



April 5, 2019 FFNF Highlights

Housing in Lancaster County

Moderator:

Ray D'Agostino, CEO, Lancaster Housing Opportunity Partnership (LHOP)

Panelists:

Regina Coia, President, Realty Operations at Berkshire Hathaway Homes Services Homesale Realty

Randy Hess, President of Hess Home Builders, Inc.

Rick Jackson, Vice President at ELA Group, Co-Chair of the Coalition for Sustainable Housing

Dennis Groff, Vice Chairman, Paradise Township Board of Supervisors

Randy Patterson, Director of Economic Development, City of Lancaster

- “Good housing is the foundation for a great community”.

- The challenges facing housing include:
 - The number and availability of housing
 - Type of housing available or being built
 - Price of housing
 - Location of housing
 - Perception of housing



- HUD defines cost-burdened families as those “who pay more than 30 percent of their income for housing”. In Lancaster County the percentage of homeowners that are housing cost burdened is 26.6% and the percentage of renters that are housing cost burdened is 48.9%.
- The housing market in Lancaster County and Lancaster City is very tight. Historically, this is probably the tightest housing market in Lancaster County in the last century. There is currently a four month absorption rate of housing inventory in Lancaster City and a five month absorption rate in the County. This represents a very tight market. A sellers market typically has a six to seven month absorption rate. In many instances there are multiple offers on a property and buyers sometimes move their offers higher to outbid the other buyers.

- 2018 began with a 21% decline in listing inventory from the previous year.
- This is not just a City issue, it's a County and global issue as well.
- The cost of housing continues to rise. Builders are unable to build a new single family home for under \$300,000. Home prices are also escalating because homeowners are not selling their starter homes because they cannot afford to move up to the next step.
- It used to be that people rented because they could not afford to buy a home. That is not the case anymore. Many households prefer to rent. This trend is true from millennials to retirees.
- Many young people do not understand that in order to get into a house today, you do not need a 20% downpayment as was historically customary. You can buy a home with only a 3% downpayment and can get some assistance in covering closing costs.
- Depending on your perspective, the housing market in the City is either great, challenging, or horrible. It's great if you are selling a home. It's challenging to find a home on the market for a good price (often bidding wars). If you are looking for a rental, it's horrible. There is a very limited amount of affordable rentals in the City. The number of properties on the MLS listing is low and they do not stay there long. This trend is not limited to one geographic area of the City. It is pervasive. It used to be that this only occurred in the northwest, but now it is happening all over the City.
- Because of the rent structure in the City, landlords can get a lot of money out of a property without having to put a lot of money into it. This is especially true south of King Street. This reduces the quality of housing stock in the City and disincentivizes landlords from investing in their own properties.
- People who can't afford to live in the County are professionals such as nurses, teachers, police, or firefighters. These professionals need to have affordable housing. They work full time and are unable to cover the cost of a home.
- There is a misconception about the availability of land in the County. Throughout the County there is land that is designated for housing and development, but if it does not become available for purchase, a builder cannot develop on it.
- The County has established growth areas in the County. Developments within these areas are receiving lots of pushback from residents and the community. The problem is that available

land is not located near main arteries of transportation and services. New housing on available land would not be located next to places of employment. It is very tough to find land that is zoned for high density. In order to build on a parcel, the developer needs to go through conditional use and/or special zoning which adds at least six months to the project timeline and costs thousands of dollars.

- Unfunded mandates from PA Department of Environmental Protection and the State are a huge issue of concern for municipalities. Especially with storm water. These requirements raise the cost of building housing and do not come with any financial help from the State. Regulations are estimated to contribute to 1/3 of the price of building a house.
- Housing is the most regulated commodity by every level of government in the Country. Regulation does not move fast in the State. PA just adopted the 2015 International Building Code. The newest building code allows for stick build above five stories. This new code will not be adopted for a long time in PA. Stick building is much cheaper and could reduce the cost of housing.
- Housing is less about civil engineering and more about social engineering. The way to move forward with housing in the County is to make an economic argument, not an emotional one.