

Appendix

# Housing opportunities



**Inner Loop North  
Transformation  
Planning Study**

# Inner Loop North: Developing for Residents Living along the Corridor

## Executive Summary

As of January 2022, our team has conducted multiple outreach meetings with City of Rochester residents who live along the Inner Loop North Corridor. Future meetings are necessary before more detailed development plans are created. This section distills the community feedback received to-date and provides an outline of tools that can be used to achieve the community's stated goals.

It is ultimately critical that the development that occurs along the corridor, particularly the development that occurs in the first five-to-ten years, is guided by and directly benefits the residents living in the Inner Loop Corridor's neighborhoods. We believe that the strategy outlined here will help accomplish that.

The following will be elaborated on in this section:

- **Demographics:** This section outlines high level market fundamentals. Healthy communities have a mix of income levels and age groups. Creating a stable and diverse community, however, takes time to accomplish. Given the socio-economic realities faced by most residents living along the Inner Loop Corridor, the focus of development over the first 10-years should focus on stabilizing the existing neighborhoods. That will lay the groundwork for future, potentially market rate, development in later years.
- **Development Options:** The report focuses on the initial development projects, which, as stated, need to directly benefit existing residents along the corridor. There are multiple funding pathways that should be pursued that will facilitate development that directly benefit the residents living in the neighborhoods along the Inner Loop Corridor.
- **Planning:** The Inner Loop devastated many neighborhoods. Those who currently live in those neighborhoods need to have a seat at the table during the planning process. We have conducted outreach to-date, but this portion of the report will outline what should be done moving forward to assure that the community's voice continues to be heard.



## Introduction

Removing the Inner Loop North will create approximately 27 acres of developable land. The availability of that land provides for a tremendous opportunity to reinvest in and reshape neighborhoods that were divided and, in some instances, destroyed by the construction of the Inner Loop. We strongly believe that individuals and families living along the Inner Loop North corridor should determine the vision for the development projects that will ultimately occur across the various neighborhoods that comprise the corridor. To that end, our team has conducted multiple community engagement meetings, both in-person and via video calls. But additional outreach and community input – on a neighborhood-by-neighborhood level – is necessary before any specific development plans on specific sites can be proposed. That being the case, our goal is not to put forward detailed development plans at any given location. Instead, our team has analyzed the feedback that we have received from members of the community and summarized what we believe are the feasible pathways to achieving the community’s goals.

This section will outline 1) the relevant socio-economic data that will impact development feasibility along the Inner Loop North corridor, 2) the financing mechanisms that are available to feasibly redevelop along the corridor, and 3) the process by which we believe the neighborhood residents along the Inner Loop North corridor should be engaged to further determine future development plans in their neighborhoods.

## Demographics: Market Fundamentals & Their Impact on Development

Demographics and market trends will have an impact on any future development along the Inner Loop Corridor. Future conditions are impossible to predict, but existing data is unlikely to be substantially different when the development opportunities from Inner Loop North are financed and built.

According to the 2020 census, Rochester’s population is 210,565. On a citywide level, the median household income is currently \$35,590 and per capita income in the past 12-months is \$23,246. Moreover, the poverty level sits at 31.3%, which is significantly higher than the national poverty rate of 12.3%.



The Inner Loop North corridor passes through multiple neighborhoods. Many of which contain a household income that is lower than \$35,590. The neighborhood income levels will dramatically impact the feasibility of traditional market rate development. Put differently, developers will not be able to charge rents that are high enough to make conventionally financed, market rate projects feasible. Ground-up new construction is expensive and often impractical in most markets across New York State, which is why many of the projects in the Inner Loop East were financed using Low Income Housing Tax Credits. Market fundamentals will make development along the Inner Loop Corridor a challenge, but we believe that with strategic planning and phased development that this challenge can be made into an opportunity for the existing residents living along the corridor.

### [Development Options: Feasible Financing in Early Phases of Inner Loop North Corridor's Redevelopment](#)

There are various funding options that we suggest developers utilize during the Inner Loop North corridor's early stages of redevelopment. Given the socio-economic challenges faced by many of the Rochester residents living along the corridor, the initial priority of development that occurs should be to a) stabilize the neighborhoods for the individuals and families who reside along the corridor, and b) provide those individuals and families with access to opportunities. There are several feasible financing pathways that can be used to achieve that outcome.

#### [Low Income Housing Tax Credits: Multifamily and Senior Housing](#)

The Low Income Housing Tax Credit (LIHTC) program was created under the Tax Reform Act of 1986 and allows developers to utilize private equity to finance affordable housing for low-to-moderate income individuals and families. The LIHTC program has created more than 3MM housing units and is the most effective financing mechanism available for the development of affordable and mixed-income housing.

Given feedback received to-date from the community, it is our recommendation that several sites along the corridor are designated for the development of affordable multifamily and senior housing. Doing so will provide much needed affordable, high-quality, and new rental product along the corridor. An additional benefit of such projects is that they can be mixed-use. Meaning they can also provide the neighborhood with a multitude of additional amenities, like a grocery store, urgent care, day care center, a hair salon, and other programming that can a) benefit the neighborhood and b) create jobs for neighborhood residents. Additionally, buildings financed with Low Income Housing Tax Credits can be utilized to provide supportive services to residents and, in certain instances, the whole community. For example, job training, nutritional planning, or car services for elderly. Ultimately, rental housing financed with LIHTC could range in size between 40-units and 180-units, depending on the site selected for development and funding pathway pursued by a given developer.



The Eastman Reserve Apartments, located in Rochester, New York, were developed by PathStone Corporation, a non-profit affordable housing developer based in Rochester, New York. The project was funded using Low Income Housing Tax Credits and contains 187 affordable housing units.

### [Low Income Housing Tax Credits: Single-Family Rental Housing](#)

The 9% Low Income Housing Tax Credit is mostly used to finance multifamily housing, but it also allows for developers to develop single-family rental housing. Throughout the community outreach process conducted by our team, neighborhood residents regularly voiced their desire for affordable single-family homes. Using 9% Low Income Housing Tax credits to build single-family rental housing does require the housing remains a rental product for 15-years, but the family or individual living in the home after the 15-year Initial Compliance Period is eligible to buy the home, usually at a cost highly below market value and at very favorable financing terms. While 9% applications can take two, three, or four years to be funded in New York State, this approach could produce between thirty-five and sixty-five new homes per project.

### [Affordable Home Ownership Development Program \(AHODP\)](#)

While it is critical to introduce new rental stock into the market along the corridor, it is equally as important to provide new affordable home ownership opportunities. Homeownership is one of the best tools for low-to-moderate income earners to build wealth. Providing healthy, new, for sale housing stock that can be accessed by residents along the corridor will be a critical ingredient to successfully revitalizing communities in an equitable and inclusive manner.

At present, the best program available in New York State to finance the development of affordable for-sale homes is AHODP, which is available through Homes and Community Renewal. The program provides between \$35,000 to \$40,000 in grant funding per home and limits a project to a \$1MM capital request. Projects funded with AHODP can add many as twenty-eight new affordable homes to a neighborhood with a single project.



Rendering of The Forge Townhomes, located in Buffalo, New York, which will be developed by SAA | EVI, a national affordable housing development company. The project will be financed using ADHDP funds. For-sale units will start at \$170,000.

### [Revitalizing Existing Housing Stock](#)

Adding new housing stock to the corridor will be a vital ingredient to revitalizing neighborhoods that were divided by the Inner Loop. Equally as important, however, will be revitalizing the existing and blighted housing stock, and vacant lots that exists along the corridor. Housing that is for-sale or properties that are owned by the city and be acquired, renovated, and re-sold.



Image shows a newly renovated house in Philadelphia, PA. The home, previously blighted, was restored using SAA | EVI's Aeque Fund. Aeque is Greek for "leveling the playing field." The fund invests in small scale developments that are led by minorities, females, and immigrants. The fund provides the necessary capital, and also offers mentorship, so that residents of communities can redevelop their own neighborhoods – and build wealth while their neighborhood is revitalized.

### Planning Future Development: Engaging Residents & Creating a Planning Council

We recommend that the City of Rochester takes the following steps to establish development plans at particular sites along the corridor:

1. Establish **neighborhood committees**: These focus groups can determine what is needed most in their own neighborhoods.
2. Establish **Inner Loop Development Planning Council**: Identify strategic points along the corridor where development will have the greatest impact for the surrounding neighborhood. While much of the land made available may be allocated to public space, the nodes along the corridor that can facilitate revitalization should be selected for real estate development. The Planning Council should consist of City of Rochester officials, representatives from the neighborhood committees, and other design professionals.
3. Create a **neighborhood vision that aligns with Rochester's Comprehensive Plan**: Rochester has one of the best Comprehensive Plans in the country. We recommend that the Planning Council use it as a beacon throughout the planning process.
4. Draft Request for Proposals (**RFPs**) that developers can respond to.



## Conclusion

Removing the Inner Loop along the northern part of the city offers a unique opportunity. It has the potential to positively impact numerous neighborhoods. Most importantly, if the development of available land is done correctly, the lives of thousands of Rochester residents living along the corridor will be positively impacted. As noted above, the market fundamentals will make development challenging and require the use of what are widely considered complex financing structures. We believe, however, that after a period of approximately 10-years of strategic development and appropriate planning, various neighborhoods can be revitalized and, consequently, some will support traditionally financed market rate development. The initial focus, however, as we have repeatedly stated, must be on planning projects that will directly benefit existing residents living along the Inner Loop North Corridor.