

CITY OF PEABODY



HOUSING NEEDS ASSESSMENT AND STRATEGY

2003 – 2005

Michael Bonfanti, Mayor
Department of Community Development and Planning

Anne Marie Burns, Peabody Housing Authority
David Hall, Peabody Chamber of Commerce
Darren Kelly, Community Preservation Committee
Frederick Murtagh, Peabody City Council
Edward Neary, Community Preservation Committee
Judy Selesnick, Peabody City Council
Charlie Short, North Shore Bank
Michael Schulze, Community Preservation Committee
Frank Splaine, Peabody Housing Authority

**CITY OF PEABODY
THREE YEAR HOUSING STRATEGY
2003 – 2005**

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SECTION 1: BACKGROUND

A. Planning for Housing in Peabody

The City of Peabody has a long history of planning for housing that meets a diversity of needs. Most recently, the City adopted a 2002 Master Plan that addresses the unique challenges of continuing to provide housing in a community with little available land. The Master Plan identifies a number of ways in which the City should encourage multifamily residential and mixed use development in the Downtown area. The Plan targets the area for dense development in order to continue the revitalization of the commercial core. Downtown residential development would also benefit from easy access to services such as public transportation, community institutions and employment opportunities, which are located nearby. Peabody also seeks guidance from the Peabody-based North Shore HOME Consortium, and which recently adopted its 2000-2004 Consolidated Plan. The Consolidated Plan identifies a number of specific housing creation goals for the region, and Peabody continues to use its local allocation in ways that help the region achieve those goals.

Peabody is home to a strong housing authority that own hundreds of affordable units and issue many rental vouchers. Nonprofit organizations and private developers also participate in the affordable housing market, contributing hundreds more units. Peabody has recently increased its overall percentage of affordable units from 7.6% to 9.3% of the total housing stock with the issuance of two comprehensive permits to allow the construction of 370 rental and ownership units, and through the recent construction of 48 units of affordable elderly housing by a nonprofit organization. An active local land trust owns and operates several apartments in the City affordable to very low income families.

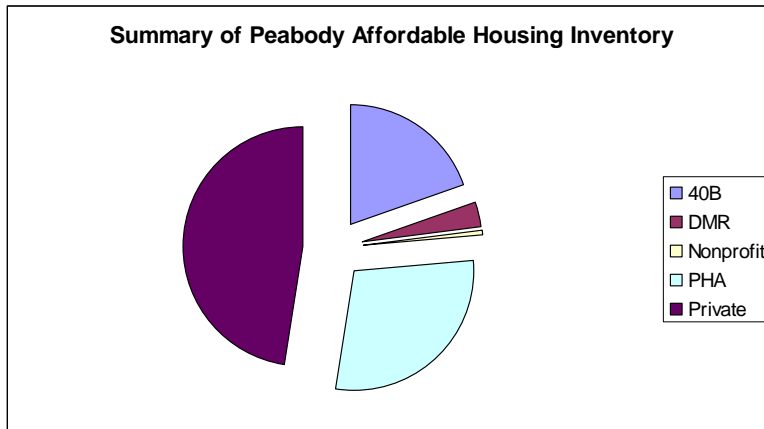
The City's policies reflect the local dedication to increasing housing opportunities for all segments of the population. Multifamily housing is allowed by right in several zoning districts, and several large parcels in the Downtown were recently rezoned in order to accommodate the construction of additional residential development in the area. Currently, nine major housing developments are in the development process, the majority of which must include affordable units as a result of an Inclusionary Zoning Ordinance which was adopted by the City in May of 2002. The new Inclusionary Zoning policy, which mandates the provision of affordable housing in all multifamily projects in exchange for a density bonus or parking reduction, is an integral component of the City's affordable housing policy.

Despite recent local progress in the creation of affordable housing, it is clear that a need remains for more housing options in Peabody and in the region. In order to address these needs, an Affordable Housing Strategy Committee convened in November 2002. The Committee consisted of City Councilors, representatives from the Peabody Housing Authority, the Community Preservation Committee, the Chamber of Commerce, and a local bank. Using research provided by the Department of Community Development and Planning and public input collected at several community meetings, the Committee identified Peabody's housing needs and developed the following three-year strategy to address them.

B. Housing Characteristics

The Master Plan highlights the wide diversity of Peabody's housing stock, in terms of affordability and type. The City's residences include large single family homes, luxury apartments, small apartment buildings, and manufactured homes. During the past decade, however, the rate of housing construction did not keep pace with the increase of new households in the City. The overall number of households has increased by 6.3%, to 18,581. The number of housing units has increased at a slower pace, by 3.6%, to 18,898 units. Ownership units accounted for virtually all new residential construction in the 1990's, accounting for 96% of new units constructed. At the same time, the ownership vacancy rate has dropped, from .9% to .7%. Single family construction slowed in the 1990's as the lack of residentially zoned land has dwindled, yet many proposals for multifamily developments have been submitted in the past year. Vacancy rates for rental units have dropped significantly in the last decade, from 6.1% in 1990 to 1.7% in 2000.

As of May 2003, Peabody contained a relatively high percentage of affordable units as defined by the state for the purposes of the Chapter 40B Affordable Housing Inventory: 9.3%, or 1,755 affordable units out of 18,898 total units. As indicated in the diagram below, almost half of the units counted on the affordable housing inventory are in private ownership. More than a quarter are owned by the Peabody Housing Authority, and one fifth are the result of Comprehensive Permit projects. (Please note that some market rate units are included in this summary because they are listed on the affordable housing inventory.)



C. Population Characteristics

Peabody's population grew slightly, by 2.3%, in the last decade. The following table illustrates the changes in age distribution during the 1990's.

Table 1: Age Distribution in Peabody and in the North Shore, 1990 – 2000

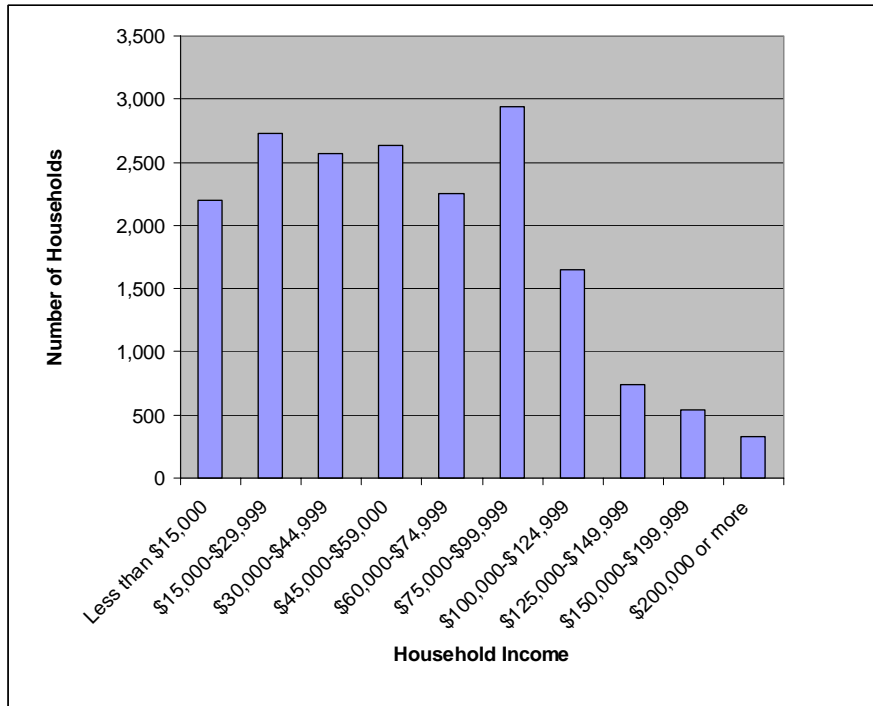
Age	1990	2000	% Change in Peabody	% Change in North Shore
Under 5 years	2,993	2,805	-6.3%	-2.0%
5-9 years	2,777	3,076	10.8%	16.7%
10-14 years	2,533	3,079	21.6%	29.0%
15-19 years	2,810	2,655	-5.5%	3.5%
20-24 years	3,299	2,063	-37.5%	-27.4%
25-34 years	8,326	5,957	-28.5%	-23.8%
35-44 years	7,033	8,207	16.7%	13.2%
45-54 years	5,365	6,956	29.7%	47.6%
55-59 years	2,584	2,706	4.7%	16.9%
60-64 years	2,664	2,227	-16.4%	-13.4%
65-74 years	4,111	4,366	6.2%	-2.4%
75-84 years	1,935	3,052	57.7%	24.6%
85 years and over	609	980	60.9%	36.4%

Source: 2000 Census

As Table 1 indicates, the percentage of elderly residents has increased rapidly in Peabody, outpacing the region. The table also demonstrates a significant decrease in the young adult cohorts (ages 20 – 34 years), which outpaces the regional decrease of these groups. This may indicate difficulty found by young households looking to purchase or rent a home in the City.

The median household income increased almost 38% during the past decade, slightly exceeding the rate of increase in Essex County. At the same time, the number of individuals living below the poverty level has increased in Peabody, from 4.6% in 1990 to 5.3% in 2000. In Essex County the number of individuals living below the poverty level declined during that same time frame, from 9.2% to 8.9%. In 1999, the median household income in Peabody was \$54,239. However, as Figure 1 demonstrates, all of the income cohorts below \$100,000 are similar in size, suggesting that there is a large population of lower income households in Peabody.

Figure 1: Peabody Household Incomes



The United States Department of Housing and Urban Development classifies household incomes in comparison with the Area Median Income (AMI). For Peabody, which is considered part of the Boston Primary Metropolitan Statistical Area, the 2003 Median Income for a family of four is \$80,800. Households earning below 80% of the AMI are considered “low income” and qualify for housing assistance under many programs. Households earning below 50% of the AMI are considered “very low income”. As demonstrated in Table 2, approximately 56% of Peabody households earn less than 80% of the median income. Roughly a third of Peabody’s households are considered “very low income” and may have a particular need for housing assistance.

Table 2: Household Income Groups

Household Income	Peabody Households ¹	Percentage
“Very Low Income” (Below \$40,400)	6,815	36.7%
“Low Income” (\$40,400 - \$62,650)	3,566	19.2%
“Moderate Income” (\$62,650 - \$80,800)	2,588	13.9%
Total	18,578	

¹ Please note that these figures are approximations because the Census income categories do not align with the HUD income limits, and because the household sizes are not taken into account. All numbers are assuming a household size of 4 individuals.

Peabody has experienced a relatively high turnover among its households in the past decade. Forty-one percent of current homeowners have owned their homes for less than ten years. Peabody's households, like the average American household, have been steadily shrinking throughout the last century. The average household size in Peabody dropped from 2.65 to 2.55 persons per unit during the 1990's. Single-person households increased during the decade by 20% to now account for 26% of all households. This trend toward smaller households may require an increased supply of smaller homes, condominiums and apartments.

SECTION 2: ANALYSIS OF HOUSING NEEDS

The housing needs of three populations are explored in more detail below, including renters, first-time homebuyers, and the elderly. Unless otherwise indicated, all information used was taken directly from the U.S. Bureau of the Census website (www.census.gov).

Indicators of Need for Rental Housing

The 2000 Census reported that almost a third, or 29%, of Peabody's households are renters, compared with 37% of Essex County households. Nearly half of the individuals who rent in Peabody are between the ages of 35 and 64. As individuals between these ages are more likely to have children and want a permanent residence, these households may prefer to own their home rather than rent. However, only 4% of the new housing units constructed in the last decade were rental units.

The 2000 Census reported that more than half of Peabody's renter households earn under \$35,000 per year, and almost a third of renter households pay more than 35% of their income for the cost of housing. The high cost of rental housing is confirmed by an informal rent survey of the Salem Evening News classified section conducted in May of 2003. The survey found that rents in Peabody ranged between \$700 for a one bedroom apartment and \$1,900 for a four bedroom apartment. One- and two-bedroom apartments were most numerous, with average rents of \$860 and \$1,100 respectively.

The Peabody Housing Authority owns 137 Family Housing Units, and offers more than 350 rental vouchers to income-eligible households. The waiting list for these units and vouchers ranges from three to five years, and is particularly long for two-bedroom units. More than 200 subsidized family rental units are in private ownership. City-wide, the availability of rental housing affordable to households earning less than 50% of the median income does not meet the need, with only one subsidized rental unit available for every 4.25 households earning under \$35,000 per year.

Some privately-owned rental housing has been developed or proposed in recent years; however, these units tend to be expensive and/or unsuitable to the needs of families. The City also recently issued a comprehensive permit for a 309-unit rental development of which 20% of the units will be affordable to households earning less than 50% of the area median income, including several three-bedroom units. The City has offered deferred payment loans to income-eligible homeowners to rehabilitate multifamily units that must be then rented at affordable prices.

Indicators of Need for Housing for Senior Citizens

Peabody's senior population, particularly individuals over age 75, is increasing rapidly. As Table 1 indicates, the fastest growing age cohorts in Peabody are individuals over the age of 75, which grew by 58.5% between 1990 and 2000. This segment of the population is expected to continue to expand into the next decade as current residents age, and as individuals move to Peabody to benefit from the City's quality senior services.

Senior citizens seek a variety of housing types. Some prefer to remain in single family homes they have owned for years, while others prefer to downsize to condominiums or rental units. Twenty-five percent of elderly households include a resident with a mobility or self-care limitation who may require special services or assisted living. Housing costs can become a burden for seniors who rely on fixed incomes, and many seek subsidized apartments.

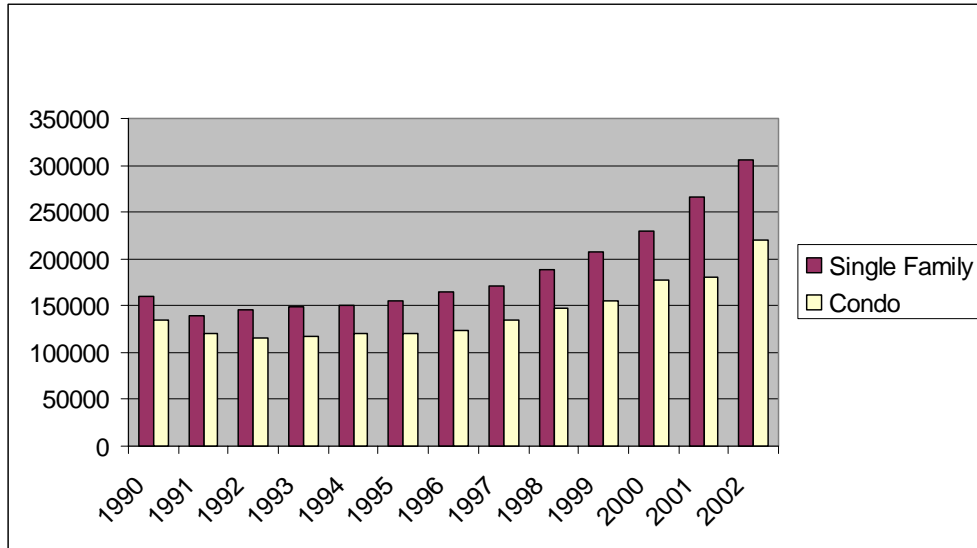
Seniors in the City earn significantly less, and pay a higher percentage of their income toward housing, than the average Peabody household. The 1999 median household income for householders between the ages of 65 and 74 was \$37,500, and the median income for householders above the age of 75 was \$22,405, only 41% of the Citywide median of \$54,254. Nearly half, or 48%, of renter households in which the householder was above the age of 65, paid more than 30% of monthly income for rent. The typical senior citizen household earning \$22,405 would have had \$560 available per month to spend on housing costs, far less than the 1999 monthly median rent of \$704.

Peabody contains a relatively high number of units available for seniors, both affordable and market-rate. Brooksby Village, currently under construction, is a senior living campus which will contain 1350 independent living units when complete in 2005, as well as additional spaces for assisted living and skilled nursing. The Peabody Housing Authority owns and operates 300 affordable elderly units, as well as 47 units for disabled individuals. However, residents can wait as long as three years for these units. Three privately owned subsidized elderly developments provide an additional 472 units. The need for affordable elderly units does not match the demand, with more than 3 elderly households earning under \$30,000 per year for each available unit. Aside from a pilot program at an existing elderly development, the City has no assisted living units affordable to low income elderly residents.

Indicators of need for First-Time Homebuyers

As a community with a large stock of old, single family homes, Peabody has generally provided many options for first-time homebuyers. However, as housing prices have risen dramatically, and new single-family construction has consisted entirely of high end homes, opportunities for potential homeowners have decreased. According to the 2000 census, 19.4% of homeowners paid more than 30% of their income toward housing costs, down from 24% in 1990. This reduction may indicate that Peabody's homeowners have become increasingly wealthy, or it may reflect the decline of mortgage rates during the 1990's. It does not reflect the trend in housing prices, which have steadily been rising since the early 1990's.

Figure 2: Peabody Median Residential Sales Prices

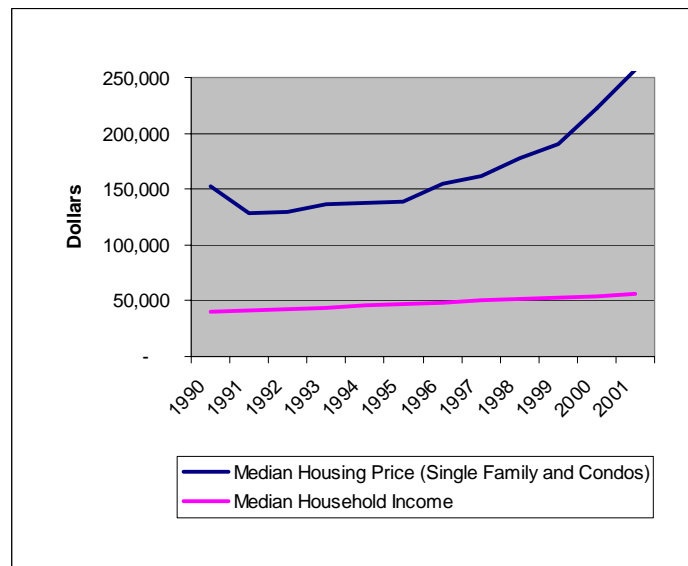


Source: The Warren Group

Figure 1 illustrates the dramatic rise in home prices over the past decade in Peabody. Between 1992 and 2002, the median single family home price increased 115%. In the three years since 1999 alone, the median has increased by 50% to \$308,500.

Local household incomes have not kept pace with these skyrocketing home costs, making it increasingly difficult for households to break into the ownership market. Since 1999, housing costs have continued to increase more rapidly than incomes. The median price in Peabody jumped 50% to \$308,500, but the median income increased 36%. Figure 2 demonstrates an increasing “affordability gap” between the median income and the median home price in Peabody.

Figure 3: Peabody Median Income Vs Median Home Price



Source: The Warren Group and the Census Department

The increasing gap between the cost of housing in Peabody and the prices affordable to Peabody residents is further confirmed by an analysis of the difference between the median housing costs and the price a family earning the median income can afford. A monthly payment of \$1,465 would have been required to pay for a home at the 1999 median price of \$209,450 (assuming a 30 year mortgage and 7.5% interest rate.) With taxes, homeowners insurance and PMI, the monthly housing costs would total approximately \$1,755. However, in 1999 only about 46% of Peabody's households earned the \$70,200 required to afford the typical Peabody home. The implications of this gap are more serious for renting households who may be trying to break into the homeownership market. Only about 16% of renting households would have been able to afford to purchase a home at the median price in 1999, while a miniscule 8% of single income households with a female head householder and children could.

More first time homebuyers are turning to condominiums as a more feasible entry into the ownership market. While condominium prices have risen over the past decade, the pace of increase has not matched that for single family homes. In 2002, the median condo price in Peabody was \$221,000, a 22% increase over the previous year.

These high prices have put many middle class families in the difficult position of being unable to afford market prices for housing, but unable to qualify for most housing assistance programs because they earn too much. The City offers a First Time Homebuyer Assistance program, which provides down payment assistance to income-eligible households. However, this program is frequently underutilized because homeowners who meet the strict federally-mandated income standards often have difficulty locating a home which they can afford that has a purchase price that comes under the maximum allowed.

Other Needs

Additional housing for individuals with special needs may also be required. Special needs housing can refer to housing for people with mental retardation or mental health disabilities, or to housing for people with physical disabilities. The 2000 Census found more than 1,800 individuals with a mental disability living in Peabody. The Massachusetts Department of Mental Retardation (DMR) has identified a need for placements in Peabody for approximately fifty individuals with special needs over the next two to three years. Generally, the needs of these individuals are best served by group homes in residential neighborhoods. DMR may be interested in working with local nonprofits or with local government to create more of these housing opportunities. The Census also found 3,055 individuals with physical disabilities, of which approximately half were under the age of 65. Handicapped accessible units can be incorporated into most multifamily housing developments.

The North Shore Community Action Program (NSCAP) conducted a HIV/AIDS Housing Needs Assessment in 1999 to examine the affordable housing needs of individuals with HIV/AIDS in the North Shore. The study found that 82% of the respondents had an income of less than \$900 per month, which made market rate apartments virtually unaffordable. A number of the respondents had other issues complicating a basic lack of

income, such as a history of addiction or mental illness. The respondents consistently expressed preference for the values of choice and privacy in regards to their housing situation. Two thirds of respondents preferred the flexibility, choice and potential hassles of a rental assistance voucher to the limitations and stability of project-based rental assistance. Almost 60% of respondents valued community choice over specific features of an individual living unit, and Peabody was the fourth most popular community out of nine from which respondents could choose. NSCAP notes that the consumers are reluctant to relocate away from the community of their choice because doing so often leads to limited access to medical and social supports. Finally, the study highlights the “strikingly” wide variety of housing needs for individuals with HIV/AIDS which would be best met with various forms of housing, including housing that addresses transitional states (recovery, medical stabilization, and waiting lists), as well as permanent affordable housing, generally in the form of a tenant-based Section 8 subsidy.

SECTION III: CONSTRAINTS TO DEVELOPMENT

Several issues constrain the development of both market rate and affordable housing in Peabody. The availability and the cost of vacant land in the City continue to influence the rate of development, and shape the type of developments that are proposed. While the City has identified specific areas as ideal for multifamily development, environmental and infrastructure issues frequently slow project proposals.

Peabody has a very inclusionary zoning ordinance which allows by-right development of many types of housing in the City's various zones, including relatively dense single and two family units, multi-story apartments and condominiums, mixed-use projects, and mobile homes. The 2002 Master Plan includes a parcel-based build-out analysis that examines the future residential development. The analysis found that 1,260 units can be developed on vacant parcels within the City; and approximately one-half of these are in subdivisions of ten lots or more. An additional 662 units can be developed on infill lots. The majority of vacant land is privately owned and located in the R1, R1A and R1B single family zoning districts, which have minimum lot sizes of 20,000, 15,000, and 10,000 square feet, respectively.

While these build-out conditions would expand the City's total housing stock by more than 10%, the perception persists that Peabody has little vacant land. This may be in part because many of the vacant parcels are located on land that would require significant and costly site work to develop. Also, many large parcels have been held for decades by institutions, such as the Eastman Gelatine Corporation and the Salem Country Club, and are unlikely to be developed in the immediate future.

Because easily developable land is relatively rare in Peabody, vacant land is not frequently placed on the market and land costs are high. Most development in recent years has consisted of higher end single family homes or luxury apartments. Despite the high cost, demand for these types of housing units continues, and developers often argue that in order to make a profit on developing such expensive properties they must construct high-priced units.

The 2002 Master Plan identifies the Downtown as the ideal location for multifamily residential development. Recently, the City has been inclined to rezone formerly industrial properties in the Downtown to allow for the development of multifamily housing as part of an overall effort to revitalize the area and put these properties to better use. However, many of these sites are subject to lingering environmental issues, and much of the Downtown area is located in a floodplain. Thus, development in this area often requires significant investment in the infrastructure by potential developers.

While the City's zoning does not prevent the development of affordably-priced units on vacant land, most potentially developable parcels are subject to infrastructure issues, including the availability of water, pressures on the City's aging utility infrastructure, and increased traffic on already overburdened roads. The City's Department of Public Services requires developments to address the impact they will have on the infrastructure so that new projects do not place an undue strain on City services. Occasionally, proposed projects cannot mitigate the negative effects of the development, particularly those proposed for sites

that are located on marginal land or in neighborhoods with a history of infrastructure problems. In such cases, the City withholds approval.

Development proposals often run into community opposition for a variety of reasons, including increased traffic, aesthetic concerns, impact on the school population, perceived need by the City, etc. While these issues are generally resolved during the permitting process, they tend to slow the pace of development.

The Peabody Housing Authority (PHA) is often faced with a unique set of concerns when it proposes to construct affordable units. The Authority occasionally must combat the perceptions of local residents and officials that a PHA development will bring problems to the neighborhood. While maintenance of PHA properties has significantly improved during recent years, due to lack of funding the Authority continues to find it difficult to be an effective player in the local affordable housing development market.

Lastly, as the City explores its ability to assist in the creation of affordable housing, it is faced with a fragile economic climate that shows few signs of improving in the near future. Under current budgetary constraints, it is unlikely that the City will be able to provide much local funding for affordable housing projects. At the same time, other sources of assistance may be reduced as state and federal budgets weather the economic downturn. The City must maintain a balance between maintaining basic services on limited funds, while continuing to work toward the long term goals of creating affordable housing and improving the quality of life for Peabody residents.

SECTION IV: AFFORDABLE HOUSING CREATION GOALS

In order to address the housing needs identified in the previous section, Peabody must expand on previous efforts to create affordable housing and take proactive steps to construct units.

Following are the goals and recommended action steps to create units that meet the needs of the current and future population of the City. Many of these goals were developed as part of the 2002 Master Plan Update.

- **Reach compliance with the 10% affordable housing requirement by December, 2006.**

Peabody is currently 150 units short of the 10% goal. In order to reach compliance, Peabody must work each year to match market rate construction with a proportionate amount of affordable housing, plus additional units to close the gap. The following table demonstrates the current and projected affordable housing shortfall.

Table 3: Affordable Housing Inventory

	Total Housing Units	Chapter 40B or Inclusionary Zoning	Countable Affordable Units	Affordable Housing Percentage	Unit Shortage
Census 2000	18,898		1,431	7.57 %	459
Avalon	309	40B	309	9.21%	150
Juniper Village	60	40B	15	9.29%	135
Central Street	2	n/a	2	9.30%	133
Walnut St	57	IZ	9	9.34%	124
Aborn	48	IZ	6	9.38%	118
Dearborn	440	IZ	50	9.64%	68
Litchfield	88	40B	22	9.76%	46
Crowninshield	96	n/a	96	10.26%	(50)
Projected 2005 Total	21,306		1,938	10.26%	(50)

If all existing affordable units retail their affordability, and all of the projects in the pipeline are constructed as planned, Peabody will exceed the 10% goal by 50 units. However, it should be noted that these projects are in various stages of planning and may be altered or abandoned entirely.

It is also important to acknowledge that the current affordable housing inventory is based on the 2000 census, and additional market units produced after the census are not added to the base total. However, this total is updated every decade and will be revised in 2010 to incorporate all construction since 2000. Even if Peabody reaches the 10% goal prior to 2010, it is likely that the percentage will be reduced when the total is recalculated, unless the City continues to produce affordable housing at the same rate as market rate housing.

The state recommends that to reach the 10% goal, the City should aim to increase the affordable housing stock by $\frac{3}{4}$ of one percent per year. With almost 19,000 total housing units, Peabody would have to create almost 150 affordable units per year to meet this goal. This is unrealistic for a City with little available land and limited resources due to the recent economic downturn. Instead, Peabody should consider three strategies in relation to the 10% affordable housing goal. First, Peabody should aim to ensure that the pace of market rate construction is matched by affordable unit construction. This is accomplished in part with the recently adopted Inclusionary Zoning Ordinance, which requires that all multifamily developments include a percentage of affordable units. Second, the City should encourage the development of a large (40+ unit) mixed-income rental development in which all units qualify for inclusion on the affordable housing inventory. Such a project would go far to reduce the 10% shortfall. Third, the City should continue to be proactive in the construction of smaller scale affordable ownership and rental units. Integrating affordable units into all neighborhoods benefits the City as a whole by dispersing the affordable housing stock, while slowly increasing the affordable housing stock.

- **Increase and maintain affordable housing supply in all neighborhoods through regulation and public programs.**

It is vital that Peabody maintain the affordability and quality of its affordable housing stock. Threats to current housing supply include expiring use restrictions to lack of funds to maintain deteriorating units. At the same time, the City must seek to increase access to affordable units by providing them in neighborhoods where they have not traditionally been found. New affordable units should address the diverse needs of the City's population, including housing for individuals with physical and mental disabilities and transitional housing for persons with HIV/AIDS and women and children fleeing domestic violence.

- **Increase the supply of affordable rental and owner-occupied housing by expanding participation in the provision of housing.**

This goal relies on the involvement of a variety of players in the community to participate in a variety of ways to increase affordable housing. Collaboration with local nonprofit groups and funding sources must be increased to reach the goals identified in this Plan, potentially through the syndication of low income housing tax credits (LIHTCs) and/or the use of tax-exempt bonds.

- **Revise zoning ordinance and regulations to allow a wider variety of housing options.**

As the City prepares to undertake a comprehensive review and revision of the Zoning Ordinance, it should carefully consider how to maximize development of housing while limiting negative impacts on existing neighborhoods. Utilizing existing structures, encouraging mixed use projects, and examining zoning regulations for large, undeveloped parcels can help to diversify the housing stock. New zoning regulations that enable developers to provide lower cost single-family housing for moderate income households without subsidies must be implemented.

- **Explore and adopt measures to provide a wider variety of housing options for senior citizens.**

As the City's population rapidly ages, new methods of providing suitable housing for the varied needs of senior citizens must be implemented. Increasing options for current residents may provide the additional benefit of freeing up smaller starter homes suitable for first time homebuyers.

- **Continue to seek maximum available funding from all sources.**

The provision of affordable housing depends on the ability of the City to access and utilize funding from outside sources. The City should continue it a primary responsibility to expand the sources of funding, and continue to access these funds.

SECTION V: AFFORDABLE HOUSING STRATEGY

Strategy # 1: Preserve existing affordable rental units.

- A. Work with owners to maintain the affordability of privately-owned affordable units into the future. Refinancing of these projects may be required. 477 units are at risk, including the Peabody House, Tannery II, and Fairweather. While the contracts have expired on some of these units, owners have expressed interest in maintaining their affordability indefinitely. These units serve primarily lower income groups, as well as holders of Section 8 housing vouchers issued by the Housing Authority.

Yield:	477 units
Project Lead Agency:	Department of Community Development and Planning
Implementation Year	2003-2004

- B. Rehabilitate or redevelop aging and obsolete Peabody Housing Authority units. Older properties should be rehabilitated to better serve the needs of the Authority’s clients by increasing the size of smaller units where necessary, and modernizing older units. The City should work in conjunction with the Authority to explore the possibility of increasing the number of units at some properties. These units will serve low-income families and senior citizens.

Yield:	35 units
Project Lead Agency:	Peabody Housing Authority
Implementation Year:	2004

Strategy # 2. Increase the supply of ownership units targeted at moderate income households (65% - 100% of the Area Median Income).

Proposed Implementation Steps:

- A. Identify small city-owned parcels suitable for development of affordable family housing. The properties can be sold at a low cost with the requirement that the developer construct affordable ownership units. Or, ownership of the land can be transferred to a land trust that to develop the properties. In either case, deed restriction would limit the resale value of unit and ensure that income eligible households occupy it.

Yield:	5 units
Project Lead Agencies:	Department of Community Development
Implementation Year:	2003

- B. Establish a condominium or single family unit “buy-down” program. A land trust or nonprofit would purchase a condo or inexpensive single family home, attach a deed restriction to it, and resell at a reduced price to an income-eligible household.

Yield: 2 units per year
Project Lead Agency: Department of Community Development and Land Trust or Housing Trust
Implementation Year: 2004

C. Incorporate housing for physically disabled individuals into all new development.

Strategy # 3. Increase the supply of affordable rental units, particularly those that can accommodate larger families and the elderly, and those located in the Downtown area.

Proposed Implementation Steps:

A. Identify large properties that can be used for the development of multifamily affordable rental units. Unused city properties, such as the old Brown School or the former Public Services complex on Berry Street may be ideal for residential use. Other institutions, including local churches, may also have surplus property that could be rehabilitated as housing.

Yield: 40 units
Project Lead Agency: Department of Community Development and Planning and private/nonprofit housing developer
Implementation Year: 2004

B. Recruit participants for the multifamily rehab program to encourage homeowners to rehabilitate and rent affordable units, or give preference to owners of multifamily homes applying to the program.

Yield: 5 units per year, 15 total.
Project Lead Agency: Department of Community Development and Planning
Implementation Year: 2003

C. Encourage the development of multifamily housing and mixed use projects in the Downtown where multifamily housing is allowed by right. Encourage so-called “friendly comprehensive permits” for projects favored by the City.

Yield: 50 units
Project Lead Agency: Private financing, private developers
Implementation Year: 2004

D. Create housing for the elderly with supportive services. Support proposals for the renovation of existing structures or new construction in the Downtown area for affordable, assisted living housing.

- E. Increase the supply of transitional housing for women fleeing domestic violence, homeless individuals and families, and individuals living with HIV/AIDS. Support proposals by nonprofit organizations to expand the provision of this type of housing.
- F. Incorporate housing for physically disabled individuals into all new development.

Strategy # 4. Establish a permanent Affordable Housing Committee to promote the development of affordable housing in Peabody.

The Committee should include knowledgeable representatives from the Housing Authority, Peabody-based Community Development Housing Organizations, the banking and business community, and committed residents. The Committee should explore and implement specific initiatives for the creation of affordable housing, make recommendations to the Mayor and the City Council regarding projects that include affordable units, and should generally provide a forum to address issues of housing affordability in Peabody. An active and committed Affordable Housing Committee would be an asset to the community and would promote the quality of life for the residents of the City.

Strategy # 5. Revise the Zoning Ordinance to encourage the development of a diverse and affordable housing stock.

As the City prepares to conduct a comprehensive rewrite of the Zoning Ordinance, care should be taken to examine ways in which existing regulations may hinder the development of affordable housing. The revisions should attempt to encourage low cost housing development wherever possible, while maintaining quality of life for all residents. The following changes should be considered:

- A. Reduce parking requirements for multifamily developments, particularly in the Downtown area where residents have better access to public transportation. Research into residential parking requirements of other communities suggest that larger multifamily developments (50 or more units) can support fewer than 2 spaces per unit, including visitor parking. Adjusting this requirement would reduce the land costs associated with housing development.
- B. Explore the possibility of increasing the height limit downtown. Currently, the zoning ordinance limits structures to 72 feet, or approximately 6 stories. Increasing this limit, particularly in the floodplain where there are limitations on the uses of the ground floor, would maximize the use of many downtown properties. Careful attention should be paid to protecting the historic character of Main Street and the small-scale residential neighborhoods in the area.
- C. Encourage the development of mixed income and mixed use projects in the downtown area. Consider requiring residential uses on upper floors with commercial uses on the ground floor in buildings on Main Street.

- D. Make the downtown area more attractive to residential development by rezoning underutilized light industrial parcels. Define industrial areas Downtown, and ensure they are properly buffered from sites where residential development is desired. Phase out underutilized industrial zones which would negatively impact potential mixed use development.

- E. Establish an over-60 zoning overlay to allow denser residential projects in zones which do not currently allow for multifamily development (BR, R1, R2, IL and DDD). Identify large undeveloped areas which could be rezoned to encourage the development of senior housing, which, due to changing population demographics, will be in high demand in the next two decades. While more densely populated than the underlying zoning allows, senior housing would not incur the costs for services required by single family development.

- F. Explore the possibility of allowing the construction of affordably priced single family units on preexisting nonconforming parcels. A zoning ordinance would set out the minimum reduced lot dimension standards (perhaps some percentage of the lots in the area) and proposals would be reviewed by the Zoning Board of Appeals.

SECTION VI: USE RESTRICTIONS

Enforceable use restrictions must be imposed on the creation of all new affordable units in order to ensure that they remain affordable well into the future. They are particularly important in small scale rental and ownership developments not produced by a comprehensive permit. The City currently institutes use restrictions as part of its multifamily rehabilitation program, and will expand this oversight to affordable units constructed under inclusionary zoning. Wherever possible, use restrictions should ensure affordability for a period of at least 50 years. It has generally been City policy to give preference to residents of the City, individuals who work within the City, or households that previously lived in Peabody for at least five years. The restrictions should protect the rights of tenants who occupy the units at the time of expiration by allowing for a grace period during which the rent remains affordable. Wherever possible, the restrictions should protect tenants of affordable rental units which are converted to condominiums.

SECTION VII: POTENTIAL FUNDING SOURCES:

Community Preservation Funds: \$226,500 – \$1,528,875

At least 10% but no more than 67.5% (under local Committee guidelines) of the annual CPA collection and state match must be used for the creation of community housing that serves households under 100% of the Area Median Income.

Inclusionary Zoning Funds: To Be Determined

Under the City’s Inclusionary Zoning Ordinance, developments may provide funds in lieu of affordable units in very rare circumstances with the approval of City Council.

North Shore Home Consortium \$165,000

As a member of the North Shore Home Consortium, Peabody receives roughly \$165,000 annually for the creation of affordable housing. Of these funds, at least 15% must be allocated to a Community Housing Development Organization (CHDO), of which Peabody has two: Citizens for Adequate Housing and North Shore Community Action Programs. In general, Peabody has used the remaining 85% of the allocation to fund the First Time Homebuyer Assistance Program. The North Shore Home Consortium also provides funds through its competitive pool process, which annually distributes federal funds to projects based on merit.

Other (Grants and Financing):

Federal Resources

- HUD “Small Cities” CDBG funds from the state Department of Housing and Community Development (DHCD) for the “mini-entitlement” communities. Each community could receive up to \$700,000.

- HUD “Small Cities” CDBG funds from the state for non-entitlement communities.
- HUD “Small Cities” CDBG funds from the state under its Housing Development Support Program.
- Federal Low-Income Housing Tax Credit Program
- HUD HOME funds administered by the state Department of Housing and Community Development (DHCD).
- HUD HOME funds through the North Shore HOME Consortium
- Federal HUD Section 8 Moderate Rehabilitation Program for SRO’s.
- Federal Housing Administration (FHA) Insured Rehabilitation Loans (Section 203k)
- HUD’s Lead Paint Demonstration Program
- Federal Veteran’s Affairs Specially Adapted Housing Programs
- HUD’s Supportive Housing for the Elderly Program (Section 202)
- HUD’s Section 811 Supportive Housing Program for Persons with Disabilities
- Federal Department of Energy/DHCD Weatherization Assistance Program
- Federal National Mortgage Association (Fannie Mae) Community Homebuyer’s Programs
- Federal Home Loan Mortgage Corporation (Freddie Mac) Mortgage and Rehabilitation Programs
- Freddie Mac’s Affordable Housing Program
- Freddie Mac’s Community Investment Program and New England Fund

State and Other Resources

- State (DHCD) Housing Innovation Funds
- State DHCD Housing Stabilization Funds
- State DHCD Local Initiative Program
- State DHCD Municipal Incentive Grant Program
- State DHCD Community Action Grant
- Massachusetts Housing Partnership (MHP) Permanent Rental Housing Financing Program
- State MHP’s Bridge Financing Program
- State MHP’s Technical Assistance and Pre-development Assistance Programs
- State MHP’s Lead Paint Abatement Loan Guaranty and interest Subsidy Program
- State DHCD/MPH Soft Second Homebuyer Program
- State DHCD Purchaser Assistance Program
- State DHCD Project-Based Homebuyer Assistance Program
- Massachusetts Home of Your Own Program for People with Disabilities
- Massachusetts Housing Finance Agency (MHFA) - now MassHousing - Tax Exempt Bonds for Multi-Family Housing Program
- State MHFA Elder 80/20 Rental Housing program
- DHCD/MHFA’s “Get the Lead Out” Loan Program
- DHCD/HUD’s Gap filler Lead Abatement Program
- MassHousing (formerly MHFA) First-Time Homebuyer Mortgage Program
- MassHousing Purchase and Rehabilitation Mortgage Program
- MassHousing Home Improvement Loan Program
- MassHousing Septic Repair Program
- State Community Economic Development Assistance Corporation (CEDAC) Pre-development Loan Program

- CEDAC Acquisition Loan Fund
- CEDAC's Capacity Building Program
- Massachusetts Rehabilitation Commission (MRC) Home Modification Grant and Loan Programs
- MRC's Vocational Rehabilitation Program
- MRC's Housing Program through Independent Living Division
- Massachusetts Department of Mental Health (DMH) Housing and Service Programs
- Massachusetts Department of Mental Retardation (DMR) Housing and Service Programs
- State MHFA/Facilities Consolidated Fund – Options for Independence Program which funds DMR and DMH facility development
- Massachusetts Department of Public Health Housing Programs
- Massachusetts Commission for the Blind Home Modification Program

Appendix A: 2000 Census Data

		Massachusetts	PEABODY
A	Total households, 2000 Census	2,443,580	18,581
B	Total households, 1990 Census	2,247,110	17,475
C	Total household growth, 1990 - 2000	C=(A/B)-1	6.3%
D	Average annual household growth, 1990 - 2000	D=C/10	.6%
E	Total housing units, 2000 Census	2,621,989	18,898
F	Total housing units, 1990 Census	2,472,711	18,240
G	Total housing unit growth, 1990 - 2000	G=(E/F)-1	3.6%
H	Average annual housing unit growth, 1990 - 2000	H=G/10	0.4%
I	Total occupied year-round ownership units, 2000 Census	1,508,052	13,277
J	Total occupied year-round ownership units, 1990 Census	1,331,493	9,739
K	Growth in year round ownership units, 1990-2000	K=(I/J)-1	36%
L	Total occupied year-round rental units, 2000 Census	935,528	5,354
M	Total occupied year-round rental units, 1990 Census	915,617	5,199
N	Growth in year round rental units, 1990-2000	N=(L/M)-1	3.0%
	Vacancy rate for year-round ownership units, 2000 Census	0.7%	0.3
O			
P	Vacancy rate for year-round rental units, 2000 Census	3.5%	1.7

APPENDIX B: ELDERLY HOUSING

TABLE 1.1 – ELDERLY POPULATION TRENDS

Data Sources: MISER and U.S. Census 2000

Note: Wherever possible, Census data has been used. “(m)” indicates that population projections from MISER are cited.

Residents 65 or Older, 1990 – 2010

	1990	2000	2010
Peabody			
MISER projections	6627	7675	8209
Census 2000	6655	8398	N/A
% of Total Population	14%	17.4 %	15.8 % (m)
% Change from Previous Decade		+ 26.2 %	+ 7.0 % (m)
Essex County			
MISER projections	94,181	91,811	95,647
Census 2000	94,674	100,306	N/A
% of Total Population	14.1%	13.9 %	12.7 % (m)
% Change from Previous Decade		+ 5.9 %	+ 4.2 % (m)

Residents 85 or Older, 1990 – 2010

	1990	2000	2010
Peabody			
MISER projections	594	710	945
Census 2000	609	980	N/A
% of Total Population	1.3 %	2.0 %	1.8 % (m)
% Change from Previous Decade		+ 60.9 %	+33 % (m)
Essex County			
MISER projections	10,407	10,604	11,861
Census 2000	10,650	13,925	N/A
% of Total Population	1.6 %	1.9 %	1.6 % (m)
% Change from Previous Decade		+ 30.8 %	+ 11.9 % (m)

TABLE 1.2 – ELDERLY DEMOGRAPHICS

Data Source: Census 2000

A. Elderly Persons by Age Distribution

	65-74 Years	75-84 Years	85+ Years
Peabody	4,366	3,052	980
% of Total Population	9.0 %	6.3 %	2.0 %
Essex County	49,366	37,015	13,925
% of Total Population	6.8 %	5.1 %	1.9 %

B. Elderly Households (65+)

Data Source: Census 2000

	Renters	Owners	Total
Peabody	1601	3671	5272
% of Total Households	30.4 %	69.6 %	
Essex County	21,470	43,151	64,621
% of Total Households	33.2%	66.8%	

TABLE 1.3 – ELDERLY DEMOGRAPHICS

Data Source: Census 2000

C. Elderly Persons: Household Income by Income Distribution

Householder, 65 or Over	Number	% of all Elderly
0-\$10,000 - \$10,000	705	13.5%
\$10,000 - \$14,999	547	10.5%
\$15,000 - \$19,999	498	9.6%
\$20,000 - \$24,999	475	9.1%
\$25,000 - \$29,999	472	9.1%
\$30,000 - \$34,999	403	7.7%
\$35,000 - \$39,999	288	5.5%
\$40,000 - \$44,999	188	3.6%
\$45,000 - \$49,999	205	3.9%
\$50,000 or more	1424	27.3%
Total	5205	

D. Elderly Households, With a Mobility or Self Care Limitation, 2000.

Persons, 65 or Over	With a Mobility or Self-Care Limitation
Peabody	2083
	24.8%
Essex County	25,624
	25.5%

TABLE 1.4 – SUBSIDIZED ELDERLY HOUSING

Data Source: Peabody Housing Authority

A. Public Housing Units

1. Total Units Managed: Elderly/Disabled Units Owned by the PHA:

Chapter 667

Breshnahan St	35
Connolly Terrace	52
Eastman Park	52
Farnsworth	29
Rockdale Park	50
Seeglitz School	78
Wilson Terrace	50
Total:	346 (47 disabled, 299 elderly)

Chapter 689 DMH and DMR Group Homes 24

Total: 370

2. Waiting List: 517 Elderly/Disabled

3. Vacancies: 0 Elderly/Disabled

4. Typical Length of Wait for local Resident with no other priority status: 1 -2 years

B. Vouchers/Certificates

	Number Administered	Waiting List
Section 8 - Elderly/Disabled clients	0	n/a
State Programs –Elderly /Disabled clients (MVRP, Other)	20 MVRP vouchers designated for individuals with disabilities, all used for group homes	3 years or more.
Total Certificates	20	

C. Other Subsidized Elderly Rental Projects

Project:	Type:	Units:
1. Fairweather	236	88
2. Peabody House	MHFA	141
3. Tannery	MHFA	244
Total Other Subsidized Elderly Units:		472

D.

Total Subsidized Elderly Units, Certificates and Vouchers (A + B + C): = **862 units***

Total Elderly Households Earning Under \$30,000 per year: = **2,697 households**

Ratio of Elderly Householders Earning Under \$30,000/Subsidized Units: = **3.13 households/unit**

* Note: Some vouchers are used toward units included in this count, so the actual number of households served is somewhat lower than this.

TABLE 1.6 – ELDERLY NEEDS INTERVIEWS

Elderly Interview 1

October 22, 2002

Charlotte Clemens
Regional Housing Coordinator
North Shore Elder Services

Rents are going up too much for people to afford, and more and more people are finding it difficult to find an apartment. Seniors are on fixed incomes, and people are living longer, so housing is becoming a more significant issue for them.

Ms. Clemens generally works with people on applications for apartments, but she does get some calls for affordable condos, and thinks she will get more in the future as people downsize from single-family homes.

The people that she work with frequently want to be in the Seeglitz Apartments, or near it. This location is great because it is close to the senior center and to transportation. While location is important, affordability is the number one issue for her clients.

Affordable assisted living apartments are needed. There are some assisted living units in Peabody, but most are market rate and can rent for \$3,000 a month. There are various programs to assist people to remain in their homes, and most seniors would prefer to stay in their homes as long as possible.

The Section 8 Certificate program isn't working as well as it used to because landlords have no incentive to rent to certificate-holders when they can earn more on the open market.

The PHA is great to work with - they are very helpful and friendly. It would help our clients if they had more units though. Seniors seem to want to move to Peabody, because there are so many resources here for them. The shopping center, the senior center and the transportation network all serve the elderly well. Also, seniors may want to live in Peabody because they used to live here, and want to move back.

Turnover of existing apartments can be a problem for people who have rented from the same landlord for many years. When the landlord decides to sell and the new owner raises the rent, the tenant often finds that he or she can no longer afford the apartment.

APPENDIX C: FAMILY RENTAL HOUSING

TABLE 2.1 - RENTER DEMOGRAPHICS

Source: Census 2000

Renter Households, by size of Household and Age of Householder

Renter Households	Number	% of All Renters
Peabody		
1 person	2,314	43.2 %
2 person	1,548	28.9 %
3 person	728	13.6 %
4 or more	763	14.3 %
Renters as Percent of all Households	5,354	28.8 %
Essex County		
1 person	41,636	41.4 %
2 person	26,281	26.2 %
3 person	13,909	13.8 %
4 or more	18,629	18.5 %
Renters as Percent of all Households	100,455	36.5 %
Age		
Peabody		
15-24	239	4.5%
25-34	1,179	22.0 %
35-64	2,470	46.1 %
65+	1,466	27.4%
Essex County		
15-24	6,885	6.9 %
25-34	24,289	24.2 %
35-64	48,798	48.6 %
65+	20,483	20.4 %

TABLE 2.2 - RENTER DEMOGRAPHICS

Source: Census 2000

Renter Income Distribution, 2000

Renter Households	Number	% of All Renters
Peabody	5,350	
\$0 - \$19,999	1,785	33.4 %
\$20,000 - \$34,999	1,242	23.3 %
\$35,000 - \$50,000	770	14.4 %
\$50,000 +	1,553	29.1 %
Essex County	100,397	
\$0 - \$19,999	37,237	37.1 %
\$20,000 - \$34,999	21,390	21.3 %
\$35,000 - \$50,000	16,373	16.3 %
\$50,000 +	25,397	25.3 %

Percentage of Gross Income for Rent, 2000

Renter Households	Number	% of all Renters
Peabody	5,343	
0 – 19% of Income	1,869	35.0 %
20 – 35% of Income	1,681	31.5%
35% or More	1,456	27.3%
Not computed	337	
Essex County	100,183	
0 – 19% of Income	32,058	32.0 %
20 – 35% of Income	33,183	33.1 %
35% or More	28,723	28.7 %
Not computed	6,218	

TABLE 2.3 - SUBSIDIZED FAMILY HOUSING

Data Source: Peabody Housing Authority

A. Public Family Housing Units

1. Family Units Managed:

Chapter 200:	
Tanners Court	24
Vets Memorial	68
Chapter 705:	
Colonial Manor	26
Goldberg Road	15
Jacob Street	4
Total:	137

2. Waiting List/Family Units:	1 bedroom:	81
	2 bedroom:	289
	3 bedroom:	61
	4 bedroom:	77
	Total:	508

3. Vacancies: 0

4. Typical Length of Wait for Local Resident with no other priority status: 2 years or more.

B. Vouchers/Certificates

	Number Administered	Waiting List
Section 8 - Family clients	190 (Section 8) 55 (Mainstream Voucher) 265 total	3 years or more.
State Programs - Family clients (MRVP, Other)	99 MRVP	Currently low, but will be reopened soon. The expected waiting time is 3 years or more for 2/3 bedroom units.

C. Other Subsidized Elderly Rental Projects

Project:	Type:	Units:
1. Tannery	MHFA	40 unrestricted
2. Tannery II	HUD	173
Total Other Subsidized Elderly Units:		213

D.

Total Subsidized Family Units, Certificates and Vouchers (A + B + C) = 714 units*

Total Family Households Earning Under \$35,000 per year: = 3,027 households

Ratio of Family Householders Earning Under \$35,000/Subsidized Units: = 4.24 units per household

Note: Some vouchers are used toward units included in this count, so the actual number of households served is somewhat lower than this.

TABLE 2.5 – RENT LEVELS

Gross Rent by Bedroom Size, 2000

Data Source: Census 2000

Total: 5,343

	Studio		One Bedroom		Two Bedroom		Three + Bedroom	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
\$0 - \$199	7	3.2 %	198	10.4 %	157	7.0 %	153	16.0 %
\$200- \$299	30	13.8 %	271	14.2 %	65	2.9 %	52	5.4 %
\$300- \$499	68	31.3 %	291	15.2 %	164	7.3 %	49	5.1 %
\$500- \$749	92	42.4 %	845	44.2 %	603	26.7 %	218	22.7 %
\$750- \$999	20	9.2 %	293	15.3 %	974	43.2%	232	24.2 %
\$1,000 +	0	0 %	14	7.3 %	292	12.9%	255	26.6 %
Total	217		1,912		2,255		959	

Current Rent Structure

Data Source: Local Realtor

	One Bedroom	Two Bedroom	Three Bedroom
Price Range	\$650 – \$900	\$900 – \$1,100	\$1,100 - \$1,500

TABLE 2.6 – LOCAL RENTAL HOUSING CONDITIONS

Market Rental Stock

Source: Census 2000

A. Total Rental Housing Units, 2000	5,343 Rental Units
B. Total Rental Housing Units since 2000	+ 0 Rental Units
C. Total Subsidized Rental Units:	- 714 Rental units
D. Total Current Market Rentals (A+B+C)	4,629 Rental Units

Occupied Rental Units, by Year Built

Source: Census 2000

Rental Housing Units	Number	Percent of Rental Units
Peabody	5,343	
2000-current	0	
1990-1999	249	4.7 %
1980-1989	506	9.5 %
1940-1979	2,464	46.1 %
1939 or earlier	2,131	39.8 %
Essex County	100,397	
2000-current	n/a	n/a
1990-1999	3,596	3.6 %
1980-1989	9,283	9.2 %
1940-1979	44,995	44.8 %
1939 or earlier	42,523	42.4 %

FIRST TIME HOMEBUYERS

TABLE 3.1 – HOUSING VALUES

Owner Occupied Housing Value Distribution, 1990

	Number	Percent
Peabody	10,851	
Less than \$100,000	126	1.2 %
\$100,000 – \$149,000	1,015	9.4 %
\$150,000 - \$199,999	3,328	30.7 %
\$200,000 - \$249,000	3,016	27.8 %
\$250,000 - \$299,999	2,082	19.2 %
\$300,000 +	1,284	11.8 %
Essex County	139,931	
Less than \$100,000	6,159	4.4 %
\$100,000 – \$149,000	22,028	15.7 %
\$150,000 - \$199,999	32,305	23.1 %
\$200,000 - \$249,000	23,734	17.0 %
\$250,000 - \$299,999	18,891	13.5 %
\$300,000 +	36,814	26.3 %

Recent Sales Transactions

Source: The Warren Group

	Single Family		Condominiums	
	Number	% of All SF Sales	Number	% of All Condo Sales
2001	380		106	
Less than \$100,000	17	4.5 %	5	4.7 %
\$100,000-\$149,999	9	2.4 %	24	22.6 %
\$150,000 - \$199,999	28	7.4 %	32	30.2 %
\$200,000 - \$249,999	89	23.4 %	17	16.0 %
\$250,000 – \$299,000	108	28.4 %	14	13.2 %
\$300,000 - \$349,999	75	19.7 %	8	7.5 %
\$350,000 +	47	12.4 %	2	1.9 %
2000	336		131	
Less than \$100,000	14	4.2 %	9	6.9 %
\$100,000-\$149,999	12	3.6 %	38	29.0 %
\$150,000 - \$199,999	60	17.9 %	33	25.2 %
\$200,000 - \$249,999	105	31.2 %	29	22.1 %
\$250,000 – \$299,000	89	26.5 %	19	14.5 %
\$300,000 - \$349,999	30	8.9 %	2	2.5 %
\$350,000 +	21	6.2 %	0	0

TABLE 3.2 – ECONOMIC OVERVIEW

Local Jobs, by Sector, 2001

Source: Massachusetts Division of Employment and Training

Local Jobs	Manufacturing	Trade (Retail & Wholesale)	Service	Other	Total
Number	4,148	10,297	7,705	2,827	26,877
Percent of Total	15.4 %	38.3 %	28.7 %	10.5 %	
Average Wage	\$53,157	\$31,874	\$34,753	\$45,324	\$38,004

**Marie Bishop, Realtor
Carlson/GMAC**

There are lots of first time homebuyers in the area, but there isn't much they can afford in Peabody. The least expensive condos right now are going for \$149,000 in the new building on Foster Street. They are the only units available for under \$200,000 right now. Danvers has a lot of brick buildings that used to be apartments and are now condos that tend to be less expensive. However, Peabody doesn't have units like that, except some on Foster Street, but people feel that the area is still industrial and don't consider it a desirable place to live. So there really isn't much for average people.

Most successful FTHB are upwardly mobile couples in their late 20's, making \$100,000 or more a year. These people are able to afford what is on the market. However, a lot of people who need assistance earn too much to qualify for the programs offered, and then those who do can't afford what is available.

There are currently only 5 houses available right now for under \$300,000, and 2 of these are mobile homes. And the mobile homes aren't necessarily a good option for people seeking an affordable first home, because they often must be purchased for cash and they require a clean credit check. Until recently, when a reasonably priced home came on the market, there would be a bidding war. Now that is slowing a bit.

Two and three family houses would be a great option for FTHB because the income from the rent would go toward the mortgage. However, prices for these homes aren't in line with the potential income any more. And, they rarely come on the market because they tend to stay in a family.

It would help the situation if there were more options for senior citizens, especially smaller, one story homes. Right now there are lots of elderly people living in small cape style homes in South Peabody, who might like to sell their homes because they don't want to live alone, or it has become unsafe for them to have a 2-story house, or they simply don't need the space. These homes would be perfect for a first time homebuyer. However, the senior citizens aren't selling these homes because they don't have anywhere else to move. They don't necessarily want to be in a nursing home environment because they are still able to live independently. Ideally, they would be able to purchase a small, 1-story home or condo which would be maintained by an association of some sort.

Lisa Greene

**Grants Manager/First Time Homebuyer Program Coordinator
City of Peabody Department of Community Development and Planning**

There is a large demand for first time homebuyers, but there are not many homes available, particularly those that can be purchased through the City's First Time Homebuyer Program. HUD limits the price of a single family home purchased through the program to \$260,609. The program has funds to help everyone who applies, but they are not all used. Instead, funds are being transferred to the rehab program, where they assist people who are already own their home (particularly the elderly). New requirements that a home purchased through the First Time Homebuyer Program meet code requirements make it more difficult for applicants. However, successful applicants generally take advantage of the rehab program as well as the homebuyer program.

Two and three family homes are frequently purchased by applicants through the program. The City encourages the homebuyer to make the other unit(s) affordable (which makes the unit eligible for rehab money) but homebuyers rarely do. Currently there are no incentives for homebuyers to make the units affordable, but the City is considering creating an incentive to do so.

The FTHB program is not limited to Peabody residents, although applicants generally are from the area. Word does appear to be spreading to other towns however.

Obstacles to the provision of affordable homeownership opportunities using the FTHB program include the lack of supply of affordable units and the income guidelines. The income of successful applicants are limited, but it is difficult to meet the income guideline and be approved by a bank for a loan. Applicants to the program are frequently approved by the City, but are unable to be approved for a mortgage by a bank. Roughly 12 households successfully utilize the program per year.

There is an exciting new program in the region that is providing a new opportunity to first time homebuyers. The Salem Harbor CDC runs a "lease to own" program, in which it purchases a home and leases it to the applicant. After 2 years, the applicant purchases the home from the CDC. The home must be a multifamily in order to provide the new owner with an income stream. In order to be successful, the program also provides training and education to the new homeowner.