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The Economic Benefits of Building the Housing We Need

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Executive Summary

The housing shortage in Westchester County is felt directly by those who live and/or work in the county but struggle to find affordable places to live, by new employers who are hesitant to move to the region if their workers cannot reliably find housing at their expected salaries, and by existing residents including seniors, millennials, people of color, middle-class families, and so many others.

The 2019 *Westchester County Housing Needs Assessment* measured this gap in exhaustive detail. It found that the county needed:

- 82,451 total units of affordable housing to make up for households that are already severely overcrowded, the needs of the homeless or near-homeless, and to support the growing number of people who work in Westchester but commute from elsewhere;
- 11,703 total new units of housing just to meet the present-day needs.

The shortage is the natural result of land use and zoning decisions made over decades that have created cumbersome and costly barriers to producing more housing in Westchester’s cities, towns, and villages. Although “neighborhood defenders” who criticize the building of new housing in their communities, particularly multifamily buildings, typically cite a number of economic concerns and putative “costs” to their community, the far greater cost to the municipalities they love is the cost of delay.

A survey of national economic models, academic research, and local studies reveal that building housing in communities sufficient to meet their needs brings with it short-term jobs, long-term jobs, an increase in revenue for local businesses, and a boost to property tax revenue. Far from an albatross, housing is one of the most economy-boosting investments a city, town, or village can make. The benefits include the following:

- The construction of 100 units of multifamily housing generates an average of 161 jobs and \$11.7 million into the local economy in the first year, and also supports an average of 44 jobs and ***generates \$2.6 million each year*** once the project is complete.
- The economic “multiplier effect” from infrastructure spending on new housing construction ***is as large or larger as the same investment on the construction of highways and streets.***
- Westchester has experienced a steady decline in the use of commercial or office space, opening up new possibilities of reclaiming underutilized and undervalued space for economy-boosting housing.
- Contrary to the concerns expressed by “neighborhood defenders” in public meetings opposing the building of housing out of concerns that existing residents won’t benefit, study after study shows an unambiguous ***net surplus for local property taxes***, taking into

account both the cost of providing services to these new residents and any capital expenditure made by the municipality to increase capacity.

- Building 100 multifamily units is projected to generate \$2.2 million in tax revenue in the first year, and **\$503,000 per year in recurring revenue** on average.
- A “look back” study of Long Island communities this year found no pattern whatsoever between the development of multifamily communities of 150 units or more leading to a cumbersome increase in school children.
- That same study found that even when the operational and capital costs of educating any new children was taken into account, ***each school district saw a net surplus*** ranging from tens of thousands of dollars to nearly three quarters of a million dollars each year.
- The vast majority of academic studies over decades have found that affordable housing does not depress neighboring property values and may even raise them in some cases.

No matter how you look at it, the question isn't close -- building adequate housing in our communities delivers tremendous benefits for existing residents. It is a good deal for those already living in our cities, towns, and villages, to say nothing of the desired opportunities for future residents who will continue the endless cycle of revitalizing the neighborhoods we love.

Given how fundamental the need for housing is, providing oxygen for our regional economy and security for your children and families, the Welcome Home Westchester campaign urges decision-makers, volunteers, and activists to find common-sense ways to come together to build enough housing the right way, that it will also be a windfall for existing residents and positive for the local economy.

1. Introduction

Westchester County is in dire need of more units of housing to meet the needs of its current and future workforce.

This is a crisis felt intuitively by residents who struggle to find or hold onto affordable places to live. It is a concern for employers who may be looking to move to the region. It is also a shortage that has been objectively measured in exhaustive detail by the *Westchester County Housing Needs Assessment* that was released at the end of 2019.

That report's conclusion stated that the need in Westchester County was for 82,451 total units of affordable housing to make up for households that are already severely overcrowded, the needs of the homeless or near-homeless, and to support the growing number of people who work in Westchester but commute from elsewhere. Although much of that gap could be made up by public-funded subsidies, improving substandard housing, and other tactics, the Needs Assessment also calculated that the county needed 11,703 total new units of housing just to meet the present-day needs.

Since publication of the assessment, the need for housing in Westchester has only been exacerbated by the effects of the COVID-19 pandemic, as families who could afford to migrate from the perceived risk of density in New York City snatched up existing units of housing.

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Housing is an essential cornerstone of economic opportunity, equitable growth, and sustainable development. New Rochelle's ambitious efforts to create thousands of new housing units at a spectrum of price points are strengthening our tax base, breathing new life into our business sector, attracting creative talent, and enabling more people to join or remain in our community.

Noam Branson,
Mayor of New Rochelle

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Some municipalities in Westchester have made significant strides in meeting this need. Some have also shown creativity in encouraging affordable housing, mixed-use developments, redevelopment of under-utilized or blighted land parcels, and transit-oriented developments through the creation of overlay zones, industry development agencies, and other solutions. But with such eye-popping total numbers of units of housing needed and a growing sense of need and desperation, more needs to be done to meet this gap.

This housing shortage was not produced accidentally or through unintended consequences. It reflects a system that was deliberately constructed to create barriers to creating new units of housing to keep pace with

demand and, in doing so, keep new working families out of Westchester. The fact that the decision-makers and volunteer land use board members serving their communities today did not establish this system does not mean that the system isn't continuing to do exactly what it was intended to do: create barriers to meeting our housing needs.

The barriers to building new housing in Westchester are not unique. Many other communities in our region and around the nation struggle with issues that include the cost of construction in high-cost regions, financing, access to transportation, labor costs, zoning, outdated ordinances, and reflexive NIMBY-ism and status quo bias among a small but vocal minority.

Every community has its local “neighborhood defenders” who attend public meetings to speak

out against any attempt to build even the most reasonable and in-context housing. Both they and local decision-makers who may be hesitant to buck the demands of such a small but fierce constituency often assume that there is no cost to delay. They may believe there is no harm and nothing to lose by adding further meetings, by endlessly revising a particular proposal in the name of the ever-elusive goal of “getting it right,” by doing nothing at all. Nothing could be further from the truth.



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As much as single family homes typify many of our visions of the American dream, we also know that they have a greater impact on the environment, on infrastructure, on schools and therefore offer less of a balance to our tax base. We must start to look seriously at how multi-family housing can be part of our mix so that we can have more affordable environmentally sustainable options here in Westchester.

Dana Levenberg
Town of Ossining
Supervisor

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Study after study shows that when suburban communities greenlight

housing to meet their needs, it brings short-term jobs, long-term jobs, an increase in revenue for local businesses, and a boost to property tax revenue.

Indeed, the status quo has its own costs to existing residents. Making it harder to meet Westchester's housing needs also leads Westchester municipalities to pass up opportunities for economic growth, addressing some of the core concerns of the financing for municipal services and school districts, and creating a wholly unnecessary drag on their own prosperity.

2. The Economic Benefits of Building the Housing We Need

When the *Westchester County Housing Needs Assessment* was released in November, 2019, County Executive George Latimer said, “Affordable housing is a major contributing factor to a balanced and well-functioning county and in turn, its communities and neighborhoods.”

To illustrate this point, the County Executive also released supportive statements from the major business leaders from across the county. Westchester County Association Executive Board Member and CBRE Executive Vice President William V. Cuddy, Jr. was quoted as saying, “Westchester’s long and short-term economic viability is predicated upon our housing inventory meeting the demands of our workforce.... It’s a call to action. If we don’t address the miscarriage of our policies and perspectives, we fail our families and workers. The problem may be intractable, but it isn’t insurmountable.”

Additionally, Dr. Marsha Gordon, the President and CEO of The Business Council of Westchester, was quoted as saying, “As we look to recruit and retain Westchester's future workforce, we need all levels of government to focus on how we can create future workforce housing so that employees can not only work in Westchester but also can live here and raise their families.”

Although the economic necessity of removing barriers to housing was broadly agreed upon, the economic case for opportunity was not the subject matter of the report itself. A survey of all available data drives home the incontrovertible point that the thoughtful creation of more housing is a net positive for the region, for municipalities within the region, *and a net positive for existing homeowners and renters.*

A.) Jobs, Jobs, Jobs

The development of housing, particularly multifamily housing that includes duplexes, town houses, and apartment buildings, time and again has been shown to add millions into a region’s local economy as well as to generate a net surplus in local tax revenue for towns, villages and schools

Why? It all begins with jobs.

The construction of new housing generates short term construction-related jobs, as well as additional “ripple effect” economic activity generated by having a short-term influx of dozens of new workers reporting to the same worksite every day. Those construction workers tend to spend their wages heavily in the local areas where they’re working.

Once the multifamily units are created -- be they townhouses, duplexes, garden apartments, apartment buildings, or any of the other permutations -- the additional residents of the

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It is essential that municipal officials focus attention on creating an environment that encourages multi-family development, particularly in areas with under-utilized properties. In addition to meeting the current housing needs in Westchester, new development generates jobs and adds money to the local economy.

Gina Picinich
Mayor of Mt. Kisco”



municipality lead to other local jobs year by year to service their needs. This includes any jobs directly employed by the new housing company or new resident, but also the employees for local merchants and restaurants, auto mechanics, banks, dog walkers, childcare workers, dry cleaners, barber and beauty shops, or whatever other types of workers are required to meet the increased demand.

The National Association of Home Builders first developed an economic model to predict the number of jobs produced by

building housing in 1996.¹ Since that time, they have tested that model against 800 different projects across the country. Applying only the national model, without reference to the particularly high cost of living in Westchester County, shows both strong job growth in the short term and year-after-year, accompanied by an economic boost.

According to NAHB's model, 100 new units of multifamily construction generates the following:

¹ “ The Economic Impact of Home Building in a Typical Local Area.” *Nahb.org*, National Association of Home Builders , Apr. 2015, The Economic Impact of Home Building in a Typical Local Area.

Figure 1. Economic impacts of 100 units of multifamily construction

	1 year impact	Recurring Annual Impacts
Jobs	161 local jobs	44 local jobs
Income into the local economy	\$11.7 million	\$2.6 million

B.) The biggest infrastructure boost for a local community

We are looking at the issue of housing at a time when the imperative of major investment in “infrastructure” dominates the national political discussion. The U.S. Congress is considering not one but two spending bills costing trillions of dollars designed to spur economic activity and achieve various other policy goals. Infrastructure projects are typically viewed through the lens of the economic “multiplier effect” -- if we invest \$1 or \$100 or \$1 million in a particular project, how much over and above the original cost of the project will we see in terms of generated economic activity? The higher the multiplier effect, the better the investment.

Both proposals currently in Congress devote money not just to building roads, bridges, upgrading our healthcare infrastructure, making investments in renewable energy, and other programs -- they significantly invest in building housing.

It’s easy to see why. Economists agree that the industries with the greatest multiplier effects are construction, hospitals, state and local government, auto manufacturing, as these are the industries that funnel money to the broadest spectrum of vendors. Construction is at the top of that list, which is why so much coverage of “infrastructure” focuses on roads, bridges, etc.

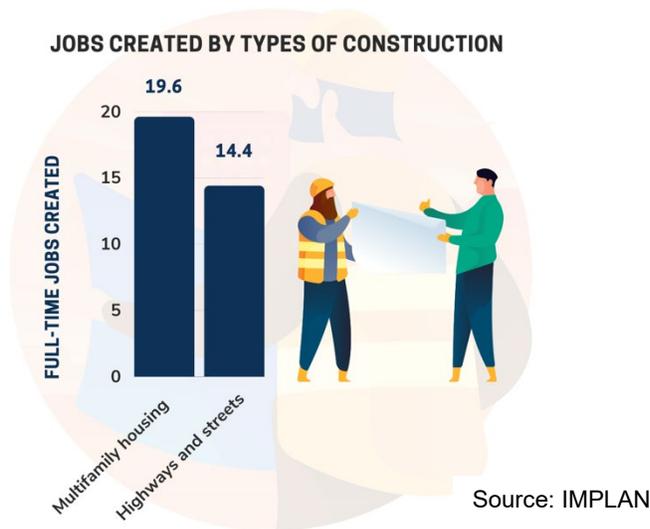
But the multiplier effect in terms of economic activity from spending on new housing construction *is as large or larger* (depending on the project) *as the same investment on the construction of highways and streets.*

As explained in a study published this year by Rosen Consulting Group:²

² Rosen, Kenneth, et al. *Housing Is Critical Infrastructure: Social and Economic Benefits of Building More Housing*. Rosen Consulting Group , June 2021,cdn.nar.realtor/sites/default/files/documents/Housing-is-Critical-Infrastructure-Social-and-Economic-Benefits-of-Building-More-Housing-6-15-2021.pdf.

In fact, based on national data from IMPLAN, every \$1 million in direct spending on the construction of multifamily units would be expected to create 19.6 new full-time jobs and to generate approximately \$359,000 in new federal, state and local tax revenue (including direct, indirect and induced measures)... In comparison, the economic impact of multifamily and single-family home construction is somewhat greater than the same spending on the construction of highways and streets, which would generate 14.4 new full-time jobs and \$303,000 in new tax revenue.

Figure 2. Jobs created by type of infrastructure construction



Seen from the perspective of a Westchester town or village, the infrastructure projects they typically finance through their capital plan might include the repaving of roads, the repair of a water, sewer, or other critical infrastructure facility, or the upgrading of a municipal-owned building or parking garage. These are typically financed through taxpayer money because they are necessary, and not particularly for an economic return on investment. But in terms of return on investment, the greater economic benefits -- by far -- would come from removing barriers to building housing.

C.) Replacing unused or under-used spaces with economy-boosting housing

We've discussed the economic boon for jobs and economic activity of building the housing we need on relatively neutral sites, but the economic studies do not take into account a specific land use issue that is as prevalent or more prevalent in Westchester County than in the rest of our region.

CASE STUDY:

Warehouse on Washington - Tarrytown, NY



- ACQUIRED IN 2019 BY HUDSON HILL PARTNERS
- VACANT RED BRICK WAREHOUSE BUILDING BUILT IN 1907, LOCATED AROUND THE CORNER FROM MAIN STREET AND A SHORT WALK TO THE HUDSON RIVER AND TRAIN STATION
- ALL UNITS WILL FEATURE 3 BEDROOMS, 2 BATHROOMS, WITH OPEN PLAN ENTRY, LIVING/DINING ROOM, KITCHEN, AND LAUNDRY ROOM / PANTRY
- 25 CONSTRUCTION JOBS WILL CONTRIBUTE TO THE PROJECT, ALONG WITH ENGAGEMENTS WITH 5 VARIOUS DESIGN, CONSTRUCTION AND LEGAL FIRMS
- AS OF AUGUST 2020, THE PROJECT HAS RECEIVED ZONING, PLANNING AND ARCHITECTURAL REVIEW BOARD APPROVALS. CONSTRUCTION IS SET TO BEGIN SHORTLY AFTER BUILDING PERMITS ARE ISSUED THIS FALL

Simply put, nearly every community in Westchester has to deal either with newly underutilized buildings and space, or the traditional problems of vacant buildings and blight.

Neighborhood blight and vacant properties produce the worst economic drag on a community. A study of blighted properties in Toledo, Ohio found that each of the 1,950 distressed vacant properties in the study reduced the aggregate value of homes within 500 feet by a total of \$50,627.³ A study of blighted properties in Atlanta, Georgia⁴ found a host of direct costs to the

³ *A CONSERVATIVE ANALYSIS OF COSTS IMPOSED BY VACANT AND BLIGHTED PROPERTIES IN TOLEDO*: Center for Community Progress, June 2016, www.communityprogress.net/filebin/160630_TASP_LCLRC_Toledo_Cost_of_Blight_Study_Final.pdf.

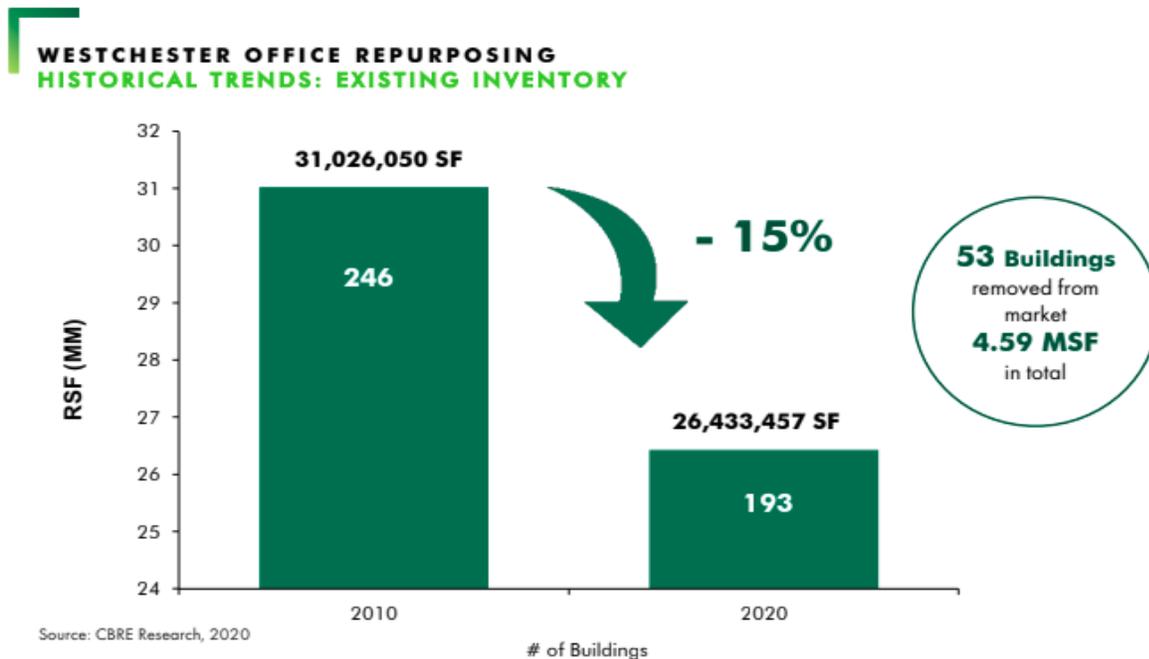
⁴ Immergluck, Dan. *The Cost of Vacant and Blighted Properties in Atlanta: A Conservative Analysis of Service and Spillover Costs*. Jan. 2016, wcatadashboard.iac.gatech.edu/library/files/original/85b40d69f776e4050857ac106530692b.pdf.

city as well, including millions of dollars of annual code enforcement, fire, and police direct service, an estimated \$55 million to \$153 million reduction in single-family property values in the city due to distressed, vacant properties, and an aggregate millions of dollars in lost property tax revenue as a direct result.

Although Toledo and Atlanta are larger population centers than any community in Westchester, most towns, villages, and cities have their own underutilized spaces. It may be a manufacturing plant or warehouse that closed decades ago and had struggled to find a new owner or purpose. It could be a parking garage that is well past its prime. It could be land that is owned by the Metro-North Railroad or some other governmental or quasi-governmental entity and so has never been fully developed.

Increasingly, it could be underutilized commercial or office space, driven in part by changing appetites in terms of suburban office parks and the growing desire for corporate leaders to locate their headquarters in thriving, walkable urban centers. CBRE’s research has documented a precipitous drop in the total square footage and buildings devoted to office space in Westchester County -- driven overwhelmingly by a decrease in demand.

Figure 3. Historical Trends of Inventory of Office Space in Westchester County



The COVID-19 pandemic exacerbated this trend even further. Even taking into account the 15% of office square footage taken off the market between 2010 and 2020, the net absorption rate in

Westchester County in 2020 was -1,267,00 square feet -- meaning over a million square feet of office space still on the market went unrented and unfilled.

Some have taken to calling this the “new rust belt” -- underutilized office space not living up to its potential either in terms of economic activity, property values of the land it sits on, or property tax revenue for the municipality.

When considering reclaiming this underutilized space for the purpose of building housing, both the net economic activity and the prospect of increased property tax revenue is even higher than that of a “normal” site for redevelopment or initial development.

D.) Property Tax Revenue: A Net Surplus for Local Governments and School Districts

For homeowners and existing residents of Westchester County, property taxes are a top concern in villages, towns, and cities of all sizes, perhaps second only to the overlapping issue of education and the public school system among the top local issues year-in and year-out. Typically, when anti-housing and anti-development neighborhood defenders attend local land use board meetings to express concerns about new projects, they cite largely baseless and evidence-free concerns that school enrollment will skyrocket, and property tax burdens will shift to existing single-family homeowners if even small or moderate sized multifamily projects are permitted to be built.

The reality is precisely the opposite -- especially in high-cost markets like the Greater New York City area.

Both in terms of economic models and the available data about what actually happened with the buildings when completed, multifamily development resulted in **a net surplus for local municipalities and school districts**. Not sometimes, not under certain conditions, not only in urban or rural or suburban or low-income or middle-income communities, but in *every* case study that we’ve encountered.

The National Association of Home Builders looked exhaustively at the question in *The Economic Impact of Home Building in a Typical Local Area: Comparing Costs to Revenue for Local Governments*.⁵ They assume that municipalities will provide the same level of services to new multifamily housing as existing single-family housing. They also assume that a certain influx of new residents will not only require additional operating expenses to provide services,

⁵ “The Economic Impact of Home Building in a Typical Local Area Comparing Costs to Revenue for Local Governments.” *Nahb.org*, National Association of Home Builders, 2015, *The Economic Impact of Home Building in a Typical Local Area Comparing Costs to Revenue for Local Governments*.

but increased capital projects as well -- additional facilities or vehicles for police or sanitation, increased spending on local roads and infrastructure around the project or, in rare cases, additional school facilities like school buses or even a new school building. They even took into account the financing and potential interest on such municipal or school district capital projects.

The verdict: building the housing we need pays for itself -- *within the first year*.

In the typical case shown here, average-value residential construction pays for itself and begins generating surplus revenue for local governments within the first year of construction. Not only is the revenue more than enough revenue to cover current government expenses in a given year, it is enough to pay off interest on the debt [incurred for capital projects needed to service the new residents, like a new firehouse, sewer improvements, an additional sanitation crew, or whatever it may be] within a year, even under the NAHB model’s assumption that governments’ debt finance all capital investment needed to provide public infrastructure for the homes before they are built and any fees are collected.⁶

What is the expected surplus in tax revenue for a 100-unit project in an average cost area?⁷ The study found that it was \$2.2 million in tax revenue in the first year, and **\$503,000 per year in recurring revenue**.

Figure 4. Economic impacts of 100 units of multifamily construction

	1 year impact	Recurring Annual Impacts
Jobs	161 local jobs	44 local jobs
Income into the local economy	\$11.7 million	\$2.6 million
Net revenue for local governments	\$2.2 million in tax revenue	\$503,000 in tax revenue

⁶ Ibid.

⁷ The Economic Impact of Home Building in a Typical Local Area.” *Nahb.org*, National Association of Home Builders , Apr. 2015, The Economic Impact of Home Building in a Typical Local Area.

The study also detailed the cost breakdown in terms of projected revenue vs. projected costs for a 100-unit project and found *an average year-by-year surplus of \$39,000.*

Figure 5. Economic impacts of 100 units of multifamily construction

	1 year impact	Recurring Annual Impacts
Taxes and revenue for local governments	\$2.5 million	\$503,000
Operating expenditures for local services	-\$232,000	-\$464,000
Capital investment for new structures and equipment specific to the new project	-\$1.6 million	\$0
Net result for local governments	\$668,000	\$39,000

Similarly, a March 2020 study published by the Long Island Regional Planning Council⁸ looked back at what actually happened since 2012 when seven multifamily communities with at least 150 units were built within a mile of mass transit opened to new residents. The Nassau and Suffolk County towns and villages selected for the study ranged in population from about 6,000 to 203,000 residents with median family incomes ranging from \$60,216 to \$131,717 according to 2010 Census data -- a relatively strong analogue to the spectrum of most Westchester communities.

The results were crystal clear:

- Far from flooding the school districts, some of these communities saw a *net decline* in enrollment after the 150+ unit buildings were occupied.
- Where school districts did see a net gain in enrollment, the new residential communities accounted for only 20% of the new students.

⁸ Brodsky, Robert. "Study: Housing Projects Barely Increase Student Enrollment." *Newsday*, Newsday, 12 Mar. 2021, www.newsday.com/long-island/multifamily-housing-student-enrollment-long-island-study-1.50179890.

- Whether or not there was an increase in school children, even when the operational and capital costs of educating the new children was taken into account, *each school district saw a net surplus*.
 - These surpluses ranged from \$54,920 for the 2020-2021 school year for the Patchogue-Medford district to \$737,456 for the Mineola School District.
 - The Huntington School District saw the most students from any single housing development -- 56 students from a 303-unit building -- but overall enrollment in the district declined. Their net surplus in school taxes for 2020-2021 was \$456,942.

This should be no surprise. An analysis by the Buffalo Niagara Builders Association of the economic costs and benefits of home building in their county⁹ found that the average existing single-family home had 0.6 children per household while the average unit of existing multifamily housing had 0.4 children. Simply put, as with existing residents, new residents who do not have school age children but need housing nonetheless heavily subsidize those families who do have children, netting a windfall for the local school district.

Neighborhood opposition to building housing nearly always focused on multifamily projects because of their increased density. But this only demonstrates how untethered from data such concerns are. The BNBA analysis for their county found that although multifamily units pay somewhat less in property taxes on average than single-family homes, they also consume less in services. Moreover, municipalities' capital expenses to service the new residents were substantially less, with a \$35,000 estimated one-time cost in capital expenses for a single-family home compared to a \$22,000 for a unit of multifamily. Single-family homes, which are the "default" mode of housing in Westchester and the most likely to be built as of right, are in fact "costlier" per unit in terms of serving those new residents, public opposition to the contrary.

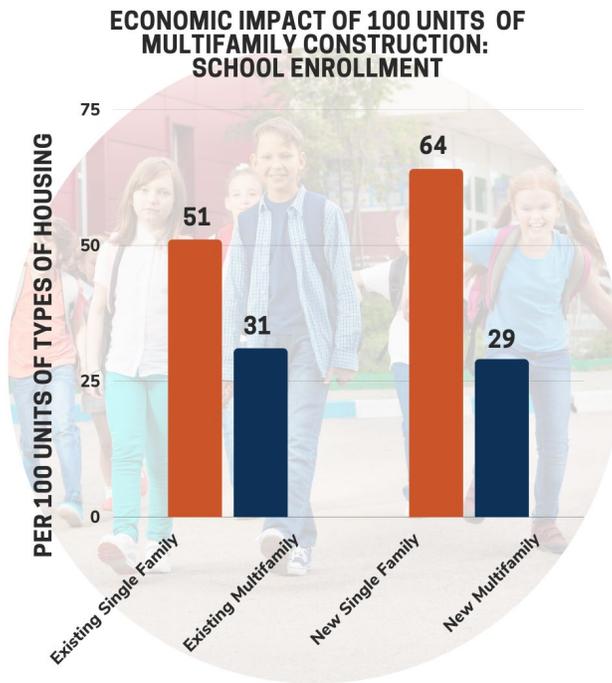
The data is much the same for school enrollment and, by extension, school property taxes. As detailed by the Joint Center for Housing Studies at Harvard University:

On average, 100 single-family owner-occupied houses include 51 school-age children. By contrast, apartments are attractive to single people, couples without children, and empty nesters, which is why 100 apartment units average just 31 children. The disparity is even greater when considering only new construction: 64 children per 100 new single-family houses vs. 29 children per 100 new apartment units.¹⁰

⁹ "BNBA Impact on Home Building. Learn More at BNBA.org." *YouTube*, BNBA, 13 Oct. 2020, www.youtube.com/watch?v=fqNarPO4MRU.

¹⁰ Obrinsky, and Stein. "Overcoming Opposition to Multifamily ... - Jchs.harvard.edu." *Harvard*, Harvard.edu, www.jchs.harvard.edu/sites/default/files/media/imp/rr07-14_obrinsky_stein.pdf.

Figure 6. Economic impacts of 100 units of multifamily construction



One final observation on this point.

Neighborhood defenders in every community with remarkable consistency have been known to cite “ghost stories” of dense multifamily projects that had a larger than anticipated school enrollment. These ghost stories are generally not rooted in data or macroeconomic theory, but gather steam from amateur internet sleuths looking for the worst anecdotes they could possibly reference. Although home builders and housing advocates must continually reassess the data from actual units of housing built to ensure their models of economic benefit and school enrollment are still valid, these fear-driven anecdotes are never publicly re-examined once the meeting draws to a close.

To take one example that was cited in a number of public meetings in multiple Westchester communities in 2019 in opposition to proposed multifamily projects, a development in the Short Hills neighborhood of Millburn Township, NJ was slated to open 200 market rate apartments and 30 affordable units in 2020. Based on a misinterpreted data point from a school district meeting, a neighborhood blogger opposed to the project stated that an additional 100-125 school children would be entering the district, implying that the units of housing still under construction were to

blame as fodder for ongoing opposition to the project.¹¹This was breathlessly cited by some Westchester residents that desirable school districts could well be exceptions to the overwhelming data and tested models and attract the long-prophesied surge of school children.

By virtue of hindsight, we can definitely say they were not and they did not. The project opened as planned in 2020, and the enrollment in the Millburn School District *declined by 97 students* in 2020-2021.¹² There were ample existing resources within the district to educate the children now living in that project, and then some.

In summary, through the lens of local and school property taxes, building the housing we need pays for itself within the first year, within annual net benefits thereafter. Those who are truly concerned about stabilizing their local property taxes and ensuring their schools continue to have adequate resources to deliver the world-class education all our children deserve ought to embrace removing barriers to building the housing we need in their local communities.

E.) The Effect on Current Homeowners and Renters

Residents of Westchester County are willing to endure the high cost of housing because of the benefits that come with living here -- proximity to New York City, serviced by the Metro-North Railroad and other public transportation options in addition to comparatively well cared-for parkways and highways, access to high-paying jobs, excellent schools, and suburban communities with high quality of life, to name a few. Most residents assume high costs of housing are “the cost of doing business” or “table stakes” for living in Westchester. So long as their status quo is within their reach, that they do not fall into the class of residents who are housing cost burdened (spending more than 30% of their income on housing costs) or severely housing cost burdened (spending more than 50% of their income on the same), they feel relatively secure not paying rigorous attention to questions of land use or housing. But if they feel that status quo is threatened, particularly by multifamily housing or projects requiring density, they may suddenly engage out of concern or fear that can be stoked into opposition, ignoring the many other economic benefits to them and their community of building the housing we need.

The concerns run in diametrically opposite directions. Existing homeowners become concerned that density or multifamily projects will somehow cause the property value of what for most is

¹¹ Kass. “Short Hills Housing Development Anticipates 100-125 Students in MILLBURN Schools: Lawsuit Filed AGAINST Millburn Township and Woodland Road Developer.” *TAPinto*, 2019, www.tapinto.net/towns/millburn-slash-short-hills/sections/government/articles/short-hills-housing-development-anticipates-100-125-students-in-millburn-schools-lawsuit-filed-against-millburn-township-and-woodland-road-developer.

¹² “Enrollment Reports 2020-2021.” *Board of Education - Millburn Township Public Schools*, BOE, 2021, www.millburn.org/apps/pages/Enrollment_Reports.

their most important asset -- their home -- to decline compared to the default of single-family homes. Existing renters become concerned that the development of new rental properties, particularly market-rate properties, will cause their own rents to increase. For both sets of residents, the fears are overblown.

Communities that have gone ahead with multifamily projects have seen no decline in property values, and the relationship between building new rentals and the effect on existing rents in

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There is a critical shortage of housing in Westchester County, a problem affecting everything, including the economy. Zoning changes that make it easier for middle-class families to live here enrich our communities. Renters, home owners, first time home owners and those looking to age in place benefit from an investment in our housing stock. And we all benefit from adequate local housing for teachers, childcare workers, police, firefighters, the young families we need to remain vital, and seniors who provide the continuity and experience that make a town thrive.
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Nance Shatzkin
Croton Housing Network



nearby properties is much less straightforward than feared, and can often yield benefits to existing renters in certain circumstances.

For Not In My Backyard activists, the projects that draw the most ire are often the ones most in need in Westchester communities -- sustainable workforce housing designed to be affordable on the salary of a teacher, a social worker, a child care provider, a nurse, or any of the solidly middle-class or “essential workers” that kept our society operating during the peak of the

pandemic. By virtue of their affordability or density, it is assumed that the only way to accomplish this is to depress property values. Both academics and civic groups have been obsessed with this question, and the amount of research data is vast, covers multiple decades in a variety of different communities (including in the New York region), and employs multiple methodologies to calculate the effect on property values. The Center for Housing Policy and the MacArthur Foundation put together an issue brief on this question, attempting to “summarize the summaries.” The verdict was clear:

[T]he 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.¹³

CASE STUDY:

Chappaqua Crossing – Chappaqua, NY



- COMPLETED IN 2018
- 64 RENTAL UNITS – 25 MARKET RATE, 10 WORKFORCE WITH LOCAL PREFERENCE (90% AREA MEDIAN INCOME), 28 AFFORDABLE (40% TO 60% AMI)
- 30 ONE-BEDROOM, 29 TWO-BEDROOM, 5 THREE-BEDROOM APARTMENTS
- ADAPTIVE REUSE OF AN HISTORIC WESTCHESTER BUILDING THAT HAD BEEN VACANT / UNDERUTILIZED FOR 12 YEARS
- PART OF 114 ACRE READER'S DIGEST CAMPUS
- FINANCING PROVIDED BY WESTCHESTER COUNTY, STATE AND FEDERAL LOW INCOME HOUSING CREDITS, CITI COMMUNITY CAPITAL (CONSTRUCTION AND PERM LENDER)
- 128 CONSTRUCTION JOBS (USING THE NYS ASSOCIATION FOR AFFORDABLE HOUSING REPORT WHICH INDICATES THAT 100 CONSTRUCTION JOBS ARE CREATED FOR EVERY 50 UNITS OF HOUSING)

For renters concerned with being priced out of their neighborhoods, the data is similarly positive. A study in the *Review of Economics and Statistics* in April 2021 examined construction microdata, rental listings on Zillow, and individual migration data in 11 cities, including New York City which reconfirmed the Economics 101 law of supply and demand in housing -- that more supply, even of market-rate housing in mixed-income neighborhoods, helps drive down prices, rather than inflating them.

¹³ “Does Affordable Housing Cause Nearby Property Values to Decline?.Pdf.” *Google Drive*, Center for Housing Policy & MacArthur Foundation, drive.google.com/file/d/1CUSXJeSvSxMQDRG_bAYsBxz05wl09JHg/view.

New buildings decrease rents in nearby units by about 6 percent relative to units slightly farther away or near sites developed later, and they increase in-migration from low-income areas. We show that new buildings absorb many high-income households and increase the local housing stock substantially. If buildings improve nearby amenities, the effect is not large enough to increase rents.¹⁴

Another study by Xiaodi Li, a doctoral fellow at the N.Y.U. Furman Center looking only at New York City¹⁵ found that for every 10% increase in housing supply, rent for properties within 500 feet drops by 1%, though the effect disappears for properties further than 500 feet away.

Finally, another study by the UCLA Lewis Center for Regional Policy Studies from February 2021¹⁶ presents a “summary of summaries” on the question, reviewing six recent working papers that don’t just look at municipalities as a whole, but look at the connection between market-rate housing production and affordability at the neighborhood level. As they found, “Five find that market-rate housing makes nearby housing more affordable across the income distribution of rental units, and one finds mixed results.”

Even in the studies where the effect was mixed, the presence of new housing in and of itself was not the cause of increased rents in the neighborhood. The laws of supply and demand still hold, and new housing supply has a stabilizing effect on housing prices. Rather, the influx of newer higher-income residents led to new neighborhood amenities -- new restaurants, higher end shops, etc. -- and those value-adding amenities had its own upward effect on prices.

One of the researchers summed up the situation in the *New York Times* article on these recent studies:¹⁷

“These results don’t deny the reality of gentrification,” said Ingrid Gould Ellen, a professor at N.Y.U. and an adviser to Ms. Li. “They don’t deny the reality of crushing rent burdens. They simply suggest that building more housing in a neighborhood isn’t going to exacerbate those high rent burdens and may even help to alleviate them.”

¹⁴ Asquith, et al. “Local Effects of Large New Apartment Buildings in Low-Income Areas.pdf.” *Google Drive*, Harvard, 2021, drive.google.com/file/d/1yZbzuvhlXBi1M5uLkDNjEYcDbYBTqGwc/view.

¹⁵ Badger, Emily. “A Luxury APARTMENT Rises in a Poor Neighborhood. What Happens next?” *The New York Times*, The New York Times, 14 Feb. 2020, www.nytimes.com/2020/02/14/upshot/luxury-apartments-poor-neighborhoods.html.

¹⁶ Phillips, Shane, et al. “The Effect of MARKET-RATE Development on Neighborhood Rents.pdf.” *Google Drive*, UCLA Reports, 2021, drive.google.com/file/d/1tzpLKV94n33lnMgGEEYzVfR73OI6X3nv/view.

¹⁷ Badger, Emily. “A Luxury APARTMENT Rises in a Poor Neighborhood. What Happens next?” *The New York Times*, The New York Times, 14 Feb. 2020, www.nytimes.com/2020/02/14/upshot/luxury-apartments-poor-neighborhoods.html.

3. Conclusion

No one is in any doubt as to why developers, builders, and construction companies are in business. They provide a necessary service in producing housing that is in desperately short supply, and often the developments and communities they generate can be aesthetically beautiful, incredibly well-thought out, providing social benefits and benefits to the environment and climate resiliency at the same time. In many cases, the development may even benefit a particularly beset cohort of our Westchester neighbors, like seniors looking to downsize or gracefully age in place, millennials looking for “starter” apartments, young families looking for “starter homes,” or those with physical or developmental disabilities that require specific amenities to foster their independent living situations. But clearly most developers in Westchester County would not be in this line of work if they didn’t believe they could make a reasonable return on investment.

This often leads to grumbling at the local level as to whether “greedy developers” are the only ones who will reap the benefits of building the housing we need, and might even be encumbering local governments and school districts.

No matter how you look at it, the question isn’t close -- building adequate housing in our communities delivers tremendous benefits for existing residents. It is a good deal for those already living in our cities, towns, and villages, to say nothing of the desired opportunities for future residents who will continue the endless cycle of revitalizing the neighborhoods we love.

Of course, having adequate housing to meet the needs of our communities and our region has many, many benefits that are not purely economic. Housing is fundamental. It is the oxygen for our local economy, and a major concern for attracting new employers who will want to know if their future employees will be able to afford to live in the area they work. It is security for our families. It is a difference-maker for our kids: safe, secure, and affordable housing has been linked to better school attendance, higher educational attainment, and improved mental and physical health. At a time when institutions across the board are coming to terms with the sometimes invisible and sometimes implicit bias that shapes their outcomes, increased housing is part of the solution for bridging the persistent racial economic gaps in our county. And given that homes and buildings account for 40% of carbon emissions nationwide, tackling our climate crisis has to involve tackling our housing crisis.

Given all of these imperatives, it ought to come as a relief and a stroke of good fortune that if decision-makers, volunteers, and activists find common-sense ways to come together to build enough housing the right way, that it will also be a windfall for existing residents and positive for the local economy.

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