

Town of Lunenburg Housing Production Plan 2014



Submitted to the MA Department of Housing and Community Development
(DHCD)

In accordance with
DHCD's Housing Production Plan Regulations 760 CMR 56.03(4)

Prepared by
Montachusett Regional Planning Commission
December 2014 (Final)



Table of Contents

I. Executive Summary	1
Purpose of Housing Production Plan	1
Definition of “Affordable Housing”	1
MGL Chapter 40B Definition of Households Meeting Affordable Housing Requirements.....	1
Percentage of Income Expended On Housing Compared with the National Standard	2
Cost of Housing in Lunenburg	3
Need for Local Affordable Housing – Planning and Creation of Affordably Priced Units	4
Affordable Plan Certification.....	4
Other Pertinent Local Information	4
Implementation Strategies	5
Building Institutions	5
Enforcing and Refining Regulations	6
Continuing Affordability.....	6
Identify and Secure Funding and Development Resources	7
Preserve and Enhance the Town’s Housing Stock	7
Facilitate Diversification of Housing	8
Numerical Targets and Production Schedule.....	8
II. Comprehensive Housing Needs Assessment	10
Lunenburg Geography	10
Demographic Data	10
Historic Population Data	10
Population Growth Projections.....	11
Household Forecasts.....	12
Gender	12
Minorities	12
Disabled and Special Needs and Group Quarters Populations.....	13
Population by Age of Residents	13
Education Level	14
Income and Poverty	15
Household and Housing Characteristics	15

Household Composition.....	15
Family Households	16
Non-Family Households	16
Households with Individuals 18 Years and Younger and 65 Years and Older.....	17
Household Size	17
Housing Stock Inventory	18
Total Housing Units 2000-2010 and Homeownership.....	18
Age of Housing Stock	19
Housing Units by Number of Units in Structure	20
Mechanical Systems.....	20
Income and Housing Costs.....	21
Household Income and Median Household Income.....	21
Housing Affordability	21
Housing Costs and Affordability.....	22
MGL Chapter 40B Definition of Households Meeting Affordable Housing Requirements and Income Levels.....	24
The Supply-Demand Housing Gap	25
Housing Market – Current Development Trends.....	27
Home Values	28
Subsidized Housing Inventory	29
Development Conditions and Constraints	30
Absolute and Partial Development Constraints.....	30
Absolute Development Constraints	30
Partial Development Constraints	31
Total Constrained and Unconstrained Land Area	32
DEP Tier Classified Chapter 21E Sites.....	33
Local Zoning Constraints	34
Local Capacity.....	35
State Owned Land	35
Capacity of Municipal Infrastructure	35
Roads and Transportation.....	36
Schools	37

III. Affordable Housing Goals and Strategies	38
2006 Community Affordable Housing Strategy	38
Town Actions since the 2006 Community Affordable Housing Strategy	39
Numerical Goal for Annual Housing Production.....	40
IV. Implementation of Housing Production Plan	42
Preferred Development Characteristics	42
Expansion Areas for Affordable Housing	42
Endorsed Sites for 40B and/or 40R Projects.....	42
Municipal Land for Affordable Housing	42
Implementation Strategies	43
1. Building Institutions	43
2. Enforcing and Refining Regulations	45
3. Continuing Affordability.....	45
4. Identify and Secure Funding and Development Resources	46
5. Preserve and Enhance the Town’s Housing Stock	48
6. Facilitate Diversification of Housing	50
Numerical Targets and Schedule	54
Use Restrictions	55

Appendices

Map 1: Development Constraints

Map 2: State Owned Land in Lunenburg

Appendix A: Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines

Appendix B: Summary of Affordable Housing Funding Resources

Appendix C: Interagency Agreement Regarding Housing Opportunities for Families with Children

TOWN OF LUNENBURG HOUSING PRODUCTION PLAN

I. Executive Summary

Purpose of Housing Production Plan

The purpose of this Housing Production Plan is to enable the Town of Lunenburg to produce a certain number of “affordable” housing units annually that will be occupied by persons qualifying for the purchases of these homes, so that the Town of Lunenburg can ultimately achieve the Massachusetts statutory goal of providing a minimum amount (10%) of housing units at an affordable price. This Plan has been completed in accordance with the Commonwealth of Massachusetts Affordable Housing Statute (MGL Chapter 40B, Sections 20-23) and related regulations (760 CMR 31.07) and has been reviewed, approved, and has the full support of the Town of Lunenburg’s Planning Board and Board of Selectmen.

Definition of “Affordable Housing”

What is affordable housing and why should the issue of housing affordability be so important to local officials and residents of a community? The generally accepted definition of affordable housing is that housing is considered affordable when “a household pays no more than 30 percent of its annual income for rent or mortgage.” Multiple sources and organizations agree upon this definition. Some of these include the American Planning Association, the Massachusetts Department of Housing and Community Development (DHCD), the Greater Boston Housing Report Card, the Citizens’ Housing and Planning Association (CHAPA) and the Town of Lunenburg Master Plan.



In Lunenburg, over a third of the Town’s households pay more than 30 percent of their total annual household incomes on mortgage costs. Nearly half of the Town’s renters pay more than 30 percent of their annual household incomes on rent.

MGL Chapter 40B Definition of Households Meeting Affordable Housing Requirements

The State statute concerning affordable housing development (MGL Ch. 40B, Sections 20-23) cites that affordably-produced and priced homes must be available to households where the incomes do not exceed 80 percent of the median household income for the region in which the community is located. In Lunenburg’s case, the community is located in the Fitchburg-Leominster, MA HUD Metro Fair Market Rent (FMR) area. The median family income for this area in FY2014, calculated on the basis of a 4-

person family, is \$67,900. Accounting for HUD's adjustments for low income, low income limits for the Town of Lunenburg for family sizes ranging from 1 to 8 persons is shown in the following table:

Table I-1: Low (80%) Income Limits by Household Size (August 2014)

Household Size	80% of Median Income
1	\$44,750
2	\$51,150
3	\$57,550
4	\$63,900
5	\$69,050
6	\$74,150
7	\$79,250
8	\$84,350

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

It was noted in the development of the HPP that there is a discrepancy between HUD's calculation of areawide median household income of \$67,900 and Lunenburg's median household income as calculated by the American Community Survey at \$78,452 in 2012. Applying the 80 percent factor to the ACS value to estimate the low income family limit for a family of four results in an income level of \$62,762, slightly less than the HUD income limit of \$62,762.

Percentage of Income Expended On Housing Compared with the National Standard

As shown in the following table over a third of Lunenburg's residents (35.0%) who own a home and have a mortgage are paying 30 percent or more of their income towards monthly mortgage payments and other selected housing costs (e.g., taxes and insurance). As discussed above, housing is generally considered affordable when it requires 30 percent or less of its occupants' income. The percentage of residents exceeding the 30 percent value is more compared to the County (35.6%), but less than the State (39.1%), and the U.S. (36.8%).

Also, as shown in the table, approximately half of renters in Lunenburg (49.0%) are paying 30 percent or more of their income toward monthly rent costs. This proportion of renters is greater than renters paying more than 30 percent of their income in the County (48.0%), but less than the State (50.3%), and the U.S. (52.1%).

Table I-2: Household Costs in Relation to Income

Household Type	Lunenburg # Units	Lunenburg % Units	Worcester Co. % Units	MA % Units	U.S. % Units
Households with mortgages below or at 29.9% of total annual household income	1,668	64.9%	64.4%	60.9%	63.2%
Households with mortgages at or more than 30% of total annual household income	900	35.0%	35.6%	39.1%	36.8%
Households with rent costs below or at 29.9% of total annual household income	219	51.0%	52.0%	49.7%	48.411.7%
Households with rent costs at or more than 30% of total annual household income	210	49.0%	48.0%	50.3%	52.1%

Cost of Housing in Lunenburg

The following table provides historic statistics for home sales and median sale prices in Lunenburg for the past ten years. As shown, prices in general have declined in recent years from their peak in 2005 although the annual number of units sold is appears to be recovering from the low point in 2011.

Table I-3: Home Sales and Median Sales Price

Year	1-Fam	Price	Condo	Price	All	Price
2013	124	\$240,000	16	\$286,450	175	\$240,000
2012	97	\$225,000	19	\$275,000	150	\$215,000
2011	73	\$227,000	10	\$227,500	104	\$215,500
2010	102	\$224,500	10	\$283,235	135	\$220,000
2009	96	\$212,500	12	\$300,000	127	\$215,000
2008	93	\$275,000	13	\$347,000	132	\$257,450
2007	92	\$285,000	16	\$343,500	145	\$266,000
2006	110	\$276,000	17	\$391,015	165	\$282,500
2005	153	\$302,000	16	\$446,950	236	\$318,000
2004	164	\$282,250	22	\$426,713	237	\$295,000

Source: The Warren Group, 2014

Need for Local Affordable Housing – Planning and Creation of Affordably Priced Units

This 2014 Housing Production Plan (HPP) details how affordable housing needs in Lunenburg will be met through the production of additional affordable housing units within the community. The Plan documents a production schedule and strategies by which the municipality will meet its affordable housing needs in a manner consistent with the Commonwealth of Massachusetts’ Affordable Housing Statute (MGL Chapter 40B, Section 20-23), and related Housing Production Plan regulation (760 CMR 56.03(4)) and policies of the Massachusetts DHCD. The Plan will enable Lunenburg to achieve “certification” by producing a supply of affordable housing needed in the community and ultimately achieve the Chapter 40B statutory affordable housing requirement of 10 percent of total housing stock.

For the purposes of Chapter 40B, affordable housing is generally defined as housing units that are:

1. Subsidized by an eligible state or federal program.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time (at least 30 years or longer for newly created affordable units, and at least 15 years for rehabilitated units).
3. Subject to an Affirmative Fair Marketing Plan.¹



Affordable Plan Certification

According to the thresholds set by the Massachusetts Department of Housing and Community Development (DHCD), to be granted certification, Lunenburg would need to produce a minimum of 20 subsidized year round housing units per year. With certification,

decisions by the Lunenburg Zoning Board of Appeals (ZBA) to deny or approve with conditions comprehensive permit applications would be deemed “consistent with local needs” for a one year period following certification. Also, these decisions by the Board of Appeals will also be upheld by the Massachusetts Housing Appeals Committee (HAC). If Lunenburg produces 40 subsidized year round units per year, certification would be valid for two years.

Other Pertinent Local Information

The Town of Lunenburg, with a population of 10,086 as of the 2010 U.S. Census, is bordered by the communities of Townsend to the north, Shirley to the east, Lancaster to the southeast, Leominster to the south, Fitchburg to the west, and Ashby to the northwest. The Town has a total area of 27.7 square miles (72 km²), of which 26.4 square miles (68 km²) is land and 1.3 square miles (3.4 km²), or 4.59%, is water.

¹ The Commonwealth of Massachusetts’ Affirmative Fair Housing Marketing Plan Guidelines have been provided as Appendix A to this Housing Production Plan. The Guidelines also contain the current State requirements for local preference.

- As of the 2010 Census, there were a total of 4,133 housing units within the Town of Lunenburg, of which 3,835 units were occupied. Based on the Census' American Community Survey (ACS) five-year survey data from 2008 to 2012, the median household income in Lunenburg was \$78,452.
- From 2000 to 2010, the Town lost a large share of its population within the under 44 year age group, although there were significant gains in population 45 years of age and older. Overall the median age of the Town increased from 39.4 to 43.7, corresponding to the increasing median age of the statewide population. An age-restricted 55+ housing project was constructed in Lunenburg during this period, likely contributing to this increase in median age.
- Lunenburg has experienced a relatively constant rate of housing construction from 2008 to 2014, with the exception of a large number of units developed in 2010 as a result of the Emerald Place Condominiums development. Lunenburg's rate of production since 2000 was significantly higher than that of Worcester County and the State as a whole. Over half of Lunenburg's housing stock was constructed since 1960.
- Lunenburg issued 30 building permits in 2013, a number higher than the preceding five years with the exception of 2010 (due to the Emerald Place Condominiums). Nearly all were for single-family dwellings. 14 building permits were issued the first half of 2014, indicating a rate of development comparable to the previous year.
- According to foreclosure data assembled by the Warren Group, there were a total of 79 foreclosures in Lunenburg from 2007 through July, 2014. From January through July 2014 alone there were a total of 20 foreclosures, a greater number than in any of the preceding seven year.

Implementation Strategies

A set of implementation strategies for addressing housing needs of the Town of Lunenburg and its residents has been developed and is incorporated into this Housing Production Plan. The following is a summary of each of the Implementation Strategies. More details on each strategy are provided in Section IV.

Building Institutions

- Reactivate the Lunenburg Housing Partnership Committee. Just as the Conservation Commission addresses natural resources and the Historical Commission addresses historic resources, a citizen organization within the Town Government would be established with the responsibility of initiating, advocating for, and coordinating efforts to ensure the adequacy of the Town's housing resources.
- Explore gaining eligibility for federal housing subsidy funds through joining an eligible regional consortium such as the Fitchburg and Leominster HOME consortium. Being in such a regional group would make Lunenburg eligible for funding under the federal HOME housing program, including funds to support administrative costs. Benefits of being part of a regional partnership go beyond funding to include strengthened ability to advocate for housing as a region and participation in an inter-community forum to discuss regional housing needs.

Enforcing and Refining Regulations

- Enforce Current Zoning Bylaws Regarding Major Developments and Subdivisions. The Town's existing zoning bylaw specifies that all new residential development above a defined threshold scale should contribute to addressing the Town's affordable housing needs. Use Regulations (Section 4.0) of the Lunenburg Zoning Bylaws states that a development containing ten (10) or more units shall set aside 10 percent of the units as moderate or low income units and a development of 36 or more units should set aside 15 percent or more of its units as moderate or low income units. The Town should endeavor to apply these regulations for all new development within the community.
- Consider revisions to current regulations for senior and assisted-living housing. Currently, Assisted Living and Continuing Care Retirement facilities are allowed by special permit from the Planning Board in the Residence A and B, Outlying, Limited Business/Residential and Commercial Districts. However, no special allowances are made for senior or over 55 years of age housing which is not classified as assisted living or continuing care.
- Explore adoption of an Estate Preservation provision under zoning bylaws, allowing the adaptive reuse of existing structures for additional units as an alternative to dividing the land into smaller lots. This would promote both historic preservation and housing affordability. For very large dwellings on very large parcels, such provisions would allow for adaptive reuse of the existing structure for additional units as an alternative to dividing the land into smaller lots, or as a means of reducing the number of lots allowed to be created.
- Explore offering a density incentive for development which includes, either on- or off-site, the rehabilitation of existing housing units and their deed-restriction for on-going affordability. A draft of such a provision was previously developed but other options may be feasible as a means of including affordable housing in all new residential developments over a specified size.



Continuing Affordability

- Explore means of facilitating long-term affordability of energy in housing. Heating and utilities costs have been rising rapidly at a greater rate than income. This can create problems for households barely able to afford the affordable housing unit in which they reside. Efforts would be made to seek ways through creative funding or educational efforts to encourage initial investments in energy-saving design, construction, and equipment which, although initially somewhat more expensive than "standard," will pay dividends over time through reducing heat and utility demands and costs for occupants.

Identify and Secure Funding and Development Resources

- Reconsider participation in the Massachusetts Community Preservation Act (CPA). While participation in the Massachusetts Community Preservation Act has previously been proposed in Lunenburg, it was voted down through local referendums. CPA is a smart growth tool that helps communities preserve open space and historic sites, create affordable housing, and develop outdoor recreational facilities. CPA can also strengthen the local economy by expanding housing opportunities and construction jobs for Lunenburg's workforce.
- Establish and Capitalize a Municipal Affordable Housing Trust Fund. In 2005, the Commonwealth of Massachusetts enacted the Municipal Affordable Housing Trust Fund, which simplified the process of establishing housing funds dedicated to subsidizing affordable housing. The law provides guidelines on what trusts can do and allows communities to collect funds for housing and segregate them out of the general budget into an affordable housing trust fund. These funds can then be used without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds.
- Collaborate with Private Non-Profit Organizations (e.g., Habitat for Humanity and MEC). Habitat for Humanity (HFH) is a well-known nonprofit, Christian housing ministry that believes that all people should have a decent, safe and affordable place to live. Habitat builds and repairs houses throughout the world using volunteer labor and donations. Partner families then purchase these houses through no-profit mortgage loans or innovative financing methods. Lunenburg is located within the service area of Habitat for Humanity North Central Massachusetts which is headquartered in Fitchburg. MEC is a non-profit affiliate of MRPC. MEC operates exclusively for the charitable and educational purposes of management and program direction for projects designed to alleviate socioeconomic problems in the Montachusett Region. Since its inception in 2003, MEC in partnership with Montachusett Regional Vocational Technical High School (Monty Tech) has built three homes in Fitchburg which were sold at affordable prices to lower income individuals. Funding for these projects was provided to MEC from the City of Fitchburg HOME Program and Enterprise Bank and Trust Company, Leominster. MEC built a fourth, affordably-priced home in Athol in partnership with a modular home construction firm.

Preserve and Enhance the Town's Housing Stock

- Monitor Foreclosures. Efforts should be made initially to assist property owners to avoid foreclosure on their property. However, should a property be foreclosed, the Town needs to know the location, specifications, and condition of the property to plan how to address it.
- Work with Court-appointed Receivers to Rehabilitate and Resell Foreclosed Properties. The Town can work with court-appointed receivers under the Massachusetts Attorney General's Abandoned Housing Initiative (AHI) Program to remediate vacant, abandoned and/or foreclosed homes throughout the community. Grants are available through the Attorney General's Office to address distressed properties, stabilize neighborhoods, provide housing opportunities for the workforce, mitigate disinvestment in the community, and maximize property tax revenues to the Town. These grants have been used by communities to provide seed money to support a revolving loan fund for the rehabilitation of affordable housing.

- Participate in Current CBDG and Neighborhood Stabilization Loan Fund (NSLF) Housing Assistance Programs. Although not an Entitlement Community which would enable the community to apply directly to the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) funding, Lunenburg can apply to receive CDBG funding through the Commonwealth of Massachusetts to support a variety of housing services including the receivership program. Another program which is available to address foreclosure problems is the Neighborhood Stabilization Loan Fund (NSLF) program, available through the Massachusetts Housing Investment Corporation (MHIC).
- Leverage available funding and loans from Federal and State Programs. Information on available funding programs is provided in the HPP. Lunenburg may already be participating in some of these programs. Other programs offer possible opportunities to further strengthen the community's housing stock and should be considered if appropriate for specific applications and/or circumstances.

Facilitate Diversification of Housing

- Establish Partnerships with Developers. The Town can partner with developers of privately-owned properties in support of different types of housing to meet diverse housing needs in the community.
- Consider Further Applications of Chapter 40R. Chapter 40R of the Massachusetts General Laws, enacted as the Smart Growth Zoning and Housing Production Act, encourages cities and towns to zone for compact residential and mixed-use development in "smart growth" locations by offering financial incentives and control over design. It provides a means of increasing housing production and reducing housing costs in Massachusetts by creating zones pre-approved for higher density development which would be potentially attractive to developers. It also provides for direct cash payments to cities and towns that create zoning overlay districts that meet the statute's location and procedural standards. Lunenburg has already established a Chapter 40 R District as the Tri Town Smart Growth District on the site of the former Tri Town Drive-In Theater.
- Promote development of Non-Traditional Housing. A possible outcome from establishing partnerships with developers as described above could be consideration of innovative housing opportunities that could provide affordable options to expand the range of housing opportunities in Lunenburg. Depending on their design and financing, the ability to permit these types of non-traditional development could provide an incentive for developers to pursue a project in Lunenburg.

Numerical Targets and Production Schedule

As presented in the Plan, the Town of Lunenburg's numerical goal for SHI annual housing production is 20 units per year over a one year period to meet the 0.5 percent units per year requirement and 40 units per year to meet the 1.0 percent units per year to meet the two-year housing production threshold. These housing production requirements are based on the 2008 DHCD HPP regulations and data from the 2010 U.S. Census. Note that as a result of a recent interagency agreement between the Commonwealth of Massachusetts and State Housing Agencies, at least ten percent (10%) of the units in

Affordable Production Developments funded, assisted or approved by a State Housing Agency shall have three or more bedrooms with certain exceptions (e.g., age-restricted housing, assisted living, and other developments in which the policy is not appropriate for the intended residents). Based on these goals and a review of recent affordable housing units added to Lunenburg's housing inventory, the following table presents the Town of Lunenburg's housing production numerical targets and schedule for the next five years:

Table I-4: Lunenburg Housing Production Schedule

Year	Number of Units	Basis for Housing Production
2015	56	24 rental units at Whalom Luxury Apartments; 32 apartment units at Tri Town Landing
2016	92	24 rental units at Whalom Luxury Apartments; 68 condominium units at Hollis Hills
2017	56	24 rental units at Whalom Luxury Apartments; 32 apartment units at Tri Town Landing
2018	92	24 rental units at Whalom Luxury Apartments; 68 condominium units at Hollis Hills
2019	56	24 rental units at Whalom Luxury Apartments; 32 apartment units at Tri Town Landing

The Town of Lunenburg has established these production goals to realistically reflect current development plans and expectations of SHI housing production. Whalom Luxury Apartments is currently being reviewed by the Zoning Board of Appeals and will consist entirely of rental apartments of which 25 percent will be priced as Affordable, enabling the entire project to count toward Lunenburg's SHI inventory. Tri Town Landing has already been partially constructed and occupied. A third building has been constructed, is now occupied, and has been submitted to DHCD for approval as SHI-qualified. A fourth building is under construction and two more buildings are scheduled to be constructed in the next five years. Production of the units shown in the table beginning in 2015 would result in an additional 352 SHI units in Lunenburg. As indicated in Section II of the Plan, Lunenburg has also produced 33 additional affordable units at Tri Town Landing since the DHCD Chapter 40B SHI inventory was compiled in April, 2013. Assuming all of these units can be certified by DHCD to qualify as SHI units, and are added to the 131 existing certified units, Lunenburg would have a total of 516 SHI units at the end of 2019. If this target is achieved, Lunenburg would be in compliance with the annual production schedule of 0.5 percent per year from 2015 to 2019 **and also exceed the State's 10 percent goal of 404 total SHI units within the Town**. As discussed previously, the target will be readjusted in 2020 on the basis of the 2020 U.S. Census and changes in the overall Lunenburg housing stock.

II. Comprehensive Housing Needs Assessment

Lunenburg Geography

According to the United States Census Bureau, the Town of Lunenburg has a total area of 27.7 square miles (72 km²), of which 26.4 square miles (68 km²) is land and 1.3 square miles (3.4 km²), or 4.59%, is water. Lunenburg is bordered by the communities of Townsend to the north, Shirley to the east, Lancaster to the southeast, Leominster to the south, Fitchburg to the west, and Ashby to the northwest.

Demographic Data

Historic Population Data

Lunenburg's population was 9,401 in 2000 and 10,086 in 2010. The town added 685 residents during this 10 year period, an increase of 7.28 percent. Comparing population growth of communities surrounding Lunenburg and the Montachusett Region and Massachusetts as a whole as shown in Table II-1, indicates that Lunenburg grew at a faster rate than the Region, the State, and the abutting communities of Townsend, Leominster, and Fitchburg over this 10-year period, but not as fast as the abutting communities of Shirley, Lancaster, and Ashby.

Table II-1: Population Growth

Town	2000	2010	% Change
Lunenburg	9,401	10,086	7.29%
Townsend	9,198	8,926	-2.95%
Shirley	6,373	7,211	13.15%
Lancaster	7,380	8,055	9.14%
Leominster	41,303	40,759	-1.31%
Fitchburg	39,102	40,318	3.10%
Ashby	2,845	3,074	8.05%
Montachusett Region	228,005	236,475	3.71%
Massachusetts	6,349,097	6,547,629	3.13%

Source: U.S. Census

Table II-2, below, shows Lunenburg's historical population figures over the 50-year period from 1960-2010. Table II-3, which follows, shows the percentage increase over this same period.

Table II-2: Historic Population Growth

Year	1960	1970	1980	1990	2000	2010
Lunenburg	6,334	7,419	8,405	9,117	9,401	10,086
Massachusetts	5,148,578	5,689,170	5,737,093	6,016,425	6,349,097	6,547,629
United States	179,323,175	203,302,031	226,542,199	248,709,873	281,421,9060	308,745,538

Table II-3: Population Percentage Increase

Years Compared	'60-'10 %	'70-'10 %	'80-'10 %	'90-'10 %	'00-'10 %
Lunenburg	59.23%	35.94%	20.00%	10.62%	7.28%
Massachusetts	27.17%	15.09%	14.13%	8.83%	3.13%
US	72.17%	51.87%	36.29%	24.14%	9.71%

As shown in the table, Lunenburg's population has risen more than 59 percent since 1960, 35 percent since 1970, 20 percent since 1980, 10 percent since 1990, and 7 percent since 2000. For all five periods compared, Lunenburg's population grew faster than the State's population but less than the Nation's as a whole.

Population Growth Projections

Table II-4 presents projected population for the Town of Lunenburg and the Montachusett Region out to 2035 according to the 2012 Montachusett Regional Transportation Plan (RTP).

Table II-4: Projected Population

	2000	2010	2016	2020	2025	2030	2035
Lunenburg	9,401	10,086	10,240	10,360	10,530	10,710	10,880
Montachusett	228,005	236,475	240,000	243,000	247,000	251,000	255,000

This forecast was developed by the MassDOT Office of Transportation Planning (OTP). OTP used a "top down" approach to develop these forecasts, taking into account state and national trends combined with analyses of regional shares. The overriding factor in determining these forecasts is that statewide population and employment have entered a period of slow growth. Forecasts were completed for the years 2016, 2020, 2025, 2030, and 2035. Forecasts were not completed for 2015 but instead were developed for 2016 because the statewide air quality conformity determination must be completed for that year.

As shown in the table, population estimates begin with the findings of the U.S. Census. Since U.S. Census forecasts extend only to 2030, OTP developed the 2035 forecast based on estimated population growth between 2020 and 2030. Lunenburg's population is estimated to be 10,240 in 2016, which is the closest projection available for the beginning of the 5-year period that this Housing Production Plan will cover (2015-2020). This represents a population increase of only 154 people or approximately 1.5 percent from 2010.

It should be noted that numerous factors can influence population projections which can, in turn, have varying effect on their outcomes. A Comprehensive Wastewater Management Plan was recently prepared for the Town of Lunenburg which accounted for expansion of sewer facilities and future build

out of available land. This plan forecasted a population in Lunenburg of 11,133 by 2025 (603 greater than the RTP forecast for that year) and ultimate buildout population for the community of 22,318.²

Household Forecasts

Household forecasts for Lunenburg are also reviewed from the 2012 Montachusett Regional Transportation Plan and are based on U.S. Census data beginning from 1970, accounting for changes in group quarters population, population in households and average household size. The trend of decreasing household size is expected to continue but not at the dramatic rates experienced between 1970 through 2000. The trend is tempered by the 2008 Massachusetts average household size of 2.53 (Source: American Community Survey) which is an increase from 2.51 in the 2000 U.S. Census. This is a result of factors such as instability in the housing market and the recent recession.

The region's slowing population growth is also reflected in forecasted slowing growth in the number of households for the region. Over the next 25 years, the number of households is expected to grow from 92,500 to 102,600 which is a net increase of approximately 10,100 households, an increase of about 11 percent over the number of households in 2010 or an average annual growth rate (AAGR) of about .41 percent. Lunenburg's projections show a projected growth in the number of households to 3,920 in 2016 (based on a projected average household size of 2.61 and the projected population of 10,240).

Gender

As indicated in Table II-5, there are slightly more females living in Lunenburg than males, comparable to the gender distribution of Worcester County, the State of Massachusetts, and the U.S.

Table II-5: Gender Distribution

Gender	Lunenburg #	Lunenburg %	Worcester Co. %	Mass. %	U.S. %
Male	5,005	49.60%	49.20%	48.40%	49.20%
Female	5,081	50.40%	50.80%	51.60%	50.80%

Minorities

Based on 2010 Census information, compared to Worcester County, statewide and national averages, Lunenburg has a proportionately lower Black or African American population than Worcester County and the state of Massachusetts and a lower proportion of other minority populations as well. The largest proportion of Lunenburg's minorities is classified as Hispanic or Latino, representing 2.4 percent of the population.

² Wright-Pierce, Town of Lunenburg Comprehensive Wastewater Management Plan, Phase IV Final Recommended Wastewater Management Plan, March 2010.

Table II-6: Race by Geographic Place

Race	Lunenburg #	Lunenburg %³	Worcester Co. %	Massachusetts %	United States %
White	9,600	95.2%	85.6%	80.4%	72.4%
Black or African American	90	0.9%	4.2%	6.6%	12.6%
American Indian	17	0.2%	0.2%	0.3%	0.9%
Asian	157	1.6%	4.0%	5.3%	4.8%
Hispanic or Latino (of any race)**	240	2.4%	9.4%	9.6%	16.3%
Other Race	67	0.7%	3.6%	4.7%	6.2%
Two or More	155	1.5%	2.3%	2.6%	2.9%

Source: 2010 U.S. Census

Disabled and Special Needs and Group Quarters Populations

No current or recent information is available on Disabled and Special Needs Populations within the 2007-2011 five-year ACS (American Community Survey) estimates or the 2010 Census data. According to the ACS: “...the Census Bureau introduced a new set of disability questions in the 2008 ACS questionnaire. Because of contextual differences between the 2008-2009 disability data and disability data collected in prior years, the Census Bureau is unable to combine the 5 years of disability data in order to produce the multi-year estimate that would appear in this table. Multi-year estimates of disability status will become available once five consecutive years of data are collected.”

Group quarters have been defined by the U.S. Census as population including all people not living in households. Two generalized categories of people in group quarters are recognized: 1) the institutionalized population and 2) the non-institutionalized population.⁴ Within Lunenburg, according to the 2010 Census, there were only 9 people living in group quarters, representing approximately 0.1 percent of the Town’s population. Of this population, 5 people are institutionalized and all of these are female.

Population by Age of Residents

In the ten-year time span from 2000 to 2010, Lunenburg lost a total of 504 persons up to the age of 44, despite the significant growth in the overall population of the Town. However, during the same period, the Town gained 1,189 residents in the age group of 45 and above. This increase is, in part, due to the aging of the baby boom generation. However, the reduction in persons between the ages of 20 and 44

³ Total is greater than 100.0% due to inconsistencies in Census data reporting.

⁴ According to the Census Bureau definition of group quarters: “A group quarters is a place where people live or stay, in a group living arrangement, that is owned or managed by an entity or organization providing housing and/or services for the residents. This is not a typical household-type living arrangement. These services may include custodial or medical care as well as other types of assistance, and residency is commonly restricted to those receiving these services. People living in group quarters are usually not related to each other. Group quarters include such places as college residence halls, residential treatment centers, skilled nursing facilities, group homes, military barracks, correctional facilities, and workers’ dormitories.” “Household” data reported by the U.S. Census does not include statistics for individuals living in group quarters.

in particular, may also be attributed to a decline of local jobs available in the community and a shortage of housing affordable to young adults.

Table II-7: Age Distribution

Age Group	2000	2010	% Change
<5 Years Old	554	488	-11.91%
5-19 Years	2,077	2,053	-1.15%
20-34 Years	1,324	1,302	-1.66%
35-44 Years	1,793	1,401	-21.86%
45-54 Years	1,629	1,886	15.77%
55-64 Years	895	1,572	75.6%
65-74 Years	635	794	25.03%
75 Years and Over	494	590	19.4%
Median Age	39.4	43.7	10.91%
16 Years Old and Over	N/A	8,090	N/A
18 Years Old and Over	6,974	7,773	11.45%
21 Years Old and Over	6,702	7,438	10.98%
62 Years and Over*	1,348	1,815	34.64%
65 Years and Over*	1,384	1,173	-15.24%

Source: 2010 U.S. Census

The continued aging of the baby boomers is reflected in the increased median age of the Town from 39.4 to 43.7 over this period. This roughly corresponds to the change in median age in Massachusetts over the same period, from 36.5 to 39.1. This aging of the Town's population indicates a need to consider the development of more senior housing in the community to accommodate the town's current population and enable them to continue to live in Lunenburg in the future. Stone Farm Estates, a condominium project currently under development in Lunenburg, is an example of a 55+ project that has been designed to serve this growing market.

Education Level

For details on the education level of residents, the most current information available is the American Community Survey (ACS) 5-year estimates for the period between 2008 and 2012.⁵ Lunenburg has a higher portion of residents (93.0%) with a high school diploma or higher than the County (88.1%), the State (88.1%) and the U.S. (85.7%). Lunenburg also has a higher percentage of residents with a bachelor's degree or higher than the County and the U.S., but lower than the State.

⁵ The American Community Survey (ACS) is a division of the U.S. Census Bureau and is an ongoing survey that provides data every year, giving communities the current information they need to plan investments and services. Information from the survey generates data that help determine how more the \$400 billion in federal and state funds are distributed annually. Note that as a result of sampling protocols, results may fluctuate from year to year and vary from decennial U.S. Census statistics.

Table II-8: Educational Attainment

	Lunenburg %	Worcester County %	Massachusetts %	U.S. %
Population 25 years and over	7,449	535,755	4,465,898	204,336,017
Less than 9 th grade	2.8%	4.2%	4.9%	6.0%
9 th grade to 12 th grade, no diploma	4.2%	6.8%	6.0%	8.2%
High School Graduate (includes equivalency)	27.7%	28.4%	25.9%	28.2%
Some college, no degree	19.2%	17.8%	16.6%	21.3%
Associate's degree	11.6%	9.1%	7.7%	7.7%
Bachelor's degree	22.9%	20.7%	22.2%	17.9%
Graduate or professional degree	11.6%	13.0%	16.8%	10.6%
% high school graduate or higher	93.0%	89.1%	89.1%	85.7%
% bachelor's degree or higher	34.6%	33.8%	39.0%	28.5%

Source: ACS 2008-2012 Five-Year Estimates

Income and Poverty

The most current available data obtained from ESRI BAO⁶ indicates that the median household income for Lunenburg in 2012 was \$78,452 and the mean household income was \$89,674. As defined by the U.S. Department of Commerce, the estimate of weighted average poverty threshold for a family of four in 2012 was \$23,497. Of the 4,076 households in Lunenburg in 2012, 464 households or 11.4 percent of the Town had household incomes of \$25,000 or less (the cohort closest to the poverty level). Further discussion of Lunenburg's income statistics is provided below.

Household and Housing Characteristics

Household Composition

As of 2010, Lunenburg had a total of 3,835 occupied housing units out of a total of 4,133 housing units. Of these households, 2,832 or 73.8 percent were family households and 1,003 households or 26.2 percent were non-family households. The 2010 figure represents an increase of 300 households (or 8.5%) since 2000.

⁶ ESRI Business Analyst Online (BAO) utilizes census, consumer spending, and business data to report and analyze population, consumer, and business data.

Family Households

The proportion of family households, families with own children under 18, husband-wife family, and husband-wife family with own children under 18 years is higher in Lunenburg than in the County, State, and Nation as a whole. The proportion of female householders with no husband present and with children under 18 years is lower than in the County, State, or Nation.

Table II-9: Family Households

Households by Type	Lunenburg #	Lunenburg %	Worcester County %	State %	U.S. %
Family Households (families)	2,832	73.8%	66.8%	63.0%	66.4%
With own children under 18	1,171	41.3%	31.1%	28.3%	29.8%
Husband-wife Family	2,335	82.5%	50.0%	46.3%	48.4%
With own Children under 18 years	930	32.8%	21.9%	19.7%	20.2%
Female householder, no husband present	332	11.7%	12.2%	12.5%	13.1%
With own children under 18 years	156	5.5%	7.1%	6.8%	7.2%

Source: 2010 U.S. Census

Non-Family Households

Lunenburg is less likely to have non-family households when compared with County, State and National averages. Lunenburg also has a smaller percentage of householders living alone, including households with the householder 65 years of age or older, than do the County, State, and Nation. Table II-10 shows non-family households by type by geographic place.

Table II-10: Non-Family Households

Households by Type	Lunenburg #	Lunenburg %	Worcester County %	State %	U.S. %
Non-Family Households	1,003	26.2%	33.2%	37.0%	33.6%
Householder living alone	793	20.7%	26.2%	28.7%	26.7%
Householder 65 years and over	339	8.8%	9.9%	10.7%	9.4%

Source: 2010 U.S. Census

Households with Individuals 18 Years and Younger and 65 Years and Older

Lunenburg's percent of households with individuals 18 years and younger is 33.6 percent. This is approximately the same as for Worcester County but more than the state as a whole and the Nation. Lunenburg has a higher proportion of households with individuals 65 years of age than the County, the State and the Nation.

Table II-11: Households with Individuals 18 Years and Younger and 65 Years and Older

Households by Type	Lunenburg #	Lunenburg %	Worcester County %	State %	U.S. %
Households with individuals under 18	1,287	33.6%	33.7%	30.8%	33.4%
Households with individuals 65 years and older	1,017	26.5%	24.1%	25.6%	24.9%

Source 2010 U.S. Census

Household Size

Lunenburg's average household size of 2.63 is larger than the County, State, and Nation while its average family size is slightly lower than the County, State, and the Nation. Table II-12 presents the data for average household and family size by geographic place.

Table II-12: Average Household and Family Size by Geographic Place

	Lunenburg	Worcester County	State	U.S.
Average Household Size	2.63	2.55	2.48	2.58
Average Family Size	3.04	3.09	3.08	3.14

Source: 2010 U.S. Census

Housing Stock Inventory

Table II-13 provides the status of housing units within the Town of Lunenburg as of the 2010 Census. In 2010 there were a total of 4,133 housing units within the Town with occupied units comprising 92.8 percent (3,835 units) of the housing stock. Of the occupied housing units, 88.2 percent (3,383 units) were owner-occupied while 11.8 percent (452 units) were renter occupied. The average household size of the owner-occupied units was 2.70 persons per unit (ppu) while the average household size of renter-occupied units was smaller at 2.12 ppu.

Table II-13: Housing Stock Inventory

HOUSING OCCUPANCY	Number	Percent
Total housing units	4,133	100%
Occupied housing units	3,835	92.8%
Vacant housing units	298	7.2%
For rent	39	13.1%
Rented, not occupied	4	1.3%
For sale only	65	21.8%
Sold, not occupied	12	4.0%
For seasonal, recreational, or occasional use	96	32.2%
All other vacant	81	27.2%
Homeowner vacancy rate (percent)		1.9%
Rental vacancy rate (percent)		7.9%
HOUSING TENURE		
Occupied housing units	3,835	100.0%
Owner-occupied housing units	3,383	88.2%
Population in owner-occupied housing units	9,118	
Average household size of owner-occupied units	2.70	
Renter-occupied housing units	452	11.8%
Population in renter-occupied housing units	959	
Average household size of renter-occupied units	2.12	

Source: 2010 U.S. Census

Total Housing Units 2000-2010 and Homeownership

A comparison of total, occupied, and vacant housing units in Lunenburg and surrounding communities is shown in Table II-14. The number of housing units in Lunenburg increased by 465 units from 2000 to 2010, to 4,133 total units in 2010. Of these, 298 units or 7.2 percent were vacant in 2010, an increase of 165 vacant units over 2000, in part reflecting the housing boom gone bust that includes increased numbers of foreclosures (discussed below) but also a substantial number of rental, seasonal and recreational units. This vacancy rate is approximately equal to the total vacancy rate of the surrounding communities with the exception of Fitchburg.

Table II-14: Housing Units by Community

Town	Housing Units 2000					Housing Units 2010				
	Occupied	%	Vacant	%	Total	Occupied	%	Vacant	%	Total
Lunenburg	3,535	96.4%	133	3.6%	3,668	3,835	92.8%	298	7.2%	4,133
Townsend	3,110	97.7%	74	2.3%	3,184	3,240	95.7%	145	4.3%	3,385
Shirley	2,067	95.9%	89	4.1%	2,156	2,264	93.3%	163	6.7%	2,427
Lancaster	2049	95.7%	92	4.3%	2141	2409	92.2%	205	7.8%	2614
Leominster	16,491	97.1%	485	2.9%	16,976	16767	93.8%	1,106	6.2%	17,873
Fitchburg	14,943	93.4%	1,059	6.6%	16,002	15,165	88.6%	1,952	11.4%	17,117
Ashby	978	96.7%	33	3.3%	1,011	1,105	92.8%	86	7.2%	1,191
Average		96.12%		3.87%			92.74%		7.25%	

Source: U.S. Census

Age of Housing Stock

The highest percentages of units in Lunenburg, 26.9 percent, were built between 1950 and 1959. 13.2 percent of the Town's housing stock was constructed between 2000 and the present, a period when much of the nation was experiencing a building boom. The period from 2000 to 2004 saw substantial construction activity -- greater than the County, the State and the Nation. The percentage of pre-1940 housing stock is less than Massachusetts as a whole but higher than Worcester County and the Nation.

Table II-15: Age of Housing Stock

Year Structure Built	Lunenburg		Worcester Co.	State Average	National Average
	Estimate	Percent	Percent	Percent	Percent
Total housing units ⁷	4,398				
Build 2005 or later	87	2.0%	2.8%	2.6%	5.1%
Built 2000 to 2004	491	11.2%	5.3%	4.1%	8.7%
Built 1990 to 1999	363	8.3%	9.3%	7.3%	14.0%
Built 1980 to 1989	437	9.9%	12.3%	10.8%	14.1%
Built 1970 to 1979	438	10.0%	10.9%	11.7%	16.2%
Built 1960 to 1969	407	9.3%	8.4%	10.4%	11.3%
Built 1950 to 1959	1,069	24.3%	10.9%	11.5%	11.1%

⁷ Total number of housing units based on ACS estimates (2012) varies from 2010 U.S. Census due to the difference in tabulation periods.

Built 1940 to 1949	346	7.9%	6.2%	6.1%	5.7%
Built 1939 or earlier	760	17.3%	3.8%	35.4%	13.9%

Source: 2008-2012 ACS 5-year Estimates

Housing Units by Number of Units in Structure

Housing units by the number of units in the structure is only available through the 2008-2012 ACS 5-year estimate data. As shown in Table II-16, over 4 out of 5 housing units within the Town of Lunenburg consist of a single-family detached housing unit.

Table II-16: Units in Structure

Units in Structure	Number	Percent
Total housing units	4,398	100%
1-unit, detached	3,654	83.1%
1-unit, attached	146	3.3%
2 units	165	3.8%
3 or 4 units	200	4.5%
5 or 9 units	90	2.0%
10 or more units	46	1.0%
Mobile home or other type of housing	97	2.2%

Source: 2008-2012 ACS 5-year Estimates

Mechanical Systems

According to the ACS, all Lunenburg households have complete plumbing facilities and complete kitchen facilities compared to the County, State, and Nation. Lunenburg also has a smaller proportion of households without telephone service.

Table II-17: Mechanical Systems

SELECTED CHARACTERISTICS	Lunenburg #	Lunenburg %	Worcester County %	State %	U.S. %
Occupied housing units	4,076	4,076	---	---	---
Lacking complete plumbing facilities	0	0.0%	0.6%	0.5%	0.5%
Lacking complete kitchen facilities	0	0.0%	0.9%	0.8%	0.9%
Lack of telephone service	26	0.6%	1.8%	1.6%	2.5%

Source: 2008-2012 ACS 5-year Estimates

Income and Housing Costs

Household Income and Median Household Income

By definition, based on five-year ACS data for the 2008-2012 period, 50 percent of Lunenburg's residents were earning less than the median income of \$78,452. Lunenburg's median household income of \$78,452 is higher in comparison with the County (\$65,968), the State (\$65,658), and the Nation (\$53,046).

In 2000, based on the 2000 U.S. Census, the median household income for Lunenburg was \$56,813. The median household income of \$78,452 in 2010 represents an increase of 38 percent. Household income and Median Household income data by geographic place are shown in the following table.

Table II-18: Household Income

Households	Lunenburg #	Lunenburg %	Worcester County %	Massachusetts %	U.S. %
< \$15,000	226	5.5%	12.6%	6.1%	12.6%
\$15,000-\$24,999	238	5.8%	10.7%	5.8%	10.7%
\$25,000-\$34,999	334	8.2%	10.4%	6.5%	10.4%
\$35,000-\$49,999	461	11.3%	13.7%	9.8%	13.7%
\$50,000-\$74,999	648	15.9%	18.2%	16.1%	18.2%
\$75,000-\$99,999	622	15.3%	12.2%	14.7%	12.2%
\$100,000-\$149,999	944	23.2%	12.8%	20.7%	12.8%
\$150,000-\$199,999	356	8.7%	4.8%	10.0%	4.8%
\$200,000 >	247	6.1%	4.6%	10.5%	4.6%
Median Household Income	\$78,452	(X)	(X)	(X)	(X)

Source: 2008-2012 ACS Data

Housing Affordability

The generally accepted definition of affordable housing is that housing is considered affordable when "a household pays no more than 30 percent of its annual income for rent or mortgage." Multiple sources and organizations agree with this definition. These include the American Planning Association, the Massachusetts Department of Housing and Community Development (DHCD), the 2012 Greater Boston Housing Report Card, and the Citizens' Housing and Planning Association (CHAPA). Households paying in excess of 50 percent of their annual income are considered severely cost burdened and, comparing statistics from the 2000 and 2010 U.S. Census, these households represent a growing share of households in Massachusetts.

Housing Costs and Affordability

As reported by the ACS 2008-2012 5-year estimates, Table II-19 shows selected monthly owner costs for those Lunenburg housing units with a mortgage. The median monthly housing cost for units with a mortgage is \$1,977. Table II-20 shows the range of rent prices paid by Lunenburg's residents. The median monthly rent is \$859.

Lunenburg's median monthly housing costs for units with a mortgage is about \$418 more than the U.S. cost of \$1,559, about \$21 more than Worcester County (\$1,956) and about \$168 less than the State (\$2,145).

Table II-19: Selected Monthly Owner Costs (With Mortgage)

	Lunenburg #	Lunenburg %	Worcester County %	State %	U.S. %
Housing units with a mortgage	2,568	2,568	---	---	---
Less than \$300	0	0.0%	0.1%	0.0%	0.2%
\$300 to \$499	31	1.2%	0.5%	0.4%	1.6%
\$500 to \$699	53	2.1%	1.7%	1.3%	4.9%
\$700 to \$999	104	4.0%	5.0%	4.5%	13.7%
\$1,000 to \$1,499	271	10.6%	17.9%	15.6%	27.0%
\$1,500 to \$1,999	866	33.7%	27.1%	22.1%	20.3%
\$2,000 or more	1,243	48.4%	47.6%	56.0%	32.3%
Median (dollars)	\$1,977	(X)	(X)	(X)	(X)

Source: ACS 2008-2012 5-year estimates

Table II-20: Gross Rents

	Lunenburg #	Lunenburg %	Worcester County %	State %	U.S. %
Occupied units paying rent	429	429	---	---	---
Less than \$200	15	3.5%	1.8%	2.2%	1.8%
\$200 to \$299	17	4.0%	5.8%	6.1%	3.3%
\$300 to \$499	56	13.1%	8.4%	7.7%	8.2%
\$500 to \$749	40	9.3%	16.8%	11.7%	22.6%
\$750 to \$999	149	34.7%	29.5%	18.3%	24.2%
\$1,000 to \$1,499	129	30.1%	29.4%	31.4%^	25.7%
\$1,500 or more	23	5.4%	8.3%	22.6%	14.2%
No rent paid	64	(X)	(X)	(X)	(X)
Median (dollars)	\$859	(X)	(X)	(X)	(X)

Source: ACS 2007-2011 5-year estimates

For rental units housing costs, Lunenburg's median gross rent of \$859 is lower than the median rent values for the U.S. (\$889), Worcester County (\$900), and the State (\$1,056).

Table II-21 indicates that over a third of Lunenburg's residents (35.0%) who own a home and have a mortgage are paying more than 30 percent of their income towards monthly mortgage payments and other selected housing costs. As indicated above, housing is generally considered affordable when it requires no more than 30 percent of its occupants' income. Nevertheless, the percentage of residents exceeding the 30 percent level is less in Lunenburg than compared to Worcester County (35.7%), the U.S. (36.8%) and the State (39.1%).

Table II-22 shows similar information for renters, indicating that nearly half (49.0%) of Lunenburg's residents who rent their home are paying more than 30 percent of their income for rent. The percentage of residents exceeding the 30 percent level are more in Lunenburg than Worcester County (48.0%), but less than the U.S. (52.1%) and the State (50.3%).

Table II-21: Selected Monthly Owner Costs as a Percentage of Monthly Income

	Lunenburg #	Lunenburg %	Worcester Co. %	State %	U.S. %
Housing Units with a mortgage (excluding units where SMOCAPI cannot be computed)	2,568	2,568	---	---	---
Less than 20.0 percent	805	31.3%	32.7%	31.0%	34.9%
20.0 to 24.9 percent	368	14.3%	18.2%	16.6%	16.1%
25.0 to 29.9 percent	495	19.3%	13.5%	13.4%	12.2%
30.0 to 34.9 percent	209	8.1%	9.5%	9.5%	8.8%
35.0 percent or more	691	26.9%	26.2%	29.6%	28.0%
Not computed	0	(X)	(X)	(X)	(X)

Source: ACS 2008-2012 5-year estimates

Table II-22: Gross Rent as a Percentage of Monthly Income

	Lunenburg #	Lunenburg %	Worcester Co. %	State %	U.S. %
Occupied units paying rent (excluding units where GRAPI cannot be computed)	429	429	---	---	---
Less than 15.0 percent	74	17.2%	12.5%	11.8%	11.7%
15.0 to 19.9 percent	38	8.9%	13.5%	12.2%	12.1%
20.0 to 24.9 percent	28	6.5%	12.8%	12.6%	12.5%
25.0 to 29.9 percent	79	18.4%	13.2%	13.1%	11.6%
30.0 to 34.9 percent	93	21.7%	9.9%	9.9%	9.1%
35.0 percent or more	117	27.3%	38.1%	40.4%	43.0%
Not computed	64	(X)	(X)	(X)	(X)

Source: ACS 2008-2012 5-year estimates

MGL Chapter 40B Definition of Households Meeting Affordable Housing Requirements and Income Levels

The State statute concerning affordable housing development (MGL Ch. 40B, Sections 20-23) cites that affordably-produced and priced homes must be available to households where the incomes do not exceed 80 percent of the median family income (MFI) for the region in which the community is located. The U.S. Department of Housing and Urban Development (HUD) calculates the income limits for local areas on an annual basis, based on median income by metropolitan and nonmetropolitan area. It should be noted that HUD's calculation of income limits does not always equal a strict calculation of 80 percent of the MFI due to adjustments for high housing costs relative to income, application of state nonmetropolitan income limits in low-income areas, and national maximums in high income areas.

Based on HUD's designation, Lunenburg is part of the Fitchburg-Leominster, MA HUD Metro Fair Market Rents (FMR) area. The median family income for this area in FY2014, calculated on the basis of a 4-person family, is \$67,900. Based on this and HUD's adjustments discussed above, as of August 2014, adjusted low income limits for family sizes ranging from 1 to 8 persons are shown in Table II-23.

Table II-23: Low (80%) Income Limits by Household Size (August 2014)

Household Size	80% of Median Income
1	\$44,750
2	\$51,150
3	\$57,550
4	\$63,900
5	\$69,050
6	\$74,150
7	\$79,250
8	\$84,350

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

It should be noted that there is an obvious discrepancy between HUD's calculation of areawide median household income of \$67,900 and Lunenburg's median household income as calculated by the ACS at \$78,452 in 2012. Applying the 80 percent factor to the ACS value to estimate the low income limit for a family of four results in an income level of \$62,762, slightly less than the HUD low income limit of \$63,900.

For the purposes of Chapter 40B, affordable housing is generally defined as housing units that are:

1. Subsidized by an eligible state or federal program.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time (at least 30 years or longer for newly created affordable units, and at least 15 years for rehabilitated units).

3. Subject to an Affirmative Fair Marketing Plan.⁸

The Chapter 40B threshold for affordable housing is that every community must have 10 percent of their housing meet the 80 percent median household income figure discussed above. If a Town or City does not have 10 percent of their year-round housing units on the State's affordable housing inventory, then a developer can file a plan in their application for a comprehensive permit under the provisions of MGL Chapter 40B that can have greater development density allowed under the Town's zoning bylaw. If the application is denied by the Zoning Board of Appeals, the developer can appeal to the Massachusetts Housing Appeals Committee.

Forty-one (41) communities in Massachusetts have met the 10 percent threshold, based on the updated Subsidized Housing Inventory (SHI) released by DHCD in April 2013. This means that 11.7 percent of Massachusetts' 351 municipalities have achieved the Chapter 40B target. Given that less than 12 percent of the State's communities have reached this threshold, DHCD developed the Housing Production Plan (HPP) Program in 2003. Based on the principles of this program, by taking a proactive approach in the adoption of an HPP, cities and towns are more likely to achieve both their affordable housing and community planning goals. HPPs give communities that are under the 10 percent threshold but are making steady progress in producing affordable housing on an annual basis, more control over comprehensive permit applications.

If a community has a DHCD approved HPP and is granted certification of compliance with the plan, a decision by the Zoning Board of Appeals (ZBA) relative to a comprehensive permit application will be

deemed "consistent with local needs" under MGL Chapter 40B and ZBA decisions will be upheld by the Housing Appeals Committee.



The Supply-Demand Housing Gap

MRPC Staff obtained the MLS (Multiple Listing Service) inventory of homes for sale in Lunenburg in August, 2014. As of early August, 2014, a total of 75 single-family homes and 11 multi-family, condominium, and townhouse homes were for sale in Lunenburg. Using conventional financing, a family with an estimated median family income of \$78,452, as estimated for

Lunenburg by ACS based on 2008-2012 data, can afford a single family home with a maximum sales price of \$332,317. This assumes a \$20,000 down payment and a mortgage loan amount of \$312,317 with an interest rate of 4.02 percent (current rate) for a 30-year fixed rate mortgage. Based on these terms, a single family home sold for \$332,317 would require a monthly mortgage payment of \$1,494 for principal and interest or a total housing payment of \$2,091 including estimated property taxes and

⁸ The Commonwealth of Massachusetts' Affirmative Fair Housing Marketing Plan Guidelines are included as Appendix A to this Housing Production Plan. The Guidelines also contain the current State requirements for local preference.

insurance.⁹ This is actually slightly more than the most recent estimate of median housing costs for Lunenburg homeowners with mortgages estimated by ACS (2008-2012 5-year estimates) of \$1,977.

With \$332,317 as an affordability threshold for families with an estimated median income of \$78,452, 37 of the 75 single-family homes and 10 of the 11 multi-family, condominium, and townhouse homes for sale in August would be considered affordable.

However, the income level for any housing unit to qualify for the MGL Chapter 40B Subsidized Housing is based on a minimum of 80 percent of the Median Income for the Fitchburg-Leominster, MA HUD Metro Fair Market Rents (FMR) area. According to HUD, the median family income for this area in FY2013, calculated on the basis of a 4-person family, is \$67,900. Based on the HUD calculation of low income for this area, the annual income threshold to qualify for low income housing for a family of four would be \$63,900. Based on this annual income, the maximum sales price of an affordable home would be \$264,288 (again, assuming a \$20,000 down payment and an interest rate of 4.02 percent). This would allow for a monthly mortgage payment of \$1,169 for principal and interest or a total monthly housing cost of \$1,654 including estimated property taxes and insurance. Based on a maximum sales price of \$264,288, only 27 of the 75 single family homes and 5 of the multi-family, condominium, and townhouse homes would qualify as affordable. (It should also be noted, based on a qualitative review of the general characteristics of the properties listed in the MLS, including length of time on the market, that a number of these homes available at the low end of the market may not be adequate in terms of size and/or condition for a typical family of four.)

For rental units, Lunenburg's Median Monthly Rental Unit price of \$859 equals a yearly rental housing cost of \$10,308. At this rate, median rate rental housing in Lunenburg would be available to a 4-person household earning \$34,356 (based on housing costs equal to 30 percent of annual income). This is well below the 80 percent of area wide median income level for a family of four set by HUD defining low income (see Table II-23). However, it should be noted, as indicated in Table II-22, that nearly half of the rental households in Lunenburg are spending 30 percent or more of their income in rent. This indicates a significant disparity between rental costs and income of renters in Lunenburg.

Fair Market Rents (FMR) are calculated annually for the Town of Lunenburg (which, as indicated above, is part of the Eastern Worcester County, MA HUD Metro FMR Area). A two-bedroom FMR apartment for FY2013 is calculated to be at \$886. This FMR value is slightly higher than Lunenburg's Median Monthly Rental price of \$859.

As indicted previously in Table II-13, over 80 percent of Lunenburg's housing stock consists of owner-occupied units. In addition, over 80 percent of the Town's housing stock, or about 4 out of every 5 housing units, is a single-family detached housing unit. However, with Lunenburg's growing senior population and as well as growth of younger families struggling to earn sufficient income to own their own home, more rental units will be needed. Demographic trends indicate a demand for smaller units for those who would like to remain living in the Town of Lunenburg, but find it more difficult either to own a single-family home in the case of younger families, or maintain their single-family home, in the

⁹ Calculated through Zillow Mortgage Marketplace (www.zillow.com)

case of seniors. The Implementation Strategies section contained in this Plan, discusses how Lunenburg can strive toward making more rental units available to this segment of the population.

Housing Market – Current Development Trends

The Lunenburg Building Department has provided figures for building permits issued in Lunenburg for new single- and multi-family housing for the past 7 years. As indicated in Table II-24, Lunenburg issued 30 permits last year, more than the number of permits issued in each of the preceding five years with the exception of 2010, indicating an apparent recovery in the housing market since the collapse of the market statewide beginning in 2006. 2010 was clearly an anomaly due to the permitting of a number of major projects including the Emerald Place Condominiums. The Town is on track to achieve 2013's level of production in 2014.

Table II-24: Lunenburg Building Permits

Year	Single-Family	2 Family	Total
2014 (through July)	14	0	14
2013	30	0	30
2012	16	2	18
2011	6	0	6
2010	285	0	285
2009	17	0	17
2008	12	0	12

Source: Lunenburg Building Department

The housing downturn which significantly impeded the housing market nationally from 2006 until recently not only led to a decrease in new building activity, but also led to an increased rate of foreclosures during this period across the Country, the Commonwealth of Massachusetts, and the Montachusett Region. Based on information provided by the Warren Group and presented in Table II-25, Lunenburg experienced a substantial jump in the number of foreclosures (actual transfer of ownership to a purchaser at a foreclosure sale) beginning in 2010. Based on the statistics shown in the table, this problem does not appear to be subsiding, particularly given that the statistics shown for 2014 are the highest for any of the years reported and this figure is only through the first half of the year.

Table II-25: Number of Foreclosure Deeds by Calendar Year

Year	Period	1-Fam	2-Fam & Condo	All
2014	Jan - July	20	0	20
2013	Jan - Dec	13	4	17
2012	Jan - Dec	18	1	19
2011	Jan - Dec	11	1	12
2010	Jan - Dec	10	0	10
2009	Jan - Dec	1	0	1
2008	Jan - Dec	0	0	0
2007	Jan - Dec	0	0	0

Source: The Warren Group (Copyright 2014)

In general, according to the Foreclosures Monitor published by the Mass. Housing Partnership on May 16, 2014, overall foreclosure distress in Massachusetts declined 56.9 percent from April 2013 to April 2014, from 8.8 units per 1,000 housing units, to 3.8 units per 1000 housing units. However, the state's suburban and rural areas saw a smaller decline of 55.3 percent. Overall, the percentage of distressed housing units in Massachusetts' suburban and rural areas increased from 52.0 percent to 53.9 percent of the total and distress remains relatively high in communities across central Massachusetts, largely in Worcester County.¹⁰

Another factor which should be considered relevant to the current status of housing in Lunenburg is the status of empty and/or vacant homes. According to the 2010 U.S. Census, there were 298 vacant housing units in Lunenburg in 2010, representing 7.2 percent of the communities housing stock. This includes 96 seasonal units, 65 units for sale, and 39 vacant rental units. An Implementation Strategy is included within this HPP to review this list of properties and determine if any of these foreclosed or vacant housing units can be made available as affordable housing.

Home Values

Table II-26 shows the number of single family homes and condominiums sold from the period between 2004 and 2013 and the median sale prices for each type of unit. The median sale price of a home in Lunenburg peaked in 2005, declining afterwards as a result of the housing bubble and the collapse of the mortgage market. The median sales price for a single-family home in 2013 was approximately 79 percent of the 2005 median sales price. However, as of 2013, with the housing market recovering, according to statistics provided by the Warren Group, the median sales price of a single family home in Lunenburg was the highest since 2008. During the same period, the median sales price for a condominium was \$286,450 which was the highest price for condominiums since 2010 and actually higher than the median sales price for single-family homes during the same period. As also indicated in the table, the number of sales of single-family homes has also rebounded, with 124 units sold in 2013,

¹⁰ Massachusetts Housing Partnership, May 16, 2014.

the highest number of sales since 2005. Although the median sale price for condominiums is still below the highs of 2004-2005, the number of sales appears to remain at a relatively constant level.

Table II-26: Home Sales and Median Sales Price

Year	1-Fam	Price	Condo	Price	All	Price
2013	124	\$240,000	16	\$286,450	175	\$240,000
2012	97	\$225,000	19	\$275,000	150	\$215,000
2011	73	\$227,000	10	\$227,500	104	\$215,500
2010	102	\$224,500	10	\$283,235	135	\$220,000
2009	96	\$212,500	12	\$300,000	127	\$215,000
2008	93	\$275,000	13	\$347,000	132	\$257,450
2007	92	\$285,000	16	\$343,500	145	\$266,000
2006	110	\$276,000	17	\$391,015	165	\$282,500
2005	153	\$302,000	16	\$446,950	236	\$318,000
2004	164	\$282,250	22	\$426,713	237	\$295,000

Source: The Warren Group, 2014

Subsidized Housing Inventory

The Massachusetts Department of Housing and Community Development's most recent data (August, 2014) for the Town of Lunenburg which documents the Town's Chapter 40B Subsidized Housing Inventory (SHI) shows that Lunenburg has 4,037 year-round housing units, of which 131 units are counted in the DHCD SHI inventory, representing 3.24 percent of Lunenburg's housing stock. Table II-27 provides the detailed SHI for the Town.

Table II-27: Subsidized Housing Inventory

Project Name	Address	Type	Total SHI	Comp Permit	Subsidizing Agency
Pearl Brook Apartments	White Street	Rental	48	No	DHCD
Pearl Brook Apartments	White Street	Rental	6	No	DHCD
DDS Group Homes	Confidential	Rental	11	No	DDS
Tri Town Landing	37 Youngs Rd.	Rental	66	No	DHCD

Source: DHCD Chapter 40B Subsidized Housing Inventory (August, 2014)

According to town officials, an additional building has been recently completed at Tri Town Landing, consisting of 33 additional units. These units were submitted to DHCD for inclusion in the SHI. If confirmed by DHCD, this would bring the total number of SHI units in Lunenburg to 164. More information about additional affordable housing development and housing production plan targets and schedule is presented in the Goals chapter of this HPP.

Development Conditions and Constraints

Absolute and Partial Development Constraints

MRPC's GIS Department has mapped out partial and absolute development constraints and limitations within the Town of Lunenburg which are shown on Map 1 contained in the Appendix. The map also includes DEP Tier Classified Chapter 21E sites.

Absolute Development Constraints

Absolute Development Constraints are such constraints where no building is allowed due to regulatory or ownership restrictions (e.g. protected open space land). The data layers that comprise the set of absolute development constraints are quantified in the table below.

Table II-28: Absolute Development Constraints

Protected Open Space by Owner	Square Meters	Acres
Department of Conservation and Recreation	550198.33	135.96
Department of Fish and Game	8341.20	2.06
Land Trust	148351.11	36.66
Municipal	7717927.55	1907.13
Private for Profit	3274956.49	809.26

	Square Meters	Acres
DEP Data		
DEP Zone1	251943.44	62.26
DEP River Protection Act Buffers 100ft	3946731.84	975.25

DEP Wetlands by Type	Square Meters	Acres
BOG	134896.37	33.33
DEEP MARSH	1539246.77	380.35
SHALLOW MARSH MEADOW OR FEN	339197.64	83.82
SHRUB SWAMP	977438.89	241.53
WOODED SWAMP CONIFEROUS	64336.64	15.90
WOODED SWAMP DECIDUOUS	1506934.36	372.37
WOODED SWAMP MIXED TREES	554921.16	137.12

	Square Meters	Acres
FEMA Flood Zone Data		
FEMA Flood Zones 100 Year	6546988.12	1617.79

Source: MRPC GIS

Land within Lunenburg with Absolute Development Constraints amounts to 38.35% of the Town's total land area. It should be noted that an additional parcel of land, referred to as the "Lane Land" consisting of 168 acres, is expected to be added to the inventory of municipal protected open space in the near future.

Partial Development Constraints

Partial Development Constraints are such constraints where building would be allowed, but may be subject to additional regulatory review (e.g. the 200-foot Rivers Protection Act buffer), or where such development would be occurring within identified environmental resources (e.g. BioMap 2 Core Habitat and Supporting Natural Landscapes under the Massachusetts Natural Heritage and Endangered Species Program or NHESP). Land within Lunenburg with Partial Development Constraints amounts to approximately 28% of the Town's total land area. The data layers that make up the set of partial development constraints are shown in the table below and are shown in Map 1 contained in the Appendix. Note that lands covered by Absolute and Partial Development Constraints are not mutually exclusive and certain properties may be covered by multiple constraints.

Table II-29: Partial Development Constraints

NHESP Data	Square Meters	Acres
BioMap2 Critical Natural Landscape	14648275.96	3619.65
BioMap2 Core Habitat	14562862.59	3598.55

DEP Data		
DEP IWPA by Supplier	Square Meters	Acres
CHERRY HILL ICE CREAM	49959.77	12.35
LUNENBURG WATER DISTRICT	2035495.43	502.98
STILLMAN DAIRY	72520.27	17.92
HORN PACKAGING	189.91	0.05

DEP Zone 2		
DEP River Protection Act Buffers 200ft	3803739.50	939.92
Wetlands Protection Act Buffer 50ft	11504691.04	2842.86

FEMA Flood Zone Data	Square Meters	Acres
FEMA Flood Zones 500 Year	2404478.98	594.16

Slope by Percentage	Square Meters	Acres
16 - 20%	232249.70	57.39
21 - 25%	45094.71	11.14
26+%	24697.30	6.10

Source: MRPC GIS

Partial constraints include lands that have slopes greater than 15 percent, BioMap 2 Core Habitat and supporting Natural Landscapes, FEMA 100-year Flood Zones, Wetlands Protection Act wetland resource areas and (some of) their buffer zones, Watershed Protection Act (WsPA) buffer zone (200-400 feet), DEP Zone B, DEP Zone C, DEP Zone II and DEP IWPA (Interim Wellhead Protection Area). A summary of each of these partial constraints is provided below:

- Steep Slopes: Given the hilly topography in some parts of Lunenburg, there are locations of land that have a steep slope (greater than 15 percent), which can be cost prohibitive for developers. Although the presence of steep slopes alone will not determine the development potential of a site, the combination of steep slopes and shallow soil on top of bedrock could influence the type of development which would be suitable for the site.
- BioMap2 Core Habitat identifies specific areas necessary to promote the long-term persistence of Species of Conservation Concern (those listed under the Massachusetts Endangered Species Act as well as additional species identified in the State Wildlife Action Plan), exemplary natural communities, and intact ecosystems.
- BioMap2 Critical Natural Landscape was created to identify and prioritize intact landscapes in Massachusetts that are better able to support ecological processes and disturbance regimes, and a wide array of species and habitats over long time frames.
- Wetlands, as mapped by MassGIS for DEP for wetlands under the Wetlands Protection Act. Wetlands Protection Act regulations severely constrain development within 100-foot buffer zones around certain types of wetland resource areas known as Outstanding Resource Waters, which include surface drinking water supplies and vernal pools. The Rivers Protection Act of the 1990s, which has since been incorporated into the Wetlands Protection Act, provided additional protection by creating a 200-foot buffer zone along rivers, known as Riverfront Areas, in which development is constrained.
- FEMA 100-year Flood Zone: Areas identified by FEMA that are subject to be inundated by 100-year flood levels. Development proposed within a 100-year Flood Zone must replace any lost flood storage capacity.
- Buffers for wetlands (50 feet), Rivers Protection (200 feet) and the WsPA at a 400-buffer for regulatory areas have been mapped as partial development constraints.
- DEP Zone B, Zone C, Zone II and IWPA relate to Drinking Water Protection. Zones B and C are for the Surface Water Supply. Zone II and the IWPA are for groundwater drinking water wells.

Total Constrained and Unconstrained Land Area

The following table accounts for total constrained and unconstrained land area in Lunenburg. As discussed above, some areas may be affected by multiple absolute and/or partial constraints. In total, approximately 33.6 percent of Lunenburg's land area is unaffected by any of the constraints described above.

Table II-30: Lunenburg Total Constrained/Unconstrained Land Area

	Square Meters	Acres	Percentage
Total Town of Lunenburg	71863138.40	17757.70	100.00%
Total Absolute Constraints	27562409.91	6810.79	38.35%
Total Partial Constraints	20173116.62	4984.87	28.07%
Total All Constraints (Absolute and Partial)	47735526.53	11795.66	66.43%
Total Non-Constraints	24127611.87	5962.04	33.57%

DEP Tier Classified Chapter 21E Sites

Not classified under either absolute or partial constraints, but still posing a challenge to development, are Massachusetts Department of Environmental Protection (DEP) Tier Classified Chapter 21E Sites. Chapter 21E sites are contaminated by oil or other hazardous material and are subject to special restrictions for redevelopment. Such sites are classified by tiers based on their level of contamination and their owner's compliance with regulation. According to a search of Mass. DEP's website (<http://db.state.ma.us/dep/cleanup/sites/search.asp>), Lunenburg has four active Tier Classified Chapter 21E sites which are indicated on Map 1 and listed in Table II-31 below:

Table II-31: Tier Classified Chapter 21E Sites in Lunenburg

NAME	ADDRESS	TOWN
S PENNIMAN SEWER SERVICE	110 BURRAGE ST	LUNENBURG
FMR NASHOBA VALLEY STRUCTURAL	571 CHASE RD	LUNENBURG
COLONIAL AUTOMOTIVE GROUP	747-757 CHASE RD	LUNENBURG
L&M SERVICE CENTER	925 MASSACHUSETTS AVE	LUNENBURG

Tier II sites do not require permits and response action may be performed under the supervision of a Licensed Site Professional, without prior Departmental (Mass. DEP) approval. In general, Chapter 21E sites are also known as "Brownfields" sites and the U.S. Environmental Protection Agency has potential funding for the site assessment phase through clean-up.

Besides any mitigation as noted above and allowed under relevant Massachusetts (or any Federal or Local) laws and regulations, it is the intention under this Housing Production Plan to direct any new housing production to land areas that do not have absolute development constraints, minimize such housing production in areas with partial development constraints (and mitigate such housing development as economically feasible to allow such construction to remain affordable) and prioritize housing production in areas that have no development constraints.

Local Zoning Constraints

While local zoning imposes some constraints to the production of new housing in Lunenburg, a review of the Lunenburg zoning bylaws indicates that the community has adopted some reasonably progressive provisions in recent years which can help facilitate production of additional housing units. In terms of constraints, perhaps the most significant is the minimum lot size required for residential development in the Residential A and Residential B districts, 40,000 square feet and 80,000 square feet respectively. The requirement of nearly a full acre as minimum lot size adds to the cost per unit while imposing additional infrastructure costs due to the lower density of development. Smaller lot sizes would reduce overall development costs and allow for lower infrastructure costs per unit. While not requiring a special permit, these same dimensional requirements apply to Accessory Housing Units which, similarly, require minimum lot size in the Residential A and Residential B districts of 40,000 square feet and 80,000 square feet respectively. This would potentially limit the opportunity to provide Accessory Housing, particularly in older homes which may be located on non-conforming lots.

The zoning bylaws also impose a minimum lot size requirement of 5 acres with a minimum front, side, and rear yard setback of 100 feet on the development of Assisted Living Residence and Continuing Care Retirement Communities. While such developments can be permitted in the Residential districts through a Special Permit from the Planning Board, these dimensional requirements could impose significant constraints in terms of cost and location of appropriate parcels, particularly constraining the development of facilities with a limited number of units.



Despite these constraints, the zoning bylaw includes a provision allowing for mixed residential development in Residential A and Residential B districts with a special permit granted by the Planning Board if the development includes 25 percent and 20 percent of the dwelling units, respectively, to be sold to low or moderate income households. These developments can include multi-family housing. The bylaws also allow for development of Planned Residential areas with a special permit, which can include town houses and two-family dwellings. If 20 percent of the dwellings qualify as low or moderate income housing, the development can be constructed on a reduced minimum lot area with no minimum acreage. This essentially functions as “inclusionary zoning.” The zoning bylaws also establish three overlay districts (Lake Whalom; Tri Town Smart Growth; and, Summer Street Revitalization) in separate areas of the community which allow for various housing configurations and, in the case of the Summer Street Revitalization District, mixed-use development including residential, retail, office, and light industrial. Each of these provisions can allow for greater cost-effectiveness in the development of residential properties, helping to facilitate the production of affordable housing in Lunenburg.

In addition, the Lunenburg Planning Board and MRPC through the District Local Technical Assistance (DLTA) Program are working on a zoning amendment for a new Village District for the Town’s Center.

The area is currently zoned residential, limited to single-family homes with the exception of some home businesses and grandfathered businesses. The proposed changes would be similar to the Summer Street Overlay allowing for mixed uses (residential and commercial), as well as expanded options within the area for single-family conversion and multifamily housing.

Local Capacity

According to the 2012 Town Report, the total Town of Lunenburg omnibus budget for FY 2013 is \$27,489,411. This budget funds the Town's general government services, Public Safety (Police, Fire, Ambulance, and Animal Control), Public Works, Health and Human Services, Culture and Recreation Departments, school department and all administrative funds for the Town. It also includes insurances and payment of debt service. The largest share of the Town's budget is used to fund the school department and the assessment for the Montachusett Regional Vocational School.

The Town's operating budget is funded by three basic sources: a) State Aid (funds received directly from the Commonwealth of Massachusetts); b) Local Receipts (funds received from motor vehicle excise taxes, court fines, licenses, permits and interest earned on investments); and c) local property taxation. A referendum was held in 2012 to request an override of the property tax rate to raise an additional \$2.2 million in revenue. However the override failed, causing the Town to consolidate its four schools into three and to transition all Administrative and Land Use staff to a 4-day work schedule.

State Owned Land

The Commonwealth of Massachusetts owns approximately 362 acres in Lunenburg, as shown in Map 2 contained in the Appendix. This comprises approximately 2.0 percent of the Town's area and includes:

- A portion of Willard Brook State Forest
- Land surrounding Whalom Lake
- Land surrounding Massapoag Pond

Capacity of Municipal Infrastructure

The Town's water supply is provided through the Lunenburg Water District. The District is a separate and distinct municipal entity within the boundaries of the Town of Lunenburg. The current District boundaries cover approximately 70% of the Town. Residents and businesses outside of the District rely on private on-site wells for water. The District's initial source of water was supplied from the City of Leominster in 1939. Water was pumped from Leominster into Lunenburg via a booster station on Lesure Ave. In 1961 a well was installed on Lancaster Ave to assist in the supply of water. In 1963 two additional wells were installed enabling the District to supply all the needs for water to the District. The old booster station to Leominster became a standby source for many years and was finally disconnected in 1975.

The current water system has 50 miles of pipe ranging in size from 6-inch to 16-inch. There are two storage tanks. One built in 1981 on Chase Road that holds 2.8 million gallons and the other tank on Sunnyhill Road was built in 2003 and holds 500,000 gallons of water totaling 3.3 million gallons of total water storage. Currently there are 4 wells on Lancaster Avenue, one well in the Hickory Hills area of Town and the newest well that was installed last year is located south of Lake Shirley near the Lancaster

Shirley line. Average daily use of water over the year is approximately 480,000 gallons per day, ranging from 350,000 gallon used per day during the winter months to a high of 1,200,000 gallons per day during peak days in the summer. During 2012 the District pumped and treated over 158 million gallons for the entire year. Due to conservation efforts, low flowing devices, and an active leak detection program, yearly flows have dropped from a high of 200 million gallons per year.

The Lunenburg Department of Public Works manages and maintains the operation of the Town's sewer system, under the supervision of the Town Manager. The Town primarily relies on on-site wastewater disposal systems for wastewater treatment and disposal. However, there are currently 673 properties connected to the Lunenburg System and another 387 that have access to the system but are not connected. The Town of Lunenburg does not operate a sewer treatment plant. Approximately 80 percent of Lunenburg's sewers are discharged to the City of Leominster and 20 percent to the City of Fitchburg.

Roads and Transportation

The Circulation Element of the 2002 Lunenburg Master Plan states:

"[Lunenburg's] major traffic east and west is on Route 2A, which goes through the Town Center. The long-standing traffic problem in the Center has been addressed by design improvements and installing a traffic light. Ideally there would be a bypass of the Center, but historic development and recent growth preclude this option. Lacking a bypass, development of the Town Center must be particularly sensitive to traffic generation and traffic conflicts. Major north-south traffic is on Lancaster Road and on Route 13 (Chase Road, Massachusetts Avenue, to Electric Avenue). A connector from Chase Road to Electric Avenue was proposed...and may still be feasible; however, there is now signalization in the area, which has reduced the need for the connector."

A number of roadway improvement projects are currently going through the planning process and are included in the FFY2015-2018 Transportation Improvement Program (TIP). These include:

- Reconstruction of Summer Street – A functional design report has been completed.
- Reconstruction of Route 13 from Northfield Road to Townsend Town Line – A Project Initiation Form (PIF) has been approved by MassDOT.

In 2008, MRPC analyzed roadway safety conditions in the Montachusett Region over a 4-year period from 2002-2005. The Equivalent Property Damage Only (EPDO) crash severity rating system was used to determine dangerous intersections and interchanges. EPDO rates a crash based on crash severity, giving one (1) point to a PDO crash; five (5) points for a crash involving at least one non-fatal injury; and ten (10) points to a crash that involves at least one fatal injury. After determining each crash EPDO rate, the rates for crashes for each intersection and interchange are totaled. A high EPDO indicates a dangerous location where crashes have the most severe consequences. Of the top 100 ranked intersections and interchanges in the Montachusett Region, Lunenburg had three ranked locations. These locations and the report's comments on each intersection were as follow:

Table II-32: Regionally Ranked Crash Locations in Lunenburg

Location	Community Rank	Regional Rank	Project Development Status for 2012 RTP
Massachusetts Ave. (Rt. 2A; Rt. 13)/Electric Avenue (Rt. 13)	1	22	Needs Study
Massachusetts Ave. (Rt. 2A; Rt. 13)/Chase Rd. (Rt. 13)	2	28	Needs Study
Massachusetts Ave. (Rt. 2A)/White St.	3	54	Needs Study

Source: MRPC

While no bridges in Lunenburg are classified as “structurally deficient,” MRPC’s 2012 Regional Transportation Plan identifies one bridge in Lunenburg, Townsend Harbor Road over Mulpus Brook, as “functionally obsolete.” Functionally obsolete bridges may not have a safety issue per se but may not comply with federal regulations in some other aspect, such as slope, sight distance, or width relative to that of the road.

With respect to public transportation, The Montachusett Regional Transit Authority (MART) supplies Councils-On-Aging service for Lunenburg’s elderly and disabled residents. Portions of Lunenburg are also on MART’s regular bus routes. The nearest rail stations are Shirley, Fitchburg and North Leominster on the MBTA Commuter Rail Fitchburg Line.

Schools

In 2012, the Lunenburg Public Schools consolidated four schools into three buildings – students in grades PK-3 now attend the Lunenburg Primary Schools, grades 4-7 attend the Turkey Hill Middle School, and grades 8-12 attend Lunenburg High School. A new Lunenburg Middle / High School is currently under construction at 1025 Massachusetts Ave. According to the 2012 Lunenburg Town Annual Report, as of October, 2012, there were 512 students in grades PK-3, 501 students in grades 4-7, and 593 students in grades 8-12. In total, 1613 students were enrolled in the Lunenburg public schools. This was 45 fewer students than during the same period in 2011, and 57 students less than the same period in 2010. With declining enrollment as well as the consolidation of schools and construction of a new Middle/High School, there is no apparent problem relevant to the capacity of the Lunenburg Public Schools.

Lunenburg is also a member of the Montachusett Regional Vocational School (“Monty Tech”) District. Monty Tech is a vocational school in Fitchburg, Massachusetts, grades 9-12, which teaches 20 different trades. In 2011, there were 72 students from Lunenburg enrolled at Monty Tech.

III. Affordable Housing Goals and Strategies

2006 Community Affordable Housing Strategy

Lunenburg adopted its Community Affordable Housing Strategy in February 2006. Although based on now outdated state regulations, the Housing Strategy functioned as Lunenburg's Housing Production Plan and was actively utilized as a working document and blueprint for the community's housing planning over the next several years. Many of the strategies identified in the Housing Strategy were ultimately implemented. However, based on Massachusetts regulations governing the preparation and implementation of Housing Production Plans, the Community Affordable Housing Strategy technically expired as a Housing Production Plan on February 7, 2011. As a result, the community is required to develop a new Housing Production Plan to be in compliance with the HPP requirements of Chapter 40B as revised in 2008.

The Affordable Housing goals cited in the 2006 Housing Strategy were as follows:

1. To develop 22 affordable housing units each year over the next five years which is equal to three-fourth of one percent of the total housing units in the community (note that the one year production target prior to 2008 was 0.75%).
2. To meet the needs and income levels of diverse individuals and families by providing adequate housing units at affordable price.
3. To permit mixed use development in order to create more opportunities for affordable rental housing units in the community.
4. To encourage the development of two drive-in theaters and the reuse of the school site building for 40R regulation in order to maintain the affordable housing inventory.
5. To continue to provide that three percent of new housing be earmarked for the disabled.

In support of these goals, the Housing Strategy presented an Action Plan consisting of a number of strategies to promote the creation of new housing opportunities in Lunenburg. These strategies included the following:

- **Planning and Regulatory Reform**, including review of existing bylaws and regulations. Also, articles to adopt 40R districts at the sites of former drive-in theaters; extension of sewers to a residential area in southwest Lunenburg and the development of new sewer systems.
- **Community Preservation Act** – This statewide program provides a mechanism to adopt a property tax surcharge with partial matching funds from the State to acquire open space, provide affordable housing, and to conduct historic preservation efforts. (An article to adopt CPA was considered for Lunenburg's 2006 Town Meeting but was tabled before being voted on.)
- **Action Plan**, which included a number of recommendations:
 - Undertake an inventory listing of vacant land suitable for development of affordable housing
 - Implement Chapter 40R
 - Establish a housing coordination function in the office of the Planning Board
 - Apply for grants

- Inform developers of senior housing development opportunities
- Consider extending set-asides to conventional subdivisions
- Develop a Housing Education Program (HEP)
- Provide a technical homeownership assistance program
- Establish a clearinghouse for affordable properties
- Encourage the formation of a non-profit organization that could advise people about shared housing, its advantages, and its responsibilities
- Promote the development of starter homes.

As indicated, the Housing Strategy also commits to the “planned production” of affordable housing in order to eventually meet the Chapter 40B standard of 10 percent affordable housing.

Town Actions since the 2006 Community Affordable Housing Strategy

Since the adoption of the 2006 Community Affordable Housing Strategy, the Town of Lunenburg has undertaken various Implementation Actions to achieve the Plan’s affordable housing goals and objectives. The following is a list of Actions that the town has either achieved or is actively pursuing to



add to Lunenburg’s affordable housing supply:

- Establishment of a 40R Smart Growth Overlay District at the Tri Town Drive-In site. This overlay district allows for higher residential density than the underlying district and requires a fixed percent of housing units to be Affordable Housing. (This site was developed into the Tri Town Landing project which currently includes three buildings and a total of 99 SHI units. A fourth building is currently under construction. Two additional buildings are also proposed for the site.)
- Creation of the Lake Whalom Overlay District which allows for the development of town houses and garden apartments. Dimensional requirements of the underlying district can be modified within this overlay district if 10 percent of residential development is reserved for persons 55 years or more of age or qualifying affordable units. The Emerald Place housing development has been built on this site. The current plan is for 16 percent of the project to be reserved for persons 55 years or more of age which works out to be 38 units of 240. However, there are no affordable units proposed for the development at this time.
- Creation of the Summer Street Revitalization District which allows for mixed-use development of residential, retail, office, and light industrial in close proximity as well as retail and residential uses in the same building.
- Establishment of a Planned Residential Area bylaw which allows for a higher density of development and reduced dimensional requirements in Residence A and B and Outlying Districts if 20 percent or more of the dwelling units qualify as low or moderate income housing, essentially functioning as an inclusionary zoning bylaw.

- Construction of Stone Farm Estates, a 55+ senior housing development. While not classified as an Affordable development, the project, consisting presently of 58 condominium units, provides an important housing resource for a growing segment of Lunenburg's population.

Numerical Goal for Annual Housing Production

The Town of Lunenburg's numerical goal for annual housing production is based on the 2008 Housing Production Plan Regulations (760 CMR 56.03(4)). This Housing Production Plan (HPP) is required to show a strategy for housing production supporting an increase in the Town of Lunenburg's number of Subsidized Housing Inventory (SHI) Eligible Housing units by at least 0.50 percent of its total units during every calendar year covered by the HPP, until the overall percentage exceeds the Statutory Minimum set forth in the regulations.

The Chapter 40B Subsidized Housing Inventory published by the Department of Housing and Community Development, based on the 2010 U.S. Census shows that Lunenburg has a total of 4,037 year round housing units. Therefore, the total amount of SHI units required for the Town of Lunenburg to achieve the statutory minimum is 404 units. DHCD's inventory of Lunenburg's SHI qualified housing indicates that there were 131 SHI units in Lunenburg as of April 30, 2013. At a required rate of 0.5 percent of total housing produced per year to comply with the Chapter 40B minimum, this would mean that Lunenburg would need to produce 20 SHI units per year or 40 units over a two-year period. Section IV of this HPP, Implementation Strategies, provides a chart showing the Town's goals to achieve the required annual housing production target. (It should be noted that if Lunenburg is able to produce 40 or more units over a two-year period, as discussed above, that the longest term of certification available to the Town would be one 24 month cycle, regardless of the number of units produced within that period.)

Following DHCD approval of this Housing Production Plan, once the Town of Lunenburg has achieved its numerical goal for housing production, either for one year or two years, the Town may request certification for municipal compliance from DHCD in accordance with the DHCD Chapter 40B regulations. As discussed in the preceding section, such certification would mean a decision by Lunenburg's Zoning Board of Appeals (ZBA) relative to a comprehensive permit application will be deemed "consistent with local needs" under MGL Chapter 40B.

If the Town of Lunenburg has achieved certification within 15 days of the opening of the local hearing for the Comprehensive Permit, the ZBA shall provide written notice to the Applicant, with a copy to the DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be Consistent with Local Needs, the grounds that it believes which have been met, and the factual basis for that position, including any necessary supporting documentation. If the Applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to the DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA notice, including any documentation to support its position.

Specific language from Massachusetts Department of Housing and Community Development (DHCD) regulations, 760 CMR 56, subsection 56.03(8), describing the certification process and incorporated into this Housing Production Plan at the request of DHCD, is presented below:

(a) If a Board considers that, in connection with an Application, a denial of the permit or the imposition of conditions or requirements would be consistent with local needs on the grounds that the *Statutory Minima* defined at 760 CMR 56.03(3)(b or c) have been satisfied or that one or more of the grounds set forth in 760 CMR 56.03(1) have been met, it must do so according to the following procedures. Within 15 days of the opening of the local hearing for the Comprehensive Permit, the Board shall provide written notice to the Applicant, with a copy to the Department, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the Applicant wishes to challenge the Board's assertion, it must do so by providing written notice to the Department, with a copy to the Board, within 15 days of its receipt of the Board's notice, including any documentation to support its position. The Department shall thereupon review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The Board shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent with local needs, provided, however, that any failure of the Department to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

(b) For purposes of this subsection 760 CMR 56.03(8), the total number of SHI Eligible Housing units in a municipality as of the date of a Project's application shall be deemed to include those in any prior Project for which a Comprehensive Permit had been issued by the Board or by the Committee, and which was at the time of the application for the second Project subject to legal appeal by a party other than the Board, subject however to the time limit for counting such units set forth at 760 CMR 56.03(2)(c).

(c) If either the Board or the Applicant wishes to appeal a decision issued by the Department pursuant to 760 CMR 56.03(8)(a), including one resulting from failure of the Department to issue a timely decision, that party shall file an interlocutory appeal with the Committee on an expedited basis, pursuant to 760 CMR 56.05(9)(c) and 56.06(7)(e)(11), within 20 days of its receipt of the decision, with a copy to the other party and to the Department. The Board's hearing of the Project shall thereupon be stayed until the conclusion of the appeal, at which time the Board's hearing shall proceed in accordance with 760 CMR 56.05. Any appeal to the courts of the Committee's ruling shall not be taken until after the Board has completed its hearing and the Committee has rendered a decision on any subsequent appeal.

IV. Implementation of Housing Production Plan

This section presents a set of implementation strategies for addressing the affordable housing needs of the Town of Lunenburg and its residents.

Preferred Development Characteristics

The preferred sites for new housing would be those with existing infrastructure (including transportation, Town water and sewer services) capable of handling new development. Also, these expansion areas should encourage compact development rather than sprawl, suggesting that new housing should be located near existing centers or villages.

Expansion Areas for Affordable Housing

Consistent with these Preferred Development Characteristics, Lunenburg's Village District Zoning project, discussed above, is examining opportunities to encourage compact development in the Town center. In addition to the specific Village District location, the following sites, which are still undeveloped, were identified in the 2006 Community Affordable Housing Strategy as potential locations for new housing and could still be considered as desirable sites:

- Lunenburg Estates – 1229 Massachusetts Avenue (10.49 acres)
- Electric Avenue Drive-In – 15.78 acres
- Reuse of Old Primary School Building – Town Center (2.42 acres)

It should be noted that both the Lunenburg Estates and Electric Avenue Drive-In sites are presently located in commercially zoned districts. While the Town has previously considered these sites for potential affordable housing, it is also interested in promoting economic development within the community. As such, these sites could be considered for mixed-use development which would provide both housing and commercial development. Current zoning may need to be modified to accommodate this type of development.

Endorsed Sites for 40B and/or 40R Projects

The following site(s) has been identified as 40B or 40R project sites that are supported by the Town:

- Whalom Luxury Apartments (formerly "Lunenburg Village") – A Comprehensive Permit application for five apartment buildings with a total of 120 units is currently going through the public hearing process before the Lunenburg Zoning Board of Appeals.

Municipal Land for Affordable Housing

The following sites have been identified as potential locations for the development of affordable housing although they need to be evaluated for access and water availability. Each of these sites is currently located in a residential zone.

- Old Primary School Building – Town Center (2.42 acres) This site, as mentioned above, was previously considered as a potential Chapter 40R project but a preliminary evaluation reportedly found it ineligible.¹¹
- T.C. Passios School Building – Also in the Town Center, the Reuse Committee is exploring redevelopment options for the building. Included in the Village District area.

Input from the Town’s Building Reuse Committee and possibly a feasibility study (currently proposed within the Town’s Capital Plan) would be desirable to determine whether either or both of these buildings could be repurposed for housing.

Implementation Strategies

As discussed in the preceding section, there are a number of actions which the Town of Lunenburg has pursued to facilitate the development of affordable housing within the community. Moving forward, the Town intends to pursue the following additional strategies to achieve the numerical targets required under the Housing Production Plan program and to assist in promoting housing opportunities to meet the needs of the Town’s citizens identified in the Housing Needs Assessment.

1. Building Institutions

a. Reactivate the Lunenburg Housing Partnership Committee.

Just as the Conservation Commission addresses natural resources and the Historical Commission addresses historic resources, a citizen organization within the Town Government could be responsible for initiating, advocating for, and coordinating efforts to ensure the adequacy of the Town’s housing resources. A Housing Production Partnership can provide essential leadership in support of housing production to serve low and moderate income individuals as well as seniors. Participants can help implement the strategies recommended in the Housing Production Plan by doing the following:

- Work in cooperation with other local boards such as the Board of Selectmen and Planning Board on housing issues;
- Advocate locally for affordable housing by providing education to residents and town officials;
- Serve as representatives of the Town on housing issues to State and regional agencies;
- Identify appropriate sites and provide proactive planning for strategic site acquisitions;
- Obtain technical assistance for planning efforts, grant assistance, monitoring services, and zoning strategies;
- Monitor and pursue funding opportunities

In addition to these activities, the partnership can recommend overall strategies and specific proposals for the development of affordable housing and applications for, and allocation of, federal and state housing development subsidies and grants, and review and make recommendations on the inclusion of affordable housing in proposals for privately financed multiple-unit developments.

¹¹ As stated by a member of the Lunenburg Planning Board on 8/25/14.

To be effective in obtaining support from community officials, in addition to representation from the general public, the partnership should include representation from:

- Board of Selectmen
- Conservation Commission
- Planning Board
- Council on Aging
- Lunenburg Housing Authority

It should be noted that the Town has previously established a Housing Partnership Committee charged with addressing “local housing needs through a collaborative effort between local government, community organizations, banks and the private sector.” However the Committee appears to be dormant at this time. Efforts should be made to reactivate the Committee and to identify appropriate responsibilities and activities in support of this Housing Production Plan.

Additionally, a partnership does not need to be limited to the Town of Lunenburg only. Consideration should be given to entering into partnerships with adjacent communities which are dealing with many of the same housing issues as Lunenburg. Collaboration with other communities to provide regional housing services could also strengthen eligibility for various grant programs and allow for a pooling of resources that could more effectively facilitate housing production and rehabilitation. As a regional endeavor, depending on available funding, a multi-community partnership could be facilitated through

MRPC which could provide assistance in project coordination and development.



b. Consider Joining a Regional Housing Consortium

The Town should explore gaining eligibility for federal housing subsidy funds through joining an eligible regional consortium such as the Fitchburg and Leominster HOME consortium. Being in such a regional group would make Lunenburg eligible for funding under the federal HOME housing program, including funds to support administrative costs.¹²

Benefits of being part of a regional partnership go beyond funding, to include strengthened ability to advocate for housing as a region and participation in an inter-community forum to discuss regional housing needs.

¹² The HOME Investment Partnership Program is a federally funded program that assists in the production and preservation of affordable housing for low and moderate-income families and individuals. The program funds a broad range of activities including the acquisition, new construction, and rehabilitation of existing properties which are sold to income eligible first-time homebuyers. Eligible funding applicants include for- and non-profit developers, non-profit organizations designated as Community Housing Development Organizations (CHDOs), and municipalities in cooperation with any of these entities.

2. Enforcing and Refining Regulations

a. Enforce Current Zoning Bylaws Regarding Major Developments and Subdivisions.

The Town's existing zoning bylaw specifies that all new residential development above a defined threshold scale should contribute to addressing the Town's affordable housing needs. Use Regulations (Section 4.0) of the Lunenburg Zoning Bylaws states that a development containing ten (10) or more units shall set aside 10 percent of the units as moderate or low income units and a development of 36 or more units should set aside 15 percent or more of its units as moderate or low income units. The Town should endeavor to apply these regulations for all new development within the community.

b. Consider revisions to current regulations for senior and assisted-living housing.

Currently, Assisted Living and Continuing Care Retirement facilities are allowed by special permit from the Planning Board in the Residence A and B, Outlying, Limited Business/Residential and Commercial Districts. However, no special allowances are made for senior or over 55 years of age housing which is not classified as assisted living or continuing care. While age-restricted housing has been developed in Lunenburg in the recent past such as Stone Farm Estates, demographic projections indicate a growing need for this kind of housing in addition to assisted living and continuing care housing. Efforts should begin with an examination of the experience with current bylaw provisions with the objective of identifying additional strategies to encourage the development of senior or over 55 housing.

c. Explore adoption of an Estate Preservation provision under zoning bylaws

An Estate Preservation bylaw would allow the adaptive reuse of existing structures for additional units as an alternative to dividing the land into smaller lots. This would promote both historic preservation and housing affordability. For very large dwellings on very large parcels, such provisions would allow for adaptive reuse of the existing structure for additional units as an alternative to dividing the land into smaller lots, or as a means of reducing the number of lots allowed to be created.

d. Explore a density incentive for housing rehabilitation

The Town should explore possibility of offering a density incentive for new development which includes either on- or off-site the rehabilitation of existing housing units and their deed-restriction for on-going affordability. This could help preserve existing housing stock and help maintain existing community character, particularly in cases where existing housing is in danger of deterioration or obsolescence.

3. Continuing Affordability

a. Facilitate long-term affordability of energy in housing

Heating and utilities costs have been rising rapidly at a greater rate than income. This can create problems for households who may be barely able to afford the "affordable" housing unit in which they reside. Efforts would be made to seek ways through creative funding or educational efforts to encourage initial investments in energy-saving design, construction, and equipment which, although initially somewhat more expensive than "standard" will pay dividends over time through reducing heat and utility demands and costs for occupants.

Lunenburg has already adopted the Massachusetts Stretch Energy Code which increases energy efficiency requirements for all new residential structures, as well as for those residential additions and renovations that would normally trigger building code requirements. In addition, the Lunenburg Green Community Task Force is actively engaged in energy education efforts and programs throughout the community. This task force could potentially expand its efforts to help low and moderate income household identify opportunities to reduce energy expenditures.

4. Identify and Secure Funding and Development Resources

a. Reconsider participation in the Massachusetts Community Preservation Act (CPA)

While participation in the Massachusetts Community Preservation Act has previously been proposed in Lunenburg, it has been rejected three times in town referendums. Given this history, it may not be feasible to reconsider CPA at this time. However, consideration could be given in the future should conditions change. CPA is a smart growth tool that helps communities preserve open space and historic sites, create affordable housing, and develop outdoor recreational facilities. CPA can also strengthen the local economy by expanding housing opportunities and construction jobs for Lunenburg's workforce.

CPA allows communities to create a local Community Preservation Fund for open space protection, historic preservation, affordable housing and outdoor recreation. Community preservation monies are raised locally through the imposition of a surcharge of not more than 3% of the tax levy against real property. Municipalities must adopt CPA by ballot referendum. The CPA statute also creates a statewide Community Preservation Trust Fund, administered by the Department of Revenue (DOR), which provides distributions each year to communities that have adopted CPA. These annual disbursements supplement community funds and serve as an incentive for communities to pass CPA.

Eligible uses of CPA for affordable housing are as follows:

- Property acquisition
- Housing creation
- Property preservation
- Provision of grants, loans, rental assistance, security deposits, interest-rate write downs or other forms of assistance directly to individuals and families who are eligible for community housing, or to an entity that owns, operates or manages such housing, for the purpose of making housing affordable
- Rehabilitation and restoration of properties acquired with CPA money

Some communities have utilized CPA funding for projects which accomplish multiple objectives, such as combining affordable housing with open space and/or historic preservation. CPA funding can also leverage financing for initiatives carried out by nonprofit and private development partners (discussed below). CPA funds have also been used to purchase deed restrictions, rehabilitate existing affordable housing, obtain planning and professional services, to fund staffing for support of affordable housing,

and to prepare grant applications. Communities have also pooled CPA funds to support regional entities that provide affordable housing services.

b. Establish and Capitalize a Municipal Affordable Housing Trust Fund¹³

In 2005, the Commonwealth of Massachusetts enacted the Municipal Affordable Housing Trust Fund, which simplified the process of establishing housing funds dedicated to subsidizing affordable housing. The law provides guidelines on what trusts can do and allows communities to collect funds for housing and segregate them out of the general budget into an affordable housing trust fund. These funds can then be used 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 by the Board of Selectmen. This function could be served by a Housing Production Partnership described above. While new trusts must be in compliance with Chapter 30B, the law governing public procurement as well as public bidding and construction, most trusts opt to dispose of property through a sale or long-term lease to a developer to clearly differentiate any affordable housing development project from a public construction project. Some communities have committed CPA funding (see above) on an annual basis to Housing Trust Funds without targeting the funding to specific initiatives. Inclusionary zoning, discussed below, may also provide cash resources for a wider range of possible developments to help capitalize the Affordable Housing Trust Fund. Developers may also contribute to the Housing Fund through negotiations on local developments.



While some communities have separate Housing Trust Funds as well as a Housing Committee or Housing Partnership, others have the Housing Trust function as both the fiscal agent of the Housing Trust Fund and also the municipality's permanent committee for overseeing housing issues, serving as the Town's development review committee for affordable housing projects and working with the Planning Board to establish new zoning to promote affordable housing. However, this responsibility could also be assigned to the Housing Production Partnership if one is established in Lunenburg.

c. Collaborate with Private Non-Profit Organizations (e.g., Habitat for Humanity and MEC)

Habitat for Humanity (HFH) is a well-known nonprofit, Christian housing ministry that believes that all people should have a decent, safe and affordable place to live. Habitat builds and repairs houses throughout the world using volunteer labor and donations. Partner families then purchase these houses through no-profit mortgage loans or innovative financing methods. Lunenburg is located within the service area of Habitat for Humanity North Central Massachusetts which is headquartered in Fitchburg. According to the Executive Director of the North Central Massachusetts affiliate, if there is strong

¹³ Information on Housing Trust Fund concept summarized from Town of Amherst MA Housing Production Plan, March 2013

interest in working on a Habitat for Humanity project in Lunenburg, the following steps should be undertaken:

- Initiate contact with the Habitat for Humanity North Central Massachusetts chapter
- Call for a public meeting of anyone interested in pursuing the possibility of working with Habitat for Humanity in Lunenburg.
- Identify property or properties that could be built on or renovated
- Identify funding sources in Lunenburg. In the end, all sources of funding from individuals, corporations, grants, etc., would need to come from people in Lunenburg or the town or others interested in supporting the work. (HFH is a grassroots organization; therefore all funding is typically raised locally.)
- Once there is a sense of interest, possible funding sources, and a project, representatives from the community should approach North Central Mass HFH and ask to create a “Local Project Committee.” This group would then act as a subcommittee of the affiliate with non-profit status and a good deal of autonomy, but the finances would be managed through the affiliate’s accounts.
- HFH would then appoint a construction manager and initiate the project.

Another non-profit organization that supports housing development and rehabilitation is the Montachusett Enterprise Center, Inc. (MEC). MEC is a non-profit affiliate of MRPC. MEC operates exclusively for the charitable and educational purposes of management and program direction for projects designed to alleviate socioeconomic problems in the Montachusett Region. Since its inception in 2003, MEC in partnership with Montachusett Regional Vocational Technical High School (Monty Tech) has built three homes in Fitchburg which were sold at affordable prices to lower income individuals. Funding for these projects was provided to MEC from the City of Fitchburg HOME Program and Enterprise Bank and Trust Company, Leominster. MEC built a fourth, affordably-priced home in Athol in partnership with a modular home construction firm. MEC’s Board of Directors is comprised of public officials and members of the moderate income community.

5. Preserve and Enhance the Town’s Housing Stock

a. Monitor Foreclosures

Efforts should be made initially to assist property owners to avoid foreclosure on their property. However, should a property be foreclosed, the Town needs to know the location, specifications, and condition of the property to plan how to address it. For the Town of Athol, MRPC has developed an application for mobile devices to assist the Town to maintain a current inventory of vacant and foreclosed properties. The application is able to map current locations of vacant properties based on this inventory, enabling the Town to update this inventory in real time and maintain a complete and current database of distressed properties. This inventory can be used to prioritize properties for rehabilitation and resale and to monitor progress toward reduction and elimination of foreclosure activity within the community. The inventory can also be used to identify “hot spots” within the community with higher densities of foreclosures to assess their causes and determine possible means of mitigation.

b. Work with Court-appointed Receivers to Rehabilitate and Resell Foreclosed Properties

The Town can work with court-appointed receivers under the Massachusetts Attorney General's Abandoned Housing Initiative (AHI) Program to remediate vacant, abandoned and/or foreclosed homes throughout the community. Grants are available through the Attorney General's Office to address distressed properties, stabilize neighborhoods, provide housing opportunities for the workforce, mitigate disinvestment in the community, and maximize property tax revenues to the Town. These grants have been used by communities to provide seed money to support a revolving loan fund for the rehabilitation of affordable housing.

Receivership involves the use of statutory power authorized in M.G.L. Chapter 11, Section 1271, to temporarily seize buildings to ensure enforcement of the state sanitary code.¹⁴ The law provides for property to be placed under the control of a judicially supervised receiver who has the power to collect rents, make repairs, and borrow money when necessary. Receivership can expedite a community's intervention when a property poses a hazard because it has been abandoned or when tenants are at risk.

Typically, to initiate the receivership process, the Board of Health petitions the housing court for the appointment of a receiver after having exhausted all other remedies to secure a property's compliance with health and safety codes. If the court deems the municipality's request valid, it appoints a receiver to step in to stabilize and manage the distressed property. The receiver arranges for repairs and management of the property and funds this through rents or borrowing based on a lien on the property. (A lien may be assigned to the receiver as collateral for the purpose of securing loans for repair, operation, maintenance or property management.) Receivers may be property management firms, community development corporations (CDCs), lawyers or other responsible parties qualified by the court.

To complete necessary work to bring a property up to code, the receiver is responsible for sending out a bid for contractors. The receiver must compile a scope of services and choose a contractor that will do the best job for the most reasonable price. The receiver must remain in contact with the housing court throughout the receivership. Community Development Block Grant (CDBG) funds are a potential source of funding to support repairs to properties (see below).

Termination of a receivership is typically through the sale of the property by a court-ordered foreclosure sale. In this case, the receiver or municipality petitions the court for a foreclosure sale. Bidder requirements can be imposed at this time such as priority for first-time homebuyers and residency requirements. The receiver files documentation of their expenses and projected expenses through the proposed auction date. If approved by the court, the court will then order sale of the property to satisfy the receiver's lien, and the receiver will utilize attorneys and an auctioneer to provide notice and conduct the auction sale.

¹⁴ Information obtained from "How to Use Receivership to Stabilize Abandoned and Foreclosed Properties," Massachusetts Housing Partnership, Boston MA, May 2009.

To support the receivership effort, there needs to be a system to efficiently prioritize which foreclosed properties in Lunenburg should be targeted for rehabilitation. Criteria needs to be defined that can be applied as a basis for prioritization. These criteria could be developed by the Housing Production Partnership if one is established.



c. Participate in Current CDBG and Neighborhood Stabilization Loan Fund (NSLF) Housing Assistance Programs

Although not an Entitlement Community which would enable the community to apply directly to the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) funding, Lunenburg can apply to receive CDBG funding through the Commonwealth of Massachusetts to support a variety of housing services including the receivership program.

Another program which is available to address foreclosure problems is the Neighborhood Stabilization Loan Fund (NSLF) program, available through the Massachusetts Housing Investment Corporation (MHIC). MHIC is a leading private investor and lender specializing in financing affordable housing and community development throughout New England. MHIC was founded in 1990 as a private non-profit by a consortium of banks to fill a critical gap in meeting the credit needs of affordable housing developers at a time when the real estate market was in turmoil. The NSLF program provides revolving acquisition/construction loans and lines of credit to approved non-profit and for-profit sponsors for the acquisition and rehabilitation of foreclosed and abandoned properties (typically 2-4 family). MHIC also helps finance redevelopment of properties under court-supervised receivership due to serious code violations. MHIC coordinates its efforts with local officials to ensure that NSLF loans are aligned with community development plans and have maximum impact.

d. Leverage available funding and loans from Federal and State Programs

Information on available funding programs is provided in Appendix B. Lunenburg may already be participating in some of the programs identified in this Appendix. Other programs offer possible opportunities to further strengthen the community's housing stock and should be considered if appropriate for specific applications and/or circumstances.

6. Facilitate Diversification of Housing

a. Establish Partnerships with Developers

The Town can partner with developers of privately-owned properties in support of different types of housing to meet diverse housing needs in the community. Housing which may qualify for these partnerships could include:

- Multi-family housing
- Mixed-use development
- Cohousing
- Live/work units
- Adaptive reuse
- Cluster development
- Congregate housing
- Group homes
- Senior housing and service-enriched housing for seniors

These partnerships could involve the following:

- **Rezoning:** The town could support zoning changes to encourage the development of these housing models, incorporating affordability. Zoning amendments to better promote infill housing could help diversify the housing stock in locations that are most appropriate. As indicated above, the Town is particularly interested in promoting mixed-use development to support economic development as well as affordable housing. This objective could be facilitated through the identification of appropriate properties and a review of zoning bylaws. Mixed-use development is already being pursued through the Town’s current Village District Bylaw effort which is intended to support mixed-use development in the Town Center.
- **Predevelopment funding:** CDBG funding could provide resources to support preliminary feasibility analyses for new developments. Such funds could be offered as a grant if it is ultimately found that the project is infeasible and as a loan to be repaid if the project is developed. State assistance under the new PATH (Planning Assistance Toward Housing) program through the Executive Office of Housing and Development might also be accessed in support of predevelopment funding.
- **Establishment of DIF or TIF districts:** District Improvement Financing (DIF) and Tax Increment Financing (TIF) are economic tools established under Massachusetts General Laws that promote redevelopment through public/private partnerships. The use of tax increments is central to both of these tools. DIF can support a project by providing a means of financing infrastructure and surrounding amenities, taking a burden off of the developer and minimizing their risk. With a DIF, municipalities can pledge all or a portion of tax increments to fund district improvements. TIF offers tax breaks to developers who develop projects in areas “presenting exceptional opportunities for economic development. Money saved on taxes can then help pay for construction costs. With TIF, municipalities can grant property tax exemptions to land owners of up to 100 percent of the tax increment for a fixed period.
- **Community outreach and advocacy:** Efforts will need to be made to provide information to the community, abutters in particular, on proposed developments to help bolster local support. Also, it will be important for local leaders, including members of Board of Selectmen and Planning Board to get behind affordable housing developments, to help fine-tune development proposals to best meet local needs and address community concerns, to advocate for their support, and to ultimately insure sufficient funding and necessary regulatory approvals.

- Gap financing: Local funding – including CDBG funding and, potentially, Housing Trust Funds – could be used as “gap fillers” to help reduce the gap between the total costs of development and the affordable rent or purchase price of the units. This local commitment is often critical to leveraging other public and private funding.
- Supportive services: To meet the needs of special populations – including seniors, the disabled, and chronically homeless – housing is not enough. Supportive services are also required to allow occupants to remain safe, independent and thrive as contributing members of the community. Town funding to continue to support such services such as the Eagle House Senior Center is essential to support the physical and social health of Lunenburg’s elderly population.

b. Consider Further Applications of Chapter 40R

Chapter 40R of the Massachusetts General Laws, enacted as the Smart Growth Zoning and Housing Production Act, encourages cities and towns to zone for compact residential and mixed-use development in “smart growth” locations by offering financial incentives and control over design. It provides a means of increasing housing production and reducing housing costs in Massachusetts by creating zones pre-approved for higher density development which would be potentially attractive to developers. It also provides for direct cash payments to cities and towns that create zoning overlay districts that meet the statute’s location and procedural standards. Lunenburg has already established a Chapter 40 R District as the Tri Town Smart Growth District on the site of the former Tri Town Drive-In Theater. Three buildings have been constructed on the site to date (33 affordable units per building), a fourth building is under construction and there are plans to build an additional two buildings in the near future. Chapter 40R may also be appropriate for at least two other sites within Lunenburg.¹⁵



Among the conditions that apply to 40R Districts:

- Districts must be in “smart growth” locations, that is, near transit or commercial centers, in areas with existing infrastructure, or otherwise “highly suitable.”
- The district overlay must allow housing to be built as of right at densities of at least 8 to 20 units per acre depending on the type of housing.
- 20 percent of the new units must be “affordable.”

Chapter 40R also allows communities to set detailed design standards for projects built in the districts and to reject projects that do not meet the standards. It is also an alternative to the Chapter 40B

¹⁵ Both the currently vacant Electric Avenue Drive-In site (15.8 acres) and “Lunenburg Estates” at 1229 Massachusetts Avenue (10.5 acres) have been mentioned as possible 40R sites.

comprehensive permit process which can be advantageous to Lunenburg since it has not met the state's affordable housing goals (less than 10 percent of the community's year round housing is affordable). Planning projects in 40R districts could save developers significant amounts of both time and money otherwise spent on getting zoning approved for multifamily housing or higher-density single-family housing at the local level. With 40R, that work has already been accomplished by the city or town.

With regard to State funding, the 40R statute authorizes two types of payments to municipalities with 40R districts:

- An upfront “zoning incentive payment” of \$10,000 to \$600,000 depending on the increase in the number of new units that can be built in the district as of right, compared to the underlying zoning, and
- A “density bonus payment” of \$3,000 per unit when building permits are issued for projects using the overlay zoning or Chapter 40B

A companion law (Chapter 40S) provides “school cost insurance” as an additional incentive. Under this law, communities are eligible to receive payments from the state to fill the gap if approximately half of the new property and excise taxes generated by development in the 40R district plus the Chapter 70 (state school aid) payments for public school students living in new housing in the district does not fully cover the cost of educating these children.

c. Promote development of Non-Traditional Housing

A possible outcome from establishing partnerships with developers as described above could be consideration of innovative housing opportunities that could provide affordable options to expand the range of housing opportunities in Lunenburg. Depending on their design and financing, the ability to permit these types of non-traditional development could provide an incentive for developers to pursue a project in Lunenburg. Some of these options include:

- Cohousing: The cohousing concept originated in Denmark and emphasizes knowing one's neighbors and providing a safe, nurturing environment for children. It has similarities to the “intentional communities” concept, going back to the mid-19th century. These developments involve cooperative neighborhoods, typically with home clustered around a common building with facilities (dining room, kitchen, play rooms, library, etc.) that are shared by all residents. According to the cohousing directory is maintained by the Fellowship of Intentional Communities, there are currently 12 cohousing developments in Massachusetts, one under construction, and another one looking for an appropriate site.
- Adaptive reuse: Adaptive reuse involves the conversion of nonresidential properties such as institutional, commercial, and industrial properties into housing. Examples include conversion of schools and vacant industrial facilities into multi-family housing. While the concept has been proven to be feasible, one challenge may be current zoning restrictions which limit residential

development in areas zoned for non-residential uses. Some communities have overcome this problem with the establishment of zoning overlay districts.¹⁶

- Co-operative Housing (co-ops): Co-operative housing is a form of shared ownership where all residents own shares in the property which entitles them to a long-term lease and a vote in the governance of the property. Limited equity co-ops are a form of affordable, resident-controlled homeownership in which individual share purchase prices are set low so residents do not need mortgage financing to buy in.
- Congregate housing: Congregate housing can take many forms and other names for it include supported housing, life-care homes, congregate retirement housing, congregate senior communities, residential care, sheltered housing, and assisted living. Congregate housing can serve as a valuable source of affordable housing for low-income individuals.

In the case of each of these housing concepts, zoning requirements are likely to have a significant bearing on permitting and will require possible revisions to the Town's zoning bylaws, such as the creation of overlay districts, depending on regulations in the targeted areas.

d. Provide for conversion of larger homes to multifamily housing

Consideration should be given to a modification of current zoning bylaws to allow for the conversion of existing structures into multifamily buildings. Current required minimum lot size and frontage requirements can be barriers to the reuse of existing structures as multifamily buildings on lots that would be considered substandard for multifamily development under current zoning. Many of these older structures may now be too large and too expensive for a single family to maintain, particularly given declines in average family/household size in recent decades. Reuse of existing structures as multifamily buildings with units that could either be rental or ownership would provide additional housing diversity in Lunenburg and could also help protect historic resources by facilitating their rehabilitation. Conversion of single family dwellings to multifamily *may* be allowable with a Special Permit from the Planning Board in Residence A, B, and Outlying Districts under the current zoning bylaws although it is not explicitly stated as such.

Numerical Targets and Schedule

As discussed in Section III, the Town of Lunenburg's numerical goal for SHI annual housing production is 20 units per year over a one year period to meet the 0.5 percent units per year requirement and 40 units per year to meet the 1.0 percent units per year to meet the two-year housing production threshold. These housing production requirements are based on the 2008 DHCD HPP regulations and data from the 2010 U.S. Census. Note that as a result of a recent interagency agreement between the Commonwealth of Massachusetts and State Housing Agencies, at least ten percent (10%) of the units in Affordable Production Developments funded, assisted or approved by a State Housing Agency shall have

¹⁶ The state's new Planning Assistance Toward Housing (PATH) program can be used to help communities address zoning issues related to conversion of elementary schools and other municipal properties to residential uses. The PATH program has a total of \$600,000 in funds available to assist communities expand housing opportunities by undertaking a broad range of planning activities, including community initiated activities on municipally-owned sites; changes to land use and zoning; planning for housing/mixed-use development in specific geographic areas; and the implementation of strategies identified in DHCD-approved Housing Production Plans (HPP).

three or more bedrooms with certain exceptions (e.g., age-restricted housing, assisted living, and other developments in which the policy is not appropriate for the intended residents). More information regarding this interagency agreement is provided in Appendix C of this Plan. Based on these goals and a review of recent affordable housing units added to Lunenburg’s housing inventory, the following table presents the Town of Lunenburg’s housing production numerical targets and schedule for the next five years:

Table IV-1: Lunenburg Housing Production Schedule

Year	Number of Units	Basis for Housing Production
2015	56	24 rental units at Whalom Luxury Apartments; 32 apartment units at Tri Town Landing
2016	92	24 rental units at Whalom Luxury Apartments; 68 condominium units at Hollis Hills
2017	56	24 rental units at Whalom Luxury Apartments; 32 apartment units at Tri Town Landing
2018	92	24 rental units at Whalom Luxury Apartments; 68 condominium units at Hollis Hills
2019	56	24 rental units at Whalom Luxury Apartments; 32 apartment units at Tri Town Landing

The Town of Lunenburg has established these production goals to realistically reflect current development plans and expectations of SHI housing production. Whalom Luxury Apartments is currently being reviewed by the Zoning Board of Appeals and will consist entirely of rental apartments of which 25 percent will be priced as Affordable, enabling the entire project to count toward Lunenburg’s SHI inventory. Tri Town Landing has already been partially constructed and occupied. A third building has been constructed, is now occupied, and has been submitted to DHCD for approval as SHI-qualified. A fourth building is under construction and two more buildings are scheduled to be constructed in the next five years. Production of the units shown in the table beginning in 2015 would result in an additional 352 SHI units in Lunenburg. As indicated in Section II, Lunenburg has also produced 33 additional affordable units at Tri Town Landing since the DHCD Chapter 40B SHI inventory was compiled in April, 2013. Assuming all of these units can be certified by DHCD to qualify as SHI units, and are added to the 131 existing certified units, Lunenburg would have a total of 516 SHI units at the end of 2019. If this target is achieved, Lunenburg would be in compliance with the annual production schedule of 0.5 percent per year from 2015 to 2019 **and also exceed the State’s 10 percent goal of 404 total SHI units within the Town**. As discussed previously, the target will be readjusted in 2020 on the basis of the 2020 U.S. Census and changes in the overall Lunenburg housing stock.

Use Restrictions

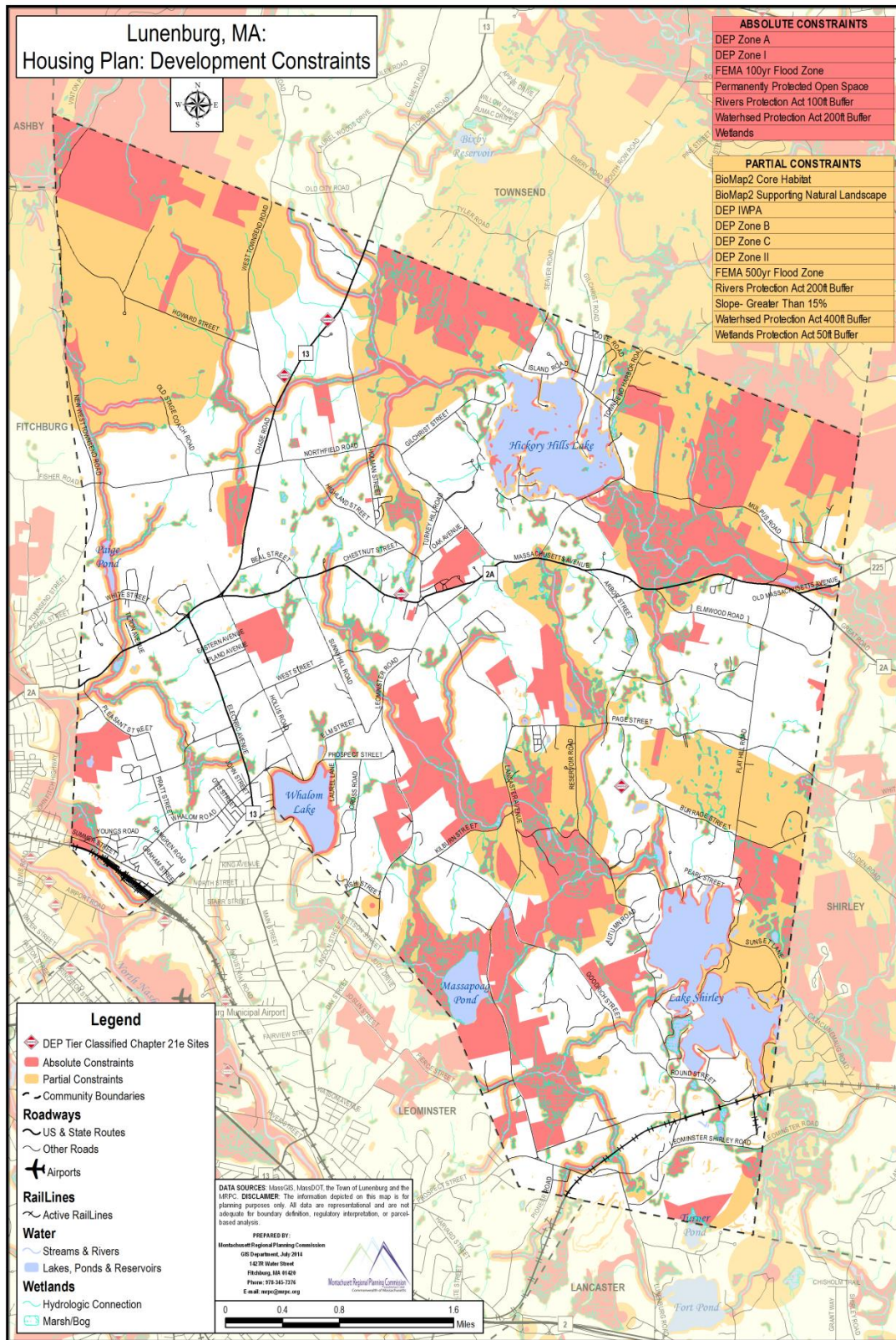
Affordable housing in Lunenburg will be maintained through deed restrictions to ensure long-term affordability of the units. Use restrictions are already incorporated into the Town’s zoning bylaws for development of 10 or more units or permitted in Planned Residential Areas, Mixed Residential Development, or the Tri Town Smart Growth District. While the use restrictions specified in the zoning bylaws provide assurance of continued affordability, DHCD recommends the following restrictions to be

applied for all units intended to be credited toward meeting the 10 percent rule of Chapter 40B and the DHCD Subsidized Housing Inventory:

- All affordable units must serve households with incomes no greater than that established in the original project approval, which in no event is to be greater than 80 percent of the area median income, adjusted for household size, as annually revised and published by the U.S. Department of Housing and Urban Development (HUD).
- The limitation must remain in place for the life of that residential unit, except that in the case of rehabilitated units the term may be reduced to as little as 15 years if there is no workable alternative. Future sale or rent price will be based upon maintaining affordability at the same percentage of area median as in the initial basis, adjusting for changed median incomes and changed tax, condo fees, and other costs.
- Units must be subject to a regulatory agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement.
- The units must be marketed in a fair and open process consistent with state and federal fair housing laws.

MAP 1

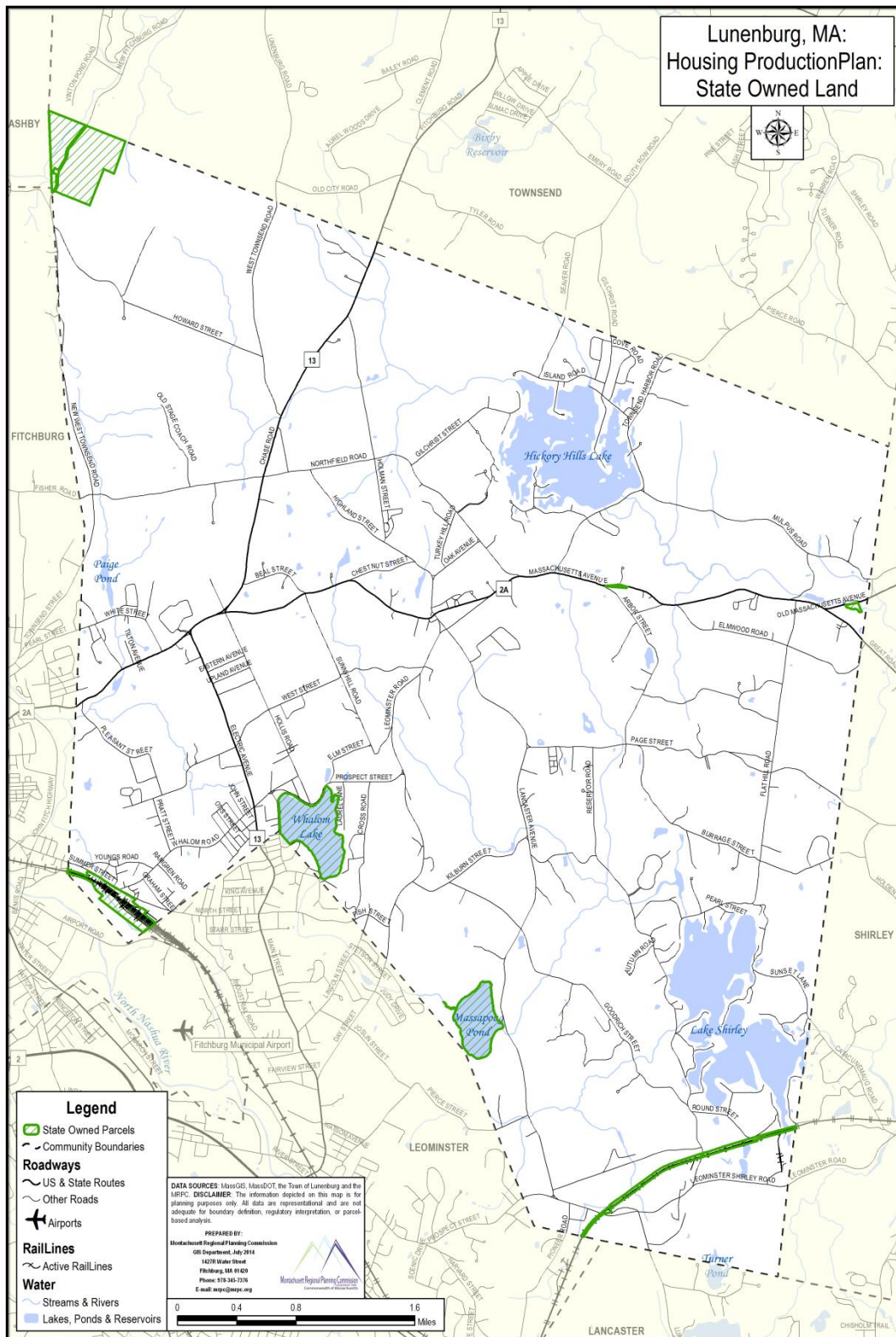
DEVELOPMENT CONSTRAINTS



MAP 2

STATE OWNED LAND IN

LUNENBURG



APPENDIX A

Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines

Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines



Affirmative Fair Housing Marketing and Resident Selection Plan

A. Introduction

The Commonwealth of Massachusetts has a compelling interest in creating fair and open access to affordable housing and promoting compliance with state and federal civil rights obligations. Therefore, all privately assisted housing or housing for inclusion on the Subsidized Housing Inventory (SHI) shall have an Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP). With respect to rental housing and Assisted Living Facilities, the affordable Use Restriction documents of said housing must require that the AFHMP, subject to the approval of the subsidizing or funding agency, shall be implemented for the term of the affordability restriction.

Affirmative Fair Housing requirements apply to the full spectrum of activities that culminate with occupancy, including but not limited to means and methods of outreach and marketing through to the qualification and selection of residents. All AFHMP plans must, at a minimum, meet the standards set forth by the Department of Housing and Community Development (DHCD), as may be amended from time to time. In the case of M.G.L. c.40B projects and other projects subsidized by a Subsidizing Agency, the AFHMP must be approved by the Subsidizing Agency.

The developer (Developer) is responsible for resident selection, including but not limited to drafting the resident selection plan, marketing, administering the initial lottery process, and determining the qualification of potential buyers and/or tenants. The Developer is responsible for paying for all of the costs of affirmative fair marketing and administering the lottery and may use in-house staff, provided that such staff meets the qualifications described below. The Developer may contract for such services provided that any such contractor must be experienced and qualified under the following standards.

Note: As used in these AFHMP Guidelines, "Developer" refers to the Project Owner and/or the entity with which the Developer has contracted to carry out any or all of the tasks associated with an AFHMP.

B. Developer Staff and Contractor Qualifications

The entity as well as the individual with primary responsibility for resident selection, whether in-house staff or a third-party contractor, must have substantial, successful prior experience in each component of the AFHMP for which the party will be responsible, e.g. drafting the plan, marketing and outreach activities, administering the lottery process and/or determining eligibility under applicable subsidy programs and/or qualifying buyers with mortgage lenders.

Subsidizing Agencies reserve the right to reject the qualifications of any Developer or contractor. However, generally, Developers or contractors that meet the following criteria for each component, as applicable, will be considered to be qualified to carry out the component(s) for which they are responsible:

1. The entity has successfully carried out similar AFHMP responsibilities for a minimum of three (3) projects in Massachusetts or the individual with primary responsibility for the resident selection process has successfully carried out similar AFHMP responsibilities for a minimum of five (5) projects in Massachusetts.
2. The entity has the capacity to address matters relating to limited English language proficiency. This shall include language access planning and providing reasonable language assistance, at no cost to the applicant, so that applicants with Limited English Proficiency ("LEP") may meaningfully apply and access the housing opportunity.¹

¹ See DHCD's Language Access Plan at <http://www.mass.gov/hed/docs/dhcd/hd/fair/languageaccessplan.pdf> for information

about language access planning obligations and requirements.

Marketing informational materials must therefore provide notice of free language assistance to applicants, translated into the languages of LEP populations anticipated to apply.

3. "Successfully" for the purposes of these Guidelines means that, with respect to both the entity and the relevant staff, (a) the prior experience has not required intervention by a Subsidizing Agency to address fair housing complaints or concerns; and (b) that within the past five (5) years, there has not been a finding or final determination against the entity or staff for violation of any state or federal fair housing law.

C. Affirmative Fair Housing Marketing Plan

1. Duration

The Developer and contractor, if any, or other delegated entity, shall review and update the AFHMP at least every five years, or more frequently if relevant demographics change, or as otherwise needed in order to ensure compliance with applicable law and DHCD's AFHMP guidelines, as may be amended from time to time (or any successor guidelines or directives).

(May 2013 Update: Addition of language on duration; no change in policy.)

2. Contents

The Developer shall prepare the following materials which shall comprise an AFHMP:

a. Informational materials for applicants including a general description of the overall project that provides key information such as the number of market/affordable units, amenities, number of parking/garage spaces per unit, distribution of bedrooms by market and affordable units, accessibility, etc.

b. A description of the eligibility requirements.

c. A description of the rules for applying and the order in which applications will be processed.

d. Lottery and resident selection procedures.

e. A clear description of the preference system being used (if applicable).

f. A description of the measures that will be used to ensure affirmative fair marketing will be achieved including a description of the affirmative fair marketing and outreach methods that will be used, sample advertisements to be used, and a list of publications where ads will be placed.

g. Application materials including:

(1) The application form.

(2) A statement regarding the housing provider's² obligation not to discriminate in the selection of applicants on the basis of race, color, national origin, disability, age, ancestry, children, familial status, genetic information, marital status, public assistance reciprocity, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law, and such a statement must also be included in the application materials.

²Note: housing providers include owners of accessory apartments and their agents.

³ It is important to remember that legal obligations with respect to accessibility and modifications in housing extend beyond the Massachusetts Architectural Access Board requirements, including federal requirements imposed by the Fair Housing Act, the Americans with Disabilities Act, and the Rehabilitation Act. Under state law, in the case of publicly assisted housing, multiple dwelling housing consisting of ten or more units, or contiguously located housing consisting of ten or more units (see M.G.L. c. 151B, § 1 for definitions), reasonable modification of existing premises shall be at the expense of the owner or other person having the right of ownership if necessary for the person with a disability to fully enjoy the premises. M.G.L. c. 151B, § 4(7A). See also 24 C.F.R. part 8 for Rehabilitation Act requirements of housing providers that receive federal financial assistance.

(3) Information indicating that persons with disabilities are entitled to request a reasonable accommodation in rules, policies, practices, or services, or to request a reasonable modification in the housing, when such accommodations or modifications may be necessary to afford persons with disabilities an equal opportunity to use and enjoy the housing.³

(4) An authorization for consent to release information.

h. For homeownership transactions, a description of the use restriction and/or deed rider.

i. The Developer and contractor, if any, shall sign the AFHMP document as follows:

"As authorized representatives of [Developer] and [contractor], respectively, each of us has reviewed this plan and agrees to implement this AFHMP, which shall be made effective as of the approval date. Further, by signing this form, [Developer] agrees to review and update its AFHMP as necessary in order to comply with all applicable statutes, regulations, executive orders and other binding DHCD requirements pertaining to affirmative fair housing marketing and resident selection plans reasonably related to such statutes, regulations, executive orders, as same may be amended from time to time. We hereby certify that all the information stated herein, as well as any information provided herewith, is true and accurate.

Note: The Developer shall not utilize the HUD AFHMP form unless required to submit an AFHMP to HUD for review and approval.

3. Approval

The Subsidizing Agency must approve the AFHMP before the marketing and application process commences.

4. Applicability

Aside from the advertising component of the AFHMP, which applies to all units, the AFHMP shall be applied to affordable units upon availability for the term of affordability and must consist of actions that provide information, maximum opportunity, and otherwise attract eligible persons protected under state and federal civil rights laws that are less likely to apply.

5. Criminal Background Checks

Criminal background checks are not required under these AFMHP guidelines. However, if criminal background inquiries and checks will be utilized during the application process, the use of such inquiries and checks are subject to the approval of the Subsidizing Agency. Criminal background screening shall not be conducted as a precondition for applicant participation in the lottery. For further guidance on criminal background screening, see the Model Policy Regarding Applicant Screening on the Basis of Criminal Records, available at <http://www.mass.gov/hed/economic/eohed/dhcd/legal/fair-housing-and-civil-rights-information.html>

(May 2013 Update: New requirement for signature/certification of AFHMP submissions; advice on use of

HUD form; and new language on CORIs but no change in policy.)

6. Outreach and Marketing

Marketing should attract residents outside the community by extending to the regional statistical area as well as the state and must meet the following requirements:

a. Advertisements should be placed in local and regional newspapers, and newspapers that serve minority groups and other groups protected under fair housing laws. Notices should also be sent to local fair housing commissions, area churches, local and regional housing agencies, local housing authorities, civic groups, lending institutions, social service agencies, and other non-profit organizations.

b. Affordable units in the Boston Metropolitan Statistical Area (MSA) must be reported to the Boston Fair Housing Commission's Metrolist (Metropolitan Housing Opportunity Clearing House). Such units shall be reported whenever they become available (including upon turnover).

c. Accessible⁴ units must be listed with MassAccess (see <http://www.chapa.org> or <http://www.massaccesshousingregistry.org>) whenever they become available (including upon turnover).

⁴ Note: The owner or other person having the right of ownership shall, in accordance with M.G.L. c. 151B, §4(7A), give at least fifteen days' notice of the vacancy of a wheelchair accessible unit to the Massachusetts Rehabilitation Commission. Said statute also requires the owner or other person having the right of ownership to give timely notice that a wheelchair accessible unit is vacant or will become vacant to a person who has, within the past 12 months, notified the owner or person or person having the right of ownership that such person is in need of a wheelchair accessible unit.

d. Affordable rental and affordable ownership units, whether or not they are accessible, must also be listed with MassAccess whenever they become available (including upon turnover). Where applicable, all MassAccess data input fields relating to accessible and adaptable status and accessibility features must be completed. Available affordable ownership units must also be listed with the Massachusetts Affordable Housing Alliance website (see <http://www.mahahome.org> or <http://www.massaffordablehomes.org>).

e. Marketing should also be included in non-English publications based on the prevalence of particular language groups in the regional area. To determine the prevalence of a particular language by geographical area, see for example http://www.lep.gov/demog_data/demog_data.html.

f. All marketing should be comparable in terms of the description of the opportunity available, regardless of the marketing type (e.g., local newspaper vs. minority newspaper). The size of the advertisements, including the content of the advertisement, as well as the dates of the advertising unless affirmative advertising occurs first, should be comparable across regional, local, and minority newspapers.

g. All advertising and marketing materials should indicate resident selection by lottery or other random selection procedure, where applicable.


h. All advertising should offer reasonable accommodations in the application process.

i. Advertisements should run a minimum of two times over a sixty day period and be designed to attract attention. Marketing of ownership units should begin approximately six months before the expected date of project occupancy.

j. Pursuant to fair housing laws,⁵ advertising/marketing must not indicate any preference or limitation, or otherwise discriminate based on race, color, disability, religion, sex, familial status, sexual orientation, gender identity, national origin, genetic information, ancestry, children, marital status, or public assistance reciprocity. This prohibition includes phrases such as "active adult community" and "empty

nesters". Exceptions may apply if the preference or limitation is pursuant to a lawful eligibility requirement.

k. All advertising and marketing materials portraying persons should depict members of classes of persons protected under fair housing laws, including majority and minority groups as well as persons with disabilities.

l. The Fair Housing logo () and slogan ("Equal Housing Opportunity") should be included in all marketing materials. The logo may be obtained at HUD's website at: <http://www.hud.gov/library/bookshelf11/hudgraphics/fheologo.cfm>.

(May 2013 Update: Clarification on MassAccess requirements; the specific references to examples of prohibited phrases in #8; no change in policy.)

7. Availability of Applications

Advertising and outreach efforts shall identify locations where the application can be obtained. Applications shall be available at public, wheelchair accessible locations, including one that has some night hours; usually, a public library will meet this need. The advertisements and other marketing materials shall include a telephone number, as well as the TTY/TTD telephone number, that persons can call to request an application by mail. Advertisements and other marketing materials cannot indicate that applicants must appear in person in order to receive or submit applications or that they will have an advantage over applicants who do not appear in person.

8. Informational Meeting

At the time of initial marketing, the lottery administrator must offer one or more informational meetings for potential applicants to educate them about the lottery process and the housing development. These meetings may include local officials, developers, and local bankers. The date, time, and location of these meetings shall be published in ads and flyers that publicize the availability of lottery applications. The workshops shall be held in a municipal building, school, library, public meeting room or other accessible space. Meetings shall be held in the evening or on weekend days in order to reach as many potential applicants as possible. However, attendance at a meeting shall not be mandatory for participation in a lottery.

The purpose of the meeting is to answer questions that are commonly asked by lottery applicants. Usually a municipal official will welcome the participants and describe the municipality's role in the affordable housing development. The lottery administrator will then explain the information requested on the application and answer questions about the lottery drawing process. The Developer should be present to describe the development and to answer specific questions about the affordable units. It is helpful to have representatives of local banks present to answer questions about qualifications for the financing of affordable units. At the meeting, the lottery administrator should provide complete application materials to potential applicants.

9. Homeownership – Establishing Sales Prices

Sale prices shall be established at the time of the initial marketing of the affordable units. Thereafter, the prices of homes cannot be increased for lottery winners, even if interest rates and HUD income guidelines change.

For large, phased developments maximum sale prices of units sold in subsequent phases will be calculated prior to the start of marketing for each phase, or approximately 6 months prior to expected occupancy of the units. In such cases, each phase will require its own affirmative fair marketing efforts and lottery.

D. Local Preferences

1. Threshold Requirements

a. Required Supporting Documentation

If a municipality wishes to implement a local selection preference, it must:

(1) Demonstrate in the AFHMP the need for the local preference. For instance, a community that has a subsidized rental housing or public housing waiting list with local applicants likely to apply for the project (whether or not the project provides rental assistance will be considered) may support a local preference for a rental development.

(2) Justify the extent of the local preference (the percentage of units proposed to be set aside for local preference). That is, how does the documented local need, in the context of the size of the community, the size of the project and the regional need, justify the proposed size of the local preference for a given project? Note, however, that in no event may a local preference exceed 70% of the (affordable) units in a Project.

(3) Demonstrate that the proposed local preference will not have a disparate impact on protected classes (see e.g., the "Avoiding Potential Discriminatory Effects" section below).

b. Failure to Provide Supporting Documentation

A municipality must provide to the Developer the documentation required to support a local preference within 3 months of final issuance of the Comprehensive Permit. Failure to comply with this requirement shall be deemed to demonstrate that there is not a need for a local preference and a local preference shall not be approved as part of any AFHMP or use restriction.

2. Approval

The Subsidizing Agency, and in the case of LAUs, DHCD as well as the municipality, must approve a local preference scheme as part of the AFHMP. Therefore, the nature and extent of local preferences should be approved by the Subsidizing Agency (or DHCD in the case of LAUs) prior to including such language in any zoning mechanism. Furthermore, a comprehensive permit shall only contain requirements or conditions relating to local preferences to the extent permitted by applicable law and this AFHMP policy.

(May 2013 Update: Clarification on what is required to establish the local preference set-aside.)

3. Local Preferences

a. Allowable Preference Categories

(1) Current residents: A household in which one or more members is living in the city or town at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.

(2) Municipal Employees: Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.

(3) Employees of Local Businesses: Employees of businesses located in the municipality.

(4) Households with children attending the locality's schools, such as METCO students.

b. When determining the preference categories, the geographic boundaries of the local resident preference area may not be smaller than municipal boundaries.

c. Durational requirements related to local preferences, that is, how long an applicant has lived in or worked in the residency preference area, are not permitted in any case.

d. Preferences extended to local residents should also be made available not only to applicants who work in the preference area, but also to applicants who have been hired to work in the preference area, applicants who demonstrate that they expect to live in the preference area because of a bona fide offer of employment, and applicant households with children attending the locality's schools, such as METCO students.

e. A preference for households that work in the community must not discriminate (including have a disproportionate effect of exclusion) against persons with disabilities and elderly households in violation of fair housing laws.

f. Advertising should not have a discouraging effect on eligible applicants. As such, local residency preferences must not be advertised as they may discourage non-local potential applicants.

4. Avoiding Potential Discriminatory Effects

a. General.

The local selection preferences must not disproportionately delay or otherwise deny admission of non-local residents that are protected under state and federal civil rights laws. The AFHMP should demonstrate what efforts will be taken to prevent a disparate impact or discriminatory effect. For example, the community may move minority applicants into the local selection pool to ensure it reflects the racial/ethnic balance of the HUD defined Metropolitan Statistical Area ("MSA") as described below.⁶ However, such a protective measure may not be sufficient as it is race/ethnicity specific; the AFHMP must address other classes of persons protected under fair housing laws who may be negatively affected by the local preference. For instance, a preference solely based on employment in the municipality may have a disparate impact on the elderly or some persons with disabilities. In such instance, an applicant residing in the community who is age 62 or older or is a person with a disability must be given the benefit of the employment preference.

⁶ Note: This protective measure may not be dispositive with respect to discriminatory effects. For example, the non-local applicant pool may contain a disproportionately large percentage of minorities, and therefore adjusting the local preference pool to reflect demographics of the regional area may not sufficiently address the discriminatory effect that the local preference has on minority applicants. Therefore, characteristics of the non-local applicant pool should continually be evaluated.

b. Lottery Process

(1) To avoid discriminatory effects in violation of applicable fair housing laws, the following procedure should be followed unless an alternative method for avoiding disparate impact (such as lowering the original percentage for local preference as needed to reflect demographic statistics of the MSA) is approved by the Subsidizing Agency. If the project receives HUD financing, HUD standards must be followed.

(2) A lottery for projects including a local preference should have two applicant pools: a local preference pool and an open pool. After the application deadline has passed, the Developer should determine the number of local resident minority households there are in the municipality and the percentage of

minorities in the local preference pool. If the percentage of minority local resident households in the local preference pool is less than the percentage of minorities in the surrounding HUD-defined area, the Developer should make the following adjustments to the local preference pool:

- (a) The Developer should hold a preliminary lottery comprised of all minority applicants who did not qualify for the local preference pool, and rank the applicants in order of drawing.
- (b) Minority applicants should then be added to the local preference pool in order of their rankings until the percentage of minority applicants in the local preference pool is equal to the percentage of minorities in the surrounding HUD-defined area.
- (c) Applicants should be entered into all pools for which they qualify. For example, a local resident should be included in the local preference pool and the open pool.
- (d) Minorities should be identified in accordance with the classifications established by HUD and the U.S. Census Bureau, which are the racial classifications: Black or African American; Asian; Native American or Alaska Native; Native Hawaiian or Pacific Islander; or other (not White); and the ethnic classification Hispanic or Latino.

E. Household Size Requirements

In order to make the best use of limited affordable housing resources, household size should be appropriate for the number of bedrooms in the home. Minimum household standards shall be established and shall conform with the following requirements. A "household" shall mean two or more persons who will live regularly in the unit as their principal residence and who are related by blood, marriage, law or who have otherwise evidenced a stable inter-dependent relationship, or an individual.

1. Preferences.

Lottery drawings shall result in each applicant being given a ranking among other applicants with households receiving preference for units based on the above criteria below.

a. First Preference

Within an applicant pool first preference shall be given to households requiring the total number of bedrooms in the unit based on the following criteria:

- (1) There is at least one occupant per bedroom.⁷

⁷ Households with disabilities must not be excluded from a preference for a larger unit based on household size if such larger unit is needed as a reasonable accommodation.

- (2) A husband and wife, or those in a similar living arrangement, shall be required to share a bedroom. Other household members may share but shall not be required to share a bedroom.

- (3) A person described in the first sentence of (b) shall not be required to share a bedroom if a consequence of sharing would be a severe adverse impact on his or her mental or physical health and the lottery agent receives reliable medical documentation as to such impact of sharing.

- (4) A household may count an unborn child as a household member. The household must submit proof of pregnancy with the application.

- (5) If the applicant is in the process of a divorce or separation, the applicant must provide proof that the divorce or separation has begun or has been finalized, as set forth in the application.

b. Second Preference

Within an applicant pool second preference shall be given to households requiring the number of bedrooms in the unit minus one, based on the above criteria.

c. Third Preference

Within an applicant pool third preference shall be given to households requiring the number of bedrooms in the unit minus two, based on the above criteria.

2. Maximum Household Size

Household size shall not exceed, nor may maximum allowable household size be more restrictive than, State Sanitary Code requirements for occupancy of a unit (See 105 CMR 400).

8 Note, however, that fair housing exceptions may apply: see HUD Fair Housing Enforcement—Occupancy Standards Notice of Statement of Policy, Docket No. FR-4405-N-01 (1998).

9 In the case of project based Section 8 properties where resident selection is to be performed by the housing authority pursuant to a Section 8 waiting list, a lottery procedure is not required.

10 Only applicants who are eligible for a local preference, where applicable, shall be entered into a local preference lottery pool.

A. Lotteries and Application Process

1. Lottery Application

a. "First Come, First Served"

Resident selection for affordable units must generally be based on a lottery, although in some cases it may be based on another fair and equitable procedure approved by the Subsidizing Agency.⁹ A "first-come, first-serve procedure," generally is not permissible as it is likely to disadvantage non-local applicants or may otherwise present an impediment to equal housing opportunity for some applicants, including some applicants with disabilities. However, first-come, first-serve may be permissible in circumstances for which a lottery or other random selection procedure would be unduly burdensome or impracticable, including for individual homeownership units after the initial lottery.

b. Application Period.

The application period should be at least 60 days. To ensure the fairness of the application process, applicants must not be required to deliver application materials and instead must be permitted to mail them or submit by alternative means such as fax or e-mail.

c. Application Contents and Verification

(1) The lottery application must address a household's income, assets, size and composition, minority status (optional disclosure by the household), eligibility as a first-time buyer (for ownership units), and eligibility for local preference

(2) The lottery administrator shall request verification to verify eligibility; e.g., for homeownership units, three prior year tax returns with the W2 form and for rental housing, one year prior tax return with the W2 form; 5 most recent pay stubs for all members of the household who are working, three most recent bank statements and other materials necessary to verify income or assets. **Only applicants who**

meet the applicable eligibility requirements shall be entered into a lottery.

(May 2013 update: clarification that “first come, first serve” generally is not permitted as a selection process.)

2. Lottery Procedure

a. General

(1) Once all required information has been received, qualified applicants should be assigned a registration number. Only applicants who meet the applicable eligibility requirements shall be entered into a lottery.¹⁰ The lottery shall be conducted after any appeals related to the project have been completed and all permits or approvals related to the project have received final action.

(2) Ballots with the registration number for applicant households are placed in **all** lottery pools for which they qualify. The ballots are randomly drawn and listed in the order drawn, by pool. If a project has units with different numbers of bedrooms, units are then awarded (largest units first) by proceeding down the list to the first household on the list that is of appropriate size for the largest unit available according to the appropriate-unit-size criteria established for the lottery. Once all larger units have been assigned to appropriately sized households in this manner, the lottery administrator returns to the top of the list and selects appropriately sized households for smaller units. This process continues until all available units have been assigned to appropriately sized applicant households.

(3) The lottery should ordinarily be held at a public, wheelchair accessible location.

b. Deposits/Fees

(1) Prohibited - Successful lottery participants cannot be required to pay any fee or deposit to hold a unit pending construction completion nor can applicants be required to pay any form of fee or deposit to be placed on a wait list.

(2) Permitted – The foregoing language shall not prevent an Owner from requiring a deposit from a home buyer upon signing an offer and/or purchase and sales agreement, nor at the time that the Owner is offering to lease a specific rental unit to the applicant household. In the latter instance, the deposit shall not exceed the amount that the Owner would otherwise be permitted to require as a security deposit.

c. Accessible Units/Units with Adaptive Features; Reasonable Accommodations

(1) If the project includes units that are fully accessible, or units that have adaptive features (also commonly referred to as “adaptable” units), for occupancy by persons with mobility impairments or hearing, vision or other sensory impairments, first preference (regardless of applicant pool) for those units shall be given to persons with disabilities who need such units, including single person households, in conformity with state and federal civil rights laws. This preference applies to fully accessible units (e.g., in projects in which 5% of the total units are to be wheelchair accessible and 2% are to be communications accessible in accordance with applicable accessibility standards).¹¹ In projects that do not have such units but that have units with adaptive features¹² for persons with mobility impairments and/or hearing, vision or other sensory impairments, this preference also applies to the units with adaptive features; however, such a preference is not required to exceed 5% (mobility) or 2% (sensory) of the total units under these guidelines.

¹¹ e.g., Massachusetts Architectural Access Board (MAAB) (“Group 2 units”), Uniform Federal Accessibility Standards (UFAS), and 2010 ADA Standards.

¹² e.g., in accordance with the Fair Housing Act Guidelines and MAAB (“Group 1 units”) standards.

(2) Fulfilling the obligation for a providing a first preference, as described above, does not limit an owner’s fair housing obligations with respect to persons with disabilities. When a person with a disability is the next eligible applicant and the development contains available units with adaptive features, the applicant must be made aware of such availability and of the owner’s obligation to adapt the unit as needed.

(3) The owner also has obligations to make reasonable accommodations such as granting the request for an appropriately sized first floor unit.

d. Wait Lists

(1) General - The lottery administrator should retain a list of households who are not awarded a unit, in the order that they were drawn from the general (non-local) pool. If any of the initial renters/buyers do not rent/purchase a unit, the unit shall be offered to the highest ranked household on that retained list.

(2) Units with Adaptive Features - Where a person with a disability is awaiting an accessible unit and a unit with adaptive features becomes available, the owner/management agent must offer to adapt the unit.

(3) Term of Wait List - The wait list generally may be retained and used to fill units for up to one year. However, other factors such as the number of households remaining on the list, the likelihood of the continuing eligibility of such households, and the demographic diversity of such households may inform the retention time of the list, subject to the approval of the Subsidizing Agency.

(4) Updating - After the initial lottery, waiting lists should be analyzed, maintained, and updated (through additional marketing) so that they remain consistent with the objectives of the housing program and are adequately representative of the racial, ethnic, and other characteristics of potential applicants in the housing market region.

(May 2013 Update: Clarification on deposit policy and fair housing requirements with respect to accessible and/or adaptive units; no change in policy.)

3. Lottery Example

This theoretical lottery has an OPEN pool that includes all applicants and a LOCAL PREFERENCE pool with only applicants from the local area.

- Total applicants in lottery: 100
- Total minority applicants: 20
- The community in which the lottery takes place falls within the HUD Boston-Cambridge-Quincy Metropolitan Statistical Area which has a minority population of 27.0%.

a. Determine the number of applicants who claim a LOCAL preference according to approved criteria.

b. Determine the number of minority applicants in the LOCAL preference pool.

c. Determine the percentage of minority applicants in the LOCAL preference pool.

Since the percentage of minority applicants in the LOCAL preference pool is below the percentage of minority residents in the HUD defined metropolitan statistical area (16.7% as opposed to 27.0%), a preliminary lottery is required.

d. The 10 minority applicants who do not have LOCAL preference are entered into a preliminary drawing and assigned a rank based on the order of their draw. Minority applicants are added to the LOCAL preference pool in order of their rank until the LOCAL preference pool has at least as great a percentage of minority applicants as the larger statistical area. In this example, 9 applicants will be added to the LOCAL preference pool to bring the percentage of minority applicants up to 21.827.5%.

Total Applicants in Supplemented Local Preference Pool	Total Minority Applicants in Supplemented Local Preference Pool	% Minority Applicants in Supplemented Local Preference Pool
69	19	27.5%

e. Draw all ballots from the adjusted LOCAL pool and assign rankings to each household. Preference for appropriately sized households will still apply and all efforts should be made to match the size of the affordable units to the legitimate need for bedrooms of each household.

f. Once all units for LOCAL residents have been allocated, the OPEN pool should proceed in a similar manner. All LOCAL residents should have ballots in both pools, and all minority applicants that were put in the LOCAL pool should remain in the OPEN pool as well.

4. Rental: Opening Waiting Lists, Re-Marketing or Continuous Marketing

Although owner/management agent standards for opening waiting lists or re-marketing to generate sufficient applications after the initial rent-up stage may vary, the following are generally applicable: the waiting list is re-opened when it contains less than the number of applicants anticipated to be placed in the next 12 months, or, if the waiting list has not closed, additional marketing is needed undertaken to generate at least enough applicants as was needed to fill the previous year's vacancies.

a. Minimum Application Period

At such or similar points in time, consistent with a Developer or management agent's policies and practices with respect to marketing and wait lists, when a wait list (whether for a project or a particular unit type) is re-opened or units are remarketed, a minimum application period during which applicants may receive and submit applications is required. The appropriate length of the application period may vary depending on the number of units that are or will become available. In some instances 20 or more business days will be appropriate, but in no event shall the application period be less than 10 business days.

b. "First Come, First Served"

A "first-come, first-serve" method of generating the waiting list order of new applicants that apply during said application period shall not be permitted as it may present an impediment to equal housing opportunity for some applicants, including some applicants with disabilities. Therefore, a random selection or other fair and equitable procedure for purposes of adding persons to a wait list upon opening the wait list or remarketing the units must be utilized, subject to the approval of the Subsidizing Agency.¹³ This does not require any changes to the wait list as it exists prior to adding the new applicants.

Total Applicants in Local Preference Pool	Total Minority Applicants in Local Preference Pool	% Minority Applicants in Local Preference Pool
60	10	16.7%

¹³ Note: the random selection procedure requirement does not preclude the application of the larger household size and accessible/adaptable preferences described herein.

c. Continuous Marketing/Persons with Disabilities

If the wait list is not closed and marketing is ongoing continuously in order to generate sufficient applicants, then, so as to avoid a disparate impact on persons with disabilities who require a reasonable accommodation with the application process, including additional time to receive, complete and/or submit an application, and who therefore may be disadvantaged by wait list placement based upon the date/time of receipt of the application, the application will be date/time stamped prior to being mailed or otherwise provided to such applicants and upon submission of a complete application the household shall be placed on the wait list based upon such date/time stamp, provided that the application is returned or postmarked not more than 30 days of such date/time stamp. The ongoing affirmative and general marketing/outreach materials will contain language that explicitly gives notice of the availability of reasonable accommodations with respect to the application process and a telephone number for applicants who may want to request a reasonable accommodation and/or assistance with the application process.

For marketing requirements, see "Outreach and Marketing" and "Availability of Applications" under Sections B.6 and B.7, above.

(May 2013 Update: Explicit standards for re-opening rental housing waiting lists or re-marketing rental units.)

B. Homeownership

1. Household Eligibility

A Subsidizing Agency housing program may establish eligibility requirements for homebuyers. In the absence of such provisions, the following requirements shall apply.

In addition to meeting the requirements for qualifying a Project or dwelling unit for the SHI (see Section II.A), the household shall not have owned a home within three years preceding the application, with the exception of:

- a. displaced homemakers, where the displaced homemaker (an adult who has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family), while a homemaker, owned a home with his or her partner or resided in a home owned by the partner;
- b. single parents, where the individual owned a home with his or her partner or resided in a home owned by the partner and is a single parent (is unmarried or legally separated from a spouse and either has 1 or more children of whom the individual has custody or joint custody, or is pregnant);
- c. households where at least one household member is 55 or over;
- d. households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
- e. households that owned a property that was not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

Individuals who have a financial interest in the development and their families shall not be eligible.

2. Final Qualification and Closing

a. Securing Financing.

- (1) Once the lottery has been completed, applicants selected to purchase units must be given a reasonable pre-specified time period in which they must secure financing.
- (2) The Developer should invite the lottery winners to a loan application workshop.
- (3) The Developer should make prior arrangements with local financial institutions with respect to financing qualified purchasers. Often such institutions will give preliminary approvals of loans, which make the remainder of the process more efficient for all parties. However, **applicants cannot be required to use a specific lender for their pre-approval letter or their mortgage.**
- (4) Applicants should be made aware that they should confirm that their lender accepts the "Universal Deed Rider" employed by the Subsidizing Agencies.
- (5) Non-household members should not be permitted as co-signers of the mortgage.

b. Approval by Subsidizing Agency

Before a Purchase and Sale Agreement is signed, the lottery agent should submit income and asset documentation of the applicant to the Subsidizing Agency. Income verification should include tax returns and W-2s from the past three years, five most recent pay stubs, three months recent bank statements and 401 K reports, reliable documentation as to other sources of income and assets. The Subsidizing Agency will then verify that the household's annual income does not exceed 80% of the area median income, or such lower income limit as may have been established for the particular project. The Subsidizing Agency also will verify that household assets do not exceed the maximum allowed. **Closing of the sale will also be contingent on the Subsidizing Agency's approval of the buyer's financing.**

3. Resales

a. Ongoing AFHMP Requirements

AFHMP requirements apply to the housing for its duration. The AFHMP must include a plan, satisfactory to the Subsidizing Agency, to address AFHMP requirements upon resale. The proposal must, at a minimum, require that units for re-sale to eligible purchasers be listed with CHAPA's MassAccess site and MAHA's homeownership lottery sites as described above and establish minimum public advertising requirements. The proposal cannot impose the AFHMP requirements upon a homeowner other than requiring compliance with requirements of a Use Restriction, reasonable public advertising, and listing with CHAPA and MAHA.

b. "Ready-Buyer" List

A "ready-buyer" list of eligible buyers maintained by the municipality or other local entity is encouraged. This list may be created through local, regional, and statewide lists and resources. As stated above, the list should continually be analyzed, maintained, and updated (through additional marketing) so that it remains consistent with the objectives of the housing program and is adequately representative of the racial, ethnic, and other characteristics of potential applicants in the housing market region.

APPENDIX B

Summary of Affordable Housing Funding Resources

Summary of Affordable Housing Funding Resources

Those programs that may be appropriate to support affordable housing development activity in the Town of Lunenburg are described below.

Introduction

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.

It is likely that a number of financial and technical resources will be required to produce affordable units in Lunenburg. The following material describes some of the programs that may be applicable. However, it should be noted that all of these programs are subject to change and new programs can also become available. Therefore, further research and verification of availability should be conducted once the community has decided how it would like to proceed.

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. Community Preservation Act (CPA)

A minimum of 10% of funds collected by communities that adopt the Community Preservation Act (CPA) must be expended for affordable housing purposes. The housing is to be for low and moderate income individuals and families, including low and moderate income seniors. Under CPA's definition of affordable housing moderate income is less than 100%, and low income is less than 80% of U.S. HUD Area Wide Median Income. As indicated within this Housing Production Plan, for a family of four in Lunenburg the low-income limit is \$63,900.

The CPA law allows for funds to be used for the *"acquisition, creation, preservation and support of community housing; and for the rehabilitation and restoration of...community housing that is acquired or created"* under CPA funding. It is important to highlight that CPA funds can be used for housing rehabilitation and restoration, but **only if the housing unit(s) were acquired or created with CPA funds** (emphasis added).

The Massachusetts Housing Partnership (MHP) and the Citizens' Housing and Planning Association (CHAPA) have prepared "A Guidebook for CPA and Affordable Housing" that has detailed information on

how the Town of Lunenburg can use CPA funds to support local housing efforts. The Guidebook can be downloaded from MHP's website for CPA resources at: http://www.mhp.net/community_initiatives/resources.php?page_function=list&resource_category_id=51. The Guidebook is the last document posted on this webpage. Other CPA housing-related resources are also available from MHP under the resources webpage.

The Community Preservation Coalition (CPC) is another excellent resource for the Town of Lunenburg. CPC's website provides general information about the CPA at <http://www.communitypreservation.org/>. In addition, CPC has provided examples of how other communities have utilized CPA towards the development of affordable housing at their "Community Housing Success Stories" website at: <http://www.communitypreservation.org/success-stories-type/7/Community%20Housing>.

2. 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 homebuyers.

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.

Because Lunenburg 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 funding or submit funding applications to DHCD on a project by project basis through its One Stop Application. The benefit of joining a consortium is that funding is provided by formula on an annual basis, assuring Lunenburg of a steady flow of this flexible funding source.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multifamily 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 Lunenburg, 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.

3. Community Development Block Grant Program (CDBG)

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 non-entitlement 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.

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 source of CDBG funding for Lunenburg to explore 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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 obtaining financing.

11. 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 as well as 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.

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. Elder Mixed-Income

Managed through MassHousing, developments financed through the Elder Mixed-Income program serve elders who wish to live in independent rental apartments with on-site access to supportive services. It is intended to assist developers of rental housing to fill a niche between conventional elderly housing without services and full-service personal care programs. At least 20% of the units must be reserved for households earning less than 50% of the area median income. The remaining units may be rented at market rates.

For more information on the Elder Mixed-Income program, visit MassHousing's Elder Mixed-Income program website at https://www.masshousing.com/portal/server.pt?open=514&objID=232&qid=13344326&rank=2&parentname=SearchResult&parentid=2&mode=2&in_hi_userid=2&cached=true or contact Charles Gladstone in MassHousing's Rental Lending Division at 617.854.1362.

15. U.S. HUD Section 202 Supportive Housing for the Elderly Program

HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable. The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, transportation, etc. The program is similar to Supportive Housing for Persons with Disabilities (Section 811).

Private nonprofit organizations can apply to develop a Section 202 project if they can, among other requirements, submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of \$25,000 for national sponsors or \$10,000 for other sponsors. Public entities are not eligible for funding under this program. As the Town would not be eligible it can partner with a private nonprofit organization. One example is the Gardner-based RCAP Solutions. RCAP Solutions has developed elderly housing under the HUD 202 Program for the towns of Bolton and Townsend. For Townsend, RCAP Solutions recently completed a 36-unit HUD 202 Affordable Elderly Housing Development called "Townsend Woods". Occupancy in Section 202 housing is open to any very low-income household comprised of at least one person who is at least 62 years old at the time of initial occupancy.

Development of elderly housing under the Section 202 program can take multiple years from project conception to construction to occupancy. In addition to the program being very competitive, recent Federal budget cuts have led to a decrease in available funding. For more information on the Section 202 Supportive Housing for the Elderly Program, visit HUD's Section 202 Program website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/eld202.

APPENDIX C

Interagency Agreement Regarding Housing Opportunities for Families with Children

INTERAGENCY AGREEMENT

Regarding Housing Opportunities for Families with Children

This Interagency Agreement (this "Agreement") is entered into as of the 17th day of January, 2014 by and between the Commonwealth of Massachusetts, acting by and through its Department of Housing and Community Development ("DHCD"), the Massachusetts Housing Partnership Fund Board ("MHP"), the Massachusetts Housing Finance Agency (in its own right and in its capacity as Project Administrator designated by DHCD under the Guidelines for Housing Programs in Which Funding is Provided By Other Than a State Agency, "MassHousing"), the Massachusetts Development Finance Agency ("MassDevelopment") and the Community Economic Development Assistance Corporation ("CEDAC"). DHCD, MHP, MassHousing, MassDevelopment and CEDAC are each referred to herein as a "State Housing Agency" and collectively as the "State Housing Agencies".

Background

A. DHCD's 2013 Analysis of Impediments to Fair Housing Choice ("AI") includes action steps to improve housing opportunities for families, including families with children, the latter being a protected class pursuant to fair housing laws, including the federal Fair Housing Act, as amended (42 U.S.C. §§ 3601 *et seq.*) and Massachusetts General Laws Chapter 151B. In order to respond to development patterns in the Commonwealth that disparately impact and limit housing options for families with children, such steps include requiring a diversity of bedroom sizes in Affordable Production Developments that are not age-restricted and that are funded, assisted or approved by the State Housing Agencies to ensure that families with children are adequately served.

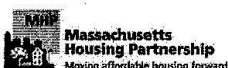
B. The State Housing Agencies have agreed to conduct their activities in accordance with the action steps set forth in the AI.

C. This Agreement sets forth certain agreements and commitments among the State Housing Agencies with respect to this effort.

Definitions

1) "Affordable" - For the purposes of this Agreement, the term "Affordable" shall mean that the development will have units that meet the eligibility requirements for inclusion on the Subsidized Housing Inventory ("SHI").

2) "Production Development" - For purposes of this Agreement "Production Development" is defined as new construction or adaptive reuse of a non-residential building and shall include rehabilitation projects if the property has been vacant for two (2) or more years or if the property has been condemned or made uninhabitable by fire or other casualty.



Agreements

NOW, THEREFORE, DHCD, MHP, MassHousing, MassDevelopment and CEDAC agree as follows:

Bedroom Mix Policy

- 1) Consistent with the AI, it is the intention of the State Housing Agencies that at least ten percent (10%) of the units in Affordable Production Developments funded, assisted or approved by a State Housing Agency shall have three (3) or more bedrooms except as provided herein. To the extent practicable, the three bedroom or larger units shall be distributed proportionately among affordable and market rate units.
- 2) The Bedroom Mix Policy shall be applied by the State Housing Agency that imposes the affordability restriction that complies with the requirements of the SHI.
- 3) The Bedroom Mix Policy shall not apply to Affordable Production Developments for age-restricted housing, assisted living, supportive housing for individuals, single room occupancy or other developments in which the policy is not appropriate for the intended residents. In addition, the Bedroom Mix Policy shall not apply to a Production Development where such units:
 - (i) are in a location where there is insufficient market demand for such units, as determined in the reasonable discretion of the applicable State Housing Agency; or
 - (ii) will render a development infeasible, as determined in the reasonable discretion of the applicable State Housing Agency.
- 4) Additionally, a State Housing Agency shall have the discretion to waive this policy (a) for small projects that have less than ten (10) units and (b) in limited instances when, in the applicable State Housing Agency's judgment, specific factors applicable to a project and considered in view of the regional need for family housing, make a waiver reasonable.
- 5) The Bedroom Mix Policy shall be applicable to all Production Developments provided a Subsidy as defined under 760 CMR 56.02 or otherwise subsidized, financed and/or overseen by a State Housing Agency under the M.G.L. Chapter 40B comprehensive permit rules for which a Chapter 40B Project Eligibility letter is issued on or after March 1, 2014. The policy shall be applicable to all other Affordable Production Developments funded, assisted, or approved by a State Housing Agency on or after May 1, 2014.

