**Scope of Work**

**Regional Housing Market Inventory and Assessment**  
**Partnership for the Public Good (PPG) and Local Initiative Support Corporation (LISC)**

In support of the regional affordable housing community’s long term success, The Partnership for the Public Good (PPG) and Local Initiatives Support Corporation (LISC) Western New York seek to understand the housing market in Erie and Niagara counties and assess the current and projected needs of the population within that market. Additionally, the team seeks to establish some baseline conditions in the market and evaluate the impact, existing and potential, of the current covid-19 outbreak given its expected impact.

This report will engage with and answers the following key questions:

- What are the demographic and economic characteristics of the region?
- How are those characteristics expected to change in the next 5-, 10-, and 30-years?
- What is the state of the region’s housing stock?
- What are the gaps in the current housing market as it relates to the availability of access to housing for various populations?
- To what extent are spatial patterns of housing currently (mis)matched to spatial patterns of the region’s people and jobs?

In answering these questions – with an eye toward ongoing and emerging challenges resulting from covid-19 – the report will provide the team with a tool to quickly scan and understand the current housing landscape while being flexible enough to respond to ongoing and emergent challenges.

**Phase 1 – Regional Housing Market Inventory and Assessment**

It will not be possible to prescribe courses of action – the end goal of Phase 2 – without first describing and diagnosing existing conditions. Phase 1 will build the descriptive and diagnostic foundations of the project in four domains: (1) population and demographics, (2) economic conditions, (3) housing conditions, and (4) housing submarkets.

**Task 1: Population and Demographic Profile**

Different individuals and households have different housing needs and desires. As such, any effort to better tailor a region’s housing supply to its current and future demands must start from an understanding of who lives in the region, and where in the region they live. To answer these questions, we will collect and analyze population and demographic data for Erie and Niagara counties, drawing from the U.S. Census Bureau’s Decennial Census and American Community Survey programs, as well as commercial data sources such as Esri and SimplyAnalytics. Data will be summarized in narrative, tabular, and map formats and include historic, current, and future projections (where appropriate) for key data variables. Data will be collected at multiple geographic resolutions to assess spatial patterns and best evaluate how these patterns in one variable relate to or intersect with patterns in other variables. Among the subtasks to be taken up in this section are to:
• Construct a dynamic and geographic picture of changing population levels, to include forward-looking projections
• Build age profiles and projections
• Analyze and describe shifts in household types
• Analyze and describe shifts in population racial and ethnic composition
• Analyze and describe shifts in socioeconomic status

Task 2: Economic Profile
It is essential for local decision-makers to understand their economies, both in terms of its position in the regional housing market as well as how opportunities are distributed (and changing) spatially within the community. In addition to inventorying and understanding existing economic conditions, it is critical that planners and other local stakeholders stay up-to-date on the economic geographies of their jurisdictions. Economic conditions must be engaged from a dynamic perspective, by viewing them through a spatiotemporal lens that magnifies trends and trajectories. Creating data-driven pictures of a region’s economy and how it is changing empowers decision-makers to anticipate issues, identify leverage points, and make informed trade-offs with respect to scarce public resources.

For these reasons, we will conduct a comprehensive, forward-looking economic analysis for the Buffalo-Niagara region and relevant subareas that performs the following tasks:

• Draws on commercial industry data, U.S. Census employment data, U.S. Census socioeconomic and demographic data, and local land use and zoning data to profile the region’s overall economy;
• Summarizes current conditions and economic trends over time;
• Identifies specific economic strengths and specializations by subarea;
• Identifies specific opportunities that are emerging within the region;
• Provides maps, tables, descriptions, and other pertinent outputs to display current and near-term economic conditions in the region; and
• Offers interpretations of data and attempts to identify how changing economic conditions relate to changing population and demographic conditions, and what the patterns mean for housing.

Task 3: Housing Profile
Connecting household, demographic, and regional economic data to the regional housing market is critical to the development of the comprehensive housing needs assessment that will be completed in Phase 2. This effort will be undertaken in with two key objectives.

First, it seeks to describe historic and current trends in the housing market, focusing on both aspatial and spatial description. We will draw on data from a number of sources to paint a comprehensive picture of the housing market at various geographic scales. Those data sources include:

• New York State Office of Real Property Tax Services – For other projects, we have constructed a comprehensive 11-year geodatabase (2009-2019, inclusive) of all real estate transactions, both public and private, in Erie County. These data are being employed in several related housing analysis projects. We are in the process of developing a similar database for Niagara County. We will use the combined two-County dataset to analyze and
characterize the regional housing market as a whole, and to profile the submarkets throughout the metro region.

- **U.S. Census Bureau** – We will draw on the U.S. Census Bureau’s Decennial Census, American Community Survey, Local Employer Household Dynamics (LEHD), and County Business Patterns (CBP) programs to conduct detailed housing analyses and profiles that are connected to related population and economic phenomena (see above). This includes, but is not limited to: housing stock and vacancy, residential tenure; housing cost and rent burdens; transportation and commuting data and transportation costs; employment trends by industry, earnings, age, and ethnicity; and location affordability.

- **Home Mortgage Disclosure Act (HMDA) Data Products** – Drawing on past experiences studying patterns of lending activity, and disparities therein, we will obtain and analyze census tract-level HMDA data on the loan opportunities available to prospective home buyers by borrow demographics, socioeconomic status, and geographic context of the proposed purchase area.

- **Environmental Protection Agency (EPA) and Center for Neighborhood Technology (CNT)** – We will draw on the EPA’s block group-level SmartLocation and Location Affordability datasets to describe transportation costs and location efficiency across the study areas. These patterns will be analyzed for disparities along demographic and socioeconomic fault lines.

- **EPA and WalkScore®** – We will obtain and analyze data on the “walkability” of the various neighborhood (specifically, census block groups) across the study area, relative to fair housing opportunities. Knight and Weaver have previously coauthored a peer reviewed study that explored walkable access to amenities in the City of Buffalo. That study revealed several disparities that amount to “fair housing issues” per the definition from above. We propose to scale this study up to include all of the jurisdictions named in the Request for Proposals.

- **HUD User** – We will rely on HUD User to for key data and information necessary to support an overall picture of the two-county housing market, including the American Housing Survey, HUD Median Family Income Limits, Fair Market Rents, and Low-Income Housing Tax Credit Data.

Second, this section will focus on a number of critical areas within the broader housing marker, specifically affordable housing; housing for persons with special needs; and homelessness.

**Phase 4: Housing Gap Analysis**

In order to provide a simple snapshot of the regional housing market’s supply of housing types, by geography, and the deficit of housing needed based on socio-economic and demographic characteristics, we will provide a brief, data-driven assessment of the current housing supply and match it to households and population type, specifically focusing on affordable housing and special needs populations. The focus on affordable housing will assess current programs including the Low-Income Housing Tax Credit (LIHTC) program; federally-funded and assisted housing programs under the Community Development Block Grant and HOME programs; and Rental Assisted Demonstration (RAD) conversion progress. Further, we will assess the current housing needs for households at 30%, 60%, and 80% of the area median income (AMI) and project those changes moving forward.
Specifically, using data from Tasks 1-3 above, it will identify where current gaps in the housing market exist based on recent population, income, and household trends.

**Task 5: Typology of Housing Submarkets**

Understanding the dynamics and spatial distributions of housing in Buffalo-Niagara requires a context-sensitive, geographic approach that engages with intra-regional differences in community type (e.g., rural, suburban, urban), sociodemographic profiles, housing stocks, tenure structures, and going market prices. Put another way, to understand housing issues in a meaningful way, it is necessary to engage with the concept of *market segmentation*. In brief, housing demand is characterized by ample diversity in preferences and ability to pay for, among other things, house types, sizes, locations, and neighborhood amenities. Yet, while each individual household will have unique tastes and abilities to pay for these variables, their diverse housing needs must necessarily be satisfied in a market characterized by an indivisible and durable housing supply. For that reason, housing is a composite good—each unit is made up of a set of structural, locational, and neighborhood attributes that, by and large, cannot be divided and recombined to better satisfy individuals' unique preferences, desires, and budget constraints. Indeed, houses are generally spatially fixed in their locations, and, barring substantial investments by owners, reconfiguring a house’s structural attributes tends to occur only slowly if at all.

The convergence of these powerful demand- and supply-side forces inevitably results in *market segmentation*. Whereas individual preferences and needs are all different, the relative inability of owners and builders to quickly tailor supply to meet those individualized preferences means that trade-offs must be made by households. Ultimately, households with correlated (though still distinctive) tastes and financial constraints tend to make similar trade-offs. When aggregated together, these correlated preferences and abilities to pay ensure that there is not a single housing market, but rather numerous *submarkets* within a single region. Submarkets come to be recognized by their “persistent and significant disparities in attribute prices…across housing bundles and urban space”.¹ Housing submarkets are, in other words, clusters of similar and similarly priced housing bundles that are “relatively close [though not perfect] substitutes in the view of those who demand housing”.²

This quick introduction sets the tone for our approach recognizing that there is no single housing market in Buffalo-Niagara and, as such, there can be no singular approach for managing the housing conditions. Rather, it is necessary to dedicate time and effort to (1) identifying reasonable submarket boundaries, (2) inventorying and profiling trends and conditions in those submarkets, and, grounded in empirical trends and conditions, (3) establishing multi-pronged, context-sensitive goals and action plans for navigating from present circumstances toward more equitable and regionally-appropriate housing scenarios in the future.

Accomplishing such tasks requires multi-phase, multivariate analyses that expose where in the region typical housing bundles, and the market prices those bundles fetch, exhibit meaningful differences. If one of the defining features of submarkets is that they offer, on average, housing bundles at persistently and significantly different market prices, then measuring and mapping differentials in

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market housing value, after accounting for (in statistical terms, “controlling for”) differences in attributes, ought to shed light on the geographies of submarkets in the region.

Once submarkets are identified, they can be profiled and classified into a regional typology. This diagnostic typology – and accompanying profiles – will form the diagnostic backbone of the prescriptions to be taken up in Phase 2. In other words, numerous different “types” of housing profiles will result based on their shared households, income, tenure, and housing types.

**Task 6: Report Conclusions and Next Steps**

Grounded in the data and analysis from Tasks 1 through 5, the report will offer some general conclusions drawn from these analyses and provide recommendations for pro-active/prescriptive goal setting in partnership with the region’s housing stakeholders.

**Project Schedule**

We anticipate being able to complete this report within 150 days of contract execution. We have considerable data for Erie County but we will need to collect nearly all data for Niagara County, which we anticipate given existing priorities for local government, and experience with Niagara County agencies, that data requests to various local governments or the county could be slow and time consuming, and therefore impact the project schedule. We have reached out to one contact in County government to get some thoughts and feedback on data availability and guidance on requests and timeliness.

We anticipate having the ability to provide some preliminary findings and meet with PPG, LISC and a small number of chosen stakeholders to discuss in late September or early October. That meeting will provide an opportunity to comment and feedback to enable us to prepare a final report that adequately and appropriately addresses the intent of the project.

**Relevant Project Experience**

Dr. Jason Knight and Dr. Rusty Weaver are experts in community inventory and analyses, particularly in the Northeast and Middle Atlantic regions of the United States. They have substantive professional and academic experience in research design; data collection including both primary and secondary collection methods; and using conventional and spatial statistical methods to inform and support research-driven public policy and planning. Their expertise is evident not only in their collaborative professional projects, but also in their extensive record of publishing empirical and theoretical articles in peer-reviewed journals, where independent referees evaluate the rigor and suitability of hypotheses, research designs, and research methods.

Further, a significant focus of their work in Western New York has been on the assessment of local housing market conditions and public policies, programs, and strategies therein. The following is a brief summary of their most recent work:

**Town of Amherst Housing Market Study:** Knight and Weaver are currently preparing a Housing and Neighborhood Market Report for the Town of Amherst’s Community Development Department. A critical component of this project is providing a comprehensive inventory, developed by data-driven descriptions of housing and property submarkets within the Town. This effort relies on extensive data collection and analysis using parcel-level real property data from the Town; parcel-level building structure data (structural grade, year built, number of floors, square
footage of living area, construction type, heating type, and number of bedrooms and bathrooms) from New York State Office of Real Property Tax Services; residential property transaction data; and building code violation and building permit data provided by the Town. This data is being used to spatially identify submarkets in Amherst; map the boundaries of those submarkets throughout the Town; and narrative, tabular, and cartographic summaries of existing housing stocks. Client: Town of Amherst

Analysis of Impediments to Fair Housing Choice: They completed this HUD-funded project to analyze impediments to fair housing choice within Erie County and create a set of action plans to mitigate identified impediments. The preparation of the AI involved extensive data collection and analysis and significant outreach with community stakeholders, including organizations and agencies that provide housing and housing related services. The AI highlighted socio-economic and demographic changes within Erie County and HUD-grantee communities; identified impediments to fair housing choice; and proposed key action plans to mitigate identified impediments. Clients: Erie County, City of Buffalo, towns of Amherst, Cheektowaga, Hamburg, and Tonawanda.

City of Tonawanda Housing Market Analysis: As part of a NYS Zombie Grant, which Dr. Knight developed for the City, Knight and Weaver conducted an inventory and analysis of housing and socio-economic conditions in the City of Tonawanda. This included assessing current conditions and projecting near-term future conditions in the City of Tonawanda’s housing submarkets (neighborhoods), as well as the City’s position in the overall Erie County housing market. Additional tasks included managing a Zombie Task Force and identifying capacity-building and related strategies that can help to stabilize and strengthen neighborhood housing conditions throughout the City of Tonawanda. Client: City of Tonawanda

Town of Cheektowaga Housing Market Analysis: As part of a NYS Zombie Grant, Weaver and Knight collected extensive housing market data for the Town of Cheektowaga and spatially delineated housing submarkets within the Town to assess the Town’s overall market conditions and compare varying conditions across Town neighborhoods (submarkets). This effort relied on extensive spatial analysis of parcel-level building structure data (structural grade, year built, number of floors, square footage of living area, construction type, heating type, and number of bedrooms and bathrooms) and real property sales transactions. Client: Town of Cheektowaga

Town of Cheektowaga Comprehensive Plan Update: In support of the Town’s effort to update its Comprehensive Plan, Weaver and Knight provided a complete update to all demographic, housing, economic, transportation, and school enrollment data. Data was summarized in narrative, table, and map formats. Client: Town of Cheektowaga