

## THE CREATION OF NEW WORKFORCE, OWNER-OCCUPIED HOUSING IN TOMPKINS COUNTY

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### BARRIERS

1. Rising cost of skilled labor and materials. By some estimates, material costs have increased over 40% just since early summer as a result of trade tensions.
2. Municipal restrictions on expansion of utility infrastructure. Lack of water and/or sewer extensions and connections to undeveloped land close to urban work centers results in minimum building lot sizes of 1 acre (where zoning permits) in order to accommodate septic and well.
3. Rising cost of land. As existing housing stock escalates in value, the value of the land underneath it and closer in has also rapidly increased. And, with Ithaca and the Finger Lakes becoming a desirable vacation/second home/retirement home destination, even more rural parcels with attractive features are garnering higher and higher prices, attracting estate size homesteads.
4. Lack of development capital for hard and soft planning and development costs. Builders and developers report that the local financial institutions are funding the construction of new housing when the builder/developer has contracts in hand from future owners, but in order to get to where a builder/developer can legally offer and sell home parcels, often the municipalities require upfront infrastructure improvements (sewer, water, storm water management, roads, etc.) prior to approving the subdivision and sale of individual building lots. These costs must be funded privately and can easily be well out of reach for most builder/developers. Added to this are the costs for engineering fees, architectural fees, legal fees, surveys, application fees, permit fees, etc.
5. Cost of Borrowing. Debt servicing for a developer becomes a significant portion of their overhead, particularly if they are privately financing the soft and hard costs before being in a position to market the properties. But perhaps equally challenging is the impact that rising mortgage rates has on future buyers' ability to borrow for their mortgage. As a simple example: The 30-year avg mortgage rate locally has increased from 3.6% in May to 4.6% in September. (While rather volatile, it is currently averaging 5.0%). In those five months, the monthly principal and interest payment on a 95% loan for a \$225,000 house has increased \$123.98. This is the equivalent of a loss of \$24,684 in buying power.
6. Municipal Zoning. Each municipality in Tompkins County has its own approach to zoning, from very segmented zoning to no zoning at all. On some level, lack of zoning makes it easier for a builder to build, but this tends to be in more rural municipalities while much of the demand is focused on closer-in communities or villages. It is in the denser, close in communities (City of Ithaca, Town of Ithaca, Village of Lansing, Town of Lansing, Village of Cayuga Heights, etc.) where density and use restrictions are less favorable to adding new single family housing.
7. Municipal approval and oversight processes. Current zoning and building laws are overseen by some combination of zoning, engineering, and building code officials in each community. Builders/developers often face significant challenges when trying to navigate the many layers of

approvals, permitting, and oversight both between and within municipalities. This can lead to expensive delays, redundancies, unanticipated costly requirements after a project has begun, and even disagreement within municipal departments. In the end, the added time and paperwork can add significant cost to the project which ultimately increases the price of the home to the buyer. Delays also cost the buyer often because they may need to extend financing deadlines, pay more interest, or extend leases while awaiting completion of their home.

8. Timely utility connections. While not a direct barrier to getting projects going, frequent delays in getting structures connected to electric, gas, or internet services stands in the way of builders being able to secure final Certificates of Occupancy in a timely manner which means buyers not taking occupancy and builders awaiting final payments to fund further projects.

9. NIMBY (Not in My Backyard) resistance. As the demand for closer-in housing continues to grow, developers who prepare proposals and then open them to public comment often face very vocal local resident opposition. Understandably, existing residents raise concerns about density, traffic, noise, and potential impacts on property values or availability of services. Some of this objection stands in the way of projects moving forward even when the proposal aligns with current zoning. It's also possible that local residents imagine impacts and demographic shifts that, if looked at more closely, may actually be beneficial.

10. Transportation infrastructure. Feeder arteries (96, 96B, 79E and 79W, 89, 13) are currently often congested as a result of legacy planning and geographic obstacles. With something like 14,000 inbound commuters each day, creating close-in housing, we believe, could in fact lessen this burden rather than worsen it. TCAT seems to lack the funding or demand to expand services. And the bike/pedestrian/auto debate is quite vocal locally as the already congested corridors are being re-lined to accommodate 2 wheel and foot traffic more safely.

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### OPPORTUNITIES/POSSIBLE SOLUTION PATHS

1. Create a revolving loan fund. There has been discussion at the County level (TC Housing Committee) about utilizing County reserve funds to support workforce housing. While current law prohibits such use, there have been suggestions to allocate these funds to a loan fund that local builders/developers can borrow the hard and soft start-up costs and repay with each sale of a new parcel or home. If not through this resource, then perhaps a local housing fund established by the for-profit institutions, municipalities, non-profit/NGO enterprises, or some combination thereof.
2. Streamline/consolidate building permit and code processes across municipalities. In an effort to help eliminate redundancies and clarify requirements, perhaps an inter-municipal effort addressing the application and permitting processes.
3. Coordinate municipal zoning and infrastructure. While municipalities do seem to be communicating more freely with one another on a number of zoning and shared service issues, there's no clear evidence that a master housing strategy has been, or will be, adopted. The Town of Ithaca is currently undergoing a zoning review with the expectation that there will be significant changes to areas where housing may be more encouraged, but it's unclear how it may dovetail with City or surrounding community plans.
4. Expand municipal infrastructure. Easier said than done, as again, residents in areas that are currently not served by municipal water and sewer often object to adding this service on both financial (added taxes) and quality of life grounds. Municipalities also often don't have the financial resources to pay for this expansion, so they may approve it if the developer agrees to build it and then donate it to the municipality for maintenance. This, of course, relates to the added cost to developers which exacerbates their ability to build homes in the target price zone for workforce buyers.
5. Property Tax Abatements. While a frequent tool used by municipalities to attract large scale commercial and multi-family development, these agreements to gradually apply property tax collections over a 10 year period, significantly reducing the tax burden on the developer, are not available to developers of single family, owner-occupied housing for the simple reason that the tax burden itself rather quickly falls to the new owner upon transfer of ownership, so it's not typically a significant burden to the small scale developer. However, the property tax burden to the buyer, in addition to the cost of the housing and cost of borrowing, makes homes more difficult to afford. Gradually increasing the property tax burden for the buyer could enable a buyer to buy at a slightly higher price point and then increase their payments for taxes as their income rises.