



The Columbus and Franklin County Affordable Housing Challenge:

Needs, Resources, and Funding Models

Executive Summary

February 2017

Acknowledgements

This study was made possible by support from Affordable Housing Alliance of Central Ohio from JPMorgan Chase and United Way of Central Ohio.



Greater Ohio Policy Center

Alison Goebel, Deputy Director
Sheldon Johnson, Urban Revitalization Project Specialist
Colleen Durfee, Intern, at Greater Ohio Policy Center

Co-Author: Roberta Garber, Vice President for Planning and Development,
Columbus Metropolitan Housing Authority

AHACO Research Subcommittee

AHACO and the Greater Ohio Policy Center would like to thank the members of the Research Subcommittee for their assistance with the project:

Chair: Roberta Garber, Columbus Metropolitan Housing Authority
Rita Parise, City of Columbus Department of Development
Cindy Flaherty, Community Development for All People
Michelle Heritage, Community Shelter Board
E.J. Thomas, Habitat for Humanity – MidOhio
Bruce Luecke, Homeport
Courtney Hodapp, JPMorgan Chase
Jennifer Noll, Mid-Ohio Regional Planning Commission
Nancy Reger, Mid-Ohio Regional Planning Commission
Amy Rosenthal, National Church Residences
Angela Mingo, Nationwide Children’s Hospital
Mike Hochron, Office of County Commissioner Marilyn Brown
Rachel Kleit, The Ohio State University, City and Regional Planning
Ryan Edwards, United Way of Central Ohio
Rob Vogt, Vogt Strategic Insights
Myia Batie, Ohio Capital Corporation for Housing
Staff support: Todd Ives, Barbara Poppe and Associates

Cover photo: Campus Partners

Executive Summary

“...Columbus is among the fastest-growing cities in the U.S. But the boom feels more like a bust to many residents whose lives are compromised by the high cost of housing.”

—Affordable Housing Alliance of Central Ohio

Although Columbus and Franklin County have grown in population and economic prosperity over the past two decades, many residents are not benefitting from this economic success. Affordable housing has become an increasingly serious concern as the housing market tightens with population growth, rents rise to take advantage of increasing demand, and incomes are not keeping pace with housing costs.

The Affordable Housing Alliance of Central Ohio (AHACO) was formed in 2015 by a group of nonprofit organizations that represent the full spectrum of affordable housing development and operations. The goal of AHACO is to increase the supply of affordable housing opportunities in Franklin County. In 2015, AHACO released city and county policy platforms, but determined that research was needed to refine the policy agenda and learn about affordable housing initiatives in other communities.

The Greater Ohio Policy Center (GOPC) was selected by AHACO to undertake this research. A Research Subcommittee was formed that included representatives of AHACO member organizations and housing experts from other organizations. The committee was chaired by Roberta Garber, Columbus Metropolitan Housing Authority, who also co-authored the report.

Research Scope and Purpose

The geographic scope of the research is Franklin County, Ohio. The primary population focus is the most vulnerable renter households—those that are extremely low-income, have severe housing cost burden, and/or have a disability or other barrier to stable, affordable housing. The report also provides data on the needs of low-income homeowners, many of whom are elderly. The inventory of existing local, state, and federal resources for affordable housing includes funding for a range of activities, from homeless services to affordable homeownership.

The analysis is intended to provide a common frame of reference about current housing needs and resources to enable AHACO and community stakeholders to make informed decisions about the best policies to address the unmet need for affordable housing. It describes a variety of funding sources, selected based on local conditions and examples from across the country, that can generate new resources for affordable housing in Columbus and Franklin County.

Definitions

Affordable housing and housing cost burden. Housing is generally considered affordable if a low-income renter is paying no more than 30% of their income for housing (rent and utilities) or if a low-income owner is paying no more than 30% of their income for mortgage and utilities. A household is **housing cost burdened** if they pay more than 30% of their income for housing and has **severe housing cost burden** if they pay more than 50% of their income for housing.

Household income categories. The U.S. Department of Housing and Urban Development (HUD) annually issues an Income Limits document, which is used to determine eligibility for HUD housing programs. Figures are available for each county in the U.S. This report uses the income categories in the following table, which are also used for the HUD Consolidated Plan and CHAS (Comprehensive Housing Affordability Strategy) data sets.

HUD FY2016 Income Limits, Franklin County, Ohio

| Income Category | Income Limit (% Area Median Income) | 2016 Income Limit for 3-Person Household |
|--|--|---|
| Extremely Low Income (ELI) | 30% AMI | \$20,160 (1) |
| Very Low Income (VLI) | 50% AMI | \$31,350 |
| Low Income (LI) | 80% AMI | \$50,150 |
| FY 2016 Franklin County Area Median Income | | \$69,600 |

Source: U.S. Department of Housing and Urban Development;
(1) Extremely low-income is approximately the federal poverty level

Impacts of Affordable Housing

Affordable housing is more than just a place to live for low-income and vulnerable households. Research has found that affordable housing improves conditions and outcomes for low-income households and generates improved quality of life and economic benefits for communities.

- **Health: Safe, affordable housing improves health outcomes.** Quality, affordable housing enables families to have more resources for food and health care. It reduces stress and depression, behavioral problems in youth, and environmental health hazards. Housing insecurity is associated with poor health and developmental risk among children. Stable housing is a platform for wraparound services and a strategy for reducing infant mortality.
- **Employment: Housing stability contributes to job stability.** Stable, affordable housing provides a foundation for employment success for low-income families. Unplanned housing removal, such as eviction, is a strong predictor of job loss. Periods of unemployment are a barrier to reentering the job market and can result in long-term earning loss. Locating affordable housing near job centers provides a significant cost savings to workers and improves workforce stability for employers. Decreased proximity to jobs is an issue for residents of central city neighborhoods and for disadvantaged populations in suburban areas.
- **Education: Stable students have better school performance.** Residential instability is associated with educational problems, including low reading scores and low school completion rates, as a result of disruptions in instruction, excessive absenteeism, and disruption of peer networks. In Columbus City Schools, students who changed schools had lower average proficiency test scores and passage rates than students who did not change schools. Homeless students are more likely to be held back from grade to grade, be chronically absent, fail courses, have disciplinary issues, and drop out of high school than their non-homeless peers.
- **Supportive services: Permanent supportive housing improves service effectiveness and reduces community costs.** Persons with addictions, behavioral health problems, or chronically homelessness struggle to maintain stability in their lives. Supportive housing has demonstrated success in stabilizing at-risk individuals, while reducing costs to the community of visits to hospitals, homeless shelters, and psychiatric centers, and repeat incarceration. The ADAMH Board found that shifting clients from a high-cost residential setting to supportive housing reduced the cost per person per year by 60%.
- **Family homelessness: Long-term rent subsidies improve family stability and outcomes.** The HUD Family Options Study examined the 3-year impacts of housing and service interventions to assist families experiencing homelessness. Rapid rehousing with time-limited rental assistance was found to be the most cost-effective crisis-response tool.

However, priority access to long-term housing subsidies, though somewhat more expensive, improved multiple measures of adult and child well-being and halved most forms of residential instability for homeless families.

- **Sustainable communities: Equitable, affordable housing is part of a comprehensive sustainability strategy.** Affordable housing is an important component of strategies to create equitable and sustainable communities and is one of the Livability Principles of the federal Partnership for Sustainable Communities. “High equity” local governments have included strategies to reduce housing costs and expand housing options for households of color as a part of their sustainability plan.
- **Economic impact: Affordable housing generates jobs and revenues.** Affordable housing development is a physical asset that can be considered part of a community’s infrastructure, similar to roads and bridges. An economic impact study found that each dollar invested in housing and homeless projects by the Ohio Housing Trust Fund had an overall impact of \$14.54—including jobs and wages—in the regional economy where the project was located.

Affordable Housing Needs

Population and Employment

- **Characteristics of population growth: Groups with housing needs are growing fastest.** The need for affordable housing is increasing simply because of Franklin County population growth. However, major demographic changes are occurring. From 2009 to 2014, the poverty population in Franklin County grew at nearly three times the rate of growth of the total population. The county’s senior population is growing at more than five times overall population growth.
- **Suburban poverty: Increased poverty rates in suburban areas of central Ohio.** From 2000 to 2014, the percent of the population living in poverty increased in every Franklin County city, except for Canal Winchester, Dublin, and Grandview Heights. Between 2000 and 2013, the suburban areas of the 10-county Columbus metro area had the greatest growth in suburban poverty—up 113.6%—among all Ohio major metro areas.
- **Job market: Occupations with the most openings do not pay a “housing wage.”** In Franklin County, for a household to afford a two-bedroom apartment at the 2016 Fair Market Rent of \$831 per month, the household must earn \$15.98 an hour at a full-time, year-round job, or \$33,238 annually. Of the ten occupations in the Columbus metro area with the most annual openings, only one—registered nurses—has a median wage that meets or exceeds the 2016 housing wage.
- **Spatial mismatch: Affordable housing located far from job-growth areas.** Lack of affordable housing throughout the metropolitan region creates barriers for low-income workers and job-seekers and challenges for employers who face workforce shortages. MORPC projects that between 2015 and 2040 the region will add over 132,000 jobs in and around downtown and in the suburban areas outside of I-270. A great deal of new rental housing is being built in proximity to job growth areas, but it is not affordable to the workers needed to fill jobs with the most openings.

The Housing Market

- **Housing tenure: More renters and fewer owners.** Population growth, the recession, and changing housing preferences have produced major changes in the housing market. The

Columbus homeownership rate dropped from 53.2% in 2005 to 44.1% in 2014. The Franklin County rate dropped from 60.2% to 53.3%.

- **Rental costs: Rents increasing faster than incomes.** From 2009 through 2014, median rents in Franklin County increased at nearly twice the pace of median household incomes, and this gap is expected to widen. A household with one full-time worker earning the Ohio minimum wage has an income of about one-half of the Fair Market Rent for a two-bedroom apartment.

Affordable Rental Housing Supply

- **Units affordable to lowest-income renters: Nearly three ELI renters for every affordable rental unit.** In 2013, there were 57,005 extremely low-income renter households in Franklin County, but only 21,380 rental units affordable to these households.
- **HUD-subsidized housing: Most of the housing affordable to ELI renters has a HUD subsidy.** Among the affordable rental units in Franklin County are 14,232 HUD-subsidized housing units, including public housing, project-based voucher units, 202/811 units for seniors and disabled persons, and other HUD multi-family contract units. In addition, there are 10,228 households with tenant-based Housing Choice Vouchers.
- **Low-Income Housing Tax Credit (LIHTC): Nearly 300 projects financed in Franklin County.** The LIHTC has financed 23,554 affordable units in 299 projects in Franklin County. These are not all additional units in the inventory, because the LIHTC is a financing source for many subsidized rental housing projects. Of the total, 134 projects with 6,958 units are past the tax credit compliance period, so may no longer have affordability requirements.
- **Expiring subsidies and affordability: 10,337 units have affordability requirements that expire within five years.** There are 28,320 rental units financed with a federal program that has a long-term affordability requirement. Of these, 36.5% have affordability contracts or requirements that end within the next five years, when owners may choose to remove them from the affordable housing stock.

Housing Cost Burden

- **Cost-burdened renters: 37,505 ELI renters with severe cost burden.** In Franklin County there are 37,505 extremely low-income renter households with severe housing cost burden. From 2010 to 2013, the number of these households grew by 8.6%, compared to the 3.5% growth of the county population.
- **Household profile of severely cost-burdened renters: Nearly half are non-family, non-elderly households.** More than 80% of extremely low-income, severely cost-burdened renter households are either: 1) small families with 2-4 persons or 2) non-family, non-elderly, households. Most of the non-family households are persons living alone.
- **Racial profile of severely cost-burdened renters:** African-American renters have the highest rate of severe cost burden (28.3%) and Asian renters the lowest (12.8%). White households make up the largest number of renters with severe cost burden (25,705 households).
- **Cost-burdened owners: 15,920 ELI and VLI owners with severe cost burden.** There are a total of 15,920 extremely low-income and very low-income homeowners in Franklin County with severe cost burden, paying more than 50% of their income for mortgage and utilities.
- **Household profile of cost-burdened owners: Largest group is elderly households.** Elderly households make up 38% of extremely low-income, severely cost-burdened owners. Small families are 26.3% of these households, and non-family, non-elderly households are 29.2%.

Other Indicators of Housing Instability and Housing Need

- **Evictions: High numbers compared to other cities.** There were 18,441 eviction filings with Franklin County Municipal Court in 2015. This compares to about 12,000 in Cleveland and 22,000 in New York City.
- **Foreclosures: Numbers decreasing, but still more than 5,000 per year.** Tax and mortgage foreclosures of occupied homes have been decreasing since 2011, but 5,480 homes in Franklin County went through foreclosure in 2014.
- **Doubled-up households: Large increase in the Columbus metro area.** In 2011, there were 19,800 housing units in the 8-county Columbus MSA with at least one “subfamily” living in the unit. This was a 122.5% increase over 2002.
- **Homelessness: 10,558 individuals served by emergency shelters.** From July 2015 through June 2016, the emergency shelter system served a total of 10,558 people. The number of families using the family shelter system in FY2016, while an 8.7% decrease from FY2014, was 64% more than in 2011. Homeless families are disproportionately African-American.
- **Housing Choice Vouchers: More than 17,000 households on the application list.** In August 2016, there were 17,231 applications for a CMHA housing voucher from people with a central Ohio zip code. Twenty-eight zip codes have 100 or more applicants.

Housing Needs of Special Populations

- **Persons with behavioral health disabilities: 3,000 on ADAMH housing waitlist.** Franklin County has a total of 13,531 residents age 18 and older who are considered seriously mentally disabled or seriously mentally disturbed and receive publicly-funded mental health services. ADAMH supports 1,293 units of mental health and AOD housing, and there are 3,000 people on the waitlist for all levels of housing.
- **Persons with developmental disabilities: 1,107 on FCBDD housing waitlist.** The Franklin County Board of Developmental Disabilities projects that the agency will serve 22,637 people (children and adults) across all programs by 2016. Creative Housing, the FCBDD housing partner, provides a total of 506 housing units serving 1,619 people. FCBDD currently has 1,107 people on its waitlist for housing.
- **Restored citizens: Few permanent housing options for reentry population.** In 2014, 1,599 Franklin County residents were released from the Ohio corrections system. Alvis, Inc. has 20 housing units at the YMCA and 390 community residential beds. Both are transitional housing, with average length of stay of 4-9 months. Alvis also has a facility that houses 10 women from the Human Trafficking Program for up to two years. The EXIT Program has 36 beds in their 90-day independent living program and 20 long-term rental units.
- **Emancipating youth: Lack of long-term housing for youth leaving foster care system.** Franklin County Children Services works with about 140 youth per year who are emancipating out of the foster care system. They develop discharge plans for them that include a variety of housing situations, however, lack of long-term housing for these youth puts them at risk of homelessness.
- **Seniors: 11,920 ELI and VLI elderly households with severe cost burden.** There are 124,199 people age 65 and older in Franklin county, and this population is projected to grow by 53% between 2015 and 2030. There are 20,180 elderly households with incomes at or below 50% AMI, and 11,920 of these have severe housing cost burden. In 2014, 36.8% of the senior

population reported a disability. Adults age 60 and over with severe disabilities and in need of long-term services are projected to increase by 44% in 15 years.

- **Senior housing supply: Affordable housing located throughout Franklin County, but no subsidized assisted living.** In Franklin County, there are 86 affordable senior independent living properties, with a total of 6,720 units, that have HUD subsidies and/or LIHTC financing. There are 454 senior applicants on CMHA’s public housing waitlists and 1,034 on the Housing Choice Voucher application list. Eighteen assisted living facilities in Franklin County accept the Medicaid waiver for payment of services, but none are specifically designated as affordable to low-income individuals.

Housing Condition

- **Vacant and abandoned housing: 5,278 units in the city of Columbus.** In January 2016, the City of Columbus reported a total of 5,278 vacant and abandoned 1-3 unit residential properties in the city.
- **Units with physical problems: 32,000 residents in the metro area report a physical housing problem.** Data for the 8-county Columbus metro area showed 11,600 occupied units with severe physical problems and 20,400 with moderate physical problems.
- **Home repair needs: 1,240 requests for Columbus home repair/modification assistance.** Columbus, Franklin County, and the Central Ohio Area Agency on Aging all fund home repair and modification programs. Some are specifically for senior and disabled households. Together these programs serve about 3,000 households per year. The City of Columbus has 1,240 requests for home repair or modification assistance and can fund about 90 per year.

Existing Affordable Housing Resources

Affordable housing is funded with federal, state, and local government resources. The report includes a detailed, estimated annual snapshot of these resources in Franklin County. While the research did not include inventorying non-governmental resources, major philanthropic and private sources identified while conducting the research are also included in the report.

Summary of Estimated Annual Government Funding for Affordable Housing in Franklin County

| Funding Source | Annual Amount | Notes |
|-----------------|----------------------|--|
| Federal Sources | \$197,800,750 | About two-thirds of federal sources are administered by state and local government agencies. About 80% is HUD funding for subsidized housing and housing vouchers. |
| State Sources | \$ 27,254,048 | Most state sources award funds to specific projects through a competitive application process. |
| Local Sources | \$ 16,003,544 | Local sources include City of Columbus and Franklin County government funds generated through fees, taxes, and bonds. |
| Total | \$241,058,342 | |

How Communities Fund Affordable Housing

A goal of the research is to identify potential funding mechanisms to increase the availability of affordable housing in Franklin County. Greater Ohio Policy Center reviewed 40 funding mechanisms from 25 communities. Seven were selected, from six cities, for in-depth case studies. In each case study community, there were unique situations that produced support for resources for affordable housing. Over time, most of the communities made adjustments to their programs based on changing conditions and lessons learned through implementation.

Summary of Case Study Funding Mechanisms

| Funding Mechanism | Description | Case Study City |
|--|--|-------------------|
| Dedicated Tax Revenue—Property Tax Levy | All or a portion of the revenue from a tax levied by a local government, such as a property tax, that is dedicated to fund affordable housing activities. | Seattle, WA |
| General Obligation Bonds | A municipal bond backed by the credit and taxing power of a jurisdiction. | Austin, TX |
| Tax Increment Financing (TIF) | In a targeted geographic area, with the approval of property owners, increases in property value resulting from redevelopment during a specified time period are collected to pay back redevelopment investments, such as infrastructure. | Portland, OR |
| General Fund Appropriation | An annual appropriation of local tax revenues for a program, project, or other government expense. | Washington D.C. |
| Linkage Fees & Developer Impact Fees | Linkage fees "link" a new development with an assessment of how it generates additional demand for affordable housing. These fees are charged to developers, and the funds are spent to produce or preserve affordable housing. | San Francisco, CA |
| Inclusionary Housing Ordinances: Developer Set Asides | A municipality passes an ordinance that requires developers to "set-aside" a portion of new residential units or pay a fee, which is used to fund affordable housing, rather than directly build affordable units. | Denver, CO |
| Developer Incentives | Incentives are provided by local governments to encourage developers to build affordable units. Examples include a density bonus, additional square footage, reduction in parking requirements, expedited permitting process, and cash payments. | |
| Social Impact Bonds | A financial instrument that allows governments to partner with private investors to pay for a social service program that has a clear social benefit outcome agreed upon in advance (i.e. reduction in jail time for homeless individuals). Repayment of investors is tied to the extent to which outcomes are achieved. | |

Next Steps

Examining the approaches of other communities to fund affordable housing is not intended to minimize what has been done in Columbus and Franklin County. There is much to be proud of in our local affordable housing resources and organizations. The communities highlighted could be considered “aspirational cities,” but central Ohio is becoming more like them in both positive and negative ways. We are experiencing population growth, a strong housing market, and job growth. But homelessness has increased, rents are outpacing income growth, and many jobs don’t pay a “housing wage.” Franklin County has a poverty rate higher than that of all the case study cities. These are tough issues to address, but the community can leverage its successes to meet the affordable housing challenge. Housing costs in central Ohio are relatively low, enabling the community to produce more units with local funds than would be the case in other parts of the country. Further assessment, with input from local stakeholders, will be needed to determine the applicability of the funding mechanisms described in this report.

Identifying a goal

The 2015 AHACO platform cited a gap of 54,000 affordable units in Franklin County and a goal of cutting the gap in half over ten years. The sum of ELI renters with severe cost burden (37,505) and ELI and VLI owners with severe cost burden (15,920)—53,425 households—is nearly the same as the AHACO gap figure. However, there other indicators in the report that could be used to quantify the affordable housing gap and set a goal. These include affordable housing supply deficit data and information on affordable housing waitlists.

Sources of funds

This research is intended to help AHACO refine a revenue goal to increase local resources for affordable housing. AHACO members reviewed the sources included in the report and identified “top tier” sources, shown below, for future discussion and analysis. Selection criteria included sources that: 1) are used by other communities to fund affordable housing, 2) were not already committed for other purposes, 3) were not “capped” and could generate additional resources, 4) had a history of being used for housing purposes in Columbus and Franklin County, and/or 5) could be enacted fairly quickly (i.e. did not require a vote of the electorate or state approval).

Estimates of Revenue Generation from Local Funding Sources

| Source | Annual Revenue Estimate (based on 2015/16 revenues or activity) |
|----------------------------------|--|
| Real Property Tax Inside Millage | Franklin County: .25 mills \$6,444,918 |
| General Obligation Bonds | Amount to be determined |
| Real Property Conveyance Fee | \$1 fee increase: \$5,905,475 (\$2 in permissive fees available) |
| Sales Tax | .25% permissive tax: \$58,757,000 |
| Development fees/regulations | .5% fee on all Franklin County residential construction: \$4,216,125 |

Uses of funds

A key question in the assessment of potential funding sources is how many new units could be produced or households assisted with a specific funding amount. Below are typical affordable housing development and subsidy costs that can be used a starting point for these calculations. New local funds for affordable housing should be layered strategically with resources from other financing and funding sources, including private and philanthropic funders, to maximize the number of new units and households that can benefit from increased public funding.

Typical Affordable Housing Project and Program Costs

| Housing Project/Program Type | Estimated Total Cost |
|---|---|
| Rental/Operating Subsidy | \$589/month/unit or household; \$7,068/year |
| Permanent Supportive Housing | Capital Costs: \$165,000/unit Operations and Supports: \$7,000/person/year |
| One Bedroom Elevator Unit | \$168,723 development cost; 700 sq. ft. unit |
| Two-Bedroom Row House | \$221,060 development cost; 900 sq. ft. unit |
| Affordable Homeowner Unit (new construction or substantial rehab in urban neighborhood) | \$225,000 development cost; 1,200 sq. ft. unit \$135,000 sales price; \$90,000 appraisal gap/subsidy |
| Downpayment Assistance | \$5,000 maximum: deferred forgivable loan |
| Home Repair | \$15,000-25,000 depending on condition of unit |



The Affordable Housing Alliance of Central Ohio seeks to transform our community through housing by harnessing the expertise and unflagging energy of its members. We engage with community, policy, and business leaders to inform, advocate, enhance, and implement affordable housing solutions in Franklin County. Our members are:

- Buckeye Community Hope Foundation
- Church and Community Development for All People
- Columbus Metropolitan Housing Authority
- Community Housing Network
- Community Shelter Board
- Creative Housing
- Habitat for Humanity-MidOhio
- Homeport
- National Affordable Housing Trust
- National Church Residences
- Ohio Capital Corporation for Housing
- United Way of Central Ohio