March 16, 2022

To:        Mayor and Members of City Council

From:      John P. Curp, Interim City Manager

Subject:    Five-Year Estimates of Housing Unit Production

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**Reference Document #202200178**

On February 2, 2022, City Council referred the following motion for a report:

> **MOTION**, dated January 21, 2022, submitted by Councilmember Harris, **WE MOVE** that the Administration provide a report within thirty (30) days outlining the number, neighborhood geography and Adjusted Median Income (AMI) range for new housing units that have come online in the City of Cincinnati for at least the last five (5) years. The administration shall take into consideration a variety of data sources, considering but not limited to: Building & Inspections, CAGIS, Cincinnati Waterworks, and other feasible and accurate sources.

**Summary of Findings**

In response to the subject motion, the Administration conducted a survey of all available and pertinent data sources that track housing production. This analysis produced the findings discussed below and also identified several opportunities for improvement in how the City collects and tracks data on housing production and the loss of housing units. This is a summary of the findings:

- New construction in the City added a total of 4,177 new units over the last five years, an average of 835 units per year. This excludes additional units created through renovation of already existing buildings.
- The City lost at minimum 1,325 units to demolition in that same time period, producing an estimated net increase in housing units through new construction of 2,852 units or an average of 570 units per year.
- The City created or preserved 1,280 income-restricted affordable housing units over the last five years, an average of 256 units per year. This includes 983 new affordable units created through new construction or renovation and 297 units that were preserved through renovation and otherwise would have been lost. The location and income limits associated with these units are detailed below.

**Available Data Sources and Analysis**

In coordination with the Department of Buildings and Inspections (B&I), CAGIS, Greater Cincinnati Water Works (GCWW), and the Department of Planning and Engagement, the Office of Performance and Data Analytics (OPDA) conducted a comprehensive review of available data sources and alternative methodologies to determine the most accurate estimate of new housing units[1] created,

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[1] This report defines a New Housing Unit as a place where permanent provisions are provided for living, sleeping, eating, cooking and sanitation within a single unit with a length of stay exceeding 30 days.

by neighborhood, from 2017 to 2021. OPDA concluded that the B&I permitting data provided the most reliable stand-alone data source. Efforts to pair permitting data with additional data sources did not yield more refined estimates. As discussed below, B&I permitting data was utilized for estimating new construction of units and demolition of units.

B&I permitting data for new construction does not capture the market price for the housing units produced nor does it capture if a particular project will create new income-restricted affordable housing units.[2] Therefore, to estimate the number of affordable units constructed, the Department of Community and Economic Development (DCED) conducted an analysis of City-subsidized affordable housing projects within the last five-years. Since most all affordable housing projects require some level of City support and subsidy, this data set produces a strong estimate of overall affordable housing units created within the City.

Overall, this analysis identified several opportunities to improve the City's practices on recording and capturing data regarding housing creation and loss in order to improve future tracking and reporting.

### New Housing Unit Construction: 2017-2021

Housing units are created through both new construction and the alteration or renovation of existing structures (i.e., conversion of an existing single-family unit into a duplex or rehabilitation of a long vacant building to permit occupancy). However, during this analysis OPDA and B&I determined that the method utilized for capturing data on new housing units created through alteration or renovation was not consistent or reliable. As a result, the scope of the reported data below is limited to new construction only and does not include units added through alterations. Based on this analysis and findings, B&I is taking the necessary steps to improve data collection on creation of new units through alterations to ensure future reporting can include these units.

**CY2017 – CY2021 NEW CONSTRUCTION HOUSING UNITS BY NEIGHBORHOOD**

| NEIGHBORHOOD | NEW CONSTRUCTION 2017-2021 | AVG PER YEAR | NEIGHBORHOOD | NEW CONSTRUCTION 2017-2021 | AVG PER YEAR |
|---|---|---|---|---|---|
| CUF | 736 | 147.2 | PENDLETON | 8 | 1.6 |
| MADISONVILLE | 599 | 119.8 | UNASSIGNED | 7 | 1.4 |
| MT. AUBURN | 420 | 84 | CALIFORNIA | 6 | 1.2 |
| DOWNTOWN | 402 | 80.4 | PLEASANT RIDGE | 6 | 1.2 |
| OAKLEY | 316 | 63.2 | CLIFTON | 3 | 0.6 |
| CORRYVILLE | 237 | 47.4 | KENNEDY HEIGHTS | 3 | 0.6 |
| WALNUT HILLS | 209 | 41.8 | CAMP WASHINGTON | 2 | 0.4 |
| EVANSTON | 159 | 31.8 | HARTWELL | 2 | 0.4 |
| MT. ADAMS | 139 | 27.8 | LINWOOD | 1 | 0.2 |
| AVONDALE | 131 | 26.2 | NORTH AVONDALE - PADDOCK HILLS | 1 | 0.2 |
| COLLEGE HILL | 88 | 17.6 | CARTHAGE | 0 | 0 |
| HYDE PARK | 84 | 16.8 | EAST WESTWOOD | 0 | 0 |
| OVER-THE-RHINE | 81 | 16.2 | ENGLISH WOODS | 0 | 0 |

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[2] This report defines an "Affordable Housing Unit" as a housing unit created with required tenant income limits.

| Neighborhood | Permits | Percent | Neighborhood | Permits | Percent |
|---|---|---|---|---|---|
| SOUTH CUMMINSVILLE | 80 | 16 | LOWER PRICE HILL | 0 | 0 |
| NORTHSIDE | 78 | 15.6 | MILLVALE | 0 | 0 |
| MT. LOOKOUT | 72 | 14.4 | MT. AIRY | 0 | 0 |
| WEST END | 58 | 11.6 | NORTH FAIRMOUNT | 0 | 0 |
| ROSELAWN | 50 | 10 | QUEENSGATE | 0 | 0 |
| BOND HILL | 38 | 7.6 | RIVERSIDE | 0 | 0 |
| EAST END | 37 | 7.4 | SEDAMSVILLE | 0 | 0 |
| COLUMBIA TUSCULUM | 36 | 7.2 | SOUTH FAIRMOUNT | 0 | 0 |
| SAYLER PARK | 26 | 5.2 | SPRING GROVE VILLAGE | 0 | 0 |
| EAST WALNUT HILLS | 25 | 5 | VILLAGES AT ROLL HILL | 0 | 0 |
| MT. WASHINGTON | 15 | 3 | WEST PRICE HILL | 0 | 0 |
| WESTWOOD | 13 | 2.6 | WINTON HILLS | 0 | 0 |
| EAST PRICE HILL | 9 | 1.8 | **TOTAL** | **4177** | **835.4** |

For reference, according to data from the 2020 Decennial Census, the City has a total of 139,567 occupied housing units. The average per year new construction unit count of 835.4 new units represents approximately 0.6% of this total. Further, the City of Cincinnati added 12,374 persons between the 2010 Decennial Census and the 2020 Decennial Census, an average of 1,237 persons per year.

**Reductions in Housing Units: Demolitions and Vacated Buildings**

While new construction adds additional housing units, there are many additional factors (e.g., market dynamics or lack of maintenance or repair) that can reduce housings units through demolition or required vacation of buildings. However, to date, available data sources do not allow the City to track with accuracy the unit count reduction resulting from these actions. Though the City's demolition contractors report unit counts, the existing data is not consistent or reliable.[3] In order to provide at least a demonstration of the volume and geographic dispersion of demolitions, a graph is included below demonstrating the number of residential demolition permits issued per neighborhood over the last five years. It can be safely assumed that each permit accounts for at minimum a reduction in one housing unit. The contractor-reported unit count is also stated; however, as discussed this unit count reporting data is not consistent and, therefore, should not be relied upon.

Going forward, B&I is taking necessary steps to improve the data collection on a per-unit-basis for demolitions and the City's Vacated Building Maintenance License (VBML) list to ensure future reporting can more accurately account for these factors.

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[3] For example, contractors may not be able to determine the number of existing units in a building prior to demolition and as a result, record 0 or 1 unit for what may have been a multifamily building. Despite these limitations, the data does represent an approximation of residential demolition activity during the past 5 years. The table contains cases where Indicated Units is less than Demolition Permits. This highlights situations where 0 units were entered on the permit.

# CY2017 – CY2021 DEMOLITION PERMITS BY NEIGHBORHOOD

| NEIGHBORHOOD | DEMOLITION PERMITS | INDICATED UNITS | NEIGHBORHOOD | DEMOLITION PERMITS | INDICATED UNITS |
|---|---|---|---|---|---|
| AVONDALE | 164 | 387 | LINWOOD | 13 | 15 |
| WALNUT HILLS | 117 | 215 | LOWER PRICE HILL | 13 | 22 |
| EAST PRICE HILL | 106 | 143 | SEDAMSVILLE | 13 | 14 |
| SOUTH FAIRMOUNT | 80 | 77 | SOUTH CUMMINSVILLE | 13 | 14 |
| EVANSTON | 75 | 82 | OVER-THE-RHINE | 12 | 7 |
| HYDE PARK | 73 | 84 | EAST WESTWOOD | 10 | 10 |
| OAKLEY | 52 | 43 | CAMP WASHINGTON | 9 | 3 |
| CUF | 42 | 57 | CLIFTON | 9 | 9 |
| MADISONVILLE | 42 | 54 | DOWNTOWN | 9 | 250 |
| NORTH FAIRMOUNT | 42 | 42 | EAST WALNUT HILLS | 9 | 13 |
| MT. AUBURN | 39 | 57 | MT. AIRY | 9 | 6 |
| WEST END | 34 | 40 | PLEASANT RIDGE | 9 | 16 |
| WEST PRICE HILL | 34 | 44 | UNASSIGNED | 8 | 4 |
| CORRYVILLE | 29 | 104 | MT. WASHINGTON | 8 | 4 |
| MILLVALE | 29 | 98 | MT. ADAMS | 7 | 7 |
| MT. LOOKOUT | 27 | 33 | QUEENSGATE | 7 | 0 |
| RIVERSIDE | 25 | 27 | CALIFORNIA | 5 | 6 |
| WESTWOOD | 25 | 34 | SAYLER PARK | 5 | 3 |
| NORTHSIDE | 23 | 21 | HARTWELL | 4 | 3 |
| BOND HILL | 19 | 21 | KENNEDY HEIGHTS | 4 | 5 |
| EAST END | 19 | 35 | WINTON HILLS | 4 | 0 |
| COLLEGE HILL | 17 | 13 | NORTH AVONDALE - PADDOCK HILLS | 1 | 20 |
| COLUMBIA TUSCULUM | 16 | 19 | SPRING GROVE VILLAGE | 1 | 1 |
| CARTHAGE | 13 | 10 | VILLAGES AT ROLL HILL | 1 | 1 |
| | | | **TOTAL** | **1325** | **2173** |

## Income-Restricted Affordable Housing Unit Production: 2017-2021

As discussed above, B&I's permitting data captures construction activity, but it does not capture the market price of new housing units constructed or other data that would allow the City to determine affordability of new units constructed. However, due to the inherent need for gap-financing and subsidy in affordable housing projects, DCED is involved to some degree in the majority of projects in the City that produce income-restricted affordable housing units. The graphs below detail income-restricted affordable units created or preserved through construction or renovation in the City over the last five years, categorized by the maximum Area Median Income (AMI) permitted for the units and neighborhood.

**CY2017 – CY2021 AFFORDABLE UNIT PRODUCTION BY AMI**

| MAXIMUM AMI | NUMBER OF UNITS | AVG PER YEAR | PERCENT |
|---|---|---|---|
| 30% AMI | 59 | 11.8 | 5% |
| 50% AMI | 89 | 17.8 | 7% |
| 60% AMI | 941 | 188.2 | 74% |
| 80% AMI | 184 | 36.8 | 14% |
| 120% AMI | 7 | 1.4 | 1% |
| **TOTAL** | **1280** | **256** | |

**CY2017 – CY2021 AFFORDABLE UNIT PRODUCTION BY NEIGHBORHOOD**

| NEIGHBORHOOD | NUMBER OF UNITS | PERCENT |
|---|---|---|
| WALNUT HILLS | 261 | 20% |
| AVONDALE | 260 | 20% |
| WEST END | 260 | 20% |
| OVER-THE-RHINE | 183 | 14% |
| PENDLETON | 85 | 7% |
| CBD/DOWNTOWN | 69 | 5% |
| NORTHSIDE | 64 | 5% |
| LOWER PRICE HILL | 52 | 4% |
| COLLEGE HILL | 26 | 2% |
| EAST PRICE HILL | 13 | 1% |
| MT. AUBURN | 7 | 1% |
| | **1280** | |

This information includes 983 new units generated from both renovations and new construction and also 297 units that were previously income-restricted units but necessitated renovations to preserve those units as quality, habitable affordable housing units.

As discussed above, the B&I permitting data does not include renovations, so it is not possible to determine a precise percentage of the overall housing units created that are affordable; however, the data does make clear that proportionately the City has added significant new affordable units in the last five years when compared to the level of overall new housing units produced.

For reference, the average total development costs for each unit constructed in these affordable housing projects totaled approximately $260,000. The average City-subsidy required per affordable unit was approximately $25,000.

**Housing Affordability – Income Levels and Real Estate Market Analysis**

In addition to production of new affordable housing units, two critical components to understanding housing affordability in our City is to understand the real estate market dynamics of existing housing stock as well as the income levels of our residents.

The primary sources for income and housing data are the United States Census, including the Decennial Census and the American Community Survey, and U.S. Department of Housing and Urban Development (HUD). HUD publishes City/Metro Adjusted Median Income data annually, based on the American Community Survey data, and DCED anticipates this data will be available for the Cincinnati Metro area in April 2022. Release of the full 2020 Decennial Census results have been delayed due to COVID-19, but this information presents a unique and valuable data source for understanding the current state of the City's housing market. Once available the Department of City Planning and Engagement will complete a by-neighborhood analysis to include Occupied Housing Units, Age of Units, Housing Values, Renter Occupied Units, Rent Levels, and Income levels. This additional income and housing data analysis will be provided as a follow-up to this report.

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