

2018 Tompkins County Housing Snapshot

January 2020

As the implementation of the Tompkins County Housing Strategy continues, this “housing snapshot” reviews 2018 housing-related data and identifies key takeaways. This data indicates that housing costs and availability continue to be major issues for households across Tompkins County. The shortage of available housing is particularly acute for renters. Renters are more likely to be cost burdened than homeowners, and the rate of cost burdened renters is higher in Tompkins County than in both New York State and the nation as a whole.

Housing produced over the last several years is largely more expensive than existing older units in the market, but the increase in supply is starting to impact the rate of rent increases¹ and to raise the vacancy rate²:

- 40th percentile rents for 3 bedroom units fell from 2016-2017 and remain below 2015 levels,
- 40th percentile rent increases for 1-2 bedroom units were less than inflation since 2015, but
- Higher than inflation 40th percentile rent increases have impacted studios and 4 bedroom units.

A significant increase in the availability of new low-cost, for-sale homes has not materialized and the bulk of new housing construction has been at the top of the market. There is a small but growing number of units subsidized to maintain affordability for low- to moderate income households. Continued work to address housing for special needs communities, people experiencing homelessness, the general rental market, and housing units for homebuyers with more moderate or lower incomes will be needed to meet the Housing Strategy’s goals in future years.

Key Takeaways:

Housing Strategy Targets *There has been progress in addressing the housing shortage and results are starting to be measurable but overall housing production continues to fall short of Housing Strategy targets.*

Housing Supply - *Housing production has increased since the Housing Strategy was endorsed, but production of subsidized housing and low-cost for-sale housing is not meeting targets.*

Rental Market - *Rents have been relatively steady for one- to three-bedroom units since 2015. Rents have been slowly increasing for studio and four-bedroom units.*

For-Sale Market - *Median sale price in the county is rising, but county median is below the national median.*

Employment Growth and Population Growth - *Employment growth averaged 0.6% annually from 2015 to 2018. Population estimates showed a slight decrease in 2018.*

Cost burden - *Renters in Tompkins County are significantly more likely to be cost burdened compared to homeowners. The renter cost burden rate is higher than state and national averages; the homeowner cost burden rate is lower.*

Vacancy Rate - *Overall the vacancy rate remains very low. Vacancy rates that are too low have the impact of keeping prices high, even as more units are constructed. Since mid-2015 the vacancy rate has increased only very slightly, indicating continued significant demand for housing.*

Trends Impacting Strategy Targets - *The trends projected from 2016 to create the Housing Strategy have been borne out in the first few years since the Strategy’s adoption. Assumptions about the need for new housing units continue to be valid.*

¹ Based on HUD’s annual survey of local rents to compute the 40th percentile of rents observed in the survey.

² Both ACS and USPS show a small recent increase in vacancy; anecdotal reports corroborate rising vacancy.

Tompkins County Housing Targets 2016 through 2025*

HOUSING TYPE	TARGET	STATUS THROUGH 2018
Supportive housing/ special needs beds	<p>Based on Coordinated Assessment Team³ findings regarding individuals not matched with existing housing</p> <ul style="list-style-type: none"> • 100 beds of Permanent Supportive Housing (beyond 40 in Amici House) • 100 Single Room Occupancy (SRO) beds reserved for under 30% of AMI 	<ul style="list-style-type: none"> • Current average time on Coordinated Assessment Team placement list is 145 days • 40 Permanent Supportive beds were under construction for Amici House in 2018
Senior housing	<ul style="list-style-type: none"> • Meet existing deficit of 100-200 subsidized senior apartments • At least 1 Medicaid Assisted Living Program facility (requires certificate from NYSDOH) • Market-rate senior housing units with services and congregate care facilities to be determined based on future vacancies and waitlists given recent expansions 	<ul style="list-style-type: none"> • Added 68 subsidized senior units at Cayuga Meadows in 2017 • Added 59 market rate senior units at Cayuga View in 2018
Workforce units	<p>Annual targets:</p> <ul style="list-style-type: none"> • Rental housing – 200 new rental units/year affordable for those earning up to 100% of AMI, for a total of 2,000 new rental units through 2025 <ul style="list-style-type: none"> ○ Note: the strategy does not include a target for rentals above 100% of AMI • Ownership housing – 380 new ownership units/year, for a total of 3,800 new ownership units through 2025 <ul style="list-style-type: none"> • 300 single-family homes/year: 90 homes/year in the \$150,000-\$199,999 price range, 210 homes/year at \$200,000+ • 80 condominiums/year: 35 units/year in the \$150,000-\$199,000 price range, 45 units/year at \$200,000+ 	<ul style="list-style-type: none"> • Non-subsidized projects do not have reliable and readily available rent/AMI data. Total new units added have been tracked – many of these new units initially rent at prices only affordable to incomes above 100% of AMI <ul style="list-style-type: none"> ○ 294 total new housing units in 2016 ○ 572 total new housing units in 2017 ○ 776 total new housing units in 2018 • Approximately 12% of new units since 2015 are in subsidized projects that are set aside for low- and moderate-income households.
Student beds	<ul style="list-style-type: none"> • Meet existing deficit of 1,400-1,500 on- or off-campus, purpose-built student beds as of 2015 • Add beds to meet any increases in enrollment 	<ul style="list-style-type: none"> • Cornell is currently constructing 2,000 new beds. Once constructed some existing beds will rotate through renovations for several years so the net will be less than 2,000 in the near term. • Maplewood completed 872 student beds in 2018 replacing 356 existing beds in 2018 for a net of 516 new beds. • Enrollment increased by 734 students⁴

* The Housing Needs Assessment used 2015 as its base year, with needs projected for 2016 through 2025.

³ The Coordinated Assessment Team (CAT) consists of representatives from agencies who review waitlists from the Coordinated Assessment System, which provides access to housing services through any CAT agency.

⁴ <https://nces.ed.gov/ipeds/datacenter/Data.aspx> Data for Cornell, Ithaca College, TC3 for 2015 and 2018

Review of Data:

Housing Supply

Housing production has increased since the Housing Strategy was adopted, but production of subsidized housing and low-cost for-sale housing is not meeting targets.

Tompkins County currently has 34,641 housing units.⁵ The American Community Survey (ACS) estimates that 55.5% of housing units in the county are owner occupied and 44.5% are renter occupied.⁶ There is concern that short-term rentals (ex. Airbnb) may be reducing the number of these units occupied by residents vs. visitors. As of November 2018, there were 1,319 housing units in Tompkins County that were listed with short term rental companies, 76% of short-term rentals in the county were listed as single-family homes and 69% of listings include the entire unit.⁷ Unfortunately sufficient data is not yet available that would help understand how many short term rental listings represent units taken out of the market full time, vs. residents who rent out their homes for graduation or other events vs. lake houses and other seasonal homes that have always been outside the typical housing market.

Over the last five years, there have been an average of 496 new units built per year, an annual growth rate of 1.4%. There were a total of 776 new units added in 2018.⁵

Year Completed	New Subsidized Rental Units for Low-Mod Income Households	Total New Housing Units	% of new units Subsidized for Low-Mod Income Households
2015	35	343	10%
2016	15	294	5%
2017	182	572	32%
2018	0	776	0%
Total 2015- 2018	232	1985	12%
Average Per Year	58	496	12%

Source: Tompkins County Departments of Assessment and of Planning and Sustainability

Of all the new housing development between 2016 and 2018, 63% of units were located within Tompkins County–designated Development Focus Areas. This is a significant increase over historic trends, and only slightly below the 2012 Development Focus Areas Strategy goal of at least 2/3 (66.6%) of new development.⁸

Housing Costs

Rental Market

40th percentile rents have been relatively steady for one- to three-bedroom units since 2015. 40th percentile rents have been increasing for studio and four-bedroom units.

⁵ Tompkins County 2019 Assessment Department Parcel Database with edits by Tompkins County Department of Planning and Sustainability

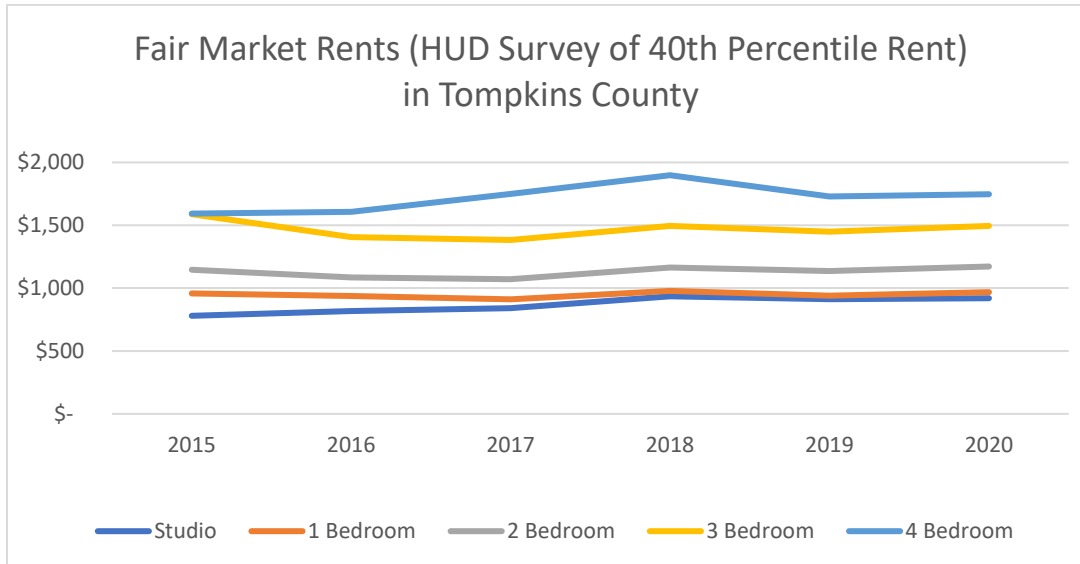
⁶ U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates: Housing Tenure.

⁷ Presentation by Host Compliance to Tompkins County staff Nov. 2018.

⁸ G:\Development Focus Areas\GIS\NewUnits2018.xlsx derived from the Tompkins County 2019 Assessment Department Parcel Database with edits by Tompkins County Department of Planning and Sustainability

While several new projects target the top end of the market with rent levels previously unseen in the Tompkins County market, the growth in 40th percentile rents has been low over the last several years.

The following chart tracks the 40th percentile of rents⁹ for varying unit sizes in Tompkins County from 2015 through 2018. As can be seen in the following table, the 40th percentile for rents has been relatively steady for one- to three-bedroom units since 2015. Rents have been increasing at a more substantial rate for studio and four-bedroom units.



	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
2015	\$ 780	\$ 957	\$ 1,146	\$ 1,588	\$ 1,593
2016	\$ 817	\$ 937	\$ 1,084	\$ 1,406	\$ 1,607
2017	\$ 842	\$ 911	\$ 1,071	\$ 1,383	\$ 1,750
2018	\$ 935	\$ 978	\$ 1,164	\$ 1,495	\$ 1,898
2019	\$ 935	\$ 941	\$ 1,135	\$ 1,448	\$ 1,729
2020	\$ 935	\$ 978	\$ 1,164	\$ 1,495	\$ 1,898
Average Annual Change	4.0%	0.4%	0.3%	-1.2%	3.8%

Source: U.S. Department of Housing and Urban Development Fair Market Rent Survey

Note: Survey Data for computing FMR has several year lag¹⁰

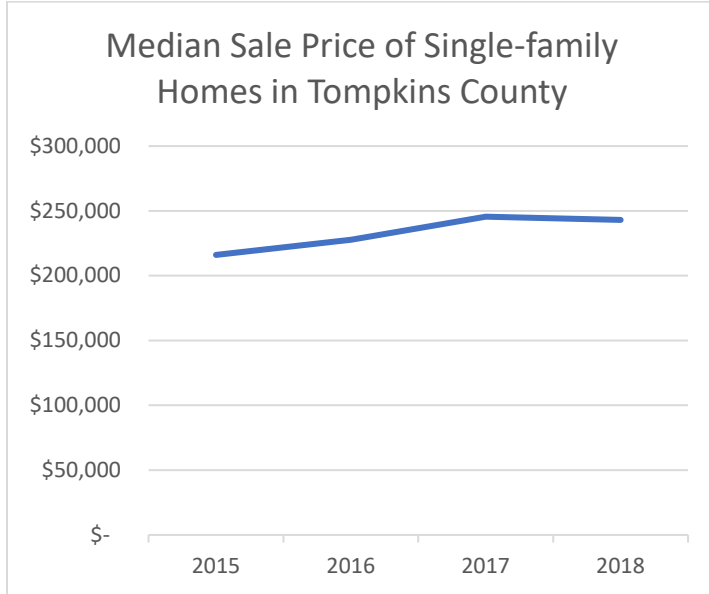
⁹ The U.S. Department of Housing and Urban Development (HUD) Fair Market Rents are set based on a survey completed by the federal government annually. Fair Market Rents represent the 40th percentile of gross rents (including utilities) found in Tompkins County. Sixty percent (60%) of apartments in the area are more expensive and 40% are less expensive than the Fair Market Rent, which serves as a guide for determining subsidy through the Housing Choice Voucher Program.

¹⁰ http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2019_code/2019summary.odn?&year=2019&fmrtype=Final&selection_type=county&fips=361099999

For-Sale Market

The median sale price for homes in Tompkins County is rising but is slightly below the national average.

The median sale price of single-family homes in Tompkins County grew by 5% in 2016 and 8% in 2017 but fell by about 1% in 2018. The median price for a single-family home for the nation as a whole in 2018 was \$255,000, slightly above Tompkins County’s \$243,069 median¹¹.

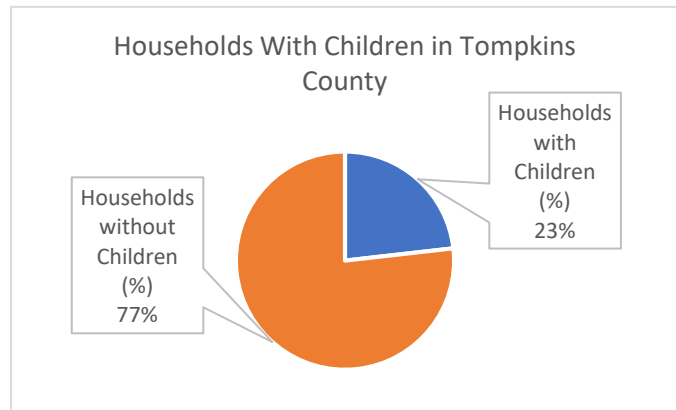


Source: Ithaca Board of Realtors Sales Data

Tenure: Renter/Owner Households

The proportion of home-owning and renting households has not changed since the development of the Housing Strategy.

Although recent proportions have held steady, over the last several decades the composition of American households has changed significantly, and Tompkins County communities are part of that changing landscape. Long-term trends include an increase in one- and two-person households and a reduction in the percentage of households who are families with two parents and children. This trend is driven by two parallel phenomena – baby boomers becoming empty nesters and retiring, and a wave of millennials staying single and/or having children at a lower rate than other generations. Along with these trends has come a national increase in the percentage of households who rent rather than own their homes.



77% of Tompkins County households have no children.
Source: 2017 5-Year ACS

A reduction in the number of households suited to large detached houses and an increase in the number of households who are suited to small apartments and townhomes has led to concerns over what

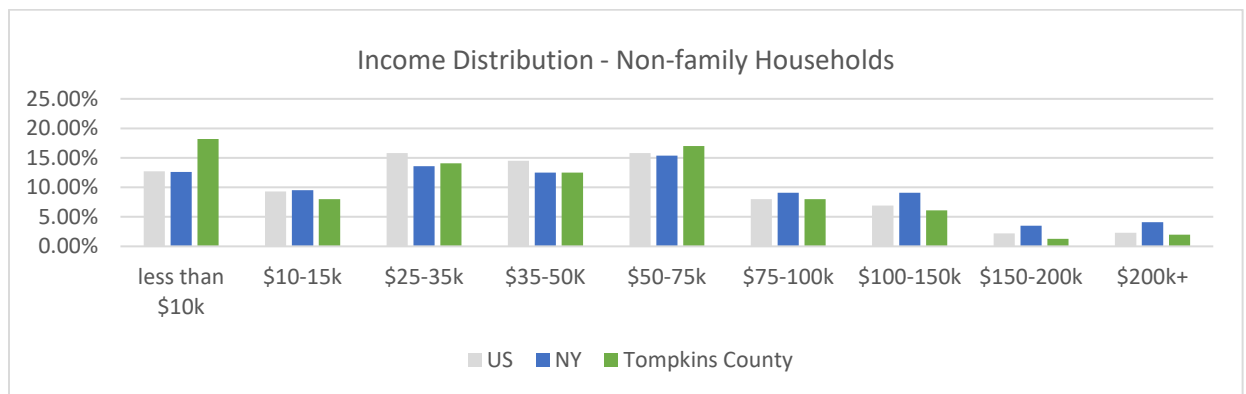
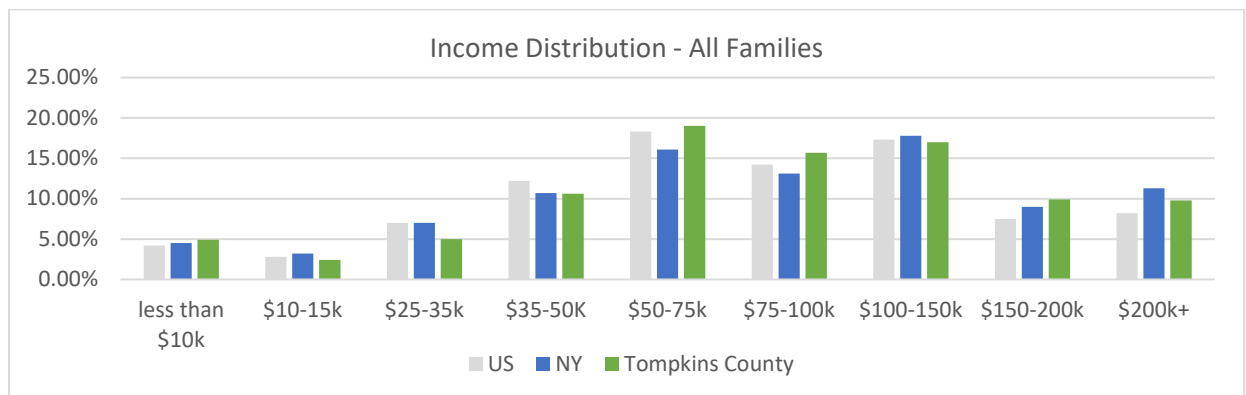
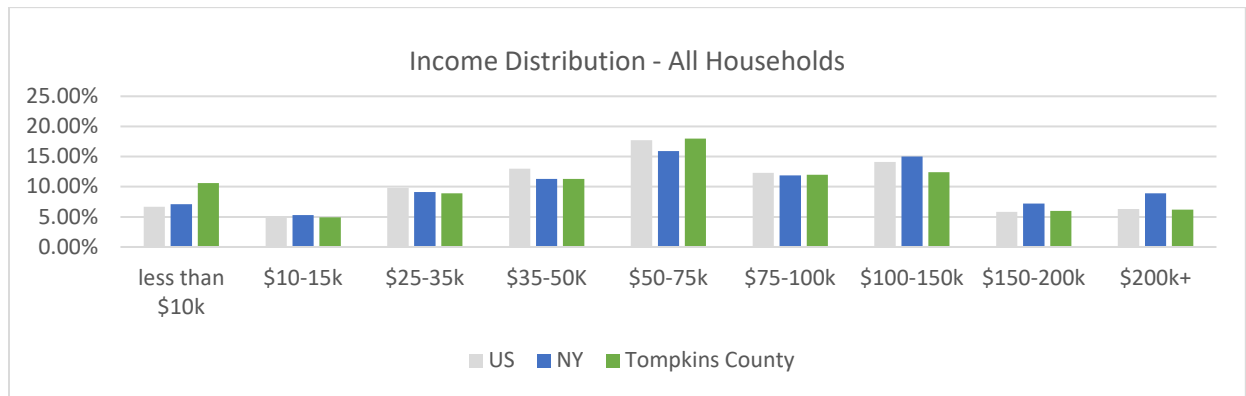
¹¹ Local data provided by the Ithaca Board of Realtors

demographer Arthur Nelson has dubbed "the great senior sell off" — the potential for suburban and rural single-family home prices to fall when masses of baby boomers all start to sell around the same time.

Income Distribution -----

The distribution of household income in Tompkins County is broadly similar to both national and New York State income distributions.

Although broad distributions are similar, Tompkins County has a larger percentage of households with incomes below \$10,000. This difference is largely a result of a high percentage of non-family households with low incomes, which may be largely due to Tompkins County’s large student population. The county has about 1,350 more households in the under \$10k income bracket than there would be if the county’s income distribution was the same as the state.¹²



Source: US Census 2017 5-Year ACS

¹² According to 2017 5 Year ACS Data, compared to the total of 38,986 households in Tompkins County.

Employment Growth and Population Growth -----

Employment growth averaged 0.6% annually from 2015-2018. Population estimates showed a slight decrease in population between 2013 and 2018.¹³

In the model used in the preparation of the Housing Needs Assessment, employment growth was projected to be slow, about 1% annually from 2016 forward. More recent projections from Woods and Poole and others suggest this projection to have held in the last couple of years.

The most current Bureau of Labor Statistics (BLS) estimates for total non-farm employment are lower than projected in 2016. However, historically their numbers run low when first released and tend to be revised upward for two to three years following the initial publication. BLS currently estimates a 0.1% and 0.6% growth rate for non-farm employment in 2017 and 2018, respectively. This rate should be tracked going forward to verify whether the reduced growth rate is related to survey error or real changes in the economy.

The Housing Needs Assessment projected the non-student population growing at approximately 0.5% annually between 2016 and 2019. This projection fit in well with US Census Bureau population estimates through 2017. However, due to a recent change in US Census' methodology the most current population estimates showed a slight decrease in the 2018 estimate compared to previous estimates.

Historically, the population estimates for Tompkins County have tended to underestimate growth, even without the change in methodology. Until we see the results of the next full decennial count in the 2020 Census (with data becoming available in 2021) similar to employment data, this rate should be tracked going forward to verify whether the reduced growth rate is related to survey error or real changes in the community.

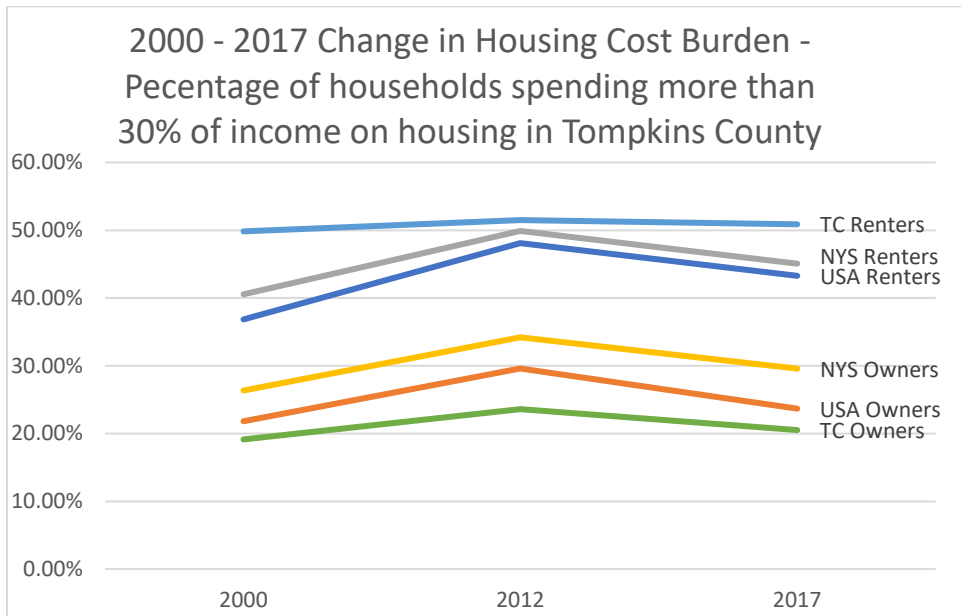
The Housing Strategy has a goal of accommodating in-commuters who would prefer to live within Tompkins County but currently live in surrounding counties due to a lack of housing that meets their needs and incomes. The most recent data on in-commuters shows that the percentage of workers commuting to Tompkins County has not significantly changed since the adoption of the strategy, just under ¼ of workers commute from another county.

Cost burden -----

Renters in Tompkins County are significantly more likely to be cost burdened compared to homeowners. The renter cost burden rate is higher than state and national averages; the homeowner cost burden rate is lower.

For housing to be affordable, a household should generally spend no more than 30% of income on housing costs. This amount can be slightly more in locations where transit or walkable/bike-able neighborhoods reduce transportation costs, with 45% of income spent on housing and transportation costs considered to be affordable. The costs for housing documented in the ACS include mortgage, taxes, and utilities for owners and rent and utilities for renters but do not include transportation costs. In Tompkins County 20.5% of home-owning households and 50.9% of households who rent are paying more than 30% of their income for housing.

¹³ Nationally reported data on both employment growth and population growth measures have historically been under-reported for Tompkins County. The figures reported here should be used with caution.



Source: 2010 Census, 2012 5-Year ACS, 2017 5-Year ACS

Nationally and at the state level the rate of cost-burdened households who own their homes is lower than the rate of cost-burdened households who rent. This difference is at least in part due to high barriers to financing a house priced beyond a household's financial means. In addition, households who have owned for a long period may have very low housing costs if they are not paying a mortgage or if housing costs have remained steady while their incomes have increased.

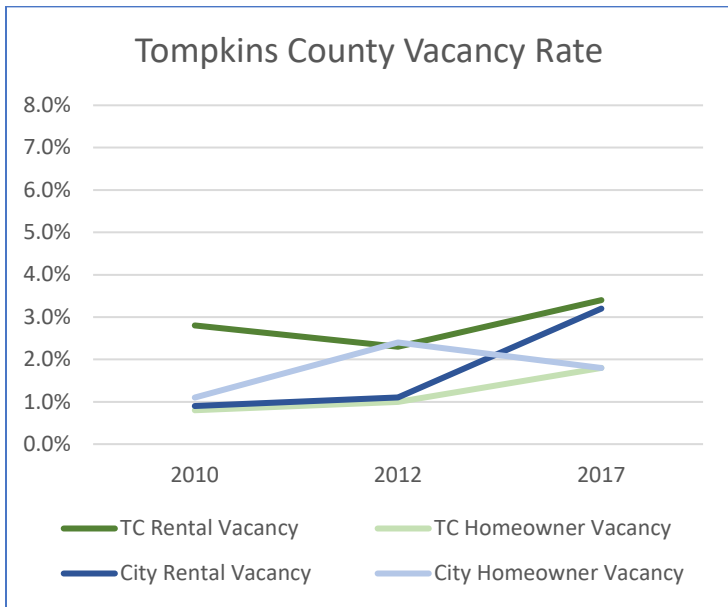
Compared to the state and national distribution, the percentage of owners who are cost burdened in Tompkins County is significantly below average, and the percentage of renters who are cost burdened is slightly above average. However, it should be noted that having a lower rate of cost-burdened owners than the state or national rate does not mean that housing cost burden is not a very real problem for the 20% of home-owning households who are paying more than they can afford as well as a barrier for many renters and in-commuters seeking to purchase homes within Tompkins County

Vacancy Rate

Overall the vacancy rate remains at an unhealthy low level. Low vacancy rates keep prices high but encourage new construction. Since mid-2015 the vacancy rate has increased only very slightly, indicating continued significant demand for housing.

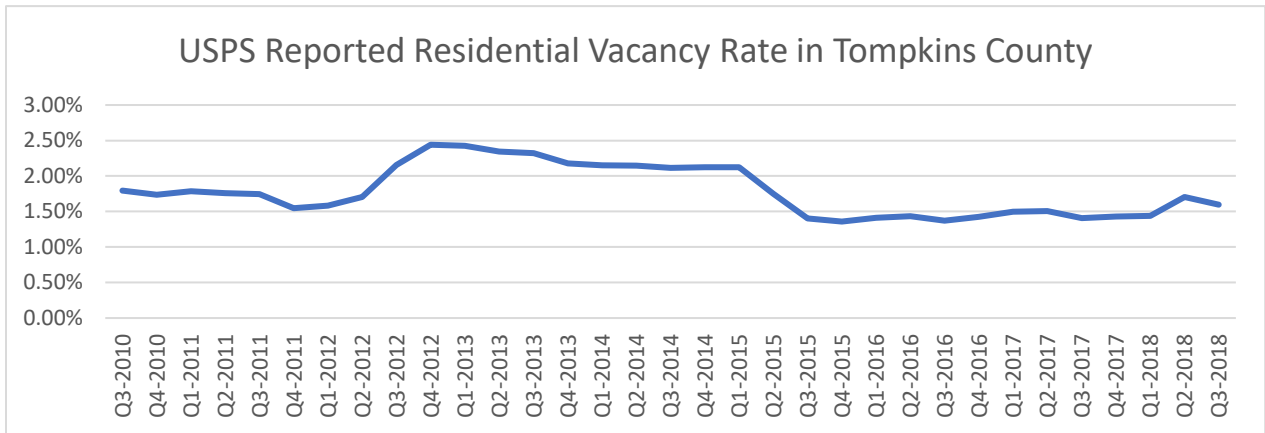
Accurate vacancy rate data is difficult to obtain in a small market with limited data sources. Nationally available data from ACS requires averaging five years of surveys with small sample sizes to have a reasonable margin of error. This creates a lag in data availability and difficulty tracking trends over short periods of time.

The table below charts rental and homeowner vacancy from 2010 to 2017 using five-year ACS data. A healthy housing market should have 7-8% vacancy in rental properties and around 2% homeowner vacancy rate. While vacancy has increased a little in the last couple of years, it is still far below a healthy rate for rentals. The homeownership vacancy rate is only slightly below 2%.



Source: 2010 Census, 2012 5-Year ACS, 2017 5-Year ACS

The US Postal Service also collects data related to vacancy. It tracks residential addresses that have not picked up mail in the last 90 days. These include units currently under construction and exclude rural homes that have been vacant for long periods of time. While the data is imperfect, it is updated quarterly, providing the most timely datapoint available for tracking residential vacancy.



Source: USPS total vacant residential units/total residential units

Trends Impacting Strategy Targets -----

The trends projected from 2016 to create the Housing Strategy have been borne out in the first few years since the Strategy's endorsement. Assumptions about employment, population growth, and household composition continue to be valid.

Therefore, at this point, we see no need to update/refresh/adjust the targets and recommendations in the 2017 Housing Strategy.

Closing Thoughts

Based on review of the Housing Strategy's targets for housing production in the market, it is unlikely that the market will meet housing demand by primarily building rentals that serve households below median income. Most new housing production is targeted at the higher end of the market unless there are government subsidies tied to affordability supporting a project's development. The cost of new construction is significantly higher than the cost of existing housing and as a result it is highly unlikely that new market-rate units will be priced below existing units. Even non-profit housing developers in Tompkins County have per square foot costs of over \$200 for new construction, while in the existing market single-family homes are selling for between \$86 - \$160/sqft depending on the municipality.

Nationally, the vast majority of housing units that are affordable to households below median income have gained their affordability by aging. A similar dynamic exists in the auto market, where median-income households cannot afford even half the median price of a new car, and despite significant demand for sub-\$10,000 cars the only way to acquire a car in that price range today is to buy it used. The housing market works in a similar way – when there is a shortage in any part of the market, but especially the upper end, prices increase. When prices are high, new units added at the top may reduce competition from higher-income households for existing units at lower prices. This is more difficult to track, and when a shortage continues to exist prices will continue rising but at a lesser rate than they would otherwise. With this in mind, it is prudent to continue tracking all of the housing market as new rental unit production is likely to continue focusing on the 50% of households above median income.