

# ISSUES & INSIGHTS

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## Access to Affordable Housing Now Ranks Among Top Concerns

Access to quality affordable housing joins jobs and vacant properties as top concerns facing communities in the Fourth District at the start of 2015. Jobs maintains its top position from a year ago, although many respondents are seeing improvement on this front. And though access to affordable housing vaulted into our top three concerns for the first time, nearly a third of respondents also noted increased access to affordable housing over the past year. The responses on vacant housing are mixed too, with 46 percent of respondents saying the stock of vacant, abandoned, or REO properties has stayed the same, 32 percent that it has increased, and 18 percent that it has decreased from a year ago. *Read the full analysis inside.*

### Why do we survey?

No one understands **what's happening on the ground** in our District better than those working within communities throughout Ohio, Western Pennsylvania, Eastern Kentucky, and the Northern panhandle of West Virginia. Each year, the Cleveland Fed surveys community leaders across the Fourth District for their **assessments of and perspectives on challenges facing their communities**. This report seeks to give voice to their insights.

To see the breakdown of respondents, turn to page 6. To participate in future surveys, contact Senior Policy Analyst Lisa Nelson at [lisa.a.nelson@clev.frb.org](mailto:lisa.a.nelson@clev.frb.org).

#### BONUS ONLINE-ONLY CONTENT

Be sure to check out the online version of *Issues & Insights* at [www.clevelandfed.org](http://www.clevelandfed.org) to learn what else was on respondents' minds.

"Same old story" in WV: Influx of shale industry workers driving rent prices up, pushing some residents out

An urban vineyard and land for growing hops may be fruitful ways to employ returning citizens

# CURRENT ISSUES

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## JOBS

Despite an improvement in the unemployment rate through the end of 2014, availability of local employment opportunities still ranks as the top concern across the Fourth District. Respondents acknowledge that more jobs are being created, but it is the *types* of jobs being created that concern them. In most places, it seems a lot of the gains are part-time jobs that don't offer benefits, full-time jobs that simply don't pay enough to support a family, or both.

Other respondents explain that while some higher-wage jobs are available, these jobs are going unfilled. Wrote a site administrator at Pennsylvania CareerLink in Erie County, **"Retail, restaurant, and hotel industry jobs have increased... The higher-level, higher-wage technical positions exist, but there are not enough qualified individuals to fill these positions, creating a skills gap. Consequently, most [available jobs] are low-wage, resulting in continual turnover."** The lack of good-paying jobs inevitably spills over into other areas and is, in fact, a primary driver behind the #2 issue on people's minds.

**"[There are] greater needs as rents increase. Supply is decreasing as neighborhoods gentrify and public housing is closed. We are seeing more homeless families with children on the streets and families living in extremely substandard housing."**

– Executive Director of a community development organization in Columbus

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## ACCESS TO QUALITY AFFORDABLE HOUSING

Affordable housing has been an increasingly cited concern in previous editions of *Issues & Insights*, but has never before registered among the top issues. Three factors seem to have elevated it to the #2 position this year: continued worries about a low-wage recovery (as discussed in Jobs), migration back to the urban core in cities across the Fourth District, and a shortage of housing in communities affected by the shale boom. In cities including Pittsburgh, Columbus, Cleveland, Toledo, and Cincinnati, respondents grapple with the good and bad elements of revitalization occurring in their urban centers and what that means for access to affordable housing (See Figure 1).

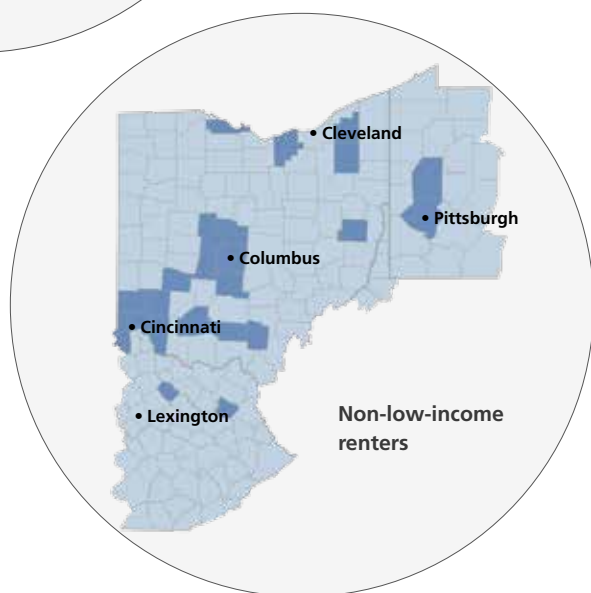
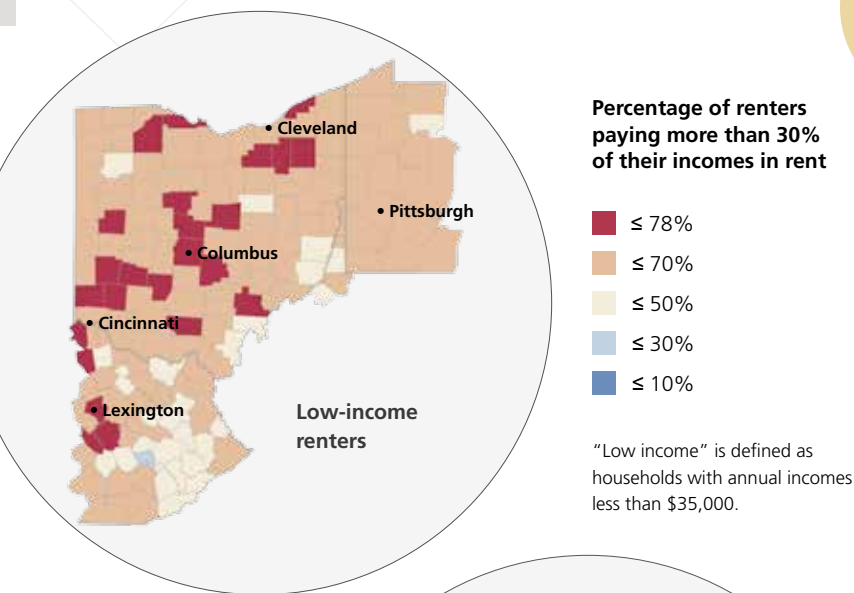
One respondent, a professor at the University of Cincinnati, sees neighborhood-level investments having a positive effect in broader areas of the community:

**"The remarkable resurgence happening in core neighborhoods will have a very positive effect on those neighborhoods, on residents, on the City of Cincinnati, and on the university. We are seeing a very clear increase in private-sector investments in community and economic development projects in neighborhoods near the university and in the city overall."**

# UES



“Greater in-migration to central cities is having a positive impact. The good thing is that people are taking risks in order to buy and improve properties in low-income communities because they want to live close in. On the other hand, we don’t want upward pressure on property values to force people out of their current homes into neighborhoods with fewer services and social networks.” – CEO of a social services organization in Pittsburgh



**Figure 1**  
Source: U.S. Census Bureau, 2009–2013 American Community Survey

## 3 VACANT, ABANDONED, OR REO PROPERTIES

While certain areas within central cities across the Fourth District are experiencing a renaissance of sorts, many other neighborhoods both urban and suburban are still struggling to address the large stock of vacant, abandoned, or REO properties left over from the housing crisis. Far from contradictory, it is a familiar tale of two cities with wealth created and destroyed side-by-side.

The director of a community development organization in Cleveland remarked, “We have to remain focused on the removal of the thousands of vacant properties that have destabilized communities and stripped wealth/equity from homeowners — in particular minorities.” Similar concerns were voiced about Pittsburgh:

**“Stranded assets such as vacant properties continue to be a major problem for local governments that rely on tax revenues to provide needed services. Such assets need to be released to incentivize more people to invest in communities,”** said a leader of a local social services organization.

There is also persistent frustration over solutions devised to address vacant properties. Some embrace demolition while others are concerned by it and wonder whether rehab might be one avenue to address two problems at once, by simultaneously increasing the stock of affordable housing and decreasing vacant properties. Perhaps the worst outcome, however, is for nothing to happen, and unfortunately, with insufficient public funds to go around, this, according to several survey respondents, too often seems to be the case.

This is the first edition of *Issues & Insights* to report respondents' input on not just emerging issues, but on "positive and negative emerging issues" they think could have an impact on their communities in the coming years. Below is a selection from their open-ended answers.

## POSITIVE

Despite growing concern over tensions between neighborhood change and access to affordable housing, many respondents still spoke with excitement about the trend of **young people moving into urban areas**. In fact, this was one of the most-cited emerging issues with the potential to have a positive impact on communities in the Fourth District. In many ways, the impact from this trend is still just that: potential. But most respondents are hopeful that new urban development will drive positive change.

A community leader in Cleveland explains what he feels is needed: "There seems to be a real emphasis on retaining neighborhood residents and attracting new residents to the City. This will prove to be productive only if CDCs are given the resources to foster community-building activities with our residents and create linkages to needed economic change." Similar ideas were echoed by a state official in Pennsylvania, who wrote that his agency "continues to explore and encourage development in urban corridors and ways to preserve existing affordable housing stock."

Other positive trends cited include an **improving economy**, increased **collaboration among stakeholders** across sectors, and the long-awaited activation of the **National Housing Trust Fund**. On this last point, the National Low Income Housing Coalition, a non-profit research institute, estimates that Pennsylvania and Ohio will receive the 6th- and 7th- largest allocations of the 50 states when funds are first disbursed as early as summer 2016 (approximately \$7.2 and \$6.8 million, respectively, for every \$250 million in total allocations). In this way, the Trust is signaling long-term commitment by the federal government to assist areas struggling with access to affordable rental housing. Funds are allocated based on the shortage of affordable rental housing in each state. States must use at least 90 percent of funds for the production, preservation, rehabilitation, or operation of rental housing, and at least 75 percent of the funds must be targeted toward extremely low-income households.

## NEGATIVE

The emerging issue that seems to worry respondents most is **aging infrastructure** and the **lack of revenue** in many cities and suburban municipalities to fund improvements to sustain it. This is consistent with past editions of *Issues & Insights*, in which budgetary cuts at federal, state, and local levels have ranked among chief concerns. Many local governments continue to face seemingly insurmountable budget shortfalls that prevent maintenance of vital infrastructure and services, from transportation to water.

**"Lack of funding to repair and sustain our infrastructure is a continued and compounding problem in inner-ring suburbs...We lack the redevelopment tools of larger urban areas, such as a direct CDBG allocation, New Market Tax Credits, and the like. We need a new set of tools because we are dealing with a new set of problems that is likely to compound and create a resource burden in the years to come as our cities become poorer and more disinvested."** – Municipal housing manager in Northeast Ohio


In Pennsylvania, many respondents are hopeful that newly elected officials at the state and local levels could mean increased funds for community and economic development. The tune is a bit different in Ohio, where respondents continue to express concern over state-level policies, which have cut support to local governments in recent years.

Other emerging issues cited with potential for negative impact include community relations with **law enforcement officials, failing city schools**, and perceived **injustices with the incarceration system** in our country. Another significant challenge is **drug use** that is ravaging many communities and preventing individuals from securing gainful employment.



# How are *you* building better communities in the Fourth District?

In our community issues survey, we also invite respondents to tell us about innovative, collaborative initiatives and programs they have adopted or developed in the past year that have been helpful in addressing specific needs in the communities they serve. Here are two examples; for more, go to [www.clevelandfed.org](http://www.clevelandfed.org) to read the online version of this publication.



“Our regional economic development organizations have created an online job-matching program to assist employers to find the qualified staff they need. The website, [www.HometownOpportunity.com](http://www.HometownOpportunity.com), allows job seekers to post resumes and companies to post available positions. Each participating company also posts a profile outlining their products, training requirements, wage rates, and benefits information. Job seekers are able to choose from a variety of career options. Each week the website automatically notifies them of positions posted in those careers within the past seven days. The service is free to both companies and job seekers. It has proven to be quite successful.”

– Wapakoneta Area Economic Development Council, Wapakoneta, OH

“We are currently working with the United Way of Allen County to develop an ‘Auto to Work’ program. We have recognized a need with low- to moderate-income individuals. In our community, there are employment opportunities available but potential employees do not have reliable transportation to get them to work. We are in the initial stages of developing a program between the credit union, Allen Economic Development, United Way, and employers to address this situation.”

– Superior Federal Credit Union, Lima, OH

## SURVEY METHODOLOGY

The Federal Reserve Bank of Cleveland developed this survey to elicit perspectives from stakeholders on key issues facing the communities and individuals they serve. We sent an online survey in January 2015 to 863 individuals working in organizations throughout the Fourth District; 174 completed the survey. Below is a breakdown of the types of organizations that provided responses to this survey, and which states these organizations are located in. Please note that the responses reflect only the perspectives of those responding to the survey and not all the organizations within our district.

Breakdown of respondents by organization type		
Community development organization	37	21.3%
Local government	27	15.6%
Financial institution	26	14.9%
Economic development organization	23	13.2%
Academic or policy center	14	8.0%
Social service/health/education organization	12	6.9%
Foundation	11	6.3%
Other	6	3.5%
State government	5	2.9%
Housing counseling agency	4	2.3%
Community Development Financial Institution (CDFI)	3	1.7%
Federal government	3	1.7%
Legal practice/court	3	1.7%
<b>Total</b>	<b>174</b>	<b>100.0%</b>

Breakdown of respondents by state		
	Population in District (2014)	Survey Response (January 2015)
Ohio	68.1%	73.0%
Pennsylvania	19.6%	20.1%
Kentucky	11.4%	4.6%
West Virginia	0.9%	2.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

# ISSUES & INSIGHTS

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