

A Tourism Community Housing Assessment and Intervention Model

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Conference

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A Tourism Community Housing Assessment and Intervention Model

Outline

- A. Market Failure and Housing
- B. Research Overview
- C. Community Evaluation and Intervention Process
- D. Summary

Market Failure and Housing

The Theory of Market Failure

Externalities and the Housing Market

The Case for Intervention

Market Failure and Housing

The Theory of Market Failure

From Economic Theory

Are Markets Efficient?

The Impact of Externalities

Market Failure and Housing

Externalities and the Housing Market

Externalities

Regulatory Externalities

Topographical Constraints

Second Homes

Market Failure and Housing Externalities and the Housing Market

Market Failure

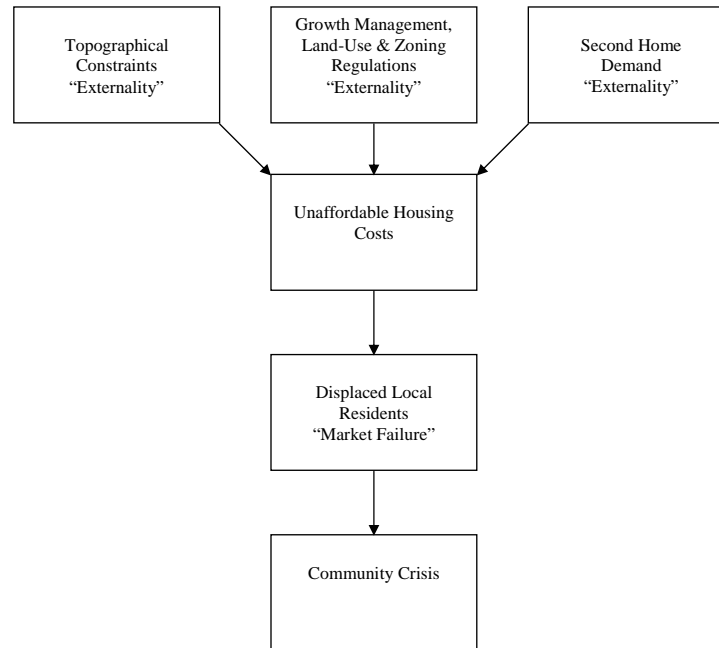
Increased Housing Costs

Displaced Local Residents

Community Crisis

Market Failure and Housing Externalities and the Housing Market

THEORETICAL MODEL OF HOUSING MARKET INTERVENTION



Market Failure and Housing

The Case for Intervention

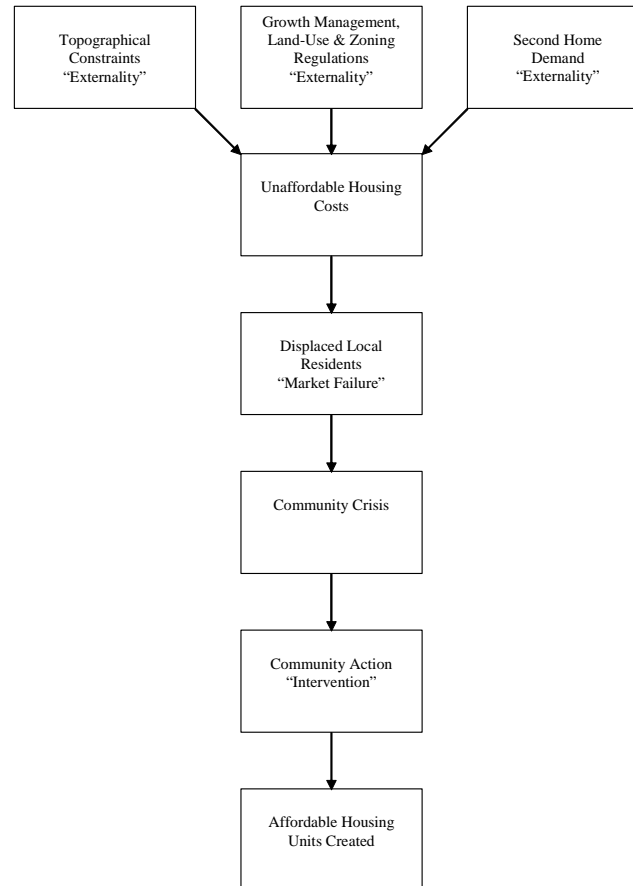
The Theory of Intervention

The Need for Intervention

Market Failure and Housing

The Case for Intervention

THEORETICAL MODEL OF HOUSING MARKET INTERVENTION



Research Overview

Research Questions

Case Study Approach

Research Overview

Research Questions

Assessment

Is there housing market failure in tourism communities?

Intervention

Why have communities intervened?

How have communities intervened?

Research Overview

The Case Study Approach

In depth case study analysis of four tourism communities

Aspen, Colorado

Whistler, British Columbia

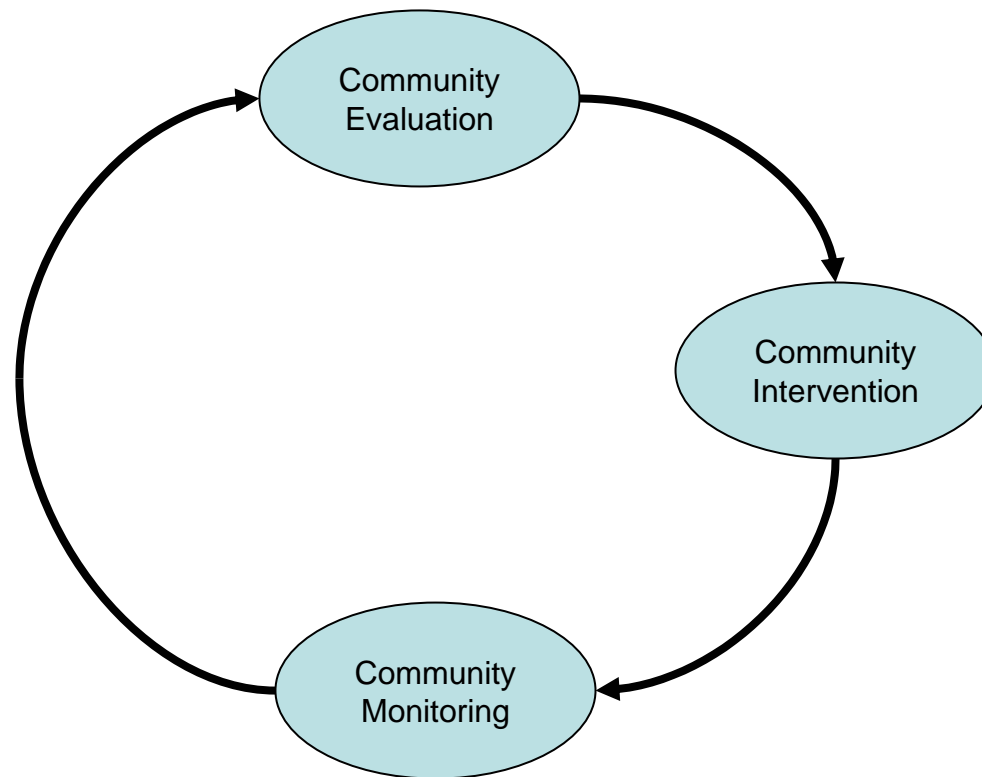
Martha's Vineyard, Massachusetts

Provincetown, Massachusetts

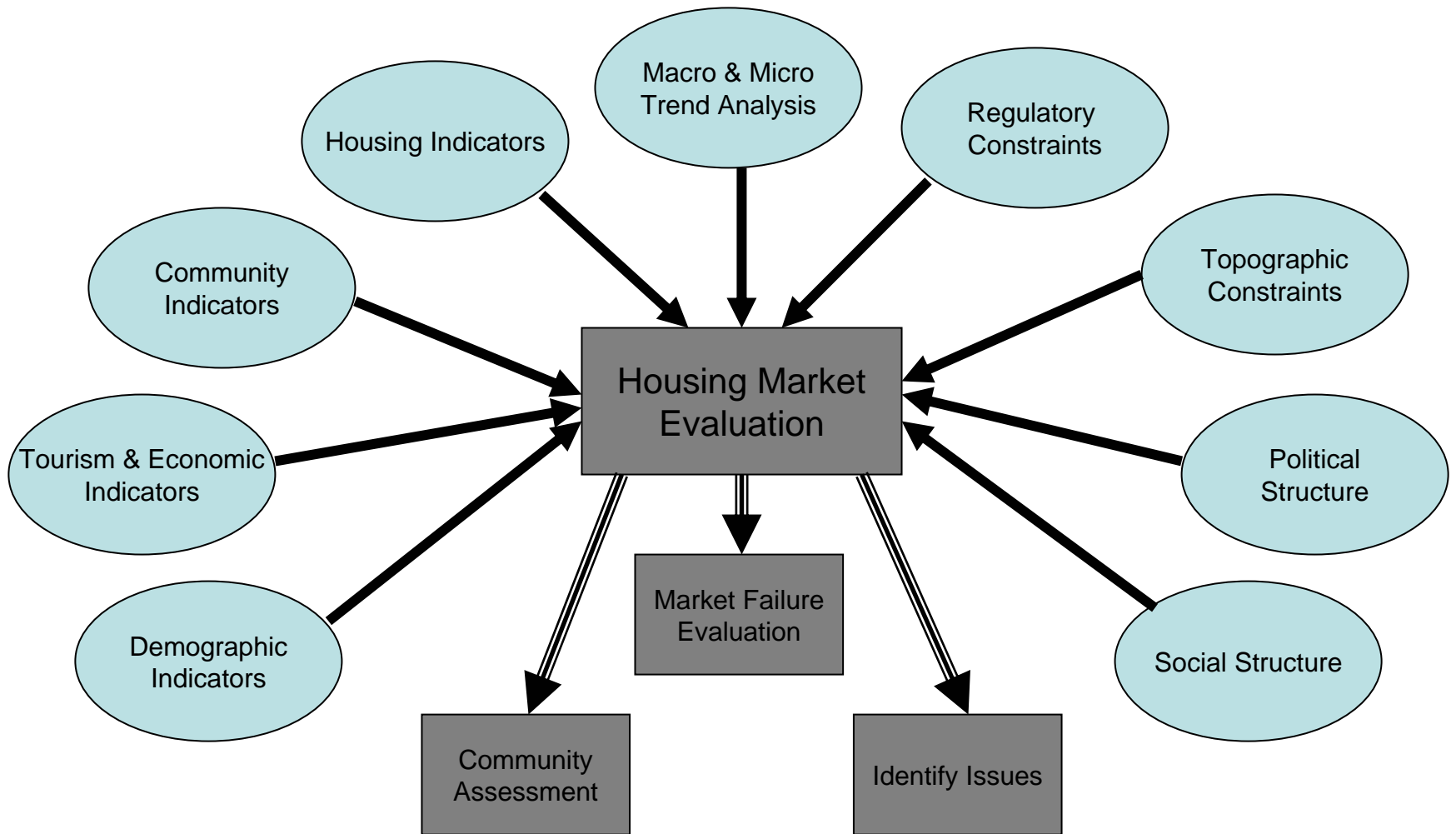
Interviews with Key Informants

Research conducted summer/fall 2002

The Community Evaluation and Intervention Process



The Community Evaluation Process



Community Evaluation and Intervention Process

The Evaluation Process

1. Indicator Review

Housing

Community

Tourism

Demographics

Community Evaluation and Intervention Process

The Evaluation Process

Housing Indicator Review

Housing Affordability						
Martha's Vineyard vs. Massachusetts vs. United States						
	<u>Martha's Vineyard</u> 2000	<u>Martha's Vineyard</u> 1990	<u>Mass.</u> 2000	<u>Mass.</u> 1990	<u>United States</u> 2000	<u>United States</u> 1990
Percentage of Housing Units that are Second Homes	53.6%	46.4%	3.6%	3.7%	3.1%	3.0%
Median Household Income	\$45,559	\$31,994	\$50,502	\$36,952	\$41,994	\$30,056
Median House Price	\$304,000	\$195,800	\$185,700	\$162,000	\$119,000	\$79,100
Ratio of House Price to HH Income	6.7	6.1	3.7	4.4	2.8	2.6
Available Funds Monthly for Housing at 30% Median HH Income	\$1,139	\$800	\$1,263	\$924	\$1,050	\$751
Monthly Cost for Median Priced House	\$1,823	\$1,174	\$1,113	\$971	\$713	\$474
Excess Income / (Income Gap)	(\$684)	(\$374)	\$149	(\$47)	\$336	\$277
Percentage of Households paying more than 30% of income for housing	31.8%	35.6%	27.8%	31.0%	26.9%	27.3%

Data Source: 1990 and 2000 United States Census

Community Evaluation and Intervention Process

The Evaluation Process

Tourism and Economic Indicator Review

<i>Employment by Industry</i>			
<i>Martha's Vineyard vs. Massachusetts vs. United States</i>			
	<u>Martha's Vineyard</u>	<u>Massachusetts</u>	<u>United States</u>
Tourism Employment			
Arts, Entertainment & Recreation	2.7%	1.4%	1.5%
Accommodation & Food Services	19.1%	7.7%	10.2%
Total Tourism Employment	21.8%	9.1%	11.7%
Other Employment			
Construction	15.0%	4.0%	5.8%
Real Estate & Rental & Leasing	2.8%	1.5%	1.7%
Retail Trade	20.7%	11.4%	13.0%
Finance & Insurance	5.0%	7.0%	5.2%
Professional, Scientific & Technical	3.6%	7.5%	6.0%
Other	31.2%	59.4%	56.6%
Total Other Employment	78.2%	90.9%	88.3%
Total Employment	100.0%	100.0%	100.0%

Data Source: 2000 County Business Patterns, U.S. Census Bureau
Dukes County, MA employee by industry data

Community Evaluation and Intervention Process

The Evaluation Process

Demographic Indicator Review

Micro demographics affecting the community

Population growth or contraction?

Workforce growth/contraction/shift?

Age of the population/workforce?

Do workforce skills/ages match jobs?

Identify demographic trends which could affect housing demand

Community Evaluation and Intervention Process

The Evaluation Process

Community Indicator Review

Global trends – what is important to communities

Micro trends – what is important to this community

Is community being lost?

Community Evaluation and Intervention Process

The Evaluation Process

Regulatory Constraint Review

Existing regulatory constraints

Growth management?

Land use controls?

Zoning regulations?

What is the impact of the regulatory constraints?

Community Evaluation and Intervention Process

The Evaluation Process

Topographical Constraint Review

Existing topographical constraints

Mountains?

Beaches?

Natural resources?

Limited access?

Limited land?

What is the impact of the topographical constraints?

Community Evaluation and Intervention Process

The Evaluation Process

Macro and Micro Trend Review

National and International demographic trends

National and International economic trends

Determine the impact these trends have on the community

Housing prices

Second home demand

Local tourism economy

Community Evaluation and Intervention Process

The Evaluation Process

Assess the Housing Market

What is the market functioning efficiently?

What are the positives?

What are the negatives?

What are the current issues?

Community Evaluation and Intervention Process

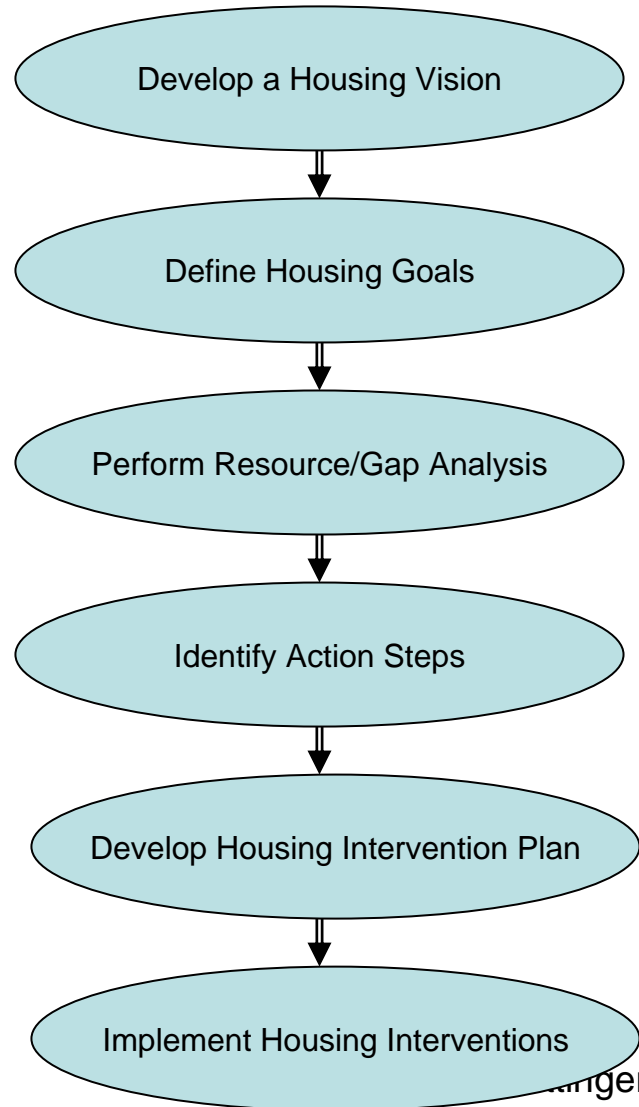
The Evaluation Process

Market Failure Evaluation

Has market failure occurred?

Are there conditions present which can lead to market failure?

The Community Intervention Process



Community Evaluation and Intervention Process

The Intervention Process

Develop a Housing Vision

Strategic Partnership

Community members

Community leaders

Businesses

What do you want the community to be?

Community Evaluation and Intervention Process

The Intervention Process

Define Housing Goals

Create measurable goals for housing in the community.

Community Evaluation and Intervention Process

The Intervention Process

Perform Resource/Gap Analysis

What resources are needed to achieve the goals

What are the strengths of the existing of the community?

What resources exist in the community?

Financial

Non-financial

What resources exist outside the community?

Where are the gaps in resources?

Community Evaluation and Intervention Process

The Intervention Process

Identify Action Steps

How can the gaps be addressed?

How can resources be accessed?

How can community strengths be leveraged?

What steps are necessary to move forward?

Community Evaluation and Intervention Process

The Intervention Process

Develop Housing Intervention Plan

Combine goals, resources, and action steps

Develop defined and measurable plan for housing in the community

Community Evaluation and Intervention Process

The Intervention Process

Implement Housing Intervention Plan

Act to achieve community housing plan

Implement the plan

Measure results

Mid-course corrections

Community Evaluation and Intervention Process

The Monitoring Process

Monitor Effectiveness of Interventions

Housing markets and the local economy are not static

- New externalities develop

- Effectiveness of existing interventions diminishes

- Local resources change

- Local needs change

The Community Monitoring Process



Community Evaluation and Intervention Process

The Monitoring Process

Monitor Effectiveness of Interventions

Existing intervention must be constantly fine tuned to retain effectiveness

The housing market must be continually monitored for market failure conditions

Summary

Keys to Maintaining Housing Affordability in Tourism Communities

Evaluate the housing market for market failure

Be prepared to intervene in the event of market failure

- Have a vision

- Identify and use local resources

- Create a plan with measurable objectives

Change is constant. Constantly monitor and assess housing in the community

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