



Newark Rental Housing Workgroup

Subcommittee #3/4 – Affordable and Non-Student Rental Housing

May 16, 2019

Subcommittee Member Attendees

Marguerite Ashley, Workgroup Chair
Meghan George
Carla Grygiel
Mike Fortner
Justin Murray
Ryan Straub
Dr. Freeman Williams, Subcommittee Chair

In addition, two stakeholders from the public were also in attendance, but did not sign in. One was a rental property owner and the other was Marene Jordan, the executive director from the Newark Housing Authority.

Discussion Summary

- JMT Provided a brief review of the 2017 Newark Rental Housing Needs Assessment and a selection of best practices from other similar jurisdictions. A copy of the presentation is attached.
- Subcommittees 3 and 4 decided to merge into one subcommittee because of overlapping interests and goals, to reduce redundancy, and to integrate more diverse views and approach as the group identifies goals and recommendations to be presented to the City Council.
 - Dr. Williams agreed to chair the combined subcommittee.
- Ms. George and Ms. Jordan provided an overview of the affordable housing programs available through the Newark Housing Authority (NHA):
 - It's important to clarify that "Affordable" housing is defined by a certain income limit to qualify for housing assistance from NHA, and not refer to "affordable" housing as a low-cost version of market-rate housing.
 - NHA's most popular program is the housing voucher program, which offers choices for rental housing for qualifying applicants to use towards rent at privately owned rental housing properties. This program currently has a wait list.
 - NHA also operates public housing available to qualifying applicants at properties owned, managed, and maintained by NHA.
 - NHA maintains these properties in accordance with City ordinances to ensure public health and safety.
 - Occasionally, when housing options are unavailable within the City limits, NHA "ports" renters to units outside the city limits. This is problematic because the City is subsidizing rent for properties outside the jurisdiction, and NHA is unable to inspect these properties to ensure they meet health and safety standards.
- Demand and type of rental units vary across the city.
 - Demand for student housing is very high, and individual properties across the city are often purchased by landlords who convert properties into student-rentals. This has a



detrimental effect to neighborhood cohesion with fewer long-term homeowners and more transient residents.

- The “College Nucleus” zone is an area close to the UD campus where most students prefer to live, and typically this area has the highest rent. Non-student renters typically prefer to live outside the College Nucleus zone.
 - The City is encouraging the trend of more UD students living off campus because it helps increase tax revenues. The City prefers UD not purchase more real estate within Newark for on-campus housing because it removes properties from the tax roll.
 - Newark is considered a “college town” where students often leave the City after graduation.
 - More housing should also be available in more dense, urban areas that are in walking distance to transit or amenities that allow residents to access job opportunities, goods, and services without a personal automobile.
 - Market-rate housing is typically less expensive outside the city limits, and often families choose to locate there instead of within the city limits.
 - The overall market demand for diverse housing options is not well recognized. New housing developments are typically built for students, not families, seniors, couples, or singles. New housing development should be flexible enough to cater to multiple demographics in case there is a bubble or a glut in a particular market.
 - Currently, the city does not allow Accessory Dwelling Units where homeowners can rent out a portion of their property. Allowing Accessory Dwelling Units can help alleviate the high demand for rental housing and provide opportunities for homeowners to stay in place and earn income
- Community events that allow students and residents to work and socialize together can help build stronger community ties.
 - Newark has an event called “The Big Event” where students volunteer time to do community service projects throughout the city. This program can be expanded to help clean up and improve public housing sites.
 - P.A.L. of DE: Police Athletic League of Delaware is a non-profit, community based, educational, and recreational safe haven for over 6,000 youth and provides valuable mentorship opportunities.

Subcommittee Goals

1. Better understand the full range of rental housing demand within Newark.
2. Identify more opportunities to help rent-burdened families find good quality rental housing that accepts NHA vouchers inside the city limits.
 - Consider programs to attract and incentivize more landlords to participate in voucher programs
3. Identify opportunities to collect revenue and incentivize more diverse and affordable housing stock options
 - Consider the best practice from State College, PA– The Borough has an inclusionary zoning requirement where developers are required to either provide affordable units or pay a fee-in-lieu to the city to develop affordable housing.
4. Identify areas to improve safety and increase overall neighborhood appeal for non-student renters.



- Consider implementing a hotspot program that combines increased police enforcement with additional support and activities designed to engage community members and help prevent crime
- 5. Identify locations to increase development density and support more diverse rental housing development.
 - Consider new zoning for areas where more diverse and more dense housing and mixed-use development is appropriate
- 6. Identify opportunities to increase home ownership with programs to help renters become homeowners and to convert rental units into owner-occupied homes.
 - Consider the Best Practice examples from Morgantown, WV and Iowa City, IA - Both cities have partnerships with local universities to subsidize the conversion of rental units to owner-occupied units.

Action Items

- Subcommittee members review and concur on goals as stated above. Any suggested modifications may be discussed at next subcommittee meeting.
- Rental Demand Market Research – Ryan Straub will reach out to local landlords to assess the demand, vacancy rates, and price for rental units in different locations throughout the city.
- Update Map – JMT will update the zoning map with a “College Nucleus” zone as drafted by Ryan Straub and will share at the next meeting.
- Accessory Dwelling Unit Research – JMT will research and summarize best practices for accessory dwelling unit ordinances, and continue researching and summarizing inclusionary zoning best practices and other incentive programs for diverse housing development

Topics for Next Subcommittee Meeting

- Review additional best practices that may be adopted to meet subcommittee goals.
- Review Map and Identify locations for zoning overlays or zoning modifications and potential hotspot neighborhood improvement programs.
- Determine what should be presented at the next Workgroup meeting.

RENTAL HOUSING WORKGROUP

Non-Student Housing & Affordable Housing Subcommittees

Newark City Council Chambers

May 16, 2019

AGENDA

- ▶ **Introductions**
- ▶ **Recap from April 30th**
- ▶ **Review of Previous Rental Housing Needs Assessment**
- ▶ **Review of Current Policies and Example Best Practices**
- ▶ **Break Out Discussion**
- ▶ **Report Out**
- ▶ **Follow Up/Action Items**
- ▶ **Public Comment Period**

Introductions

April 30th Workgroup Meeting Recap

▶ Non-Student Rental Housing Subcommittee Goals

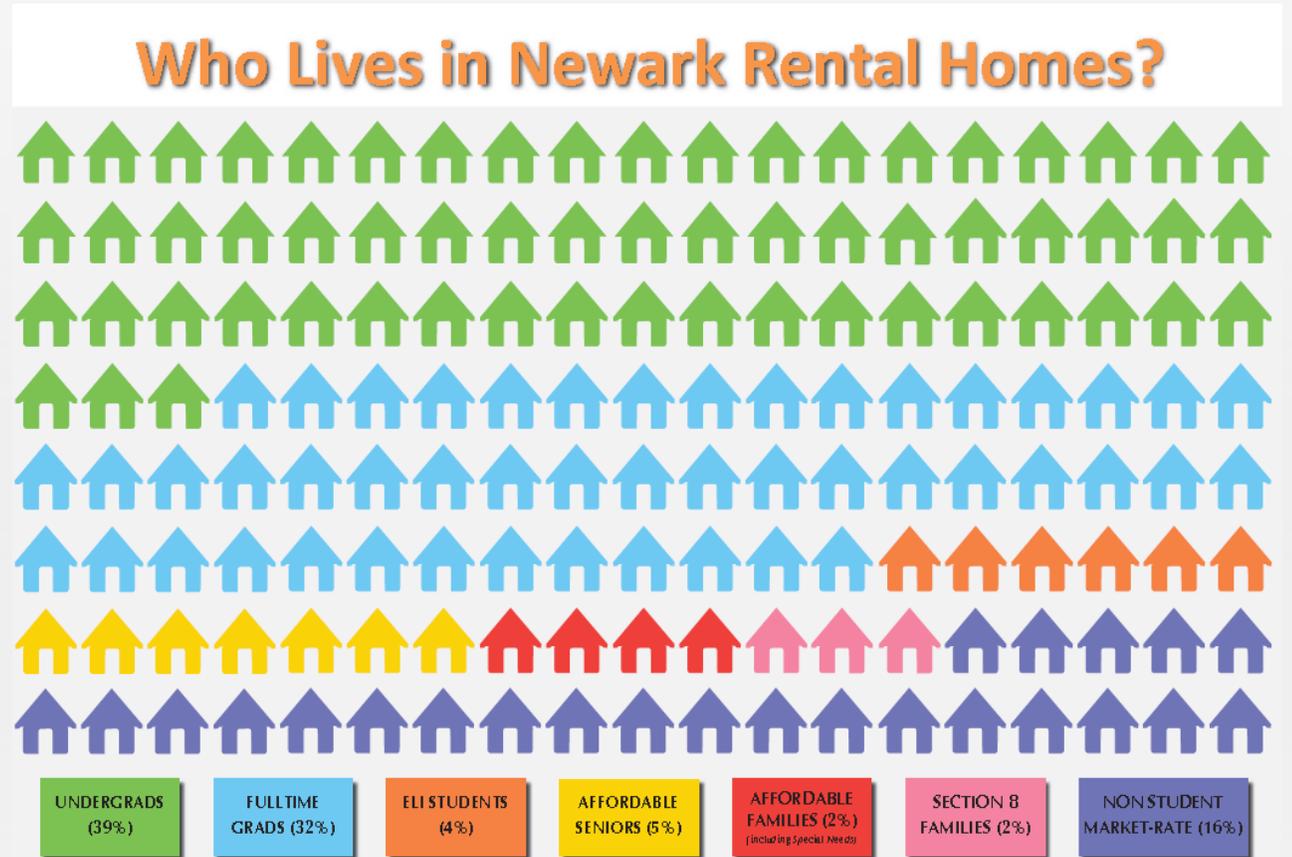
- ▶ Identify policies to support more diverse housing options
- ▶ Identify areas where Non-Student Housing is needed and should be developed
- ▶ Identify opportunities to promote more home ownership
- ▶ Identify opportunities to improve/refurbish existing housing stock for non-student families

▶ Affordable Housing Subcommittee Goals

- ▶ Identify best practices from elsewhere
- ▶ Identify the need for affordable housing
- ▶ Better understand the needs of the communities we serve
- ▶ Explore incentive programs
- ▶ Create a diverse housing environment

2017 Rental Housing Needs Assessment

- ▶ Phase 1 - Assessment of rental housing market demand
 - ▶ 4% of total population reside in non-student rental housing
 - ▶ 51% of UD students live off campus
 - ▶ 75% of rental housing is occupied by UD students
 - ▶ 2.9% rental vacancy rate
 - ▶ Over 800 households on a wait list for affordable/subsidized homes



2017 Rental Housing Needs Assessment

▶ Phase 1 – Key Findings

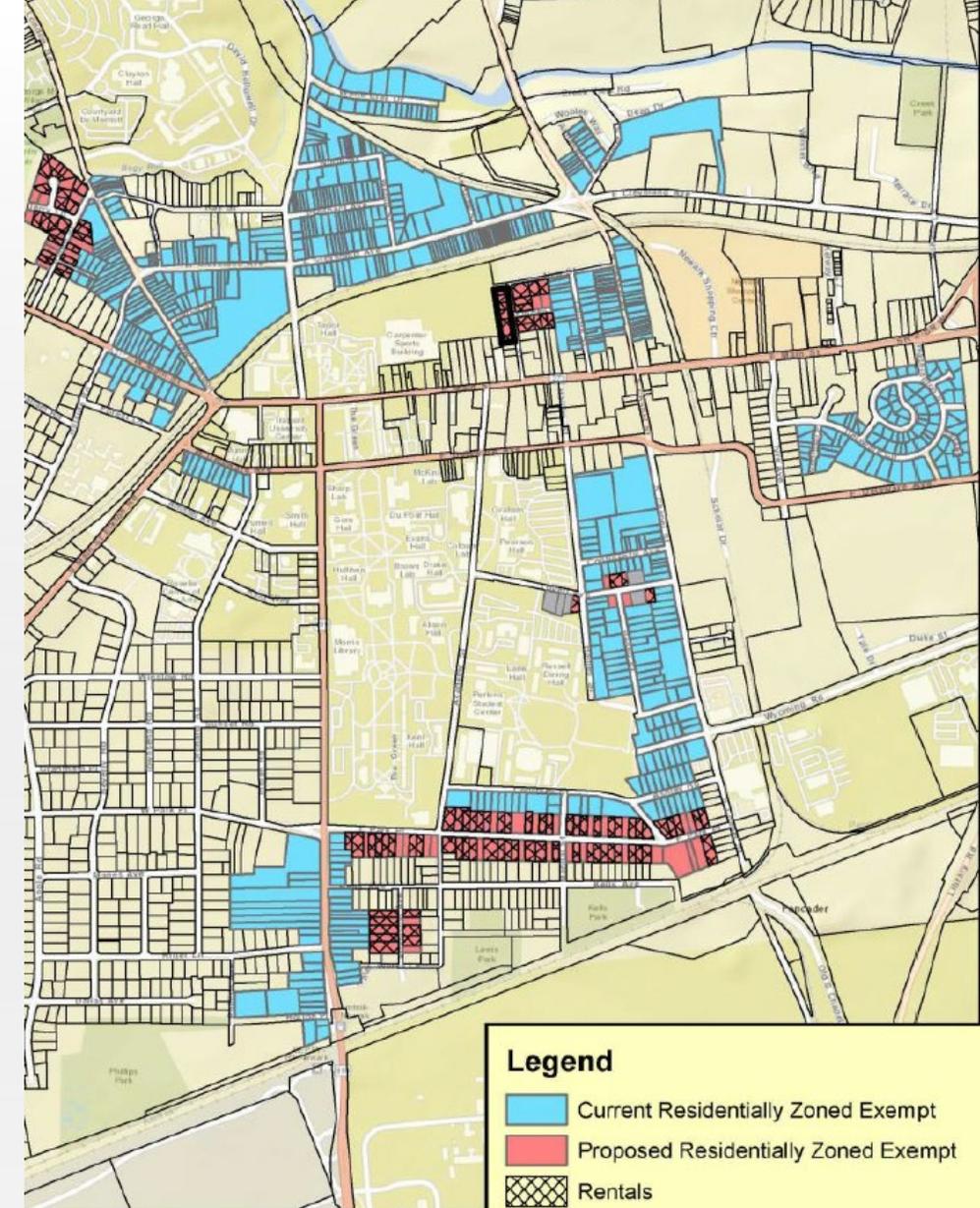
- ▶ 50 new rental units per year are needed to accommodate projected student population growth
 - ▶ *Student Growth Subcommittee is reassessing this projection*
- ▶ Additional rental units are needed to accommodate demand for non-student housing and affordable housing

2017 Rental Housing Needs Assessment

► Phase 2 – Recommendations

► Expand locations of Exempt Streets

- Effort by City of Newark to alleviate demand that has driven up costs and displaced non-student residents
- Designated areas in close proximity to campus
- Exempt from ordinance requiring no more than 3 post-secondary students to reside in one unit
- *Community members voiced opposition*



2017 Rental Housing Needs Assessment

▶ Phase 2 – Recommendations, continued

- ▶ Incentivize a shift from rental to home-ownership and to develop non-student housing
 - ▶ Relaunch the Promoting Owner Occupancy of Homes (POOH) Program providing interest free, deferred payment options to convert rental units into owner-occupied units
 - ▶ Incentivize development of rental units for individuals, couples, or small families with design and amenities attractive to non-student households

2017 Rental Housing Needs Assessment

- ▶ **Phase 2 – Recommendations, continued**
 - ▶ **Leverage and expand existing affordable housing programs**
 - ▶ Increase voucher program utilization
 - ▶ Incentivize landlords to participate in existing voucher programs
 - ▶ Low or no interest financing
 - ▶ Tax credits
 - ▶ Tax-exempt bonds

2017 Rental Housing Needs Assessment

- ▶ **Phase 2 – Recommendations, continued**
 - ▶ **Incentivize landlords to participate in regularly scheduled property inspections**
 - ▶ **Modify lease agreements to allow access for inspections**
 - ▶ **Consider benefits to enlist in voluntary inspection program**
 - ▶ **Allow self-certification programs – subject to less frequent random inspections**

Best Practice Examples

Current City Programs

Newark Housing Authority (NHA)

- ▶ The mission of the NHA is to provide safe, decent, and sanitary housing for very low to moderate income families, the elderly, and persons with disabilities.
- ▶ Programs:
 - ▶ Housing Choice Voucher
 - ▶ Gives families the opportunity to rent from a private landlord. Anticipated gross household income is used to calculate rental amount. The family pays up to 40% of their household income as rent and is responsible for the full security deposit.
 - ▶ The NHA administers funds received from HUD and distributes them in the form of Housing Choice Vouchers to eligible families.
 - ▶ Public Housing Program
 - ▶ Public housing provides decent and safe rental housing for eligible participants.
 - ▶ Public Housing is owned and operated by the NHA.

Current City Programs

Community Development Block Grant (CDBG)

- ▶ The primary objective of the Community Development Block Grant program is "the development of viable urban communities by providing decent housing in a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income" (Housing and Community Development Act of 1974, as amended).
- ▶ CDBG funds are distributed to Newark by New Castle County through an entitlement formula based on population.
- ▶ City of Newark must submit a yearly application to HUD through New Castle County for Community Development Program Activities.
- ▶ Used to fund various development activities.

Best Practices

State College, PA (Penn State University)

- ▶ Living In One Neighborhood (LION) Bash: a partnership between the Borough of State College and Penn State Student Affairs to foster a sense of community and facilitate activities that promote safe, attractive, and diverse neighborhoods.
- ▶ Community Ambassadors: students who work part-time for the Office of Off- Campus Student Support.
- ▶ Inclusionary Housing Ordinance – Passed August, 2011
 - ▶ Current ordinance requires that new housing developments of at least six units include a 10 percent allocation of inclusionary housing – housing that is in reach of those in the middle, low, or very low economic classes
 - ▶ Developers may avoid building the inclusionary housing if they pay the borough a comparable-in-value in-lieu fee. This revenue will be put toward current borough-led efforts in affordable housing, such as the State College Community Land Trust.
 - ▶ The area lacks adequate housing for middle- and lower-income workers/families due in part to inflated housing prices driven largely by Penn State student's presence.
 - ▶ This ordinance will make the area more accessible to people of all income categories
 - ▶ As of 2016, all developers have paid the fee in lieu of building affordable units or have built them off-site.

Best Practices

Morgantown, WV (West Virginia University)

- ▶ Existing homes are purchased and rehabilitated by the City in designated areas
- ▶ Leases the homes to families who had completed homeownership counseling and eventually, sell the units once participating families were considered mortgage worthy
- ▶ The program has been expanded to allow for immediate sale and future projects will include infill new construction in targeted neighborhoods
- ▶ WVU has partnered with the City in providing forgivable down payment assistance for university employees who participate in the program

Best Practices

Iowa City, IA (Iowa State University)

- ▶ City purchases home, rehabs (up to \$50K) and then sells for up to \$235,000
- ▶ Renovation costs are not included in the final sales price and are forgiven once the home has been owner-occupied for five years
- ▶ Renovated homes are sold to households that meet income guidelines, with some preference given to University of Iowa employees
- ▶ Deed restrictions are placed on UniverCity Neighborhood Partnership properties to ensure they remain owner occupied for 20 years
- ▶ Program is funded through \$1.25 million state I-Jobs grant, a \$200,000 contribution from the University, \$100,000 from Iowa City Housing Authority, and a \$2.6 Million low-interest mortgage loan pool provided by five participating lenders.

Best Practices

Burlington, VT (University of Vermont)

- ▶ Homebuyers of multi-unit properties (up to 4 units total) are provided no interest down-payment assistance loans of \$10,000 under the condition that they reside onsite, displace no existing tenants as a result of the purchase and retain the affordability of rental units for a period of five years.
- ▶ This model does not attempt to return entire properties to homeownership.
- ▶ Instead, it acknowledges the large size of many of the homes in the target neighborhoods and the income potential of these rental properties and seeks to control pricing of rental units while also inserting on-site owner oversight.

Best Practices

Montgomery County, MD

- ▶ Inclusionary Zoning Program
- ▶ Moderately Priced Dwelling Unit (MPDU) Program
 - ▶ Buyers must be able to qualify for a mortgage, pay a down payment, pay settlement fees, and pay monthly mortgage, etc.
 - ▶ MPDU purchasers are able to own a home in Montgomery County at a greatly reduced price.
 - ▶ Monthly mortgage payment will not increase.
 - ▶ MPDU owners can deduct mortgage interest and real estate tax from their income tax.
 - ▶ Property taxes based on MPDU value and not “market value”.
- ▶ Housing Initiative Fund
 - ▶ A local housing trust fund that provides loans to the Housing Opportunities Commission (HOC), nonprofit developers, experienced rental property owners, and for-profit developers to build new housing units, renovate deteriorated multi-family housing developments, preserve existing affordable housing, and provide special needs rental housing.
- ▶ Workforce Housing Program
 - ▶ Provides rental and for sale housing serving households up to 120% of the Area Median Income (AMI). The WFH Program is voluntary for private developers but the inclusion of WFH units can be offered as a public benefit used to achieve higher densities in CR zones. The county requires WFH units as a condition of development agreements related to the use of county owned land used for housing.

Best Practices

Prince George's County, MD

- ▶ HOME Investment Partnership: Administered by DHCD's Housing Development Division to assist PG County in expanding the supply of decent, affordable housing for low and very low-income families.
- ▶ PG County is eligible to receive approx. \$3.5 million annually from a Federal Housing and Urban Development (HUD) appropriation.
- ▶ Through the HOME Investment Partnerships Program, the Department of Housing and Community Development encourages nonprofit and for-profit developers to produce and rehabilitate housing, assist first-time homebuyers to purchase homes, acquire or improve group homes for special populations and assist Community Housing Development Organizations (CHDO's) to create and support housing opportunities for households of limited income.
- ▶ Financial interest is provided to eligible projects through interest bearing loans.



Break Out Discussions



Report Out & Follow Up Items



Public Comment Period

Thank You!

Please visit:

<https://newarkde.gov/1118/Rental-Housing-Workgroup>

for more information

Email questions or comments to:

nderentworkgroup@jmt.com