

CITY OF KINGSTON

Office of Housing Initiatives

Bartek Starodaj, Director



November 12, 2024

To: City of Kingston Planning Board

CC: Mayor Steve Noble, City of Kingston

From: Bartek Starodaj, Director of Housing Initiatives

Re: Proposed Changes to Section 405.19 Affordable Housing Requirements – Form-based Zoning Code

Local inclusionary zoning (IZ) laws are implemented to address the need for affordable housing by incentivizing or mandating developers to allocate a portion of housing units at prices below the market rate. The primary objective of these laws is to provide housing options to low-income individuals who would otherwise struggle to afford suitable accommodation. Crucially, IZ relies on the production of market-rate units to produce new affordable housing units.

The research on the impact of IZ laws on the private market is inconclusive, and no consensus has been reached regarding whether these policies hinder development or raise prices. This indicates that the effectiveness of IZ policies may heavily depend on policy design considerations and local market dynamics. **Before any changes are made to the City of Kingston's affordable housing requirements, we must be sure that, based on a synthesis of the existing evidence and a clear demonstration of the efficacy of the proposed changes, such changes will not have unintended consequences for the development of new housing.**

In the version of the form-based code adopted by the Common Council in August 2023, new development with seven or more units must now include 10% affordable housing at 80% of the Area Median Income. Any project over 20 units must include a certain percentage of workforce housing at 120% of the Area Median Income. I believe that these requirements are realistic and proven based on examples from other municipalities. Meaning, developers are generally able to provide the affordable and workforce units and still have a financially feasible project.

The proposed legislation would lower those Area Median Income levels to 50% of Area Median Income for affordable housing units and to 80% of Area Median Income for workforce housing units.

The sponsors of this legislation have failed to provide any evidence of how the new requirements would impact the construction of housing throughout Kingston. Key unanswered questions include:

- With these new requirements, will new housing projects still be financially feasible?
- How many affordable housing units do they believe will be generated by the change?
- Is there evidence from other jurisdictions or academic research that the new requirements will work?

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Poorly designed IZ requirements can reduce the overall housing supply and stifle development of all kinds, therefore contributing to the kind of housing shortages that we continue to face.

I cannot find any example of another New York jurisdiction that has mandated the level of affordability proposed by this legislation. In fact, it should be noted that comparable Hudson Valley cities such as Newburgh, Poughkeepsie, and Hudson, have no citywide affordability requirements whatsoever.

These municipalities don't have an IZ requirement not because they do not value affordable housing, but because of the recognition of the costs and uncertainty that market-rate projects already face. In Kingston, many of the market-rate projects we do have in the pipeline are struggling to pencil out given high construction costs. If the City mandates that developers include units at a higher affordability level, those developers will have to raise the price of the market-rate units or abandon the project entirely, leading to no market or below-market housing getting built in the first place.

To be clear, I believe that we should be trying to get as many affordable housing units as possible at levels under 80% of the Area Median Income through incentives and new PILOT agreements to achieve deeper affordability, by encouraging our non-profit partners to build new housing units in the city, and by working creatively with public and private stakeholders. This is the approach the City has already taken, producing hundreds of deeply affordable units in projects such as Energy Square, Landmark Place, and Golden Hill. But the current proposal would function as an unfunded mandate and would likely smother most market-rate projects, worsening housing availability and affordability for all Kingstonians. The developers that do choose to build in Kingston would likely be forced to rely on complex low-income tax credits or other public subsidies to make their projects financially feasible.

I do not believe the proposed changes are consistent with the intent of the form-based code to encourage a variety of housing types throughout the city.

I strongly recommend the Planning Board issue a negative report to the Common Council on the proposed affordable housing requirements.