

Transit Lines Become The Next Frontier For Workforce Housing Development

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Following New York City Mayor Bill de Blasio's pledge to bring **80,000 new low-cost units to the city**, affordable housing development has become a popular topic. But within the spectrum of development, which runs the gamut from low-income apartments to luxury penthouses, units reserved for workforce housing, households making from 60% to 120% of the area median income, are a less prominent part of the conversation.

More than 1 million people, often older workers and middle class families, have moved out of the New York City area since 2010, **at a yearly rate of 4.4%**.

As the economy improves and workers relocate to cheaper areas farther from urban centers, developers looking for a lower barrier to entry have found opportunity outside the five boroughs, along the transit lines that feed into the city.



Rosenberg & Estis attorney **Adam R. Sanders** represents several clients who have seen potential along these transit lines.

"What I am seeing is opportunistic developers looking to discover new, underutilized areas, and one of the ways that they are doing that is to go into communities outside of New York City along established transit lines," Sanders said.

Tax incentives and new development opportunities make these submarkets attractive.

In the city, the revival of the 421-a tax abatement program, rebranded as **Affordable New York**, has incentivized developers to set aside low-income housing in new developments. Along transit corridors, Sanders has seen clients look to utilize numerous tax credits, such as New Market Tax Credits, Low-Income Housing Tax Credits, historic tax credits and various environmental-related tax credits. Several of Sanders' clients have combined multiple programs to develop and restore historic buildings with modernized interiors.

Currently, the Wyden Workforce Housing Tax Credit Program is making its way through Capitol Hill and is modeled after the Low-Income Housing Tax Credit.

"There are several tax credit programs out there that developers can pull together for a single project. Low-Income Housing Tax Credits and New Market Tax Credits can each be paired with historic tax credits, but Low-Income Housing and New Market programs cannot be paired together, while all can be paired with various environmental-related tax credits. As a result, the use of tax credits is complicated based on the programs and the location of the property, so developers need to be careful when analyzing a project with tax credits in mind," he said.

Zoning changes could also play a part in the deal. In New Rochelle, a zoning change that would allow doctors and nurses to live close to Montefiore Hospital would spur the development of a **75-unit, low-cost apartment building**.

While there are concerns New York's demographics are growing less diverse as the workforce population flees to the cheaper suburbs, areas with transit infrastructure offer something a city bursting at the seams often cannot: quality of life. Because the cost to build is cheaper, developers can invest in more luxury amenities, which build up the downtown area of these locations and attract additional restaurants, shops and entertainment-focused businesses.

"If you can provide new or newly renovated housing with luxury amenities and a direct train ride from a location further outside cities, developers are betting people will move out there for a better standard of living, more space and a place to retreat after work," Sanders said.



Sanders has seen little pushback from the communities his clients have helped develop. By adding more workforce housing near transit stations, fewer people use their cars to commute to work, decreasing the impact of urban sprawl and promoting a positive environmental impact. The towns also see it as an opportunity to bring more working people into their community with greater disposable incomes.

Neighborhoods like Somerville, Massachusetts, with a direct line to Boston, and Kensington, Maryland, with a direct line to D.C., have caught the eye of young professionals **by adding and planning for new apartments, retail and open public spaces within walking distance of the**

train. Building up the areas near stations creates urban density without crowding and high rents while reinvigorating the village center.

“Developers are going in planning to partner with the town by helping to revitalize both downtown and the area by the train,” Sanders said.

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