

Franklin County Regional Housing Study

An analysis of affordable housing needs for Franklin County

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Franklin Regional Council of Governments
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This study is an implementation project recommended by *Sustainable Franklin County - A Regional Plan for Sustainable Development*, 2013. This plan can be accessed at www.frcog.org.

Cover: Wisdom Way Solar Village in Greenfield, MA. Constructed by Rural Development, Inc.

Franklin County Regional Housing Study

Executive Summary

The Franklin County Regional Housing Study is an implementation project recommended by *Sustainable Franklin County – A Regional Plan for Sustainable Development* that was completed in 2013. *Sustainable Franklin County* recommended that a detailed analysis be performed in order to determine the specific affordable housing needs of Franklin County. This study fulfills that recommendation and shows how much housing is needed for households at various income levels, specifically those households making at or below 120% of the Household Median Income (HMI). This analysis was performed for three sub-regions and the county as a whole. Overall, the analysis finds that ***Franklin County has a shortage of housing across all sub-regions that is affordable to households at the 120% of the Household Median Income and below. Specifically, affordable housing is most needed for the Extremely Low Income (30% of HMI) and the Very Low Income (50% of HMI) households.*** Table A on the following page presents a breakdown of the analysis by income level. These figures are for current residents only and do not take into consideration future population growth.

Despite the fact that almost all of the subsidized housing programs in existence are focused on households at the Low Income group (80% of median income) and below, there is still a very large shortage of affordable housing for these income ranges, particularly for those that need it most, in the Extremely Low Income level. The Middle Income level also has a shortage of affordable rental and owner housing. This income group is traditionally difficult to create housing for because these households typically earn too much to be eligible for various housing subsidy programs. While the Middle Income group appears to have a shortage of affordable housing, this may not be the case in reality. This is because the Middle Income group can afford housing that is available to income levels below theirs. As a result, this mismatch of housing and demand puts further pressure on the amount of housing for the poorest groups. These Franklin County residents live near the Federal Poverty level and have very few housing options. Their options may include substandard housing that is not code compliant, is very energy inefficient, and may contain lead paint, which is dangerous for young children. In addition, homelessness among regional residents has been increasing, which makes the need for affordable housing for the lowest income levels even more vital. The provision of safe, accessible, and healthy housing not only allows Franklin County residents to live in decent conditions, but is critical to accessing jobs, schools,

Franklin County has a shortage of affordable housing units. Extremely Low Income households are most in need of affordable housing.

services, and allowing residents to engage as fully equal members of their community. By providing decent and affordable housing, we can reduce the individual and family turmoil and impairment to child development that comes with people not being able to afford the basic necessities of life. Consequently, providing affordable housing can strengthen our communities.

Table A. Affordability Analysis for Franklin County

Income Category	% of Household Median Income	Income Range	Affordable Monthly Housing Costs¹	Estimated Affordable Housing Supply Gap (in housing units)
Middle Income	120%	\$50,000 - \$70,000	\$1,750	(749) Deficit
Moderate Income	100%	\$40,000 – \$49,999	\$1,250	466 Surplus
Low Income	80%	\$25,000 – \$39,999	\$1,000	719 Surplus
Very Low Income	50%	\$15,000 – \$24,999	\$625	(1,426) Deficit
Extremely Low Income	30%	Below \$14,999	\$375	(2,656) Deficit

The following is a list that summarizes the highlights of this study’s findings – particularly those that are important to consider in the discussion of what type, how many, and where affordable housing should be developed in the region.

- The need for subsidized senior housing is large and will continue to grow. Currently, 55% of elders in Franklin County earn less than 80% of HMI. This translates to an existing population of 3,696 households that are eligible for subsidized housing now, but there are only 682 subsidized units in Franklin County set aside for elders and persons with disabilities.
- New strategies are needed to meet the demand for subsidized housing for the region’s growing population of low income seniors.
- An important subset of the very low and extremely low income population is female-headed households. Units that are free of lead paint, have multiple bedrooms, and are affordable for the very lowest of income groups are needed for these families. There are currently 2,284 female-headed households in the county.
- A very large proportion of the rental housing (84%) in Franklin County was constructed prior to 1979 and may therefore contain lead paint, which is dangerous to families with small children. Families with children under the age of 6 that have state or federal rental assistance may only use this assistance in lead-free units. This makes

¹ Based on the upper income limit of each income category.

it more difficult for them to locate housing, and makes it even more difficult for low-income families without vouchers to compete for lead-safe units.

- The homeless population is increasing. The need for additional housing affordable to households at the Extremely Low Income level is critical. Many of the region's homeless are families with children, which means that they need housing with multiple bedrooms.
- All of the sub-regions have the biggest gaps of affordable housing at the Extremely Low Income and Very Low Income levels.
- There is a shortage of affordable housing for households at the Middle Income level across all regions in Franklin County. This puts further pressure on the lower income groups – particularly on rental housing – because the Middle Income households have the ability to secure housing that is available to the lower incomes levels. Providing market rate housing specifically targeted to this income level will relieve pressure on the housing supply for the poorest groups.
- While there may be an adequate supply of homeownership units with a monthly cost that is affordable, many Middle and Moderate Income families currently renting cannot make the transition to homeownership due to financial obstacles, such as the lack of downpayments or poor credit history. This strains the rental housing supply even more and makes the provision of additional affordable rental housing critical.
- Given the difficulty of obtaining funding to subsidize the operation and maintenance of affordable housing, job training, childcare, and education services are also needed to improve wage levels.

Franklin County Regional Housing Study

Introduction

In 2013, the Franklin Regional Council of Governments (FRCOG), with local partners, completed *Sustainable Franklin County – A Regional Plan for Sustainable Development*. This plan examined many different elements of the region, including its housing. One of the findings was that there is a clear need for additional affordable housing in the region. The waiting lists for subsidized housing in Franklin County are typically two years long and the number of households that are homeless or are at risk of becoming homeless is growing. The plan recommended that a more detailed study on housing in the region be completed in order to determine the specific affordable housing needs for Franklin County. The objective of this study is to fulfill that recommendation.

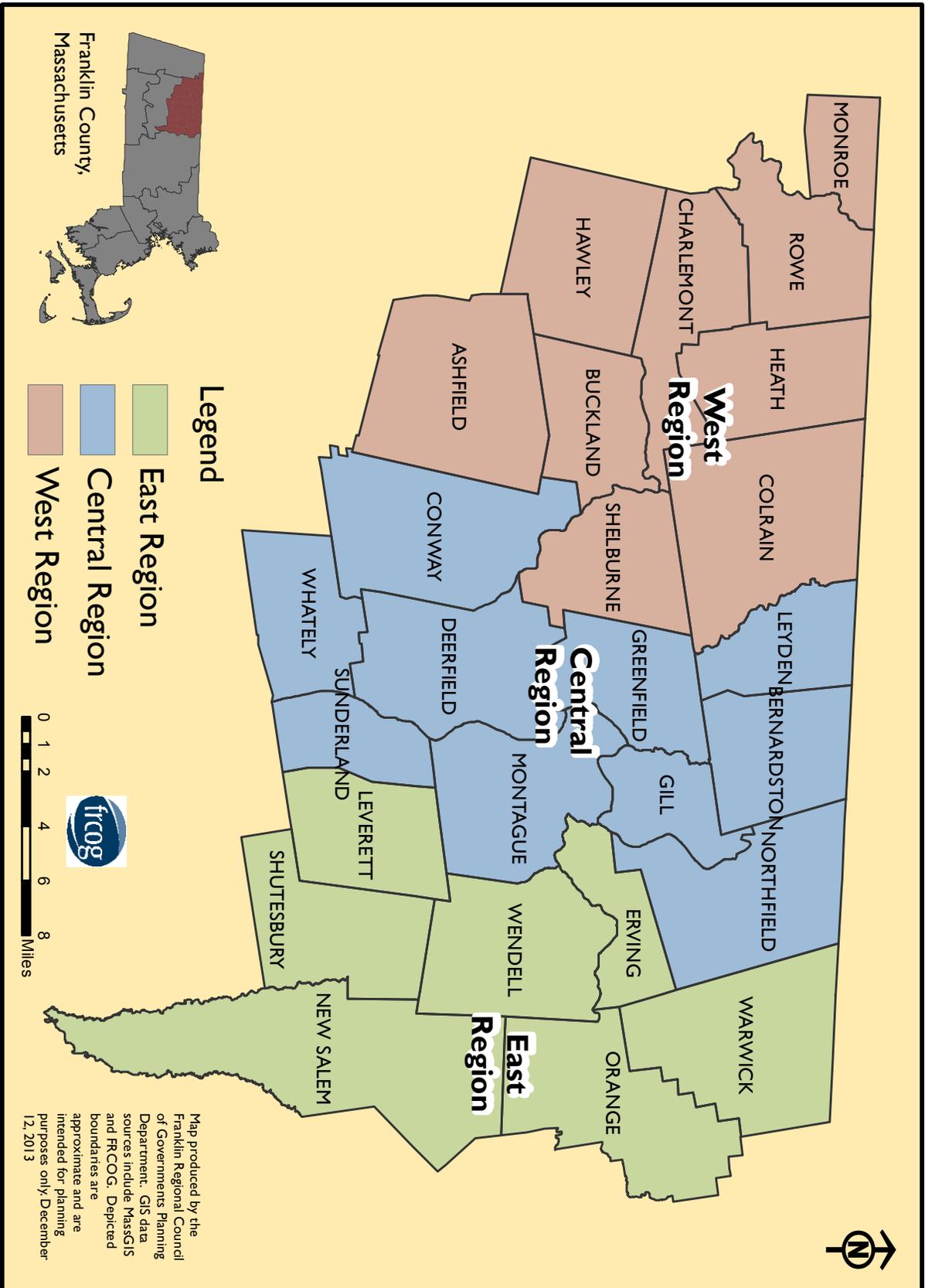
Specifically, this study seeks to determine the housing affordability needs in Franklin County for a range of populations. To do this, the study will first examine the demographic profile of the region's residents to determine the population's need for affordable housing. It will then review the costs and characteristics of the existing market rate and subsidized housing stock in the region. It will quantify the region's housing affordability by examining the current supply of housing and how well it matches the demand at various income levels. This analysis will reveal the potential shortage of housing that residents can reasonably afford at each income level.

This study examines the issue of affordability at the sub-regional level for Franklin County. For this analysis, the county has been divided into three sub-regions: west, central, and east. The map on the following page shows the boundaries of these sub-regions, which were chosen based on geographic proximity and similar characteristics such as employment options, commuting patterns, and school districts.

Background

Franklin County is the most rural county in the Commonwealth of Massachusetts. It borders Vermont and New Hampshire to the north and the Massachusetts counties of Berkshire to the west, Hampshire to the south, and Worcester to the east. It is located in the northernmost portion of the Connecticut River Valley of western Massachusetts. The Connecticut River runs north to south through Franklin County. The valley has a broad flat expanse offering unparalleled agricultural soils and beautiful scenic vistas. Flowing into the

Franklin County Subregions for the Regional Housing Study



Connecticut River are the Deerfield and Millers Rivers. These rivers once provided the necessary power for the early mill towns that thrived on their banks. To the west of the Connecticut River Valley are forested hill towns, where steep slopes pose some limitations to development. Not surprisingly, the flat plains of the valley contain most of the existing large-scale development in Franklin County. However, this area also contains much of the prime farmland in the region. In addition to its excellent farmland, Franklin County has a large amount of forestland. In 2005, 77% of its land was forested, while only 8% was in agriculture and 6% was developed. There are a number of large, permanently protected state forests and privately-owned forests in the county – many of them are located in the eastern and western parts of the county, which limits the development potential of those sub-regions.



View of the Connecticut River valley from Mount Sugarloaf in Sunderland.

The largest employment and population centers in Franklin County are located in the towns of Greenfield (pop. 17,456), Montague (pop. 8,437), Orange (pop. 7,839), and Deerfield (pop. 5,125).² Greenfield, Montague and Orange have similar characteristics. All are former mill towns with long histories of manufacturing and agriculture. While the traditional, large-scale manufacturing businesses in the tap and die and paper industries have declined over the last several decades, small and medium size manufacturers and those serving niche industries remain strong in these towns. Greenfield, Montague, and Orange all have densely developed downtowns while Deerfield is more rural. Deerfield’s economy was historically agriculture-based, with manufacturing developing more recently than in the other three employment centers. The county’s largest employer, Yankee Candle, is located in Deerfield. Franklin County in general has been experiencing a loss of its historic manufacturing employment base. As numerous manufacturing jobs have left the county, they have generally not been replaced by comparable employment opportunities with good wages and benefits for workers without higher education. This has contributed to incomes in Franklin County being among the lowest in the Commonwealth.

Due to the rural nature of Franklin County and its small population, residents are largely dependent on their private vehicles for transportation. There is a public transit system, but it is limited in its hours of service and routes. The routes serve the largest population centers and

² Unless otherwise noted, all socio-economic demographic data is from the U.S. Census Bureau, American Community Survey, 2007-2011 Five-Year Estimates.

only operate during the days on weekdays. For those dependent on public transit, such as the elderly and low income households, getting around the region can be difficult. Also due to the rural nature of the area, only a few communities in the region have public water and sewer infrastructure. Of the 26 towns, 11 have sewer and 14 have public water. Many of these systems are aging and soon will need major costly upgrades. Several of the largest systems are close to capacity. Village centers without these services are severely limited in options for development and redevelopment of commercial and residential property.

Affordability

Housing is generally considered to be affordable when households spend no more than 30% of their gross income on housing costs. For renters, housing costs include rent and utilities. For homeowners, housing costs include mortgage principal, mortgage interest, mortgage insurance, property taxes, property insurance, and utilities. Households that spend more than 30% of their income on housing are considered to be “cost-burdened.” According to the U.S. Census Bureau’s American Community Survey, in 2011, nearly 46% of renters and 33% of homeowners in Franklin County were cost-burdened.

According to the National Low Income Housing Coalition, an average very low income household (defined as a household earning 50% of median income) in Franklin County makes \$20,670 a year. Based on the 30% affordability guideline, this household could afford \$517 in monthly housing costs. However, the Fair Market Rent³ for a 1-bedroom apartment in Franklin County is \$730 and a 2-bedroom costs \$905 – making affordable housing out of reach for very low income households.⁴ The average elder household with an annual income of just \$13,000 has even a more difficult time paying for housing at an affordable cost of \$325 a month.⁵



Stoughton Place in Gill (subsidized public housing for the elderly or disabled)

Affordable housing can come in many forms – market rate or affordable, with or without subsidies, and privately or publically owned. Typically, the private market rate housing that is affordable to low income families has problems that keep the rent low, such as poor condition, limited maintenance and management, expensive utilities that are not paid for by the landlords, lead paint or located in an undesirable area. There is also private affordable housing that is reserved for low income families. Typically, the owner of the property

³ Fair Market Rent (FMR) is set by the U.S. Dept. of Housing and Urban Development at 40% of an area’s median rent, adjusted to the number of bedrooms.

⁴ “Out of Reach 2010: Just Update,” National Low Income Housing Coalition.

⁵ Franklin County Home Care Corporation, *Consumer’s Home Repair Guide*. January 2012.

receives public or private funding for development and/or operation of affordable housing in exchange for long-term deed restrictions limiting tenant eligibility by income and limiting rent. The type and extent of this funding determines the affordability of the property. Private housing that receives funding for development costs only is generally not affordable to households earning below 50% of HMI, unless the household has a portable housing voucher. Private housing may have project-based subsidies—either federal Section 8 or Massachusetts Rental Vouchers—that are attached to the property by contract with a housing authority for a period of years. These project-based vouchers subsidize the rent so that income-eligible tenants pay no more than an affordable percentage of their income. Public housing receives subsidies from the federal or state government and rent is set at 30% of household income for income-eligible tenants earning up to 80% of HMI. Appendix A shows examples of average Franklin County housing costs and income levels.

Demographic Profile

Franklin County has a total population of 71,372 people distributed over 26 towns. Only four of these towns have a population over 5,000. Over the last 40 years, Franklin County has experienced changing growth rates. Between 1970 and 2000, Franklin County’s population grew by 20% - an increase of 12,300 people. Most of this growth took place during the 1980s. During the 1990s, growth slowed substantially. Between 2000 and 2010, the county actually lost population (163 people). These growth patterns are similar to that of the Commonwealth and the northeast region in general. Much of the growth of the 1980s and 1990s occurred in the southern portion of Franklin County bordering Hampshire County, where many major employers, such as the University of Massachusetts Amherst, are located.

Population

Almost two-thirds (64%) of the Franklin County population lives in the towns located in the central sub-region. The rest of the population is relatively evenly split between the west and east sub-regions. See Table 1 below.

Table 1. Total Population by Region

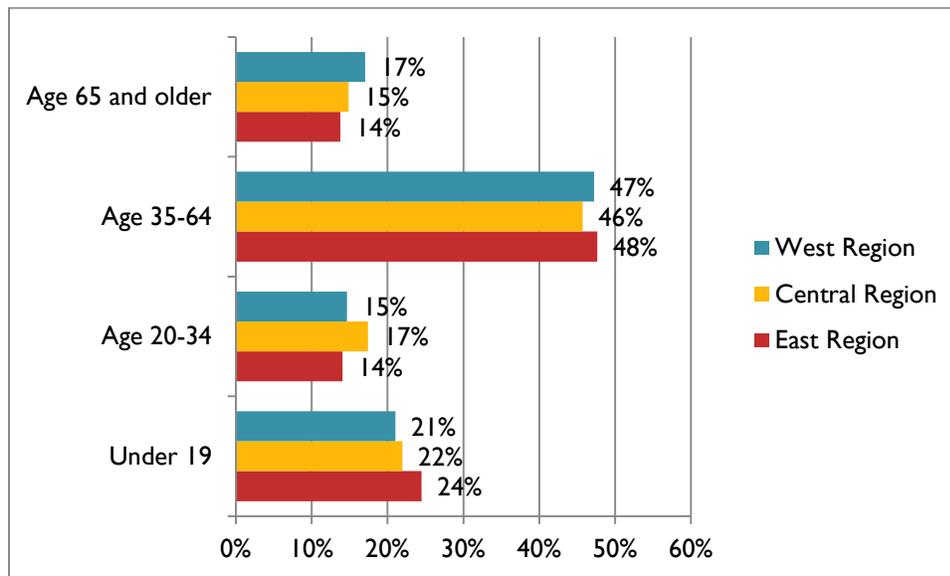
	Total Population	Percent of Total
West Sub-region	10,026	14%
Central Sub-region	45,467	64%
East Sub-region	15,879	22%
Franklin County	71,372	100%

Age

Like much of the nation, Franklin County’s population is getting older as the “Baby Boomer” generation ages. Currently, almost half (45%) of the population is aged 45 years and older, and 15% is aged 65 and older. The size of the population aged 65 years and older is expected to increase dramatically in the future. Projections show that over the next 30 years, it will

increase by 77% while the rest of the population will only increase by roughly 7%. Those aged 65 years and older will make up a quarter of the Franklin County population in the year 2035.⁶ Currently, each age cohort is distributed approximately equally across the sub-regions – no sub-region has significantly more young people or elders than any other sub-region. See Figure 1 below for more detailed information.

Figure 1. Share of Population by Age and Subregion, 2011



Veteran Status

Franklin County has approximately 6,292 veterans, which make up 9% of the county’s residents. Veterans are a population subgroup that are specifically noted in this study because, at the national level, they tend to have a higher need for affordable housing than the general population and are homeless at higher rates.⁷ In addition, they tend to have disabilities at higher rates, which require special accessibility features for housing.⁸ Each of the three sub-regions in the county has about the same proportions of veterans at 9%. The highest total number of veterans reside in the Town of Greenfield, with a veteran population of 1,445.

The Central Franklin District Veteran Services Office (VSO) serves as the VSO for 23 of the Franklin County towns (excluding Rowe, Leyden, and Greenfield – each of which has its own VSO or representative). The VSO helps veterans and their dependents learn about, apply for, and receive federal, state, and local benefits for which they may be eligible. This may include housing assistance. According to an interview with the Central Franklin VSO, many veterans have low incomes, and a need exists in the county for affordable 1-bedroom and efficiency

⁶ MassDOT projections, in collaboration with FRCOG, 2011.

⁷ National Coalition for Homeless Veterans

⁸ U.S. Department of Veterans Affairs

apartments for them. There is also a need for larger units for veterans with families, though the number of veterans in this category is smaller. The VSO noted that project-based Section 8 housing, which subsidizes apartments in specific buildings, has been vital to housing single veterans in Franklin County. Without the Section 8 program, more veterans would be homeless.

There are a variety of public and private programs and policies that provide housing benefits to veterans. The Franklin County Regional Housing and Redevelopment Authority has chosen to give veterans preference for Section 8 vouchers. State public housing also offers preferences for veterans. There are also non-profit organizations that develop new private housing specifically for veterans. A group called Soldier On has developed several veterans' housing projects in Western Massachusetts, including permanent housing in Pittsfield, and a recent project that will build cooperative and transitional housing in Northampton. Some towns and cities in the state have used Community Preservation Act (CPA) funds to create affordable housing for veterans.⁹ While veterans certainly benefit from these special programs and preferences, the Central Franklin VSO notes that any new affordable housing would benefit veterans. Affordable housing does not need to be designated for veterans in order for them to benefit from it.

Disability

Persons with disabilities often have difficulty in finding suitable affordable housing, both because they may have special housing needs, such as single floor living and roll-in showers, and because they are more likely to be poor. Approximately 14% (9,982) of the Franklin County population has some form of a disability. Because disability data from the U.S. Census Bureau is only available at the county level, it was assumed that the prevalence of disabilities at the sub-county level is proportionate across all sub-regions of Franklin County. The U.S. Census Bureau classifies disabilities in the following categories: hearing difficulty, vision difficulty, cognitive difficulty, ambulatory difficulty, and self-care difficulty. The most common disability in the county is an ambulatory difficulty at 26% of the disabled population. This is closely followed by those with a cognitive difficulty at 20% of the disabled population. As might be expected, the population aged 65 years and older has the highest percentage of disabilities in comparison to the younger populations. There are a number of local programs that assist seniors with the cost of renovations to help them stay in their homes despite the development of a disability. Landlords also have responsibilities to address requests for reasonable accommodations for persons with disabilities. This can be anything from installing a grab bar for a toilet or shower, to adding visual warnings on fire alarms for deaf tenants, to moving a tenant from an upper floor to a lower floor. Some tenants are not aware of their right to ask for accommodations.

⁹ See the Community Preservation Coalition housing success stories: <http://www.communitypreservation.org/successstories/community-housing/413>.

According to local housing and social service providers, the current supply of housing in the region that is barrier free or has other accessibility features is very limited and not sufficient. Unfortunately, no good data exists on the actual supply of housing that is accessible. The rapidly increasing population of seniors clearly indicates a need for more housing in Franklin County that is accessible to individuals with disabilities. The Wisdom Way Solar Village, a housing project developed by Rural Development, Inc., is a good model of a project designed to meet the rising demand for accessibility. The Solar Village is completely “visitable” with fully accessible, barrier-free subsidized rental units for persons with disabilities in a homeownership community where all homes are first-floor accessible to people with mobility issues.

Female-Headed Households

Another population group that tends to have a higher need for affordable housing is female-headed households. This population group typically has much lower incomes than other groups. In 2011, the poverty rate for families with children was 19% while the poverty rate for female-headed families with children was much higher at 41%.¹⁰ There are a total of 2,284 female-headed households in Franklin County, which make up 3% of the total households. This population is distributed equally across the sub-regions. The central sub-region has the highest total number of female-headed households with 1,586. These households may require affordable housing with two or more bedrooms that are free of lead paint. Larger apartments and lead-safe units are typically more expensive, adding to the affordability challenge for these families.

Income

There are several ways to measure income and wealth. For the purposes of this study, the median household income was used as the measure for income and wealth in Franklin County. In 2011, the median household income for the county was \$52,246. The population can then be grouped into various income categories based on that median figure. These income categories are shown in Table 2:

Table 2. Income Breakdowns for Franklin County

Income Category	% of Household Median Income	Income Range
Middle Income	120%	\$50,000 - \$70,000
Moderate Income	100%	\$40,000 – \$49,999
Low Income	80%	\$25,000 – \$39,999
Very Low Income	50%	\$15,000 – \$24,999
Extremely Low Income	30%	Below \$14,999

¹⁰ *The State of Working America*, 12th Edition, 2011. <http://stateofworkingamerica.org/>.

Figure 2 shows the percentage of the population in each of the sub-regions that falls into the various income categories. The central sub-region has the highest percentage of households in the extremely low income category. The west sub-region is the wealthiest region with the smallest percent of households in the two lowest income brackets and the highest percent of households who are considered upper income (not shown in the figure). The east sub-region has the largest share of middle income households that earn 120% of the median income.

Figure 2. Percentage of Population by Income Category

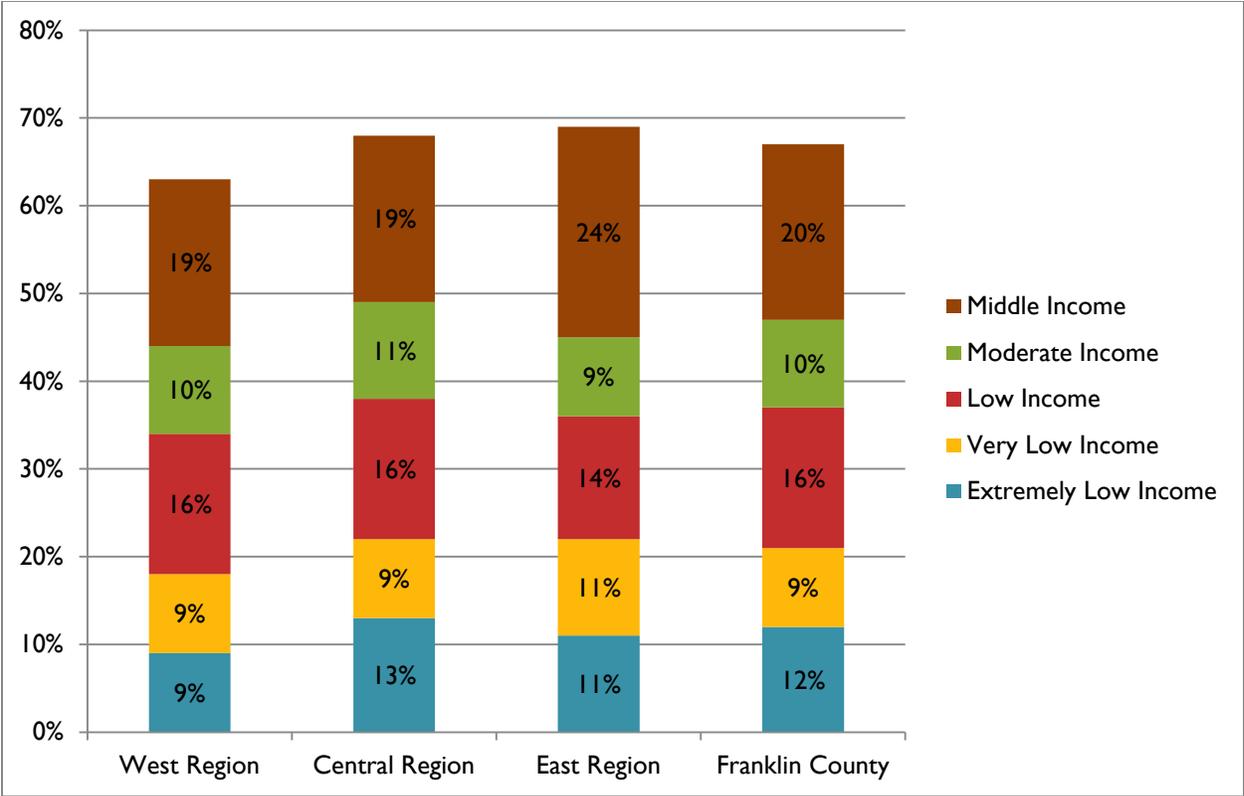


Table 3 shows the same information as Figure 2 except that it is broken down into the form of total number of households. This table is important in that it helps to quantify the potential demand for housing units that are affordable at the various income levels. For example, this table shows that in the east sub-region, approximately 742 affordable housing units are needed for households in the Extremely Low Income group, which earn at most \$14,999 a year. This translates to a need of 742 housing units with a maximum of \$374 a month in housing costs. To achieve this level of affordability for rental units, subsidies are required.

Table 3. Total Households by Income Category

Income Category	Franklin County	West Sub-region	Central Sub-region	East Sub-region
Middle Income	6,121	822	3,747	1,552
Moderate Income	3,168	413	2,146	609
Low Income	4,724	662	3,120	942
Very Low Income	2,846	397	1,725	724
Extremely Low Income	3,675	377	2,556	742

Because Franklin County has a high proportion of elders, it is also important to look at the incomes of this segment of the population – particularly since elders are often on fixed incomes. Currently, 55% of elders in Franklin County aged 65 and older fall in the Low Income to Extremely Low Income categories. The west sub-region has a slightly smaller percentage of elders in these lowest income cohorts at 48%. The central and east sub-regions have 57% and 54%, respectively, of their elders in the Low Income category and below. This data shows that affordable senior housing should be a priority for the county in light of the large projected growth of this population group.

Housing Profile

There are a total of 33,666 housing units in Franklin County and a total of 30,362 households. This means that there are only 3,304 more housing units than there are households that reside in Franklin County. However, the supply of vacant units available for occupation is likely much smaller than the difference between the number of households and the number of housing units. Some units are second homes occupied by non-residents and other units may not be available for occupation due to code violations. A healthy housing market is generally considered to have vacancy rates between 2% to 3% for owner-occupied homes and 4% to 5% for rental properties. Franklin County currently has vacancy rates of 1.2% for owner-occupied housing units and 2.6% for rental housing units. These low vacancy rates indicate a very tight housing market. As a result, residents may have difficulty finding suitable housing and the price of housing may be inflated due to the lack of supply.

Housing Units

Two-thirds of the 33,666 housing units in Franklin County (20,925) are located in the central sub-region. The majority of housing in Franklin County is single-family housing (69%). The rest of the housing stock is made up of two-unit duplexes (10%), multi-family units (17%), and mobile homes (3%). The west and east sub-regions have more single family and less multi-family housing than the central sub-region. Table 4 shows the breakdown of housing type by sub-region.

Table 4. Type of Housing Stock by Sub-region

	Single Family Detached & Attached	Duplexes	Multi-Family
West Sub-region	76%	8%	9%
Central Sub-region	65%	12%	22%
East Sub-region	76%	6%	12%
Franklin County	69%	10%	17%

For the region as a whole, 69% of the housing is owner-occupied. The homeownership rates are higher in the west (78%) and east (76%) sub-regions and lower in the central sub-region (65%), where there is more multi-family rental housing stock available.

Housing Quality

Forty percent of the housing in Franklin County was built prior to 1939. While older homes provide the region with a rich architectural and historical heritage, it also means that many homes are probably not energy efficient, require high maintenance, and may contain lead paint. The west sub-region contains a higher amount of older homes than the other sub-regions. Forty-five percent of the housing in this sub-region was built before 1939, while 41% of housing in the central sub-region and only 30% of the housing in the east sub-region was constructed prior to 1939.

In 1978, the federal government banned the use of lead-based paint. The presence of lead paint in homes is especially dangerous to the healthy development of young children. Because of the age of the housing stock in Franklin County, it must be assumed that older homes may contain lead-based paint. Currently, 75% of the county's housing was built prior to 1979 when lead-based paint was still allowed. Table 5 shows the age breakdown of the housing in Franklin County by sub-region. It also highlights the percentage of rental housing in the county that was built prior to 1979. Older rental housing units tend to be the most affordable type of housing in the region. This is a particularly important issue for affordable housing as families with Housing Choice Vouchers have reported difficulty in locating units that fall within the required payment standards and are lead paint compliant.

Table 5. Age of Housing Stock by Sub-region

	% of Housing Built Prior to 1939	% of Housing Built Prior to 1979	% of Rental Housing Built Prior to 1979
West Sub-region	45%	75%	86%
Central Sub-region	41%	77%	85%
East Sub-region	30%	68%	79%
Franklin County	39%	75%	84%

In addition to lead-based paint hazards, there are also a number of housing units in the county that are substandard for other reasons. The U.S. Census Bureau defines substandard housing as units that are overcrowded (more than 1 occupant per room) or do not have complete plumbing or kitchen facilities. The definition does not include units that are simply in very poor repair due to deferred maintenance. There are currently a total of 638 units of housing in Franklin County that are substandard according to the Census definition. Of these units, 122 are located in the west sub-region, 406 units are in the central sub-region, and 110 are in the east sub-region. Local housing experts believe that the number of homes with health and safety code violations due to structural defects, substandard plumbing or electrical systems, failing septic systems and other health hazards such as mold is substantially higher than the 638 units identified in the 2011 data from the U.S. Census Bureau. As previously noted, low income households are much more likely to live in substandard housing because it is typically the cheapest unsubsidized housing available. In addition, they may be less likely to complain about conditions to landlords for fear of losing the only housing they can afford.

Housing Costs

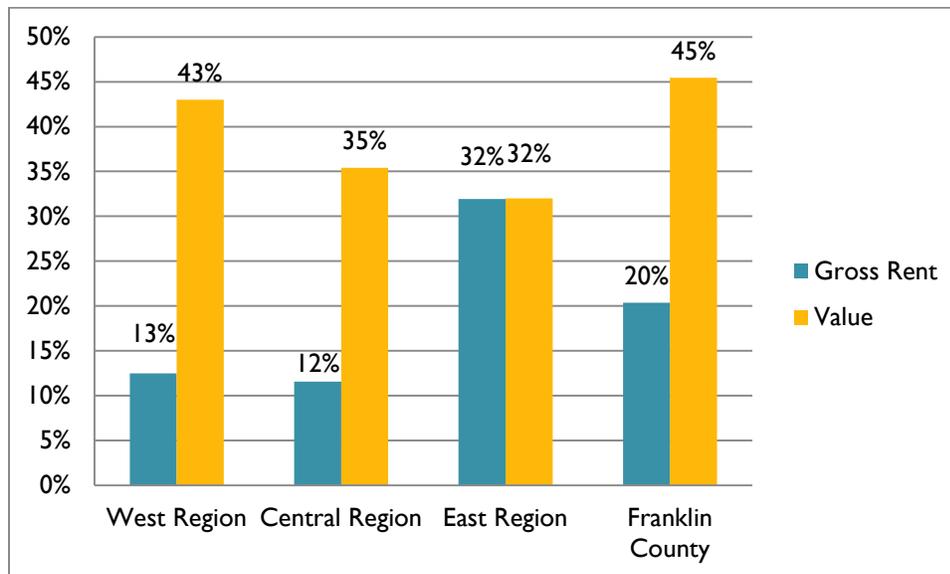
According to the U.S. Census, the cost of housing in Franklin County has increased since 2000, despite the negative effects of the Great Recession during much of this time period. The median housing value for owner-occupied units in 2000 for Franklin County was \$119,000. This rose to a median 2011 housing value of \$223,200 by 2011. After adjusting for inflation, housing values increased by 45% across the county. This increase varied by region – the western region increased the most and the eastern region experienced the smallest increase. Notably, during the same time period, incomes for the region did not rise nearly as much. The median household income in Franklin County increased by only 28% between 2000 and 2011, which means that the relative cost of housing became even more expensive for Franklin County residents.

Between 2000 and 2011, the price of rental units also increased, although rents increased at a much slower pace than owner occupied housing values. The median gross rent in 2000 was \$541 a month. This increased to \$839 per month by 2011. After adjusting for inflation to 2011 dollars, this was a 20% increase during this time period. Interestingly, the sub-region that experienced the largest percent increase in rents was the east sub-region (32%), even though this is the same sub-region that experienced the smallest increase in housing values. This may be partly a result of the high number of foreclosures that occurred in the east sub-region during the Great Recession. As homeowners lost their homes, they became renters, increasing the demand for rental units and thereby driving

Housing values in Franklin County have continued to increase despite the Great Recession. They rose 45% between 2000 and 2011, while incomes only rose by 28%

up the cost of rent. Figure 3 shows the increase in both housing values and gross rents for each of the sub-regions in the county between 2000 and 2011.

Figure 3. Percentage Increase in Housing Values (2000-2011) (adjusted for inflation)



Home energy use is an important component of housing cost, especially for homes in the colder New England climate. It is not unusual for a Franklin County household to pay \$3,000 - \$5,000 each year for heat and electricity.¹¹ A majority (57%) of homes in Franklin County are heated with fuel oil, which is currently the most expensive form of heat and can be particularly burdensome on fixed or low income households. In addition to being expensive, purchase of heating oil typically requires a large cash payment for a minimum delivery of 100 gallons. Unlike households that heat with utility gas or electricity, households that heat with oil are unprotected from shutoff of heat due to nonpayment of bills during the winter. When a low-income household runs out of heating oil due to lack of funds, it typically incurs additional charges for emergency delivery and re-starting of the heating system. Other popular heating fuels include utility gas (15%) and wood (13%). Utility gas is the most affordable heating option; however it is only available in a very small portion of the region.

Housing Affordability in Franklin County

Housing is considered to be affordable when a household pays no more than 30% of its gross income on housing costs. In Franklin County, there are approximately 11,200 households or 37% of the population that have unaffordable housing. Renters in the county have much higher housing cost burdens than owners. In 2011, 46% of renters experienced unaffordable housing costs compared to 33% of homeowners. These statistics are comparable across the regions as seen in Table 6.

¹¹ *Massachusetts Clean Energy and Climate Plan for 2020* (2010).

Table 6. Housing Cost Burden by Tenancy

	Owner Housing Cost Burden				Renter Housing Cost Burden			
	Households that pay over 30%		Households that pay over 40%		Households that pay over 30%		Households that pay over 40%	
	#	%	#	%	#	%	#	%
West Region	990	30%	585	18%	441	47%	289	31%
Central Region	4,318	34%	2,560	20%	3,162	47%	2,141	32%
East Region	1,607	32%	1,070	21%	693	44%	510	32%
Franklin County	6,915	33%	4,215	20%	4,296	46%	2,940	32%

At the county level, not only do renters as a whole have higher cost burdens than homeowners, but the data show that rental households with lower incomes have the highest cost burdens. Renters who earn \$34,999 and less have the highest burdens of any group. Table 7 below demonstrates the housing cost burden across the income levels.

Table 7. Housing Cost Burden by Tenure and Income

	Owner Housing Cost Burden		Renter Housing Cost Burden	
	Homeowners that pay over 30%		Renters that pay over 30%	
	#	%	#	%
Franklin County				
Less than \$20,000	1,669	8%	2,910	27%
\$20,000 - \$34,999	1,533	7%	1,177	13%
\$35,000 - \$49,999	1,472	7%	526	5%
\$50,000 - \$74,999	1,455	7%	97	1%
\$75,000 or more	786	4%	3	0%

Delving deeper into the Housing Cost Burden data from the U.S. Census shows that homeowners without mortgages still have high housing costs in Franklin County despite the fact that they do not have monthly mortgage payments. In fact, 19% of homeowners with no mortgages have housing costs that exceed 30% of their gross income. Seven percent (522 households) of them are severely cost burdened with housing costs exceeding 50% of their gross income. Surprisingly, the Housing Cost Burden data show that seniors with fixed incomes are not the most cost burdened age group in Franklin County. The following Table 8 shows that the 35-64 years old age cohort is the most housing cost burdened group for both homeowners and renters.

Table 8. Housing Cost Burden by Age and Tenancy

	Owner Housing Cost Burden		Renter Housing Cost Burden	
	Homeowners that pay over 30%		Renters that pay over 30%	
Franklin County	#	%	#	%
15 to 24 years old	89	0.4%	517	5%
25 to 34 years old	615	3%	1,055	11%
35 to 64 years old	4,386	21%	2,138	23%
65 years and older	1,825	9%	586	6%

To illustrate housing affordability, Appendix A, at the end of this study, shows average annual income for different occupations and the monthly housing costs they can afford. This table clearly indicates that many Franklin County residents are challenged to find housing they can afford given current housing costs in the region.

In a rural region such as Franklin County, transportation costs should also be taken into consideration when choosing a place to live since driving long distances is usually required to get to work and to access basic services. However, this expense is often not calculated even though it is the second largest cost for families after housing. The Center for Neighborhood Technology (CNT) has created an index that combines both housing and transportation costs as a tool to assess the true affordability of locations. The index states that a household should spend no more than 45% of its income on housing and transportation combined. If transportation costs are added to housing costs, then the average Franklin County household spends 56% of its income on housing and transportation – making living in the region unaffordable for many residents.¹² The U.S. Department of Housing and Urban Development has a similar calculator and it shows that the average Franklin County resident spends a slightly higher amount, 58% of his or her income on housing and transportation.¹³

New Unit Production

Similar to the rest of the nation, Franklin County experienced a housing boom in the early 2000s. Housing construction peaked in 2004. Between 2000 and 2004, there was a 28% increase in permits issued for private residential building units.¹⁴ However, slower population growth and then the Great Recession negatively impacted the region’s housing market. Between 2004 and 2009, there was a decline of 77% in building permits issued. This decline

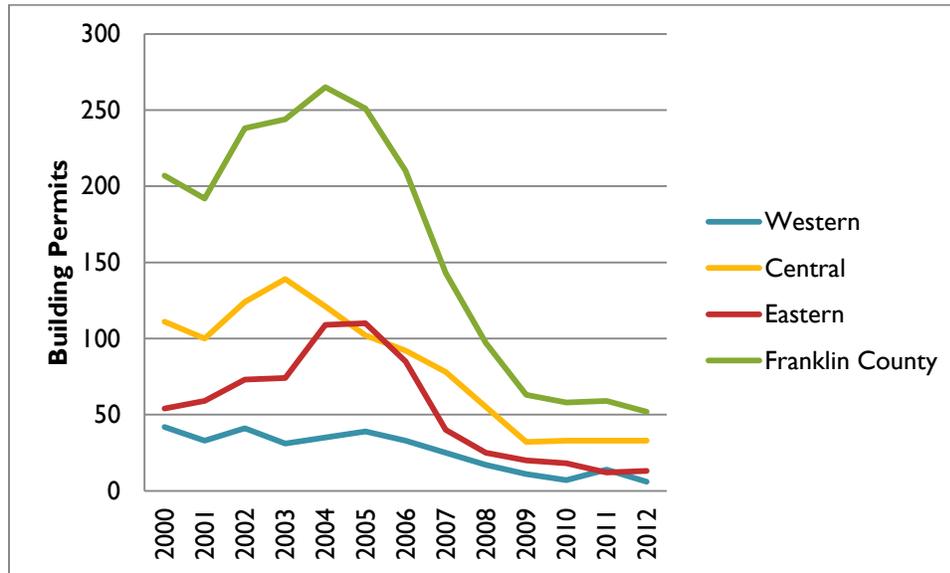
¹² Housing and Transportation Affordability Index,” Center for Neighborhood Technology. <http://htaindex.cnt.org/>. April 2012.

¹³ Housing and Transportation Affordability Initiative, Department of Housing and Urban Development. http://portal.hud.gov/hudportal/HUD?src=/program_offices/sustainable_housing_communities/housing_transaffininitiative

¹⁴ Note: the fact that a building permit has been issued does not necessarily correlate to a building completion. However, due to lack of data availability, building permits are a suitable indicator for housing construction trends.

has since leveled off and there are signs that the new housing market is beginning to improve locally. Figure 4 shows the changes in the number of residential building permits for Franklin County and for each of the three sub-regions. The chart also shows that the central and eastern sub-regions experienced the steepest declines in unit production after 2004. Housing production in the west sub-region has been more stable at very low levels over the last decade.

Figure 4. Residential Building Permits Issued 2000-2012



Subsidized Housing Profile

Franklin County has five housing authorities: Franklin County Regional Housing and Redevelopment Authority (FCRHRA), Greenfield Housing Authority, Montague Housing Authority, Orange Housing Authority, and Shelburne Housing Authority. The FCRHRA is a regional organization that serves the housing and community development needs of all 26 towns of Franklin County. It also manages the Shelburne Housing Authority. The Greenfield, Montague, and Orange Housing Authorities provide housing services for their respective towns. Because rental assistance is typically portable, housing authorities outside of Franklin County may also administer federal and state housing vouchers in the region.

Subsidized housing in Franklin County falls under many different programs that are almost exclusively targeted to households earning no more than 80% of household median income. These include:

- State assisted public housing for the elderly and disabled (Chapter 667)
- State assisted public housing for families (Chapter 705)
- State assisted public housing for veterans (Chapter 200)
- State assisted special needs housing (Chapter 167/689)

- Massachusetts Alternative Housing Voucher Program (AHVP)
- Massachusetts Rental Voucher Program (MRVP)
- Federal Section 8 Housing Choice Voucher Program, including both mobile tenant-based and project-based rental assistance

Table 9 below shows the breakdown of the subsidized housing currently available by program for each of the housing authorities.

Table 9. Subsidized Housing provided by Franklin County Housing Authorities

Units by Program and Provider		FCRHRA	Greenfield HA	Montague HA	Orange HA	Shelburne HA	Total Units
Project Based Programs	Veterans Family Housing (Ch. 200)	-	72	30	-	-	102
	Family Housing (Ch. 705)	27	40	-	8	-	75
	Elderly / Handicapped Housing (Ch. 667)	71	128	80	56	46	381
	Special Needs Housing (Ch. 167/189)	-	8	-	-	-	8
	Federal Section 8 Housing Choice Vouchers (Project-Based)	123	-	-	-	-	123
	Mass. Rental Voucher Program (MRVP) (Project-Based)	10	98	-	-	-	98
<i>Project-Based Program Subtotal</i>							787
Mobile Programs	Mass. Rental Voucher Program (MRVP) (mobile)	12	106	-	46	-	164
	Alternative Housing Voucher Program (AHVP)	1	-	-	-	-	1
	Federal Section 8 Housing Choice Vouchers (mobile)	456	450	-	-	-	906
<i>Mobile Program Subtotal</i>							1,071
Total Units		690	902	110	110	46	1,858

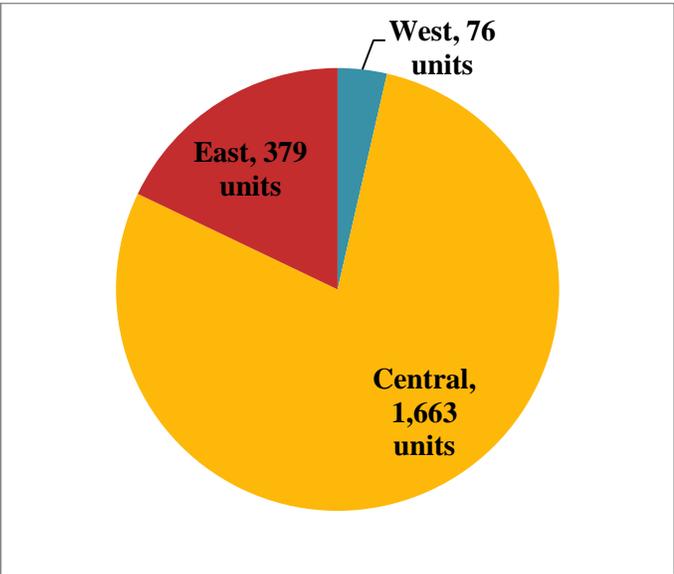
Source: MA EOHED with input from local housing authorities

Mobile tenant-based vouchers provide over half of the subsidized affordable housing in Franklin County. This form of affordable housing is very flexible. While vouchers are an effective strategy for providing affordable housing, there are two issues with the program that should be noted. The first issue is a region-specific one in that families with vouchers in Franklin County have reported difficulty in locating housing units that fall within the required payment standards and are lead paint compliant. As noted previously, 84% of the rental housing in Franklin County was constructed prior to the ban on the use of lead paint and the older the rental housing is, the more affordable it tends to be. Another issue with Section 8 vouchers is the impact of the federal Budget Control Act on the funding available for vouchers. The budget cuts implemented as a result of the BCA and the federal budget sequestration in 2013 significantly reduced the funding that housing authorities received for rent payments and for administering the Section 8 program. To date, local housing authorities have not lost any vouchers due to cash reserves that they have been able to use. However, these reserves are being depleted. To avoid a loss of vouchers, the FCRHRA and other local housing authorities have already reduced the payment standards slightly for voucher holders. This means that households with mobile vouchers may have to either pay more in rent to make up the difference or secure more affordable housing.

Mobile tenant-based housing vouchers assist low income households to afford housing in the private market. A voucher holder is able to choose any private housing that meets the requirements of the program. A voucher holder pays 30-40% of the rent. The housing authority administering the voucher pays the remainder of the rent directly to landlord on behalf of the voucher holder.

In addition to the public housing authorities, there are other private non-profit organizations whose mission is to create affordable housing for the region. These include the Pioneer Valley Chapter of Habitat for Humanity and Rural Development, Incorporated (RDI). RDI is a non-profit organization created by the Franklin County Regional Housing and Redevelopment Authority. Habitat for Humanity has created 7 units in the central sub-region and 2 units in the east sub-region. To date, RDI has created a total of 242 affordable housing units in Franklin County since 1991.

Figure 5. Number and Share of Subsidized Housing Inventory Units by Region for Franklin County



Additional affordable units in Franklin County have been created through a variety of funding mechanisms by both private for-profit and non-profit developers. Some of the affordable housing in Franklin County was developed through the Massachusetts Chapter 40B program. This law, enacted in 1969, set a goal of increasing the amount of long term affordable housing to 10% of the housing stock in each community. In municipalities that have not met this goal, developers of affordable housing can take advantage of a streamlined permitting process that provides exceptions to local zoning requirements.

To count towards the 10% goal, a percentage of the housing units created must be affordable to households earning no more than 80% of the HUD area median income, must have some form of subsidy for development and/or operations, and the housing must have deed restrictions to ensure long-term affordability. Units that meet these criteria are eligible for listing on the “Subsidized Housing Inventory” (SHI), which is the official measure of which communities currently meet the state’s 10% goal. Meeting the goal is a moving target for two reasons: as a community’s housing supply expands, more affordable units are needed to meet the goal, and affordable units on the list become ineligible when long-term deed restrictions expire.

Currently, only a few communities in Franklin County meet the Chapter 40B goal. The west sub-region is far from this goal with only 2% of its housing stock considered affordable by Chapter 40B. The central sub-region has 8% and the east sub-region has 5% of its housing stock meeting the Chapter 40B goal. There are a total of 2,118 rental and homeownership units on the SHI in Franklin County. The public housing units provided by local housing authorities count towards the SHI. Mobile vouchers do not count towards the goal, and project-based vouchers do not count either, although they may be used in buildings that are eligible for listing.

According to Robin Sherman, Executive Director of the FCRHRA, the SHI for Franklin County includes numerous inaccuracies and omissions, including subsidized units that are eligible for listing but are not on the official list. She estimates that there are at least 2,186 units in Franklin County that meet the criteria for listing. Of these units, 2,064 are rental units and 122 are owner-occupied. Of the rental units, Sherman estimates that 1,663, or slightly more than 80%, have some form of rent subsidy.

According to data provided by the FCRHRA, more than 40% (682 units) of the subsidized rental housing in Franklin County is designated for seniors aged 65 or older or persons with disabilities. This may seem like a large proportion, however the U.S. Census shows that there are a total of 3,696 households over the age of 65 that fall into the Low Income category and below and therefore are eligible for subsidized housing. In addition, population projections show that the senior population is expected to increase by 77% by 2035, making this age group almost a quarter of the total Franklin County population. Demand for subsidized senior housing will grow rapidly over the next 25 years.

Homelessness in Franklin County

The recent economic downturn has greatly stressed households that were already financially strapped. The combination of high housing costs, rising unemployment, and cuts in federal housing subsidies has resulted in a large increase in homelessness in Massachusetts and Western Massachusetts. Between 2007 and 2013, the number of homeless families increased by 75% and homelessness among individuals increased by 25% for Massachusetts.¹⁵ The Department of Housing and Urban Development (HUD) Point in Time survey data show that there was a total of 490 homeless people in 2014 in the Berkshire, Franklin, and Hampshire three county region, although the actual number may be higher. At the same time there were a total of 71 families that were homeless in this three county region. These numbers have stayed fairly stable since 2012. Data from local agencies working with the homeless in Franklin County indicate that most of the individuals and families receiving services related to homelessness in the region have deep local roots.

Massachusetts is the only state that has established a right to emergency shelter for extremely low income families that become homeless. The number of families using the Emergency Assistance (EA) shelter program has increased significantly statewide over the last several years, overwhelming the Commonwealth's shelter resources. When state shelters for homeless families are full, eligible families receive emergency shelter in hotels paid for by the Commonwealth.

There are six family shelter spaces in Franklin County. These units have consistently been full for many years. The Commonwealth has also contracted with two motels in Greenfield to provide emergency shelter. Generally, the families receiving shelter in Franklin County have historic or family connections to the region. There have, however, been periodic spikes of homeless families from other areas of Massachusetts or outside the state receiving emergency shelter through the EA program in Franklin County. In October 2013, there were 100 families receiving emergency shelter in two motels in Greenfield, more than 75% of whom were from outside the region. This increase in families from outside Franklin County is primarily due to the lack of shelter options in areas of the state with large populations of homeless families.

To be eligible for the Emergency Assistance programs, families must earn no more than 115% of the Federal Poverty Level, and have no more than \$2,500 in assets, including vehicles. These criteria mean that by the time families are eligible for shelter, they are destitute, which makes finding new housing that they can afford very challenging. As a result, families have spent long periods of time in shelter—typically eight months, but sometimes more than a year. Long stays in shelters and motels are extremely disruptive for parents and children, and very expensive for the Commonwealth.

¹⁵ U.S. Department of Housing and Urban Development (HUD) Point in Time Survey Data, 207-2013.

Over the past several years, Massachusetts has tried to move from a shelter-oriented approach to homelessness to a “housing first” model. The new approach is focused on preventing homelessness if possible, and on rapid rehousing, rather than temporary shelter. While local housing advocates strongly support this approach, they say that it is challenging to identify affordable housing options and funding for supportive services required to ensure long-term, stable housing for individuals and families with little or no income or assets and a history of homelessness. The lack of adequate public transit in the region and limited job opportunities pose further challenges. Few homeless families have vehicles. This makes looking for housing, jobs, and accessing services very difficult, if not impossible.

Affordable Housing Analysis

The *Sustainable Franklin County* Plan and this report have shown that affordable housing is needed in Franklin County – but what are the county’s specific affordable housing needs? This section seeks to quantify the region’s housing needs by examining the current supply of housing and how well it matches the demand at various income levels. This analysis will reveal the potential shortage of housing that residents can reasonably afford at different income levels. To do this analysis, the following steps were taken (more detail on the methodology is available in Appendix B):

- 1) Determine the affordable monthly housing costs for each income cohort;
- 2) Calculate the number of existing affordable rental units available for each income cohort from the U.S. Census Bureau’s American Community Survey data;
- 3) Calculate the number of existing affordable owner-occupied units available to each income cohort from the American Community Survey data; and
- 4) Determine the total supply/deficit of affordable units.

The income cohorts used in this analysis were outlined in a previous section and are listed again in Table 10 below with their calculated monthly housing costs that are affordable based on the 30% guideline. It should be noted that the housing units for households with no mortgages were excluded from this analysis on the basis that these homes with technically very low monthly costs (no mortgages) would skew the data to make it seem that there were more units available for the lower income levels than actually exist.¹⁶ More than half of these houses with no mortgages are owned by householders over the age of 65 years and most likely were purchased decades ago when housing prices were lower. When they return to the market, their housing values would most likely place them at prices unaffordable to the lower income groups.

¹⁶ There are a total of 7,112 households with no mortgages in Franklin County.

Table 10. Summary of Income Levels and Monthly Housing Costs

Income Category	% of Household Median Income	Income Range	Estimated Affordable Monthly Housing Costs
Middle Income	120%	\$50,000 - \$70,000	\$1,750
Moderate Income	100%	\$40,000 – \$49,999	\$1,250
Low Income	80%	\$25,000 – \$39,999	\$1,000
Very Low Income	50%	\$15,000 – \$24,999	\$625
Extremely Low Income	30%	Below \$14,999	\$375

The results from the analysis show that *Franklin County has a shortage of affordable units – most particularly in the Extremely Low Income and the Very Low Income groups*. The following Table 11 shows the breakdown of housing for each income cohort for Franklin County. Almost all of the housing subsidy programs in Franklin County are geared towards households at the Low Income level and below. Despite this focus, the analysis shows that the existing supply of subsidized housing for these lowest income groups is still not sufficient for the demand and more needs to be done to provide affordable housing for households with these income levels.

Table 11 also shows an affordable housing gap at the Middle Income level. This “gap” may not be an actual shortage of housing because of this income group’s ability to afford less expensive housing that is available to the income levels below them. Rather, this “gap” is more a mismatch of housing, which is a result of the small supply of market rate midrange housing. It is difficult for private developers to earn a profit constructing market rate houses that do not have a high housing value given potentially high development costs (the cost of the land, the cost of time involved in the permitting process, and the provision of water and septic systems if outside of town centers with public water and sewer). These factors constrain the supply of new “midrange” market rate housing, which in turn drives up the price of existing housing. Expanding the market rate supply of housing targeted to Middle Income households would take pressure off prices and the supply of housing that is affordable to lower income groups.

At the lower income levels, the competition for rental housing is the most severe. This is because while some households, especially in the Middle and Moderate Income levels, may have the income to afford the monthly housing costs of owning, but they may not have required resources for down payments or credit history that enable them to become homeowners. While there may be an adequate supply of homeownership units with a monthly cost affordable to these households, some middle and moderate income families currently renting cannot make the transition to homeownership due to these financial obstacles. Since homeownership is not a realistic option for a majority of low income households that are

currently renting, the number of rental units needed at the lower income levels is significant, and may be larger than indicated in the table. For example, at the low income level, the table shows that supply of affordable units exceeds demand by 741 units. However, 30% of the affordable supply is homeownership units, and most households in this income category that are currently renting are unlikely candidates for homeownership.

Table 11. Affordable Housing Analysis for Franklin County

Franklin County						
Income Category	Affordable Monthly Housing Costs	Affordable Rental Units Available*	Affordable Home-ownership Units Available**	Total Affordable Units Available	Total Number of Households	Estimated Affordable Supply+
Middle Income	\$1,750	739	4,633	5,372	6,121	(749)
Moderate Income	\$1,250	1,778	1,856	3,634	3,168	466
Low Income	\$1,000	3,794	1,649	5,443	4,724	719
Very Low Income	\$625	1,069	352	1,420	2,846	(1,426)
Extremely Low Income	\$375	977	42	1,019	3,675	(2,656)

* Based on Gross Rent (includes monthly owner costs)

** Based on Mortgage Status & Selected Monthly Owner Costs

+ Numbers in parentheses are deficits.

Affordable Housing Analysis for the West Sub-Region

Like the county as a whole, the west sub-region has a similar shortage of affordable housing for its residents. In particular, the Extremely Low Income group has the largest deficit of affordable housing followed by the Very Low Income and the Middle Income groups. Notably, the west sub-region is the only region that has a shortage of affordable housing for the Moderate Income level. The rest of the county has small surpluses of affordable housing for this household group.

More than half of the 76 total units of subsidized housing in the west sub-region are dedicated for the elderly, disabled, or handicapped. Forty-six of these units are located in Shelburne Falls in the Highland Village residential development. The Town of Ashfield has 18 units with rent restrictions located in its village center at the Ashfield House. These units are funded by different subsidy sources and therefore have varying resident eligibility. The balance of the subsidized units are located in other West County communities.

Table 12. Affordable Housing Analysis for the West Sub-Region

West Sub-region						
Income Category	Affordable Monthly Housing Costs	Affordable Rented Units Available*	Affordable Owned Units Available**	Total Affordable Units Available	Total Number of Households	Estimated Affordable Supply
Middle Income	\$1,750	91	639	730	822	(92)
Moderate Income	\$1,250	102	286	388	413	(25)
Low Income	\$1,000	463	271	733	662	71
Very Low Income	\$625	126	89	214	397	(183)
Extremely Low Income	\$375	5	24	28	377	(349)

* Based on Gross Rent (includes monthly owner costs)

** Based on Mortgage Status & Selected Monthly Owner Costs

Affordable Housing Analysis for the Central Sub-Region

The central sub-region has the smallest shortage of affordable housing despite the fact that it contains the largest share of the county’s population. The smaller size of the shortage can be attributed to the fact that this region has the largest supply of existing subsidized housing. The presence of this housing has made a beneficial difference for its population. The biggest need for affordable housing in the central sub-region is again in the Extremely Low Income group, followed by the Very Low Income and Middle Income groups, respectively.

Table 13. Affordable Housing Analysis for the Central Sub-Region

Central Region						
Income Category	Affordable Monthly Housing Costs	Affordable Rented Units Available*	Affordable Owned Units Available**	Total Affordable Units Available	Total Number of Households	Estimated Affordable Supply
Middle Income	\$1,750	541	2,774	3,315	3,747	(432)
Moderate Income	\$1,250	1,399	1,033	2,432	2,146	286
Low Income	\$1,000	2,773	966	3,739	3,120	619
Very Low Income	\$625	707	157	864	1,725	(861)
Extremely Low Income	\$375	793	16	808	2,556	(1,748)

* Based on Gross Rent (includes monthly owner costs)

** Based on Mortgage Status & Selected Monthly Owner Costs

Affordable Housing Analysis for the East Sub-region

The east sub-region faces the same issues as the west and central sub-regions when it comes to affordable housing. It has the biggest total shortage of housing affordable for the Extremely Low Income group, followed by the Very Low Income and Middle Income levels. As with the central sub-region, there are also very small surpluses of affordable housing at the Moderate and Low Income levels. The FCRHRA has noted that there are 176 units of subsidized senior housing in the east sub-region. This constitutes 46% of the subsidized housing provided by the public housing authorities in the east sub-region – all of which is located in the Town of Orange. Orange contains all of the total subsidized housing in the east sub-region, but it also has the highest total population and the most services to offer for residents living in affordable housing in the sub-region.

Table 14. Affordable Housing Analysis for the East Sub-Region

East Region						
Income Category	Affordable Monthly Housing Costs	Affordable Rented Units Available*	Affordable Owned Units Available**	Total Affordable Units Available	Total Number of Households	Estimated Affordable Supply
Middle Income	\$1,750	107	1,220	1,327	1,552	(225)
Moderate Income	\$1,250	277	537	814	609	205
Low Income	\$1,000	558	412	969	942	27
Very Low Income	\$625	235	106	340	724	(384)
Extremely Low Income	\$375	179	3	182	742	(560)

* Based on Gross Rent (includes monthly owner costs)

** Based on Mortgage Status & Selected Monthly Owner Costs

Potential Development Constraints

There are several major limiting factors that impede the development of new housing in Franklin County. These factors were identified in the *Sustainable Franklin County - Regional Plan for Sustainable Development*. They include: 1) the lack of adequate public water and sewer infrastructure; 2) a weak market for housing; 3) very scarce public funds to help subsidize affordable housing; and finally 4) a need for better zoning to support the construction of new affordable rental housing – either market rate or publicly subsidized.

Status of Infrastructure

One of the most critical development constraints to constructing additional housing units, market rate or affordable, is the lack of sufficient public infrastructure in Franklin County. Without adequate public sewer or water, it is very difficult to build new units at a higher density in the most optimal locations – in and near downtowns and town centers – as recommended by *Sustainable Franklin County*. Many of the current sewer and water systems cannot handle additional loads without major upgrades, which are extremely costly. More than half of Franklin County’s town centers do not have public sewers and rely on septic systems, which require large land areas and thereby restricts the level of density – which is a critical factor to making a development economically feasible for a developer, particularly for affordable housing.

Market Conditions and Government Trends

Franklin County has a weak housing market with little demand for new development. The lack of development or redevelopment is due to the fact that the cost to develop properties in the region often cannot be recouped through current market housing values or rentals. This difficulty is also compounded by the very high cost of upgrading or expanding sewer and water infrastructure or the stormwater management needed for development. The construction of affordable housing is made even more challenging due to the limited availability of incentives to help offset the costs of development; particularly subsidies that are needed for the operation and maintenance costs. Without this funding, it is very difficult for developers to put together sufficient funding sources to make a project feasible. Additional federal government funding for the construction and maintenance of new housing seems very unlikely and, in all probability, may decrease, especially with the effects of continued federal budget austerity.

On a positive note, recently there have been several private developers that have renovated older, historic buildings in downtown Greenfield to create market rate rental housing. These units are private with market rate rents averaging \$900 a month (some utilities included) and do not have any operating subsidies. Federal and State Historic and New Market Tax credits¹⁷ helped with some of the construction costs for some of the projects. Demand for these new units has been very strong, showing that there is a pent-up demand for rental housing at the mid-range cost levels targeted to Middle and Moderate Income levels.

Public Support

Another constraint that limits the supply of new housing and, in particular, affordable rental housing in Franklin County is limited support from residents, community leaders and elected officials. Some local communities fear that the development of affordable housing will lower their housing values, drive up the cost for schools, or will bring new and different residents

¹⁷ New Market Tax Credits are limited to commercial development, but have been part of the funding package for one mixed-use redevelopment project in Greenfield.

from outside the region. However, many schools in the region are, in fact, struggling with historically low enrollments. In addition, with demographics trending towards an older population in Franklin County, it is vital that the region attract and retain younger residents. The lack of affordable housing is a barrier to doing so.

Increased public awareness and education regarding the benefits of well-planned housing development and an open participative process can be effective methods at mitigating these concerns. Studies, such as this one, show that affordable housing is very much needed by *current* residents. Getting the message out that the proposed affordable housing will be available for the children or parents of current residents and their neighbors may facilitate the development process. By providing decent and affordable housing, we can actually reduce the crises faced by families and improve child development if people can afford the basic necessities of life. Our communities will be strengthened, not harmed.

Summary and Recommendations

The analysis performed for this study shows the *current* need for affordable housing in the region. However, this analysis does not take into consideration the projected population growth and shifts that will occur in the future. *Sustainable Franklin County* estimated that an additional 2,000 housing units, at a minimum, will be needed to house the region's future population in the next 25 years. Assuming the same rates of income distribution for the future, this means that an additional 1,200 housing units will need to be affordable for household earning income at 120% of household median income and below, with the majority of new units needed at the Very Low and Extremely Low Income levels.

Clearly, more affordable housing is needed in Franklin County and is needed not only by the very lowest income levels, but by many households across the income spectrum. The analysis in this study shows that all three sub-regions have shortages of affordable housing. However, currently almost all of the existing subsidized affordable housing (over 90%) is located in just five of the 26 towns in Franklin County. These towns are also the major employment and population centers of the region and as a result have the most services and opportunities. While it makes sense to locate affordable housing (subsidized and unsubsidized) near these services, concentrating it in just a few locations means that low income households may become segregated.

It is important to develop a mix of housing, both market rate and affordable, to create diversity. In addition, each sub-region should be making progress in increasing the supply of affordable housing to meet regional demand. To create a healthy balance of locating housing

Projected population growth will only increase the need for additional housing – both market rate and affordable.

near services and infrastructure and minimizing the concentrations of low income households, a countywide and sub-regional discussion needs to occur. *Sustainable Franklin County* identified “Priority Development Areas” and “Emerging Development Areas” throughout the county. The Plan suggests focusing future development in these locations because of their existing infrastructure, capacity to accommodate additional growth, and their proximity to services. These locations are a good starting place for a regional discussion of increasing affordable housing in Franklin County. Each sub-region has areas where it makes sense to create new housing.

Highlights

This study has examined the existing population and housing conditions in Franklin County and quantified the affordable housing needs for various income levels in the region. The following list summarizes the highlights of these findings that are particularly important to consider in the discussion of what type of units, how many, and where affordable housing should be placed in the region.

- The need for subsidized senior housing is large and will continue to grow. Currently, 55% of elders in Franklin County earn less than 80% of HMI. This translates to an existing population of 3,696 households that are eligible for subsidized housing now, but there are only 682 subsidized units in Franklin County set aside for elders and persons with disabilities.
- New strategies and funding sources are needed to meet the demand for subsidized housing for the region’s growing population of low income seniors.
- An important subset of the very low income population is female-headed households. Units that are free of lead paint, have multiple bedrooms, and are affordable for the very lowest of income groups are needed for these families. There are currently 2,284 female-headed households in the county.
- A very large proportion of the rental housing (84%) in Franklin County was constructed prior to 1979 and may therefore contain lead paint, which is dangerous to families with small children. Families with children under the age of 6 that have state or federal rental assistance may only use this assistance in lead-free units. This makes it more difficult for them to locate housing, and makes it even more difficult for low-income families without vouchers to compete for lead-safe units.
- The homeless population is increasing. The need for additional housing at the Extremely Low Income level is critical. Many of the region’s homeless are families with children, which means that they need housing with multiple bedrooms.
- All of the sub-regions have the biggest gaps of affordable housing at the Extremely Low Income and Very Low Income levels.
- There is a shortage of affordable housing for households at the Middle Income level across all regions in Franklin County. This puts further pressure on the lower income groups – particularly on rental housing – because the Middle Income households have

the ability to secure housing that is available to the lower incomes levels. Providing market rate housing specifically targeted to this income level will relieve pressure on the housing supply for the poorest groups.

- While there may be an adequate supply of homeownership units with a monthly cost that is affordable, many Middle and Moderate Income families currently renting cannot make the transition to homeownership due to financial obstacles, such as the lack of downpayment or credit history. This strains the rental housing supply even more and makes the provision of additional affordable rental housing more important.
- Given the difficulty of obtaining funding to subsidize the operation and maintenance of affordable housing; job training, childcare, and education services are also needed to improve wage levels.

Strategies to Increase Affordable Housing

Listed below are recommendations and strategies that regional organizations and communities can take to begin working towards creating affordable housing for their residents to ensure that Franklin County continues to grow and prosper.

Recommendation	Responsible Party	Timeframe
Apply for funding (government, foundation, etc.) to hire a part-time affordable housing advocate that will push for local affordable housing and build local capacity. This person will help create and direct the Franklin County Affordable Housing Task Force and support its mission by conducting grant-writing.	FRCOG, FCRHRA	Short Term
Create a Franklin County Affordable Housing Task Force to begin discussions about prioritizing the type of housing needed and feasible locations. The Task Force’s mission will be to increase the stock of affordable housing throughout the Franklin County region.	FRCOG, FCRHRA and local housing authorities, municipalities, Franklin County Home Care, Community Action, MHP, CHAPA, and others*	Short term
Identify sites on which to potentially develop affordable housing and to target resources	Affordable Housing Task Force	Short/Medium term
Collaborate with other regional housing advocates, such as MHP, CHAPA, and the Western Massachusetts Network to End Homelessness	Affordable Housing Task Force	Short term
Bring MHP and CHAPA training sessions to the region for local communities and committees	Affordable Housing Task Force	Short term
Hold workshops for towns that have adopted the Community Preservation Act (CPA) on strategies for using CPA funds to create affordable housing.	Affordable Housing Task Force	Short/Medium term

Continue to work with communities to revise zoning bylaws to increase the stock of affordable housing (such as adding Inclusionary Zoning and allowing accessory apartments by right and larger scale multifamily housing in zoning districts with infrastructure and services)	FRCOG	Short/Medium term
Continue to work to strengthen infrastructure capacity that will allow for new development in appropriate locations.	FRCOG, FCRHRA, municipalities	Short/Medium term
Create a local education campaign about the need for affordable housing for our neighbors, particularly rental housing.	FRCOG, FCRHRA, Affordable Housing Task Force, Community Action	Short/Medium term
Establish a regional program to assist towns and property owners with meeting the monitoring, credentialing, reporting, and fair marketing requirements of the Local Initiative Program and Chapter 40B for privately owned affordable units.	FCRHRA, Affordable Housing Task Force	Medium Term
Continue to advocate and pursue additional funding for subsidized housing	All interested parties	Ongoing
Work to increase the number of communities in Franklin County that have adopted the Community Preservation Act (CPA).	FRCOG, FCRHRA, Affordable Housing Task Force, other interested parties	Ongoing

*MHP is the Massachusetts Housing Partnership and CHAPA is the Citizens' Housing and Planning Association

Appendix A – Franklin County Housing Affordability Chart

Current Franklin County Housing Prices Compared to Average Annual Incomes

Franklin County Housing Prices with Estimated Monthly Costs*	Estimated Household Income Needed	SCALE	Annual Average Income with Occupation	HUD Income Guidelines** (HMI = Household Median Income)
Median single family home price \$223,200 or about \$1,520/mo.	<u>\$65,174</u>	\$65,000	<u>\$65,345</u> – Average Greenfield Police Lieutenant Salary (2013 estimate)	<u>\$62,101</u> 120% HMI
Single family home price of \$200,000 or about \$1,363/mo.	<u>\$58,420</u>	\$60,000		
3-bedroom rental cost of \$1,450/mo.	<u>\$58,000</u>			
Median condo sales price of \$197,000 or about \$1,287/mo.	<u>\$55,155</u>		<u>\$55,015</u> – Average Frontier District Teacher Salary (2011)	
		\$55,000		<u>\$51,751</u> 100% HMI
		\$50,000	<u>\$47,617</u> – Average Deerfield Police Patrolman Salary (2013) <u>\$45,935</u> – Average Manufacturing Job Salary (2011)	
		\$45,000		<u>\$41,401</u> 80% HMI
2-bedroom rental cost of \$925/mo.	<u>\$37,000</u>	\$40,000	<u>\$38,482</u> – Average Town Highway Mechanic Salary (2013) <u>\$35,975</u> – Average Franklin County Wage (2011)	
		\$35,000	<u>\$33,471</u> – Average Town Administrative Assistant Salary (2013)	
1-bedroom or studio rental cost of \$700/mo.	<u>\$28,000</u>	\$30,000	<u>\$25,131</u> – Average Health Care and Social Assistance Job Salary (2011)	<u>\$25,876</u> 50% HMI
		\$25,000		
		\$20,000	<u>\$16,686</u> – Full-time Minimum Wage Salary (2013)	<u>\$15,525</u> 30% HMI
		\$15,000		

** Single family home and condo prices are based on actual sales in Franklin County from March 21, 2012 through August 1, 2013 according to MLS listings. Over this time period there were 48 single family home sales, and 10 condo sales. Monthly single family home and condo costs are based on the following:*

- *30 year mortgage*
- *10% down payment*
- *5% interest*
- *Property tax at the 2013 Deerfield rate of 13.44 per \$1,000; and*
- *Homeowners insurance and PMI as calculated using the Greenfield Savings Bank mortgage qualifier tool: https://www.greenfieldsavings.com/s_tools.htm. Income needed was based off of this tool, which uses a 28% debt-to-income ratio that banks normally use to qualify mortgage applicants*

Monthly rental costs are estimates based on rental listings on <http://westernmass.craigslist.org/> on March 21, 2013, and August 1, 2013. Some rentals did include utilities, others did not. Incomes needed for rental units were based on a household spending no more than 30% of their monthly income on housing costs (including utilities).

***HUD Income Guidelines are not adjusted for household size.*

Sources: MLS Property Listings from March 21, 2012 to August 1, 2013, <http://www.mlspropertyfinder.com/search>; rental listings in Deerfield as listed on <http://westernmass.craigslist.org/> on March 21 and August 1, 2013; 2013 FRCOG Municipal Employment Wage and Salary Survey, <http://www.frcoq.org/pubs/general/misc/WSSurvey2013.pdf>; 2010-2011 MA Department of Education Teacher Salaries Report by District, http://profiles.doe.mass.edu/state_report/teachersalaries.aspx; MA Executive Office of Labor and Workforce Development 2011 ES-202 Employment and Wages data, http://lmi2.detma.org/lmi/lmi_es_a.asp.

Appendix B – Affordability Analysis Methodology

The following steps explain how the supply of affordable units available to each of the income groups in Franklin County were determined and the assumptions that went into the analysis.

1) *Determine affordable monthly housing costs for the target population.*

The first step in determining supply was to figure out what the maximum affordable monthly housing costs would be for each income cohort. This was done using each cohort's top income limit. As an example, consider the maximum income limit for the Moderate Income cohort, which is \$49,999. First, this annual household income value had to be translated into monthly household income:

$$\text{\$49,999 per year} / 12 \text{ months} = \text{\$4,166 per month}$$

Next, 30% of this value was taken to find the maximum affordable monthly housing costs:

$$\text{\$4,166 per month} * 0.30 = \text{\$1,250 per month}$$

This was done for all of the income limits and resulted in a translation of the cohort boundaries from annual household incomes to monthly housing costs. A comparison of these values with monthly housing costs and rental costs can now be made.

2) *Calculate the number of affordable rental units in each cost range.*

The 2007-2011 American Community Survey (ACS) conducted by the Census Bureau provides the number of rental units within predetermined ranges of gross rents (contract rent plus estimated utility costs) (B25063). This data includes housing that is subsidized. The goal of this step was to reconcile the ACS' ranges with the five housing cost ranges that were determined in the above step. Units for ACS ranges that fit within the cost ranges were tallied and assigned to the appropriate number of units in the cost range. For example, the ACS range of \$500 - \$599 fits completely within the cost range \$375 - \$625, the cost range associated with the Very Low Income cohort. All of the units in that range were assigned to that cohort. When the ACS range overlapped a boundary of the cost range, proportional interpolation based on the assumption of a uniform distribution was used to allocate the units. For example, the ACS range of \$600 - \$699 overlaps the boundary of \$625. To determine how many of the units in this ACS range are distributed between the Very Low Income and Low Income cohorts, the following steps were taken:

1) First, the percentage overlap of the ACS range with the Very Low Income cohort was calculated:

\$600 - \$699 = \$99 ACS Range
\$625 - \$699 = \$74 overlap with the Low Income cohort
 $\$74/\$99 = .74$ (74%) overlap with the Low Income cohort

This proportion of overlap with the ACS range was used to assign that proportion of units from the ACS range to the Low Income Cohort. The remaining units in the cohort (26%) were assigned to the Very Low Income cohort.

3) *Calculate the number of affordable owner-occupied units in each cost range.*

Calculating the number of owner-occupied units in each cohort was done by using the ACS data on Mortgage Status & Selected Monthly Owner Costs (B25087). This data includes housing that is subsidized. The calculation used to allocate the proportional overlap for rental units in Step 2 was repeated here for owner-occupied units. Note: the ACS data used for owner-occupied units does not include households that do not have mortgages. These households tend to be older and have fixed incomes. As a result, they may be underrepresented in this analysis. The total number of owner-occupied households that do not have mortgages is 7,112.

4) *Determine the gross total supply of units.*

The next step was to simply add up the total number of affordable rental units and owner-occupied units for each income cohort to obtain the gross total number of affordable units for each cohort.

5) *Determine the net total supply of units.*

Subtract the number of subsidized affordable units from the gross total supply of units to obtain the net total supply of units.