DUTCHESS COUNTY

Housing Needs Assessment

March 2022

Prepared by

czbLLC

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Prepared for Dutchess County

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Executive Summary

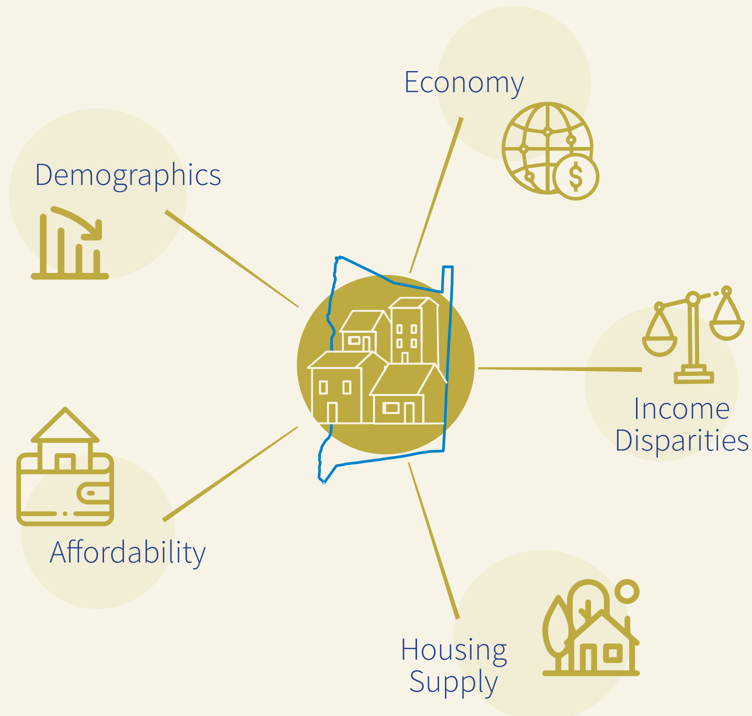
The broad contours of today's housing needs in Dutchess County are familiar. In fact, **they echo the needs pinpointed in previous decades** by previous studies in remarkable ways.

What is different in 2022 is that a confluence of circumstances have created rising levels of need for an expanding range of households, including many that had no trouble affording good housing until recently—especially those earning $35,000 to $50,000.

These rising levels of need, amplified by market tumult during the pandemic, have turned more attention to housing policy at all levels of government—including the county and municipal levels. The Dutchess County Housing Needs Assessment describes the trends that influence rising levels of need throughout the county, defines clear goals for additional housing interventions, and recommends a strategic framework driven by local resources and an adaptable toolkit of policies and programs.

A Series of Long-Simmering Trends

Many factors influence housing needs and are explored in the Housing Needs Assessment. They reveal several trends that contribute to the housing market experienced by households today. And most are likely to persist—providing direction to future housing goals and policy considerations.



Slow growth and a changing population

Population and employment growth have slowed in recent decades, but shrinking household sizes have meant growth in the total number of households. Over the next 20 years, the number of net new households is likely to be small, but the composition will be different—including a much larger share of households over age 65.

A bigger role for large housing complexes

Roughly 15,000 housing units have been added to the county's inventory in the past 20 years and represent 13.5% of current units. While most new units have been single-family homes, the number of units in complexes with 20 or more apartments has grown by nearly 50% since 2000.

Home values and rents have been rising; vacancies are low

Since the fallout of the Great Recession, home values and rents have been rising in the county, especially since 2016. Low inventory and low vacancy rates have played a significant role, including vacancies at larger apartment complexes dipping below 1% in 2020 and 2021.

Incomes have lagged behind costs for renters

The value of owner-occupied homes and gross rents in the county have outpaced inflation since 2000, as have the incomes of homeowning households. But the incomes of renters in the county have lagged behind inflation.

Significant increases in cost-burdened households

Lagging renter incomes have meant a substantial rise in the share of renters that spend more than 30% of their monthly incomes on housing—52% of renters are now in that position. Renter households earning $35,000 to $50,000 have experienced the sharpest change, with 71% now cost-burdened compared to just 10% in 2000.

Growth of higher-income households has exerted pressure on the market

Growth in households with high incomes has been a noteworthy trend of the past 20 years. Housing opportunities that match the spending capacity of those households have not grown as quickly, however, putting those households in competition for the same housing as middle-income households—who also compete with lower-income households who face a dearth of affordably priced housing.

A Clear Goal for Additional Interventions Going Forward

A key takeaway from trend analysis for the Housing Needs Assessment is that affordability challenges in Dutchess County resemble "death by a thousand cuts," with a range of factors contributing to the cost pressures felt by today's households. For the most part, these factors are long-term and their impact has matured in recent years. They may have been amplified by COVID-19 and the period of price escalation that preceded it, but they were not caused by those events.

Regardless of the range and complexity of factors that shape the Dutchess County housing market, it is clear that renters earning less than $50,000 per year should be the focus of additional interventions to improve access to affordable housing. These households are far more likely than others to currently spend more than 30% of their incomes on housing—making them cost burdened—or highly vulnerable to spending that much, or more, in the near future.

To "catch up" on unmet needs for renters making less than $50,000, it is estimated that 2,155 additional interventions will be needed—interventions that may include new housing units, new protections on existing rental units, vouchers to assist with rent payments, or access to affordable homeownership.

In recognition of the considerable volume of these unmet needs, this Housing Needs Assessment recommends an annual, **incremental catch up goal of 108 additional interventions per year for the next two decades.**

Total Catch Up

2,155

interventions

to resolve existing cost burdens

Incremental Catch Up

108

interventions

PER YEAR

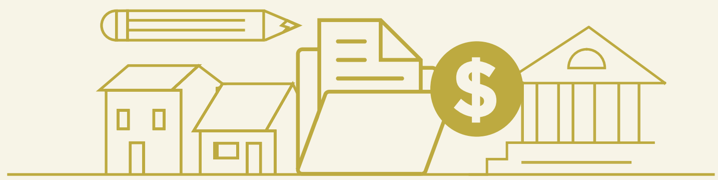
going forward to address existing and future housing needs

A Strategy for Action

“Fair Share” approach to new interventions in Dutchess County

Making progress towards the goal of 2,155 additional interventions requires both a regional strategy for Dutchess County and an approach to allocating those interventions across the county in a manner that reflects local housing needs—and the fact that local jurisdictions will play a primary role in meeting their needs.

The Housing Needs Assessment proposes a “fair share” approach to meeting those unmet needs—allocating a share to each jurisdiction based on its share of current households in the county, its share of county households earning under $50,000, and its share of county jobs.



Diverse tools supported by a predictable infusion of local resources

A **Dutchess County Housing Trust Fund is recommended to support a diverse toolkit** that can be adapted to meet the needs and conditions of jurisdictions across the county.

This toolkit may include:

Local site identification and land use updates for new construction

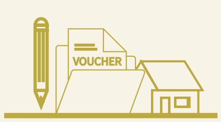
Rehabilitation program for existing rentals

Local inclusionary policies

Subsidies for inclusive units in new, mixed-income developments

Subordinate mortgages to support affordable homeownership

Tax exemption policies



More housing vouchers

Introduction

Dutchess County's housing **affordability challenges are not new**, but current circumstances create fresh urgency to address decades-long conditions.

As the old saying goes, there's very little new under the sun. In 1988, Dutchess County's Planning staff provided a report to the County Legislature regarding the need for more affordable housing by the year 2000. Many of its key passages will sound as relevant at the time of this writing in early 2022 as they did more than 30 years ago. From the 1988 report:

> ***To some extent, recent spurts of residential construction are a response to a "pent-up demand" in the housing market; that is, a need for units which outstripped the supply. This is easily demonstrated by the low vacancy rate in the rental market here (2.8% in 1987).***
>
> ***This "pent-up demand" resulted, for a time, in a "seller's market", where buyers/renters competed to find a suitable unit; and producers were guaranteed a comfortable return on homogeneous, upper-end housing. Left out of the picture, to a large extent, were lower and moderate-income consumers seeking an inexpensive rental or low-cost, first-time homebuyer unit. These consumers encountered a market place in which they often had to search far and wide for suitable shelter.***
>
> ***......there is a growing disparity (or price/income gap) between housing costs and median income. At one time, the average income household was better able to afford the average priced home. For example, in 1960, the median value of a housing unit was $14,900 or 2.3-times median household income. In 1970, this ratio dropped to 2.1, returning to 2.3 in 1980. In 1988, however, the average cost of a house was approximately 3.6 times median household income...***

Recent trends, in the broad strokes, do not suggest much more of an affordability problem than existed in 1988. In the current era, rental vacancy rates have been under 3% since 2013, according to data maintained by Dutchess County. In fact, according to county data dating back to 1980, low rental vacancy rates in larger multi-family properties are the rule, not the exception. Today's home value to income ratios are actually lower than those reported in 1988: the median ratio in 2019 was 3.3 and the average ratio was 2.8 (and historically low interest rates make today's ratios even more affordable for homeowners compared to those of the late '80s).

The culprits for affordability problems in 1988 may also sound familiar to readers of this report in 2022:

> ***This "pent-up demand" has occurred for several reasons:***
>
> ***Household formation patterns: Smaller households, a bulge in the number of older people living independently for longer periods of time, and patterns of divorce and family dispersion in the last decade have all increased the number of units needed proportionate to population growth.***
>
> ***Lengthy project approval times: Increased development activity and regulatory constraints have lengthened the time period from "conception to construction", constricting the capacity for supply to catch up with the demand.***
>
> ***Limited variety of supply: Units built in Dutchess County since 1980 have been targeted primarily toward a limited segment of the potential housing consumer—specifically the upper middle income and above homebuyer, except for a few notable exceptions generated by not-for-profit organizations, et al.***

Small household sizes and the aging of county residents continue to be demand-side factors today, and difficult development processes and limited product and price offerings impact the new housing supply. So, is anything different today? If so, what?

Long-Run Trends and Resulting Fall Out

What would have been difficult to forecast in 1988, or even in 2000, was how different kinds of households would benefit, or not, from future social, economic, and housing trends that did not originate in the county but would have important on-the-ground impacts. For example, labor markets increasingly rewarded soft skills and formal education, and those who had them reaped the financial rewards. Those households with two workers in possession of those in-demand traits benefited doubly. By contrast, in most cases, low-wage service workers did not experience much in the way of pay increases, and single-earner households in those lines of work experienced the greatest financial struggles.

It was not necessarily foreseeable that the national housing production industry would overbuild in the years before 2008, that credit would be overextended, that the housing market would crash, and that the housing industry, including both those who build and those who finance, would correct itself by building and financing much more conservatively once the economy began to recover following the Great Recession.

What was foreseeable, and to some extent what has come to pass, is that the provision of housing in a market economy has a cost—a cost that can be translated into a home purchase price or a monthly rent—and so long as there are households with insufficient income to pay what housing costs in the local market, affordability challenges will result. So long as Dutchess County continued to have a substantial number of households with low incomes, housing need would persist.

Today, it is clear in the data that Dutchess County's housing market is driven by well-educated, well-compensated, usually married, usually older, usually homeowner households. It is their demand that sets the terms of the housing market. It is also clear that housing affordability challenges have been growing for those who have always struggled—the county's lowest-income households—and more recently for those who historically have not had to struggle—the county's moderate income households. Furthermore, it is clear that these trends were well established by 2019.

COVID-19 and 2020-2022 Economic Conditions

What is also new, but less empirically supported at this time— not because it is necessarily false, but because there is little reliable data—is the idea that "COVID refugees" are moving into Dutchess County, particularly from New York City, and bidding up the cost of existing housing. Rental vacancy rates have been low for some time, and sales data show that although home prices did experience an anomalous increase from 2019 to 2020, they were already on the rise in 2017.

A variety of new factors came into play at or around the same time as COVID, including but not limited to: historically low inventory of homes to purchase, general increase in demand for single-family homes, and specific increase in Millennial household formation. While an influx of new residents may yet prove to be a real phenomenon, it is, as of this writing, only an anecdotal one that will take time to assess. It will also take time to fully understand the impact of the eviction moratorium and other temporary or more permanent policy changes that occurred in the midst of COVID.

Whatever has been going on in the Dutchess housing market in recent decades, the reality in 2022 is that thousands of households struggle to afford their housing costs. This report is an important step in the county's ongoing efforts to understand and address its housing affordability challenges.

Reading this Report

This report endeavors to guide Dutchess County policymakers—county, town, and village officials—and practitioners—professional government staff and housing providers—in defining and pursuing achievable housing goals. It includes three sections that connect existing trends, potential future trends, and the path forward.

PART 1 Market Conditions and Affordability

Part 1 provides an overview of the demographic, economic, and housing trends of recent years that combine to shape current conditions and affordability. It concludes by defining a "catch up" number of interventions that would be needed to address a prioritized housing need.

Photo credit: Jeremy Monaco

PART 2
Housing Needs Tomorrow

Part 2 summarizes three scenarios that are used to understand potential housing needs over the next two decades—all through the lens of six fundamental household types in Dutchess County. All three scenarios are rooted to population projections that foresee a rapid aging of the population, which will have a significant impact on the county's household profile. Overall, low growth and a continuation of recent household income trends are expected to maintain housing market dynamics into the future.

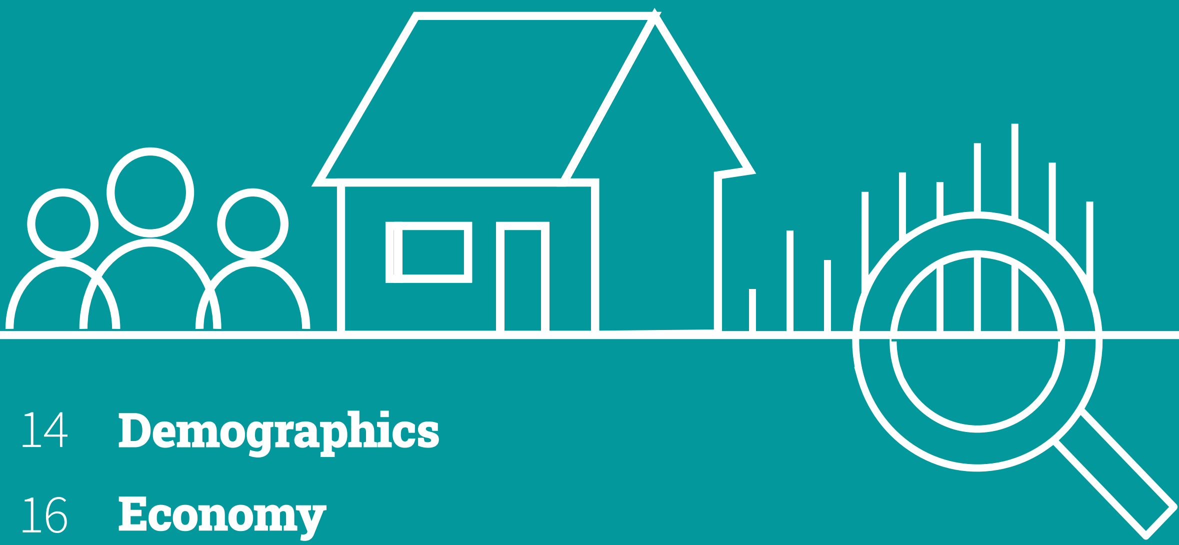
PART 3
A Strategy for Action

Part 3 lays out a framework for moving beyond the study of housing needs and towards concerted local action with local resources. It recommends a goal for additive interventions annually, the establishment of a county housing fund, the development of a toolkit for deploying local resources, and a simple set of principles for guiding the use of federal and state resources.

PART 1

Market Conditions and Affordability

It is beyond dispute that many households struggle to afford housing in Dutchess County. The data, analysis, and discussion in the following pages illustrates this point as clearly as possible. What is not as simple to explain is why the gaps between housing costs and local households' ability to pay them exist, and seem to be growing. This section provides a brief—not exhaustive—overview of basic demographic, economic, and housing trends, a description of the county's affordability challenges using the latest comprehensive data, and some possible insights into what has been happening with Dutchess County households that allows some to live comfortably in a more expensive housing market while others struggle.



Demographics

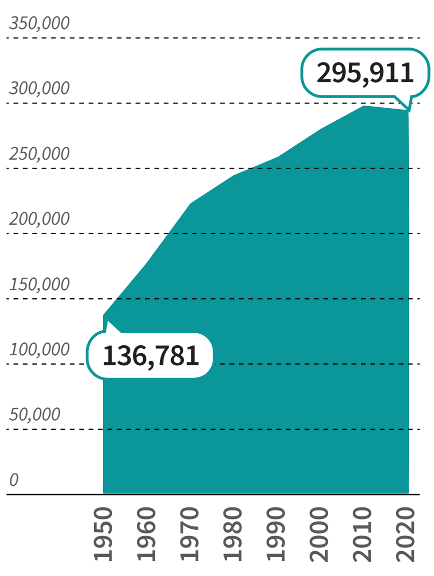
Dutchess County's demographic trends paint a picture of a population that is aging and no longer growing.

Rapid Mid-20th Century Growth and 21st Century Slowdown

Dutchess County grew relatively quickly in the middle of the 20th Century, slowed somewhat after 1970, and then effectively stopped growing after 2010. (Officially, as of the time of this report, the 2020 Census reports a loss of 1,577 residents between 2010 and 2020. Dutchess County has identified some COVID-related issues with how some of the group quarters were counted and a formal correction will be sought from the U.S. Census Bureau.)

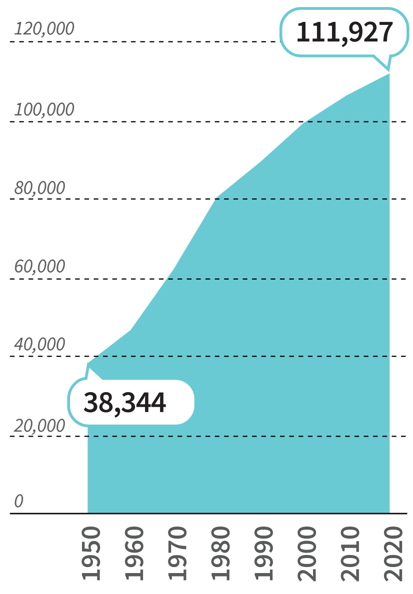
Household growth, however, continued unabated through 2020. Households continued to increase despite population slowdown because, on average, each household has fewer people living in it. Decreasing household sizes have been a trend in Dutchess County since at least 1950, when the average household size was 3.97.

Population, 1950-2020



Source: U.S. Census

Households, 1950-2020



Source: U.S. Census

Number of Households and Household Size

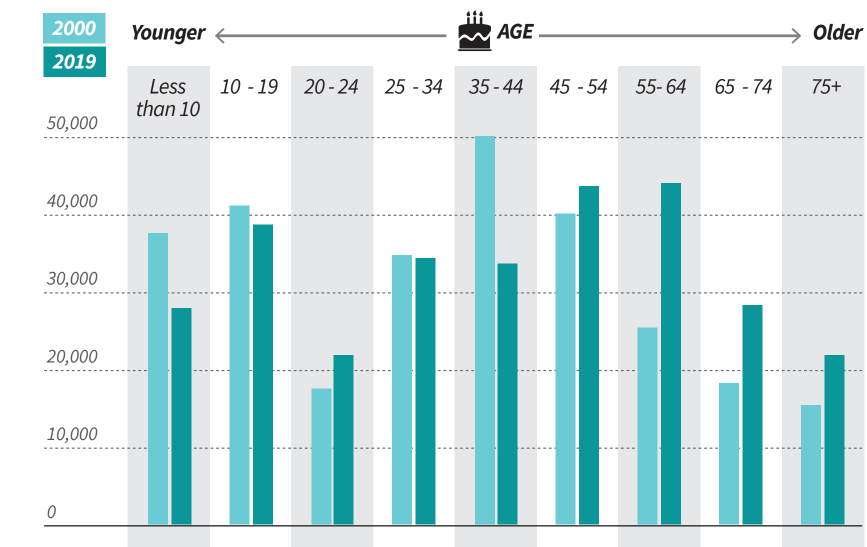
2000	2010	2020
99,536	*106,952*	*111,927*

Household Size

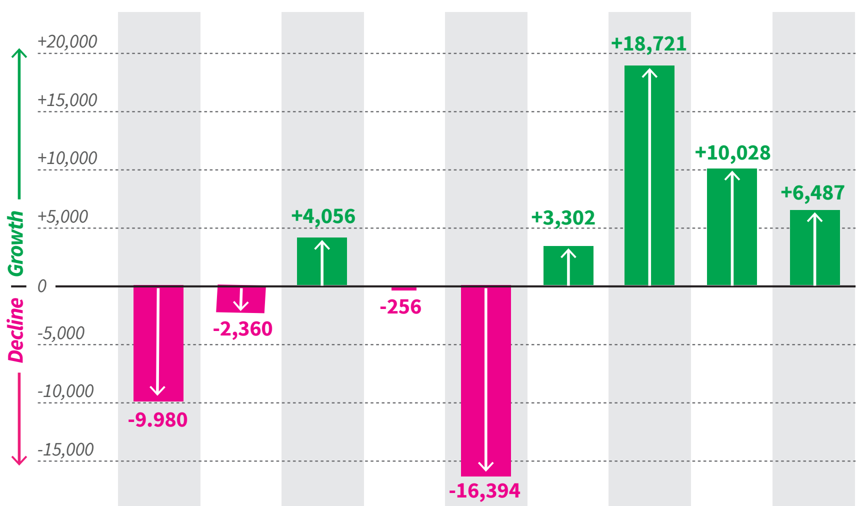
2000	2010	2020
2.63	**2.57**	**2.42**

Source: U.S. Census

Population by Age, 2000 and 2019



Population Change by Age, 2000 and 2019



Source: 2000 Census and 2015-2019 ACS Five Year Estimates

Aging Population

Since 2000, a key trend in Dutchess County has been the aging of its population. The number of children has declined while the age groups 55 and older have grown substantially.

In 2000, Dutchess County's median age was only one year greater than that of the U.S. **By 2019, the median aged Dutchess County resident was four years older than the median aged American.**

Median Age

	Dutchess County	U.S.
2000	36.7 YRS	35.3 YRS
2010	40.2 YRS	37.2 YRS
2019	42.2 YRS	38.1 YRS

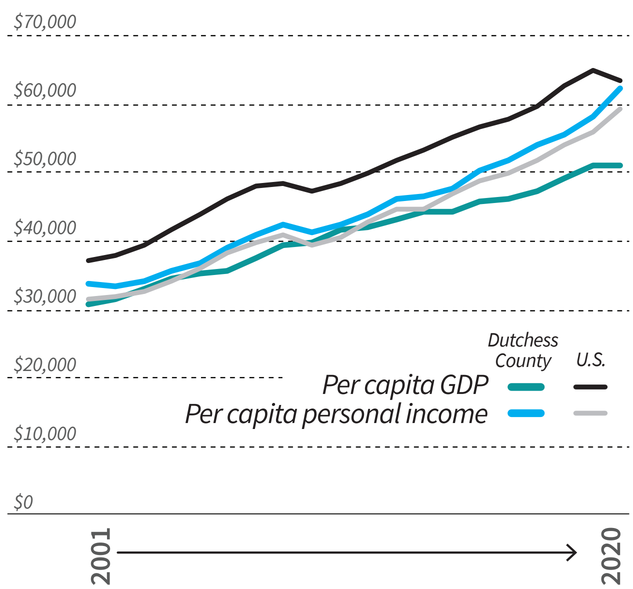
Source: 2000 and 2010 Decennial Census, 2015-2019 ACS Five Year Estimates

Economy

The strongest trends in Dutchess County's economy this century are its relatively slow employment growth compared to the nation, and the decline of manufacturing employment.

Steady Economic and Income Growth

Per Capita GDP and Personal Income, 2001-2020



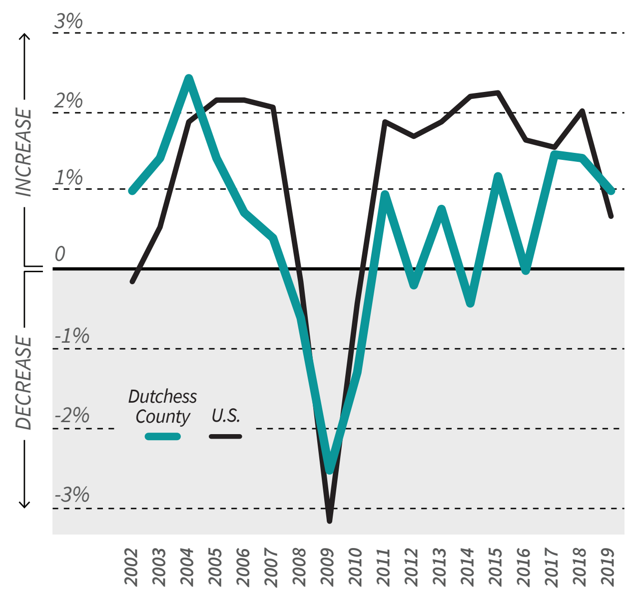
Source: Bureau of Economic Analysis

Per capita gross domestic product (GDP) measures the amount of economic activity in the county and averages that value across all county residents. Between 2001 and 2020, annual growth in per capita GDP in Dutchess County averaged 2.7% versus 2.9% nationally.

Per capita personal income, which is the total amount of income each year averaged across all county residents, grew at an average rate of 3.3% versus 3.4% nationally.

Employment Growth Lagging the Nation

Annual Percentage Change from Previous Year in Total Non-Farm Employment, 2002-2019



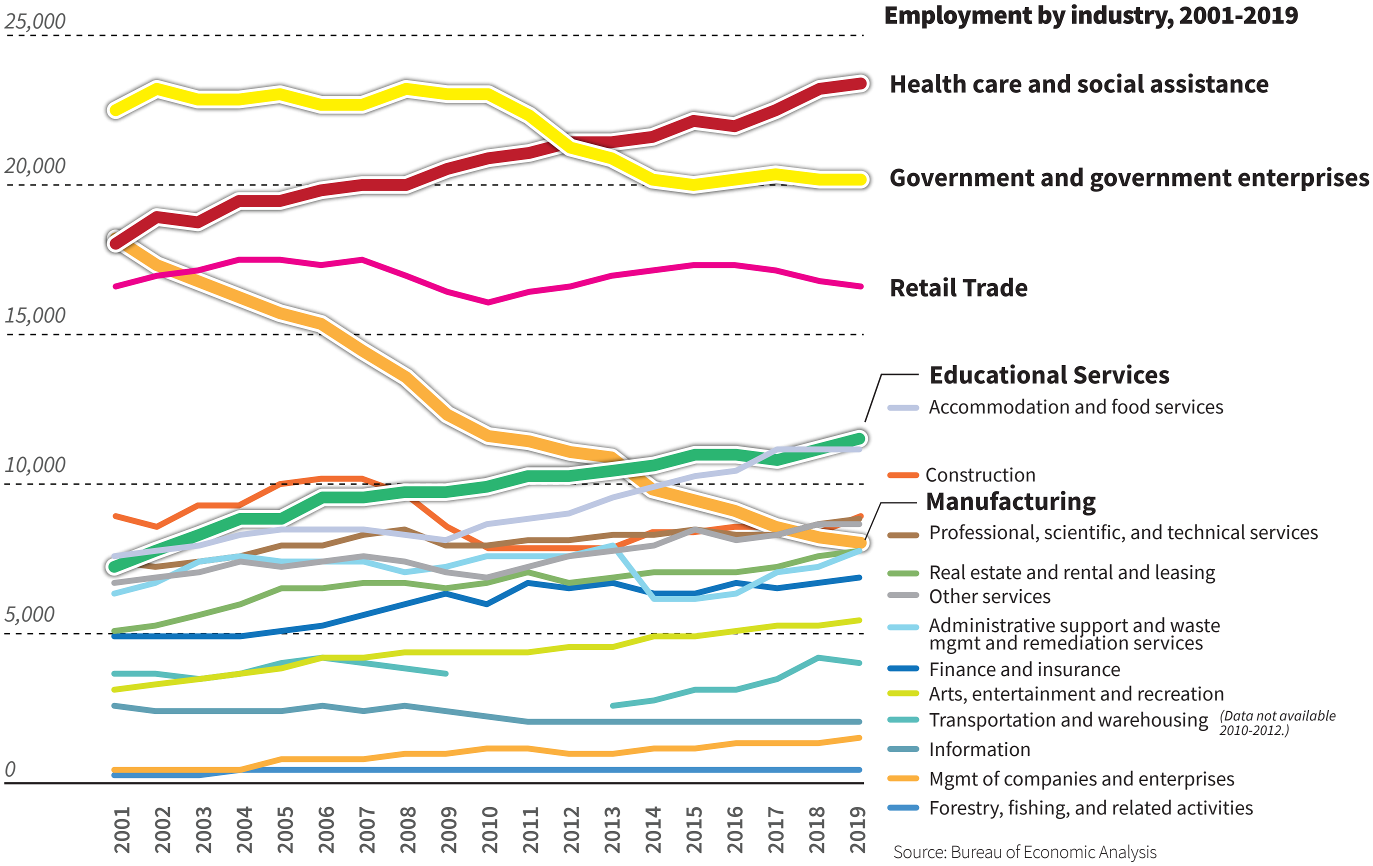
Source: Bureau of Economic Analysis

Employment in Dutchess County rose and fell in a pattern similar to national conditions between 2001 and 2019. **But overall employment growth during that time was 9.3% in the county and 22.5% in the U.S.** Between 2005 and 2018, annual employment growth was consistently higher in the U.S. than in Dutchess County.

Gradual Employment Shifts, Except in Manufacturing

There were few dramatic changes in employment in any specific industries between 2001 and 2019. Some notable growth occurred in Health Care and Social Assistance and in Educational Services ("Eds and Meds") with a combined increase of over 9,000 workers. Government employment decreased by just over 2,300. Manufacturing employment fell substantially however, with a loss of over 10,000; this represents a loss of 55.4% compared to a loss of 24.3% in the U.S. over the same time period.

Employment by industry, 2001-2019



Source: Bureau of Economic Analysis

Housing

Dutchess County is a housing market that has been and continues to be focused on ownership housing. But large-scale multifamily development is the fastest growing housing type, with developers responding to rental demand that can be seen in low rental vacancy rates.

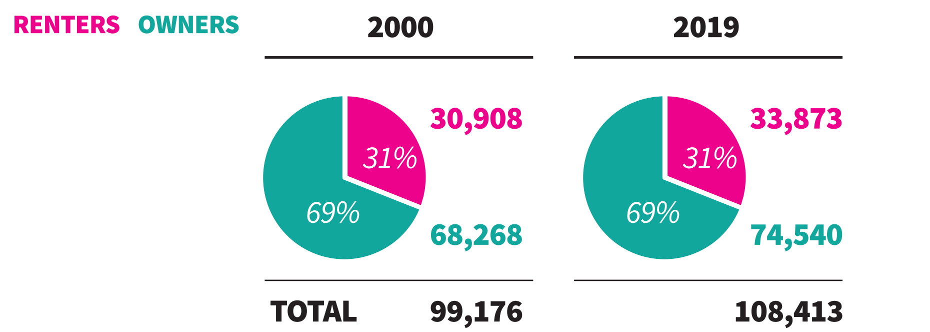
Housing Supply Dominated by Ownership of Single-Family Homes

In recent decades, Dutchess County has clearly been a place where ownership of a single-family house is the dominant housing arrangement. In 2000 and in 2019, nearly 70% of households owned their homes instead of renting, and nearly 70% of all housing units were single-family houses (either detached or attached). Over the same period of time, the U.S. proportion of owners declined from 66% to 64% while its proportion of single-family homes increased from 66% to 67%.

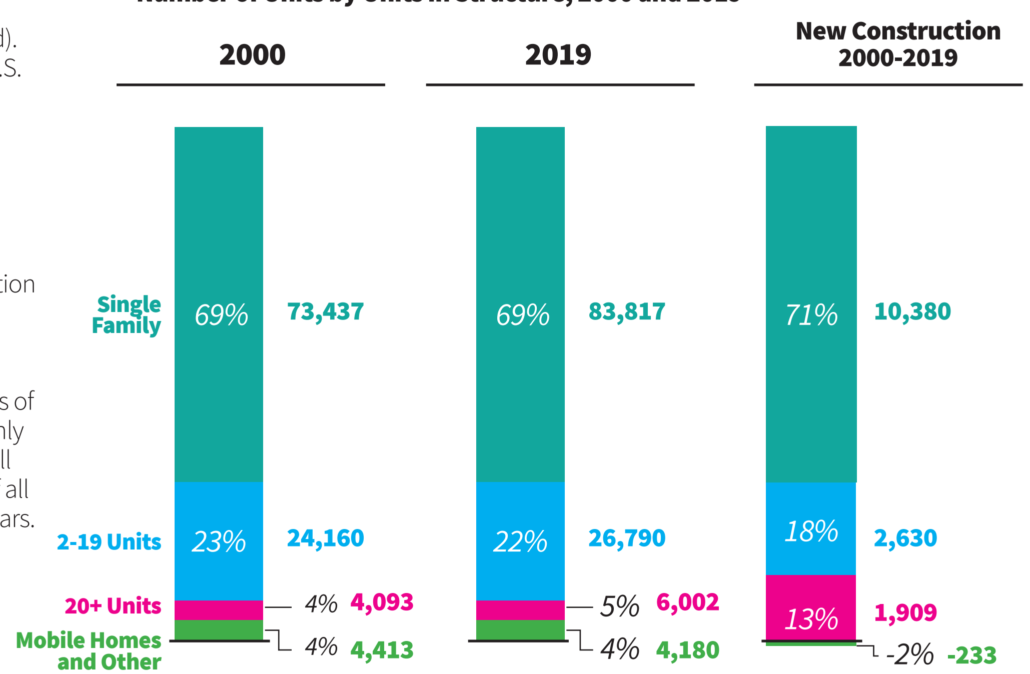
New units added to the inventory during this period were also heavily tilted toward single-family construction in the same proportion. A notable trend for those units that were not single-family houses was the prevalence of new units in structures of 20 units or more. Such units were only 3.9% of all units in 2000 and 5% of all units in 2019, but comprised 13% of all new units built in the intervening years.

Source: czb analysis of data from 2000 Census and 2015-2019 ACS Five Year Estimates

Tenure of Households, 2000 and 2019



Number of Units by Units in Structure, 2000 and 2019



Values and Rents Rising

Median owner-occupied home values increased by 87% between 2000 and 2019. Of course, that increase was not in a straight line, as prices more than doubled from 2000 to 2010 before falling during the recession.

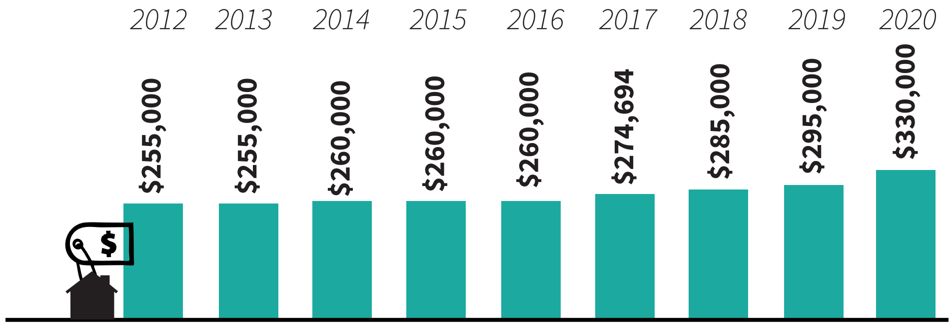
Since at least 2012, sale prices of single-family homes have not only been stable but have begun to rise. A clear upward trend in the median sale price began in 2017, culminating in a gain in 2020 of almost 12% over the previous year.

Rents have also been rising since 2000, with the county's median rent experiencing an increase of 73%. In recent years, rental vacancy has also been declining according to an annual rental housing survey administered by Dutchess County. The survey, which reports results only from owners or managers of properties of at least 20 units who chose to respond, reports vacancy at or below 3% each year since 2013 and below 2% each year since 2018. A market is considered to be healthy with 5% vacancy so these rates suggests a tightness in the rental supply that would support rising rents and construction of new rental units.

Median Value of Owner Occupied Units	**2000**	**2010**	**2019**
	$150,800	**$323,300**	**$282,200**

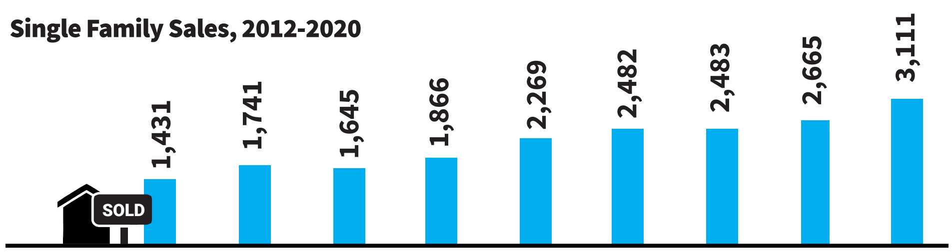
Source: 2000 Census, 2006-2010 and 2015-2019 ACS Five Year Estimates

Median Sale Price, 2012-2020



	2012	2013	2014	2015	2016	2017	2018	2019	2020
% Change from previous year		*0.0%*	*2.0%*	*0.0%*	*0.0%*	*5.7%*	*3.8%*	*3.5%*	*11.9%*

Single Family Sales, 2012-2020



	2012	2013	2014	2015	2016	2017	2018	2019	2020
% Change from previous year		*19.8%*	*-4.0%*	*13.4%*	*21.6%*	*9.4%*	*0.0%*	*7.3%*	*16.7%*

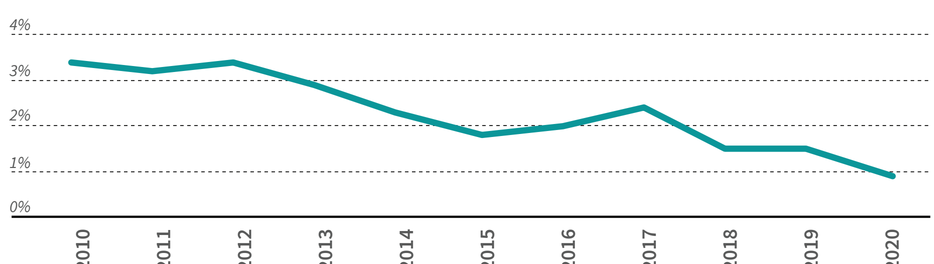
Source: NYS Sales Web

Median Gross Rent

	2000	**2010**	**2019**
RENT	**$707**	**$1,038**	**$1,220**

Source: 2000 Census, 2006-2010 and 2015-2019 ACS Five Year Estimates

Self-Reported Vacancy Rates in Properties with 20 Units or More



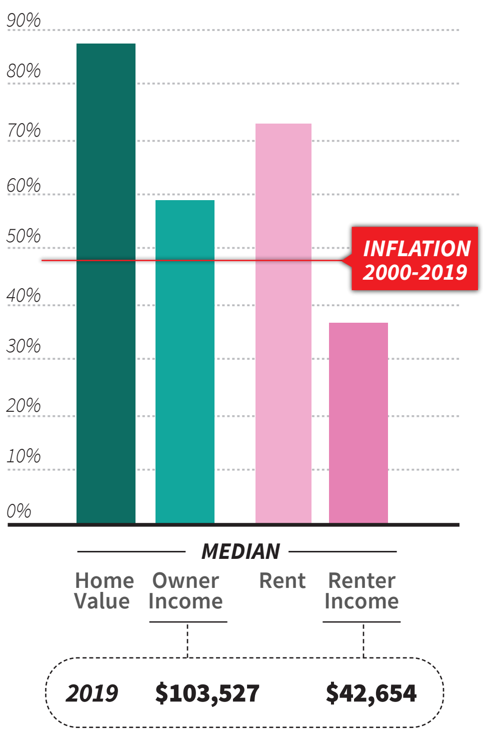
Source: Dutchess County Department of Planning and Development

Affordability

The terms of Dutchess County's market are largely set by high-income homeowners who have few if any affordability challenges. Other households struggle to keep up.

Incomes Lagging Behind Housing Costs, Especially for Renters

Percent Change in Median Home Value, Median Gross Rent, and Median Incomes by Tenure, 2000-2019

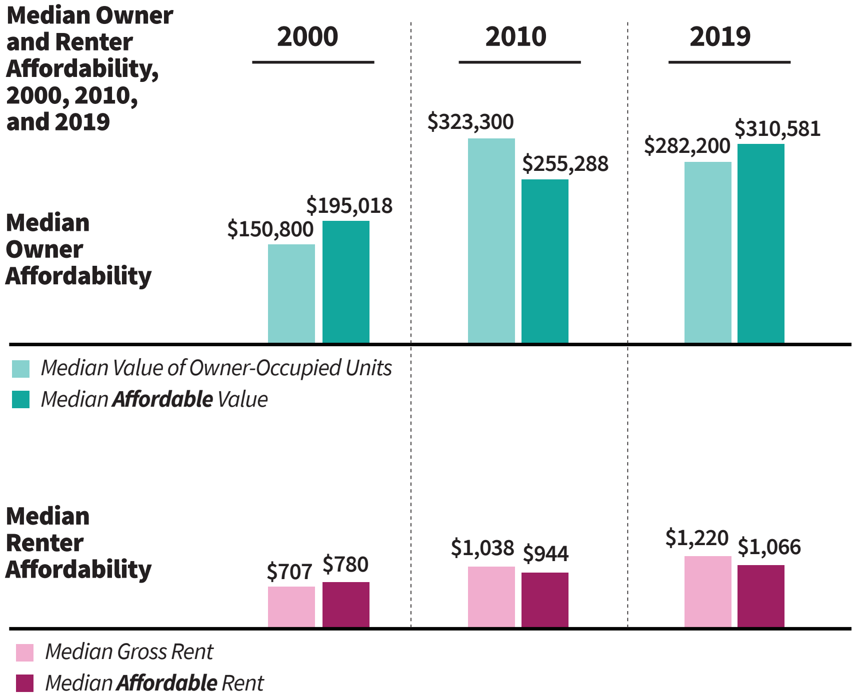


Owner incomes may not have matched the increase in home values between 2000 and 2019, but they did exceed the rate of inflation. This was not true for renter incomes. In both cases, housing costs grew faster than incomes.

Source: czb analysis of data from 2000 Census and 2015-2019 ACS Five Year Estimates

Owners' High Incomes Going Far While Renter Incomes Struggle to Keep Up

Median Owner and Renter Affordability, 2000, 2010, and 2019



Despite the median home value growing faster than the median owner income after 2000, the median homeowner could still afford the median home in Dutchess County in 2019. In fact the median owner could afford more. (It is assumed that an owner can afford a unit valued at three times annual income.) At the median, county homeowners had no affordability problem in 2000 and, despite a run up in values in the late 2000s, continued high homeowner incomes and cooling home values meant a return to affordability by 2019.

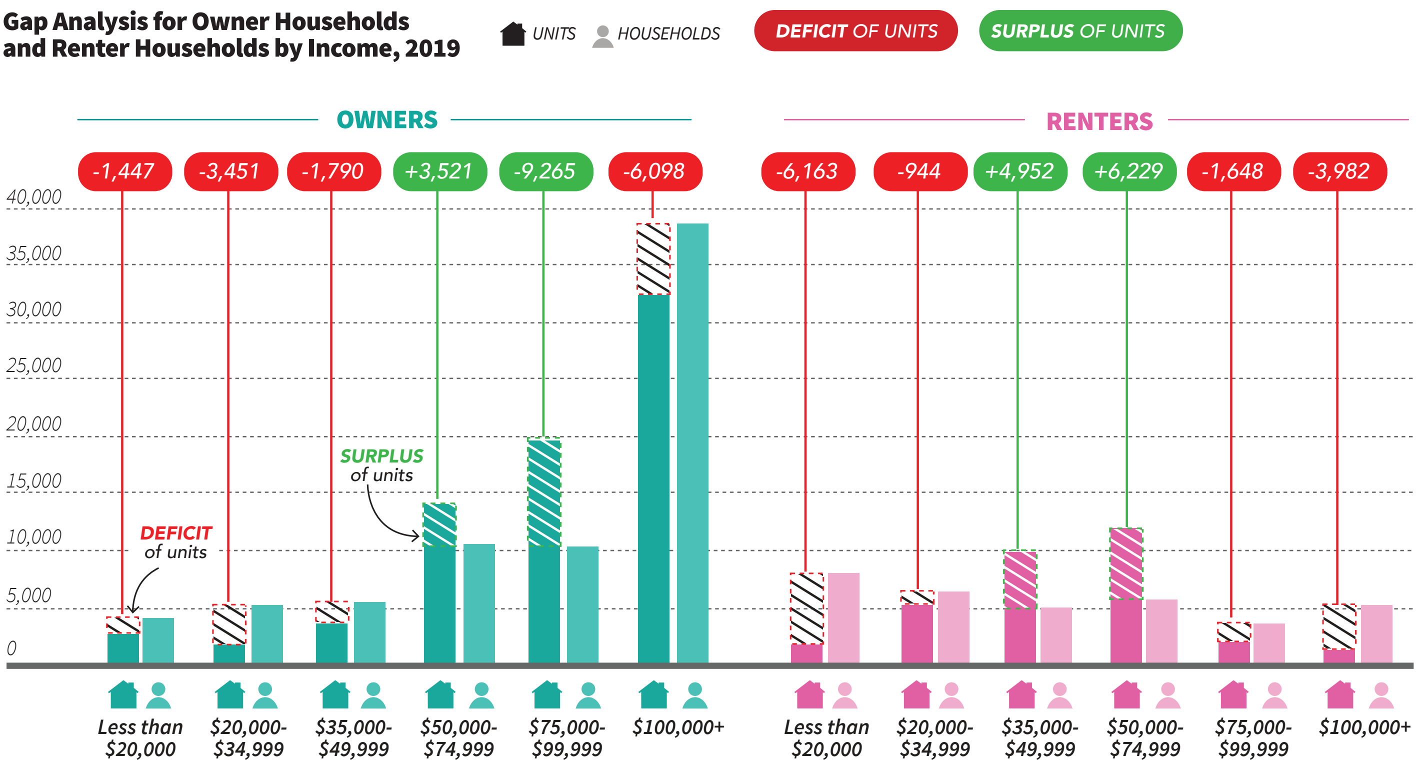
As the median gross rent rose at twice the rate of the median renter income after 2000, the median renter could no longer afford the median gross rent. (It is assumed that renters can afford to spend 30% of their income on housing costs each month.)

Source: czb analysis of data from 2000 Census, 2006-2010 and 2015-2019 ACS Five Year Estimates

Too Few Units for the Lowest and Highest Incomes

A gap analysis measures the difference between the number of units in a given price range—values for ownership units and monthly gross rent for rental units—and the number of households for whom the price range is affordable. Affordability determinations for ownership are based on a rule of thumb that a household can afford to buy a unit three times their annual income. For rental, it is based on a household spending no more than 30% of its monthly income on gross rent.

Gap Analysis for Owner Households and Renter Households by Income, 2019



Gaps for Ownership

The county has a deficit of owner units affordable to households earning less than $50,000. The gaps represent owners in houses with values that appear to be mismatches for their incomes. Some may be cost burdened, but some may be low-income seniors who have paid off their houses and others simply purchased years ago when the value was lower. These latter groups do not necessarily have an affordability problem.

It also has a deficit of owner units matched to households with incomes at or above $100,000. In this case, there are not enough units expensive enough to be worth three times the income of these high-income owner households.

There is a surplus of units affordable to the income ranges $50,000-$99,999. As a result, lower-income households below $50,000 and higher-income households at or above $100,000 are buying and/or living in these units. The greater the demand from the highest-income group, the more pressure there will be on home values to increase over time.

Gaps in Rentals

The county has a deficit of rental units affordable to households earning less than $35,000.

It also has a deficit of rental units matched to households with incomes at or above $75,000. In this case, there are not enough units that are expensive enough to take up 30% of the monthly income of these high-income renter households.

There is a surplus of units affordable to the income ranges $35,000-$74,999. As a result, many lower-income households are "renting up" into a unit that costs more than they can afford, with a resulting rent burden, while higher-income households are "renting down" into a unit that costs less than 30% of their monthly income and are getting a good deal. The greater the demand from the highest-income group, the more pressure there will be on rents to increase over time.

Source: czb analysis of data from 2015-2019 ACS Five Year Estimates

Housing cost burden, defined as a household spending more than 30% of its income on housing, is another way to examine affordability. The lowest-income households will always spend the greatest percentage of their incomes on housing costs and low-income renters are likely to face the greatest struggles.

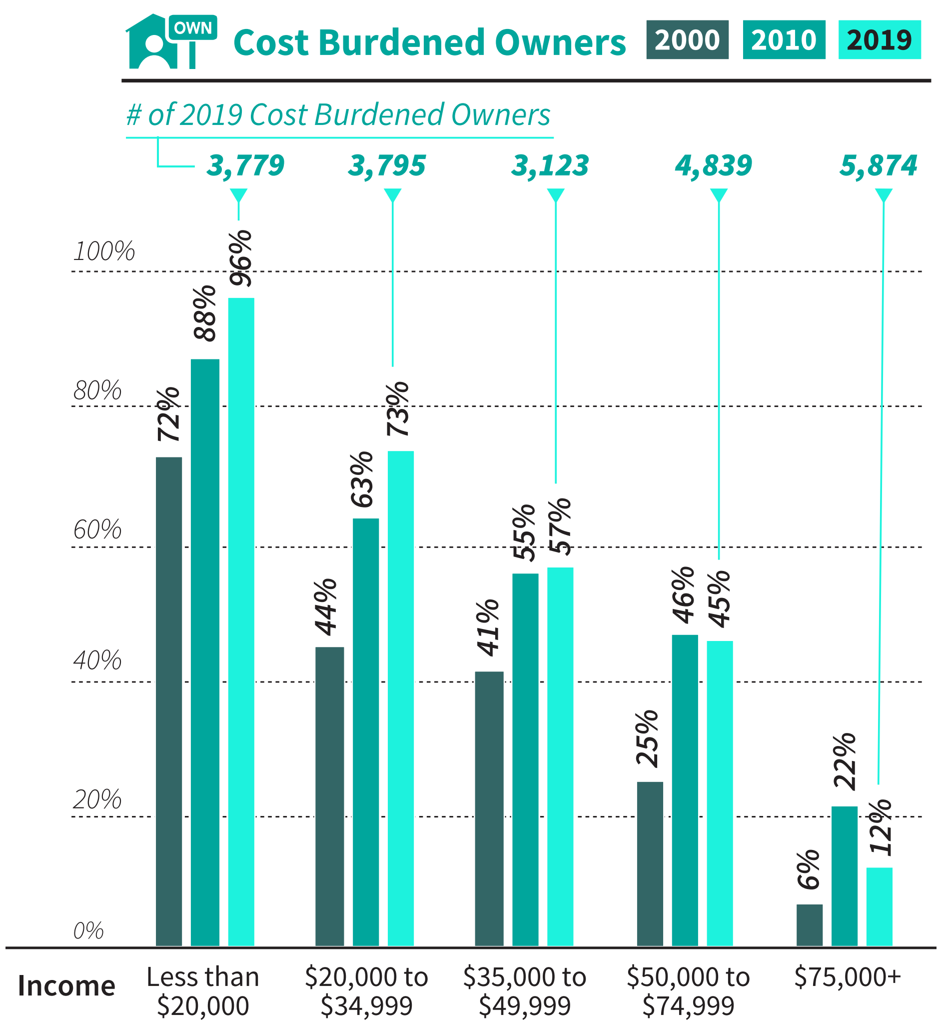
Owners

The majority (72%) of Dutchess County owners did not face a cost burden as of 2019. Of the estimated 21,410 households that did, 50% had incomes under $50,000, 23% had incomes between $50,000 and $74,999, and 27% had incomes of $75,000 or more. The proportion of owners facing a cost burden has risen in every income category since 2000.

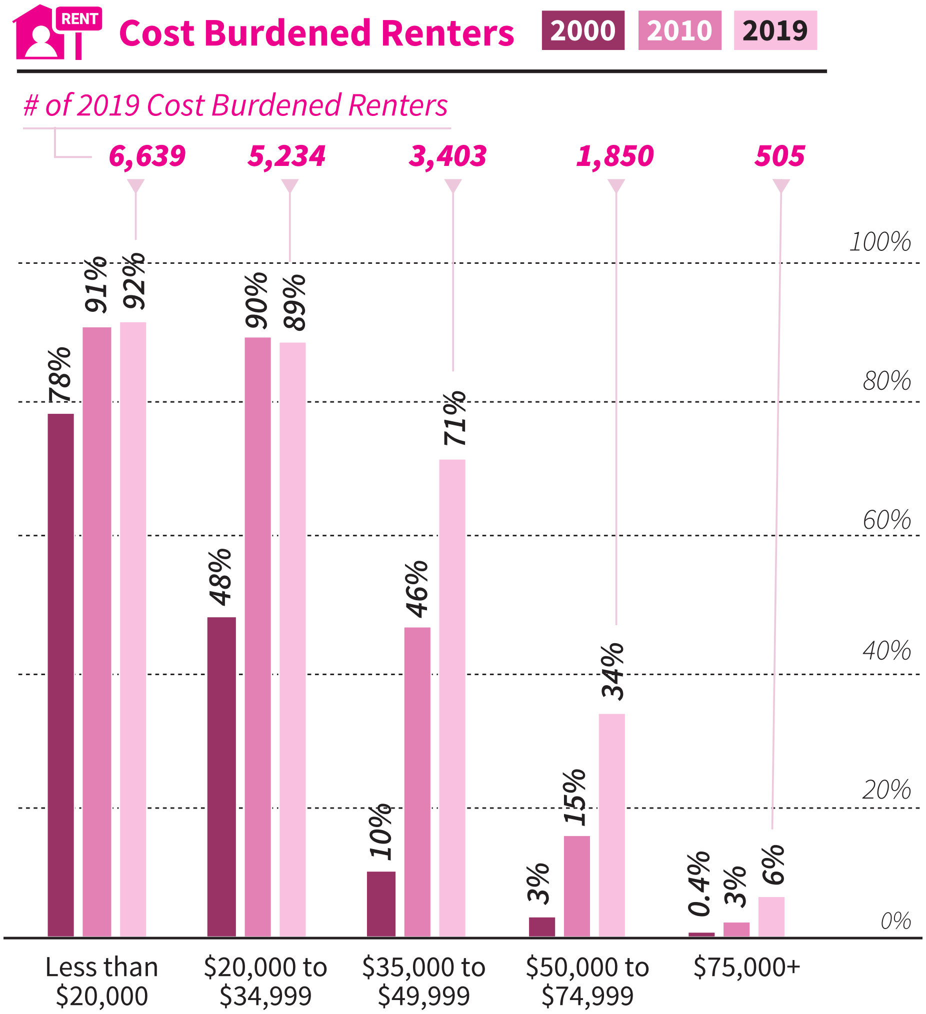
Determining the circumstances of an owner's cost burden is not always easy. Generally speaking, mortgage lenders will not finance a home purchase if the borrower will face a cost burden. To do so is to increase the lenders' risk that the loan will not be repaid. In addition, the costs of ownership are not usually subject to rapid increase.

Once a household already owns a home, however, cost burden can result from a variety of factors that could reduce household income without reducing housing costs, including retirement, health issues, divorce, or job loss. Some housing costs, if they grow faster than a household's income, can contribute to a cost burden. Examples include taxes and utilities.

Housing Cost Burdens, 2000, 2010 and 2019



Source: 2000 Census, 2006-2010 and 2015-2019 ACS Five Year Estimates



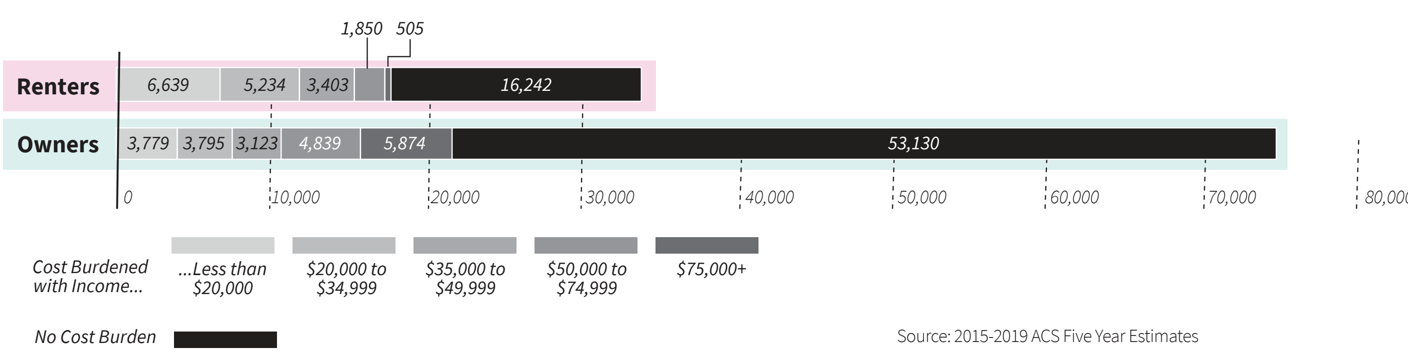
Renters

As of 2019, over half (52%) of all Dutchess County renter households faced a cost burden. Of the estimated 17,631 cost burdened renters, 86% of them had incomes under $50,000. Roughly 90% of all renter households with incomes less than $35,000 have faced a cost burden since 2010, with high rates of cost burden going back to at least 2000. Renter households with incomes from $35,000 to $74,999, although cost burdened in smaller proportions than lower-income renters, have seen steady increases in their rates since 2000 as well. As rents increase, cost burdens impact households at higher and higher incomes.

The reasons for rental cost burdens are easy to understand: rents are not fixed in most cases for more than a single year, and they go up regularly in line with market conditions and rental property owner costs, while incomes do not.

Break even rents for newly constructed market-rate units are usually between $1,500 and $2,000 per month and this range is not affordable until annual household income reaches $60,000. Even older rental units are difficult to maintain for much less than $1,000 per month, affordable only at an income of $40,000. It is virtually impossible for the private sector to provide a unit for $500 per month, which defines affordability for more than 7,000 county renter households with incomes below $20,000.

Number of Cost Burdened Households by Tenure and Income, 2019



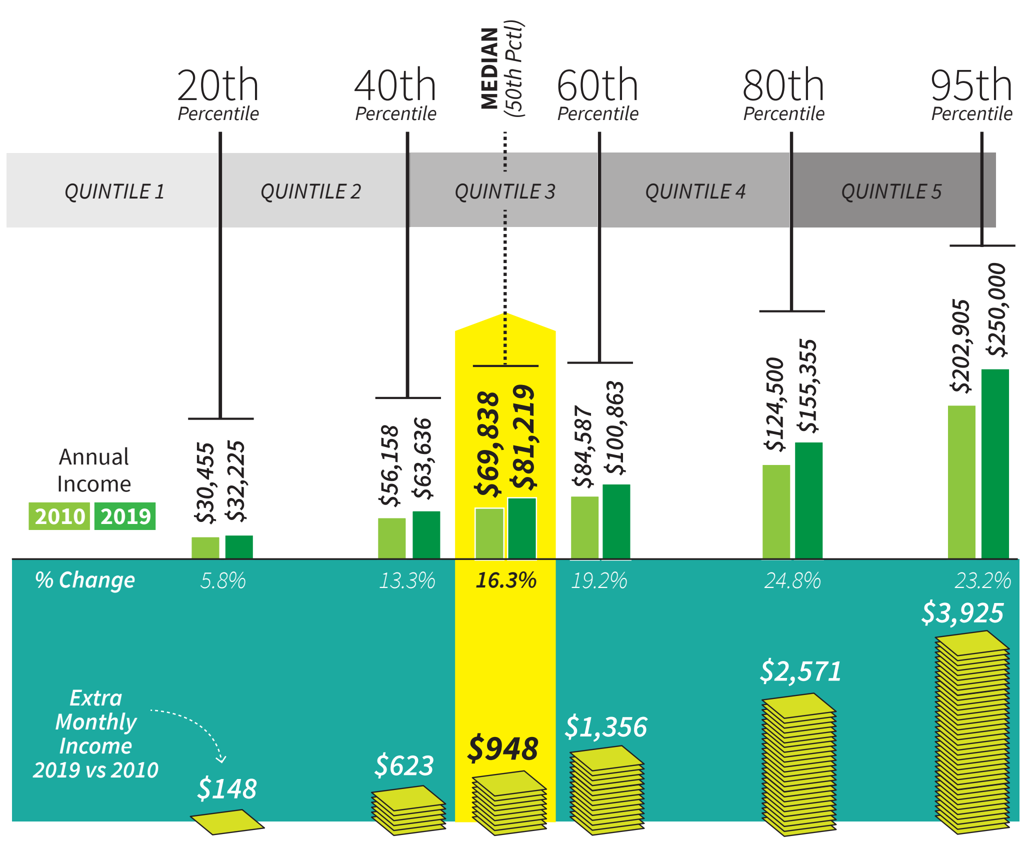
Source: 2015-2019 ACS Five Year Estimates

Income Disparities

The housing market is working fine for some households but not others. More than half of homeowners have incomes above $100,000 and enjoy good affordability while lower-income households, particularly renters with variable housing costs, struggle. What are the factors at play that cause such disparities?

Income Gains Flow to the Top

Dutchess County Income Quintiles, 2010 vs 2019



Source: czb analysis of data from 2006-2010 and 2015-2019 ACS Five Year Estimates

One way to look at the county's income distribution is to break it into five equally sized groupings of households called quintiles. The Census Bureau's American Community Survey reports the annual income at the very top level of each one of the five quintiles for both 2010 and 2019. The top levels of the five quintiles are the 20th, 40th, 60th, 80th, and 95th percentile (the top of the highest quintile is reported as the 95th percentile because the extreme variation in the top 5% makes the data less useful if included). In the middle of the third quintile—the 50th percentile—is the county's median household income.

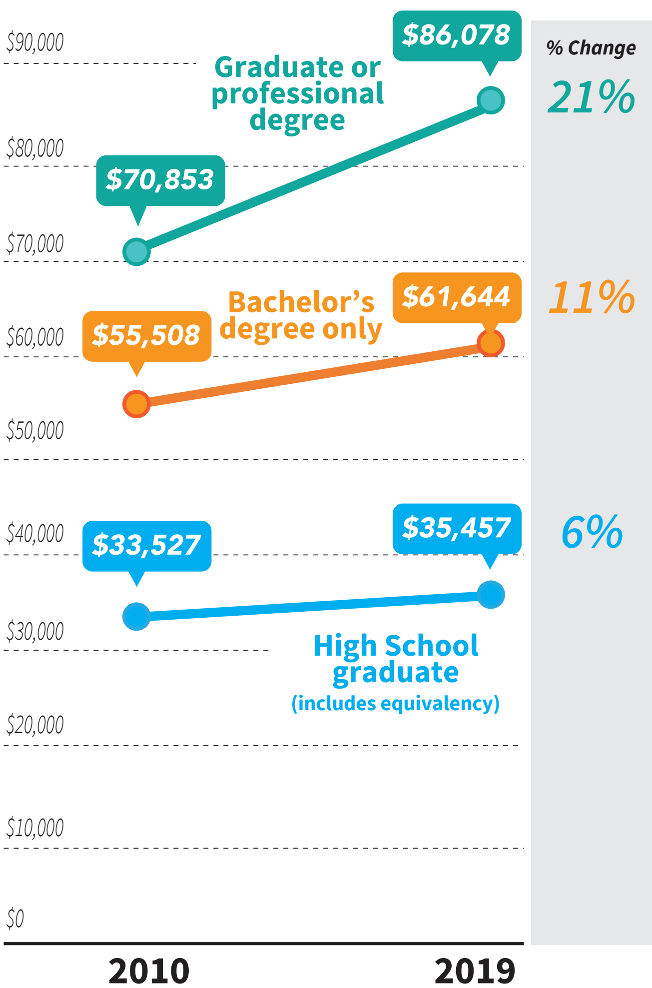
The relative differences between low, median, and high incomes within this distribution were already stark in 2010, but between 2010 and 2019 the differences increased. The fourth and fifth quintiles saw both the greatest absolute increases and the greatest percentage increases. While all income levels got more money in their pockets each month to spend on housing between 2000 and 2019, the amounts varied. The median household gained $800 more each month than the household at the 20th percentile gained. The 80th percentile household gained over $1,600 more than the median household gained. These differences matter because the housing market is a never-ending series of auctions and those with more money to spend will bid up the prices. In recent years, the top half of the market—especially the top 20-25%—has experienced income gains that allow it to bid up housing prices and the bottom half of the market simply cannot compete.

Higher Levels of Education Drive Higher Incomes

In the modern economy, "returns to education" have grown. The income benefits due to increased educational attainment are indisputably clear, and data specific to Dutchess County tell the story. Median earnings for college graduates in the county grew at almost twice the rate of those without a degree between 2010 and 2019. Median earnings for those with advanced degrees grew nearly twice as fast as those with only an undergraduate degree and over three times as fast as those with just a high school education.

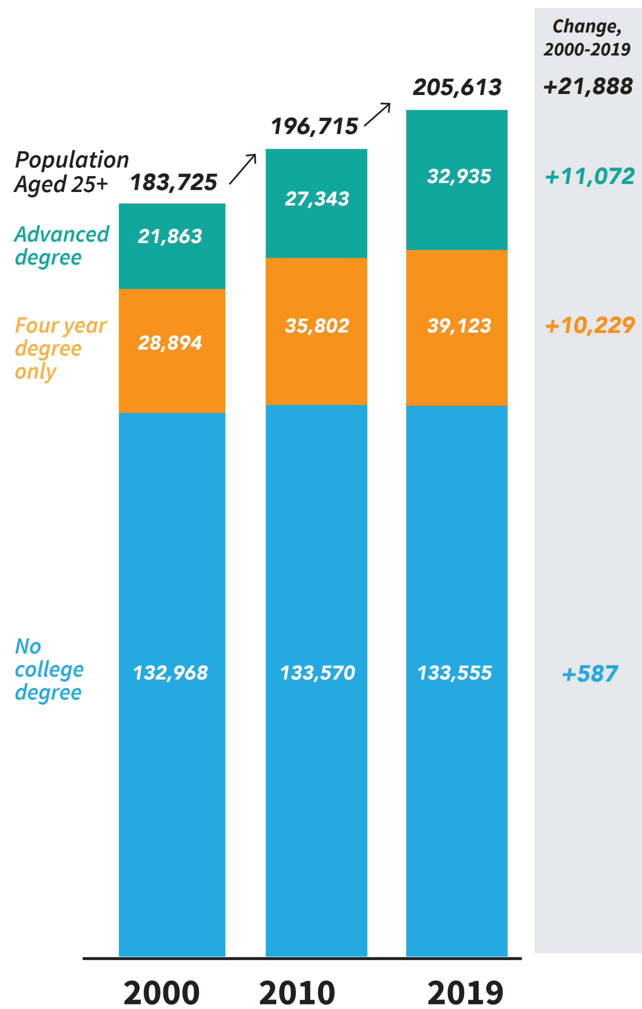
Almost all the increase in the adult population (aged 25 and older) between 2000 and 2019 consisted of college graduates, with more than half holding advanced degrees. This growth in well educated adults helps drive higher incomes and greater purchasing power at the top of the income distribution, putting pressure on housing values and rents and adding to the affordability challenge.

Median Earnings by Educational Attainment, 2010 vs 2019



Source: czb analysis of data from 2006-2010 and 2015-2019 ACS Five Year Estimates

College Degree Attainment, 2000, 2010 and 2019

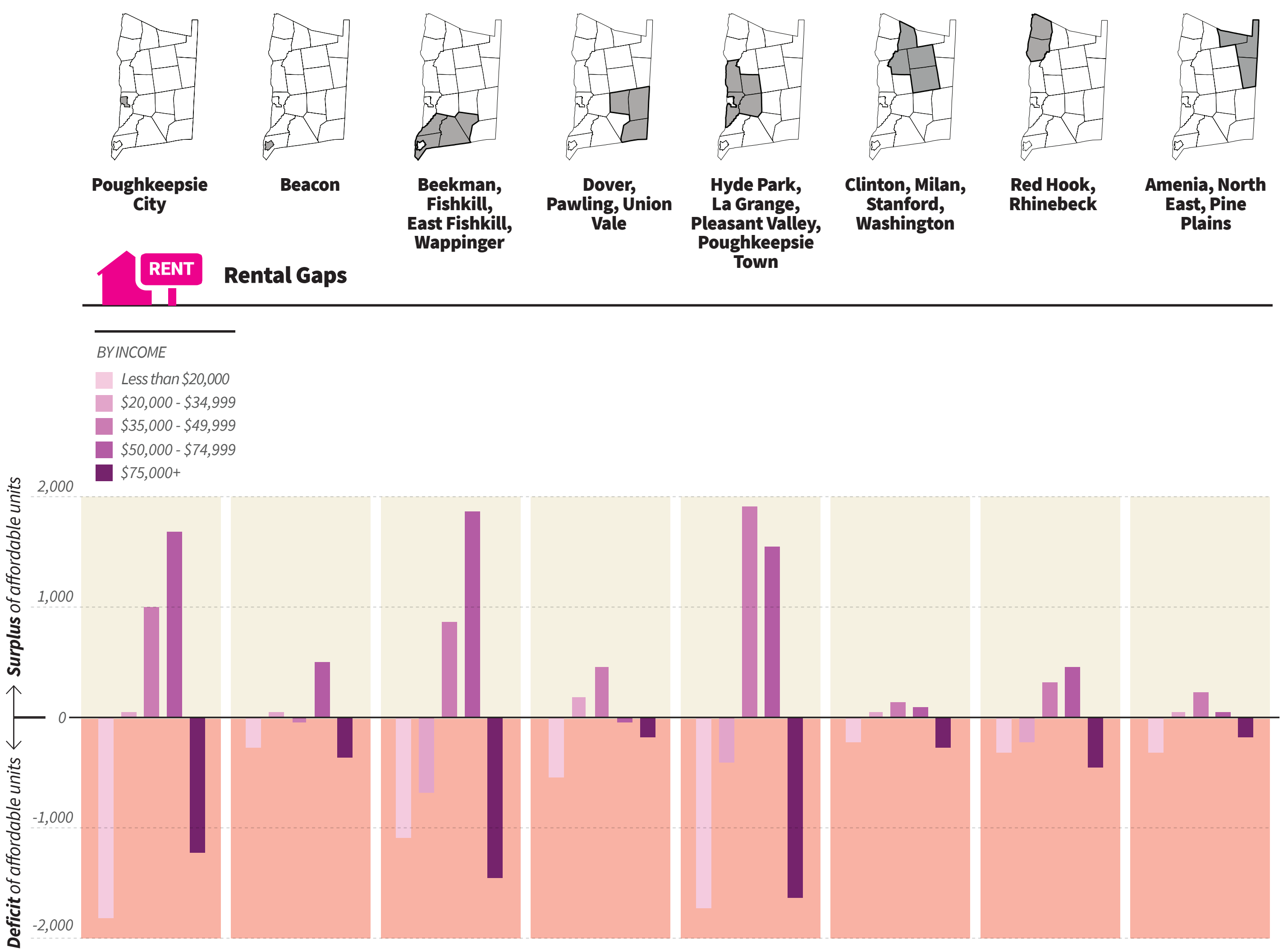


Source: czb analysis of data from 2000 Census, 2006-2010 and 2015-2019 ACS Five Year Estimates

How Different Areas of the County Compare

Rental Sub-Markets

When the county is divided into smaller urban, suburban, and rural sub-markets, it is clear that countywide rental trends were evident everywhere as of 2019. The household income segments most mismatched with existing rental housing supply were under $20,000 and $75,000 or more, with the towns surrounding Beacon and Poughkeepsie also displaying shortages for renters with incomes between $20,000 and $34,999. Those groups of households instead rent from the excess units affordable to income ranges in between. When this happens, it is a good deal for the higher-income households and results in cost burdens for the lower-income households. It also puts upward pressure on the rents for the "middle" units over time as landlords seek to cater to the higher-income renters.



Source: czb analysis of data from 2015-2019 ACS Five Year Estimates

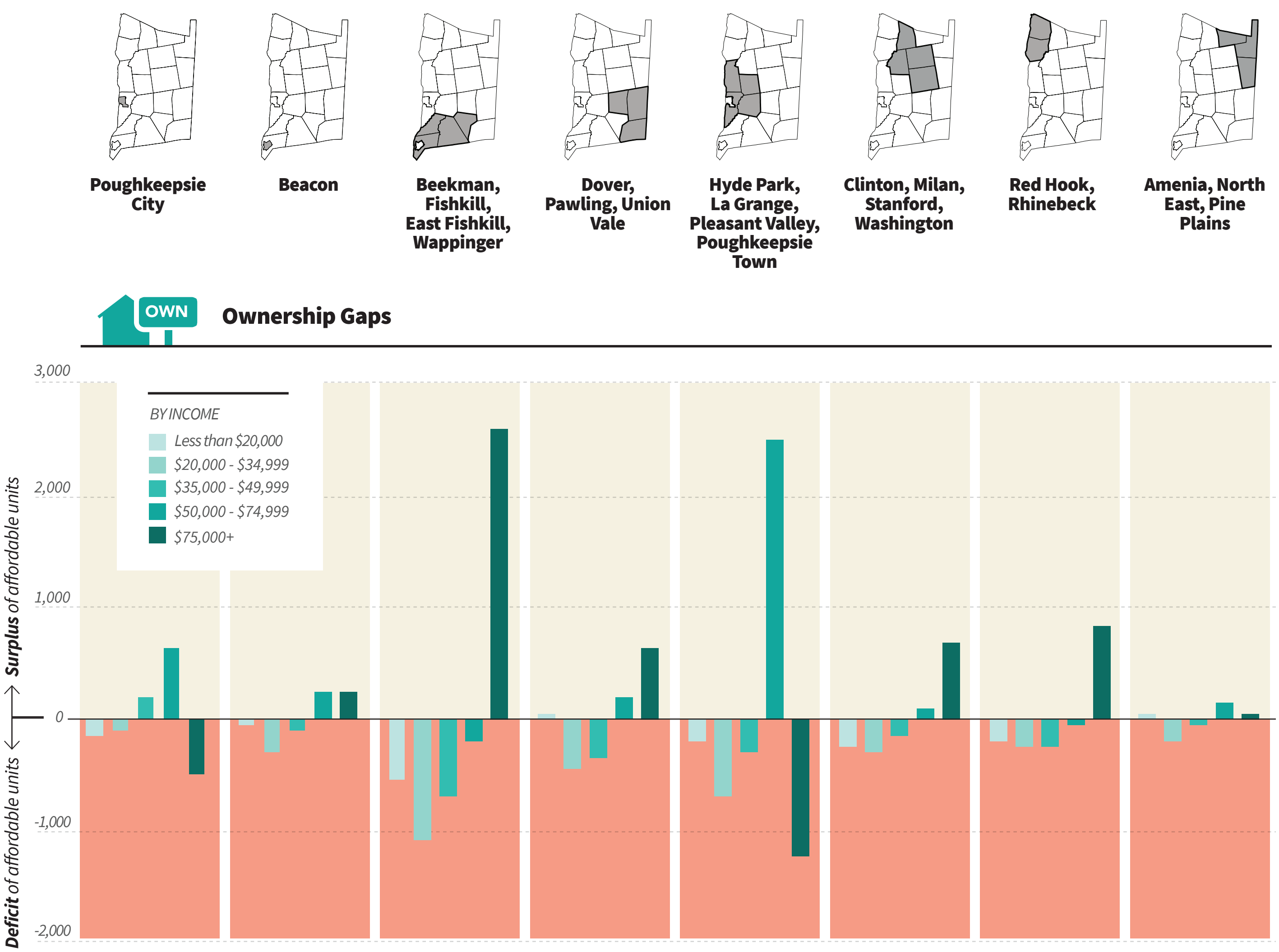
Rates of cost burden, meaning renters pay more than 30% of their monthly incomes for housing, were high around the county for all incomes under $50,000, but renters with incomes between $50,000 and $74,999 were also cost burdened at fairly high rates in Beacon, the sub-area around Beacon, and the suburban sub-area around the City of Poughkeepsie.

Source: czb analysis of data from 2015-2019 ACS Five Year Estimates

How Different Areas of the County Compare

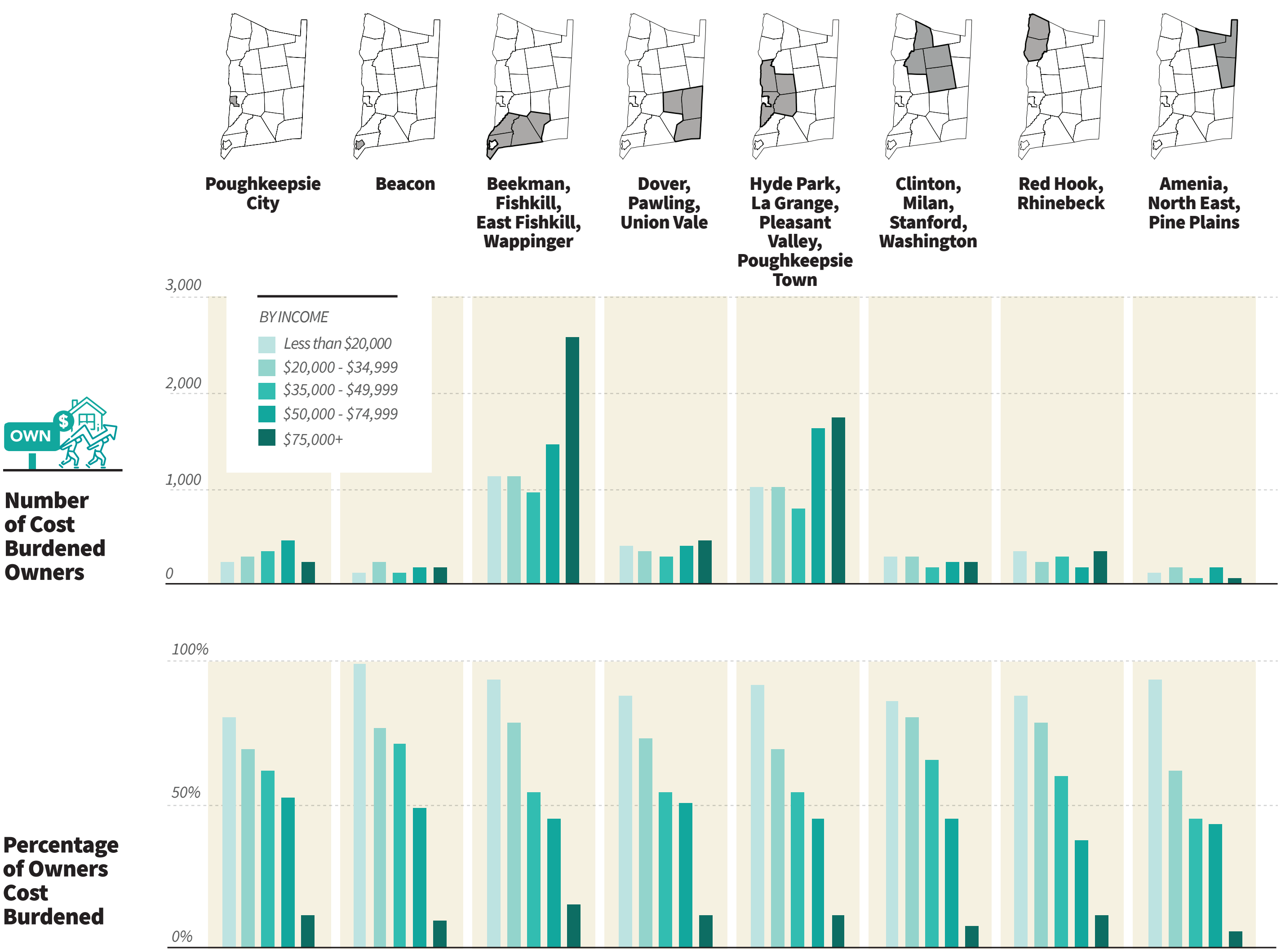
Ownership Sub-Markets

Across specific areas of the county, ownership markets were somewhat better balanced than rental markets in 2019, as determined by a gap analysis, but with a few exceptions. In the suburban and exurban sub-markets of the west, southwest, and southeast parts of the county, there were clear shortages of units with values affordable to incomes below $50,000. The apparent excess of units affordable to households with incomes at or above $75,000 in the southeast, southwest, northwest, and north central parts of the county reflects the prevalence of home values at and above $225,000. As described on page 21, the households in those areas for whom there are not enough units matched to their incomes are living in more expensive units than their incomes indicate they can afford. In the sub-area surrounding the City of Poughkeepsie, units affordable to household incomes between $50,000 and $74,999 were oversupplied and those extra units were taken up by households in both higher and lower income ranges.



Source: czb analysis of data from 2015-2019 ACS Five Year Estimates

Rates and patterns of cost burden, meaning owners pay more than 30% of their monthly incomes for housing, are quite similar across the sub-markets. The reasons for cost burden are varied and difficult to ascertain, as described on page 22.



Source: czb analysis of data from 2015-2019 ACS Five Year Estimates

KEY TAKEAWAYS

What do these findings suggest about “catching up” with existing housing needs?

OWN

Ownership Market

The values and sales prices of ownership units (mostly single-family houses) are now at levels that mean any household earning less than $100,000 will struggle to purchase a home. Gap analysis indicates a shortage of 6,688 ownership units for owner households with incomes of less than $50,000. The implication of the shortage is, first, that the 6,688 owners represent a group who could not afford to buy the homes they are living in today if they had to purchase at today’s values and, second, that the next buyer of a home owned by one of these households will need a higher income than the existing occupant. Indeed this has been playing out across the county. The only owner income category that grew between 2010 and 2019 was $150,000 or more, while every income category below that level decreased.

Cost burden rates as of 2019 are high and/or rising for households with incomes below $75,000, with non-mortgage costs playing a larger role for the lowest-income households. Amongst cost burdened households with incomes below $20,000, 64% are not paying a mortgage. Amongst those with incomes between $20,000 and $34,999, 47% are not paying a mortgage. As incomes rise, the likelihood that a cost burdened owner household has a mortgage greatly increases. The lowest-income owner households may be facing taxes and utility costs that exceed 30% of their annual income even if their homes are paid off—fixed-income seniors may fit this profile. Higher-income households facing a cost burden likely do so at least partially because of a mortgage payment, and this could be due to households stretching to buy more than they can really afford, or it could be due to a decrease in income during the time they owned the home.

RENT

Rental Market

To some extent, gaps and cost burdens are much simpler to understand in the rental market than in the ownership market because the only real factors at play are monthly rent and income, as opposed to all the complexities of various ownership situations. Where unaffordability exists in the rental marketplace, it simply means that monthly gross rent exceeds 30% of monthly gross income.

The vast majority of renter households with incomes below $50,000 are cost burdened as of 2019 and gap analysis indicates a shortage of 2,155* rental units affordable to these households. The number of renter households in this income range remained largely unchanged between 2010 and 2019 while nearly all renter household growth occurred in the income category at or above $100,000 (85% increase).

While some households with annual incomes below $50,000 are likely chronically poor, others are working full time or living on retirement income. In many cases, the difference between affordability and cost burden will be but a few hundred dollars each month, and there are a number of tried-and-true affordable rental housing tools that suggest this group of renters should be a strong focus going forward.

*This shortage is drawn from the gap analysis presented on page 21 for renting households earning less than $50,000. The deficits and surpluses for the three income categories below $50,000 were added together to arrive at this figure.

KEY TAKEAWAYS

What are the key takeaways of Part 1?

There are no clear culprits in the rise of housing costs. But important long-term trends have matured, and they are part of the cause.

Population growth, household growth, and employment growth are usually key drivers of housing demand, but they have been gradual in Dutchess County in recent decades. There is no clear evidence that Dutchess has an "underbuilding" crisis (although, all things being equal, more housing certainly would be better for affordability). Rather, affordability challenges in the county resemble "death by a thousand cuts," including the hard-to-quantify phenomenon of second or seasonal homes that reduce the housing supply for permanent residents.

One clear demand-side story is that the top half of the market has done very well economically in this century while the bottom has been stuck in place, and the middle is increasingly squeezed. The top of the market is composed of many homeowning, well-educated, well-compensated, married couple families and their housing demand is a powerful force impacting those farther down the housing ladder.

"Missing Product" at High and Low Ends

There are thousands of owner and renter households in Dutchess County paying more than they can afford, as seen in both the gap analysis and the cost burden figures. The market-based housing production system is not able to rectify these imbalances.

Meanwhile, Dutchess County's housing market is growing at the upper end of the income spectrum. Between 2010 and 2019, the county lost an estimated 9,399 owners with incomes below $150,000 while gaining an estimated 8,461 owners with incomes at or above that amount. During that time, the county gained an estimated 2,399 renter households, of which an estimated 2,370 had incomes of at least $100,000. There are thousands of owner and renter households who are living in housing units that cost less than their capacity to pay for them.

More Housing Could Help

The cost of new housing is hundreds of dollars per square foot, and costs have risen substantially over the years even as those with low incomes have not seen much in the way of income growth. New affordable housing development, especially rental housing for households with incomes below $50,000, if substantial enough, will help to meet what is clearly a deep housing need. This housing cannot and will not be built without significant subsidy and other public sector supports, such as zoning changes and infrastructure investment.

New market-rate housing for six-figure households, both renter and owner, could help relieve pressure on rents and home prices in the middle if the addition of new supply outpaces growth in demand.

Getting More Money into the Hands of Renters

The primary housing affordability problem for renters in Dutchess County is not that rents are incredibly high—the county's 2019 median gross rent of $1,220 is not a figure that would make a new rental unit financially feasible for a developer, a builder, or a rental operator—but that roughly half of Dutchess renter households do not have incomes high enough to pay the rent in the local marketplace. Programs such as Housing Choice Vouchers have been in place for many years to effectively increase the amount of income that low-income renters have to procure housing. Even if many more rental units are built, additional subsidies beyond the existing supply of vouchers will still be necessary to close current affordability gaps.

Intervention Requires Pragmatic and Achievable Goals

The difficulty of different interventions, the associated costs, and the nature of the tools available suggest that the County **strongly focus on renters with incomes below $50,000 as its "catch up" responsibility**. This group represents 14% of Dutchess households, they do not have the option to buy a home, and they are the most vulnerable to uncontrolled housing price increases. The estimated number of interventions is 2,155 and more information about how the need might be met will be discussed in Part 3.

PART 2

Housing Needs Tomorrow

There is no way to perfectly predict how the household landscape in Dutchess County will change over the next two decades and, consequently, how the housing needs of the county will evolve. However, scenarios based on educated assumptions about the future offer a way to understand the range of possible issues the community might face.

The three scenarios summarized on the following pages are meant to serve this purpose for Dutchess County. They demonstrate how the household landscape in 2030 and 2040 might differ from conditions of today and the recent past, as presented in Part 1. And they provide added context and direction for the implementation of policies and strategies outlined in Part 3.

A Framework for Testing Alternative Futures

Projections of future housing needs mean very little unless they demonstrate how the number and characteristics of the consumers of housing units—households—might change over time. Every household translates to an occupied housing unit.

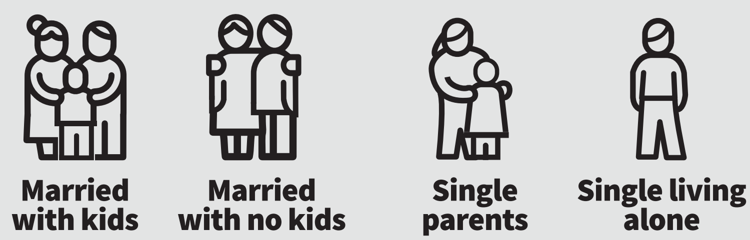
The scenarios for this Housing Needs Assessment are centered around the total number of households that might live in Dutchess County in 2030 and 2040. **Six household types that represent over 90% of all households are used here to explore future housing needs.**

Note: Household types that are not among the six used in Part 2 are fully considered by all analysis in Part 1 and strategy recommendations in Part 3.

A Focus on Six Household Types

These six types are divided into two categories by age. Two of the types represent households where the householder is 65 or older, and the other four represent households where the householder is under 65.

Householder Under 65



Householder 65+

The Scenarios

SCENARIO #1

What if recent demographic and household trends continue?

SCENARIO #2

What if the population grows faster than expected?

SCENARIO #3

What if traditional notions of household formation change?

Three scenarios were designed to demonstrate a range of potential changes that might occur to the six household types and to the county's overall household landscape by 2030 and 2040. Each is based on distinct "What if?" assumptions and is grounded to two data sources: the American Community Survey for baseline conditions in 2010 and 2019 and population projections for 2030 and 2040 from Cornell University's Center for Applied Demographics.

BASELINE

Where we are today

The income, tenure, and growth characteristics of these households over the past decade are distinct and provide baseline conditions and trends for building and understanding the potential impacts of the three scenarios.

Part 1 of this Housing Needs Assessment goes into greater detail on factors that have recently shaped housing demand and need in Dutchess County. Many of those factors are apparent in the baseline characteristics for the six household types used here in Part 2.

Important trends that impact housing demand and needs

Married households, regardless of age, and single seniors all experienced **income growth** beyond inflation, adding to their purchasing/renting power

Single parents saw their already **low incomes stagnate**, further diminishing their purchasing/renting power

Total number of households grew due, in part, to shrinking household size

Number of **senior households grew** by 29%, while households **under 65 declined** by 7%

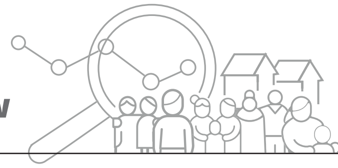
25% drop in **married households with kids**

Married couples with no kids and younger **single households** saw **growth in renting**

		Householder Under 65				Householder 65+	
		Married with kids	Married with no kids	Single parents	Single living alone	Married	Single living alone
Number	2010	*23,254*	*24,277*	*13,597*	*16,966*	*10,415*	*10,077*
	2019	*17,473*	*25,085*	*13,549*	*16,605*	*13,741*	*12,655*
Average Income (2019$)	2010	$150,218	$121,230	$30,739	$60,733	$95,395	$37,434
	2019	$176,535	$130,148	$31,609	$58,788	$111,054	$50,816
Rent	2010	11%	18%	53%	53%	9%	35%
	2019	12%	22%	53%	56%	9%	36%
Own	2010	89%	82%	47%	47%	91%	65%
	2019	88%	78%	47%	44%	91%	64%

TOTAL HOUSEHOLDS **2010** ---- *106,952* **2019** ---- *108,413*

Source and Notes: czb analysis of 2006-10 and 2015-19 ACS 5-year estimates; 2010 average income figures adjusted to 2019 values based on consumer price index; total households includes those not categorized into the six household types



Scenarios - Overview

Each of the three scenarios uses the 2010-2019 baseline as a foundation and are based on a series of assumptions tied to a specific premise.

Premise

SCENARIO #1

What if recent demographic and household trends continue?

Scenario #1 uses the population projections from Cornell's Center for Applied Demographics to estimate the **number of households in each of the six household types for 2030 and 2040.** These projections simply extend recent demographic trends and composition into the future.

SCENARIO #2

What if the population grows faster than expected?

Cornell's population projections anticipate continued growth in New York City and other parts of the Mid-Hudson region. Scenario #2 assumes that Dutchess County will experience some of these regional demand pressures and actually **grow at a rate similar to Westchester County's recent rates.**

SCENARIO #3

What if traditional notions of household formation change?

After decades of gradual declines in household size in the U.S., this metric has been static for almost a decade. If mid-20th Century assumptions about **household formation and size become increasingly irrelevant** as aging of the population accelerates and as the traditional nuclear family becomes a smaller and smaller share of all households, there could be an uptick in inter-generational and non-family households. Scenario #3 explores this possibility.

Distinguishing Assumptions*

Dutchess County experiences **modest population loss and continues to age**, as projected by Cornell's Center for Applied Demographics

Contemporary assumptions about household formation persist, resulting in **slight declines in household size**

0.4% / YR

Dutchess County experiences **population growth** similar to Westchester County's growth rate between 2000 and 2020 (0.4% per year)

Growth occurs evenly **across all age groups**

Contemporary assumptions about household formation persist, resulting in **slight declines in household size**

Dutchess County experiences **modest population loss and continues to age**, as projected by Cornell's Center for Applied Demographics

Contemporary assumptions about household size and formation break down; an increase in inter-generational and non-family households (roommates) leads to a **modest uptick in average household sizes**

Common Assumptions*

Recent patterns of **change in average household income and tenure persist** into the future, but with **income growth rates adjusted** to smooth out the volatility of the past decade

**See the Appendix for more detail on the assumptions for each scenario.*

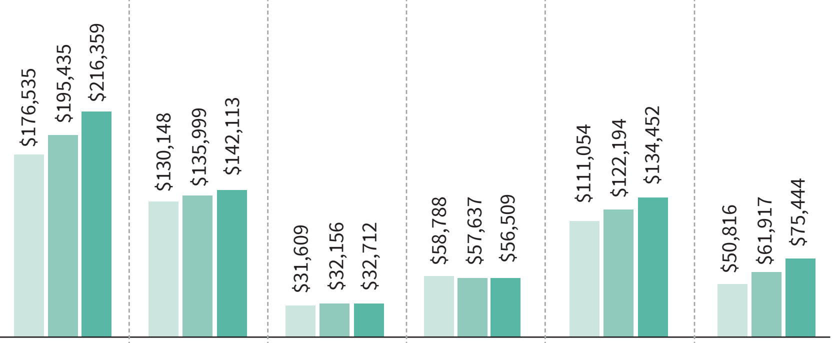
Scenarios - Results and Analysis

The table below presents the results of the three scenarios, including change in the total number of households over time and change in the distribution of households across the six household types. Income and tenure results, at the bottom of the table, are the same for all three scenarios.

		Householder Under 65				Householder 65+		
		Married with kids	Married with no kids	Single parents	Single living alone	Married	Single living alone	TOTAL Households
SCENARIO #1 What if recent demographic and household trends continue?	2019	*17,473*	*25,085*	*13,549*	*16,605*	*13,741*	*12,655*	*108,413*
	2030	*12,976*	*18,383*	*10,273*	*12,435*	*23,838*	*20,070*	*107,174*
	2040	*12,706*	*18,001*	*10,059*	*12,177*	*24,299*	*20,287*	*106,686*
SCENARIO #2 What if the population grows faster than expected?	2019	*17,473*	*25,085*	*13,549*	*16,605*	*13,741*	*12,655*	*108,413*
	2030	*13,545*	*19,189*	*10,723*	*12,981*	*24,884*	*20,951*	*111,875*
	2040	*12,706*	*18,790*	*10,500*	*12,711*	*25,365*	*21,176*	*111,366*
SCENARIO #3 What if traditional notions of household formation change?	2019	*17,473*	*25,085*	*13,549*	*16,605*	*13,741*	*12,655*	*108,413*
	2030	*12,476*	*17,675*	*9,877*	*11,956*	*22,443*	*18,895*	*103,692*
	2040	*11,835*	*16,766*	*9,369*	*11,342*	*21,232*	*17,725*	*100,305*

2019 / 2030 / 2040

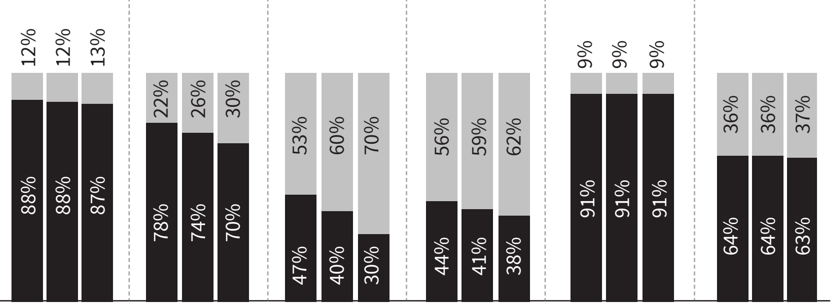
Average Income (2019$)



2019 / 2030 / 2040

Rent

Own



Sources and Notes: Results are based on czb analysis of baseline data from 2006-10 and 2015-19 ACS 5-year estimates, as well as population projections for Dutchess County from the Cornell University Center for Applied Demographics; the total number of households presented for each scenario reflects the six household types plus all other household types; see Appendix for detailed notes about assumptions and adjustments.

What do the results tell about the implications of these scenarios and how they differ from one another?

Total Households

#1 #3

The total number of households shows **a net decline from the 2019 baseline under Scenarios #1 and #3**, due to assumptions of gradual population loss and—**under Scenario #3—a rise in household size**.

#3

#2

Under **Scenario #2, the total number of households in the county would grow by 2030** as a result of population growth and smaller household sizes. The county would still lose population and households after 2030 due to aging. But the **total number of households in 2040 would still exceed Scenario #1 by nearly 5,000.**

Distribution of Household Types

#1 #2 #3

Under **all three scenarios, the two household types over age 65 will grow considerably** through 2040 as middle-aged households become seniors and their household sizes shrink; they will go from constituting **24% of all households to nearly 40%**. The four household types under age 65 will decline but still represent a majority of all households.

#3

The results of Scenario #3 shows distributions similar to Scenarios #1 and #2 while accounting for the impact of **larger average household sizes** and a **rise in households that do not fit neatly into the six household categories.**

Average Income and Tenure

#1 #2 #3

Under all three scenarios, **gaps between the highest income and lowest income household types will grow wider**, as recent trends continue.

#1 #2 #3

Under all three scenarios, **single parents remain economically vulnerable** as incomes stagnate, prospects for affordable homeownership dwindle, and rent-to-income ratios worsen.

Overall differences between these scenarios are small and reflect a mostly stable population.

Even if less conservative projections were used for a fourth scenario, such as those developed by the New York Metropolitan Transportation Council (NYMTC), potential household totals for 2040 would range from 100,000 at the low end (Scenario #3) to roughly 120,000 at the high end (NYMTC). This range is relatively narrow and suggests that differences in housing policy at either end of the range would also be narrow.

KEY TAKEAWAYS

Implications for Future Housing Needs

Total Catch Up

2,155

interventions

to resolve existing cost burdens

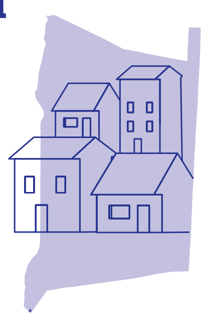
Incremental Catch Up

108

interventions

PER YEAR

going forward to address existing and future housing needs



Part 1 concluded by introducing the concept of **"catch up"** to Dutchess County housing needs—a figure (2,155) that represents the number of additional household-level interventions that are needed to substantially address levels of housing need in the county. These are needs that have accumulated over recent decades.

In a community that is growing, addressing the "catch up" needs of the housing market are distinct from addressing the "keep up" needs, which include the needs that emerge year-by-year on top of any catch up needs. Therefore, catching up and keeping up are, together, useful ways to understand the scale of intervention needed to address housing needs today and into the future.

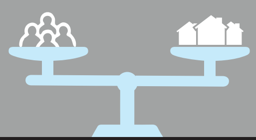
According to Cornell's population projections, however, Dutchess County may experience limited levels of growth. The scenario that is most confident about growth (#2) projects only a small number of additional households in 2030 and 2040. Limited growth, combined with anticipated declines in the total number of household types with the lowest incomes (single parents and single living alone) are likely to result in "keep up" needs that are relatively small in comparison to Dutchess County's current "catch up" figure.

Consequently, **the future housing needs in Dutchess County can best be met by addressing the current backlog of need represented by the catch up estimate of 2,155 total interventions.** To break that number into a realistic annual pace going forward, this housing needs assessment defines an **incremental catch up** pace that is 1/20th of the total catch up need—or 108 additional interventions per year over the next 20 years.

Note: 'Intervention' is broadly defined by this report and includes, but is not equivalent to, the construction of a new housing unit. Other interventions include the provision of housing vouchers, the placement of income restrictions on existing but formerly unrestricted housing, and providing access to affordable homeownership.

KEY TAKEAWAYS

What are the key takeaways of Part 2?



Dutchess County is unlikely to experience housing pressures as a result of growth in total households.

Two of the three scenarios show a net decline in households of between 1.5% and 7.5% by 2040. Even the growth-oriented scenario suggests only a modest uptick (less than 3%) in the number of households to house by 2040.

Continued income growth and widening income gaps mean that competition at the top of the market is likely to exert down-market pressures into the future.

All three scenarios make conservative downward adjustments on income growth rates (cutting the actual rates experienced between 2010 and 2019 in half). Even so, income growth is projected to remain strong for most of the six household types while continuing to lag for others—especially single parents and younger people living alone, for whom homeownership will be increasingly out of reach.

Rapid growth in households over age 65 will present the county with senior housing needs on a much larger scale.

While the average income for households over 65 is projected to show strong growth, there will also be a growing number of senior households that struggle. And older households with limited financial resources have some distinct needs compared to younger households.

Meeting the housing needs of seniors, however, will require caution. Building age-restricted housing is one common way to meet these needs, but over reliance could result in a surplus of such housing after the need has crested.

Approximately 100 additional interventions per year is modest but still significant

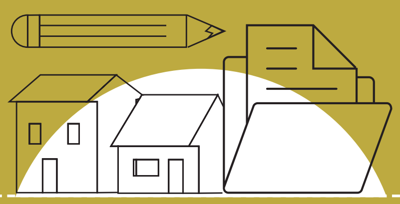
Keeping up with emerging housing needs year after year will be less demanding if Dutchess County continues to grow slowly, which means that making incremental progress on the existing backlog of 2,155 interventions is the best way to address future needs. But roughly 100 additional interventions per year, going forward, is still a significant number that will require a proactive strategy.

PART 3

A Strategy for Action

As noted in the Introduction, a shortage of affordable housing is nothing new to Dutchess County. Today's housing needs are eerily similar to those reported in the late 1980s and subsequent years. And, as projections of the future suggest, the overall dynamic of today's housing market can be expected to carry forward—with a large and growing share of households that are able to comfortably afford their housing alongside a substantial number of households with low or stagnant incomes that will struggle if unassisted.

Housing needs identified in Part 1, as well as future needs suggested by the scenarios in Part 2, provide context to assist Dutchess County and local jurisdictions as they consider the development of responsive housing strategies. Part 3 offers recommendations that can assist county and local strategy development, including annual and long-term intervention goals and potential policy, financial, and programmatic tools to meet those goals.



Establish goals to address housing needs

Total Catch Up

2,155

interventions

to resolve existing cost burdens

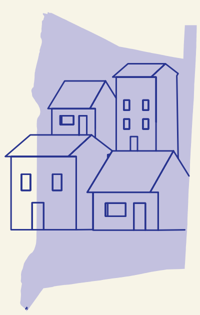
Incremental Catch Up

108

interventions

PER YEAR

going forward to address existing and future housing needs



Parts 1 and 2 of this Housing Needs Assessment presented the scale of intervention necessary to significantly address housing needs not met by existing housing systems or programs. These were described in terms of the **estimated number of household-level interventions—in addition to current interventions—that would substantially address existing shortcomings (catch up)** and the **manageable pace of interventions per year, going forward, that would help Dutchess County address existing and future needs (incremental catch up)**, which is equivalent to 1/20th of the total catch up. The 20-year time-frame for catching up may, of course, be accelerated as resources allow.

These additional* interventions can take the form of new affordable units built, new income-restrictions placed on existing units that are unaffordable, and efforts that directly assist households with housing costs or procurement. Regardless of the form of intervention, it is recommended that the focus remain on the needs of households making less than $50,000.

**Additional is defined as interventions over and above the following: (1) the current number of housing vouchers used in Dutchess County, (2) the current number of public housing units, (3) the current number of income restricted housing units outside of public housing facilities, and (4) the recent pace of income-restricted housing development. As is noted in Part 2, 'intervention' is broadly defined by this report and includes, but is not equivalent to, the construction of a new housing unit.*

In 2020, there were 3,995 households living in subsidized housing in Dutchess County according to A Picture of Subsidized Households by the U.S. Department of Housing and Urban Development.

RECOMMENDATION

Consider the pursuit of a countywide goal of 108 additional interventions per year, on average, aimed at households with incomes less than $50,000.

Establish goals to address housing needs, cont'd.

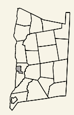
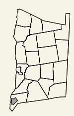
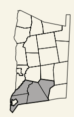
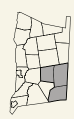
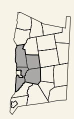
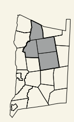
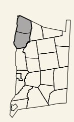
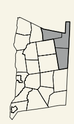
The countywide goal of 108 additional interventions per year will need to be translated into specific local goals in recognition of the vital role that local jurisdictions will play in meeting their own housing needs. While there are a number of ways to translate this goal, a "fair share" approach has the advantage of (1) distributing the goal in a manner that reflects existing housing and economic opportunities and (2) ensuring that affordable housing opportunities are available in all communities.

COUNTYWIDE GOAL

108 PER YEAR interventions (on average)

2,155 TOTAL interventions over 20 years

Under one version of a fair share approach to local allocation, the countywide annual goal and its cumulative result over 20 years would be distributed to the county's sub-markets and local jurisdictions according to this table:

	Average number of interventions PER YEAR	TOTAL number of interventions over 20 years	Jurisdiction	Per year	Total
	16	309	**Poughkeepsie City**		
	5	105	**Beacon**		
	30	603	**Beekman**	3	62
			Fishkill	9	171
			East Fishkill	8	168
			Wappinger	10	202
	7	143	**Dover**	3	62
			Pawling	3	55
			Union Vale	1	26
	33	665	**Hyde Park**	7	142
			La Grange	5	100
			Pleasant Valley	3	65
			Poughkeepsie Town	18	358
	5	102	**Clinton**	1	23
			Milan	1	17
			Stanford	1	25
			Washington	2	37
	8	152	**Red Hook**	4	80
			Rhinebeck	4	72
	4	76	**Amenia**	2	31
			North East	1	25
			Pine Plains	1	20
	108	**2,155**			

Sources and Notes: Distribution is based on each jurisdiction's share of all county households (50% weight), its share of county households with incomes under $50,000 (25% weight), and its share of all county jobs (25% weight); fractions have been rounded into whole numbers for simplicity of presentation, resulting in instances where the total over 20 years is slightly more or less than the average number of interventions per year multiplied by 20; the source for household data was ACS 5-Year Estimates for 2015-19 and the source for jobs data was the U.S. Census Longitudinal Employer-Household Dynamics Program.

RECOMMENDATION

Consider the use of a "fair share" approach to translate countywide goals into tangible goals for each jurisdiction.

COUNTYWIDE GOAL

108
PER YEAR
interventions
(on average)

2,155
TOTAL
interventions
over 20 years

Notes:

The 20-year time-frame for 'catching up' should be considered flexible. If resources and changing conditions permit an acceleration of interventions, the annual goal for the county and each jurisdiction should be adjusted accordingly.

The annual and 20-year goals for individual jurisdictions provided here are meant to demonstrate distributions under one version of a "fair share" methodology. They do not take into account affordable housing units that are currently under construction or planned.

Develop and use a diverse toolkit

A wide range of policies, programs, and other tools may be useful to Dutchess County and local jurisdictions as they work together to achieve the goals recommended by this Housing Needs Assessment.

The following tools, in particular, could play a significant and constructive role:

Local Site Identification and Land Use Updates

The construction of new multi-family properties, including developments supported by the New York State Low-Income Housing Tax Credit Program, are likely to play a role in meeting some portion of countywide and local housing needs. Exactly where such development can take place is determined by local land use policies.

As local jurisdictions consider ways to meet their own goals, one useful approach is to identify sites or areas that would be suitable locations for multi-family developments—and to ensure that those locations are properly zoned for such development. Sites that may be most suitable include ones with access to household services, alternative forms of transportation, and other necessary infrastructure (especially water and sewer), as would sites that reflect Dutchess County's "Centers and Greenspaces" approach to smart growth.

In addition to proper zoning and infrastructure, attention should be paid to other regulatory steps—such as environmental impact reviews—to facilitate development in a timely manner. The preparation of generic environmental impact statements (GEIS) for projects designed to meet county and local housing needs is one such step.

Beyond land use updates to accommodate multi-family structures, local jurisdictions should also consider the allowance of accessory dwelling units (ADUs) as-of-right with minimal supplementary regulations.

County Housing Trust Fund

To complement local efforts to identify sites and update land use regulations, Dutchess County could consider the establishment of a County Housing Trust Fund. Nationally, housing trusts have proven to be valuable sources of flexible funding to aid the implementation of a variety of affordable housing efforts.

Potential uses of trust fund resources include:

- Offset the costs of new or upgraded infrastructure, such as water and sewer, to ensure the viability of mixed-income housing developments;
- Support land acquisition in cases where site control is a critical issue;
- Serve as a flexible form of subsidy to new construction or rehabilitation projects that meet certain inclusionary conditions;
- Serve as a source of funding for affordable housing programs spearheaded by local jurisdictions or not-for-profit agencies.
- Support the preparation of generic environmental impact statements (GEIS) to facilitate timely development.

It is estimated that a Dutchess County Housing Trust Fund with at least $2 million per year to put towards a range of activities would be commensurate with the countywide goal for additive interventions.

Many different sources of revenue could be considered to capitalize a Dutchess County Housing Trust Fund. Contributions from the county general fund are the most basic approach. Others may include payments in-lieu from inclusionary housing policies adopted at the local level, revenues from county bonds, a real estate transfer tax that specifically funds housing initiatives, and grants from local foundations that may use their resources to leverage other public and private commitments.

Whatever the source, sustained and predictable support for a housing trust fund is the key to achieving its full impact. Another key is the development of clear and equitable fund allocation criteria to support transparent decision-making with trust fund dollars, to encourage efforts that best reflect county housing needs and planning priorities, and to ensure a fair distribution of resources across the county.

Develop and use a diverse toolkit, cont'd.

Rehabilitation program for existing rentals

Improving conditions and extending the life of existing rental units is a cost-effective way to improve housing quality and affordability at the same time.

A pool of resources could be used in partnership with owners of duplexes, triplexes and other small multi-family complexes to upgrade these critical sources of housing—with the use of funds conditioned on the quality of work performed and the maintenance of income restrictions over a specified period of time. The level of affordability would be tied to the overall public investment—with a larger public share of resources required to achieve affordability for the lowest incomes.

In cases where rehab and income restrictions make a unit newly affordable, they can be considered new interventions. In cases where currently affordable units are retained, they would be considered "preserved" units—not counting towards the catch up goal but reducing the need for further catch up.

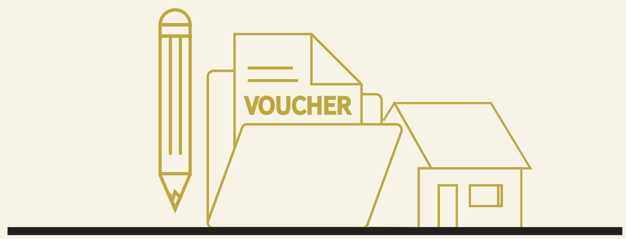
Local inclusionary policies

Inclusionary policies—such as 'inclusionary zones' that require private development to reserve a share of new units as affordable—can play a role in meeting a small portion of local housing goals. Such policies, however, should reflect the strength of the local market and should not be considered in a one-size-fits all manner.

To avoid the risk of stalling new development and accruing no new units at all, inclusionary policies must always recognize that affordable units have to be paid for. Systems of zoning bonuses and conditioned subsidies can be used to ensure that development is feasible to the developer and achieves public goals.

Subsidy for inclusive units in new mixed-income developments

Whether they are tied to inclusionary zoning policies or not, subsidies for affordable units in mixed-income developments are another tool that can be used to achieve local housing goals. By offsetting the long-term cost of keeping a share of units at below-market rents, this form of subsidy can be used to realize mixed-income environments in areas that provide important economic opportunities or services for low-to-moderate income households.



Subordinate mortgages to support affordable homeownership

For communities that want affordable homeownership to be part of their toolkit, one powerful tool to consider is a locally-resourced program for subordinate or "soft second" mortgages, which finance down payments and closing costs for income-eligible buyers. This is especially useful for working-class households making close to $50,000 that have sufficient income to pay a first mortgage but lack the savings for a down payment or closing costs.

Public resources for such a program can be matched with funding from banks and local philanthropies.

More housing vouchers

Roughly 2,500 federally-funded housing vouchers are currently in use in Dutchess County. They represent an important affordable housing resource. Most are portable Housing Choice Vouchers and some are project-based. Demand for these vouchers far outstrips supply and there are significant waiting list which are often closed. Traditionally, funding for additional vouchers has been limited but recent investments by the federal government seem to be increasing their availability. The County should make every effort to maximize these new resources.

The County may also want to consider a local program which would meet some of the unmet need and allow rules to be set locally.

Tax exemption policies

Develop uniform tax exemption policies via industrial development agencies to support the development of workforce and affordable housing.

RECOMMENDATION

Consider a diverse toolkit, supported by flexible local resources, that can be customized to help realize countywide and localized housing goals.

Appendix

Supplemental Tables for Part 1

2019

Town/City	Median Renter Income	Median Gross Rent	Median Affordable Gross Rent	Difference	Median Owner Income	Median Owner-Occupied Value	Median Affordable Owner-Occupied Value	Difference
Amenia	$33,071	$971	$827	-$144	$79,306	$215,200	$237,918	$22,718
Beacon city	$43,159	$1,323	$1,079	-$244	$104,152	$278,700	$312,456	$33,756
Beekman	$70,278	$1,299	$1,757	$458	$104,365	$299,400	$313,095	$13,695
Clinton	$47,993	$1,207	$1,200	-$7	$122,107	$352,600	$366,321	$13,721
Dover	$33,364	$914	$834	-$80	$78,070	$253,200	$234,210	-$18,990
East Fishkill	$39,491	$1,168	$987	-$181	$122,419	$358,700	$367,257	$8,557
Fishkill	$60,331	$1,540	$1,508	-$32	$99,845	$296,100	$299,535	$3,435
Hyde Park	$41,667	$1,107	$1,042	-$65	$88,848	$220,600	$266,544	$45,944
La Grange	$63,735	$1,627	$1,593	-$34	$122,887	$302,700	$368,661	$65,961
Milan	$48,000	$1,143	$1,200	$57	$93,690	$331,100	$281,070	-$50,030
North East	$45,300	$1,131	$1,133	$2	$88,819	$265,600	$266,457	$857
Pawling	$41,394	$1,151	$1,035	-$116	$116,250	$301,400	$348,750	$47,350
Pine Plains	Data Not Available	$1,140	N/A	N/A	$74,946	$229,900	$224,838	-$5,062
Pleasant Valley	$56,684	$1,333	$1,417	$84	$94,250	$266,300	$282,750	$16,450
Poughkeepsie city	$31,977	$1,113	$799	-$314	$73,603	$196,800	$220,809	$24,009
Poughkeepsie town	$43,419	$1,229	$1,085	-$144	$109,137	$248,200	$327,411	$79,211
Red Hook	$49,871	$1,276	$1,247	-$29	$97,453	$292,100	$292,359	$259
Rhinebeck	$47,946	$1,305	$1,199	-$106	$103,448	$390,700	$310,344	-$80,356
Stanford	$60,116	$1,021	$1,503	$482	$112,525	$308,000	$337,575	$29,575
Union Vale	$38,850	$1,231	$971	-$260	$120,893	$353,400	$362,679	$9,279
Wappinger	$49,175	$1,346	$1,229	-$117	$100,137	$285,500	$300,411	$14,911
Washington	$49,671	$1,175	$1,242	$67	$110,380	$371,800	$331,140	-$40,660

2010

Town/City	Median Renter Income	Median Gross Rent	Median Affordable Gross Rent	Difference	Median Owner Income	Median Owner-Occupied Value	Median Affordable Owner-Occupied Value	Difference
Amenia	$37,222	$895	$931	$36	$60,000	$199,300	$180,000	-$19,300
Beacon city	$28,539	$881	$713	-$168	$77,404	$294,600	$232,212	-$62,388
Beekman	$39,643	$941	$991	$50	$93,102	$361,700	$279,306	-$82,394
Clinton	$51,250	$1,339	$1,281	-$58	$92,036	$381,500	$276,108	-$105,392
Dover	$41,595	$779	$1,040	$261	$71,490	$273,400	$214,470	-$58,930
East Fishkill	$44,519	$1,058	$1,113	$55	$101,525	$391,200	$304,575	-$86,625
Fishkill	$65,334	$1,282	$1,633	$351	$78,967	$306,200	$236,901	-$69,299
Hyde Park	$34,503	$980	$863	-$117	$81,723	$262,400	$245,169	-$17,231
La Grange	$43,616	$980	$1,090	$110	$101,697	$361,400	$305,091	-$56,309
Milan	$41,071	$901	$1,027	$126	$75,884	$348,900	$227,652	-$121,248
North East	$38,438	$1,070	$961	-$109	$59,718	$262,000	$179,154	-$82,846
Pawling	$51,098	$1,068	$1,277	$209	$95,863	$385,300	$287,589	-$97,711
Pine Plains	$39,500	$994	$988	-$7	$62,391	$273,400	$187,173	-$86,227
Pleasant Valley	$45,769	$1,201	$1,144	-$57	$91,555	$332,100	$274,665	-$57,435
Poughkeepsie city	$24,518	$940	$613	-$327	$73,941	$263,100	$221,823	-$41,277
Poughkeepsie town	$41,561	$1,096	$1,039	-$57	$83,013	$285,400	$249,039	-$36,361
Red Hook	$38,021	$856	$951	$95	$83,375	$316,000	$250,125	-$65,875
Rhinebeck	$39,844	$1,055	$996	-$59	$74,519	$390,500	$223,557	-$166,943
Stanford	$57,143	$1,149	$1,429	$280	$75,977	$315,900	$227,931	-$87,969
Union Vale	$62,750	$1,292	$1,569	$277	$90,071	$397,600	$270,213	-$127,387
Wappinger	$49,257	$1,105	$1,231	$126	$86,620	$330,800	$259,860	-$70,940
Washington	$40,760	$1,055	$1,019	-$36	$71,690	$378,000	$215,070	-$162,930

2000

Town/City	Median Renter Income	Median Gross Rent	Median Affordable Gross Rent	Difference	Median Owner Income	Median Owner-Occupied Value	Median Affordable Owner-Occupied Value	Difference
Amenia	$28,385	$607	$710	$103	$45,625	$127,700	$136,875	$9,175
Beacon city	$28,542	$658	$714	$56	$58,849	$120,800	$176,547	$55,747
Beekman	$38,125	$859	$953	$94	$71,278	$183,700	$213,834	$30,134
Clinton	$42,250	$748	$1,056	$308	$72,434	$162,200	$217,302	$55,102
Dover	$32,802	$649	$820	$171	$56,231	$144,900	$168,693	$23,793
East Fishkill	$37,850	$690	$946	$256	$81,477	$198,000	$244,431	$46,431
Fishkill	$38,843	$813	$971	$158	$60,522	$149,800	$181,566	$31,766
Hyde Park	$31,486	$690	$787	$97	$58,453	$130,400	$175,359	$44,959
La Grange	$39,946	$869	$999	$130	$79,197	$176,800	$237,591	$60,791
Milan	$31,917	$675	$798	$123	$61,157	$138,000	$183,471	$45,471
North East	$29,500	$677	$738	$61	$48,068	$127,900	$144,204	$16,304
Pawling	$40,625	$713	$1,016	$303	$68,676	$173,200	$206,028	$32,828
Pine Plains	$31,417	$635	$785	$150	$46,477	$116,000	$139,431	$23,431
Pleasant Valley	$37,008	$747	$925	$178	$63,702	$162,900	$191,106	$28,206
Poughkeepsie city	$20,623	$608	$516	-$92	$52,016	$115,500	$156,048	$40,548
Poughkeepsie town	$34,760	$745	$869	$124	$66,039	$142,000	$198,117	$56,117
Red Hook	$25,378	$622	$634	$12	$55,781	$144,600	$167,343	$22,743
Rhinebeck	$31,453	$714	$786	$72	$59,726	$168,300	$179,178	$10,878
Stanford	$36,023	$691	$901	$210	$63,068	$164,900	$189,204	$24,304
Union Vale	$46,313	$851	$1,158	$307	$72,917	$188,700	$218,751	$30,051
Wappinger	$41,135	$798	$1,028	$230	$67,708	$160,500	$203,124	$42,624
Washington	$32,847	$702	$821	$119	$73,542	$175,800	$220,626	$44,826

Part 2 – Detailed Scenario Assumptions

A. Distinguishing Assumptions

Scenario #1

- Used Cornell University Center for Applied Demographic's projection for total population in 2030 and 2040; 2010 and 2019 populations are based on 5-Year ACS estimates for compatibility with other 2010 and 2019 ACS data used across Part 2.
- Used straight line trajectory from 2010-2019 to estimate change in average household size going forward.
- Used estimated household size to derive estimated number of total households for 2030 and 2040.
- Assumed that the six household types will remain a static 91% of all households (fixed to 2019).
- Assumed that the size of age 65+ household types will remain static at an estimated 1.52 (derived from assumption that all married households are 2.0 and all singles are 1.0).
- Assumed that the "other" households (those not among the six household types) are distributed age-wise in a manner that reflects distribution of the six household types (with 24% having an age 65+ householder); assumed that that distribution remains static going forward.
- Assumed that the 2019 ratio between the two 65+ household types (married and single) remains static going forward; distributed for 2030 and 2040 accordingly.
- Assumed that the 2019 distribution/allocation of the four under 65 household types remains static going forward.

Scenario #2

- Same assumptions as Scenario #1 with the following exception:
  - o Cornell's population projections for 2030 and 2040 were amended to assume that Dutchess County will experience a similar annual growth rate between 2020 and 2040 as Westchester County experienced between 2000 and 2020 (0.439% per year). That growth rate is applied on top of Cornell's projections for each age grouping.

Scenario #3

- Same assumptions as Scenario #1 with the following exceptions:
  - o Average household size was raised in steps -- from 2.74 in 2019 to 2.80 in 2030 and 2.85 in 2040 to assume a trend towards more intergenerational households and nonfamily households with multiple persons; these estimated household sizes were then used to derive the number of total households in 2030 and 2040.
  - o The six household types were lowered from 91% of all households in 2019 to 90% in 2030 and 88% in 2040 to reflect the assumption that multi-generational households will become more common and that "other" households will become more numerous.
  - o Average size of 65+ household types was raised in small steps to 2030 and 2040 to further reflect the assumption that intergenerational or extended family household may become more numerous, and that some of those households may be counted as traditional senior households.

B. Common Assumptions

Assumptions for Average Household Income

- o Used 2019$ throughout for comparability, making adjustments with the Bureau of Labor Statistics' CPI Calculator.
- o Used annualized change in inflation-adjusted average income between 2010 and 2019 as the basis for 2030 and 2040 average incomes, but conservatively assumed that annual growth rates will be 50% of the 2010-2019 trajectory to account, in part, for Great Recession impacts on 2010 data.

Assumptions and Adjustments for Own/Rent Distribution

- o Used the change in owning and renting for each household type over the period 2010-2019 as the basis for 2030 and 2040; recent trajectory is assumed to continue.
- o The continued stagnation of incomes for single parents, alongside growth in incomes for other household types, makes it unlikely that the single parent group will maintain a roughly 50% homeownership rate going forward, especially for single parents who emerge after 2020. A steep downward adjustment was been made to 2030 and 2040 homeownership for this group to reflect this condition.

Stakeholder Interviews

Special thanks to the following individuals who participated in one-on-one interviews with czb to supplement the project's quantitative analysis:

Terry Ariano, *Pawling Resource Center*

Tara Barnhart, *Pathstone*

Eli Berkowitz, *Community Voices Heard*

Jonathan Bix, *For the Many*

John Clarke, *Planner, City of Beacon*

Mark Doyle, *Fishkill Farms*

Justin Haines, *Legal Services of the Hudson Valley*

Joe Kirchhoff, *Kirchhoff Companies*

Maureen Lashlee, *Habitat for Humanity of Dutchess County*

Brian Mossey, *Berkshire Hathaway*

Margaret Palumbo, *City of Poughkeepsie Section 8 Housing Administrator*

Christine Sergeant, *North East Community Center*

Elizabeth Spira, *Dutchess County Community Action Partnership*

The following are themes and observations gathered during stakeholder interviews:

Rental Housing Challenges and Needs

- A common challenge for renters in Dutchess County is that many start with a one-year lease and then go month-to-month. This has become a problem with the instability of the rental market over the past few years. Long-time renters are exposed to unpredictable changes in rent or eviction and replacement with a higher paying tenant.
- There is widespread anecdotal evidence of an influx of New York City residents since the beginning of the pandemic who are willing and able to pay more in rent that the Dutchess market is used to. There are reports that this influx has prompted many landlords to give existing rents 90-days' notice to leave so that they can be replaced by a higher paying tenant without making major upgrades to the unit.
- Most evictions are heard in city, town, and village courts by lay judges with no legal background and a superficial understanding of landlord/tenant issues. There is often an anti-tenant bias to contend with.
- One centralized housing court for Dutchess County may be a solution to the inefficiencies and inconsistencies of the current decentralized system.
- There is insufficient capacity to assist more than a fraction of the tenants who face evictions every year.
- There are concerns about active discrimination by landlords towards Section 8 tenants, especially with the influx of higher paying tenants from New York City leading many to raise rents above Section 8 payment standards.
- The end of the COVID eviction moratorium has many renters and service providers concerned about fallout. Implementation of "Good Cause" eviction policies is viewed as one way of leveling the playing field for tenants.
- There's not enough housing affordable to low-to-moderate income renters, and this shortage has felt especially acute over the past three years.
- There are too many luxury development—there need to be more mixed-income developments to deconcentrate poverty and supplement the affordable housing supply.
- There was a reduction in housing vouchers after the Great Recession, and it took a long time to bounce back from that.
- Many voucher holders lose out on housing opportunities because they lack a security deposit.
- Pathstone has 3,000 people on its voucher waiting list. The last time it was opened was 2018.
- Small area fair market rents have been approved to allow use of fair market rent applicable to specific ZIP codes. It is hoped that this will make vouchers less susceptible to rent increases that are not a true reflection of some local markets.
- There is frustration that affordable housing is not a priority to the county or local governments. Few if any local resources are devoted to the issue.
- It has been observed that privately-owned affordable housing complexes feel less and less like communities anymore. Property owners used to invest in common areas and activities but rarely do anymore. This makes the properties feel less communal and less safe.
- There is a lack of rental opportunities in the rural parts of the county. This is a challenge for a variety of business enterprises, from agriculture to restaurants. Rural communities cannot grow and develop their economies without rental housing.
- Mass and scale of rental housing in village settings, and even in Beacon, have created concern and led to opposition.

- In Beacon, moderation of height and density, along with improved architecture, have somewhat decreased opposition.
- Many NIMBYs are recent arrivals to the community.

Homeownership Challenges and Needs

- A homeowner in Dutchess County has to make at least $35,000 a year to be able to afford local property taxes.
- A land trust for Dutchess County—similar to the model established in Tompkins County—is an idea worth exploring to limit the impact of escalating land prices.
- Habitat is hoping to be on a pace of delivering ten houses (new build or gut rehabs) per year by 2026. The biggest limiting factor to their work is acquisition costs—buildable lots are expensive.
- Alternative forms of housing need to be explored to meet future housing needs—move away from the fixation on single-family homes.
- Environmental impact reviews are among the most unpredictable and time-consuming factors that delay or stop new housing developments—for new subdivisions or multi-family complexes.
- “I can afford a $320,000 mortgage and there is nothing available in that range that isn’t falling down.”
- Some aging owners are stuck. They cannot maintain their homes, but neither is there anywhere else to go.

DUTCHESS COUNTY

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