Historic Preservation – Part of the Solution to the Affordable Housing Crisis

By Donovan Rypkema

The title above notwithstanding, this article is not about “historic preservation” narrowly defined. Forget, for now, about what is locally designated and what is not; what is eligible for National Register listing and what is not; what is a contributing building and what is not; what has distinguishing architectural features and what does not. Just consider for the moment, “old stuff.”

Yes, some of that “old stuff” is what makes up your local historic districts, much does not. And much that isn’t currently designated may not merit the protection your ordinance provides. A more appropriate title might have been “Old Stuff – Part of the Solution to the Affordable Housing Crisis.” Local preservation commissions have identified, protected, and enhanced heritage resources for architectural, cultural, aesthetic, symbolic, and other reasons. The time has come to begin protecting “old stuff” for affordable housing.

Some Realities

Reality 1 – There really is an affordable housing crisis. Households who spend more than 30% of their income on housing are considered “housing cost burdened.” A third of all households in America meet that housing cost burdened threshold. Among renters the numbers are even greater with 38 percent spending more than 30% of their income on housing. “Severely housing cost burdened” are those households spending more than 50% of their income on housing. One in six rental households fall into the severely burdened category. Among renter households headed by
someone 65 and older, half are housing cost burdened, as are 46% of African American renter households.

Reality 2 – Housing affordability is not just an issue for large, growing metropolitan areas; it is widespread geographically. As can be seen in the map from the Joint Center for Housing Studies at Harvard, no state is immune to the problem and in some regions nearly every part of each state is affected.

Modest 800-1200 sf houses are more than adequate for two person households.
A huge percentage of historic housing stock in the U.S. is fully and safely habitable now.

It is not just New York City and San Francisco and it is not just renters. In Topeka, Kansas, 49.5% of renter households pay more than 30% of their income for housing, as do 27.6% of homeowners with a mortgage. The same is true in Birmingham, Alabama, where 59.4% of renters and 44.2% of homeowners with mortgages are housing cost burdened.

**Reality 3** – Relying on existing affordable housing programs will not, alone, solve the problem. Around 100,000 affordable housing units are created each year using the Low-Income Housing Tax Credit (LIHTC). That compares with 11.6 million housing cost burdened renter households. At the current rate it would take 116 years to create enough affordable units using the LIHTC to provide for the households currently in need.

**Some Myths**

**Myth 1** – “Those old houses are just too small to meet the needs of today’s market.” Well, a house of 800 square feet probably doesn’t meet the needs of a family with two parents and two kids at home. But that image of the typical American household is no longer as portrayed by Beaver Cleaver, his brother Wally, a mom who stayed home and a dad who provided the income. Today 28% of all American households are made up of one person. Another 34.5% are two-person households. So nearly two-thirds of all households in the country are two people or less….and for many of them that 800 or 1200 square foot older home is more than adequate.

**Myth 2** – “They are only standing because the termites are holding hands. Those houses are falling down and not worth fixing.” Everyone knows about the decennial census of the population. But there is also a periodic census of housing. In that census the physical condition of housing is evaluated and rated as Adequate, Moderately Inadequate, or Severely Inadequate. What did the most recent census of housing find about homes built prior to 1950? 90.5% were judged “Adequate,” 7.1% “Moderately Inadequate” and only 2.4% “Severely Inadequate.” Maybe that last category needs to be razed, but nearly 98% of pre-1950 housing is either fully and safely habitable now, or would be with some reinvestment. Moving housing from “moderately inadequate” to “adequate” would certainly cost some money, but it is highly unlikely to cost the $200,000 per unit which is what units created using the LIHTC are costing today (and in some markets far more).
Myth 3 – “Those old houses just aren’t what buyers today are looking for.” Well they clearly are not what every buyer in the market is looking for, and in many markets new housing is absolutely essential to accommodate population growth. But they are what a sizable share of homebuyers are looking for. The National Association of Realtors recently released a study looking at generational house buying trends. Important in the market (now and for the next 40 years) are millennials. Next year will see millennials reach 73 million, surpassing the Baby Boomer population count of 72 million. Last year millennials constituted 34% of all homebuyers, but 44% of buyers of houses built between 1913 and 1960 and 58% of the houses sold that were built in 1912 and earlier. No market for these older houses? Nonsense! Furthermore 57% of all first-time homebuyers purchased a house built before 1950.

The appeal of the housing, the size of the housing, and the condition of the housing should all be arguments to keep as much of it standing as possible. But it is also the overall affordability of these units. 57% of housing units built before 1950 have a monthly housing cost of less than $1000. For every household income bracket less than $50,000 per year, a greater share of households lives in housing built before 1950 than in housing built since 1999. While households earning less than $30,000 make up 30% of all households, they make up nearly 36% of those living in pre-1950 houses. And, by the way, 75% of very low-income households receive no housing assistance of any kind. Around 23% of the total supply of rental housing comes from units built prior to 1950 as compared with 15.8% built since 1999.
Keeping Older Housing Stock
Here is what we know: 1) there is an affordable housing crisis; 2) older housing is disproportionately meeting the needs of households of modest income; and 3) there is a large and growing market for these older houses. So there must be a major policy initiative on the local, state, and national levels to keep this older housing stock in place, right? Wrong! In the last 15 years we have lost 4,047,000 units of housing built before 1950. Of our most historic housing – 100 years old and older – 332,000 have disappeared. A few have burned down or been lost in a tornado, but the vast majority have been purposely torn down. Every day for the last 15 years, 60 of our most historic houses were permanently lost, 70 percent of them single family dwellings. Had those 4 million housing units still been standing the affordable housing crisis would be far, far less severe. In addition, today there are 3,579,000 housing units built prior to 1950 that are standing vacant. How can we simultaneously have a housing crisis and still have 3 ½ million vacant, older homes?

Some Possible Responses
Addressing the issue of a community’s affordable housing challenges is not the responsibility of the historic district commission. However, those commissions are in charge of identifying and protecting the historic resources, many of which are not currently designated. So what might the preservation commission bring to the table to keep “old stuff” in circulation and, thereby, at least mitigating the worsening of the housing affordability crisis? In most towns and cities where there is a preservation commission there is also an agency that is addressing housing. Most of these possible actions should be done in conjunction with the commission’s housing counterparts. Here are a few ideas:

- Multiple resource local districts. There are an in-
creasing number of National Register Districts that are defined not by neighborhood level geography but by “themes, trends, and patterns of history shared by the properties.” Perhaps commissions should designate older, affordable housing units on a basis other than their geographical neighborhood.

Affordable housing overlay with new historic districts. In study after study, the evidence is that appreciation rates in local historic districts outperform the market as a whole. While it is absolutely spurious to claim that it is historic districts that are responsible for the affordable housing crisis (as the Real Estate Board of New York has disingenuously done) it is true that rising values often means rising rents and rising rents are part of the affordability problem. It is also true that local historic districts often have the most economically and demographically diverse populations in a city. That diversity is an intangible asset of the districts and to the extent possible should be maintained. Therefore, when a new residential historic district is about to be designated, a preservation commission could, with its housing counterpart, simultaneously designate the area as an affordability district. What would that mean? That would vary from city to city, but might mean that whatever tools the city has for affordability – property tax incentives, inclusionary zoning, maintenance grants, rent subsidies – be specifically targeted to the new historic/affordability district.

Standards more appropriate to buildings. There is no intent here to rekindle a debate about the Secretary of the Interior’s Standards or with the many local design guidelines that mirror them. They are usually, if not always, perfectly appropriate for traditional historic districts. But they are architectural standards. If we are designating (or protecting or preserving) housing for affordability reasons rather than architectural reasons, are the Secretary’s Standards the best set of criteria? Perhaps not.

Funding for weatherization. The housing cost standards include not only rent or mortgage payment, but also utilities. While the caricature of older houses as energy hogs is often overstated, it is also true that many would be well served with extensive weatherization – and investment that would increase comfort, reduce cost, and be good for the environment. Local governments should expand weatherization programs as a triple benefit investment – helping meet environmental goals, increasing housing affordability, and saving older and historic houses.

Mitigation fund for demolition – whether or not in historic district. Landfills are expensive in both
dollars and environmental quality. It is doubtful that there is a landfill in the country where the dumping fees are adequate to cover the lifetime costs of acquisition, development, operation, and closure of the facility. That means every time something is dumped at the landfill, other taxpayers are subsidizing that demolition and disposal. Whenever an older housing unit is demolished a unit of affordable housing is lost. So when a demolition permit is issued, it could be accompanied with a (sizable) fee payable to a mitigation fund. This fund could then be used to assist other affordable housing programs, pay for weatherization, provide funds for acquisition of historic properties, or whatever other expenditure might mitigate the loss of the unit. This could operate on a local level like the mitigation funds stemming from Section 106 negotiations are spent under federal statutes.

**Acquisition and stabilization of all vacant older housing units.** If a city were really serious about addressing affordable housing, it would buy every older housing unit that came on the market. It could then do whatever repairs and weatherization that were necessary and either put the unit in the hands of a housing authority or a non-profit housing developer to be rented or resell at an amount that meant the housing remained affordable. This could be channeled through a land trust so that the home was permanently maintained in the inventory of affordability.

**Saving the big three.** There are three historic building typologies that together should constitute a national preservation initiative in the name of both affordability and preservation – bungalows, shotguns, and rowhouses. Bungalows in Chicago and Los Angeles, shotguns in Louisville and St. Louis, rowhouses in Washington and Philadelphia are critical in providing affordable housing, are important from a preservation perspective, and are being lost every day. These mostly vernacular housing types need to be a central element in a preservation/affordability strategy.

**Conclusions**
Whenever a pre-1950 unit of housing is lost, a unit of affordable housing is lost. While too many of our historic resources are endangered, the issue of housing affordability has reached a crisis stage. You cannot build new and rent cheap. It cannot be done without either having deep, deep subsidies, or building crap. Our older and historic houses are at the core of the solution to housing affordability. Preservationists have the opportunity to play a leadership role in responding to this challenge.