

# Town of Grafton



## AFFORDABLE HOUSING PLAN

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**Grafton Affordable Housing Committee**

Peter Adams, *Chair*

Charles Pratt

Nick Pugliano

Margaret Small

**Prepared by:**

Karen Sunnarborg, *Housing and Planning Consultant*

With assistance from:

Wayne Nicholas, *Town Planner*, and

Lea Anthony, *former Planning Assistant*

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# TOWN OF GRAFTON AFFORDABLE HOUSING PLAN

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## Section I

### EXECUTIVE SUMMARY

#### A. Introduction

Grafton is a town of about 15,000 people located in east central Massachusetts, southeast of Worcester and 30 miles west of Boston. The town was incorporated in 1735 and grew from a center of missionary activities in Central Massachusetts into a rural town with strong historic villages including Fisherville, Farnumsville, Saundersville, New England Village and Grafton Center. The town developed primarily as a farming community, but access to the Blackstone River's waterpower catapulted the town into the Industrial Revolution, converting the community into a manufacturing center. Grafton has since developed into a predominantly suburban town located just outside the Route 495 ring of metropolitan Boston, maintaining some rural areas and noteworthy historic charm.

The town is bordered by Upton and Westborough on the east and northeast, Shrewsbury on the north, Worcester on the northwest, Millbury on the west, Sutton on the southwest, and Northbridge on the south. Grafton is also bisected by the Massachusetts Turnpike that provides easy access to Boston and other cities in New England, enhanced by the new exit in Millbury. Additionally, the Massachusetts Bay Transit Authority opened a commuter rail station in Grafton, further enhancing the town's locational advantage and attracting major new employers. Improved transportation access; new growth opportunities in the areas of manufacturing, biotechnology, and research; and population pressures from the continuing westward expansion of the Greater Boston Metropolitan area have contributed to population growth and are threatening to change Grafton's small town character.

Grafton is among the fastest growing communities in the Commonwealth, which has put significant pressures local services and the housing market. Between 1960 and 1990 the population increased by 67% or almost 6,000 residents. Regional growth has been primarily due to persons migrating from the southern or eastern parts of the state in particular, where housing costs are significantly higher, in search of more affordable housing. This increased pressure on the existing housing market and Town services, is making it more difficult for existing residents or those who were raised in town to find or retain affordable living options locally.

Population growth has not however created a similar increase in housing units in the region, which has continued to exacerbate the imbalance between housing supply and demand, pushing up housing prices. Increasing housing prices are also attracting greater attention from private developers interested in Chapter 40B development and causing Town leaders and residents to recognize that different strategies are required to better plan for housing development and insure that it is more directed to serving local needs and objectives. According to Chapter 40B regulations, if a municipality has less than 10% of its year-round housing set-aside for low- and moderate-income residents, it is not meeting the regional and local need for affordable housing which makes the town susceptible to an override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.<sup>1</sup>

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<sup>1</sup> Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in

Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Grafton has 5,820 year-round housing units, of which 307 can be counted as affordable, representing 5.27% of the year-round housing stock. Grafton is therefore vulnerable to losing control over housing development through Chapter 40B comprehensive permit applications. To meet the 10% standard, at least 582 of the existing units would have to be "affordable" based on the state's definition requiring at least another 275 more housing units to be converted to affordable units in Grafton to meet just the 10% standard. Assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time.

This Affordable Housing Plan suggests a range of options to meet pressing local housing needs and to bring Grafton closer to the state 10% threshold, presenting a proactive housing agenda of Town-sponsored initiatives. Due to the rising costs of homeownership, including escalating costs associated with taxes and utilities, many residents are finding it increasingly difficult to afford to remain in Grafton. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased real estate taxes but unable to find alternative housing that better meets their current life styles. Families are finding it more difficult to "buy up," purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard-pressed to find housing that is affordable in Grafton. More housing options are required to meet these local needs and produce Grafton's fair share of regional needs.

Based on the surge of interest from developers in proposing Chapter 40B developments, town residents no longer have the luxury of maintaining the status quo. New housing will be built, and residents must consider what steps should be taken and what compromises can be accepted to have some control over Grafton's future development. This Affordable Housing Plan represents a critical step forward, and an opportunity for the town to chart its own course on affordable housing development.

## **B. Housing Goals and Challenges**

As part of the visioning process undertaken in developing the 2001 Grafton Comprehensive Plan, residents had the opportunity to share their visions for Grafton's future. The following vision statement was created during this process:

*Grafton is a small town with a strong sense of community made up of historical New England villages and new neighborhoods, whose residents are its most important asset, where pastoral landscapes are valued, where open space preservation is considered integral to our town's character, and where carefully-planned residential as well as non-residential development enhance the community's economic stability.*

The following more specific housing-related goals also emerged from this community visioning process:

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communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

- *Limit residential developments to those projects that are sensitive to the environment and Town infrastructure.*
- *Encourage housing development patterns that preserve open space and natural features.*
- *Re-use existing structures and commercial areas.*
- *Reinforce villages with mixed uses and a variety of housing types.*
- *Attain a rate of growth that will neither stifle economic growth nor damage the sense of community.*
- *Provide housing options that will allow residents to remain in town as they age and allow the children of residents to establish families in Grafton.*
- *Establish a minimum or better production of affordable units at a growth rate of at least .75% of the year round housing stock per year or 44 units.*

The visioning process clearly articulated a desire by town residents to preserve Grafton's small town character, protect natural and historic resources, create housing based on local needs, and carefully manage development to insure a diversified economy and judicious use of resources to ensure long-term sustainability. Goals reflect smart growth principles that call for more efficient land use, compact development patterns, less dependence on the automobile, a range of diverse housing opportunities and choices, equitable allocation of the costs and benefits of development, and an improved jobs/housing balance. Land-use policies were also established that specified the support of existing neighborhoods to enforce the sense of community and the appropriate use of zoning regulations to achieve goals at a minimum of public cost, to make regulations flexible, to preserve and increase social and economic equity, and reduce sprawl.

While housing goals articulate a commitment to producing affordable housing in Grafton, it will be a great challenge for the town to create enough housing to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of current constraints to new development including:

- *Zoning*  
Like most communities in Massachusetts, Grafton's Zoning By-law largely embraces large-lot zoning of one to two acres that maintains low housing densities and severely constrains the feasibility of affordable housing. This Affordable Housing Plan includes a number of strategies to reform local zoning, making the By-Law "friendlier" to the production of affordable housing and smart growth development including inclusionary zoning, promoting affordable accessory apartments, exploring the adoption of 40R, allowing affordable housing on noncomplying lots, considering flexible zoning, and encouraging a wider range of housing options (see Section VIII.A. for details on these measures).
- *School Enrollment*  
Build-out projections indicate that the school-age population should increase by another 2,309 children, however these projections are not tied to any particular timeframe and are based on existing zoning. Nevertheless, this added population would likely place a significant burden on a school system that is already experiencing overcrowded conditions. The Town has established a Committee to review the situation and to suggest strategies for relieving the overcrowding including plans for new schools or additions to current buildings. The state's School Building Assistance Board (SBAB) has placed a moratorium on new funding through July 2007, and it is anticipated that Grafton will be ready to submit an application for state funding assistance when this moratorium is lifted.

- Transportation*

Despite improved access to public transportation through the new commuter rail station, traffic in Grafton is becoming more congested and is projected to increase given continued development. The Town will continue to study opportunities for easing traffic congestion, and pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Affordable Housing Plan is to explore mixed-use and transit-oriented development that have the potential for reducing the reliance on the automobile (see Section VIII.C.6 for details).
- Environmental Concerns*

Grafton is the home of regionally significant natural resources, and in fact, in 1986 the Blackstone River Valley was identified as the birthplace of the Industrial Revolution in America and was named a National Heritage Corridor based on its unique opportunities for recreation and cultural enrichment. Most residents are aware of the town's natural treasures and are rightly concerned about conserving them. Additionally, there are considerable areas in town that do not have access to water and sewer services and are therefore reliant on wells and septic systems, providing greater challenges to development. While regulations to protect the environment (e.g., wetlands, aquifers, septic systems) are important and essential, they present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing. The impacts of any new development must be identified as to how they affect the environment and what actions might be required to mitigate problems. This Affordable Housing Plan includes housing production strategies that are largely oriented to smart growth development and the conservation of greenspace such as adaptive reuse, affordable accessory apartments, conversion of existing housing, development of scattered sites in existing neighborhoods, and mixed-use or transit-oriented development (see Section VIII.C. for details).
- Availability of Subsidy Funds*

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. Grafton approved the Community Preservation Act in May of 2002, and the Board of Selectmen formally appointed its Community Preservation Committee in January 2003. Community Preservation funding will offer Grafton an important resource for affordable housing production, but the Town will, nonetheless, need further support from state resources as well.
- Community Perceptions*

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception. Grafton proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section VIII.B.1.)



### C. Summary of Housing Characteristics and Needs

This Housing Needs Assessment presents an overview of the current housing situation in the town of Grafton, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals. Key findings in regard to household characteristics, housing characteristics, and housing affordability in Grafton are highlighted in the following:

#### *Household Characteristics<sup>2</sup>*

- *Grafton is growing.* The 2000 census data indicates that the town of Grafton had a total population of 14,894, a 14.3% increase over the 1990 population of 13,035 and a 32.5% increase since 1980 when the population was 11,238.
- The population has remained predominately White but *minority residents are steadily increasing* in number, from 55 residents in 1980 to 363 in 1990 and 608 in 2000.
- *Grafton is becoming increasingly affluent.* The median household income in 1999 was \$56,020, up 32% from the 1989 median income of \$42,310 and well above the median income for Worcester County of \$47,874.
- There were *decreases in the numbers of households in all of the income ranges below \$50,000* from 1979 to 1999 while the numbers of households earning more than \$50,000 increased substantially over the two decades. Those earning more than \$100,000 grew from less than 20 in 1979 to 1,086 in 1999 – well over what would be expected by normal inflationary trends.
- Despite increasing wealth, *there still remains a significant population living in Grafton with very limited means.* Of the 5,684 total households counted in 1999, 299 or 5.3% had incomes of less than \$10,000 and another 792 or 13.9% had incomes between \$10,000 and \$24,999, representing extremely low-income levels, most of whom have incomes at or below 30% of area median income as defined by HUD. An additional 500 households had incomes within what public agencies would define as very low-income levels or within 50% of area median income. *The total number of households within these lower income categories was 1,600 households in 1999, or 28% of all Grafton's households, not an insignificant number given the general affluence of this small community and certainly considerably greater than the town's current supply of state-defined affordable housing of 294 units.*
- *About one-third of Grafton's households, or approximately 1,935 households, would likely qualify for housing assistance* as their incomes are at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) or \$56,700 for a family of four<sup>3</sup>
- The numbers of residents living in *poverty increased* between 1979 and 1999, from 602 to 828 individuals. These residents have substantial income limitations and should have access to public assistance to meet their housing needs.
- *Approximately three-quarters of local households (4,144 households) would qualify as middle-income* using the state's definition as prescribed by Executive Order 418 of \$87,600.
- Smaller, non-family households are becoming a more significant part of Grafton, representing now about 30% of the number of households.
- *The town's population is aging*, presenting another factor contributing to smaller household sizes. In 2000 there were 1,671 persons 65 years of age or older, representing 11.2% of the population, as compared to 1,150 or 10.2% of the total population in 1980.

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<sup>2</sup> This data is largely based on census information that does not measure all factors contributing to a household's economic capacity but provide some limited means for evaluating need.

<sup>3</sup> While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.

- *Residents between the age of 55 and 64 decreased slightly* by 1.5% from 1980 to 2000, as opposed to those *younger adults in the 35 to 54 year age range who almost doubled in numbers* during this same period from 2,461 individuals to 4,865.
- *Another growing population group includes those young adults entering the job ranks and beginning their families* between age 21 and 34 years old, which increased from 2,695 residents to 4,990 between 1980 and 2000, representing an 85% increase. It is likely that new job growth and somewhat greater affordability of living conditions have attracted this population segment to Grafton.
- *The number of school-age children is increasing.* While those under 18 years of age declined proportionately from 1980 to 2000, the actual numbers are increasing. Grafton's School Department indicates that between October 2004 and 2005, enrollment increased by 6.7%, adding 172 additional students. The Department experienced a comparable level of growth over the last three years and anticipates similar increases into the near future that will exacerbate problems of current overcrowding.
- *There are a significant number of residents who have special needs and are disabled.* Of the 2000 population age 5 to 20 years old, 197 or 6.3% had some disability, and of the population age 21 to 64, 1,397 or 15.7% claimed a disability, but 27% of this group was unemployed, likely due to disability. In regard to the population 65 years of age or older, 618 or 38% claimed some type of disability. These levels of disability, particularly that of seniors, represent significant special needs within the Grafton community.
- *There is significant housing turnover in Grafton.* About 42% of the persons in Grafton over the age of five, or 5,766 residents, moved to a new residence from 1995 to 2000. It is important to note that housing turnover drives up housing prices in an escalating real estate market, and typically the buyers are more affluent than sellers, fueling demographic changes in the community over time.

### ***Housing Characteristics***

- *There was a significant increase in the town's housing stock during the last two decades.* The 2000 census counted 5,828 total housing units in the town of Grafton, up 15.8% from 5,035 units in 1990, and a 45.3% increase from 4,010 units in 1980. Total growth in Grafton's housing stock from 1980 to 1990 was 1,025 units and from 1990 to 2000 was 793 units, including an increase in the rental stock between 1980 and 2000 of 397 units.
- *Most of Grafton's housing is in owner-occupied, single-family homes.* Out of total housing units in 2000, 72.3% were owner-occupied while the remaining 1,578 units or 27.7%, were rental units. These figures represent a higher level of owner-occupancy in 2000 than that for Worcester County as a whole of 64.1% or for the state at 62%. Also, 3,988 units or 68.4% of the housing stock were single-family homes, higher than the 56.2% level for the county.
- *The level of housing vacancy is very low.* The 2000 census counted 2.3% of the housing stock, or 134 units, as vacant, of which eight units involved seasonable, recreational or occasional use. Any level below 5% is considered to represent tight market conditions and the rates remain well below that of the state and nation as a whole.
- *There has been significant new growth in housing.* More than 50% of Grafton's housing stock, 3,088 units, was built prior to 1970, and 1,413 units or 24.2% was built prior to World War II, which is well below the state average of 34.5% and the county figure of 32.9%. There were, however, significant numbers of units produced between 1970 and 1990, totaling 1,753 units or 30% of the housing stock, and another 987 units were produced from 1990 through March of 2000, representing a significant portion of newer housing in Grafton that is likely to be in good condition.

### ***Housing Affordability***

- *Almost 22% of Grafton residents, or about 1,264 were living in housing that is by common definition beyond their means and unaffordable based on 2000 census data.*
- *The lack of affordable housing is not only a problem for low- and moderate-income households, but is now an issue confronting the middle class as well. There are few if any homes available for less than \$200,000 that would be affordable to low- and moderate-income households. Even homes priced at less than \$300,000 are dwindling in numbers.*
- *Approximately 83% of Grafton's households could not afford to buy a home at the median sales price for all sales of \$369,297, based on all sales as of July 2005, requiring an annual income of more than \$108,000.<sup>4</sup>*
- *The affordability gap is about \$180,000 - the difference between the costs of the median priced home and what a median income household can afford. The affordability gap increases to more than \$190,000 if the analysis focuses on those low- and moderate-income households earning at or below 80% of area median income.*
- *The 2000 census indicated that the median gross rental was \$625, requiring an income of about \$25,000 that is not affordable to about 20% of Grafton's households. More recent information on market rentals indicates that costs are significantly higher at about \$1,000 for a two-bedroom apartment, requiring an income of \$40,000.*
- *An analysis of housing needs and demand indicates a significant need for subsidized rental housing as well as more affordable homeownership units for a range of income groups.*

### **D. Summary of Affordable Housing Planned Production Goals**

The State administers the Planned Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory. Grafton will have to produce approximately 44 affordable units annually to meet these production goals through 2010. When the 2010 census figures become available in 2011, this number will be higher, most likely closer to 50 units. If the State certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies summarized under the Housing Action Plan described in Section VII, the Town of Grafton has developed a Planned Production Program to chart affordable housing production activity over the next decade. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- *To the greatest extent possible, at least 50% of the units that are developed on Town-owned parcels should be affordable to households earning at or below 80% of area median income and at least another 10% affordable to those earning up to 150% of area median income, depending on project feasibility. The rental projects will also target*

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<sup>4</sup> Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$10.39 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 percent of loan amount, monthly condo fees of \$200, and rents for two-family homes of \$800.

some households earning at or below 60% of area median income depending upon subsidy program requirements.

- Projections are based on a minimum of four units per acre. However, given specific site conditions and financial feasibility it may be appropriate to increase or decrease density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or “friendly” comprehensive permit process. The Town plans to promote increased affordability in these projects, working with developers to incorporate at least 30% of the units as affordable.
- The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

Planned production goals over the next ten years include the creation of 505 affordable units and 114 middle-income units, with a total projected number of housing units created of 1,533 units.

## **E. Summary of Housing Action Plan**

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the experience of other comparable localities in the region and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Planning and Regulatory Reforms, Building Local Capacity, Housing Production, and Housing Preservation – and categorized by Two-Year and Five-Year Action Plans.

### **1. *Implement Planning and Regulatory Reforms***

The Town of Grafton should consider the following planning and zoning-related strategies to promote the creation of additional affordable units.

- Adopt inclusionary zoning
- Amend accessory apartment bylaw
- Explore adoption of 40R
- Change permit fee policies
- Review existing LIP Policy
- Consider amending flexible zoning
- Waive property taxes in exchange for deed restrictions
- Encourage wider range of housing options

### **2. *Build Local Capacity***

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

- Conduct educational campaign

- Create Affordable Housing Trust Fund and capitalize
- Access new housing resources
- Apply annually for Commonwealth Capital scoring
- Insure sufficient professional support
- Establish Annual Housing Summits

### 3. *Housing Production*

To accomplish the actions included in this Affordable Housing Plan and meet production goals, it will be essential for the Town of Grafton to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources to create actual affordable units. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – to create affordable housing. In addition to the active participation of the development community, it will be important for Grafton to actively seek support from state and federal agencies.

- Make Town-owned land available for affordable housing
- Incorporate accessory apartments in the Subsidized Housing Inventory
- Support scattered-site housing
- Convert existing housing units to affordability
- Support adaptive re-use
- Explore mixed-use and transit-oriented development

### 4. *Housing Preservation*

Housing production is critical, but the Town also needs to be concerned that it does not lose units already counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of lower income residents, including seniors.

- Monitor affordability of Subsidized Housing Inventory
- Help qualifying homeowners access housing assistance

## F. Summary Description of Use Restrictions

Grafton is committed to maintaining its Subsidized Housing Inventory for as long a period as possible. Affordable units must serve households with incomes no greater than 80% of the area median income for which the unit is located. Units must be subject to use restrictions or re-sale controls to preserve their affordability as follows:

- For minimum of thirty years or longer from the date of subsidy approval or construction for new construction.
- For a minimum of fifteen years or longer from the date of subsidy approval or completion for rehabilitation.
- Alternatively, a term of perpetuity is encouraged for both new construction and completion of rehabilitation.

Units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement. The units have been, or will be marketed in a fair and open process consistent with state and federal fair housing laws.

## Section II

### INTRODUCTION

Grafton is a town of about 15,000 people located in east central Massachusetts, southeast of Worcester and 30 miles west of Boston. The town was incorporated in 1735 and grew from a center of missionary activities in Central Massachusetts into a rural town with strong historic villages including Fisherville, Farnumsville, Saundersville, New England Village and Grafton Center. The town developed primarily as a farming community, but access to the Blackstone River's waterpower catapulted the town into the Industrial Revolution, converting the community into a manufacturing center. For example, Ethan Allen began producing his firearms, pocket cutlery and "pepperbox" revolver in 1832, and manufacturing continued to prosper until the early 20<sup>th</sup> century. Since that time, the town has developed into a predominantly suburban town located just outside the Route 495 ring of metropolitan Boston with some remaining rural areas and noteworthy historic charm.

The town is bordered by Upton and Westborough on the east and northeast, Shrewsbury on the north, Worcester on the northwest, Millbury on the west, Sutton on the southwest, and Northbridge on the south. Grafton is also bisected by the Massachusetts Turnpike that provides easy access to Boston and other cities in New England, enhanced by the new exit in Millbury. Additionally, the Massachusetts Bay Transit Authority opened a commuter rail station in Grafton, further enhancing the town's locational advantage and attracting major new employers. Improved transportation access; new growth opportunities in the areas of manufacturing, biotechnology, and research; and population pressures from the continuing westward expansion of the Greater Boston Metropolitan area have contributed to population growth and are threatening to change Grafton's small town character.

Grafton is among the fastest growing communities in the Commonwealth, which has put significant pressures on local services and the housing market. Between 1960 and 1990 the population increased by 67% or almost 6,000 residents. Regional growth has been primarily due to persons migrating from the southern or eastern parts of the state in particular, where housing costs are significantly higher, in search of more affordable housing. This increased pressure on the existing housing market and Town services, is making it more difficult for existing residents or those who were raised in town to find or retain affordable living options locally.

#### Population Change 1960-2000 Increase From Previous Period

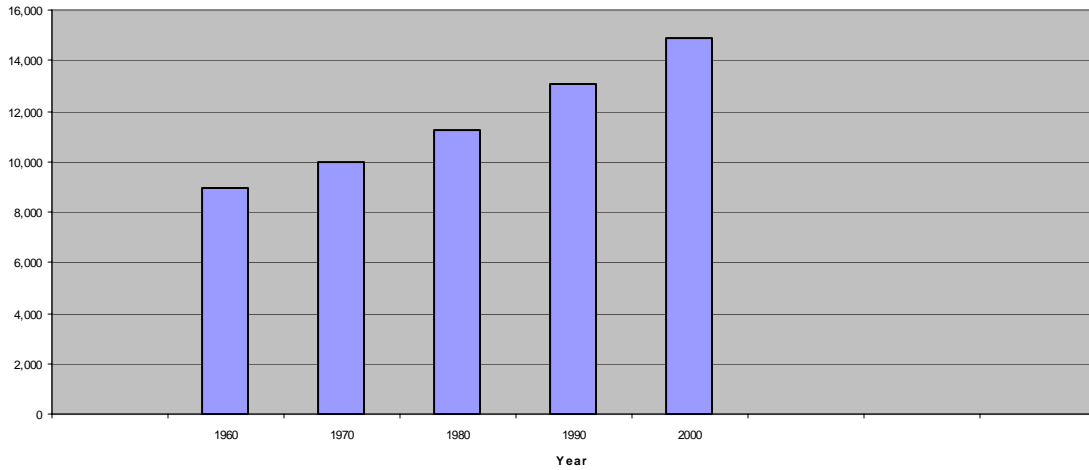
Year	Population	Percent Change	Increase in Numbers of Residents
1960	8,943*	--	--
1970	9,975*	11.5	1,032
1980	11,238	12.7	1,263
1990	13,035	16.0	1,797
2000	14,894	14.3	1,859

Source: U.S. Census Bureau

\* Figures exclude State Hospital population of 1,684 residents in 1960 and 1970. The Hospital was closed in 1975.

This population growth in Grafton is graphically presented in the following chart.

Population Change 1960 to 2000



Population growth has not however created a similar increase in housing units in the region, which has continued to exacerbate the imbalance between housing supply and demand, pushing up housing prices. Increasing housing prices are also attracting greater attention from private developers interested in Chapter 40B development and causing Town leaders and residents to recognize that different strategies are required to better plan for housing development and insure that it is more directed to serving local needs and objectives. According to Chapter 40B regulations, if a municipality has less than 10% of its year-round housing set-aside for low- and moderate-income residents, it is not meeting the regional and local need for affordable housing which makes the town susceptible to an override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.<sup>5</sup>

Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Grafton has 5,820 year-round housing units, of which 307 can be counted as affordable, representing 5.27% of the year-round housing stock. Grafton is therefore vulnerable to losing control over housing development through Chapter 40B comprehensive permit applications. To meet the 10% standard, at least 582 of the existing units would have to be "affordable" based on the state's definition, requiring at least another 275 more housing units to be converted to affordable units in Grafton to meet just the 10% standard. Assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time.

In 2005, Grafton's Affordable Housing Committee, established by the Board of Selectmen to oversee the preparation of an Affordable Housing Plan, contacted consultants to determine their qualifications and interest in assisting the Committee in its efforts to create a Plan for the Town that would meet the requirements of 760 CMR 31.07 (1)(i) under the state's Planned Production Program. Approval and

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<sup>5</sup> Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

certification under these regulations will enable the town to deny unwelcome Chapter 40B comprehensive permit applications. The Grafton Affordable Housing Committee selected a consultant in the summer of 2005.

This Affordable Housing Plan suggests a range of options to meet pressing local housing needs and to bring Grafton closer to the state 10% threshold, presenting a proactive housing agenda of Town-sponsored initiatives. Due to the rising costs of homeownership, including escalating costs associated with taxes and utilities, many residents are finding it increasingly difficult to afford to remain in Grafton. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased real estate taxes but unable to find alternative housing that better meets their current life styles. Families are finding it more difficult to “buy up,” purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Grafton. More housing options are required to meet these local needs and produce Grafton’s fair share of regional needs.

Based on the surge of interest from developers in proposing Chapter 40B developments, town residents no longer have the luxury of maintaining the status quo. New housing will be built, and residents must consider what steps should be taken and what compromises can be accepted to have some control over Grafton’s future development. This Affordable Housing Plan represents a critical step forward, and an opportunity for the town to chart its own course on affordable housing development.

#### **A. Definition of Affordable Housing**

Affordable housing is not necessarily subsidized housing for low- or moderate-income households. There are a number of definitions of affordable housing, as federal and state programs offer various criteria. For example, the federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household’s net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. If households are paying more than these thresholds, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe cost burdens.

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development (\$21,250 for a family of four for the Worcester PMSA area) and very low-income is defined as households earning less than 50% of area median income (\$35,450 for a family of four). Sometimes 60% of area median income is used for particular low-income programs (\$42,500 for a four person household). Low-income generally refers to the range between 51% and 80% of area median income (\$56,700 for a family of four at the 80% level), and moderate-income from 81% to 100%, and sometimes 110% and 120% of median income (\$70,850, \$77,935 and \$85,020, respectively, based on a family size of four). These income levels are summarized in the table below:



**2005 TARGETED INCOME LEVELS FOR  
AFFORDABLE HOUSING IN THE WORCESTER PMSA**

<b># Persons in Household</b>	<b>30% of Median Income</b>	<b>50% of Median Income</b>	<b>80% of Median Income</b>
<b>1</b>	\$14,900	\$24,800	\$39,700
<b>2</b>	17,000	28,350	45,400
<b>3</b>	19,150	31,900	51,050
<b>4</b>	21,250	35,450	56,700
<b>5</b>	22,950	38,250	61,250
<b>6</b>	24,650	41,100	65,800
<b>7</b>	26,350	43,950	70,350
<b>8</b>	28,100	46,750	74,850

**2005 Median Household Income for the Worcester PMSA = \$70,850**

Additionally, most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income, as well as some at lower income thresholds. Middle-income has been defined under the state’s Executive Order 418 as up to 150% of area median income or \$87,600.

In general, programs that subsidize rental units are targeted to households earning within 60% of median income, \$42,500 for a family of four. However, first-time homebuyer programs typically apply income limits of up to 80% of area median income. The state’s Community Preservation Act allows resources to be directed to those within a somewhat higher income threshold – 100% of area median income or \$70,850.

It is worth noting that according to the 2000 census, more than one-third of households or 34% were likely to be income-eligible for affordable housing using the 80% of area median income level of \$56,700 for a family of four; and almost three-quarters or 4,144 households, had incomes within the state’s definition of middle income for Grafton or earning at or below \$87,600.

The Chapter 40B definition of affordable housing is as follows:

<p><b>CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?</b></p> <ol style="list-style-type: none"> <li>1. Must be part of a “subsidized” development built by a public agency, non-profit, or limited dividend corporation.</li> <li>2. At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels. Restrictions must run at least 15 years for housing rehabilitation and at least 30 years for new construction.</li> <li>3. Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.</li> <li>4. Project sponsors must meet affirmative marketing requirements.</li> </ol>
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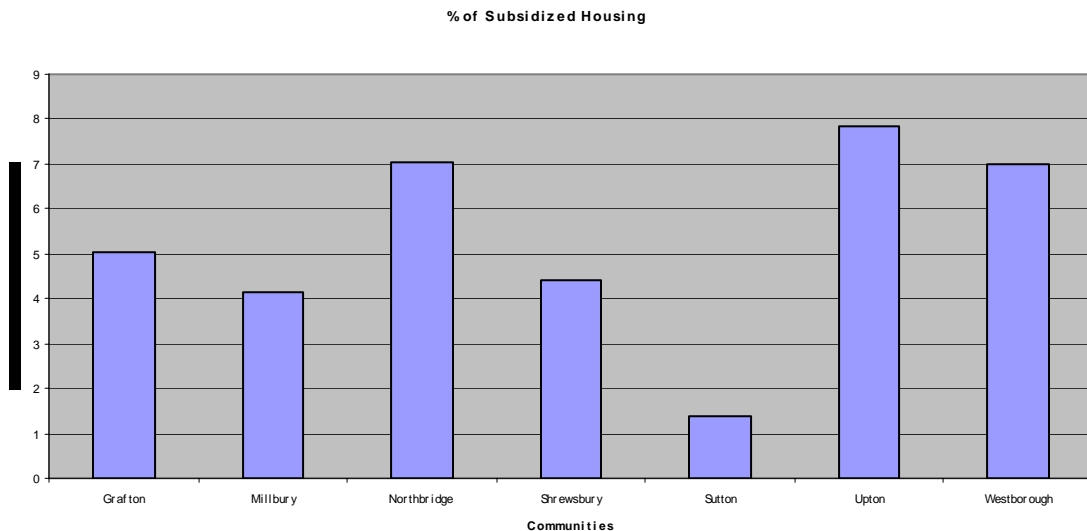
Source: CHAPA, February 2001

In counting a community’s progress toward the 10% threshold, the state counts a housing unit as affordable if it is subsidized by local (CPA), state or federal programs that support low- and moderate-income households at or below 80% of area median income under Chapter 774 of the Acts of 1969, which established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B). Based on the Massachusetts Department of Housing and Community Development’s most recent data on the Chapter 40B Subsidized Housing Inventory, Grafton has 5,820 year-round housing units, of which 294 can be counted in the Subsidized Housing Inventory, representing 5.05% of the year-round housing stock. As mentioned earlier, to meet the 10% standard, at least 582 of the existing units would have to be “affordable” based on the state’s definition, requiring at least another 288 more housing units to be built or converted to affordable units in Grafton to meet just the 10% standard, a daunting challenge, not to mention additional affordable units that will be required to keep pace with housing growth.

Grafton is not alone in this quandary about what to do about the lack of affordable housing. Most of Grafton’s neighbors also have affordable housing levels below the state target, and, most, like Grafton, face significant challenges in meeting the 10% state goal. The level of housing affordability in each of the surrounding towns is as follows:

1. Grafton – 307 units (5.27%)
2. Millbury – 211 units (4.15%)
3. Northbridge – 346 units (7.02%)
4. Shrewsbury – 554 units (4.39%)
5. Sutton – 40 units (1.39%)
6. Upton – 163 units (7.83%)
7. Westborough – 472 units (7.01%)

None of Grafton’s neighboring towns have produced enough affordable units to meet the state target of 10% of its year round housing stock, however the towns of Northbridge, Upton and Westborough have more than 7% of its housing stock defined as affordable, demonstrating relatively good progress towards the state 10% threshold.



In recognition of pressing local needs, this Housing Plan suggests a range of opportunities to meet specified local housing priorities and to bring Grafton closer to the state 10% threshold. The Plan will also set the stage for producing new units that will allow the Town to reject unwanted Chapter 40B developments through Planned Production, a relatively new addition to Chapter 40B regulations. Given

past efforts in the area of affordable housing, creating 44 units a year needed to meet Planned Production goals and exert control over new development will be a substantial challenge. Nevertheless, affordable housing will come to Grafton, and this Plan provides a mechanism for the town to guide its production as opposed to relying on outside development interests.

## **B. The Planning Process**

This Affordable Housing Plan is divided into two phases. The first phase focuses on the Housing Needs Assessment – the review and assessment of documentation and research already compiled as well as the collection and analysis of new information to identify local housing needs, to determine what resources are available to meet these needs, and to obtain a comprehensive understanding of the remaining gaps in housing services and programs.

The second phase provides specifics on how to preserve and create new affordable housing opportunities in Grafton. Guided by the context established in phase one, Two-Year and Five-Year Action Plans will be presented, each including the rationale for the strategy, next steps, the timetable for implementation, the resources required, the estimated costs involved, and the projected number of affordable units produced. These strategies will provide a blueprint to enable the Town Board of Selectmen, Planning Board, Affordable Housing Committee, Housing Authority, and other key committees to chart a course for the future with respect to making progress on the 10% state affordable housing threshold, production goals and local housing needs.

This process builds on previous plans and studies including the 2001 Comprehensive Plan that included a survey, visioning process, interviews and a series of neighborhood and monthly meetings. The community survey indicated “Grafton’s citizens support control of housing growth that in turn controls municipal costs, they want to maintain the small Town atmosphere, and they do not support major changes in housing styles”.<sup>6</sup>

## **C. Housing Goals**

As part of the visioning process undertaken in 2001, associated with the development of Grafton’s Comprehensive Plan, residents had the opportunity to share their visions for Grafton’s future. The following vision statement was created during this process:

*Grafton is a small town with a strong sense of community made up of historical New England villages and new neighborhoods, whose residents are its most important asset, where pastoral landscapes are valued, where open space preservation is considered integral to our town’s character, and where carefully-planned residential as well as non-residential development enhance the community’s economic stability.*

The following more specific housing-related goals also emerged from this community visioning process and were fine-tuned by in the Town’s Community Preservation Program and Plan:

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<sup>6</sup> Thomas Planning Services and Akira Yamashita Associates, Grafton Comprehensive Plan, 2001.

- *Limit residential developments to those projects that are sensitive to the environment and Town infrastructure.*
- *Encourage housing development patterns that preserve open space and natural features.*
- *Re-use existing structures and commercial areas.*
- *Reinforce villages with mixed uses and a variety of housing types.*
- *Attain a rate of growth that will neither stifle economic growth nor damage the sense of community.*
- *Provide housing options that will allow residents to remain in town as they age and allow the children of residents to establish families in Grafton.*
- *Establish a minimum or better production of affordable units at a growth rate of at least .75% of the year round housing stock per year or 44 units.*

The visioning process clearly articulated a desire by town residents to preserve Grafton's small town character, protect natural and historic resources, create housing based on local needs, and carefully manage development to insure a diversified economy and wise use of resources to ensure long-term sustainability. Goals reflect smart growth principles that call for more efficient land use, compact development patterns, less dependence on the automobile, a range of diverse housing opportunities and choices, equitable allocation of the costs and benefits of development, and an improved jobs/housing balance. Land-use policies were also established that specified the support of existing neighborhoods to enforce the sense of community and the appropriate use of zoning regulations to achieve goals at a minimum of public cost, to make regulations flexible, and preserve and increase social and economic equity, and reduce sprawl.

## Section III HOUSING CHARACTERISTICS

As housing values soar, it is becoming increasingly difficult for individuals and families to find affordable housing in the private market; and the private market, without subsidies or zoning relief, is neither able nor interested in producing housing that is affordable to low- and moderate-income households. As a result, it becomes necessary to increasingly rely on regulatory relief and housing subsidies in some form to preserve affordable housing and to produce enough units to meet existing affordable housing needs and demands. Escalating market prices for both the purchase and rental of housing have generated concerns that many long-term residents might be experiencing difficulties paying their taxes, maintaining their homes or affording market rentals. Children who grew up in town can no longer find suitable housing in which to raise their families. Town employees are confronted with longer commutes as the increasing affluence of the area squeezes them out of the housing market. This Housing Needs Assessment presents an overview of the current housing situation in the town of Grafton, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals.

### **A. Population and Housing Data**

#### ***1. Population, Race and Household Type***

The 2000 census data indicates that the town of Grafton had a total population of 14,894, a 14.3% increase over the 1990 population of 13,035 and a 32.5% increase since 1980 when the population was 11,238. The population has remained predominately White but minority residents are steadily increasing in number from 55 residents in 1980 to 363 in 1990 and 608 in 2000. More than one-third of the 2000 minority population identified themselves as Asian, almost another third as Black and almost half claimed they were of Hispanic origin.

**Demographic Characteristics 1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Total Population	11,238	100.0	13,035	100.0	14,894	100.0
Minority Population*	55	0.5	363	2.8	608	4.1
Total Number Households	3,881	100.0	4,799	100.0	5,694	100.0
Family Households**	3,055	78.7	3,533	73.6	3,952	69.4
Female Heads of Households**	447	11.5	423	12.0	482	8.5
Non-family Households**	826	21.3	1,266	26.4	1,742	30.6
Population Age 65+	1,150	10.2	1,564	12.0	1,671	11.2
Population Under 18	3,231	28.8	3,148	24.2	3,836	25.8
Average Household Size	--		2.64 persons		2.54 persons	

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

\*All non-White classifications

\*\* Percent of all households

Non-family households are becoming a more significant part of Grafton, representing 30% of the number of households, climbing from about 20% in 1980, an increase of 916 non-family households. While family households increased by about 900 households from 1980 to 2000, they decreased as a proportion of all households from 78.7% to 69.4%. An additional 35 female-headed households were added to the population from 1980 to 2000, but these households decreased as a proportion of all households from 11.5% to 8.5%. The average number of persons per household declined somewhat from 2.64 persons in 1990 to 2.54 in 2000, confirming the shift to smaller households in Grafton as well as throughout the region, state and nationally.

The town's population is aging, presenting another factor contributing to smaller household sizes. In 2000 there were 1,671 persons 65 years of age or older, representing 11.2% of the population, as compared to 1,150 or 10.2% of the total population in 1980. However, despite the overall increase in the numbers of seniors, proportionately this segment of the population is decreasing, which is particularly apparent between 1990 and 2000 with a decrease from 12% to 11.2% of the total population.

Residents between the age of 55 and 64 decreased slightly by 1.5% from 1980 to 2000, as opposed to those younger adults in the 35 to 54 year age range who almost doubled in size during this same period from 2,461 individuals to 4,865. Another growing population group includes those young adults entering the job ranks and beginning their families between age 21 and 34 years old, which increased from 2,695 residents to 4,990 between 1980 and 2000, representing an 85% increase. It is likely that new job growth and the somewhat greater affordability of living conditions have attracted this population segment to Grafton.

Those under 18 years of age increased by 605 children, but like seniors, this group decreased in proportion to total population from 28.8% of the population in 1980 to 25.8% in 2000. The school-age population of those between five and 17 years increased between 1980 and 2000 by 340 students, from 2,410 to 2,750, following a decline to 2,239 students in 1990. Due to current overcrowded conditions, the Town will face challenges as growth continues. Additional information on the distribution of ages is presented in the following table:

**Age Distribution 1980-2000**

Age Range	1980		1990		2000	
	#	%	#	%	#	%
Under 5 Years	821	7.3	909	7.0	1,086	7.3
5 – 17 Years	2,410	21.4	2,239	17.2	2,750	18.5
18 – 20 Years	467	4.2	589	4.5	348*	2.3
21 – 24 Years	692	6.2	720	5.5	724**	4.9
25 – 34 Years	2,003	17.8	4,649	35.7	2,234	15.0
35 – 44 Years	1,319	11.7			2,756	18.5
45 – 54 Years	1,142	10.2	1,354	10.4	2,109	14.2
55 – 59 Years	671	6.0	507	3.9	725	4.9
60 – 64 Years	563	5.0	504	3.9	491	3.3
65 – 74 Years	706	6.3	998	7.7	860	5.8
75 – 84 Years	306	2.7	427	3.3	664	4.5
85 Years and Over	138	1.2	139	1.1	147	1.0
Total	11,238	100.0	13,035	100.0	14,894	100.0
Median Age	--		--		35.9 years	

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

\* Figure represents ages 18 and 19. \*\* Figure represents 20 – 24 age range

**2. Income Distribution**

Residents of Grafton are also becoming significantly more affluent. The median household income in 1999 was \$56,020, up 32.4% from the 1989 median income of \$42,310 and 160% higher than the median income in 1979 of \$21,577, not adjusted for inflation. A comparison of 1979, 1989 and 1999 income figures is presented in the table below.

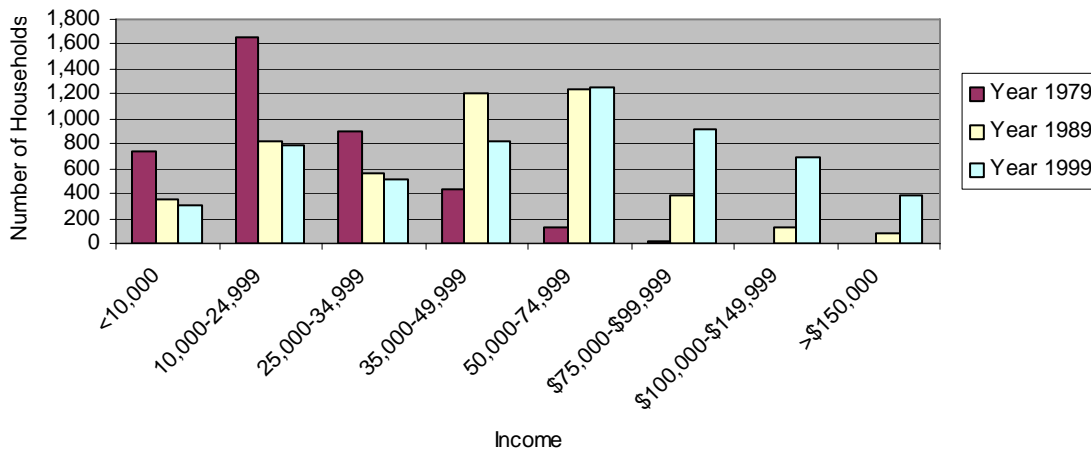
**Income Distribution by Household  
1979-1999**

	1979		1989		1999	
	#	%	#	%	#	%
Under \$10,000	735	18.9	354	7.4	299	5.3
10,000-24,999	1,656	42.7	826	17.2	792	13.9
25,000-34,999	907	23.4	563	11.7	517	9.1
35,000-49,999	432	11.1	1,213	25.3	822	14.5
50,000-74,999	131	3.4	1,244	25.9	1,253	22.0
75,000-99,999	20	0.5	382	8.0	915	16.1
100,000-149,999			135	2.8	699	12.3
150,000 or more			81	1.7	387	6.8
Total	3,881	100.0	4,798	100.0	5,684	100.0
Median income	\$21,577		\$42,310		\$56,020	

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

There were decreases in the numbers of households in all income ranges below \$35,000 from 1979 to 1999, while the numbers of households earning more than \$50,000 increased substantially over the two decades. Those earning more than \$100,000 grew from 20 in 1979 to 1,086 in 1999 – well over what would be expected under normal inflationary trends. The income distribution for those households that include children – families – is somewhat higher with a median family income in 1999 of \$66,396, 25% of all families earning more than \$100,000 including 118 or 3% earning more than \$200,000

Income Distribution by Census



The chart above clearly demonstrates the substantial increase in income levels for households in Grafton over the past two decades. Despite inflation these figures are dramatic, highlighting the demographic changes that the town is confronting and fueling the escalation of housing prices.

These income levels in contrast to those for Worcester County are offered in the following table:

**Income Distribution by Household: Worcester County vs. Grafton  
1999**

	Worcester County		Grafton	
	#	%	#	%
Under \$10,000	25,152	8.8	299	5.3
10,000-24,999	48,186	17.0	792	13.9
25,000-34,999	31,373	10.9	517	9.1
35,000-49,999	42,839	15.1	822	14.5
50,000-74,999	58,935	20.7	1,253	22.0
75,000-99,999	35,696	12.6	915	16.1
100,000-149,999	28,596	10.1	699	12.3
150,000 or more	13,441	4.7	387	6.8
Total	284,218	100.0	5,684	100.0
Median income	\$47,874		\$56,020	

Source: 1990 and 2000 U.S. Census Bureau

Residents of Grafton are somewhat more affluent in comparison to the county as a whole. The percentage of those earning less than \$35,000 is about 37% for Worcester County in contrast to approximately 28% for the town of Grafton, whereas those earning above the \$100,000 threshold included approximately 15% of households in Worcester County versus more than 19% of the households in Grafton. Grafton's median income is also 17% higher than the median for the county as a whole.

Despite increasing household wealth, there still remains a population living in Grafton with very limited financial means. Of the 5,684 total households counted in 1999, 299 or 5.3% had incomes of less than \$10,000 and another 792 or 13.9% had incomes between \$10,000 and \$24,999, representing extremely low-income levels, most of whom have incomes at or below 30% of area median income. Another approximately 500 households had incomes within what public agencies would define as very low-income levels, within 50% of area median income. The total number of households within these income categories was about 1,600 in 1999, or 28% of all Grafton households, not an insignificant number given the general affluence of the community. Additionally, based on this income information, more than one-third, or 34% of Grafton's households (or about 1,935 households), would likely qualify for housing assistance as their incomes are at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) of \$56,700 for a family of four.<sup>7</sup> Almost three-quarters, or 73% of local households (4,144 households), would qualify as middle-income using the state's definition as has been prescribed by Executive Order 418 of \$87,600.

### 3. Poverty

The 2000 census indicates that the absolute numbers of those with incomes below the poverty level (\$9,310 for an individual and \$15,670 for a family of three in 2004) has increased from 602 in 1979 to 828 in 1999, increasing from 4% to 5.6% of Grafton residents. The numbers of families and seniors in poverty has decreased over the past couple of decades, and the number of

<sup>7</sup> While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.



children is comparable to the 1979 level after a surge in numbers in 1989. These residents confronting poverty have substantial income limitations and are likely to require public assistance to meet their housing needs.

**Poverty Status  
1979-1999**

	1979		1989		1999	
	#	%	#	%	#	%
Individuals Below Poverty	602	4.0	643	5.0	828	5.6
Families	125	3.2	70	2.0	89	2.3
Related Children Under 18 Years	54	1.4	105	3.3	56	1.6
Individuals 65 and Over	127	7.6	108	6.9	98	6.1

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

\*Percentage of total population

\*\*Percentage of all families

\*\*\*Percentage of all related children under 18 years

\*\*\*\*Percentage of all individuals age 65+

This data should also be viewed in light of the town’s affordable housing inventory including about 300 subsidized housing units, the total of which is insufficient to cover the housing affordability issues likely confronting this very vulnerable population.

**4. Education**

The educational attainment of Grafton residents improved since 1990. In 2000, 90% of those 25 years and older had a high school diploma or higher, and 35% had a Bachelor’s degree or higher, up from the 1990 figure of 24% with a college degree and higher. Grafton’s level is also higher than the 2000 level of 27.0% for the county. Those enrolled in school (nursery through graduate school) totaled 3,767 or 25.3% of the population, and those enrolled in kindergarten through high school totaled 2,693, 72% of those who are enrolled in school and 18% of the total population.

**5. Disability Status**

Of the 2000 population age 5 to 20 years old, 197 or 6.3% had some disability, and of the population age 21 to 64, 1,397 or 15.7% claimed a disability, but 72.8% of this group was employed leaving 380 residents unemployed, most likely due to disability. In regard to the population 65 years of age or older, 618 or 38.2% of those in this age group claimed some type of disability. These levels of disability, particularly that of seniors, represent significant special needs within the Grafton community.

**6. Residency in 1995**

About 42% of persons in Grafton over the age of five, or 5,766 residents, moved to a new residence from 1995 to 2000. Of these 23.8% came from the same county, 18% came from a different county, with 10.5% coming from the same state and 7.4% coming from a different state or elsewhere, representing significant mobility of the town’s population.

**7. Housing**

The 2000 census counted 5,828 total housing units in the town of Grafton, up 15.8% from 5,035 units in 1990, and a 45.3% increase from 4,010 units in 1980. Almost 98% of the town’s total housing units in 2000, or 5,694 units, were occupied that included 4,116 owner-occupied units,

72.3% of the occupied housing stock, and the remaining 1,578 renter-occupied units, or 27.7% of all occupied units. These figures represent a higher level of owner-occupancy in 2000 than that for Worcester County as a whole of 64.1% or for the state at 62%. Total growth in Grafton's housing stock from 1980 to 1990 was 1,025 units and from 1990 to 2000 an additional 793 units, including an increase in the rental stock between 1980 and 2000 of 397 units. However, the proportion of rental units decreased from 1980 to 2000, from 30.6% to 27.7% of the housing stock after a bit of a surge in rental housing development in the 1980's that had rental units comprising 31.6% of housing in 1990.

The following table includes a summary of housing characteristics:

**Housing Characteristics  
1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	4,010	100.0	5,035	100.0	5,828	100.0
Occupied Units *	3,863	96.3	4,799	95.3	5,694	97.7
Occupied Owner Units **	2,682	69.4	3,283	68.4	4,116	72.3
Occupied Rental Units **	1,181	30.6	1,516	31.6	1,578	27.7
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	142/0	3.5/0	236/8	4.7/0.2	134/8	2.3/0.1
Average House- Hold Size of Owner-Occupied Unit	--		2.87 persons		2.76 persons	
Average House- Hold Size of Renter-Occupied Unit	--		2.13 persons		1.96 persons	

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

\* Percentage of total housing units

\*\* Percentage of occupied housing units

The 2000 census counted 2.3% of the housing stock, or 134 units, as vacant, of which eight units involved seasonable, recreational or occasional use. The homeowner vacancy rate was 0.4% and the rental vacancy rate was 3.2%. These vacancy rates are low as any level below 5% is considered to represent tight market conditions and the rates remain below that of the state and nation as a whole as noted in the table below.

**Vacancy Rates  
1990 and 2000**

<b>Vacancy Rates by Tenure</b>				
	<b>1990</b>	<b>2000</b>	<b>MA 2000</b>	<b>Nation</b>
Rental	1.3%	3.2%	3.5%	5%
Owner-Occupied	0.2%	0.4%	0.7%	3%

The 2000 census indicates that the majority of the existing housing units are in single-family, detached structures, 3,535 units or 60.7% of the housing stock, and 453 units include single, attached homes bringing the total percentage of single-family homes in Grafton to 68.4%, higher than the 56.2% level for the county. The level of single-family, detached homes in neighboring Millbury, Shrewsbury and Westborough was 69.2%, 67.4% and 55.6%, respectively in 2000, fairly similar to the level in Grafton. There were 1,012 units in two to four-unit buildings, representing the smaller multi-family housing stock, and another 649 units in five to nine-unit structures. There was an additional 173 units in very large multi-family structures of more than ten units and six mobile homes. Housing growth between 1990 and 2000 was in single-family detached structures, and all other housing types decreased somewhat as part of the total housing stock.

**Units in Structure  
1990 – 2000**

<b>Type of Structure</b>	<b>1990</b>		<b>2000</b>	
	#	%	#	%
1-Unit Detached	2,877	57.1	3,535	60.7
1-Unit Attached	435	8.6	453	7.8
2 to 4 Units	930	18.5	1,012	17.4
5 to 9 Units	590	11.7	649	11.1
10 or More Units	152	3.0	173	3.0
Other	51	1.0	6	0.1
<b>Total</b>	<b>5,035</b>	<b>100.0</b>	<b>5,828</b>	<b>100.0</b>

Source: 1990 and 2000 U.S. Census Bureau

More than 50% of Grafton's housing stock, 3,088 units, was built prior to 1970, and 1,413 units or almost 25% of the housing stock was built prior to World War II, which is well below the state average of 34.5% and the county figure of 32.9%. There were significant numbers of units produced between 1970 and 1990, totaling 1,753 units or 30% of the housing stock, and another 987 units were produced from 1990 through March of 2000, representing a significant portion of newer housing in Grafton that is likely to be in good condition, most of this growth in single-family detached dwellings and more recently in condominiums.

**Year Structure Built  
2000**

	#	%
1999 to March 2000	264	4.5
1995 to 1998	380	6.5
1990 to 1994	343	5.9
1980 to 1989	891	15.3
1970 to 1979	862	14.8
1960 to 1969	600	10.3
1940 to 1959	1,075	18.4
1939 or earlier	1,413	24.2
Total	5,828	100.0

Source: 2000 U.S. Census Bureau

Grafton had a higher level of growth than the county, the state and its neighbor, Millbury, but not quite as high as neighboring Shrewsbury and Westborough with more than half of their total housing stock built over the past thirty years as shown in the table below. The fact that Grafton added 2,740 units from 1970 to 2000 and about another thousand units since 2000, based on building permit data, indicates a very high level of growth, which has put substantial pressures on the town's infrastructure and services, offering a compelling reason to manage additional growth in a way that will be more responsive to local needs and priorities.

**Recent Housing Development  
Grafton and Neighboring Communities, Worcester County and the State**

<b>Community</b>	<b># Units Built Since 1970</b>	<b>% Units Built Since 1970</b>
Grafton	2,740	47.0
Millbury	1,510	29.6
Shrewsbury	6,923	54.5
Westborough	3,743	55.3
Worcester County	190,245	36.6
State	847,922	32.3

Source: 2000 U.S. Census Bureau

The median number of rooms per housing unit was 5.9, indicating that the average home had three bedrooms, and dwelling sizes ranged from 1,280 units or 22.0% with four rooms or less to 709 units or 12.2% of the housing stock with nine rooms or more. There were eight units with single rooms. About 80% of households had two or more vehicles.

The building permit data summarized below indicates a high of 278 permits just last year to a low of 25 units in 1991 during the economic slump, with an average of 118 permits per year from 1990 through October 3, 2005. It is also interesting to note that permits for condominiums and multi-family dwellings are an increasingly larger component of total permit activity ranging from none in 1995 to 122 last year and up to 135 through October 3<sup>rd</sup> this year. This data also indicates that since the 2000 census more than another thousand units, 1,030 units, have been added to Grafton's housing stock.

**Building Permit Data 1990 through October 3, 2005**

<b>Year</b>	<b>Total # Building Permits for New Units (Total # Condos or Multi-family Units)</b>
1990	33
1991	25
1992	48
1993	43
1994	103
<b>Subtotal</b>	<b>252 units; average of 50/year</b>
1995	61 (0)
1996	92 (8)
1997	77 (6)
1998	135 (7)
1999	124 (1)
2000	94 (27)
2001	166 (40)
2002	106 (10)
2003	178 (40)
2004	278 (122)
<b>Subtotal</b>	<b>1,311 units (261); average of 131(26)/year</b>
2005 (as of October 3)	208 (135)
<b>Total</b>	<b>1,771 units; average of 118/year</b>

Source: Massachusetts Executive Office of Environmental Affairs Buildout Analysis, 2001, and Grafton Building/Zoning Department, October 2005

**B. Housing Market Conditions**

Census data also provides information on housing values for homeownership and rental. The census indicates that the 2000 median house value was \$183,500, up 19% from the median in 1990 of \$154,400. According to the 2000 census, Grafton still had a fairly sizable supply of affordable homes with more than 2,000 or 58% valued at less than \$200,000 including 137 valued at less than \$100,000.<sup>8</sup> These values are summarized in the following table:

**Housing Values 2000**

<b>Value</b>	<b>Number of Units</b>	<b>% Units</b>
Less than \$50,000	12	0.3
\$50,000 to \$99,999	125	3.5
\$100,000 to \$149,999	909	25.5
\$150,000 to \$199,999	1,026	28.8
\$200,000 to \$299,999	1,032	29.0
\$300,000 to \$499,999	437	12.3
\$500,000 to \$999,999	17	0.5
\$1 million or more	0	0.0
<b>Total</b>	<b>3,558</b>	<b>100.0</b>
<b>Median (dollars)</b>	<b>\$183,500</b>	

Source: 2000 U.S. Census Bureau

<sup>8</sup> Census housing values are derived from Assessor's data.

Housing prices in Grafton are high in comparison to Worcester County with a median house value of \$146,000. While census data is derived primarily from Assessors' information that typically underestimates market value, more updated market information is tracked by The Warren Group from Multiple Listing Service data based on actual sales. This market information since 1988 is summarized in the following table:

**Median Sales Prices  
January 1988 - July 2005**

<b>Year</b>	<b>Months</b>	<b>Single-family</b>	<b>Condo (#)</b>	<b>All Sales</b>	<b># Sales</b>
2005	Jan – July	\$407,500	\$276,000(109)	\$369,297	364
2004	Jan – Dec	374,000	255,000 (110)	377,400	603
2003	Jan – Dec	319,000	234,200 (106)	307,520	428
2002	Jan – Dec	276,000	210,000 (104)	280,341	397
2001	Jan – Dec	285,425	173,900 (122)	245,500	408
2000	Jan – Dec	239,900	142,950 (82)	184,900	355
1999	Jan – Dec	220,000	120,750 (112)	169,900	495
1998	Jan – Dec	161,000	109,000 (139)	135,000	464
1997	Jan – Dec	164,500	92,500 (74)	135,000	332
1996	Jan – Dec	160,000	86,000 (67)	130,000	318
1995	Jan – Dec	146,125	91,000 (65)	121,325	264
1994	Jan – Dec	154,900	84,400 (41)	105,000	275
1993	Jan – Dec	128,000	72,750 (39)	91,750	228
1992	Jan – Dec	138,000	77,575 (34)	112,500	205
1991	Jan – Dec	133,250	85,150 (34)	111,289	175
1990	Jan – Dec	144,000	112,750 (35)	131,525	182
1989	Jan – Dec	159,200	123,470 (85)	132,500	255
1988	Jan – Dec	139,450	133,300 (98)	133,300	269

Source: The Warren Group, September 15, 2005

The number of sales in Grafton ranged from a low of 175 sales in 1991 to a high of 603 in 2004, and given sales activity through July of 2005, it appears that this year may rank the highest in total numbers of sales yet. In 2004 the average sales price for single-family homes was \$407,500, affordable to households earning about \$120,000 annually, more than double the town median income in 1999 of \$56,020. After a decline in market prices in the early 1990's, due largely to the economic slump, the market began to revive in the late 90's, not surpassing the 1988 median sales price until 1997. Since then the market has escalated precipitously, up 180% from \$135,000 in 1998 to \$377,400 by the end of 2004 for all sales.

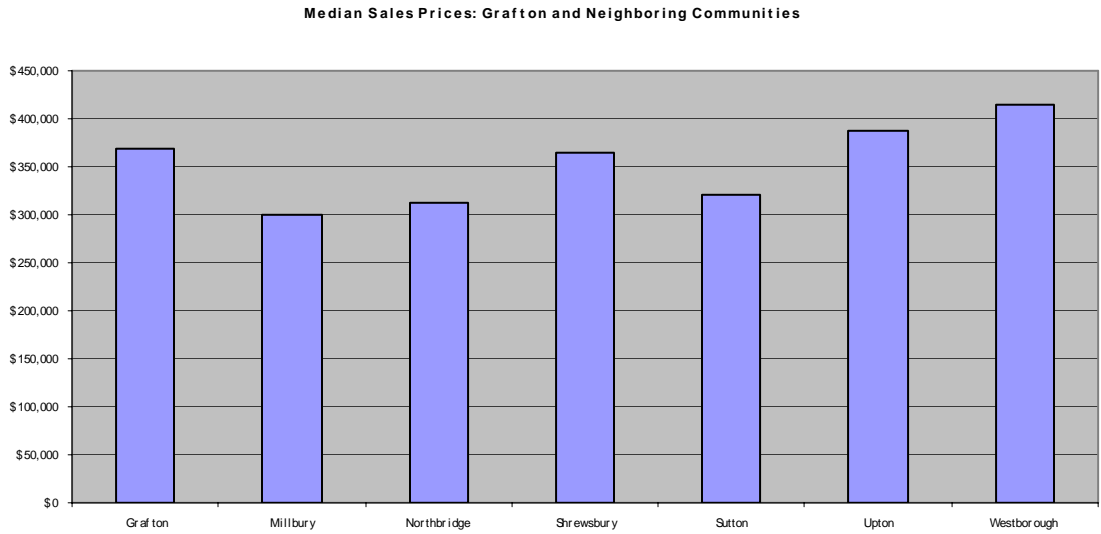
Condominiums represent a significant portion of the housing market in Grafton, accounting for more than a thousand annual sales since 2001, with sales prices that have been approximately 75% of single-family homes during the last few years. The median price of condos ranged from a low of \$72,750 in 1993 to \$276,000 as of July of 2005, representing a 280% increase during this timeframe.

Median housing prices in Grafton of \$369,297<sup>9</sup> are comparable to neighboring communities that range from a low of \$300,000 in Millbury to a high of \$415,000 in Westborough as noted in the following:

<sup>9</sup> The Warren Group, September 15, 2005, for all sales in 2005 as of July 2005.

Grafton -- \$369,297  
 Millbury -- \$300,000  
 Northbridge -- \$313,500  
 Shrewsbury -- \$365,295  
 Sutton -- \$320,900  
 Upton -- \$387,500  
 Westborough -- \$415,000

The chart below looks at the median sales data of neighboring communities for all sales as of July 2005.



Based on Multiple Listing Service data as of September 19, 2005, there was only one single-family home listed for less than \$200,000 that involved a one-bedroom waterfront cottage, with a one-bedroom manufactured home also available, on a quarter acre site. The property was in fact advertised as a teardown for a new waterfront home. Of the remaining 98 homes listed, ten homes were priced for less than \$300,000, but the median ask price was \$553,616 requiring an income of about \$160,000.

A summary of sold property in various price ranges is provided below:

**Sales Activity of Single-family Homes from 1/1/05 to 9/19/05**

Sales Price Range	# Homes Sold	% Homes Sold
\$200,000 or less	2	1.2
\$201,000 to \$300,000	29	18.0
\$301,000 to \$400,000	28	17.4
\$401,000 to \$500,000	30	18.6
\$501,000 to \$600,000	19	11.8
\$601,000 to \$700,000	21	13.1
\$701,000 to \$800,000	22	13.7
\$801,000 to \$900,000	7	4.4
\$901,000 to \$1 million	1	0.6
More than \$1 million	2	1.2
<b>TOTAL</b>	<b>161</b>	<b>100.0</b>

In regard to single-family homes that have sold since the beginning of 2005, there were two homes that sold for \$200,000 or less including a mobile home on slab that sold for \$135,000 and a two-bedroom

“handyman’s special” without Title V approval that sold for \$200,000. Almost all of the homes in the \$201,000 to \$300,000 price range were small capes or ranches built well before 1970, most likely needing some work. The median price for these recently sold, single-family homes was \$467,000, affordable to a household earning about \$137,000, beyond the reach of approximately 90% of Grafton households based on 2000 income data from the census. Nevertheless, realtors in the area have observed that home prices have softened somewhat during the last year and may be leveling off. Homes must be priced to sell as purchasers are doing their research and no longer move as quickly as they did two years ago to buy.

There were also some sales of multi-family properties including five properties, which have sold since January 1, 2005, and one current listing. The average sales price was \$339,000 and the current listing is priced at \$489,000 for a triple-decker with three two-bedroom units built in 1930.

In regard to condominiums, there were 52 listings on September 28, 2005, ranging from a low of \$164,900 for a two-bedroom unit in a large apartment building on Providence Road with 896 square feet of living space and one bath to \$492,900 townhouse at Lincoln Lane with three bedrooms, three baths and 2,100 square feet of space. The average list price was \$333,484, requiring an income of approximately \$108,000. The market for condominiums has been “hot”, as described by one realtor, but is also becoming more sluggish, particularly given the recent development of several new projects that have absorbed considerable market demand.

The 2000 census indicated that there were 1,578 occupied rental units in Grafton and that the median gross rental was \$625, up 10.6% from the 1990 median rent of \$565 and 162% higher than the 1980 rental of \$239. Rental units comprised about 28% of Grafton’s housing stock somewhat less than the county’s rental housing stock of 35.9%. Additionally, Grafton’s rental market is more expensive, \$625 versus a median gross rent of \$580 for Worcester County as a whole.

Data on the costs of rental units from 1980 through 2000 is included in the following table:

**Rental Costs  
1980-2000**

Gross Rent	1980		1990		2000	
	#	%	#	%	#	%
Under \$200	311	27.1	167	11.1	51	3.3
200-299	596	51.9	57	3.8	96	6.2
300-499	193	16.8	266	17.7	193	12.4
500-749	0	0.0	660	44.0	812	52.1
750-999			237	15.8	236	15.1
1,000-1,499			80	5.3	71	4.6
1,500 or more					0	0.0
No cash Rent	48	4.2	33	2.2	100	6.4
Total	1,148	100.0	1,500	100.0	1,559	100.0
Median rent	\$239		\$565		\$625	

Source of above table: U.S. Census Bureau

Like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically much higher as verified by local realtors. A recent two-bedroom, two-story, duplex unit in North Grafton rented easily for \$1,000. Older apartments in South Grafton



typically rent for significantly less. The range for two-bedroom units is \$575 at the very lowest end to as much as \$1,200. The rental market is also slowing down, however, as is the case with homeownership.

**C. Subsidized Housing Inventory**

The state lists 307 affordable housing units in the current state-approved Subsidized Housing Inventory, 5.27% of the total year-round housing stock in Grafton. Therefore, the town needs to produce at least 275 more affordable units to reach the state’s 10% goal based on the existing housing stock. Build-out projections estimate that Grafton can support 10,167 units of housing based on current zoning, which would require more than 700 affordable units over and above the current 307 units – a daunting task for a small community.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through resale or rental restrictions. The following table presents the income limits for the affordable units based on the 2005 HUD guidelines for the Worcester PMSA, including the town of Grafton, directed to those earning at or below 80% of area median income adjusted by family size.

**Affordable Housing Income Limits for the Worcester County PMSA  
Based on 80% of Area Median Income for 2005**

Number of Persons in Household	Income Limit
1	\$39,700
2	45,400
3	51,050
4	56,700
5	61,250
6	65,800
7	70,350
8	74,850

Using these income guidelines a family of three (the average household size in Grafton is 2.54 persons) could afford to purchase a house for no more than approximately \$165,000. Based on housing market information described above, there are no longer homes available at this price.

***1. Current Inventory***

Of the 5,820 year-round housing units, the state currently counts 307 units, or 5.27%, as part of Grafton’s Subsidized Housing Inventory. Of these, 170 units were developed and owned by the Grafton Housing Authority including the following:

- *Veteran’s Circle*  
This 16-unit project was built in 1950, among the first public housing projects in the state dedicated initially to providing housing for returning veterans following World War II. The project includes eight, two-bedroom units and eight, three-bedroom units directed to families. There is a huge demand for these units and a turnover rate of about one unit per year that compelled the Housing Authority to close its wait list for this project. Given the age of the units, the Housing Authority is hoping to secure the necessary resources to make needed improvements.

- *McHale Drive*  
Like Veteran's Circle, McHale Drive is a development targeted to families. Built with state financing in 1987, the project has six units, a two-bedroom unit that is designed to be accessible to the handicapped and five, three-bedroom units. This development, also like Veteran's Circle, has very little turnover but an extensive wait list (applicants for family units at McHale Drive and Veteran's Circle are grouped into one wait list), which the Housing Authority closed with state permission.
- *Forest Lane*  
The Forest Lane development includes 88 units for seniors and the disabled, including all one-bedroom units. There are currently six disabled residents living at Forest Lane, the remainder are qualifying seniors. The wait list consists of 143 seniors (30 of these applicants are Grafton residents) and 71 disabled individuals, and waits are approximately one year for Grafton residents. Because residents get preference when there are vacancies, all of the units in the recent past have been filled by those from the town.
- *Maxwell Drive (also known as Pleasant Court)*  
The Maxwell Drive project was also developed as housing for seniors and the disabled. Built in 1964, it has 40 one-bedroom units with the same wait list and turnover rate as Forest Lane.
- *Forestview*  
This project was developed as special needs housing by the Grafton Housing Authority but is currently managed by a social service provider, Riverside Community Care, for the state's Department of Mental Health patients. There are two buildings, each with five units, and another building with ten units that include a mix of one and two-bedroom apartments.

There are 137 additional affordable units that have been built by other entities including:

- *Green Acre Estates*  
Grafton Housing Associates, Inc. developed Green Acre Estates as a rental development for low-income seniors in 1981. The project has 48 units and was financed through Rural Development with Section 8 rental subsidies to enhance affordability. The wait list currently includes 75 applicants, and waits are typically about three years.
- *Hilltop Farms*  
This 256-unit condominium project, developed by Pulte Homes through a Chapter 40B comprehensive permit, includes 64 affordable units with sales prices ranging between \$133,000 and \$150,000 as opposed to the mid-\$300,000 level to more than \$400,000 for the market units.
- *DMR Group Homes*  
The Subsidized Housing Inventory includes 25 units of special needs housing for Department of Mental Retardation clients, which are spread among a number of group homes in neighborhoods of Grafton.

## 2. *Proposed Projects*

There are currently several proposed projects that involve the Chapter 40B comprehensive permit process including:

- *Adams Trust/Highpoint*  
On December 24, 2002, Grafton's Zoning Board of Appeals approved the comprehensive permit for this project located off of Adams Road with conditions that were appealed to the state's Housing Appeals Committee (HAC) and finally approved for 76 units on January 2005. The subdivision involves 76 lots – 75 new homes and one existing home with 19 affordable units.
- *Flint Pond Estates*  
This project involves 72 townhouse condominiums, 18 of which will be affordable, in 28 buildings on 21.5 acres on Creeper Hill Road. The developer submitted the comprehensive permit application through the state's Local Initiative Program (LIP)<sup>10</sup> on May 20, 2004, and the project is still under review with the Grafton ZBA as of February 1, 2006.
- *DDD Irrevocable Trust*  
This project involves eight new homes off of Main Street and Elmwood Street. The development will include two affordable units to be processed through the state's Local Initiative Program (LIP). A Special Permit for the development was granted by the Planning Board in 2005, and, as of February 1, 2006, the definitive subdivision plan application is under review by the Planning Board.
- *Hennessey I*  
The Town bought approximately 140 acres in the outlying eastern part of Grafton, largely to preserve open space, however, sold 12 frontage lots to help defray purchase costs. The Town required that the developer build an affordable unit on one of the lots that will be processed through the state's Local Initiative Program (LIP).
- *Webber Property/East Street*  
As with Hennessey I, the Town purchased land to preserve open space and bid out the frontage lots to help pay for the transaction, requiring that one of the nine lots be set-aside as affordable.

If all of these projects reached completion, the Town could count an additional 41 units as part of its Subsidized Housing Inventory bringing the total number of affordable units to 335 or 5.76% of Grafton's year round housing stock.

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<sup>10</sup> The Massachusetts Department of Housing and Community Development initiated the Local Initiative Program (LIP) in 1990 to provide technical assistance to communities that are working with developers to produce affordable housing without state and federal subsidy programs. It was created to promote greater coordination and cooperation between developers and municipalities under the state's Chapter 40B comprehensive permit law in communities with less than 10% of its housing stock reserved for low- and moderate-income households (incomes at or below 80% of area median income).

## Section IV

### ANALYSIS OF HOUSING NEEDS, DEMAND AND RESOURCES

#### A. Cost Analysis of Existing Market Conditions

As housing prices rise steadily more than household income, the affordability gap widens, defined as the gap between the cost of housing and the proportion of income that is reasonable to pay for housing, typically defined as 30% of gross income. To afford the median sales price of a home in Grafton of \$369,297 (based on The Warren Group information for all sales in 2005), a household would have to earn more than \$108,000, almost double the 2000 median income of \$56,020.

The borrowing power of the average household, based on the median household income of \$56,020, is about \$185,000, comparable to the median house value as reported in the 2000 census of \$183,500 but significantly less than the existing median sales prices for all types of sales (i.e., single-family, multi-family and condominiums) of \$369,297 based on sales as of July 2005, requiring an annual income of about \$108,000.<sup>11</sup> The affordability gap is then about \$180,000 - the difference between the price of the median priced home and what a median income household can afford. The affordability gap increases to more than \$190,000 if the analysis focuses on those low- and moderate-income households earning at or below 80% of area median income, or \$51,050 for a family of three (average size household in Grafton is 2.54 persons) who are unable to afford a house costing much more than \$175,000. In fact, approximately 83% of Grafton's households have insufficient income to afford the median sales price of \$369,297.

The following table presents a range of homes that sold recently from a small Cape to progressively more expensive homes priced well beyond the means of many existing Grafton residents:

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<sup>11</sup> Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$10.39 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 percent of loan amount, monthly condo fees of \$200, and rents for two-family homes of \$800.

**Affordability of Existing Housing**

<b>House Type</b>	<b>Recent Sale Prices</b>	<b>Estimated Annual Income Required<sup>12</sup></b>
Single-family Cape with 2 bedrooms, 1 ½ baths, 1,292 sq. ft. of living space, 2-car detached garage, on 2 acres, built in 1920	\$200,000 (listed for \$195,000)	\$58,000
Single-family ranch with 3 bedrooms, 1 bath, 864 sq. ft. of living space, 1-car garage, on half an acre, built in 1956	\$265,500 (listed for \$269,900)	\$78,000
Townhouse condo with 3 bedrooms, 2 baths, 1,605 sq. ft. of living space, fireplace, garage, on Nottingham Road	\$265,900 (listed for \$265,900)	\$87,500
Single-family Colonial, 3 bedrooms, 1 ½ baths, 1,785 sq. ft. of living space, 2-car garage, on .45 acre, built in 1990	\$385,900 (listed for \$394,900)	\$110,000
Two-family, townhouse-style duplex, 3-bedroom units with 1 bath, 1,200 sq. ft. per unit, no garage, on .28 acres, near Lake Ripple, built in 1986	\$405,000	\$95,000
Single-family Colonial in Cronin Brook Hills, 3 bedrooms, 2 ½ baths, fireplace, 2,080 sq. ft. of living space, 2-car garage, on almost on acre, built in 1994	\$545,000 (listed for \$539,900)	\$155,000
Single-family Colonial at Adams Crossing, 4 bedrooms, 2 ½ baths, 2,817 sq. ft. of living space, 2 garage spaces, fireplace, on 1 acre, built in 2004	\$674,900 (listed for \$674,900)	\$190,000
Single-family, custom-built Colonial, Glenwood Lane subdivision, with 4 bedrooms, 2 ½ baths, fireplace, 3,600 sq. ft. of living space, 3-car garage, porch, deck, study, room over garage, gourmet kitchen, on 1 acre, built in 2004	\$840,128 (listed for \$849,900)	\$240,000

Source: Multiple Listing Service, September 19, 2005.

As is evident in the above table, most housing that is currently available is beyond the means of not only those earning within 80% of area median income, a requirement of housing affordability under Chapter 40B, but are too expensive for households earning at or below the town’s median income of \$56,020. As more homes emerge on the market with sale tags of \$400,000 and up, fewer existing residents will be able to afford them as approximately 80% of Grafton’s households had incomes below \$100,000 in the last census. Affording housing in Grafton is no longer just a problems for low- and moderate-income households, but is now an issue also confronting the middle class. However, it is important to recognize that those who have owned their homes for some time are likely to have gained significant assets,

particularly through the escalating value of their land, despite potentially limited incomes. It is useful to recognize the relative affordability of the multi-family property in the above table given the flow of rental income to help offset housing costs.

Over the years condos have been a significant segment of Grafton's housing market, and recently total sales edged over a hundred annually. The median sales price of \$276,000 as of July 2005 requires an income of approximately \$82,000, affordable to only about 70% of local residents based on 2000 income data.

In regard to rentals, the gross median rent of \$625, according to the 2000 census, requires an income of about \$25,000, which is within the means of low- and moderate-income households. Nevertheless, almost 20% of Grafton's households would still be unable to afford to rent at this level. Local realtors indicate that market rents are actually higher, approximately \$1,000 for two-bedroom apartments, for example, requiring an income of approximately \$40,000, not affordable to about one-third of all households in Grafton based on 2000 income data from the census.

While current housing market data tells us that approximately 80% of the town's households, or about 4,500 households, do not have sufficient incomes to afford the median sales price of \$369,297, and about 20% of town households cannot afford the median rent of \$625 per month, it is also useful to identify numbers of residents who are currently living beyond their means due to their current housing costs. The 2000 census provides data on how much households spend on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. Based on 1999 data, the census indicated that 249 or 7.0% of the homeowners in Grafton are spending between 30% and 34% of their income on housing and another 569 or 16.0% are spending more than 35% of their income on housing expenses. In regard to renters, 170 renters or 10.9% are spending between 30% and 34% of their income on housing and another 266 or 17.1% of renting households are allocating 35% or more for housing. This data suggests that 1,254 households or 22% of all Grafton households are currently living in housing that is by common definition beyond their means and unaffordable.

HUD provides additional data on housing affordability problems through its CHAS Report. This report, based on 2000 census data for Grafton, indicates the following:

- 22.3% of all households, or about 1,264 households, were spending too much for housing including 8.3%, or 470 households, who were spending more than 50% of their income on housing-related expenses.
- More than one-third of elderly renters and one-fifth of elderly owners were spending too much on housing and 11.7% of these renters (44 households) and 7.5% of these owners (68 households) were spending more than half their income on housing.
- Almost three-quarters of small families earning at or below 30% of area median income who were renting, or about 35 households, were spending more than 50% of their income on housing, and all of the 30 owners in this income range were spending more than half their income on housing.
- About half of small families, or 33 families, earning between 30% and 50% of area median income and renting in Grafton were spending more than half of their income on housing and more than three-quarters of the small families owning a home in this income range were spending more than half of their incomes on housing-related expenses.

## **B. Gaps Between Existing Housing Needs and Current Supply**

As the affordability analysis indicates, significant gaps remain between what most current residents can afford and the housing that is available. In fact the current homeownership market is virtually out of the reach of not only low- and moderate-income households but also those at the median income level.

The Buildout analysis that was performed by the state's Executive Office of Environmental Affairs in 2001, projected that the town of Grafton could support a total of 10,167 housing units based on current zoning, suggesting that approximately another 4,347 units can be accommodated, however, additional development since 2001 brings this number closer to 3,400. The analysis also projected approximately 2,309 additional school children. Infrastructure requirements to support the added growth includes more than 2 million gallons of water per day and 8,014 tons of municipal solid waste per year, of which a projected 4,851 tons will be non-recyclable.

This analysis indicates that in order to meet the 10% state standard, the projected population growth would require at least an additional 435 units of affordable housing over and above the 288 units required based on the 2000 year-round housing unit count. Therefore, about 723 units of affordable housing will be required once build-out is obtained (once again this is premised on current zoning) though it is worth noting that the buildout analysis does not project how long it will take to achieve buildout. Based on past housing construction patterns, this goal would be remarkable and not likely achievable without a considerable investment of public and private resources and strong political will.

Based on this Housing Needs Assessment, there are a number of key indicators that suggest there are significant local needs for affordable housing that go beyond what is required to meet the 10% state goal including:

### ***1. Households with Limited Incomes***

- Despite increasing wealth, there still remains a population living in Grafton with very limited means. Of the 5,684 total households counted in 1999, 299 or 5.3% had incomes of less than \$10,000 and another 792 or 13.9% had incomes between \$10,000 and \$24,999, representing extremely low-income levels, most of whom have incomes at or below 30% of area median income as defined by HUD. An additional 500 households had incomes within what public agencies would define as very low-income levels or within 50% of area median income. The total number of households within these income categories was 1,600 households in 1999, or 28% of all Grafton's households, not an insignificant number given the general affluence of this small community.
- Almost three-quarters of small families earning at or below 30% of area median income who were renting, or about 35 households, were spending more than 50% of their income on housing, and all of the 30 owners in this income range were spending more than half their income on housing.
- About half of small families, or 33 families, earning between 30 and 50% of area median income and renting in Grafton were spending more than half of their income on housing and more than three-quarters of the small families owning a home in this income range were spending more than half of their incomes on housing-related expenses.
- About one-third of Grafton's households, or approximately 1,935 households, would likely qualify for housing assistance as their incomes are at or below 80% of area median

income defined by the U.S. Department of Housing and Urban Development (HUD) or \$56,700 for a family of four<sup>13</sup>

- The numbers of residents living in poverty increased between 1979 and 1999, from 602 to 828, or from 4.0% to 5.6% of all residents. These residents have substantial income limitations and should have access to public assistance to meet their housing needs.

## 2. *Disabilities and Special Needs*

- There are a number of residents who have special needs and are disabled including 197 or 6.3% of the school-age population, 1,397 or 15.7% of those 21 to 64 (about 380 of whom could not be employed), and 618 or 38.2% of those 65 years or older.
- More than one-third of elderly renters were spending too much on housing and 11.7% were spending more than half their income on housing.
- About one-fifth of elder homeowners were spending too much of their income on housing and 7.5% were spending more than 50% of their income on housing.

## 3. *Gaps in Affordability and Access to Affordable Housing*

- Approximately 22% of Grafton residents, or about 1,264 households, were living in housing that is by common definition beyond their means and unaffordable including 8.3%, or 470 households, who were spending more than 50% of their income on housing-related expenses.
- There are few if any homes available in Grafton for under \$200,000 that would be affordable to low- and moderate-income households, and even homes for less than \$300,000 are dwindling in numbers.
- Approximately 83% of Grafton's households could not afford to buy a home at the median sales price for all sales of \$369,297 that requires an income of more than \$108,000, almost double the 2000 median income of \$56,020.
- The affordability gap is about \$180,000 - the difference between the price of the median priced home and what a median income household can afford. The affordability gap increases to more than \$190,000 if the analysis focuses on those low- and moderate-income households earning at or below 80% of area median income.
- The 2000 census indicated that the median gross rental was \$625, requiring an income of about \$25,000 that is not affordable to about 20% of Grafton's households. More recent information on market rentals indicates that costs are significantly higher at about \$1,000 for a two-bedroom apartment, requiring an income of \$40,000.
- There is typically at least a one-year wait for subsidized units for seniors, including 143 applicants on the wait list, of which 30 are Grafton residents. The wait for families is much longer with a turnover rate of about one per year in each of the two subsidized developments.
- There are no assisted living units available in Grafton as well as affordable condominium units for seniors looking to downsize and reduce home maintenance burdens.

## 4. *Housing Conditions*

- More than 50% of Grafton's housing stock, 3,088 units, was built prior to 1970, and 1,413 units or 24.2% of the housing stock was built prior to World War II. These older units are likely to have traces of lead-based paint, posing safety hazards to children as well as problems concerning aging system and structural conditions.

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<sup>13</sup> While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.



- About 42% of the persons in Grafton over the age of five, or 5,766 residents, moved to a new residence from 1995 to 2000. It is important to note that housing turnover drives up housing prices in an escalating real estate market, and typically the buyers are more affluent than sellers, fueling demographic changes in the community over time. This suggests that it is useful to find ways to reduce housing turnover, to maintain the affordability in the existing housing stock to the greatest extent possible, and to help those who want to remain in town afford to do so

There is therefore a sizable population of those who are seniors, have special needs and/or have very low incomes who have significantly reduced capacity to secure decent, safe and affordable housing in Grafton – certainly the numbers of those in need is far greater than the existing affordable housing stock and well beyond what the current market is delivering. A broader range of housing options is required to meet these varied needs.

Another look at the gaps between what housing is available in Grafton and what residents can afford to pay is demonstrated in the following affordability analysis.

### **Rental Unit Need/Demand Analysis 2000 to 2005**

<b>Income Group</b>	<b>Income Range</b>	<b>Affordable Rent</b>	<b># Households 2000-2005*</b>	<b>#Existing Units 2000/2005**</b>	<b>Deficit -/ Surplus+ 2000/2005</b>
Less than 30% of AMI	\$14,450 and less	\$361 and less	288/ <b>276</b>	206/ <b>206</b>	- 82 units/ <b>-70 units</b>
Between 30% and 50% of AMI	\$14,451 to \$24,050	\$362 to \$601	237/ <b>227</b>	458/ <b>371</b>	+ 221 units/ <b>+144 units</b>
Between 50% and 80% of AMI	\$24,051 to \$38,500	\$602 to \$962	374/ <b>359</b>	687/ <b>769</b>	+ 313 units/ <b>+410 units</b>

Source: 2000 HUD SOCDs CHAS Data: Housing Problems Output for All Households and 1990 and 2000 Census data

\* It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2005 projections are based on one-half the percentage change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.

\*\*The projections assume that all of the units in the lowest income category are subsidized affordable housing stock, that the remaining 24 subsidized rental units are included in the second income category and are further based on the one-half the percentage change in the numbers of units in these categories between the 1989 and 1999 per the census, assuming a similar rate of change.

The above table indicates that there is a shortage of rental units for those in the very lowest income level of less than 30% of area median income, which was \$14,450 indicating a need for additional subsidized rental housing. HUD data further suggests that one-third of elderly who rent were spending too much on housing and there is likely to be a compelling need for more affordable rental options for seniors. The length of the Housing Authority’s wait list for seniors is 143, including 30 Grafton residents, and 48 applicants for family units, indicating an additional need for subsidized apartments.

The table below demonstrates a substantial need for more affordable homeownership opportunities in Grafton.

**Homeownership Need/Demand Analysis  
2000 to 2005**

<b>Income Group</b>	<b>Income Range*</b>	<b>Affordable Sales Prices</b>	<b># Households 2000/2005 **</b>	<b>#Existing Units 2000/2005</b>	<b>Deficit -/ Surplus+ 2000/2005</b>
Less than 80% of AMI	\$38,500 and less	Less than \$127,000	986/ <b>947</b>	628/ <b>0</b>	- 193 units/ <b>- 947 units</b>
Between 80% and 100% of AMI	\$38,501 to \$48,100	\$127,000 to \$150,000	526/ <b>402</b>	418/ <b>0</b>	- 108 units/ <b>- 402 units</b>
Between 100% and 150% of AMI	\$48,101 to \$72,150	\$150,000 to \$240,000	1,214/ <b>1,214</b>	1,439/ <b>720***</b>	+ 225 units/ <b>- 494 units</b>

Source: 2000 HUD SOCDS CHAS and 1990 and 2000 Census data

\*Based on HUD Income Levels for 2000

\*\* It can also be assumed that incomes have increased as well since 2000, which would likely reduce some of these numbers somewhat. The 2005 projections are based on one-half the percentage changes in these income categories between 1989 and 1999 per the 2000 census, assuming a similar rate of change.

\*\*\* This is a conservative estimate that half of the units that were in this price range in 2000 are still within this range.

The 2005 projections reflect the fact that there are virtually no homes available in the lower price ranges and income has lagged considerably behind housing costs. The median housing price has doubled between 2000 and 2005, bringing new market priced housing out of the reach of most Grafton residents and exacerbating the imbalance between supply and demand, a situation that is occurring throughout the region.

**C. Local and Regional Organizations**

The town of Grafton has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services including:

***1. Grafton Affordable Housing Committee***

The Town of Grafton’s Board of Selectmen formed the Grafton Affordable Housing Committee in July 2001 to encourage the production of permanently affordable housing for local residents and to fulfill the following mission:

*To create an Affordable Housing Long-range Plan which shall include goals, objectives, guidelines and principles in accordance with MGL Chapter 40B to achieve, at a minimum, a 10% level of affordable housing which suits the character of our community.*

The Committee is overseeing the preparation of this Housing Needs Assessment and Plan and has also developed policies that establish standards and procedures for the Committee to review and

act upon applications for Local Initiative Program (LIP) projects to insure proposals are treated fairly, to promote innovative strategies for producing affordable units, to lessen negative impacts of new development, and to resolve issues of density and site design before a formal application is completed to facilitate approval by other Town boards and departments.

## **2. *Grafton Housing Authority***

The Grafton Housing Authority developed and owns 170 subsidized rental units in Grafton, 150 of which it manages, as described in Section III.C.1. There is substantial demand for all units, based largely on the excellent reputation of the Housing Authority and the substantial unmet need for publicly-assisted housing. The wait list for the 22 family units at Veteran's Circle and McHale Drive had so many applicants, that the Housing Authority, like many other housing authorities in the state, determined that it needed to close the wait list. The units set-aside for seniors and disabled at Forest Lane and Maxwell Drive involve waits of about one year for residents and an undetermined amount of time for those living outside of Grafton as the Housing Authority, with its local preference criteria for selection, has not yet been able to offer a unit to a nonresident.

The Housing Authority does not manage rental subsidies, such as Section 8 vouchers, and focuses its efforts on property management activities, which are challenging particularly in the context of scarce state resources for needed improvements.

## **3. *Grafton Community Preservation Committee***

The Grafton Community Preservation Committee (CPC) has been charged with the oversight of funds to be raised through the Town's passage of the Community Preservation Act.<sup>14</sup> In September of 2000, the Community Preservation Act was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100%. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

In May 2002, the voters of Grafton adopted the CPA, approving a 1.5% surcharge on most property taxes paid by residents. The Town chose to exempt the first \$100,000 of property value, plus an exemption is also available for residential property owned and occupied by certain low-income residents and seniors.

Grafton's Community Preservation Committee is comprised of nine members including representatives of the Planning Board, Historic Commission, Conservation Commission, Recreation Commission, Housing Authority and four "Members at Large" appointed by the Board of Selectmen. This Committee was organized in October 2002, and it was formally appointed in January 2003. Almost \$120,000 was collected in 2003 and about \$174,000 in 2004 with a state match of almost \$300,000. In 2005 an additional amount of approximately \$300,000 will be available based on local contributions and the state match based on the previous year's collections.

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<sup>14</sup> Massachusetts General Laws, Chapter 44B.

Thus far a total of \$28,985 has been reserved for specific affordable housing activities including the preparation of this Housing Needs Assessment and Affordable Housing Plan, which will incorporate recommendations for committing Community Preservation Funds for affordable housing in the future.

#### **4. *Grafton Council on Aging***

The Grafton Council on Aging is a Town department that supports the quality of life of Grafton's elders through a wide variety of services including the operation of a Senior Center that offers social programs for seniors, an information and referral service on a wide range of issues, community-based services to promote independence, including free shuttle bus transportation, as well as in-home support services. The Council relies heavily on local volunteers to support its activities.

The Council receives a great many housing-related inquiries from local residents, as well as those who live outside the town, concerning the availability of housing options for seniors. The Council on Aging indicated that there is considerable need and demand for additional housing options for seniors, particularly units for those interested in downsizing from their single-family homes and reducing home maintenance requirements. The Council mentioned that many seniors were finding it difficult to afford increasing property tax and fuel bills on their fixed incomes and were looking into other options in town such as Green Acres only to find three year waits for available units. Additionally, there are no assisted living units in town and affordable assisted living options are scarce in the region. Consequently, seniors make every effort to remain in their homes with support from the Council on Aging and other service providers until a health crisis forces relocation to a nursing home and out of the community. The Council has also received many inquiries on reverse equity mortgages that are gaining popularity as a means for seniors to continue to afford to "age in place" in the own home and community.

The Council on Aging also works with the Town on a program that abates taxes for low-income seniors in exchange for minor services to the Town, for example, volunteering at a school or library. In addition to this work program, the Town also has a tax exemption program for income-eligible seniors over the age of 70 that reduces property tax bills by \$750.

#### **5. *South Middlesex Opportunity Council, Inc. (SMOC)***

SMOC is a private, non-profit organization that serves as the area's community action agency as well as regional housing agency providing a wide range of programs and services for the greater Metro West and Blackstone Valley areas. The corporation's goal has been to improve the quality of life for low-income people by working with the community to affect social, individual and family change. Programs include day care and preschool education, employment training and placement, housing, addiction, mental health, women's protective services, nutrition, energy and weatherization, legal services, services for the elderly, emergency shelter, as well as community organizing around health care, housing, rising energy cost and banking services. As the regional housing agency SMOC provides housing and community services to low- and moderate-income individuals and families including rental assistance programs, loan programs to support home modifications to improve access for the disabled, deleading, and weatherization improvements. Financial assistance is also provided to subsidize the costs of fuel, water and sewer costs to qualifying households.

In 1986, SMOC created a subsidiary non-profit development organization, South Middlesex Non-Profit Housing Corporation, to preserve, improve and develop new housing choices for low- and moderate-income residents, and integrating supportive

services when appropriate. The Housing Corporation not only develops but owns and manages the agency's real estate as well, both residential and commercial properties including 600 units ranging from emergency shelters, special needs housing, Sober housing, transitional housing for individuals and families, affordable single and family rentals, and first-time homeownership opportunities.

**6. *Metro West Habitat for Humanity***

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one based in Framingham that serves a number of towns in the Metro West area including Grafton. Affiliates are operated with multi-denominational and multi-racial local leadership and with community volunteers who construct or rehabilitate houses that are sold without profit and interest to selected families in the area. The organization has completed one house on Weld Street in Framingham and is searching for additional sites on which to build affordable homes.

## Section V

### OBSTACLES TO DEVELOPMENT AND MITIGATION MEASURES

It will be a great challenge for the town of Grafton to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of current constraints to new development including the following:

#### A. Zoning

##### *1. Challenges*

As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Grafton's Zoning By-law largely embraces large-lot zoning of one to two acres that maintains low housing densities and severely constrains the construction of affordable housing. However, unlike most Zoning Bylaws, Grafton's provisions offer some amount of flexibility as to requirements for residential development including:

- One-half acre zoning, 20,000 square feet minimum lot size, is allowed in Medium Density Residential Districts, which are located along the Route 122 – Providence Road corridor, the Fisherville area of South Grafton, and in a number of areas of North Grafton.
- Multi-family development (a multi-family property is described as a residence containing three or more units) is allowed by Special Permit in Multi-family Residential Districts and must be connected to public water and sewer systems. These Districts are for the most part located along Route 122, Providence Road. The by-law requires 5,500 sq. ft. per unit, that parking be screened from streets, that at least 25% of the lot area be unoccupied open space, 1,000 sq. ft. of common open space per unit, among other criteria.
- Major Residential Development Standards are allowed under Special Permit in all residential districts for Flexible Development “in which the single-family dwelling units are clustered together into one or more groups on the lot and the clusters are separated from each other and adjacent properties by permanently protected open space.”<sup>15</sup> This provision also offers density bonuses if a proposed development “through the quality of its site selection, programming and design, displays a conscious effort to comply with the purposes of Flexible Development.”<sup>16</sup> These density levels include increases over the number of dwelling units that would be allowed on the property based on current subdivision requirements of: “(a) 15% of the total permitted under that section if the proposed development complies with at least six of the Design Guidelines specified in Section 5.3.13; (b) 20% of the total permitted under that section if the proposed development complies with at least nine of the Design Guidelines; and (c) 25% if the proposed development complies with all of the Design Guidelines.”<sup>17</sup> The Design Guidelines include a provision for affordable housing when at least 10% of the units are created as affordable based on the definition in M.G.L. Chapter 40B.
- Accessory apartments (described as a separate housekeeping unit, complete with its own sleeping, cooking, and sanitary facilities, that is substantially contained within the structure of

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<sup>15</sup> Grafton Zoning By-law, Section 5.3.1.

<sup>16</sup> Grafton Zoning By-law, Section 5.3.5.2.

<sup>17</sup> Grafton Zoning By-law, Section 5.3.5.2.

a single-family dwelling, but functions as a separate unit) are allowed in all residential districts under Special Permit.<sup>18</sup>

## **2. Mitigation Measures**

This Affordable Housing Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include adopting inclusionary zoning, promoting affordable accessory apartments, exploring the adoption of 40R, allowing affordable housing on noncomplying lots, considering flexible zoning, and encouraging a wider range of housing options (see Section VIII.A. for details on these measures).

## **B. School Enrollment**

### **1. Challenges**

Build-out projections indicate that the school-age population should increase by another 2,309 children, however there are no reliable projections as to when buildout is likely to occur. This added population would likely place a significant burden on a school system that is already experiencing overcrowded conditions. According to the 2000 census, the school-age population of those between five and 17 years increased between 1980 and 2000 by 340 students, from 2,410 to 2,750, following a decline to 2,239 students in 1990. Grafton’s School Department indicates that between October 2004 and 2005, enrollment increased by 6.7%, adding 172 additional students. The Department experienced a comparable level of growth over the last three years and anticipates similar increases into the near future.

### **2. Mitigation Measures**

The Town has established a Committee to review the situation and to suggest strategies for relieving the overcrowding including plans for new schools or additions to current buildings. The state’s School Building Assistance Board (SBAB) has placed a moratorium on new funding through July 2007, and it is anticipated that Grafton will be ready to submit an application for state funding assistance when this moratorium is lifted.

## **C. Transportation**

### **1. Challenges**

Despite improved access to public transportation through the new commuter rail station, traffic in Grafton is becoming more congested and is projected to increase given continued development. “To accommodate new development, the Central Massachusetts Regional Planning Commission (CMRPC) anticipates that in Grafton at buildout there will be ninety-eight miles of newly created streets, of which 88.6 will be residential. With the addition of an average of fifty-foot right of way, this means that 536 acres (88% of a square mile) will be consumed by these streets....In view of present traffic and projected increase, it is essential that the Town evaluates and selects appropriate measures to relieve the impact of growth on traffic yet still grow incrementally,”<sup>19</sup> a formidable challenge.

### **2. Mitigation Measures**

The Town will continue to study opportunities for easing traffic congestion, and pay particular attention to the projected traffic implications of any new development, working with the

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<sup>18</sup> Grafton Zoning By-law, Section 2.1 Uses and Structures and Section 3.2.3.1 Use Regulation Schedule.

<sup>19</sup> Thomas Planning Services and Akira Yamashita Associates, Grafton Comprehensive Plan, 2001.

developer to resolve problems. One of the strategies included in this Affordable Housing Plan is to explore mixed-use and transit-oriented development that have the potential for reducing the reliance on the automobile (see Section VIII.C.6 for details).

## **D. Environmental Concerns**

### ***1. Challenges***

Grafton is the home of regionally significant natural resources such as the Quinsigamond and Blackstone Rivers, West River, Assabet River, Lake Ripple, Silver Lake, Miscoe Brook, Axtell and the Big Bummer Brook stream corridor, and Fisherville Mill and Pond. In 1986 the Blackstone River Valley was identified as the birthplace of the Industrial Revolution in America and was named a National Heritage Corridor based on its unique opportunities for recreation and cultural enrichment. Most residents are aware of the town's natural treasures and are rightly concerned about conserving them. Additionally, there are considerable areas in town that do not have access to water and sewer services and are therefore reliant on wells and septic systems, providing greater challenges to development. The town has an active Conservation Commission to protect environmentally sensitive areas. The impacts of any new development must be identified as to how they affect the environment and what actions might be required to mitigate problems. While regulations to protect the environment (e.g., wetlands, aquifers, septic systems) are important and essential, they present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing.

### ***2. Mitigation Measures***

Fundamental to this Affordable Housing Plan are the housing goals that provide a framework for producing affordable housing in Grafton. One of the housing goals is to limit residential development to those projects that are sensitive to the environment and Town infrastructure and another is to encourage housing development patterns that preserve open space and natural features. Housing strategies are largely oriented to actions that will promote smart growth such as adaptive reuse, affordable accessory apartments, conversion of existing housing, development of scattered sites in existing neighborhoods, and mixed-use or transit-oriented development (see Section VIII.C. for details on these strategies).

## **E. Availability of Subsidy Funds**

### ***1. Challenges***

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

### ***2. Mitigation Measures***

Grafton approved the Community Preservation Act in May of 2002, and the Board of Selectmen formally appointed its Community Preservation Committee in January 2003. This Affordable Housing Plan provides guidance on the use of Community Preservation Funds for affordable housing initiatives that will enable the town to support the production of new affordable units. The Town will, nonetheless, need further support from state resources and has completed the Commonwealth Capital application to be in a position to secure state subsidy funds to bolster its affordable housing agenda. In an effort to better manage funding for affordable housing purposes, this Affordable Housing Plan recommends that the Town establish an Affordable Housing Trust Fund (see Section VIII.B.2 for details on this strategy.)



## **F. Community Perceptions**

### ***1. Challenges***

Affordable housing, subsidized housing, low-income housing, projects, Section 8, etc. – these terms can conjure images of potential neglect, plunging property values, increased crime, and even tensions concerning class and race. On the other hand, with soaring real estate prices, community perceptions are beginning to tilt towards the realization that affordable housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. It is this growing awareness, as well as impending 40B developments, which is spurring communities such as Grafton to take a more proactive stance and greater interest in supporting affordable housing initiatives.

### ***2. Mitigation Measures***

Grafton proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section VIII.B.1.)

## Section VI

### PROPERTY INVENTORY

The following information represents a work in progress that will be fine-tuned on an ongoing basis in coordination with other Town Boards and Committees. A map of the existing affordable housing stock and these potential affordable housing sites is included in Appendix 1.

#### **A. Town-owned Properties**

The following table lists some properties that are owned by the Town that may be suitable for some amount of clustered affordable housing development based upon preliminary discussion by the Affordable Housing Committee. This list is based on information provided by the Town-owned Land Committee regarding Town properties. Other Town-owned properties may also be suitable for such development but are not considered in the 10-year plan. The following should not be considered an exhaustive or final list, but merely a starting point for Plan implementation.

#### **Town-owned Properties with Potential for Affordable Housing Development**

***	Address	Assessor's Map/Lot #	Total Parcel Acres/ Buildable Housing Acres*	Estimated # Housing Units/Aff. Units**	Comments <i>(provided by the Town-owned Land Committee)</i>
1	41 Bernard Rd.	55-36A	1,594 sq. ft.	1	
	45 Bernard Rd.	55-38	3,750 sq. ft.		
2	14 Sunset Lane	26-85	6,500 sq. ft.	1	Check deed for restriction (Habitat parcel?)
3	19 Upton Street	74-80A	18,000 sq. ft.	2/1	Adjacent to Grafton Inn parking lot
4	322 Providence Rd.	124-1	18,530 sq. ft.	2/1	
5	102 Elmwood Street	113-48A	20,011 sq. ft.	4/2	Combine 2 properties (Town Counsel to review)
	100 Elmwood Street	113-48B	23,875 sq. ft.		
6	13 Suzanne Terrace	37-27	20,648 sq. ft.	4/2	Combine 2 properties Possible deed restriction (check with Town Counsel)
	11 Suzanne Terrace	37-27	23,739 sq. ft.		
7	105 Westboro Rd.	4-1	36,843 sq. ft.	4/2	(Look into property)

	<b>Address</b>	<b>Assessor's Map/Lot #</b>	<b>Total Parcel Acres/ Buildable Housing Acres*</b>	<b>Estimated # Housing Units/Aff. Units</b>	<b>Comments (provided by the Town-owned Land Committee)</b>
8	55 Westboro Rd.	11-90	38,296 sq. ft.	4/2	(Check for wetland)
9	30 Waterville St.	19-96	39,700 sq. ft.	4/2	(Recheck with Town Counsel regarding possible restriction)
10	51 Upton St.	75-1A	40,645 sq. ft.	4/2	(Look into rear and adjacent parcels)
11	80 Creeper Hill Rd.	18-1A	43,560 sq. ft.	4/2	(Check for wetland)
12	2 Windle Ave.	11-49	52,272 sq. ft.	6/3	(Check property for sale)
13	39 Snow Rd.	37-101	60,000 sq. ft.	6/3	(Possibly combine with old Snow Rd. R.O.W.)
14	22 Greany Dr.	37-115A and 37-118A	60,200 sq. ft. and 81,893 sq. ft.	114/57	(Possibly combine properties)
	7 Institute Rd.	28-100 and 29-16	15 acres and 10.3 acres		
15	25 Worcester Street	65-54	2.3 acres	10/5	
16	71 Barbara Jean St.	97-71	2.4 acres	10/5	(Check)
17	15 Powerline Dr.	98-122	3.5 acres	14/7	(Town Counsel to review)
18	Hudson Ave. and Millbury St.	73-35	4.4 acres	18/9	
	<b>Total</b>		<b>40 acres</b>	<b>190/95</b>	

\*The number of acres set-aside for housing is estimated to be approximately half of available acreage and thus a best guess at this time of the buildable area and in recognition of Town concerns for maintaining some amount of open space in most developments, including infrastructure requirements such as possible water and sewer treatment facilities, and in some cases accommodating other uses on site as well.

\*\*Assumes an average of four units per acre with 50% of the units affordable.

\*\*\* Numbers identify parcels on map included as Appendix 1.

In addition to currently owned Town parcels, the Town of Grafton may decide to continue to acquire privately owned sites over the next decade for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites.

## **B. Private Properties**

It is also likely that developers will continue to pursue comprehensive permit applications, and it will be incumbent on the Town to determine the best approach for negotiating with these developers to guide new development and more appropriately satisfy local needs and requirements. One of the strategies recommended in this Affordable Housing Plan is to update the Town's current Local Initiative Program (LIP) Policy that established general local criteria for new housing development that would be acceptable to the Town. Additionally, the Town should become alert to opportunities for continuing to acquire vacant properties that would be suitable for some amount of affordable housing. Ideally such properties would meet a number of smart growth principles and be large enough to accommodate clustered housing. It is also important for the Town to be aware of how it might assist current property owners in maintaining some amount of affordability in the existing housing stock and support the conversion of the more affordable unsubsidized housing in Grafton to long-term affordability. Moreover, there are existing properties that have been identified as possible locations for adding some amount of affordable housing including the Fisherville Mill site, vacant mill buildings, underutilized state-owned properties, properties in close proximity to the commuter rail station, and former mill housing units.

## Section VII

### AFFORDABLE HOUSING PLANNED PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Planned Production Program in accordance with regulations that enable cities and towns to prepare and adopt an affordable housing plan that demonstrates production of an increase of .75% over one year, or 1.5% over two-years, of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.<sup>20</sup> Grafton will have to produce approximately 44 affordable units annually to meet these production goals through 2010. When the 2010 census figures become available in 2011, this number will be higher, most likely closer to 50 units. If DHCD certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies summarized under the Housing Action Plan described in Section VIII.A through D., the Town of Grafton has developed a Planned Production Program to chart affordable housing production activity over the next decade. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- To the greatest extent possible to promote greater public benefits, at least fifty percent (50%) of the units that are developed on Town-owned parcels should be affordable to households earning at or below 80% of area median income and at least another 10% affordable to those earning up to 150% of area median income, depending on project feasibility. The rental projects will also target some households earning at or below 60% of area median income and lower depending upon subsidy program requirements.
- Projections are based on no fewer than four (4) units per acre. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to at least 30% to the greatest extent feasible.
- The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

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<sup>20</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

**Grafton Planned Production Program\***

<b>Strategies by Year</b>	<b>Units &lt; 80% AMI</b>	<b>Units 80%-150% AMI</b>	<b>Total # units</b>
<b>Year 1 – 2006</b>			
Private development – Adams Trust/Highpoint	19	0	76
Private development – Flint Pond Estates	18	0	72
Private development – Hennessey I	1	0	12
Private development – Webber Property/East Street	1	0	9
Private development – DDD Irrevocable Trust	2	0	8
Private development – Gristmill Village	25	0	100
<b>Subtotal</b>	<b>66</b>	<b>0</b>	<b>277</b>
<b>Year 2 – 2007</b>			
Private development	44	15	147
<b>Subtotal</b>	<b>44</b>	<b>15</b>	<b>147</b>
<b>Year 3 – 2008</b>			
Private development	40	13	133
Development of Town-owned property – Waterville and Upton Streets or Creeper Hill Road	4	0	8
<b>Subtotal</b>	<b>44</b>	<b>13</b>	<b>141</b>
<b>Year 4 – 2009</b>			
Development of Town-owned property – Greany Dr. and Institute Rd.	57	11	114
<b>Subtotal</b>	<b>57</b>	<b>11</b>	<b>114</b>
<b>Year 5 – 2010</b>			
Private development/Fisherville mill site	35	12	117
Development of Town-owned property – Windle Ave. and Snow Rd.	6	1	12
Accessory apartments	4	0	4
<b>Subtotal</b>	<b>45</b>	<b>13</b>	<b>123</b>
<b>Year 6 – 2011</b>			
Private development	36	12	120
Conversion of existing housing	10	3	33
Accessory apartments	4	0	4
<b>Subtotal</b>	<b>50</b>	<b>15</b>	<b>154</b>
<b>Year 7 – 2012</b>			
Private development	30	10	100
Development of Town-owned property – Barbara Jean St. or Powerline Dr.	5	1	10
Accessory apartments	4	0	4
Conversion of existing housing	10	3	33
<b>Subtotal</b>	<b>49</b>	<b>4</b>	<b>147</b>

*Table continued on next page*

Strategies by Year	Units < 80% AMI	Units 80%-150% AMI	Total # units
<b>Year 8 – 2013</b>			
Private development	38	13	127
Accessory apartments	4	0	4
Development of noncomplying lots	4	0	4
Scattered-site development	4	1	8
<b>Subtotal</b>	<b>50</b>	<b>14</b>	<b>143</b>
<b>Year 9 – 2014</b>			
Private development	36	12	120
Conversion of existing housing	10	3	33
Accessory apartments	4	0	4
<b>Subtotal</b>	<b>50</b>	<b>15</b>	<b>154</b>
<b>Year 10– 2015</b>			
Private development	38	13	127
Scattered-site development	4	1	8
Accessory apartments	4	0	4
Development of noncomplying lots	4	0	4
<b>Subtotal</b>	<b>50</b>	<b>14</b>	<b>143</b>
<b>TOTAL</b>	<b>505</b>	<b>114</b>	<b>1,528</b>

Total = 505 affordable units and 114 middle-income units with a total projected number of housing units created of 1,533 units.

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

*It is difficult to project which specific projects will involve ownership vs. rental and these projections are therefore conservative with totals assuming homeownership projects with at least 30% of the units affordable although a mix of rental and ownership is planned to meet local needs. The numbers would be higher in the case of rental projects with all units counting as part of the Subsidized Housing Inventory. Additionally, these estimates do not earmark particular projects as being directed to seniors, families, individuals or special needs populations. However, this Plan projects that all of these needs will be addressed through local development efforts during the next ten years.*

## Section VIII

### HOUSING ACTION PLAN

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Planning and Regulatory Reform, Building Local Capacity, Housing Production, and Housing Preservation – and categorized by Two-Year and Five-Year Action Plans. Two-Year actions are those that will begin within the next two years, most of which will involve some immediate actions. Those strategies included in the Five-Year Action Plan involve focused attention after the next couple of years, working towards implementation after Year 2 but before Year 5. A summary of these housing actions is included as Appendix 2.

#### **A. Implement Planning and Regulatory Reforms**

Housing production is contingent not only on actual development projects but on the planning and regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning Bylaw, and new tools will be required to capture more affordable units and expeditiously move development forward to completion.

The Zoning Bylaw includes a minimum lot requirement of at least an acre as well as frontage, setback and other requirements that may not be conducive to affordable housing and create the likely need for regulatory relief for any residential development that includes affordable units, most likely through the “friendly” comprehensive permit process that overrides local zoning. Additionally, the Zoning Bylaw incorporates a number of provisions that while intended to encourage affordable housing, have not provided sufficient incentives to realize actual new affordable units and should be revisited and revised as necessary.

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

#### ***1. Adopt Inclusionary Zoning***

*Current Status:* Inclusionary zoning is not currently included in Grafton's Zoning Bylaw, but it has been proposed in the past and rejected by Town Meeting. Nevertheless, this mechanism has been adopted by more than one-third of the communities in the state to insure that any new development project over a certain size includes a set-aside in numbers of affordable units or funding to support the creation of affordable housing. This bylaw applies to development that meets local zoning requirements, but many communities have determined it appropriate to incorporate density bonuses in their inclusionary bylaw. Many of the municipalities that have inclusionary zoning in place are reaping the rewards of these actions through the creation of actual affordable units or



cash contributions to the locality for investment in affordable housing production. Most of the bylaws include mandated percentages of units that must be affordable, typically 10% to 15% and density bonuses. Some also allow development of affordable units off-site and/or cash in lieu of actual units.

Next Steps: The Town should consider making appropriate changes in the draft inclusionary bylaw that was submitted in the past and resubmit a revised version for Town review and reconsideration. There are a variety of bylaws that have been adopted in localities throughout the state that vary considerably based on requirements, and the Grafton Planning Board should explore these models and prepare a zoning amendment that is best suited to the community. This amendment should be presented at a Public Hearing and if approved, presented by the Planning Board to Town Meeting for adoption. To provide support and lend additional credibility to this process, the Planning Board should consider bringing on a consultant who has worked with other comparable communities on inclusionary zoning to help draft a bylaw that will work in Grafton. Additionally, the Planning Board should prepare a presentation on inclusionary zoning and make an effort to secure support from local leaders and the community prior to Town Meeting.

Timeframe: Two-Year Plan

This process could be accomplished within the next year, ready for vote by Town Meeting in 2007.

Resources Required: One of the benefits of this strategy is that it requires very little local investment to implement, however, the Town should consider hiring a consultant to help redraft the bylaw and make a case to local leaders and the community for its adoption. The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of the project sponsor and coordinated by the proposed Housing Trust with staffing support by the Town Planner and/or Planning Assistant. All affordable units added through such a bylaw would need to be registered with the state to be included as part of the Town's Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD.

Projected # Affordable Units Produced: Ideally the adoption of this bylaw would lead to the production of actual housing units, but may also deliver payments in lieu of actual units to help capitalize the Affordable Housing Trust Fund (see Section VIII.B.2).

## ***2. Amend Accessory Apartment Bylaw***

Current Status: The current Zoning Bylaw allows accessory apartments through a special permit. There are currently only 32 accessory apartments in compliance with the Bylaw in Grafton, however it is generally recognized that there are unpermitted accessory apartments in town as well.

Accessory units are helpful in meeting a number of public policy objectives. First, they enable homeowners to capture additional income, which is particularly important for elderly homeowners or single parents where such income may be critical to remaining in their homes. Also, some young families or moderate-income households might be able to afford homeownership if they could count on income from an accessory apartment. Second, they

provide appropriately sized units for growing numbers of smaller households. Third, accessory units are inexpensive ways of increasing the rental housing stock at lower cost than new construction and without loss of open space, without significant impact on the surrounding neighborhood, and without additional Town services such as streets or utilities. There are, however, issues regarding the adequacy of the existing septic system when a new bedroom is added. Fourth, tenants in accessory apartments can also provide companionship, security and services for the homeowner, from shoveling the sidewalk for an elderly owner to babysitting for a single parent. Fifth, as recognized by the current bylaw and often referred to as “in-law” apartments, they have offered good opportunities for keeping extended families in closer contact. Sixth, new accessory units typically generate tax revenue in a locality because accessory units add value to existing homes. Seventh, recently the Massachusetts House of Representatives allowed several new types of housing units to count toward a community’s 10% goal including accessory apartments constructed on or after July 1, 2002, pursuant to a local ordinance or bylaw, and “that is affordable to the occupant.” For an accessory apartment to “count” in the community’s Subsidized Housing Inventory, the Town will have to establish a special process and annually certify the affordability of each accessory unit to DHCD (see Section VIII.C.2. for details).

Next Steps: In order to promote new accessory units the Town should consider amending its Zoning Bylaw as follows:

- Allow accessory units as-of-right based on specified conditions of the bylaw;
- Extend use to detached structures or separate additions; and
- Extend availability to investor-owned properties.

There are many variations of accessory apartment bylaws that have been adopted in other communities. The Grafton Planning Board can explore other bylaws and work on an amendment that will best meet the needs of the community and promote affordability.

Timetable: Two-Year Plan

This process could be accomplished within the next year, ready for vote by Town Meeting in 2007.

Resources Required: Time of the Planning Board to prepare the zoning amendment, potentially with the support of a consultant, and coordinate the necessary approvals. Additional time will be needed from a professional housing consultant to prepare an implementation plan and for the Town (possibly with assistance from the Town Planner and/or Planning Assistant) to oversee the program to insure long-term affordability of at least some of the new accessory apartments (see Section VIII.C.2. for details).

Projected # Affordable Units Produced: 24 units (this unit count is also included under strategy VII.C.2. – Incorporate Accessory Apartments in the Subsidized Housing Inventory).

### **3. Explore Adoption of 40R**

Current Status: The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature last year as Chapter 40R of the Massachusetts

General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.<sup>21</sup> The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”<sup>22</sup> These new districts would typically occur in denser town centers and in areas already served by transportation. The goal was to address several regional concerns at once: The need for more affordable housing, the need to avoid adding more traffic to roads and highways already choked during commuting hours, and to protect the New England landscape from additional sprawl, fostered by large-lot subdivisions. The legislation was also passed in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are forcing college graduates and young professionals to relocate to other areas of the country in search of greater affordability.

The key components of 40R include:

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

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

<b>Incentive Payments</b>	
<b>Incentive Units</b>	<b>Payments</b>
Up to 20	\$10,000
21-100	\$75,000
101-200	\$200,000

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12

<sup>21</sup> Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” October 30, 2003, p. 3.

<sup>22</sup> Massachusetts General Law, Chapter 40R, Section 11.

units per acre for two and three-family homes, and at least eight units per acre for single-family homes. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”<sup>23</sup>

The principal benefits of 40R include:

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

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development.

*Next Steps:* In an effort to promote smart growth and promote mixed-use, mixed-income development, the Town should explore the adoption of 40R and convene a forum to discuss these new regulations and how they could be effectively implemented in Grafton. Representatives from the state or Commonwealth Housing Task Force are available to make presentations to communities on 40R and answer questions. There are areas in town that might be conducive to 40R Zoning Overlay Districts including the area next to the commuter rail station as well as the village centers. If there is general agreement to pursue the development of the Zoning Districts further, the Town can apply for funding from the state’s Priority Development Fund to secure the necessary technical assistance to implement the rezoning. The Overlay Zoning Districts will require approval by the Planning Board and a two-thirds vote of Town Meeting.

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

1. The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
2. The Town applies to DHCD prior to adopting the new zoning;
3. DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
4. The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
5. The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and

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<sup>23</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

6. DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

Timetable: Two-Year Plan

Resources Required: The Town could apply to the state's Department of Housing and Community Development (DHCD) for funding through its Priority Development Fund (see Section VIII.B.4. for details on this resource) to secure the necessary technical assistance to implement the adoption of 40R locally.

Projected # of Affordable Units Produced: Units will be included under the development of Town-owned property or private development.

#### **4. *Change Permit Fee Policies for Affordable Housing***

Current Status: Many communities are waiving application/permit fees for affordable housing developments, either for certain types of projects or on a case-by-case basis. Waivers are becoming more important to gaining funding from potentially supportive funding agencies. All regulatory fees become part of a development budget that affects the affordability of the housing produced. The waiver of regulatory fees is an area where the Town might have some capability of directly affecting project costs and affordability.

Next Steps: The Town of Grafton should consider making fee waivers an institutionalized part of the Town's housing efforts. The proposed Housing Trust should work with the Planning Board, Board of Selectmen, Building Department and other appropriate Town boards and committees to determine what types of projects would qualify for this waiver (e.g., non-profit developers, projects that require housing subsidy funds to be feasible, projects meeting Planned Production requirements) and the projected amount of foregone revenue that would result.

Additionally, the Town might explore a small increase in permit fees, such as 5%, to be dedicated to offsetting these fee waivers or to be directed to the Town's Housing Trust Fund and used to support affordable housing initiatives.

Timetable: Two-Year Plan

Resources Required: Some potential foregone revenue received from the amount of fees waived in support of new affordable unit development.

Projected # Affordable Units Produced: This action is unlikely to by itself create affordable units, however, it represents a commitment on the part of the Town to support new affordable unit production that will help leverage other public and private resources for project financing and contribute to project affordability.

#### **5. *Review Existing Local Initiative Program (LIP) Policy***

Current Status: The Town of Grafton's Affordable Housing Committee developed a Local Initiative Program (LIP) Policy to encourage the production of permanently

affordable housing for local residents. The LIP Policy established standards and procedures for the Committee to review and act upon LIP applications, in fact to guide “friendly” Chapter 40B developments and provide a helpful tool for promoting greater cooperation with private for profit and non-profit developers on affordable housing production. The LIP Policy is intended to achieve the following benefits:

- Compliance with the standards and guidelines will insure that affordable housing proposals are treated fairly and objectively and will minimize the time needed to reach consensus.
- Advances the implementation of this Affordable Housing Plan, which relies on private development to support Planned Production goals.
- Provides a tool for the Affordable Housing Committee and proposed Housing Trust to work with developers to modify proposals to lessen impacts on surrounding neighborhoods.
- Help resolve issues of density and site design before submission of formal applications in order to facilitate approval of LIP proposals by other municipal boards and departments.

This Housing Plan incorporates Planned Production goals that identify development opportunities leading to the production of at least .75% of the year-round housing stock per year of at least 44 units, an ambitious goal that will require the Town to work more effectively with developers to boost the level of affordable housing. To this end the Planning Board should consider revisiting its LIP Policy to determine whether it might be appropriate to update them to better support Planned Production goals and provide adequate guidance on what projects will be acceptable to the community and therefore will more likely avoid prolonged and often litigious battles. This Policy should help both non-profit and for profit housing developers better plan for residential development that will be in line with what the community seeks in affordable housing related to scale, siting, density, levels of affordability, location, design, etc. Through such guidelines the developer “wins” because there is greater predictability in what the Town is willing to approve, and the Town “wins” because it gets new affordable units that meet locally established development criteria that help it meet local needs and production goals.

Next Steps: The Affordable Housing Committee should work in coordination with the Planning Board to review the current LIP Policy and revise as needed then share them with the Board of Selectmen, Conservation Commission, Board of Health, Zoning Board of Appeals and other interested boards and committees for their review and comment. The LIP Policy can then be finalized and made public.

Timeframe: Two-Year Plan

Resources Required: The donated time of local officials and various Town boards and committees and potentially the services of a consultant, funded through available CPA funds.

Projected # Affordable Units Produced: 363 affordable units through private development, most through the “friendly” Chapter 40B process following Planned Production certification.

## **6. Allow Affordable Development on Noncomplying Lots**

Current Status: There are parcels of vacant land that at this time cannot be developed because they do not meet the dimensional requirements of the Zoning Bylaw such as minimum lot size as well as front, rear and side yard requirements. It is likely that many of these parcels could in fact be suitably developed as housing. Smaller lots will encourage the construction of smaller homes under appropriate guidelines to provide some housing options that are not currently being created by the private market as starter housing or homes for empty nesters interested in reducing their living space and home maintenance.

Next Steps: The Grafton Affordable Housing Committee or proposed Housing Trust might explore what other communities are doing with respect to these undersized lots and work with the Planning Board to prepare a zoning amendment to enable these lots to be developed based on specific criteria. One potential model is to allow such lots to be developed by Special Permit or through the state's Local Initiative Program<sup>24</sup>, restricting the development to affordable units that qualify for inclusion in the Town's state-defined Subsidized Housing Inventory.

Timetable: Five-Year Plan

Resources Required: The Housing Trust should coordinate this effort with the Planning Board and other appropriate local officials in determining the feasibility of implementing this strategy in Grafton, drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy is also likely to require some technical support from a housing professional to provide information on what other communities have implemented in this regard and to help shape a strategy for Grafton.

Projected # Affordable Units Produced: 8 units

## **7. Consider amending the Flexible Development Bylaw to better promote affordable housing**

Current Status: Major Residential Development Standards are allowed under Special Permit in all residential districts for Flexible Development "in which the single-family dwelling units are clustered together into one or more groups on the lot and the clusters are separated from each other and adjacent properties by permanently protected open space."<sup>25</sup> This provision also offers density bonuses if a proposed development "through the quality of its site selection, programming and design, displays a conscious effort to comply with the purposes of Flexible Development."<sup>26</sup> These density levels include increases over the number of dwelling units that would be allowed on the property based on current subdivision requirements of: "(a) 15% of the total permitted

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<sup>24</sup> The Local Initiatives Program (LIP) is a state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state-defined Affordable Housing Inventory. LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning at or below 80% of area median income.

<sup>25</sup> Grafton Zoning By-law, Section 5.3.1.

<sup>26</sup> Grafton Zoning By-law, Section 5.3.5.2.

under that section if the proposed development complies with at least six of the Design Guidelines specified in Section 5.3.13; (b) 20% of the total permitted under that section if the proposed development complies with at least nine of the Design Guidelines; and (c) 25% if the proposed development complies with all of the Design Guidelines.”<sup>27</sup> The Design Guidelines include a provision for affordable housing when at least 10% of the units are created as affordable based on the definition in M.G.L. Chapter 40B, however, the bylaw has not effectively produced such units and greater incentives should be incorporated into the bylaw to facilitate affordable housing development to help meet Planned Production goals.

*Next Steps:* The Grafton Planning Board should explore what other communities are doing with respect to these more flexible zoning provisions and consider making changes that would provide greater incentives for producing affordable housing under this bylaw. For example, a model bylaw has been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, adopted by a number of Massachusetts communities.

*Timetable:* Five-Year Plan

*Resources Required:* The proposed Housing Trust should coordinate this effort with the Planning Board and other appropriate local officials in determining how best to revise the zoning bylaw and coordinate the necessary approvals. This strategy is also likely to require some technical support from a housing professional to provide information on what other communities have implemented in this regard.

*Projected # Affordable Units Produced:* Units created under this strategy become part of some of the private development or Town-owned developments listed in Planned Production goals.

## **8. Waive Property Taxes for Qualifying Households in Exchange for Deed Restrictions**

*Current Status:* The average property tax bill for FY 2006 is almost \$3,700, which is a considerable sum of money for low- and moderate-income households living on fixed incomes, including seniors and the disabled. In order to remain in their homes, these households may be willing to consider restricting the resale price of their homes through a deed rider for a period of time in exchange for an exemption from property taxes during that timeframe. These units could then be counted as part of the Town’s Subsidized Housing Inventory through the state’s Local Initiative Program (LIP), and existing owners would have greater financial means to remain in their homes. An alternative would be to offer CPA funds in exchange for deed riders as part of a strategy described in Section VIII.C.4.

*Next Steps:* The Housing Trust could reach out to seniors through the Council on Aging or a notice in the tax bill to try to interest those over some specified age, such as 65, in this initiative. It would be useful to have some professional housing support on how to implement the strategy and coordinate the approvals and paperwork that is necessary to execute the deed rider and the inclusion of the units in the state-approved Subsidized Housing Inventory. The Town Treasurer would process the tax exemptions. It is also

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<sup>27</sup> Grafton Zoning By-law, Section 5.3.5.2.



likely that state approval might be needed before the Town can begin granting these exemptions. If there is little or no interest in the program from residents, it may be necessary to offer some additional incentives such as grant money (through an up-front subsidy or an annuity) or a deferred loan to be repaid when the house is finally sold (see Section VIII.C.4).

Timetable: Five-Year Plan

Resources Required: Foregone tax revenue of approximately \$4,000 per affordable home and some time from a consultant or part-time staff person. Town Treasurer would need to coordinate the tax exemption. If a subsidy is required, another \$25,000 per house may be needed, from CPA funds, to be repaid upon resale.

Projected # Affordable Units Produced: See Section VIII.C.4.

## **9. Encourage wider range of housing options**

Current Status: The current Zoning Bylaw allows for, in certain zoning districts, housing options such as assisted living, continuing care facilities, and congregate housing. There are no specific provisions for age-restricted housing, although it is possible that a developer voluntarily incorporates such a restriction as part of a development proposal that complies with the Town's land use/development regulations. (Such a project was approved and recently constructed in town.) Additionally, the Bylaw allows other housing types, such as two-family homes, townhouses, and other multi-family dwellings, on only a very limited basis in restricted areas of town and under special permit.

Next Steps: The Grafton Planning Board should review its current regulations related to housing options and types of dwellings and make appropriate changes to diversify the housing stock and better meet the range of local needs. The proposed Housing Trust and Planning Board might explore what other communities are doing with respect to these zoning provisions and consider making changes that would provide greater incentives for producing a wider range of affordable housing opportunities.

Timetable: Five-Year Plan

Resources Required: The proposed Housing Trust should coordinate this effort with the Planning Board and other appropriate local officials in determining how best to modify the existing Zoning Bylaw to encourage the development of a wider range of affordable housing options in Grafton and coordinate the necessary approvals towards implementation. This strategy is also likely to require some technical support from a housing professional to provide information on what other communities have implemented in this regard and to help shape a strategy for Grafton.

Projected # Affordable Units Produced: Units created under this strategy become part of some of the private development or Town-owned developments listed in Planned Production goals.

## **B. Build Local Capacity**

In order to carry out the strategies included in this Housing Plan and meet the Planned Production goals, it will be important for the town of Grafton to build its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – as well as building local political support, developing partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production. This Plan incorporates an organizational structure for the implementation of the strategies and continued oversight of housing policy and initiatives in Grafton. This structure involves a division of functions in compliance with current legislative opportunities, in recognition of existing entities, and in keeping with what is working in other communities.

### ***1. Conduct Educational Campaign***

Current Status: Affordable housing has become a more visible issue in Grafton, largely as a result of the wave of comprehensive permit projects that have ignited local concern. While many residents are aware of escalating housing prices and some are encountering difficulties affording housing in Grafton, it is likely that many residents hold onto negative stereotypes of what affordable housing is and what it will do to their community.

On November 7, 2005, Grafton's Affordable Housing Committee sponsored a forum for local leaders and the public to hear the results of a Housing Needs Assessment that is a substantial component of this Affordable Housing Plan and context within which housing strategies are developed. During this meeting, updated information on the dwindling supply of unsubsidized affordable housing in Grafton was presented, highlighting the current gaps between the supply of housing and local needs.

Another public forum was held on January 25, 2006, to provide information on the draft Affordable Housing Plan to not only get feedback on the Plan's strategies and goals, but also to offer another opportunity to showcase the issue of affordable housing in a light that demonstrates how the town can be proactive on the issue to better serve the wide range of local needs and control new development. Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to dispel myths and help galvanize local support, political and financial, for new affordable housing production. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local concerns and suggestions.

Next Steps: Outreach can initially be directed to local officials and committees and then followed by more formal public efforts directed to the entire community through the local press, media and events. Additional community outreach to various local groups (e.g., churches, PTA's, women's clubs, fraternal organizations, realtors, hospitality organizations, Council on Aging, etc.) can occur through speakers or information meetings, and a newsletter or some progress report can be prepared for general distribution.

As noted above, the presentation of this Affordable Housing Plan offers an opportunity to bring attention to the issue, offering information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. It may also be useful for the Town to sponsor several forums to present the Housing Plan, opening these up to the public to better sensitize community residents and local leaders on the issue. In addition to meetings that focus on this planning effort, other public education opportunities could be coordinated by the Grafton Affordable Housing Committee and proposed Housing Trust including having representatives from other towns speak in public forums on innovative affordable housing strategies, bringing representatives from Citizens Housing and Planning Association (CHAPA) to a community meeting to provide a power point presentation on smart growth development, and organizing panel discussions on particular housing-related topics. These sessions can help build community interest, improve communication and garner support. It may also be feasible to have local banks support such an effort with financial and/or technical assistance.

Timetable: Two-Year Plan

Resources Required: The donated time of Grafton's Affordable Housing Committee or proposed Housing Trust.

Projected # Affordable Units Produced: Unlikely to have a direct impact on actual unit production.

## ***2. Create an Affordable Housing Trust Fund and Capitalize***

Current Status: Discussions with other communities regarding the success of their affordable housing initiatives indicate that it is often critical to have accessible funds to respond immediately and effectively to housing opportunities as they arise. Also, many of the state subsidy sources require local contributions either through local funds, donation of Town-owned property, or private donations.

In order to receive donations and avoid paying taxes, it is useful for each locality to have a dedicated housing fund that offers communities greater ability to support the development of affordable housing.

On June 7, 2005, the Governor signed new legislation, called the Municipal Affordable Housing Trust Fund Act, which simplifies the process of establishing such funds. Previously, cities could create trusts through their own resolution, but Towns had to get approval from the legislature through a home rule petition. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trust funds to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by a five-member board of trustees, most typically appointed and confirmed by the Board of Selectmen, in the case of towns. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, it is likely that most trust funds will opt to dispose of property through a sale or long-term lease to a developer so

as to clearly differentiate any affordable housing development project from a public construction project.

*Next Steps:* Grafton's Board of Selectmen should seek approval at the 2006 Annual Town Meeting for the establishment of a Municipal Affordable Housing Trust Fund and appoint members of the Board of Trustees. This Housing Trust will serve as the Town's Committee for overseeing housing issues and the implementation of the Affordable Housing Plan, responsible for managing the Affordable Housing Trust Fund and for defining housing policy issues that are in the public interest.

It will also be important to explore a wide range of possible fundraising options to capitalize the Trust Fund. In addition to CPA funding and other public sector resources, the Town should also consider private sector donations. This process of securing private support not only provides financial benefits to support local housing efforts, but it is also a vehicle for raising awareness of the affordable housing issue and generating interest and political support for affordable housing initiatives.

Many communities are reaching out to residents for private donations of land or funds to promote housing affordability. Such contributions and the "bargain sale" of real estate could become a part of the Grafton land ethic, but donations need to be promoted, nurtured, and facilitated. Inclusionary zoning, if passed, may also provide cash resources for a wider range of possible developments that can help capitalize the Affordable Housing Trust Fund if the developer decides to pay cash in lieu of constructing actual affordable units. Developers may also contribute to the Housing Fund through negotiations on comprehensive permit projects or other local developments. Developers make additional contributions to these funds if the purchase prices for the market units are higher than the prices that were projected in their comprehensive permit applications and profits are more than the 20% allowed under Chapter 40B.

It might also be useful for the Town to explore how it might be able to establish a loan pool through the Fund that together with CPA funds might be tapped to support affordable housing initiatives including the acquisition and development of properties, with sales proceeds or rents revolving back into the Fund.

Faith-based affordable housing initiatives are also widely viewed as effective, as reported by the organization World Vision.<sup>28</sup> The Grafton Housing Trust can work with the local churches on some additional activities that focus on affordable housing, including, for example, donations to the Housing Fund, perhaps during Fair Housing month.

*Timeframe: Two-Year Plan*

This process could be accomplished within the next year, ready for vote by Town Meeting in 2006.

*Resources Required:* The process of creating the Affordable Housing Trust Fund is relatively straightforward and can be coordinated by the Affordable Housing Committee in concert with the Board of Selectmen. Once the Fund is established, it will be incumbent upon the Town to support efforts to capitalize the Fund from contributions of potential CPA funding in support of affordable housing initiatives. Other resources

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<sup>28</sup> Shabecoff, Alice. Rebuilding Our Communities: How Churches Can Provide, Support, and Finance Quality Housing for Low-Income Families, World Vision: Monrovia, California.

include the donated time of volunteers to coordinate fundraising activities with staff support at some point in the future.

*Projected # Affordable Units Produced:* This action leads to the production of units indirectly as it attracts new resources and increased local capacity to support housing creation activities.

### **3. Access New Housing Resources**

*Current Status:* The affordability of most housing development projects relies on multiple sources of financing involving both private and public loans and grants. It will be important for the Town to proactively encourage the establishment of partnerships with other interested parties including non-profit organizations, lenders, public agencies, and developers to secure the necessary financial and technical resources to create affordable units.

*Next Steps:* The Town of Grafton should reach out to private, public and non-profit entities to secure additional housing resources – technical and financial – in support of its efforts to produce new affordable housing. Additionally there are numerous public programs that can be helpful in supporting local housing efforts. A summary of some of these resources is included in Appendix 3. It should be noted that a number of these programs must be applied for through Commonwealth Capital (see Section VIII.B.4. for details).

Important resources for consideration include the following:

- The *Priority Development Fund* is a relatively new state-funded initiative that offers planning assistance for housing production. In June 2004, DHCD began making \$3 million available to communities through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. This resource can be tapped to fund predevelopment activities on Town-supported development of up to \$50,000.
- The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to \$30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:
  - Zoning changes that implement planning recommendations;
  - Development of mixed-use zoning districts;
  - Completion of Brownfields inventory or site planning;
  - Implementation of stormwater BMPs;
  - Completion of Open Space Residential Design bylaws/ordinances;
  - Implementation of Low Impact Development (LID) bylaws/ordinances; and
  - Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application (see Section VIII.B.4.), and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006.

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

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

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

Timetable: Two-Year Plan

Resources Required: Funding will be needed to support the costs of preparing and submitting housing subsidy applications. The Housing Trust could take the lead on completing these applications, however, it is likely that it will require professional support for some of the more complicated applications.

Projected # Affordable Units Produced: This action leads to the production of units indirectly as it attracts new resources and increased local capacity to support housing creation activities.

#### **4. *Apply Annually for a Commonwealth Capital Score to Allow for Application to and Funding from State Capital Spending Programs***

Current Status: In order to access many of the state resources referred to in the above strategy, it will be important for the Town to apply for Commonwealth Capital scoring.

The state has established Commonwealth Capital as a policy that encourages communities to implement smart growth measures by making municipal land use regulations more consistent with smart growth principles and using these reforms as part of the evaluation of proposals for state funding under a number of state capital spending programs including:

- Self Help/Urban Self Help (EOEA – DCS)
- Urban River Visions Implementation (EOEA)
- Agricultural Preservation Restriction Program (EOEA – DAR)
- Bike and Pedestrian Program (EOT)
- Transit Oriented Development Bond Program (EOT)
- Public Works Economic Development Program (EOT)
- Community Development Action Grant Program (DHCD)
- Coastal Pollutant Remediation Grant Program (EOEA – CZM)
- Drinking Water Supply Protection Grant Program (EOEA)
- Economic Development Fund (formerly Ready Resource Fund) (EOEA)
- State Revolving Fund (EOEA – DEP)
- Land Acquisition Programs (EOEA – DCR, DFG)
- Urban Brownfields Assessment Program (EOEA)
- Commercial Area Transit Node Grant Program (DHCD)
- Affordable Housing Trust Fund (DHCD)
- Housing Stabilization Fund (DHCD)
- Off-Street Parking Program (EOAF)
- Land & Water Conservation Fund (EOEA – DCS)
- Housing Development Support Program (DHCD)

The state's goal is to invest in projects that are consistent with the Office of Commonwealth Development's Sustainable Development Principles that include:

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

Grant applicants to the programs listed above apply directly to each of the specific programs, but additionally, each municipality must apply annually to the state's Office of Commonwealth Development (OCD) for a Commonwealth Capital score. Communities should submit this application to OCD for scoring at least by the due date of the program to which they are applying. The resulting score will be used for all Commonwealth Capital programs to which a community applies that year.

*Next Steps:* Prepare and submit annually, at the beginning of the fiscal year, the scoring application under Commonwealth Capital prior to applying for any of the programs listed above. For FY 2006, applications can be submitted electronically at

<http://www.mass.gov/commcap>. Grafton submitted its Commonwealth Capital application for FY 2006, and received a score of 91.

Timeframe: Two-Year Plan

Resources Required: Will require staff time from the Town Administrator or consultant to prepare the application and subsequent annual applications for scoring under Commonwealth Capital.

Projected # Affordable Units Produced: This action leads to the production of units indirectly as it attracts new resources and increased local capacity to support housing creation activities.

##### **5. *Insure Sufficient Professional Support to Implement the Plan***

Current Status: If the Town of Grafton wants to assume a more proactive role in promoting affordable housing and effectively implement actions included in this Affordable Housing Plan, it will have to augment its capacity to coordinate these activities. While most of the strategies that are included in this Plan do not by themselves involve substantial amounts of staff time from Town officials or donated time from board and committee members, when considered altogether they require a significant time commitment and involve some specialized expertise in housing programs, policy and development.

Various municipalities have handled this need differently. For example, the Town of Marshfield issued a Request for Proposals for a Housing Coordinator position and has hired a full-time person. The Town of Sandwich is hoping that the Town will fund an Assistant Planner position that will attract someone with housing expertise to oversee the implementation of their Housing Plan. At one time Bedford shared a housing consultant with the Town of Lincoln. Belmont is working with a non-profit development organization located in a nearby community to support its housing activities. Holliston is working with a consultant to implement key initiatives, and at some point in the future is likely to hire a housing professional on part-time basis with CPA funds.

Next Steps: The Board of Selectmen should work with the Town Administrator, the Town Planner, Affordable Housing Committee, and eventually the proposed Housing Trust, to determine how best to bring on the necessary skills and experience to effectively oversee the implementation of various components of this Housing Plan. The Town has a Planning Assistant who reports to the Town Planner who could coordinate some of the more administrative functions concerning the implementation of this Housing Plan including procedures for capturing units in the Subsidized Housing Inventory through accessory apartments, inclusionary zoning, Flexible Development, conversion of the existing housing stock, etc. Some of the more policy-related activities would be the responsibility of the Town Planner with support from consultants as needed.

Timeframe: Two-Year Plan

Resources Required: Assume consultant fees that will vary according to what strategies are undertaken and the scope of services.



Projected # Affordable Units Produced: Unlikely to have a direct impact on actual unit production but essential for coordinating the implementation of this Plan.

## **6. *Establish Annual Housing Summits***

*Current Status:* Most communities lack an effective mechanism for promoting regular communication between relevant Town boards and committees on issues related to affordable housing. It is useful for each locality to determine how it might more effectively communicate on this issue to insure that local leaders remain apprised of housing activities and have an opportunity for input. Some communities have attempted to promote and formalize this communication. Additionally, it may be helpful to open these meetings to the public to continue to foster greater community understanding and participation in the area of affordable housing.

*Next Steps:* The Board of Selectmen should consider formalizing an Annual Housing Summit. Such a summit could include an annual report from the Affordable Housing Committee or proposed Housing Trust on housing issues and progress towards implementing this Housing Plan.

*Timetable:* Two-Year Plan

*Resources Required:* Donated time of local officials, particularly the Affordable Housing Committee or proposed Housing Trust, and staff time of Town Planner and/or Planning Assistant to organize and facilitate.

*Projected # of Affordable Units Produced:* Unlikely to have a direct impact on actual unit production but helpful in coordinating the implementation of the Housing Plan.

## **C. Housing Production**

To accomplish the actions included in this Housing Plan and meet production goals, it will be essential for the Town of Grafton to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – to create affordable units. For example, competitive Requests for Proposals (RFP's) are necessary for the selection of developers of Town-owned property. For profit developers continue to express interest in developing housing in Grafton, and there are numbers of non-profit organizations that have successfully completed affordable housing projects in the region.

In addition to the active participation of the development community, it will be important for Grafton to actively seek support from state and federal agencies. In addition to the state's Department of Housing and Community Development (DHCD), other state and quasi-public agencies that have resources to support affordable and special needs housing include MassHousing, MassDevelopment, Department of Mental Retardation, Department of Mental Health, Community Economic Development Assistance Corp. (CEDAC), Massachusetts Housing Partnership Fund, and Massachusetts Housing Investment Corporation (MHIC). Regional

resources should be considered as well including Southern Middlesex Opportunity Council for example. Because affordable housing is rarely developed without private financing, project developers will need to reach out to private lenders as well.

The affordable housing production strategies can be divided into four general categories of development:

1. *Development of Public Property*

There are identified Town-owned parcels that might be developed over the next decade to create new affordable housing including both ownership and rentals.

2. *Scattered-site Private Development*

This Plan also incorporates smaller-scale infill development that will have relatively fewer impacts on any single neighborhood as affordable housing creation will be spread geographically throughout town. Additionally, the promotion of affordable accessory apartments will also be scattered throughout Grafton without significant changes to the built or natural environment.

3. *Larger-scale Private Development*

In order to meet Planned Production goals, it will be essential for Grafton to continue to work cooperatively with private developers, for profit and non-profit, in the creation of affordable housing. As indicated in strategy VII.A.5. above, the Town has already established a Local Initiative Program (LIP) Policy in an effort to provide guidance on what type of housing proposals are likely to be acceptable to the Town and have begun to negotiate with developers towards insuring that new development will satisfy local needs and priorities. There are opportunities for Grafton to promote mixed-use development in its village centers and near the commuter rail station as well as to encourage the redevelopment of underutilized former manufacturing properties into housing. Clearly it will be important for the Town to insure that all developments meet the state's Title V and wetlands regulations.

4. *Conversion of the Existing Housing Stock to Affordability*

Options for converting existing housing to some level of affordability should also be explored.

The following strategies provide the basic components for the Town to meet its housing production goals:

1. ***Make Town-Owned Land Available for Affordable Housing***

*Current Status:* The contribution or “bargain sale” of land owned by the Town but not essential for municipal purposes is a component of Planned Production goals and the Affordable Housing Committee has identified a list of potential Town-owned parcels that might potentially be developed as affordable (see Section VI.A. of this Plan for the list of properties under preliminary consideration). Final determination of the use of these parcels for affordable housing is subject to a more thorough feasibility analysis of site conditions and Town Meeting approval. In addition to currently owned Town parcels, the Town of Grafton may decide that it will continue to acquire privately owned sites over the next decade for the purposes of protecting open space and developing some

amount of housing, including affordable housing, through clustering any development on a portion of the site in appreciation of smart growth principals.

*Next Steps:* The proposed Housing Trust should conduct a preliminary feasibility analysis on existing Town-owned parcels, including those listed in Section VI.A., or on sites identified at a later time that might potentially include some amount of affordable housing. If this analysis indicates that housing might likely be accommodated, the Trust should request approval from the Board of Selectmen and Town Meeting to designate these identified parcels for affordable housing development.

Following the necessary approvals, the Housing Trust in coordination with the Town's Chief Procurement Officer, the Town Planner and a housing consultant, should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer based also on identified criteria included in the RFP. It is likely that the projects will require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the Housing Trust may be able to obtain this relief through normal channels, if community support is assured, or use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP) or MassHousing's Housing Starts Program, for example. Additionally, the Housing Trust will need to be involved in attracting the necessary financial, technical and political support. Evidence of municipal support is often critical when seeking financial or technical assistance from state or federal agencies.

Grafton should consider the following process when planning for the development of Town-owned land:

- *Conduct preliminary feasibility analysis on potential development sites.*  
It will be useful to obtain technical input from Town staff or representatives from other boards and committees as to whether a particular site is feasible for housing development and what constraints must be considered in preparing development plans. Additionally, the Town might use CPA funds or explore technical assistance funding from the state's Priority Development Fund or other entity to hire a consultant(s) to conduct the necessary preliminary feasibility analysis.
- *Secure approval from Town Meeting to convey parcel for development to incorporate affordable housing for a nominal amount.*  
The proposed Housing Trust should make this request and provide supportive documentation regarding the proposed project.
- *Prepare and issue a Request for Proposals (RFP) for developers that includes project guidelines (e.g., approximate size, density, ownership vs. rental, target market/income mix, level of affordability, design issues, community preference criteria, siting, financing available, ownership and management, other stipulations) and selection criteria.*  
The Housing Trust should work with Grafton's Chief Procurement Officer and possibly a consultant on this task. It will be important for the Town to be as clear as possible as to project terms and conditions, exerting local control over what will be built on site to best serve local needs and priorities.

- *Select developer.*  
Once again the Housing Trust should work with the Town's Chief Procurement Officer and possibly a consultant on the selection process, conducting a fair and rigorous process for reviewing proposals to insure that it designates the most capable developer. The Town might consider a selection process with two phases. First, all applicants must meet specific threshold requirements for their proposals to be considered competitive. All respondents to the RFP who pass the threshold requirements would then be evaluated and ranked according to competitive selection criteria such as:
  - Level of construction experience and capacity.
  - Level of financial ability and capacity.
  - Cost and price projections (applicants are evaluated according to how the proposal strikes a balance between project quality and cost).
  - Quality of the proposed design and product.
  - Cost control ability and current capacity.
  - Experience working with government-assistance programs.

Based on the proposals and references, the proposals are evaluated and ranked with the most highly qualified respondent earning designation. All of this information should be formally documented.

- *Prepare and finalize plans and budget.*  
The designated developer is responsible for this task with guidance from the Housing Trust and other appropriate Town boards and committees.
- *Secure regulatory approvals.*  
The designated developer is responsible for obtaining regulatory approvals with support from the Housing Trust. If the project involves a comprehensive permit, the affordable housing units can be counted as part of the Town's Subsidized Housing Inventory when the 40B permit is approved and appropriate documentation is sent to DHCD.
- *Secure financing.*  
The designated developer will ultimately be responsible for obtaining project financing, including both public and private sources. Support from the Housing Trust will be helpful, and letters of support from the Town, including the Board of Selectmen, will be critical in applying for state or federal subsidies where needed.
- *Conduct closing including conveyance of property to the developer.*  
The Town will prepare and enter into a regulatory agreement with the developer that will contain all of the terms and conditions of the development and the respective responsibilities of the Town and developer including the disposition of the property for a nominal value representing the Town's commitment to the affordability of the new housing. This agreement also includes the long-term use restrictions to insure affordability well into the future.
- *Secure building permits.*  
The designated developer will take the lead.

- *Start construction.*  
The designated developer will be responsible.
- *Market and select tenants/owners for affordable units.*  
The Town needs to identify an entity to coordinate these functions, which could be assumed eventually by the Housing Trust or performed by a capable non-profit housing organization located in a nearby community or potentially the developer. The developer or local realtors could be involved in marketing the market rate units.

It is important to recognize that Grafton can designate up to 70% of the available units in both rentals and ownership projects for those who meet community preference criteria as established by the Town. In addition to residents, other communities have included children or parents of residents, former graduates of the school system, municipal employees or any Town employees in their definition of community preference. The Board of Selectmen should establish local policy on the definition of community preference. Grafton should bear in mind that, however unintended, the use of local preference cannot have a discriminatory effect and as such housing lotteries must be marketed throughout the region to meet Fair Housing requirements and comply with all federal and state affirmative marketing regulations to have the affordable units counted as part of the Town's Subsidized Housing Inventory.

- *Complete construction.*  
The developer will be responsible.
- *Occupy property*  
The designated developer will be ultimately responsible. If the project did not involve a comprehensive permit, documentation must be submitted to DHCD to insure that the affordable units are counted as part of the Town's Subsidized Housing Inventory including:
  - The occupants, tenants or purchasers, have incomes at or below 80% of area median income as documented by tax returns, pay stubs, bank statements, etc.
  - The tenants or purchasers will pay no more than 30% of their income on housing expenses as evidenced through a lease or mortgage documentation,
  - The units have been marketed affirmatively as evidenced through a marketing plan and back-up documentation,
  - A regulatory agreement has been executed between the Town and the owner, project sponsor or individual purchasers, that will restrict use and affordability for the long-term,
  - An agreement is in place with an entity that will be responsible for insuring that the units remain affordable based on the regulatory agreement; and
  - The project has been subsidized by state or federal sources or the Town has committed CPA funding based on allowable, approved and completed activities.

- *Manage property.*  
The professional management of new rental housing is critical to the future viability of the development, and the management entity must have a proven track record and be approved by the proposed Housing Trust. If the proposed project sponsor does not have the expertise to undertake project management functions, it should work with the Housing Trust to identify a private company or capable non-profit organization or Housing Authority to assume these important management functions.
- *Monitoring of affordability including annual income recertification of tenants in affordable units in the case of rentals and resales in affordable homeownership projects.*  
The proposed Housing Trust could consider assuming these responsibilities.

An example of a 6-acre Town-owned site to be developed through Town sponsorship as a rental project might be configured as follows:

- *Project Configuration:* Rental project at 4 units per acre with 50% of the units affordable to those households earning at or below 80% of area median income. Total of 24 two-bedroom units, at least 12 affordable units.
- *Total Development Costs:* Assume rough total development costs per unit of \$180,000 and no acquisition costs; project would involve a total budget of approximately \$4,320,000.
- *Total Operating Expenses:* Assume total operating expenses of \$400/unit/month or \$115,200 annually.
- *Total Operating Income:* Assuming Section 8 rental subsidies for 6 affordable units of \$700 per unit (existing HUD Fair Market Rent for two-bedroom units) and the same amount of rent for the other affordable units and market rate rentals of \$1,000, total project income would equal about \$244,800 annually. This amount could support debt of approximately \$3.1 million after operating expenses.
- *Financing Gap:* Gap of \$1,220,000 or approximately \$50,800 per unit.

All 24 units could be counted as part of the Town's Subsidized Housing Inventory because this is a rental development. The state has encouraged communities to produce housing along a full range of incomes, including middle-income housing for those earning up to 150% of area median income (\$87,600) with rents of up to \$1,460, it would be helpful to have at least 10% or two to three of the above units priced in the \$1,200 to \$1,400 range to reach these households who are priced out of the existing housing market. This would not increase the financing gap substantially.

If the same site was to be developed for ownership, the following scenario is offered:

- *Project Configuration:* Homeownership project on a 6-acre site at 4 units per acre with 50% of the units affordable to those households earning at or below 80% of area median income. Total of 24 three-bedroom townhouses.
- *Total Development Costs:* Assuming rough total development costs per unit of \$200,000 and no acquisition costs; project would involve a total budget of approximately \$4.8 million.

- *Projected Purchase Prices:* \$110,000 per affordable condominium townhouse (assumes condo fee of \$350 per month) and \$250,000 per market rate townhouse totaling \$4.32 million.
- *Financing Gap:* There is a financing gap of \$480,000 or \$20,000 per unit in this scenario.

Under this scenario, only the affordable homes, or 12 units, could be counted as part of the Town's Subsidized Housing Inventory unless legislation is approved that would allow homeownership units to be double-counted as has been proposed in the past.

As indicated above, in addition to existing Town-owned parcels, the Town might consider acquiring other privately owned properties over the next decade, through a debt exclusion of Town tax revenues or by leveraging other financial resources. As sites are identified, the proposed Housing Trust should work cooperatively with the Board of Selectmen, Conservation Commission, and other entities to commit the needed resources to make planned projects feasible. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met primarily through this acquisition process or private development.

*Timetable:* Two-Year Plan

*Resources Required:* It would be useful to have professional support to coordinate this effort, working with the Town's Chief Procurement Officer and possibly a consultant to prepare a Request for Proposals, coordinate the developer selection process and oversee development and construction, marketing and tenant/owner selection and occupancy. In addition to costs of coordinating development, resources will most likely be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the "friendly" comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other communities are finding that they 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 these objectives. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households 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 Grafton. Appendix 3 includes summaries of many of these resources, however, some of these are listed below.

- Predevelopment funding from the state's Priority Development Fund, CEDAC, MHIC, Life Initiative, etc.
- Federal HOME Program financing of up to \$65,000 per unit administered through DHCD for a range of housing activities. These are competitive funding

sources, and DHCD typically accepts proposals through two funding rounds per year.

- Possible federal financing through Low Income Housing Tax Credits to developers of affordable housing that provide significant equity into a development. The allocating agency is DHCD and there are typically two funding rounds per year. These funds are directed to rental properties solely and are extremely competitive.
- Section 202 federal financing to non-profit organizations for the development of rental housing targeted to very low-income seniors or those with disabilities.
- Affordable Housing Program grant funding from the Federal Home Loan Bank Board, applied through participating banks.
- Rental subsidies through the Project Based Section 8 Program or individual Section 8 vouchers (this program is administered through the state, Housing Authorities and regional non-profit organizations, but the state issued too many Section 8 vouchers last year and there has been a moratorium on new vouchers. This is anticipated to be a temporary situation, however, HUD keeps cutting back on the funding for this important program.
- Section 8 to Homeownership Program, enabling Section 8 subsidy recipients to access homeownership.
- Additional resources that are directed solely to first-time homebuyer projects to make homeownership more affordable including the Soft Second Loan Program, American Dream Downpayment Assistance Program and MassHousing First-Time Homebuyer financing.
- Financing from CEDAC to support innovative forms of affordable housing including SRO's, transitional housing, limited equity cooperatives, etc. and to preserve existing affordable housing developments.
- OneSource Loan Program is a streamlined financing program offered jointly by MHIC and Massachusetts Housing Partnership Fund offering construction and permanent financing in a single package.
- Other state funding programs.

*Projected # Affordable Units Produced: 72 units*

## **2. *Incorporate Accessory Apartments in the Subsidized Housing Inventory***

*Current Status:* Grafton's Zoning By-law allows accessory apartments through a special permit. The Town currently counts 32 permitted accessory units but there are also possibly considerable numbers of unpermitted accessory apartments that remain "under the radar." At this time, none of these accessory units, legal and illegal, can be counted in the Town's Subsidized Housing Inventory because they do not meet the state's Chapter 40B definition of affordable housing.

Grafton's housing stock is fairly conducive to the development of accessory apartments because many of the houses are substantial in size. The Housing Needs Assessment has identified that there are low-income households in Grafton who are finding it difficult to pay their taxes and housing expenses. The Town should consider incentives to encourage owners to enter into at least a short-term agreement to maintain their accessory unit as affordable. The exemption of property taxes might be especially attractive to elderly owners living on fixed incomes. Having more options available in the housing market,



such as small rental units, will serve unmet local needs. (See strategy VII.A.2. for more information on accessory apartments.)

Other communities are looking for opportunities to insure that current illegal units are converted to legal use and at least some portion of current accessory apartments or new accessory units created can be incorporated into the Subsidized Housing Inventory. For example, the Towns of Watertown and Lexington have established amnesty programs allowing a period of time for an owner of a nonconforming second dwelling unit to obtain a certificate of occupancy.

The Town of Barnstable has also implemented a program to enable those with illegal accessory units to come forward and receive necessary assistance to convert their units to legal use and simultaneously to be maintained, in the short-term at least, as affordable and eligible for inclusion in the Town's Subsidized Housing Inventory. This program was created in recognition of the high number of illegal accessory apartments that some estimated to be approximately 100 and the fact that these units were filling a market demand for housing at rental costs typically below that of other rental units. Barnstable has processed more than 75 units thus far through its program. Key features of Barnstable's Program include:

- Qualifying units include either a single unit in an owner-occupied, single-family dwelling or one or more units in a multi-family dwelling where there exists a legal multi-family use but one or more units are currently unpermitted.
- The property is brought up to health and safety standards with subsidies available to assist owners with these improvements from available municipal, state and federal funds.
- Applicants may select their own tenant provided tenants meet program requirements (within 80% of area median income) and affirmative marketing criteria are met (notices posted at the Housing Authority and at regional non-profit housing agency).
- Applicants receive approval for their accessory units through a comprehensive permit, which is not transferable without prior approval of the Zoning Board of Appeals (Barnstable designates a special Hearing Officer for the accessory units). The units must receive a site approval letter under the Town's local Chapter 40B program. Upon receiving a site approval letter, the owner has three months to file an application for a comprehensive permit under the local Chapter 40B Program with the Zoning Board of Appeals. Required materials for the site approval application include entire property lay-out (plans), septic questionnaire (form prepared by Town), processing fee of \$175.00, deed to the property, certified plot plan, and floor plan. The comprehensive permit application requires the same attachments as the site approval application and an application fee of \$100.00.
- Leases have a minimum term of one year.
- Owners enter into a deed restriction on the affordability of the unit in perpetuity, (a minimum of 15 years in Scituate) but all participating owners can voluntarily choose to cancel the comprehensive permit, in which case the property must be brought into compliance with the underlying zoning and the Town can no longer count the unit as affordable as part of its state-defined Subsidized Housing Inventory. The use restriction/regulatory agreement/declaration of restrictive

covenant must be recorded at the Registry of Deeds in a form that meets the approval requirements of DHCD's Local Initiative Program.

- Each year the applicant files an affidavit with the Town listing the rent charged and the income level of the occupants to verify compliance with Program requirements. This information must be verified annually by the Monitoring Agent.
- Barnstable now allows applicants to use a detached structure or build a new addition to their property for the purpose of creating an accessory unit.
- The average processing time of an application has been two and a half months.
- Comprehensive permits for an accessory apartment are not transferable without prior approval of the Zoning Board of Appeals.
- The Town commits resources to support this Program including briefing and support through every stage of the Program, free site visit(s) with a licensed Housing Inspector to determine needed upgrades to the property for Program participation, assistance assembling the application packet for the ZBA hearing, the Town prepares and presents the comprehensive permit documents for the hearing, a waiver of fees for property inspection and the monitoring of the affordability restrictions, and assistance in locating resources to assist in bringing the property into compliance with Title V, State Building and Sanitary Codes.
- The Town Administrator should make a quarterly progress report to the Board of Selectmen.

The Town of Scituate has also implemented an Affordable Accessory Apartment Program and their requirements for consideration include:

- Accessory apartments are allowed by right based on the requirements set forth in the Zoning Bylaw, with some differentiation of requirements between zoning districts although the Planning Board may waive some of the requirements and provide approval through a special permit.
- The maximum affordable rental, exclusive of utilities, should not exceed 30% of the monthly income of a household earning 70% of area median income based on household size, except if the unit receives a state, federal or local subsidy, the maximum rent may be as allowed by the subsidy program as long as the tenant's share of the rent does not exceed 30% of monthly income.
- An application for an affordable accessory apartment is subject to site plan review.
- No more than a certain number of accessory units, 15 in Scituate, can be issued in any one calendar year.
- The septic system serving the lot must meet current Title V regulations and be reviewed and approved by the Board of Health.
- Applicants must submit the following before an occupancy permit can be issued – a copy of the affordability restriction signed by the owner and Town, the original to be filed with the Registry of Deeds; a certificate of approval from DHCD through the Local Initiative Program; a notarized affidavit from the owner verifying that the unit will be occupied by a qualified renter, that the owner will provide annual certification of compliance with the bylaw and that the owner will occupy one of the dwelling units.

*Next Steps:* The Housing Trust, in tandem with other appropriate Town boards and committees, should determine how best to adapt an Accessory Apartment Program to the

town of Grafton, develop an implementation plan, and initiate the program. This is likely to require professional support through a consultant or Town staff position for housing.

Timeframe: Five-Year Plan

The implementation plan could be developed within the next several years to be considered by Town Meeting sometime within the next five years.

Resources Required: Inspections and other costs related to Program administration could be covered by modest processing fees. Barnstable charges applicants \$175.00 to pay for the initial application fee and another \$100 to process the comprehensive permit. The costs of monitoring the Program could be supported by fees derived from participating homeowners, perhaps \$25.00 annually, or be subsidized by CPA funds to cover the costs of recertifying the eligibility of the occupants of the accessory units. Additionally, if the Town were to offer tax relief to participating owners, it would forego a certain amount of tax revenue annually

Projected # Affordable Units Produced: 24 units (this unit count is also included under strategy VII.A.2).

### 3. ***Support Scattered-Site Housing***

Current Status: Many communities are looking for opportunities to create affordable housing through efforts that will spread the impacts of new housing production throughout the community so as not to overburden any particular neighborhood. There are lots, both Town-owned and privately-owned, that are geographically spread throughout Grafton that might accommodate more limited numbers of new housing units in support of Planned Production goals and local needs.

Next Steps: The Town can work with for profit and non-profit developers as well as with abutters of vacant land to develop new infill housing on available vacant sites scattered throughout town. The Town can play a helpful role in supporting developers in applying for subsidies to insure that at least some of the units are affordable and can be included in the Town's Subsidized Housing Inventory; can negotiate "friendly" Chapter 40B projects through DHCD's Local Initiative Program, MassHousing's Housing Starts Program, or the Federal Home Loan Bank Board's New England Fund; and can encourage abutters to create affordable housing on vacant adjacent lots. Additional resources to support such development can be accessed through the state and federal governments.

Habitat for Humanity has expressed an interest in developing new affordable homes in Grafton, for example, and continues to look for donated public and private land on which to build. Organizations that support special needs housing are active throughout the area and may have an interest in developing group homes in Grafton. There are also excellent models of small comprehensive permit projects in other communities that incorporate several income tiers to meet the housing needs of those within a wide range of incomes.

Timeframe: Five-Year Plan

Resources Required: It will be helpful for the Housing Trust to support such efforts and, when possible, make scattered Town-owned parcels available for affordable housing development through Requests for Proposals.

Projected # Affordable Units Produced: 8 units (some smaller scattered-site units created through the development of Town-owned property and small private development projects.)

#### **4. Convert Existing Housing Units to Affordability**

Current Status: The Town should not overlook the potential of working with for profit, non-profit and local residents on strategies to not only preserve the affordability of the existing housing stock but to when possible convert existing unsubsidized units to state-defined “affordable” units. This strategy is often referred to as “buy-down” initiatives aimed at purchasing, improving, subsidizing and reselling or leasing units in accordance with Chapter 40B requirements. Most towns that are embarking on purchase-rehab programs, including communities with high market values, are focusing on multi-family properties with at least two units. Even purchasing homes at the lower end of the price range, in the low \$200K range, will require a subsidy to improve and make the unit available to a low- or moderate-income household.

Next Steps: The Housing Trust should look for opportunities to acquire property or work with other sponsors to convert existing unsubsidized units into new affordable housing. Properties that have particular potential for such buy-down efforts in Grafton include existing condominiums, smaller capes and ranches as well as older mill housing units. Using existing Trust Funds, CPA Funds or funding from other resources, the Trust could purchase units on the market, make the necessary repairs, and create either ownership or rental units as follows:

- Acquire the property through the Affordable Housing Fund that has been capitalized by a number of resources including CPA funds, lower interest rate financing from private lending institutions, and perhaps Community Development Block Grant funding or other subsidies from the state;
- Make the needed improvements;
- Undertake project marketing to locate qualified purchasers and conduct a lottery working with a participating lender to pre-approve applicants for mortgage financing;
- Select purchaser(s) through a lottery (if there is only a single unit involved it is difficult to justify using community preference, whereas doing several units would enable the Town to insure that up to 70% of the units go to applicants with a connection to Grafton);
- Prepare and complete a Units Only application to DHCD for the Local Initiative Program to get the unit(s) counted as part of the Town’s Subsidized Housing Inventory and to insure long-term affordability; and
- Close on project, executing the use/deed restrictions (to the greatest extent possible with restrictions in perpetuity and resales indexed to HUD area median income) and turning the deed over to qualifying homebuyer(s).

An example of how such a project might be financed is as follows:

- *Acquisition:* Acquire two three-bedroom homes for an average of \$230,000 each for a total of \$460,000.

- *Improvements:* Make needed improvements totaling \$100,000 for both properties. This amount will also include the fee to the non-profit and/or project sponsor for marketing the units and coordinating the development process.
- *Resale:* Resell homes for an average of \$170,000 with deed restrictions and revolving \$340,000 into the Affordable Housing Fund. This would involve a subsidy of \$110,000 per home.

If the three units were to be converted to rental units, the same acquisition and rehab process could be used as described under the homeownership model, however, the units would be marketed for rent and those with Section 8 rental subsidies could be encouraged to apply. This rental model may be of particular interest to the Housing Authority who could own and manage the units offering them to those on their waiting list. If each unit cost \$280,000 to acquire and rehab and project income from rents is expected to be \$25,200 annually (\$700 per month per unit), there will be \$14,400 available to support private debt after operating expenses of about \$10,800 (\$300 per month per unit), requiring more than \$200,000 in total subsidies per unit, which becomes an excessive amount of subsidy for this type of project. However, if one of the three units was sold as affordable for \$170,000, the amount of subsidy per unit on the rentals comes closer to \$115,000.

Another option for producing affordability through the existing housing stock was introduced under the strategy of waiving property taxes for qualifying households in exchange for deed restrictions as described in Section VIII.A.8. The strategy suggested that the Town reach out to homeowners who are living on very limited incomes, the elderly in particular, to enable them to live in their homes for as long as they would like by offering sufficient financial incentives in exchange for a long-term affordability restriction. This proposal indicated that the Town might find that the exemption of property taxes is not an adequate enough incentive for residents to assume restrictions on the resale price and an additional subsidy might also be required to make this strategy viable. The resale restriction has the effect of ensuring that when the house is sold it will be affordable and sold to a buyer who has an income at or below 80% of area median income and includes the appropriate income and resale conditions to “count” as part of a community’s state-defined Subsidized Housing Inventory under Chapter 40B. In addition to property tax relief, the financial incentives might include funds for both building improvements, which would insure the physical viability of the property over time, plus an upfront grant or an annuity, which would provide the owner with a steady long-term income stream. The subsidy might come from potential future CPA funds.

*Timeframe:* Five-Year Plan

*Resources Required:* Some professional staff time to work with the Affordable Housing Committee or proposed Housing Trust to develop projects including support for securing subsidy funds.

*Projected # Affordable Units Produced:* 30 units

## **5. Support Adaptive Reuse**

*Current Status:* The Town has begun to identify underutilized nonresidential properties for potential conversion to affordable housing through various options including but not

limited to Single Room Occupancy Units (SRO's), congregate and/or special needs housing, rental housing and first-time homeownership. For example, there are vacant mill buildings that might be conducive to residential use. Since the Fisherville Mill fire, there is less available space, however, maximum use should be made of what remains. Depending upon the structure, adaptive reuse can be amenable to mixed-use and mixed-income development.

Next Steps: Identify an inventory of such properties that might be purchased, rehabilitated and converted to residential use and then attract interested for profit or non-profit developers to undertake development.

Timeframe: Five-Year Plan

The inventory of possible development opportunities could be completed within the next year and outreach to developers experienced in such projects could follow.

Resources Required: The Town Planner should continue to identify possible properties and ultimately work with the Planning Assistant and Housing Trust (see Section VIII.B.2) to find partners to develop them. Predevelopment funding from DHCD's Priority Development Fund, EOE's Smart Growth TA Fund, CEDAC, MHIC or other agency should be explored to support project planning.

Projected # Affordable Units Produced: Units will be included under the development of Town-owned property or private development.

## **6. Explore Opportunities for Mixed-Use and Transit-Oriented Development**

Current Status: In the context of good town planning and smart growth, the likely location for denser development, certainly for providing housing for smaller households and seniors, is in commercial areas and near transportation nodes. Looking at density from the center of town outward is a well-regarded strategy in town planning. Grafton's current bylaw does not allow mixed uses, and it will be important for the Planning Board and Affordable Housing Committee to determine how best to revise the bylaw provide sufficient incentives, particularly in regard to allowable density, to make mixed-use development, including the integration of affordable housing, attractive to developers. District Improvement Financing, Urban Center Housing Zones, 40R and Tax Increment Financing are additional tools that might also be considered as tools to promote mixed-use development in Grafton.

In addition to the village centers and commercial corridor down Providence Road, there are opportunities to promote mixed uses near the commuter rail station. Mixed-use development would be well suited to these locations and the residential units would add to the vitality of the areas; provide housing for small households in easy walking distance to goods, services and transportation; and reduce the amount of traffic. Because of these reasons and emerging new financial tools, many communities are exploring mixed-use development as part of the "smart growth" policies that are increasingly gaining favor in urban, suburban and rural settings. Some of the opportunities for adaptive reuse of existing structures might also be conducive to mixed residential and commercial uses as are prospects for redeveloping some of the underutilized state-owned parcels in the northern section of town.

Next Steps: Grafton should thoroughly assess the benefits of extending mixed-use development along its commercial arteries or allowing higher density housing in

designated districts on an as-of-right basis with specific criteria and amend the Zoning Bylaw accordingly. The zoning changes, including the adoption of 40R (see Section VIII.A.3) and willingness to explore other financial tools such as District Improvement Financing, Urban Center Housing Zones and Tax Increment Financing should attract interest from developers and make new mixed residential and commercial development economically feasible.

Timetable: Five-Year Plan

Resources Required: Staff time of Town Planner (possibly with assistance from a consultant) to prepare proposed amendments to the Zoning Bylaw and secure approvals from the state on 40R and tax-related financing tools, with support from the Planning staff and consultants to secure necessary approvals and work with developers on implementation, insuring that all requirements are met and the affordability restrictions of the affordable units are enforced.

Projected # Affordable Units Produced: Units will be included under the development of Town-owned property or private development.

#### **D. Housing Preservation**

Housing production is critical, but the Town also needs to be concerned that it does not lose current as well as future units counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of seniors.

##### ***1. Monitor Affordability of Subsidized Housing Inventory***

Current Status: Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units may be in jeopardy in many communities in the future. Most of Grafton's existing Subsidized Housing is likely to remain affordable over the long-term. However, the Section 8 rental assistance is due to expire in July of 2006 on the Green Acre Estates project, and (I have calls in on this!!!!)

Next Steps: It is important to insure that all affordable housing units that are produced remain a part of the Town's Subsidized Housing Inventory for as long a period as possible. The proposed Housing Trust should closely monitor developments with affordable units, and the Town should intervene if necessary to maintain the units as affordable through the courts or through purchase and refinancing if necessary.

Timeframe: Two-Year Plan

Resources Required: Donated time of members of the Housing Trust.

Projected # Affordable Units Produced: While this strategy is unlikely to create new affordable units, it is essential for maintaining existing affordable units.

## **2. *Help Qualifying Existing or First-time Homeowners Access Housing Assistance***

*Current Status:* There are state resources available that provide financial and technical support for qualifying owners or first-time homebuyers, of which local residents should be made aware. For example, there are state programs to assist eligible existing owners of homes that need repair, upgrading and de-leading. Many seniors living on fixed incomes are finding it increasingly difficult to afford the costs associated with rising taxes and home improvements and as a result have deferred property maintenance needs. Additionally, some seniors and those with special needs require special handicapped adaptations and repairs to help them remain in their homes. Grafton residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues. The Town should be aware of options for accessing funding to support home repair needs and make appropriate referrals to program providers including MassHousing programs and non-profit organizations in the region.

Another useful resource for supporting affordable homeownership is the state's Soft Second Loan Program, of which Grafton is a participating community. The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the Program to help first-time homebuyers purchase a home. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or \$20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. An important component of this program is homebuyer counseling and training programs which are beneficial to program participants and provided by authorized non-profit organizations such as SMOC.

*Next Steps:* Through the community educational campaign recommended in Section VIII.B.1, important information on housing improvement resources could be disseminated, both to real estate professionals, local organizations and community residents. The Council on Aging is also an important resource for providing seniors with information on available resources.

*Timeframe:* Two-Year Plan

*Resources Required:* The Town, through its Council on Aging, Housing Authority and the proposed Housing Trust, should provide the necessary education and referrals to programs sponsored by Southern Middlesex Opportunity Council, Inc. (SMOC), lenders and MassHousing for example, which provide low-cost financing for repair needs including de-leading, septic systems and other home improvements as well as more affordable mortgage financing for first-time homebuyers.

*Projected # Affordable Units Produced:* Unlikely to produce new affordable units but instrumental in helping seniors and others with special needs remain independent in their homes and for enabling working families to access homeownership.



## Section IX

### DESCRIPTION OF USE RESTRICTIONS

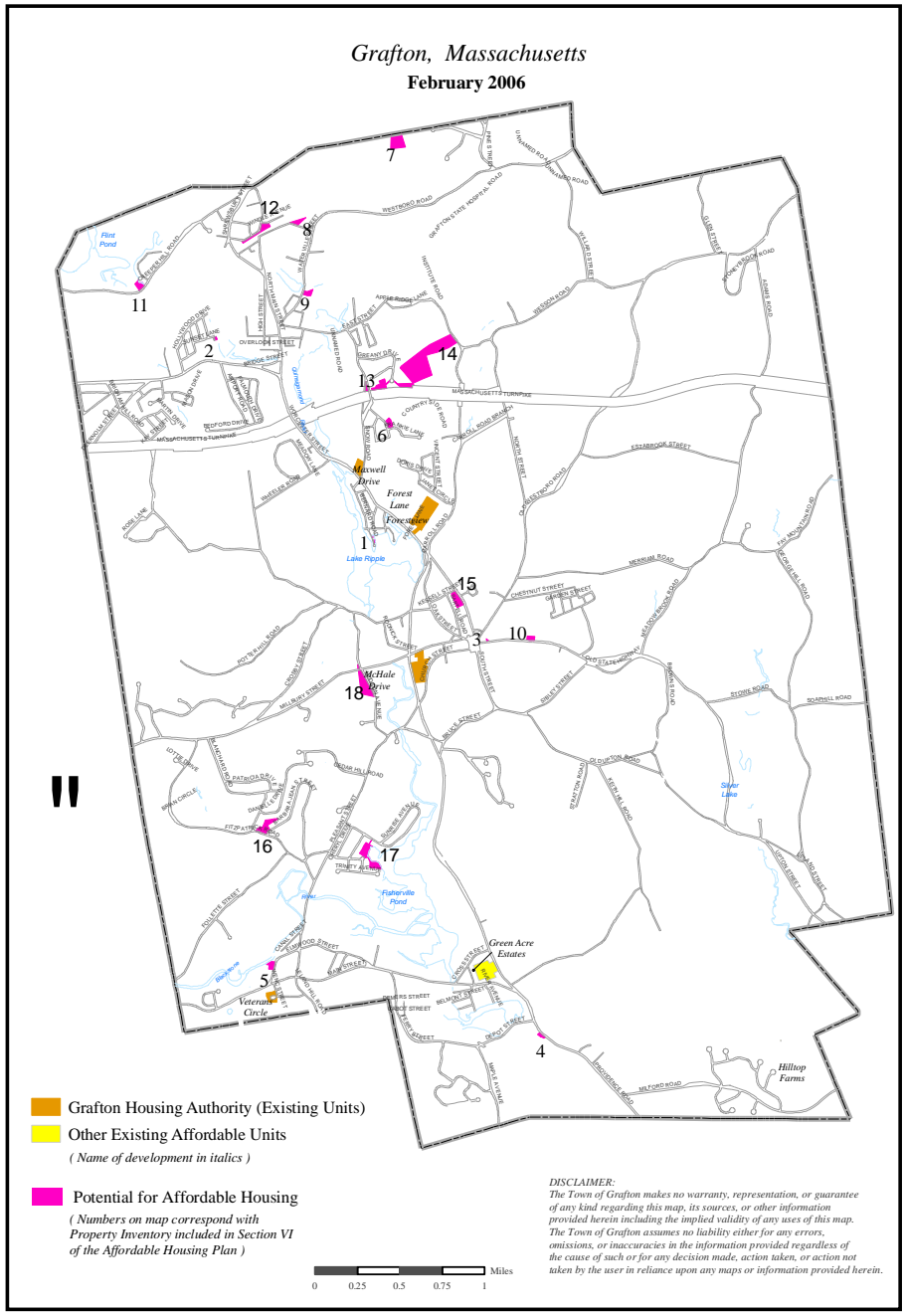
As has been indicated in various sections of this Housing Plan, the Town of Grafton is committed to maintaining its Subsidized Housing Inventory for as long a period as possible. Affordable units must serve households with incomes no greater than 80% of the area median income for which the unit is located. Units must be subject to use restrictions or re-sale controls to preserve their affordability as follows:

- For minimum of thirty years or longer from the date of subsidy approval or construction for new construction.
- For a minimum of fifteen years or longer from the date of subsidy approval or completion for rehabilitation.
- Alternatively, a term of perpetuity is encouraged for both new construction and completion of rehabilitation.

Units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement. The units have been, or will be marketed in a fair and open process consistent with state and federal fair housing laws. The resale prices included in homeownership projects should be indexed to HUD's area median income as opposed to market value to better assure this affordability over the long-term. The annual recertification in the case of rental agreements should be the responsibility of the project sponsor who must report annually to a housing entity, the monitoring agent, approved by the Town, most likely the Housing Trust, however, CPA funds could be used to support the costs associated with this annual activity, which could be coordinated by the Planning Assistant. The responsibility for monitoring resales of affordable homeownership units could be assumed by Citizens Housing and Planning Association (CHAPA), which is performing this function for affordable developments throughout the state.

# APPENDIX 1

## Map of Existing and Potential Affordable Housing Sites



## APPENDIX 2

### Summary of Housing Action Plan

Actions	Timeframe for Commencing Implementation		# Affordable Units
	Two-Year	Five-Year	
<b><i>A. Planning and Regulatory Reform</i></b>			
1. Adopt inclusionary zoning	X		*
2. Amend accessory apartment bylaw	X		24
3. Explore Adoption of 40R	X		Under A.5 or C.1
4. Change permit fee policies	X		*
5. Review existing LIP Policy/private development	X		363
6. Allow affordable housing on noncomplying lots		X	8
7. Consider amending flexible zoning		X	*
8. Waive property taxes in exchange for deed restrictions		X	(under C.4)
9. Encourage wider range of housing options		X	Under A.5 or C.1
<b><i>B. Build Local Capacity</i></b>			
1. Conduct educational campaign	X		*
2. Create Affordable Housing Trust Fund and capitalize	X		*
3. Access new housing resources	X		*
4. Apply annually for Commonwealth Capital scoring	X		*
5. Insure sufficient professional support	X		*
6. Establish Annual Housing Summits	X		*
<b><i>C. Housing Production</i></b>			
1. Make Town-owned land available for affordable housing	X		72
2. Incorporate accessory apartments in the Subsidized Housing Inventory		X	24 (also under A.2)
3. Support scattered-site housing		X	8
4. Convert existing housing to affordability		X	30

5. Support adaptive re-use		X	Under A.5 or C.1
6. Explore mixed-use and transit-oriented development		X	Under A.5 or C.1
<b><i>D. Housing Preservation</i></b>			
1. Monitor affordability of Subsidized Housing Inventory	X		*
2. Help qualifying existing and prospective homeowners access housing assistance	X		*

*\* Indicates actions that are unlikely to directly produce new affordable units by themselves but are key to creating the resources that will contribute to actual unit creation.*

## APPENDIX 3

### Summary of Housing Regulations and Resources

#### I. Summary of Housing Regulations

##### A. Chapter 40B Comprehensive Permit Regulations

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

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

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

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined by the municipality.

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

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed

40B project from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local Board of Selectmen for a 30-day comment period. The Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the Board of Selectmen for their endorsement of the project, and they can make a joint application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

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

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project “uneconomic”. The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

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

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

## **B. Planned Production Regulations**

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Planned Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an affordable housing plan that demonstrates production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (20 units and 39 units, respectively, for Grafton until the new census figures are available in 2011) for *approval* by DHCD.<sup>29</sup>
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.5% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action.
- Address a mix of housing consistent with identified needs and market conditions.
- Include a description of use restrictions.
- Address at least one of the following strategies including -
  - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
  - Identification of specific sites on which comprehensive permit applications will be encouraged.
  - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
  - Municipally owned parcels for which development proposals will be sought.

## **C. Commonwealth Capital**

The state has established *Commonwealth Capital* as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs including:

- Self Help/Urban Self Help (EOEA – DCS)
- UrbanRiver Visions Implementation (EOEA)
- Agricultural Preservation Restriction Program (EOEA – DAR)
- Bike and Pedestrian Program (EOT)
- Transit Oriented Development Bond Program (EOT)
- Public Works Economic Development Program (EOT)
- Community Development Action Grant Program (DHCD)

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<sup>29</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Coastal Pollutant Remediation Grant Program (EOEA – CZM)
- Drinking Water Supply Protection Grant Program (EOEA)
- Economic Development Fund (formerly Ready Resource Fund) (EOEA)
- State Revolving Fund (EOEA – DEP)
- Land Acquisition Programs (EOEA – DCR, DFG)
- Urban Brownfields Assessment Program (EOEA)
- Commercial Area Transit Node Grant Program (DHCD)
- Affordable Housing Trust Fund (DHCD)
- Housing Stabilization Fund (DHCD)
- Off-Street Parking Program (EOAF)
- Land & Water Conservation Fund (EOEA – DCS)
- Housing Development Support Program (DHCD)

The state’s goal is to invest in projects that are consistent with the Office of Commonwealth Development’s Sustainable Development Principles that include:

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

Grant applicants to the programs listed above apply directly to each of the specific programs, but additionally, each municipality must apply annually to the state’s Office of Commonwealth Development (OCD) for a Commonwealth Capital score, which can now be done electronically. Communities should submit this application to OCD for scoring at least by the due date of the program to which they are applying. The resulting score will be used for all Commonwealth Capital programs to which a community applies that year.

#### **D. Chapter 40R**

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



low and moderate income”.<sup>30</sup> The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”<sup>31</sup> The key components of 40R include:

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

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

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

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”<sup>32</sup>

The principal benefits of 40R include:

- Expands a community’s planning efforts;
- Allows communities to address housing needs;
- Allows communities to direct growth;

<sup>30</sup> Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

<sup>31</sup> Massachusetts General Law, Chapter 40R, Section 11.

<sup>32</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- Can help communities meet planned production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

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

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

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development.

**E. Local Initiative Program (LIP) Guidelines**

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP units includes the following:

- Must be affordable to those earning at or below 80% of area median income.
- Deed restricted or other recorded instrument to guarantee affordability.
- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Marketing and outreach, including lottery administration, in adherence with Fair Housing laws. LIP requires that the lottery draw and rank households by size.
- For over 55 projects, only one household member must be 55 or older.
- No third party mortgages.
- Income and asset limits determine eligibility for lottery participation.
- For homeownership projects, the calculation of affordability presumes a 30-year, fixed rate mortgage and 5% down payment.
- Household size relationship to unit size is based on “households” = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula).
- A maximum of 70% of the units may be local preference units for those who live/work in the community.

- For homeownership units, must have deed restrictions for at least 15 years for housing rehabilitation and 30 years for new construction. For rental units, must have a regulatory agreement and monitoring agent to annually certify that the affordable units are occupied by those with incomes at or below 80% of area median income and pay no more than 30% of their income on housing expenses.

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

1. *Application process:*
  - Developer meets with Town
  - Developer and Town agree to proposal
  - Developer and Town submit proposal to DHCD
2. *DHCD review involves the consideration of:*
  - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
  - Number and type of units,
  - Pricing of units to be affordable to households earning no more than 70% of area median income,
  - Affirmative marketing plan,
  - Financing, and
  - Site visit.
3. *DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.*
4. *Zoning Board of Appeals holds hearing*
  - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
  - Developer forms a limited dividend corporation that limits profits.
  - The developer and Town sign a regulatory agreement.
5. *Marketing*
  - Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
  - Local preference is limited to those who live/work in the community with a maximum of 70% of the affordable units.
  - Marketing materials must be available/application process open for a period of at least 60 days.
  - Lottery must be held.
6. *DHCD approval must include:*
  - Marketing plan, lottery application, and lottery explanatory materials
  - Regulatory agreement (DHCD is a signatory)

- Deed rider
- Purchase arrangements for each buyer.

In addition to being used for “friendly” 40B projects, LIP can be used for counting those affordable units as part of a Town’s Subsidized Housing Inventory that are not being developed through a comprehensive permit such as the case with accessory apartments or inclusionary zoning. Following occupancy of the units, a “Units Only” application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD’s web site.

Note: Affordable units subsidized by Community Preservation funding solely are not required to go through the LIP review process, but documentation must be submitted to DHCD (Elizabeth Malloy) for each affordable unit that includes a Subsidized Housing Inventory form and the following:

***Approval for Rental Units***

- Documentation of tenant eligibility including income from all household members, numbers in households, and leases;
- A signed regulatory agreement between the Town and owner regarding the use restriction and long-term affordability of the units;
- An affirmative marketing plan that describes how the units will be marketed;
- Documentation of the approval and use of Community Preservation funding; and
- Documentation of how the affordability restrictions will be enforced through a monitoring agreement to be executed by the Town, owner and designated monitoring agent.

***Approval for Ownership Units***

- Documentation of owner eligibility including income and assets from all household members;
- A deed rider between the Town and owner regarding the use restriction and long-term affordability of the units;
- An affirmative marketing plan that describes how the units will be marketed;
- Documentation of the approval and use of Community Preservation funding; and
- Documentation of how the deed rider will be enforced through a monitoring agreement to be executed by the Town, owner and designated monitoring agent.

**II. Summary of Housing Resources**

Those programs that may be most appropriate to development activity in Grafton are described below.

**A. Technical Assistance**

***1. Priority Development Fund<sup>33</sup>***

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making \$3 million available through this Fund on a first-come, first-served basis to encourage the new

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<sup>33</sup> Description taken from the DHCD’s program description.

production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community's serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth's principles of sustainable development (see Section I.E.2.above for the list of these principles).

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

Zoning activities that support the program objectives include:

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

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

Implementation activities associated with the production of housing in site-specific areas include but are not limited to:

- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

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

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

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

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

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

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development. Applications will be evaluated based on:

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

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

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

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

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

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

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

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

### **4. *MHP Chapter 40B Technical Assistance Program***

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

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

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

### **5. *Smart Growth Technical Assistance Grants***

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

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

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application (see Section VIII.B.4.), and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006.

## **B. Housing Development**

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

It is likely that a number of financial and technical resources will be required to produce affordable units in Grafton. Unlike more than 100 other communities in Massachusetts, Grafton has not approved the Community Preservation Act and does not have this funding available to support affordable housing. If CPA funds do not become available in the future, the Town will have to rely on other existing resources to make affordable housing development feasible.

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.

It is also important to note that state funding for housing is extremely competitive, and those communities with Executive Order 418 Housing Certification (see Section I.C. above for details) will have a competitive edge over those that do not.



## ***1. HOME Program***

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

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

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income, or \$56,700 for a family of four, 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 (\$42,500 for a family of four), 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 (\$35,450 for a family of four). In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

Because Grafton 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 Grafton of a steady flow of this flexible funding source, however, at this time there are no consortiums operating in North Central Massachusetts and needs to apply directly to DHCD for this funding.

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

## ***2. Community Development Block Grant Program (CDBG)***

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

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through

Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

The program that potentially has the greatest applicability in Grafton is the **Housing Development Support Program (HDSP)** that provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There are no per unit maximums or recommended maximum total development costs. Funding is distributed through Notices of Funding Availability that occur once or twice a year. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high “statistical community-wide needs”, however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent years. This may be the best source of CDBG funding for Grafton besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

### **3. *Housing Stabilization Fund (HSF)***

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

### **4. *Low Income Housing Tax Credit Program***

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

of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

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

#### **5. *Affordable Housing Trust Fund***

The state administers the Affordable Housing Trust Fund Program that can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. The Fund is sited within DHCD but is managed by the MassHousing with guidance from a 15-member advisory committee. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

#### **6. *Housing Innovations Fund (HIF)***

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

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

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects

targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

#### **8. *MHP Permanent Rental Financing Program***

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

#### **9. *OneSource Program***

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

#### **10. *Section 8 Rental Assistance***

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program 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.

#### ***11. Massachusetts Preservation Projects Fund***

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to \$30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from \$7,500 to \$100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but there are no future rounds authorized at this time.

#### ***12. District Improvement Financing Program (DIF)***

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

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

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

## **B. Homebuyer Financing and Counseling**

### **1. *Soft Second Loan Program***

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

### **2. *American Dream Downpayment Assistance Program***

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the Soft Second Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

### **3. *Homebuyer Counseling***

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

## **C. Home Improvement Financing**

### **1. *MassHousing Home Improvement Loan Program (HLP)***

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

### **2. *Get the Lead Out Program***

MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$ 74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan (Framingham and Worcester both have agencies that are involved in the Program).

### **3. *Septic Repair Program***

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