Tioga County NY Housing Study: December 2017
Executive Summary and Action Plan

Tioga County Industrial Development Agency

Tioga County Economic Development
and Planning Department

Tioga Opportunities, Inc.

December 2017

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Introduction

Tioga County offers a great deal as a place to live, work and play; however, the lack of housing for middle-income families, first-time home buyers and seniors is becoming a community and economic development barrier. The Tioga County Industrial Development Agency (IDA), Tioga County Department of Economic Development and Planning, and Tioga Opportunities, Inc. recognized the importance of this piece of the community and economic development puzzle, and commissioned a housing study to be conducted by the consulting team of Susan Payne, Strategic Planning and Economic Development Consultant and Elisabeth Corveleyn, Strategy, Market Analytics and Planning Consultant.

Tioga County's housing needs are driven by a combination of social, cultural and economic dynamics. The consulting team identified and analyzed a wide range of challenges and opportunities including an aging population, stability of the employers, workforce retention and attraction issues, workforce participation issues among those ages 20 – 25, job classifications and wages, household incomes and capacity to pay rent and purchase single-family housing, regulatory issues, environmental issues such as flooding and need for flood insurance, property taxes, number, age and quality of the housing stock in all categories, and the physical and financial barriers communities face in meeting the housing needs of their residents. Based on this in-depth analysis, the consulting team determined the housing needs and gaps by target market group, and have recommended strategic priorities and action steps to address the demand.

As the strategic partners move forward to address the housing issues in Tioga County, it will be important for them to focus on housing from a community and economic development perspective; specifically, the importance of the following:

- Recognizing that a qualified workforce is essential for the stability and growth of the business sector and the county's overall economic sustainability. Quality housing is a primary element of retention and recruitment of the workforce; particularly in consideration of the trend toward a shrinking number in the prime workforce age group (20 – 45) and need to replace the aging workforce (45 – 64).
- Providing safe and affordable rental housing for the senior population, that simultaneously allows for the older housing stock to be upgraded and increases the available housing inventory available for first-time home buyers.
- Vibrant and attractive community centers are a key element in making housing choices.
- Increasing owner-occupied housing as a tool to retain the quality and value of the housing stock; especially in consideration of the increasing percentage of renter-occupied properties in the villages.
- Stabilizing and increasing the pool of well-maintained housing stock and quality neighborhoods in an effort to attract buyers with stable and competitive property values.
- Creating a pathway to achieve wealth and economic stability among all income household through strategic investments in real estate;
- Attracting private investment to stabilize and enhance the quality of life; particularly in the community centers.
- Creating short-term economic viability and long-term sustainability of the overall economy in Tioga County.

The consulting team recognizes and thanks the following individuals and organizations for their participation in the study.

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Socio-economic Factors Impacting Tioga County's Housing Market

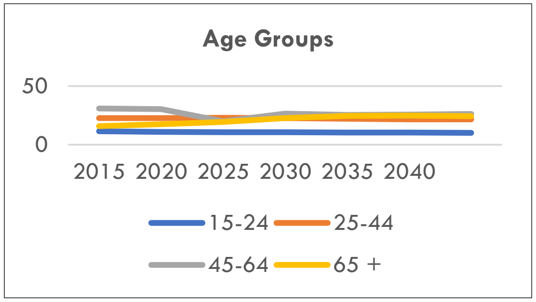
Population Trends.

Tioga County's population is 51,125. Between 2010 and 2040 Tioga County will lose more than 10,000 residents aged 15-64 and gain some 1,800 persons aged 65+.

- 65+ population is projected to grow by 22.1% or some 1,800 persons and the superaged 85+ population to grow by 31.3% or 305 persons.
- Population loss in the 25-64 working age cohort is estimated at 8,168 persons or an average of some -30%. With the 15-24 cohort included, total persons rise to >10,000.

There are increasing numbers and proportions of residents ages 65+ and 85+, increasing the ratio of these persons to the working age population and decreasing numbers of working age individuals.

- The median age in Tioga County NY is 43.6, higher than the state median age of 38.1
- For every 100 working age residents (ages 18-64) in Tioga County NY, there are . . .
  - ✓ 65.7 dependents, both elderly (65+) and young (<18) – higher than the statewide estimate of 56.1 and national estimate of 50.91.
  - ✓ 28.8 elderly dependents (65+) – higher than the NYS estimate of 22.40 and national estimate of 22.31.
  - ✓ 36.9 young dependents (<18) – higher than the NYS estimate of 33.7 and national estimate of 28.6.



- *Implications*
  - ✓ *Challenge to economic vitality and viability, given employer and employee attraction and retention are dependent on a stable or growing younger well-trained workforce*
  - ✓ *Given increasing demand to age in place at home, potential freeze within the housing market, and potentially, deterioration of already aged housing stock*
  - ✓ *Increasing need for assisted living, home care and long-term care providers to serve the growing elderly cohort, complicated by declines in the caregiver-aged demographic cohort*
  - ✓ *Acceleration of the rate of aging and morbidity within the county, and potential disruption of the balance of domestic in-migration + births and the rate of death and disability*
  - ✓ *Acceleration of the rate of working-age population out-migration if economic opportunity declines and the quality of housing units deteriorates; decline in the tax base and municipal viability*

Household Trends.

- Households in Tioga County: 19,872, about 50% are headed by married couples.
- 14,000 family households with an average size of three.
- 41% or 8,200, include one or more persons aged 60 or older; 28.7% or 5,700, include one or more persons under 18 years of age; 5,151 households include children under the age of 18.
- Majority reside in single-unit structures (70.6% with a higher rate among married couples of 83.9%) and 14.3% reside in structures including 2 or more units.
- 15.1% households reside in mobile homes.
- 28.7% are female headed households.

Median Household Income Trends.

- Median income: $57,514.
- Highest median income levels: married couples with families ($78,325) and among working age cohorts, 25-64 years of age ($66,259 - $67,665K).
- Circumstances associated with the lowest median household income: living in non-family households and living alone.
- Among non-family households, single householder status and living alone are indicators of the lowest income households. ($29,120-male HOH and $22,858-female HOH)
- Highest estimated median annual income levels: towns of Owego ($69,832) and Tioga ($59,219) and the village of Nichols ($58,750).
- Lowest annual median incomes: town ($44,550) and village ($44,773) of Spencer, and the villages of Waverly ($41,146) and Richford ($39,821).

Declining Unemployment Rate.

Tioga County's unemployment rate dropped from 6.1% in January 2017 to 4.4% in October 2017, which reflects the stability of the employers and their commitment to hire local. With a workforce of 22,100 as of October 2017, only 1,000 people living in Tioga County are unemployed. This is down from 2,000 people out of work in 2012. This translates to a 96% workforce participation rate.

Employer Replacement of the Aging Workforce.

The median age in Tioga County is 43 years. Many employers will be facing the need to replace nearly 30% of their workforce in the next 5-7 years; however, the younger worker cohort is not adequate and the workforce participation rate among those ages 20 – 25 is less than 70%.

Shrinking Workforce Pool.

In 2015 the workforce was 23,960 residents, and it dropped to 23,200 in 2016. The workforce has continued to decline, and New York State Department of Labor reports that Tioga County's workforce stands at 23,100 as of October 2017. Of this number, an estimated 22,100 are currently employed.

Stable Employers and Potential for Growth.

Tioga County's economic base is stable and there is the potential for it to be strengthened by Tioga Downs' continued growth and the potential for expansion at other employers such CVS Warehouse, Upstate Shredding, Leprino and Stateline Auto. This stability strengthens confidence among the various consumer groups, particularly first-time homebuyers and those planning to move-up in the housing market.

Commitment to Hire Local.

Employers in Tioga County are commitment to hiring local, which has resulted in positive impacts including retention of the local workforce and a drop in the unemployment rate. However, the wage levels are not attracting new workers from outside the county.

Annual Wages.

The majority of workers in jobs being created are earning an annual wage of $35,000 – 40,000, which limits demand for single-family housing buying to the $120,000 – 150,000 price point. The limited number of new jobs that bring workers from outside of Tioga County are either at the management level or engineering positions. These workers are purchasing houses in Vestal due to a lack of inventory of available houses in the $250,000+ price point.

Increasing Demand for Seasonal Workers.

Another interesting dynamic is the increasing number of seasonable rentals to accommodate demand by horsemen at Tioga Downs.

Barriers to Housing Development and Neighborhood Revitalization

Old Housing Stock

The existing housing stock is both old and outdated. While Tioga County ranks 5th best in the state for affordable housing, its stock is not attractive to buyers. There is a need to renovate the older housing; but given the uneven quality of neighborhoods, some homeowners will not choose to renovate because they do not believe they will recover the cost in a future sale. In other cases, the older homeowner may not have the financial resources to invest or the desire to upgrade.

Limited Household Income

The median household income for Tioga County is $57,514. The highest median income levels are among married couples with families at $78,325 and among working age cohorts, 25-64 years of age at $66,259 - $67,665. This places buying power for single-family housing in the $90,000 - $175,000 price range for this group. However, 75% of new hires in the next five years will be in skilled labor and service worker jobs with this household income in the $50,000 - $70,000 range, which will continue to increase the demand for housing at the $90,000 - $150,000 price point.

The lowest annual median incomes are in the town ($44,550) and village ($44,773) of Spencer, and the villages of Waverly ($41,146) and Richford ($39,821) that brings attention to the growing financial burden on both owners and renters. Housing burden, that is greater than 30% of a household's annual income, is greatest among renters at 41% as compared to homeowners at 21%, which makes it difficult for the struggling family to save money necessary to achieve homeownership. For example, nearly 26% of all households with an annual income of less than $20,000 are spending more than 30% on rent, while only 2% of those households with an income of $35,000 - $50,000 exceed the 30% threshold.

Real Estate Taxes

For owner-occupied housing units with a mortgage, median real estate tax is just over $3,000. For owner-occupied housing units without an associated mortgage, median real estate taxes are 78.7% of that total, or about $2,400. At the municipal level, real estate tax expense among mortgage holders varies among localities. Localities with estimated real estate tax expense greater than in the county overall ($3,046/year) are the Village of Newark Valley ($3,167), Town and Village of Owego ($3,782 and $3,961), Town of Richford ($3,226) and Village of Spencer ($3,182).

Property Appreciation

The appreciation rate of residential properties has continued to rise, but at a very slow pace; it is essentially a flat line. Much of this is due to the history of flooding and increasing property taxes. This issue is combined with limited home sales, leading to lack of comps necessary for appraisals to secure home loan approvals.

Flooding and Cost of Flood Insurance

The long history of flooding has been most impactful in the villages of Waverly, Nichols and Owego, and Towns of Barton and Owego (Apalachin area). The quality of the houses was damaged, property values declined, property taxes rose to meet increasing municipal expenses, and in some cases the high cost of flood insurance was imposed. It is not uncommon that the combined cost of flood insurance and property taxes are higher than the monthly mortgage payment, with flood insurance costing $2,000 to $3,000 per year in the Village of Owego. The combined issues of high property taxes, in relationship to the quality of the house, and the cost of flood insurance are particularly significant barriers to the first-time home buyer. This issue also is a contributing factor to blight because the homeowner is obligated to maintaining flood insurance and cannot put those same cash resources into rehabilitation and upgrades to their home.

Limited Number of Traditional Subdivisions

Subdivisions such as Tioga Terrace near Lockheed and the Broome County border are most desirable. An estimated 45 new houses have been constructed there in the past 10 years. These subdivisions are within the well-rated Vestal School District with the benefit of lower property taxes in Tioga County (as compared to Broome County). On the other hand, Crestview Heights subdivision sales and home values are flat because this subdivision is in the Union-Endicott School District that has a less desirable reputation.

Neighborhood Revitalization

There are four barriers to neighborhood revitalization including lack of potential sites due to geographic barriers, environment issues such as flooding, local resistance to low-moderate income housing and limited land use regulations.

Increasing Number of Rental Properties in Community Neighborhoods

An expanding number of rental properties have been purchased by out-of-town buyers who are perceived as “slum landlords.” This group is buying foreclosure properties for as little as $30,000 - $40,000 with no required flood insurance. These properties are encroaching on the more desirable neighborhoods, and many are perceived as “drug houses.” This is a growing issue in Waverly, Owego, Candor, Spencer and Newark Valley.

Dynamic Community Centers

The county lacks attractive “gateway entrances and vibrant community centers.” Many population centers do not have attractive commercial centers, restaurants and entertainment and other amenities supporting vibrant lifestyles. The municipalities are faced with limited financial resources to invest and incentivize private investors. Although the state offers programs such as NY Main Street and Restore NY, many property owners cannot afford to wait out the reimbursement period.

Desire for Stability and Predictability at the Local Level

There is a great deal of pride among the residents of Tioga County, and at the same time, a desire for stability and predictability. These are positive traits, but at the same time can deter revitalization and new construction to meet the changing needs of the communities. There also is a passion to address the needs of the elderly who cannot remain in their homes for safety reasons, and who also cannot invest in upgrades or even basic maintenance. This latter situation only contributes to the continued deterioration of the aging housing stock, and leads to a dual need to address the increasing demand for senior housing with new construction while freeing up housing stock for home buyers.

Targets To Fill Market Demand

Summary Gap Analysis and Strategic Approach to Address Single-family Housing Needs		
Market Segment	**Nature of Housing Sought & Approximate Price Point**	**Proposed Strategy to Address Housing Need**
Group 1.a. **First-time Homebuyers** ▪ Married couples with families that have a median household income of $78,325 ▪ Working age people ages 25-55 years of age with a median household income of $67,665	Family homes. They are interested in community centers that provide locations where they can walk to stores and services, easy access to employment, and quality schools. Preference is for houses that are in "move-in" condition. Approximate Price Point: $90,000 – 175,000	▪ Identify target neighborhoods, and inventory and prioritize housing units for revitalization. ▪ Focus on houses with potential for modest rehabilitation and immediate acquisition price in the $40,000 – $75,000 range, and a subsequent market list price in the $75,000 - $150,000 range. Target Level of Activity Conservative: 40 - 65 Moderate: 65 - 80 Aggressive: 80 - 120
Group 1.b. **First-time Homebuyers** ▪ Young couples and families with modest incomes in the $50,000 – $65,000 range. ▪ They are on the cusp of having the financial capacity to afford a "starter home."	Affordable starter homes. They are interested in community centers that provide locations where they can walk to stores and services, easy access to employment, and quality schools. Preference is for houses that are in "move-in" condition; but, some may have the interest and skills to participate in any needed renovations. Approximate Price Point: $50,000-$80,000	▪ Identify target neighborhoods, and inventory and prioritize housing units for revitalization. ▪ Focus on houses with potential for modest rehabilitation and immediate acquisition in the $25,000 – $40,000 range, and a subsequent market list price in the $50,000 - $75,000 range. ▪ The category includes a path for seniors to move into quality rental housing and free-up existing housing units, financial incentives for the home buying families to renovate houses, and property tax relief in select neighborhoods targeted for revitalization. Target Level of Activity Conservative: 45 - 65 Moderate: 75 - 100 Aggressive: 100 -150

Group 2: **Middle Income Move-up Households** ▪ Families with a household income of \$65,000 – \$90,000, and are moving up from a current house at the \$75,000 - \$125,000 price point. ▪ Although this target market group does not have a significantly higher household income and the first-time home buyer, they do have equity in their existing homes established credit, and the capacity for a larger down payment on a new house.	Family homes that may require modest renovations and upgrades. Approximate Price Point: \$150,000 - \$225,000 range.	▪ Identify target neighborhoods and inventory housing. ▪ Focus on houses with potential for modest rehabilitation and a subsequent market value for a buyer seeking a home valued at \$150,000 - \$225,000 and they buyer does not need to secure a loan at market rates to rehabilitate or complete basic upgrades. ▪ This group requires financial assistance to update a house. This target market group also would be included in the strategy to provide a path for seniors to move into quality rental housing and free-up existing housing units, and property tax relief in select neighborhoods targeted for revitalization and creation of mixed-income neighborhoods. <u>Target Level of Activity</u> Conservative: 35 - 50 Moderate: 50 - 75 Aggressive: 75 - 100
Group 3. **Low-Moderate Income Renters on the Path to Homeownership** ▪ Young couples and families with modest incomes in the \$35,000 – \$50,000 range who are long-term renters currently or previously receiving rent assistance, lack a credit line and have limited access to financial resources for a down payment.	Affordable starter homes. Approximate Price Point: \$40,000 - \$65,000 range.	▪ Create a "pathway program" that includes a set of tools that will result in home ownership such as education and job training necessary to obtain jobs that will provide adequate income; counseling about how to become self-sufficient, get-off-of public assistance, accumulate savings, achieve good credit, and manage money to avoid future foreclosure; restricted savings accounts; and financing mechanisms including property tax relief and property rehabilitation programs. Consider tools such as HUD's Homeownership Voucher Program. ▪ Identify housing options where the housing payments are less than one-third of a family's combined monthly income. <u>Target Level of Activity</u> Conservative: 25 - 40 Moderate: 45 - 60 Aggressive: 60 - 75

<table>
<tr><th colspan="3">Summary Gap Analysis and Strategic Approach to Address Rental Housing Needs</th></tr>
<tr><th>Market Segment</th><th>Nature of Housing Sought & Approximate Price Point</th><th>Gap and Proposed Strategy to Address Demand</th></tr>
<tr><td>Group 1.

Seniors aged 65+ seeking independent rental housing

These are retirees who have "aged in place" and may find their present housing situation too difficult to manage or too expensive to maintain.</td><td>Independent Living Rental Housing for the 65+ population.</td><td>▪ Identify site and aggressively recruit developers to undertake new construction.

▪ The ability of developers to respond to demand is complicated by financing of new construction projects that allows for a match between the rental structure required to support the developer's construction costs and prospective tenant's household income. This challenge is further complicated by the lack of shovel-ready sites together with the high operating costs.. Developers will need financing subsidies to fill the gap.

<u>Target Level of Activity</u>
Conservative: 35 - 50
Moderate: 50 - 65
Aggressive: 65 - 75</td></tr>
<tr><td>Group 2.

Moderate-income Households

Seeking Rental Safe and Affordable Rental Housing</td><td>Moderate Income-based Housing

Over 50% but no more than 80% of median family income in a defined geographic location.</td><td>▪ Identify site and aggressively recruit developers to undertake new construction or renovation of existing properties.

▪ The shared objective is to meet demand through new construction of apartments and townhouse style rental units, positioning moderate income families on a trajectory for home ownership, and returning single-family rental units to their original home ownership status. Initial focus should be in Owego and Waverly areas.
<u>Target Level of Activity</u>
Conservative: 150 - 175
Moderate: 175 - 225
Aggressive: 250 - 300</td></tr>
</table>

Group 3: **Working Singles and Married Couples**	Market rate apartments with up-to-date amenities Approximate Price Point: Rents of $850 -$1,200/month	▪ This could occur in either new construction or renovation of existing buildings resulting in upper story units. Initial focus should be on Owego, Waverly and Newark Valley areas to take advantage of proximity to major employers. There also should be a focus on renovations and upgrades to existing market rate rental housing, particularly in Apalachin. ▪ Also focus on the rehabilitation of existing buildings to enhance the county's overall quality of place in order to appeal to and retain its younger residents and attract people locating to the area. <u>Target Level of Activity</u> Conservative: 45 - 60 Moderate: 60 - 85 Aggressive: 90 - 125

Strategic Priorities

Based on the factors driving housing demand in Tioga County, it is recommended the stakeholders and partner organizations undertake a comprehensive revitalization strategy that involves enhanced regulatory controls and an injection of capital investment to upgrade existing housing, replace housing jeopardized by environmental issues, fill gaps in target market demand, undertake new construction and revitalize the community centers. Such strategies should serve as the basis for decision-making and project development.

Revitalize neighborhoods in select villages.
(Owego, Newark Valley, Waverly).

~Demolition and rehabilitation of housing in specific neighborhood blocks.

~New construction of moderate income rental properties to create mixed income neighborhoods.

~Street scape improvements in targeted neighborhoods.

Attract public and private investment.

~Housing rehabilitation and new construction of multi-family for middle/moderate income families and senior independent living.

~Revitalization of community cores including streetscape and façade improvement.

~Small business development.

~Upgrade existing market rate rentals.

A comprehensive revitalization strategy is essential and should involve enhanced regulatory controls and an injection of capital investment to

~Upgrade existing housing, replace housing jeopardized by environmental issues.

~Fill gaps in target market demand.

~Undertake new construction and revitalize community centers.

Such strategies should serve as the basis for decision-making and project development.

Enhance appearance and overall quality of life.

~Enforce codes and create other regulatory tools.

Proactively acquire properties.

~Reverse the trend of increasing numbers of single-family houses being purchased as investment properties for conversion into rentals.

Proposed Action Plan

The proposed action plan is based on the following set of assumptions and principles that will form the foundation for meaningful impact.

- Recognize that a qualified workforce is essential for the stability and growth of the business sector and the county's overall economic sustainability. Quality housing is a primary element of retention and recruitment of the workforce; particularly in consideration of the trend toward a shrinking number in the prime workforce age group (20 – 45) and need to replace the aging workforce (45 – 64).

- Provide safe and affordable rental housing for the senior population, that simultaneously allows for the older housing stock to be upgraded and increases the available housing inventory available for first-time home buyers.

- Vibrant and attractive community centers are a key element for buyers in making housing choices.

- Increasing owner-occupied housing is a tool to retain the quality and value of the housing stock; especially in consideration of the increasing percentage of renter-occupied properties in the villages.

- Stabilizing and increasing the pool of well-maintained housing stock and quality neighborhoods will attract buyers who are seeking stable and competitive property values.

- Creating a pathway to homeownership for low and moderate-income families will achieve wealth and economic stability among a greater number of income households through strategic investments in real estate

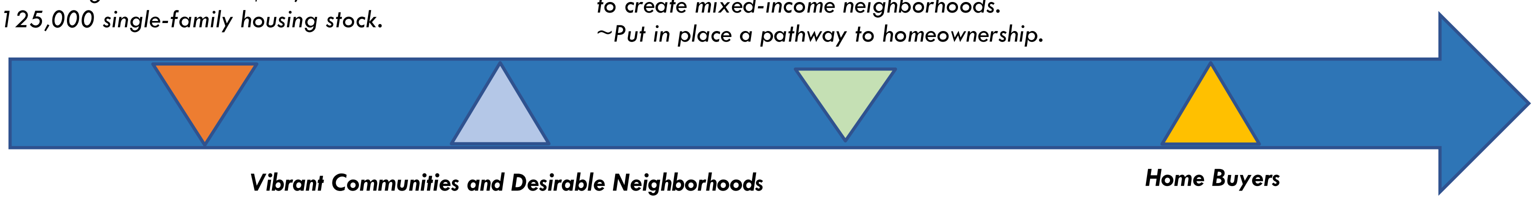
- Attracting private investment to stabilize and enhance the quality of life is a essential component of revitalizing the housing market; particularly in the community centers.

Action Plan

1. **Adopt an overall housing strategy that functions as a trajectory to meet the housing needs of the priority target market groups and positions communities for paced renewal and economic sustainability.** ***The strategy should be based on the filling the gaps and meeting target market group needs as identified in this report.***

Senior Population
~Provide a pathway to move seniors from single-family housing into safe and affordable rental housing.
~Unleash gridlock on the $90,000 - $125,000 single-family housing stock.

Moderate Income Renters
~Meet rental needs of moderate income households on their way to future home ownership, and free up low-mod rental housing for the neediest.
~Motivate existing property owners to upgrade existing market rate rental housing stock.
~Construct new moderate/middle-income rental housing to create mixed-income neighborhoods.
~Put in place a pathway to homeownership.



Vibrant Communities and Desirable Neighborhoods
*~Revitalize and upgrade the existing housing stock in target neighborhoods**
~Simultaneously revitalize community centers.

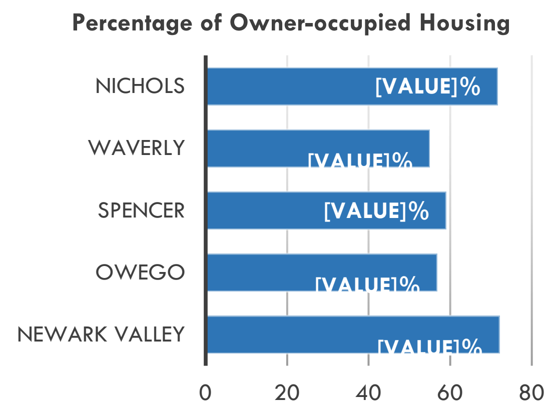
Home Buyers
~Invest in updated and quality housing stock that is available in the $90,000 - $150,000 price point.

****Revitalize the Single-family Housing Stock in Target Neighborhoods***

- Focus on housing stock available for first-time home buyers and those moving up to the $90,000 – $150,000 price point. Drive revitalization of the existing housing stock in targeted neighborhoods with financial incentives for owners and prospective home buyers. Initially focus on neighborhoods in the villages of Newark Valley, Owego and Waverly.

- Capture and revitalize single-family houses in the $30,000 – $75,000 price point to reverse the trend of houses being purchased for conversion to multi-tenant rentals. Renovate and target homeownership for moving- up home buyers, and moderate-income families seeking quality rental housing and on a trajectory to home ownership.

- Address the issue of an increasing percentage of renter-occupied properties in the villages.



2. Develop investment strategies to revitalize the community centers.

Communities that invest in themselves can better keep and attract the young families that energize communities and create new businesses. Initially undertake community investment strategies in the villages of Newark Valley, Owego and Waverly. At a minimum, such strategies should include the following elements.

- Identification of targeted residential neighborhoods and a block-by-block assessment of the housing stock to determine the future status of each property ranging from demolition to major rehabilitation
- Investment in a financing strategy
- Demolition as necessary and rehabilitation of the existing single-family housing stock
- Conversion of rental properties back to original single-family use
- Neighborhood streetscape improvements
- Enhanced code enforcement and creation of new regulatory tools as necessary
- Revitalization of the community centers
- Development of senior and moderate-income rental housing

Recommended principles of planning and implementation of a community investment strategy include the following.

- Undertake housing revitalization and new construction at the "right" pace of change that balances erosion with renewal.

- The involvement, support and commitment to implementation of an investment strategy is necessary at all levels of government and at each step of the way.

- Prioritizing projects should be based on advancing the investment strategy and meeting the needs of the target market groups.

- Each proposed action item or proposed project should include clear objectives and expected outcomes, and a statement of how it will advance Tioga County as a whole, what's in it for the individual community in terms of achieving a balance and sustainability of its social and economic fabric, how it plays a part in advancing the communities investment strategy, and the benefits to the investor.

- Utilize existing regulatory tools such as code enforcement and identify addition regulatory controls important to successful implementation of the community investment strategy.

3. Develop and pursue financing strategies to implement the investment strategies.

The public-private partnership proposed in action item #4 below should actively pursue a wide range of financing opportunities to implement the community investment strategies.

- Aggressively pursue financing sources that will range from the CFA grant competition to tax credits and other incentive programs, to New York State financing programs and traditional financing utilizing the Community Development Finance Initiative (CoDeFi).

- Seek out successful models that have leveraged several financing sources. The Chemung Crossings project in Elmira is an example of a partnership with a development organization, the local municipality, and several state agencies and a private foundation. CDS Monarch (a development organization) received financing from the NYS Homes and Community Renewal Housing Trust Fund program ($2M), Low Income Housing Tax Credits, the NYS Office for People with Developmental Disabilities ($1.2M) and a local private foundation ($75,000). The project consists of fifty, 1-bedroom affordable units to meet the needs of seniors and people with physical and developmental disabilities.

- Work with developers and investors to identify the optimal mix of tax credit and moderate/middle income units to minimize real estate risk and maximize tax credit equity. For example, explore options for project utilizing the SLIHC and it allocation of tax credits, and recommendations to New York State to refine HCR's new Middle Income Housing Program (MIHP) to ensure full utilization. Continue to fund units at a range of AMIs up to the allowable maximum 130%, and ensure the inclusion of neighborhoods where markets may not currently be strong enough to reach 130% AMI levels.

- Explore options available to the Tioga County IDA, banking institutions and newly formed Tioga County Property Development Corporation (land bank) working in collaboration to develop and implement a multi-pronged financing strategy that would involve housing acquisition and rehabilitation, and offer current or potential property owners a financial incentive package to participate in a housing purchase and redevelopment program. Such a program should include working with the local municipalities to target neighborhoods and inventory housing in select blocks, using the land bank to capture vacant houses prior to sale, offering property tax relief and a combination of low-interest loans and grants to assist new property owners undertake renovations that make the purchase of an older home a viable business investment. It is recommended the initial phase focus on targeted neighborhoods in the villages of Owego, Newark Valley and Waverly.

- In tandem, consider working with the Village of Owego to identify targeted neighborhoods or blocks for demolition and redevelopment.

Consider the many existing funding sources such as:

- New York State's **Affordable Housing Corporation** (AHC) creates homeownership opportunities for low- and moderate-income families by providing grants to governmental, not-for-profit and charitable organizations to help subsidize the cost of newly constructed houses and the renovation of existing housing. Several organizations in the Southern Tier have participated such as Arbor Housing and Development, Bishop Sheen, Opportunities for Chenango, Inc., Ithaca Neighborhood Housing Services, Inc. and Community Progress Inc. in Corning.

- The New York State **Neighborhood Stabilization Program** (NSP), administered by the Housing Finance Agency (HFA), offers financing to local municipalities and affordable housing developers to acquire and redevelop foreclosed, abandoned, and vacant properties. Once renovated or newly constructed, homes are sold or rented to low-, moderate-, and middle-income households, with mandated long-term affordability. NSP funds are also available for local land banking initiatives focused on foreclosed residential properties, and selected demolition of blighted properties in targeted neighborhoods. The program targets communities most severely affected by foreclosure.

- The Tax-exempt Private Activity Bonds program and 4% as-of-right tax credits. They have been used to finance affordable multifamily units and mortgages for homeowners. The NYS 2018 budget has $2.5 billion earmarked for affordable housing programs. New York State also uses Private Activity Bonds to subsidize competitive SONYMA program loans for first-time low- and moderate-income buyers with down payment assistance loans, low-interest mortgages for veterans, and new programs that help homebuyers purchase and renovate zombie homes to fight blight.

- Consider creative combinations of financing such as those recently applied to the 210 Hancock Street project in Ithaca. This project involved financing from the Middle Income Housing Program, the Community Investment Fund, NYSERDA and the Community Preservation Corporation.

- NYSERDA also offers its Low-rise Residential New Construction Program to more seamlessly support the higher performance multifamily new construction market.

It is important to note that the Federal Reserve System New York District is actively promoting community development through a variety of programs, and recently announced its intention to help advance economic mobility and resiliency of communities across its Second District. As part of this effort, the Federal Reserve is encouraging capital providers to allocate funding to innovate, measurable and impactful projects. In 2017 the Fed took steps to formalize its work and launched the Community Development Financing Initiative. CoDeFi supports the transformation of entire communities in the region by working closely with regional organizations to increase the effectiveness of community development investments. The Federal Reserve System has created a community development finance progression model to advance this effort. CoDeFi also leverages the Federal Reserve System's role in overseeing financial institutions' compliance with the Community Reinvestment Act (CRA).

Development of this model will require development and maintenance of an inventory system, creation of a low-interest rehabilitation fund to provide gap financing for the homeowner, strict code enforcement on the part of the local municipalities, and promotion program. Consider models that have been created in communities in the Southern Tier such as the Corning Housing Partnership that was formed in 2016 and is undertaking a neighborhood redevelopment program that involves renovation of single-family houses in targeted areas. Also consider offering property tax incentives to stimulate investment in significant rehabilitation of single-family houses in target neighborhoods or price points, and a gap financing program together with tax incentives to leverage private investment for property acquisition to convert multi-family properties back to original use as a single-family structure, real property tax exemption for single-family houses.

4. Create an organizational structure to implement the recommendations.

- Create a public-private partnership to drive community investment strategies in the major population centers, with a focus on revitalizing the community centers and meeting the housing needs of the various target market groups. This partnership should develop a county-wide housing pipe-line strategy that leads to a mixed-income housing stock and reflects the population's economic characteristics, focuses on the retention of the prime workforce between the ages of 24 – 45, addresses the county's aging population, and sets a path to home ownership. Priority target market groups include first-time home buyers, moving-up home buyers, and moderate-income families seeking quality rental housing.

- The public-private partnership should be responsible for working with the target communities to develop community investment strategies and financing/business plans to prioritize and implement the strategies, secure and attract financing sources, and drive implementation. These strategies also should be proactive in addressing barriers to a vibrant economic base such as a program to acquire properties in an effort to reduce the number of single-family properties being acquired by out-of-town buyers and converting them into multi-family rentals.

- Simultaneously, this public-private partnership should collaborate with county and regional government agencies and community organizations to identify and coordinate the wide range of tools and resources available to support the individual community investment strategies, as well as, a county-wide housing pipe-line strategy. Examples include historic tax credits, Tioga County Land Bank, Tioga County IDA, Tioga Opportunities, municipal regulatory authority, banks and credit unions, community foundations, Tioga County Department of Economic Development and Planning, planning agencies such as STERPB, and existing organizational structures such as REAP.

It will be important to consider these principles as the stakeholders and partners move forward with implementing a housing strategy.

- Understand that housing has a significant impact on both the quality of life and the long-term economic viability of the entire county because it is a key element in workforce retention and attraction, property values, and long-term financial sustainability of the communities through property tax revenue.

- Maintain a focus on the relationship between development and sustainability.

- Offer a diversity of housing options that preserve and upgrade the existing housing stock together with new construction.

- Redefine and revitalize neighborhoods with a targeted investment strategy.

- Create and maintain vibrant community centers.