



## **POLICY STATEMENT AFFORDABLE WORKFORCE HOUSING**

### **Background**

The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes on housing. The lack of affordable housing is a significant hardship for low-income and working households and prevents them from meeting other basic needs, such as food, clothing, transportation and medical care.

Availability of housing for all income levels is critical for balanced and healthy growth of the Commonwealth and its individual communities. Employers seeking to locate in Pennsylvania need to first attract and then maintain a workforce. A key component to workforce recruitment and retention is affordable and centrally located housing. Workers who can only find affordable housing by living far from their jobs and enduring long commutes does not make for a satisfied workforce.

### **PAR Position**

REALTORS® have much to offer our communities to help them meet the challenge of providing affordable housing to our ever-growing workforce. We know our housing markets and the impact local conditions will have on housing values, choice and affordability. As REALTORS®, we can help foster debate, while building community consensus for fair and balanced solutions.

PAR should – either alone or within a coalition of like-minded partners – craft solutions through education and legislative avenues to address the critical issue of providing affordable housing to the Commonwealth’s workforce. To help facilitate direction, PAR supports:

### ***Streamlined Permitting Process***

Improved coordination of the permitting process at the state and local levels could result in lower housing costs. The permitting process often involves dealing with city, county and state approval boards, all of which require a variety of permits and approvals (i.e. – fire protection, sewer hook up, plumbing, environmental, road construction, electrical, building, etc.). Often the various levels of governmental authorities do not have effective communication and co-approval systems, which cause unnecessary delays, increases construction costs and ultimately hinder affordable housing.

### ***Urban Revitalization***

Many urban centers do not have readily available land upon which to build new affordable housing units. However, the process of revitalization can turn an old factory, warehouse, or blighted property into an apartment complex or townhouse development for low-income and working individuals. The

positive impact of building more affordable housing in urban centers – that it would benefit the entire community, not just workers – should be communicated to builders and developers.

### ***Density***

Real estate of all types flourishes best in livable communities that offer a high quality of life at a reasonable cost. Livable communities offer a variety of affordable housing choices, good schools, quality public services, open space, and a strong employment base. One of the most challenging aspects to promoting these essential livable community elements is density. Building at higher densities in the appropriate locations is vital to provide greater choice and affordability in housing. Municipalities that allow mixed-use, cluster, and small lot zoning will encourage diverse growth patterns to sustain and enhance a community's quality of life.

### ***Inclusionary Zoning***

Inclusionary zoning is a land-use concept in which local ordinances require builders to include a certain amount of housing for low- and moderate-income households. Inclusionary zoning is becoming a common tool for local municipalities to help provide a wider range of housing options than the market can produce on its own. In fact, over 200 municipalities in the country have inclusionary zoning policies on the books. Montgomery County, Maryland is often held to be a pioneer in establishing inclusionary zoning policies. It is one of the wealthiest counties in the United States, yet it has built more than 10,000 units of affordable housing since 1974, many units door-to-door with market-rate housing.

### ***Tax Credits***

The availability of tax credits is a valuable incentive towards the development of affordable housing. Tax credits should be provided to owners and builders of affordable housing, to employers who provide assistance towards employees' housing needs, and to individuals and companies that donate land for affordable housing development. Providing tax credits not only offers substantial tax benefits for the holder of the credit, but will also provide considerable motivation to develop affordable housing communities. Tax credits for employers will provide them the flexibility to design their benefits to best meet their needs and the needs of their workers.

### ***Employer-Assisted Housing***

Employer-assisted housing (EAH) refers to benefits that enable employees to purchase homes or secure affordable rental housing, often within designated neighborhoods located near the workplace. Benefits can take a number of forms, including grants or forgivable loans for down payments and closing costs, reduced-cost financing, and matched savings plans. Providing an EAH benefit can help employers reduce turnover, leading to lower training and hiring costs. In addition, EAH can increase loyalty and morale, support bottom-line business goals, and strengthen links with the local community.

### ***Housing Finance Programs***

Private development of affordable housing can be stimulated through tax incentives and exemptions. Down payment and closing costs are often major barriers to first-time and low-income home buyers. Finance programs that provide down payment grants and low interest rate loans will help to remove these obstacles and assure that the American Dream of homeownership is within every Pennsylvanian's grasp.

*Approved by the PAR Board of Directors  
January 2011*