Housing Production Plan 2011

For Stow, Massachusetts

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EXECUTIVE SUMMARY

A Housing Production Plan (HPP) is a community's proactive strategy for planning and developing affordable housing. The HPP shall contain at a minimum the following elements, covering a time period of five years:

1. Comprehensive housing needs assessment;
2. Affordable housing goals; and
3. Implementation strategies.

This Town of Stow Housing Production Plan (hereinafter the Plan) offers an updated and expanded version of the Housing Plan that was completed in 2002 under the state's Executive Order 418, which was approved by the state, but expired in December 2008. This Plan suggests a range of options to meet pressing local housing needs, as identified in its Housing Needs Assessment, and enable Stow to come closer to meeting the state 10% affordable housing threshold by presenting a proactive housing agenda of town-sponsored initiatives. The Plan will also meet the requirements of 760 CMR 56.03(4) under the state's Chapter 40B Housing Production requirements that will allow the Town of Stow to deny unwelcome Chapter 40B comprehensive permit applications under specific conditions. Moreover, the Plan will increase the Town's score under the state's Commonwealth Capital Program and make it more competitive for a range of state discretionary funding (see Appendix 3 for a description of this program). There are strong local benefits to having an approved HPP. In addition to allowing for greater control over mixed-income and affordable housing development, an approved HPP provides a framework for local housing programs and establishes future development goals.

Stow residents clearly cherish all that their Town has to offer. A small, attractive suburb with vestiges of its rural past, Stow has large tracts of open space, has retained elements of its historic village form, and has fine, valuable homes. A relatively old town, incorporated in 1683, Stow's housing stock includes historic dwellings, a few farms and typical New England style single-family homes with a limited number of multiple family dwellings, including an affordable elderly housing development and a couple of affordable family housing developments.

Stow adopted zoning to protect its farms and natural beauty, largely through large-lot residential development. Concerned about losing open space and financing the cost of public schools, citizens and town officials seek ways to contain housing growth, yet in many cases the techniques they choose bring unintended and unwanted consequences including the eclipse of housing choice. Like other communities that strive to plan for their future, Stow faces difficult housing policy choices that relate to all other aspects of managing growth and change.

A community influences the make-up of its population by the choices it makes to regulate housing growth, and Stow is no exception. Since 63% of Stow's land is zoned for residential development, housing is a critical public policy issue for the Town. Stow is a small community in one of the state's most rapidly growing regions. Most of Stow's 6,660 residents, as of the end of April 2009, live comfortably, as suggested by the Town's high median household income of

$96,290 in 2000[1] (adjusted 2009 median income level of $132,591) and the relatively high quality, condition and value of its homes. Not surprisingly, a majority of Stow's households are traditional families and an unusually high percentage of them have children under 18. [2]

Stow households are somewhat larger than their counterparts statewide: 2.82 compared to 2.51 persons per household. Forty years ago, Stow was a place where young families could purchase starter homes. In the last 25 years, while the general Consumer Price Index (CPI) rose 100%, home prices in Stow increased 400% to 500% thus making starter homes a dream without subsidies for many aspiring to live in the community. Stow residents face a substantial tax burden and find few downsizing options in Town.

Housing Goals

"Housing choice" is not a euphemism for low- and moderate-income housing, elderly or "over-55" housing, starter homes, rooming houses or manufactured housing developments. It means variety in housing types, a range of prices and access to ownership and rental opportunities, including special needs housing, so that people have meaningful choices about where they will live and will not be spending too much to do so. Stow seemed to embrace the central principles of housing choice when the Planning Board adopted Stow 2000, the Town's Master Plan (1996). Specifically, the Master Plan articulated three housing goals:

1. Provide housing opportunities for those at the entry level of homeownership, "empty nesters," elder residents, and those requiring housing assistance and rental housing units.
2. Ensure maintenance of the present housing mixture including single-family, two-family and multi-family dwelling units.
3. Encourage the elderly and handicapped to remain in Stow, preferably in their own homes.

This Plan adds a fourth overall housing goal:

4. Pursue creative approaches to local zoning to better direct development and integrate affordable housing.

In addition to the overall housing goals stated above, this Plan puts forth the following ***Priority Housing Need Goals.***

Priority Goal 1: Rental Housing Need -- This Plan suggests that at least half of the affordable units produced as a result of the Town's housing strategies be rental units given the relative

[1] This Plan has used every opportunity to update data from the 2000 census, and only relies on census figures when other information is unavailable or unreliable.

[2] As used throughout this report, "family" refers to a household of persons related by blood or marriage. "Household" refers to all persons occupying the same housing unit. It includes families and non-family households, e.g., a household of one person, or two or more unrelated persons.

scarcity of rentals, existing high rents, and low vacancy and turnover rates in the town's subsidized rental developments.

Priority Goal 2: Homeownership Need -- As affordable starter housing is still rare in Stow, this Plan suggests that approximately half of the affordable units produced as a result of the town's housing strategies be for homeownership and also include additional units for those earning above 80% of area median income who are still priced out of the private housing market. These units should include a mix of sizes with some units targeted to the elderly and disabled.

Priority Goal 3*:* **Special Population Need --** Because of the aging of Stow's population, very limited amount of handicapped accessible units, numbers of disabled residents, and extremely limited supply of units with supportive services, this Plan suggests that at least 10% of all affordable units produced as a result of the Town's housing strategies be handicapped accessible and/or include supportive services. The Town has made some progress on this issue already by requiring that the Ridgewood Active Adult Neighborhood (AAN) development make all units handicapped adaptable.

Housing Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of at least .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory. Stow would have to produce at least eleven (11) affordable units annually to meet these production goals through 2010. When the 2010 census figures become available, sometime in 2011 hopefully, this number will be higher. If the state certifies that Stow has complied with its annual production goals, the Town may be able to, through its Zoning Board of Appeals, deny comprehensive permit applications.

Using the strategies summarized under the Housing Action Plan described in Section III, the Town of Stow has developed a Housing Production Program to project affordable housing production activity over the next five (5) years. The projected goals are based on a snapshot of the present time and future estimates, and there is likely to be some fluidity in these estimates from year to year. Production goals over the next five (5) years include the creation of 104 affordable units and 8 workforce units[3], and 97 market units, totaling 209 housing units created (see Table 30).

Housing Strategies

The town's 2002 Housing Plan included a number of recommendations for promoting affordable housing in Stow. This Plan updates and augments these recommendations. It is important to note that considerable progress has been made in addressing the 2002 recommendations including the following:

1. ***Establish a permanent Housing Partnership Committee.*** The town established a Housing Partnership, which it disbanded when it approved a Municipal Affordable Housing Trust at

[3] Workforce units are defined in this Plan as those earning between 80% and 120% of area median income who are still largely priced out of the existing housing market.

its 2005 Town Meeting, followed shortly after by the appointment of trust members by the Board of Selectmen. The Housing Trust is fulfilling the range of activities included in the 2002 Plan, including the oversight of this Plan.

2. ***Petition the General Court to create a Local Housing Trust Fund.*** In 2005, state legislation made the establishment of Housing Trusts a local option, and Stow adopted the Stow Municipal Affordable Housing Trust, as noted above, which is assuming a wide range of responsibilities for coordinating affordable housing activities.
3. ***Submit a Planned Production Strategy to DHCD for approval under 760 CMR 31.07(d).*** The town prepared a Plan that was approved by DHCD but expired in December 2008. This Town of Stow Housing Production Plan will meet new state requirements for housing plans under 760 CMR 56.03(4) and update and augment the 2002 Plan.

New or modified housing strategies including the following.

4. ***Build Local Capacity to Promote Affordable Housing***
5. ***Make Zoning and Planning Reforms***
6. ***Partner with Developers to Produce New Affordable Housing Units***
7. ***Preserve Existing Housing***

The following two pages include the housing production goals and housing strategies to achieve the goals in tabular form.

Stow Housing Production Plan				
Strategies by Year	**Units < 80% AMI**	**Units 80%-120%**	**Market Units**	**Total Units**
Year 1 – 2011				
Issue RFP for 2 rental units on town-owned land	0			0
Subtotal	*0*	*0*	*0*	*0*
Year 2 – 2012				
Group home/special needs rentals	4	0	0	4
Subtotal	*4*	*0*	*0*	*4*
Year 3 – 2013				
Private development – Expansion of Plantation Apts., supportive rental housing for seniors ("friendly" 40B)	37	0	0	37
Rental development on Town-owned land	2	0	0	2
Subtotal	*39*	*0*	*0*	*39*
Year 4 – 2014				
Private development/inclusionary zoning/homeownership	2	0	18	20
Development of Town-owned Property Pine Point/rental	2	0	0	2
Extension of Ridgewood Active Adult Neighborhood Special Permit	4[4]	3	59	66
Private development – Adaptive reuse of Whitney Nursing facility/ senior rental housing with some supportive services ("friendly" 40B)	8	0	0	8
Subtotal	*16*	*3*	*77*	*96*
Year 5 – 2015				
Private development – Expansion of Pilot Grove Apartments, rental for families ("friendly" 40B)	30	0	0	30
Private 40B development/Homeownership (density bonus for PCD with incentives)	15	5	20	40
Subtotal	*45*	*5*	*20*	*70*
TOTAL	**104**	**8**	**97**	**209**

[4] Plus fees-in-lieu payment for three (3) additional affordable units

Summary of Housing Strategies

Strategy	Priority*	Lead Entity**
Build Local Capacity to Promote Affordable Housing		
Conduct ongoing community outreach	A	HT
Secure professional support	A	HT/CPC (BOS)
Capitalize Housing Trust	A	HT/CPC
Modify Comprehensive Permit Policy	A	HT/PB/ZBA (BOS)
Establish fees for peer review of 40Bs	A	ZBA
Make Zoning and Planning Reforms		
Modify PCD bylaw	B	PB
Promote mixed-use development	B	PB
Permit greater diversity of housing types	B	PB/HT
Create property inventory for affordable housing	A	HT
Partner with Developers to Produce New Affordable Housing		
Provide suitable public property	B	BOS/HT
Offer predevelopment funding	A	HT/CPC
Support permitting with advocacy	A	HT
Provide gap financing	A	HT/CPC
Preserve Existing Housing		
Continue to monitor and maintain SHI	A	HT
Help qualifying residents access housing assistance	B	HA/COA

***Priority Actions**

Priority A actions are those that will begin within the next two years, most of which will involve some immediate actions. Priority B strategies involve focused attention after the next couple of years.

**** Abbreviations**

HT – Stow Municipal Affordable Housing Trust
BOS – Stow Board of Selectmen
PB – Stow Planning Board
CPC – Stow Community Preservation Committee
ZBA – Stow Zoning Board of Appeals
HA – Stow/Hudson Housing Authority
COA – Stow Council on Aging

I. INTRODUCTION

This Town of Stow Housing Production Plan (hereinafter the Plan) offers an updated and expanded version of the Housing Plan that was completed in 2002 under the state's Executive Order 418, which was approved by the state, but expired in December 2008. This Plan suggests a range of options to meet pressing local housing needs, as identified in its Housing Needs Assessment, and enables Stow to come closer to meeting the state 10% affordable housing threshold by presenting a proactive housing agenda of town-sponsored initiatives. The Plan will also meet the requirements of 760 CMR 56.03(4) under the state's Chapter 40B Housing Production requirements that will allow the Town of Stow to better control unwelcome Chapter 40B comprehensive permit applications under specific conditions. Moreover, the Plan will increase the Town's score under the state's Commonwealth Capital Program and make it more competitive for a range of state discretionary funding (see Appendix 3 for a description of this program).

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1. Provide housing opportunities for those at the entry level of homeownership, "empty nesters," elder residents, and those requiring housing assistance and rental housing units.
2. Ensure maintenance of the present housing mixture including single-family, two-family and multi-family dwelling units.
3. Encourage the elderly and handicapped to remain in Stow, preferably in their own homes.

This Plan adds a fourth housing goal:

4. Pursue creative approaches to local zoning, including smart growth development principles, to better direct development and integrate affordable housing.

Stow 2000 called on the Town to take several actions. Most of the housing recommendations focused on zoning techniques to diversify the types of new homes built in Stow, and to ease the process by which existing residences could be altered or converted to provide smaller dwelling units. Viewed in their entirety, the recommendations promoted nothing radically new or different, but they reflected the consciousness of town planners that market housing production did not always meet local needs. Updated recommendations in the 2002 Plan and draft 2009 Master Plan have provided continued guidance for the Town's housing agenda, leading to the following steps to create more housing choices:

- Voters approved an "*Active Adult Neighborhood" bylaw*, which allows homes for "over-55" households on commercially and industrially zoned land that has been undeveloped for many years. The bylaw caps the number of AAN units to no more than 6% of the total number of single family dwellings, and two have already been approved. The Arbor Glen development and Ridgewood at Stow each have 66 units, including 7 affordable units and the Town received cash in-lieu of actual units in the amount of $236,408 for three of the required units at Arbor Glen.
- Stow adopted inclusionary zoning that applies to any development of six (6) or more units, which requires at least 10% of the units to be affordable and comply with the state's Local Initiative Program (LIP) that ensures inclusion on the Subsidized Housing Inventory. The bylaw allows developers to build the requisite number of units off-site or pay a fee in-lieu of actual units based on three (3) times 80% of the HUD area median income for a household of four (4). Both single-family and multi-family units are allowed, however, any multi-family units have specific criteria.
- Town Meeting approved a "Planned Conservation Development" bylaw that encourages developers to preserve open space and design compact housing clusters, including a mix of attached housing units and traditional single-family homes. All units to date were built at market prices; however, affordable housing is now required in PCDs as part of the recently-adopted inclusionary zoning.
- The Stow Board of Selectmen adopted a Comprehensive Permit Policy in April 2002 that conveys the Town's expectations for housing developed under Chapter 40B including minimum performance standards and trade-offs the Town is willing to explore with developers. The policy states that the most acute housing need is rental housing for all income levels and encourages rental development proposals. It also recognized the significant gap between affordable units and high-end housing and promotes a range of housing alternatives to address the need of more moderate-income households. This Policy has not been utilized to date and should be revisited and updated to better reflect changes in state and local regulations, policies and local housing needs (see strategy 1.d)

As noted above, the Town has made considerable progress in promoting smart growth development and affordable housing through recent zoning changes, and through CPA support for housing initiatives, notably the recent $1,750,000 CPA allocation for 67 new rental units through the expansion of existing affordable housing developments at Pilot Grove and Plantation Apartments, sponsored by the Stow Community Housing Corporation (SCHC) with an additional $150,000 in CPA funding for predevelopment work, and a small grant from the Stow Municipal Affordable Housing Trust for pre-development expenses..

Identifying a community's current housing need is less difficult than estimating future needs. Existing housing needs are typically a function of:

- The relationship between a town's housing stock, and the size and composition of its households, including the age distribution of its population.
- The proportion of local renters and homeowners that are "housing cost burdened," (paying more than 30% of their monthly income on housing costs).

- The relationship between wages in a town's labor market area, the cost and types of housing available to the area's workers, and a town's own economic development objectives.
- The proportion of local households that have limited housing choices within their town, due to prevailing incomes, housing types and the proportion of housing stock that is both affordable and suitable for those households.
- The importance of the elder population, one that will continue to grow dramatically in number, being able to age in place with dignity regardless of economic status.

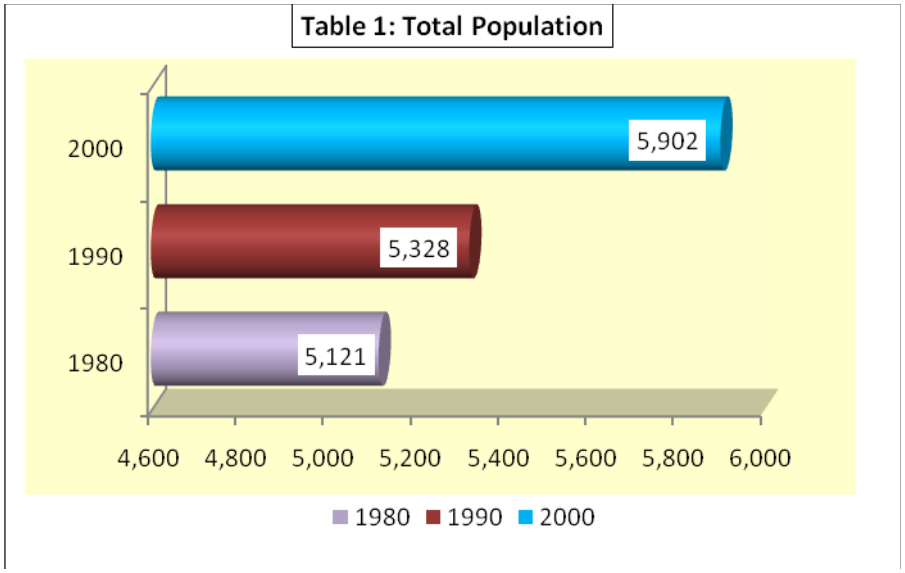
Future housing needs can be analyzed with reasonable precision for 8-10 years. It is beyond the scope of Stow's housing plan, or any local plan, to anticipate the state's economic future or the commitment to housing by successive state (or federal) administrations.

The first step in developing a housing plan is to look at the community through its demographics. Population trends are the basis for establishing reasonable projections of what Ashland will face in the future. The total population, rate of growth and unique characteristics of Stow's various population groups determine the need for housing. Section II., Housing Needs Assessment, examines Stow's demographics and development trends.

II. HOUSING NEEDS ASSESSMENT

A. Population Characteristics and Trends

The following tables provide a summary of demographic characteristics based on the 1980, 1990 and 2000 census data, highlighting a 4% population increase from 1980 to 1990 and an increase of 11% from 1990 to 2000, representing an increase of 781 residents or 15% over the two decades.



Stow has a high level of "family households" in which two or more related individuals live in the same housing unit. Stow is comprised of about 80% family households compared to approximately 64% for both Middlesex County and the state. Despite the high level of family households, the number and percentage of "non-family households" (households in which a householder lives alone or with others with whom they are not related) has increased over the years. In 1980 there were 218 such households, or 13.9% of the population, however, in 1990 there were 116 additional non-family households, which comprised 18.6% of all households. In 2000, family households had decreased from 86.1% in 1980 to 80.6% while non-family households comprised almost one-fifth of all households. This increase in smaller and more untraditional households actually reflects national and suburban trends.

Table 1A below shows an increase in female-headed households between 1980 and 1990, followed by a decrease in number and percentage of such households in 2000.

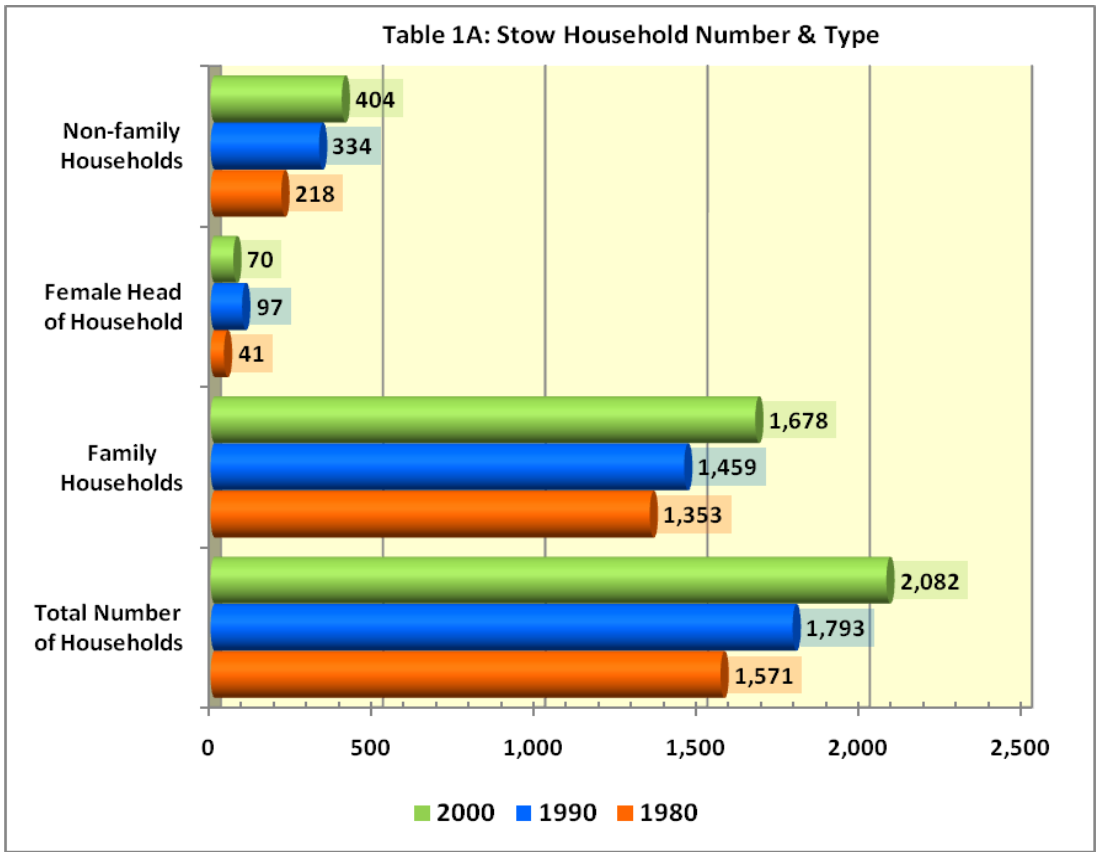


Table 2 presents comparative household characteristics for Stow, Middlesex County and the Commonwealth.

Table 2: Comparative Household Characteristics 2000

	STOW	Middlesex County	Massachusetts
Population	5,902	1,465,396	6,349,097
Households	2,082	561,220	2,443,580
Families	1,678	361,076	1,576,696
Percent Families	80.6%	64.3%	64.5%
Average Household Size	2.82	2.52	2.51
Households w/ Children < 18	896	180,054	748,865
Percent Households w/ Children <18	43.0%	32.1%	30.6%

Source: Bureau of the Census, Summary File 1, Table DP-1.

Slightly more than 16% of all households in Town include at least one elderly person, and about 5% of Stow's senior citizens live with a son or daughter and grandchildren.[5] The elderly (65 and over) constitute 8.2% of Stow's population. Like most residents of Stow, the vast majority of elders are homeowners; unlike most residents, about 70% of Stow's elderly households have

[5] Bureau of the Census, Census 2000, Summary File 3, Table DP-2, Middlesex County Census Tract 3231 (Stow).

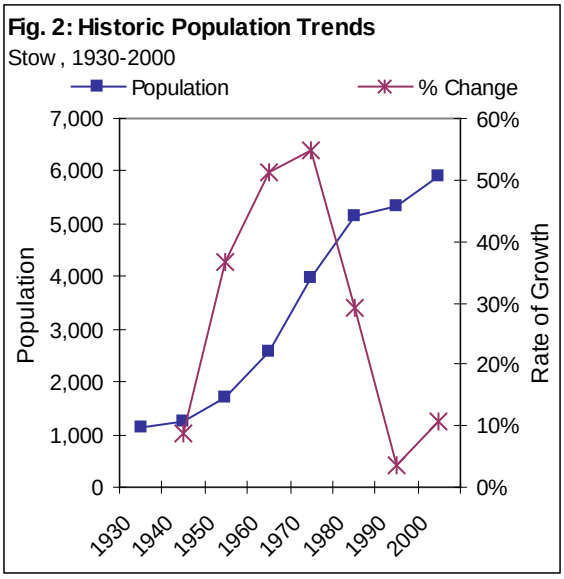
lived in Town for at least 20 years. More than 42% of the Town's homeowners bought their present home between 1990-2000, mainly after 1995. For every new home built during the 1990s, Stow gained nearly three new households as older residences were recycled in the market, a housing turnover rate slightly lower than average for the regional area depicted in Fig 1.[6]

Table 2 also shows that Stow has a much higher level of households with children, 43% in comparison to less than one-third for the County and state. This correlates with the higher average number of persons per households, 2.82 persons in Stow versus 2.52 and 2.51 for the County and state, respectively.

Figure 1: Town of Stow
Regional Housing Market Study Area

[6] Census 2000, Summary File 3, Tables H-36, H-38.

1. Population Growth



As indicated earlier, from 1990 to 2000 the population of Stow increased by 10.8%, higher than the statewide growth rate of 5.5% but much lower than that of many surrounding towns.[7] Figure 2 shows that Stow experienced 20 years of rapid, sustained population growth after 1950, a period that coincides with the completion of two major regional highways, suburban development throughout Eastern Massachusetts, and clearly, the post-war baby boom. Like most communities, Stow has grown in a cyclical pattern, responding to trends that originated far beyond its own borders. The Town continued to gain population after 1970, but its growth rate dropped sharply even though it absorbed more new homes during the 1970s than in any previous or subsequent decade. The recent reversal of Stow's declining growth rate is attributable not only to housing starts that occurred during the 1990s, but also the resale of older homes. Table 3 compares Stow's 1940-2000 population history to sub-regional and state trends.

Table 3: Comparative Population Growth Statistics

Area	1940	1960	1980	1990	2000	% Change 1990-2000
Acton	2,701	7,238	17,544	17,872	20,331	13.8%
Bolton	775	1,264	2,530	3,134	4,148	32.4%
Boxborough	376	744	3,126	3,343	4,868	45.6%
Harvard*	1,790	2,563	3,744	4,662	5,230	12.2%
Hudson	8,042	9,666	16,408	17,233	18,113	5.1%
Lancaster*	2,963	3,958	5,034	6,289	6,211	-1.2%
Littleton	1,651	5,109	6,970	7,051	8,184	16.1%
Maynard	6,812	7,695	9,590	10,325	10,433	1.0%
STOW	1,243	2,573	5,144	5,328	5,902	10.8%
Sudbury	1,754	7,447	14,027	14,358	16,841	17.3%
Total	28,107	48,257	84,117	89,595	100,261	11.9%
County	971,390	1,238,742	1,367,034	1,398,468	1,465,396	4.8%
Massachusetts	4,690,514	5,689,377	6,016,425	6,016,425	6,349,097	5.5%

Sources: MISER, "Population of Massachusetts Cities, Towns and Counties: Census Counts and Estimates, 1930-2000," in EXCEL [pop30-90, currest.xls]; Census 2000, Summary File 1. Harvard and Lancaster population for 2000 excludes inmates of correctional facilities. Harvard population counts from 1950-1990 exclude military personnel and families stationed at Fort Devens.

[7] 1990 Census of Population and Housing and Census 2000, Summary File 1, Table DP-1, Census Tract 3231.

Since 2000, Stow has added another 758 residents, according to Town records, with a population of 6,660 as of the end of April 2009. As to the future, population projections prepared by the Metropolitan Area Planning Council (MAPC) suggest that the population will increase to 6,990 by 2030, only 330 persons above the current population total. These projections are most likely too conservative. Stow grew by 4% from 1980 to 1990 and then by about 11% from 1990 to 2000. From 2000 through the end of April 2009, the population increased by another 12.5%. Applying a conservative growth factor of 5% per decade, from 2010 to 2030, would put the total population by 2030 over 7,300 residents although MAPC projections suggest a total population in Stow at 6,990 by 2030.

2. Age Distribution

As the Town's population grew over the past decade, the age composition of its population changed as well as shown in Table 4 and Table 4A.

Table 4: Change in Age of Stow Population, 1990-2000

Age Cohort	1990	2000	% Change
Under 5	419	510	21.70%
Age 5-17	1,004	1,157	15.20%
Age 18-24	420	246	-41.40%
Age 25-34	731	575	-21.30%
Age 35-44	1,124	1,230	9.40%
Age 45-54	842	1,039	23.40%
Age 55-64	418	660	57.90%
Age 65-74	204	287	40.70%
Over 75	166	198	19.30%
Total Population	5,328	5,902	10.80%

Source: US Census, 1990 Census of Population & Housing, Census 2000, Summary File 1

The elderly as a percentage of the state's population dropped minimally from 13.6% in 1990 to 13.5% in 2000, but the opposite occurred in Stow, where elders made up 6.9% of the population in 1990 and 8.2% in 2000. In absolute terms, Stow's elderly population increased by 115 people or 31.1%, mainly among persons between 65-74, yet the same age group declined statewide by 7%.

Table 4A: Change in Age of Stow Population, 1990-2000

Under 18 and Over 65

% Population <18	1990	2000		% Population >65	1990	2000
Stow	26.70%	28.20%		Stow	6.90%	8.20%
Massachusetts	22.50%	23.60%		Massachusetts	13.60%	13.50%

The high rate of growth among senior citizens in Stow contributes to the difference in median age for the Town at 38.8 years and the state as a whole of 36.5 years. Stow's experience differs in at least one other significant way. The in-migration of families during the 1990s led to a 17% increase in Stow's under-18 population, though the state's rose by only 10.9%. In addition, under-18 population growth statewide occurred among persons between 5-17 years of age while the pre-school population declined 3.7%, but in Stow, the pre-school population increased by 21% between 1990-2000, as shown in Table 4.

As is the case with many other affluent communities throughout the state, the population of young adults entering the workforce and forming their own families has declined, largely as a result of increasing housing prices and a lack of job opportunities in these communities. There was a 41.4% reduction in the number of residents age 18 to 24 between 1990 and 2000 and another 21.3% reduction in those 25 to 34 in Stow. The largest population gain was in the 55 to 64 age bracket, involving an almost 58% increase.

Table 5 presents the MAPC populations projections by age distribution, estimating an 18.4% increase in population from 2000 to 2030. The formula used by MAPC shows a 12% increase in children 19 years and younger, from 1,757 in 2000 to 1,964 in 2030. It also shows a decrease in the populations age 20 to 44, certainly a growing trend in more affluent communities. The anticipated decline of those in this younger adult age range could be boosted somewhat with increased efforts to provide first-time homeownership opportunities in Stow and more rental options.

Table 5: Population Projections by Age Distribution

Age Range	1990	2000	2010	2020	2030
Under 5	421	510	473	515	556
Age 5-19	1,125	1,247	1,422	1,367	1,408
Age 20-34	1,031	731	567	620	585
Age 35 - 44	1,126	1,230	925	764	883
Age 45-54	840	1,039	1,604	1,482	1,346
Age 55-64	418	660	979	1,272	1,207
Age 65-74	202	287	313	499	631
Over 75	165	198	222	254	373
Total	5,328	5,902	6,507	6,775	6,990

Source: Metropolitan Area Planning Council, January 30, 2006

The significant population increases are projected to occur in the older age brackets with an 83% increase in those 55 to 64 and 107% for those age 65 and over. Such a substantial growth in the

aging baby boomers suggests more opportunities for downsizing to units without substantial maintenance needs, more handicapped adaptable units and more housing with supportive services.

3. Race, Ethnicity and National Origin

Stow residents are primarily white (95.5% in 2000) and of Irish, English, or Italian descent. The Asian population is Stow's largest minority group (2.0%), comprised mainly of Asian Indian, Chinese and Korean persons. Slightly more than 1% of Stow's current population is Hispanic.[8]

4. Labor Force, Education & Employment

Stow's very high labor force participation rate of 75% and its higher-than-average share of families with two working parents shed light on the economic position of its households. As a group, local residents have high-paying jobs commensurate with their educational achievement: primarily managers and professionals, employed in manufacturing, research and development, science and technology, the health professions, education, and financial services, with 62% of the Town's over-25 population holding college, professional or graduate degrees. Like other affluent towns, Stow had a higher percentage of people working all or a portion of their week at home (5.8%) than elsewhere in the Commonwealth (3.1%),[9] and a much higher percentage of self-employed local residents (11%) compared to the state (6.4%). In addition, the Town's unemployment rate typically runs much lower than the statewide or Metro-West regional unemployment rate, even during the recession of the early 1990s.[10] As of April 2009, Stow's labor force of 3,493 included 212 residents or 6.1% who were unemployed in comparison to the 8.2% unemployment rate for the state. Except for the self-employed with a home occupation, business or professional office in Town, most residents of Stow do not work locally. On average, they commute slightly more than one-half hour to work each day, mainly by car, to larger employment centers elsewhere in Middlesex County or to Boston.

5. Income and Poverty

The 2000 federal census data show that the Town's median household income of $96,290 placed Stow in the top 20 of all 351 communities in Massachusetts.[11]

Table 6 summarizes income information from the last three census counts showing that from 1979 to 1999 the numbers of persons in the lower income ranges decreased over time while there were considerable increases in those earning more than $100,000. The median income

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[8] Census 2000, Summary File 1, Table DP-1; Summary File 3, Table DP 2.

[9] The percentage of persons working at home, either in home occupations or as telecommuters, is most likely higher than suggested by decennial census data.

[10] Massachusetts Department of Employment and Training (DET), [database online], "Local Area Unemployment Series" (LAUS), 1983-2000.

[11] Census 2000, Summary File 3, Table DP-3; Boston Globe, 21 May 2002, citing 20-year decennial census data series and untitled press kit supplied by Bureau of the Census to New England media establishments, in EXCEL, "intoma14.xls," <http://www.boston.com> [cited 21 May 2002].

level more than tripled over these two decades, substantially more than what would be expected by normal inflationary trends. Adjusting this median income level based on increases in HUD's area median income level from 2000 to 2009, would put the current median income at about $132,591. Estimates from the Nielsen, Claritas, Inc. database, a proprietary data source, indicate that the 2009 median income is $120,192 and projected to increase to $131,826 by 2014.

Table 6: Income Distribution by Household, 1979-1999

Income Level	1979		1989		1999	
	#	%	#	%	#	%
Under $10,000	120	7.6	59	3.3	39	1.9
10,000-24,999	467	29.7	188	10.5	164	7.8
25,000-34,999	342	21.8	134	7.5	98	4.7
35,000-49,999	423	26.9	222	12.4	142	6.8
50,000-74,999	187	11.9	430	24.1	309	14.8
75,000-99,999	32	2.0	369	20.7	331	15.8
100,000-149,999			259	14.5	629	30.1
150,000 or more			124	7.0	377	18.0
Total	1,571	100.0	1,785	100.0	2,089	100.0
Median income	$30,155		$66,292		$96,290	

Source: 1980, 1990 and 2000 U.S. Census Bureau

A number of towns near Stow also rank very high on the Commonwealth's roster of wealthy communities, including Sudbury, Harvard, Acton and Boxborough, as shown in Table 7. Relatively high income levels of most households in Stow directly reflect their sources of income and the educational backgrounds of the Town's labor force. More than 90% of Stow's households had earned income, i.e., wage and salary income from employment, and not surprisingly, their mean annual earnings far surpassed the mean earnings of households across the Commonwealth: $106,037 in Stow, $68,437 for the state as a whole. Among married-couple families, which constituted 72.2% of the Town's households in 2000, more than 60% of all wives worked full- or part-time and the percentage of working women increased significantly for those with school-age or college-age children. Moreover, despite the persistence of a gendered income gap nationwide, employed women in Stow earned more per year than women elsewhere in Massachusetts: $40,911 locally and $32,059 across the state. The difference in male earnings is even more dramatic for the median earned income of employed men in Stow

($75,758) was 1.76 times that of all men across the state ($43,048). [12]

Table 7: Comparison Household Income and Wealth Data, 2000

	Median Household Income ($)	State Rank	Total Households	% Income >$200,000	Average Single-Family Home Value (FY02)	Ratio Local Tax Bill to State Median (FY02)
Acton	91,624	21	7,469	11.4%	380,802	2.23
Bolton	102,798	10	1,427	13.0%	335,096	2.09
Boxborough	87,618	28	1,867	11.5%	362,751	2.18
Harvard	107,934	8	1,817	16.6%	423,453	1.92
Hudson	58,549	141	6,984	2.3%	225,755	1.01
Lancaster	60,752	123	2,070	3.5%	218,092	1.28
Littleton	71,384	63	2,960	5.9%	236,809	1.21
Maynard	60,812	122	4,278	0.7%	200,783	1.38
STOW	96,290	17	2,089	7.0%	346,305	1.98
Sudbury	118,579	5	5,523	24.5%	432,961	2.87
Boston CMSA	52,699					
Massachusetts	50,502					

Sources: Census 2000, Summary File 3, Tables QT-P32, QT-P33; Mass. Department of Revenue (DOR), Municipal Data Bank. "CMSA" means "Consolidated Metropolitan Statistical Area," a large region consisting of two or more metropolitan areas. The Boston CMSA includes the areas surrounding Boston, Lawrence and Worcester, and extends from Massachusetts into Connecticut, New Hampshire and Maine. Data cited above pertain only to the CMSA's Massachusetts portion.

There still, however, remains a significant and highly vulnerable part of the community with very limited financial means. For example, 203 or almost 10% of all households had incomes of less than $25,000 in 2000. Given spiraling costs of living since then, we can assume that some of these households might have had to relocate elsewhere in search of more affordable living conditions. Many are likely to be long-term homeowners with substantial equity in their homes but living on fixed incomes. Others might be beneficiaries of subsidized housing and living on other forms of subsidy to continue to live in the community. Still others might be doubled up or paying far more than they should for housing to remain in Stow.

The census also provides information on those who were actually living in poverty, which is presented in Table 8 from 1979 to 1999.

[12] Census 2000, Summary File 1, Table QT-10; Summary File 3, Tables QT-P26, DP-3. Mean earnings data apply to men and women employed full-time in 1999. Statewide, married-couple families constitute 49% of all households.

Table 8: Poverty Status, 1979-1999						
	1979		1989		1999	
	#	%	#	%	#	%
Individuals Below Poverty	104	2.0	86	1.6	157	2.7
Families	16	1.2	6	0.4	26	1.5
Related Children Under 18 Years	9	0.5	8	0.6	26	1.6
Individuals 65 and Over	13	3.9	27	7.8	8	1.7

Source: 1980, 1990 and 2000 U.S. Census Bureau
*Percentage of total population
**Percentage of all families
***Percentage of all related children under 18 years
****Percentage of all individuals age 65+

The U.S. Bureau of the Census defined poverty in 1999 as income falling below the exceedingly low annual income level of $12,700 for a family of four. While the number of those living in poverty has been very small, poverty has increased somewhat over the years except for those 65 years of age or older with 157 individuals and 26 families living in poverty in 1999. The federal poverty level for an individual was $8,240 in 1999.

6. Disability Status

The 2000 census indicates that there were 422 individuals living in Stow who claimed a disability including 50 in the age 5 to 20 category, 252 in the age 21 to 64category, of which 62% were employed, and 120 in the age 65 or older or (25% of those 65 or older). This information suggests that some housing stock needs to be adapted for individuals with special needs, and some of the future housing units should be handicap adaptable and/or have supportive services.

7. Household Characteristics by Age Group and Neighborhood

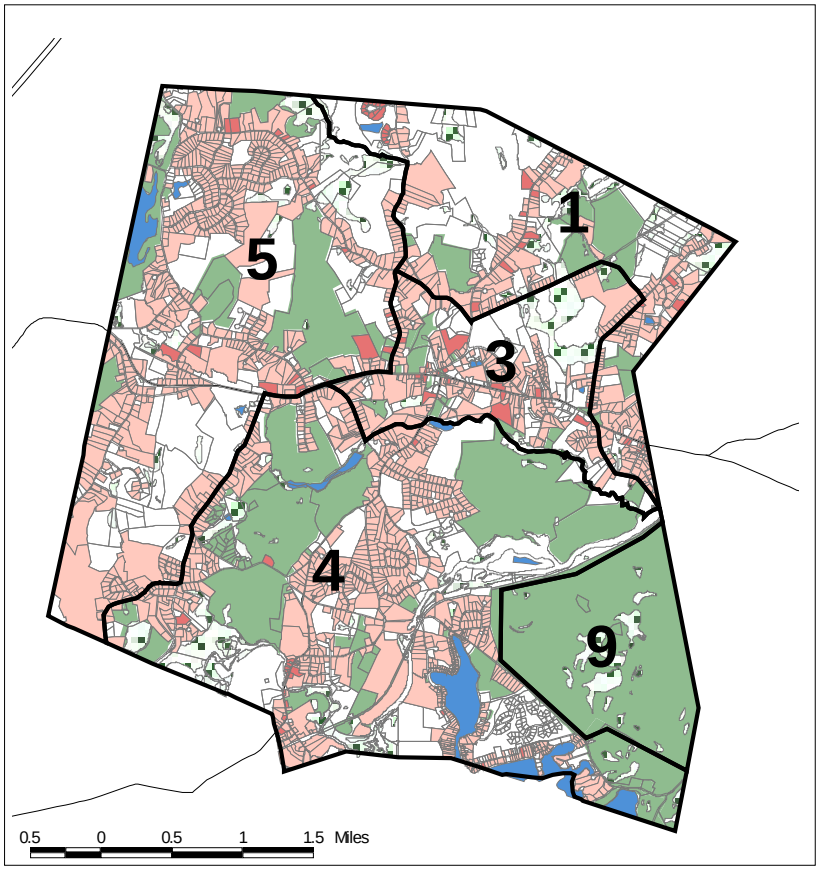
Although Stow's households clearly have enjoyed a high standard of living, its population has not been as homogenous as community-wide statistics may suggest. About 23% of all households in Stow had incomes below the region-wide median,[13] and while the incidence of moderate-income households increased significantly among persons over 65, the elderly alone do not account for economic differences that exist among Stow households. Incomes varied across the Town, and the differences seemingly correlated with other population characteristics:

[13] "Region-wide" refers to the Boston PMSA, and 23% represents the percentage of Stow households with incomes at or below $65,500, the median household income for the region as of April 2000.

length of residency, age, household size and composition, housing tenure and the age and value of residential property.

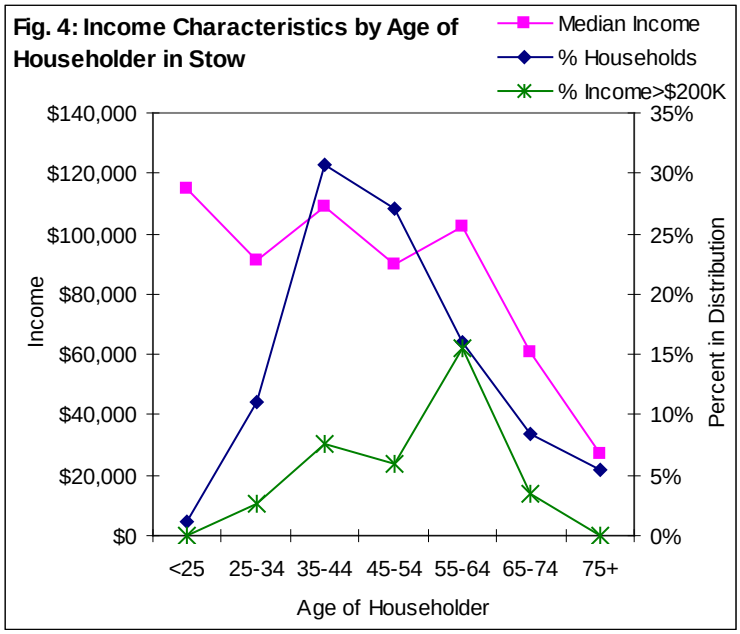
For federal census purposes, all of Stow lies within one Middlesex County census tract that is subdivided into the five census block groups shown in Fig. 3. Geographic boundaries drawn by the Census Bureau most likely do not match local sensibilities about the meaning of "neighborhood," but they support a comparative analysis of growth and change across the Town. Four of the block groups are populated while the fifth, Block Group 9, consists entirely of land owned by the U.S. Fish and Wildlife Service in the southeast corner of Stow. The smallest of the remaining four block groups, Block Group 3, includes two of Stow's villages – Stow Center and Lower Village – while the largest (Block Group 4) contains the villages of Gleasondale and Lake Boon. Another large area tracked by the Census Bureau, Block Group 5, extends generally west from Boxboro and Hudson Roads while the northeastern section adjacent to Acton and Maynard constitutes Block Group 1.

Fig. 3
Census Block Groups
Distribution of Existing Residential Development & Open Space



Since it covers a comparatively small area with two historic villages, Block Group 3 has the Town's highest population density per mile^2 (570 people). Though Block Group 3 contains 19% of Stow's entire housing inventory, it has only 17% of the town-wide population. Not surprisingly, Block Group 3 also has a higher proportion of elderly households (20.8%), a higher percentage of renters (28.4%), and a much higher percentage of residents who moved to Stow 20 or more years ago (43.2%) than any other part of Town. However, nearly 38% of its

homeowners moved into their present house during the last half of the 1990s, the highest homeowner move-in rate of any other area of Town.



Relative to the Town as a whole, more new single-family home development has occurred in Block Group 4 (central-south) than other sections of Town, a trend that will likely continue as growth extends outward from Stow's traditional village areas.

The distribution of household incomes in Stow attests to unique demographic characteristics that exist at the neighborhood level and across age groups, and undeniably, between Stow and the state as a whole. For example, Stow's youngest householders – persons under 25 – had extraordinarily high incomes compared to other young citizens across the Commonwealth, and while householders age 45-54 constitute the highest-income group statewide, this was not the case in Stow, where in all census block groups, the median income of householders age 35-44 consistently exceeded the median for the Town as a whole (see Table 9).

The geographic and age group distribution of Stow's highest-income households, i.e., households with annual incomes over $200,000, also sheds light on internal differences across the Town. Though the Town-wide percent of very-high-income households, 7%, was quite a bit lower than in several communities nearby, in Stow, their proportional share of aggregate household income was very high: nearly 25%. These distinctions are noticeably evident by census block group as shown in Table 9, but also by age of householder, as suggested in comparison Figures 4-5.

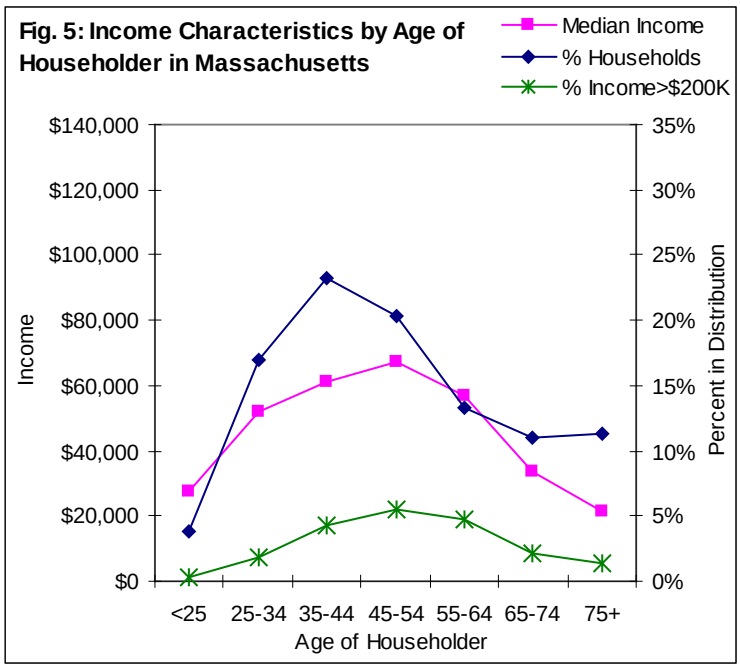


Table 9: Census Block Group Comparison Data				
	Census Block Group, Tract 3231			
Characteristic	1	3	4	5
Total Area (in mi^2)	2.8	1.8	6.6	5.3
Population Characteristics				
Population	742	1,016	2,335	1,809
Households	256	398	845	583
% Family Households	80.3%	69.6%	81.0%	87.2%
% Families w/ Children <18	51.9%	58.1%	52.1%	52.9%
Average Household Size	2.71	2.55	2.85	3.00
% Homeowners in Stow >20 Yrs	35.3%	43.2%	31.6%	29.7%
Income Characteristics				
Median Household Income	$88,990	$88,703	$93,429	$103,237
Aggregate Household Income	$4,620,400	$ 39,875,900	$ 87,560,000	$ 75,338,000
Households w/ Income >$200,000				
% Households	0.0%	2.6%	8.6%	10.4%
% Aggregate Household Income	0.0%	25.1%	21.8%	32.7%
Source: Bureau of the Census, Summary File 3, Tables P-1, P-9, P-54, P-55, QT-10.				

B. Housing Characteristics and Trends

Stow's homes are fairly large, attractive and well maintained. While the pattern and density of residential land use differ somewhat across the Town, Stow's housing stock is largely homogenous, comprised almost exclusively of detached single-family homes although there has been some more recent production of multi-family housing, for example at the Faxon Farm and Meeting House developments. As a result, most households are both families and homeowners. In 2000, approximately 90% of the Town's 2,128 housing units were owner-occupied with an average of 2.95 persons per household. As of April 13, 2009, another 339 units were added to the housing stock, bringing the total number of housing units to 2,467. Assuming a similar amount of housing growth as last year, the total number of housing units should be about 2,500 as of the end of 2009 and 2,550 as of the end of 2010.

Like other communities nearby, Stow has had a highly competitive housing market and since 1990 the median single-family sale price more than doubled, from $187,000 to $390,000 as of the end of March 2009. However, this price is down considerably from the height of the market in 2006 when the median price was almost $500,000. When the last decennial census was taken in April 2000, there were 18 homes on the market in Stow with a median asking price of $290,900.[14] As of June 2009, the median listed price had climbed to $445,000.

Table 10 provides information on housing characteristics from 1980 to 2000. From 1980 to 2000, 473 housing units were added to Stow's housing stock, 87% of which were owner-occupied units. During this same time period, 106 rental units were produced bringing this segment of

[14] Census 2000, Summary File 3, Table QT-H6: Stow.

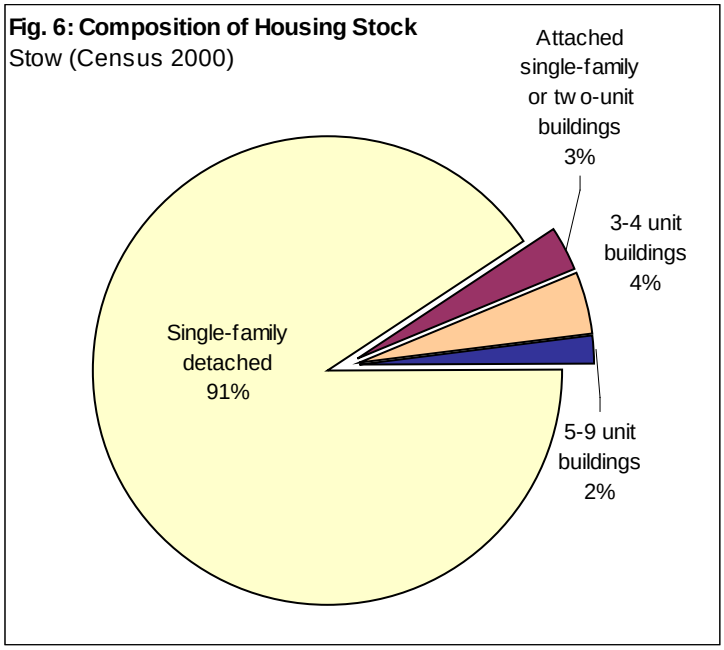
the housing stock up to almost 13% of all units in 2000. Since 2000, no new rental units have been built.

Table 10: Summary of Housing Characteristics 1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	1,655	100.0	1,853	100.0	2,128	100.0
Occupied Units *	1,565	94.6	1,793	96.8	2,082	97.8
Occupied Owner Units **	1,402	89.6	1,564	87.2	1,813	87.1
Occupied Rental Units **	163	10.4	229	12.8	269	12.9
Total Vacant Units/Seasonal, Recreational or Occasional Use*	90/42	5.4/2.5	60/19	3.2/1.0	46/20	2.2/0.9
Average House-Hold Size of Owner-Occupied Units	Not Available		3.06 persons		2.95 persons	
Average House-Hold Size of Renter-Occupied Units	Not Available		2.24 persons		1.94 persons	

Source: 1980, 1990 and 2000 U.S. Census Bureau
* Expressed as a percentage of total housing units
** Expressed as a percentage of occupied housing units
*** Data not available

There are few vacant units in Stow including few seasonal units or second homes. This data also show that the number of occupants per unit decreased from 1990 to 2000, to 2.95 persons per owner-occupied unit and 1.94 persons in rental units.



Stow's housing stock is comprised overwhelmingly of single-family homes, but the exceptions shed light on Stow's visual and social character a century ago. Figure 6 depicts the distribution of housing units in various types of residential buildings and shows that common-wall or attached units constitute about 9% of all homes in Stow. However, the

data mask some important features of these units, namely their age and relationship to the Town's physical evolution. For example, 43 two-family homes are scattered about the villages and in some of the Town's outlying neighborhoods, and a limited number of three- and four-family residences can be seen in Gleasondale, along Route 117 and on West Acton Road. Virtually all of these homes pre-date the zoning bylaw, most having been built between 1860-1920. About ten (10) units in Stow are in mixed-use buildings, i.e., a dwelling unit and commercial space in one structure, located mainly along Route 117, and they, too, are quite old.

Table 11: Residential Subdivisions Since 2000

Development	Year Approved	Total Acres	# Units
Brandymeade Circle	2000	27.2	12
Asa Whitcomb Way	2002	10	3
Trefry Lane/PCD*	2003	51.42	16
Faxon Farm Independent Senior Living Residence	2003	15	14 +1 commercial
Derby Woods/PCD under construction	2003	69	33
Villages at Stow/comprehensive permit/under construction	2003	38	96
Randall Road Hammerhead Lot	2005	7.7	1
Cider Mill Road	2005	10.2	5
Blue Bird Lane	2005	21	1
Red Acre Run	2005	4.57	1
Boxboro Road Hammerhead Lot	2006	4.5	1
Arbor Glen Active Adult Neighborhood/under construction	2007	58	66* *
Riverhill Estates/approved and decision appealed	2007	55.5	5
Ridgewood at Stow Active Adult Neighborhood/approved	2008		66* *

Source: Town of Stow Planning Board, Karen Kelleher
*PCD = Planned Conservation Development

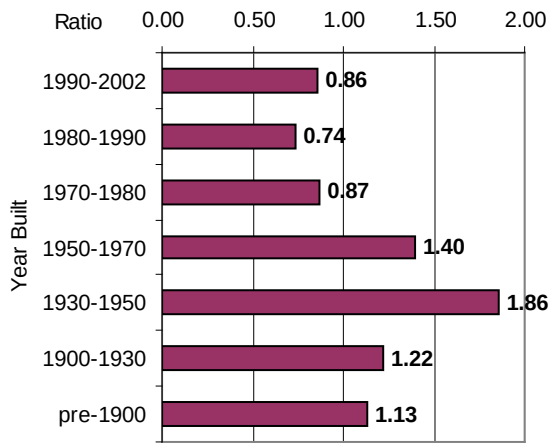
** = The projects will each include 4 affordable units and cash in-lieu of 3 additional units

Small clusters of condominium units have been built near Boxborough, and Stow also has two (2) small multi-family housing developments, Plantation Apartments and Pilot Grove Hill, both built in the early 1990s. The Meeting House development, the first phase of Faxon Farms, includes a large, three-story, building with 64 units, 21 on each floor and an additional unit for the property manager.

A number of new developments has been built, is under construction or has been permitted in Stow as summarized in Table 11. This cumulative development includes 320 total units, only 14 of which are affordable and are or will be eligible for counting as part of the Subsidized Housing Inventory.

Since single-family homes are so prevalent In Stow, their characteristics and the diversity that exists among them have character-defining importance for the entire Town. New and older 20th Century homes differ somewhat in terms of size, amenities, value and lot size. More recent additions to Stow's detached single-family housing inventory contain an average 2,752 ft^2 of living area, with 4-5 bedrooms and 2.5 or more bathrooms, and they occupy parcels of about 2.12 acres. In contrast, homes built between the wars (1920-1945) average 1,455 ft^2 of living area, 2-3 bedrooms, and lots of about 1.01 acres.

Fig. 7: Ratio of Land to Building Value by Age of Single-Family Homes



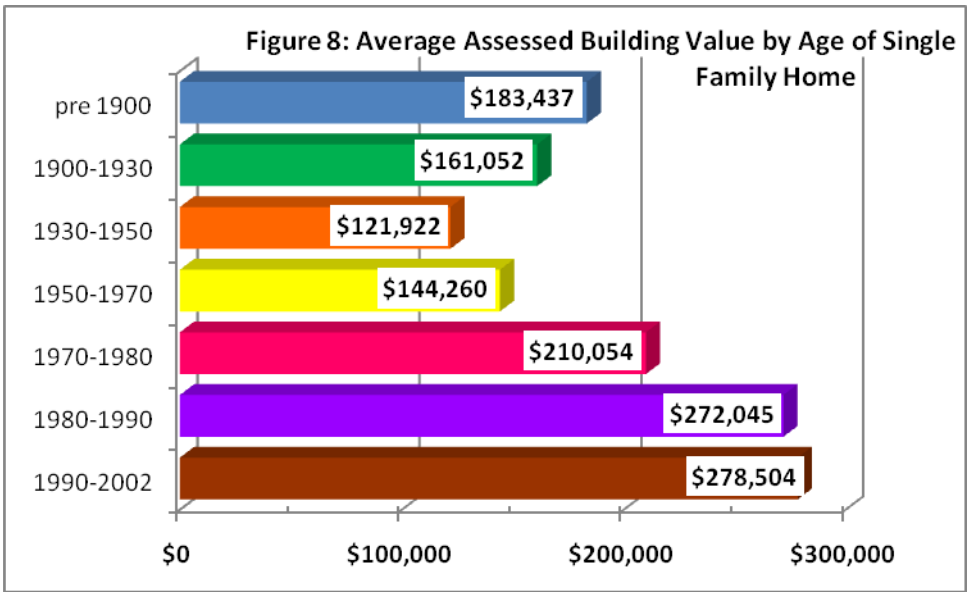
The spread in property values is also significant, but assessments are driven more by the value of land than by the house. The average ratio of land to building value among Stow's oldest homes is 1.13, but for recently built homes it is .86 (see Fig. 7). To some extent, the higher proportional value of land is a surrogate for the larger average lot area (2.5 acres) that typifies historic single-family houses in Stow. However, the more significant difference can be found in the value of the improvements – namely, the home itself. As suggested by Figure 8, the average building value of new homes is 1.5 times that of homes built prior to 1900, but 2.3 times the building value of homes constructed between the wars.

Though the vast majority of single-family residences occupy conventional house lots along the Town's main roadways, Stow has a noteworthy collection of about 41 homes on large tracts of land. Agricultural, forested and recreational open space, accounting for about one-fourth of all land in Stow,[15] typically includes one or more residences and often a business.

[15] For purposes of this description, "open space" refers to land under Chapter 61, 61-A and 61-B agreements in Stow. Collectively, the properties encompass 2,820 acres of land.

In terms of architectural style and use, nearly all of the homes are single-family dwelling units, yet in several ways they differ from other single-family homes.

First, the residence usually intertwines with an operation that depends on an income-producing use of land, e.g., an orchard, a tree farm or a commercial recreation facility. As a result, the acreage associated with each residence usually exceeds the amount of land owned by a typical single-family homeowner. In Stow, the ratio is about 44 acres of land for a farm home to one acre for a conventionally developed home. Second, the property may be a family holding and when controlled by the same family for several generations, it often develops incrementally as small portions are transferred to adult children for their own house lots. Evidence of this practice can be seen in the parcel configuration of some farm and forestry properties in Stow today. Third, the homes on these properties tend to be larger, with an average living area of 2,637 ft^2. They are also older, for the median year built among farm, forest and recreation area homes is 1940 while among standard single-family homes, it is 1970. Occasionally, the remnants of former farms or family estates endure in much smaller holdings that retain more than one residential building, such as a single-family home and a turn-of-the-century carriage house or an apartment in the loft or rear of a barn. Stow has at least 18 of these properties, located mainly in outlying sections of Town as would be expected given their original use. Together, they account for approximately 40 housing units.[16]



The limited inventory of multi-family housing in Stow of 78 properties helps to explain two salient features of the Town: its strikingly low rental vacancy rate of .7%, and the prevalence of single-family homes in the renter-occupied housing inventory.[17] Nearly 40% of all units occupied by tenants were in single-family homes in 2000, located randomly throughout the Town. The remaining units were in older two-, three or four-unit buildings or in two small rental housing developments near Lower Village. About 13% of all renters living in Stow had

[16] Stow Assessor's Office, FY03 Parcel Data; calculations derived by author.

[17] Census 2000, Summary File 3, Table DP-1, Stow.

occupied the same dwelling unit for 20 or more years. Since so much of the Town's rental housing overlaps with the supply of single-family homes, rental units are somewhat larger in Stow than in the state as a whole, though its average renter household size is smaller: 1.94 persons per household locally compared to 2.17 for Massachusetts overall. No new rental units have been built since 2000.

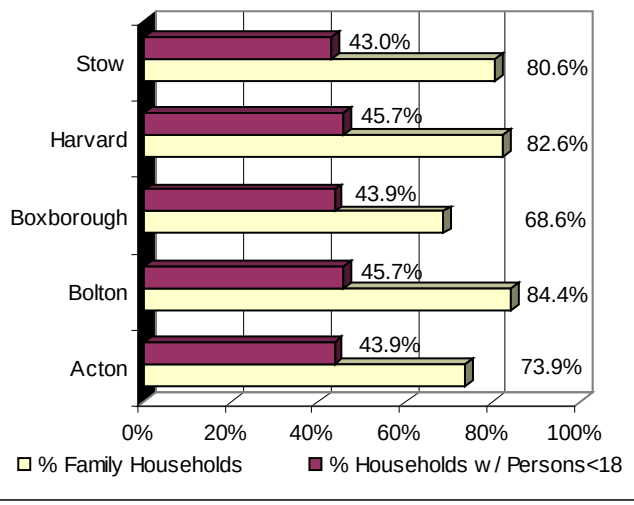
C. Housing Market Conditions

Most of the state's high-growth communities are nestled between Boston's two circumferential highways, Route 128 and I-495, and on Cape Cod and the Islands. Stow is among the "I-495 Corridor" towns that have experienced rapid population change since the mid-1980s, owing to the outward movement of economic growth throughout Eastern Massachusetts. They are small, predominantly family-oriented communities that retain vestiges of their rural past: traditional town centers surrounded by agricultural and scenic open space, with a few satellite village nodes in outlying areas – villages that could never be replicated under the current zoning adopted by virtually all of these towns. Suburbanization has altered their historic development pattern by introducing homes along old, winding roads and, in some towns more than others, by opening the back land to new development with modern subdivisions. Despite the high cost of living in Stow's corner of the Commonwealth, most of these communities have been pressed to house new families at a pace that surpasses the rate of new-home production.

1. Homeownership

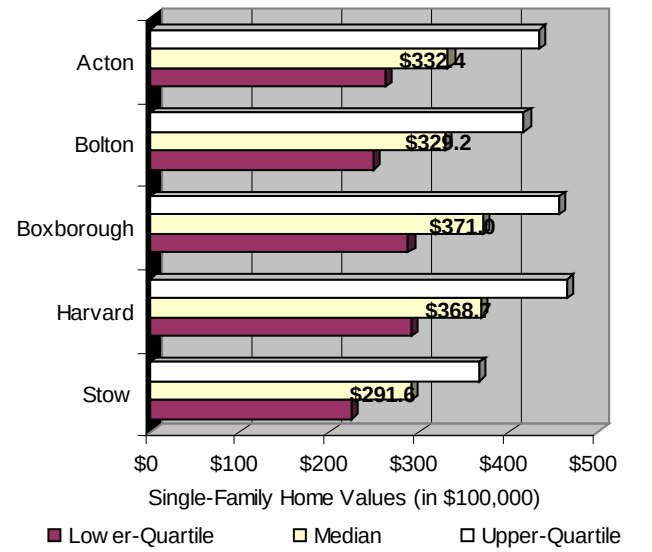
Like natural resources, housing markets do not recognize municipal boundaries. Market choices are made on the basis of household income – what a buyer can afford – and depending on the composition of regional markets, such factors as the quality of public schools, commute distance and convenient highway access narrow the field. Ultimately, homebuyers may investigate homes for sale in a small area, i.e., a cluster of towns that seem more or less equal in terms of their advantages. The preferences of homebuyers, developers and the communities themselves, by the choices they make to zone land, converge to shape housing demand and supply characteristics at local and sub-regional levels.

Fig. 9: Composition of Sub-Region Households



Stow forms a sub-regional market with neighboring Acton, Boxborough, Harvard and Bolton, which attract demographically similar home seekers and offer a comparable range of housing prices, with Stow's on the lower end of the continuum and Boxborough's on the highest (see Figures 9 and 10) based on 2000 census data. Stow's median house price was $291,600 at the time. Updated market information from The Warren Group confirms this market dynamic with Stow remaining on the lower range of the market, with a $390,000 median market price as of the end of March 2009, and Boxborough out-pricing the other communities with a median price of $540,500 as opposed to Acton at $493,500, Harvard at $481,250, and Bolton at $455,000.

Fig. 10: Sub-Region Continuum of Home Values



These communities, however, still share an overlapping supply and demand relationship even though they differ in numerous ways. Together, they bring four qualities to the housing market: a housing inventory unified by spacious single-family homes, scenic open space, high-quality school and town services, and prestige. A majority of their new homebuyers are upper-income families who have, or will have, school-age children.

To some extent, market conditions in Stow and other nearby towns can be traced to a complex weave of federal and state policies: interstate highways that opened once-rural areas to new growth, housing policies that siphoned investment away from cities, and public finance policies that sway municipalities to attract business growth in exchange for the promise of tax revenue. The sub-region's current residents may lament recent rates of population and housing growth, but few people in these communities remember when Boxborough was home to a mere 376 citizens (1930). The completion of Route 2 (1950) caused Acton's population to skyrocket by 168% over the course of two decades, only to increase by another 142% between 1960-1980, the era that produced I-495. Stow, Boxborough and Bolton were similarly affected, and on the eve of the 1980 federal census, all five towns had seen an explosive 20-year period of sustained residential development – a period that produced about 44% of today's owner-occupied housing units, as shown in Table 12.

Table 12: Sub-Regional Age of Housing Stock						
Year Built						
All Housing Units	Acton	Boxboro	STOW	Bolton	Harvard	Sub-Region
1990-2000	916	452	315	395	208	2,286
1980-1989	872	246	277	239	359	1,993
1970-1979	2,141	750	501	277	415	4,084
1960-1969	1,818	207	291	200	259	2,775
1950-1959	881	121	255	60	224	1,541
1940-1949	184	18	107	33	36	378
1939 or earlier	868	112	382	272	394	2,028
Total	7,680	1,906	2,128	1,476	1,895	15,085
% Built 1960-1980	51.5%	50.2%	37.2%	32.3%	35.6%	45.5%
Owner-Occupied Units						
1990-2000	798	445	298	386	188	2,115
1980-1989	632	124	198	220	343	1,517
1970-1979	1396	432	443	261	397	2,929
1960-1969	1453	133	248	178	240	2,252
1950-1959	771	77	206	52	210	1,316
1940-1949	111	18	88	33	19	269
1939 or earlier	539	78	330	200	241	1,388
Total	5700	1307	1811	1330	1638	11,786
% Built 1960-1980	50.0%	43.2%	38.2%	33.0%	38.9%	44.0%
Source: Bureau of the Census, Census 2000, Summary File 3, Tables H-34, H-35.						

Long before the 1990s sparked a new wave of demand for homes throughout the state, the seeds of present-day conflicts about housing were planted in Stow and neighboring towns. Zoning bylaws written to limit growth and protect town character gave rise to a low-density

Table 13: Population, Household and Housing Unit Growth, 1990-2000						
	Acton	Boxboro	STOW	Bolton	Harvard	Sub-Region
Population						
1990	17,872	3,343	5,328	3,134	4,662	34,339
2000	20,331	4,868	5,902	4,148	5,230	40,479
% Change	13.8%	45.6%	10.8%	32.4%	12.2%	17.9%
Households						
1990	6,600	1,363	1,793	1,052	1,573	12,381
2000	7,495	1,853	2,082	1,424	1,808	14,662
% Change	13.6%	36.0%	16.1%	35.4%	14.9%	18.4%
Housing Units						
1990	6,891	1,485	1,853	1,097	1,681	13,007
2000	7,680	1,906	2,128	1,476	1,911	15,101
% Change	11.4%	28.4%	14.8%	34.5%	13.7%	16.1%
Source: Bureau of the Census, 1990 Census of Population and Housing, Census 2000, Summary File 1, Table DP-1.						

development pattern with large single-family homes, making the amount of land consumed per dwelling unit very high, expensive and visible. As the youngest of the "Baby Boomers" began to form new households, they sought suburban housing: most of them had been suburban children, and a large percentage of the state's highest-paying jobs were in suburban locations.

In Massachusetts, the housing pipeline was poorly equipped to handle the resulting demand for homes: the state's 8.7% growth in households between 1990-2000 was met by only a 6% increase in housing units. Table 13 shows that the same trend occurred throughout Stow's market area, for the rate of household growth consistently exceeded the rate of housing unit growth. In three

Table 14: Median Housing Prices

Year	Months	Single-family	Condo (#)	All Sales	# Sales
2009	Jan – Mar	$390,000	$334,000 (11)	$358,000	21
2008	Jan – Dec	462,500	324,916 (38)	398,271	115
2007	Jan – Dec	440,000	419,775 (34)	428,000	117
2006	Jan – Dec	497,500	517,550 (5)	517,425	78
2005	Jan – Dec	493,750	407,000(11)	463,000	134
2004	Jan – Dec	442,500	386,213(8)	470,000	171
2003	Jan – Dec	425,000	248,900 (26)	390,000	162
2002	Jan – Dec	406,173	252,900 (39)	355,000	162
2001	Jan – Dec	375,600	0	375,600	98
2000	Jan – Dec	337,500	437,969 (4)	331,500	113
1999	Jan – Dec	312,250	0	305,000	119
1998	Jan – Dec	264,000	0	255,000	109
1997	Jan – Dec	254,500	0	240,000	137
1996	Jan – Dec	227,500	0	219,500	113
1995	Jan – Dec	212,500	0	207,500	92
1994	Jan – Dec	200,000	0	187,625	116
1993	Jan – Dec	185,170	0	182,000	109
1992	Jan – Dec	186,000	0	184,000	104
1991	Jan – Dec	187,250	0	187,500	84
1990	Jan – Dec	187,000	0	184,000	50
1989	Jan – Dec	240,000	0	217,500	61
1988	Jan – Dec	239,500	0	234,500	100

Source: The Warren Group, May 3, 2009.

of the five communities, the rate of household growth also surpassed the rate of population

growth. Households – not population – create housing demand.

Recent studies indicate that housing supply may not be not keeping up with housing demand and population growth, and the lack of available housing may be contributing to an exodus of young professionals to other areas of the country. For example, a study prepared for the Massachusetts Housing Partnership, a quasi-public state development agency, analyzed economic conditions in more than 200 US metropolitan areas and found that Greater Boston's failure to build enough housing contributed to its sub par job growth in recent years. The study highlighted the need for the region to provide a wide variety of housing to attract and hold on to the diverse workforce it needs to prosper.[18]

Table 14 shows that housing prices have declined considerably during the last several years for both single-family homes and condominiums, largely as a result of a national recession. This decrease in values coupled with declining mortgage interest rates and a federal tax deduction of $8,000 for first-time homebuyers, is making housing much more affordable, in Stow and throughout the region. In addition to substantial fluctuations in home prices, there has been wide variation in the number of sales per year, ranging from a low of 50 sales in 1990 to a high of 171 in 2004.

Stow's extraordinarily low homeownership vacancy rate suggests that properties for sale move quickly and that the level of market demand surpasses the available supply of homes. Throughout the 1990s, the median sale price of single-family homes increased by 71%. Like the neighboring towns in its sub-region, Stow is largely a "buy-up" market: a prestigious community that attracts second-time homebuyers. For most of these people, "buy-up" means a new or larger house that needs little improvement. Occasionally, Stow has offered older, more affordably priced homes that increase significantly in value with investment in renovations, an addition or modernization. For every new single-family home permit issued in Stow during the 1990s, there were 6-7 permits issued for substantial home improvement projects: expansions, second-story additions, and major investments in remodeling.[19] Both new-home construction and re-investment in residential properties have contributed to the increase in Stow's single-family home values since 1999.

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[18] Moscovich, Edward, Recipe for Growth, for the Massachusetts Housing Partnership, December 2008.

[19] Stow Annual Town Reports, 1990-2000. See Reports of Building Inspector. Data compiled by author.

Table 15: Assessed Values of Residential Properties

Assessment	Single-family Dwellings		Condos		Multi-family Dwellings*		Total	
	#	%	#	%	#	%	#	%
0-$199,999	7	3.4	57	29.5	0	0.0	64	2.8
$200,000-$299,999	136	6.7	60	31.1	3	3.8	199	8.6
$300,000-399,999	556	27.3	40	20.1	15	19.2	611	26.5
$400,000-499,999	682	33.5	22	11.4	27	3.5	731	31.7
$500,000-599,999	355	17.4	13	6.7	9	11.5	377	16.3
$600,000-699,999	191	9.4	1	0.5	11	14.1	203	8.8
$700,000-799,999	72	3.5	0	0.0	6	7.7	78	3.4
$800,000-899,999	25	1.2	0	0.0	2	2.6	27	1.2
$900,000-999,999	6	2.9	0	0.0	2	2.6	8	0.4
Over $1 million	6	2.9	0	0.0	3	3.8	9	0.4
Total	2,036	100.0	193	100.0	78	100.0	2,307	100.0

Source: Stow Town Assessor, fiscal year 2009.
*Includes two-family (total of 46 properties), three-family (total of 7 properties), multiple homes on one lot (20 propert properties with 4 to 8 units (3 properties) and properties of more than 8 units (2 properties).

Assessor's data, as presented in Table 15, indicated that based on fiscal year 2009 information, there were 2,036 single-family homes, 193 condominium units, and 78 multi-family properties. More than half of the single-family homes were valued between $300,000 and $500,000 with only seven (7) homes assessed at less than $200,000 with another 136 assessed between $200,000 and $300,000. The median assessment was $437,800.

In regard to condominiums, almost 30% of the units were assessed for less than $200,000, however 45 of these 57 properties were assessed for less than $20,000 as they are not completed and fully assessed. About half of the condos were valued between $200,000 and $300,000, with a median value of $274,800, demonstrating the greater affordability of these units in Stow.

The multi-family dwellings included two- and three-family properties and multiple homes on one lot plus five (5) properties with at least four (4) units, two (2) of which were sizable properties of more than eight (8) units valued for more than $2 million. The values of these properties ranged considerably, however, almost one-quarter of the properties were assessed within the $200,000 to $400,000 range.

Another analysis of housing market data is presented in Table 16, which provides a breakdown of sales data from the Multiple Listing Service for residential properties. Of the 205 properties that have been on the market since the beginning of 2008, including 72 current listings, 19 units

Table 16: Sales Transactions for Residential Properties, January 1, 2008 Through June 2009

Price Range	Current Listings	Under Agreement	Sold Since 1/2008	Total #/%
Under $199,000*	6	1	0	7/3.4
$200,000-299,999	8	3	19	30/14.6
$300,000-399,999	10	6	39	55/26.8
$400,000-499,999	8	4	24	36/17.6
$500,000-599,999	12	1	11	24/11.7
$600,000-699,999	14	2	14	30/14.6
$700,000-799,999	7	2	6	15/7.3
$800,000-899,999	3	0	1	4/2.0
$900,000-999,999	0	0	0	0/0.0
Over $1 million	4	0	0	4/2.0
Total	72	19	114	205/100.0

Source: Multiple Listing Service, June 2009

under agreement and 114 sales, about 44% were priced between $300,000 and $500,000 and another 22% were priced between $500,000 and $700,000, demonstrating still relatively high market values. Seven (7) units were priced below $200,000, however listed right at the top of the range near $200,000, but still affordably priced. Another 30 properties, or 14.6%, were priced between $200,000 and $300,000, still relatively affordable and reasonable targets for any efforts to convert existing housing to long-term affordability through acquisition and resale

The condominium market, while relatively small including 193 units according to Assessor's records, is also pricey with a median value of $334,000 as of the end of March 2009. Recent condo developments include The Villages of Stow under construction with 96 units, including 60 single-family homes and 36 attached townhouse units, have housing prices ranging from $389,900 to $529,900 and appear to be selling well according to realtors. Others include the two (2) Active Adult Neighborhood developments, Arbor Glen and Ridgewood at Stow, each of which includes a total of 66 units, four (4) affordable units in each development. The cash in-lieu of actual units for Arbor Glen was $236,408. The Ridgewood at Stow development has received a three year extension, and the Town will receive $236,408 for the four affordable units

in Ridgewood in 2013.

It should be noted that given the ongoing financial crisis, some households have found it more challenging to obtain financing as banks have had less money to lend and have been exacting more rigorous mortgage terms and conditions. Nevertheless, there has been a considerable decrease in interest rates, now less than 4.5%, down from about 5.5% last year, making housing more affordable, and a resulting flurry of refinancing when homes still have a considerable amount of equity despite recent slides in housing values.

2. Rental Market

The geography of Stow's rental market area differs from its homebuyer area. A prospective renter has fewer choices than homebuyers in Stow because the supply of rental housing is so scarce. In addition, the rental housing inventories in Stow and some nearby towns are comprised largely of many age-restricted units, such as elderly housing owned by housing authorities, private investors or condo associations, which means that portions of the rental inventory are unavailable to a larger market of tenants. As a result, persons seeking rental housing are typically required to search across a larger area than is the case for homebuyers – not only to find a vacant rental unit, but also one they can afford. Furthermore, the needs of prospective tenants vary considerably: young citizens looking to establish their independence; families relocating from other parts of the county, who may want a short-term rental while they search for home to buy; senior citizens who no longer want the burden or expense of homeownership; and households that cannot afford to buy a home or simply prefer to rent. Accordingly, some renters need longer-term living arrangements while others may be tenants for less than a year.

The substantially different circumstances of renters complicate the meaning of "rental housing market," for the demand side is not at all homogenous. As for the supply side, at least four conditions exist in Stow and nine nearby towns with overlapping market characteristics: the supply is small, expensive in relation to renter incomes, older than the supply of homeownership units, and in many cases vulnerable to homeownership conversion.

By policy, Stow and most towns nearby do not encourage multi-family housing development through one or more land use controls, e.g., confining allowed residential uses to detached single-family homes, restricting density to one dwelling unit per acre (or more), or allowing attached housing units at a density high enough to attract some condominium development but not high enough to attract rental development. Given these and other constraints on multi-family housing, it is not surprising to find that single-family homes contribute nearly 20% of all renter-occupied units in the ten-town area, reaching as high as 80% in Bolton.

Moreover, the renter-occupied inventory is generally old. While many of these communities absorbed significant residential growth during the 1990s, rental units constituted only a fraction of the housing pipeline. Throughout the area, 5.5% of all renter-occupied housing was built between 1990 and 2000 while 58% pre-dates 1970.

The ten communities contain a total of about 7,600 rental units, or nearly 21% of their combined housing stock. Together, Acton and Hudson account for more than 50% of these units while

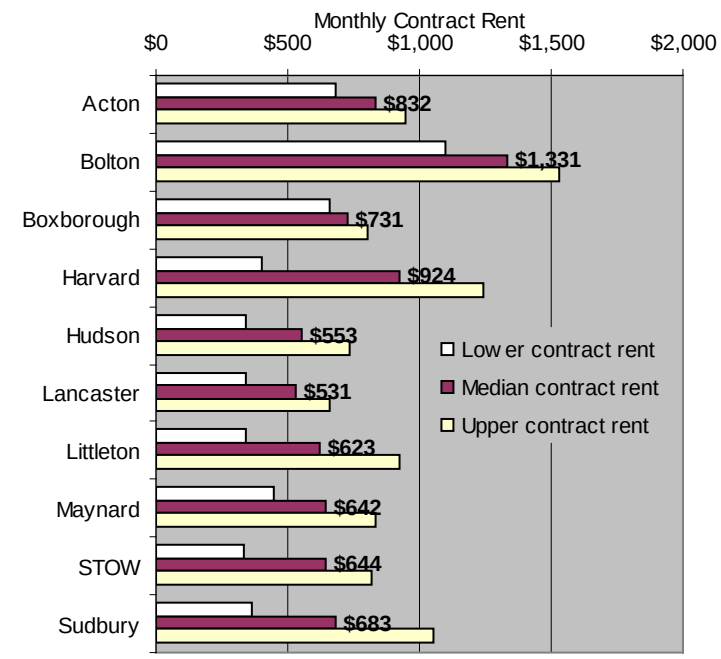
Stow, Harvard and Bolton have less than 8%, yet though they contain 16.5% of the region's owner-occupied homes.[20] Table 17 summarizes basic rental housing characteristics for Stow and other communities in the area.

Table 17: Age and Composition of Study Area's Rental Housing Stock

		Year Built					
	Renter-Occupied Units	1990-2000	1980-1990	1970-1980	Pre-1970	% Single-Family Homes	% Apartment Buildings of 5+ Units
Acton	1,795	83	225	692	795	10.0%	70.3%
Bolton	94	6	0	16	72	80.9%	0.0%
Boxborough	546	7	108	290	141	9.7%	81.1%
Harvard	171	20	7	12	132	57.9%	11.7%
Hudson	2,031	148	353	314	1,216	13.4%	50.9%
Lancaster	431	18	18	42	353	32.3%	29.0%
Littleton	499	29	97	69	304	29.7%	36.7%
Maynard	1,290	16	118	178	978	16.3%	35.6%
STOW	271	17	79	40	135	39.1%	15.5%
Sudbury	444	72	67	68	237	47.7%	30.6%

Source: Census 2000, Summary File 3, Tables H-7, H-32, H-36.

Fig. 11: Range of Rents Paid by Study-Area Tenants

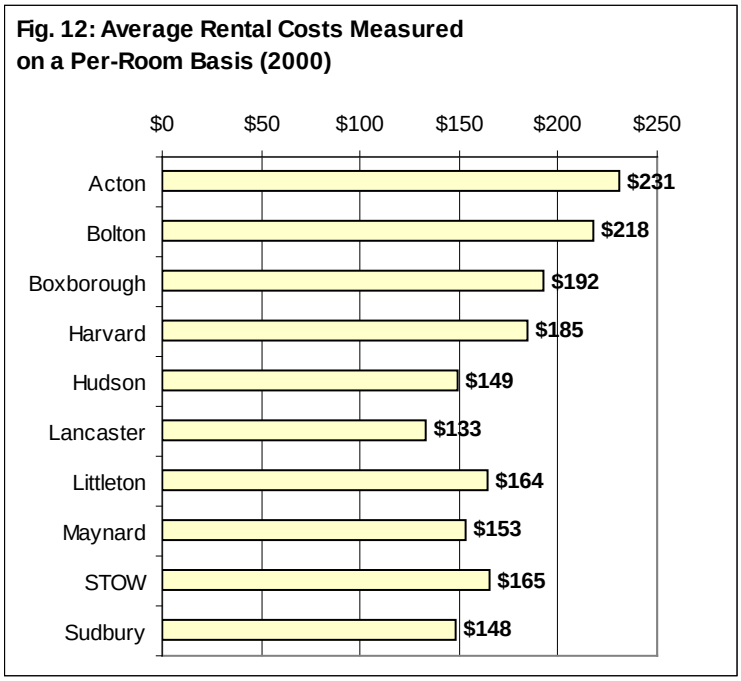


Stow's rental housing inventory consists of about 270 units that were fully occupied when the last federal census was taken in April 2000.[21] The 3.8% rental vacancy rate that existed in Stow a decade ago has been eclipsed by intense market pressure, a condition found throughout the state. Nearly 40% of all renter-occupied units in Stow are single-family homes while a majority of the other units are in two multi-family developments built in the 1980s. Stow also has a small complement of rental units in older mixed-use buildings and two- or three-family homes. The character of Stow's rental housing stock differs quite a bit from that of neighboring Acton, where

[20] Census 2000, Summary File 3, Table H-7.

[21] Of the town's 46 vacant units, only 18 were for sale on April 1, 2000. The remaining vacant units are seasonal or vacation homes and a few were not available for occupancy, i.e., classified by the Census Bureau as "other vacant."

several apartment complexes built between 1960 and 1980 provide 59% of the Town's entire rental housing inventory, or Hudson, which has a mix of apartments from the same era along with a considerable supply of much older rental housing stock, much like Maynard. Nonetheless, the ten-town area provides a continuum of rental housing in terms of type, quality, access to community and transportation services, and price.



Rental units recycle more rapidly than homeownership units, such that in Stow, the median move-in year for tenants was 1997, based on 2000 census data, while for homeowners, it was 1989. Throughout the market study area, renters generally relocate in 24- to 30-month cycles. However, long-term tenancies are found in every community, notably Bolton, where nearly 40% of the town's renters have occupied the same dwelling unit for more than 20 years. In fact, the percentage of long-term renters in Bolton surpassed that of long-term homeowners. Table 18 provides a summary-level profile of renter households in the study area. Renter household circumstances and housing needs differ from town to town, but a seemingly universal condition for tenants in Stow's region is the relatively high cost of housing in relation

Table 18: Household Characteristics of Study-Area Renters

Town	Renter-Occupied Units	% Family Households	Average Size Renter Household	Median Renter Household Income	Median Move-In Year	% Long-Term Tenants[22]
Acton	1,795	38.6%	1.73	$47,259	1998	2.3%
Bolton	94	44.7%	1.70	$44,318	1997	39.4%
Boxborough	546	40.5%	1.71	$52,778	1998	1.1%
Harvard	171	45.6%	2.03	$45,179	1998	11.1%
Hudson	2,031	47.0%	1.93	$32,893	1996	6.4%
Lancaster	431	48.3%	2.18	$41,118	1997	1.9%
Littleton	499	34.1%	1.74	$31,595	1997	4.6%
Maynard	1,290	39.8%	1.89	$30,833	1997	5.4%
STOW	271	54.2%	1.42	$39,632	1996	4.4%
Sudbury	444	52.7%	2.61	$34,583	1997	6.5%

Source: Census 2000, Summary File 3, Tables H-7, H-18, H-34, H-39, HCT-12.

[22] "Long-term tenant" includes tenants who moved into their present apartment prior to 1980.

to income. Measured by monthly rents alone, i.e., excluding utility costs not included in rent, tenants paid anywhere from an average of about $550 per month for units in Hudson and Lancaster to a staggering $1,300 average monthly rent in Bolton in 2000 (see Fig. 11). To some extent, the variation in rental prices reflects the size and type of rental structure, unit sizes, and the percentage of rental housing stock that is subsidized by federal or state sources. In Acton where there is very little subsidized rental housing, contract rents ran an average of $850 for comparatively small apartments, e.g. a median of 3.6 rooms per rental unit. On a price-per-room basis, Acton and Bolton offered the most expensive rental housing and Lancaster, the lowest, with Stow at the mid-point for the ten-town area. These data represent rents as of April 1, 2000, but while rental charges have undoubtedly increased since then, the order-of-magnitude relationship between rents in each community (Fig. 12) has most likely remained fairly comparable.

Prospective renters – those in search of an apartment– face low odds of finding moderately priced housing in Stow's market area. Current rent levels for Stow as of the end of April 2009 were at least $800 for one-bedroom units, $1,000 for two-bedrooms, and $1,500 for three-bedroom units, based on listings as of June 2009. Houses typically cost more, renting for at least $2,000. Market units at Pilot Grove are renting for more, from $1,250 to $1,050 for one-bedroom units, $1,400 for two-bedrooms and $1,650 for three-bedroom apartments.

Table 19: Renter Incomes and Rental Housing Costs

Town	Renter-Occupied Units	Median Renter Household Income	Median Gross Rent	Gross Rent as % Median Income	Vacant Units for Rent	Median Rent for Vacant Units
Acton	1,795	$47,259	$867	22.0%	51	$891
Bolton	94	$44,318	$1,331	36.0%	4	$1,125
Boxboro	546	$52,778	$786	17.9%	20	$856
Harvard	171	$45,179	$964	25.6%	4	$2,000
Hudson	2,031	$32,893	$632	23.1%	20	$1,023
Lancaster	431	$41,118	$609	17.8%	2	$525
Littleton	499	$31,595	$680	25.8%	11	$525
Maynard	1,290	$30,833	$730	28.4%	68	$196
STOW	271	$39,632	$739	22.4%	0	$0
Sudbury	444	$34,583	$756	26.2%	0	$0

Source: Census 2000, Summary File 3, Tables H-7, H-19, H-56, H-60.

In April 2000, there were only 180 vacant apartments for rent in the ten-town region, though none in Stow or neighboring Sudbury. More than 30% of the units were on the market for rents of $1,000 or more per month, with the highest-price units in Acton, Bolton and Harvard and the lowest in Maynard. However, for both existing and soon-to-be renters, the issue is not only monthly rents charged by landlords, but also the added cost of utilities. Depending on the type of housing unit and whether it is subsidized, utility costs add anywhere from $35 to $95 per month to the base rent paid by the region's renter households. Table 19 compares total rental

housing costs to renter incomes, based on 2000 census data, and provides a breakdown of apartments for rent and the median rent asked in each community.

D. Housing Affordability

1. Subsidized Housing Inventory (SHI)

Though Stow has lower-cost homes, they do not meet the definition of an affordable housing unit under state law. In Massachusetts and most states across the country, the term "affordable housing" means homes made affordable to lower-income households by a deed restriction or covenant that restricts sale prices and rents as the units are vacated, sold or leased to new tenants. Stow has 132 units of housing that qualify as "affordable" under Chapter 40B,[23] a law that is highly controversial in most communities because it overrides local zoning regulations that make low- and moderate-income housing economically infeasible to build. The device that overrides local zoning is known as a comprehensive permit.

Enacted in 1969, Chapter 40B establishes a legal presumption of unmet housing needs when less than 10% of a community's year-round housing stock is affordable to households at or below 80% of median family income. Generally, communities that do not meet the 10% threshold must issue a comprehensive permit unless there is an unusual or compelling basis to deny one. Developers, in turn, may ask the state's Housing Appeals Committee (HAC) to overturn a local Zoning Board of Appeals decision. In most cases they negotiate a compromise with town officials, but HAC's less frequent overrides have left a lasting impression on communities and form the basis for most of the opposition from local governments today.

Stow's inventory of low- and moderate-income housing, referred to as the Subsidized Housing Inventory, includes the following:

- *Pilot Grove* – 60 rental units affordable in perpetuity and developed through a comprehensive permit by the Stow Community Housing Corporation in partnership with The Community Builders (The Town recently allocated CPA funding to help refinance the project and extend use restrictions in perpetuity).
- *Plantation Apartments* – 50 rental units affordable through 2025 and developed through a comprehensive permit by the Stow Elderly Housing Corporation, also in partnership with The Community Builders
- *Stow Farms* – 7 units of homeownership housing with affordability restrictions through 2034, also developed through a comprehensive permit
- *Department of Mental Retardation (DMR) Group Homes* – 4 units sponsored by the state Department of Mental Retardation for special needs individuals
- *The Villages at Stow* – 18 affordable units as part of a 96-unit development with affordability restrictions in perpetuity and developed through a comprehensive permit by Habitech Homes LLC. Another 6 affordable units will be constructed in this development.

[23] Department of Housing and Community Development (DHCD), Chapter 40B Subsidized Housing Inventory [database online], available at <http://www.mass.gov/dhcd.html> INTERNET, [updated April 2002; cited April, August 2002].

- *Arbor Glen* – 4 affordable units from an age-restricted homeownership development through the Active Adult Neighborhood (AAN) bylaw with affordability restrictions in perpetuity and developed by Pulte Homes.

The SHI is therefore comprised of 110 rental apartments, including 50 age-restricted units, four (4) special needs units, and 29 homeownership units, four of which are age-restricted. These 143 units equal 6.78% of Stow's year-round housing stock up from 5.55% in 2002 as indicated in Table 20.

An additional four units will be built as affordable and a cash payment in the amount of $236,408 will be made to the Housing Trust in lieu of three (3) additional affordable units at the Ridgewood at Stow AAN development. These additional four units will be eligible for counting in the Subsidized Housing Inventory.

Table 20: Subsidized Housing Inventory, Stow and Regional Communities

	Year-Round Homes	Total Development Units 2001/ Sept. 9, 2008	Chapter 40B Units 2001/ Sept. 9, 2008	% Subsidized 2000 Base2001/ Sept. 9, 2008
Acton	7,645	182/717	158/501	2.07%/6.6%
Bolton	1,472	28/192	14/53	0.95%/3.6%
Boxborough	1,900	48/323	12/268	0.63%/14.1%
Harvard	2,156	33/225	33/69	1.53%/3.2%
Hudson	7,144	497/897	477/726	6.68%/10.2%
Lancaster	2,103	74/192	74/103	3.52%/4.9%
Littleton	3,018	240/420	240/271	7.95%/9.0%
Maynard	4,398	332/355	332/355	7.55%/8.1%
STOW	2,108	135/312	117/143*	5.55%/6.78%*
Sudbury	5,582	250/408	214/268	3.83%/4.8%
Combined	31,944	1,569/4,030	1,457/2,746	4.56%/8.6%

Source: DHCD Chapter 40B Inventory (2002) and September 9, 2008. (*Stow updated to August 2010)

Across the Commonwealth, 9.6% of all houses and apartments meet the statutory definition of "low- and moderate-income housing units," and 55 of the state's 351 communities have produced enough subsidized housing to satisfy the 10% goal, up from 27 in 2002. Though cities top the list for affordable housing production, a number of towns also exceed 10% including Boxborough and Hudson. Table 20 demonstrates that all nearby communities, including Stow, have made significant progress in adding affordable units.

Table 20 also shows that subsidized housing as a percentage of all year-round homes in Stow and neighboring communities varies quite a bit. Across the ten-town region, there are 2,746 affordable units, up from 1,457 in 2002, or 8.6% for the area as a whole. Hudson tops the list for number of Chapter 40B units and Boxborough for percentage of affordable units.

2. Other Measures of Affordability

The legislature's intent in enacting Chapter 40B was to assure a "fair-share" distribution of low-

income housing across the state, but housing policy analysts do not define affordable housing need on the basis of a fixed 10% standard. The national definition of housing affordability assumes that a home is affordable to its owners if their monthly housing costs – a mortgage payment, property taxes, and house insurance – are equal to or less than 30% of their monthly gross income. Similarly, an apartment is considered affordable to tenants if they pay 30% of their gross monthly income, or less, for rent and utilities. Under these criteria, "affordable housing need" exists when households pay more than 30 % of their gross income for housing costs. In housing industry parlance, they are classified as "housing-cost burdened." According to the 2000 federal census data, 23.4% of all homeowners in the Boston metropolitan area and 22.1% in Stow qualify as housing-cost burdened. The condition is more pronounced among renter households, for 36.9% of Boston-area tenants pay more than 30% of their monthly income for rent and utilities, compared to 31.4% in Stow.[24] Table 21 reports the incidence of rental housing cost burden in Stow and other communities nearby, particularly among elderly and renters with very little income.

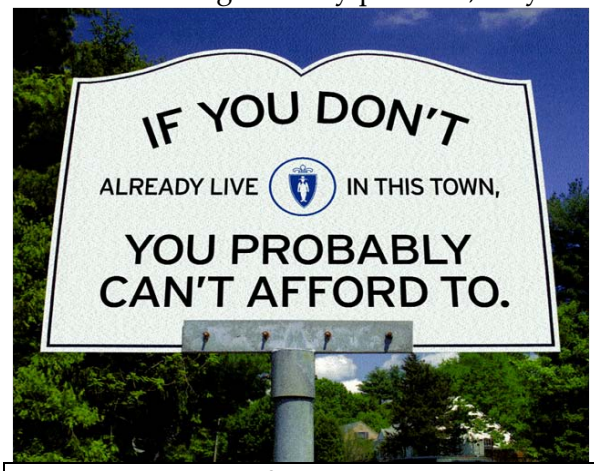


Table 21: Incidence of Rental Housing Cost Burden, Stow and Region

	Renter Households	% Cost Burdened	Elderly Renters	% Cost Burdened	Very Low-Income Renters	% Cost Burdened
Acton	1,795	29.5%	197	46.2%	644	74.1%
Bolton	94	16.9%	10	0.0%	10	0.0%
Boxboro	546	19.7%	14	0.0%	134	64.2%
Harvard	171	30.3%	26	26.9%	79	43.0%
Hudson	2,031	29.5%	465	41.3%	1045	51.8%
Lancaster	431	24.7%	108	30.6%	199	52.8%
Littleton	499	35.5%	151	43.0%	267	57.7%
Maynard	1,290	37.3%	275	42.2%	734	61.2%
STOW	271	31.4%	60	41.7%	121	60.3%
Sudbury	444	41.2%	135	52.6%	224	69.2%

Source: Census 2000, Summary File 3, Tables H-71, H-73.

In a competitive real estate market like Stow's, the cost of housing creates a significant challenge for lower-income households. The measure of "low-income" varies by household size and region. By federal definition, a low- or moderate-income household has annual income equal to or less than 80% of the area median income, adjusted for household size. Each year, the U.S. Department of Housing and Urban Development (HUD) publishes income eligibility guidelines

[24] Census 2000, Summary File 3, Tables DP-4 and H-84.

for various housing assistance programs. The 2000 HUD statistics showed that about 18% of Stow's population was low- or moderate-income – up from 11.5% a decade before.[25]

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development ($24,350 for a family of three for the Boston area) and very low-income is defined as households earning less than 50% of area median income ($40,600 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income ($59,550 for a family of three at the 80% level), and moderate-income from 81% to 100%, and sometimes 120% of median income ($90,200 and $108,240, respectively). The 2009 HUD income limits for the Boston area are included in Table 22.

Table 22: 2009 Targeted Income Levels for Affordable Housing in the Boston Area

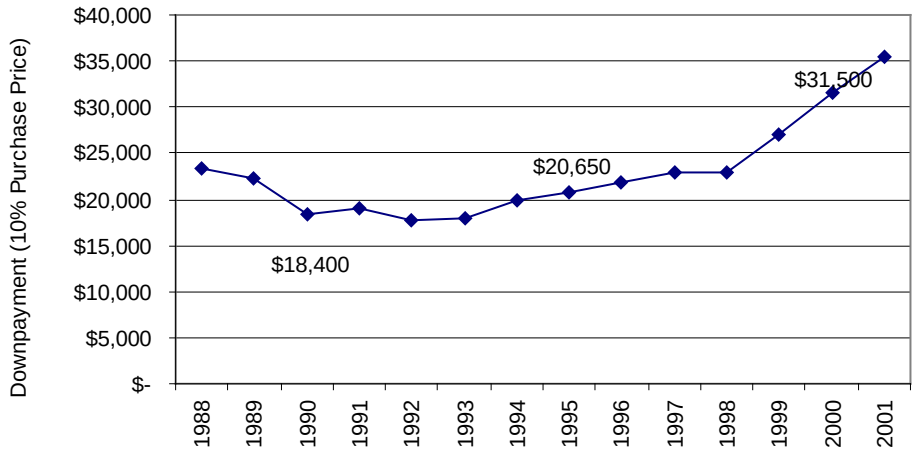
# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	$18,950	$31,550	$46,300
2	21,650	36,100	52,950
3	24,350	40,600	59,550
4	27,050	45,100	66,150
5	29,200	48,700	71,450
6	31,400	52,300	76,750
7	33,550	55,900	82,050
8+	35,700	59,550	87,350
2009 Median Household Income for the Boston PMSA = $90,200			

[25] Standard Census 2000 data tables do not measure low- and moderate-income households. HUD works with the Census Bureau to estimate each community's low- and moderate-income population by cross-tabulating household size and income cohorts. A conservative estimate can be made from the number of households with incomes below the one-person household tier (meaning the lowest tier) in HUD's income guidelines for 2000. In the Boston metro area, 31.6% of all households earned $35,000 or less, and in Stow, 14.4%, as of April 2000. Stow's average household size was 2.82 persons and in 2000, and 17.9% of its households had incomes below HUD's three-person income limit of $45,200 at that time. However, 17.9% exaggerates the percentage of low-income households in Stow because most households with incomes below $45,200 also had fewer than three people and may have also had substantial financial assets.

3. Affordability Gap

Almost everyone in the United States aspires to own a home, and since the 1930s federal housing policies have effectively subsidized homeownership through income tax deductions for mortgage interest and real estate taxes, federal home mortgage insurance, low-interest loans and grants that help moderate-income people transition from renter to homeowner, and more recently federal tax credits for first-time homebuyers of $8,000 (available through December 1, 2009). Often, home-seekers have more resources than a mortgage lender requires, such as equity to invest from the sale of a previous home or a gift or loan from family members. However, households with only minimal savings to put toward a down payment find homebuying more difficult. Those with credit issues face even greater challenges in obtaining a mortgage. However, new mortgage financing options, particularly for first-time homebuyers, have reduced the amount of the anticipated down payment considerably from a decade ago, now more typically at less than 5% as opposed to 10% or even 20%. Fig 13 presents the down payment requirements that were the norm earlier in the decade based on median house prices and without consideration of closing costs that add to the upfront cash requirements.

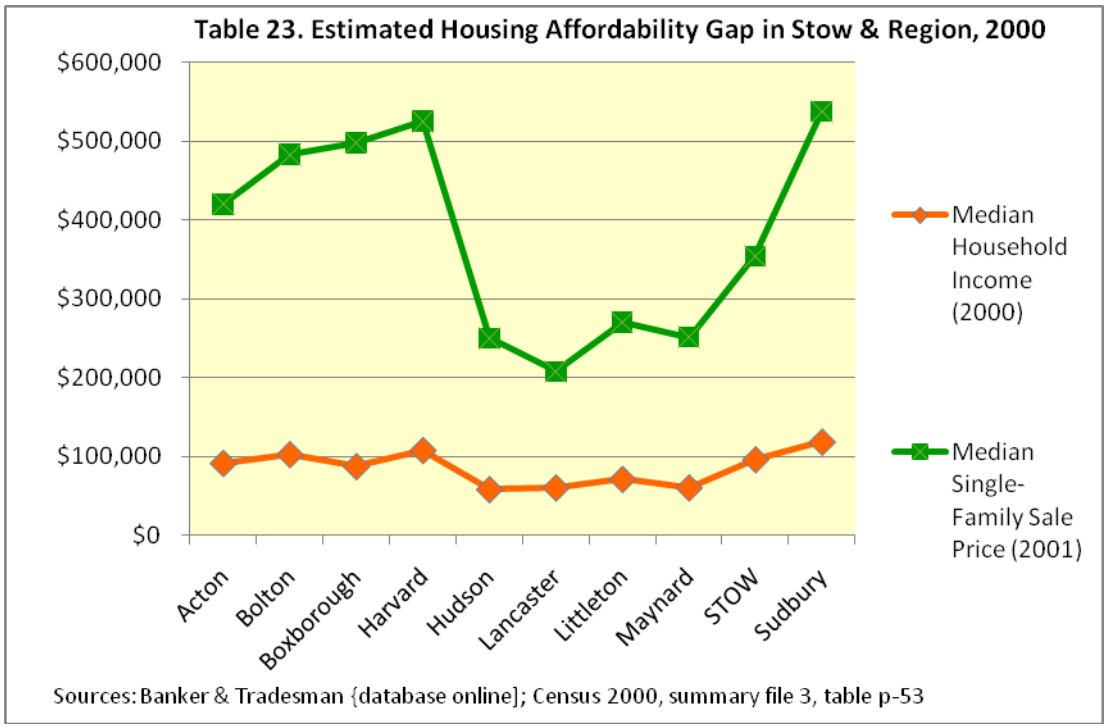
Fig. 13: Savings Required for a 10% Downpayment in Stow
1988-2001



Under conventional loan underwriting standards, homebuyers at Stow's median household income of $96,290 could afford a purchase price of about $299,905 in 2000.[26] For them, the Town's median single-family home sale price of $354,000 (2001) translated into an "affordability gap" of $54,095 – meaning the difference between the sale price and the purchase price they could afford. This sale price of $354,000 was also high enough to preclude 45% of Stow's households, and about 71% of all households throughout the Boston PMSA, at that time from purchasing a house in Town based only on income considerations. Though condominiums sometimes supply a more affordable housing opportunity than single-family homes, in Stow this has not been the case. The Town's median condominium sale price of $463,499 would have been affordable to about 27% of its households at the time.

[26] Purchase price assumes a 10% down payment and a 30-year mortgage at 7.5% interest.

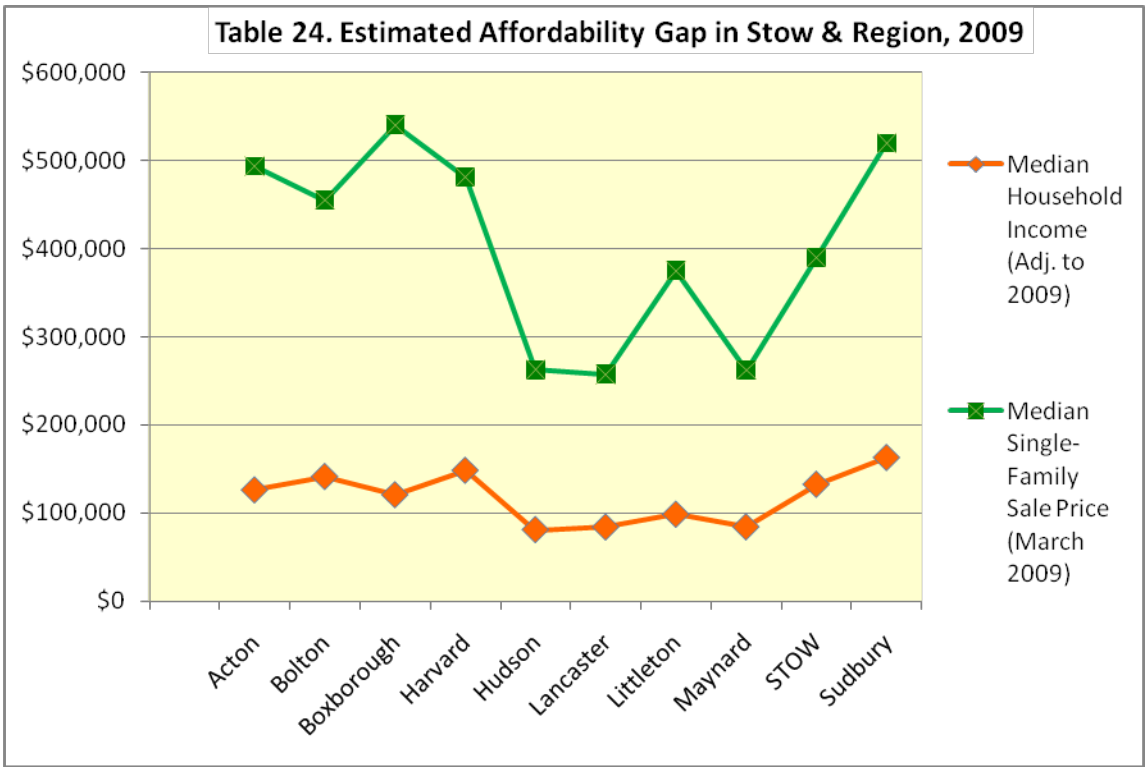
Table 23 estimates the affordability gap at a regional level based on the 2000 median income level and 2001 median sales prices and a 10% down payment, a 30-year fixed-term mortgage and the 7.5% interest rates at that time. The data also suggest that in comparison to other nearby



communities, Stow's slightly lower housing turnover rate during the 1990s may have helped to keep down the pace at which single-family home prices escalated.

Table 24 presents this same regional analysis based on more recent financial information including updated median income and purchase price figures. As such the affordability gaps all but disappear except for Acton and Boxborough.

It is important to note that affordability gaps were considerably greater a couple of years ago when housing prices were at their highest and interest rates were about 6.5%. Consequently, the gaps presented in Table 24 would have been much greater had this analysis taken place in 2005. For example, at that time Stow's median single-family house price was almost $500,000 and it was $737,000 in Sudbury. It is also worth noting that while housing might be more affordable, it is becoming more difficult to secure financing.



E. Residential Development Trends

Like other Massachusetts suburbs, Stow regulates residential land use through zoning policies that encourage single-family homes and typically subject other types of housing to a more complicated system of permitting. Much of the zoning for residential development is because the Town largely relies on private wells and septic systems and homes must meet Title V requirements. About 57% of the Town is zoned for single-family home development, which can occur as-of-right on parcels that meet the minimum lot area requirement of 1.5 acres and the minimum frontage requirement of 200 feet. The Town has attempted to diversify its housing stock and/or promote smart growth development through several provisions of the Zoning Bylaw including:

- Duplexes and accessory apartments are allowed by special permit and by right, respectively, from the Planning Board, both in the Residential District and accessory units in the Compact Business District as well. The duplex bylaw has not been used, however. There are about ten (10) accessory apartments that have received special permits.
- Cluster development, including mixed residential use, known as "Planned Conservation Development" (PCD), may be carried out on parcels of ten (10) or more acres, also by special permit from the Planning Board. According to Stow's Zoning Bylaw, PCDs may include a mix of single-family and multi-family dwelling units, subject to a multi-family cap of 25%. In exchange for providing a substantial amount of protected open space, developers seeking PCD approval are allowed to follow design standards that differ from the requirements for

conventional developments: smaller lots, less frontage, varied setbacks. Several PCDs have been approved, including Brandymeade Circle, Trefry Lane and Derby Woods.

- Age-restricted for sale housing is permitted through an "Active Adult Neighborhood District" bylaw (AAN), which allows such housing development over most of the Town's commercial and industrial districts. The property must be at least 25 acres in size and at least 10% of the units must be affordable to those earning at or below 80% of area median income and an additional 5% should be built to sell to those earning between 80% and 150% of area median. Provisions allow for the off-site development of the affordable units, new construction or the conversion of existing units, the donation of land or buildings by the developer, and cash payments in-lieu of actual units based on the number of required off-site units times 35% of the average sale prices of the new affordable units. Only two such developments are permitted by the bylaw and these have already been approved including Arbor Glen and Ridgewood at Stow.

- Stow also implemented inclusionary zoning that applies to any development of six (6) or more units, requiring that at least 10% of the units be affordable and comply with the state's Local Initiative Program (LIP). The bylaw allows developers to build the requisite number of units off-site as well or pay a fee in-lieu of actual units based on three (3) times 80% of the HUD area median income for a household of four (4). Both single-family and multi-family units are allowed; however, any multi-family units must be compatible in exterior appearance to single-family units, contain no more than four (4) units per building, not exceed 10% of the lots under development and not exceed 100 feet in length. This bylaw has not been used to date as most new, large-scale development was approved prior to adoption, but incorporating a density bonus in exchange for affordability might enhance both their feasibility and attractiveness to developers.

- The Town has adopted a phased development bylaw, limiting the number of units that can be built per year but has exempted affordable housing from these requirements except for large developments that require some phasing.

Regardless of these alternatives, the vast majority of new growth in Stow has consisted of detached single-family homes, and during the last couple of decades, most of them were built on lots that exceeded 1.5 acres.[27] Since 1970, low-density residential development absorbed increasingly larger amounts of the Town's land, as shown in Table 25.

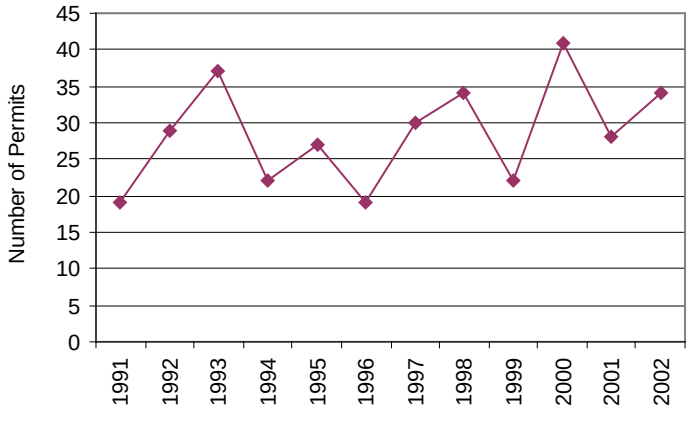
[27] Assessor's Office, FY02 Parcel Data; statistics compiled by author.

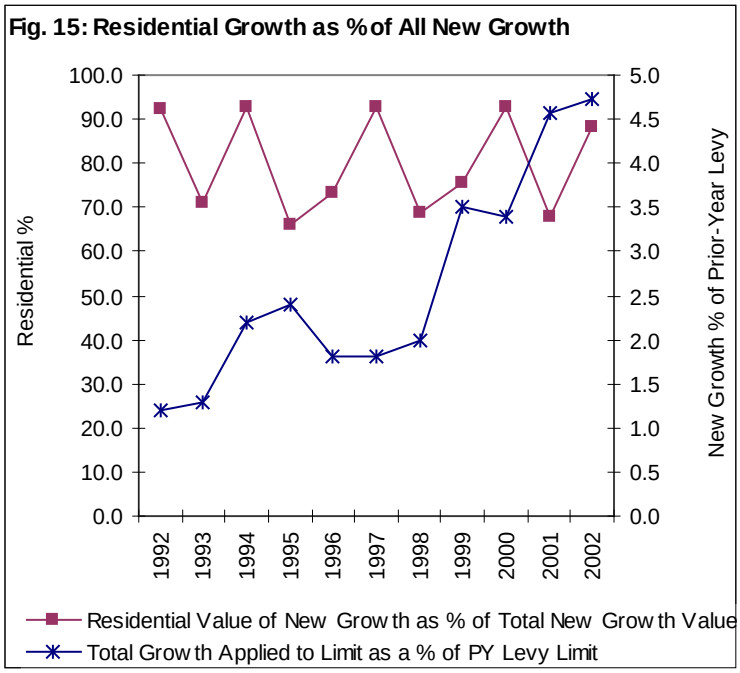
Table 25: Land Use Change in Stow, 1971-99			
	Acres of Land in Use		
	1971	1985	1999
Agricultural Uses	1,363.39	1,152.12	877.73
Forest	6,841.04	6,523.82	6,066.92
Wetlands & Water	928.07	923.10	919.63
Recreation & Other Public Uses	502.65	603.45	737.57
Multi-Family Residential	0.00	3.36	13.71
Single-Family Residential	1,385.55	1,870.72	2,374.36
Commercial	28.25	52.62	60.74
Industrial	11.57	32.64	41.30
Open Land, Mining, Other	468.33	330.69	400.55
Transportation, e.g., highways & ramps	15.51	51.83	51.83
Total Acres	11,544.36	11,544.36	11,544.36
Major Use Categories in Percent			
Agricultural	11.8%	10.0%	7.6%
Forest	59.3%	56.5%	52.6%
Residential	12.0%	16.2%	20.7%
Commercial & Industrial	0.3%	0.7%	0.9%
Source: MassGIS [database online], "lus286ph.dbf," in d-Base format; data conversions and calculations by author.			

Since 1999, approximately another 700 acres have been developed or are under construction for residential use.

Zoning and the market work as mutually reinforcing agents toward a particular development outcome, and this relationship can be seen in Stow. In most cases, the relative ease of developing what Town zoning regulations and Title V allow is a greater incentive than the potential development options (with more efficient land use and better design) available through a Special Permit from the Planning Board. Even when developers use the special permit tools available to them, they typically build to the single-family home market – in part because homes in Stow sell quickly and also because the high cost of land dictates the construction of a large residence that can command a premium sale price. Between 1995-2001, the Stow Planning Board approved 16 subdivisions with a total of 169 house lots and endorsed 30 "Approval Not Required" or ANR plans for 56 lots. Though lot area data are

Fig. 14: Single-Family Building Permits
1991-2002





unavailable for the ANR plans, the subdivisions parcelized 444 acres for an average lot size of 3.3 acres as single-family home neighborhoods, including those which used the PCD provisions of Stow's zoning bylaw.

Between 1991-2001, Stow issued building permits for nearly 310 single-family residences, along with another 34 in 2002 (Fig. 14).[28] Attesting to the impact of high land costs and market preference, the Town's homes that were built from 1997 to 2001 carried a median assessment of $501,800, 75% of which is driven by building value. It is little wonder that residential development contributed so significantly to each year's "new growth" tax levy in Stow, as suggested by Fig. 15.

Since 2001, another 257 units have been built or have received building permits (through April 2009), largely through the Town's PCD provisions, 40B development or Active Adult Neighborhood bylaw. Based on 2009 information, the median single-family home assessment dropped somewhat to $437,800, but still high. Given very recent trends towards declining values, it is likely that assessments will continue to drop through at least the next year or so. However, also given the cyclical nature of the housing market, values will increase again over time.

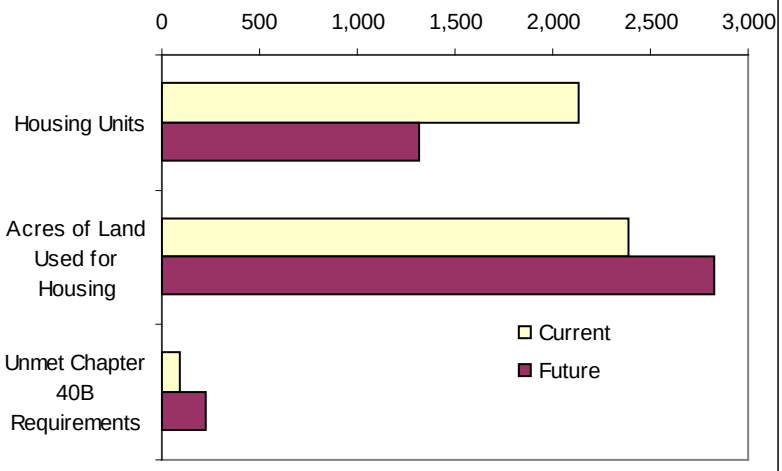
In 2000, the Metropolitan Area Planning Council (MAPC) evaluated Stow's future development potential as part of a statewide program sponsored by the Executive Office of Environmental Affairs (EOEA). MAPC concluded that Stow had about 2,822 acres of developable land in the Residence District and that under current zoning, the land could support as many as 1,319 single-family homes. Ironically, MAPC's build-out estimate would culminate in a reversal of Stow's historic development pattern – a reversal foreshadowed by current land use trends – because the ratio of land consumed per dwelling unit would nearly double, from an average of 1.12 acres by each of today's homes to 2.14 acres by each home built tomorrow, as shown in Fig. 16. As growth continues to spread across outlying parts of Town, Stow seems destined not only to lose the distinguishable quality of its villages but also to extend its propensity for very high residential land costs.

[28] Building permit data for 1991-2001 supplied by Karen Kelleher, Stow Planning Coordinator. For 2002, source: MISER, [database online] "Residential Building Permits Issued January-November 2002," in EXCEL [ytd2002_11.xls].

Though many of the build-out studies include estimates of additional multi-family units and single-family homes, MAPC made no multi-family prediction for Stow because the Town's Zoning Bylaw allows multi-family development only by special permit. Consistent with the build-out methodology that was used across the Commonwealth, MAPC also made no provision for new housing units developed under Chapter 40B. As Stow continues to approve market-rate single-family homes on relatively generous house lots and high-end condominiums such as those on Hickory Lane and Welden Lane or in the Meeting House at Stow, the Town accrues an unmet liability for Chapter 40B units. Using Census 2000 as a base, Stow's low-income housing inventory is 73 units short of the 10% threshold set by Chapter 40B. If the Town were to build out to an additional 1,319 single-family homes with no provision for affordable housing development, the shortfall would increase to 205 units.

To accommodate these 211 units, however, Stow may absorb as many as 844 *additional* homes, i.e., separate from the Town's estimated build-out under current zoning. Chapter 40B requires developments to include at least 25% low- and moderate-income housing units, or at least one affordable unit for every three market-rate units and can be used for both homeownership and rental developments. To encourage rental production, the state allows communities to count as Chapter 40B units *all* of the apartments in a comprehensive permit rental development regardless of whether the apartments rent at low-, moderate- or market-rate levels. For homebuyer developments, Chapter 40B recognizes *only* the affordable units. Since the market-rate homes do not count as Chapter 40B units, they effectively expand the year-round housing base that is used to calculate a community's percentage of Chapter 40B units. The impact of this policy can be seen in Stow's small first-time homeownership development on Elm Ridge Road called Stow Farms: DHCD's Chapter 40B Subsidized Housing Inventory includes the seven (7) first-time homebuyer units, which are subject to an affordable housing deed restriction. The remaining 18 homes are classified as "total development units," not

Fig. 16: Stow's Development Future
Potential Consequences of Current Zoning

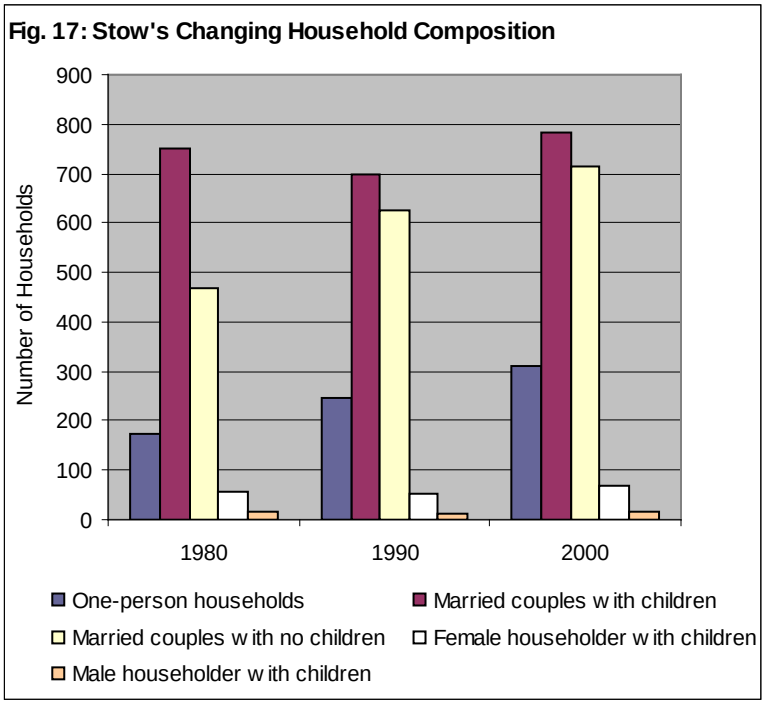


	Unmet Chapter 40B Requirements	Acres of Land Used for Housing	Housing Units
Current	94	2,388	2,128
Future	226	2,822	1,319

Chapter 40B units.[29] If the development involved rentals, all 25 units would be eligible for counting in the Subsidized Housing Inventory.

F. Implications for Housing Needs in Stow

To control the total amount of residential development, the Town relies on private water and septic infrastructure, large-lot zoning and policies that favor single-family homes. Though these techniques have and will continue to limit the number of dwelling units in Town, they create significant challenges to meeting Stow's other housing goals. With so many new single-family residences sized to attract families, it is not surprising that between 1990 and 2000, Stow absorbed a 12% increase in married couples with children – or a 14.2% increase in *all* family households with children.[30] Such trends have likely continued since then given the type of housing that has been built, largely single-family homes (Fig. 17).



Another reason for providing greater housing diversity is the higher rates of growth among one-person households and couples without children – populations that Stow seems ill equipped to house in the long run at present. For example, while the addition of high-end condominium and assisted living units are fiscally beneficial for Stow, they may provide limited benefits to the Town's growing aging population. Housing affordability is a significant issue for senior citizens: the median household income among households headed by persons over 65 is about half the median household income of families headed by persons between 35-44 years of age, yet for the most part, Stow's elderly residents have incomes that exceed the limits for

[29] "Total development units" measures all of the housing units included in approved comprehensive permits. The only units that DHCD considers when calculating a community's percentage of low- and moderate-income housing are those classified as "Chapter 40B units."

[30] The Stow Master Plan (1996) notes similar trends in a comparison of 1980-1990 household statistics *(Stow 2000*, 74). Significantly, the number of married couples with children had declined by 7% between 1980-1990. Census 2000 shows that the number of married couples with children recovered during the 1990s, though not to 1980 proportions. In Stow today, there are 1.1 couples with children for every couple without children – in contrast to 1.6 two decades ago.

subsidized senior housing. As a result, many of them can neither afford the cost of a market condominium in Stow nor qualify for a unit at Plantation Apartments. Stow's Council on Aging in fact echoed this need for more affordable housing options for those seniors who are looking to downsize and reduce housing maintenance needs.

The high incidence of housing cost burden among householders between 45-54 years of age in Stow is also a concern, and it cannot be explained easily by available data. Statistically, this age group divides married couples with children under 18 from married couples with adult children. Despite the Town's continual gain in married couples without children under 18 (which includes couples with no children at all), the sustainability of this trend should be questioned. One-fourth of Stow's 45-54 year old homeowners were housing cost burdened in 2000. Given their foreseeable decline in household income over the next 10 years, it is not at all clear how Stow intends to retain its present generation of middle-aged people.

Another consideration involves housing choice for renters and persons with disabilities. Although the Zoning Bylaw includes a mechanism to develop multi-family housing units (PCD), Stow regulations do not provide for the level of density that could make multi-family rental housing feasible. To some extent, homebuyers choose a town like Stow because it is a good place to live and raise their families. They buy not only a house, but also the Town's ambience: plenty of open space, large residences, attractive country roads and quaint villages that literally cannot be replaced. Stow's zoning is a blueprint for the kind of homes that have been built in Town for many years – housing for homeowners. As evidence of the Zoning Bylaw's inability to attract rental investment, the only recent rental developments in Stow have occurred as a direct result of comprehensive permits. Moreover, except for Plantation Apartments, the Town has no accessible housing. Stow's percentage of persons with severe physical disabilities (3%) may be much lower than that of the region (10%) because the Town has so little suitable housing.

Stow endured a very difficult, contentious comprehensive permit review for The Villages at Stow development. The following spring Town Meeting adopted an "inclusionary" bylaw that obligates developers to provide affordable homes in new developments with six (6) or more units. As a result, Stow has joined a growing number of Massachusetts communities that seek to gain zoning control over the development of affordable housing. Although the Attorney General has approved inclusionary zoning in its present form, the adoption of inclusionary zoning does not shield any community from comprehensive permits. Under current DHCD regulations, an inclusionary zoning bylaw will protect against large comprehensive permit applications only if it and other local housing initiatives actually produce sufficient affordable housing units to meet annual production goals and obtain certification under Housing Production.

The Town of Stow conducted a survey in 2008 to obtain input from residents on what issues are important to them as input into the development of the Master Plan. When asked about their interest in supporting zoning changes to allow somewhat higher density townhouse and condominium development to provide more housing diversity for example, two-thirds responded negatively. Density holds the key to housing affordability, but in Stow and

comparable communities, many residents see density as against their interests and the environment. Depending on market conditionsa, it is generally acknowledged that three (3) to four (4) market units are needed to provide a single affordable one given the need for some economies of scale. In smaller projects, the density may need to exceed the zoning standards and surrounding development densities to be financially feasible. However, this increase in density may be buffered by the lower densities around it so that the net increase area-wide is fairly small. Given the importance of greater housing choice and smart growth development, many communities, especially those with municipal water and treatment plants, consider this a reasonable compromise in balancing the housing/environmental equation.

In larger affordable developments, there may be enough units to make a wastewater treatment system financially feasible. Also, Town and nonprofit sponsored affordable housing or mixed-income development are likely to have other subsidies that reduce the economic need for higher densities, however still typically requiring more than what local zoning allows. There is also no substitute for good design. For example, Faxon Farm, with more than eight (8) units per acre, is acknowledged as an attractive development in Stow.

Finally, Stow does not have effective regulations to preserve its historic mix of single-family homes. Major expansions or alterations to existing homes and demolition-rebuild projects attract new investment to the community. However, as these activities cause older homes to appreciate in value, they also remove lower-cost housing from the market. In fiscal year 2009, there were seven (7) single-family homes in Stow with values below $199,000 – relatively small residences built, on average, between 1945-1950. Another 136 homes were valued between $200,000 and $299,999. Strategies to secure the affordability of these homes may help Stow establish a base of Chapter 40B-eligible units for lower-income homebuyers or renters, avoid the environmental costs of new development, and preserve the range of architectural traditions that pre-date modern conventional subdivisions.

G. Priority Housing Needs

Below is a summary discussion of each major category of housing need and a rationale for their inclusion in the Plan.

1. Rental Housing Needs

Compared to the Boston Metropolitan Statistical Area (Boston PMSA),[31] Stow's inventory of rental housing differs in three noteworthy respects. First, rental units constitute a much lower percentage of all housing units. Second, single-family homes provide a much higher percentage of renter-occupied housing and as a result, many rental opportunities in Stow today are vulnerable to homeownership conversion. Third, virtually all of the housing developed for renters in Stow was built under comprehensive permits and this contributes to an average multi-family rent that is quite a bit lower the average PMSA-wide rent. However, the average rent for single-family homes – a plurality of all rental stock in Stow – was nearly equal to that of single-family homes throughout the PMSA.

[31] The Boston PMSA includes all of Suffolk and Middlesex Counties, most of Norfolk and Essex Counties, portions of Bristol, Plymouth and Worcester Counties, and two towns in NH.

In April 2000, Stow's overall housing vacancy rate of 1.5% was lower than the PMSA's vacancy rate (2.6%), yet unlike the PMSA as a whole, Stow had no vacant rental units.[32] Table 26 presents 2000 census information on the rental housing stock, comparing Stow's inventory to that of the Boston region. Since 2000, no additional rental units have been built and average rents now are higher with minimum rents of about $800 for one-bedroom units, $1,000 for two-bedrooms and $1,500 for three-bedrooms. Houses typically cost more, renting for at least $2,000.

Table 27: Comparison Data—Renter Income and Housing Cost Burden 2000

	Stow		Boston PMSA	
Median Household Income (Total)	$96,290		$55,183	
Median Income Renter Households	$39,632		$35,023	
Ratio Total Median to Renter Median	2.43		1.58	
% Renters < $35,000/year	44.6%		50.0%	
Total Renter-Occupied Units	271		541,719	
Household Income Range		% Cost Burdened		% Cost Burdened
Less than $10,000	30	100%	85,872	62%
$10,000 to $19,999	67	46%	80,313	68%
$20,000 to $34,999	24	50%	104,564	59%
$35,000 to $49,999	54	22%	86,963	25%
$50,000 to $74,999	81	0%	93,114	9%
$75,000 to $99,999	0	N/A	46,165	2%
$100,000 or more	15	0%	44,728	1%

Source: Census 2000, Summary File 3, Tables P53, H73, HCT12.

A number of rental housing barriers exist in Stow, and they help to explain why the Town has a shortage of rental units at all market levels. Stow's lack of public water and sewer service makes developing higher-density housing more difficult and expensive, and density is key to rental housing feasibility. Like most suburbs, Stow requires a special permit for attached or common-wall units to be allowed. As a result, developments that could be built with a packaged treatment facility and thereby comply with Title V are not as easy to develop under Stow's existing zoning. Local regulatory constraints mean that developers look to use Chapter 40B as the vehicle to develop rental housing, a condition that assures controversy because residents and Town officials dislike the loss of local control and the density that comes with comprehensive permits. The same condition makes it extremely difficult to provide rental housing that is affordable to a range of household incomes.

As discussed throughout this Plan, housing affordability has been a concern for many years, but in the past we have typically been concerned about access to housing by residents with very low and low income levels as described by the discussion of Chapter 40B in the preceding

[32] Vacancy rate excludes seasonal and vacation homes.

paragraphs. Many, if not most, local officials associate Chapter 40B's 10% threshold with "housing need". However, it is vitally important to remember that the 10% threshold only determines whether developers are entitled to a streamlined appeal process. Whether Chapter 40B captured a commonly understood meaning of "housing need" in 1969, 10% has very little significance in meeting housing need today. This Housing Production Plan is focused on moving Stow toward the state's affordable housing standard of 10%. However, the Plan also includes some recommendations that would help to meet local housing need.

Chapter 40B is not designed to meet the needs of households that need "below-market" rents, i.e., for households with incomes too high to qualify for a Chapter 40B unit and too low to afford prevailing market rents. Throughout Massachusetts, some of the highest percentages of cost-burdened renters live in suburbs that absorbed new Chapter 40B rental developments during the 1990s.[33] In part, this trend reflects the structure of Chapter 40B rental housing, for new developments typically reserve 25% of the units for low-income renters and make 75% available for "market" occupancy, yet often, the unrestricted units are priced at the high end of the market. Stow's regionally low multi-family rents also attest to developer dependence on comprehensive permits, but for a different reason: all of the units in its two rental developments – Plantation Apartments and Pilot Grove – were built to meet low- and moderate-income housing needs. Regardless, the percentage of low-income renters paying more than 30% of their monthly income on rent and utilities is very high in Stow and throughout the Boston area as indicated in Table 27.

Moreover, rents are high in Stow. For example, market rents at Pilot Grove range from $1,025 for a one-bedroom unit to as high as $1,650 for three-bedrooms. There is also substantial demand for all units at Pilot Grove with vacancy rates below 5% during the last year, averaging 98% occupancy, with the longest unit turnover time of only 48 days. Plantation Apartments has a wait list of 25 applicants, five (5) of whom are from Stow.

Priority Goal 1: As prescribed in the Town's Comprehensive Permit Policy, the Town would benefit from rental units, particularly given the relative scarcity of such units. This Plan suggests that many of the affordable units produced as a result of the Town's housing strategies be rental units. These units should include a mix of sizes, and the target should be to have one-third of all rental units in Town be suitable for the elderly and disabled.

2. Homeownership Needs

Housing units in an approved comprehensive permit development, The Villages at Stow, will help to address existing local and regional needs for moderate-income homeownership units. The development, which is under construction, will include 60 detached single-family homes and 36 attached townhouses. The prices for the market (unrestricted) homes range considerably, from $389,900 to about $530,000, and as such may also help address regional needs for housing that is affordable to middle-income households.

[33] A "cost burdened" household pays more than 30% of its gross monthly income for rent and utilities or the combined cost of a mortgage, taxes and insurance.

As approved by the Zoning Board of Appeals, The Villages at Stow should be very attractive to young families: childless couples, and couples or single parents with children. Though some officials fear a negative fiscal impact on schools, residents at The Villages at Stow will be demographically similar to most households already living in Stow.

It seems reasonably certain that The Villages at Stow will address family housing needs, which leaves Stow with the challenge of addressing housing for senior and young citizens: populations typically inadequately served by the market or existing Chapter 40B activity. Housing cost burden affects younger householders in Stow far more than is the case regionally, as indicated in Table 28, a condition that seems to correlate with the Town's higher proportion of families. While cost burdens do not appear to have been a significant problem for seniors based on 2000 data, housing cost is not the only factor that makes homes attractive to and suitable for elderly occupants and it is not the only barrier for young individuals either. Small housing units in relatively maintenance-free, managed developments meet needs that detached single-family homes cannot.

To help meet this need, Stow approved an "Active Adult Neighborhood Overlay District" bylaw. The Arbor Glen development, built under this zoning bylaw, includes 66 age-restricted

Table 28: Comparison Data – Homeowner Income, Age and Percent Cost Burden

	Stow		Boston PMSA	
Median Household Income (Total)	$96,290		$55,183	
Median Homeowner Income	$101,740		$71,766	
Ratio Total Median to Homeowner Median	0.95		0.77	
Total Owner-Occupied Units	1,699		587,230	
Household Income Range		% Cost Burdened		% Cost Burdened
Less than $10,000	22	63.6%	15,303	78.8%
$10,000 to $19,999	65	81.5%	28,646	73.8%
$20,000 to $34,999	103	40.8%	54,293	45.4%
$35,000 to $49,999	92	32.6%	64,805	42.4%
$50,000 to $74,999	226	45.1%	122,016	26.8%
$75,000 to $99,999	288	31.9%	103,860	11.2%
$100,000 to $149,999	569	5.6%	111,692	5.8%
$150,000 or more	334	3.0%	86,615	1.8%
Age of Homeowner		% Cost Burdened		% Cost Burdened
15-24	17	0.0%	1,753	37.8%
25-34	194	35.1%	55,286	26.4%
35-44	517	25.7%	145,722	25.3%
45-54	453	24.1%	146,585	20.9%
55-64	268	16.8%	97,768	19.8%
65-74	181	11.0%	77,019	24.1%
75+	69	0.0%	63,097	26.9%

Source: Census 2000, Summary File 3, Tables P53, H96, H97, HCT12.

single-family homes, seven (7) of which were required to be affordable, one of which is already included in the Subsidized Housing Inventory. Another three (3) affordable homes will be

built, and additionally the Housing Trust will receive $236,408 as payments in lieu of actual units. The development will also accommodate three (3) middle-income units built on site. The market units range in price from $315,900 to $415,295 and in size from 1,587 to 2,270 square feet. The Ridgewood at Stow development has also been approved under the AAN bylaw and will provide an additional 66 total units under the same conditions approved for Arbor Glen.

Priority Goal 2: Affordable starter housing is still rare in Stow as well as affordable opportunities for seniors to downsize. This Plan suggests that approximately half of the affordable units produced as a result of the Town's housing strategies be for homeownership and also include additional units for those earning above 80% of area median income who are still priced out of the private housing market. The affordable units should include a mix of sizes and 10-15% should be targeted to the elderly and disabled.

3. Special Population Needs

The 2000 census indicates that there were 422 individuals living in Stow that claimed a disability including 50 age 5 to 20, 252 age 21 to 64, of which 62% were employed, and 120 age 65 or older or 25% of those in this age group. The most accessible units are located in the Plantation Apartments development. The first-floor units at Plantation Apartments are most sought after, and vacancies are quickly filled by those already living in the development in second floor units. Five (5) of the development's 50 units are handicapped accessible, and such units turnover rarely.

This information suggests that some accommodation for individuals with special needs should be integrated into the housing stock either through handicapped accessibility or opportunities for supportive services. There were few units in the Subsidized Housing Inventory that included modifications for the handicapped and none with services. The Town does not have any assisted living options for seniors.

Priority Goal 3: Because of the aging of Stow's population, very limited amount of handicapped accessible units, numbers of disabled residents, and extremely limited supply of units with supportive services, this Plan suggests that at least 10% of all affordable units produced as a result of the Town's housing strategies be handicapped accessible, adaptable and/or include supportive services.

H. Challenges to Meeting These Needs

It will be a great challenge for the Town of Stow to create enough affordable housing to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of current constraints to new development (refer to maps at end of Appendices) . A local leader when asked to describe these challenges summarized the situation as follows, "No water, no sewer, no place to put housing, what isn't glacial till is swamp or ledge, no jobs, no buses, no cabs, limited access to highways, not to mention no laundromat. These are examples why it's so hard to build affordable housing in Stow." Additional information on some of these constraints is described below.

1. Infrastructure

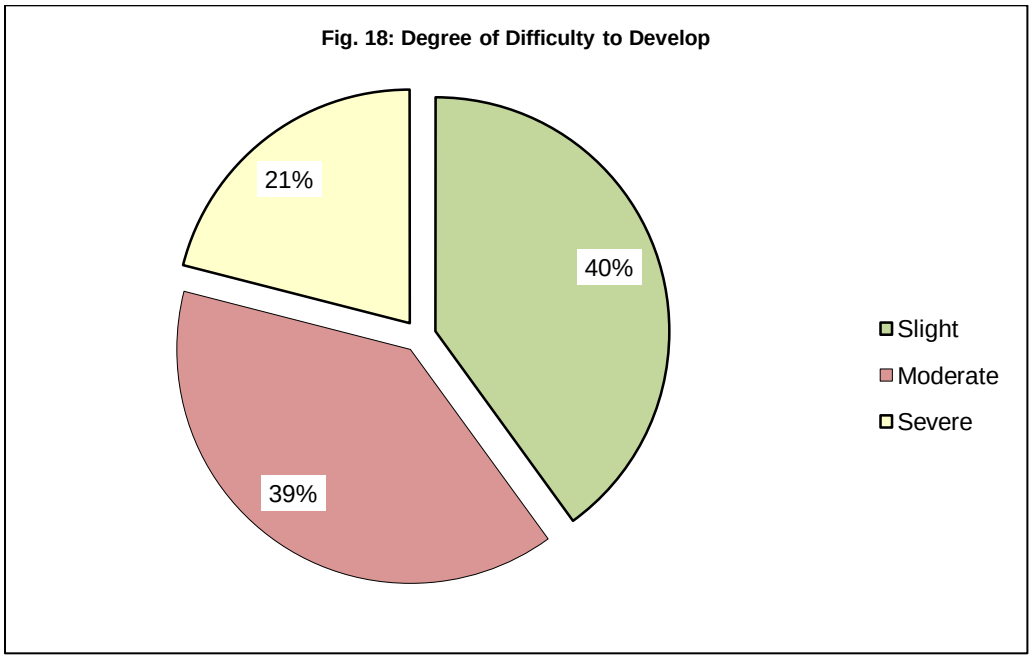
As mentioned earlier, a major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer and water services that raises concern among residents about impacts of any new development on the environment, water supply and quality in particular. Residents must rely solely on on-site septic systems unless special treatment facilities are integrated into the new development, a costly measure that requires a fairly large project to be feasible.

Mitigation Measures: It will be important for any new affordable housing development to address these infrastructure constraints, provision of a water supply, and tertiary treatment plants for septic issues in particular, and ensure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Also, the Town will need to consider accommodating privately owned and operated sewer and water services in some areas of Town where growth could better be directed at some point in the future.

2. Environmental Concerns

The topography of Stow is characterized as hilly with broad valleys and considerable wetlands. Land has been categorized in Town based on how difficult it is to develop based on soil conditions, severe slopes and/or wetlands as presented in Figure 18. This figure shows that almost 80% of Stow's available land area is moderately or severely difficult to develop.

Moreover, Stow is located in the Concord River basin, the Assabet River sub-basin and the Merrimack drainage system. These areas, in addition to the four largest surface water bodies of the Assabet River itself, the Delaney Flood Management Control Project, Lake Boon and Wheeler Pond, represent the most valuable natural resources in Town as they nurture wild life, control flood waters, filter



contaminants out of the water and provide a host of recreational activities. Development is severely constrained in these areas including sizable buffer areas from the water and wetlands where development may not occur.

To further protect these areas, Stow has a considerable amount of land area preserved as open space. The Town owns about 1,000 acres of conservation land. Also, about 50% of the Town's undeveloped land is held in one of the "Chapter" land tax categories that allow property tax reductions in exchange for ongoing forestry, agriculture or recreational use.[34] More than another 1,300 acres are owned by the US Government and the Commonwealth of Massachusetts, representing 9.5% of Stow's land area. About 1,000 of these acres involves land owned by the U.S. Fish and Wildlife Department

Mitigation Measures: Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting accessory apartments, converting existing housing to long-term affordability, developing infill sites in existing neighborhoods, cluster development, and encouraging mixed-use development (see Section III.C.2 and 3 for details on these strategies).

3. Zoning

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. The Town is divided into a number of different Zoning Districts[35], each with its own requirements including one Residential District. As mentioned earlier, the Town has approved an Active Adult Neighborhood Overlay District to allow age-restricted housing under certain conditions in

[34] Land can be removed from Chapter status and be developed with the payment of a specified term (5 to 10 years) of back taxes.

[35] Stow Zoning By-law, Section 2, Establishment of Zoning Districts.

undeveloped commercially or industrially zoned areas. Stow has approved a number of zoning provisions that are described in Section II.D of this Plan including inclusionary zoning, accessory apartments, and cluster zoning.

Mitigation Measures: This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them "friendlier" and more effective in the production of affordable housing and fostering smart growth development. These include investigating the opportunity of incorporating density bonuses for affordable housing in the Planned Conservation Development bylaw, promoting mixed-use development, and allowing more housing options in Stow such as two-family homes or duplexes as-of-right, affordable assisted living units, "cottage housing" or "co-housing" options, and the conversion of older, larger homes to multiple units. (See Section III.C.2).

4. Local Capacity

As described in Section C.1, the Town of Stow is fortunate to have a number of local and regional housing agencies and organizations involved in providing affordable housing. However, because of its small size, the Town does not have a municipal staff person responsible for overseeing affordable housing issues.

Mitigation Measures: This Housing Plan suggests that the Town secure professional support to oversee the implementation of the Plan (see strategy III.C.1.b). Meeting House at Stow and Faxon Farms are good examples.

5. Public Transportation

It should also be noted that Stow's Council on Aging offers free transportation to area seniors, thus promoting independent living for this part of the population. Nevertheless, public transit is extremely limited and largely requires residents have access to automobiles. The 2000 census data indicated that only 17.5% of workers who resided in Stow actually worked within the Town of Stow and that almost all workers commuted by car. The need for a car further increases the cost of living in Stow and presents an additional barrier to those low- and moderate-income residents who are more likely to feel the financial strains of owning and maintaining a car.

Mitigation Measures: The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Housing Plan is to explore higher density, mixed-use development in appropriate locations that has the potential for reducing the reliance on the automobile at least in terms of access to some services (see Section III.C.2.c).

6. Availability of Subsidy Funds

Financial resources to subsidize affordable housing preservation and production as well as rental assistance, have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. Community Preservation funding offers Stow an important resource for

affordable housing production. Nonetheless, the Town will continue to need substantial financial and technical project support from regional, state and federal resources as well.

Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation Funds and its Housing Trust Fund for affordable housing initiatives, and the potential for securing HOME funding from the Metro West HOME Consortium, which will enable the Town to support the production of new affordable units and leverage other public and private funding sources. In an effort to better manage and coordinate funding for affordable housing purposes, this Plan recommends that the Town contract with a housing professional (see strategy III.C.1.b). Moreover, the completion of this Housing Plan, potential certification of the Plan, and additional land use reforms that are included as housing strategies would increase the Town's Commonwealth Capital score and thus make the Town more competitive for a range of state discretionary funding for economic development, infrastructure, transportation and housing (see Appendix 3 for more information on the state's Commonwealth Capital Program).

7. Community Perceptions

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception. On the other hand, with high real estate prices, community perceptions have been tilting towards the realization that workforce housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. For example, a recent survey that was sponsored by the Town indicated that a majority of respondents recognized this need for greater housing choice; however, there was little indication of support for the development of actual new affordable units.

Mitigation Measures: Stow proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section III.C.1.a). It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input. Moreover, this Plan proposes that the Town hold at least annual housing summits to provide opportunities for local leaders to share information about the status of affordable housing initiatives. This will better promote municipal communication and cooperation in the implementation of various strategies as well as encourage local leaders to obtain ongoing training related to affordable housing. Such training is offered annually, one example is the Housing Institute held in June, and on-going workshops offered by DHCD and the MassHousing Partnership.

III. HOUSING ACTION PLAN

A. Property Inventory

The following information represents a work in progress that will be fine-tuned on an ongoing basis in coordination with Town boards and committees.

1. Public Properties

A Land Use Task Force reviewed all Town-owned property in which members of the Housing Trust have participated. The Town of Stow does not have a substantial amount of town-owned property remaining as most of this property has already been restricted or designated for specific purposes other than housing. Nevertheless, some limited opportunities exist and may potentially be suitable for some amount of affordable housing development. Table 29 reflects the preliminary findings of this process.

This Plan includes a strategy to prepare an inventory of potentially suitable parcels, fine-tuning the list by more fully assessing their appropriateness (see strategy III.C.2.f). Additional analysis is warranted for smaller infill sites or larger parcels where both open space and housing might be accommodated through cluster development. The Stow Municipal Affordable Housing Trust (SMAHT) and CPA funding can be used to support environmental testing and analysis to determine feasibility for development.

The Town of Stow may also decide to acquire privately owned sites for the purposes of protecting open space and developing some amount of housing, including affordable housing. Ideally such properties should meet a number of smart growth principals, such as providing higher density or clustered development to preserve open space. Some of the parcels identified in Table 29 have undeveloped adjacent property that might possibly be acquired by the Town to increase the number of units, offer buffers for the development, or even help meet Title V requirements. Moreover, the Town might secure title to properties through the tax foreclosure process and eventually convey them for use as affordable housing through Requests for Proposals (see Section III.C.3 for more details on the development of Town-owned properties).

Table 29: Publicly-owned Properties with Potential for Affordable Housing Development

Parcels	Map #/ Parcel #	Total Parcel Acres/ Buildable Housing Acres*	Estimated # Housing Units/Aff. Units	***Comments***
Town storage parcel at Crescent Street	U10-0140	.75	2/2	Potential for reuse; the rear is steep
Pine Point	U01-0410	1.3/1.3	2/2	Challenging topography

Kane Well Land	U07-0340-0020	28.75/5	20/10	Challenging to access
Pompositticut School site	R09-0920	18/9	40/20	Needs professional wetlands delineation to understand limitations

2. Private Properties

It is also likely that developers may continue to pursue comprehensive permit applications or development through normal regulatory channels, and it will be incumbent on the Town to determine the best approach for negotiating with these developers to guide new development to more appropriately satisfy local needs and requirements. The Town has established a Comprehensive Permit Policy to offer some guidance, which should be revisited and revised (see strategy III.C.1.d). There are also a number of possibilities under discussion for the development of private properties into affordable or mixed-income development including:

- The use of parcels as part or adjoining the Pilot Grove and Plantation Apartments projects currently included in the Subsidized Housing Inventory. Town Meeting approved $1.65 million in CPA funding in November 2009 for these developments and a $150,000 bridge loan for predevelopment work through the Housing Trust.
- The Gleasondale Mill property that includes ten (10) acres and an existing mill building with six (6) acres of upland. This property has septic issues and includes brownfields, so environmental remediation would be required, which is typically easier to access in a development that involves affordable housing. There is also the possibility of adding a vacant adjoining parcel to a development project.
- Whitney Nursing Home is on the market and has the potential for conversion to housing, including some amount of affordable housing. Conversion could be expensive due to renovations that would be required. The parcel may have potential for subdivision, which could provide additional affordable housing
- Properties adjacent to Town-owned sites included in Table 29.

B. Housing Production Goals

The Massachusetts Department of Housing and Community Development (DHCD) has administered the Planned Production Program since December 2002, in accordance with regulations that have enabled cities and towns to prepare and adopt a Production Plan that demonstrated the production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.[36] If DHCD certified that the locality had complied with its annual goals or that it had met two-year

[36] Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

goals, the Town could, through its Zoning Board of Appeals, potentially deny comprehensive permit applications for one or two-years, respectively, based on a number of requirements.

Recently adopted changes to Chapter 40B have established some new rules.[37] For example, Planned Production Plans are now referred to as Housing Production Plans. Moreover, annual goals changed from 0.75% of the community's year-round housing stock, translating into 16 units per year or 32 units over two years for Stow, to 0.50% of its year-round units, meaning that Stow will now have to produce at least 11 affordable units annually to meet production goals through 2010 (21 units for two-year certification). When the 2010 census figures become available in 2011, this number will be somewhat higher given past and projected growth since 2000.

Using the strategies summarized under the Housing Action Plan described in Section C, the Town of Stow has developed a Housing Production Program to chart affordable housing production activity over the next five (5) years as required by the state. The projected goals are presented in Table 30. They are based on a snapshot of the present time and future estimates, and there is likely to be some fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- Given the limited supply of Town-owned land, most affordable housing activity will have to come from private development through the standard regulatory process or the "friendly" comprehensive permit process. The Town will continue to work with private developers to fine-tune proposals to maximize their responsiveness to community interests and, where possible, to increase affordability, perhaps even committing SMAHT and/or CPA funds. The Town's Comprehensive Permit Policy will provide helpful guidance to developers, but should be revisited and revised to make it more current and detailed where possible (see strategy C.1.d)
- On publicly-owned parcels, to the greatest extent possible, at least fifty percent (50%) of the units should be affordable to households earning at or below 80% of area median income and at least another 10% affordable to those earning up to 120% of area median income, depending on project feasibility. Rental projects will also target some households earning at or below 60% of area median income and lower depending upon subsidy program requirements.
- Projections are based on four (4) units per acre given the absence of Town water and sewer services. However, given specific site conditions and financial feasibility, it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers. The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs

[37] Massachusetts General Law Chapter 40B, 760 CMR 56.00.

including families, seniors and other individuals with special needs to offer a wider range of housing options for residents and to the greatest extent possible addressing the priority housing needs and goals included in Section II.F.

The final determination of the use of existing publicly owned parcels for new affordable housing is subject to a more thorough feasibility analysis of site conditions, and in the case of municipally-owned property, Town Meeting approval. If any of the preliminarily identified existing publicly-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met through the acquisition of privately owned properties or private development.

If Stow was to meet all of these production goals, it would come close but still not likely surpass the Chapter 40B 10% within five (5) years given an existing gap of 79 affordable units and a likely increase in the gap of at least 30 units given housing growth since 2000.[38] Moreover, these goals are ambitious, and it is unlikely that the Town will achieve certification every year, which will further delay reaching the 10% threshold. However, if the 67 planned units involved in the expansion of the Pilot Grove and Plantation Apartments are completed, the Town will have almost 200 affordable SHI units and should therefore bring the affordability percentage to about 8.3% affordability within the next five (5) years.

[38] When the 2010 census is released, not likely until at least 2011, the number of year-round housing units should increase to about 2,400 units, bringing the 10% affordability goal close to 240 units and the annual production goal up only somewhat to about 12 units.

Table 30: Stow Housing Production Plan

Strategies by Year	Units < 80% AMI	Units 80%-120%	Market Units	Total Units
Year 1 – 2011[39]				
Issue RFP for 2 rental units on town-owned land	0			0
Subtotal	*0*	*0*	*0*	*0*
Year 2 – 2012				
Group home/special needs rentals	4	0	0	4
Subtotal	*4*	*0*	*0*	*4*
Year 3 – 2013				
Private development – Expansion of Plantation Apts., supportive rental housing for seniors ("friendly" 40B) [39]	37	0	0	37
Rental development on Town-owned land	2	0	0	2
Subtotal	*39*	*0*	*0*	*39*
Year 4 – 2014				
Private development/inclusionary zoning/homeownership	2	0	18	20
Development of Town-owned Property Pine Point/rental	2	0	0	2
Extension of Ridgewood Active Adult Neighborhood Special Permit	4[40]	3	59	66
Private development – Adaptive reuse of Whitney Nursing facility/ senior rental housing with some supportive services ("friendly" 40B)	8	0	0	8
Subtotal	*16*	*3*	*77*	*96*
Year 5 – 2015				
Private development – Expansion of Pilot Grove Apartments, rental for families ("friendly" 40B)	30	0	0	30
Private 40B development/ Homeownership (density bonus for PCD with incentives)	15	5	20	40
Subtotal	*45*	*5*	*20*	*70*
TOTAL	**104**	**8**	**97**	**209**

[39] Friendly 40B pre-development support and investment

[40] Plus fees-in-lieu payment for three (3) additional affordable units

C. Housing Strategies

The following strategies are based on previous plans (including the 2002 Housing Plan and Master Plan), reports, studies, a recent survey, the Housing Needs Assessment and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning and Planning Reforms, Housing Production, and Housing Preservation – and prioritized. As such the Plan starts with organizational issues, moves to regulation, identifies key production strategies to guide new development, and then finally looks at how to preserve the housing in place. Priority A actions are those that will begin within the next two years, most of which will involve some immediate actions. Priority B strategies involve focused attention after the next couple of years. A summary of these Housing Actions is included in Appendix 1.

It is important to understand who currently lives in the community, demographic trends affecting future growth, existing housing stock and future housing needs The HPP must establish a strategic plan for municipal action with regards to housing, based upon a comprehensive housing needs assessment that, at a minimum, examines:

- The most recent available census data of the municipality's demographics and housing stock.
- A projection of future population and housing needs, taking into account regional growth factors, that covers the entire period of the plan.
- Development constraints and limitations on its current and future needs should be clearly articulated.
- The municipality's plans to mitigate such constraints. Can any of the factors be mitigated to support development?
- The capacity of the municipality's infrastructure to accommodate the current population and anticipated future growth, including plans for enlargement or expansion of existing infrastructure systems to ensure that both current and future needs are met.

The strategies reflect the recent changes to state Housing Production requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:[41]

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
    - Promote greater diversity of housing types (see strategy 2.a)
    - Promote mixed-use development (see strategy 2.b)

[41] Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
    - Partner with developers to produce affordable housing units (strategy 3.a which will likely rely on comprehensive permits for development)
    - See "friendly" 40B projects in production goals
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
    - Promote greater diversity of housing types (see strategy 2.a)
    - Modify the Town's Comprehensive Permit Policy (see strategy 1.d)
    - Promote mixed-use development (see strategy 2.b)
    - Encourage infill development, cluster development, adaptive reuse (see strategy 3)
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
    - Partner with developers to produce new affordable housing units (see strategy 3.a)
- *Participation in regional collaborations addressing housing development*
    - Help qualifying homeowners access housing assistance (see strategy 4.c)

It will be important to also insure that affordable units produced through this Plan get counted, to the greatest extent possible, as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not used. In addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are being developed through some local action including:

- *Zoning-based approval, particularly inclusionary zoning provisions and special permits for affordable housing;*
- *Substantial financial assistance from funds raised, appropriated or administered by the city or town; or*
- *Provision of land or buildings that are owned or acquired by the city or town and conveyed at a substantial discount from their fair market value.*

In order to be counted as part of the Subsidized Housing Inventory, the units must meet the following criteria:

- *A result of municipal action or approval;*
- *Sold or rented based on procedures articulated in an affirmative fair marketing and lottery plan approved by DHCD;*

- *Sales prices and rents must be affordable to households earning at or below 80% of area median income; and*
- *Long-term affordability is enforced through affordability restrictions, approved by DHCD.*
- *Additionally, a Subsidized Housing Inventory New Units Request Form must be submitted to DHCD to insure that these units get counted.*
- *Some of the important tasks for insuring that the affordable units, now referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B/LIP include:*
- *Meet with the developer to discuss requirements for insuring that the unit(s) meets the requirements for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).*
- *Contact DHCD to discuss the project and determine affordable purchase prices or rents.*
- *Identify a marketing agent to prepare the Affirmative Fair Housing Marketing Plan, conduct outreach and coordinate the lottery.*
- *Execute a regulatory agreement to further insure long-term affordability between the developer, municipality and DHCD.*
- *Prepare a LIP Local Action Units application submitted by the municipality (chief elected official) that includes an Affirmative Fair Housing Marketing Plan.*
- *Obtain state approval of the Affirmative Marketing Plan and LAU application and implement the Marketing Plan.*
- *Hold at least one information session about the lottery.*
- *Approve applicants for eligibility in the lottery.*
- *Prepare a letter to those eligible for inclusion in the lottery and another to those who do not qualify.*
- *Conduct the lottery.*[42]
- *Work with winning applicants and lenders to secure mortgage commitments for homeownership projects.*
- *Work with winning applicants and the developers to sign leases and occupy their units for rentals.*
- *Obtain the deed rider and Resale Price Certificate from DHCD that requires the mortgage commitment letters, purchase and sale agreements, and contact info for the closing* attorneys for homeownership projects.
- *Work with lenders and the developer to close on the units for homeownership.*

[42] Up to 70% of the affordable units in most developments may potentially be reserved for those who have a connection to the community, "community preference units", including current residents and employees of the municipality or local businesses if the community can demonstrate that such preference is consistent with local need and will not have a discriminatory effect.

- *Submit necessary documentation to DHCD to have the unit counted as part of the Subsidized Housing Inventory.*
- *Annually recertify the continued eligibility of affordable units.*
- *Prepare a Ready Buyers List or Ready Renters List, approved by DHCD, for any resales or upon tenant turnover.*

The proposed staff professional (see strategy 1.b), other designated municipal employee, the Housing Authority or a consultant should be identified to coordinate this work. The affordability restrictions for all units produced through the Local Initiative Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

It should be noted however, that while a major goal of this Plan is to eventually meet the state's 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples include the promotion of accessory apartments or even workforce housing for those earning between 80% and 120% of area median income).

Within the context of these compliance issues, local needs, existing resources, affordability requirements, and the goals listed in Section I.A of this Plan, the following housing strategies are offered for consideration. *It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.*

1. Build Local Capacity

In order to carry out the strategies included in this Housing Production Plan and meet production goals, it will be important for the Town of Stow to build its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – and building local political support, further developing partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production.

It should be mentioned that Stow is fortunate to have a number of local entities in place that have provided important leadership and expertise in the area of affordable housing. For example, the Town approved a *Municipal Affordable Housing Trust* at its 2005 Town Meeting. State-enabling legislation enacted on June 7, 2005, as the Municipal Affordable Housing Trust Fund Act, simplified the process of establishing such funds. Previously, cities could create trusts through their own resolution, but towns had to get approval from the state legislature through a home rule petition. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member

board of trustees, appointed and confirmed by the Board of Selectmen, in the case of towns. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, most trusts opt to dispose of property through a sale or long-term lease to a developer so as to clearly differentiate any affordable housing development project from a public construction project. The Housing Trust will need to work closely with the Community Preservation Committee and other local boards and committees on affordable housing initiatives, providing a vehicle for funding predevelopment and development activities, for conveying Town-owned land for eventual development by a selected developer, and overseeing the implementation of this Housing Production Plan.

The *Stow Elderly Housing Corporation (SEHC)* was established by Town Meeting in 1979 to build housing for the Town's seniors. The organization partnered with The Community Builders on the Plantation Apartments development, which was financed through the federal Section 202 Program with Section 8 rental assistance in 1982 and occupied in 1983. The project includes 50 units of housing for low-income seniors and younger disabled individuals with 48 one-bedroom units and 2, two-bedroom units. The project was recently refinanced and the Community Builders continues to manage the units.

The *Stow Community Housing Corporation (SCHC)* is an offshoot of the Stow Elderly Housing Corporation, formed as a non-profit housing organization that has been active in producing, managing and advocating for affordable housing in Stow since it was formed in 1987. The organization currently owns Plantation Apartments, initially developed by the Stow Elderly Housing Corporation that includes 50 units of rental housing for low-income seniors. It also developed the Pilot Grove Apartments with 60 units of rental housing for families, 37 of which are affordable, initially subsidized through the state's SHARP financing and managed by The Community Builders. The project was recently refinanced, and CPA funds were committed to purchase affordability restrictions in perpetuity.

The *Hudson/Stow Housing Authority* was formed in 1982 and has been administering housing vouchers for the Towns of Hudson and Stow. At this point in time they are only managing one state rental subsidy for Stow, at the Pilot Grove project. The Housing Authority is also serving as a monitoring agent on affordable housing projects to insure compliance with state requirements and continued affordability of affordable units. They are monitoring agent for The Villages at Stow and Stow Farm at this time.

The *Stow Community Preservation Committee (CPC)* has been charged with the oversight of funds to be raised through the Town's passage of the Community Preservation Act. In September of 2000 the Community Preservation Act was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the

Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100%. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

The Town of Stow approved a 3% surcharge on most property taxes paid by residents in May 2001. Stow chose to exempt the first $100,000 of property value, plus an exemption for residential property owned and occupied by low-income residents. Stow's Community Preservation Committee is comprised of nine (9) members and three (3) associate members including representatives of the Planning Board, Historic Commission, Conservation Commission, Recreation Commission, Housing Authority, Open Space Committee, Finance Committee, Council on Aging, and Board of Assessors, all appointed by the Board of Selectmen. Almost $420,000 will be collected from the Town's 3% surcharge in FY 2009, and another $160,000 is expected to come from the state match, totaling approximately $580,000 this year.

Since adoption, Stow Town Meeting has approved the allocation of $2,352,000 in CPA funds for affordable housing projects. Funding allocated to community housing initiatives has included support for the following initiatives:

- $250,000 for Stow's Deed Restriction Program, which has not been implemented because it needs to be revised to address the concerns in the April 2008 DCHD letter.
- $100,000 for the purpose of purchasing affordable restrictions on two properties. This project was part of a larger mixed-use project and due to litigation, the Town not being able to commence with the project.
- $350,000 for the purchase of 37 permanent affordability restrictions on dwelling units at the Pilot Grove Apartments, a 60-unit rental development for families, operated by the Stow Community Housing Corp. The funding helped SCHC refinance the mortgage at a more favorable rate and replace a failed septic system.
- $252,000 for two affordable units as part of a larger, mixed-use project. The project involved Chapter 61 land, and a lawsuit resulted in the Town not being able to commence with the project.
- $9000 in administrative funds for the creation of this Plan, to be in compliance with the latest DHCD rules changes for Chapter 40B.
- $1.75 million for purchasing land and the development of 37 affordable, supportive senior housing units adjacent to the existing 50-unit Plantation Apartments and 30 affordable family rental units adjacent to the existing 60-unit Pilot Grove apartments.

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need. The organization has grown over

the past two decades into one of the largest private homebuilders in the world with almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including Habitat for Humanity of Central Massachusetts, which is the closest affiliate to Stow. These organizations have been able to build new homes for first-time homebuyers through donated land, materials, labor and funding and other special financing strategies. While Habitat has not built a house in Stow yet, the organization is currently exploring some new opportunities in Town, and has engaged in multiple discussions with the Town in the recent past.

Specific actions to help build local capacity to meet Stow's housing needs and production goals are detailed below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda that ultimately will result in new unit production.

1.a Conduct Ongoing Community Outreach

While many residents are aware of escalating housing prices and some are encountering difficulties affording housing in Stow, it is likely that many residents may be weary or not understand what affordable housing is, the demands it may place on municipal services, and how it might change the character of their community. Some even claim that the term "affordable housing" instigates instant negative reactions from some residents. Given these perceptions and misinformation on the subject, it is important for the Town to work on building an active constituency for affordable housing in support of important local initiatives.

On December 10, 2008, the Housing Trust sponsored a special community forum to focus on community needs for affordable housing and invited a representative from the Massachusetts Housing Partnership, a quasi-public state housing agency, to discuss affordable housing opportunities for consideration. The Housing Trust conducted another public forum to present the draft of this updated and augmented Housing Production Plan. This meeting was widely advertised to local leaders and the community. The purpose of the meeting was to get feedback on the Plan's strategies and goals; demonstrate progress that has been made; and explain how the Town can continue to be proactive on this issue to better serve the wide range of local needs and guide new development.

Additional opportunities to engage local leaders and community residents in discussions on affordable housing and to highlight information on the issue are needed to continue to dispel myths and help galvanize local support, political and financial, for new affordable housing production including the following:

- *Forums on specific new initiatives.* As the Town develops new housing initiatives, the sponsoring entity should hold community meetings to insure a broad and transparent presentation on these efforts to other local leaders and residents, providing important information on what is being proposed and opportunities for feedback before local approvals are requested.
- *Annual housing summits.* Most communities lack an effective mechanism for promoting regular communication among relevant Town boards and committees on issues related to affordable housing. Having a forum to share information on current housing issues would

help foster greater communication and coordination among municipal entities involved in housing-related matters. Additionally, inviting community residents can help build community interest, improve communication and garner support. Many communities are sponsoring such events, at least on an annual basis. For example, the Town of Truro organized a panel discussion on housing issues, inviting representatives of other towns on the Cape and organizations involved in affordable housing. Yarmouth held a spaghetti dinner and provided an update on their affordable housing initiatives with opportunities for feedback from local leaders and the public.

- *Public information on existing programs and services.* The Town should get the word out about existing programs and services that support homeownership, property improvements or help reduce the risk of foreclosure including first-time homebuyer and foreclosure prevention counseling.
- *Educational opportunities for board and committee members.* Local boards such as the Community Preservation Committee, Housing Trust, Zoning Board of Appeals, Planning Board and other interested local leaders, as well as members of the Stow Housing Authority, should be able to receive ongoing training on affordable housing issues. Well advised and prepared board and committee members are likely to conduct Town business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation regarding their responsibilities. Moreover, requirements keep changing and local leaders must keep up-to-date. Funding for staff professional development and any designated housing professional (see strategy 1.b), would also help keep key professionals informed and up-to-date on important new developments, best practices and regulations.

The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership conducts at least annually the Massachusetts Housing Institute, which is "an educational program to support municipalities and local participants to better understand the affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices". Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition, also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural "how to" booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

Timeframe: Priority A

Responsible Party: Housing Trust

Resources Required: The donated time of volunteers and staff time from the proposed staff professional (see strategy 1.b), other designated municipal official or a consultant to prepare written materials and staff outreach events.

1.b Secure Professional Support

While most of the strategies that are included in this Plan do not individually involve substantial amounts of staff time from Town officials or donated time from board and committee members, when considered altogether they require a significant time commitment and involve some specialized expertise in planning and housing programs, policy and development. The Town's CPC Coordinator and Planning Coordinator have limited capacity to take on additional work much less all of the staff related tasks included in this Plan.

Various municipalities have handled this need for professional support differently. For example, the Town of Marshfield issued a Request for Proposals for a Housing Coordinator position and hired a full-time person for several years. Currently it splits this position between two consultants. The Town of Grafton has an Assistant Planner to assume many of these housing-related functions. Bedford has a consultant working part-time on overseeing its housing activities and at one time shared this consultant with the Town of Lincoln. Belmont is working with a non-profit development organization located in a nearby community to support its housing activities. Holliston is working with a consultant to implement key initiatives, and at some point in the future is likely to hire a housing professional on at least a part-time basis with CPA funds. Yarmouth has recently hired a part-time consultant to provide needed support. Communities such as Chatham rely heavily on its effective Housing Authority for program support related to affordable housing.

The Housing Trust should present a proposal to the Community Preservation Committee for the funding of a professional staff person or consultant using Community Preservation funding, which ultimately will have to be approved by Town Meeting. This position could be filled at least initially on a part-time basis based on an agreed upon scope of services. This professional would be available to assist with public education (see strategy 1.a); the marketing, lotteries, and monitoring of affordable units; grant writing; outreach to establish partnerships with developers, lenders, funders, etc. to promote affordable housing; and overall coordination of the implementation of this Housing Plan, providing necessary staff support as needed. It should also be noted that other consultants could be brought on as needed to handle specific activities including environmental engineers for predevelopment work, appraisers, surveyors, etc.

Timeframe: Priority A

Responsible Party: Housing Trust and Community Preservation Committee. The Board of Selectmen would need to approve the hiring of any Town employees.

Resources Required: Fees will vary according to what strategies are undertaken and the scope of services. Community Preservation funds could cover the costs associated with this new position as long as all program activities are eligible under CPA. Part-time Housing Specialists tend to earn within the $25,000 to $35,000 range.

1.c Capitalize the Housing Trust Fund

The Town should continue to pursue opportunities to capitalize the Housing Trust to enable the Trust to competitively respond to market opportunities as they arise. Thus far, the Housing Fund has received about $436,209 in funding from a fee in-lieu of actual units through the Arbor

Glen development and anticipates another $436,209 for the other Active Adult Neighborhood Development, Ridgewood at Stow.

Additional funding could be raised from a number of resources including further payments in-lieu of units for the inclusionary zoning bylaw, negotiations with developers, private donations and a regular commitment of each year's CPA revenue to affordable housing, e.g., 10% to 25%, in order to fund local affordable housing initiatives. For example, Scituate recently approved the transfer of $700,000 currently reserved for housing in its Community Preservation Fund to their new Housing Trust Fund. This funding will provide a big boost to Scituate's efforts to begin investing in the implementation of their recently-approved Housing Production Plan. The Grafton Housing Trust receives 10% of the annual CPA allocation but is also encouraged to approach the CPC for additional CPA funding on special initiatives, and other municipalities have done the same. Harwich funnels payments from its cell tower lease to its Affordable Housing Fund and also sold a piece of property, the proceeds of which were dedicated to its Housing Fund. Additionally, the Housing Trust should amend its bylaws to gain the ability to loan funds as a means to leverage its funding.

Timeframe: Priority A

Responsible Party: Housing Trust and Community Preservation Committee (as appropriate)

Resources Required: As much funding as can be raised to build the Trust's capacity to implement this Housing Plan.

1.d Modify the Comprehensive Permit Policy (December 2002).

In December 2002, the Town approved a Comprehensive Permit Policy based on ideas and contributions from the Stow Housing Task Force and the Master Plan Committee. The Policy provides information to developers on the expectations of the Town with respect to comprehensive permit applications including desired outcomes, minimum performance standards and possible trade-offs that the Town might be willing to make in negotiations with developers.

Such a Policy should be a helpful tool for promoting greater cooperation between the Town and private for profit and non-profit developers on affordable housing production while protecting the Town from inappropriate development. Through such a Policy the developer can anticipate greater predictability in what the Town is willing to approve, and the Town should be able to better obtain new affordable units that meet locally established development criteria that help it meet local needs and production goals. It may be helpful to integrate more specific design criteria to also better guide new development and insure that such development is harmonious with the physical character of Stow.

Because this Policy was developed seven years ago, it is time to revisit the document and insure that it is more in line with the housing needs, production goals and strategies included in this Housing Plan and state guidelines that have changed significantly since then. There are other models of such Housing Guidelines or Policies that can also be referred to, including elements that might be adapted to Stow (e.g., Acton, Dennis, Grafton).

Timeframe: Priority A

Responsible Party: Housing Trust, Planning Board and Zoning Board of Appeals. It may be practical to form an ad hoc taskforce to modify the Policy including representatives from the Planning Board, Zoning Board of Appeals, Housing Trust, Board of Health, etc. The Board of Selectmen approves the resulting policy.

Resources Required: Volunteer time from various Town boards and committees with potential support from the proposed professional staff person (see strategy 1.b) or a consultant, both eligible for CPA funding.

1.e Negotiate Fees from Developers for Peer Review on Comprehensive Permit Projects

Request that developers pay a reasonable fee to the Town for peer review services when the Zoning Board of Appeals receives a comprehensive permit application. Peer review consultants retained by and reporting directly to the Zoning Board of Appeals will most likely be perceived as independent and neutral.

The Town should always retain a qualified consultant to analyze the development pro forma. The purpose of Chapter 40B is to remove regulatory barriers to low- and moderate-income housing development. Developers may seek relief from local regulations that make affordable housing uneconomic to build, but they are not entitled to relief that exceeds what is required to make a project feasible. In turn, the Town must be clear about its expectations for comprehensive permit developments. For example, it is almost always possible to reduce the density of a proposed development by increasing housing sale prices to the maximum that is theoretically affordable to a moderate-income household. However, if Stow wants to provide housing for a mix of incomes, increasing the sale price of homes in order to reduce density would seem to conflict with that goal. If lower density is more important than sale price and income targets, then a pro forma analysis will help the Town negotiate successfully toward that end. In addition, an analysis by a qualified consultant will be crucial to Stow's credibility in a Housing Appeals Committee (HAC) proceeding.

The Town should also retain a registered architect and landscape architect to review the proposed site plan and elevations. Design quality and compatibility will be crucial to the success of affordable housing endeavors in Stow. Emphasizing aesthetics and site planning principles is as important as controlling density.

Timeframe: Priority A

Responsible Party: Zoning Board of Appeals

Resources Required: Donated time of members of the Zoning Board of Appeals.

2. Make Zoning and Planning Reforms

Housing production is contingent not only on actual development projects but on the planning and regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, some greater flexibility will be needed in the Town's Zoning Bylaw, and new provisions, in tandem with good planning practices, will be

required to capture more affordable units, direct growth to the most appropriate locations, and expeditiously move development forward to completion.

Stow's Zoning Bylaw includes minimum area and dimensional requirements that in most cases are typically not conducive to affordable housing, particularly the minimum lot size of 65,340 square feet and minimum lot frontages of 200 feet in the Residential and Compact Business Districts. This creates the likely need for regulatory relief for many residential developments that include affordable units, possibly through the "friendly" comprehensive permit process that overrides local zoning. Zoning reforms can better promote and guide new residential development. However, it is recognized that flexibility in zoning may be limited, as most housing requires private wells and septic systems.

The Town of Stow should consider the following planning, regulatory and zoning-related strategies to encourage the creation of additional affordable units. These actions can be considered as tools in a toolbox that the community will have available to promote new housing opportunities, each applied to particular circumstances and providing a powerful group of resources when available in combination.

2.a Explore the Modification of the Existing Planned Conservation Development (PCD) Bylaw

Stow's Zoning Bylaw includes a Planned Conservation Development (PCD) bylaw that permits a reduction of lot dimensional requirements and clustered developments with considerable open space for passive or active recreational space. Such provisions promote a "smarter" and more compact type of development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space. A number of developments have used this bylaw, with clusters of housing scattered throughout the community.

The bylaw incorporates the requirements of the inclusionary zoning bylaw for affordable housing. The Town should investigate the opportunity of density bonuses for the integration of some amount of affordable housing and workforce housing into the bylaw and reduce some of the limits on multi-family dwelling types as well. More incentivized density bonuses and affordability requirements should encourage mixed-income development and better support project feasibility. The Town could also consider giving density bonuses for other public benefits as well such as increasing open space, adding walking trails, and preserving scenic vistas.

Timeframe: Priority B

Responsible Party: Planning Board

Resources Required: The Planning Board should coordinate this effort with other appropriate local officials, drafting the zoning amendment and coordinating the necessary approvals towards implementation.

2.b Promote Mixed-Use Development

In other similarly-sized communities, mixed-use has been used, placing second-story residential units above retail or office space. Stow's Zoning Bylaw does not allow mixed-use development;

however, the Town's Comprehensive Permit Policy and Master Plan explicitly state that the village design concept is an important one and strongly endorses affordable housing in established village areas. It should be noted that The Village at Stow development incorporates a commercial component with the new residential units, and there is additional precedence for some mixed commercial and residential uses in a number of older properties along Route 117.

The Planning Board should explore bylaws for promoting mixed residential and commercial uses in the Lower Village and Gleasondale areas and prepare a zoning amendment that best meets Stow's needs. Such an approach of creating special village zoning districts for mixed-uses would place density in appropriate locations, encourage vitality, and place development away from existing open space.

This bylaw, as with any zoning amendment, would be submitted to Town Meeting for approval. In fact, Stow received a Priority Development Fund (PDF) grant from the state with Bedford to prepare such a bylaw, which reflected visual preference studies and input from public meetings. When the bylaw was presented to the public, it received substantial opposition from the Lower Village residents and consequently was not approved.

The Town should revisit this bylaw and make appropriate changes. It will be important to focus efforts on community education to promote community support and ultimately approval of the bylaw at Town Meeting. Some professional support from the state might be helpful in this regard. It should be noted, however, that the Town's lack of sewer services significantly constrains density unless special treatment facilities are available. At some point in the future the Town might consider adding sewer services to its village centers to better promote the vitality of these areas and foster "smart growth" principles.

Another option would be for the Town to augment its Comprehensive Permit Policy to include design guidelines on mixed-use development and process acceptable mixed-use development projects through the "friendly" 40B process as established under the state's Local Initiative Program (LIP). Moreover, the Lower Village has a number of small lots with many individual small businesses, and the Planning Board may be able to move forward in a more limited way in the near future.

Timeframe: Priority B

Responsible Party: Planning Board

Resources Required: In addition to the donated time of the Planning Board, this strategy will likely require staff time from the proposed professional staff person (see strategy 1.b) and/or potential input from a consultant, the costs of which can be covered by CPA funding. Additional state support and guidance on a community education campaign would also be extremely helpful.

2.c Promote Greater Diversity of Permitted Housing Types

The current Zoning Bylaw allows the construction of alternatives to large lot, single-family houses under limited conditions. These conditions should be broadened to diversify housing options, including more types of housing in more areas, accompanied by design guidelines

where appropriate. New housing development has almost exclusively been directed to luxury housing, typically barring access to none but the most affluent and leaving those who are even earning at median income virtually shutout of the private housing market. While market conditions have softened somewhat, housing prices remain high, particularly prices related to new development. Offering density bonuses for affordable housing and allowing a wider range of housing types will result in public benefits associated with broader private development options and more opportunities for affordable units. Proposed changes to the current bylaw for consideration and possible further exploration include:

- Explore the creation of an overlay district for the development of assisted living units for Stow's growing population of seniors, integrating affordable units.
- Facilitate single-family to multi-unit conversions for large residences built prior to 1950, such as allowing up to three (3) units by right, subject to a site plan and design review by the Planning Board and an affordable housing use restriction for at least one (1) unit and allowing up to four (4) units by special permit from the Planning Board, including site plan and design review, subject to an affordable housing use restriction for at least one (1) unit.
- Create an Overlay District with incentives to allow the development of "cottage housing" or "co-housing", a popular development style on the West Coast that features small, single-family cottages clustered on a single lot around a small common green, typically with some shared facilities. Such development might also accommodate several income tiers including affordable, workforce (for those earning above 80% of area median income but within 100% or 120% of area median), and market units.
- Allow two-family homes or duplexes as-of-right or in exchange for affordable units.

Timeframe: Priority B

Responsible Party: Planning Board with input from the Housing Trust

Resources Required: This strategy requires zoning amendments that will need to be overseen by the Planning Board. The changes may be drafted by a consultant and paid through grants or CPA funding.

2.d Create an Inventory of Properties Potentially Suitable for Affordable Housing

This Housing Plan includes a preliminary list of potential public sites that may be suitable for the development of housing, including some amount of affordable housing (see Section III.A). A more comprehensive review of existing properties would be helpful to determine future opportunities for creating affordable housing in Stow and meeting the production goals included in this Housing Plan.

The Town's Land Use Task Force reviewed municipally owned properties and made some preliminary judgments concerning their limitations and appropriateness for various uses. The Housing Trust should more fully review the inventory of Town-owned property and determine which parcels, if any, might be appropriate for affordable housing or a mix of uses with affordable housing integrated into another municipal use or open space preservation. Moreover, as recommended in the 2002 Housing Plan, affordable housing should be integrated

into the Town's Open Space and Recreation Plan by identifying lands of conservation interest that would be suitable candidates for a mixed-income limited development project if the sites were acquired as open space. Other communities, such as Carlisle and Boxford, have acquired properties with CPA funding for a mixed of uses, including affordable housing, athletic fields and open space, for example.

After some initial environmental testing and other preliminary feasibility analyses (the costs of which can be covered by CPA funds), the Town would declare any identified municipally-owned parcels as surplus and convey to the Housing Trust following Town Meeting approval. The Trust would then follow the basic process outlined in strategy 3.a, eventually conveying individual parcels to a developer based on prescribed terms and conditions for the development of affordable housing or mixed-income housing. The Town should also consider what privately held properties might be suitable for affordable housing and work with existing owners to develop or acquire[43]. Opportunities for acquiring additional property through the tax foreclosure process should not be overlooked as well.

Timeframe: Priority A

Responsible Parties: Housing Trust

Resources Required: Donated time of various Town boards and committees, including the Housing Trust, and the potential involvement of the proposed professional staff person, another municipal official or a consultant to provide support.

1. <u>Partner with Developers to Produce New Affordable Housing Units</u>

The Town of Stow, through its Housing Trust and Planning Board, should continue to work cooperatively with developers of affordable housing, including non-profit developers and private developers that have established impressive track-records in producing housing, to offer greater housing choices for area residents. The Town would welcome proposed projects of such scope and attractiveness that comply in general with its Comprehensive Development Policy (see strategy 1d) and meet the Town's priority housing needs (see Section II.G). The Town, in turn, can be an active partner throughout the development process through the following key activities:

3.a Identify Suitable Property for Development

The contribution or "bargain sale" of land owned by the Town or other public entities but not essential for government purposes is a component of production goals. This Plan includes a list of potential parcels that might be developed to include affordable housing (see Section III.A of this Plan for the list of properties under preliminary consideration); however, the Land Use Task Force has identified only a couple parcels of municipal land that would be appropriate for the creation of limited units of affordable housing.

This Plan also includes a strategy to review current holdings and determine what, if any, properties (land or buildings) might be suitable for some amount of affordable housing (see strategy 2.f). Final determination of the use of these parcels for affordable housing is subject to

[43] Acquisition could occur directly through the proposed Housing Trust or through in collaboration with a developer.

a more thorough feasibility analysis of site conditions, and Town Meeting approval is required for the conveyance of Town-owned properties. The Town should then prepare and issue a Request for Proposals (RFP) for developers that includes project guidelines (e.g., approximate size, density, ownership vs. rental, target market/income mix, level of affordability, design issues, community preference criteria, siting, financing available, ownership and management, other stipulations) and selection criteria. It will also be important for the Town to meet with the state's Department of Housing and Community Development (DHCD) at this juncture or even before to discuss the project and obtain their early input into project financing options.

Timeframe: Priority B

Responsible Parties: Board of Selectmen with input from the Housing Trust

Resources Required: Donated time of various Town boards and committees, including the Housing Trust, and the potential involvement of the proposed professional staff person, another municipal official or a consultant to provide support.

3.b Offer Predevelopment Funding

As mentioned previously, it is useful to do some due diligence to insure that the development will be feasible, particularly given site conditions. The Housing Trust can apply for CPA funding to undertake important environmental testing and maybe even some early design work or financial feasibility analyses. Sometimes title issues need to be resolved as well. Many communities use CPA funding to support this type of predevelopment work as input into the RFP process mentioned above. Typically, the more information developers have in responding to RFP's, the better the proposals.

It is important to note that the November 2009 Town Meeting approved $1.75 million in CPA funds for the Stow Community Housing Corporation's (SCHC) efforts to expand its Pilot Grove and Plantation Apartments developments to include a total of 67 units, 30 at Pilot Grove and 37 at Plantation Apartments. The Housing Trust is also considering an additional $150,000 in predevelopment financing to be offered as a grant.

Timeframe: Priority A

Responsible Parties: Housing Trust/Community Preservation Committee

Resources Required: CPA funding or Housing Trust Funds. Also, donated time of the Housing Trust and the potential involvement of the proposed professional staff person, another municipal official or a consultant to coordinate necessary logistics to hire necessary professionals to conduct this predevelopment work.

3.c Support Permitting through Advocacy

Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the selected developer may be able to obtain this relief through normal channels, if community support is likely, or use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP), for example. The designated developer is responsible for obtaining regulatory approvals, however, the Housing Trust can be extremely helpful in lending local advocacy support through the regulatory approval process.

Timeframe: Priority A

Responsible Parties: Housing Trust

Resources Required: Donated time of Housing Trust members and the potential involvement of the proposed professional staff person or another municipal official.

3.d Provide Gap Financing to Leverage Project Financing

The designated developer will ultimately be responsible for obtaining project financing, including both public and private sources. Support from the Board of Selectmen and Housing Trust will be important, and letters of support from them both will be critical in applying for subsidies where needed. Local funding that demonstrates the community's continued investment in the project sends a strong signal to funders, making the project more competitive. Such funding, typically CPA money in the case of small towns, often provides the last "gap filler" to make projects feasible and the key leverage to secure necessary financing. It should be noted that most competitive state funding programs strongly urge that regulatory approvals be in place before funding applications are submitted. The developer and Town representatives should also meet with DHCD to discuss progress and once again obtain input on development options and financing prior to applying for funding.

Another potential resource that the Town might access is HOME funding.[44] Because Stow is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town would need to join a consortium of other smaller towns and cities to receive annual funding or apply directly to the state on a project by project basis. The closest consortium is the one based in Newton. Funding in the Newton consortium is divided by formula with a set amount designated for each participating locality to commit within two (2) years and expend within five (5) years. In order to qualify to be a part of the Newton consortium municipalities must be geographically contiguous to another participating locality. Because Sudbury has joined the Consortium it would provide the essential land bridge for Stow. Most of the towns participating in the Newton HOME Consortium have used the funds to support first-time homebuyer programs.

In addition to serving proactively in these key activities, the Town can promote certain housing types and smart growth development through zoning and active interaction with property owners and developers to identify development opportunities such as accessory apartments (see strategy 2.a), the conversion of existing housing into long-term affordability (see strategy

[44] HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to produce rental housing; provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties; offer tenant-based rental assistance (two-year subsidies); and assist first-time homebuyers.

4.a), cluster development with affordable units (see strategy 2.c), adaptive reuse (see Section III.A), mixed-use development (see strategy 2.c), and new scattered infill sites as well.[45]

Timeframe: Priority A

Responsible Parties: Housing Trust and Community Preservation Committee

Resources Required: Continued donated time of committee members and time from the Town's CPC Coordinator and proposed professional staff person (see strategy 1.b) in addition to CPA funds, possible Housing Trust Funds, and the donation of Town-owned parcels for a nominal price.

2. <u>Preserve Existing Housing</u>

Housing production is critical, but the Town also needs to be concerned that it does not lose the affordability of its more existing affordable, yet unsubsidized, housing as well as those units included in its Subsidized Housing Inventory to the greatest extent possible. Also by providing assistance to residents on how to access important affordable housing programs and services will help enable lower income residents to remain in the community and improve existing properties.

4.a Monitor and Maintain the Affordability of Subsidized Housing Inventory

Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units may be in jeopardy in many communities in the future. Stow's existing Subsidized Housing Inventory includes a number of projects where affordability restrictions are currently projected to expire in the future including:

- The 50 rental units at Plantation Apartments with affordability restrictions, due to expire in 2025
- The seven (7) homeownership units at Stow Farms, due to expire in 2034

Consequently as many as 57 units might be lost to the existing Subsidized Housing Inventory. However, these units will not have their affordability in jeopardy for many years to come, and it would be unlikely that the owner of Plantation Apartments, the Stow Elderly Housing Corporation, would be unwilling to refinance and extend affordability.

It is important to insure that affordable housing units remain a part of the Town's Subsidized Housing Inventory for as long a period of time as possible. While expiration dates are still in the future, developers can typically prepay their mortgages after a certain amount of time and at that point can chose to convert affordable units to market ones. The Town should monitor the SHI and intervene if necessary and feasible to maintain the units as affordable through the

[45] The town of Stow is interested in promoting new housing on small lots scattered through existing villages and neighborhoods in an effort to have new affordable units blend into the fabric of the community where possible. Development models like Habitat for Humanity's new homes would fit in very well with this development strategy.

courts or through purchase and refinancing if necessary. In fact, the Housing Trust already has an attorney reviewing the affordability restrictions for Stow Farms. The Town also committed $39,000 in CPA funding to make the Pilot Grove apartment units permanently affordable as part of a refinancing package.

Timeframe: Priority B

Responsible Party: Housing Trust

Resources Required: Some volunteer time from the Housing Trust to make the necessary inquiries and monitor the status of existing affordable units with potential support from the proposed professional staff person (strategy 1.b).

4.b Help Qualifying Residents Access Housing Assistance

Despite a sluggish housing market, high housing costs are still creating problems for lower income residents. For example, renters continue to confront difficulties finding safe and decent rental units. Owners, including seniors living on fixed incomes, are finding it increasingly challenging to afford the costs associated with rising taxes, energy costs, insurance and home improvements, and increasingly some may be faced with foreclosure. Additionally, some seniors and those with special needs require handicapped adaptations and repairs to help them remain in their homes. Stow residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues.

There are a number of programs and services that are available to Stow residents that can provide important assistance. For example, Worcester Community Housing Resources, Inc. (WCHR) is a private, non-profit organization whose mission is to help create and preserve affordable housing and to initiative and support neighborhood revitalization in the Greater Worcester area. The organization has a Community Loan Fund that provides below market loans to individuals or other organizations who have the potential to provide affordable housing and small business opportunities. Within certain guidelines, the loan amount, terms and conditions can be negotiated and tailored to the particular use and applicant. WCHR, in cooperation with the NeighborWorks HomeOwnership Center of Worcester, provides an array of homebuyer and homeowner services including one-to-one counseling, multi-family opportunities, mortgage application assistance, first-time homebuyer training, and post-purchase workshops. Home improvement loans are also offered with loan amounts between $2,500 and $25,000 at flexible interest rates and terms of up to 15 years.

Assistance is also being provided by the South Middlesex Opportunity Council, Inc. (SMOC), a private, non-profit organization that serves as the area's community action agency and regional housing agency, providing a wide range of programs and services for the greater Metro West and Blackstone Valley areas. The corporation's goal has been to improve the quality of life for low-income people by working with the communities they serve to affect social, individual and family change. Programs include day care and preschool education, employment training and placement, housing, addiction, mental health, women's protective services, nutrition, energy and weatherization, legal services, services for the elderly, emergency shelter, as well as community organizing around health care, housing, rising energy costs and banking services.

As the regional housing agency, SMOC provides housing and community services to low- and moderate-income individuals and families including rental assistance programs, loan programs to support home modifications to improve access for the disabled, deleading, and weatherization improvements. Financial assistance is also provided to subsidize the costs of fuel, water and sewer costs to qualifying households.

In 1986, SMOC created a subsidiary non-profit development organization, South Middlesex Non-Profit Housing Corporation, to preserve, improve and develop new housing choices for low- and moderate-income residents, integrating supportive services when appropriate. The Housing Corporation not only develops but owns and manages the agency's real estate as well, both residential and commercial properties, including 600 units ranging from emergency shelters, special needs housing, sober housing, transitional housing for individuals and families, affordable single and family rentals, and first-time homeownership opportunities.

The available home repair programs provide needed assistance, helping seniors and others with special needs remain independent in their homes; however, these programs do not typically include the necessary requirements to enable properties to be included in the SHI. There are also counseling programs available to help renters prepare for homeownership and to assist existing residents in preventing foreclosure.

The state, through MassHousing, also operates a number of housing improvement programs, which are summarized in Appendix 3.

Through the community educational campaign recommended in strategy 1.a, important information on rental assistance, education and counseling services and housing improvement resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Council on Aging and Housing Authority, should provide the necessary education and referrals to programs sponsored by the Stow Housing Authority, SMOC, MassHousing and others.

Timeframe: Priority B

Responsible Party: Housing Authority and Council on Aging

Resources Required: Donated time of volunteers or some limited staff time from the Council on Aging and Stow Housing Authority.

APPENDIX 1
Summary of Housing Strategies

Strategy	Priority*	Lead Entity**
Build Local Capacity to Promote Affordable Housing		
Conduct ongoing community outreach	A	HT
Secure professional support	A	HT/CPC (BOS)
Capitalize Housing Trust	A	HT/CPC
Modify Comprehensive Permit Policy	A	HT/PB/ZBA (BOS)
Negotiate fees for peer review of 40Bs	A	ZBA
Make Zoning and Planning Reforms		
Modify PCD bylaw	B	PB
Promote mixed-use development	B	PB
Permit greater diversity of housing types	B	PB/HT
Create property inventory for affordable housing	A	HT
Partner with Developers to Produce New Affordable Housing		
Provide suitable public property	B	BOS/HT
Offer predevelopment funding	A	HT/CPC
Support permitting with advocacy	A	HT
Provide gap financing	A	HT/CPC
Preserve Existing Housing		
Monitor and maintain SHI	B	HT
Help qualifying residents access housing assistance	B	HA/COA

***Priority Actions**
Priority A actions are those that will begin within the next two years, most of which will involve some immediate actions. Priority B strategies involve focused attention after the next couple of years.

**** Abbreviations**
HT – Stow Municipal Affordable Housing Trust
BOS – Stow Board of Selectmen
PB – Stow Planning Board
CPC – Stow Community Preservation Committee
ZBA – Stow Zoning Board of Appeals
HA – Stow/Hudson Housing Authority
COA – Stow Council on Aging

APPENDIX 2

Glossary of Housing Terms

Affordable Housing

A subjective term, but as used in this Plan, refers to housing available to a household earning no more than 80% of area median income at a cost that is no more than 30% of total household income.

Area Median Income (AMI)

The estimated median income, adjusted for family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs. Sometimes referred to as "MFI" or median family income.

Chapter 40B

The state's comprehensive permit law, enacted in 1969, established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

Chapter 44B

The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds' fees.

Comprehensive Permit

Expedited permitting process for developers building affordable housing under Chapter 40B "anti-snob zoning" law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers.

Department of Housing and Community Development (DHCD)

DHCD is the state's lead agency for housing and community development programs and policy. It oversees state-funded public housing, administers rental assistance programs, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing.

Fair Housing Act

Federal legislation, first enacted in 1968, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. It prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

Inclusionary Zoning

A zoning ordinance or bylaw that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

Infill Development

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development, which in turn allows undeveloped land to remain open and green.

Local Initiative Program (LIP)

A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

Metropolitan Statistical Area (MSA)

The term is also used for CMSAs (consolidated metropolitan statistical areas) and PMSAs (primary metropolitan statistical areas) that are geographic units used for defining urban areas that are based largely on commuting patterns. The federal Office of Management and Budget defines these areas for statistical purposes only, but many federal agencies use them for programmatic purposes, including allocating federal funds and determining program eligibility. HUD uses MSAs as its basis for setting income guidelines and fair market rents.

Mixed-Income Housing Development

Development that includes housing for various income levels.

Mixed-Use Development

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Overlay Zoning

A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

Regional Non-Profit Housing Organizations

Regional non-profit organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with DHCD. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8 vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities. The South Middlesex Opportunity Council (SMOC) serves as Stow's regional non-profit organization.

Regional Planning Agencies (RPAs)

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies and planning agencies, the RPAs serve in an advisory capacity only. The Metropolitan Area Planning Council (MAPC) serves as Stow's regional planning agency.

Request for Proposals (RFP)

A process for soliciting applications for funding when funds are awarded competitively or soliciting proposals from developers as an alternative to lowest-bidder competitive bidding.

Section 8

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

Smart Growth

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Subsidy

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often referred to as the "layering" of subsidies, in order to make a project feasible. In the state's Local Initiative Program (LIP), DHCD's technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, "internal subsidies" refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to "cross subsidize" the affordable ones.

Subsidized Housing Inventory (SHI)

This is the official list of units, by municipality, that count toward a community's 10% goal as prescribed by Chapter 40B comprehensive permit law.

U.S. Department of Housing and Urban Development (HUD)

The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.

APPENDIX 3

Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state, particularly outside of cities. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for "comprehensive permits" submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Only one application is submitted to the ZBA instead of separate permit applications that are typically required by a number of local departments as part of the normal development process. Here the ZBA takes the lead and consults with the other relevant departments (e.g., building department, planning department, highway department, fire department, sanitation department, etc.) on a single application. The Conservation Commission retains jurisdiction under the Wetlands Protection Act and Department of Environmental Protection, the Building Inspector applies the state building code, and the Board of Health enforces Title V.

For a development to qualify under Chapter 40B, it must meet all of the following requirements:

- Must be part of a "subsidized" development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the U.S. Department of Housing and Urban Development.
- Restrictions must run for minimum of 30 years or longer for new construction or for a minimum of 15 years or longer for rehabilitation. Alternatively, the project can provide 20% of the units to households below 50% of area median income. Now new homeownership must have deed restrictions that extend in perpetuity.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met[46]:

- The community has met the "statutory minima" by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community's land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community's land area.
- The community has made "recent progress" adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Housing Production.
- The application is for a "large project" that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A "related application" for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA's decision to the state's Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.[47] Recently approved regulations add a new requirement that ZBA's provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

Applicants wishing to appeal the ZBA decision based on appeal-proof grounds must notify the ZBA and DHCD in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, DHCD will review materials from the ZBA and applicant and issue a decision within 30days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA's position). Either the ZBA or application can appeal DHCD's decision by filing an interlocutory appeal with the Housing appeals Committee (HAC) within 20 days of receiving DHCD's decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these "appeal-proof" grounds.

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[46] Section 56.03 of the new Chapter 40B regulations.

[47] Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

Recent changes to Chapter 40B also address when a community can count a unit as eligible for inclusion in the SHI including:

- 40R

Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.

- Certificate of Occupancy

Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued with 18 months.

- Large Phased Projects

If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

- Projects with Expired Use Restrictions

Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.

- Biennial Municipal Reporting

Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined per requirements under the state's Local Initiative Program.

While there are ongoing discussions regarding how the state should count the affordable units for the purpose of determining whether a community has met the 10% goal, in a rental project if the subsidy applies to the entire project, all units are counted towards the state standard. For homeownership projects, only the units made affordable to those households earning within 80% of median income can be attributed to the affordable housing inventory.

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local Board of Selectmen for a 30-day comment period. The Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a

project eligibility letter. Alternatively, a developer may approach the Board of Selectmen for their endorsement of the project, and they can make a joint application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

Recent changes to 40B regulations expand the items a subsidizing agency must consider when determining site eligibility including:

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.
- If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant request otherwise. New 40B regulations provide greater detail on this re-determination process. Additionally, challenges to project eligibility determinations can only be made on the grounds that there has been a substantial change to the project that affects project eligibility requirements and leaves resolution of the challenge to the subsidizing agency.

The next stage in the comprehensive permit process is the application phase including pre-hearing activities such as adopting rules before the application is submitted, setting a reasonable filing fee, providing for technical "peer review" fees, establishing a process for selecting technical consultants, and setting forth minimum application submission requirements. Failure to open a public hearing within 30 days of filing an application can result in constructive approval. The public hearing is the most critical part of the whole application process. Here is the chance for the Zoning Board of Appeals' consultants to analyze existing site conditions, advise the ZBA on the capacity of the site to handle the proposed type of development, and to recommend alternative development designs. Here is where the ZBA gets the advice of experts on unfamiliar matters – called peer review. Consistency of the project with local needs is the central principal in the review process.

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project

"uneconomic". The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

New Chapter 40B regulations now add a number of requirements related to the hearing process that include:

- The hearing must be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that there rules are consistent with Chapter 40B.
- Local boards cannot impose "unreasonable or unnecessary" time or cost burdens on an applicant and bans requiring an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lack minimum required qualifications.
- Specify and limit the circumstances under which ZBA's can review pro formas.
- Zoning waivers are only required under "as of right" requirements, not from special permit requirements.
- Forbids ZBA's from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units that the minimum threshold required by DHCD guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic

if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

After the public hearing is closed, the ZBA must set-aside at least two sessions for deliberations within 40 days of the close of the hearing. These deliberations can result in either approval, approval with conditions, or denial.

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for insuring that profit limitations are enforced, while leaving the definition of "reasonable return" to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety and environmental concerns outweigh the regional need for housing. If a local ZBA denies the permit, a state Housing Appeals Committee (HAC) can overrule the local decision if less than 10% of the locality's year round housing stock has been subsidized for households earning less than 80% of median income, if the locality cannot demonstrate health and safety reasons for the denial that cannot be mitigated, or if the community has not met housing production goals based on an approved plan or other statutory minima listed above. The HAC has upheld the developer in the vast majority of the cases, but in most instances promotes negotiation and compromise between the developer and locality. In its 30-year history, only a handful of denials have been upheld on appeal. The HAC cannot issue a permit, but may only order the ZBA to issue one. Also, any aggrieved person, except the applicant, may appeal to the Superior Court or Land Court, but even for abutters, establishing "standing" in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate "legal error" in the decision of the ZBA or HAC.

B. Housing Production Regulations

As part of the Chapter 40B comprehensive permit regulations, the Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (11 units and 21 units, respectively, for Stow until the new census figures are available in 2011) for approval by DHCD.48

[48] Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
    - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
    - Identification of specific sites on which comprehensive permit applications will be encouraged.
    - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
    - Municipally owned parcels for which development proposals will be sought.
    - Participation in regional collaborations addressing housing development.

Plans must be adopted by the Board of Selectmen and Planning Board, and the term of an approved plan is five (5) years.

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that "the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income".[49]

[49] Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, "A Housing Strategy for Smart Growth and Economic Development: Executive Summary", October 30, 2003, p. 3.

The statute defines 40R as "a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions."[50] The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows "as-of-right" residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

The incentives prescribed by the Task Force and passed by the Legislature include an incentive payment upon the passage of the Overlay District based on the number of projected housing units as follows:

Incentive Payments

Incentive Units	Payments
Up to 20	$10,000
21-100	$75,000
101-200	$200,000
210-500	$350,000
501 or more	$600,000

There are also density bonus payments of $3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning

[50] Massachusetts General Law, Chapter 40R, Section 11.

Districts, would be "able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood."[51]

The principal benefits of 40R include:

- Expands a community's planning efforts;
- Allows communities to address housing needs;
- Allows communities to direct growth;
- Can help communities meet production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

The formal steps involved in creating Overlay Districts are as follows:

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

D. Local Initiative Program (LIP) Guidelines

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles and local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD

[51] "A Housing Strategy for Smart Growth and Economic Development: Executive Summary," p. 4.

has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

There are two types of LIP projects, those using the comprehensive permit process, the so-called "friendly" 40B's, and Local Action Units, units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

Income and Assets

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.
- For homeownership units, the household may not have owned a home within the past three years except for age-restricted "over 55" housing.
- For homeownership projects, assets may not be greater than $75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than $200,000.
- Income and asset limits determine eligibility for lottery participation.

Allowable Sales Prices and Rents[52]

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and payed by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees[53], private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.

[52] DHCD has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/dhcd.

[53] DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review

- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the "as is" value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the "as is" market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third party mortgages are allowed for homeownership units.

Marketing and Outreach (refer to state Affirmative Fair Housing Marketing Plan guidelines dated June 25, 2008.)

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.

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the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008).
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
- Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on "households" = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –

  1 bedroom – 700 square feet/1 bath

  2 bedrooms – 900 square feet/1 bath

  3 bedrooms – 1,200 square feet/ 1 ½ baths

  4 bedrooms – 1,400 square feet/2 baths
- Appraisals may take into account the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

The process that is required for using LIP for 40B developments – "friendly" comprehensive permit projects – is largely developer driven. It is based on the understanding that the developer and Town are working together on a project that meets community needs. Minimum requirements include:

1. Written support of the municipality's chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
5. Developer's profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for 40B developments – "friendly" comprehensive permit projects – is as follows:

1. Application process
   - Developer meets with Town
   - Developer and Town agree to proposal
   - Town chief elected officer submits application to DHCD with developer's input
2. DHCD review involves the consideration of:
   - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
   - Number and type of units,
   - Pricing of units to be affordable to households earning no more than 70% of area median income,
   - Affirmative marketing plan,
   - Financing, and
   - Site visit.
3. DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing:

- Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
- Developer forms a limited dividend corporation that limits profits.
- The developer and Town sign a regulatory agreement.

5. Marketing
   - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
   - Local preference is limited to a maximum of 70% of the affordable units.
   - Marketing materials must be available/application process open for a period of at least 60 days.
   - Lottery must be held.
6. DHCD approval must include:
   - Marketing plan, lottery application, and lottery explanatory materials.
   - Regulatory agreement (DHCD is a signatory).
   - Deed rider (Use standard LIP document).
   - Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

As mentioned previously, in addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are created as a result of some local action. Following occupancy of the units, a Local Action Units application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD's web site.

The contact person at DHCD is Janice Lesniak of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: Janice.lesniak@state.ma.us. For resale questions contact Elsa Campbell, Housing Specialist (phone: 617-573-1321; fax: 617-573-1330; email: elsa.campbell@state.ma.us).

E. Commonwealth Capital[54]

The state established Commonwealth Capital as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs. Those municipalities with higher scores, will be in a more

[54] This program was created by the Romney administration and coordinated by the Office of Commonwealth Development. While OCD has been disbanded, applications are still being accepted

competitive position for receiving state discretionary funding, not just for housing, but for other purposes including infrastructure, transportation, environment, economic development, etc. The state's goal is to invest in projects that are consistent with Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;
7. Provide transportation choice;
8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Applications can be submitted at any time and will be valid for the programs listed above throughout the current fiscal year. Communities should submit applications prior to the deadline for any Commonwealth Capital program to which they are applying to ensure that their score will count. Applications should be submitted electronically, and each community is assigned its own login and password.

Programs which are affected by Commonwealth Capital include the following that are operated by the Executive Office of Administration and Finance (EOAF), Executive Office of Energy and Environmental Affairs (EOEEA), Executive Office of Housing and Economic Development (EOHED), Executive Office of Transportation and Public Works (EOTPW), Coastal Zone Management (CZM), Massachusetts Office of Business Development (MOBD), Massachusetts Office of Relocation and Expansion (MORE), and the Department of Housing and Community Development (DHCD):

- Public Works Economic Development Program (EOTPW)
- Bike and Pedestrian Program (EOTPW)*
- Transit Oriented Development Bond Program (EOTPW)
- Community Development Action Grant Program (EOHED and DHCD)
- State Revolving Fund (EOEEA and DEP)
- Urban Brownfields Assessment Program (EOEEA)*
- Urban Self-Help Program (EOEEA and DCS)
- Drinking Water Supply Protection Grant Program (EOEEA)
- Urban River Visions Program (EOEEA)*

- Coastal Pollutant Remediation Grant Program (EOEEA and CZM)
- Coastal Nonpoint Source Pollution Grant Program (EOEEA and CZM)
- Off-Street Parking Program (EOAF)
- Smart Growth Technical Assistance Program (for this program EOEEA will use inverse Commonwealth Capital scores. Unlike the other 13 programs, a primary goal of this program is to help communities with low scores improve.)

* Indicates programs that are eliminated in proposed program changes.

Changes to Commonwealth Capital add the following programs:

- Small Town Road Assistance Program (EOTPW)
- MA Opportunity Relocation and Expansion (MORE)
- Jobs Capital Program (MOBD)
- Water Transportation Capital Funding Program (EOTPW)
- Alternative Energy Property Program (EOEEA-DOER)

The application involves a maximum score of 140 points, including bonus points. The Commonwealth Capital score will account for 30% of the possible application points for any of the Commonwealth Capital programs, the other 70% points related to the purpose of the particular program and the merits of the proposed project. Communities receive points for zoning, planning, housing, environmental, energy, transportation, and other measures that already exist as well as measures they commit to implement by the end of 2009 (for this year's application). Additionally, communities can receive bonus points for successfully implementing commitments made in their 2008 applications.

The major components of the proposed Commonwealth Capital application and corresponding total point allocations are provided below:

- Plan for and promote livable communities and plan regionally (19)
- Zone for and permit concentrated development and mixed use (26)
- Expand housing opportunities (21)
- Make efficient decisions and increase job and business opportunities (12)
- Protect land and ecosystems (21)
- Use natural resources wisely (7)
- Promote clean energy (9)
- Provide transportation choice (9)
- Advance equity (6)
- Promote sustainable development via other actions (10)
- Bonus points for every prior fiscal year commitment implemented

A greater number of points are granted for actions that are already in place but points are also issued for commitments that have not yet been implemented.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Stow are described below.[55]

A. Technical Assistance

1. Priority Development Fund[56]

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making $3 million available through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community's serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth's principles of sustainable development.

Eligible activities include community initiated activities and implementation activities associated with the production of housing on specific sites. Community initiated activities include but are not limited to:

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.
- Education and outreach efforts that support the program objectives include:
- Establishment of a local or regional affordable housing trust;

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[55] Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts, Produced by the Citizen's Housing and Planning Association, June 1999.

[56] Description taken from the state's program description.

- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.
- Implementation activities associated with the production of housing in site-specific areas include but are not limited to:
- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

The PDF assistance is not available to serve as a substitute for pre-development assessment of alternative development scenarios for parcels already controlled by an identified private developer or to supplant municipal funds to pay staff salaries.

Eligible applicants consist of cities and towns within the Commonwealth. Municipalities may enter into third party agreements with consultants approved by DHCD, however only a municipality will be allowed to enter into a contract with MassHousing regarding the distribution of funds. Municipalities will be responsible for attesting that all funds have been expended for their intended purposes.

Joint applications involving two or more communities within a region or with similar housing challenges are strongly encouraged as a way to leverage limited resources; however, one municipality will be required to serve as the lead.

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

In exchange for the assistance, municipalities must agree to share the end product of the funded activities with DHCD and MassHousing and with other communities in the Commonwealth through reports, meetings, workshops, and to highlight these activities in print, on the web or other media outlets.

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development.

Applications will be evaluated based on:

- Eligibility of activity;
- Public support;

- Demonstrated need for funds;
- Likelihood activity will result in production of housing;
- Reasonableness of the timeline;
- Readiness to proceed with proposed project;
- Capacity to undertake activity;
- Cost estimates and understanding of the proposed project cost;
- Proposed activity having clearly defined benefits that will result in the production of housing; and
- Benefits being realized within a 2-3 year-timeframe.

Applications for funding will be accepted and evaluated on a rolling review basis. In order to deploy this assistance as effectively and efficiently as possible, or in the event the planning funds are oversubscribed, communities that have relatively greater planning capacity and/or resources may be requested to provide some matching funds. Additional consideration and flexibility for the assistance will be made for communities with little or no planning staff capacity or resources.

Communities may apply to DHCD for assistance of up to $50,000. The amount of funds awarded will be a reflection of the anticipated impact on housing production. DHCD and MassHousing reserve the right to designate proposals as "Initiatives of Exceptional Merit," in order to increase the amount of assistance and scope of services for certain projects.

2. ***Peer to Peer Technical Assistance***

This state program utilizes the expertise and experience of local officials from one community to provide assistance to officials in another comparable community to share skills and knowledge on short-term problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than $1,000, providing up to 30 hours of technical assistance.

Applications are accepted on a continuous basis, but funding is limited. To apply, a municipality must provide DHCD with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Board of Selectmen or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from another community to serve as the peer or ask DHCD for a referral. If DHCD approves the request and once the peer is recruited, DHCD will enter into a contract for services with the municipality. When the work is completed to the municipality's satisfaction, the Town must prepare a final report, submit it to DHCD, and request reimbursement for the peer.

3. ***MHP Intensive Community Support Team***

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community

Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

4. MHP Chapter 40B Technical Assistance Program

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to $10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

MHP recently announced new guidelines to help cities and towns review housing development proposals under Chapter 40B including:

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development "uneconomic".
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.
- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

5. Smart Growth Technical Assistance Grants

The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to $30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of stormwater BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;
- Implementation of Low Impact Development (LID) bylaws/ordinances; and
- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application, and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006, but no applications were required in FY 2006 if one had been submitted previously. Nevertheless, communities are able to submit supplemental information that will likely help boost their scores and competitiveness for state discretionary resources.

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

1. HOME Program

HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income and to rental units where at least 90% of the units must be affordable

and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income. In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is $750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is $50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Stow, can apply for up to $65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

2. Community Development Block Grant Program (CDBG)

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

The program that potentially has the greatest applicability in Stow is the **Housing Development Support Program (HDSP***)* that provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There is a maximum of $500,000 plus administrative costs but the program can go up to $750,000 per project for somewhat larger developments of up to ten units that involve mixed-use or adaptive reuse projects. A majority of the units must be affordable. All state and federal grants cannot exceed 75% of total project costs with the exception of special needs projects where such grants can amount to 100% of total costs. Funding involves a two-step process: 1) a notice of intent that provides basic information on the project, and 2) the municipality may be invited to submit a full application. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives

are directed to communities with high "statistical community-wide needs", however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent years. This may be the best source of CDBG funding for Stow besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

3. Housing Stabilization Fund (HSF)

The state's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is $750,000 and the maximum per unit is $65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and $50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

4. Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the

units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

5. *Affordable Housing Trust Fund*

The Affordable Housing Trust Fund (AHTF) was established by an act of the State Legislature and is codified under Chapter 121-D of the Massachusetts General Laws. The AHTF operates out of DHCD and is administered by MassHousing with guidance provided by an Advisory Committee of housing advocates. The purpose of the fund is to support the creation/preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income. The AHTF can be used to support the acquisition, development and/or preservation of affordable housing units. AHTF assistance can include:

- Deferred payment loans, low/no-interest amortizing loans.
- Down payment and closing cost assistance for first-time homebuyers.
- Credit enhancements and mortgage insurance guarantees.
- Matching funds for municipalities that sponsor affordable housing projects.
- Matching funds for employer-based housing and capital grants for public housing.

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

6. *Housing Innovations Fund (HIF)*

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than $500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

7. Federal Home Loan Bank Board's Affordable Housing Program (AHP)

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to $300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

8. MHP Permanent Rental Financing Program

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from $100,000 loans to amounts of $2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to $40,000 per affordable unit up to a maximum of $500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from $250,000 to $5 million to projects involving Low Income Housing Tax Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

9. OneSource Program

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from $250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

10. Section 8 Rental Assistance

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program and three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. Massachusetts Preservation Projects Fund

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to $30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects ranges from $7,500 to $100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. District Improvement Financing Program (DIF)

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

13. Urban Center Housing Tax Increment Financing Zone (UCH-TIF)

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and

commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the "increment") of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to insure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

14. Community Based Housing Program

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit's Total Development Costs up to a maximum of $750,000 per project.

C. Homebuyer Financing and Counseling

1. Soft Second Loan Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent $1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or $20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Stow is already a participating community in the Program.

2. American Dream Downpayment Assistance Program

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the Soft Second Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of $10,000 can be made at no interest and with a five-year term, to be forgiven after five years.

Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

3. Homebuyer Counseling

There are a number of programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects, that require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organizations that offer these workshops in closest proximity to Stow include NeighborWorks Homeownership Center of Worcester and the Southern Worcester County CDC.

4. Self-Help Housing.

Self-Help programs involve sweat-equity by the homebuyer and volunteer labor of others to reduce construction costs. Some communities have donated building lots to Habitat for Humanity to construct affordable single housing units. Under the Habitat for Humanity program, homebuyers contribute between 300 and 500 hours of sweat equity while working with volunteers from the community to construct the home. The homeowner finances the home with a 20-year loan at 0% interest. As funds are paid back to Habitat for Humanity, they are used to fund future projects.

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of $10,000 up to a maximum of $50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are $92,000 for households of one or two persons and $104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program has been offering financing for lead paint removal on excellent terms. Based on uncertain future legislative appropriations, some changes in program requirements were made to insure that eligible homeowners with lead poisoned children would have funding available for a longer period. All income eligible families who are under court order to delead or who have a child under case management with the Commonwealth's Lead Paint Prevention Program, will continue to receive 0% deferred loans. Owners wanting to delead their homes for preventive purposes must qualify for an amortizing loan with a 3% interest rate if earning within 80% of area median income, 5% interest if earning over 80% AMI and up to the program maximum. Applicants must contact a local rehabilitation agency to apply for the loan.

3. Septic Repair Program

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to $23,000 and three or more person households earning up to $26,000 annually. There are 3% loans available for those one or two person households earning up to $46,000 and three or more persons earning up to $52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to $25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

APPENDIX 4

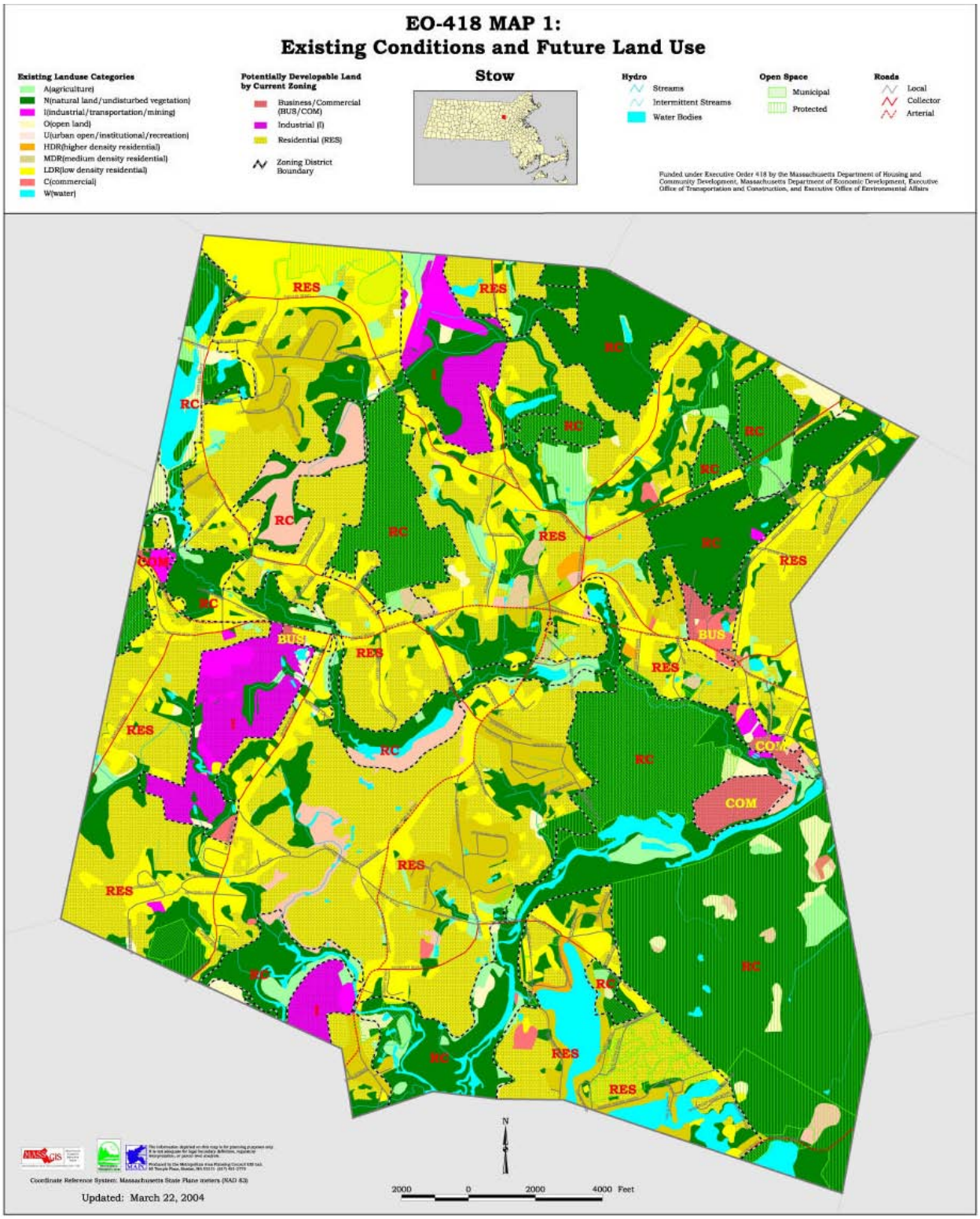
Progress towards Affordable Housing Goals

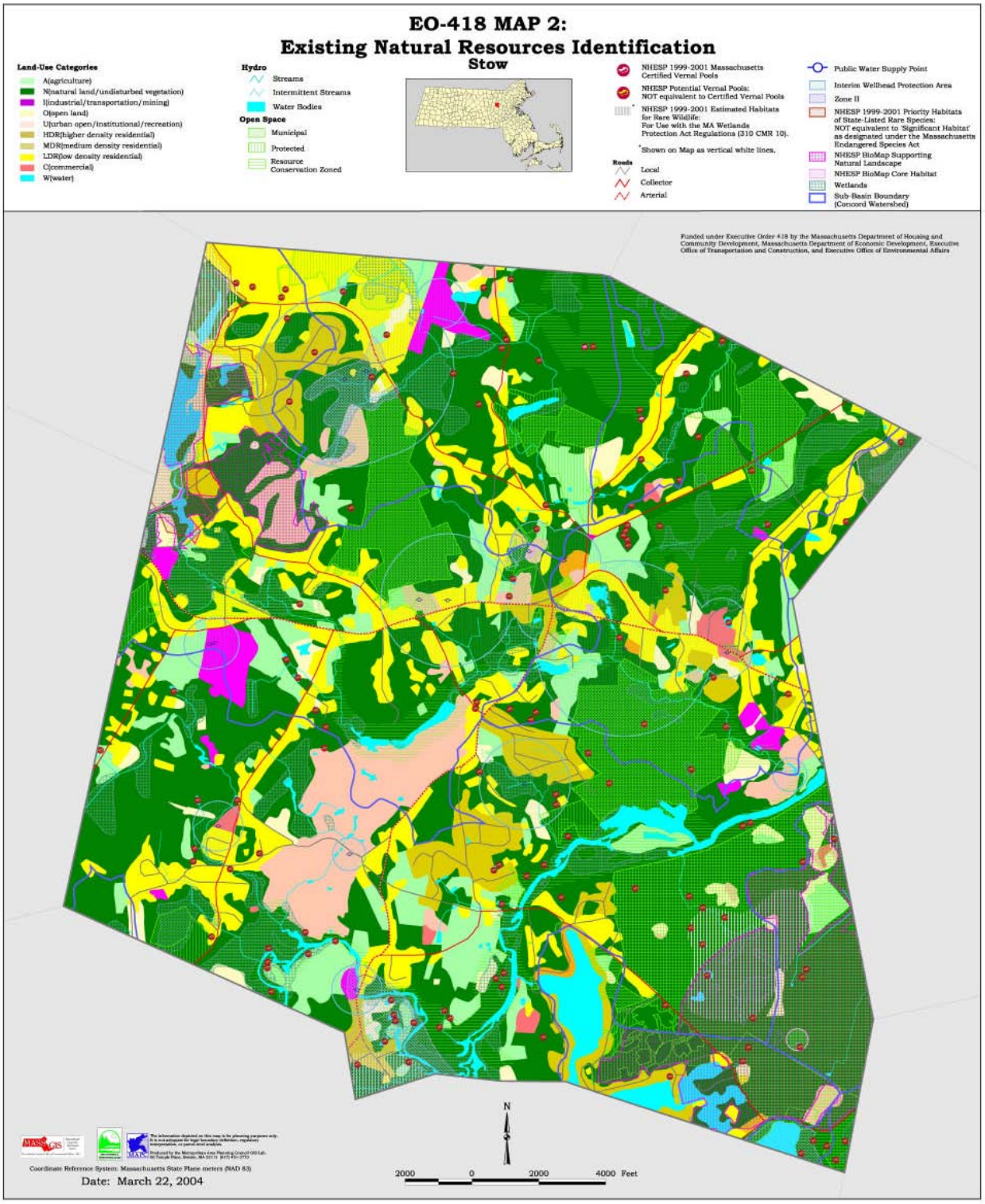
Since the early nineties, Stow has been making a steady progress toward the 10% affordability goal required by the state. The Plantation Apartments and the Pilot Grove apartments both 40B developments added 50 and 37 affordable units respectively. These were developed by a local Stow corporation. Stow Farm, a private 40B, added 7 affordable homes.

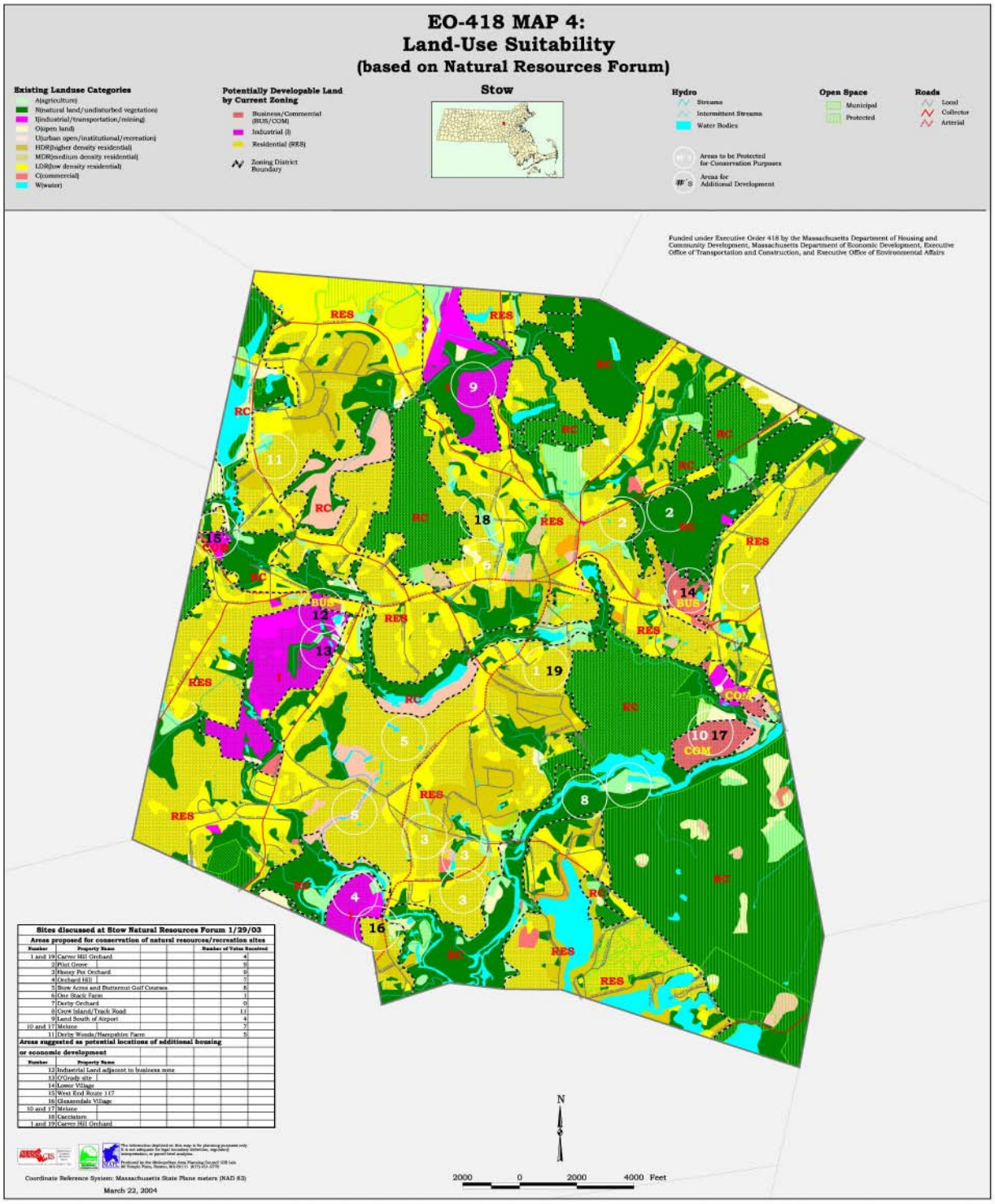
Stow passed the CPA in 2000 making funding available for affordable housing. Some of this funding was used to buy perpetual deed restrictions on the 60 Pilot Grove apartments. We adopted an Active Adult Neighborhood in 2001 which requires affordable units and passed an inclusionary zoning bylaw in 2003 requiring that 10% of any development be affordable. The AAN bylaw has resulted in construction of 4 affordable units at Arbor Glen and approval for an additional 4 units at Ridgewood at Stow yet to be built plus fees to our municipal housing trust fund for affordable housing . Since the inclusionary bylaw was passed, we have had no developments of any size to trigger the requirement.

Stow has permitted the Village of Stow, a 40B development, which to date has resulted in 18 affordable homes with another 6 when the development is finished. There is also a Department of Mental Retardation home for 4 which is also part of our inventory. To date Stow has 143 housing units, which qualify for the Subsidized housing Inventory.

At our 2009 Annual Town Meeting, CPC funding was approved for an additional 37 apartments at Plantation Apartments and 30 apartments at Pilot Grove. Both developments have been approved by the ZBA. When all 77 affordable units are built, Stow's inventory will be 220 homes and apartments. Ten percent of Stow's housing for the year 2000 required 212 affordable units. Our required number for 2010 has not been released but we think it will be around 260. Stow's affordable housing inventory has gone from almost 0% in the 80's to 6.78% in 2010 and will be about 85% (assuming 260) by 2015.


EO-418 MAP 1:
Existing Conditions and Future Land Use
Existing Landuse Categories
A(agriculture)
N(natural land/undisturbed vegetation)
I(industrial/transportation/mining)
O(open land)
U(urban open/institutional/recreation)
HDR(higher density residential)
MDR(medium density residential)
LDR(low density residential)
C(commercial)
W(water)
Potentially Developable Land by Current Zoning
Business/Commercial (BUS/COM)
Industrial (I)
Residential (RES)
Zoning District Boundary
Stow
Hydro
Streams
Intermittent Streams
Water Bodies
Open Space
Municipal
Protected
Roads
Local
Collector
Arterial
Funded under Executive Order 418 by the Massachusetts Department of Housing and Community Development, Massachusetts Department of Economic Development, Executive Office of Transportation and Construction, and Executive Office of Environmental Affairs
RES
RC
COM
BUS
I
N
2000 0 2000 4000 Feet
Coordinate Reference System: Massachusetts State Plane meters (NAD 83)
Updated: March 22, 2004


EO-418 MAP 2:
Existing Natural Resources Identification
Stow
Land-Use Categories
A(agriculture)
N(natural land/undisturbed vegetation)
I(industrial/transportation/mining)
O(open land)
U(urban open/institutional/recreation)
HDR(higher density residential)
MDR(medium density residential)
LDR(low density residential)
C(commercial)
W(water)
Hydro
Streams
Intermittent Streams
Water Bodies
Open Space
Municipal
Protected
Resource Conservation Zoned
NHESP 1999-2001 Massachusetts Certified Vernal Pools
NHESP Potential Vernal Pools: NOT equivalent to Certified Vernal Pools
NHESP 1999-2001 Estimated Habitats for Rare Wildlife: For Use with the MA Wetlands Protection Act Regulations (310 CMR 10).
*Shown on Map as vertical white lines.
Roads
Local
Collector
Arterial
Public Water Supply Point
Interim Wellhead Protection Area
Zone II
NHESP 1999-2001 Priority Habitats of State-Listed Rare Species: NOT equivalent to 'Significant Habitat' as designated under the Massachusetts Endangered Species Act
NHESP BioMap Supporting Natural Landscape
NHESP BioMap Core Habitat
Wetlands
Sub-Basin Boundary (Concord Watershed)
Funded under Executive Order 418 by the Massachusetts Department of Housing and Community Development, Massachusetts Department of Economic Development, Executive Office of Transportation and Construction, and Executive Office of Environmental Affairs
N
2000 0 2000 4000 Feet
Coordinate Reference System: Massachusetts State Plane meters (NAD 83)
Date: March 22, 2004


EO-418 MAP 4:
Land-Use Suitability
(based on Natural Resources Forum)
Existing Landuse Categories
A(agriculture)
N(natural land/undisturbed vegetation)
I(industrial/transportation/mining)
O(open land)
U(urban open/institutional/recreation)
HDR(higher density residential)
MDR(medium density residential)
LDR(low density residential)
C(commercial)
W(water)
Potentially Developable Land by Current Zoning
Business/Commercial (BUS/COM)
Industrial (I)
Residential (RES)
Zoning District Boundary
Stow
Hydro
Streams
Intermittent Streams
Water Bodies
Areas to be Protected for Conservation Purposes
Areas for Additional Development
Open Space
Municipal
Protected
Roads
Local
Collector
Arterial
Funded under Executive Order 418 by the Massachusetts Department of Housing and Community Development, Massachusetts Department of Economic Development, Executive Office of Transportation and Construction, and Executive Office of Environmental Affairs
Sites discussed at Stow Natural Resources Forum 1/29/03
Areas proposed for conservation of natural resources/recreation sites
Number | Property Name | Number of Votes Received
1 and 19 | Carver Hill Orchard | 4
2 | Flint Grove | 9
3 | Honey Pot Orchard | 9
4 | Orchard Hill | 7
5 | Stow Acres and Butternut Golf Courses | 8
6 | One Stack Farm | 1
7 | Derby Orchard | 0
8 | Crow Island/Track Road | 11
9 | Land South of Airport | 4
10 and 17 | Melaine | 7
11 | Derby Woods/Hampshire Farm | 5
Areas suggested as potential locations of additional housing or economic development
Number | Property Name
12 | Industrial Land adjacent to business zone
13 | O'Grady site
14 | Lower Village
15 | West End Route 117
16 | Gleasondale Village
10 and 17 | Melaine
18 | Carciniere
1 and 19 | Carver Hill Orchard
Coordinate Reference System: Massachusetts State Plane meters (NAD 83)
March 22, 2004
N
2000 0 2000 4000 Feet