Housing Needs Assessment

WILLIAMSTOWN, MA

EXECUTIVE SUMMARY

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Prepared for the
WILLIAMSTOWN AFFORDABLE
HOUSING COMMITTEE

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DEVELOPMENT CYCLES

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Purpose of Study

The Williamstown Affordable Housing Committee (WAHC) engaged consultant John Ryan, Principal of DEVELOPMENT CYCLES located in East Montpelier, VT to prepare an assessment of the current and future needs for affordable housing in the Town of Williamstown. The study has a number of purposes, including the following:

- To provide baseline information for future planning and funding decisions made by the WAHC, the Community Preservation Committee, and others in Town Government regarding the affordable housing needs of the community
- To provide guidance to current efforts to address the dislocation and loss of housing resulting from the flooding of the Spruces Mobile Home Park; and
- To examine the market potential of certain sites to address current or future affordable housing needs.

Existing Conditions

Existing conditions in Williamstown tell a somewhat confounding story. On the one hand, the community is losing population, losing local jobs, losing renter population and seeing far fewer young adults and children live in the community. It has little or no local waiting list for its subsidized non-elderly rental units or Section 8 vouchers. From 2007-2012, the community's median home price has dropped by 28.5%, higher than neighboring communities, the county or the state. The US Census in 2010 reported a rental vacancy rate of over 10%. These are typically the indicators of a market in fairly serious decline. Were these the only indictors, housing funders would likely express serious concern that additional affordable units would negatively impact existing subsidized and market rate housing.

But they are not the only conditions. There is a multi-year wait for housing at the local elderly complexes; rental prices are between 30% and 60% higher than in the surrounding communities of Adams and North Adams; homeownership prices are nearly double those of these neighbors; from 2000-2007, the cost of local apartments and homes increased in value at one of the fastest rates in the Commonwealth; household incomes in town are also growing faster than the county or state and faster than increases in local wages; the current inventory of homes for sale or apartments for rent is low; while at the same time far more households, young and old, are increasingly burdened by the cost of ownership or rental. These conditions are typically present in expanding markets with high levels of housing need.

Added to this, the destruction of over 150 low cost dwellings at the Spruces Mobile Home Park eliminated much of the community's *de facto* affordable housing stock, especially for older, low-income residents. While that

tragedy forced most of those affected to seek housing outside of the community, ample affordable options did exist in nearby towns.

The following highlights some of the key characteristics that impact the consultant's assessment of housing needs:

- Williamstown has been steadily losing its young, low- and moderate-income families. While its elderly population is growing overall, the number of low-income seniors was declining even before the loss of homes at the Spruces. Partly this is a result of the changing demographics of those aging in place and is partly a result of in- and out-migration related at least in part to the cost of housing.

- From 2000-2010, the community lost 800 residents while occupying 183 more housing units. Households are growing smaller and older in Williamstown faster than these same demographic trends are playing out in the state as a whole.

- While the loss of work-age residents seems clearly related to Williamstown's and North Berkshire's declining job base, it is harder to tie the strength of the local housing market to the job market. It seems far more likely that Williamstown's institutions, cultural and commercial offerings, its continuum of care options for seniors, and the reputation of its school system are driving its appeal to residents able to pay for the higher cost of housing. To the degree that in-migration is coming from urban areas in the Northeast, Williamstown's housing prices still represent a bargain.

- The decade has seen increased pressure on those low- and moderate-income renters and owners still living in the community. Among seniors, nearly 300 households pay at least 35% of their income for housing, more than double the rate of cost burden from 2000. Even though the number of non-elderly renters declined by 100 since 2000, the number paying at least 35% of their income for rent increased by 89. Currently 35% of all non-elderly renters are burdened by the cost of their housing. Similar increases have impacted non-elderly owners.

In all, Williamstown's existing housing conditions reflect a number of key factors: 1) long-term declines in the economic vitality of the Northern Berkshires; 2) Williamstown's attractiveness to older, wealthier and smaller-sized households; 3) the availability of both subsidized and market rate affordable housing in nearby communities; and 4) the sudden loss of more than 150 *de facto* affordable housing units at The Spruces. The net result of these changes is a community that reflects significantly less age and income diversity than it did as recently as 2000. If Williamstown were an urban neighborhood presenting these demographic changes, it

would be seen as "gentrifying," steadily replacing lower-income residents who can find affordable options nearby with higher-income singles and older transplants who bring more assets and income with them than those they are replacing.

Housing Needs

The consultant assessed the need for five types of housing in Williamstown. A summary of those assessments follows:

A. Housing to Address Needs of Displaced Spruces Residents:

Given the age of the displaced residents, Williamstown's success at returning Spruces residents to housing in town will likely decline as a function of both how long it takes to create replacement housing and how different it is from the original mobile home park concept. From a strictly marketing perspective, the most desirable outcome for the largest segment of the Spruce's population would be to replace the Spruces with resident-owned and managed mobile home park in Town. That option does not appear to be on the table at this time.

In the consultant's view, a new resident-owned mobile home park could hope to attract as many as 90 former Spruces households if it were ready for occupancy in 2014. If the development process took until 2017 (a far more likely scenario) only about 40 prior residents could be relied upon to return.

Physically the concept of clustered detached cottages with private yard space could prove an attractive alternative to the mobile home, especially if they provided ownership opportunity at monthly costs close to residents' pre-flood levels. In the consultant's view, such a prospect will prove extremely challenging to accomplish given his understanding of costs and the existing array of potential funding sources. Still, if it proves feasible, it would likely attract as many former Spruces residents as a resident-owned mobile home park would.

Potentially more feasible from a development standpoint would be a rental model based on such a detached cottage concept. In the consultant's view, the shift to a subsidized rental model will significantly reduce its appeal to mobile home owners, both for the lack of ownership title and for the added rules and regulations inherent in a subsidized rental development. Despite the reality that for many of the Spruces residents homeownership may no longer be a realistic option, the consultant would expect the demand for rental cottages to be less than half that of a comparably priced ownership option.

The options of more traditionally styled senior housing or occupancy in existing senior housing as vacancies occur

will likely prove even less attractive to Spruces residents as time goes on.

One important issue to balance in any discussion of replacement housing is how to develop something that works for the displaced Spruces residents and also serves the long-term needs of the community.

B. Housing to Address Needs of Non-elderly Renter Households

The consultant sees Williamstown as a community whose economic base although slowly declining could support the addition of more affordable rental housing units. How many more units represent need is essentially a question that can only be answered based on local values. Still, the consultant offers "subsidized units as a percentage of all renters who would be eligible for those units" as a single metric for judging non-elderly renter need. Taken together, all of the Commonwealth's communities provide enough subsidized non-elderly housing to house about 20% of non-elderly renters earning less than 80% of AMI. To match that statewide average, Williamstown would need to provide 72 subsidized rental units; it currently provides 38 units. The 34 additional non-elderly renter units needed to house 20% of its non-elderly renter population earning less than 80% of AMI represents the upper limit of what the consultant sees for the community's non-elderly renter housing need for the foreseeable future.

C. Need for Elderly Rental Housing

More than 500 senior households not already living in subsidized senior housing earn less than 80% of AMI and thus would qualify for such housing if they chose to seek that option. The vast majority of these households own their home. If as little as 2.5 percent of these households sought senior housing in town annually, they would increase demand on the two existing projects by 12.5-units/ year. These developments only average eight units of turnover/year and have multi-year waiting lists already. Within seven years, the pent up demand for senior housing from local residents at a 2.5% penetration rate would represent at least 30 units of need even if every available unit in Meadowvale and Proprietors Field went to a Williamstown senior.

Williamstown provides subsidized rental housing for about 15% of its senior households earning less than 80% of AMI. Statewide, subsidized elderly housing serves roughly 25% of seniors earning below 80% of AMI. It could be viewed that the Spruce's Mobile Home Park provided the affordable option that filled that gap. To reach parity with the rest of the state using this metric, Williamstown would need to increase the number of elderly housing units in the community from 90 to 144 or by 54 units.

Note: as the data covers the period prior to the flooding at the Spruces, any subsidized replacement housing for Spruces residents should be considered part of the need for additional subsidized elderly units.

D. Need for Affordable First Time Homeownership

More than the other areas of need this is a highly subjective issue based on definitions of need. Certainly, the range of housing available to households earning less than 80% of AMI is declining, and the housing available to first time buyers is far more limited than in surrounding communities. Still, the options in Williamstown are better than in much of the Commonwealth. And the resources available to address homeownership need are far more limited than they have been in the past. There is probably no action that could improve the availability of first time homeownership in Town than to reenergize the availability and awareness of the Soft Second Program.

E. Other Homeownership Needs

Though not typically viewed as an affordable housing need, Williamstown has a number of characteristics that suggest the need for moderately priced, market rate ownership housing specifically designed to meet the needs of seniors as they age beyond the needs and upkeep requirements of their owned single-family homes. With over 400 owners over 65 living alone, largely in single family homes, the limited supply of housing options that combine accessibility, ease of maintenance, convenience to services, adaptability for handicapped access represents one area of significant need. The private market may need some incentive or assistance to provide such an option at a price affordable to moderate income homeowners. This is a need that could be paired with efforts to serve displaced Spruces' residents.

Options for Addressing Needs

The WAHC invited the consultant to review five potential development sites and plans in place in January 2013. The following summarizes the consultant's assessment of the potential for each site to serve the housing needs identified.

Summary of Need & Capacity of Identified Sites to Serve Needs

Williamstown 2013

	Scale of Projected Need through 2020	Cable Mills	Higher Ground	Lowry Property	59 Water Street	PhoTec Site
Type of Housing						
Replacement Cottages for Spruces Residents	24-32 (as Rental)	Poor	Good	Very Good	Poor	Poor
Affordable Rentals for Non-elderly	28-34	Excellent	Excellent	Very Good	Very Good	Poor
Affordable Rental Complex for Elderly	36-54 (including Spruces)	Excellent	Excellent	Mediocre	Very Good	Poor
Affordable Homeownership	Up to 15 (based on defintion of need)	Excellent: though not currently offered	Excellent	Excellent	Good	Good
Moderately Priced Senior Ownership	20-30 including Spruces	Excellent: though not currently offered	Excellent	Very Good	Good	Poor

SOURCE: Development Cycles, April 2013