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Executive Director

MINUTES OF THE REGIONAL ISSUES COMMITTEE - Draft

March 28, 2018

*At Berkshire Regional Planning Commission Office
1 Fenn Street, Ste. 201, Pittsfield, MA 01201*

I. Call to Order

The meeting was called to order at 4:00 p.m. by Chair Mullen.

The following Committee Members were present:

James Mullen, New Marlborough (Chair)
Larysa Bernstein, North Adams
Bob Bott, Mt. Washington
Andrew Groff, Williamstown
Kyle Hanlon, North Adams
Sarah Hudson, Tyringham
Sheila Irvin, Pittsfield
Pam Kueber, Lenox
Gwen Miller, Lenox
Marie Raftery, Stockbridge
Chris Rembold, Great Barrington

Others Present:

Justine Dodds, City of Pittsfield OCD
Andy Hogeland, Williamstown, Select Board
Chris Kluchman, Housing Choice Program Director, Massachusetts DHCD
Deanna Ruffer, City of Pittsfield OCD
Sarah Trench, CDC of South Berkshire

Staff Present:

Pat Mullins, Community Development Program Manager
Tom Matuszko, Assistant Director
Nat Karns, Executive Director

II. Approval of January 24, 2018 Meeting Minutes

Upon a motion by Sarah Hudson, which was seconded by Chris Rembold, the minutes were approved as presented with two abstentions.

III. Election of Vice Chair for Regional Issues Committee for Remainder of FY 2018

Upon a motion by Kyle Hanlon, seconded by Chris Rembold, Pam Kueber was nominated to fill the vacant Vice Chair position for the remainder of FY 2018. The motion carried unanimously.

IV. Massachusetts Housing Choice Program

Chris Kluchman, Housing Choice Program Director at Massachusetts DHCD, made a presentation regarding the housing challenges faced by Massachusetts, with some facts highlighting Berkshire County. Housing production had been around 30,000 units per decade in the 1960's through 1980's and then fell to less than 20,000 units or less from the 1990's on. Housing prices statewide are higher than the rest of the U.S. and rents are the seventh highest of any state. These numbers indicate a lack of supply of housing. Supply has been constrained because of zoning and for a variety of other reasons. She complimented the Fair Housing Equity Analysis done as part of the *Sustainable Berkshires* plan and uses it as a best practice. She understands the dynamics of Berkshire County's housing market and that it is different from the rest of the state and even has differences between the northern and southern halves of the region.

Demographic trends contribute to the housing problem. The baby boom generation, those currently between 54 and 76 years of age, are a very large group of people. The millennials essentially are an echo of the baby boom and are the younger workforce needed to replace the baby boomers. There are more elderly than there ever have been and the Berkshires has a larger share of elderly than most of the rest of the state. The statewide median age is 39.5 years; only one community in the Berkshires is less than that (Williamstown at 27.4 years); all other communities are above the statewide median with most being more than 10 years older on average. These major trends have implications for many things such as housing needs and work force.

The need for replacement workers with the wave of baby boom retirements is very important and those incoming workers need housing. There is a relative lack of younger workers, especially in Berkshire County, to replace the older workers who will be retiring. Middle income workers often cannot afford to live in the communities they work in. Exacerbating this problem is that households have continually become smaller so more housing units are needed even if the population is stable or declining.

Looking at types of housing, Berkshire County has a higher percentage of homeowners (68%) than statewide (62%). Single family homes predominate in the county, more so than is the case statewide, and larger (10+ unit) multi-family residences are less common than across the state. The rental and homeownership vacancy rates in the County are higher than for most of the state but are still considered low by normal standards where a 4-6% vacancy rate for rentals is considered "normal." The Berkshire rental rate is currently 3.2%. Rents have increased considerably in the County with rents of \$1,000-1,249 being the average. Many households are considered cost-burdened, paying 30-50% of their income for housing. This isn't a big surprise for lower income households (less than \$50,000 income annually) but are seeing this increasingly for households earning \$50,000-\$75,000).

The business community across the state is indicating that lack of affordable housing close to employment is a significant problem to them in recruiting workers. They cannot get people to accept jobs and move here because they cannot afford the available housing. Berkshire County has the highest percentage of resident workforce of any county in the state (92%). Our industry mix is fairly similar to the rest of the state but have a higher percentage in service industries. Given the distances that residents of more isolated towns must commute, we are not immune to long commutes.

Berkshire communities are taking positive steps for housing; examples are the housing rehabilitation programs in Adams, the adoption of 40R districts in Lee and Great Barrington, and the support of affordable housing with CPA funds in Williamstown. Actions that are going on elsewhere across Massachusetts include shared housing services, revised multi-family zoning, donation of municipal land for affordable housing, use of surplus state land for multi-family housing, approval of mixed use retail and residential development, and approval of a mixed use 40R development.

The Housing Choice program is intended to encourage communities to do the right things to encourage more housing. But not every community is the right place. So the program is structured somewhat similarly to Green Communities and Complete Streets. Based on building permit data, Housing Choice Communities can be designated if over the past five years they have achieved greater than a 5% (or 500 unit) net increase in new housing units or have achieved a 3% (or 300 unit) increase and have adopted at least 4 of 9 best housing practices. They must have a current Community Compact and cannot have a current Housing Moratorium. For communities that cannot achieve the 5% or 3% requirements, there are technical assistance programs available and if the Governor's legislation passes, will be able to adopt housing zoning best practices with a simple majority vote. There was clarity provided regarding a "certified Housing Production Plan"; certified means that a community has seen net growth in housing of an increase in housing units of at least .5% in one year or 1.0% over 2 years, after having a Housing Production Plan approved by DHCD.

Housing Choice applications are due by April 30th. Once approved, communities can receive capital grants which can be for an array of things which do not have to focus on housing. The grants will be for up to \$500,000. Housing Choice approval is good for two years. Ms. Kluchman acknowledged that most of western Massachusetts is seeing lower growth and not seeing much housing production and therefore may not benefit. The Administration has included a provision for

smaller communities with a population of 7,000 or less, even if they do not meet the 3% or 5% growth. They too must have current Community Compacts and cannot have current Housing Moratoria to be eligible for a separate \$1.0 million allocation of grant funds. The grants for these smaller communities will open in May with decisions in the fall. They will be eligible for capital grants of roughly \$100,000.

Ms. Kluchman discussed a proposal that members of the Rural Policy Advisory Commission had submitted which called for different thresholds for slow growth/declining population communities. The members had been concerned that since the Housing Choice communities were being promised bonus points, this would place communities which were not seeing growth due to being in weaker markets at a competitive disadvantage. She indicated that good projects for the various grant programs effected would still be good projects. Nat Karns indicated that this proposal was intended to be achievable and that communities could take positive steps, even with relatively few resources. It is based on the knowledge that these communities are not seeing growth because they are not seeing job growth. If they are making efforts, they shouldn't be penalized. These communities are not seeing housing growth except, in some cases, second homes and then one must question how much of that housing is actually for workers. Chris indicated that the Administration is focused on all housing and that any production is going to help the situation.

Deanna Ruffer stated she feels that this program penalizes the urban centers who are not seeing growth. They are basically not eligible for consideration, even though they have already adopted and implemented the best practices. The bonus points provided to Housing Choice communities will make a difference in competitiveness for MassWorks and other grant programs. Chris Kluchman responded that other cities are in the same position and Deanna responded that all of them have been left out and face high infrastructure costs.

Chris Kluchman asked how many communities are over the 10% threshold for affordable housing? North Adams and Stockbridge are over the 10%; Great Barrington, Pittsfield, Williamstown and Adams are all fairly close.

Gwen Miller commented that not having the capital grants focus on housing is different from how both Green Communities and Complete Streets programs work. For those, the grants implement projects focused on green energy or complete streets; for Housing Choice the work doesn't have to implement housing projects which seems odd. Chris responded that the philosophy was that growing communities have a lot of capital needs.

Pam Kueber commented that it appears that 28 of the 32 communities in the Berkshires have no chance to be designated Housing Choice. Housing Choice provides priority access to many grant programs and slow growth communities should not be penalized. Chris pointed to the proposal under consideration from a few members of the Rural Policy Advisory Commission. Deanna Ruffer felt that that proposal, if accepted, would give the rural communities consideration two ways: first because the special grant program for small towns and second through this new set of criteria. How about something for the more urban communities with slow growth? She pointed out that all of the grant programs under the Housing Choice bonus have significantly more applications than they can fund so the more urban communities will lose out. Housing Choice has left all the struggling former manufacturing communities out; in our region that includes Pittsfield, North Adams and Adams.

Chris Kluchman indicated that they would consider other proposals for modification of the program. Deanna indicated that she believed MMA may be developing a proposal. Pam indicated that using a term like "slow growth" or "weak market" communities paints a dismal picture and a new term such as "revival opportunity community" is needed. Chris Kluchman indicated that the Housing Choice program and legislation is one of Governor Baker's top three priorities. But she hears the feedback that this is not meeting our needs. Jamie Mullen asked if the Housing Choice Program informing the legislation which has been introduced. Chris responded that they are a package but the legislation is a different approach.

Chris Kluchman indicated that MassHousing has a new program for "Planning for Production." It provides people to provide technical assistance to communities and information may be found on MassHousing.com. There is a lot of technical assistance being provided to communities and the regional planning agencies are a good resource. Part of her job is to create better information on what technical assistance is available and a data base on who is using and providing it. She did ask that all present check with the building official or town clerk about whether they are filling out and submitting the annual building permit survey to the U.S. Census. Because either due to errors in how the form is being filled out or, in some cases, not being filled out at all, the information which is being relied on to document housing production, which is also used to develop annual population estimates by the Census Bureau, we actually don't know how many units are actually being built.

The legislation focuses on eliminating the supermajority voting requirement in the Zoning statute for housing related zoning. Massachusetts is the only New England state and one of a relative few across the US that requires a supermajority vote on zoning. The bill is H.4290, which has been reported out of the Housing Committee and given a

new bill number. For any of the housing-related practices spelled out in the bill the voting requirement to adopt drops from 2/3 to simple majority. All other zoning changes would continue to require a 2/3 vote. The Housing Committee made one modest change to stipulate that new multi-family development within ½ mile of rapid transit requiring a special permit would require only a simple majority vote of the permit granting authority rather than the current 2/3. The other item in the bill is if there is a housing development in one community but for which another community bears the impacts, revenue sharing agreements may occur through an Inter-Governmental Agreement (currently must obtain special legislation).

For designated Housing Choice communities, this year's capital grants application will open up on May 7th. There is a total of \$7.5 million available this year, with \$1.0 million of that for communities of less than 7,000 people.

Bob Bott stated that in much of Berkshire County there is an adequate supply of housing but the real issue is job growth. If you don't have job growth, there isn't a need for much more housing. Does the Governor have a program that will create jobs in Berkshire County? What is being done to create jobs? If have jobs, then housing will follow. Deanna Ruffer indicated that the urban centers are housing many of the workers for the county.

Chris Kluchman indicated that there are many other programs which provide for economic development. Deanna Ruffer indicated that for the programs which help create jobs, such as MassWorks, the urban center communities will be less competitive.

Chris Rembold requested clarification on the census data being used. Chris Kluchman responded that the 2010 U.S. Census housing unit count is the denomination. The building permit data reported to the Census Bureau annually is the numerator and is the last five years of growth available (so currently 2013-2017). The small town population number is from the Census Bureau latest estimates.

Nat Karns asked if the eligibility for the small town grant program included having to meet the 3% or 5% target? Chris Kluchman responded that the small towns didn't have to meet those targets, it is purely based on their size. The grant criteria for the small town program is not yet available. Nat Karns opined that give the number of small towns eligible, versus the amount available, this will be a very competitive grant program.

Pam Kueber questioned what the millennials will do with the housing stock? The baby boomers will be around for a while and longer but ultimately all those houses will become available. Will the millennials snap them up or are they the wrong type of housing?

In closing the discussion, Jamie Mullen indicated that the next Regional Issues Committee would focus on formulating comments to forward to the Administration and the legislature and we should come up with Berkshire County specific concerns and comments.

V. Next Committee Meeting Date

The next meeting was scheduled for 4 p.m. on Wednesday, April 25th. The meeting will focus on developing comments on the Housing Choice Program.

VI. Adjournment

Upon a motion by Kyle Hanlon, seconded by Sarah Hudson, the meeting was adjourned at 5:30 p.m.

Material Sent or Provided to the Committee

- Agenda for March 28, 2018 Meeting
- Draft Minutes of the January 24, 2018 Regional Issues Committee Meeting
- Housing Choice Initiative explanatory material
- An Act to Promote Housing Choices
- Housing Choice Application Packet
- Provisions of Governor's Housing Choice Legislation Compared to BRPC Position on Earlier Land Use Legislation
- Power Point Presentation to Regional Issues Committee – 3-28-2018