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## 2021-43 Fruita Mews Major PUD Amendment Consolidated Review Comments

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### **Grand Valley Drainage District**

GVDD has reviewed the rezoning and has no objection at this time.

### **Grand Valley Power**

GVP review comments.

1. The project is in the Grand Valley Power (GVP) service area.
2. This review does not start the design process with GVP. Please make an application for service by calling 970- 623-8556 to start the design process, a cost estimate will be prepared. An engineering deposit may be required.
3. Three-phase power is available for this project, on-site.
4. For new projects, some electrical equipment (transformers, metering, etc.) may have an ordering lead-time exceeding nine months. Please plan accordingly.

### **Lower Valley Fire District**

Review comments:2021-43 The Fruita Mews Major PUD

No issue with the PUD, Same comments 7/21/2021 still apply.

Review comments:2021-35 The Fruita Mews Rezone

1. No issue with the rezone.
2. LVFD requests that the city requires attics be protected with as part of the sprinkler system. We do not have the capability to suppress fires in these types of developments and the result is usually the loss of numerous dwellings.

### **Mesa County Building Department**

MCBD has no objections

### **Ute Water**

No objection to Major PUD Guide Amendment only.

- ALL FEES AND POLICIES IN EFFECT AT TIME OF APPLICATION WILL APPLY.
- If you have any questions concerning any of this, please feel free to contact Ute Water.



**FRUITA**  
COLORADO

## LAND DEVELOPMENT APPLICATION

Project Name: The Fruita Mews  
 Project Location: 1138 18 1/2 Road Fruita, CO 81521  
 Current Zoning District: PUD Requested Zone: PUD Amendment  
 Tax Parcel Number(s): 2697-094-01-002 Number of Acres: 7  
 Project Type: \_\_\_\_\_

Property Owner: Omer Burnheide Developer: IndiBuild llc  
 Property Owner: \_\_\_\_\_ Contact: Kimberley Coughlin  
 Address: 1150 18 1/2 Road Address: 4884 Briar Ridge Ct  
 City/State/Zip: Fruita, CO 80521 City/State/Zip: Boulder, Colorado 80301  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Phone: 303.817.6737 Fax: \_\_\_\_\_  
 E-mail: \_\_\_\_\_ E-mail: Kim@indiBuild.com

**Please designate a representative as the coordinator for this application. The representative should attend all conferences/hearings, will receive all correspondence, and communicate all information to the property owners.**

Owner Rep: Shopworks Engineer: Vortex Engineering, Inc  
 Contact: Chad Holtszinger Contact: Robert Jones  
 Address: 301 W. 45th Ave Address: 861 Rood Avenue  
 City/State/Zip: Denver, CO 80216 City/State/Zip: Grand Junction, CO 80501  
 Phone: 720244.8402 Fax: \_\_\_\_\_ Phone: 970.245.9051 Fax: 970-245-7639  
 E-mail: Chad@shopworkskarc.com E-mail: rjones@vortexeng.us

**This Notarized application authorizes the owner's representative, if designated, to act on behalf of the property owners regarding this application.**

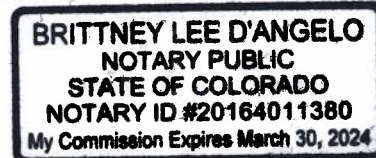
The above information is correct and accurate to the best of my knowledge.

Omer Burnheide [Signature] POA 10-24-21  
 Name of Legal Owner Signature Date

\_\_\_\_\_  
 Name of Legal Owner Signature Date

\_\_\_\_\_  
 Name of Legal Owner Signature Date

STATE OF COLORADO)  
 ) ss.  
 COUNTY OF MESA )



The foregoing instrument was acknowledged before me this 24 day of October, 2021

My Commission expires: 3-30-2024

[Signature]  
 Notary Public

## Project Narrative

**Applicants:** IndiBuild/ Shopworks Architecture / Vortex Engineering Inc.

**Owner:** Omer Burenheide

**Location:** 1138 18 ½ Road, Fruita, CO 801521

**Parcel #:** 2697-094-01-002

**Application Type:** Zoning Map Amendment (Rezone)

**Current Zoning:** Burenheide PUD

**Proposed Zoning:** Burenheide PUD Amendment #1 / Fruita Mews PUD Guide

**Future Land Use (Comp Plan):** Residential (4-8 DU/Acre)

### Intent

This application is to request a zoning map amendment (rezone) for a 7.62-acre portion of the existing Burenheide PUD to accommodate a new single-family attached attainable housing community known as “The Fruita Mews”. This amendment includes changes in siting, bulk of structures, height and character of the site that was not foreseen at the time of the adopted Burenheide PUD in 2002. This request supports the Fruita in Motion Comprehensive Plan 2020’s goal for a variety of housing types and infill development. The applicant’s intent is to develop a modern community with a hometown feel that embraces the uniqueness of Fruita.

The following narrative addresses how this zoning map amendment request adheres to the following approval criteria for amendments to the Official Zoning Map:

1. The proposed amendment is compatible with surrounding land uses, pursuant to Section 17.07.080, and is consistent with the City’s goals, policies, and Master Plan;

**Response:** The Fruita Mews PUD amends the existing Burenheide PUD to accommodate a new attainable housing community that will be approximately 7 dwelling units per acre. The current site has no significant structures and is used for grazing. The site lies immediately east of the new Monument Ridge Elementary School. Adjacent land uses include vacant land to the north and agricultural uses east and south. Future land uses for all adjacent properties, including the proposed site is identified as Residential (4-8 DU/Acre). According to *Fruita in Motion*:

*“The Residential 4–8 land use category is intended for undeveloped areas where public infrastructure and services are available and proximal. This land use is also recommended for developed or semi-developed areas that are built out at a minimum of 2 units/acre...In areas designated as Residential 4–8, there should be a clear and easily recognized pattern with a regular order to the lots and a recognizable geometry to the spaces between buildings. Innovative neighborhood designs in this land use category are encouraged. Neighborhoods in this area can be developed up to 8 units/acre to incentivize developers to provide amenities such as parks and trail connections and different types of housing. Rather than a complex bonus density program to get up to the maximum allowed density, the new Land Use Code should outline the requirements so that up to 8 units/acre can be done as a use-by-right (p.32).”*

Due to the existing context of the site, and the vision set forth within the *Fruita in Motion Comprehensive Plan 2020*, the proposed PUD amendment is compatible with surrounding land uses, is consistent with the City’s goals, policies, and Master Plan.

## Project Narrative

2. The land to be rezoned was previously zoned in error or the existing zoning is inconsistent with the City's goals, policies, and Master Plan; or

**Response:** The existing Burenheide PUD was adopted in 2002, prior to the adoption of *the Fruita in Motion Comprehensive Plan 2020*. The Burenheide PUD set forth a set of development standards that were more suited for large lot single family detached dwellings and are incompatible with the proposed medium density single-family attached attainable housing community that the applicant plans to develop. This zoning map amendment is consistent with the City's recent adoption of *Fruita in Motion* sets forth a clear vision for a diversity of housing and infill development, specifically:

- *The vacant parcel analysis shows that there is more than enough land within both the existing city limits and the UGB for Fruita to "grow from within" rather than continue to expand beyond its borders (p. 24.)*
- *This plan encourages a diversity of housing options. (p. 24)*
- *The current build-out of residential dwellings is well below the densities allowed for and intended by each zoning category. This contributes to an inefficient development pattern. City service provision (sewer, roads, etc.) is more fiscally prudent at higher density levels. (p. 24)*
- *An urban-rural edge defines Fruita as a freestanding community separate from Grand Junction. Edges discourage sprawling growth, encourage the preservation of rural areas, and allow for a more efficient use of infrastructure and urban services. Undeveloped parcels within the edge are encouraged to develop at higher densities than beyond the edge where rural densities are desired. An UGB depicts where moderate density development ends and rural density development starts (p. 26).*
- *The Future Land Use Map prioritizes infill over sprawling residential development at the edge of the city limits. The policies in this plan aim to spur residential development within the existing city limits and UGB (p. 26)*
- *Reconsider the value of zoning categories that allow between 1–3 units/acre (LLR, SFR, RR) and consider allowing either higher densities (4–8 units/acre) or lower densities (1 unit/10 acres) in these areas to create a more efficient development pattern with a more distinct edge. (p. 36)*
- *Consider allowing up to 8 units/acre for residential development outside of downtown. Additional density would be allowed in a new development for performance on the following measures: location (proximity to city center), amenities (open space, trail connections), size and diversity of housing types, and alternative street sections that meet certain criteria" (p. 37)*



## Project Narrative

3. The area for which the amendment is requested has changed substantially such that the proposed zoning better meets the needs of the community; or

**Response:** The area has been envisioned for residential development since the adoption of the Burenheide PUD in 2002. Since that time, the area surrounding 1138 18 ½ Road has developed substantially. Brandon Estates to the South was annexed in 2006 and is currently being finished, Oak Creek to the east was annexed in 2019 and was recently developed. The Burenheide II subdivision and Monument Ridge Elementary School was completed in 2020. Other parcels to the southeast in the urban growth boundary are currently being planned for annexation and development.

In 2020, the *Fruita in Motion Comprehensive Plan 2020* was adopted setting forth a clear vision to grow from within and to prioritize infill development. The proposed PUD Amendment will enable the Fruita Mews attainable townhome community with an appropriate density of 7 dwelling units per acre, providing a diversity of housing options for future and existing residents of Fruita.

4. The amendment is incidental to a comprehensive revision of the City's Official Zoning Map which recognizes a change in conditions and is consistent with the City's goals, policies, and Master Plan; or

**Response:** Please refer to response to criteria #2.

5. The zoning amendment is incidental to the annexation of the subject property and the proposed zoning is consistent with the City's goals, policies, and Master Plan.

**Response:** The site is within the urban growth boundary and was annexed into the city in 2002. With a new elementary school, a new collector road, and new infrastructure the property has become more feasible and desirable for development. This proposed PUD Amendment replaces the Burenheide PUD and enables the development of a new single-family attached attainable housing community. All future development will be consistent with the City's goals, policies, and Master Plan.

## Project Narrative

### Fruita Mews Community Overview

The Fruita Mews is a proposed attainable housing community consist of 50 rental townhomes for families located on a to-be subdivided approximate 7.62-acre northeast portion of 1138 18 ½ Road adjacent to the new Monument Ridge Elementary School the west. The site will remain north of K.4.



The Fruita Mews is designed to address the attainable housing needs identified in Fruita’s recently adopted Comprehensive Plan - *Fruita in Motion*. The 1, 2- and 3- bedroom homes and rental rates are targeted to meet the needs of the current and projected Fruita residents. The Mews will be mixed income housing and create quality housing attainable to people earning between 30 and 120 percent of the area median income. The property will have on-site management and be managed by an experienced property management and maintenance team.

IndiBuild is negotiating partnerships with several local employers, agencies and nonprofits. IndiBuild has memorandums of understanding (MOU) with Mesa County Valley School District 51 (D51) and Eureka!. IndiBuild is partnering with D51 to provide proactive outreach to teachers, as well as all D51 employees to streamline the availability list/application process for the Fruita Mews attainable housing and to provide a safe route to the school. IndiBuild has an MOU with Eureka! to provide after school programming that includes outdoor recreation (specifically on-site kid’s bike skills clinics) and after school/summer programs focused on science, technology, engineering, arts, and math. Additional partnerships are under consideration with local businesses, including community bike shares/donations, bike maintenance classes, kid’s farm to food programs, and other outdoor children’s programming. Short-term rentals will not be permitted in The Fruita Mews. The Grand Valley Transportation Planning office and the Grand Valley Metropolitan Planning Organization will consider future route proximity for the proposed

### Project Narrative

development due to its density, attainability and proximity to a school. The developer of the property is IndiBuild LLC, a development company with over 100 years of collective experience in housing development, finance, planning and design. The development team will prepare and apply for 2022 Round 1 LIHTC award to the Colorado Housing and Finance Authority (CHFA) on February 1, 2022.

### Proposed Fruita Mews Community Site Plan

The site design is responsive to surrounding uses, City of Fruita design requirements, the City's attainable housing goals, and the Colorado Housing and Finance Agency (CHFA). Keeping the design consistent with recent modifications in the Fruita Municipal Code and the City's recently adopted *Fruita in Motion Comprehensive Plan 2020* is intended to create a new community that achieves the vision, goals and policies in the comprehensive plan and help expedite review and approval of the Fruita Mews PUD.

The site plan proposes a total of 50 townhome units, with a gross density of 7 dwelling units per acre. A minimum of 3 units will be universally accessible. The final unit mix will be determined upon completion of a market study currently commissioned by Prior and Associates.

All units will have full kitchens with energy-star appliances, washer/dryer hook ups, and window coverings. Development amenities will include an approximately 1,300 sf community building. As envisioned the community building will have with centralized mailboxes, a computer lab, kitchen, lounge area and indoor/outdoor flex space for social events and after school programming and an expansive "back porch" with covered seating overlooking the outdoor site amenities on the southern green of the property. Site amenities are planned to promote community. The Fruita Mews will have a park-like setting with tree-lined streets, open-spaces and trails that circulate internally and to the adjacent school, and a large natural growth open space trail loop that will be designed to eventually connect to the proposed Canal trail system. The site will have community gardens, secure bike storage "bike barn", and a bike maintenance and cleaning station. 10 percent of the parking spaces on site will be electric vehicle charging ready parking spaces with electric infrastructure ready to site charging stations. Two of those parking spaces will have charging stations. The site will also have BBQ/picnic areas, nature play areas and a structured playground area.

### Architectural Character

The architectural design for the Fruita Mews will be a "modern farmhouse" vernacular that relates to the "Mews" definition. Each of the buildings will front a green space or street and will include covered entrance porch that will provide a sense of arrival/place and relate to the pedestrian scale and pedestrian experience along the sidewalks. The townhomes are two-stories in the center and steps down to one story on each end, this provides a variety of roof forms that break down the scale of the building and give each home an identity. The community building and amenities will compliment to the overall style of the project and will become a hub of activities for the community.

Please refer to Fruita Mews PUD for architectural character images that accompany this narrative.

### Allowed Uses and Bulk Standards

The Fruita Mews PUD Guide accompanies this PUD amendment request, includes changes in siting, bulk of structures, height and character of the site that was not foreseen at the time of the adopted Burenheide PUD in 2002. Deviations from the underlying bulk standards have been shown in the comparison table below.

### Project Narrative

No changes to the uses by right in the Burenheide PUD (Ordinance 2002-17 recordation #2077021 on September 19, 2002) are being proposed with this PUD amendment for Fruita Mews.

#### Uses by Right:

1. Residential single-family detached dwellings
2. Residential single-family attached dwellings
3. Live/work home occupation units which combine residential and commercial uses in a single building
4. Regional detention/retention pond on outlying lot
5. Undeveloped space that may be used as part of the current ranching operation
6. Model Homes
7. Vehicular private driveways
8. Private access lanes
9. Temporary construction staging sites
10. Public Roads and utilities including cul-de-sacs, utility improvements, lines and mains, facilities, services and buildings
11. Additional uses determined to be similar to uses by rights listed above in the Declaration of Covenants, Conditions and Restrictions and homeowner's Associated agreements.

Bulk Standards	Fruita Mews PUD Amendment	Burenheide PUD
Min. Lot Area SF Attached (townhomes)	21,78 OSF	21,78 OSF
Setbacks		
Front	0' min.	25' min.
Garage Front Yard	N/A	25' min.
Side	5' min.	10' min.
Rear	0' min.	20' min.
Max. Building Height	30'	No specific standards
Max. Density	8 dus/ac max.	No specific standards
Max. Lot Coverage	70%	No specific standards

## Project Narrative

Parking	Required	Provided
Affordable Housing ( <i>Section 17.39.030 are available for uses that advance the City of Fruita's Comprehensive Plan.</i> )	0.5 spaces per studio or 1-bedroom unit/ 10 (1-bedroom units) = 5 required	75
	0.75 spaces per 2-bedroom unit/ 30 (2-bedroom units) = 23 required	
	1.25 spaces per 3-bedroom or larger unit/ 10 (3-bedroom units) = 13 required	
<b>Total</b>	41	
10% of parking spaces shall be electric vehicle (EV) ready.		

### **Density Bonus (FMC 17.08)**

*"The project includes an internal trail network, a continuation of an existing trail network, or the continuation of a bike lane system internal to the project and along adjoining rights-of-way. The bike and trail amenities must be at least 500 feet of linear length to qualify for this bonus. On-site trails and/or sidewalks shall be extended to existing off-site trails, sidewalks, or parks if the extension is less than two hundred (200) feet in length. An easement, or other form acceptable to the City Attorney, shall be required with the first phase or first filling of the subdivision to ensure the space is permanently designated as a trail. a. Walkways, trails and other forms of pedestrian access shall form an interconnected system serving as access to open space, common area and other pedestrian destinations."*

*"A mix of housing types are proposed with a minimum of twenty (20) percent of the dwelling units being single- family attached, duplexes and/or multi- family units. The unit types shall be dispersed within the development, and a site plan shall be recorded to ensure that the final buildout reflects representations in the density bonus review."*

The overall site plan includes a proposed gross density of the development is approximately 7 dwelling units per acre, all townhomes. The proposed site plan has two elements that allow for bonus density per 17.08:

1. Townhomes make up over 30% of the site in the proposed site plan.
2. The site plan proposes an interconnected network 1,500 feet of trails and 3,700 feet of sidewalk.

### **Community Outreach:**

The Fruita Mews team has been meeting with City Staff, residents, and businesses since November of 2020. An online outreach meeting was held on July 6, 2021 at 3 PM. The meeting was noticed in the Grand Junction Sentinel on June 26, 2021.

A community information meeting was held on July 26, 2021. Copies of the attendees list, presentation materials, notification list and mailer were provided to staff. Additionally, staff was provided both minutes from the meeting and follow up communication to all attendees.

### **Site Analysis:**

The site is currently 1.6 miles from Fruita's City square. It is currently irrigated and used to pasture livestock, it has no significant improvements. The property is bounded by an elementary school, single family detached residential lots and agricultural uses. Oak Creek Estates, Burenheide Estates I, Monument Glen, Brandon Estates, and the Holly Park mobile home are located to the south and west.

## Project Narrative

The property was annexed and subsequently zoned PUD in 2002 via City of Fruita ordinance 2002-17. The PUD allows up to 20 units on the entire property and is not an overlay zone. In 2018, Burenheide II subdivided the 29.5-acre site for a new elementary school. Monument Ridge opened in 2020 at the corner of Fremont and K.4 Road. The Mesa County Valley D51 School district informed our team that they intended to dedicate their eastern 2 acres to the city as a park and would still be interested in donating that property. The 2-acres is currently irrigated but undeveloped.

The Fruita Development Code indicates parks and open spaces should be collocated with existing or planned school sites. While the existing site design has a park internal to the site, a pedestrian connection is stubbed to a future park adjacent to the west side of the site plan.

The city boundary follows the site on the north and east boundary. The properties to the north and east are in the county.

Parcels surrounding the existing property:

- **North** - There is one property to the north, 1154 18 ½ Road. It is outside the city boundary located in Mesa County. It is zoned Agricultural, Forestry, Transitional District with single family residential and agricultural land uses. Its future land use is Residential 4-8.
- **East** - Properties to the east include: 1149, 1894, 1890, and 1893 19 Road. They are outside the city boundary in Mesa County. They are zoned Agricultural, Forestry, Transition with single family and agricultural land uses. Their future land use is Residential 4-8.
- **South** – Properties to the south are include: 510 & 512 Fremont Street, 1589, 1593, 1611 Myers Lane, and 1130 18 ½ Road. All are zoned PUD and have a single-family land use. 1180 18 ½ Road is also agricultural. Their future land use is Residential 4-8
- **West**: There are two properties to the west. One is 1501 K 4/10 Road (Mesa County Valley School District 51 Monument Ridge Elementary School), it is zoned PUD, and its future land use is Community/Recreational. The second is 686 Andromeda Way which is zoned Community Residential and has a Residential 4-8 land use designation.

### Compliance with Fruita in Motion Comprehensive Plan 2020:

*Fruita in Motion*, the City's recently adopted comprehensive plan sets a vision of an inclusive city where people live, work and play. It highlights the following values and themes:

*"Community Values:*

- *Fruita is a place where children, adults, and the elderly feel safe walking and biking to schools, parks or downtown.*
- *Fruita is committed to a land use pattern and supporting policies that promote access to housing across the income spectrum of its residents."*

## Project Narrative

*“Themes”:*

- *Efficient Development.*
- *Community First, Tourism Second*
- *Connectivity*
- *Strategic Economic Development”*

The Fruita Mews attainable residential development implements the community values, themes and vision identified in the City’s comprehensive plan. It will increase the supply of attainable housing and create a more inclusive housing stock allowing employees of local businesses to move to the city, and in turn encouraging the vision of a city where residents reside in the city in which they work and play.

*“Fruita’s housing stock is getting more homogenous and more expensive. As a community that prides itself on being inclusive, this ethos should extend to providing types of housing for people of different ages, income ranges, family structures, and aesthetic preference. Allowing and encouraging more apartments and/or townhomes in appropriate locations could contribute to more affordable housing options.” (Page 39, Fruita in Motion)*

**Response:** Fruita Mews will provide 50 rental homes attainable to people earning between 30 to 120 percent of the area median income in one bedroom, two bedroom and three-bedroom townhomes.

*“Goal #4: Allow and encourage a diversity of housing types to fit the needs of the Fruita community and provide the diverse “funky” character that is treasured by residents.” (Page 39, Fruita in Motion)*

and

*“Economic Development Goal #9. Support flexibility in zoning and the development of diverse housing types as part of an economic sustainability strategy.” (Page 58, Fruita in Motion)*

**Response:** The Fruita Mews diversifies the City’s housing stock which today primarily consists of small single homes.

*“Workforce – Local businesses are experiencing a shortage of workers especially in retail, food and beverage, and tourism sector jobs. This affects customer service and visitors’ and residents’ experience at local businesses. The availability and cost of suitable rental housing was cited as a major factor.” (Page 50, Fruita in Motion)*

**Response:** Fruita Mews will create not just suitable, but high-quality rental housing within two miles of Fruita’s Downtown. With the mix of 1,2- and 3-bedroom homes with eligible tenant’s incomes ranging between 30-120% of the area median income).

*“The City of Fruita encourages infill over sprawl and development within the existing city limits and Urban Growth Boundary (UGB). Efficient development reduces the demand for infrastructure and city services, supports community connectivity, and encourages a thriving downtown core.” (Page 8, Fruita in Motion)*

**Response:** The site is in the urban growth boundary. It was annexed into the city in 2002. In 2020, construction finished on the Monument Ridge Elementary School, a public school that is

### Project Narrative

part of the Mesa County School District 51. With a new elementary school, a new collector road, and new infrastructure the property has become more feasible and desirable for development. Development will efficiently utilize existing infrastructure and services.

In addition, Fruita's predominant development density is 4 units per acre. Our team plans to build a greater density creating a more efficient use of land than the predominant development type. Locating more development (higher densities) adjacent to schools will encourage students walking to school, promoting health and the environment. Developing this property at a density greater than base density identified in the City's future land use plan will allow development that is more efficient than sprawling development farther away from existing City infrastructure.

Development of this property will support efficient, compact development in the City and provideneeded housing for City residents.

#### Community First, Tourism Second:

*"The City of Fruita prioritizes its residents and provides them a high quality of life. Tourists are attracted to Fruita for this and the opportunity to "play like a local". (Page 5, Fruita in Motion)*

**Response:** As envisioned, the site plan will create a significant benefit to existing and future residents of the Fruita Mews. Residents will have high quality attainable housing with access to a community center, park areas, trails and children will be able to walk to school. Ample landscapewill create a livable community that future residents want to call home.

*"Affordability issues are greatest among renters in Fruita, with about half of all renters paying more than 30% of their income towards housing costs. This is defined as being cost burdened, wherein a household is paying too much towards housing. The rental supply in Fruita is extremely limited with essentially zero vacancy, allowing landlords to charge higher rents. The percentage of renters in Fruita has increased, even though most housing being built is in the form of single-family homes. Some people may be renting single-family homes by choice; for others it may be the only option and they would prefer a lower cost option such as an apartmentor duplex. Housing affordability issues affect the ability of local businesses to attract and retain employees. This is a threat to economic sustainability if left unchecked." (Page 12, Fruita in Motion)*

**Response:** The Fruita Mews will provide enormous public benefit to the community not only through the economic activity generated but more importantly because sustainable, well designed, attainable housing is in everyone's best interest in the community. Workforce housing will provide stable housing for essential workers (teachers, fire fighters, healthcare workers, etc.) and the city's vulnerable population. Local merchants will not have to pay higher wages to attract employees needing to commute to Fruita.

*"Identify vacant land or foreclosed properties within city limits and/or UGB and consider buyingand then providing this land at low or no-cost to developers as an infill incentive or for affordable housing." (Page 37, Fruita in Motion)*

**Response:** Fruita Mews will further the goals in the comprehensive plan without requiring the purchase of property. The site selection is consistent with the desires in Land Use + Growth.



## Project Narrative

### Connectivity

*"It is easy for vehicles, cyclists, and pedestrians to get around Fruita and to visit local destinations. The City of Fruita offers a safe, intuitive, and well connected on- and off-street trail network for pedestrians and cyclists." (Page 5, Fruita in Motion)*

**Response:** The proposed development will include sidewalks and pedestrian trails to extend the City's existing transportation network. The Mews will create a pedestrian/bicycle connection to the adjacent Monument Ridge Elementary School and proposes an internal trail multimodal trail that stubs a connection to adjacent future multimodal trail located on the Main Line Grand Valley Canal.

### Economic Development:

*"Fruita's approach to economic development focuses on expanding existing businesses while also making Fruita an attractive place to live and do business. Rather than compete with Grand Junction, Fruita is strategic in recruiting businesses that are well-suited for the Fruita community." (Page 5, Fruita in Motion)*

**Response:** A key finding of Chapter Two, Community Snapshot, of the Comprehensive Plan stated that housing growth in Mesa County is accelerating, but Fruita's housing stock is growing relatively slowly. Grand Junction issued an average of 280 new construction building permits annually from 2010 to 2018. In 2018, there were nearly 500 new housing starts there. In Unincorporated Mesa County, there were nearly 200 new housing starts annually during this time and nearly 300 in 2018. In contrast, Fruita has issued an average of 62 new construction building permits per year, with 95 in 2018.

The Mews will increase workforce housing opportunities allowing Fruita businesses to compete for employees that prefer not to commute. Creating additional housing units will also create a more inclusive community where more residents can live and work.

### Site Access and Circulation

Vehicular access to the site is provided from the extension of K 4 Road. The K 4 collector will proceed east west through the property to the eastern property line. The site plan stubs K 4 into at the eastern edge of 1138 18.5 Road.

The Development will meet or exceed the affordable housing off street parking ratios in Section 17.39 of the Fruita Municipal Code (FMC). The proposed site plan has 45 off-street surface parking spaces for residential units. Parking is also proposed at the community center. Guest parking will be primarily located on street. All parking will comply with the dimensional requirements in the Fruita Municipal Code.

### Availability of Utilities

All utilities are available to the site and will be extended into Fruita Mews. The proposed project will not cause any special or unusual demands on utilities. All required and necessary utilities shall be provided concurrent with development of the subject property. Utility providers for the development have the capacity and willingness to serve the development. Public facilities such as medical, schools, parks and public safety are available to serve development on this site within 1-2 miles. All utilities shall be

## **Project Narrative**

constructed to meet the service providers specifications. Utility providers for the site are as follows:

- Sewer: City of Fruita
- Water: Ute Water Conservation District
- Drainage: Grand Valley Drainage District
- Electric: Grand Valley Power
- Irrigation: Grand Valley Irrigation Company

### **Development Schedule:**

The Fruita Mews will be constructed in a single filing.

## Fruita Mews Planned Unit Development Guide

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**Applicants:** IndiBuild/ Shopworks Architecture / Vortex Engineering Inc.

**Owner:** Omer Burenheide

**Location:** 1138 18 ½ Road, Fruita, CO 801521

**Parcel #:** 2697-094-01-002

**Application Type:** PUD Amendment

**Current Zoning:** Burenheide PUD

**Future Land Use (Comp Plan):** Residential (4-8 DU/Acre)

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# Fruita Mews Planned Unit Development Guide

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## Fruita Mews PUD Guide Introduction

The purpose of the Fruita Mews Planned Unit Development Guide is to serve as the governing regulation which will control the development of Fruita Mews, which amends a 7.62-acre northeast portion of 1138 18 ½ Road within the Burenheide PUD, adjacent to the new Monument Ridge Elementary School, north of K.4 Road. This guide will serve as the zoning regulations for the PUD amendment and is conformance with the Fruita Municipal Code.



Figure 1: Fruita Mews PUD is located in a portion of 1138 18.5 Road (Burenheide PUD) highlighted in gray.

The Fruita Mews PUD Guide amends the existing Burenheide PUD (Ordinance 2002-17 recordation #2077021 on September 19, 2002) to accommodate an attainable housing development consisting of 50 townhomes.

## Statements of Administrative Approvals

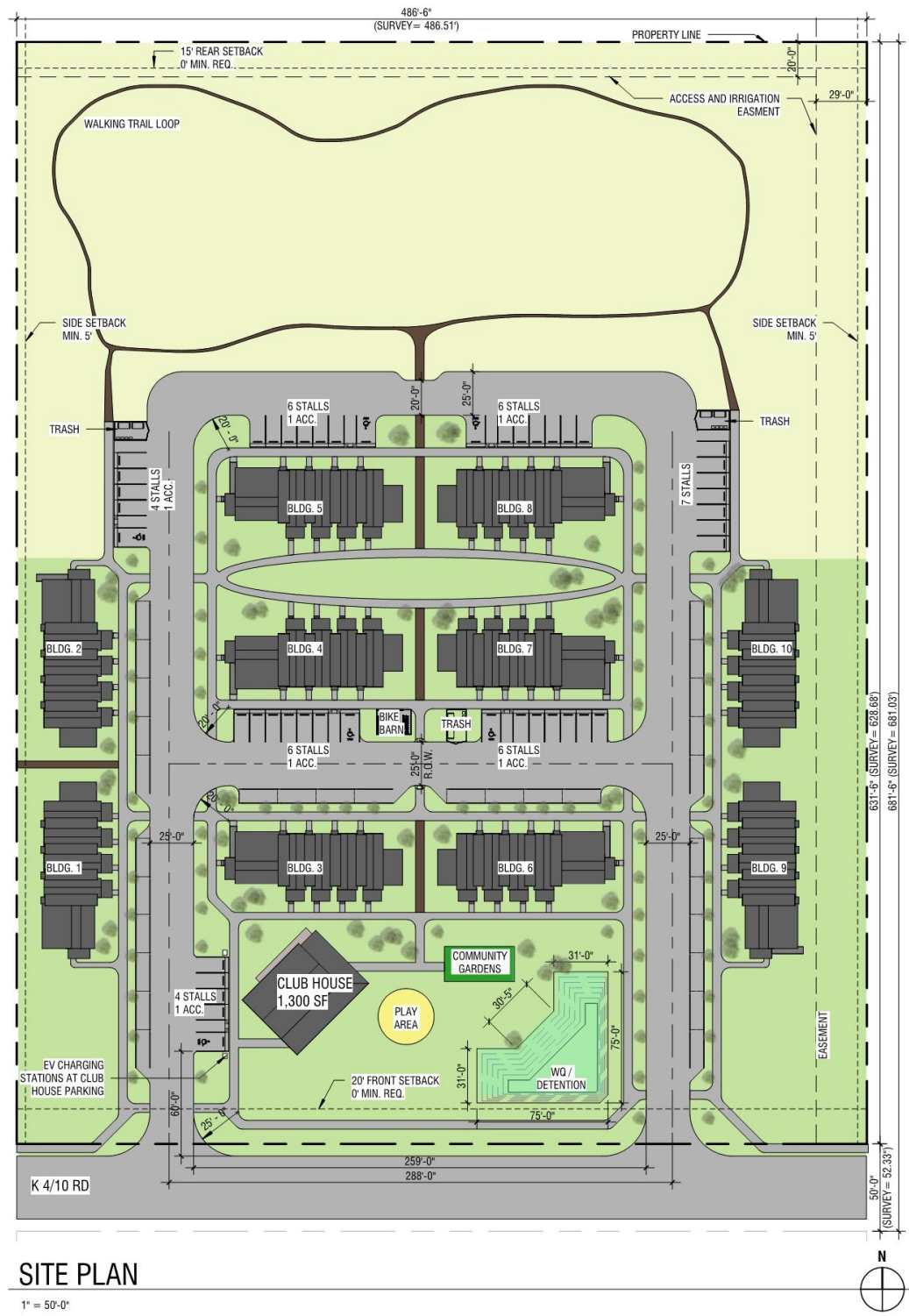
- This Fruita Mews PUD Guide accompanies a zoning map amendment (rezone) for a 7.62-acre portion of the existing Burenheide PUD to accommodate a new single-family attached attainable housing community known as “Fruita Mews”. The amendment includes changes in siting, bulk of structures, height and character of the site that was not foreseen at the time of the adopted Burenheide PUD in 2002.
- All subdivision plats within the Fruita Mews PUD Guide shall be considered Minor Subdivisions and administratively approved per the Fruita Land Use Code Section 17.15.040.
- Per the Fruita Land Use Code Section 17.13.030 all site plans within the Fruita Mews PUD shall be administratively approved.
- Amendments to the Fruita Mews PUD shall be administratively approved for any minor changes in location, siting and bulk of structures, or height or character of structures required by

engineering or other circumstances not foreseen at the time the Planned Unit Development or Planned Unit Development Guide was approved per the Fruita Land Use Code Section 17.17.060. The percentage of allowed administrative adjustments/modifications are identified in the following table:

Allowed Administrative Adjustments:	
Code Standard	Allowable Administrative Adjustment (%)
<i>Site Standards</i>	
Lot Area, minimum	15%
Lot coverage, maximum	15%
<i>Lot Dimensional Standards</i>	
Front setback, minimum	10%
Side setback, minimum	10%
Rear setback, minimum	10%
Encroachment into setback	10%
<i>Building Standards</i>	
Building height, maximum*	10%
Accessory building height, maximum*	10%
<i>Development Standards</i>	
Number of required parking spaces, minimum or maximum	15%
Landscaping requirements, minimum	15%
<i>*Notes: Excludes wireless communication facilities</i>	

# Fruita Mews Planned Unit Development Guide

## Context Plan



## Fruita Mews Planned Unit Development Guide

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The Fruita Mews PUD is a community consisting of 50 single-family attached homes (townhomes) with open space and public trails. The Fruita Mews will have a park-like setting with tree-lined streets, open-spaces and trails that circulate internally and to the adjacent Monument Ridge Elementary School, and a large natural growth open space trail loop that will be designed to eventually connect to the proposed Main Line Grand Valley Canal Trail. The site will have community gardens, secure bike storage “bike barn”, a bike maintenance and cleaning station, BBQ/picnic area, nature play areas and a structured playground area. The site has a gross density of 7 dwelling units per acre. Development amenities will include a community/ clubhouse building.

### Phasing

The Fruita Mews community will be developed in a single phase.

### Current PUD

The Fruita Mews PUD Guide accompanies this PUD amendment request, that includes changes in siting, bulk of structures, height and character of the site that was not foreseen at the time of the adopted Burenheide PUD (Ordinance 2002-17 recordation #2077021 on September 19, 2002). Deviations from the underlying bulk standards have been shown in the comparison table below.

No changes to the uses by right in the Burenheide PUD are being proposed with the PUD amendment for Fruita Mews.

### Uses by Right:

1. Residential single-family detached dwellings
2. Residential single-family attached dwellings
3. Live/work home occupation units which combine residential and commercial uses in a single building
4. Regional detention/retention pond on outlying lot
5. Undeveloped space that may be used as part of the current ranching operation
6. Model Homes
7. Vehicular private driveways
8. Private access lanes
9. Temporary construction staging sites
10. Public Roads and utilities including cul-de-sacs, utility improvements, lines and mains, facilities, services and buildings
11. Additional uses determined to be similar to uses by rights listed above in the Declaration of Covenants, Conditions and Restrictions and homeowner’s Associated agreements.

## Fruita Mews Planned Unit Development Guide

Bulk Standards	Fruita Mews PUD Amendment	Burenheide PUD
Min. Lot Area SF Attached (townhomes)	21,780 SF	21,780 SF
Setbacks		
Front	0' min	25' min.
Garage Front Yard	N/A	25' min.
Side	5' min.	10' min.
Rear	0' min.	20' min.
Max. Building Height	30'	No specific standards
Max. Density	8 dus/ac max.	No specific standards
Max. Lot Coverage	70%	No specific standards

Parking	Required	Provided
Affordable Housing ( <i>Section 17.39.030 are available for uses that advance the City of Fruita's Comprehensive Plan.</i> )	0.5 spaces per studio or 1-bedroom unit/ 10 (1-bedroom units) = 5 required	75
	0.75 spaces per 2-bedroom unit/ 30 (2-bedroom units) = 23 required	
	1.25 spaces per 3-bedroom or larger unit/ 10 (3-bedroom units) = 13 required	
<b>Total</b>	<b>41</b>	
10% of parking spaces shall be electric vehicle (EV) ready.		

### Individual Lot Guidelines and Requirements:

- Landscaping and accessory structure restrictions apply within all drainage easements.
- All fencing is required to comply with the Fruita Land Use Code.

### Architectural Character

The architectural design for the Fruita Mews will be a “modern farmhouse” vernacular that relates to the “Mews” definition. Each of the buildings will front a green space or street and will include covered entrance porch that will provide a sense of arrival/place and relate to the pedestrian scale and pedestrian experience along the sidewalks. The townhomes are two-stories in the center and steps down to one story on each end, this provides a variety of roof forms that break down the scale of the building and give each home an identity. The community building and amenities will compliment to the overall style of the project and will become a hub of activities for the community.

The land use within the Fruita Mews PUD Guide area will comply with the Land Use Compatibility Criteria per Section 17.07.23 Fruita Land Use Code.

### Building Materials

The building materials will consist of painted cementitious siding and trim, with varying exposures and detailing. Roofing will be composite shingles. Residential windows will be vinyl, and windows in the amenity/clubhouse building will consist of metal-clad wood windows.



Townhome Elevations:



FRONT ELEVATION



REAR ELEVATION

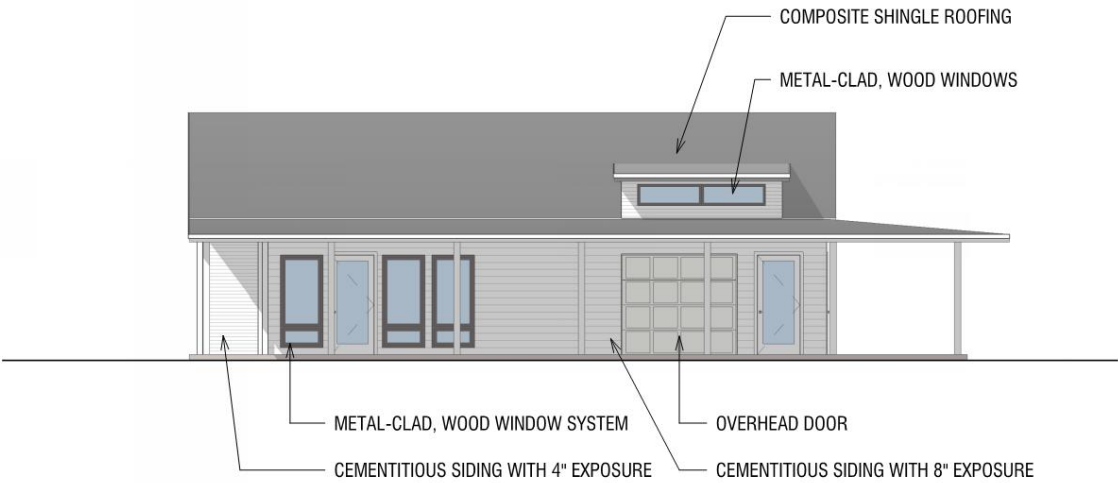


SIDE ELEVATION

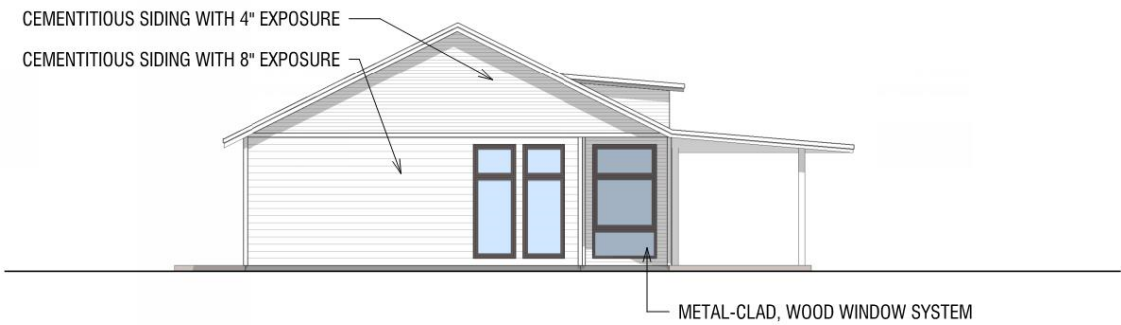


SIDE ELEVATION

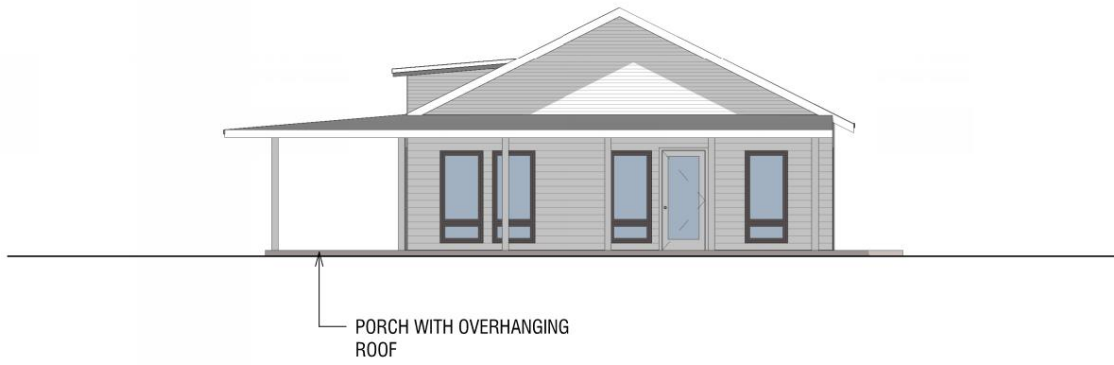
Amenity/Clubhouse Building Elevations:



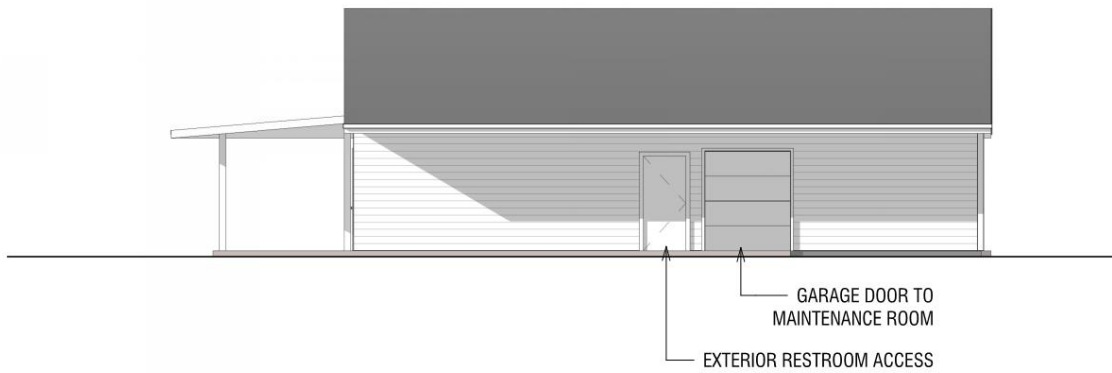
CLUBHOUSE FRONT ELEVATION



CLUBHOUSE SIDE ELEVATION



CLUBHOUSE SIDE ELEVATION



CLUBHOUSE REAR ELEVATION

1154 18 1/2 ROAD

LEGEND




	PARCEL BOUNDARY
	LOT 2, BURENHEIDE II SUBDIVISION
	ADJOINER

TABLE OF ABBREVIATIONS

N -	NORTH
S -	SOUTH
E -	EAST
W -	WEST
EX. -	EXISTING
POB -	POINT OF BEGINNING
REC. NO. -	RECEPTION NUMBER

LOT 1  
BURENHEIDE II SUBDIVISION  
REC. NO. 2882361

S89°55'30"E 486.51'  
POB  
NE CORNER OF LOT 2  
BURENHEIDE II SUBDIVISION

SUBJECT  
PARCEL  
7.62 AC

N00°04'30"E 681.03'

S00°05'08"E 681.03'

1149 19 ROAD

K.4 ROAD

N89°55'30"W 488.42'

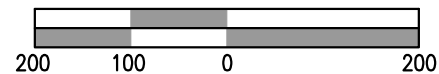
LOT 2  
BURENHEIDE II SUBDIVISION  
REC. NO. 2882361

LOT 4  
BURENHEIDE ESTATES  
FILING NO. 1  
REC. NO. 2123990

LOT 2 LOT 1  
BURENHEIDE ESTATES FILING NO. 1  
REC. NO. 2123990

OUTLOT A  
BURENHEIDE ESTATES  
FILING NO. 1  
REC. NO. 2123990

SCALE IN FEET



1" = 200'

LINEAL UNITS = U.S. SURVEY FEET



18 1/2 ROAD

LOT 2

LOT 3  
HARTZ SUBDIVISION  
REC. NO. 190775

LOT 4

THIS EXHIBIT IS FOR THE PURPOSE OF GRAPHICALLY REPRESENTING A WRITTEN  
DESCRIPTION - IT DOES NOT REPRESENT A MONUMENTED BOUNDARY SURVEY

*IndiBuild*  
1138 18 1/2 Road  
Boundary Description Exhibit

PROJECT NO:  
F21-079

DATE:  
07/01/2021

DRAWN BY:  
ABL

CHECKED BY:  
ABL

- Civil & Consulting Engineering
- Construction Management & Site Planning
- Feasibility Studies Permit Expediting
- Environmental Scientists
- Project Management
- Hydrologic Studies

Prepared By  
**VORTEX**  
ENGINEERING, INC.  
861 Rood Avenue  
Grand Junction, CO 81501  
(970) 245-9051

# The Fruita Mews Neighborhood Meeting Report

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**Applicants:** IndiBuild/ Shopworks Architecture / Vortex Engineering

**Owner:** Omer Burenheide

**Location:** 1138 18 ½ Road, Fruita, CO 81521

**Parcel #:** 2697-094-01-002

**Application Type:** Zoning Map Amendment (Rezone)

**Current Zoning:** Burenheide PUD

**Proposed Zoning:** Burenheide PUD Amendment #1 / Fruita Mews PUD Guide

**Future Land Use (Comp Plan):** Residential (4-8 DU/Acre)

IndiBuild llc held neighborhood meeting on Monday, July 26 at Fruita Civic Center to collect residents' feedback on the Burenheide PUD Amendment #1. That amendment will accommodate The Fruita Mews, a new income-based, workforce housing development immediately east of the Monument Ridge Elementary School and meet the need identified in the City's recently adopted comprehensive plan.

The meeting was well attended by approximately 40 community members, along with three members of the design/development team.

The design development team gave a brief presentation of the proposed PUD Amendment and the proposed development.

The top concerns from the community were:

- "Riff raff" associated with low-income housing
- Too many cars, traffic and parking spilling out of the development
- Future maintenance and operation
- Fruita does not have good public transit. Transportation and parking are a concern
- Concerns about the cost of energy. Concerns that all electric is not feasible.

The following is a record of the questions and responses from the meeting:

Q: What will the rents be?

A: \$364-\$1,355 a month

Q: Will pets be allowed?

A: Probably a one pet policy.

Q: Will residents pay their own utilities?

A: Residents will pay for their own electric and cable. We will pay for water, sewer and trash removal.

Q: You say this will be all electric. That doesn't seem feasible. Electricity is expensive here. Someone making \$20,000 isn't going to be able to afford their energy bill.

A: A response was not given in the meeting. However, the project will achieve Bronze National Green Building Standards and be outfitted with energy star appliances, we anticipate the average utility bill to be \$75 per month even with the pass-through energy rates that drive up the energy costs.

Q: What types of trees will be planted?

A: We don't know yet. We will follow the City's requirements regarding types of trees that are allowed to be planted.

Q: Can you please clarify what will be in the amphitheater?

A: Yes, it will mostly be a grassy seating and nature play area. It envisioned as an outdoor classroom to

## The Fruita Mews Neighborhood Meeting Report

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assist with educational programming for our service provider Eureka! a nonprofit located at the McConnell Museum in Grand Junction. Eureka! will provide onsite after school programming at the site mentoring students in STEAM (science, technology, engineering, art and math). Eureka! provides both experiential and educational and recreational programming for school age children. It is anticipated that Eureka's Gear UP! Programmers/coaches will assist in the design of trail loop, where programming is planned to provide mountain bike skills clinics for children. No stage is being proposed.

Q: How many residents will be allowed per home?

A: The occupancy is based on the following per unit family size

- for a one-bedroom is two people,
- for a two-bedroom home is three people, and
- for a three-bedroom unit is 5 people.

Q: What has this development team built?

A: We are a new development company. However collectively we have over 100 years of experience in affordable, family and senior housing development.

Here is a list of similar properties developed by members of this team:

year built	# of units	project name	location
2020/2021	69	The EDGE II	3745 E. 15th St., Loveland, CO 80538
2019	60	Mirasol Phase III Apartments	1104 Finch
2018/19	60	The Meadows II	1056 Lynx Ave. Loveland CO
2016	70	The Edge	3875 E. 15th St. Loveland Co
2016	36	Windsor Meadow Apartments II	1150 Tipton Dr. Windsor CO
2016	48	Falcon Ridge Apartments	1629 Soaring Circle, Estes Park CO
2013	44	Windsor Meadows Apartments I	1150 Tipton Dr. Windsor CO
2007	49	Mirasol Phase I Apartments	153 Finch St. Loveland CO
2013	60	Mirasol Phase II Apartments	1107 Finch St. Loveland, CO
2007	20	Dove Valley Duplex Homes	WCR46 and Quentine Ave, Milliken CO
2001	72	Brookstone Apartment Homes I and II	2325 E. 1st Street, Loveland CO
2002	56	Rock Crest Apartment Homes	4915 Lucerne Ave, Loveland CO
2002	44	Talons Pointe Complex	175 Red Tail Hawk Drive, Estes Park CO
1996	57	Lone Tree Apartment Homes	1310 Manford Ave. Estes Park CO
1996	60	The Meadows	1056 Lynx Ave. Loveland CO

### IndiBuild team members awards:

- 1986 National Association of Housing and Re-development Officials -National Project Design Excellence Award (Willow Place Apartments)
- 1996 National Association of Housing and Re-development Officials National Project Design Excellence Award (The Meadows Apartments)
- 1997 Eagle Award Housing Colorado
- 2017 Citizen of the Year Award – Loveland Rotary Club (highest award given to a non-Rotarian)



## The Fruita Mews Neighborhood Meeting Report

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### Other key accomplishments of the IndiBuild Team members:

Was one of 78 communities nation-wide selected to participate in HUD demonstration program called **Project Self-Sufficiency** –program to provide housing and wrap around services to assist very low income single parents become economically self-sufficient.

Co-developed and was the first housing authority in the country to partner with **ArtSpace** to create affordable live –work spaces for artists and others employed in the creative industries

Developed the first **Green House Homes** in Colorado and the only housing authority in the country to develop and own these state of the art skilled nursing homes utilizing and innovative model created by Dr. Bill Thomas.

Developed one of the most successful county-wide **Down Payment Assistance** and **Home Owner Renovation** programs providing low interest loans to acquire, repair and improve homes of income qualified buyers and owners.

Q: Can you share images of what has been built by the development team and what those developments look like now?

A: Below:



*Figure 1: Current condition Meadows affordable housing constructed 1995.*





*Figure 2: Current conditions in common area and community gardens in Mirasol constructed in 2005.*



*Figure 3: (three images above included) Current conditions of Mirasol built in 2005 in Loveland, Colorado. Residents setting up for a birthday party.*

## The Fruita Mews Neighborhood Meeting Report

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Q: What happens if the investors sell?

A: The developer and investor are required to maintain their partnership for a minimum of 15 years and will likely renew beyond that. Unfortunately, we cannot predict the future. The property will be deed restricted for 40 years to ensure affordability.

Q: How long will you hold onto the property?

A: We will have to hold onto the investment for a minimum of 15 years and will likely renew beyond that.

Q: How long will the development remain affordable?

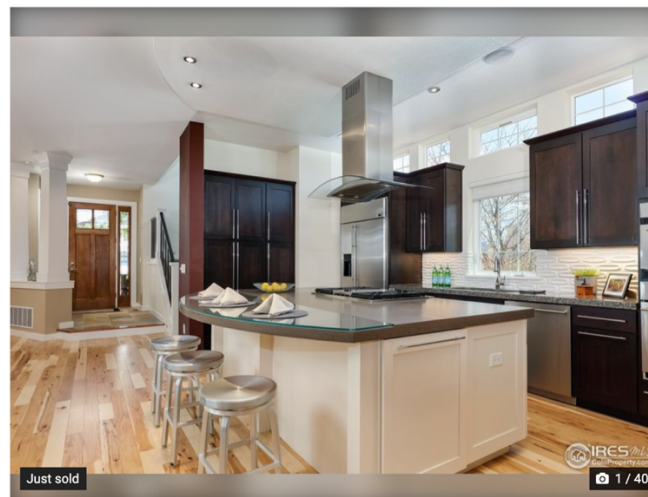
A: The property will be affordable for at least 40 years

Q: What will happen to our property values? We are concerned this will lower our property values.

A: There are several studies showing that affordable housing does not negatively impact property values, please see attached studies.



Figure 4: Million dollar plus homes (left) adjacent to affordable housing (right), Palo Park Affordable Housing.



Sold on June 30, 2021



4 beds 3.5 baths 4,068 sq ft 4,356 sqft lot

Commute Time 3198 Palo Pkwy, Boulder, CO 80301

Last Sold for  
**\$1,500,000**

Figure 5: Home sold June 30 for 1.5 million dollars across the street from Palo Park.

## The Fruita Mews Neighborhood Meeting Report

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Q: What are the sources of housing subsidy?

A:

- Federal and State of CO Affordable Housing Tax Credits - The Low Income Housing Tax Credit program – now being renamed to the Affordable Housing Tax Credit program as it now serves populations up to 80% of Area Median Income (AMI), is a bipartisan housing program initiated by Ronald Reagan’s tax reform bill of 1986 to privatize the affordable housing industry. The program is the most successful bipartisan housing program in the history of the United States. This was done by moving the oversight from HUD to the IRS with policies driven away from the federal government to state and local agencies. A public/private partnership that requires the capital markets to participate in investment and lending and for profits/non-profit developers to manage what gets built. It’s a **public-private partnership model building on a pay for success**. This program allows Rental housing residents without credit to build credit for long-term investment, specifically those that cannot afford home ownership.
- CO Department of Housing (DOH)– the property will be able to serve residents earning between 30-80% AMI through a below market loan from DOH

***These are income-based units, not Section 8. There are no vouchers or rent subsidies for these units. People will need to show proof of income, and pass background and criminal checks to rent and live in these units.***

Q: How does someone qualify for these units?

A: They will need to provide proof of good rental history and make between 30%-80% of the area median income, pass a credit check and a criminal background check.

Q: Can you guarantee the quality of this development for 40 years?

A: We can guarantee the quality of this development for 15 years and do so to our investors and lenders. It is typical at that point in time for the existing team to re-syndicate the property to provide an influx of capital for renovations. This is in addition on site management and maintenance and a required deposit of \$15,000/year or \$225,000 into a replacement reserve beyond annual maintenance expenses for 15 years. The new syndication provides an influx of cash for repairs and maintenance and requires an additional 15-year compliance period.

Several safeguards prevent LIHTC properties from falling into disrepair and out of compliance. Compliance in the Low Income Housing Tax Credit program includes the IRS, lender, owner and investor asset management oversight, requiring the property be managed and maintained at the highest level. A dedicated on site property management and maintenance will be at The Fruita Mews as well as the property management company senior staff will maintain the property on a daily basis. The investors and the lenders also have asset management staffs that oversee the properties on a regular basis and have stringent reporting requirements. LIHTC properties are typically impeccably maintained as exhibited by our attached photos.

Q: How does the community know what we are getting?

A: We are going through a PUD update with the City. The PUD includes a site plan and architecture requirements. The PUD will define what is required for the property. There are several oversight measures implemented by CHFA and the other investors in this property to ensure that this community will be constructed and maintained to a high level of quality.



## The Fruita Mews Neighborhood Meeting Report

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Q: How tall are the buildings?

A: They are two story buildings, approximately 26' tall.

Q: What are the unit mixes of each building?

A: The buildings are a mix of 1, 2 and 3-bedrooms. All buildings have a 1 1-bedroom, 3 2-bedrooms and 1 three-bedroom units.

Q: Will sex offenders be able to live there?

A: No sex offenders will be able to live at the Fruita Mews. Sex offenders are not a protected class in the United States requiring fair housing. Background and criminal checks are performed on all tenants. Additionally, their incomes and employment are verified.

Q: Who are the local partners/supporters?

A: Shaw Construction, Vortex Engineering, D51, Eureka!, The Fruita Chamber of Commerce, Catholic Outreach Apex Engineering, the Grand Junction Housing Authority, and the Mesa County Regional Transportation Planning Office.

Q: Who will maintain the sidewalks?

A: We will maintain the sidewalks.

Q: Who will maintain the development?

A: Blue Line Property Management is the property management company that will maintain the property.

Q: How do we know that criminals won't live here?

A: We will do a background and criminal checks on each tenant. Applicant with criminal backgrounds will be denied the ability to live at the property. We are affirmatively marketing this development to teachers. The oversight and vetting procedure for our tenants will be significantly higher than a typical rental property. The property is likely to be rented to the local workforce including police officers, fire fighters, beauticians, nurses, working people who work in the area each day and need a quality safe place to live.

Q: Will there be another community meeting prior to Planning Commission?

A: No, planning Commission is scheduled for 8/10, which is two weeks away.

Q: Traffic will be a problem how will traffic impact be mitigated on site?

A: IndiBuild llc contracted with APEX Consultant Engineers who conducted a traffic impact study of the development. After consulting with the City to develop a traffic analysis methodology, a report was produced by APEX that indicated that off-site infrastructure improvements would not improve the levels of service.

In conclusion, IndiBuild builds home and community. We use the built environment to create a sense of place. We are designing the Fruita Mews to meet the dire need for housing that is affordable to working families and individuals of Fruita and the Grand Valley. The same folks that wait on you in stores and restaurants, that cut your hair, teach you kids and care for you and your family. Safe, decent affordable housing is in everyone's (the community's) best interest. Having a continuum of housing is important to a sustainable community. We design housing for two different groups of people- those that will live there and those folks that will never live there but drive past it each day. The development needs to work for both. Failure to bring this development to fruition will just put Fruita further behind the curve and working families will continue to find housing in Fruita more challenging.

*Discussion Paper*

# **The Impact of Affordable Housing on Communities and Households**

Spencer Agnew  
Graduate Student  
University of Minnesota,  
Humphrey Institute of Public Affairs



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# Executive Summary

*Minnesota Housing finances and advances affordable housing opportunities for low and moderate income Minnesotans to enhance quality of life and foster strong communities.*

## Overview

Affordable housing organizations are concerned primarily with helping as many low and moderate income households as possible achieve decent, affordable housing. But housing units do not exist in a vacuum; they affect the neighborhoods they are located in, as well as the lives of their residents. The mission statement of Minnesota Housing (stated above) reiterates the connections between housing, community, and quality of life. This study explores the ways in which affordable housing impacts such community and quality of life factors.

Minnesota Housing and the affordable housing community can use this information in several ways. First, the information will be helpful in establishing affordable housing policies. For example, research has found that high concentrations of affordable housing can have a negative impact on crime rates, while smaller scale and dispersed projects do not. Second, the affordable housing community can use the information to promote affordable housing in communities that are skeptical about it. A primary concern is the effect that affordable housing will have on surrounding property values. However, research shows that properly designed and managed affordable housing can have a positive impact on surrounding property values.

The information in this report is based on an extensive literature review of seventy academic studies.

## Impact on Property Values

According to recent research, affordable housing does not definitively have a positive or negative impact on nearby property values. Studies finding that affordable housing projects have negative, positive, or no impact on nearby property values are all common. The impact of a particular housing project depends on complex interactions between factors such as project scale, management type, and the characteristics of the neighborhood in which the project is located. While research has not identified universally-agreed upon criteria for what mix of characteristics produce the most consistently positive impacts, the following are the most common themes:

- Projects managed by non-profit organizations commonly have positive impacts on property values due to sustained, quality management of property
- Projects managed by for-profit organizations commonly have positive impacts on property values, but the benefits tend to be less sustained over time compared to non-profit projects

- Public housing projects typically have negative or mixed impacts on property values; research suggests that small, scattered-site projects perform best among public housing projects.
- The impact of project scale depends on neighborhood characteristics; large projects typically have the most benefits on property values in low-income neighborhoods, while the opposite is true in higher-income neighborhoods, where large projects typically have mixed impacts.

## **Impact on Neighborhood Crime**

Research on the relationship between affordable housing and crime identifies project scale as the most important factor in determining the impact on neighborhood crime rates. Multiple studies find that smaller projects (typically less than 50 units) have no impact on neighborhood crime, but that larger projects may result in increased crime. This finding was common across multiple types of affordable housing, including non-profit rental housing, public housing, and supportive housing.

## **Impact on Education Outcomes**

Housing has the potential to significantly influence education outcomes for residents and communities. Research identifies several pathways through which housing conditions influence education outcomes. In particular, high residential mobility and poor housing conditions (such as overcrowding and exposure to lead paint hazards) are associated with significant deficits in educational achievement. Residential mobility (frequency of moves) is a particularly important factor because it impacts education outcomes for both mobile *and* non-mobile students; research finds that teachers in schools with highly mobile student populations tend to focus less on new material and more on review, which results in achievement deficits for mobile and non-mobile students alike. Affordable housing may improve education outcomes by improving housing factors associated with negative education outcomes.

## **Impact on Health Outcomes**

Affordable housing may improve health outcomes for its residents by reducing exposure to hazards in poor quality housing, improving neighborhood conditions, and reducing budgetary constraints that prevent spending on health insurance and nutrition. Research identifies numerous pathways through which poor housing conditions may lead to negative health outcomes, especially through exposure to hazards such as lead paint and risk factors for respiratory illness. Additionally, research finds that households with housing cost burdens frequently cut corners on spending on health care and nutrition.

## **Impact on Wealth, Earnings, and Public Service Dependence**

Affordable housing may increase wealth accumulation among low-income families by providing opportunities for homeownership, which represents the largest source of wealth accumulation for most households. Additionally, affordable housing programs may increase earnings and decrease public service dependence among low-income households.



# **Chapter 1: Does Affordable Housing Impact Surrounding Property Values?**

## **Overview**

A common reason for neighborhood opposition to affordable housing development is the fear that property values will be negatively impacted. The prospect of new affordable housing raises concern over the potential for poorly maintained structures, increased crime, and negative changes to neighborhood characteristics (Himle Horner, 2009). These potential impacts need to be weighed against ways that affordable housing projects could positively impact surrounding property values, such as through the replacement or rehabilitation of vacant lots and dilapidated buildings. In addition, affordable housing can be very well managed and maintained.

The most recent research on this topic has typically found that the impact of affordable housing on property values varies based on the type of project and the characteristics of the neighborhood in which it is located. Affordable housing projects are frequently found to have positive impacts on neighborhood property values, but findings of negative impacts or no impact are also common. In most cases, the impacts on property value (whether positive or negative) tend to be slight to moderate and typically diminish over a few years. While there is a need for further research and validation of findings, recent studies have begun to identify how interactions between project type and neighborhood characteristics can often determine the likelihood of a project having a positive or negative impact.

This chapter summarizes recent research findings that identify the combinations of affordable housing project type, neighborhood characteristics, and other factors that most often have positive or negative impacts on property values.

## **Research Studies**

The body of research examining the effect of subsidized housing on surrounding property values dates back several decades. Since that time, studies have become progressively more sophisticated, as have federal and local affordable housing programs. Whereas research once merely compared the value of properties based on distance from a public housing project, more recent studies develop complex models that take into account factors such as affordable housing program type, project scale, and neighborhood characteristics. Through statistical models and the use of geographic information systems (GIS), studies can now finely estimate the differential impact of many factors when evaluating the effect of an affordable housing project on property values. In order to determine the most common findings of recent research on this topic, sixteen studies from the last twenty years were reviewed. Studies were selected based on the strength of their research methodology and on recentness of publication.

## **Synthesis of Findings**

Of the eighteen studies reviewed, nine found mixed impacts on property value depending on factors such as project scale, management type, and neighborhood characteristics. Two studies found generally positive impacts, two found generally negative impacts, and two found no evidence of any impact. In studies finding mixed impacts, the following factors were commonly identified as important in determining impact:

### *Management*

Affordable rental projects with either nonprofit or for-profit management are commonly found to have positive impacts, although this is not true in all cases. Public housing often has negative or mixed property value impacts. Eleven of the studies reviewed considered the role of management in their analysis of property value impacts of affordable housing projects.

Four studies specifically examined the role of nonprofit-developed affordable housing, and two found positive impacts. Goetz et al. (1996) found that small and moderate size nonprofit affordable rental housing projects in Minneapolis consistently raised surrounding property values, although the size of the impact was typically small. Ellen and Voicu (2006) found generally positive impacts for nonprofit affordable housing in New York City. The size of the positive impact tended to vary with project scale, with small nonprofit projects often having a lesser impact than larger projects.

Two other studies found either mixed or negative impacts for nonprofit-developed affordable housing projects. These studies were based on suburban areas of the Las Vegas and San Francisco metro areas, suggesting that the impact of nonprofit affordable housing may differ based on location within a central city or a suburb. However, neither of these studies specifically measured the potential independent effect of urban versus suburban context. Similar to the studies finding positive impacts, the size of the impact tended to be small in both of these studies.

Four studies considered the effects of for-profit affordable housing projects on surrounding property values. Two found positive impacts, while one found no impact and one found negative impacts. Of these four studies, Ellen and Voicu (2006) had the most robust methodology. This study found consistent positive impacts for for-profit affordable projects in New York City. This was true for small, moderate, and large scale projects. An additional finding of this study was that the positive impacts of for-profit projects tend to be initially larger than the impacts of nonprofit projects, but also less sustained over time. While the initial impact of a for-profit project may be greater than that of a nonprofit-developed project, the positive property value impacts of nonprofit projects are more likely to last longer than a few years.

Public housing projects are typically found to have negative or mixed property values impacts. Large public housing projects are most commonly found to have negative impacts. Moderate and small scale public housing tends to have more mixed impacts. For example, a study of seven scattered-site, moderate scale public housing projects in Yonkers, New York found no generalized impact on neighborhood property values

(Briggs et al., 1999). The evidence suggests that smaller, dispersed public housing projects are the most likely to generate positive property value impacts to the greater neighborhood.

### *Scale*

The effect of project scale on property value impacts depends on neighborhood context and other factors. Six studies examined the role of project scale in property value impacts, but no strong common themes emerge from these. There is some evidence to suggest that the effect of scale may be reversed in low-income and high-income neighborhoods, such that in high-income neighborhoods small projects are the most beneficial, while larger projects have positive impacts in low-income neighborhoods.

There is also evidence suggesting that the relationship between project scale and property value could be curvilinear, meaning that property value impacts increase with project scale up to a certain threshold, beyond which impacts become increasingly negative as scale increases. A study of Section 8 certificate housing in Baltimore County, Maryland found that nearby property values were positively impacted as long as there were fewer than six sites and eight units within 500 feet. When Section 8 units were found in concentrations above these amounts, the impacts were negative (Galster 1999).

### *Neighborhood Context*

The impact of housing projects on surrounding property values may depend on neighborhood context. In a review of literature on the topic, Ahrentzen (2008) found that affordable housing is most likely to generate positive results when located in low-poverty neighborhoods in low concentrations (typically less than 50 units). In contrast, in high-poverty neighborhoods, larger scale housing projects generate the most positive impacts. Regardless of neighborhood context, affordable housing projects generate the most neighborhood property value benefits when replacing blighted conditions such as vacant lots or abandoned buildings.

### *Overall Themes*

While the interaction of management, scale, and neighborhood context is clearly complex and at times contradictory, four themes emerged:

- Projects managed by non-profit organizations commonly have positive impacts on property values due to sustained, quality management of property
- Projects managed by for-profit organizations commonly have positive impacts on property values, but the benefits tend to be less sustained over time compared to non-profit projects
- Public housing projects typically have negative or mixed impacts on property values; research suggests that small, scattered-site projects perform best among public housing projects.
- The impact of project scale depends on neighborhood characteristics; large projects typically have the most benefits on property values in low-income neighborhoods, while the opposite is true in higher-income neighborhoods, where large projects typically have mixed impacts

## Caveats

Many studies on this topic are based on data from large East Coast cities. All are based in major metropolitan areas, mostly in urban settings. Findings may not be transferable from larger cities to smaller ones or from an urban to a suburban or rural context. Many studies are based in New York City, which itself may not be comparable even to other large cities. But despite the issue of transferability of findings, the New York City studies have access to some of the most comprehensive data on affordable housing projects spanning many different types of neighborhoods and project types. The benefit of these studies is that they are the best able to reliably examine the complex interactive effects that play a role in determining the impact of affordable housing projects.

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# **Chapter 2: Does Affordable Housing Impact Neighborhood Crime?**

## **Overview**

A common reason for neighborhood opposition to affordable housing development is the fear that it will result in an increase in crime in the neighborhood. According to research by Himle Horner (2009), the fear that affordable housing residents will bring crime ranks as one of the strongest perceived negative consequences of affordable housing projects. However, as Himle and Horner also note, these fears are typically based on emotional rather than factual arguments. Recent scientific research should be considered before making judgments about the likely impact of an affordable housing project on neighborhood crime.

The most recent research on this topic has typically found that scale is the most important factor in determining the effect of affordable housing on neighborhood crime. Several studies have found that when affordable units occur in small quantities (typically less than 50 units), there is typically no impact on neighborhood crime. However, large projects or a large concentration of affordable units within a neighborhood may have the effect of increasing crime. This finding is a common theme across multiple types of affordable housing, including nonprofit rental, supportive housing, and public housing.

## **Research Studies**

The body of research examining the effect of affordable housing on neighborhood crime is not substantial. Most research considering the impacts of affordable housing on neighborhoods prefer to measure the impact on property value, which can be considered as an aggregate measure of numerous neighborhood quality variables, including crime rate. Of the studies that have assessed the impact of affordable housing on crime rates, most focus on one particular affordable housing type, such as supportive housing, nonprofit rental housing, or public housing.

To determine the most common findings of recent research on this topic, six studies from the last twenty years were reviewed. Studies were selected based on the strength of their research methodology and on publication date since 1990.

## **Synthesis of Findings**

Of the six studies reviewed, all found that affordable housing typically has no effect on neighborhood crime. However, three studies which considered the role of scale found that large projects or large concentrations of affordable units can lead to an increase in crime. The exact threshold at which this impact may occur varies by study. Studies typically focused on a particular type of affordable housing, including the following:

### *Nonprofit Rental Housing and Section 8*

Research on the effect of affordable rental housing on neighborhood crime typically finds no evidence of impact. Nonprofit rental housing was found to create a slight decrease in neighborhood crime. Section 8 households, while commonly concentrated in higher crime areas, are not found to be the cause of increased crime.

Goetz et al. (1996) studied the effect of small to moderate sized nonprofit affordable rental housing on neighborhood crime in Minneapolis. The study found an aggregate decrease in the number of police calls made from properties after their conversion to nonprofit affordable housing. Of the fourteen projects studied, five showed a decrease in crime, two saw an increase, and eight experienced no change.

Van Zandt (2008) studied the impact of Section 8 households on neighborhood crime in Dallas. The study found that higher concentrations of Section 8 households were associated with higher crime rates, but that increases in the number of Section 8 households had no impact on crime rates. This implies that Section 8 residents tend to live in higher crime neighborhoods, but are not the direct cause of additional crime.

### *Public Housing*

Traditional public housing typically has a mixed impact on neighborhood crime, while scattered-site public housing often has no impact. This pattern supports findings from Chapter 1's discussion of public housing's impact on neighborhood property values, where large scale traditional public housing was found to have negative impacts on property values while dispersed public housing was found to have either zero or slightly positive impacts. As with other types of affordable housing, research on public housing's impact on crime shows that scale is an important factor.

Santiago (2003) studied the effect of dispersed public housing on neighborhood crime in Denver. The study found that the presence of Denver Housing Authority dispersed public units had no impact on neighborhood crime. In fact, there was some weak evidence supporting a decrease in crime after the opening of DHA housing units. Most of the DHA dispersed public units were renovated single-family homes, duplexes, or small apartments located within neighborhoods without concentrated poverty. The DHA is limited by local ordinances from occupying more than one structure per block face or more than one percent of the housing units in a census tract.

Joice (2007) studied public housing in Louisville, Kentucky and found that traditional public housing increased neighborhood crime, while scattered-site public housing had no impact. The study identified 48 units per square mile as the threshold beyond which scattered-site public housing would begin to increase neighborhood crime.

Griffiths (2009) studied homicide perpetrators in Los Angeles and found that residents of public housing were half as likely as non-public housing residents to commit their crimes outside of their home development. In other words, crimes committed by public housing residents were less likely to spillover to surrounding areas than crimes committed by persons not residing in public housing. The research additionally showed that public

housing developments do not generate an increase in the rate of homicide. Of course, this study measured only homicides and not other crimes for which the patterns may be different.

### *Supportive Housing*

Research has found that small to moderate supportive housing project generally have no effect on neighborhood crime. Large supportive housing projects were found to increase total crime. However, supportive housing residents were found to be the victims rather than the perpetrators of the increased crime.

Galster et al. (2002) researched the effect of supportive housing sites on neighborhood crime in Denver. The study found no effect on crime for supportive housing sites with fewer than 53 units; larger projects were found to result in increased violent crime and total crime within 500 feet of the site. This implies a direct link between project scale and crime impacts for supportive housing developments. Through focus groups and interviews with neighborhood residents, the researchers determined that the likely reason for the increase in crime for large supportive housing sites was not the perpetration of crimes by supportive housing residents, but rather crimes committed against these residents. Large supportive housing sites may induce crime by creating a concentrated pool of potential victims.

### **Caveats**

The body of recent research examining the impact of affordable housing on neighborhood crime is not as extensive as the literature on property value impacts. Unlike Chapter 1, the findings in this chapter must rely on a small number of studies. Additionally, studies all use unique measures of “crime,” which may not be comparable. For example, Goetz (1996) used number of police calls while Griffiths (2009) considered data on homicides. Some measures may not adequately reflect the true amount of neighborhood crime.

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# Chapter 3: Does Affordable Housing Impact Health Outcomes?

## Overview

Affordable housing impacts both the households that reside in it and residents of the surrounding community. The two previous chapters discussed ways in which affordable housing may impact the surrounding community through property values and crime rates. The following chapters primarily examine how affordable housing impacts the residents of that housing.

This chapter examines research on the relationship between housing and health outcomes. A better understanding of the impact of housing on health will help ensure that affordable housing policy is improving the overall quality of life of the residents. Additionally, consideration of the links between housing and health outcomes may present opportunities for housing and health organizations to collaborate in the achievement of shared goals.

## Research Studies

There is a substantial body of research which examines the link between housing and health outcomes. Much of the research explores how poor housing conditions may contribute to negative health outcomes, as opposed to specifically examining if higher quality, affordable housing has a positive impact on health outcomes. To determine the most common research findings on the impacts of affordable housing on health outcomes, nineteen studies published since 1993 were reviewed.

## Synthesis of Findings

Affordable housing may improve health outcomes for its residents by reducing exposure to hazards in poor quality housing, improving neighborhood conditions, and reducing budgetary constraints that prevent spending on health insurance and nutrition. Research identifies numerous pathways through which poor housing conditions may lead to negative health outcomes, especially through exposure to hazards such as lead paint and risk factors for respiratory illness. Additionally, research finds that households with housing cost burdens frequently cut corners on spending on health care and nutrition.

### *Housing Conditions*

Research identifies a strong connection between housing conditions and health outcomes. A substantial body of research “demonstrates that poor housing can contribute to infectious disease transmission, injuries, asthma symptoms, lead poisoning, and mental health problems” (Saegart 2003). Negative health outcomes resulting from poor housing conditions are especially prominent among children. Higher quality, affordable housing should improve health outcomes for residents by reducing exposure to health hazards commonly found in poor quality housing.

A well-documented pathway through which housing conditions affect health outcomes is through exposure to environmental toxins. A common hazard in poor quality housing is lead poisoning due to exposure to lead paint, the effects of which include reduced IQ and impaired physical growth and neurological development (Vandivere et al. 2006).

Elevated blood lead levels are frequently caused by chronic exposure to lead dust in the home. Research estimates that some twenty million homes in the U.S. contain lead paint hazards<sup>1</sup> and that 3.5 million children live in these homes (Quercia and Bates 2002).

Children of poor and minority families are disproportionately affected by this health hazard. A CDC study found that the incidence of elevated blood lead levels among low-income children living in pre-1974 housing was more than thirty times higher than the rate among middle-income children living in post-1974 housing (CDC 2000). A separate study found that 35% of housing units occupied by low-income families contained lead paint hazards, compared with only 19% of higher-income housing units (Jacobs et al. 2002). Quality, affordable housing should improve health outcomes for residents by reducing exposure to lead paint hazards among populations with high rates of exposure.

Asthma and other respiratory illnesses are also potential health hazards of poor quality housing. Asthma is the most common chronic disease among children, and like lead poisoning, disproportionately affects children of low-income households; in 2003, 7.2% of poor children had asthma, compared to 5.5% of children of all incomes (Breysse et al. 2004, Vandivere et al. 2006). Exposure to cockroach infestation, rodent infestation, dust mites from old carpeting, mold, and overcrowding are all risk factors for the development of asthma and for more severe asthma symptoms (Matte et al. 2000, Vandivere et al. 2006). Quality, affordable housing should improve health outcomes for residents by reducing exposure to risk factors for asthma and other respiratory illnesses.

Several studies have documented the effect of low quality housing on mental health. Research on the HOPE VI program found that residents of dilapidated public housing experience stress-related mental illness at rates 50% greater than the national average (Popkin et al. 2004). Common factors involved in the association between poor quality housing and negative mental health outcomes include fear of crime, lack of control over maintenance practices, stress from overcrowding, and anxiety about structural hazards (Evans et al. 2000). Evans et al. found that housing managed by ineffective government agencies or by absentee landlords increases stress for tenants who must wait long periods or deal with complicated bureaucratic processes in order to receive repairs or deal with complaints.

### *Neighborhood Characteristics*

Research identifies several connections between neighborhood characteristics and health outcomes. Neighborhood characteristics have a particularly strong effect on mental health, but also influence risk for many negative physical health outcomes. Research finds that affordable housing located in low-poverty neighborhoods improves health outcomes for residents moving from areas of concentrated poverty.

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<sup>1</sup> The total number of homes in the current housing stock that contain lead paint is estimated to be around sixty million. The estimated twenty million homes that contain lead paint hazards are those in which lead paint has deteriorated or been disrupted by remodeling (Quercia and Bates 2002).

Research on the federal Moving to Opportunity (MTO) program--which provided vouchers for public housing residents to move from areas of concentrated poverty to dispersed housing in low poverty neighborhoods--found significant improvements in mental health outcomes for program participants. One study found that MTO participants had a 45% reduction in risk for serious mental illness (Kling et al. 2006). Another study of MTO participants found a 25% reduction in depressive/anxiety problems among boys between eight and eighteen years old; no difference was found among girls, which the authors speculate may be due to differential exposure to the neighborhood environment (Leventhal & Brooks-Gunn 2003). Research on a program similar to MTO in Yonkers, New York found that residents of dispersed public housing in low-poverty areas had significantly lower self-reported levels of depression compared to residents of large-scale public housing in areas of concentrated poverty (Lubell et al. 2007).

### *Budget Constraints*

Families living in unaffordable housing tend to spend less on health care and food than do families living in affordable housing. For example, working families<sup>2</sup> paying thirty percent or less of their income on housing costs spent twice as much of their income on health care and insurance than did families paying 50 percent or more of their income for housing (Lipman 2005). In other words, families without housing cost burdens were able to devote a greater share of their income to health care. A national study found that low-income adults living in unaffordable housing were 20% more likely to lack health insurance than low-income adults living in affordable housing (Long 2003). In addition to having higher rates of uninsurance, families living in unaffordable housing are also 22% more likely to experience food insecurity<sup>3</sup> compared to similar families with affordable housing (Vandivere et al. 2004). Research finds that families living in unaffordable housing are forced to cut corners in health and food expenses due to the budgetary constraints created by housing costs, resulting in significantly lower rates of health insurance and higher rates of food insecurity among persons living in unaffordable housing.

The inability to afford adequate health insurance and nutrition leads to negative health outcomes, especially among children. A study in Boston found that children in low-income families without housing subsidies were 50% more likely to be iron deficient than children in comparable families with housing subsidies (Meyers et al. 1993). A 2005 study found that among families experiencing food insecurity, children in households without housing subsidies were twice as likely to have very low weight-for-age compared to children in households receiving subsidies (Meyers et al. 2005). A study of low-income families in Indiana and Delaware found that households without housing subsidies were about twice as likely to report having had a person that needed to see a doctor but did not see one due to lack of money (Lee et al. 2003). Consistent among all

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<sup>2</sup> This study defined “working families” as those with incomes between full-time minimum wage and 120% of area median income.

<sup>3</sup> Food insecurity is defined as reduced meal quality or size, or the skipping of meals entirely due to a limited budget (Lipman 2005).

these studies is the finding of negative health outcomes among children in families living in unaffordable housing.

## Caveat

Research finds substantial evidence that poor quality housing, neighborhoods with concentrated poverty, and the budget constraints of unaffordable housing all have negative impacts on health outcomes. However, there is little evidence as to what quantifiable benefit (if any) improved housing may have on health outcomes for residents. Higher quality, affordable housing may improve health outcomes for its residents by reducing exposure to hazards in poor quality housing, improving neighborhood conditions, and reducing budgetary constraints that prevent spending on health insurance and nutrition. But very little research has explored this full causal chain.

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# Chapter 4: Does Affordable Housing Impact Education Outcomes?

## Overview

This chapter examines research on how affordable housing impacts the education outcomes of both residents and neighbors of affordable housing. Housing has the potential to significantly influence education outcomes for residents and communities. A better understanding of the impact of housing on education outcomes will help ensure that affordable housing policy is improving the overall quality of life of the residents. Additionally, consideration of the links between housing and educational achievement may present opportunities for housing and education organizations to collaborate in the achievement of shared goals.

## Research Studies

The body of research examining the effect of housing conditions on education outcomes is substantial. Much of the research explores how poor housing conditions can lead to negative education outcomes. Many studies do not specifically link affordable housing with positive education outcomes. Rather, they typically find negative education outcomes associated with poor quality and unstable housing. To determine the most common research findings on the impacts of affordable housing on education outcomes, twenty studies published since 1988 were reviewed.

## Synthesis of Findings

Research identifies several pathways through which housing conditions influence education outcomes. In particular, high residential mobility and poor housing conditions (such as overcrowding and exposure to lead paint hazards) are associated with significant deficits in educational achievement. Residential mobility (frequency of moves) is a particularly important factor because it impacts education outcomes for both mobile *and* non-mobile students. Neighborhood characteristics and homeownership status also have small impacts on education outcomes, but the findings are less conclusive for these factors.

### *Residential Stability*

Many studies have found a direct link between residential stability and educational performance. High residential mobility is associated with poorer scores on reading and math tests, higher rates of grade repetition, and higher high school dropout rates. Scanlon & Devine (2001) conducted a broad review of the research on the link between residential mobility on children's education outcomes and found strong evidence that mobility negatively affects academic performance; the study found that the high school dropout rate for mobile children is twice as high as that of non-mobile children. Mehana & Reynolds (2004) performed a similar review of the link between school mobility and education outcomes and also found mobility is associated with poorer academic performance; their meta-analysis found that children changing schools had the equivalent

of a 4-month performance gap in math and reading achievement on average compared to non-mobile students.

The negative academic impacts of high school mobility among children are not limited to the mobile children themselves. Five separate studies since 1996 have found that students and teachers who remain in a school are also negatively impacted by high rates of mobility by other students.<sup>4</sup> For example, Kerbow (1996) found that teachers in Chicago schools with high rates of student mobility tend to slow the pace of curriculum and focus more on review-oriented lessons. This adversely impacted academic achievement of stable students compared with stable students in schools with lower student turnover.

This research on how residential instability negatively affects educational performance suggests that affordable housing will improve educational outcomes to the extent that it improves residential stability. Several studies have found that shortages of affordable housing are a primary cause of high mobility among families with children. A 1993 study by the U.S. General Accounting Office found that lack of affordable housing was a primary cause of mobility among families with school-aged children. Crowley (2003) found that families with housing problems such as overcrowding or risk of eviction are at high risk for forced mobility. Mills et al. (2006) found that affordable housing program participants had a significantly reduced likelihood of moving over the following five years. The evidence thus supports a link between affordable housing and positive education outcomes.

### *Housing Quality*

Affordable housing may improve educational outcomes to the extent that it improves housing conditions among children previously living in overcrowded housing. Crowded housing is typically defined as dwellings with more than one person per room. Research has shown that overcrowding has a detrimental impact on education outcomes for children. Braconi (2001) found that children living in crowded housing were significantly less likely to complete high school; boys in crowded housing were 11% less likely to graduate, while girls were 7% less likely to graduate. Conley (2001) found that children living in crowded housing completed on average three months less schooling by age 25 than did children not experiencing sustained crowded conditions in their housing. Children living in crowded housing may have difficulty finding adequate study areas to complete homework (Braconi 2001) and are more likely to experience symptoms of psychological problems, which are detrimental to school performance (Evans et al. 2001).

Affordable housing may also improve education outcomes to the extent that it reduces children's exposure to lead paint or to poor air quality that may induce asthma, both of which are associated with academic deficits. The Centers for Disease Control (2005) found that very small levels of lead exposure can impede cognitive development in young children. The same report found that lead paint in housing built before 1978 is one of the primary sources of lead exposure. Poor housing conditions can also contribute to asthma,

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<sup>4</sup> Kerbow (1996), Fowler-Finn (2001), Crowley (2003), Kerbow et al. (2003), and Rhodes (2005)



which Kinney et al. (2002) and Rothstein (2004) both found to be associated with significantly higher rates of school absence.

Similar to the research on the link between residential stability and education outcomes, most studies of the effect of housing quality on education do not necessarily posit a direct positive link between quality affordable housing and improved education outcomes. Rather, they find negative education outcomes associated with poor housing conditions such as overcrowding and exposure to toxins. Presumably, affordable housing that is higher quality would result in improved education outcomes to the extent that it results in improved housing conditions for persons previously exposed to poor housing quality.

### *Neighborhood Conditions*

There is mixed evidence of the impacts of neighborhood condition on education outcomes. In a review of research on the subject, Ellen and Turner (1997) found that many studies found some link between neighborhood conditions and educational attainment. However, research findings are often contradictory and few common themes are present. The research on this topic suggests that neighborhood conditions likely play a small role in education outcomes for children, but that it is not as important as residential stability, housing quality, and non-housing-related factors (such as parents' educational attainment) in determining education outcomes.

Research on the Gautreaux program<sup>5</sup> in Chicago found significant improvements in educational outcomes for children moving from central city public housing to predominantly white suburbs. Children participating in the program were significantly less likely to drop out of school and more likely to enroll in four year colleges (Rosenbaum et al. 1998). However, later research by Popkin et al. (2000) questions these findings due to the study methodology, which used a fairly small sample size and non-randomly selected participants.

Research on a program similar to Gautreaux, the Moving to Opportunity (MTO) program, found no evidence of a relationship between neighborhood conditions and education outcomes. The MTO program was designed to help public housing residents move to dispersed affordable housing within neighborhoods without concentrated poverty. Research on children participating in the program by Goering (2003) and Orr et al. (2003) has found no evidence of impact on educational performance.

### *Homeownership*

Several studies suggest that children of homeowners perform better in school. However, much of the research on this link fails to differentiate between the benefits of homeownership and residential stability in general. Nevertheless, the studies that do control for the effects of residential stability still find a positive impact for homeownership on education outcomes, especially for children of low-income families.

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<sup>5</sup> The Gautreaux program in Chicago was established in 1976 as a result of a court order in a lawsuit against the Chicago Housing Authority and HUD for segregation in public housing. The program offered public housing residents vouchers and counseling to help move to predominantly white neighborhoods in the greater Chicago metro area.

Multiple studies have found that children living in owned homes rather than rental units perform better on measures of educational attainment. Haurin et al. (2001) found scores on tests of math and reading achievement to be 10% and 7% higher, respectively, among children of homeowners. Braconi (2001) found that boys living in owned homes were 8% more likely to graduate from high school (no significant effect was found on graduation rates for girls living in owned homes). White (1997) found that children complete more years of school if their parents are homeowners.

A study by Aaronson (2000) questions the above findings by showing that many of the education benefits attributed to homeownership can actually be explained by residential stability. Nevertheless, Aaronson's study still found a small benefit associated with homeownership beyond the benefits attributed to residential stability.

## **Caveats**

Few studies explore what direct impact that quality, affordable housing has on education outcomes. Rather, studies tend to examine how poor housing conditions or high residential mobility are related to negative education outcomes. As affordable housing programs are specifically intended to provide quality living environments and improve residential stability, it can be logically inferred that higher-quality affordable housing improves education outcomes. However, since most literature does not explicitly examine this full causal chain, it cannot be said that affordable housing definitively improves education outcomes.

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# **Chapter 5: Does Affordable Housing Impact Wealth Accumulation, Work, and Public Service Dependence?**

## **Overview**

This chapter examines research on the relationship between housing outcomes on wealth accumulation, work, and public service receipt. A better understanding of the impact of housing on wealth and earnings will help ensure that affordable housing policy is improving the overall quality of life of residents. Additionally, consideration of the links between housing and public service receipt may present opportunities for affordable housing providers to collaborate with other organizations in the achievement of shared goals, such as reducing welfare dependence.

## **Research Studies**

The body of research exploring the link between affordable housing and outcomes related to wealth accumulation, work, and public service dependence is not substantial. Many studies explore the impact of welfare reform programs on these outcomes, but few explore the specific influence of affordable housing. In order to determine research findings on the impact of affordable housing on wealth accumulation, work, and public service dependence, nine studies published since 1994 were reviewed.

## **Synthesis of Findings**

Research finds that affordable housing programs can substantially impact wealth accumulation, work, and public service dependence among low-income households. Homeownership represents a significant source of wealth accumulation among all households, but particularly among low-income and minority households. Research also finds that affordable housing can increase work and earnings among welfare recipients, as well as decrease public service dependence among formerly homeless individuals.

### *Wealth Accumulation*

Research finds that homeownership represents the largest source of wealth accumulation for most households. Housing wealth is a particularly important means of wealth accumulation among low-income and minority households. Programs which support low-income homeownership are likely to increase wealth accumulation among these households.

A 1995 report by the U.S. Department of Housing and Urban Development found that home equity is the largest single source of wealth for most households. Housing wealth is especially important among minority homeowners, for whom home equity represents more than three-quarters of median net wealth (compared with 60% percent of median net wealth among all homeowners). Median net wealth of renters was just three percent of the median net wealth of homeowners.

A study by Boehm and Schlottmann (2001) found that children of homeowners have substantially higher levels of housing and non-housing wealth accumulation. This suggests that homeownership has a multi-generational impact. The study also found that housing wealth constitutes a greater share of total wealth accumulation among low-income households than among high-income households (67% vs. 33% of total wealth accumulation).

### *Earnings and Work*

Research finds that affordable housing increases earnings and work among welfare recipients. A study in California found that among employed welfare recipients, those in Section 8 housing worked 60 hours more per month than those in the private rental market (Ong 1996).<sup>6</sup> Research on welfare reform programs in Minnesota, California, Georgia, and Ohio has found that gains in employment are larger among welfare recipients that receive housing assistance than among those who do not (Center on Budget and Policy Priorities, 2000). For example, among recipients of welfare in the Minnesota Family Investment Program (MFIP), employment increased by 18% and quarterly earnings by 25% among those living in subsidized or public housing, compared with 9% and 2%, respectively, among MFIP participants not living in subsidized or public housing (Gennetian, 2000).

### *Public Service Dependence*

Research finds that supportive housing can substantially reduce costs associated with providing public services to homeless individuals. In a 2002 study, Culhane et al. found that the placement of homeless persons with severe mental illness (SMI) in permanent supportive housing resulted in a reduction of public service use of over \$12,000 per year. Once placed in supportive housing, persons with SMI used increased levels of outpatient Medicaid services, but had fewer stays in jail, public hospitals, emergency shelters, and psychiatric hospitals, and less use of Medicaid inpatient services.

An evaluation of the Minnesota Supportive Housing and Managed Care Pilot found that the program helped “participants shift toward more routine and preventive care, including outpatient care, and away from costly inpatient mental health and chemical dependency services, detox, and prison” (National Center on Family Homelessness, 2009)<sup>7</sup>. Several additional studies have found that homelessness is associated with larger costs per hospital stay and longer stays per visit (Salit et al. 1998; Lewis and Lurigio 1994).

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<sup>6</sup> Study controlled for factors such as years on welfare, age, education, minority status, health status, parental status, and monthly housing costs.

<sup>7</sup> The Minnesota Supportive Housing and Managed Care Pilot provided rental assistance and intensive services for homeless families and single adults, in both rural and urban settings.

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## “Don’t Put it Here!”

### Does Affordable Housing Cause Nearby Property Values to Decline?

It’s a common scene at a community hearing: local residents lined up behind the microphone waiting to testify about a proposed affordable rental housing development. Some are voicing concerns that the development will decrease property values in their neighborhood. Their concerns are understandable – they want to protect their investment in their homes. On the other side, housing advocates and prospective residents argue with equal passion. They want to live in affordable homes with access to jobs, schools, and other amenities for themselves and their children. Affordable housing, they argue, will not affect the home values of residents already in the community.

Which side is right? This policy brief summarizes the conclusions of several reviews and critiques of the growing body of research on this topic. It also highlights some of the most recent work in this area carried out by researchers at the Furman Center of New York University and funded by the John D. and Catherine T. MacArthur Foundation.

### Is There Consensus in the Research?

Numerous studies have been conducted to examine the impacts of affordable housing on property values in a wide variety of circumstances. Fortunately, several researchers have surveyed the landscape, inventorying and taking a critical look at the body of work that has accumulated over the past several decades. This policy brief distills the conclusions of four of these literature surveys: two produced by civic groups and two carried out by academics and published in peer-reviewed academic journals.

To “summarize the summaries” – the vast majority of studies have found that affordable housing does not depress neighboring property values, and may even raise them in some cases. Overall, the research suggests that neighbors should have little to fear from the type of attractive and modestly sized developments that constitute the bulk of newly produced affordable housing today. That said, the research shows that



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negative effects can occur in certain circumstances, and suggests ways to protect nearby property values.

The following are brief snapshots of the scope and findings of each literature review:

**1** Jeff Leary's 1999 literature survey for the California Redevelopment Association examined 31 separate studies. Seven studies documented positive effects of affordable housing on surrounding property values while 19 found no effects. Negative effects were found in one study while three studies were inconclusive.

**2** The North Carolina Coalition, a state civic group, compiled a catalog (circa 2002) of 36 studies, most dating from the mid-1990s to the early 2000s. The vast majority found no impact on surrounding property values. Several found positive effects and only one found possible negative effects.

**3** George Galster, a professor of urban affairs at Wayne State University, describes in his 2002 literature review an emerging consensus among researchers that subsidized housing of various types does not have negative effects — and sometimes has positive effects — on property values, particularly in higher value neighborhoods. However, Galster also notes that affordable housing can have a negative effect on property values when highly concentrated, particularly when located in vulnerable neighborhoods that have high poverty rates and low home values.

**4** Mai Thi Nguyen of San Francisco State University reviewed 17 studies produced over several decades. According to her 2005 analysis, 11 studies found that affordable housing had either a neutral or positive effect on property values, five found mixed effects, and one documented negative effects. However, Nguyen argues that this tally oversimplifies results, and that as data sets and analytical techniques have become more sophisticated, a more

nuanced set of conclusions is emerging. She suggests these techniques will allow us to learn more about the circumstances under which affordable housing developments may have negative effects.

### **How do researchers ascertain the effect of affordable housing on nearby property values?**

The ideal measure of the impact of affordable housing on surrounding home prices would compare the actual changes in property values to the changes that would have occurred in the absence of the affordable development. Unfortunately, it is impossible to measure this directly. Nguyen describes two “waves” of housing studies that have taken different approaches to addressing this issue. The first wave of studies, conducted in the early 1990s, used a “matching” methodology that compares the performance of two otherwise comparable neighborhoods — one with affordable housing and one without. All of the studies using this methodology found either no difference in property values between the two areas or positive

effects on nearby property values in the areas with affordable housing.

A second wave of studies from the mid-1990s on evaluates the effects of nearby affordable housing development on property values using multivariate statistical analysis, which explains a home's price as a function of both structural characteristics (age, square footage, etc.) and neighborhood characteristics (poverty rate, distance to central business district, etc.). These studies also compare the prices of homes near affordable developments and homes farther away but, unlike previous research, control for the influence of structural and neighborhood variables. Most of these studies also show that affordable housing has no effect or positive effects on nearby property values. But, as detailed below, they also reveal circumstances in which negative effects are possible.

These research methods are not without their problems. Some problems are definitional — most importantly, what constitutes a neighborhood, and how close is “nearby?” For example, a 1998 study by the Innovative Housing Institute of homes in Montgomery County, Maryland defined housing within 500 feet

## **Why Do Property Values Matter?**

Generally, rising property values indicate positive trends for a neighborhood. They signal that a neighborhood has become a desirable place to live and to locate a business, and influence developers' decisions to make long-term investments in its future. For individual homeowners, who depend on home equity to provide resources for retirement or finance a child's education, home values are extremely important. Property values also may be a proxy for quality of life factors that can be hard to measure and often reflect access to good schools, jobs, shops, parks, and other amenities.

In distressed neighborhoods, rising property values are a sign of hope that the stage is being set for economic renewal. Measurable rises in home prices and rents as well as a general increase in real estate activity represent important benchmarks for successful neighborhood revitalization. In this sense, affordable housing that stabilizes or increases nearby property values may also contribute more broadly to stronger neighborhoods.

Generally, price increases are a positive development, but when rising rapidly, teachers, nurses, firefighters, and other working families can be priced out of their neighborhoods. Certain strategies may need to be put in place to ensure the long-term affordability of a portion of the housing stock.



Much of the research suggests that the type of affordable housing matters less than the quality of the properties' design, management, and maintenance.

of subsidized housing as “near,” meaning that a home 501 feet away from subsidized housing would not be considered near. Another problem, noted by Galster in his literature review, is that many studies are susceptible to the criticism that they fail to indicate whether home prices were rising or falling before the analyses were conducted. It is possible that these studies may just be measuring pre-existing trends in home prices rather than the effects of affordable housing — an issue Galster seeks to overcome in his own research. Finally, since most of the studies were conducted at the local level, findings in one neighborhood may or may not apply elsewhere.

### **Does the type of affordable housing matter?**

Just as there is no single definition of affordable housing, the types of affordable housing examined in the property values research reflect great diversity. Studies have covered the impact of public housing in Portland, Oregon and Memphis, Tennessee; non-profit housing developments in New York and Minneapolis; Low Income Housing Tax Credit projects in Cleveland and Seattle; affordable homeownership programs in San Mateo, California and Philadelphia; and Section 8 voucher programs in Baltimore — just to name a few.

Much of the research suggests that the type of affordable housing matters less than the quality of the properties' design, management, and maintenance. Nguyen cites a 1996 study by Edward Goetz and his colleagues at the University of Minnesota in which a comparison of subsidized units in Minneapolis — some public housing, some privately owned subsidized units and some developed by a local nonprofit — found that

the quality of management influenced whether or not a development had negative effects on nearby property values. Similarly, a 1993 study by Paul Cummings and John Landis at Berkeley, found no negative impact on property values of affordable homeownership condo developments in San Francisco and San Mateo County in California. The authors attribute this finding to the care taken by the developers to deliver



Courtesy of Trinity Housing

designs that suited the scale and character of the surrounding neighborhood.

In some circumstances, however, the type of housing does appear to matter. In a series of studies conducted by Ingrid Ellen and her colleagues at the Furman Center of NYU on the impact of affordable housing on property values in New York City, developments financed through the Low Income Housing Tax Credit (which serve a low- to moderate-income population) were somewhat more likely than developments financed through other federal programs to increase surrounding home prices. By contrast, they found that public housing (which serves the lowest income population) was somewhat more likely to produce negative effects than developments funded through other federal programs.

### **Do impacts differ by neighborhood type?**

Some evidence suggests that affordable housing is more likely to have either no impact or a positive impact on surrounding home prices when located in strong neighborhoods — that is, higher value, lower poverty neighborhoods. For example, in some of his own research, Galster studied scattered-site public housing units in 2001 in Denver and the residences of families assisted through Section 8 housing vouchers in the late 1990s in Baltimore. He found that the impact on nearby property values tended to be positive when these subsidized households were located in wealthier neighborhoods that were generally appreciating in value. By contrast, subsidized households and developments located in more vulnerable neighborhoods where lower priced homes were already depreciating were more likely to result in continued negative effects on property values.

At the same time, several researchers have found evidence of positive effects on property values in vulnerable neighborhoods related to the rehabilitation of abandoned or distressed properties as affordable housing. Researcher Ingrid Ellen and her colleagues at NYU carried out one of the most recent, detailed examinations of the impacts on neighboring property values of city-supported rehabilitation of rental housing. The redevelopment projects included in the study were undertaken by both nonprofit and for-profit developers, and researchers used data on New York City from the 1980s through 1990s. The results, published in 2006, found significant, positive spillover effects on neighboring property values stemming from this rehabilitation, although these positive effects were slightly lower in the more distressed and disadvantaged areas where nonprofits tended to work, particularly for smaller-scale projects.

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In 2005, the John D. and Catherine T. MacArthur Foundation provided support to Ingrid Ellen, Co-Director of the Furman Center and Associate Professor of Public Policy and Urban Planning at the Wagner School of New York University (NYU), along with her colleagues Ioan Voicu and Amy Ellen Schwartz, also of NYU, and Michael Schill of UCLA's School of Law, to continue their research on the impact of New York City's investments in affordable housing. Center for Housing Policy staff spoke with Professor Ellen about the team's research.

### **What would you say was innovative about the MacArthur-funded work?**

New York City has built 70,000 units [of affordable housing] and renovated another 120,000 during our study period – far more than any other city. Although many of these are concentrated in low-income areas, they are, in fact, located all over the city. Our data were quite extensive, including 30 years of data on housing prices. That gave us the statistical power of a research design that had not been used before. Most of the existing research uses cross-sectional data comparing an area with subsidized housing to an area without subsidized housing. This is limited because you are comparing different neighborhoods with many different factors at work. There [are] a few [other] longitudinal studies but usually just for a few selected developments, a few neighborhoods, or one program.

So we had a unique opportunity. [Our] study was more precise, and looked at differences in impacts [of] rehab units vs. new construction, one area vs. another, owner-occupied vs. renter-occupied and non-profit developer vs. for-profit developer, as well as several different housing programs, federal vs. city subsidized. We were able to look at all these comparisons over a period of 15 years.

### **What does your most recent research show?**

In one study, we compared sales prices of New York City homes located near federally subsidized rental housing to sales prices of similar homes located in the same neighborhood, but farther from subsidized housing. We found that on average, subsidized housing is associated with a small increase in neighboring property values. Benefits are larger for average-sized or larger developments in more distressed neighborhoods.

The other study looked at how city-supported rental housing rehabilitation projects undertaken by nonprofit and for-profit developers affected nearby property values and whether these effects differed between the two sectors. We found that rehabilitation of rental housing by both for-profit and nonprofit organizations raises surrounding property values. The “spillover” benefits of nonprofit housing last

longer than those of for-profit housing. Furthermore, the magnitude of the benefits does not differ between sectors for large projects, although in the case of smaller projects, the for-profit developers generated greater benefits.

### **A typical critique of your work is that it's for New York City – so the findings have limited application elsewhere. How do you respond?**

We look at units located in all five boroughs, including Staten Island, Queens, for example. So we were able to look at the impacts in low-density neighborhoods with single-family homes as well as high-density areas in Manhattan. Our studies cover a diversity of neighborhoods. We think our results should provide reassurance to community residents about the neighborhood effects of federally subsidized housing.

### **What would you say is the “bottom line” for practitioners on the impacts of affordable housing on surrounding property values?**

We can say generally that there is very little evidence – no evidence – of the significant reductions in property values that communities fear. What almost all the research is showing is that there is a range from no impact to a positive impact.

### **Aren't there some exceptions? Doesn't it also depend upon the concentration of units and attractive design, as Galster and others have shown?**

Yes, you can't completely generalize. For example, it's hard to compare a greenfields development with an infill development. Often in existing communities, the [affordable] housing replaces abandoned buildings or vacant lots or they are renovating buildings, which brings stability to the neighborhood. Overall, though, the evidence clearly fails to support the notion that subsidized rental housing, as a general matter, will depress neighborhood property values or otherwise undermine communities.

### **Do impacts vary with the size of the affordable housing development or number of households?**

Yes. Several researchers found that larger, more concentrated affordable housing developments were more likely than smaller developments to have a negative impact on nearby property values. For example, a 1993 study by Robert Lyons and Scott Loveridge of subsidized housing in Ramsey County, Minnesota, found substantial reductions in property values when the housing was clustered, as opposed to negligible effects when subsidized units were scattered throughout a neighborhood. In a 2007 study, Ingrid Ellen and her colleagues found that federally subsidized rental housing in New York City did not generally lead to reductions in nearby property values. They did, however, suggest that larger more concentrated developments may be an exception, decreasing nearby property values within the first three years of completion.

Galster, in his literature review, suggests there is a widespread pattern of threshold effects whereby the effects on surrounding property values are neutral or positive when

affordable housing is relatively dispersed, but become negative once a critical mass of assisted housing sites or units are located in a neighborhood. The effects are most acute in lower value neighborhoods, he maintains, but even in higher value neighborhoods, the concentration of sites or units can lead to negative effects on property values.

In distressed areas, however, larger-scale affordable projects may in fact be desirable when they result in an upgrading of the housing stock at a scale sufficient to change the neighborhood trajectory. In the same 2007 analysis noted above that looked at the large-scale rehabilitation of dilapidated homes to create affordable housing opportunities in New York City, Ingrid Ellen and colleagues found that this activity led to significant increases in neighboring property values. By contrast, a 2001 study by Jean Cummings and colleagues looked at smaller-scale efforts to boost neighborhood homeownership in Philadelphia and found no impact on neighboring property values. These studies suggest that deliberate attempts to revitalize a neighborhood by rehabilitating or otherwise upgrading the housing stock through affordable housing activity may have positive impacts, if done at sufficient scale and as part of a broader community revitalization strategy.

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## Accentuate the Positive, Minimize the Negative — Lessons for Practitioners

Many Americans, even those who support the development of affordable housing, may nonetheless object when such a development is proposed in their own neighborhood. Fears about property values are often — although not always — misplaced. Taken together, the body of research on this subject suggests concrete ways to minimize both the negative effects and neighborhood opposition to such developments:

- **Design** — Affordable housing that is attractively designed and blends with the surrounding neighborhood may be more likely to have no effect or even a positive effect on nearby property values. An attractive design also may be helpful in allaying community concerns about the aesthetics of a proposed development.
- **Management** — Not surprisingly, poorly maintained housing — whether privately owned or subsidized — has been shown to depress nearby property values. Affordable housing that is well-managed and well-maintained is more likely to have a neutral or even positive effect on surrounding properties.
- **Revitalization** — Rehabilitation of distressed properties for affordable housing has proven beneficial to neighboring home values. Neighbors are likely to view quality, affordable housing as preferable to vacant lots or dilapidated buildings.
- **Strong Neighborhoods** — As long as it is not overly concentrated, locating affordable housing developments in strong neighborhoods with high home values and low poverty rates is unlikely to have adverse effects on nearby property values. These findings provide support for the emerging trend toward mixed-income housing and communities.
- **Concentration** — Research suggests that distressed areas may benefit from new affordable housing developments that are large enough to overcome surrounding blight. In other neighborhoods, large concentrations of affordable units are best avoided in favor of more moderately sized developments that may limit the negative effects associated with concentrations of poverty. What exactly constitutes a large concentration of affordable housing? Unfortunately the answer so far seems to be “it depends.” This, researchers agree, is an important outstanding question.

Clearly, more work needs to be done. However, a greater understanding and appreciation of the evidence to-date could prove helpful in increasing community support for affordable homes.



# The Low-Income Housing Tax Credit and Neighborhood Property Values in North Carolina

*In both urban and rural North Carolina, affordable rental properties funded through the Low-Income Housing Tax Credit have no effect on the median home values of their communities, showing that local homeowner fears about the impact of affordable housing developments on their property values are unfounded.*

## BACKGROUND

The Low-Income Housing Tax Credit, a public-private partnership, is the most crucial affordable housing tool in the country. The Housing Credit incentivizes private developers and investors to build apartments that low-income residents, including families, people with disabilities, seniors and formerly homeless veterans, can afford. Without the credit, apartments charging rents affordable to low-income tenants would not generate enough cash flow to be financially feasible.<sup>1</sup>

The credit also produces economic and social benefits. In North Carolina, every \$1 in development equity raised through the Housing Credit leverages almost twice as much in additional public and private funds and generates state and local tax revenue. The credit also promotes residents' well-being by offering an affordable alternative to unsafe, overcrowded or otherwise substandard apartments that can contribute to physical and mental illness in children and parents.<sup>2,3</sup> In fact, the Housing Credit can save taxpayer dollars by reducing expenses that low-income residents incur to public health systems such as Medicaid. Affordable housing can also prevent frequent moves, which improves children's educational outcomes by supporting school attendance.<sup>4</sup>

## NEIGHBORHOOD PROPERTY VALUES AND THE HOUSING CREDIT

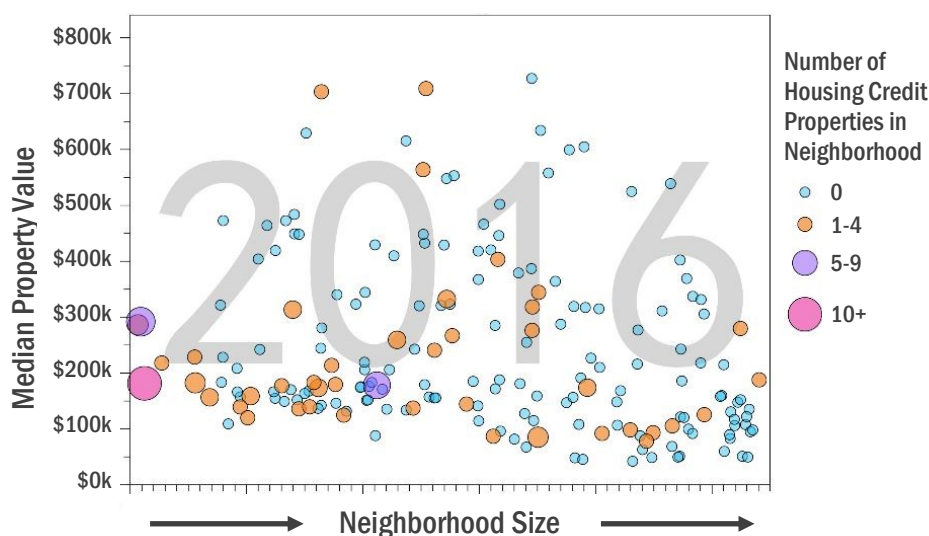
Despite the economic and social benefits of the Housing Credit, some people worry that affordable housing will hurt home values. However, research suggests that this is not the case. One literature review examined 17 research studies and found that 16 of them saw no or mixed positive/negative impacts on neighboring property values from affordable housing.<sup>6</sup> Another recent study found that Housing Credit developments in low-income neighborhoods actually increased surrounding home prices by 6.5 percent.<sup>7</sup>

Unfortunately, very little research exists on the Housing Credit's property value impacts in North Carolina. To fill this gap, we examined monthly median property value data from Zillow, which provided viable data sets for 181 urban neighborhoods and 14 small rural towns across the state to determine whether the presence of Housing Credit apartments has any link to property values of surrounding homes.<sup>8</sup>

Our analysis found no evidence that Housing Credit developments impact neighborhood home values in North Carolina communities. The graph to the right exemplifies this finding. The distribution of median property values for neighborhoods with Housing Credit properties (orange, purple and pink dots) generally matches that of neighborhoods with no Housing Credit properties (blue dots). While this graph only shows median property values for 2016, the trend persists over time.

Property values in metro N.C. neighborhoods, 2016<sup>9</sup>

(Each dot is a neighborhood)



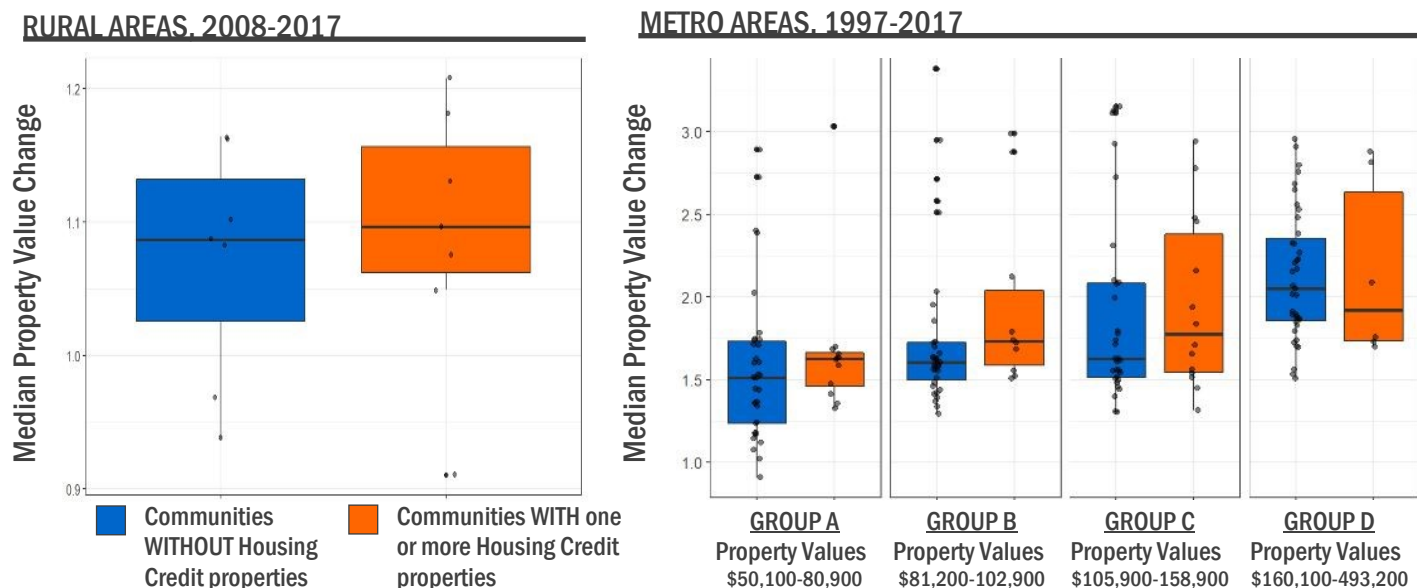
Graph created by Pamela Shultz, PhD, using DataGraph

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This finding holds true in both rural and urban communities. The graphs below show median changes in property value over several years for rural areas (left) and metro areas (right).<sup>10</sup> The overlapping ranges of communities without Housing Credit developments (blue) and with (orange) illustrate that Housing Credit properties do not significantly link to changes in surrounding home values. For urban neighborhoods, we deepened the analysis to look at neighborhoods of different socioeconomic levels: “Group A” neighborhoods are those with median property values in the bottom 25 percent of the total sample, while “Group D” neighborhoods are in the top 25 percent. In all four groups, no significant difference existed between places with Housing Credit properties and places without.<sup>11</sup>

## Changes in property values and the Housing Credit



The lack of evidence that Housing Credit properties impact home values supports continued development of affordable apartments. Despite some homeowners’ fear that affordable rental housing will hurt property values, our analysis shows no link between the presence of Housing Credit apartments and surrounding home values. As such, communities can include Housing Credit apartments as viable housing options that benefit low-income residents and complement surrounding neighborhoods.

- To learn more about the Housing Credit and the North Carolina Housing Finance Agency’s other rental development programs, visit [www.nchfa.com/rental-housing-partners/rental-developers](http://www.nchfa.com/rental-housing-partners/rental-developers).
- To learn more about our policy and research work, visit [www.nchfa.com/about-us/research-reporting-and-policy](http://www.nchfa.com/about-us/research-reporting-and-policy).

## REFERENCES & NOTES

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- Data were collected and organized by the North Carolina Housing Finance Agency and statistical analysis was performed by Zeydi Ortiz of DataCrunch Lab. Property value data used for urban areas were monthly median Zillow Home Value Index (ZHI) data (or median list price for areas where no ZHI data were available) at the neighborhood geography level, available at [www.zillow.com/research/data/](http://www.zillow.com/research/data/). Property value data used for rural areas were monthly ZHI data (or median list price for areas where no ZHI data were available) at the town level, and were downloaded by searching each town at [www.zillow.com/home-values/](http://www.zillow.com/home-values/). The data for metro areas spans 1987-2017 and the data for rural areas covers 2008-2017 (although not every neighborhood or town had data available for every month or year within those ranges). Data on the presence of Housing Credit properties was obtained from the North Carolina Housing Finance Agency’s database. Since property value data were monthly, the month that Housing Credit funding was awarded was used as the month that Housing Credit presence in an area changed from zero to one (or two, three, etc. in the case of places with multiple developments).
- This graphic was created by Pamela Schultz using DataGraph for the NC Open Pass Affordable Housing Datajam in March 2018.
- Each dot in the graph represents a town (for rural areas) or a neighborhood (for metro areas). The boxes show the distribution of values for each group and the numbers on the y-axis represent the percent change in median home values for the area over a given time period. For example, the blue box on the left graph shows that 25 percent of the rural communities without Housing Credit properties examined had median property values in 2017 that were between 94% (0.94, the value associated with the bottom of the vertical line) and 103 percent (1.03, the value associated with the bottom of the blue box) of median property values in 2008; another 25 percent of communities had median property values in 2017 between 103 percent and 109 percent (1.09, the value associated with the horizontal line inside the blue box) of 2008 values; etc. The horizontal lines within each box show the median value for all communities within each group; so, for rural communities without Housing Credit properties, the median change in property values for all towns in the sample was 1.09 or 109 percent.
- Welch’s two sample t-test was used to test the true difference in means between areas with Housing Credit properties and areas without for both urban and rural communities. Below are the statistical results of each test: **Urban, Group A:** t = -0.562, df = 25.978, p = 0.579 | **Urban, Group B:** t = -1.342, df = 12.099, p = 0.204 | **Urban, Group C:** t = -0.437, df = 25.904, p = 0.665 | **Urban, Group D:** t = -0.116, df = 5.682, p = 0.912 | **Rural:** t = -0.427, df = 11.648, p = 0.677

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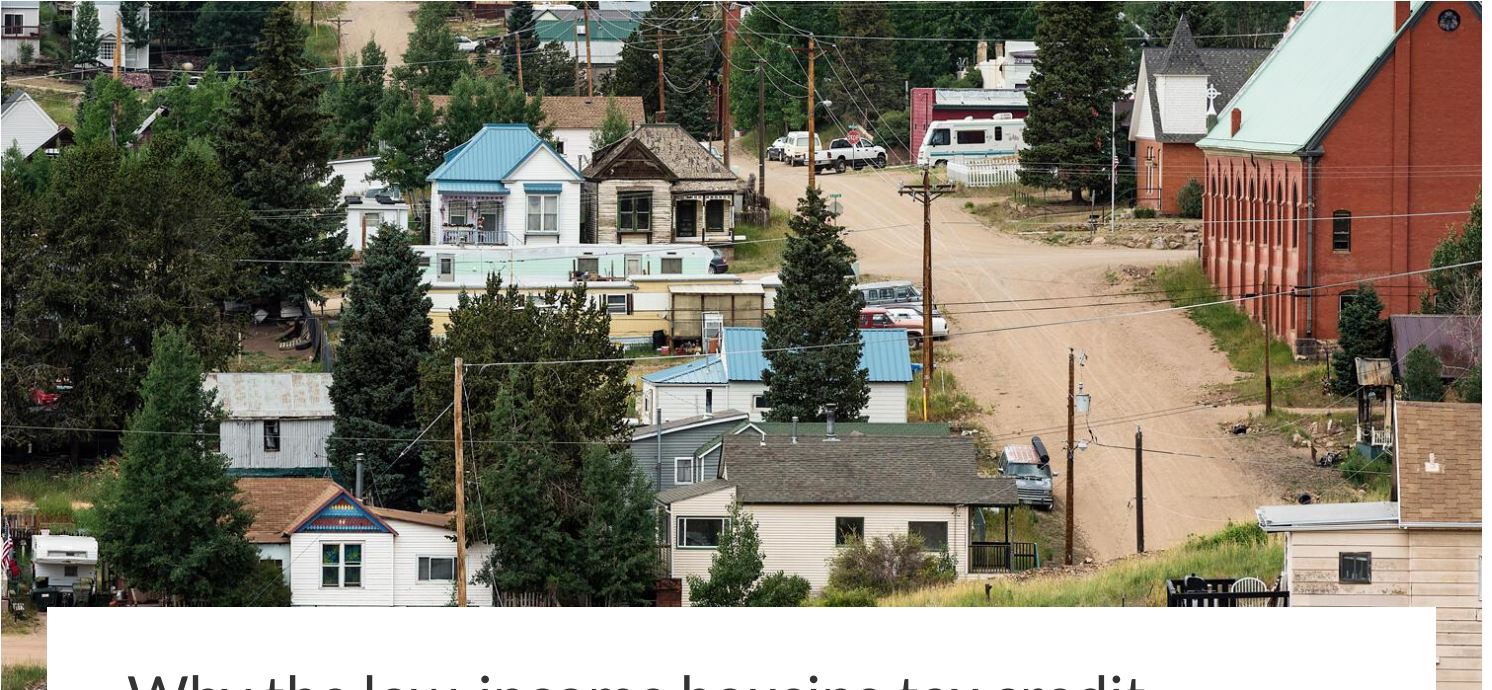
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# Why the low-income housing tax credit matters for rural communities

**Matthew Gerken, Carl Hedman, Corianne Payton Scally** | July 16, 2018

Although the lack of affordable housing is often seen as a major issue for cities, rural communities also face shortfalls in rental housing that is decent, safe, and affordable. The Low-Income Housing Tax Credit (LIHTC) program is often the only source of [high-quality affordable housing production and preservation](#) in rural areas throughout the United States.

As we explore in [our recent report](#), the 2017 Tax Cuts and Jobs Act (TCJA) poses risks for LIHTC, which provides tax credits to private investors to fund affordable housing

credits.

Industry sources have estimated that LIHTC production could decline by 235,000 units over the next 10 years. Although additional funds for LIHTC were appropriated in the March 2018 omnibus spending bill, this intervention is not expected to fix the long-term risks the TCJA created for LIHTC.

## Rural rental housing challenges are real

Homeownership rates in rural America are higher than the national average, but rural renters face challenges in the housing they can access. One in four rural renters is severely cost burdened, paying more than 50 percent of their income on housing, compared with just under 1 in 10 rural homeowners.

Rural renters' median household income is less than half of what rural homeowners earn: roughly \$21,000 compared with \$43,000. In addition, rental housing in rural America is older, faces quality issues such as a lack of complete plumbing or kitchen facilities, and has higher rates of overcrowding. That's why LIHTC has been such a critical tool for rural communities to provide high-quality housing that is affordable to renters.

## LIHTC provides rental options for vulnerable rural communities

Rural communities might be vulnerable if the LIHTC program experiences a future decline in investment. Between 1987 (when the program was created) and 2015 (the most recent year that National Housing Preservation Database data are available), LIHTC has built or preserved around 236,000 units in almost 1,600 rural counties.

2016 US Department of Agriculture (USDA) Rural Development data show that LIHTC has preserved almost 200,000 USDA Section 515 units aimed at low-income families, seniors, and people with disabilities. Although the USDA data are analyzed separately, there is likely overlap with the National Housing Preservation Database units.

For 51 rural counties, LIHTC investments have financed 12 percent or more of all county rental units. For these "high-share" counties scattered across 21 states mostly concentrated in the South, LIHTC has significantly expanded housing opportunity.

These counties have fewer rental options to begin with. On average, they have less than half the total county rental units of other rural counties. The 51 counties also have smaller populations and higher poverty and unemployment rates. LIHTC projects in these 51 counties are also larger than projects in other rural areas, a testament to LIHTC's importance in these communities.



and paper industries now faces an aging population, persistently high poverty rates of over 20 percent since 1980, and high unemployment of 13.4 percent in 2016 (nearly double the US average of 7.4 percent).

Like many rural communities, only a small proportion of housing in Choctaw County is available for rent, about 20 percent of the county's occupied housing. LIHTC has significantly contributed to the growth of Choctaw's rental housing stock, financing nearly 25 percent of all rental units.

For renters in Choctaw County and other rural communities that have experienced economic challenges, LIHTC remains critical to support the preservation and development of decent and safe affordable housing. The TCJA jeopardizes this resource, making declining investments in affordable rental housing more likely in the face of growing need in rural America.

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December 14, 2021

Planning Commission  
City of Fruita, Colorado  
325 E. Aspen Ave.  
Fruita, Colorado

RE: Amendment to Application 2021-43 (Fruita Mews)

Dear Commissioners:

In response to comments in the staff report sent by the Community Development Department on December 10, we ask the Commission to consider an amendment to our land use application that keeps with the intent of application.

On page six of our application, we provide a list of proposed uses by right for our project. We intend to build fifty townhome units on the property. However, we do not intend to subdivide the property into individual lots for each townhouse. Instead, we propose to build the fifty townhomes on three lots.

Because the Fruita Land Use Code's definition of Single-Family Attached Dwelling requires "each dwelling unit [be] located on a separate lot[,]" § 15.57.010, we respectfully request the Commission consider an amendment to our application to add Multi-Family Dwelling as a Use by Right.

Sincerely,

Kim Pardoe  
Founder & Principal  
IndiBuild LLC