



Housing Needs Assessment

City of Franklin

FINAL REPORT

Final Report

May 8, 2014

Housing Needs Assessment

Prepared for

City of Franklin
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EXECUTIVE SUMMARY.

Housing Needs Analysis

EXECUTIVE SUMMARY

Housing Needs Analysis

This Executive Summary presents the top findings from the Housing Needs Analysis, conducted by BBC Research & Consulting (BBC) for the City of Franklin. It is organized around the housing research questions posed by the city and begins with an introduction to the process.

Introduction

In 2013, the City of Franklin issued a Request for Qualifications (RFQ) for a housing consultant to help the city's decision makers, stakeholders and citizens understand the city's primary housing issues. The study is intended to measure unmet housing demand currently and in the future. The report itself is not meant to be a policy document, but instead offers community leaders and stakeholders a basis for formulating specific housing priorities, policy alternatives and related strategies.

BBC Research & Consulting (BBC) was retained by the City of Franklin to conduct the needs analysis. This Executive Summary reports the consultant's primary findings, including current and future projections of housing needs. Supporting data and analysis can be found in the balance of the report, which includes:

- Section I. Community Profile—An analysis of the city's demographics and population and employment growth, which is closely linked to housing demand.
- Section II. Housing Profile and Market Analysis—Discussion of the city's housing stock, homeownership rates, affordability and needs.
- Section III. Community Input—Results of a community survey of residents and in-commuters to collect information on housing needs.
- Section IV. Public Policies and Recommendations—An analysis of existing policies that affect housing choice. Also contains recommendations for improving housing conditions in the city.

Primary Findings from Housing Needs Analysis

The following findings are presented in a question and answer format, responding to the questions posed in the RFQ as well as the most pressing concerns about housing needs in Franklin.

What are the demographic and economic characteristics of households living in Franklin?

Sixty-six thousand residents call Franklin home. Most of these residents are adults between the ages of 25 and 44 (18,700 residents)—those who are just starting or have established careers

and families. Despite making up the largest age cohort in the city, the proportion of these residents ages 25 to 44 declined significantly during the last decade, from 38 percent of all residents in 2000 to 28 percent in 2010. This was due to more significant growth for older adults, in addition to fewer of these residents moving into the city or moving out.

Another 18,300 current residents are older adults (ages 45-64) and, during the next 10-20 years, will become seniors, increasing the senior population significantly.

The city is home to 16,000 children. The proportion of residents who are children declined between 2000 and 2010, potentially related to the decline in 25 to 44 year olds (who are assumedly their parents).

Two-thirds of all Franklin households are families and nearly half of those have children. Recent shifts in age cohorts away from child-bearing adults and children suggest this might change in the future.

Between 2000 and 2010, the proportion of Franklin's population that identified as minority increased only slightly (from 18% to 20%) but the composition of the minority population experienced significant changes. Both the Hispanic population and the Asian population more than doubled. The African American population in Franklin declined.

About 8 percent of Franklin residents (5,590 people) are "New Americans" (foreign born), most born in Asia and Latin America.

Approximately 4,300 Franklin residents—7 percent of the total population—have at least one type of disability. Nearly half of those disabled residents were 65 or older. The proportion of residents with a disability in Franklin is less than half that of the state overall and much lower than the Nashville metro area as a whole (11%).

The poverty rate for Franklin was 7 percent in 2012—unchanged from 2000—and half that of greater Nashville metro area (14%). Poverty is highest for children (12% of the city's children are living in poverty), followed by college-aged adults (11% of whom are in poverty).

What demographic is Franklin missing?

A demographic ideal is a subjective measure, often linked to what shaped the formation of a community. To that end, residents who attended meetings for the housing study expressed concern about losing Franklin's diversity, culture and community fabric—"in the beginning we were a diverse city...with farmers, African Americans and rich people." As mentioned above, Franklin has lost African American residents in the past decade.

Compared to similar cities, Franklin has a relatively low proportion of minorities and a moderate poverty rate, suggesting that the city's "missing" demographic is lower income residents, who are generally an important part of every community's workforce.¹

Who commutes in and out of Franklin—and why?

Approximately 7,834 Franklin residents work in Franklin. Another 43,143 people have jobs in Franklin but live outside the city (in-commuters). Just over 17,538 people live in the city but commute to jobs outside the city (out-commuters).

In other words, nearly one-third of Franklin's working residents have jobs in the city; the remaining two thirds are out-commuters. About 85 percent of Franklin jobs are held by in-commuters, who tend to be younger and have lower monthly earnings than out-commuters.

According to the resident survey conducted for this study, out-commuters are similar, in terms of age, homeownership and number of workers per household, to residents that both live and work in Franklin. Out-commuters have slightly higher incomes, on average, and are more likely to have children at home than residents who work in Franklin. Those out-commuters are willing to accept a longer commute for the sake of having their family life in Franklin and their children in Williamson County schools.

What is a healthy distribution of housing?

The dynamics of housing markets are complex, making it difficult to predict the right amount or type of housing in most communities. Yet a healthy distribution of housing is worth striving for, as the provision of quality, affordable housing in safe neighborhoods is a critical aspect of community health. Although the types of housing needed vary by community, the basic tenets of a healthy housing market are the same:

- Residents do not have to compromise on other household needs to afford the price of housing.
- Workers in the community can live in the city in which they work. They are able to invest, both personally and economically, in their community.
- Residents in a community have equal access to community amenities that are important for social sustainability and economic growth—such as good schools, supportive services and capital to invest in their homes.
- Residents can age in their community because the housing stock offers a range of choices to accommodate a variety of life stages, from starter homes to senior living communities.

In Franklin, this means addressing the current rental gap (currently at 1,300); developing housing that future workers can afford (generally homes priced less than \$250,000-\$350,000,

¹¹ Cities used for demographic comparison include Rockville, MD; Alpharetta, GA; Carmel, IN; Loveland, CO; Hoover, AL; and McKinney, TX.

depending on their wages and rental units priced less than \$1,000 per month); and supplying more senior-friendly, low maintenance homes.

What types of housing are desired by the people of Franklin?

One way of evaluating what is needed in a housing market is to ask the people who live and/or work in a community. The survey of residents conducted for the Franklin Housing Market Analysis found that:

- Residents are very satisfied with living in Franklin and many made trade offs to live in the city. The most common trade offs residents made include paying more for housing than they would have in other communities, having a smaller lot than preferred and tolerating a longer commute.
- Renters value living in Franklin and many would like to buy homes in the city, but they need affordable homes (less than \$250,000) to enable them to “put down roots.” They pay more to rent in the city because they work in the city and would like the opportunity to stay.
- Both renters and homeowners who currently live in the city believe Franklin needs more affordable homes to buy, priced at less than \$250,000 or \$350,000. They also feel that smaller, single family detached homes are undersupplied in Franklin’s market.
- Second to affordable homes to buy, Franklin owners believe the city is missing housing for seniors and persons with disabilities and affordable rentals. Renters believe there is most secondary unmet demand for affordable rentals.

What type of housing is missing—and needed in the future?

A quantitative analysis of the city’s housing market was conducted—in addition to stakeholder and resident surveys—to determine what type of housing is missing in the city.

As of 2010, Franklin’s housing stock was largely made up of single family detached homes and apartments:

- 16,200 single family detached homes, up 6,000 from 2000 (60% growth);
- 2,900 units in townhomes and duplexes/triplexes/fourplexes (up 850 from 2000—40% growth);
- and 7,200 units in multifamily developments (up 2,700 from 2000—also 60% growth).

The city’s strong growth in housing units has not changed the type of housing in Franklin overall. Similarly, there has been little change in Franklin’s homeownership rate, which is currently 65 percent.

But affordability of housing has decreased for renters and would-be-homeowners. In the current market, the average Franklin worker—earning \$54,306 per year—can afford 78 percent of the

city's rental units but just 11 percent of the homes sold in 2012 and 2013. Among the homes affordable to that worker, 58 percent are condos, townhomes or other attached options.

Housing needs—current. Currently, there are two primary gaps in housing in Franklin:

- Starter homes, priced less than \$250,000. This was the top need identified in the survey by renters who are residents of Franklin. The need is supported by data: in 2013, just 15 percent of homes for sale in the city or 273 detached units, were priced at less than \$250,000. An additional 242 attached units were priced at less than \$250,000.
- Affordable rentals, priced less than \$750/month. 1,300 renters in Franklin earn less than \$25,000/year and pay more than they can afford in rental costs.

Housing needs—future. The city's existing housing needs are likely to be exacerbated in the future with growth in workforce: the city is expected to add as many as 16,000 new workers between now and 2025. About half of those new workers are expected work in retail trade, education, or health and social services.

At current wage levels and rental and home prices, only 44 percent of new workers will be able to afford the median rent in the city. Just 15 percent will be able to buy the median-priced home. If the city desires to house more of its workforce, it will be important to provide enough affordable housing for its growing workforce.

Beyond housing for future workers, growth in the senior population in the city will create significant future demand for low maintenance, senior living communities. Between 2010 and 2035 the senior population (65 and older) is expected to increase by 5.6 percent per year in Williamson County (projections are not available for Franklin). If the city experiences the same level of growth, this could mean a quadrupling of the senior population in the city, from 7,200 currently to more than 28,000 seniors.

In most communities, seniors choose to age in place, living independently in their own homes as long as possible. And there is no reason to believe that Franklin will be different. Yet the current composition of Franklin's seniors—45 percent live in detached single family homes with larger than 3,000 square feet and 57 percent have lots larger than $\frac{1}{4}$ acre—may encourage downsizing and increase demand for lower maintenance homes.

Projections of employment growth were used to estimate future housing needs. These estimates show a strong demand for homeownership units priced between \$250,000 and \$350,000 and rental units priced less than \$1,000 per month. These price points will be imperative to house future workforce and reduce in-commuting. Providing housing at these price points will also help preserve the city's current economic diversity.

Will more affordable housing negatively affect property values?

Many research studies have examined this question and have not resulted in one single, unqualified finding.² The answer depends largely on the type of and placement of affordable housing. As might be expected, affordable developments that replace vacant or underutilized land have positive property value returns. Larger developments also generate more positive returns. And well managed properties, usually those managed by nonprofit community development nonprofits, have the best impact on property values.

Studies have also shown that affordable housing is unlikely to generate negative property value impacts when it is integrated within higher-value, low-poverty neighborhoods.

How will changes in housing affect our demographics?

The desire to maintain Franklin's charm and culture was stressed consistently by the stakeholders and residents interviewed and surveyed for this study. Many are concerned that a shift in housing production—type or affordability—will change the makeup of Franklin.

At the time this report was prepared, 7,400 residential units had been approved but not constructed. These units comprise: 3,040 single family homes (41% of all new units), 2,354 townhomes/condominiums (32%), 1,612 apartments (22%) and 392 other types of units ("residential special place," such as assisted living—5%).

This distribution of housing types—which depart somewhat from what has been developed in the past—will slightly change the proportions of single family detached and attached units. After these units are developed, 55 percent of units in the city will be single family detached, down from 58 percent currently. Fifteen percent of all units in the city will be townhomes or condominiums, up from 10 percent currently.

Contrary to the perception that new apartment units are being developed faster than other types, the future distribution of apartments will stay the same: Apartments will make up 21 percent of all units when planned developments are built, which is the same as the current proportion.

This mild shift in development types, if priced appropriately, could create more opportunities for young professionals who are renting and working in the city to buy homes. It could also help meet the demand for seniors who want to downsize. This shift is unlikely to significantly impact the number of school children in the city since attached housing (as well as apartments) generally have fewer children per unit.

In sum, future planned development is unlikely to change the composition of the city in any significant way and may create more opportunity for workforce and seniors to continue to call Franklin home.

²² How Does Affordable Housing Affect Surrounding Property Values? Housing Synthesis Project, Research Brief No. 1, August 2008.

How can the city grow well in the future?

This document has identified the most critical current and future needs for housing provision in Franklin. Recommendations for how the city should better address current and future housing needs are discussed in Section IV of the report. These are also summarized below, in the context of questions posed in the RFQ.

If the city desires to subscribe to the tenets, listed above, that contribute to a healthy housing market, then it should work to lower cost burden for renters, increase housing opportunities for in-commuters to reside in the city and plan for a housing stock that incorporates life stages, from first time ownership to senior-friendly housing.

To this end, we recommend the following:

- Consider making the city's current Affordable Housing and Workforce ordinance mandatory;
- Aggressively promote mixed-income communities;
- Proactively address land and infrastructure use by updating the city's land use regulations and zoning ordinance to incorporate densities that accommodate a wide variety of housing choices;
- Streamline the development process and make the city's requirements more transparent; and
- Examine programs, such as a land trust model or sweat equity, that offer deeper levels of homeownership affordability to would-be-buyers.

These recommendations are discussed in detail in Section IV.

It is important to note that this study did not analyze the condition of current housing in Franklin, which is a significant task. Housing rehabilitation in lower income neighborhoods has been an important part of housing policies in the city. This program has benefits beyond improving the interior and exterior conditions of homes—stabilizing neighborhoods, preserving affordable housing and providing needed accessibility improvement to Franklin residents with disabilities. Rehabilitation efforts should remain a part of Franklin's housing programs.

SECTION I.

Community Profile

SECTION I.

Community Profile

This section discusses the demographic and economic characteristics of households living in Franklin to set the context for the housing market analysis in Section II. Key findings from this section include:

- Franklin has experienced substantial population growth over the past 15 years (58% between 2000 and 2012) and county-level forecasts predict a population increase of 41 percent between 2010 and 2025.
- Franklin's population growth was highest among residents aged 45 to 64. Population forecasts for county anticipate substantial increase in senior population over the next 10 to 15 years.
- Two-thirds of all Franklin households are families and nearly half of those have children.
- Between 2000 and 2010, the proportion of Franklin's population that identified as minority increased only slightly (from 18% to 20%) but the composition of the minority population experienced significant changes. Both the Hispanic population and the Asian population more than doubled but the African American population declined.
- About 8 percent of Franklin residents (5,590 people) are "New Americans" (foreign born)—40 percent were born in Asia and 40 percent were born in Latin America. The remaining 20 percent were born in Europe (7%), Africa (6%), Oceania (2%) or Canada (4%).
- Franklin has a relatively high median income (\$83,365), as does Williamson County as a whole. However, median income in Franklin varies significantly by race/ethnicity.
- Approximately 7,834 Franklin residents work in Franklin. Another 43,143 people have jobs in Franklin but live outside the city (in-commuters). Just over 17,538 people live in the city but commute to jobs outside the city (out-commuters). In other words, nearly one-third of Franklin's working residents have jobs in the city; the remaining two thirds are out-commuters. About 85 percent of Franklin jobs are held by in-commuters, who tend to be younger and have lower monthly earnings than out-commuters.
- Franklin is forecasted to add nearly 16,000 workers by 2025. About half of those new workers are expected work in retail trade, education, or health and social services -all relatively low-paying industries in which the average worker cannot afford to live Franklin.
- Among the five largest industries in Franklin, only two industries have average wages high enough to afford the city's median rent and none have average wages high enough to afford a single family detached home in Franklin.

Population Levels and Trends

Population growth. According to the 2012 American Community Survey (ACS), Franklin is home to 66,278 people—34 percent of the county population and 4 percent of the larger Nashville metro area population.¹ Between 2000 and 2012, the population of Franklin increased by 58 percent, higher than the growth for the county (52%), the metro area (25%) and the state (13%).

Figure I-1.
Total Population, Franklin, 2000 and 2012

	Total Population			Population Change 2000 to 2012	
	2000	2010	2012	Number	Percent
Franklin	41,842	62,487	66,278	24,436	58%
Williamson County	126,638	183,182	192,911	66,273	52%
Nashville Metro Area	1,311,789	1,589,934	1,645,638	333,849	25%
Tennessee	5,689,283	6,346,105	6,456,243	766,960	13%

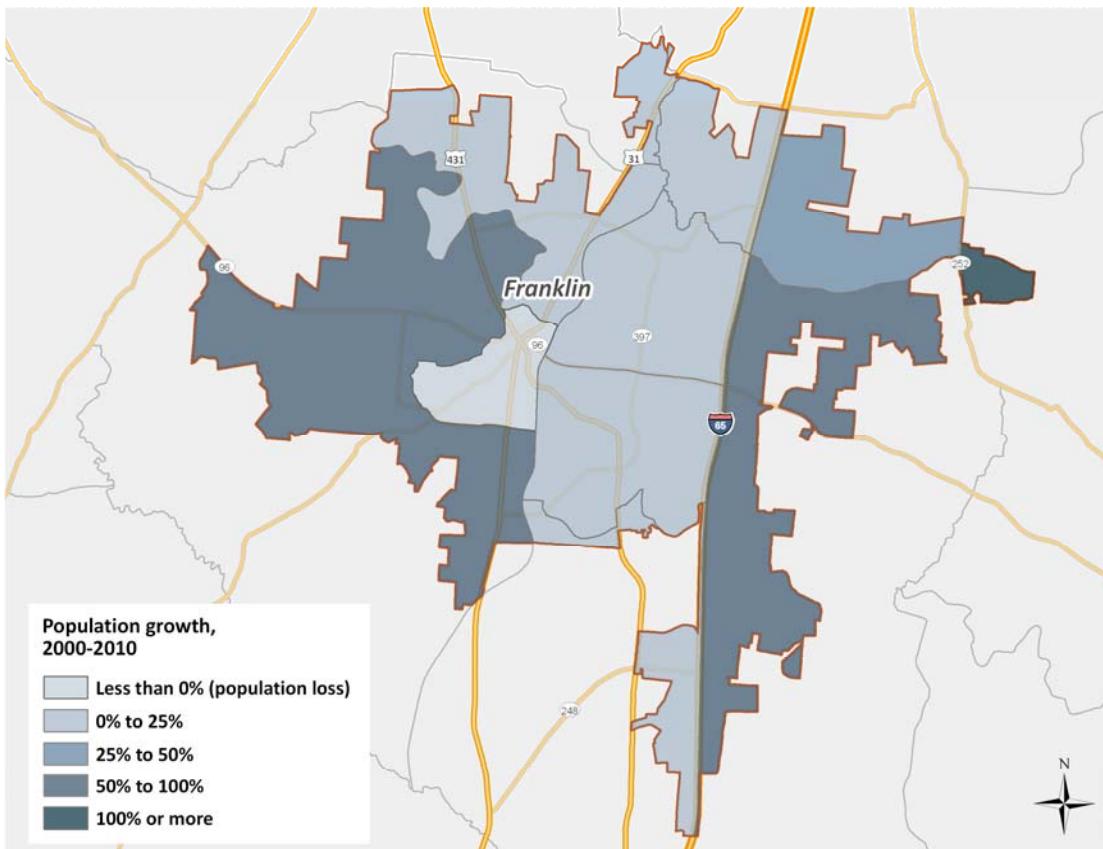
Source: 2000 Census, 2012 ACS and BBC Research & Consulting.

Although the components of population change were not available for the city, data for the county as a whole indicate that both natural increase (births minus deaths) and net migration (in-migration minus out-migration) consistently contributed to population growth between 2000 and 2012. Overall, natural increase accounted for 23 percent of total growth and net migration accounted for 77 percent of growth.

Figure I-2 maps areas of high and low growth within the city of Franklin between 2000 and 2010. Population growth was highest on the east side I-65 and on the western side of the city—the city expanded both to the east and west from the historic city center.

¹ The Nashville metro area includes the following Tennessee counties: Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson.

Figure I-2.
Population Growth by Census Tract, Franklin, 2000 through 2010



Note: Data by Census tract were not available for 2012. Some Census tracts extend beyond the city boundaries; data for those tracts represent the entire tract but only the portions of the tract that fall within city boundaries are shaded.

Source: 2000 and 2010 Census and BBC Research & Consulting.

Population by age. As shown in Figure I-3, much of the city's growth between 2000 and 2012 occurred among residents aged 45 to 64—the city experienced an increase of more than 10,000 residents in that age cohort. The cause of that increase is twofold: long-time residents aging into the older age cohort and new residents aged 45 to 64 moving to Franklin. The proportion of Franklin residents between 25 and 44 dropped from 38 percent to 28 percent while the proportion that are between 45 and 64 increased from 19 percent to 28 percent. The proportion of seniors living in Franklin also increased (from 7% to 11%). In 2000, children made up 28 percent of Franklin's population but by 2012 that dropped to 25 percent.

Similar trends were evident statewide; however, those changes were more pronounced in Franklin than in the state overall.

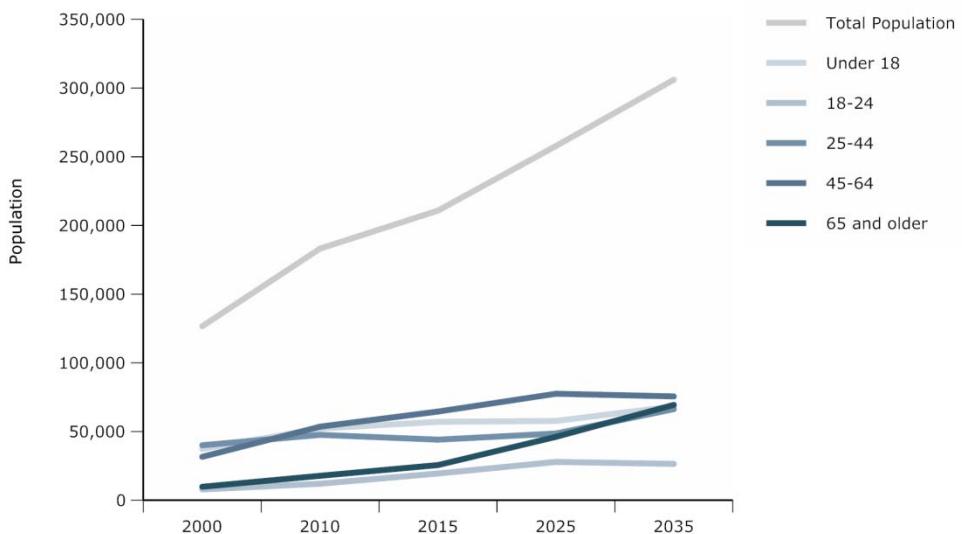
Figure I-3.
Population Changes by Age Cohort, Franklin, 2000 through 2012

	Franklin						Tennessee			
	2000		2012		Percentage Point Change	2000		2012		Percentage Point Change
	Number	Percent	Number	Percent		Percent	Percent	Percent	Percent	
Total Population	41,842	100%	66,278	100%		5,689,283	6,456,243			
Under 18	11,663	28%	16,572	25%	-3%	25%	23%	-1%		
18-24	3,118	7%	5,384	8%	1%	10%	10%	0%		
25-44	15,932	38%	18,743	28%	-10%	30%	26%	-4%		
45-64	8,036	19%	18,379	28%	9%	23%	27%	3%		
65 and older	3,093	7%	7,200	11%	3%	12%	14%	2%		

Source: 2000 Census, 2012 ACS and BBC Research & Consulting.

Population projections. Population forecasts were not available for the City of Franklin, but estimates for Williamson County suggest a continuing increase in the senior population. Between 2010 and 2035 the senior population (65 and older) is expected to increase by 5.6 percent per year, compared to 2.1 percent for the population overall. The county's population of children (under 18) is forecasted to have the slowest growth at 1.1 percent per year.

Figure I-4.
Population Forecasts, Williamson County, 2010 through 2035



Note: 2000 and 2010 reflect Census Data, 2015, 2025 and 2035 reflect forecasts conducted by the Center for Business & Economic Research at the University of Tennessee Knoxville (CBER). Forecasts were based on 2010 Census data.

Source: 2000 and 2010 Census, CBER and BBC Research & Consulting.

Household Diversity

Household types. In 2012, two-thirds of all Franklin households were families; of those, slightly fewer than half had children. Those figures represent a slight decline since 2000 when 70 percent of all households were families, 55 percent of which had children. Still, Franklin remains higher than the state and the Nashville metro area for proportions of families with children (42% and 45% of families have children, respectively). Figure I-5 displays the changes in household composition for Franklin between 2000 and 2012.

Among families with children, the proportion of single parents and married couples remained about the same. In 2000, 79 percent of families with children were married couples and 21 percent were single parents compared to 80 percent and 20 percent in 2012, respectively.

Figure I-5.
Household Composition, Franklin, 2000 and 2012

	2000		2012		Percentage Point Change
	Number	Percent	Number	Percent	
Total households	16,128	100%	26,131	100%	
Non-family household	4,896	30%	8,668	33%	3%
Living alone	4,039	25%	7,492	29%	4%
Families	11,232	70%	17,463	67%	-3%
With children	6,219	39%	8,518	33%	-6%
Married-couples	9,069	56%	14,640	56%	0%
With children	4,941	31%	6,838	26%	-4%
Male householder, no wife present	415	3%	483	2%	-1%
With children	198	1%	274	1%	0%
Female householder, no husband present	1,748	11%	2,340	9%	-2%
With children	1,080	7%	1,406	5%	-1%

Sources: 2000 Census, 2012 ACS and BBC Research & Consulting.

Disability. In 2012, about 4,300 Franklin residents—7 percent of the total population—had at least one type of disability. Nearly half of those disabled residents were 65 or older. The proportion of residents with a disability in Franklin (7%) is less than half that of the state overall (15%) and much lower than the Nashville metro area as a whole (11%). Among residents with a disability, about half had an ambulatory difficulty, nearly one-third had an independent living difficulty and nearly one-quarter had a cognitive difficulty.

Figure I-6 displays disability by age and Figure I-7 displays disability by type for the City of Franklin. Due to changes in the Census questionnaire, comparison of disability rates across time is not feasible.

Figure I-6.
Disability by Age, Franklin, 2012

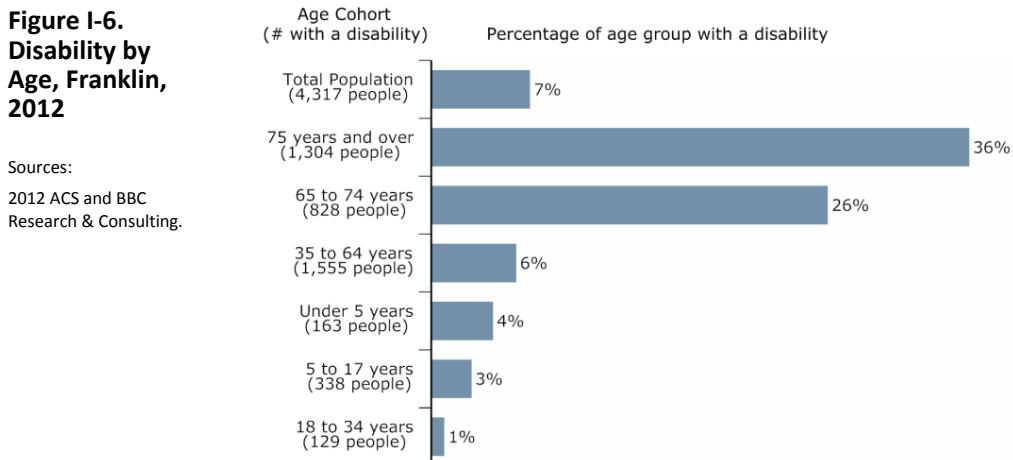


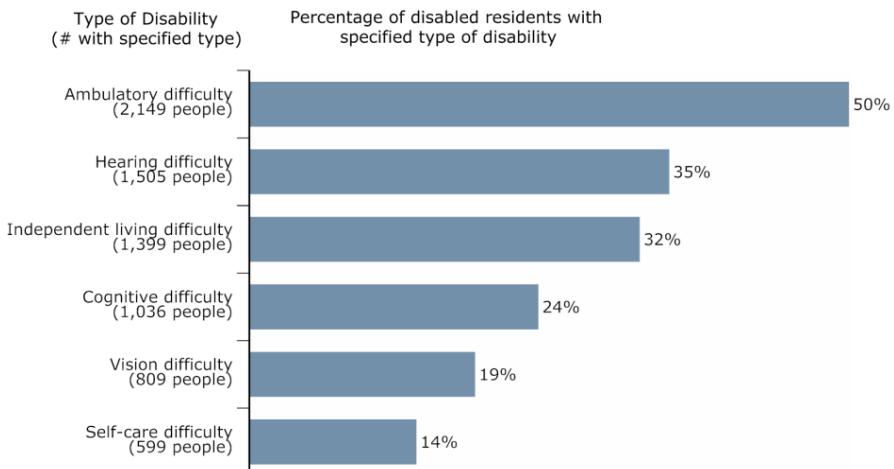
Figure I-7.
Disability by
Type, Franklin,
2012

Note:

Note: There are 4,317 people living with a disability in Franklin; many have more than one type of disability.

Sources:

2012 ACS and BBC Research & Consulting.



Race and ethnicity. Eighty percent of Franklin residents are non-Hispanic white; the other 20 percent belong to a minority group. About 8 percent are Hispanic, 7 percent are African American and 4 percent are Asian. Figure I-8 displays the population by race/ethnicity for Franklin in 2000 and 2010.

Figure I-8.
Race and Ethnicity, Franklin, 2000 and 2010

	2000		2010		Total Change 2000 to 2010
	Estimate	Percent	Estimate	Percent	
Total Population	41,756		62,487		50%
Race and Ethnicity Combined					
Non-Hispanic white	34,094	82%	50,104	80%	47%
All minority groups	7,662	18%	12,383	20%	62%
Race Detail					
White	35,089	84%	52,713	84%	50%
Black or African American alone	4,322	10%	4,210	7%	-3%
Asian	644	2%	2,360	4%	266%
American Indian and Alaska Native alone	89	0%	147	0%	65%
Native Hawaiian and Other Pacific Islander	26	0%	21	0%	-19%
Some Other Race	962	2%	1,951	3%	103%
Two or More Races	624	1%	1,085	2%	74%
Ethnicity Detail					
Hispanic	2,041	5%	4,759	8%	133%
Non-Hispanic	39,715	95%	57,728	92%	45%

Note: Census data on race and ethnic identification vary with how people choose to identify themselves. The U.S. Census Bureau treats race and ethnicity separately: the Bureau does not classify Hispanic/Latino as a race, but rather as an identification of origin and ethnicity. In Franklin in 2000, 55 percent of Hispanic respondents racially identified as white and 44 percent racially identified as some other race. In 2010, 49 percent of Hispanic respondents racially identified as white and 44 percent racially identified as some other race.

Due to the small sample size of certain racial/ethnic groups, data were not available in the 2012 1-year ACS.

Source: 2000 Census, 2010 Census and BBC Research & Consulting.

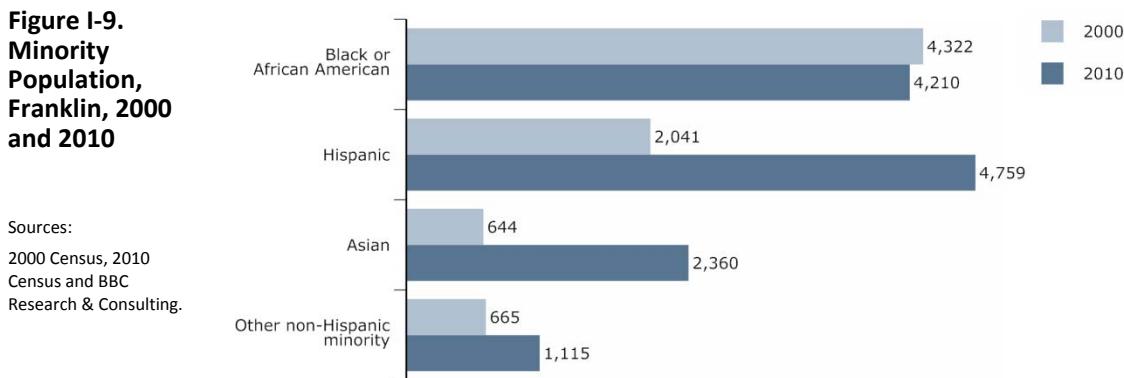
Between 2000 and 2010, the proportion of Franklin's population that identified as minority increased only slightly (from 18% to 20%) but the composition of the minority population experienced significant changes. Both the Hispanic population and the Asian population more

than doubled but the African American population declined (in both nominal and proportional terms).

In contrast, the African American population of the Nashville metro area as a whole grew at a faster rate than the total population (25% increase in the African American population compared to a 21% increase in the total population).

Figure I-9 displays the composition of Franklin's minority population in 2000 and 2010.

Figure I-9.
Minority Population, Franklin, 2000 and 2010

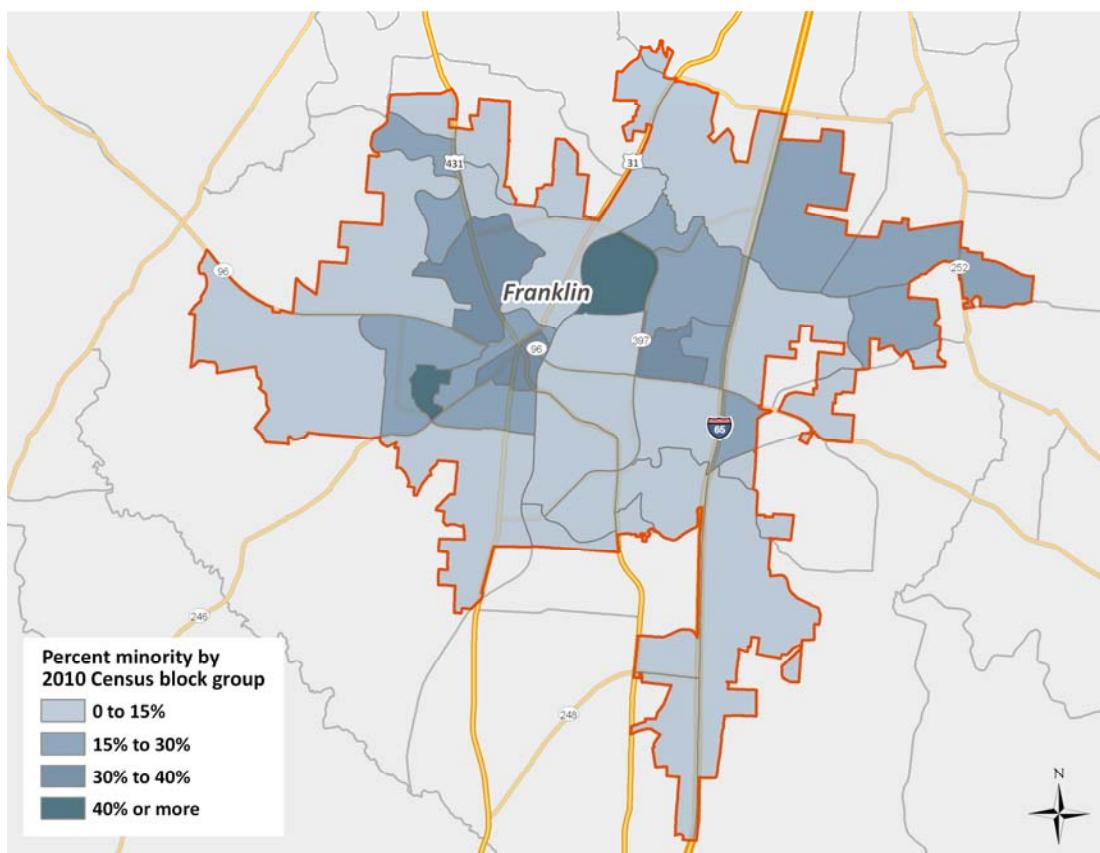


Figures I-10 through I-12 display the 2010 African American, Hispanic and total minority population proportions in Franklin by block group. Minority populations tend to be the most concentrated in neighborhoods to the northeast and southwest of the city center.

New Americans. According to American Community Survey estimates, 92 percent of Franklin residents were born in the United States or were born abroad of American parents. Among the 8 percent of residents (5,590 people) that comprise Franklin's foreign born population, 40 percent were born in Asia and 40 percent were born in Latin America. The remaining 20 percent were born in Europe (7%), Africa (6%), Oceania (2%) or Canada (4%).

Foreign born residents are more likely than native born residents to be living in poverty (17% compared to 6%), particularly those who are not naturalized citizens (23% are in poverty).

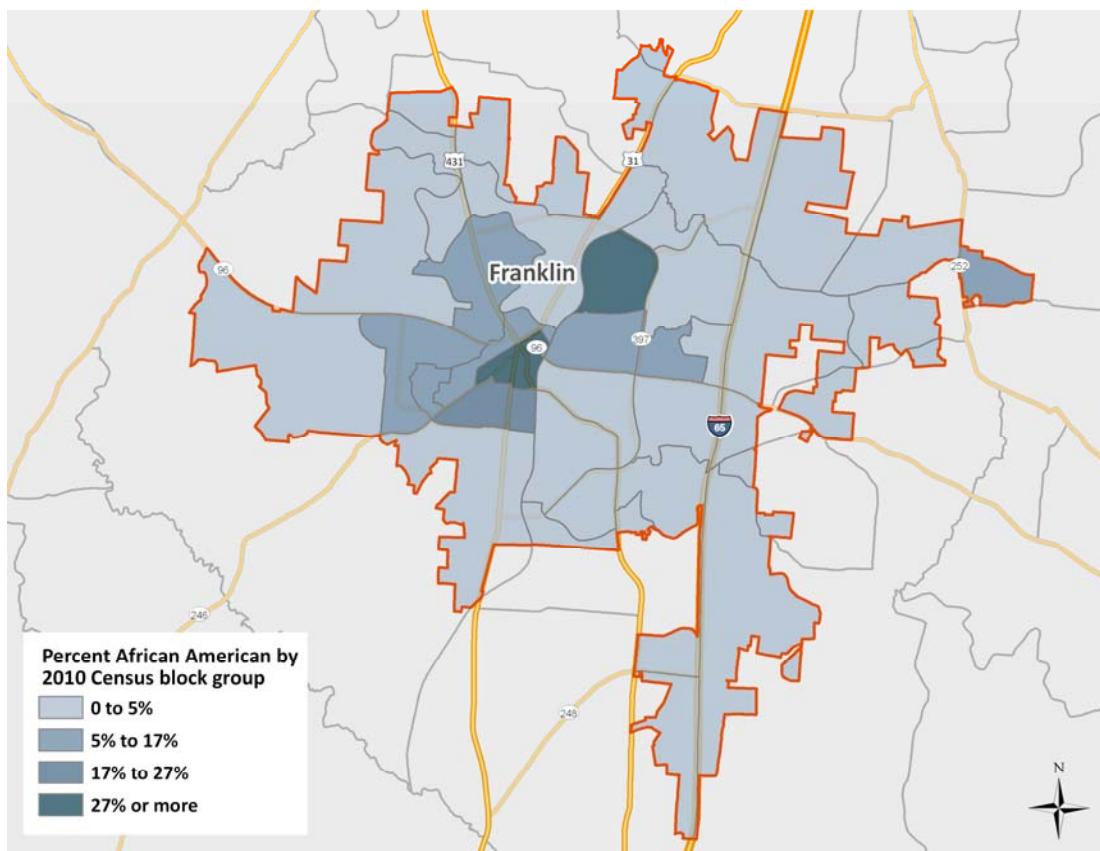
Figure I-10.
Percent of Block Group Population that is Minority, Franklin, 2010



Note: Some block groups extend beyond the city boundaries; data for those block groups represent the entire block group but only the portions of the block group that fall within city boundaries are shaded.

Source: 2010 Census and BBC Research & Consulting.

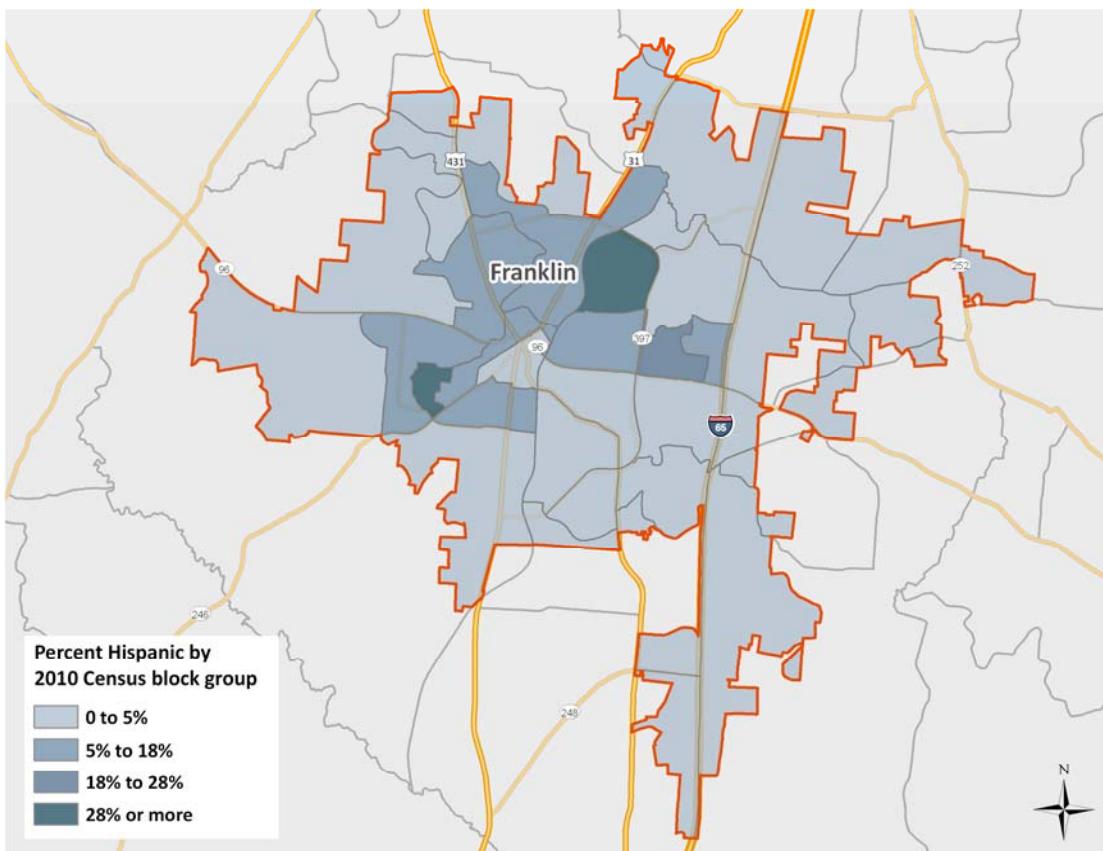
Figure I-11.
Percent of Block Group Population that is African American, Franklin, 2010



Note: Some block groups extend beyond the city boundaries; data for those block groups represent the entire block group but only the portions of the block group that fall within city boundaries are shaded.

Source: 2010 Census and BBC Research & Consulting.

Figure I-12.
Percent of Block Group Population that is Hispanic, Franklin, 2010



Note: Some block groups extend beyond the city boundaries; data for those block groups represent the entire block group but only the portions of the block group that fall within city boundaries are shaded.

Source: 2010 Census and BBC Research & Consulting.

Economic Health

Income. In 2012, the median income for households in Franklin was \$83,365—slightly below the county median of \$90,759 but substantially higher than the median for the Nashville metro area (\$51,500) and the state (\$42,764). The median income for family households in Franklin was also relatively high at \$108,739 in 2012.

Figure I-13 displays the median household and median family incomes for Franklin, Williamson County, and the State of Tennessee in both 1999 and 2012. Incomes from 1999 have been adjusted for inflation and are shown in 2012 dollars. In Franklin, real incomes increased between 1999 and 2012 but in the county as a whole and the State of Tennessee, real incomes decreased.

Figure I-13.
Median Income,
Franklin, 1999 and 2012

Note:

The Nashville Metro area was not included in the figure because the 1999 median income was not available.

Source:

2000 Census 2012 ACS and BBC Research & Associates.

	1999 (inflation adj. \$2012)	2012	Percent change
Median HH Income			
Franklin	\$77,768.42	\$83,365.00	7%
Williamson County	\$95,233.28	\$90,759.00	-5%
Tennessee	\$50,108.27	\$42,764.00	-15%
Median Family Income			
Franklin	\$95,683.92	\$108,739.00	14%
Williamson County	\$107,927.10	\$107,278.00	-1%
Tennessee	\$59,971.44	\$53,342.00	-11%

Within the City of Franklin, median incomes vary significantly by race/ethnicity. Figure I-14 displays the median income for African American, Hispanic, Asian and non-Hispanic white households. The median income for both African American households and Hispanic households is approximately half that of non-Hispanic white households.

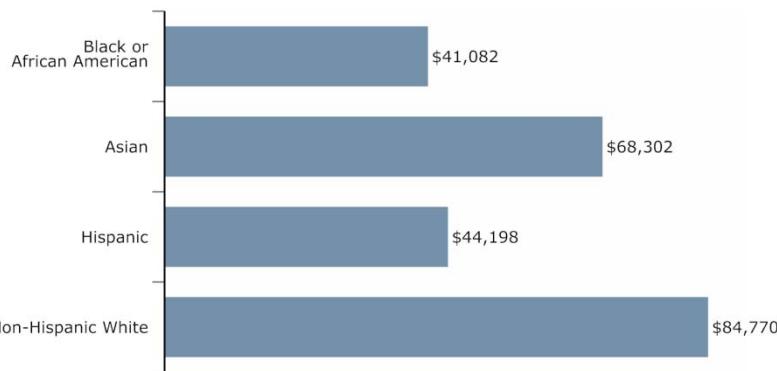
Figure I-14.
Median Household Income
by Race/Ethnicity,
Franklin, 2010-2012

Note:

These data are three-year estimates and reflect the average median income between 2010 and 2012 for each group. Estimates are shown in 2012 dollars.

Source:

2012 ACS 3-year estimates and BBC Research & Associates.



Income as a percent of MFI. HUD Area Median Income (AMI) is used by HUD's state and local policy makers to qualify households for housing programs. HUD designated AMI is the same for all counties located within the Nashville Metropolitan Statistical Area (MSA). Figure I-15 shows the proportion of Franklin households that fall into the HUD-designated AMI thresholds.²

As displayed in Figure I-15, only 8 percent of Franklin households earn less than 30 percent of the area median income. Nineteen percent earn less than half the area median income. About 44 percent of the city's residents earn more than 150 percent of the area median income.

² The 2013 HAMFI for the Nashville MSA was \$62,300. However, HUD adjusted the thresholds for communities within the Nashville MSA in order to comply with maximum decrease limits (the maximum decreased that can be experienced in any area in one year is 5%). Income limits displayed in the figure reflect the HUD-adjusted thresholds.

Figure I-15.
Income Distribution by HAMFI, Franklin, 2012

Source:
2012 ACS, HUD and BBC Research & Associates.

	Income Limit	Number of HH	Percent of HH
0 to 30% AMI	\$19,150	2,206	8%
31 to 50% AMI	\$31,900	2,807	11%
51 to 80% AMI	\$51,050	3,312	13%
81 to 150% AMI	\$95,700	6,363	24%
Over 150% AMI	\$95,700+	11,443	44%

Poverty. The poverty rate for Franklin was 7 percent in 2012, showing almost no change from the poverty rate in 2000 (also 7%). Williamson County as a whole also has a poverty rate of 7 percent but the greater Nashville metro area has a poverty rate of 14 percent.

Figure I-16 displays poverty by age for the city. Poverty is highest for children (12% of the city's children are living in poverty), followed by college-aged adults (11% of whom are in poverty).

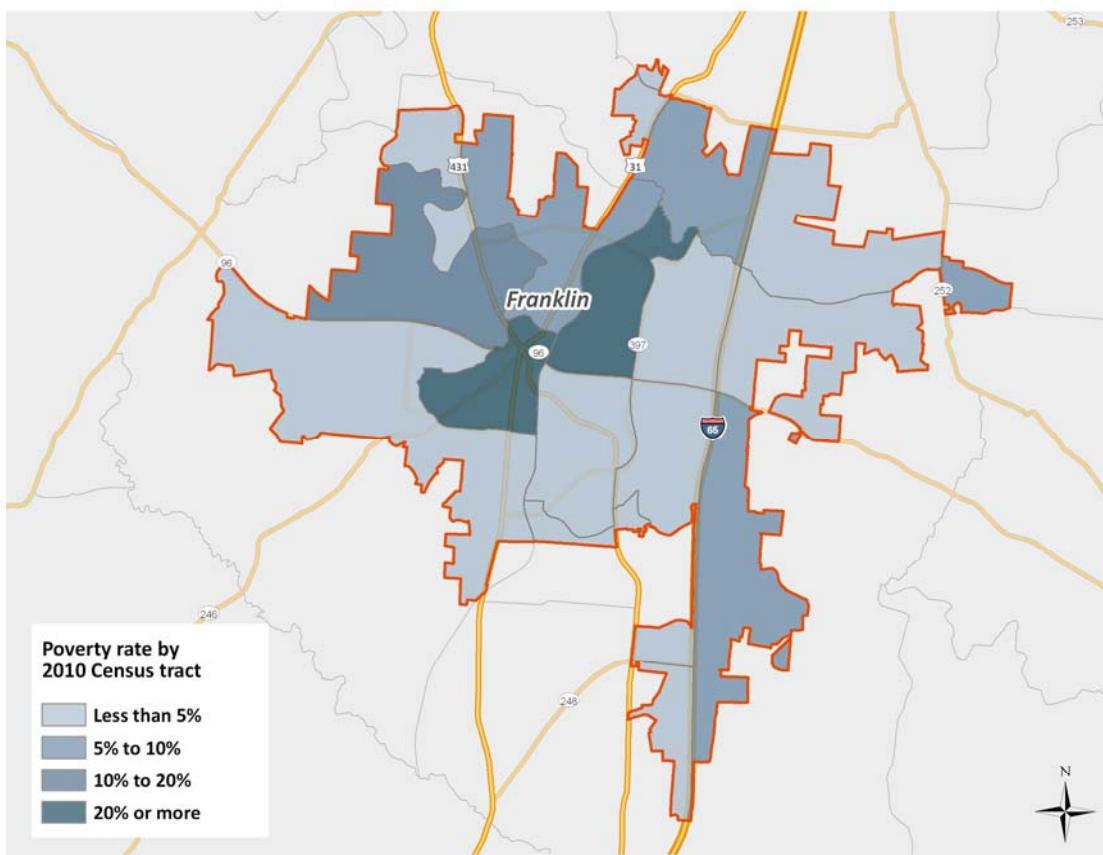
Figure I-16.
Poverty by Age, Franklin, 2012

Source:
2012 ACS and BBC Research & Consulting.

	Number living in poverty	Percent living in poverty
Children	1,927	12%
Adults	2,633	5%
18 to 24 years	571	11%
25 to 44 years	1,091	6%
45 to 64 years	520	3%
65 years and over	451	7%

Figure I-17 maps poverty rates in Franklin by Census tract. The tracts with the highest rates of poverty (23% and 25% of residents living in poverty) are located in central Franklin. The highest poverty areas are strongly correlated with racially/ethnically concentration portions of the city.

Figure I-17.
Poverty Rate by Census Tract, Franklin, 2012



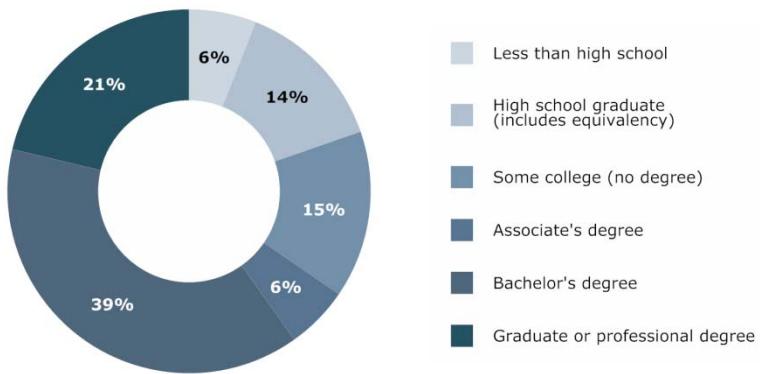
Note: Some Census tracts extend beyond the city boundaries; data for those tracts represent the entire tract but only the portions of the tract that fall within city boundaries are shaded.

Source: 2008-2012 5-year ACS and BBC Research & Consulting.

Educational attainment. On average, Franklin residents are very well educated: approximately 60 percent of city residents 25 or older have at least a bachelor's degree, compared to 33 percent in the Nashville metro area and 24 percent in the state overall. One out of every five Franklin residents 25 years or older has a graduate or professional degree. Only 6 percent of city residents have less than a high school degree. Figure I-18 shows educational attainment for the Franklin population 25 years and older.

Figure I-18.
Educational Attainment,
Franklin, 2012

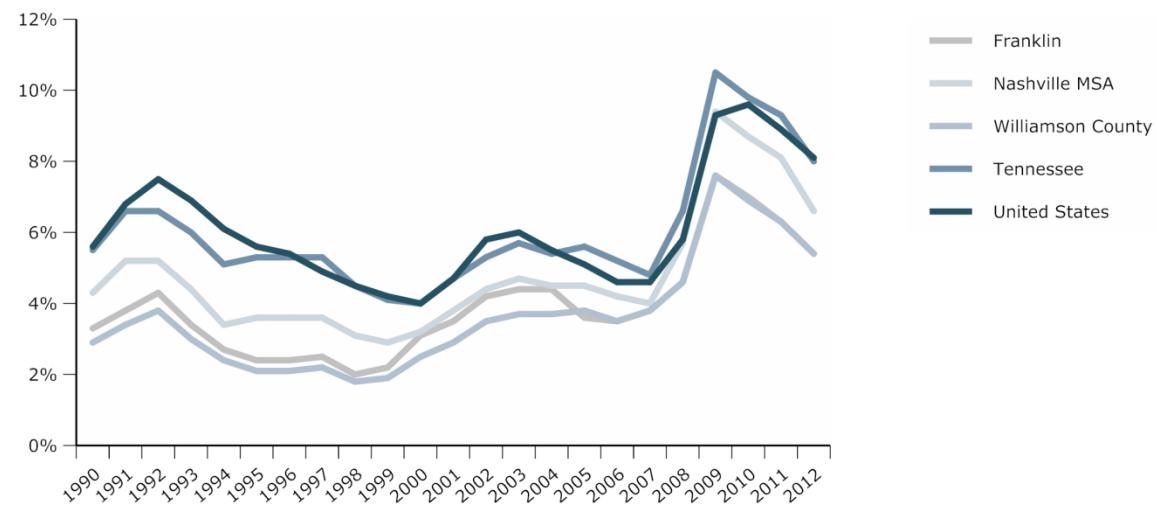
Source:
2012 ACS and BBC Research & Consulting.



Jobs and Unemployment. Among Franklin residents aged 16 and older, 71 percent participate in the labor force. This indicates these residents were currently employed (either part-time or full-time) or were actively looking for a job.

Unemployment. As displayed by Figure I-19, the city has historically exhibited relatively low rates of unemployment, as has Williamson County as a whole. As of July 2013, Franklin's unemployment rate was 5.5 percent—well below the rate for the Nashville metro area (6.8%), the State of Tennessee (8.5%) and the nation (7.7%).

Figure I-19.
Unemployment Rates in Franklin, Williamson County, the Nashville MSA, Tennessee and the United States, 1990 through 2012



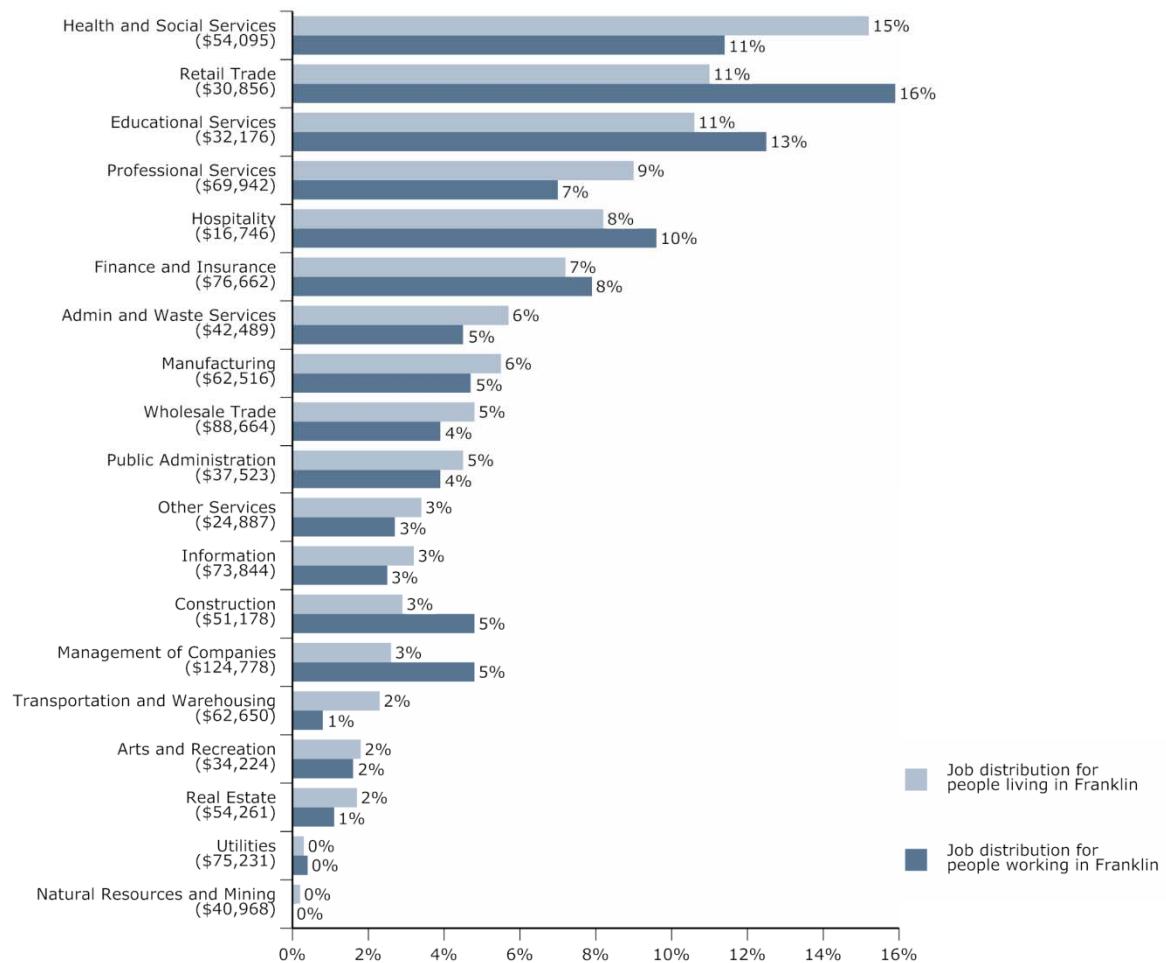
Source: Bureau of Labor Statistics.

Jobs and earnings. According to the US Census Bureau's Longitudinal Employer-Household Dynamics, there are 25,372 employed Franklin residents (either working in the city or commuting to work outside the city) and 50,977 workers whose primary jobs are located in Franklin (some of these workers live in the city and some live outside the city). Figure I-20 displays employment by industry for people working in the city and for people living in the city. The figure also displays the average 2011 wage for each industry.

For Franklin residents, the largest industry is Health and Social Services, employing 15 percent of working residents with an average annual pay of \$54,095. For Franklin workers, the largest industry is the retail trade, employing 16 percent of workers with an average annual pay of \$30,856.

Management of companies has the highest average annual pay (\$133,957) and accounts for 5 percent of workers with jobs in Franklin and 3 percent of working residents.

Figure I-20.
Employment and Earnings by Industry, Franklin, 2011



Note: People who both live and work the city are included in both distributions. Average annual wages are estimated for the county as a whole.

Sources: US Census Bureau's Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW) and BBC Research & Consulting.

Commuting patterns. Among the 50,977 Franklin workers and the 25,372 employed residents, there are 7,834 people that both live and work in Franklin. Another 43,143 people work in Franklin but live outside the city (in-commuters). Just over 17,538 people live in the city but commute to jobs outside the city (out-commuters). That means nearly one-third of Franklin's working residents have jobs in the city. About 15 percent of Franklin jobs are held by city residents.

Figure I-21 displays characteristics of in-commuters, out-commuters and those who both live and work in Franklin. In-commuters tend to be younger and have lower monthly earnings than out-commuters.

Figure I-21.
Characteristics of In-Commuters and Out-Commuters, Franklin, 2011

	In-Commuters (Employed in Franklin but living outside)		Out-Commuters (Living in Franklin but employed outside)		Live and Work in Franklin	
	Number	Percent	Number	Percent	Number	Percent
Total	43,143	100%	17,538	100%	7,834	100%
Age						
29 or younger	11,004	26%	3,432	20%	1,621	21%
30 to 54	25,179	58%	10,789	62%	4,577	58%
55 or older	6,960	16%	3,317	19%	1,636	21%
Earnings						
\$1,250 per month or less	8,716	20%	2,883	16%	1,863	24%
\$1,251 to \$3,333 per month	16,219	38%	4,511	26%	2,584	33%
More than \$3,333 per month	18,208	42%	10,144	58%	3,387	43%

Source: US Census Bureau's Longitudinal Employer-Household Dynamics and BBC Research & Consulting.

Employment forecasts. Recent job growth has been strong in Williamson County as a whole and in the City of Franklin. Between 2005 and 2011 the number of primary jobs in Franklin increased by 28 percent. Job forecasts were not available at the city level but estimates for Williamson County indicate that jobs are expected to increase by another 21 percent between 2013 and 2023. Figure I-22 applies Williamson County job forecasts by industry to Franklin workers to estimate employment growth by industry for the city in 2015, 2020 and 2025.

Franklin is forecasted to add nearly 16,000 workers by 2025. About half of those new workers are expected work in retail trade, education, or health and social services (all relatively low-paying industries).

Figure I-22.
Employment Forecasts by Industry, Franklin, 2011

	2011 Workers' Primary Jobs	2015 Workers' Primary Jobs	2020 Workers' Primary Jobs	2025 Workers' Primary Jobs	Percent Change 2011-2025	Numerical Change 2011-2025
All Industries	50,977	54,871	60,336	66,536	31%	15,559
Natural Resources	7	5	4	3	-61%	-4
Mining	25	28	31	36	43%	11
Utilities	199	167	135	108	-46%	-91
Construction	2,439	2,488	2,552	2,616	7%	177
Manufacturing	2,380	2,173	1,940	1,732	-27%	-648
Wholesale Trade	1,979	2,013	2,056	2,100	6%	121
Retail Trade	8,114	8,759	9,639	10,607	31%	2,493
Transportation and Warehousing	402	453	525	609	51%	207
Information	1,298	1,330	1,371	1,413	9%	115
Finance and Insurance	4,025	4,309	4,693	5,111	27%	1,086
Real Estate	540	546	554	563	4%	23
Professional Services	3,575	4,005	4,616	5,321	49%	1,746
Management of Companies	2,444	2,721	3,111	3,557	46%	1,113
Admin and Waste Services	2,285	2,447	2,666	2,904	27%	619
Educational Services	6,371	7,114	8,165	9,372	47%	3,001
Health and Social Services	5,832	6,459	7,337	8,336	43%	2,504
Arts and Recreation	822	906	1,023	1,155	40%	333
Hospitality	4,870	5,267	5,809	6,407	32%	1,537
Other Services	1,395	1,514	1,678	1,859	33%	464
Public Administration	1,975	2,166	2,431	2,729	38%	754

Note: Employment forecasts reflect growth in primary jobs, not total jobs.

Source: Williamson County Chamber of Commerce, US Census Bureau's Longitudinal Employer-Household Dynamics and BBC Research & Consulting.

Housing affordability for current and future workers. According to survey results (discussed in detail in Section III), many Franklin workers would like to live in Franklin but cannot afford to rent or purchase a home in the city. Figure I-22 displays affordable rental and ownership options for Franklin workers earning the average county wage by industry. Industries are listed in order of most to least number of workers.

The *average* Franklin worker—earning \$54,306 per year—could afford 78 percent of the city's rental units but just 11 percent of the homes sold in 2012 and 2013. Among the homes affordable to that worker, 58 percent are condos, townhomes or other attached options.

Among the five largest industries in Franklin only two industries have average wages high enough to afford the city's median rent and just one of the five industries has average wages high enough to afford the median price of attached homes in Franklin (condos, townhomes, etc.). None of these industries have average wages high enough to afford the median price of a single family detached home in Franklin.

Job forecasts indicate that Franklin will have nearly 16,000 new workers by 2025—8,000 of those will be in retail, educational services and health and social services. Affordability constraints suggest that the majority of those workers will become in-commuters.

Figure I-23.
Affordability for Workers by Industry, Franklin, 2012 and 2025

	Affordability by Industry						Current Workers		Future Workers	
	Average Annual Wage	Can afford median rent?	Can afford median price for detached home?	Can afford median price for attached home?	Percent of available homes that are affordable	Percent of affordable and available homes that are attached (condo, townhome, etc)	Number of workers, 2011	Percent of workers, 2011	Number of new workers, 2025	Percent of new workers, 2025
All Industries	\$54,306	yes	no	no	11%	58%	50,977	100%	15,559	100%
Retail Trade	\$32,117	no	no	no	2%	58%	8,114	16%	2,493	16%
Educational Services	\$38,943	no	no	no	4%	54%	6,371	12%	3,001	19%
Health and Social Services	\$51,785	yes	no	no	10%	57%	5,832	11%	2,504	16%
Hospitality	\$17,100	no	no	no	0%	88%	4,870	10%	1,537	10%
Finance and Insurance	\$81,547	yes	no	yes	40%	75%	4,025	8%	1,086	7%
Professional Services	\$73,605	yes	no	yes	30%	70%	3,575	7%	1,746	11%
Management of Companies	\$133,957	yes	yes	yes	85%	84%	2,444	5%	1,113	7%
Construction	\$54,616	yes	no	no	11%	58%	2,439	5%	177	1%
Manufacturing	\$63,599	yes	no	yes	19%	63%	2,380	5%	-648	-4%
Admin and Waste Services	\$45,758	yes	no	no	7%	53%	2,285	4%	619	4%
Wholesale Trade	\$94,524	yes	yes	yes	57%	79%	1,979	4%	121	1%
Public Administration	\$38,060	no	no	no	4%	56%	1,975	4%	754	5%
Other Services	\$25,782	no	no	no	1%	62%	1,395	3%	464	3%
Information	\$74,396	yes	no	yes	31%	70%	1,298	3%	115	1%
Arts and Recreation	\$38,692	no	no	no	4%	54%	822	2%	333	2%
Real Estate	\$73,796	yes	no	yes	30%	70%	540	1%	23	0%
Transportation and Warehousing	\$61,018	yes	no	no	17%	61%	402	1%	207	1%
Utilities	\$77,035	yes	no	yes	34%	72%	199	0%	-91	-1%
Natural Resources and Mining	\$31,094	no	no	no	2%	56%	32	0%	6	0%

Note: Affordability assumes single earner household spending no more than 30 percent of income on housing costs. For-sale affordability, assumes 10 percent down payment and 5 percent interest on a 30-year fixed mortgage; it also accounts for typical HOA fees, property taxes, utilities and insurance.

Source: Williamson County Chamber of Commerce, US Census Bureau's Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics, Williamson County Association of Realtors, 2019-2012 ACS and BBC Research & Consulting.

SECTION II.

Housing Profile and Market Analysis

SECTION II.

Housing Profile and Market Analysis

This section provides an overview of Franklin's housing stock, including unit types, renter versus owner comparison, home values and future development. Key findings from this section include:

- Franklin is home to more owners (65%) than renters (35%). Renters tend to be younger and earn lower incomes than owners. Renters are also more likely to be non-family households and single-person households.
- Homeownership among moderate- and high-income households is lower in Franklin than in the surrounding areas (50% in Franklin v. 69% in Williamson County and Nashville), reflecting Franklin's high median home price.
- Franklin's housing stock is relatively new, with over 65 percent built since 1990.
- Overall, about 60 percent of Franklin's housing stock is single family detached, and the remaining 40 percent is attached housing (apartments, condos, townhomes, etc.). This distribution has remained nearly constant since 2000.
- Thirty percent of Franklin households are cost burdened (spending 30% or more of their income on housing). More than half of those households are renters. Cost burden has increased significantly for renters since 2000.
- An analysis of homes for sale during 2012 priced below \$250,000 found just 242 attached homes and 237 detached homes in this range. For detached homes, this was the lowest level from 2006 to 2012. Potential buyers needing units priced less than \$250,000 will find most units in central Franklin and few units in the northeast and southern-most portions of the city.
- A comparison of rental units available at various price points to renter incomes found a shortage of 1,300 affordable rental units or subsidies to meet the needs of the city's lowest income renters, who are currently paying more than they can afford in rental costs.
- Future workforce will need a greater diversity of housing prices to afford to live in Franklin. If home prices continue to increase and housing for future workers becomes more limited, the city could have as many as 12,000 new in-commuters by 2025.

Housing Profile

According to the 2012 ACS there are 27,035 housing units in Franklin, up from 17,214 in 2000—a 57 percent increase. Williamson County as a whole also experienced a substantial growth in households between 2000 and 2012 (49% increase). As of 2012, Franklin's housing stock accounted for 38 percent of the county's housing units.

Tenure. Nearly two-thirds (65%) of Franklin's households are owner-occupied; the remainder are occupied by renters. There has been little change in Franklin's homeownership rate since 2000 when 64 percent of households were owners and 36 percent were renters. Figure II-1 shows the homeownership rate by income, age and household type for Franklin. Estimates for Williamson County, the Nashville metropolitan statistical area (MSA) and the State of Tennessee are included for reference.

Figure II-1.
Homeownership Rate, 2012

Source:
2012 American
Community Survey (ACS)
and BBC Research &
Consulting.

	Franklin	Williamson County	Nashville MSA	Tennessee
All Households	65%	79%	65%	67%
Homeownership rate by income				
Less than \$25,000	42%	53%	38%	45%
\$25,000 to \$49,999	52%	62%	57%	64%
\$50,000 to \$74,999	50%	69%	69%	75%
\$75,000 to \$99,999	62%	80%	81%	84%
\$100,000 or more	83%	93%	90%	91%
Homeownership rate by age				
Householder 15 to 24 years	18%	24%	16%	14%
Householder 25 to 34 years	40%	48%	39%	42%
Householder 35 to 44 years	72%	84%	64%	62%
Householder 45 to 54 years	69%	84%	71%	71%
Householder 55 to 64 years	76%	86%	77%	78%
Householder 65 to 84 years	74%	88%	84%	84%
Householder 85 years and over	67%	66%	71%	74%
Homeownership rate by hh type				
Nonfamily households	46%	59%	47%	53%
Family households:	74%	85%	74%	73%
Married-couple no kids	72%	87%	85%	86%
Married-couple with kids	86%	93%	78%	76%
Single Parent	44%	49%	37%	35%

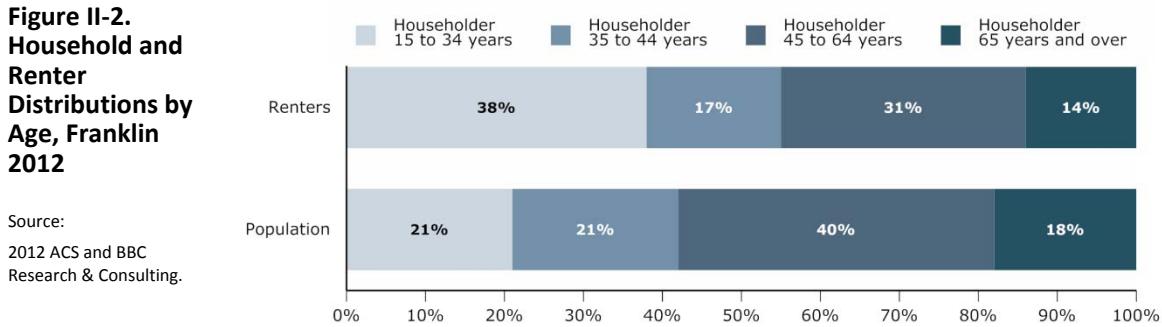
Franklin's homeownership rate is comparable to that of the Nashville MSA and the State of Tennessee but lower than that of Williamson County.

Households with higher incomes typically have a higher ownership rate, a trend that does not except Franklin. Homeownership among moderate- and high-income households is lower in Franklin than in the surrounding areas, reflecting Franklin's high median home price. For example, just half of Franklin's households earning between \$50,000 and \$74,999 own their homes, compared to 69 percent in both Williamson County and the Nashville metro area.

Homeownership by age in Franklin is relatively uniform with its surrounding areas, jumping considerably above the age of 35. Homeownership by household type is also generally in line with surrounding areas. However, nonfamily households and married couple households without kids have lower homeownership rates in Franklin than in the county, metro area or state.

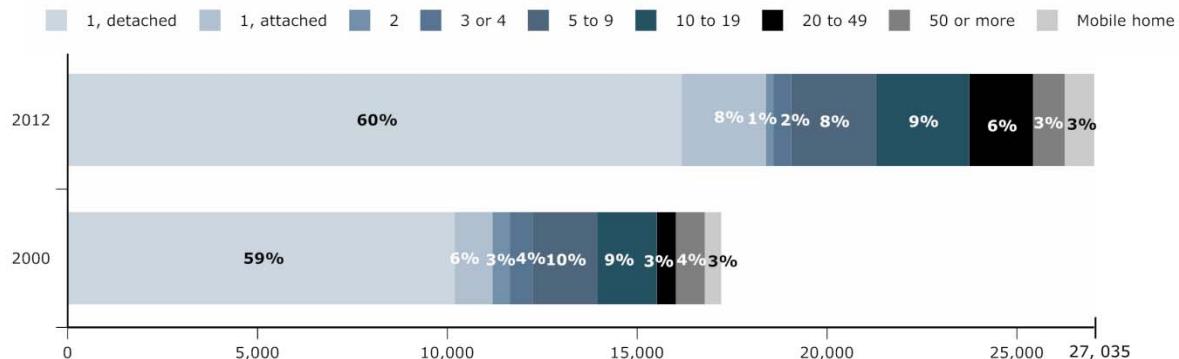
Age of renters. About 38 percent of renting householders in Franklin are aged 15 to 34, although this age cohort only comprises about 21 percent of overall population. In all other age cohorts, the proportion of renters is smaller than the proportion of overall population in that age cohort. Figure II-2 displays the age profile of renters and overall population in Franklin.

Figure II-2.
Household and Renter Distributions by Age, Franklin 2012



Housing type. Overall, about 60 percent of Franklin's housing stock is single family detached, and the remaining 40 percent is attached housing (apartments, condos, townhomes, etc.). This distribution has remained nearly constant since 2000. Figure II-3 displays housing type for Franklin in both 2000 and 2012.

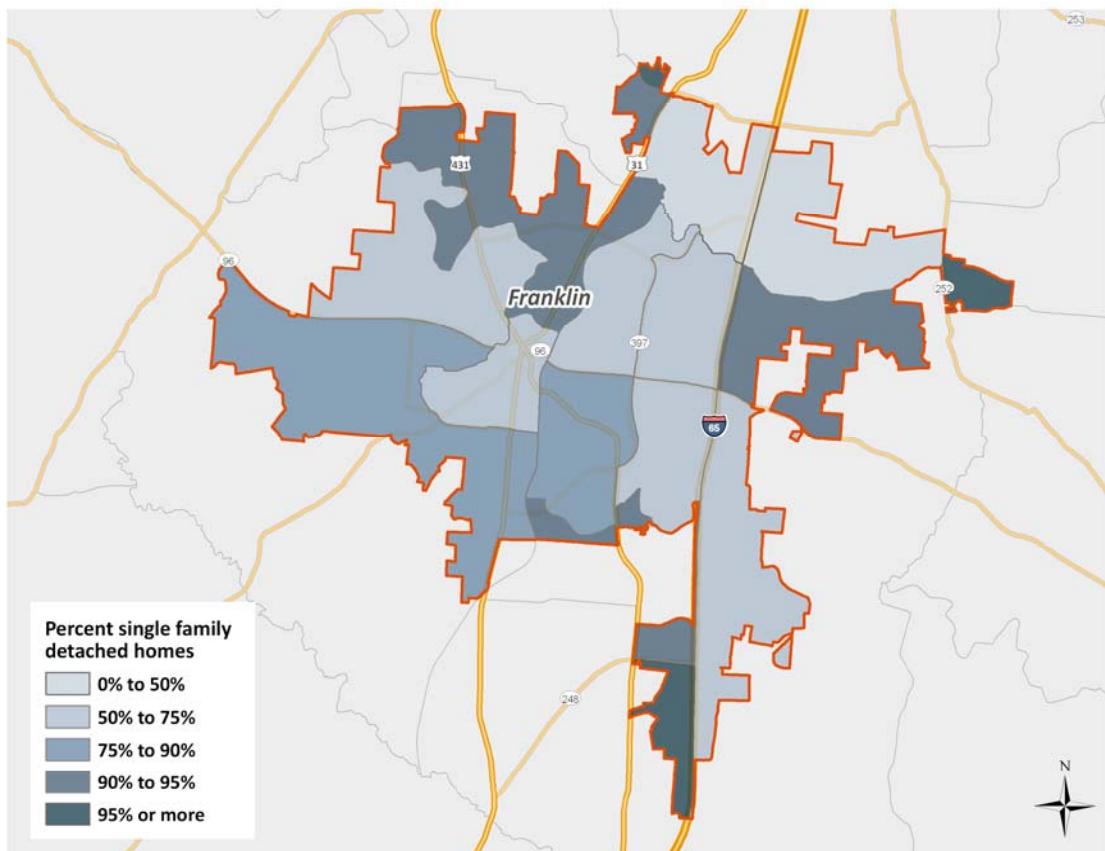
Figure II-3.
Housing Type, Franklin, 2000 and 2012



Source: 2012 ACS and BBC Research & Consulting

Figure II-4 displays the proportion of homes that are detached single family homes by Census tract. Not surprisingly, central Franklin and the Cool Springs area in the northeast have the highest proportion of attached homes and the other portions of the city have a higher proportion of detached homes.

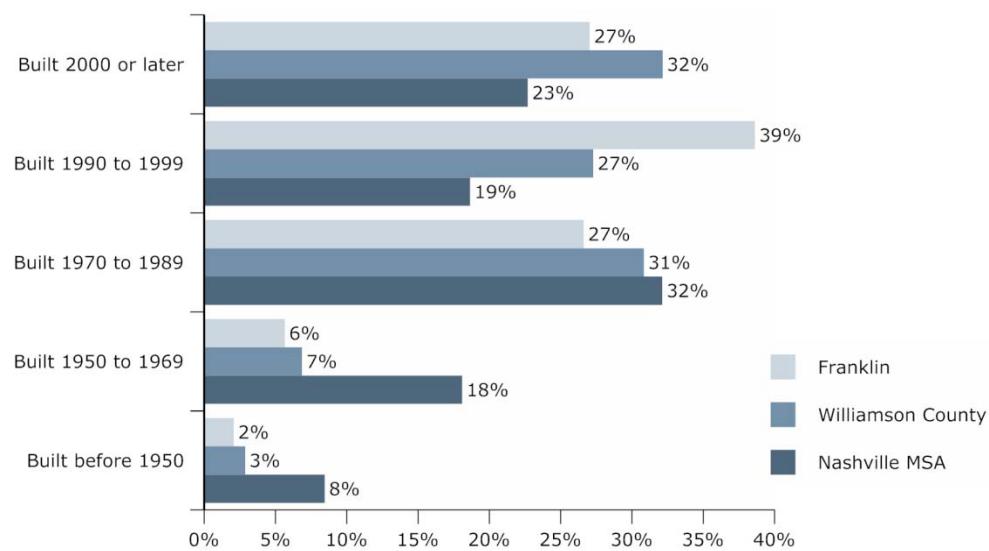
Figure II-4.
Percent of Census Tract Households that are Single Family Detached, Franklin, 2010



Source: 2010 Census and BBC Research & Consulting.

Age of housing stock. An important indicator of housing condition is the age of the home. Despite Franklin's historic core, most of the housing in Franklin is relatively new—two-thirds of Franklin homes have been built since 1990 and only 2 percent were built before 1950. Figure II-5 displays the age of the city's housing stock, compared with that of Williamson County and the Nashville MSA.

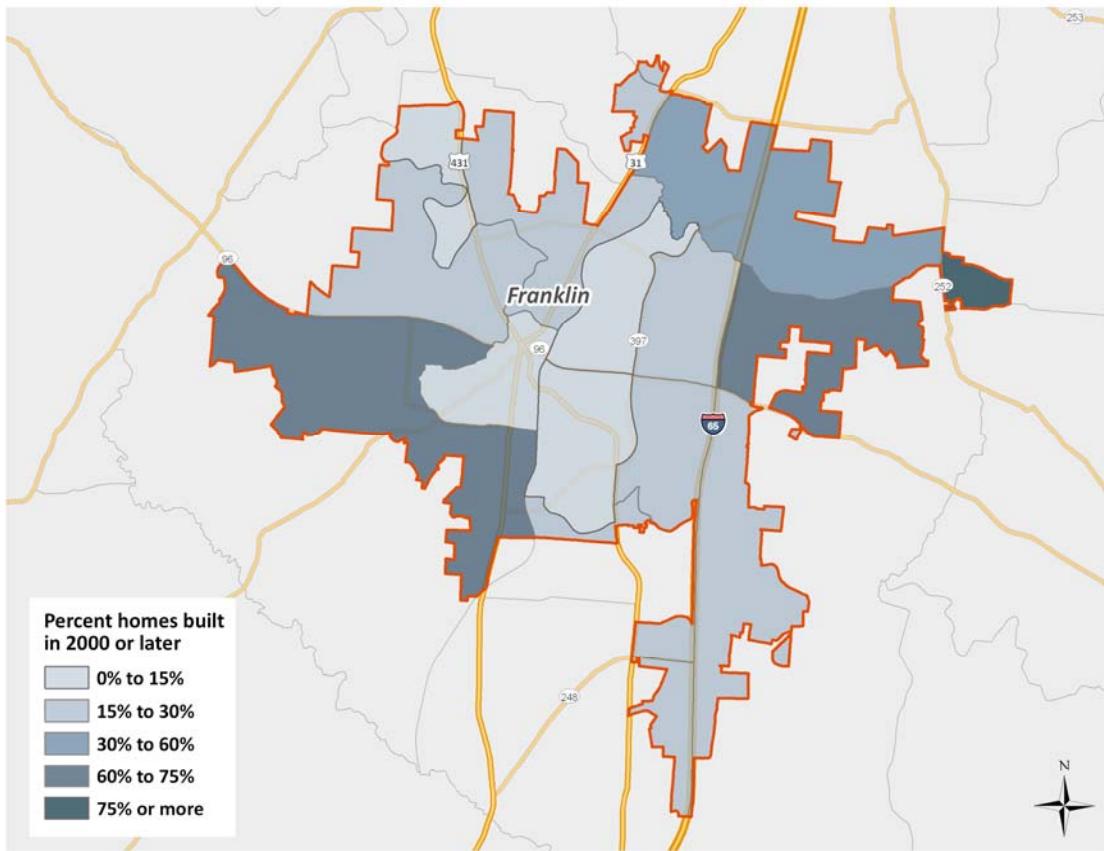
Figure II-5.
Age of Housing Stock, Franklin, 2012



Source: 2012 ACS and BBC Research & Consulting.

Figure II-6 maps the proportion of housing units built since 2000 by Census tract. The eastern and western extremities have the highest proportion of newer homes, while central Franklin has a lower proportion of new homes, in part reflecting the historic nature of central Franklin.

Figure II-6.
Percent of Housing Units Built 2000 or Later by Census Tract, Franklin, 2010



Source: 2010 Census and BBC Research & Consulting.

Cost burden. An important measurement of a city's housing environment is the percentage of a household's total monthly income that must be spent on housing costs. It is common practice to label any household spending 30 percent or more of their monthly income on housing expenses as "cost burdened." Households spending 50 percent or more of their monthly income on housing expense are "severely cost burdened."

In 2012, 44 percent of Franklin renters spent at least 30 percent of their monthly income on housing costs (up from 36% of renters in 2000). Among homeowners, 22 percent were cost burdened (the same proportion as were cost burdened in 2000). About 8 percent of homeowners and 18 percent of renters are severely cost burdened. Figure II-7 displays the proportion of households that are cost burdened and severely cost burdened by tenure.

Figure II-7.
Cost Burden by
Tenure, Franklin, 2012

Note:

Cost burdened households spend 30 percent or more of their monthly income on housing expenses. Severely cost burdened households spend 50 percent or more of their monthly income on housing expenses.

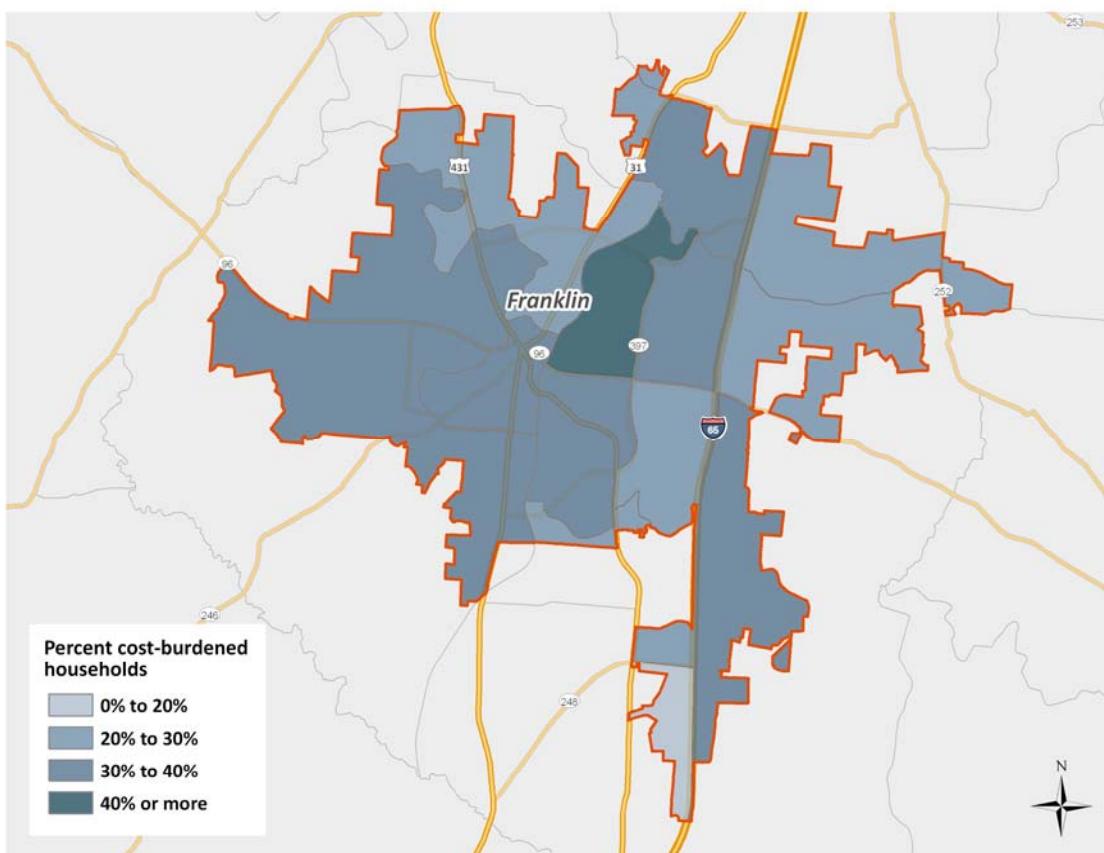


Source:

2012 ACS and BBC Research & Consulting.

Figure II-8 maps the distribution of cost burdened households in Franklin. The most cost burdened portion of the city lies just northeast of downtown—more than 40 percent of households in this area spend at least 30 percent of their income on housing expenses. Cost burden is lowest in the southern-most Census tract of Franklin.

Figure II-8.
Percent of Households per Census Tract that are Cost Burdened, Franklin, 2012

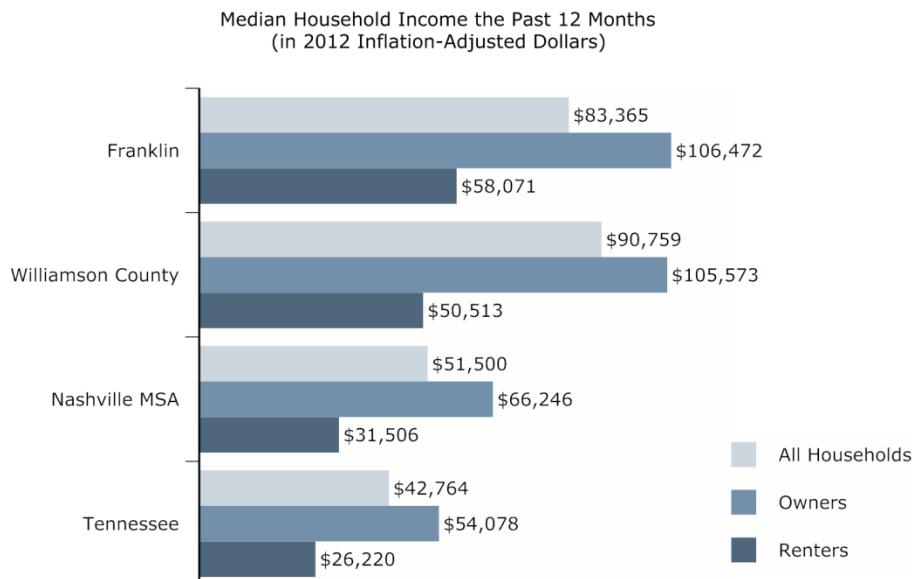


Source: 2012 ACS and BBC Research & Consulting.

Income distribution of owners and renters. As discussed in the Community Profile (Section I of this report), Franklin is a relatively high income community, one in which real incomes continue to increase even as real incomes in the county and state overall decrease.

As in most communities, renters in Franklin have a lower median income than owners. However, as shown in Figure II-9, renters in Franklin have relatively high incomes compared to renters in Williamson County, the Nashville MSA and the state as a whole.

Figure II-9.
Income by Tenure, Franklin, 2012



In many communities across the country and in Tennessee as a whole, the gap between renter and owner incomes widened between 1999 and 2012. However, in Franklin the gap actually narrowed as renter incomes increased by 14 percent (in real dollars) while owner incomes only increased by 7 percent.

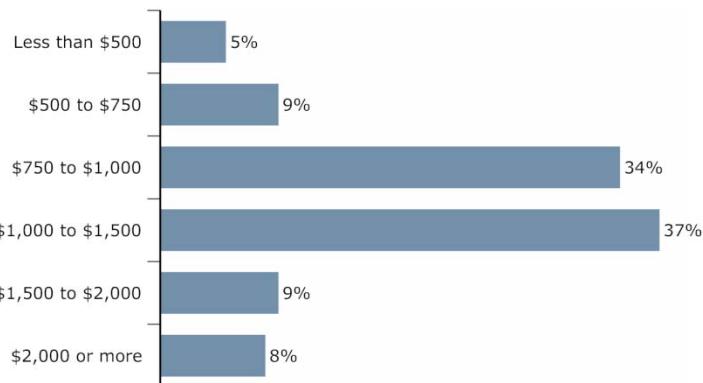
Rental market. According to the 2012 ACS, median rent (including utilities) in Franklin was \$1,044 per month, up from \$758 in 2000. Median rent in Franklin is similar to the county overall (\$1,091) but substantially higher than the Nashville MSA (\$828) and the state (\$730). In Franklin, the income required to afford median rent is \$41,760; about 60 percent of Franklin's renter households can afford median rent.

As shown in Figure II-10, nearly three-quarters of all renters pay between \$750 and \$1,500 for their units. Five percent pay less than \$500 and 8 percent pay \$2,000 or more per month.

Figure II-10.
Gross Rent Distribution, Franklin, 2012

Source:

2010-2012 ACS and BBC Research & Consulting.

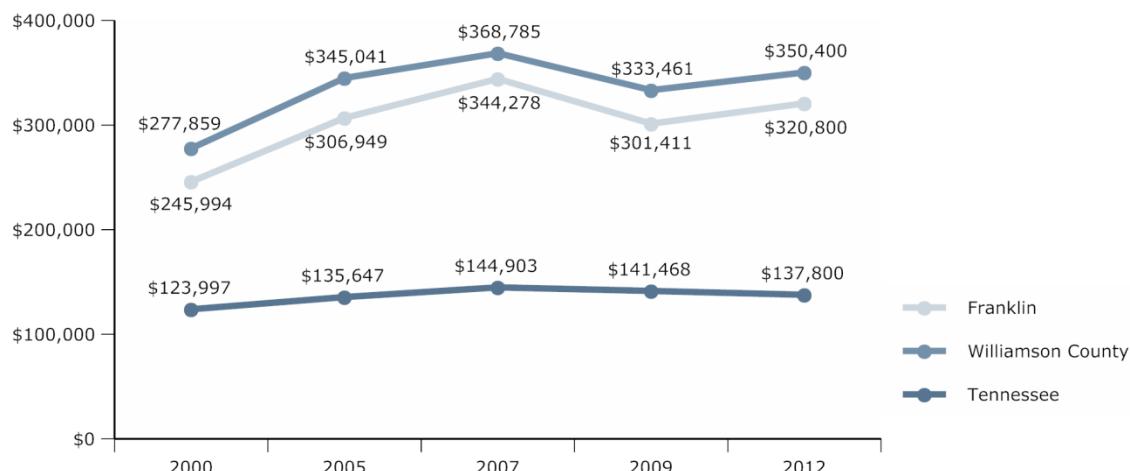


The statistics above reflect all rental units in the city, regardless of the age or condition. Newly built units tend to be priced above the median. Rent comparables from a sample of new rental property developments in Franklin reveal that weighted average market rent for one, two, and three bedroom units are \$1,115, \$1,390, and \$1,767, respectively.

Ownership market. About 65 percent of housing units in Franklin are owner-occupied, compared to 79 percent in Williamson County and 67 percent in the state. Although the ownership market was impacted by the economic downturn in 2008-2010, home values have recovered considerably.

Value. The median value of owner-occupied homes in Franklin in 2012 was \$320,800, slightly below the median value for Williamson County as a whole (\$350,400) but well above median value for the Nashville MSA (\$172,300) and the state overall median (\$137,800). As was the case in many communities across the country, Franklin's home value peaked between 2007 and 2009, dropped with the housing crisis and is now on the rise. Figure II-11 displays home value as reported by the ACS between 2000 and 2012. All values are adjusted for inflation and presented in 2012 dollars.

Figure II-11.
Home Value, Franklin, 2000 through 2012

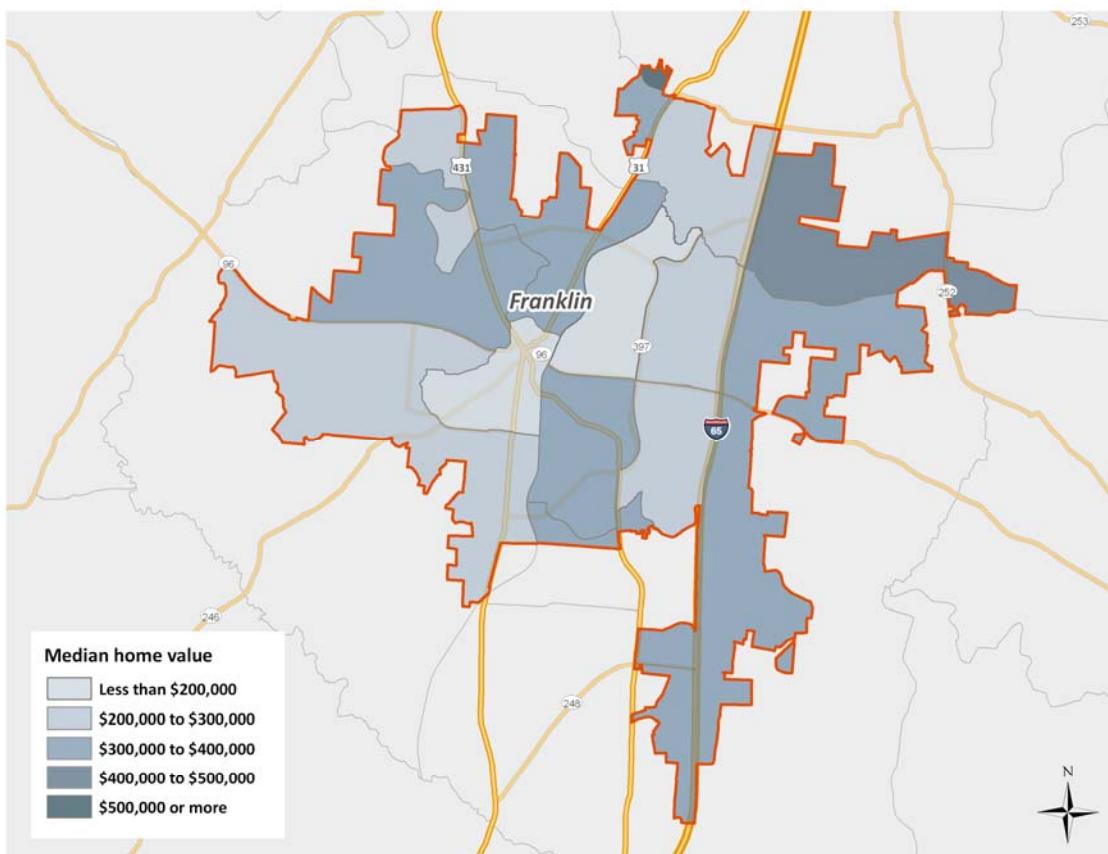


Note: Values are adjusted for inflation and presented in 2012 dollars.

Source: 2000 Census; 2005-2007, 2007-2009, 2009-2011 and 2012 ACS; and BBC Research & Consulting.

The median home price in Franklin was \$386,000 in June 2013, and the average price was \$441,696. This is an increase of about 7 percent over the June 2011 median home price. From April 2013 to August 2013, median home price had climbed by over 11 percent,¹ to \$389,500. Figure II-12 displays home value by Census tract as reported by the ACS in 2012.

Figure II-12.
Median Home Value by Census Tract, Franklin, 2012



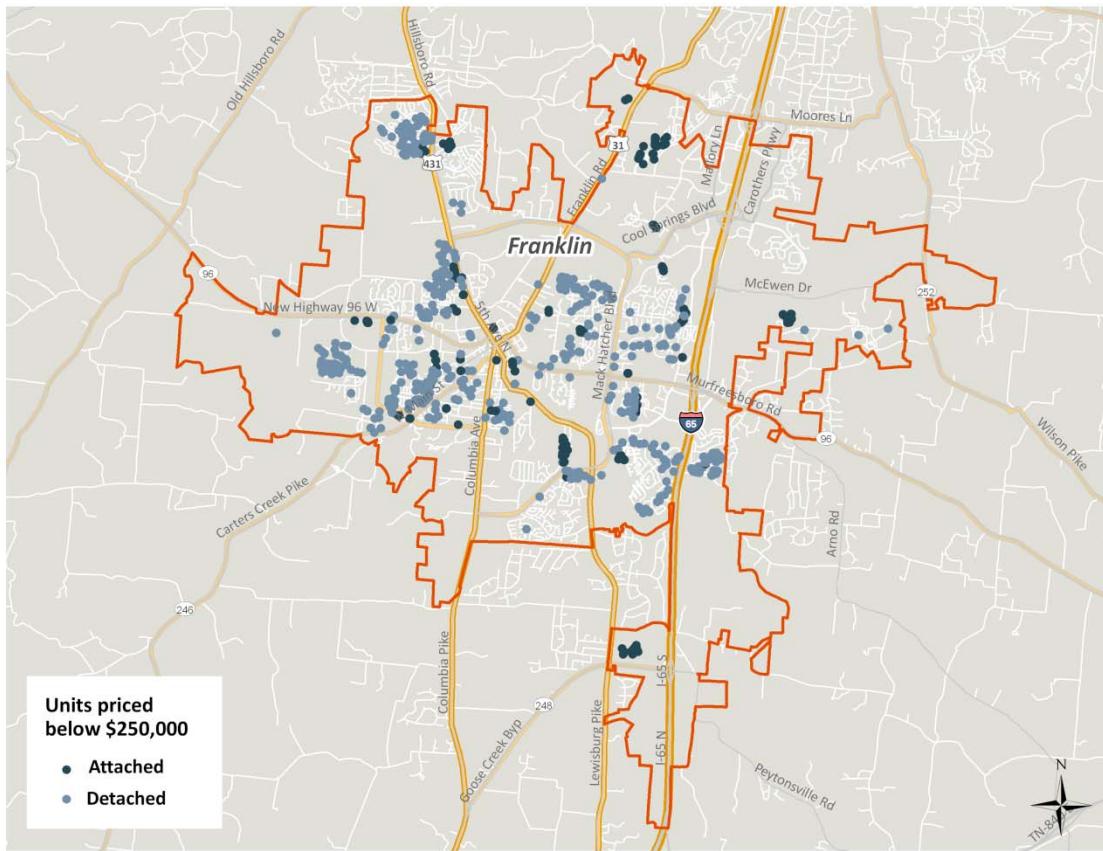
Source: 2012 ACS and BBC Research & Consulting.

Median home values are lowest in the Census tract encompassing downtown and the tract to the northeast of downtown. Some of the highest median values are on the eastern side of the city, including the Cool Springs area.

Dispersion of affordable units. An analysis of homes for sale during 2012 priced below \$250,000 found just 242 attached homes and 237 detached homes in this range. For detached homes, this was the lowest level from 2006 to 2012. Figure II-13 shows the location of ownership units in Franklin priced below \$250,000.

¹ Monthly Market Stats, Williamson County Association of Realtors, April 2013 – June 2013.

Figure II-13.
Ownership Housing Units Priced Below \$250,000, Franklin, 2012

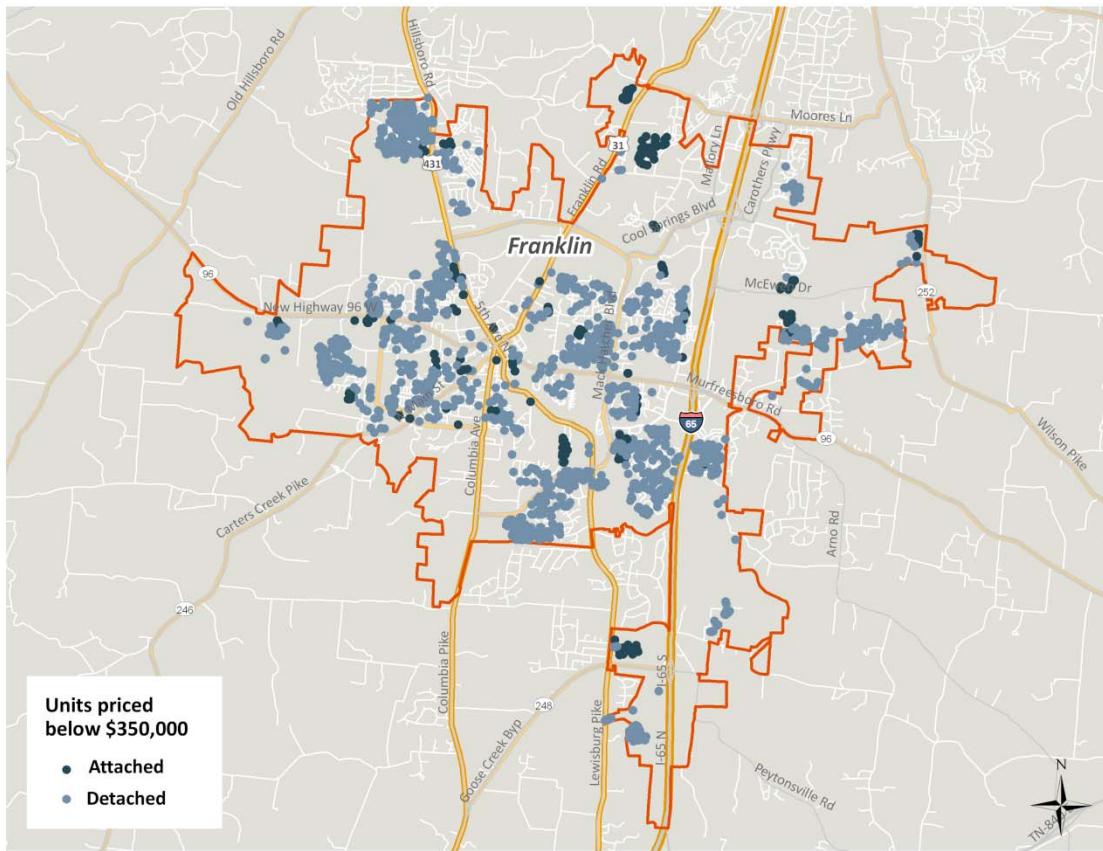


Source: 2012-2013 MLS and BBC Research & Consulting.

Many of the units below this price point are attached (condos and townhomes) and often less expensive than detached housing, even considering HOA fees. Affordable housing to buy is mostly located in central Franklin. There are also pockets of affordable attached and detached housing in the northern reaches of the city.

Figure II-14 shows a similar map, displaying ownership housing units priced below \$350,000. In 2012, there were 324 attached and 1,004 detached units for sale for less than \$350,000. At this price point, a potential buyers' options increase significantly from the under \$250,000 range, although most units are still found in the central and northwest portion of the city.

Figure II-14.
Ownership Housing Units Priced Below \$350,000, Franklin, 2012



Source: 2012-2013 MLS and BBC Research & Consulting.

Gaps Analysis

To examine how well Franklin's current housing market meets the needs of its residents—and to determine how likely it is to accommodate demand of future residents and workers—BBC conducted a modeling effort called a “gaps analysis.” The analysis compares the supply of housing at various price points to the number of households who can afford such housing. If there are more housing units than households, the market is “oversupplying” housing at that price range. Conversely, if there are too few units, the market is “undersupplying” housing. The gaps analysis conducted for renters in Franklin addresses both rental affordability and ownership opportunities for renters who want to buy.

Mismatch in the rental market. Figure II-15 compares the number of renter households in Franklin in 2012, their income levels, the maximum monthly rent they could afford without being cost burdened, and the number of units in the market that were affordable to them. The “Rental Gap” column shows the difference between the number of renter households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a

shortage of units at the specific income level; positive units indicate an excess of units. The figure displays renters' income by dollar amount and as a percent of AMI.²

Figure II-15.
Mismatch in Rental Market, Franklin, 2012

Income/AMI Range	Max Affordable Rent	Renters		Rental Units		Rental Gap	Cumulative Gap
		Number	Percent	Number	Percent		
Income Range							
Less than \$5,000	\$125	52	1 %	79	1 %	27	27
\$5,000 to \$9,999	250	249	3	66	1	(183)	(156)
\$10,000 to \$14,999	375	215	3	125	2	(90)	(246)
\$15,000 to \$19,999	500	520	7	152	2	(367)	(613)
\$20,000 to \$24,999	625	935	12	217	3	(718)	(1,331)
\$25,000 to \$34,999	875	736	9	1,699	20	963	(368)
\$35,000 to \$49,999	1,250	1,038	13	3,719	45	2,681	2,313
\$50,000 to \$74,999	1,875	1,313	17	1,415	17	102	2,415
\$75,000 or more	1,875+	2,887	36	820	10	(2,068)	347
Total/Low Income Gap		7,944	100 %	8,291	100 %	(1,331)	
AMI Range							
0-50% AMI	\$798	2,478	31	1,812	22	(667)	(667)
50-80% AMI	1,276	1,321	17	4,304	52	2,984	2,317
80-150% AMI	2,393	2,367	30	2,034	25	(333)	1,985
More than 150% of AMI	2,393+	1,778	22	141	2	(1,637)	347

Note: Income limits by AMI are discussed in Section I and shown in Figure I-15.

Source: 2008-2012 ACS and BBC Research & Consulting.

The gaps analysis in Figure II-15 shows that:

- Thirteen percent of renters (1,036 households) living in Franklin earn less than \$20,000 per year. These renters need units that cost less than \$500 per month to avoid being cost burdened. Just 5 percent of rental units (423 units) in the city rent for less than \$500/month. This leaves a "gap," or shortage, of 613 units for these extremely low income households.
- Over 900 renters earn between \$20,000 and \$25,000 per year. There are only 217 rental units priced at their affordability range (less than \$625/month), leaving a shortage of 718 units.
- Altogether, the city has a shortage of rental units priced affordability for renters earning less than \$25,000 per year of 1,331 units. These households consist of students, working

² As discussed in Section I, AMI is used by HUD's state and local policy makers to qualify households for housing programs. HUD designated AMI is the same for all counties located within the Nashville Metropolitan Statistical Area (MSA) and was \$62,300 in 2013.

residents earning low wages, residents who are unemployed and residents who are disabled and cannot work.³

In sum, the private rental market in Franklin largely serves renters earning between \$25,000 and \$75,000 per year—82 percent of rental units are priced within that group’s affordability range. The market fails to adequately serve the 25 percent of renters earning less than \$25,000 per year—even when accounting for the impact of subsidized housing programs.

Franklin has a high proportion of high income renters—those earning \$75,000 or more per year. The “shortage” shown in the gaps model for high income renters suggests those renters are spending less than 30 percent of their income on housing—perhaps in order to save for a down payment on a home purchase.

Gaps in the For Sale Market. A similar gaps analysis was conducted to evaluate the market options affordable to renters who may wish to purchase a home in Franklin. Again, the model compared renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices shown in Figure II-16 assume a 30-year mortgage with a 10 percent down payment and an interest rate of 5.00 percent. The estimates also incorporate property taxes, insurance and utilities (assumed to collectively account for 20% of the monthly payment). HOA fees were also incorporated and assumed to account for an additional 2.5 percent of the monthly payment for single-family detached homes and 12.5 percent of the monthly payment for attached homes (condos, townhomes, etc).

The “Renter Purchase Gap” column in Figure II-16 shows the difference between the proportion of renter households and the proportion of homes listed or sold in 2012 and 2013 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units. The figure displays renters’ income by dollar amount and as a percent of AMI.

The for sale gaps analysis shows the Franklin market to be relatively affordable for renters earning more than \$50,000 per year. However, for renters earning between \$50,000 and \$100,000, affordability is contingent on a willingness to consider townhomes and condos—half of the affordable units in their price range are attached housing options. Thirty-two percent of all renters can afford the median home value (\$320,800) and 28 percent of all renters can afford the median sold price in 2012 (\$345,000). It is important to note that home size, condition and housing preferences are not considered in the affordability model. Section III, which discusses community input from the housing survey, provides more dynamic feedback from both residents and in-commuters on the rental and ownership markets in Franklin.

³ It is important that these renters are not homeless. Those renters who cannot find affordability priced rentals are living in units that cost more than they can afford. These households are “cost burdened.”

Figure II-16.
Market Options for Renters Wanting to Buy, Franklin, 2012

Income/AMI Range	Renters who want to buy:			Homes for Sale/Sold in 2012-2013			Percent of All Homes for	Renter Purchase Gap	Percent of Affordable Homes that are Attached
	Max Home Price Detached	Max Home Price Attached	Renters (Percent)	Detached	Attached	Total			
Income Range									
Less than \$35,000	\$138,950	\$121,021	34 %	99	62	161	3 %	(31) %	39 %
\$35,000 to \$49,999	198,502	172,889	13	201	154	355	6	(7)	43
\$50,000 to \$74,999	297,756	259,335	17	626	575	1201	22	5	48
\$75,000 to \$99,999	397,009	345,782	17	887	891	1778	32	15	50
\$100,000 to \$149,999	595,515	518,674	13	995	419	1414	26	13	30
\$150,000 or more	595,515+	518,674+	7	604	2	606	11	4	0
AMI Range									
0-50% AMI	\$126,647	\$110,305	31 %	81	46	127	2 %	(29) %	36 %
50-80% AMI	202,675	176,523	17	235	192	427	8	(9)	45
80-150% AMI	379,941	330,916	30	1371	1298	2669	48	19	49
More than 150% of AMI	379,941+	330,916+	22	1725	567	2292	42	19	25

Note: Maximum affordable home price is based on a 30 year mortgage with a 10 percent down payment and an interest rate of 5.00%. Property taxes, insurance and utilities are assumed to collectively account for 20% of the monthly payment. HOA fees are assumed to account for 2.5% of the monthly payment for detached properties and 12.5% of the monthly payment for attached properties. Income limits by AMI are discussed in Section I and shown in Figure I-15.

Source: 2008-2012 ACS, 2012-2013 MLS and BBC Research & Consulting.

Current and Future Development

The residential development pipeline remains full in Franklin, with a number of projects consisting of various housing types approved for or already under construction. There are currently about 7,400 housing units approved for future construction.

Of the many units approved for construction, more are multifamily structures than single family. There are approximately 3,000 single family houses, 2,400 townhome/condos and 1,600 apartments to be completed in the coming years. Figure II-17 shows the number of existing units by type as well as currently approved units. The current and future housing type distribution is also displayed.

Figure II-17.
Future Development by Housing Type, Franklin, 2013

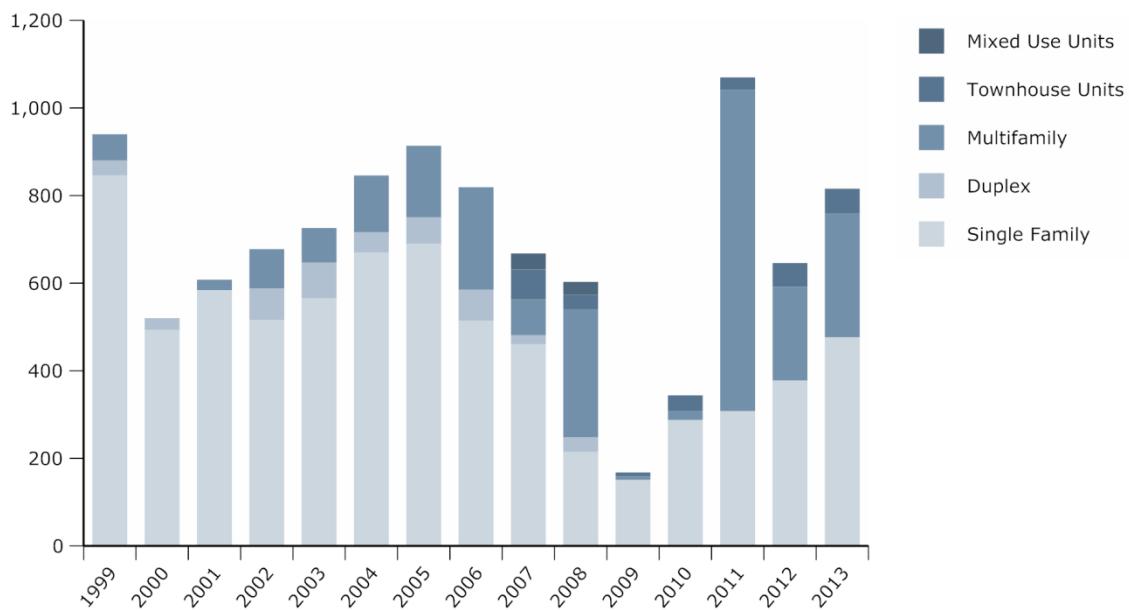
Type of Housing	Number of Dwelling Units			Percent of Total Housing Stock	
	Existing	Approved	Future	Current	Future
Single Family	17,148	3,040	20,188	58 %	55 %
Manufactured Home	411	-	411	1	1
Duplex	1,128	6	1,134	4	3
Townhome/Condo	3,005	2,354	5,359	10	15
Apartment	6,139	1,612	7,751	21	21
Residential Special Place	1,590	392	1,982	5	5
Total	29,421	7,404	36,825	100 %	100 %

Note: Percentages are rounded to the nearest whole number.

Source: Franklin Building and Neighborhood Services Department, Franklin Planning and BBC Research & Consulting.

Currently, single family homes comprise 58 percent of the overall housing stock in Franklin. Given the types of housing units approved for construction, the proportion of single family homes will drop to 55 percent. Townhomes/condos currently make up 10 percent of the stock, but will soon comprise 15 percent. The proportion of apartments will remain approximately the same in the foreseeable future. Figure II-18 displays residential permitting over the past 15 years, broken out by housing type.

Figure II-18.
Building Permits Issued, Franklin, 1999 through 2013



Note: In 2007, townhouse and mixed-use dwelling units began to be tracked separately from multifamily units. From 2008 to 2009, units were tracked as residential or other residential and have been individually evaluated as to the appropriate classification for this table. In 2010, Single Family (Detached), Townhouse (Single Family Attached), and Multifamily were tracked in the Building and Neighborhood Services Department with no individual evaluation required for incorporation into this table.

Source: Franklin Building and Neighborhood Services Department, Franklin Planning and BBC Research & Consulting.

Like most areas across the country, residential permitting slowed in 2008 and 2009. Permitting has been high over the past three years, relative to recent history. Most notably, the number of multifamily housing permits issued has been especially high over the past three years.

Projected Housing Demand

The housing units to be developed in Franklin will have an impact on the economic diversity of the city, and ability of the city to house future workforce—or for workforce to be restricted to in-commuting.

This section projects housing demand, focusing on employment growth. The resulting projections for 2025 give the city benchmarks for housing planning, including target price points.

The projections begin with several assumptions:

Population growth. If the City of Franklin grows at the same rate as is projected for Williamson County overall (2.1% annual growth rate), the city could have as many as 20,500 new residents between 2012 and 2025. At current household sizes (2.72 for owner and 2.15 for renters), this growth would generate demand for 8,100 new housing units. This is baseline household growth.

Homeownership. The city's current homeownership rate is 65 percent.

Workforce. Job growth estimates for Williamson County indicate that jobs are expected to increase by another 21 percent between 2013 and 2023. If this growth rate is applied to Franklin, the city could add 15,700 workers by 2025. About half of those new workers are expected work in retail trade, education, or health and social services, all relatively low-paying industries.

Rental gap. As discussed in the gaps analysis in Section II, 1,300 rental subsidies are needed to relieve the cost burden of existing renters. Since the scenarios model future housing units needed—and the 1,300 renters in the city are currently housed—they do not assume that the needs of these renters will be fulfilled through new development. Although some shifts in the market may occur with new rental development, price depression adequate enough to assist all cost burdened renters would only occur in the case of significant overbuilding. Thus, every model highlights an existing need to provide rental subsidies (e.g. Section 8 vouchers) to existing cost burdened renters.

The following housing projections model three scenarios, which are demonstrated through Figures II-19, II-20 and II-21.

- **Scenario 1.** In this scenario, all workers who can afford to buy at the current rental and attached and detached for sale medians are housed. To achieve this, the following new units would need to be developed:

- 3,500 units priced under \$1,044/month;
- 2,700 attached homes developed priced under \$212,500; and
- 1,200 detached homes priced under \$367,000.

Even with this pricing, 8,300 workers cannot live in the city and will be in-commuters. A small shift toward renting will occur, which will lower the city's homeownership rate

slightly. This scenario replicates the most likely future in Franklin if the ratio of home prices and wages remain constant *and if future development is priced to serve these workers*, as indicated above.

- **Scenario 2.** This scenario assumes that housing prices increase faster than wages and the number of workforce who can afford to rent or buy is reduced 50 percent. That is, only 1,750 workers can afford to rent in the city and 2,000 can afford to own. This scenario increases in-commuting to 12,000 and slightly impacts homeownership.
- **Scenario 3.** This scenario houses all workers by improving affordability. All workers who make over the 2012 average wage of \$54,000 become owners. This model assumes stronger population growth than expected through 2025 and reduces homeownership, but has the benefit of not increasing in-commuting.

The results of this model also reinforce that housing future workforce—especially those industries with the largest growth and the lowest wages (services, hospitality, retail)—need affordability that exceeds what is currently provided by the market.

An important, consistent theme in all scenarios is that most future workforce will struggle to afford to live in Franklin, since future workforce growth is concentrated in lower paying industries. All scenarios have a negative impact on homeownership (albeit some very slight) because of high home prices in the city. The most aggressive solutions to future workforce growth—housing workforce at a wide variety of price points—will also preserve the city's current economic diversity. Movement away from this will increase in-commuting significantly.

Figure II-19.
Scenario 1

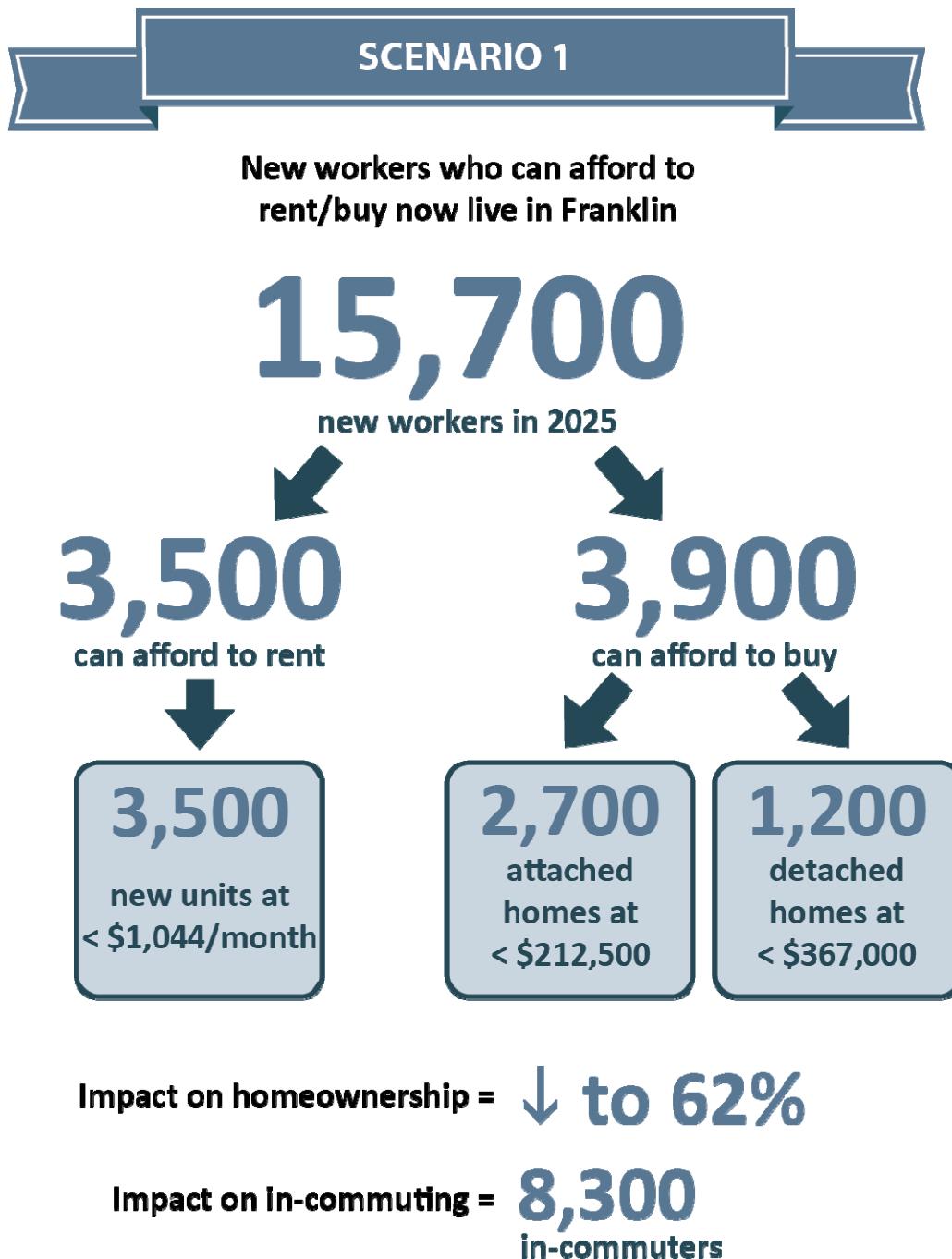


Figure II-20.
Scenario 2

SCENARIO 2

Prices increase faster than wages

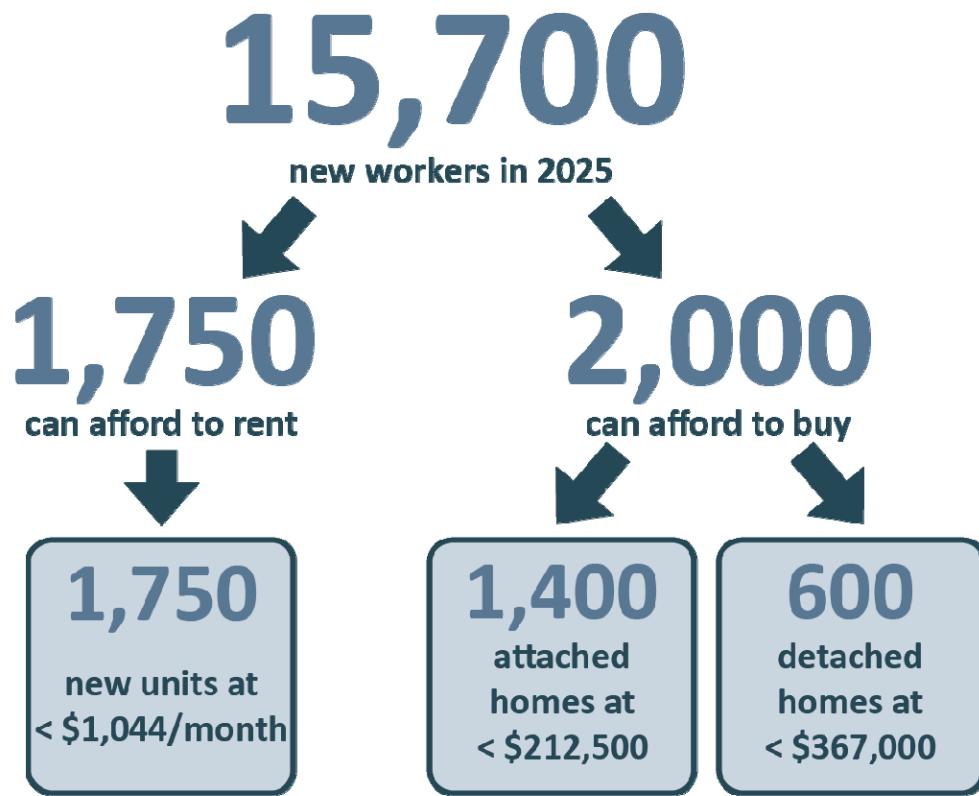
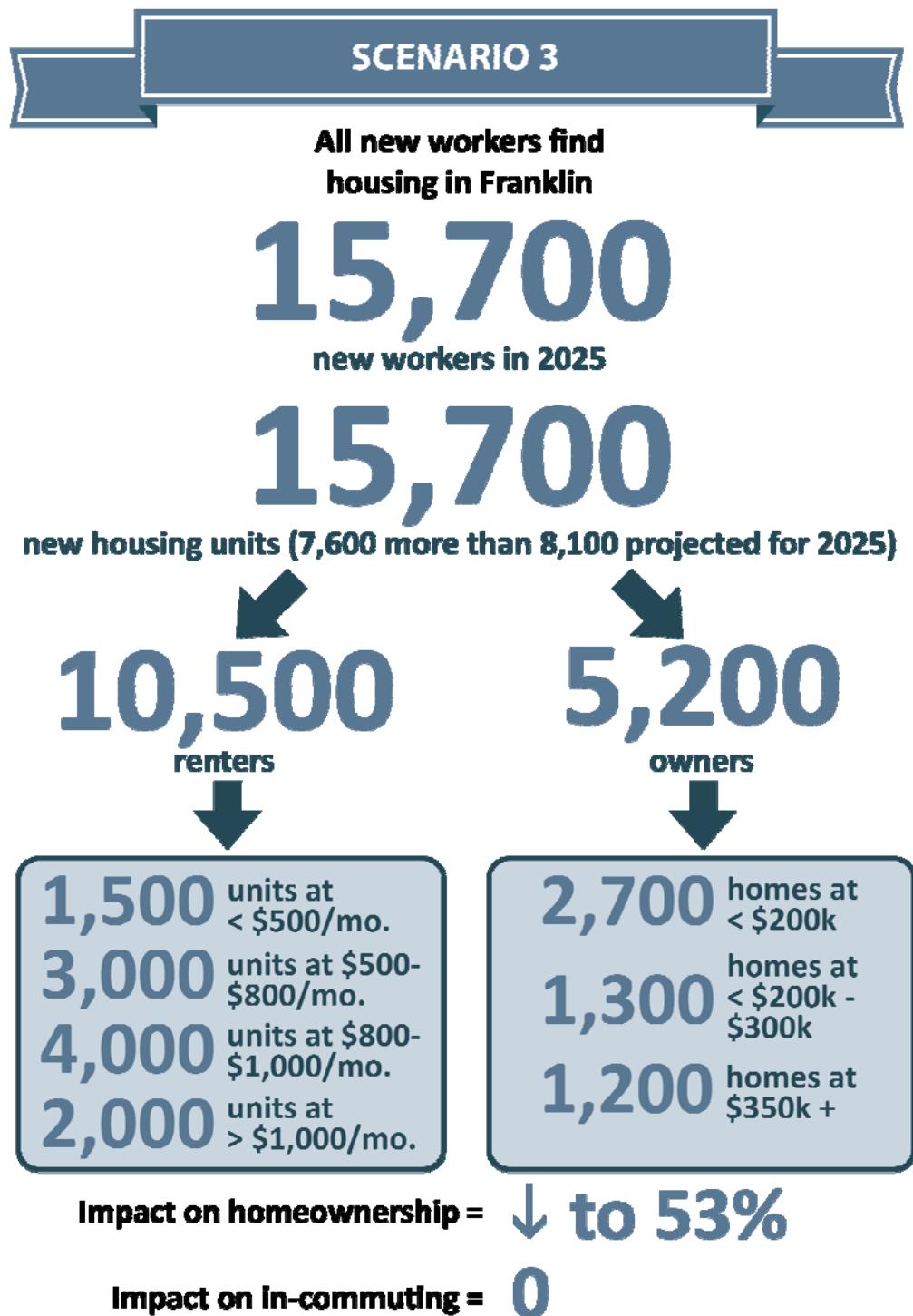


Figure II-21.
Scenario 3



SECTION III.

Community Input

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Community Input

As part of the housing market analysis, BBC conducted an online survey of both Franklin residents and Franklin in-commuters. The city promoted the survey on its website, through social media and social service and housing development partners. This section details the results of the survey effort.

The survey of Franklin residents and in-commuters revealed the following about housing preferences and needs:

- About 60 percent of in-commuters considered living in Franklin when they bought or rented their current home. The primary reasons that in-commuters chose not to live in Franklin included 1) Not being able to afford a single family home to buy (37%), 2) Housing that was affordable was lower quality and/or needed repairs (33%), and 3) Affordable housing in Franklin was too small (27%).
- Three-quarters of in-commuters said they would consider moving to Franklin in the future. Most of those respondents would be willing to live on a smaller lot, in a smaller home or in an older home in order to live in Franklin.
- Housing and community value statements show that residents and in-commuters both find importance in preserving the natural and recreational environment in Franklin—and having a short commute.
- Three-fourths of current in-commuters would consider moving to Franklin. The trade-offs they would be willing to make to live in Franklin include 1) Living on a smaller lot, $\frac{1}{4}$ acre or less, 2) Living in a smaller single family detached home, or 3) Living in an older home. Trade-offs least willing to make include living on a busy street and renting an apartment with fewer amenities.
- More than half of current residents made trade-offs to live in Franklin. The most common trade-offs made included paying more for housing (54%), having a smaller lot than preferred (38%) and tolerating a longer commute (38%). Less than half of current Franklin residents surveyed are employed within the city; nearly one-quarter commute to Nashville. In contrast, 61 percent of the workers in in-commuter households surveyed work in Franklin.
- Both in-commuters and current residents believe Franklin needs more homes priced at less than \$250,000-\$350,000. This is notable, especially since Franklin residents who responded to the survey are much higher-income than in-commuters (47% of residents earn more than \$125,000 v. 29% of in-commuters). Some respondents to the survey called for deeper levels of affordability (less than \$200,000).

Demographic Profile of Survey Participants

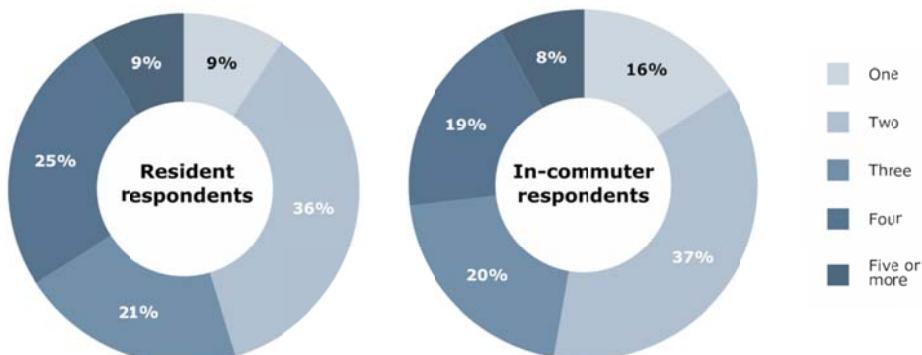
A total of 789 residents and 244 in-commuters participated in both the online and paper survey. Compared to the city of Franklin overall, resident survey respondents tend to be higher income and homeowners. Resident survey respondents were also more likely to be middle aged (45-64), and non-Hispanic white than city residents overall.

Household size and children in the home. The average household size of resident survey respondents is 2.9 persons and the average household size of in-commuter survey respondents is 2.6 persons. As shown in Figure III-1, in-commuter respondents were more likely to be one-person households (16%) than resident respondents (9%). Resident respondents were more likely than in-commuters to have larger households (four or more).

Figure III-1.
Household Size,
Franklin
Housing Survey
Respondents,
2014

Note:
Resident n=713.
In-commuter n=216

Source:
BBC Research &
Consulting from the
2014 Franklin Housing
Survey.

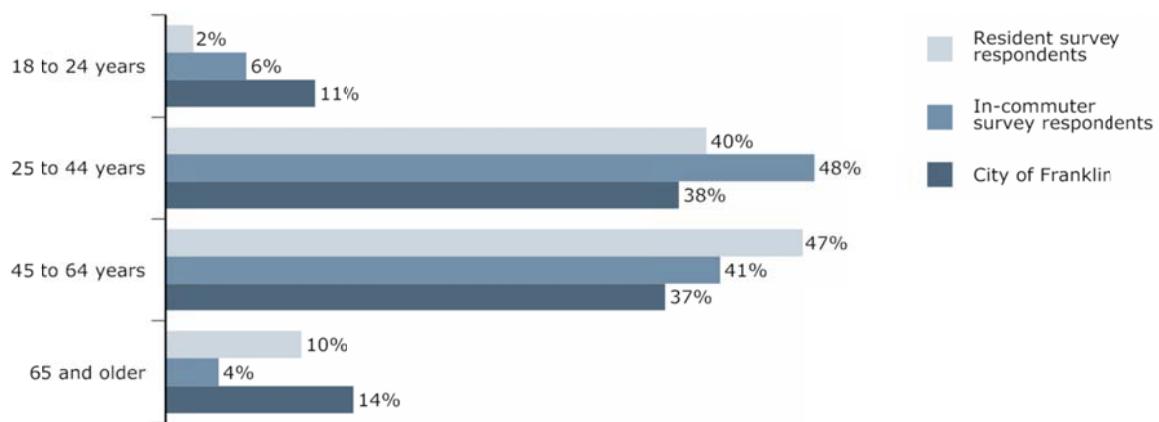


Nearly half of resident respondents (47%) had children under the age of 18 living in their home. This is a significantly higher proportion than Franklin overall (33%). One-third of in-commuter respondents had children under 18 in the home.

Sixteen percent of resident respondents and 17 percent of in-commuter respondents indicated that they had a child over age 18 still living in their home.

Respondent age. The median and average age of survey respondents is 47 and 48 respectively for resident respondents and 42 and 44 respectively for in-commuter respondents. As shown in Figure III-2, the survey underrepresented Franklin residents aged 18 to 24 and those aged 65 and older.

Figure III-2.
Age Distribution, Franklin Housing Survey Respondents, 2014

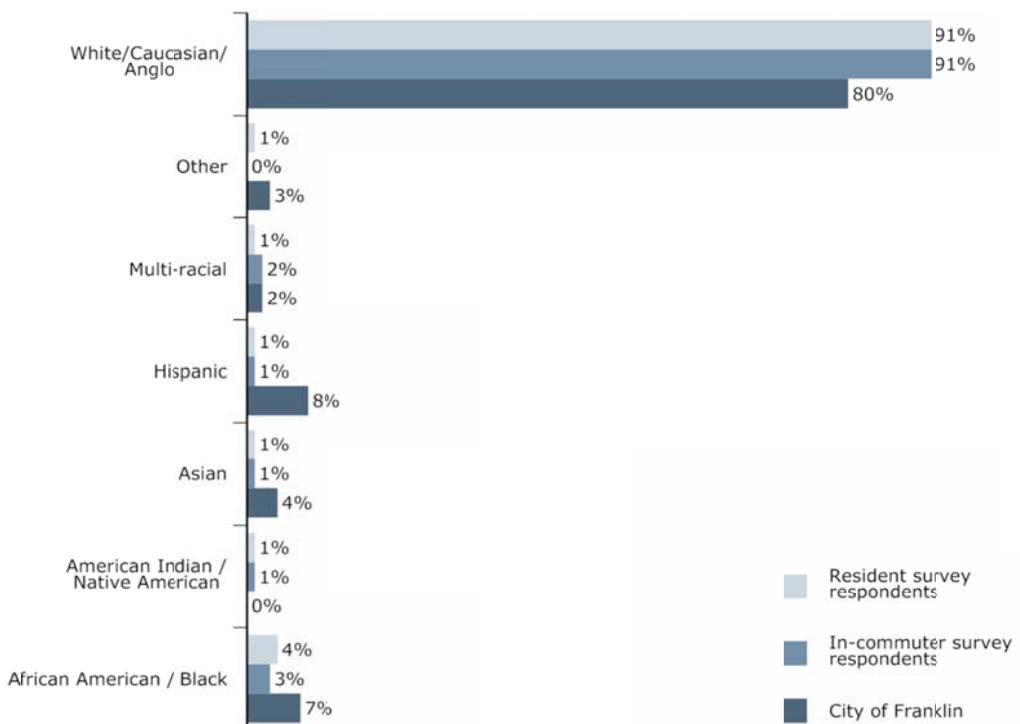


Note: Resident n=625. In-commuter n=188

Source: 2012 ACS and BBC Research & Consulting from the 2014 Franklin Housing Survey.

Respondent race and ethnicity. Overall, just 9 percent of resident and in-commuter respondents identified themselves as non-white. According to the 2012 American Community Survey, about 23 percent of Franklin residents are non-white.

Figure III-3.
Race and Ethnicity, Franklin Housing Survey Respondents, 2014



Note: Resident n=618; In-commuter n=186. Respondents were able to select multiple racial/ethnic categories.

Source: 2012 ACS and BBC Research & Consulting from the 2014 Franklin Housing Survey.

Household income. Figure III-4 presents the household income of survey respondents and City of Franklin residents. Eighty-three percent of resident respondents have household incomes of \$65,000 or more compared to 63 percent of actual Franklin residents. As such, respondents to the survey underrepresent Franklin's low income population. Seventy-two percent of in-commuter respondents have incomes of \$65,000 or more.

Figure III-4.
Household Income,
Franklin Housing
Survey Respondents,
2014

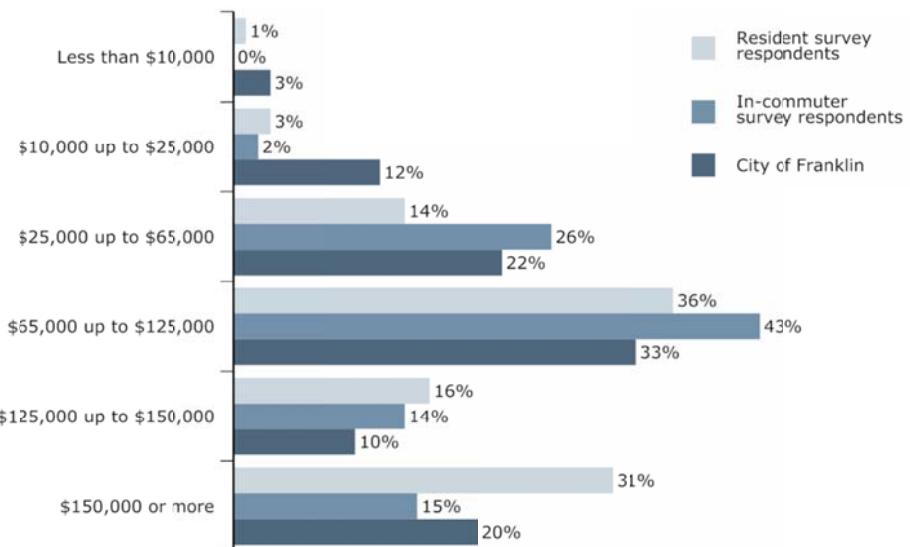
Note:

Resident n=649.

In-commuter n=197.

Source:

2012 ACS and BBC Research & Consulting from the 2014 Franklin Housing Survey.



Disability. As shown in Figures III-5 and III-6, 8 percent of resident and in-commuter respondents' households include a member with a disability. Of these households, about one in three is living in a housing unit that does not meet their disabled family member's accessibility needs. The most common accessibility improvements desired include ramps, grab bars in bathrooms and general wheelchair accessibility. Applying the survey results to Franklin's total households suggests that there are 725 homes in Franklin with unmet accessibility needs.

Figure III-5.
Disability, Franklin
Housing Resident
Survey
Respondents,
2014

Note:

Disability n=708.
Accessibility n=58.

Source:

BBC Research & Consulting from the 2014 Franklin Housing Survey.

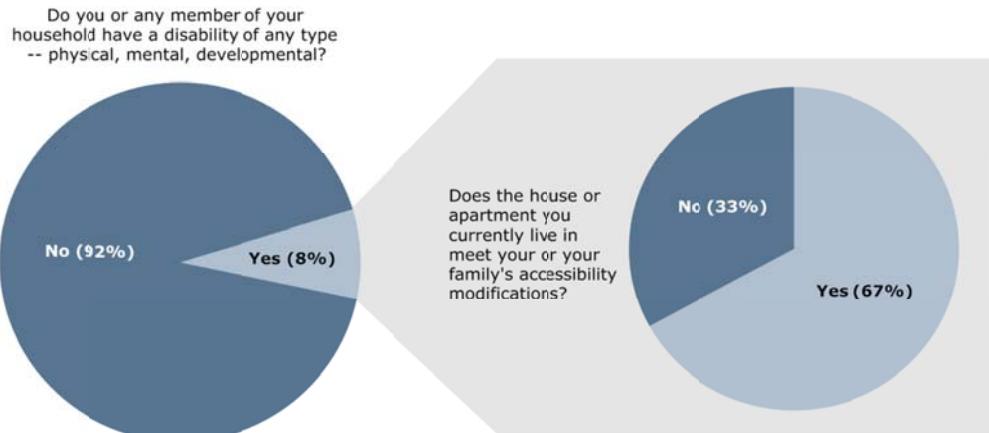
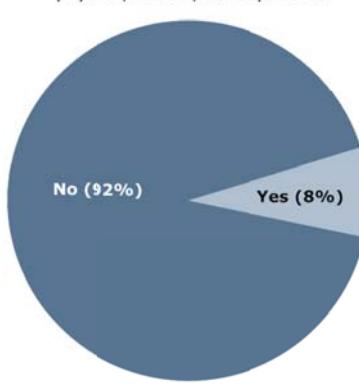


Figure III-6.
Disability, Franklin
Housing In-
Commuter Survey
Respondents,
2014

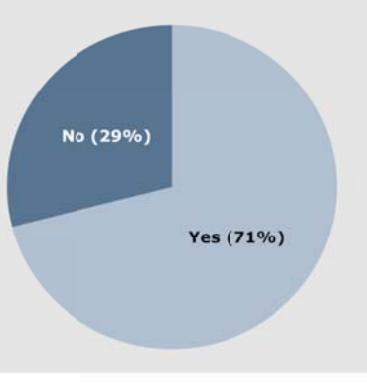
Note:
Disability n=214.
Accessibility n=17.

Source:
BBC Research & Consulting
from the 2014 Franklin
Housing Survey.

Do you or any member of your
household have a disability of any type
-- physical, mental, developmental?



Does the house or
apartment you
currently live in
meet your or your
family's accessibility
modifications?



Household description. In addition to the demographic data described above, the survey asked respondents to characterize their household based on a list of possible household descriptions, shown in Figure III-7.

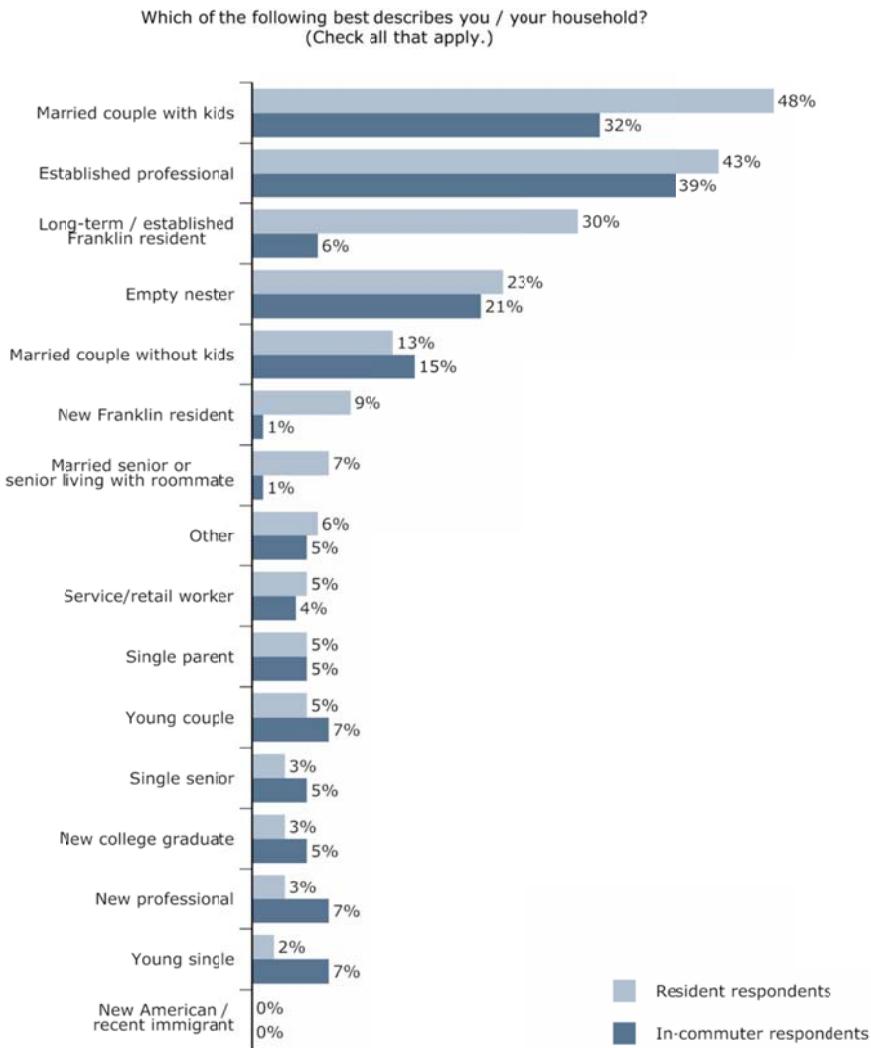
As displayed by the figure, resident respondents were most likely to identify as "married couple with kids" (48%) followed by "established professional" (43%). In-commuter respondents selected the same two categories, but in reverse order—39 percent identified as "established professional" and 32 percent identified as "married couple with kids."

In-commuter respondents were more likely than resident respondents to identify as married couples without kids, young couples, single seniors, new college graduates, new professionals and young singles.

Figure III-7.
Household
Description,
Franklin Housing
Survey Respondents,
2014

Note:
 Resident n=716.
 In-commuter n=243.

Source:
 2012 ACS and BBC Research &
 Consulting from the 2014
 Franklin Housing Survey.

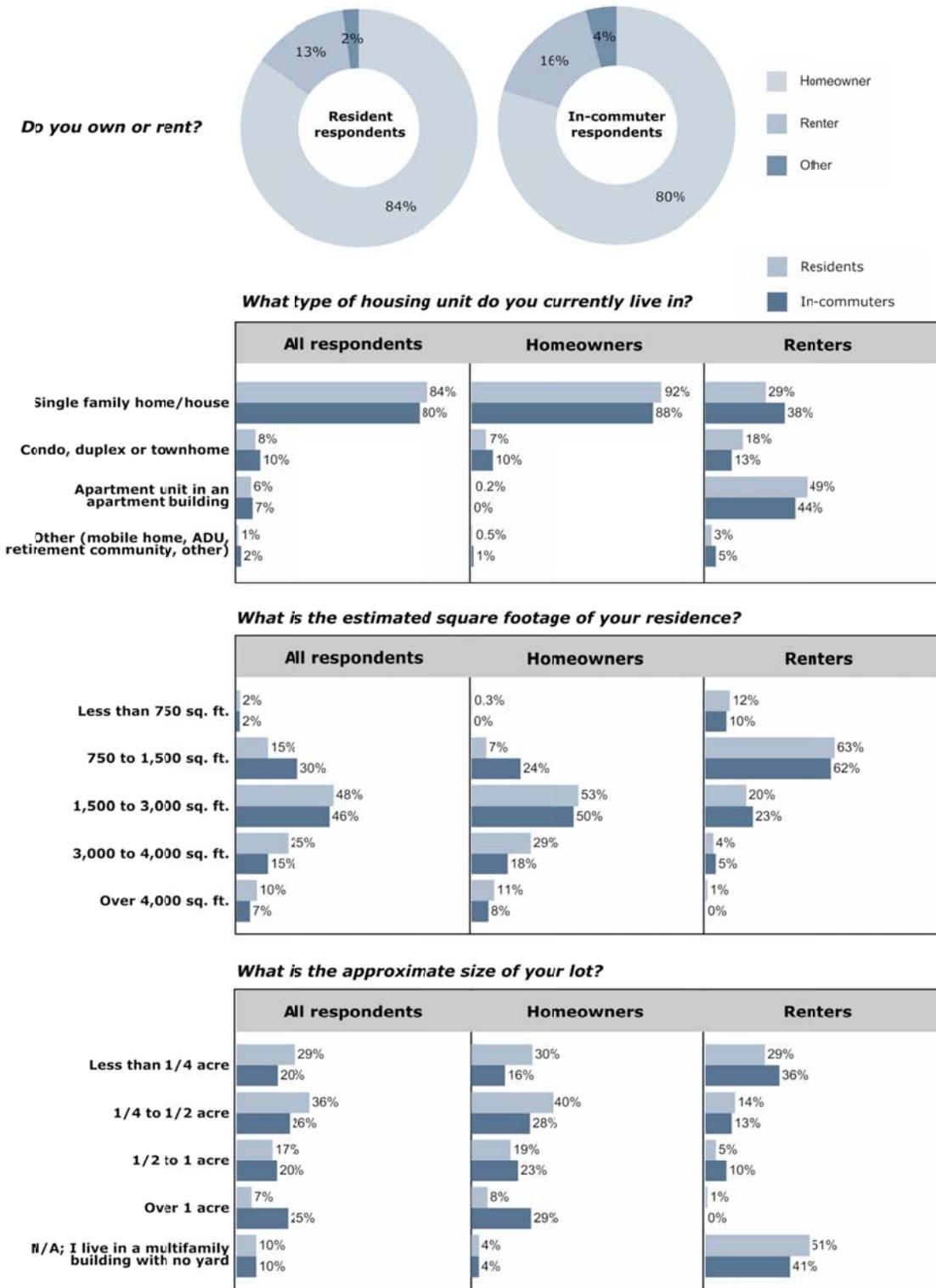


Housing Choice and Preferences

Current housing. Residents and in-commuters responded to a series of questions regarding their current housing choices including tenure, type of home, cost of housing, square footage and lot size.

Eighty-four percent of resident respondents were homeowners and 13 percent were renters (the remaining 2% were living with others but not paying rent). Homeowners are somewhat overrepresented among survey respondents—in the city of Franklin overall, 65 percent of residents are owners and 35 percent are renters. Among in-commuter respondents, 79 percent were owners and 16 percent were renters.

Figure III-8.
Characteristics of Current Housing, Franklin Housing Survey Respondents, 2014



Note: Resident n=788, In-commuter n=243; Resident homeowner n=665, In-commuter homeowner n=193; Resident renter n=101, In-commuter renter n=39.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Franklin residents tend to live in larger homes but on smaller lots than in-commuters. Resident homeowners have higher average housing costs (and higher home values) than in-commuter homeowners. Among renters, residents and in-commuters have similar housing costs.

Figure III-9.
Housing Costs, Franklin
Housing Survey
Respondents, 2014

Note:

Note: Resident homeowner n=421, 394, 510; In-commuter homeowner n=131, 63, 138; Resident renter n=185, 63; In-commuter renter n=36, 29.

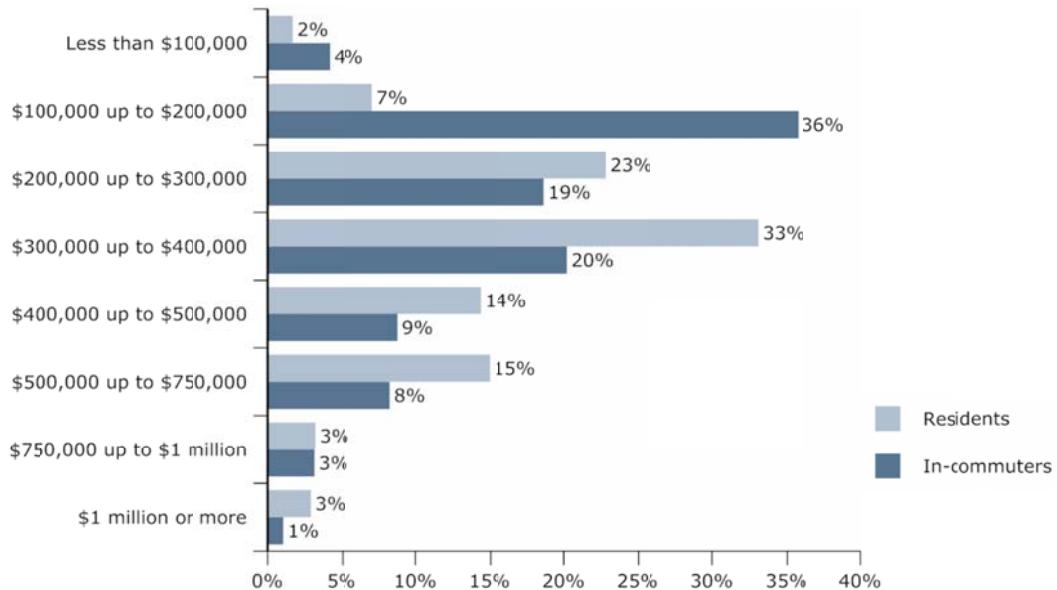
Source:

BBC Research & Consulting from the 2014 Franklin Housing Survey.

	Homeowners		Renters	
	Residents	In-commuters	Residents	In-commuters
Mortgage				
median	\$1,600	\$1,100		
average	\$1,715	\$1,297		
Rent				
median			\$1,050	\$1,075
average			\$1,101	\$1,158
HOA				
median	\$50	\$40		
average	\$85	\$65		
Utilities				
median	\$300	\$250	\$180	\$180
average	\$315	\$277	\$224	\$221

Figure III-10 displays the self-reported home values for both Franklin homeowners and in-commuter homeowners. In-commuters are most likely to live in homes valued between \$100,000 and \$200,000 while residents are most likely to live in homes valued between \$300,000 and \$400,000.

Figure III-10.
Home Value, Franklin Housing Survey Respondents, 2014



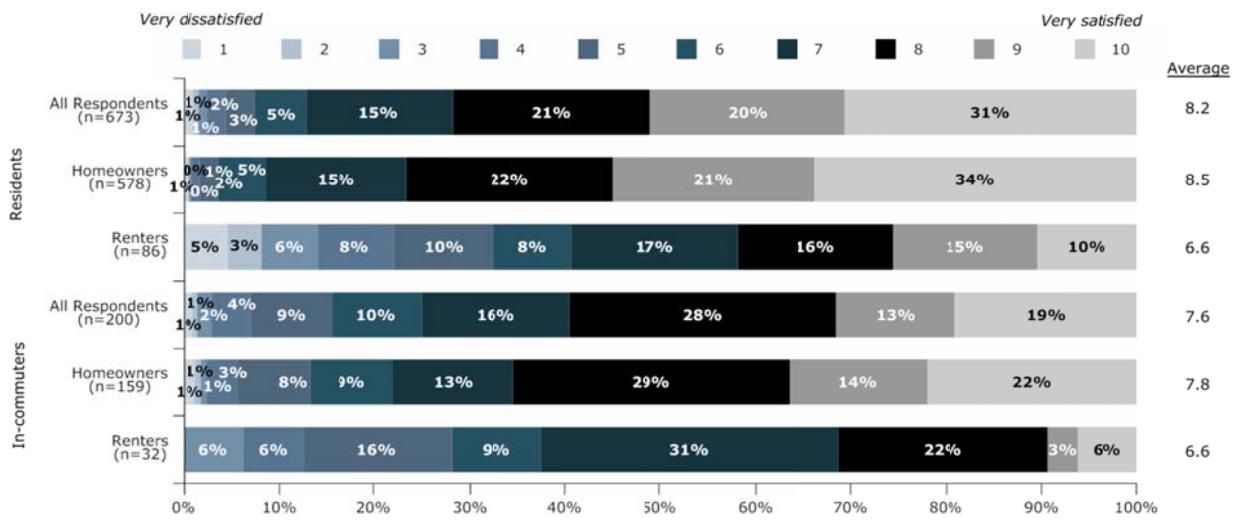
Note: Resident n=662; In-commuter n=193.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Just over half of respondents (56% of residents and 52% of in-commuters) have lived in their current residence between one and 10 years. About one-third (32% of residents and 33% of in-commuters) have lived in their current home for more than 10 years.

Satisfaction. In-commuters are less likely to be satisfied with their housing situation than current residents of Franklin. Thirty-one percent of residents said they were “very satisfied” with their current residence, compared to just 19 percent of in-commuters. Among both residents and in-commuters, homeowners were more likely to be satisfied with their housing than renters. Figure III-11 shows the satisfaction rating for both resident and in-commuter respondents by tenure.

Figure III-11.
Satisfaction with Current Housing, Franklin Housing Survey Respondents, 2014



Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

As discussed above, in-commuters are less satisfied with their current housing. They are also more likely to have plans to move within the next five years. Forty-one percent of in-commuters said they plan to move in the next five years compared to just 26 percent of Franklin residents. Among those planning to move, one-third plan to move within their current community and two-thirds plan to move someplace else. Franklin residents however are much more likely to stay in Franklin. Among residents planning to move, two-thirds plan to move to another part of Franklin and one-third plan to move someplace else.

Among Franklin residents planning to move someplace else in the next five years, the most common reason given was the price of housing or rent. Two other common responses were traffic and the limited availability of senior-friendly housing (single-level, downsizing, retirement).

Housing preferences. In order to explore the factors that impact housing choices and preferences in Franklin, both residents and in-commuters were asked a series of questions about current and future housing decisions.

Important factors. Respondents were asked to rate the factors shown in Figure III-12 on a scale from 1 to 10, where 1 means “not important at all” and 10 means “essential.” Resident respondents were asked to rate the importance of those factors in choosing their *current* residence. In-commuter respondents were asked how important those factors would be if they were to *consider* buying or renting in Franklin.

The top three factors identified by Franklin residents were:

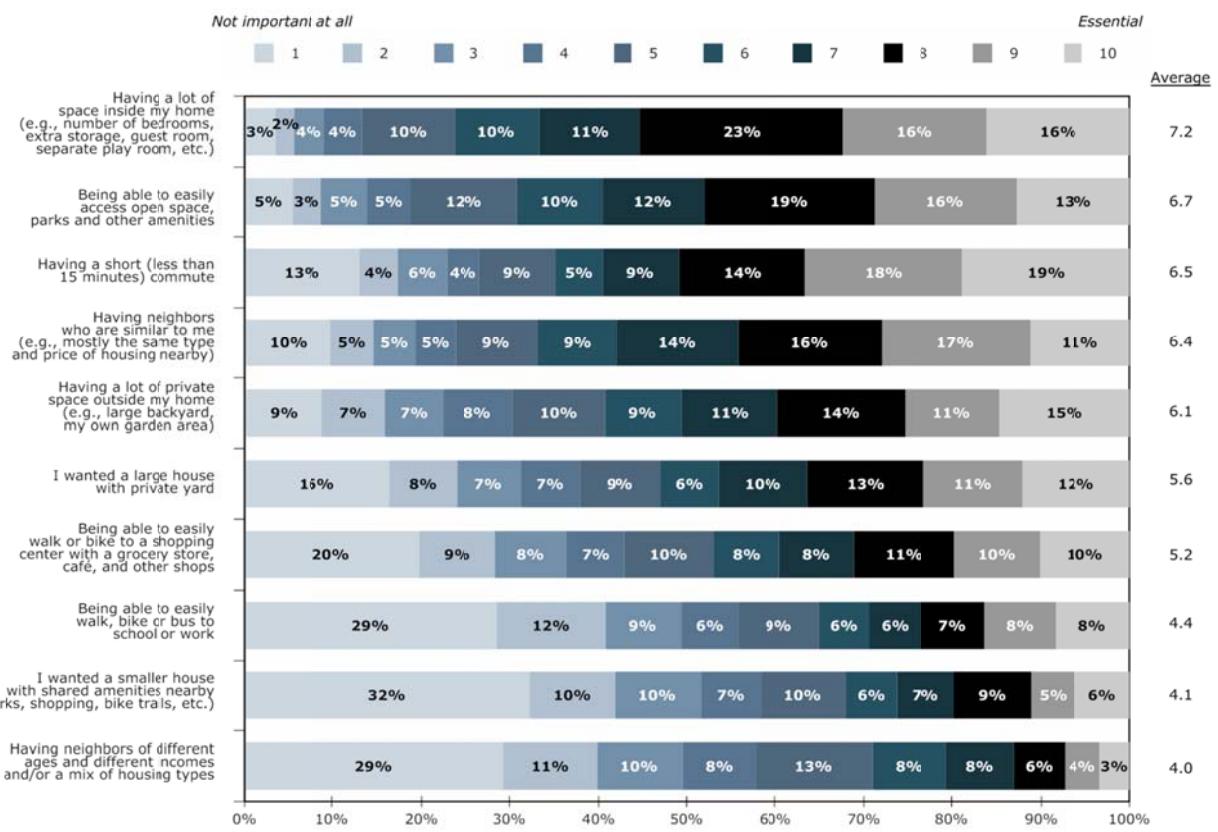
- Having a lot of space inside my home;
- Being able to easily access open space, parks and other amenities; and
- Having a short (less than 15 minutes) commute.

The top three factors identified by Franklin in-commuters were:

- Having a short (less than 15 minutes) commute;
- Being able to easily access open space, parks and other amenities; and
- Having a lot of private space outside my home.

These strikingly similar preferences show that residents and in-commuters both place value on preserving the natural and recreational environment in Franklin. In-commuters’ preferences, combined with earlier questions about desire to live in Franklin, suggest that making more affordable housing available to in-commuters could reduce traffic congestion.

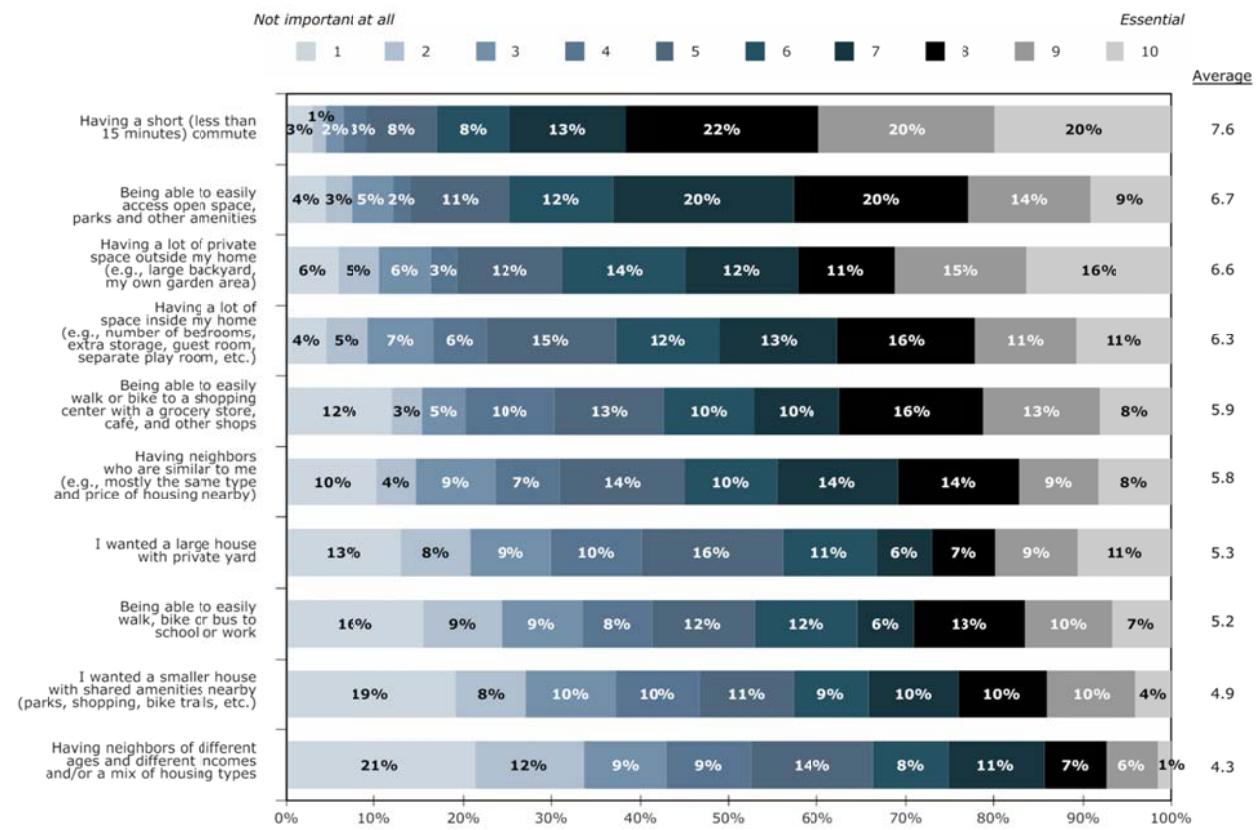
Figure III-12.
Important Factors in Choosing a Home, Resident Respondents, 2014



Note: n=726.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Figure III-13.
Important Factors in Choosing a Home, In-Commuter Respondents, 2014



Note: n=205.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Resident tradeoffs. Half of resident respondents indicated they considered living in a community other than Franklin when looking for their current housing. In response to an open ended question about why residents who considered other communities decided to live in Franklin, the most common responses included:

- Schools;
- Short commute or close to work;
- Historic downtown, community or charm; and
- Found the “right” house/location.

A number of responses also relayed a preference—price, culture and/or amenities—for Franklin over Brentwood. This suggests that many current residents consider Brentwood to be the primary “alternative” market. It should be noted, however, that in-commuters are most likely to live in Nashville (25%) or Spring Hill (18%).

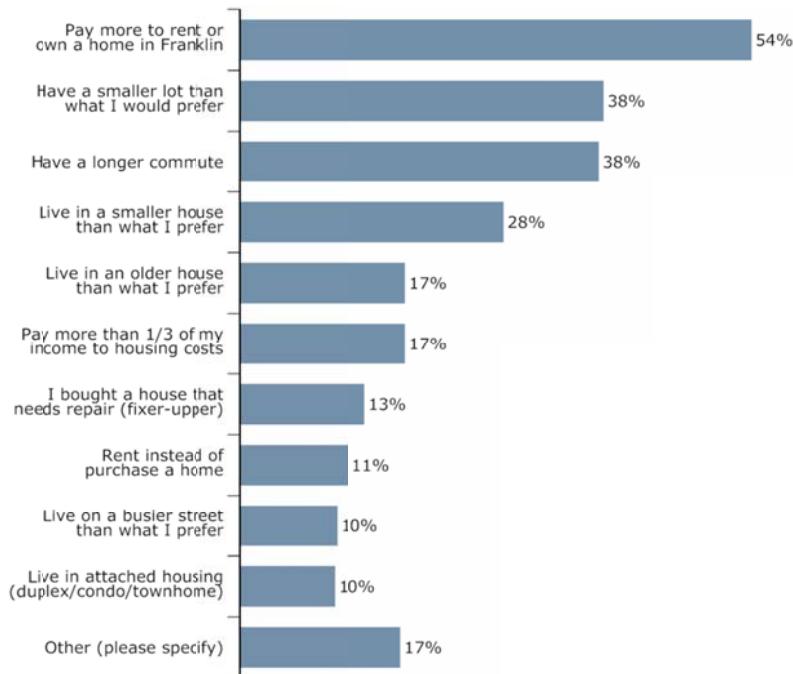
More than half of all resident respondents (54%) said they made trade-offs to live in Franklin over other surrounding communities. Renters were more likely to have made tradeoffs (64%) than owners (53%). Figure III-14 displays the tradeoffs residents were willing to make. More

than half said they pay more to rent or own a home in Franklin. Seventy-seven percent of renters said they were willing to rent instead of buy in order to live in Franklin.

Figure III-14.
Resident Trade-Offs,
Franklin Housing
Survey Respondents,
2014

Note:
 Respondents were asked to "check all that apply;" as such, percentages may add to greater than 100 percent. n=404.

Source:
 BBC Research & Consulting from the 2014 Franklin Housing Survey.

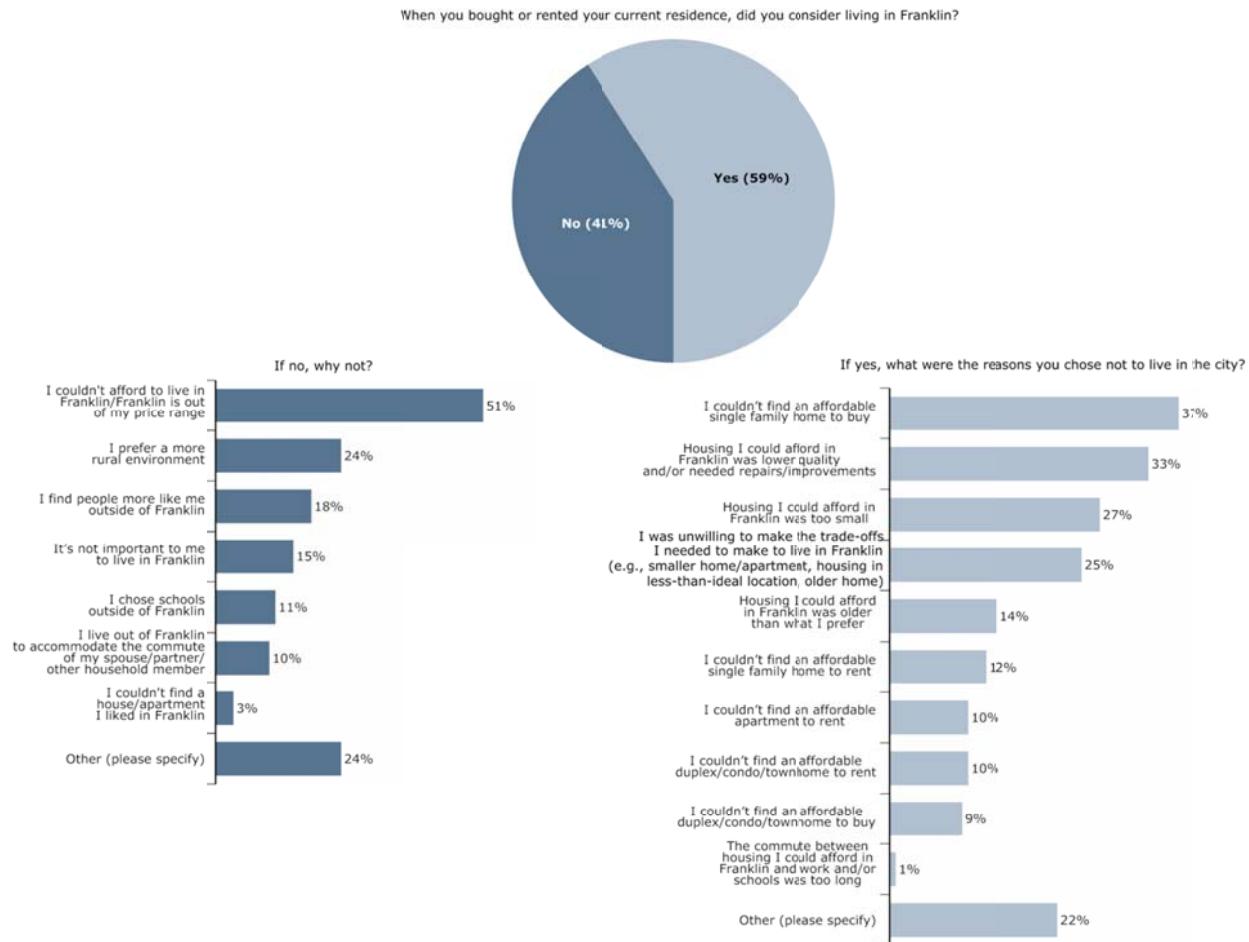


In response to an open ended question about trade-offs, residents indicated they were unwilling to compromise on school quality, neighborhood and location.

In-commuter tradeoffs. Most in-commuters surveyed (59%) considered living in Franklin when they bought or rented their current home. The most common reason for choosing not to live in Franklin was cost. The other top reasons were "housing I could afford in Franklin was lower quality and/or needed repairs/improvements," "housing I could afford in Franklin was too small," and "I was unwilling to make the trade-offs I needed to make to live in Franklin."

In-commuters that did not consider living in Franklin cited lack of affordability as the primary reason, followed by a preference for a more rural environment. Figure III-15 displays the reasons in-commuters did not consider or did not choose Franklin when looking for their current home.

Figure III-15.
In-Commuter Reasons for Not Living in Franklin,
Franklin Housing Survey Respondents, 2014

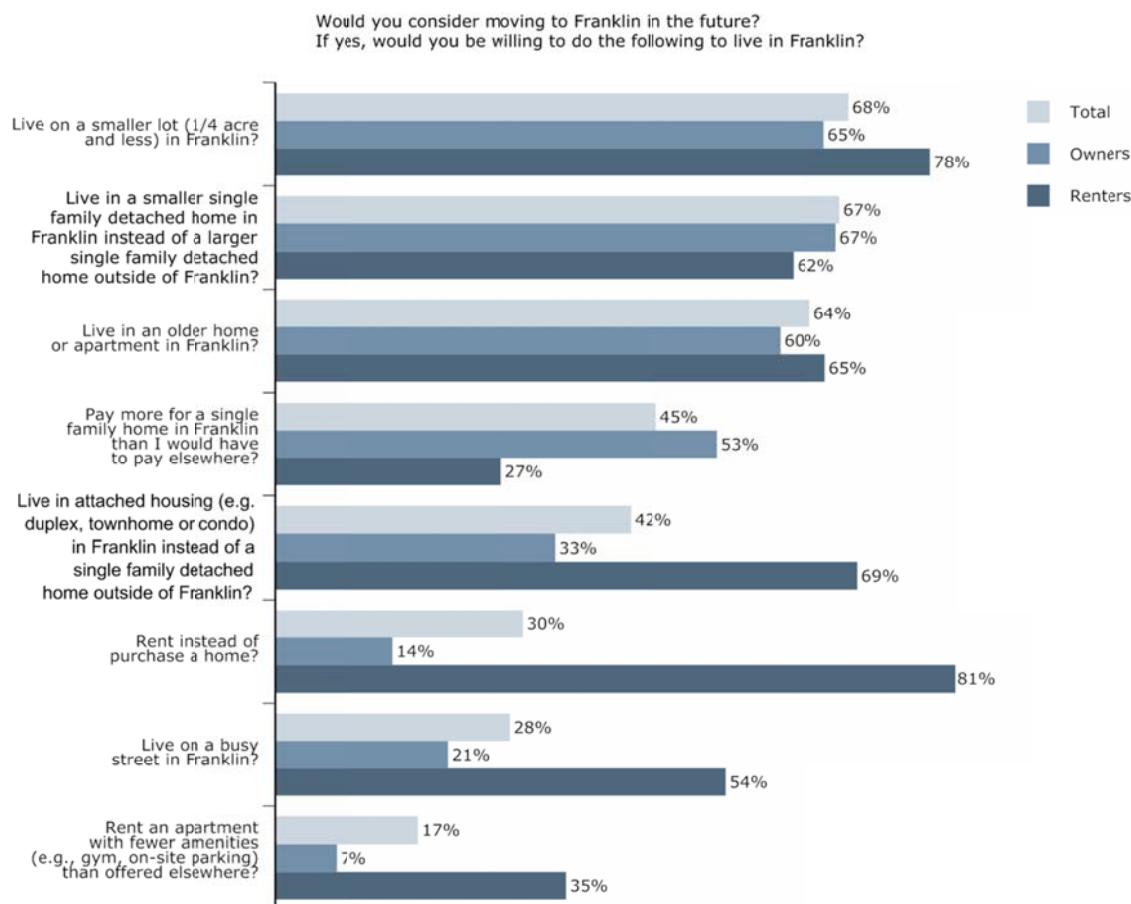


Note: Total n=222, "If no..." n=89, "If yes..." n=130.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Three-quarters of in-commuters said they would consider moving to Franklin in the future. Most of those respondents would be willing to live on a smaller lot, in a smaller home or in an older home in order to live in Franklin. Figure III-16 displays the tradeoffs in-commuters would be willing to make in order to live in Franklin in the future.

Figure III-16.
**Tradeoffs In-Commuters Would be Willing to Make in the Future,
Franklin Housing Survey Respondents, 2014**



Note: Total n=151, Owner n=115, Renter n=26.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

In-commuters were also asked, "What are the three most important factors that would cause you to consider relocating into Franklin?" The most common response to that open ended question was affordability/price (22% of all responses). Other important considerations were commute, location and schools.

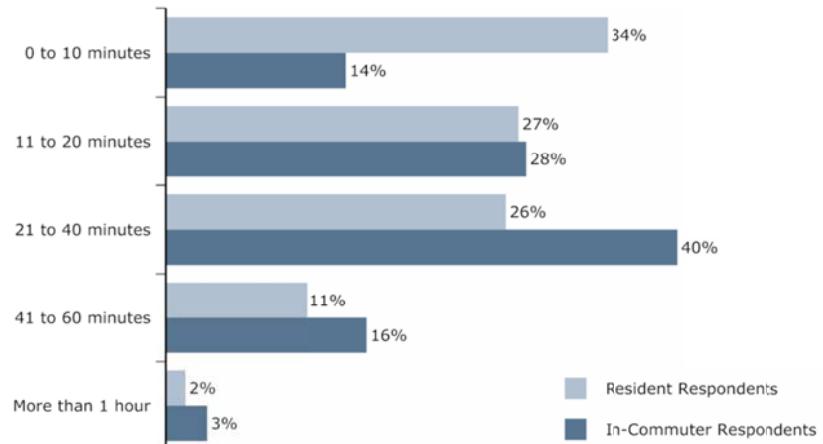
Work and Commute

In addition to housing preferences, respondents were asked several questions about workers living in their household and commuting. The average number of workers per household was 1.4 for Franklin resident respondents and 1.5 for in-commuter respondents. As displayed in Figure III-17, in-commuters are most likely to have a commute time between 21 and 40 minutes while residents are most likely to have a commute time of less than 10 minutes.

Figure III-17.
Commute Time, Franklin
Housing Survey
Respondents, 2014

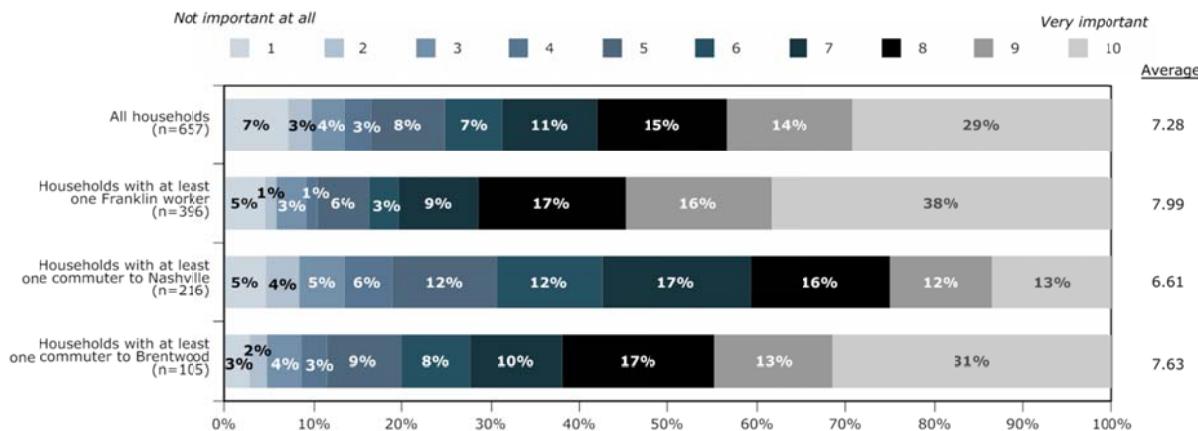
Note:
 Resident n=670.
 In-commuter n=216.

Source:
 BBC Research & Consulting from the
 2014 Franklin Housing Survey.



Forty-two percent of workers captured in the survey work in Franklin, 23 percent work in Nashville and 11 percent work in Brentwood. When asked “How important was the length of your commute to your decision to live in Franklin?” 29 percent of respondents said “very important;” only 7 percent said it was not important. Figure III-18 shows the importance of commute to housing choice for Franklin households overall as well as for Franklin households with at least one household member working in Franklin, Nashville or Brentwood.

Figure III-18.
Importance of Commute Time, Franklin Housing Survey Respondents, 2014



Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Future of Franklin and Community Needs

Residents and in-commuters were asked: In your opinion, which of the following housing types are most needed in Franklin? The top three needs—identified by both residents and in-commuters—are:

- Homes priced below \$250,000
- Smaller single family, detached homes
- Homes priced below \$350,000

Residents' desire for more affordable homes (priced below \$350,000) is particularly noteworthy since the resident survey sample reflects higher income respondents than the in-commuter survey sample and the city of Franklin overall.

Some in-commuters expressed need for deeper affordability, as demonstrated by the following "other" responses to the question, "In your opinion, which of the following housing types are most needed in Franklin?" These six comments represent about 3 percent of respondents.

- "Homes priced less than \$180,000."
- "Housing below \$150,000 which will never happen."
- "Housing that shows revitalization and accommodates people first starting out with a home range between \$120-180,000."
- "Homes that could be bought for \$125,000 or below."
- "Low income housing (under 80% AMI)."
- "Decent housing for low-income families."

There were also two in-commuter comments in the "additional comments" field at the end of the survey suggesting a need for ownership options priced below \$200,000.

Several resident respondents agreed, through their contributions to open-ended questions:

- "I want Franklin to build affordable housing (homes under \$200,000)."
- "More affordable homes to buy between \$150,000-\$250,000."
- "more affordable housing ranging between \$100,000 to \$250,000."
- "...Franklin needs housing in different price ranges for homes. Believe it or not, \$200,000 is not affordable! ...We do not need government housing just more homes under \$150,000..."

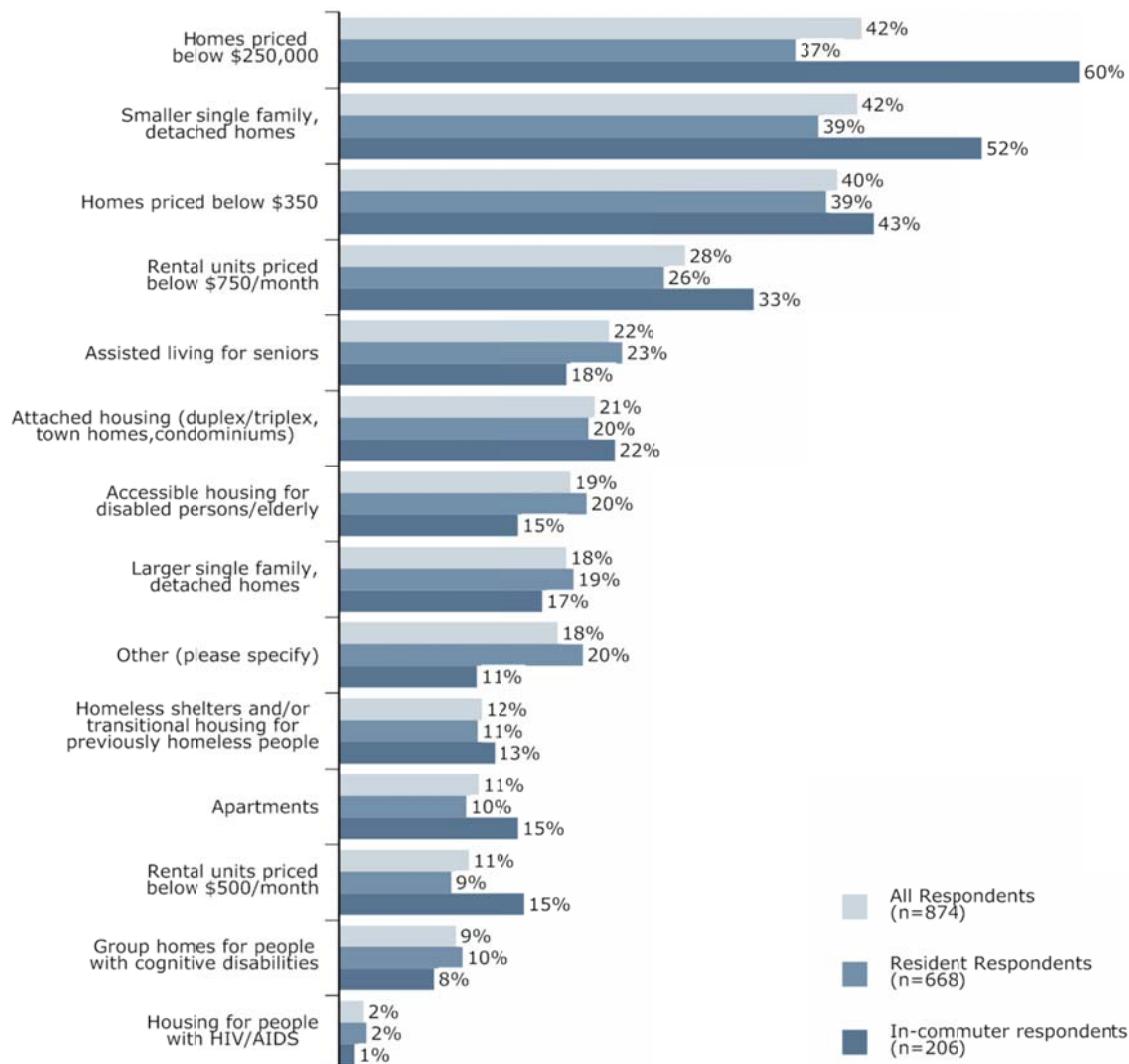
"In your opinion, which of the following housing types are most needed in Franklin? Other (please specify):"

- "Houses priced below \$200,000."
- "homes in the \$100,000 range."
- "Homes below \$130,000."
- "housing below \$200000."
- "Homes priced below \$200,000. Also, homes with larger yards."

Respondents also expressed a need for affordable rentals (priced below \$750), assisted and accessible housing for seniors and the disabled as well as attached housing (condos, townhomes, duplex/triplex). Figure III-19 displays responses to the housing needs question for residents and in-commuters both individually and combined.

Figure III-19.

**In your opinion, which of the following housing types are most needed in Franklin?
Franklin Housing Survey Respondents, 2014**



Note: Total n=874, Resident n=668, In-commuter n=206.

Source: BBC Research & Consulting from the 2014 Franklin Housing Survey.

Residents were also asked the following open-ended question: "Think about the City of Franklin in the future, 10 to 15 years out. Can you provide THREE short sentences or phrases describing what you would like to see stay the same (if anything), and what you would like to be different (if anything) about Franklin in the future?"

Some of the most common responses for what should stay the same were:

- Character and charm of Franklin;
- Continued historic preservation and revitalization of downtown;
- Community atmosphere, small town feel and social diversity; and

- High quality schools.

Some of the most common responses for what should be different were:

- Reduce traffic and improve infrastructure;
- Increase housing affordability;
- Improve and/or preserve parks, green space and open space;
- Improve walkability and bike-ability;
- Improve Franklin's housing diversity while maintaining high quality design (particular interest was expressed for senior friendly housing such as single level homes and downsize options).

Throughout their responses, residents expressed concern that Franklin may continue to lose its affordability and diversity given the current trajectory of housing and development. A number of residents were concerned about "overdevelopment" and losing Franklin's small-town charm. However, there were also a significant number of respondents in favor of continued development—particularly mixed use and smart growth development—and of increasing density in certain locations.

SECTION IV.

Public Policies and Recommendations

SECTION IV.

Public Policies and Recommendations

This section provides recommendations for the policies and strategies the city should consider to better address current and future housing needs.

Recommended Policies and Strategies

The following recommendations were crafted to help the city address its unmet housing demand and provide adequate housing supply in the framework of creating a healthy, livable community.

The recommendations focus on actions that would best help the city meet its growing demand for housing, preserve the natural and recreational environment, reduce in-commuting by offering more housing opportunities for current and future workforce and make the best use of existing infrastructure. The recommendations are loosely organized in order of importance. But all would contribute to addressing housing needs—though many are linked and would need to be implemented together, as noted.

Strengthen the city's inclusionary housing ordinance. Many studies have found mandatory inclusionary housing (IH) programs to be the most successful way to increase affordable housing stock. Although sometimes controversial, IH ordinances are the best and most efficient way to create affordable units in high cost communities.

The city's existing IH ordinance, the Affordable and Workforce Housing ordinance (2010-21), is progressive in many ways—e.g., compliance can be satisfied through land donations to nonprofit organizations and rehabilitation of existing units. It also shares the weaknesses of many ordinances, such as a low fee-in-lieu and unclear benefit to developers if existing densities are unknown and/or neighborhood opposition prevents the realization of the bonus.

To strengthen the effectiveness of the ordinance—and realize its benefit in creating mixed-income, integrated housing options, the city should:

Make the ordinance mandatory. The benefit of voluntary inclusionary zoning ordinances is that they are not challenged under “takings” claims. The downside is that they are less reliable at producing affordable units and are very sensitive to the incentives for compliance. For example, a developer may decide that the uncertainty and cost of seeking density bonuses is too great a risk for participation in voluntary IH.

Whether mandatory or not, raise the IH fee in lieu, currently set at 2.5 percent of the total value of additional lots. The ordinance provides an example of the fee in lieu, where 10 lots valued at \$60,000 per lot are granted to the developer through the ordinance. If the developer chooses not to build affordable units within the development, he/she must pay \$15,000 (10 lots x \$60,000 = \$600,000 x 2.5%). The cost of constructing the required affordable units with

his/her development or complying through land donation would clearly exceed the payment of the fee in lieu.

By comparison, the cash-in-lieu in Chapel Hill is tied to the amount needed to make market rate units affordable. Boulder, Colorado, uses a similar approach and ties cash-in-lieu to on-site requirements. Developers of for sale homes are required to provide a minimum of half of the required affordable unit on-site and can use cash-in-lieu for the other half. The fee varies according to unit type and size and ranges from \$30,000 to \$70,000 per unit.

Codify and commit to density bonuses. Under the current ordinance, developers in essence "buy" density through the commitment to build a percentage of the bonused units affordable and/or paying a fee. A more effective ordinance would grant additional densities based on the proportion of affordable units and depth of affordability committed to by the developer. Chapel Hill's ordinance grants density bonuses based on the proportion of affordable units developed. The also allows a reduction in lot sizes to accommodate the bonus—for example, for subdivisions, if the developer elects to use a density bonus, the minimum lot size required may be reduced by up to 25 percent to accommodate the additional lots.

Build in workforce preferences. To create more housing opportunities for in-commuting, the city should consider giving first preference for IH units to workers in Franklin, as well as persons with disabilities. Many high cost cities that hope to reduce in-commuting will first offer units to workers (some require work histories of 2-5 years) or persons with disabilities for a certain time period (60 days), then to workers of closely surrounding communities, then all types of potential residents. If implemented, the city should consider partnering with the housing authority to make IH units available through a Section 8 homeownership program.

Consider adding a visitability component to the IH. To address the needs of their aging residents and get in front of the "silver tsunami," the city should consider adding a visitable housing component to its existing IH (e.g., allow compliance through the creation of visitable units at a certain price point rather than affordable units) or mandate that a certain portion of units developed in PUDs be visitable. Visitable units are those that can be easily accessed by seniors with mobility limitations and persons with disabilities. They are also built for accessibility modifications if needed in the future (e.g., reinforced walls for grab bars).

The City of Arvada, a Denver suburb, has a visitability ordinance which requires enhanced access for the disabled and elderly in all new developments with seven or more detached and attached single family homes. Fifteen percent of the units must have step-free entrances, wider hallways and interior doors on the ground floor, and accessible first floor bathrooms. Another 15 percent of the homes must provide step-free entrances, maximum slopes of 1:12, and entrance doors at least 32 inches wide. A weakness in the city's ordinance is that the fee in lieu of developing units is so low that most developers opt out of construction.

Similarly, the City of Austin now requires that all new homes have at least one accessible bathroom or half-bath on the first floor, contain reinforced walls for optional installation of grab bars in all baths, place light switches and outlets at accessible heights and have at least one zero-step entry.

Take a more proactive stance on affordable housing development. Using the findings from this study, the city should formalize and articulate its vision of affordable housing creation, as well as create affordable housing targets and development goals. For example, the city could commit to 10 to 15 percent of future residential development falling within affordability ranges for future workforce (rental units priced less than \$1,000/month; for sale homes priced less than \$350,000).

This would give BOMA and planning staff direction when faced with controversial developments and neighborhood opposition to affordable housing. This would also signal to developers the city's commitment and intent to incorporate a wider range of housing types and affordability into future developments.

Revisit the city's zoning and land use regulations. Incorporate desired densities for development, review for infill barriers, allow residential accessory dwelling units (ADUs) and cottage homes. The city's current zoning ordinance was created in 2007/2008. A comprehensive review of the ordinance and regulations was beyond the scope of the study. However, zoning and land use are inextricably linked to provision of housing types and prices, as well as the effectiveness of the city's IH ordinance.

We recommend a review of the city's zoning and land use regulations in the context of improving the facilitation of a diversity of housing types and affordability and removing barriers to development. At a minimum, this should include:

- an assessment of current densities and the practical application of such (e.g., do developers build small lot homes when allowed or build to larger densities?);
- a review of regulations for barriers to residential infill;
- an assessment of the city's policies on ADUs and cottage-style accessory homes; and
- an assessment of the development approval process (transparency).

Streamline the development approval and rezoning process for developments that incorporate affordable housing and/or are infill developments with an affordable component. An easy, low cost way to incentivize affordable housing creation is to grant developers who are incorporating the city's required or target affordable percentages "fast track" approval. This is also an effective tool to promote infill development, which is often more expensive for developers and has wide-ranging community benefits. These proposed developments receive first consideration during the review process and are staffed at a level that guarantees a certain turnaround.

Promote and encourage mixed-income communities offering a variety of housing types. Developments like Westhaven have been shown to maintain stronger property values and, by making more efficient use of land, can offer a greater diversity of housing types and pricing. Denver's Lowry neighborhood, for example, offers a very wide range of housing, from families transitioning out of homelessness, to persons with disabilities who want to own homes

to executive, custom builds (see <http://www.lowrydenver.com>). Lowry also incorporates a significant amount of medical offices and light commercial uses into its residential development. Austin's Mueller community also offers a range of housing prices and energy efficient homes in a transit-oriented environment (see <http://www.muelleraustin.com>).

The city should commit to mixed-income housing and types in all future developments by ensuring that proper zoning is in place to facilitate such neighborhoods, as well as consider public land donations and subsidies to guarantee a wide range of affordability.

Both Lowry and Mueller were large infill sites, developed on former air training and airport facilities. Land costs were only in clean-up and redevelopment of existing parcels.

Inventory vacant and underutilized parcels for residential redevelopment

potential. The city could take the lead on facilitating infill development by assembling a list of underutilized parcels of real estate, including those owned by the city and considered for redevelopment, along with their current use status. The city and potential stakeholders (developers, affordable housing nonprofits, housing authority, school district) could assess the potential of these parcels for mixed income housing locations.

The city could develop a vision for the parcel redevelopments—e.g., suburban style detached and attached housing for families, higher density housing for singles, housing for persons with disabilities and/or seniors—and examine how zoning may need modification to accomplish the redevelopment.

Incorporate fee waivers and discounts for affordable units. Many communities hesitate to grant fee waivers because of budget implications. The City of Las Cruces, New Mexico developed a solution by limiting the amount of fees that can be waived in a fiscal year. A developer can be waived an estimated \$3,800 per unit in development fees for affordable units and the city has a cap on the amount of total fees that can be waived in one year of \$95,000.

Consider implementing programs to achieve deeper homeownership affordability. Many of the city's current renters—as well as future workers in lower paying professions—need homeownership products priced less than \$200,000 if they are to become homeowners. These price points can be achieved through programs like land trusts, sweat equity (the best known is Habitat for Humanity, although others exist) and/or Section 8 homeownership, which allows voucher holders to use their voucher subsidy amount for mortgage payments. Finding land on which to construct the land trust and sweat equity homes can be challenging, although utilizing infill and vacant, underutilized parcels has been successful in other communities. These deeper affordability options could be combined with inclusionary zoning and infill redevelopment strategies to achieve a wider range of affordable homeownership products.