

CHAPTER 5 HOUSING ELEMENT

INTRODUCTION

The need for affordable housing in Terrebonne Parish is growing. Housing development on usable land in the southern portion of the parish is an expensive proposition, driven by elevation requirements and insurance costs. In these areas, so-called “camp” developments appear to be thriving, but most of these are affordable only to the more affluent purchaser. Even those who choose to live in the southern part of the parish are faced with growing transportation costs associated with high fuel prices. Housing affordability is closely tied to housing *and* transportation costs. As a percentage of most household budgets in Terrebonne Parish, these two necessities are growing larger.

The provision of affordable housing in the upper parts of Terrebonne Parish is only marginally less challenging. Tracts of land in Houma can be developed for affordable housing, but neighborhood concerns can be a daunting obstacle. Developers are challenged to overcome NIMBY sentiments, but they can be successful if the design and overall density of the affordable units are very similar and compatible with the surrounding area. In addition, legitimate neighborhood concerns relative to traffic, drainage, and other must be addressed adequately.

For most of the time, the affordable housing of choice in Terrebonne has been the mobile home. New construction techniques and designs for these units, as well as a growing emphasis on manufactured housing could help to dispel the “negativity” that could have been associated with these types of housing units in the past.

There is also a growing number of multi-family rental units coming on the local housing market. At least one recent study indicates that a significant portion

of the affordable housing need in Terrebonne Parish may be met by apartment units for the foreseeable future.

Other factors influencing the local housing market, and, perhaps, increasing the need for affordable housing in the parish, is the current housing financing climate. Borrowers are required to have relatively high credit scores, a down payment of at least 20% of the value of the home to be purchased and meet other requirements that were not quite as stringent in the past.

There are a number of policies which the Planning Commission should espouse as a way to support affording housing initiatives in the parish. These policies, listed below, are in support of Goal No. 5 which was described in the introductory chapter.

1. **Policy: Support efforts to creatively and attractively use vacant parcels and lots in developed areas of the parish to meet community housing needs**
2. **Policy: Support efforts to utilize larger vacant parcels as part of an affordable housing strategy.**
3. **Policy: Support efforts to provide affordable housing in the bayou communities**

AFFORDABLE HOUSING

Most measures of housing affordability consider only the amount of the household budget consumed by housing alone. By this measure, housing is considered affordable if it consumes less than 30% of the household budget. But this measure is not the entire picture when it comes to housing affordability. Although transportation costs are the second largest household expense, these costs are usually not considered when choosing an affordable place to live. When transportation costs are factored into the



housing affordability equation, the number of affordable neighborhoods actually declines. This has implications for Terrebonne Parish.

A recent well-documented study by GCR & Associates, Inc. on the affordable housing market in Terrebonne Parish has pointed out several key factors relevant to the housing market in the parish. These include the following:

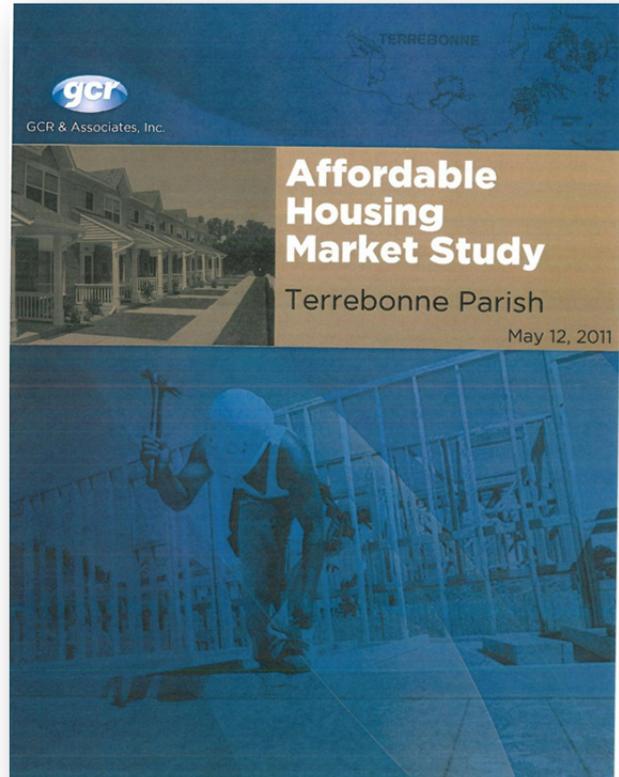
- Historically low vacancy rates in Terrebonne Parish, particularly for owner-occupied housing (supply);
- Local foreclosure rates significantly lower than state and national rates (supply);
- Terrebonne Parish economic performance higher than state and nation in terms of employment and population growth (demand);
- Rising rents, low interest rates, and strong local preference for homeownership in Terrebonne (demand).

Low vacancy rates in the parish may be influenced by loss of existing housing through demolition of flood-damaged homes, the slowdown in new construction and, perhaps, continued population and household growth (although not at historic levels). New housing construction is being influenced by general economic conditions and other factors at the local level such as more effective code enforcement efforts by local government, and the uncertainty surrounding the new (and yet to be adopted locally) Flood Insurance Rate Maps (DFIRM).

These factors, according to the study, are offsetting the “downward pressure on demand” caused by stiffer mortgage underwriting requirements. This study defines “need” for housing as comprised of three factors:

1. Existing homeowners and renters without housing problems;

2. Renters without housing problems, expected to be in the market for new housing options in any given year; and
3. Annual new household growth.



By this definition, Terrebonne Parish has a need for approximately 3,500 affordable housing units in various ranges of the Area Median Income (AMI), but 68% of this demand will be in the 50% to 80% AMI range. In discussing employment trends, the study lists those occupations likely to have the “highest anticipated growth over the next 5 to 6 years. Most of these occupations fall below 80% of the AMI. The study concludes that some of these occupations projected to grow, particularly those in such occupations as retail and food service, would cause households of four even with two wage-earners to fall below the Area Median Income (\$55,800). This probably means that the demand for affordable housing is likely to grow in the parish.



This plan update also looks at transportation costs because housing location must be considered in such decisions, and references some research released in February 2012 by the Center for Neighborhood Technology (CNT), which indicates that transportation is the second largest household expense, as mentioned above. This organization rates metropolitan areas in terms of a Housing + Transportation Affordability Index. According to this index, location efficient neighborhoods have lower transportation costs than inefficient ones. The characteristics of location efficient neighborhoods include compactness with walkable streets, access to transit, and a variety of nearby amenities. On the other hand, people who live in location *inefficient* places are auto-dependent, experience higher transportation costs, and are more susceptible to fluctuations in motor fuel prices. The Center for Neighborhood Technology concluded, therefore, that a more complete measure of housing affordability is one that combines housing and transportation such that both consume no more than 45% of a household budget.

By this index, according to CNT, most places are unaffordable when housing and transportation costs are combined. The new combined index places 72% of American communities are “unaffordable for typical regional households” when the second largest household expenditure—transportation—is factored into the housing affordability equation. The primary reason for this, according to CNT’s research, is that transportation costs have risen 39%, much more than income. This fact makes it much more difficult for a typical household to find an affordable place to live than a decade ago. Incomes have increased about half as much as transportation and housing costs over the past decade. As reported by the US Census, median housing costs have increased nearly 37% nationwide, while the national median income has only risen by approximately 22%.

In applying the Affordability Index to Terrebonne Parish, the research concluded that in most areas of the parish, transportation costs were at or in excess of 15% of household income. Only in Houma proper, which serves as a regional employment and commercial hub, were transportation costs less than 15% of household income. In most areas of the parish, including Gray, Schriever, and the Chauvin/Dulac/Montegut communities, the vast majority of households are spending 28% or more of income on transportation, indicating that jobs and services are not very accessible locally in those communities (see <http://htaindex.cnt.org/map/>). This highlights the importance of developing affordable housing in areas close to jobs and services, or making jobs and services more accessible to affordable housing locations via transit. The latter option may be the more viable of the two, given the building practices necessary in a coastal parish such as Terrebonne.

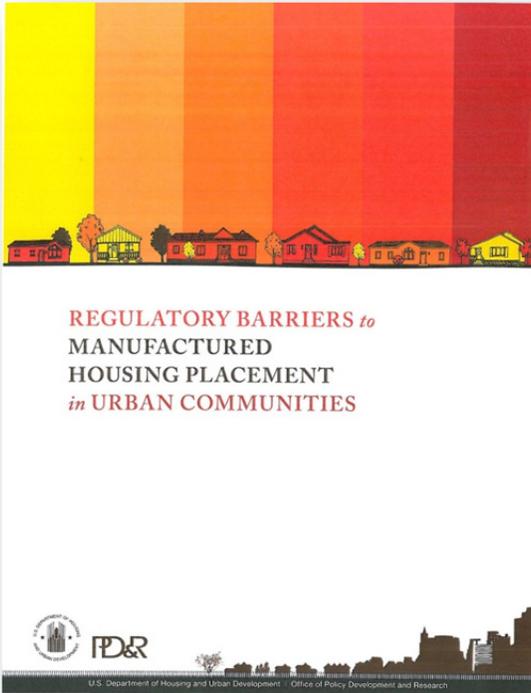
CNT research indicates that housing costs represented less than 30% of total household income in many areas of the parish, excluding some of the newer developments in West Houma and in the LA 311 corridor. When the two factors are combined locally, however, only isolated areas of Terrebonne Parish fall below the 45% threshold on the Affordability Index. This may be attributable to several factors, including our local geography which influenced the way we grew physically along the bayou ridges. Other factors may include the lack of effective transportation alternatives (transit) in most areas of the parish, and the rising cost of motor fuel.

It is possible in the more densely developed areas of the parish to use vacant parcels to support affordable housing initiatives that take full advantage of existing utilities and the presence of transit service. However, this works only if transit provides access to employment centers and manufacturing / fabrication locations. This is an affordable housing strategy that should be pursued, possible through a



public-private partnership of some sort. The parish could even work to remove barriers, to the extent they exist, to HUD- Code manufactured housing.

treatment, among others. In any case, the project would need to be heavily subsidized to bring overall costs (transportation and housing) down below the 45% threshold of combined affordability. Full hurricane protection, or at least a much greater measure of such protection, in the form of the Morganza levee system and the other components of this system, is also necessary to bring or induce people to move back into the bayou communities. Nevertheless, the Morganza system is being built, slowly perhaps, but surely, and people are aware of the progress being made with this. There is little doubt that many would move back if the only thing standing in their way was completion of the Morganza levee system. They are aware of the need to continue to elevate homes and other structures. Standing in the way of a move to return to the bayou communities is the high cost of construction and/or elevation and the ability to secure insurance at a reasonable price. There are no easy solutions to this dilemma and, more than likely, Terrebonne Parish will need to take a multi-prong approach to affordable housing, particularly in the bayou communities.



HOUSING AND BAYOU COMMUNITIES

On the other hand, repopulating the bayou communities will be much more problematic despite the existence of vacant lots and parcels. Many of these vacant lots cannot be built upon, given the restrictions of the program under which they were acquired by local government. Complicating the need for affordable housing to induce people to relocate back to the bayou communities are the building elevation requirements, which are quite significant in most areas, and the inability to acquire cheap property and/or flood insurance in the bayou communities of the parish. Assuming a suitable parcel were to be found for such development, the lack of infrastructure would necessitate government participation in the project to ensure provision of needed utilities such as water and/or wastewater



One affordable housing strategy in the developed, urbanized areas of the parish is the utilization of vacant parcels developed to higher densities and designed to architecturally fit into the surrounding neighborhoods. Such development would take advantage of existing transit service and access to



employment and services and existing infrastructure to keep development costs as low as possible. Such development would need to have strict design guidelines to minimize opposition from the surrounding neighborhood, as well as various impact studies (drainage, traffic, etc.) to ensure that impacts generated by the proposed development could be mitigated.

POPULATION CHANGES AND HOUSING

But housing is not a “one size fits all” proposition in the parish. Other strategies will be necessary to align housing policy to the changing demographics over the next twenty years in the parish. It has been shown elsewhere that Seniors (born between 1946 and 1964) will be the fastest growing segment of Terrebonne’s population. Over the next twenty years, this cohort is expected to increase 51%, much more than any other population cohort during the same period.

KEY DEMOGRAPHIC SHIFTS IN TERREBONNE OVER NEXT 20 YEARS
Parish population expected to increase by 8% next 20 years (15% during previous 20 years)
65+cohort: expected to increase by 51% next 20 years; also as % of total population; from 11% to 16% of 2030 pop. Will be fastest growing population segment next 20 years

Housing policy and market response will need to reflect this shift and changing lifestyles that will become very evident. For example, Seniors will want more convenience in their housing choices, more ease and walkability. They will be less attached to automobiles as suburban subdivisions will not be their first choice for housing. They are on board with higher densities if it means better access to amenities. Accessory dwellings, as recommended elsewhere in this section, may become very

attractive to Seniors and to their care-giving families.

Another increasing population cohort, although not at nearly the same rate, will be the so called “Gen Y” segment of the population, i.e., those born between 1981 and 2000. This generation is more connected electronically, less auto-dependent by choice, more “urban” (ok with higher densities), and less interested in “traditional” homeowner chores. This population cohort and Seniors have much in common. In time, the local housing market and parish regulations will begin to reflect these shifts in housing needs.

Elsewhere in the Terrebonne Parish, local government should continue to pursue the aggressive achievement of CRS ratings in an effort to lower flood insurance premiums for all residents. Part of this effort is the continued push to elevate all structures, particularly in the lower part of the parish, to at least one foot above the minimum required first floor elevation.

SUMMARY

The provision of affordable housing will present challenges to the parish government, non-profit housing organizations and local developers for many years. There are no easy solutions, but there may be some creative solutions. Every option should be explored. Listed below are some actions or strategies that can be taken to address the housing situation in Terrebonne. These are designed to attempt to look at the “big picture” relative to affordable housing in the parish. Solutions that are forthcoming will be multi-faceted and these strategies are reflective of this approach.

- **Strategy:** Catalogue all vacant lots and parcels in the Parish that are suitable for housing development
- **Strategy:** Amend the current zoning ordinance to create an “infill development overlay district” designation with regulations



designed to create attractively designed housing units such as townhomes or condominiums on vacant lots

- **Strategy:** Amend current zoning ordinance to allow one additional housing unit (lot) per net acre of land in R-1 Residential districts
- **Strategy:** Amend zoning ordinance to allow accessory dwellings (one per lot) in all single-family residential zoning districts.
- **Strategy:** Catalogue vacant parcels (minimum four contiguous lots or as large as four typical lots in the neighborhood), particularly, in the urbanized area, which are suitable to support affordable housing developments, making sure each is adequately served by infrastructure and transit service.
- **Strategy:** Evaluate current zoning and development regulations for adequacy in the development of such parcels; amend as necessary to facilitate this type of development.
- **Strategy:** In pursuit of the overall goal, require developers to provide drainage and traffic impact studies for the site to be developed in this manner in order to identify and mitigate potential problems.
- **Strategy:** Identify areas (larger lots/parcels) of the bayou communities where the combination of factors could allow affordable housing developments
- **Strategy:** Work with TPCG-Housing and Human Services Department, and interested non-profit organizations to form a Community Housing Development Organization charged with assisting bayou community residents and those wishing to move back to these communities in meeting housing needs.



- **Strategy:** Work to find ways to increase transit service in the bayou communities as a way to reduce overall housing costs.
- **Strategy:** Explore the feasibility of making property and flood insurance in the bayou communities more affordable, through some type of self-insurance program or local insurance pool.
- **Strategy:** Parish government should continue to aggressively implement the CRS program as a method to reduce flood insurance premiums throughout the parish.



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National Flood Insurance Program
Community Rating System



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