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EXECUTIVE SUMMARY

The City of Beverly has made significant progress in providing affordable housing opportunities for its residents, now well past the state's affordability goal of 10% of its year-round housing stock, at 11.8% as of May 23, 2016. Despite this level of affordability, City officials and other housing stakeholders recognize that additional housing is needed to address still unmet community housing

A HUD report based on census estimates suggests that about 35% of all Beverly households were spending too much on their housing including almost 17% spending more than half of their income on housing costs.

The report further suggested that there were 5,715 households (37% of all households) earning at or below 80% of area median income (up to \$73,050 for a household of 4) with 68% spending more than 30% of their income on housing and 40% spending more than half of their income on housing costs.

needs. These officials have also identified some notable shifts in the local housing dynamic. For example, housing prices have been increasing and are now close to surpassing pre-recession levels, thus widening the gap between housing prices and what residents can afford. This widening affordability gap has caused many households to pay far too much of their income on housing costs, whether it be for rental or homeownership.

There has also been a significant resurgence of developer interest in residential development, particularly in or near the Downtown. While this new investment can certainly be viewed as a positive sign of Beverly's growing economic health and a strengthening housing market, it also suggests a heightened need to proactively guide new development to appropriate locations and target populations.

The City has therefore embarked on a process to prepare this Community Housing Plan that will document current and growing priority housing needs, assess current housing regulations and partnerships, and identify new or modified strategies to address unmet housing needs, also recommending how the City can strategically invest its local resources in its future housing agenda. The establishment of an Affordable Housing Trust will assist the City in managing the implementation of this new Housing Plan in coordination with other City departments, boards and committees as well as other important housing stakeholders such as the Beverly Housing Authority, non-profit housing developers and services providers, and for profit development companies.

Sections 2 through 5, which follow, comprise a Housing Needs Assessment which is a major component of this Community Housing Plan. They present an overview of demographic, economic and housing characteristics and trends for the City of Beverly and also provide the context within which a responsive set of strategies have been developed to address identified housing needs.

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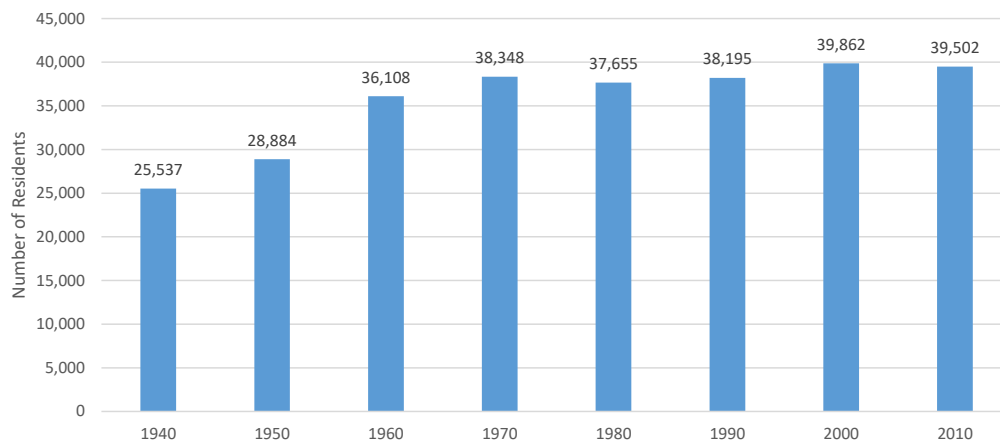
SUMMARY OF SIGNIFICANT DEMOGRAPHIC, ECONOMIC AND HOUSING CHARACTERISTICS AND TRENDS

Tables 1 and 2 in Appendix 3 summarize demographic, economic and housing characteristics in Beverly and compares this information to that of Essex County and the state based on the 2010 census figures and 2014 census estimates from the U.S. Census Bureau’s American Community Survey (ACS). This information, as well as other data from Sections 3 and 4, indicates the following notable community trends:

Demographic Trends: Relatively stable population of about 40,000 residents with significant projected demographic shifts to fewer children, more alder adults and increasing numbers of smaller, non-family households.

- After a major growth spurt between 1940 and 1970, Beverly’s population has remained relatively stable with some limited declines. As indicated in Figure 1-1, Beverly’s population has remained fairly flat, hovering close to 40,000 residents over the past few decades, and Metropolitan Area Planning Council (MAPC) projections suggest limited future growth.

FIGURE 1-1: POPULATION GROWTH, 1940 TO 2010



An increasingly aging population and more single-person households suggest the growing need for smaller housing units. An expanding senior population will also require more supportive services to remain independent such as those provided by the Council on Aging as well as assistance with home maintenance needs.

- The population is losing younger residents and gaining older ones. Beverly has proportionately fewer children than the county and state and a somewhat larger percentages of older adults despite a comparable median age of 40.4 years.
- Population projections from the Metropolitan Area Planning Council (MAPC) suggest even further declines of children and increases in those 65 years of age or older, from 14.6% of all residents in 2010 to 22.8% by 2030 or by 3,736 residents.

- *There was a 46% growth in the 18 to 24 age range between 2000 and 2014*, largely a consequence of increasing college enrollments.
- *Very little racial diversity* as minority residents represented only 5.8% of the city’s population in 2014 compared to about 20% for the county and state.
- *Growth in the number of households has been substantially higher than overall population growth.* While Beverly’s population grew by 5.7% between 1990 and 2014, the percentage of households increased by 7.6%.
- *Family households decreased* from 67% of all households in 1990 to 58.4% by 2014, lower than 66.7% and 63.6% for the county and state, respectively. The trend towards fewer families and more non-family households¹ is more typically the norm in more affluent communities, such as Beverly, which are also experiencing increases in older adults.
- *Trend towards smaller households.* The average household size decreased from 2.48 to 2.35 persons between 1990 and 2014, in line with expected trends towards more “child-free” and “child-delayed” families and especially increases in empty nesters. Beverly has more single-person households spread across all ages, at 31.4% of all households in 2014 compared to 27.7% for the county and 28.8% for the state.

MAPC projections indicate that the number of households will increase by another 12.4% between 2010 and 2030, more than double the projected 5.8% population increase. This is due to projected increases in smaller families and non-family households, largely driven by an aging population.

Economic Trends: Rising income levels but also increasing income disparities, including some growth in poverty.

- *Somewhat higher income levels* as the 2014 median household income was \$73,980 in Beverly compared to \$68,776 and \$67,846 for the county and state, respectively. On the other hand, Beverly’s median household income level was lower in comparison to most of its neighbors including \$77,404 in Danvers, \$108,558 in Hamilton, \$89,185 in Essex, \$89,313 in Manchester, and \$116,865 for Wenham, however it was significantly higher than \$59,044 in Salem and \$60,229 in Gloucester.
- *An estimated 37% of all households are earning at or below 80% of median income for the Boston area*, which includes Beverly, and thus based on income alone could potentially be eligible for government housing assistance.
- *Significant income disparities* as one-third of renters earned within \$25,000 in 2014, more than three times the percentage of homeowners in this income range. On the other hand, more than half of the homeowners earned more than \$100,000 compared to only about 11% of renters. The disparity of incomes from renters and homeowners is also reflected in median income levels of \$37,872 and \$103,098 respectively. Moreover, while the median income for owners increased by 53% between 2000 and 2014, it increased by only 7.5% for renters.

The relatively lower income levels of renters makes it very challenging for these households to qualify for even affordable housing when it is targeted to those earning up to 80% of area median income or to \$51,150 for a single-person household and \$65,750 for those with three persons.

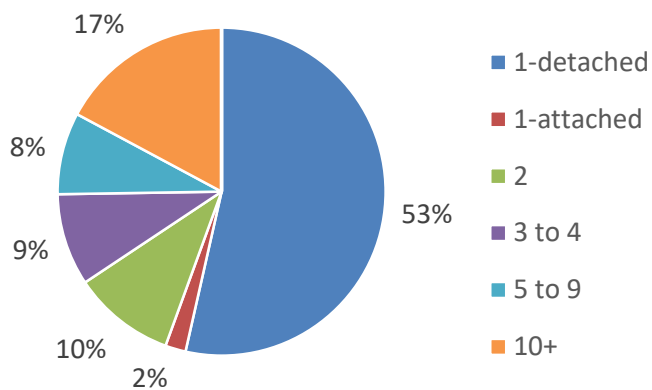
¹ Includes individuals and unrelated household members, referred to by the U.S. Census Bureau as nonfamily households.

While the overall community has become increasingly more affluent over the past several decades, with those earning more than \$100,000 increasing from 7.1% in 1989 to 36% by 2014, there remains a very vulnerable population living in Beverly with limited financial means. In 2014, 18.8% of all households earned less than \$25,000, only a bit lower than 19.5% for the county and 20% for the state.

- *Some increases in poverty.* Poverty, while comparably low to county and state levels of 11.3% and 11.6%, respectively, has fluctuated significantly over the past several decades but in general has grown from 6.4% in 1989 to 8.6% by 2014, involving 3,472 residents.²

Housing Trends: There has been a slowdown of housing growth with some remaining affordability in the private housing market, threatened by rising prices and a significant recent upsurge in development.

FIGURE 1-2: DISTRIBUTION OF UNITS PER STRUCTURE, 2014



- *Very limited recent housing growth* at 3.1% between 2000 and 2014, less than half the 7.2% rate for Essex County and 7.4% statewide. However, *relatively recent developer interest is poised to boost the housing supply considerably, including the integration of some housing affordability because of the City's inclusionary zoning ordinance.*
- *Fairly comparable level of owner-occupancy* at 61% of all units as opposed to 63% and 62% for the county and state, respectively.

The lowest internet rental listing for a two-bedroom apartment was \$1,300 in May 2016. This rent would require an income of about \$59,000, assuming \$175 in monthly utility bills and housing expenses of no more than 30% of household income. This means that the median income earning renter household (\$37,872), who can afford a rent of about \$772, faces a monthly affordability gap of more than \$800. Landlords also often require first and last month's rent up-front plus a security deposit that often adds to this affordability gap.

- *Somewhat higher multi-family housing* with about 35% of all Beverly's units in structures of three (3) or more units as opposed to about 31% levels for the county and state.

Somewhat higher single-family house prices. To afford the \$385,000 median house price, a household would have to earn approximately \$98,500 with 5% down, and about \$79,750 with a 20% down payment. The median condo price was \$235,000 as of the end of 2015, requiring an income of approximately \$66,500 with 5% down and \$57,400 with the 20% down payment³.

- *The median rent of \$1,068 in 2014 is relatively comparable to those of the county and state at \$1,063 and \$1,088, respectively.* It is also important to note that the census count includes 1,910 subsidized units, representing about 30% of all rental units in Beverly, thus making the median rent level appear more affordable than it really is.

² The federal poverty levels for 2016 were \$11,880 for a single individual and \$20,160 for a family of three (3).

³ Figures based on interest of 4.0%, 30-year term, annual property tax rate of \$14.39 per thousand, insurance costs of \$6 per thousand for single-family and two-family homes and \$4 per thousand for condos, and estimated monthly condo fees of \$250. Figures do not include underwriting for Private Mortgage Insurance (PMI) in calculations involving the 20% down payment but include PMI in the 95% options based on 0.3125% of the mortgage amount.

- *The affordability gap for single-family homes was \$88,000, based on the difference between what a median income household could afford of \$297,000 (for an average household of three and 95% financing) and the median house price of \$385,000. The gap decreased to \$50,000 based on 80% financing and the ability to afford the upfront cash requirements for the down payment and closing costs of at least \$70,000, something most first-time homebuyers are typically challenged to provide.*
- *The affordability gap for those earning at 80% of area median income (\$65,750 for a household of three for example) widens to about \$121,500, the difference between the median priced single-family home of \$385,000 and what a three-person household earning at this income level can afford, or \$263,500 based on 95% financing. The gap decreases to \$87,000 with 80% financing but once again the purchaser must have the upfront cash of approximately \$65,000 available which effectively adds to the affordability gap.*
- *There is currently no affordability gap for condos as a median income earning household can afford the median condo price of \$235,000 under both the 80% and 95% financing options. There is a small \$18,000 gap however in the 95% financing example for those households earning at or below 80% AMI where a household earning at this limit could afford no more than \$217,000.*
- *There is some significant affordability in Beverly’s housing market as there were 496 single-family homes and 775 condos affordable to those earning at or below 80% of the area median income (AMI) for a total of 1,271 units or 12.9% of all these units. More than half of the condos were affordable to those within this income range. It is likely however, that many of these units are small and/or in relatively poor condition.*

TABLE 1-1: COST BURDENS BY TENURE, INCOME AND TYPE OF HOUSEHOLDS

Type of Household	<30% AMI	30-50% AMI	50-80% AMI	80-100% AMI	>100% AMI	TOTAL
Renters						
Elderly	55/205	110/95	85/0	0/0	10/0	335/395
Small Family	130/300	165/80	125/25	55/0	0/0	400/310
Large Family	0-35	0/0	0/0	20/0	0/0	20/35
Other	45/565	70/45	160/0	100/0	0/0	375/610
Total Renters	230/1,105	345/220	370/25	175/0	10/0	1,130/1350
Owners						
Elderly	105/200	160/55	90/85	40/45	90/15	485/400
Small Family	0/145	35/60	145/95	170/30	425/100	775/430
Large Family	10/0	10/35	20/0	0/10	160/0	200/45
Other	10/105	10/65	35/85	35/55	185/15	275/1,200
Total Owners	125/450	215/215	290/265	245/140	860/130	1,735/1,200
TOTAL	355/1,555	560/435	660/290	420/140	870/130	2,865/2,550

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey, 2012 (the latest report available). ** First number is the number of households paying between 30% and 50% of their income on housing (with cost burdens)/ the second number includes those paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. "Other" renters or owners are non-elderly and non-family household, largely single individuals under age 62. NOTE: This HUD report uses Median Family Income (MFI) which is the equivalent to Area Median Income (AMI) which is used throughout this document for consistency.

More than one-third of Beverly's households are spending too much on their housing, including 560 households earning between 80% and 100% of area median income and another 1,000 households earning above median income or \$98,100 for a four-person household. Still those with the most severe cost burdens are clustered in the lower income ranges.

- *High housing cost burdens.* A special report from the U.S. Department of Housing and Urban Development (HUD) suggests that about 35% of all Beverly households were spending too much on their housing including almost 17% spending more than half of their income on housing costs.

Table 1-1 summarizes this HUD report by indicating how many have cost burdens (spending more than 30% of income on housing costs)/severe cost burdens (spending more than half of one's income on housing costs) by tenure, income range, and type of household.

This data demonstrates that many residents in Beverly are struggling to pay for their housing while prices continue to rise. The numbers of those paying more than half of their income on housing is particularly concerning for those earning at or below 30% AMI, involving 61% of all those with severe cost burdens. A more detailed summary is included in Table 5-20.

SUMMARY OF HOUSING NEEDS

Given the substantial numbers of residents who are paying too much for their housing and gaps between the incomes and market values of existing housing, there is a pressing need to produce more subsidized housing units in Beverly. One of the major obstacles to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by increasing housing prices in tandem with limited local, state and federal subsidies.

The City needs to continue to work with public and private sector stakeholders to devise and implement strategies that preserve and improve existing housing and produce additional community housing options. It should be noted that specific strategies to meet unmet housing are detailed in Section 7.

Based on input from a wide variety of sources including census data, market information, interviews with local and regional stakeholders, community input (including a public forum and Community Housing Survey), as well as prior planning efforts, the following housing needs have been identified:

***Rental housing needs***

Both rental and ownership housing are needed to encourage a mix of housing types in response to diverse housing needs. There is however a more pressing need for rental units for those with lower-paying jobs, many in the area's service economy, who are encountering serious difficulty finding housing that is affordable in Beverly. Because state housing subsidy funds are almost exclusively directed to rental housing and because the City places the highest priority

on meeting the housing needs of its most financially vulnerable citizens, this Housing Plan identifies the creation of new rental units as particularly compelling for seniors, non-elderly individuals, and families.

Calculations in Table 5 of Appendix 5 estimate that there is a shortage of 2,480 rental units based on the numbers of those who are spending too much for their housing, including 1,350 renter households who are spending more than half of their income on housing. These severely cost burdened renter households include 395 seniors, 345 families and 610 non-elderly single individuals.

It is interesting to note, and maybe somewhat surprising, that the highest number of those renter households earning at or below 80% AMI with cost burdens are single non-elderly individuals, comprising 690 residents or 69% of all such households.

The need for more subsidized housing is also indicated in the long waits for public housing units, as long as 5 years for seniors in state-supported housing, 2 years in federally-funded units; as well as at least 2 years for families.

New ownership opportunities

Efforts to provide starter homes for first-time homebuyers who are priced out of Beverly's housing market should be promoted. Also providing more appropriate housing for empty nesters will better match seniors to their current lifestyles, enable more seniors to remain independent in less isolated settings, and open up larger homes to families.

Many homeowners are also struggling financially. For example, 1,200 homeowners were spending more than half their income on housing, including 400 seniors, 475 families and 325 non-elderly single individuals.

Integrate handicapped accessibility and supportive services into new development

Handicapped accessibility and supportive services (Council on Aging programs that include in-home support, transportation, social activities, assisted living options, etc. as well as programs to help with home maintenance needs) to help seniors remain independent in their own homes should be integrated in at least 10% of the new units that are created. This is particularly important in light of an increasing population of older adults as the baby boomers age.

Provide resources to improve substandard housing

Because 41% of Beverly's housing stock was built before World War II and a total of 82% were built prior to 1980, many units are likely to have deferred maintenance needs, including the presence of lead paint that can be hazardous to children, as well as other health and safety problems. Programs that provide low-cost financing for necessary home improvements and emergency repairs will help stabilize households while improving housing and neighborhood conditions.



Based on a confluence of community trends including an increasingly aging population, growing poverty, rising housing costs, and high cost burdens, many Beverly residents are struggling to make ends meet and remain in the community. It should be recognized that other costs besides housing also deeply impact Beverly residents and their quality of life. Certainly health and transportation costs are major cost items and an unexpected car repair bill or major health problem can push financially vulnerable residents towards homelessness.

SUMMARY OF DEVELOPMENT ISSUES

While Beverly has surpassed the state's 10% affordability threshold under Chapter 40B, moving the City's housing agenda forward still involves a number of considerations as discussed below.

- *Environmental Concerns*
Beverly has historically been protective of its diverse natural assets setting a high priority for preserving its shoreline, water resources and open space. The City has been involved in numerous projects to protect these natural amenities and will continue to do so, implementing actions that are detailed in its 2015 Open Space and Recreational Plan for example.
- *Zoning*
As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. It is also typical that zoning can significantly constrain the production of affordable housing, particularly through large minimum lot size requirements and limits on higher density, multi-family development. Beverly continues to fine-tune its Zoning Ordinance to guide residential and economic development activities to appropriate locations and insure the inclusion of affordable housing.
- *Infrastructure*
There still remains a small part of the community that relies on wells, septic systems or both. These areas are primarily located near or in the City's watershed areas and require protection. Attention also needs to be paid to the City's aging water distribution system as well as drainage issues given the City's 12 miles of coastline.
- *Rising Property Values*
Rising rents and home values are widening affordability gaps between residents' incomes and housing costs, creating the need for greater amounts of subsidy to fill gaps and causing many in the community to pay far too much for their housing.
- *Transportation*
While Beverly is blessed with 2 commuter rail lines and 5 stations, it nevertheless needs to continue to mitigate congestion, improve handicapped accessibility, and preserve resident parking opportunities, also directing development to areas that are closer to commercial areas and commuter rail.
- *School Enrollment*
Improvements to local schools and greater opportunities for empty nesters to downsize, thus opening their homes to families, have been among the reasons for increasing enrollments and potential future school capacity issues.

- *Availability of Subsidy Funds*
Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Beverly's Community Preservation Fund and Affordable Housing Trust Fund provide important local resources to leverage other public and private financing and make local development financially feasible.
- *Community Perceptions*
In most communities opposition to affordable housing is more the norm than the exception. Ongoing community outreach and education will continue to be necessary to acquaint residents with housing needs and garner local support and ultimately approvals for new housing initiatives. Consequently, a robust community outreach process was implemented during the course of preparing this Housing Plan to provide important opportunities for residents and housing stakeholders to obtain updated information on housing issues and provide input on local housing priorities.

SUMMARY OF HOUSING STRATEGIES

This Community Housing Plan provides specific strategies to help Beverly residents along a wide range of incomes with their housing needs, better stabilizing them financially while also improving Beverly's downtown and neighborhoods. These strategies are based largely on the housing goals included in Section 7 of this Housing Plan, the housing needs summarized in Section 5.7, past and current local housing initiatives and resources, and an extensive community outreach process.

Short Term Strategies: 1-2 Year Implementation

- *Operationalize the Affordable Housing Trust*
The City is establishing a Municipal Affordable Housing Trust Fund pursuant to MGL Chapter 44, Section 55C that will manage funding from the payments that have accumulated from the City's inclusionary zoning ordinance as well as other funding. The Trust will be instrumental in supporting the implementation of this Community Housing Plan.
- *Conduct Ongoing Community Education and Outreach*
A major objective of this planning process was to generate greater civic engagement on the issue of housing and establish a broad constituency to advocate for the implementation of this Housing Plan. The City is committed to continuing this important process.
- *Adopt Rezoning of the Bass River Area*
With initial grant funding, the City embarked on a process to develop a vision and recommendations for creating more compact, mixed-use development in the Bass River area, including economic development activities, waterfront access and housing.
- *Consider Modifying the Accessory Apartment Ordinance*
Beverly's Accessory Apartment Ordinance limits occupancy of accessory units to family members. Because these units address many public policy benefits, the City will explore opportunities to amend zoning to better promote these units.
- *Reintroduce the Housing Rehabilitation Program*
This Housing Plan indicates that there remains a significant need for resources to help homeowners maintain their property, particularly given the prevalence of older, historic housing in many Beverly neighborhoods. Beverly received funding in the past to administer a Housing Rehabilitation Program and should continue to seek resources to reintroduce it.
- *Explore Modifications to the Inclusionary Zoning Ordinance*
Beverly's Inclusionary Zoning Ordinance has effectively raised almost \$1 million but has also created affordable units as part of private development. This Plan makes recommendations for amending the Ordinance to better address public policy objectives.

- *Pursue Further Opportunities for Multi-family Housing including Mixed-Use and Transit-oriented Development*

In the context of good city planning and smart growth, the likely location for denser development, certainly for providing housing for smaller households and seniors, is in commercial areas and near transportation. This Housing Plan provides recommendations for continuing to promote such development.

- *Monitor and Intervene as Appropriate on Expiring Use Projects*
The City has a considerable number of units that involve affordability restrictions that are due to expire within the next decade. The City should monitor these units and intervene as necessary to preserve their affordability.

Medium Term Strategies: 3-5 Year Implementation

- *Make Suitable Public Property Available for Affordable or Mixed-income Housing*
The City has limited municipally-owned property but should revisit the inventory of these properties, identify opportunities for developing some amount of affordable or mixed-income housing, and issue Requests for Proposals (RFP) to select a developer to undertake development.
- *Consider Funding Other Housing Preservation Initiatives*
The City should consider extending its focus beyond the moderate rehab recommendation of reintroducing the Housing Rehabilitation Program and find resources to address a wider range of housing preservation needs.
- *Support Small-scale Infill Housing Development and Conversions*
The City should proactively identify potential properties that might be conducive to infill development or conversion to long-term affordability and partner with local developers to support these developments. This includes the commitment of subsidies for predevelopment work and as gap fillers to make the inclusion of affordable and/or workforce units feasible.
- *Help Preserve BHA Inventory*
A major component of the City's Subsidized Housing Inventory includes Beverly Housing Authority (BHA) developments, representing a total of 646 subsidized housing units or one-third of all SHI units. The City should work with the BHA to advocate for additional state and federal funds to finance needed capital improvements. Another consideration is the redevelopment potential of existing BHA projects that are antiquated, do not take best advantage of the existing parcel, lack energy efficiencies, and further lack handicapped accessibility and other amenities for residents.

Longer Term Strategies

- *Modify Multi-family Housing Requirements to Encourage More Housing Diversity in More Areas*
Beverly's Zoning Ordinance allows multi-family housing in particular districts, typically near the downtown and commercial areas where higher density is more appropriate, and permits a wider range of housing types that are potentially more affordable and suitable for rentals, starter homes, or for downsizing. Nevertheless, consideration should be given to potentially extending a wider range of housing types to more districts.
- *Broker More Partnerships with Local Institutions*
Beverly is home to a number of important institutions including Endicott College, Montserrat College of Art, and Beverly Hospital which can continue to be tapped to invest in local initiatives including efforts to capitalize the Housing Trust Fund and provide a wider range of community housing opportunities for students and employees.