



**PLANNING FOR FAMILY-FRIENDLY COMMUNITIES: ISSUE BRIEF**  
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## Housing and Family-Friendly Communities

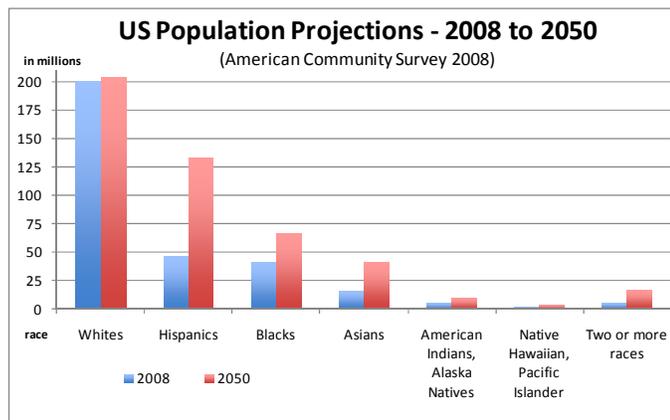
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### WHY HOUSING MATTERS FOR FAMILIES

Families of today are more diverse than ever before and this trend is expected to continue (See Chart 1). Families with young children today make up about 34% of the American population. By 2050, 62% of American children will be ethnic minorities. In 2030, 1 out of every 5 Americans will be 65 years and older (U.S. Census Bureau, 2008). How can planners accommodate the lifestyle preferences and needs of increasingly diverse families? How can different housing and tenure types benefit different segments of the population, including families with young children?

**Chart 1 - US Population Projections - 2008 to 2050**



Smart neighborhood design should provide a variety of housing types and take into account walkability and proximity to critical city services and family-friendly amenities such as access to transportation, parks, schools, childcare, healthcare, and supermarkets.

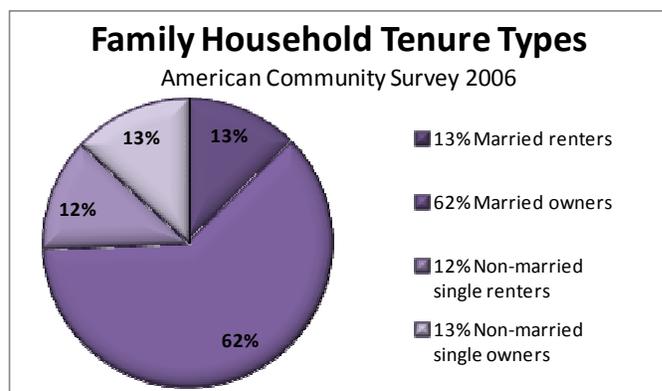
For more on neighborhood design, please see the Comprehensive Planning issue brief.

### REDEFINING THE AMERICAN DREAM

Traditional American culture dictates that success and status for families comes from owning a home. The benefits of homeownership are many and it is widely acknowledged that homeownership increases community pride, and builds social capital. But, there are alternative ways for families to build wealth and neighborhood pride, as well as drawbacks to owning a house. Financially, homeownership may not always be the optimal investment for a family, and other financial investments may yield more stable and lucrative returns.

In 2006, at the onset of the foreclosure crisis, we saw peak homeownership rates at around 67% for all households, including greater homeownership rates amongst minorities. This number was even higher for family households at 75% (See Chart 2). These unprecedented high homeownership rates, however, were not sustainable.

**Chart 2 - Family Household Tenure Types**



Renting is not always necessarily a second-rate option. Some benefits to renting include increased flexibility and freedom. The transaction costs

associated with renting are much lower so renters are more mobile. If the economy experiences a downturn, renters will be able to follow the jobs more easily than homeowners (Drew and Belsky, 2008). Renting is also more accessible to families without an established credit history or lower credit ratings, or for older individuals who cannot manage home maintenance and repair costs (Davis, 2004).

However, though a quarter of all American families live in rental housing and pressure on this tenure type is increasing with the foreclosure crisis, renters are left with few housing choices (See Chart 2, Katz, 2003). Over the past several administrations, government policy has focused on making homeownership a possibility for all citizens, including minorities and single-parent households. In fact, industry and government have maintained support for homeownership even though the real income for most households has leveled off or declined over the past twenty years (Hemmens, Hoch, and Carp, 1996).

According to Lynn Ross of the Center for Housing Policy, there is growing interest in looking at the full-spectrum of production, including affordable rental and for sale housing, recycling and preservation programs, mixed-use and infill development, as well as land banking. Communities need to make sure to provide a balanced variety of housing for families including multi-family, single-family, and an adequate supply of affordable rental housing. "No single form of tenure should crowd out all the alternatives in healthy, diverse, communities" (Kohe and Watson, 2007).

### **MORE FAMILIES DEMAND AFFORDABILITY**

Sixty-six percent of the respondents in a recent APA survey said their community lacked affordable housing (Israel and Warner, 2008). Affordability problems affect people in all age groups and family types, and occupations. This includes public employees, health care professionals, and many other critical service economy workers (State of the Nation's Housing, 2008). Lynn Ross of the Center for Housing Policy agrees that, "affordability is an issue that needs to be addressed at all income levels". Housing is the single largest expense in the budget of both renters and owners (Downs, 2008), but transportation costs can also be daunting, especially in working families. Working families making from \$20,000 to \$50,000 annually, spend close to 60% of their income on housing and transportation combined (See Chart 3).

Rental households, in particular, tend to be poorer than owner occupied households and though some tenants choose to rent, others cannot afford to buy. Generally, as demand for rental housing increases, so

do rents (Agpar, 1990). In 2005 the median income among rental households was half that of that for owner-occupied households, or \$27,051 compared to \$55,571 (Downs, 2008) so affordability is an issue that is especially likely to affect renters. Though local, state and federal governments have made efforts to provide affordable rental housing, initiatives are often project-based and for limited terms, and there is an inadequate supply of affordable rentals, especially in suburban areas where job growth often occurs (Belsky and Drew, 2008).

**Chart 3 - Typical Household Budget**

<b>TYPICAL HOUSEHOLD BUDGET IN 28 METROPOLITAN AREAS</b> <i>(Expenses as a share of income)</i>		
	<b>All Households</b>	<b>Working Families Incomes \$20,000 – \$50,000</b>
Housing	27.4%	27.7%
Transportation	20.2%	29.6%
Food	10.6%	15.1%
Healthcare	4.7%	7.7%

Note: Housing costs include mortgage payments, operating costs and utilities for homeowners and contract rent and utilities for renters; transportation costs include the cost of owning and operating a vehicle and the cost of public transit.

Source: Figures derived by the Center for Neighborhood Technology (CNT) and the Center for Housing Policy from the 2000 Census of the U.S. Census Bureau and the 2002 and 2004 Consumer Expenditure Surveys of the Bureau of Labor Statistics.

Cities are developing new housing programs such as *workforce and employee housing programs*, often in conjunction with local universities or through nonprofit organizations. Workforce housing programs seek to house government or other private sector employees in certain designated central target neighborhoods by providing down payment assistance to potential homebuyers (For more details, see the Case of East Lansing, MI below). With programs such as these, city workforce members and their families can afford to live in core neighborhoods. This reduces long commute times and sprawl.

The *housing trust fund* model is an innovative departure from the way that dollars have been historically secured to provide affordable housing (Policylink.org). In 1994, more than 70 housing trust funds existed across the country. In the 1990's, this number has more than doubled, and today there are over 600 housing trust funds in the country (Center for Community Change, 2007). The concept is simple—a housing trust is a way to generate revenue for the *production and preservation of various types of affordable housing*. Despite this simplicity, trusts can take many years to establish, requiring broad-based community support (Brooks, 1994) (For more details,

see the Case of Burlington, VT below). A National Housing Trust Fund was included in the Housing Economic Recovery Act of 2008.

## **TOOLKIT**

### **GETTING STARTED**

In order to develop an integrated “family-friendly” housing policy, it will be necessary to assess the needs of your local community. Some of the questions you can ask are the following:

- Is housing in your community affordable to a variety of incomes?
- Do you have a variety of housing types and tenures catering to diverse community member needs?
- What is the ratio of rental to ownership housing?
- How has the housing and foreclosure crisis affected your community?

### **BUILDING PARTNERSHIPS AND FUNDING**

In almost all cases, it will be necessary to work with the county, state and federal government to gain access to funding and matching grants. Cities should:

- Make use of a variety of funding types including local, state and federal sources such as Community Development Block Grants
- Seek out local community stakeholders such as employers, developers, community agencies and nonprofits.
- Explore options that have been successful in other communities such as community land and housing trusts

### **DEVELOPING AND EVALUATING A HOUSING PLAN**

The key to creating successful housing scenarios in cities is to develop a successful action plan and integrated housing policy. Cities need to:

- Define priorities in an action plan according to your local assessment
- Set specific goals and objectives and form a task force or steering committee to guide implementation
- Evaluate action plans regularly by highlighting benchmarks and shortcomings
- Consider branding your plan as “family-friendly”, as this has proven to help move initiatives forward (Israel and Warner, PAS, 2008)

HousingPolicy.org is a useful website for getting started with local housing policy:  
<http://www.housingpolicy.org/index.html>

## **CASE STUDIES**

A review of selected cities, towns and villages throughout the country has shown a number of housing initiatives that have succeeded in accomplishing the goal of securing a diversity of tenure and housing types for diverse families at all income levels. Programs span from providing affordable rental housing to low-income families, to helping families with moderate incomes put a down payment on a home. The following are suggestions compiled from the efforts of the communities of Burlington, VT, the City of East Lansing, MI and the City of Frederick, MD.

### **CITY OF BURLINGTON, VT**

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#### **HOUSING TENURE LADDER**

Burlington, Vermont’s guiding concept of a “housing tenure ladder” acknowledges various housing needs in the city and aims to combine security and mobility, guaranteeing families the “right to stay put” and a “chance to move on.” The rungs of the housing tenure ladder consist of a wide range of living situations, including single room occupancy, family-sized apartments, detached homes, cooperatives, condominiums, group homes and co-housing.

For more on Burlington’s Housing Ladder concept see:<http://www.cedo.ci.burlington.vt.us/legacy/strategies/08-subj-housing.html>

#### **HOUSING TRUST FUNDS**

The City of Burlington’s housing land trust, established in 1984, has succeeded in guaranteeing affordability in the city. This model supports affordable housing by helping low-income buyers, and by helping to keep home prices and mortgages affordable. In a nutshell this works because though the cost of the land is not included in the home price, it is included as equity on the mortgage reducing mortgage insurance and other closing costs, saving homebuyers up to 25% on their home purchase. Housing trusts have also been successful in the preservation and production in affordable rental stock.

For more on Housing Trust Funds in Burlington:  
<http://www.champlainhousingtrust.org/>  
<http://www.yesmagazine.org/article.asp?id=2834>  
For more on the Preservation of Affordable Housing Stock:  
<http://www.housingpolicy.org/toolbox/strategy/policies/preservation.html>

## **CITY OF EAST LANSING, MI**

### **HOMEOWNERSHIP OPPORTUNITY ASSISTANCE PROGRAM**

The Homeownership Opportunity Assistance Program is intended to assist homebuyers at or below 80% of Area Median who are purchasing a house in Hometown Housing Partnership's target areas. The target neighborhoods include Bailey, Southeast Marble, Red Cedar and Chesterfield Hills of East Lansing. This is a down payment assistance program of up to \$15,000 based on need.

For more on HOAP in East Lansing, MI see:  
<http://www.homeineastlansing.com/bsub4.html>

### **EMPLOYEE HOMEOWNERSHIP PROGRAM**

The Employee Homeownership Program offers \$5,000 forgivable loans to qualifying City of East Lansing and Michigan State University employees to be used on closing costs of East Lansing homes. The EHOP initiative encourages retention of the East Lansing workforce and reinvestment in East Lansing's older, historic neighborhoods.

For more on EHOP in East Lansing, MI see:  
<http://www.cityofeastlansing.com/NewsReleases/articleType/ArticleView/articleId/5/Hometown-Housing-Partnership-Opens-Doors-to-Homeownership/>

## **CITY OF FREDERICK, MD**

### **MODERATELY - PRICED DWELLING UNITS**

The City of Frederick's Moderately Priced Dwelling Unit Program offers affordably priced townhomes and condominiums – new, resale and for rent – to first-time homebuyers who have a moderate household income. In partnership with a local non-profit, Housing and Communities Initiative, it also provides educational seminars for first-time homebuyers, loan application assistance for households making less than \$98,400, also providing them with \$12,000 for down payment assistance.

For more on the MPDU model see:  
[http://www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/DHCA/housing/housing\\_P/mpdu.asp](http://www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/DHCA/housing/housing_P/mpdu.asp)

### **RENTAL ASSISTANCE PROGRAM**

The City of Frederick, MD administers the HUD Section 8 affordable vouchers to subsidize renters and low-income tenants. It also has a Rental Assistance Program that provides short-term monetary assistance to applicants with a household income that is no more than 30% of the area median income. This helps very low-income families transition into self-sufficiency.

For more on RAP in Frederick:  
<http://www.co.frederick.md.us/index.asp?NID=468>

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