



CHAPTER 5

HOUSING ELEMENT

Housing is a controversial subject in most small towns. While they may want to provide affordable or senior housing, or housing that simply offers more options than conventional single-family homes, communities have found it very difficult to absorb the impacts of new development. Opinions about housing, taxes and open space often fuse during a master plan process and drive many land use policy decisions, sometimes at the expense of sound planning and social fairness. However, housing needs and limited housing choices go hand-in-hand because towns without many young, elderly, minority or low-income households also have fairly homogenous housing.

For Princeton and other small towns in the Wachusett region, an important policy question is whether local regulations facilitate or impede fair and affordable housing. Toward that end, the housing element of a master plan examines the impact of housing policy on the demographic characteristics of a community, market trends, development regulations, and housing needs that remain unmet by ordinary market forces. Like the suburbs and small towns near Boston or Springfield, Princeton and neighboring Westminster, Holden, Paxton, Rutland, Sterling and Hubbardston differ quite a bit from nearby cities – and from each other. The differences are systemic and they influence all aspects of a population profile, such as the age, racial and ethnic make-up of small-town populations or their household size and income characteristics. For the most part, housing costs perpetuate these differences. The types, sizes and value of a community's homes affect its population characteristics, and Princeton is no exception.



Historic home on Houghton Road. (Photo supplied by Master Plan Steering Committee.)

EXISTING CONDITIONS

Population Growth

Princeton's population has more than doubled since 1970, when the town's official census tally included 1,681 people and its total housing inventory, 509 homes. During the 1990s, Princeton's population rose by only 5.1%, a rate roughly consistent with that of the state as a whole (5.5%). For Princeton, the past decade represented the first substantial decline in rate of population growth since the 1940s, when the number of people living in Princeton increased by 44.7%.

In contrast, Holden, Sterling and Leominster absorbed population growth rates of 8-12% from 1990-2000, and the populations of Hubbardston and Rutland increased by 39.8% and 28.7%. In fact, Hubbardston's population growth rate ranked ninth out of all 351 cities and towns in the Commonwealth. As a result, Princeton has replaced Hubbardston as the Wachusett region's

TABLE 5.1: POPULATION CHANGE, STATE & REGION, 1930-2000

Geography	1930	1940	1950	1960	1970	1980	1990	2000
Massachusetts	4,248,326	4,316,721	4,690,514	5,148,578	5,689,377	5,737,037	6,016,425	6,349,097
Worcester County	490,737	504,470	546,401	583,228	638,114	646,352	709,705	750,963
Fitchburg	40,692	41,824	42,691	43,021	43,343	39,580	41,194	39,102
Gardner	19,399	20,206	19,581	19,038	19,748	17,900	20,125	20,770
Holden	3,871	3,924	5,975	10,117	12,564	13,336	14,628	15,621
Hubbardston	1,010	1,022	1,134	1,217	1,437	1,797	2,797	3,909
Leominster	21,810	22,226	24,075	27,929	32,939	34,508	38,145	41,303
Paxton	672	791	1,066	2,399	3,731	3,762	4,047	4,386
PRINCETON	717	713	1,032	1,360	1,681	2,425	3,189	3,353
Rutland	2,442	2,181	3,056	3,253	3,198	4,334	4,936	6,353
Sterling	1,502	1,713	2,166	3,193	4,247	5,440	6,481	7,257
Westminster	1,925	2,126	2,768	4,022	4,273	5,139	6,191	6,907
Worcester	195,311	193,694	203,486	186,587	176,572	161,799	169,759	172,648

Source: MISER, Bureau of the Census.

least densely populated town. Today, its population density is only 94.6 persons per sq. mi., which is comparable to many rural communities in Franklin and Berkshire Counties.

Population Age

Princeton differs somewhat from other Wachusett communities in the age make-up of its population. Children under 18 comprise a larger percentage of the population in Princeton than in all towns nearby except Hubbardston and Rutland, and the percentage of persons over 65 is disproportionately small. From 1990-2000, Princeton experienced a lower rate of school-age (5-17) population growth than the state as a whole and most towns nearby, and it also experienced a much larger percentage decrease in pre-school population. The most noteworthy age cohort growth occurred among persons 65-74, a sub-set of the senior population that increased by 35.4%. Princeton also absorbed considerable growth among persons 45-54 and 55-65, but this is true for most neighboring communities as well.

Finally, Princeton is the only town in the region that lost population among persons 25-34 during the 1990s. Although Princeton surpassed the en-

tire region for decline among persons 18-24, the rate of change was not dramatically different from that of Worcester County overall or Leominster, Holden, Sterling.

Race, Ethnicity & National Origin

The total population in Princeton's region increased by only 3.2% from 1990-2000, but the number of minorities increased significantly. The low rate of population growth region-wide is partially attributable to a net decline in Fitchburg's total population (-2,092), yet Fitchburg gained more racial minorities (2,748) than it lost in total population. Worcester also absorbed dramatic growth among racial and Hispanic minorities – 7.6 minority persons for every one-person increase in total population – and to a lesser extent, so did Leominster and Gardner.¹

Of the region's absolute minority population increase of 29,978 people, 97.5% live in Worcester, Fitchburg, Leominster and Gardner. In contrast, the 55% of the region's total population growth occurred outside the cities, mainly

¹ U.S. Department of Commerce, Bureau of the Census, Census 2000, Summary File 1, Tables P7, P8; 1990 Census, Summary File 1, Table P006.

TABLE 5.2: PERSONS UNDER 18, OVER 65, AND CHANGE IN POPULATION PERCENT, 1990-2000

Geography	Census 2000 Population	Population % <18 Years	1990-2000 % Growth <18 Years	Population % 65+	1990-2000 % Growth 65+ Years
Massachusetts	6,349,097	23.6%	10.9%	13.5%	5.0%
Worcester County	750,963	25.6%	11.1%	13.0%	0.7%
Fitchburg	39,102	25.8%	0.9%	14.6%	-9.7%
Gardner	20,770	23.7%	8.2%	16.1%	-1.5%
Holden	15,621	27.0%	13.6%	14.2%	1.4%
Hubbardston	3,909	31.1%	42.6%	6.9%	36.2%
Leominster	41,303	25.5%	18.7%	13.6%	13.3%
Paxton	4,386	23.9%	10.4%	14.6%	19.2%
PRINCETON	3,353	28.9%	4.5%	8.5%	28.8%
Rutland	6,353	30.8%	32.1%	7.7%	6.1%
Sterling	7,257	27.5%	9.0%	9.0%	18.2%
Westminster	6,907	26.8%	12.8%	10.9%	11.6%
Worcester	172,648	23.6%	7.6%	14.1%	-10.6%

Source: Census 2000, Summary File 1, Table P12; 1990 Census, Summary File 1, Table P011.

in Hubbardston and Rutland. Today, the racial, ethnic and cultural characteristics of Princeton and neighboring small towns are very similar. Princeton residents are primarily white (96.7%) and of English, Irish, French, Italian, German and Polish descent. Hispanic-Latino persons comprise Princeton's largest minority population (1.5%) and they are primarily Mexican and Puerto Rican persons. Among racial minorities, Asian persons – primarily Korean and Chinese – make up 1.0% of the total population.²

Overall, Princeton, Paxton and Rutland have slightly more diverse populations than neighboring towns, but all of the small towns differ significantly from the region's cities, where minorities comprise 13-23% of the total population. According to the last federal census, approximately 5% of Princeton's population is foreign-born and a majority of its foreign-born persons are naturalized citizens. A few Princeton households speak a language other than English at home, but linguistic isolation is nearly non-existent in Princeton

and other small towns in the Wachusett region. In contrast, 5-8% of the households in Fitchburg, Leominster and Worcester are linguistically isolated, primarily those speaking Spanish or other Indo-European languages at home.³

Households and Families

New housing development responds primarily to household formation rates and an expanding economy. A **household** consists of two or more people living in the same housing unit or a single person living alone, which means that in any given community, the number of households is the same as the number of occupied housing units. Many factors contribute to demand for housing and all relate to the nation's changing household characteristics: declining household sizes, delayed marriages, divorce rates, increasing numbers of non-traditional households, longer life spans, and significantly, the aging of Baby Boomers and the so-called "Echo Boom." In Massachusetts, these conditions coupled with the outward migration of jobs from the Boston area have pushed housing

² Ibid, Summary File 3, Tables PCT 16, PCT19.

³ Census 2000, Summary File 3, Tables P19, P21, P22.

demand west toward Worcester, and the results can be seen throughout Princeton's region.

Princeton's 1,166 households are predominantly **families**, i.e., households of two or more persons related by blood, marriage or adoption. Compared to neighboring towns, Princeton has the largest percentage of family households and the third highest average number of children under 18 per family. Like other affluent communities, Princeton has a strikingly large percentage of married-couple families: 90.7%. Married couples represent 76% of all families statewide, and 85-89% in the small towns adjacent to Princeton. In contrast, less than 70% of all families in Worcester and Fitchburg are married-couple families, and 23-27% are families headed by single women. In addition, more than 97% of Princeton's families are white, non-Hispanic, and this is generally true in neighboring towns as well. Princeton also has the region's smallest percentage of households with subfamilies, such as parents, their adult children and grandchildren living in the same home.⁴

Since Princeton ranks highest in the region for percentage of family households, by definition it ranks lowest for percentage of **non-family households**. Non-family households include one-person households and households of two or more unrelated people, such as roommates and unmarried partners. Statewide and nationally, non-family households tend to share two characteristics: most are single people living alone, and seniors (over 65) often make up a larger percentage of non-family households than all households. These characteristics apply to Princeton, too, but it has a smaller percentage of one-person households than most of the region's towns. Non-family households in nearby cities are more likely to be young people (under 35), particularly in Worcester and Fitchburg, the only communities in the region that approximate the statewide average (25.7%).⁵

⁴ Census 2000, Summary File 1 Tables P24, P26, P31A-P31I; Summary File 3 Table PCT6.

⁵ Census 2000, Summary File 1, Tables P21,

Of all 45,813 non-family households in Princeton's area, households of two or more unrelated people account for about 19%, which is somewhat lower than the national average. Unmarried partners comprise a fairly small percentage of all households – about 5.2% for the state as a whole – and in Princeton, they represent 4%.⁶

Household and Family Wealth

Princeton's 1999 median household income of \$80,993 is the state's 38th highest and it significantly exceeds that of all surrounding towns except Paxton (\$72,039). Since 1990, the median household income in Princeton has increased by 53.7%, higher than the average increase of 46.7% for the rural towns in the area (in current dollars).⁷ Twenty years ago, Paxton led the region for household wealth with a median household income that ranked 25th for the state as a whole, while Princeton's state rank was 50. By Census 2000, the economic position of Princeton households had changed quite a bit, primarily due to the high wage and salary incomes of young and middle-age families that moved into the town during the 1990s.

About 5% of all Princeton households have annual incomes exceeding \$200,000, and the sum of their incomes is more than 17% of the town's aggregate household income. However, not all Princeton households are well off. For example, its over-75 households have much lower incomes, and the gap between the median for over-75 households and households overall is much larger in Princeton than in any other community in the region. The households with the lowest incomes in Princeton are single women over 65: \$13,056. Although Princeton has very few households with

P25, P26.

⁶ Census 2000, Summary File 1, Table PCT114, PCT15.

⁷ Census 2000, Summary File 3 Table P53; Massachusetts Department of Revenue, "Median Household Income: 1979-1999," Municipal Data Bank.

incomes below poverty, its households below poverty include comparatively large percentages of families and non-family households over 65.⁸

Low- and Moderate-Income Households

Most housing subsidy programs define “low and moderate income” as households with incomes at or below 80% of the area median income (AMI) for the metropolitan or non-metropolitan area in which they live. Today, a four-person family in Princeton with an annual income of \$57,350 qualifies as a moderate-income household.⁹ As of the most recent federal census, Princeton had the second smallest percentage of low- and moderate-income households in the region: 18.9%. Low- and moderate-income households in Princeton and other small towns in the Wachusett region share at least three characteristics:¹⁰

- Most are homeowners, not renters. In Princeton, low- and moderate-income homeowners outnumber renters by 5:1.
- They are more likely to be seniors. More than 46% of Princeton’s lower-income households are seniors, yet the elderly comprise only 15% of all households in town.
- They are more likely to be moderate-income than low- or very-low-income. Statewide, about 37% of all low- and moderate-income households have incomes in the moderate range. In Princeton, they represent 46.4% of the town’s low- and moderate-income house-

holds, and similar (or larger) percentages can be found in Paxton, Sterling and Westminster.

Housing Characteristics

Princeton’s development pattern is characterized by very low-density housing, and 95% of its housing units are detached single-family homes. During the 1990s, Princeton’s housing inventory increased by 8.4% and nearly all of the increase stems from single-family home construction.

Despite Princeton’s high population growth rates from 1940-1990, its housing stock is fairly old. Princeton exceeds all of the surrounding small towns for percentage of homes built prior to 1940 (23.3%), the first year that detailed housing statistics were reported in the federal census. Princeton homes are also relatively large. Its average housing unit contains seven rooms, and more than one third of all homes have four or more bedrooms. Paxton is the only town with homes that exceed Princeton’s in average size. In contrast, housing units in the region’s four cities are much smaller, with an average of 5-5.4 rooms per unit and less than 14% with four or more bedrooms.

Property records maintained by the assessor reinforce the Census Bureau’s housing data for Princeton. Table 5.3 shows that Princeton’s newest and oldest homes are quite large, defined not only by their living area but also by their height. Moreover, although many of Princeton’s houses occupy lots that approximate the minimum area required by zoning today (two acres), the average lot size for any given period of construction is distorted by the presence of some very large parcels. In fact, it is not uncommon for single-family homeowners in Princeton to own more than 10 acres of land. The median lot size also exceeds the current minimum lot area, except for homes built during the 1960s and the early 20th century.

Tenure

Homeowners. Given the prevalence of single-family homes in Princeton, it is not surprising to

⁸ Census 2000, Summary File 3 Tables P52, P54, P56, P92, PCT42.

⁹ U.S. Department of Housing and Urban Development (HUD), “FY 2006 Income Limits,” (8 March 2006), see Worcester, MA HUD Metro FMR Area (HMFA) at <<http://www.huduser.org/datasets/il/il06/index.html>>

¹⁰ HUD, Comprehensive Housing Affordability Strategy (CHAS) Data 2000, “Housing Problems” Series, State of the Cities Data System at <<http://socds.huduser.org/index.html>>.

TABLE 5.3: SINGLE-FAMILY HOMES BY AGE, LOT AREA, SIZE AND ASSESSED VALUE

Year Built	Total Parcels	Average Characteristics by Age Cohort						
		Lot Size (Acres)	Height (Stories)	Rooms	Bedrooms	Living Area	Building Value	Total Value
2000-2004	69	5.8	1.9	7.9	3.6	2,551	\$336,201	\$458,765
1995-1999	74	5.0	1.9	7.7	3.6	2,815	\$360,774	\$487,142
1990-1994	73	5.6	1.8	7.3	3.3	2,444	\$312,041	\$433,425
1980-1989	271	4.4	1.7	6.5	3.2	2,275	\$272,972	\$392,581
1970-1979	297	3.5	1.5	6.3	3.1	1,816	\$200,358	\$312,112
1960-1969	94	4.6	1.3	6.1	2.9	1,795	\$184,835	\$296,720
1950-1959	63	3.4	1.2	6.0	2.9	1,576	\$148,114	\$260,517
1940-1949	28	4.1	1.5	5.9	2.8	1,683	\$126,111	\$239,636
1920-1939	45	4.1	1.6	6.2	3.0	1,966	\$170,660	\$285,862
1900-1919	45	4.0	2.1	7.3	3.6	2,631	\$287,200	\$401,058
1850-1899	53	5.1	2.0	6.8	3.5	2,196	\$183,957	\$298,072
Pre-1850	83	6.0	2.0	7.2	3.6	2,658	\$264,282	\$383,140

Source: Princeton Assessor's Office (October 2005). Note: Table 5 does not include single-family homes on large farm or forestry parcels associated with Chapter 61, 61A or 61B agreements.

find that more than 91% of its households are homeowners. They, in turn, shape the demographic characteristics of the town as a whole and its position in the regional housing market. For example, the median household income of homeowners in Princeton is the region's highest, \$83,355, and except for Princeton's seven condominium units, virtually all homeowners live in detached single-family homes (99%).¹¹ In addition, 84% of its homeowners are families and 95% of its family homeowners are married couples, more than half with children under 18. Furthermore, all minority households in Princeton are homeowners, as is the case in Holden, Hubbardston and Sterling.¹²

Princeton homeowners have fairly large households, which makes sense given that so many are families with children under 18. Homeowners in Hubbardston, Rutland and Sterling are somewhat larger, and this probably reflects the substantial amount of housing growth that occurred in these

towns during the past decade. Still, half of Princeton's homeowners purchased the home they live in at some point after 1990, and nearly one-third after 1995. Although most relocated to Princeton from inside Worcester County, Princeton attracted more in-migration from outside the county than any other town in the region.¹³ This correlates with Princeton's comparatively large percentage of residents commuting to work well beyond the Worcester area, not only to Boston and Cambridge but also to major employment centers on the North Shore. People seem willing to accept some inconveniences for the opportunity to own a home in Princeton.

Renters. Nearly half of Princeton's renter households (47%) live in single-family homes. The only other options for renters in Princeton include a very small inventory of multi-unit residences, and there are probably some apartments in single-family homes even though the town's zoning does not allow them. Today, Princeton has just 18 two-family homes, two three-family homes, a small

¹¹ Census 2000, Summary File 3, Tables H3, H4, HCT12.

¹² Census 2000, Summary File 3, Tables HCT1; Summary File 1, Table H14.

¹³ Census 2000, Summary File 3, Tables H38, P24.

TABLE 5.4: OCCUPIED UNITS, HOUSEHOLD SIZE AND MEDIAN INCOME BY TENURE

Geography	Occupied Housing Units			Average Household Size		Median Income	
	Total	Owner	Renter	Owner	Renter	Owner	Renter
Massachusetts	2,443,580	61.7%	38.3%	2.72	2.17	64,506	30,682
Worcester County	283,927	64.1%	35.9%	2.76	2.19	61,125	27,645
Fitchburg	14,943	51.6%	48.4%	2.64	2.35	51,145	24,751
Gardner	8,282	54.6%	45.4%	2.64	2.01	50,729	25,112
Holden	5,715	88.4%	11.6%	2.81	1.96	68,170	29,189
Hubbardston	1,308	91.4%	8.6%	3.04	2.30	63,534	29,375
Leominster	16,491	57.9%	42.1%	2.71	2.16	59,666	28,802
Paxton	1,428	94.8%	5.2%	2.81	2.45	75,638	33,203
PRINCETON	1,166	91.1%	8.9%	2.94	2.21	83,355	44,286
Rutland	2,253	79.6%	20.4%	2.99	1.89	71,143	31,571
Sterling	2,573	85.0%	15.0%	2.94	2.14	75,178	37,917
Westminster	2,529	85.8%	14.2%	2.84	2.08	60,000	45,042
Worcester	67,028	43.3%	56.7%	2.57	2.28	52,083	25,503

Source: Census 2000, Summary File 1 Tables H1, H3, H4, H12; Summary File 3 Table HCT12.

multi-family property and a few mixed-use buildings. For seniors, there is also Wachusett House, a small affordable housing development financed by the Rural Housing Administration.¹⁴

Like renters just about everywhere, Princeton's are less affluent than homeowners, and they are more likely to include a mix of family and non-family households and single persons living alone (mainly seniors). In addition, renters in Princeton live in fairly old homes, for more than 65% of all units occupied by renters were built prior to 1950. In fact, Princeton has the largest percentage of older renter-occupied units of all cities and towns in the Wachusett area. Only Fitchburg has a similar percentage of older rental units (64%).

Despite these differences, Princeton renters and homeowners have some qualities in common. For example, about 63% of the town's renters are families, and 76% have children under 18. The average household size of Princeton's renter households, 2.21 persons, is the second largest

among small towns in the region. Including the cities, however, the largest renter households live in Fitchburg and Worcester (Table 5.4).

Housing Vacancies and Available Supply

Although the market has softened since 2004, vacancy rates from Census 2000 shed light on Princeton's desirability. In April 2000, Princeton had only 30 vacant housing units: one for rent, seven for sale, six already rented or sold but not yet occupied, eleven seasonal homes, and five "other vacant" units, which usually consists of units reserved for occupancy by caretakers. Measured by housing units that were both vacant and available, Princeton's homeownership vacancy rate was 0.7% and its rental vacancy rate, 1%. Similar conditions existed regionally, though urban rental vacancy rates were higher, e.g., 4-6%. There are currently about 18-20 homes for sale in Princeton, with asking prices from \$275,000 to nearly \$1 million, and no units listed publicly for rent.¹⁵

¹⁴ Town of Princeton Assessor's Office, FY 2006 Parcel Database generated for Community Opportunities Group, Inc., October 2005; DOR, "Parcel Counts by Class and Usage Code," Municipal Data Bank.

¹⁵ Census 2000, Summary File 1, Tables H3, H5. Homes for sale or rent (January-February 2006) surveyed informally through the Worcester Telegram & Gazette, The Landmark, and on-line realtor sources.

TABLE 5.5: CHANGE IN TOTAL HOUSING UNITS AND VACANT UNITS, 1990-2000

Geography	Total Units			Vacant Units		
	1990	2000	% Change	1990	2000	% Change
Massachusetts	2,472,711	2,621,989	6.0%	225,601	178,409	-20.9%
Worcester County	279,428	298,159	6.7%	19,275	14,232	-26.2%
Fitchburg	16,665	16,002	-4.0%	1,302	1,059	-18.7%
Gardner	8,654	8,838	2.1%	675	556	-17.6%
Holden	5,428	5,827	7.4%	147	112	-23.8%
Hubbardston	1,025	1,360	32.7%	71	52	-26.8%
Leominster	15,533	16,976	9.3%	699	485	-30.6%
Paxton	1,351	1,461	8.1%	41	33	-19.5%
PRINCETON	1,103	1,196	8.4%	42	30	-28.6%
Rutland	1,867	2,392	28.1%	190	139	-26.8%
Sterling	2,308	2,637	14.3%	110	64	-41.8%
Westminster	2,405	2,694	12.0%	230	165	-28.3%
Worcester	69,336	70,723	2.0%	5,452	3,695	-32.2%

Source: Census 2000, Summary File 1 Tables H1, H3; 1990 Census, Summary File 1 Table H01, H002.

LOCAL AND REGIONAL TRENDS

In 1990, Princeton's region had nearly 9,000 vacant housing units. The recession that officially began in July 1990 had already left its mark in several ways by the time the 1990 Census occurred in the spring, most notably in a very weak housing market that slowed production and stalled housing sales. As unemployment rose throughout 1991, foreclosure rates accelerated. Home values dropped so much that state authorities unveiled a "market opportunities" plan to acquire, renovate, and sell or rent vacant housing units as subsidized housing for low- and moderate-income families. Across New England, the average start-to-completion period for small-scale multi-family construction increased from 11 to 22 months.¹⁶ Homes remained on the market for several months, especially condominiums, and many sellers began to rent out their homes until the economy recovered. In Princeton, housing

sales dropped by 39% between 1988 and 1991, and no homes were sold in neighboring Hubbardston for nearly a year.¹⁷

The market's rebound eventually reversed these conditions and triggered two events: rising production on one hand, and market absorption of previously vacant housing stock on the other hand. By 2000, Princeton's region had gained 4,400 new homes and its vacant housing inventory had declined by 2,600 units (Table 5.5). As in 1990, 91% of all units vacant in 2000 were located in the region's four cities. During the same decade, however, the region's total housing inventory continued to shift toward small towns, for in 1990, 87.7% of all Wachusett-area housing units were located in the cities and in 2000, 86.5%.

Change in Rental Housing Conditions

Tenants were uniquely affected by the turn in housing conditions because what appeared to be a generous supply of rental housing in 1990 included many homes that were never intended to remain renter-occupied. The Wachusett region's

¹⁶ Bureau of the Census, Manufacturing, Mining and Construction Division, "Length of Time From Authorization of Construction to Start For Private Residential Buildings," and "Length of Time From Start of Construction," Construction Statistics, at <<http://www.census.gov/const/www/index.html>> select "New Residential Construction."

¹⁷ The Warren Group, "Town Stats Search," at <<http://www.thewarrengroup.com/>>.

total housing inventory increased by a modest 3.5% during the 1990s, but the total number of households increased by 6% and the number of renter households, by only 2.7%. For half of the region's communities, the renter-occupied housing inventory was smaller in 2000 than in 1990. Worcester, Leominster and Rutland absorbed nearly all of the rental housing growth that occurred from 1990-2000, with virtually no change in Princeton, Westminster and Paxton.¹⁸

As of 2000, the median rent in Princeton exceeded all communities in the region except Westminster. Not surprisingly, the median rent is lower in the cities, but it is also lower in Rutland and Hubbardston, where subsidized housing makes up a fairly large share of all renter-occupied units. Although gross rents paid by tenants in 2000 do not necessarily reflect rents paid today, they do reveal an individual community's place within a regional housing market. This is especially true when rents are computed as a percentage of renter household income – a statistic that indicates what tenants are accustomed to paying for housing costs. For Princeton, the median rent constitutes a smaller percentage of median renter household income than in any community nearby. Since Princeton renters have higher incomes than renters in all but one neighboring town, the town's higher-than-average rent is probably affordable for many of them.

Change in For-Sale Housing Conditions

Princeton housing sale prices also top the region. Its median single-family home sale price of \$377,500 (2005) is substantially higher than that of any other community nearby. For most of the 1990s, Princeton and Sterling were nearly interchangeable leaders in the higher-end market north of Worcester. By last year, however, Princeton prices had risen significantly, followed by Sterling (\$319,500) and Paxton (\$316,500).

A noteworthy feature of the Wachusett-area market is that the highest 10-year rates of sale price growth have occurred at the extreme ends of the economic spectrum: in Princeton, the most affluent town, and Worcester and Gardner, cities with the lowest median household incomes in the region. In fact, the most dramatic sales price growth overall has occurred in these traditionally affordable communities, where homes are selling for 168-169% more than in 1996. For the cities, price acceleration has occurred mainly since 2001, while housing values in the smaller towns recovered faster after the recession and climbed exponentially in communities with higher rates of new housing development. The exception was Princeton, which did not have a high growth rate and absorbed demand from the highest-income homebuyers seeking rural housing in the area.

Housing Development

Not long ago, housing development around Princeton included a mix of housing units for homeowners as well as renters. The cities offered and continued to produce rental housing, while the smaller towns were predominantly if not exclusively suppliers of single-family homes, and sometimes two-family homes. Move-ups from urban to non-urban areas, or from one non-urban community to another, were facilitated by a continuum of housing types and prices, and the production pipeline remained geared toward a diversity of market needs. Although older federal census reports do not contain the same kinds of detailed housing statistics that are available today, historic changes in land use and residential building permits tell an important story about what has happened in Princeton and the surrounding communities.

Virtually all new units built in Princeton since 1980 have been detached single-family homes except the Wachusett House, a 16-unit elderly housing development approved prior to 1990. The town's history, zoning, development constraints and the market have converged to make Princeton a community of single-family homes,

¹⁸ Census 2000, Summary File 1 Table H4; 1990 Census, Summary File 1 Table H004.

TABLE 5.6: RESIDENTIAL BUILDING PERMITS, 1980-2004, BY NUMBER OF UNITS PERMITTED

Geography	Detached Single-Family Homes			Two-Family & Multi-Family Units		
	Total 1980-2004	1990-1999 Only	2000-2004 Only	Total 1980-2004	1990-1999 Only	2000-2004 Only
Fitchburg	1,487	436	547	833	18	69
Gardner	1,298	414	205	155	5	0
Holden	1,469	547	324	281	2	89
Hubbardston	906	352	159	214	6	0
Leominster	2,518	950	355	2,190	641	6
Paxton	391	141	88	0	0	0
PRINCETON	493	149	69	16	0	0
Rutland	1,062	448	376	103	0	59
Sterling	1,247	466	203	14	8	0
Westminster	861	366	189	116	32	14
Worcester	8,161	2,272	1,815	5,481	486	474

Source: HUD, State of the Cities Data System.

and it seems unlikely that this will change in a substantive way. However, even in communities with the infrastructure and utilities to support some higher-density housing, new development has moved increasingly toward detached single-family homes.

Except for Rutland and Sterling, less than one-third of all multi-family units built in the region since 1980 were actually approved and constructed after 1990. When permit activity is converted to an average number of units per year over 25 years, it is very clear that even where market recovery triggered substantial new housing growth, single-family and multi-family production after 1990 occurred at a slower pace than during the 1980s. Land use statistics also show that post-1990 development consumed more land per unit for all types of housing. In Fitchburg, for example, more land has been converted to urban low-density single-family home development since 1985 than any other residential land use. While Leominster has attracted more condominium and rental investment than the region's other cities, the amount of land used to support these new projects was nearly twice the amount of land per acre for Leominster's older multi-family housing.¹⁹

Affordable Housing

In Massachusetts, when less than 10% of a community's housing units are affordable to low- and moderate-income people, M.G.L. c.40B, Sections 20-23 ("Chapter 40B") instructs local officials to grant a "comprehensive permit" to affordable housing developers. Chapter 40B overrides zoning and other local requirements that make it hard to build affordable housing. The law allows a board of appeals to approve, conditionally approve or deny a comprehensive permit, but in towns that do not meet the 10% minimum, a denied or conditionally approved permit can be appealed by the developer to the state Housing Appeals Committee (HAC). While many Princeton residents say the town needs some affordable housing, they also see Chapter 40B as a serious threat.

Ironically, Princeton has seen very little affordable housing development even though other communities in the region have attracted many comprehensive permit applications, notably Holden, Westminster, Sterling and Rutland. Less than a year after Chapter 40B went into effect, Princeton's first master plan (1970) suggested that the town was not suitable for affordable housing

¹⁹ MassGIS, "Land Use," at <<http://www.mass.gov/mgis/>>.

development, presumably due to the density associated with low-income housing. At the time, the same could have been said for any small town in Massachusetts with difficult-to-develop land and no public water or sewer service. Today, however, neither steeply sloped terrain nor lack of public utilities prevents development. Permitting regulations and wastewater technology have changed considerably since 1969, and because land is so scarce, development occurs on land that few would have classified as buildable 35 years ago.

Princeton's region currently has 12 comprehensive permits in the pipeline, i.e., with initial approval from the state and either in permitting, recently permitted or under appeal. They include a total of 884 housing units on about 287 acres of land, or an average of three units per acre. Still, only 25% of the units are actually affordable, first because most projects have little if any subsidy and second, the state does not require more than 25% affordability in a comprehensive permit development. Moreover, nearly all of the applicants have proposed for-sale housing. For the small towns that stand to gain up to 764 new housing units (Holden, Rutland, Sterling and Westminster) only 194 will actually be credited toward their Chapter 40B Subsidized Housing Inventory.²⁰

PAST PLANS, STUDIES & REPORTS

Records from earlier planning studies indicate that in the late 1980s, Princeton had a Housing Partnership committee, as many towns did at the time. In 1985, the state created the Massachusetts Housing Partnership (MHP), a program originally housed inside state government and spun off as a separate organization prior to the gubernatorial election in 1990. MHP's main objective was to build support for affordable housing in the state's suburbs and small towns. Toward that end, the state paid for many housing needs studies and housing plans at the request of local

officials throughout the Commonwealth. In a companion effort, the state adopted new Chapter 40B regulations in 1990 in order to encourage locally initiated comprehensive permits. These and other efforts served as a backdrop for the creation of a Housing Partnership in Princeton.

According to the 1991 Land Use Plan, a survey of Princeton residents revealed little support for affordable housing. Although the survey respondents were divided, most said Princeton should not pursue any affordable housing initiatives and they did not want the Housing Partnership to seek grants to plan for or finance new affordable units. The 1991 plan's recommendation for zoning to provide for accessory apartments was not adopted, and town meeting subsequently approved a zoning change to limit the number of units (3) that can be created in a single-family conversion.

Princeton's first master plan (1970) followed the passage of Chapter 40B by one year. The legislature had recently created regional planning districts and approved the formation of two state agencies with various responsibilities for housing development, and affordable housing in particular. Based on the topography of Princeton's land, soil surveys and general market conditions, the master plan consultants concluded that higher-density housing development was unlikely and incompatible with other local planning objectives.

A citizens committee updated the master plan in 1975. They advocated for "high-quality development" and density policies linked to constraints-based mapping. There is little evidence of interest in affordable housing in the 1975 plan, though committee members favored the production of elderly housing. By 1980 when the master plan was updated again, the Wachusett House Corporation had been formed and Princeton residents seemed somewhat more supportive of developing elderly housing. Still, local opposition to creating more affordable housing led the author of a late 1980s master plan update to recommend a comprehensive land use study and revised zoning regulations.

²⁰ Massachusetts Department of Housing and Community Development, "Chapter 40B Pipeline," 30 December 2005.

ISSUES, CHALLENGES & OPPORTUNITIES

Measuring Housing Needs

Princeton's housing challenges have less to do with warding off unwanted growth than with providing housing choices at all. The difference between 10% of Princeton's housing units and the existing 20-unit Subsidized Housing Inventory is 99 units. While a 99-unit gap is not much for Chapter 40B, it represents 66% of all building permits issued in Princeton during the 1990s.²¹

Chapter 40B statistics are often used to estimate a community's affordable housing needs, but when Chapter 40B was enacted in 1969, the legislature actually established a regional planning standard, not a housing needs standard. The law's main purpose was to assure that cities did not shoulder a disproportionate share of low- and moderate-income housing. Meeting the 10% minimum merely indicates that a community has its regional "fair share" of affordable housing.

The difference between unmet needs for affordable housing and the 10% minimum under Chapter 40B can be seen in Princeton, which has 220 low- or moderate-income households (Table 5.7) or 18.9% of all households in the town. More than 80% are homeowners, and among them, nearly half are seniors and more than one-third are small families. Two special reports produced for HUD by the Census Bureau shed light on some of the housing affordability and housing quality needs that exist in Princeton:²²

²¹ According to DHCD (7 July 2005), Princeton's Chapter 40B Subsidized Housing Inventory includes the 16 senior apartments at Wachusett House and a four-person group home managed by the Massachusetts Department of Mental Retardation.

²² HUD, "Housing Problems" and "Affordability

TABLE 5.7: LOW- AND MODERATE-INCOME HOUSEHOLDS

Geography	Total Households	Low- or Moderate-Income	
		Number	% Total Households
Massachusetts	2,443,580	984,700	40.3%
Worcester County	283,927	117,367	41.3%
Fitchburg	14,943	7,300	48.9%
Gardner	8,282	3,872	46.8%
Holden	5,715	1,525	26.7%
Hubbardston	1,308	233	17.8%
Leominster	16,491	6,533	39.6%
Paxton	1,428	298	20.9%
PRINCETON	1,166	220	18.9%
Rutland	2,253	717	31.8%
Sterling	2,573	638	24.8%
Westminster	2,529	593	23.4%
Worcester	67,028	36,822	54.9%

Source: HUD, CHAS 2000 Data.

- Less than half of Princeton's low- or moderate-income renters (36 total households) are seniors living at Wachusett House. The others are small and large families, single-people living alone, and unrelated persons sharing a home. Four of the small families (families of two to four people), and four of the unrelated-person households are unaffordably housed, which means they pay more than 30% of their household income on rent and utilities.
- Small families with low or moderate incomes have more substantial housing cost problems than any other type of household in Princeton. Among homeowners in particular, 50 of Princeton's 62 low- or moderate-income small families are unaffordably housed. The percentage of housing cost burdened, lower-income small families is much larger than the percentage of lower-income elderly homeowners.

ty Mismatch" databases, CHAS 2000 Data, State of the Cities Data System. See also, Census 2000 Summary File 3, Tables H91, and H95.

- Large families – those with five or more family members – have more housing quality problems than housing affordability problems. The housing quality problems include homes that are substandard or too small, or units with lead paint hazards. In Princeton, there are 16 low- or moderate-income large-family households with some type of housing problem: 75% need affordable housing, but the other 25% need both suitable and affordable housing. These needs exist equally among renters and homeowners.
- The total need for affordable housing, measured as low- or moderate-income households with housing cost burdens, is 134 units. In addition, there are unmet needs for 4-8 affordable rental units of a size appropriate for larger families.

Princeton does have more affordable housing than the 20 units included on the Chapter 40B Subsidized Housing Inventory. As of Census 2000, the cost to live in 270 of Princeton's 1,180 occupied and vacant, available housing units was statistically affordable to low- or moderate-income people, primarily moderate-income people. However, only 29% of these units were actually occupied by households in the low- or moderate-income range. This contributes to Princeton's comparatively small percentage of household income devoted to housing costs, not only for renters but also for homeowners.

The median housing cost for homeowners with mortgage payments in Princeton is only 19.9% of the town's median homeowner income, a smaller percentage than the average for the state as a whole, Worcester County, and all communities nearby except Rutland. Aside from the high incomes of most Princeton homeowners, some of its homeowners live in housing units that would be affordable to moderate-income households. The absence of deed restrictions makes these units affordable but not available to people who need low-cost housing.

For more than half of the homes on the market in Princeton today, the asking prices significantly exceed current assessed values. In some cases, the high asking prices are actually an indicator of land value, not the value of buildings, particularly for homes constructed between 1920 and 1950.²³ In virtually all communities, housing sales in a tight market drive up purchase prices and eventually, property assessments. Furthermore, older, seemingly affordable homes in desirable towns like Princeton often attract families seeking buy-up opportunities. When families in a buy-up mode purchase houses that realtors classify as "starter homes" or "fixer-uppers," they typically invest in major capital improvements: additions, alterations and renovations, all of which increase the value of the house and consequently, its resale value. This pattern of buy-up/investment and value enhancement has contributed to the gradual decline in housing affordability throughout the state, particularly in communities with expensive house lots and very little developable land.

Princeton has opportunities to provide more housing options at all market levels and some affordable housing as well. Since the town is small and much of its land is severely constrained, many of the housing initiatives that have been successful in Eastern Massachusetts communities will not work in Princeton. If it were easy to develop affordable housing in Princeton, for-profit developers would have already secured sites and applied for comprehensive permits. While Princeton will eventually see some comprehensive permit activity, reaching the 10% statutory minimum will be a major challenge – and meeting housing needs that actually exist in Princeton and surrounding communities will be even harder.

²³ Based on comparison of homes listed for sale in Princeton and their corresponding physical and value characteristics, as reported in the assessor's parcel database.

HOUSING RECOMMENDATIONS

Whether Princeton continues to develop slowly or experiences an occasional burst of growth such as that which occurred during the 1970s, the town is zoned to accommodate about 2,300 more homes than it has today. This does not include housing units that will be developed under Chapter 40B. Since Chapter 40B supersedes local zoning, it is impossible to predict the number of mixed-income housing units that may be built in a community. For very small towns without public water or sewer service, the risk of large comprehensive permit developments is low. However, the likelihood of *some* comprehensive permit activity is high. Planning that anticipates all types of housing is important for any master plan, even in small, rural towns like Princeton.

Housing and Land Use

By acquiring open space or working with property owners to protect large land holdings with conservation restrictions, Princeton could take steps to reduce the total amount of housing development that occurs over time. In addition, Princeton could change the minimum lot area in outlying parts of town, where most of the open and forested land remains and many of the roads are narrow, winding and scenic. Large-lot zoning comes with risks, however: legal challenges from the owners of large parcels, making existing house lots non-conforming, which may create more problems for homeowners than public benefits for the town, and a development pattern that accelerates the loss of forested land, the fragmentation of wildlife corridors, and growth in housing costs.

If Princeton's only response to housing development involved measures to stop growth, the town might address a few needs but never address its housing goals. Moreover, residents would think their planning efforts had failed because it is not possible to stop all development – and a master plan that encouraged such ideas would be disingenuous.

In fact, policies that promote the best possible fit between residential and open space land uses will be crucial for managing the effects of growth and change in Princeton. Accommodating new homes and simultaneously protecting open land and views from the road can be accomplished through strategies outlined in the Land Use and Open Space elements of this Master Plan. For example, a Scenic Corridors Overlay District would help to guide construction away from the street and still allow the creation of house lots. Similarly, an Open Space-Residential Design bylaw would facilitate creative site planning that protects land and also respects the rights of private property owners. OSRD also could help to diversify Princeton's housing stock in ways that are nearly invisible to a majority of the town's residents.

Housing Diversity

Some degree of housing diversity exists even in the smallest towns. Princeton should consider development techniques that could help to diversify its housing stock without sacrificing the town's rural character. From the outset of this Master Plan process, residents have said Princeton should offer more housing options and meet the needs of young adults who grew up in town and want to return to raise their own families. These interests can be addressed in harmony with other goals of the Master Plan, but like any other public policy choice, promoting housing diversity involves trade-offs.

OSRD and Housing Diversity. Allowing several types of housing could help to save open land, encourage population diversity and provide for a mix of housing prices. However, if other housing types will be permitted in Princeton, the town needs to recognize that unless the zoning bylaw offers realistic incentives, developers will choose the most lucrative option and the path of least resistance: they will build single-family homes.

Although many people think the construction cost savings in OSRD developments is enough to

lure developers to build an equivalent number of townhouses (without a density bonus), it rarely works out that way. Princeton should consider offering a modest density bonus to OSRD applicants in exchange for including some attached dwellings and protecting more open space in a proposed development. Through policies like this, a community says that it actually wants a mix of housing and cares deeply about open land.

Mixed-Use Zoning. From a growth management perspective, the preferred approach to housing diversity is to provide for mixed-use buildings and small multi-family dwellings in the business districts or Princeton Center, where multi-family units already exist. It makes sense to guide housing development toward goods and services or areas that generally serve as “activity nodes,” and remove some of the pressure for growth from rural land. In these locations, mixed-use and multi-family proposals should be required to comply with appropriate architectural and site design standards because Princeton’s business districts are also neighborhoods.

Senior Housing. Over-55 housing has been so popular in Eastern Massachusetts that today, the market is nearly saturated in many parts of the Boston area. Most of the new age-restricted developments offer expensive housing and they have not been an effective vehicle for creating affordable units, but not all housing needs revolve around affordability. Age-restricted developments do meet the needs of empty nesters and retirees seeking smaller homes in a managed residential development, and this is important.

Princeton has no options for older homeowners, including those with high incomes. The town should offer incentives to include some over-55 housing units in an OSRD, or allow single-family conversions as of right for units that will be restricted as senior residences. Ultimately, the market will determine whether Princeton can absorb over-55 housing and it may be that the town is too small to support this type of development.

Accessory Apartments. Accessory apartments are very common in small towns. Usually they are so inconspicuous that neighbors do not know they exist. Although often thought of as housing for elderly relatives (“in-law apartments”), accessory apartments meet a variety of needs: housing for adult children, accommodations for live-in child care providers or caretakers, or extra income for homeowners struggling to make ends meet. With the right design standards and use regulations, it is possible to create accessory apartments and preserve the appearance of a detached single-family dwelling.

One of the problems with accessory apartments is that when towns do not allow them, the illegal units – created without a building permit – often have code violations. Repairs as basic as installing a ground fault interrupter in a kitchen or bathroom present a real challenge to the homeowner because the work requires an electrical permit. Further, older units lose their status as lawful non-conforming uses if they remain unoccupied for a long time, and this makes it difficult for homeowners to bring an accessory apartment up to code if they decide to make the unit available for rent.

Princeton should allow accessory apartments, either by right or by special permit, to increase the number of options available to renters and to give elderly homeowners the choice to convert unused space in their homes into a source of income. The town has very few opportunities to create rental units because it has no public water or sewer service. The risk that accessory apartments will proliferate all over town is extremely low. Even in communities that have allowed accessory apartments for many years, few units have been constructed because in most cases, homeowners create accessory apartments for personal reasons, not because they want to be landlords.

Housing Affordability

When Princeton residents speak of housing affordability, they usually mention affordability for their adult children and seniors, and they mean modestly priced housing. For the most part, they do not use the word “affordable” to mean housing built under Chapter 40B for low- or moderate-income people. Princeton could encourage developers to create some small single-family homes, but not on house lots of two or more acres. A mix of residential uses such as multi-family dwellings or townhouses is the most realistic way to create housing in a price range attainable for young families. Except in niche markets, these kinds of units generally sell at lower prices than single-family homes and offer affordability even without deed restrictions.

Requiring low- or moderate-income housing in new developments has not worked well in Massachusetts except in communities that offer an attractive density bonus - communities that have the infrastructure and utilities for more intensive development than Princeton can support. If Princeton wants zoning tools that might create some housing units eligible for the Subsidized Housing Inventory (without a comprehensive permit), the town could require single-family conversions, mixed-use buildings or multi-family dwellings with three or more units to include at least one affordable unit, *or* allow the developer to contribute money to a local affordable housing trust fund.

Working with Comprehensive Permits

Regulations and Guidelines. Princeton should have basic administrative regulations and review guidelines for comprehensive permits. If the Board of Appeals ever receives a comprehensive permit application, it will be important to have written submission requirements and local review procedures, first as an aid to applicants and the Board, and second because the information could be very important during an appeal. The Massachusetts Housing Partnership offers technical assistance for comprehensive permit review, and the

Board of Appeals may want to use this resource or ask the applicant to pay for an independent peer review consultant.

Policy Statement. One of the objections many communities have with Chapter 40B is that it puts local officials in an unequal position at the negotiating table with developers. However, comprehensive permit problems can be reduced with thoughtful advance planning, a pro-active local government and fair development guidelines. A policy statement created and agreed to by Princeton’s elected and appointed officials might discourage poorly designed comprehensive permits and increase the probability of high-quality development proposals in Princeton. It should explain what the town wants a mixed-income housing development to look like, and the locations (areas) that would be most acceptable. Of course, the policy must be realistic or it will fail. One way to increase its success is to define a “most preferred” prototype for affordable housing and offer to accelerate or streamline the permitting timeline for projects that meet the town’s preferences.

Local Initiative Program. Some communities have found that when developers seek comprehensive permits under the Local Initiative Program (LIP), the application, review and decision process is more constructive than for conventional comprehensive permits, which generally give local officials little or no access during a development’s design stage. State government established LIP more than a decade ago to encourage towns and developers to work together to create affordable housing. To qualify for a LIP comprehensive permit, the developer must obtain local support before seeking a preliminary eligibility review (“site approval”) from the state. This feature of the LIP process is unique because it expands the community’s role from that of a permitting authority to a participant in planning an affordable housing development.

If Princeton wants to provide some affordable housing that counts on the Subsidized Housing

Inventory, the town should consider reaching out to developers with LIP comprehensive permit experience or offering a small town-owned lot for a LIP development. Non-profit developers often have an interest in working on so-called “friendly” comprehensive permits, and while “friendly” can also include a conventional comprehensive permit process, LIP virtually assures an amicable relationship between local officials and developers.

Chapter 40B Housing Plan. The state has introduced new regulations to encourage affordable housing development. Known as “Planned Production,” the regulations allow communities with a state-approved housing plan to develop affordable housing at a somewhat relaxed pace. For Princeton, it means nine new low- or moderate-income units per year until the town reaches 10%. When a community reaches the state’s annual target for annual Chapter 40B units, its housing plan becomes eligible for certification. At that point, the Board of Appeals may continue to approve comprehensive permits or deny them for up to a year without being overruled by the Housing Appeals Committee.²⁴

Preparing a Chapter 40B housing plan has some advantages, and Princeton should consider it. However, pursuing a state-approved housing plan does not take priority over “basics” such as administrative regulations and guidelines for the Board of Appeals.

Community Preservation Act

Funds from the Community Preservation Act (CPA) can support many housing initiatives.

CPA has the advantages of local control and flexibility, but making effective use of CPA funds requires local capacity and patience. Although many towns have approved CPA housing activities through appropriations at town meeting, the actual number of completed projects is small. Implementation problems with CPA housing activities seem to fall into two categories: a shortage of local capacity, and well-intended but unrealistic projects. The success stories exist mainly in communities with a professionally staffed planning department or planning consultants and active, experienced housing partnership committees.

If Princeton adopts the CPA in the future, its emphasis should be on historic preservation. However, the town will need to plan for housing activities because affordable housing is a statutory requirement. Some examples of ways that CPA funds can be used for affordable housing:

- Purchasing, upgrading and reselling older housing units to income-eligible homebuyers who agree to a long-term deed restriction.
- Investing in a small rental or homeownership development carried out by a regional housing authority or non-profit housing corporation.
- Acquiring land that can meet both conservation and affordable housing interests, and conveying a portion to a developer to create new affordable units. Land with an existing residence or nonresidential buildings would be ideal for this kind of endeavor.
- Offering CPA funds to commercial property owners who want to add apartments to their buildings, if they agree to make the apartments affordable to lower-income tenants.

²⁴ DHCD, “.75% Threshold by Community,” Planned Production. A town that creates new low- or moderate-income housing units equal to 1.5% in any given year, i.e., twice the minimum number required for housing plan certification, the flexibility to approve or deny comprehensive permits extends to two years. The annual planned production requirements for cities and towns will be updated in 2011-2012 after the next federal census is published.

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