as well as people living as roommates or domestic partners, was only \$33,436. This income is currently sufficient to rent the average one-bedroom apartment but is insufficient to pay for a two-bedroom apartment which would be needed by people living as roommates.

If we compare rental cost to wages, a person working at the average wage in the retail sector, \$19,735, would not be able of afford any averaged priced apartment in Dutchess County. A single-mother working at the average wage in the service sector, \$28,719, would be able to afford a studio apartment but could not afford a one-bedroom apartment.

High housing costs are significant problem for low-wage workers. These are the people who check us out at the supermarket, get us our Big-Mac and fries at McDonald’s and often are

watching our children at the day care centers and our parents at the nursing homes. A single person with a \$7.00 an hour job (the effective minimum wage in Dutchess County) would need to work 65 hours a week to afford the average studio apartment. They would need to work 87 hours per week for afford a one-bedroom apartment. The hourly wage needed to afford a one-bedroom apartment and work only 40 hours is about \$15.35. A single parent with two children working at \$7.00 an hour would need to work 106 hours a week and take no days off all year to afford the average two-bedroom apartment. This same single parent household would need to make about \$18.40 an hour to be able to afford this apartment and work only a 40 hour week.

In addition, although many two income families are more able to afford these rents than the groups noted above, often these rents consume such a large portion of their income that it is difficult to save money for the down payment and closing costs associated with the purchase of a home which many of these households desire particularly if they have a family.

The apartment construction data shows that an insufficient number of apartments are being produced particularly for families. From 2000-2001, 656 apartments were constructed in Dutchess County. Although this was the first construction since 1997 and the most significant construction in the almost twenty year history of the study, the vacancy rate continued to dropped from 2.0% to 1.7%. This continued decline in the vacancy rate in the face of such significant construction demonstrates a huge pent-up demand for rental housing. It should also be noted that only 64 of these units were for moderate-income families. The rents at the largest complex, which completed 360 units in 2000, started at \$1,160 for a one-bedroom unit and the other complex with 232 units is limited to senior citizens.

The projections for the development of rental housing are not encouraging either. In the next two to three years about 350 units of rental housing will be constructed and 240 of these units will be limited to senior citizens which is the only type of rental housing that many residents and municipalities will accept.

Impact of High Housing Costs

Housing studies from across the country state that communities should provide a variety of housing types for their residents. They justify this statement with discussions about society having an obligation to provide safe and affordable housing for all residents focusing on the housing needs of the elderly and vital employees in our community such as teachers and firemen. While these are important and valid issues, rarely is the impact of a local housing market on a local economy discussed. This section of the report will attempt to explain this relationship and show that we must provide a variety of housing types if we wish to maintain long-term economic growth and stability.

Most people would accept the idea that a strong economy has a positive impact on the housing market as it will increase housing prices in both the rental and for-sale housing market. What

most people do not understand that eventually this strong housing market ends up negatively affecting the economy by limiting its ability to attract new businesses and retain existing businesses.

The attraction of new businesses and the retention of existing business is important because they provide employment opportunities for our residents, particularly our young people, and businesses provide a substantial amount of revenue (taxes) which helps pay for schools and municipal services.

The cost of housing is an important factor in a businesses decision to locate in a particular area. Housing costs are important because businesses want to know that employees can afford to live in the community in which the business is going to locate at the salary that the business can afford to pay. Employers also want employees to live in the area because such employees are more reliable since for example, the further an employee lives from work the less likely they are to come to work when bad weather is predicted or they don't feel well. Employers also know that areas with high housing costs have trouble attracting new workers should the existing workforce be unable to meet their needs.

Housing costs could also end up being a factor in business retention because as noted above areas with high housing costs can have trouble attracting new workers. Local businesses that wish to expand but are unable find such workers at affordable salaries may chose to relocated to an area that is more affordable.

According to local economic development officials, businesses looking at Dutchess County have already begun to express these concerns. Many argue that we could not attract the businesses that we did in the mid- to late-1990's with today's housing market. If we wish to continue our successful business expansion and economic revival we must take some action to provide a larger variety of housing options and moderate our housing prices. For those who agree that new businesses and business retention are important we can end our economic argument here.

Unfortunately, there are households who don't agree or at least don't see how local business growth relates specifically to them. These people already have jobs. Some of them commute to good jobs outside the county that are not dependent on the local economy. These people own homes that are appreciating day by day due to the strong housing market. And now someone is telling them that they should permit the development of small single family homes next to their 4,000 square foot colonial on three acres so the community can continue to attract new businesses to the Route 9 corridor a half hour away. The immediate reaction to such a proposal from this household is "Not in My Backyard" (NIMBY).

The first thing that this household must understand is that most businesses pay more in taxes than they use in services whereas residential property almost always demands more in services than it produces in taxes. A business doesn't send children to school, it doesn't use the town pool and it

doesn't demand curbside bulk pick-up each year. What it does is pay a significant amount of school and property taxes. **In effect, businesses subsidize the cost of residential property.** This is particularly true in municipalities that have chosen to implement the "Homestead" exemption that shifts even a larger percentage of the tax burden onto businesses.

But how does the location of a new business in Fishkill affect the taxes of a residential property in LaGrange? To understand this one needs to understand what taxes are available and how those taxes are distributed. Taxes in Dutchess County are raised through property taxes, school taxes and county sales taxes. County and municipal services are paid for in large part by property taxes and sales taxes.

Property taxes are divided into county property taxes and local property taxes. Sales taxes are collected by the County and distributed back to the County and the municipalities on a formula basis to help defray the costs for county and municipal services. This formula often provides some rural town with more in sales tax revenue than their community generated. Without sales tax monies the cost of county and municipal services would be paid for largely from county and local property taxes. New businesses are an asset in the equation because they increase the overall County sales tax revenues, which increase the sale tax distributions to municipalities. These increase distributions help minimize increases in local property taxes. In this way that new business in Fishkill helps stabilize the taxes of a residential property in LaGrange.

New businesses also generally add value to the existing property by constructing new buildings or rehabilitating existing ones. This added value is reflected in an increased assessment that results in increased property tax revenues for the municipality. Commercial property also pays a significant amount of school taxes and since school districts often straddle several municipalities the location of a business in a municipality can stabilize the school taxes of a residential property in an adjacent town if they are within the same school district.

Impediments to a Diverse Housing Stock

It is clear that Dutchess County's housing costs are high and that we are not creating a diverse housing stock but what are the causes. This section of the report discussed the various impediments to a diverse housing stock such as zoning, NIMBY, water and sewer availability and the development approval process. In addition to discussing impediments, this section will state corrective actions that must be taken.

Zoning

Many developers of housing claim the primary impediment to the development of housing, particularly apartments or small homes, is the lack of vacant land that is zoned for such purposes. The County Department of Planning and Development completed a review of all local master plans and zoning ordinances and a phone survey of local zoning administrators in an effort to confirm this claim.

A review of the master plans shows that only a little more than half mention the need for a diversity of housing types or affordable housing. Surprisingly, the zoning ordinances appear to be more progressive with 22 out of 29 zoning ordinance permitting some type of multi-family or homes on small lots.

The problem is that most of the areas listed in these zoning ordinances for multi-family or small lots are already built out and little vacant land with such zoning remains. The County contacted the zoning administrators in the towns which have multi-family or small lot zoning to determine if there are vacant parcels with such zoning. Only three zoning administrators noted that they currently have vacant land with such zoning and in each case they noted that it was just one or two parcels. Clearly, there is little land available for multi-family housing or homes on small lots.

Additionally, our review of recent zoning revisions shows that the trend in zoning is to increase the acreage requirements rather than look for opportunities to provide denser housing in communities. Most towns outside of the current urbanized areas do not permit the construction of new multi-family housing or homes on small lots. The availability of land zoned for such purposes is essential because developers of apartments or small homes do not have the profit margins to get involved with protracted rezonings. At the first sign that they will have to spend a significant amount of money to secure the necessary approvals developers of such housing usually withdraw their proposal because they know their project will become financial infeasible as their soft costs mount.

If the County is to diversify its housing stock communities must change their zoning ordinances to provide zoning for such housing. In some towns large multi-family developments may be inappropriate but communities could consider more appropriate zoning changes that could

permit the construction of two-family homes or accessory apartments and in this way they could provide a variety of housing choices without changing their community character.

Not In My Backyard (NIMBY)

Probably the most significant and difficult impediment to development of a variety of housing types is public opposition to the development of housing that is considered higher density or “affordable”. This mindset is often referred to by the acronym NIMBY that stands for “Not In My Back Yard”.

This opposition is usually visceral. As soon as a developer announces his/her intention to develop higher density housing local residents organize a local neighborhood group in opposition to the project. This group begins distributing information, often inaccurate or misleading, and issues strong objections to the development before any specific information about the impacts are available. Neighbors usually express concerns over traffic and impact on the school without even looking at the data and giving the developer an opportunity to address the concerns. Flooded with negative input from residents and uninformed about the actual impacts and the need for such housing, local municipal officials tell the developer that it is unlikely that they will get their approvals. The developer withdraws the application or converts the project into a senior citizen project, which is the only housing of any density that is considered acceptable. This NIMBY attitude also impacts the initial decisions on zoning where many residents object to the zoning of vacant land around them for anything other than homes exactly like or bigger than their own.

Many property owners are concerned that the location of housing they perceived as “affordable” next to their homes will lower their property values. Contrary to this popular belief, various studies have shown that affordable housing has no negative effect neighboring property values. Often affordable housing developments, particularly those involving infill housing or rehabilitation, increase neighboring property values. The Institute for Urban and Regional Development at the University of California, Berkeley conducted a survey that looked at relationship between affordable housing developments and property values and determined that proximity to affordable housing is not a significant factor in determining sales prices. Another study completed in Minnesota by the Family Housing Fund reviewed the impact of 12 affordable housing developments on the surrounding neighborhoods. According to the study, the homes that sold in the areas around the affordable housing developments “displayed similar to stronger market performance” in the period after the affordable housing developments were built, as well as “similar or stronger performance to comparable home sales from a control group”. Researchers identified generally upward price trends, declining days on market times and stable or improving sales to list price percentages. There were a few areas that displayed poorer performance after the construction of the affordable housing development but this poorer performance was almost always limited to one year. Other research shows an affordable housing

project's impact on neighboring property value relates mostly to the quality of construction and ongoing maintenance not the type of housing.

People also object to affordable housing because they think it will increase their property taxes. They assume that such housing will cost more in services than it will provide in school and property taxes. A recent study in Westchester County entitled "Analysis of the Impact of Housing Construction on the Local Cost of Public Education: Westchester County" attempted to evaluate the validity of this assumption. The study found that market rate, for-sale housing produced more in revenue than it costs to educate the public school students it generated. This result is also true of market rate and affordable senior citizen for-sale housing. Interestingly, the study found that although affordable for-sale housing produced a deficit in revenue, because of its higher than average public school generation, the deficit was relatively small and may be outweighed by other advantages such as providing housing for teacher, municipal workers, service workers, and volunteer fire and emergency services personnel.

The study also noted that "While the development of homes does potentially increase the number of school children, this effect may be only intermittent. Throughout their long life most new homes will be occupied for varying periods, by childless households such as young couples before their children are school age and "empty nesters" long after children finish school."

Residents often object to the construction of new apartments because of the burden that the development will put on the school system. Residents need to remember that renters pay property and school taxes through their rent and research shows that apartments pay more in taxes per square foot than single-family homes. It is also important to remember that apartment complexes are usually a mix of one, two and three-bedroom units many of which will be occupied by young people or senior citizens without children. As noted earlier in this report the average size of a renter household in Dutchess County is only 2.23 persons.

The U.S. Census Bureau has also recently published new data from its American Housing Survey that contradicts the conventional wisdom that new apartment construction burdens local school systems. Their survey shows that single-family homeowners are much more likely to have school-age children than renters. **On average, 64 school-age children live in every 100 new owner-occupied single-family houses while 21 school-age children living in every 100 new apartments.**

Research from the Westchester study noted above confirms the information on household size. The study shows that market rate apartments in Westchester generated .14 children per unit while affordable apartments generated .25 children. Market rate single-family homes on the other hand generated 1.02 children per unit. Information on affordable single-family housing was unavailable.

Clearly, the impact of apartment complexes on the school systems is not as momentous as the opponents of such housing would have people believe and even an affordable apartment complex has much less impact on the school system than a market rate single-family development. This data also shows the revenue deficit for affordable single-family homes is much less than many people thought.

Development Approval Process

The New York State Environmental Quality Review Act (SEQRA) requires all levels of state and local government to assess the environmental significance of their actions. The legal definition of the environment within the legislation is expansive including traditional environmental issues as well as existing patterns of population concentration, distribution, growth, and existing community or neighborhood character but the process often focuses on traditional environmental issues to the detriment of the other issues listed in the legislation. The SEQRA process uses the Environmental Impact Statement (EIS) to examine ways to reduce or avoid adverse environmental impacts related to a proposed action.

Unfortunately, SEQRA and its procedural requirements are often used by municipalities and “civic groups” as weapons against development which they perceive as undesirable. Projects which involve or suggest the development of affordable, moderately-priced or dense housing very often unfairly fall victim to these “civic groups” which rant about excessive traffic and impact on schools without ever permitting the developer to provide data related to these issues or make a proposal to minimize a project’s impact. The ambiguous nature of the law’s requirements are frequently manipulated to extend approval time and discourage development. The antagonistic climate created by this process and the added cost due to delays frequently makes projects economically unfeasible, much less allow them to be developed as moderately-priced housing, and causes the developer to withdraw his/her proposal which was the ultimate goal of the “civic group”.

Municipalities should review the approval process in an effort to streamline the process. This process should allow for sufficient and appropriate comments from the current residents on the information provided by the developer but also give the developer the opportunity to respond and mitigate impacts where possible. Whenever possible municipalities, should create General Environmental Impact Statements for land identified for moderately priced housing to expedite the review process and encourage interested by developers.

Subdivision Regulations and Road Standards

Some of the cost of housing relates to excessive road standards and outdated subdivision regulations which reflect our building patterns of the 1950’s and 1960’s. Many municipal subdivision regulations discourage clustering, require large set-backs and have excessive road standards which makes the development of attractive small homes and apartments more difficult.

Subdivision regulations must be rewritten to be more flexible, encourage clustering and incorporate new road standards.

New road standards recommend roads that are smaller but still meet acceptable engineering design standards. These more flexible road standards have several benefits. They are less expensive to construct since they have less pavement, drainage and curbing. Additionally, they are less expensive to maintain which is as important as minimizing the initial costs since ongoing maintenance, including snow removal, is paid for by the municipality where road maintenance often accounts for a large portion of the municipal budget. Accepting more flexible road standards helps lower the initial cost of the housing and helps keep down property taxes as maintenance costs are minimized.

Water and Sewer Availability

As noted in the County's master plan "Directions", the availability of water and sewer services are strong determinants of land use. Without these services, land use is limited by the ability of the soils to assimilate waste and the ability of the aquifers to provide clean water. This said, the availability of water and sewer services is essential to the development of any density which is required for the creation of small homes and apartments.

The County has a Water and Wastewater Plan which is administered by the Dutchess County Water and Wastewater Authority. The goal of this plan is "to ensure adequate supplies of clean, reasonably priced water and the proper treatment of wastewater to meet existing and future needs. The Plan contains recommendations for the Authority and local municipalities. Municipalities and the Authority must continue to work to achieve the goals of the plan since the availability of these services are essential to the development of a more balanced housing stock.

Housing Development Programs

In addition to removing impediments, there are a significant number of programs at both the State and Federal levels that can assist with the development of housing for low and moderate-income families, although the use of such programs can sometimes end up being an impediment by raising concerns about the building of a "housing project". A variety of entities within the County, including private and non-profit developers, have been using some of these programs but there are programs from which the county does not regularly receive an allocation. The County and municipalities should make an effort to encourage applications to these programs.

As noted above, the idea that a development is receiving some type of government assistance immediately brings visions of the dreaded "housing projects" built in the 1960's and 1970's. People must understand the housing which receives assistance today is very different from the "projects" created back then. In those developments the government provided not only a capital subsidy to build the project but they provided an operating subsidy. This operating subsidy

allowed the developer to charge the tenants 30% of their income and the government paid the balance of the rent. Under this scenario, a household making \$500 a month would only pay \$150 for an apartment that could be worth \$700. Because of this subsidy these units were truly affordable to low and very low income households.

Operating expense subsidies are almost nonexistent for new housing development, with the exception of HUD's 202 Program for senior housing. Subsidies are provided as capital subsidies which make apartments affordable to households making between 50% and 80% of the county median income which is \$31,700 to \$50,700 in Dutchess County in 2001. The rents in these projects are not a percentage of a household's income. Rents are slightly less than the rent for a similar market rate units and the household must have sufficient income to afford the rent. Because of this new financing structure almost all new "affordable" housing developments are affordable only to households that most of us would consider moderate income.

The following is a brief summary of the major programs.

Federal Housing Programs

Federal programs are administered by the U.S. Department of Housing and Urban Development and include entitlements programs such as HOME and CDBG and competitive programs such as SHP/S+C and Section 202

HOME Investment Partnership Program (HOME) – These funds are provided to Dutchess County on an annual basis. Currently the County receives approximately \$960,000. About 35% of the funds are provided to the City of Poughkeepsie. Funds may be used for the new construction or rehabilitation of rental housing or homeownership. Homeownership projects must be affordable to and purchased by households at 80% of the County median income or less. Rental projects must be affordable and rented to household at 60% of the County median income or less. These funds are distributed through an annual allocation process that accepts applications each September. The funds are available to private and nonprofit developers.

Community Development Block Grant (CDBG) – The CDBG Program is an annual allocation provided to the County for community development activities. The County currently receives approximately \$1.8 million that is provided to municipalities and human service agencies through an annual allocation process. Although eligible, housing is currently not a priority under the program. The County will investigate whether housing should be added a priority for the next funding round.

Supportive Housing Program/Shelter Plus Care (SHP/S+C) – The SHP and S+C funds are accessed through an annual competitive application process under which the County receives approximately \$400,000. Any non-profit human services agency involved in the provision of

services or housing for the homeless may compete for funding. The application process is coordinated through the Dutchess Housing Consortium which ranks each proposed application.

Section 202 provides capital advances to finance the construction and rehabilitation of structures that will serve as supportive housing for very-low income elderly persons. The program also provides rent subsidies for the projects to make them affordable. Only private, nonprofit organizations may apply for this money.

Section 811 provides grants to nonprofit organizations to develop and construct or rehabilitate rental housing with supportive services for very-low income persons with disabilities.

Rural Rental Housing – Direct Loans (U.S. Dept. of Agriculture)– The Rural Housing Service makes direct loans to developers of affordable rural multi-family rental housing. Interest rates for these programs may be subsidized to as low as 1%. Funds may be used to construct new rental housing complexes or to repair and rehabilitate existing units. Loans can be made to public, private and nonprofit organizations. Funds are available through an annual Notice of Funds Availability which is usually published around November 1.

New York State Housing Programs

Low Income Housing Tax Credit (LIHTC) – LIHTC was established to promote private sector involvement in the production of rental housing for low and moderate income households. The program provides a dollar-for-dollar reduction in federal income tax liability for project owners. The credit is turned into equity to fill a project's "gaps" through the sale of the credits to investors. NYS receives \$22 million dollars in credits each year. Both private and nonprofit developers can apply for these funds through a competitive annual allocation process. LIHTC's are allocated through the State's Unified Funding Process.

Low Income Housing Trust Fund (HTF) – The HTF provides funding to construct low-income housing, to rehabilitate vacant to under-utilized residential property, or to convert vacant non-residential property to residential use for occupancy by low-income homesteaders, tenants, tenant-cooperators or condominium owners. The program can provide up to \$55,000 per unit. Municipalities, non-profits and private developers are eligible for funding under this program. HTF monies are allocated through the State's Unified Funding Process.

Housing Development Fund – The purpose of the HDF is to provide loans to nonprofit organizations to develop low-income housing. HDF loans may be used for pre-development costs, site acquisition, construction/rehabilitation financing, and other mortgageable project development costs. These loans must be repaid by the permanent financing.

Smaller programs administered by the State include the Homes for Working Families and the Senior Housing Initiatives. Information on NYS Housing Programs is available online at www.dhcr.state.ny.us.

NYS Housing Finance Agency

501© 3 Bond Financing Program – Nonprofit organization may apply for bond financing to rehabilitate existing affordable multifamily rental housing, as well as construction and permanent financing for projects serving populations with special needs. The special needs category includes senior rental housing, senior assisted living facilities, housing for the homeless and for the handicapped.

Senior Housing Financing Program – Private and nonprofit developers may apply for bond financing for the new construction or acquisition of assisted living, senior rental housing or state licensed senior housing developments.

Affordable Housing Corporation

Affordable Home Ownership Development Program - This program provides grants of up to \$25,000 for the development of homeownership projects for low and moderate income households. Both public, private and nonprofit developers may apply for these funds. Applications are accepted through an annual application process.

The State also provides Third Party Credit Enhancement, SONYMA Insurance and HFA/FHA Risk Sharing to assist with the development of affordable housing. Detailed information on the programs from the Affordable Housing Corporation, the State of New York Mortgage Agency (SONYMA) and the NYS Housing Finance Agency can be found on a single website at www.nyhomes.org.

Private Housing Programs

The largest private housing program in the country is administered by the Federal Home Loan Bank. They have two housing programs that assist with the creation of moderately-price housing:

Affordable Housing – This program provides subsidies for the purchase, construction, or rehabilitation of owner-occupied or rental housing for low and moderate income households. These funds are provided through bi-annual funding rounds to both private and nonprofit developers.

The First Home Club – Administered through an approved member of the Federal Home Loan Bank, the program provides up to \$5,000 for downpayment and closing costs assistance by

granting three dollars in matching funds for each dollar saved by qualified first-time homebuyers who follow a systematic savings plan and participate in an approved homeownership counseling program. This program is available on an ongoing basis.

Information on the programs of the Federal Home Loan Bank can be found on the New York Region's website at www.fhlbny.com.

Local private foundations and the Enterprise Foundation are also potential sources of funding.

Task Force Recommendations

In an effort to create a more balance housing stock to address the needs of all residents of Dutchess County, particularly those below the median incomes, the Task Force has developed a list of recommendations to help alleviate some of the impediments to developing a variety of housing types and to encourage the creation of such housing.

The recommendations are divided in the municipal and county-wide recommendations. The municipal recommendations were necessary because land use, which controls what can and can't be built on a particular piece of land or in a particular community, is controlled at the town and village level under New York State law.

Municipal Recommendations

1. **Local Planning and Zoning Revisions – Many municipal zoning ordinances are exclusionary, making no land available for homes on small lots, townhouses or multi-family housing.** Local municipalities should review and change their master plans and zoning ordinances to provide land for such housing. Ideally, such land would be located adjacent to existing population centers, services and water and/or sewer.

Whenever possible municipalities should create General Environmental Impact Statements for land identified for such housing to expedite the review process. The County should use funding from the Partnership for Manageable Growth to provide matching grants to municipalities that would like to undertake such reviews or GEIS's. This program will provide up to 50% matching grants, not to exceed \$10,000, for the development of GEIS's if they facilitate the approval process for moderately priced housing. Matching funds are also available through the Open Space and Farmland Protection Planning portion of the Partnership for revisions to zoning, master plans and subdivision regulations.

Municipalities should use density-bonuses to create moderately priced homes on small lots, townhouses or multi-family housing within developments of large, expensive homes. Under such a program municipalities could grant additional housing units to a developer in return for a number of the additional units being sold or rented to moderate-income residents of Dutchess County or their municipality.

Municipalities which haven't done so should allow accessory apartments throughout their municipality.

Municipalities should revise zoning ordinances to permit assisted living communities and continuum of care communities for the ever increasing senior citizen population.

Municipalities should review planning, zoning and building department procedures in an effort to streamline procedures to encourage redevelopment of existing structures and create infill housing.

2. **Local Housing Committees** - Municipalities should create local housing committees to establish goals for housing production and monitor progress toward meeting those goals. The County's Department of Planning and Development will offer technical assistance to communities to establish and implement such committees. The purpose of these committees is to provide a local forum for residents to discuss housing issues and develop a local plan to address the community's housing needs.

County-Wide Recommendations

3. **County-Owned Property** - The County should review all County-owned properties for their potential use for affordable housing prior to them being made available at public auctions. Properties that have potential for small-lot homes or multi-family housing should be offered to local non-profit housing developers or private developers with restrictions that the housing developed on the land address the housing needs of low and moderate income residents. The cities of Beacon and Poughkeepsie should consider similar policies to encourage redevelopment and infill housing. The community should look at the availability of land at state institutions throughout the county.
4. **Encourage Water and Sewer Availability** - The County should use funds from the Partnership for Manageable Growth to assist with the financing of water and/or sewer installation for moderately-priced homes on small lots, townhouses or multi-family housing. The availability of water and sewer services is essential to the development of moderately-priced housing on small lots and this program will help municipalities bring such services to a site by providing matching grants for pre-construction/feasibility studies and construction projects.
5. **County Housing Programs** - The County should continue to support the development of moderately-priced housing through its HOME Investment Partnership Program and investigate whether housing should be added as a priority under the County's Community Development Block Grant Program. Currently, the priorities of the HOME Program include the creation of rental housing through rehabilitation and the support of first time homebuyers through a downpayment and closing cost assistance program. The priorities of the HOME Program should also be reviewed to include new construction of rental housing and construction of homes for first time homebuyers. CDBG funds should be investigated because they provide more flexibility for acquisition and pre-development costs that HOME funds.

6. **Partnership with the Builder's Association** - The County and local municipalities should work with the Hudson Valley Builder's Association to create moderately priced housing. The Builder's Association has a strong history in working on planning and zoning issues in Dutchess County and there are many small builders willing to create moderately priced housing assuming they could get land that was zoned appropriately and the approval process was streamlined.

7. **Education and Technical Assistance** - The County should increase education and technical assistance to municipalities and the public on the need to provide a variety of housing types and the mechanisms to create such housing. Specifically, the County should:
 - Survey the housing needs of Dutchess County resident to outline the needs of renter households and owner households. Renter households would be surveyed about affordability issues and desire to purchase a home. The survey of owners would focus on their ability to move up and down the housing market as they desire.

 - Create a series of technical memorandum to address housing issues. Topics will include:
 1. How to Determine your Community's Housing Needs

 2. Zoning
 - Density-bonuses to Create Moderately-Priced Housing
 - Creation of Accessory Apartments
 - Zoning for Moderately-Priced Housing
 - Benefits and Siting of ECHO Housing

 3. Site Design
 - Attractive Site Design for Apartment Complexes
 - Attractive Site Design for Moderately Priced Housing
 - Prototype Moderately Priced Housing and Apartment Complexes

 4. How to Address NIMBY and No Growth Issues

 5. The Economic Argument for a Diverse Housing Stock

 - Track the county's housing market

1. Publish annual housing sales prices and rent costs, annual vacancy rate, and length of annual assisted housing/Section 8 waiting lists and the number of homeless and turn-aways from shelters.
 2. Create an annual survey of the for-sale housing market similar to the existing Rental Housing Survey. This survey will detail housing costs for existing housing, new construction, the characteristics of new construction, the availability of housing and calculate the affordability of for-sale housing.
 3. Create an annual housing affordability index for the County. This index calculates the ratio of the areas median family income to the income required to qualify for a loan on the median-priced existing single-family home. The formula will be based on the National Affordability Index.
- Develop a housing website for renters, homebuyers and developers. The website would provided updated information on the resources available for the purchase or development of housing in Dutchess County. The website will also provide information on assistance available to renters.
8. **Conceptual Site Design Services** - The County Planning Department should provide site-plan design services for any moderately priced development of homes on small lots, townhouses or multi-family housing. The County will work with engineers to insure that developments are well designed, appropriate for the community and in conformance with Greenway principles.
 9. **Monitoring** – The County should monitor progress on housing production and continue discussions through the Community Development Advisory Council.