



CITY OF SARATOGA SPRINGS

PLANNING & ECONOMIC DEVELOPMENT

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MEMORANDUM

To: Mayor Johnson
Commissioners Franck, Madigan, Mathiesen and Scirocco
From: Bradley Birge
Date: April 17, 2012
Re: A Proposal to Further City Housing Objectives Using City-owned Parcels

Pursuant to the motion previously discussed and agreed upon by the City Council, this represents a draft proposal for the use of selected City-owned parcels (acquired via in rem process) to further the City's housing objectives. This is only a draft and is not final until further discussion by the City Council. My understanding is that the Mayor will bring this matter forward to the City Council at the May 1, 2012 Council meeting. I thank you for your consideration of this matter.

HISTORICAL BACKGROUND

Federal Law:

Title VIII of the Civil Rights Act of 1968 ("Fair Housing Act") was enacted to combat discrimination in the pursuit of housing and prohibited housing discrimination based on race, color, religion or national origin. This Act has been amended on a number of occasions and broadened to prohibit housing discrimination based on sex (1974) and to include persons with disabilities and families with children (1988) within the "protected classes." In addition, Section 808 of the Fair Housing Act introduced the requirement for jurisdictions (e.g. municipalities) receiving Federal funding to "affirmatively further fair housing."

LOCAL POLICY

The City of Saratoga Springs has consistently identified the need and desire to increase the availability of housing to persons of all income ranges through objectives identified in Council-adopted policy documents and the implementation of activities to further these objectives.

- The City of Saratoga Springs Consolidated Plans - 1995, 2000, 2005, 2010

These 5-year strategic plans identify local community development needs and guide the investment of Federal funding within the City. These plans are then submitted to and approved by the U.S. Dept. of Housing and Urban Development. In each of these plans, "increasing the availability of affordable housing" is identified as the highest priority community development need.

- The Saratoga Springs Comprehensive Plan – adopted 1999, amended 2001

The City's current Comprehensive Plan contains a "Housing" policy area that identifies a series of policies to promote and enhance the City's diversity of housing options including:

- Encourage a range of residential opportunities available to all residents to promote the social and economic diversity vital to a balanced community.
- Encourage new housing development to reflect the human scale, historical context and design

- characteristics consistent with traditional Saratoga neighborhoods.
- Promote the upgrading, infill and preservation of existing housing and neighborhoods particularly those areas of predominantly low and moderate income.
- Support collaborative efforts to develop additional affordable housing.
- Reconstruct and rehabilitate existing housing to revitalize neighborhoods, maintain affordability, and reintroduce decent affordable units into the City's housing stock.
- Make greater use of City-owned and acquired properties for affordable housing.
(emphasis added)

LOCAL ACTION

Over the past decade, the City has successfully implemented a range of activities to further the City's local policy, as set forth above.

- A Call to Action: Affordable Housing in Saratoga Springs – A Report of the Mayor's Affordable Housing Task Force – 2003
"Recommendation #1" of this housing analysis and policy directive identified the desire to establish an Affordable Housing Trust Fund to fund the acquisition, construction and rehabilitation of affordable housing within the City.

This Fund, and associated guidelines, were adopted by the City Council on December 7, 2004, and funded with \$125,000 in Community Development Block Grant funding in 2004 and then an additional \$100,000 in 2005.

The City approved the allocation (\$150,000) of Affordable Housing Trust funding to Saratoga County Economic Opportunity Council for the purchase and rehabilitation of 1 Waterbury St. This funding includes a provision for long-term dedicated use for affordable housing and continues through the Council-approved transfer of the property to Transitional Services Assoc. The remaining \$75,000 Trust Fund balance was allocated to the Saratoga Affordable Housing Group for the acquisition and rehabilitation of the Ashgrove Apartments to provide for 24 units of long-term affordable housing.

- Through the City's Community Development Block Grant Entitlement Program (CDBG) and other Federal sources of funding, the City has invested significant funding across the "continuum of housing assistance" to promote housing opportunities, particularly for persons of modest income:

2000-2011 Program Investment & Accomplishments

Homelessness Prevention:	\$ 330,487 – 3,348 persons assisted
Emergency Shelter:	\$ 170,945 – 158 persons assisted
Permanent housing w/supportive services:	\$ 1,968,732 – 300 persons assisted
Permanent/transitional housing w/services:	\$ 2,206,645 – 364 persons assisted
Residential Rehabilitation Program:	\$ 1,127,827 – 181 households assisted
Acquisition & rehab. for affordable rental:	\$ 692,043 – 32 households assisted
New Construction for affordable rental:	\$ 99,239 – 15 households assisted

Access to affordable, owner-occupied housing opportunity poses additional challenges. During the last decade, the housing construction boom brought housing opportunities to the City but at a price often beyond the availability of households with more modest means.

During the recent softening of the local housing market, housing prices have remained relatively stable or have experienced modest reductions. However, competition for modestly-priced housing has remained strong. Those with limited disposable income continue to seek homeowner opportunities but must also compete with higher income households seeking convenient lot locations for teardown/rebuilds, or structures requiring substantial and costly rehabilitation, and with those seeking to purchase property to retain until a robust housing market reappears.

“Make greater use of City-owned and acquired properties for affordable housing.”

– City of Saratoga Springs Comprehensive Plan

With the acquisition of the in rem properties, the City has the opportunity to achieve multiple objectives:

- Return properties to City tax role
- Encourage/ensure property improvements to increase real property value to City
- Manage access to more affordable properties for households with more modest income
- Advance identified City housing objectives

IN REM PROPERTY ANALYSIS

Through its in rem process, the City has taken control of 30 properties. Of these 30 parcels:

- 23 are vacant parcels without structures
- 7 parcels contain structures of varying conditions; of these 7 parcels with structures:
 - 4 are currently occupied
 - 3 are unoccupied

With a focus on advancing the City’s identified housing objectives, the 30 in rem properties were evaluated with the following findings.

Vacant Parcels (23)

The 23 vacant parcels were evaluated with respect to size, location, land suitability (presence of wetlands, etc.), current zoning, etc. Most of the vacant parcels hold little redevelopment potential (roads, paper streets, wetland parcels, substandard portions adjacent to residential properties, etc.) with one exception: 195 Division Street.

Opportunity: 195 Division St., tax parcel 165.58-1-24

- owed taxes & fees: \$37,707; assessed value: \$60,000; proposed min. bid: \$40,000
- UR-2 zoning district (single family); lot size: 0.14 acres; frontage: 50’
- although substandard in size, this pre-existing, non-conforming lot of record would allow 1 residential unit
- placement of structure may require area variance from ZBA
- within urban core of City; walkable proximity to Division St. school, west side recreation field and services

“Bird’s Eye View” of 195 Division Street



“Street View” of 195 Division Street



Parcels containing structures (7)

Of the 7 parcels containing structures, 4 are currently occupied and 3 are unoccupied.

Parcels containing structures – currently occupied (4):

The existence of occupants in these structures poses a potential complication for these properties. The Housing Act of 1974 Part 104D “Uniform Relocation Act” mandates the payment of temporary and permanent relocation costs, including up to 60 months of rent payments, if Federal funds are involved in the acquisition or rehabilitation of these properties. Given the potential for Federal funds to be involved in a redevelopment/rehabilitation proposal, the occupied structures were removed from evaluation due to potential financial costs of Uniform Relocation Act compliance.

Parcels containing structures – unoccupied (3):

Opportunity: 382 Lake Ave, tax parcel 166.-3-4

- owed taxes & fees: \$45,780; assessed value: \$188,600; proposed min. bid: \$80,000
- RR-1 zoning district (single family/agriculture); requiring min. 2 acre lot and min. 200’ of frontage
- substandard lot: 1.7 acres; contains less than 50% of required frontage
- structure is severely deteriorated
- located on highly trafficked Rte. 29; proximate to I-87 overpass and 3 commercial properties

“Bird’s Eye View” of 382 Lake Ave



“Street View” of 382 Lake Ave



Opportunity: 26 Cherry St., tax parcel 165.58-3-12

- owed taxes & fees: \$41,540; assessed value: \$157,000; proposed min. bid: \$50,000
- UR-4 zoning district (multi-family residential)
- has sufficient lot size (0.17 acres) to permit 2 residential units under current zoning
- existing structure is greatly deteriorated and would require demolition/removal
- lot frontage is pre-existing, non-conforming; placement of a new structure would require area variance from ZBA
- adjacent to newly-approved mixed-use proposal for 94 residential units and 9,500 s.f. of commercial space

“Bird’s Eye View” of 26 Cherry St



“Street View” of 26 Cherry St.



Opportunity: 12 Lamplighter Lane, tax parcel 190.16-1-77

- owed taxes & fees: \$12,177; assessed value: \$142,200; proposed min. bid: \$80,000
- UR-1 zoning district (single-family residential); has sufficient lot size (0.3 acres) for single-family structure
- lot frontage is pre-existing, non-conforming
- located within Geysers Crest neighborhood but distant from inner core and services

“Bird’s Eye View” of 12 Lamplighter Lane



“Street View” of 12 Lamplighter Lane



PROPOSED OPTIONS

Given the findings as described above, the City Council may wish to consider the following options to further the City's housing objectives. The four options may be considered independently, in combination, or collectively.

1. Auction 382 Lake Ave and 12 Lamplighter as currently proposed; dedicate proceeds to City Affordable Housing Trust Fund to further these and other City housing objectives.
 - Returns both properties to tax roles
 - Potential improvement of property would increase real property value to City
 - Provides funding "recharge" for Council-approved Affordable Housing Trust Fund
 - Furthers City housing objectives
2. Retain 195 Division St (vacant property) and partner with a non-profit housing organization, such as Habitat for Humanity, to construct and sell a single family home to eligible first-time homebuyer.
 - Returns property to tax roles
 - Ensures improvement of currently vacant lot and increases real property value to City
 - Accomplishes urban residential in-fill
 - Property & location suited for modest home; close to schools, recreation fields and services
 - Furthers City housing objectives with modest investment and resources
 - Initial outreach to Habitat for Humanity has been very positive – additional discussions are scheduled to fully explore partnership
3. Retain 26 Cherry St and partner with Saratoga Builders Association (& others) to reconstruct for sale to eligible first-time homebuyer(s)
 - Returns property to tax roles
 - Ensures improvement of property and increases real property value to City
 - Accomplishes urban residential in-fill; site is sized and appropriately zoned for 2 units.
 - Furthers City housing objectives while demonstrating a successful public-private partnership
 - Outreach to Saratoga Builders Assoc. has been very positive with a substantial pledge of support for project – additional meetings are scheduled to formalize partnership
 - The City has CDBG-sourced funding that it may wish to reprogram to assist with this
4. Dedicate all or a portion of the in rem auction net proceeds (over/above owed taxes & fees) from the sale of additional City properties to the Council-approved Affordable Housing Trust Fund.
 - Presents unique opportunity to advance City housing objectives with portion of this one-time revenue
 - Provides funding "recharge" for Council-approved Affordable Housing Trust Fund

PROCESS FOR IMPROVED PROPERTY SALE TO ELIGIBLE FIRST-TIME HOMEBUYERS

Eligibility

1. Only first-time homebuyers will be considered. The term “first-time homebuyer” means an individual that has not owned a home within the past 8 years. A single parent, currently not owning a home, may be eligible even though that individual, while married, owned or resided in a home owned by a spouse within the past 8 years.
2. Applicants must be City residents. Two items showing City residency must be submitted as part of the application. Both items must show a street address: one must be dated no less than 12 months ago; one must have a current date. Acceptable evidence may include driver license, post-marked envelopes, utility receipts, bank statements, etc.
3. Applicants must meet mortgage eligibility requirements by a federally insured lender. Evidence of mortgage pre-qualification must be submitted as part of an application.
4. Applicants may not have an interest in any other residential real estate or an interest in a business other than a primary source of income.
5. Applicants must meet income eligibility requirements as defined below. The City, or its agents, will conduct third-party verification of income and asset information to determine income eligibility. All financial information will be kept strictly confidential.
6. Lottery Selection
Applicants meeting all requirements and determined to be eligible will be notified and invited to participate in a lottery to select the applicant to purchase an improved City property.

Income Eligibility

“Income eligibility” is determined by the number of persons in the household and by a calculation of the applicant’s gross annual household income (projected for the next 12 months) including interest, dividends, and a portion of assets. Eligible households must fit within the following income guidelines:

<u>Persons in household</u>	<u>Maximum Income</u>
2 persons	\$50,000
3 persons	\$56,250
4 persons	\$62,500
5 persons	\$67,500

Gross annual household income includes, but is not limited to, income from the following sources for all persons residing in the dwelling:

- Gross income (before any payroll deductions), overtime pay, commissions, fees, tips and bonuses and other compensation for personal services.
- The net income from operation of a business or profession or from rental of real or personal property. Line 22 of the applicant’s personal Income Tax Return (1040) may serve as evidence of net income for the self-employed.

- Interest, dividends, net income from real or personal property, and asset income. If total assets exceed \$5,000, the greater figure of asset income or a percentage (based on the current HUD passbook savings rate) of total assets will be used.
- Social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
- Payments in lieu of earnings such as unemployment and disability compensation, public assistance, worker's compensation, and severance pay.
- Periodic and determinable allowances such as alimony, child support and regular contributions from organizations for persons outside the dwelling.
- All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is either a head of a family or a spouse.
- Lump sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlements for personal or property losses will be considered on a case by case basis.

The following sources shall not be considered income and will not be used to determine eligibility:

- Casual, sporadic or irregular gifts.
- Amounts which are specifically for, or in reimbursement of, the cost of medical expenses.
- Amounts of educational scholarships paid directly to student or educational institution and amounts paid by the Government to a veteran for use in meeting the costs of tuition, fees, books, and equipment. NOTE: Any amounts, scholarships, or payments to veterans not used for the above purposes or which are available for subsistence are to be included in income.
- Special pay to a serviceman head of a family away from home and exposed to hostile fire.
- Foster childcare payments or food stamp coupon allotments more than the amount charged.
- Relocation payments, or payments received to participate in national volunteer programs.

NOTE: Since this program is designed to assist persons with limited financial resources, applicants with assets totaling more than \$35,000 shall not be eligible regardless of other income calculation.

General Conditions of Sale

1. Timeliness of Sale

The applicant selected to purchase an improved City property shall agree to complete all necessary transactions to complete the sale and transfer of title for this property within 90 days of selection.

2. Dedication of Premises

The applicant selected to purchase an improved City property shall agree to dedicate the premises to affordable housing for a period of no less than 10 years from the date that the deed is recorded. Sale or transfer of title to these premises is generally prohibited during this period.

3. Owner occupancy

The applicant selected to purchase an improved City property shall personally occupy the house as his/her primary residence.

4. Homebuyer Education

The applicant selected to purchase an improved City property shall agree to successfully complete a City-approved homebuyer education course within 12 months of the property closing.

5. Property Standards

The applicant selected to purchase an improved City property shall meet all building/property safety and maintenance codes throughout the term of ownership.

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