

The Berkshire Eagle



South County lacks homes for sale in the \$300,000-and-less range that are move-in ready. This duplex in downtown Great Barrington is "in need of work" and listed for \$205,000.
HEATHER BELLOW - THE BERKSHIRE EAGLE

Hometown? Without solutions, Berkshire County's worker housing shortage may slow economic growth

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BILL COOKE, GREAT BARRINGTON SELECTMAN

By Heather Bellow, The Berkshire Eagle

GREAT BARRINGTON — Finding a \$300,000 home for sale in South County can feel like a quest for the Holy Grail.

Lots of people have heard about it, many are searching for it, but few have seen it.

While real estate sales in the Berkshires were robust during the first half of the year, it has been a test of patience for people across the Berkshires looking to buy a home for \$300,000 or less — especially in South County.

"There are a lot of frustrated buyers," said Eric Steuernagle of Fairground Real Estate, speaking to his clients' struggle to find a home they can afford. "It's everything from young families starting out to locals that are looking to downsize."

The demand for workforce housing — that is, dwellings affordable for professionally employed people — is present, but the supply hasn't kept pace.

The affordable and workforce housing crunch is a county, state and nationwide issue that could hurt local economies, say real estate agents, realtors and local housing experts. People want to be able to afford to live close to where they work, and in Berkshire County, there is a gap in housing for professional workers.

It's not a new phenomenon, but one that will slow the economy as the demand for skilled workers in the area continues to grow. Locally, factors include an older housing stock in need of repairs, significant second-home ownership and the cost of new construction. This creates an economic "chicken-and-egg problem," said Sandra Carroll, chief executive officer of the Berkshire County Board of Realtors.

"It's an old story," Carroll added. "You have plenty of inventory, but you don't have enough for every firefighter, cop and teacher to buy a house."

BY THE NUMBERS

Carroll's January-to-June Market Watch report shows that the situation in South County is particularly stark right now, given, for instance, that 19 percent of the homes for sale here are priced at over \$1 million.

"The rest of the county does not have as much super-high-end housing," Carroll said. Out of 962 listings countywide as of Sept. 13, 381 were priced at \$300,000 and less, she said.

In South County, it was 140 out of 548 total listings.

The dearth of workforce housing is the focus of the board's Housing Summit scheduled for Oct. 16 at the Berkshire Hills Country Club. The lineup includes experts who will speak to how to eliminate hurdles to building more homes and units that people who work here can afford.

Local business leaders, employers and housing professionals say a host of factors has created this crisis, including high construction costs and an aversion to investment risk in a rural area that still is perceived as lagging economically.

"The economy, job creation and housing that's affordable are all tied at the hip," said Timothy Geller, executive director of Community Development Corp. of South Berkshire. "There's just no getting around it."

Yet, there are gaps in important places. One is between what workers make and what they can afford in South County, Geller said.

Hunter Marotis, owner of H&R Homes Remodeling, said another gap is between the expense of building costs and profit. Marotis, who also is president of the Massachusetts Home Builders and

Remodelers Association, hasn't built a new home since 2007. It's too risky in a playing field rife with state regulations that he says strangle new construction of anything less than \$500,000. Building requirements such as sprinkler systems, energy-efficient windows and neighborhood improvements increase the cost of production past what most people in the area can afford.

"If it cost us \$500,000 to develop a piece of property, we can't put a [home] on there for \$200,000," Marotis said. "At the end of the day, buildings have to make money."

Others say that the problems have shifted with the times.

"The No. 1 constraint [to economic growth] now is housing," said John Bissell, executive vice president of Greylock Federal Credit Union. "People used to have the mentality of, 'There aren't enough jobs,' but right now, there's not enough housing to go around. The problem has shifted."

HELP ON THE WAY?

Bissell said he is encouraged by the success of endeavors like the market-rate apartment and condominium projects in downtown Pittsfield that he says contribute to a symbiotic local economy that also fuels other nearby businesses. He said more of this kind of risk taking by developers will be well-rewarded, boost the economy and give everyone from housekeepers to engineers good, safe housing at the right price.

"If we don't get the supply we need, it will constrain growth," Bissell said, noting that he has spoken to employers who want to hire more talent but find the local housing market inhibitive. "People will say, 'Gee, I just can't find a place.' "

Similar projects are rising in South County, but not enough to satisfy the demand for those whose incomes can't keep pace with housing costs. In Berkshire County, the median income is \$55,190, compared with the national \$60,336.

And the median list price of South County homes is \$475,000, while the median sale price is \$322,000. For most people working in the local economy as carpenters or registered nurses, for example, these prices are steep. What they can truly afford depends on whether they also can make a 20 percent down payment, or survive other closing costs, according to Alfred Brewer, associate project manager at the Community Development Corp. who works with Geller.

Brewer differentiates "affordable" from "workforce" housing for families of two. Incomes up to \$42,600 are considered within the range of need for affordable housing — these include hairdressers, cashiers and teachers. People who make up to \$85,200 need the workforce units. These include carpenters, dental hygienists and registered nurses.

ARTICLE CONTINUES AFTER THESE ADS

Brewer also noted that renting in the Berkshires can be a savings buster, as the county's pricing sucks up 30 percent of the income of more than 42 percent of renters.

WORKFORCE SQUEEZE

It is the workforce that often is squeezed by not making enough money, yet also too much, to qualify for housing subsidies, said Jane Ralph, executive director of Construct Inc.

"It could be because of student debt, high rent, driving many miles to the job, but there's a broader range of people who are living paycheck to paycheck in professional roles who are not able to save any money because of the cost of living," Ralph said.

Construct's waiting list of 500 households to rent one of the nonprofit's 80 units in the county illustrates the problem. And Ralph said she agrees with Bissell that this will constrain economic growth in the area, and is working with numerous towns to try to solve the affordable housing scarcity with creative solutions.

Great Barrington is one. After seeing housing woes among friends, in 2017 Select Board member Bill Cooke unearthed an old bylaw for an Affordable Housing Trust Fund that would help people buy homes in town. The trust has given out two loans so far as part of its down payment assistance program. He said that with the housing shortage, help can only do so much.

"Even if you qualify, it's still hard to find a house to afford that doesn't need a lot of work," Cooke said. "I think it's the biggest problem in town. You can't get new companies to move here if there's no place for their workers to live. It's a circular problem."

Teachers might not come here, either. Peter Dillon, the superintendent of the Berkshire Hills Regional School District, whose schools are in Great Barrington, is aware that teachers might not have applied for positions because housing here is too expensive. That, and a higher cost of living, generally appear to be the flip side of areas with good schools, Dillon said.

"For early career teachers, just out of school, it's really hard," Dillon said.

While the entire county struggles with this housing scarcity, some areas are better than others, according to Carroll's report, which compared the January-to-June sales from the same time period last year. Central Berkshires has less of an affordability problem. It has the most homes in the popular sales range, \$150,000 to \$199,000.

Meanwhile, across the county, the pricey homes at \$500,000 and up tend to languish on the market, Carroll says.

But a mix of housing types and prices will stimulate the economy, since the workforce is varied, Bissell said.

"We need it all. We need excellent housing for waitstaff and housekeepers, doctors and engineers. If it's this or that, then you're squeezing out one end of the workforce."

Jonathan Butler, CEO of 1Berkshire, agrees, and says the lack of modern rental units also is a problem. "We're not keeping up with the quality of housing for younger professionals."

OBSTACLES

Carroll said the board is searching for "root causes" to address the shortage.

"As we solve the economy, we have to solve [insufficient] workforce housing," she said. "While our communities are considered extremely affordable, still, it's not enough to accommodate the workforce."

Short-term rentals might be one cog in the inventory machine, and towns like Great Barrington are trying to quantify how this affects housing options and fairness.

Thomas Doyle, a Great Barrington-based Realtor, told Great Barrington officials last month that the Airbnb trend likely has an effect on both ends of the market, with investors scooping up the lower-priced homes for rentals, while on the upper end, people can rent seasonally rather than buy a home that is expensive to maintain.

Carroll said Gov. Charlie Baker's Housing Choice Initiative is inspired by the inventory problem, and by the state's soaring home prices. The idea is to help towns and cities make it easier for investors to create diverse housing.

In a rural area where assessed home values are lower, the cost of construction relative to profit might be deterring developers.

Other hurdles are restrictive local zoning and permitting, something town planners in Great Barrington are studying and proposing changes to. Carroll said the Housing Summit will look at just that.

"What can spur growth, renovation and conversion to more moderately priced family units," she said. "All building costs are very expensive, so, there has to be a way that we can add inventory, and it has to be profitable for people doing the building."

She said this often is the sticking point.

"Unfortunately, profits are always in the higher-end homes."

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