



CHAPTER 6 SNAPSHOT

HOUSING DELIVERY SYSTEM

Purpose:

- Examine the systems that are in-place to provide housing in the county, assess their capacity to meet the county's housing needs, and identify factors that can be addressed to strengthen capacity of the delivery systems.

Content:

- Defines what a housing delivery system is, detailing its key components.
- Identifies the critical inputs, throughputs, and outputs for systems designed to deliver housing in four market segments—upper-income, middle-income, lower-income, and special needs.
- Assesses the capacity of the systems within each market segment and identifies important targets for actions to improve system capacity.

Major Findings:

- **Capacity varies considerably by market segment.** The capacities of the delivery systems for upper- and middle-income housing are substantially higher than the capacity of the delivery system for low-income and special needs market segments.
- **Funding is the most critical factor limiting the capacity of the low-income and special needs housing delivery systems.** Funding has historically been insufficient to address need, and the situation has gotten worse as federal funding has decreased dramatically.
- **Land use regulations and development processes inhibit the capacity of the low-income and special needs housing delivery systems and may also inhibit the production of middle-income housing.** It is evident that some communities have land use regulations (e.g. minimum lot sizes) and/or development approval processes that make it difficult to develop low-cost or special needs housing (see Chapter Eight for more detail).
- **The capacities of low-income and special needs housing delivery systems are well-developed in only a small number of communities.** The activities of the existing low-income and special needs delivery systems are concentrated in a small number of communities. Several barriers appear to be limiting the expansion of capacity to other parts of the county (see Chapter Eight for more detail).
- **Efforts to improve capacity in the low-income and special needs housing segments are inhibited by a lack of awareness and/or acceptance among government officials and the general public.** There is insufficient knowledge of the extent of affordability and special needs problems and the options for addressing them. There is inadequate support among the

general public and elected officials for taking the actions necessary to implement those options. Improving knowledge and support will be critical for ensuring long-term sustainability of capacity improvements.

- ***There is growing evidence that capacity in the middle-income housing sector is being negatively affected by a push toward higher-income housing.*** Part of this crowding-out is market-driven, but part of it is also due to system constraints, primarily land costs, land-use & development regulations/processes, and infrastructure costs.
- ***The most commonly expressed concern for the upper-income delivery system is property taxes.*** The direct evidence of the impact of taxes is limited, but there is adequate reason to believe that it impacts upper-income housing, as well as lower-cost housing.

Conclusions:

- ***There is considerable need for action to improve the capacity of delivery systems for low-income and special needs market segments.*** Although many of the existing low-income and special needs housing providers do excellent work, the overall capacity of the delivery systems for these market segments must be improved if the housing needs of low-income and special needs households are to be addressed adequately. The delivery systems for upper- and middle-income housing have only modest need for actions to improve capacity.
- ***Funding is the critical target of actions for improving capacity*** of delivery systems for low-income and special needs housing. Although more money is not the only answer to addressing capacity in the low-income and special needs segments, it is an absolutely critical part of the answer. New, creative, local funding sources must be identified and made available if progress is to be made.
- ***Expanding the geographic reach*** of the existing delivery system for low-income and special needs housing ***is another important target for action.*** New organizations may need to be created or service areas of existing agencies expanded to meet the growing needs and expanding population. Removing barriers to expansion will be an important element of such efforts.
- ***Enhancing elected officials' and the general public's knowledge of, and support for, low-income and special needs housing and services is essential*** to improving long-term capacity of the delivery system for these market segments. Improving knowledge and support will be critical for ensuring long-term sustainability of capacity improvements. Without improvements in knowledge and support any improvements will likely be short-lived.
- ***Actions to identify and remove the barriers created by land use regulations and development processes could improve capacity of low-income, special needs, and middle-income delivery systems.*** More detail on these barriers and recommendations for addressing them are found in Chapter Eight and Chapter Ten.
- Further, ***systematic examination of the impact of land costs on housing delivery system capacity is warranted.*** Given the widespread belief that land costs are limiting the capacity

of middle-income, low-income, and special needs housing delivery systems actions to address high land costs seem justified. Since the county has much, if not all, of the data necessary to systematically examine exactly how and where land costs are impacting housing delivery it is advisable to allocate a small amount of resources to complete such an examination. The results could greatly aid the county's efforts to address land costs efficiently.

- Further, ***systematic examination of the benefits and costs of the current property tax system is warranted***. The direct evidence of the impact of taxes is limited, but there is adequate reason to believe that it impacts upper-income housing, as well as lower-cost housing. Further study to examine both the *costs* and *benefits* of the existing system as they relate to upper-, middle-, and lower-income housing is recommended.