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## **Renters are People, Too**

*By: Anne Saylor, Housing Coordinator*

Over the past few months we've learned of numerous causes for the meltdown in the housing market – greedy Wall Street, aggressive mortgage brokers, deregulation, and naïve homebuyers. One cause that we don't hear much about is our irrational obsession with homeownership, and the flip side of this obsession which is to treat apartments (and the people who live in them) like second class citizens.

Now that it is looking like homeownership isn't always the no-lose bet it seemed like, it's important to remind ourselves of the importance of rental housing in our community.

### **Renting is the Right Choice for Many**

Rental housing can be the most appropriate housing choice for many people. Most of us probably rented as young adults. We've seen our parents or grandparents transition back to rentals when homeownership became too burdensome. We've seen a new colleague grow frustrated trying to find a decent rental when they first moved here, or a friend going through a divorce struggle to find an apartment in their community so their children can stay in the same school district.

Like many others, I grew up in a small town in Dutchess County but was forced to look elsewhere for an apartment when I returned after college. When we exclude apartments from our communities we are not excluding strangers — we are excluding our children, parents, grandparents, colleagues and friends.



*Meadow Ridge II: This project includes 52 affordable senior apartments on the outskirts of the City of Beacon and adjacent to the High School.*

## Don't Put All of Your Eggs in One Basket

Diversity in the housing stock is good for all of us, even homeowners. We are constantly lectured about the importance of diversity. We are supposed to diversify our investments, our economy, and even the food we eat. Diversity gives us options and minimizes our exposure to risks in one specific area. Why should our housing stock be any different? Too recently we've learned about the perils of putting all our housing eggs in the homeownership basket. A housing stock with a good balance of homeownership and rentals will provide options for people who live and work in our community and will be more economically stable over the long term.

## How Do More Affordable Rentals Help the Economy?

We also need affordable rental housing if we want people to be able to save for a downpayment on a home. If we have learned one thing in this crisis it's that it is important for people to have a more meaningful stake in the game. In homeownership, this is called the downpayment. A downpayment means that a household doesn't have to borrow 100% of the purchase price and can thus weather a moderate decline in housing prices. Maybe more importantly, if a household can save for a downpayment, they are more likely to be able to save for that new furnace or roof once they own the home. If we accept the importance of the downpayment and want to encourage responsible homeownership, we must have a supply of rental housing at a price that allows people to save a little extra each month so that one day they can show up at the closing table with a downpayment.

## The Market Can't Always Meet Demand

There is a huge pent-up demand for rental housing in our communities. The cost of rental housing is a function of supply and demand. The County [Rental Housing Survey](#) consistently shows a very low vacancy rate which limits renters options and drives up rents. Last year, the rents in one- and two-bedroom apartments increased by 8%, or more than double the cost-of-living wage increase.

In a more specific example, 96 new rental units in the Village of Red Hook were filled up within two months in a community that only had 281 rental units in the 2000 census. And even after increasing the Village's rental stock by 34%, a significant waiting list remains.



*Cannon Street: This project includes 40 affordable senior apartments built on 3 formerly vacant lots on Cannon Street in the City of Poughkeepsie.*

## Unfounded Fears

When we talk to communities about building more rental housing, we usually hear two concerns: fear of increasing numbers of school children (which could increase school taxes), and fear of decreasing property values for adjacent properties. There is much data to refute these concerns. For example, Census data shows that, per unit, new single family houses have three times the

number of school-age children as apartments. Rutgers University has also conducted research showing that apartments have, on average, fewer school children than single family homes.

To more specifically address the tax issue, it is important to remember that renters pay taxes via their rent, and often pay at a higher rate than single-family homeowners. Apartments are taxed as commercial property, not residential property. In New York State, the effective tax rate for apartments is almost six times that of single-family homes.

Current research also shows that homes near new apartments do not lose value. The [Urban Land Institute](#) reports that between 1987 and 1995 the average annual appreciation for single family homes within 300 feet of an apartment building was 3.12 percent, compared to 3.19 for single-family houses not near apartment property. It is possible, with good planning, design and management, to build apartment complexes that are fully compatible with surrounding single-family neighborhoods. Additionally, wouldn't it be convenient (and less stressful) if we could move our aging parents into an apartment not that far from our home?

### **Diversification Can Be Simple**

The good news is that creating rental housing in our communities is relatively easy. This is one area where the saying, "If you build it, they will come," could be revised to, "If you zone it, they will come." Because of the pent-up demand for rental housing, if land were zoned to include multi-family housing, there would be no shortage of developers willing to work with communities to fill that need. Cooperation and good zoning standards will yield attractive, well-located apartments.

## More Information

[2007 Rental Housing Survey](#) [Dutchess County]  
[Urban Land Institute](#)

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This newsletter was developed by the Dutchess County Department of Planning and Development, in conjunction with the Dutchess County Planning Federation.

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