Town of Grafton, Massachusetts

HOUSING PRODUCTION PLAN

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TOWN OF GRAFTON
HOUSING PRODUCTION PLAN

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Section I
EXECUTIVE SUMMARY

A. Introduction

While slowing down somewhat since 2010, Grafton had been among the fastest growing communities in the Commonwealth, putting significant pressures on local services and the housing market. Between 1960 and 1990 for example, the population increased by 46% or 4,092 residents to a population of 13,035. From 1990 through 2010, the town added another 4,730 residents, growing to 17,765, or by another 36%. Regional growth has been primarily due to persons migrating from the southern or eastern parts of the state, where housing costs are significantly higher, in search of more affordability. This growth has made it more difficult for existing residents or those who were raised in the community to find or retain affordable living options locally.

Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Grafton had 7,160 year-round housing units (a sizable increase from the pre-2010 level of 5,820 units), of which 365 can be counted as affordable, representing an affordability level of 5.1% (down from the 5.27% level before 2010 due to housing growth). Grafton is therefore vulnerable to losing control over housing development through Chapter 40B comprehensive permit applications.

While the Town currently has 365 SHI units, it will likely need another 400 units to get to the 10% state affordability goal after the 2020 census figures are released. This is an ambitious undertaking, but the development opportunities listed in Table III-24 will likely help get the Town close if not beyond this level within the next decade, assuming that recent zoning results in significant new development and affordable rental projects are a substantial component of the Chapter 40R development and all units can count as affordable.

Based on previous Plans, including the Housing Trust's recent Housing Action Plan and recent zoning, this Housing Production 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 and pointing towards a substantial affordable housing pipeline that are needed in the community. Due to the remaining high costs of homeownership, many residents are finding it increasingly difficult to afford to remain in Grafton. Children who grew up in the town continue to face the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, find themselves less able to maintain their homes and keep up with increased taxes, insurance and utility bills but unable to find alternative housing that better meets their current life styles. Town employees and employees of local businesses are increasingly hard-pressed to find housing that is affordable in Grafton and those with disabilities find it difficult to locate housing that meets their special needs. More housing options are required to address these local needs and produce Grafton's fair share of regional needs.

B. Affordable Housing Mission and Goals

The Town of Grafton established the Grafton Affordable Housing Trust per Massachusetts General Laws Chapter 44, Section 55C in May 2007 through a Warrant Article "to provide for the creation of affordable housing in the Town of Grafton for the benefit of low and moderate income households"[1] and recently updated its mission as follows:

[1] Difference programs and entities define the terms "low" and "moderate" income in various ways. This documents uses these terms in conformance with Community Preservation Act definitions (ie., low-income households are those earning at or below 80% of Area Median Income (AMI) and moderate-income households earn at or less than 100% AMI).

To actively foster the creation of affordable housing that will help Grafton reach the state's 40B goal and to preserve existing affordable units that are included on the state's Subsidized Housing Inventory to ensure continued affordability for as long as possible.

In addition, the Trustees will nurture greater community understanding of housing needs and support for local affordable housing initiatives.

Grafton has a history of planning for affordable housing including a Housing Production Plan prepared in 2006, updated in 2013, and the Housing Trust's Housing Action Plan created in 2017 to guide housing actions from Fiscal Years (FY) 2017 through 2021. The Action Plan revisited the Housing Trust's mission, goals, priority initiatives and budget and was instrumental in guiding key elements of this updated Housing Production Plan.

The Housing Trust's five-year goals respond strategically to Grafton's housing needs, the Trust's accomplishments to date, and the directions provided through the community workshop and follow-up discussions with the Trustees conducted as part of preparing the Housing Action Plan. These goals include:

GOAL 1
Fund development of housing units that help address local housing needs including units that are eligible for the Subsidized Housing Inventory to help reach the state's Chapter 40B affordable housing goal.

GOAL 2
Utilize Trust funds wisely to maximize leveraging and regeneration of funds to expand the impact and longevity of the Trust funds and maximize the creation of affordable housing units.

GOAL 3
Prioritize funds to help develop affordable rental units to address Grafton's most critical local housing need, particularly units that are affordable to households with extremely-low income (less than 30% AMI) and very-low income (between 30% and 50% AMI).

GOAL 4
Preserve the long-term affordability of existing affordable housing units at risk due to resale, outdated deed riders, or expiring affordability terms.

GOAL 5
Create affordable homeownership opportunities for low-income first-time homebuyers through development or direct assistance.

GOAL 6
Support creation of affordable and accessible housing units to help address needs of elderly and disabled households.

GOAL 7
Actively further the public understanding of affordable housing needs and community benefits and advocate for local affordable housing development and initiatives.

C. Summary of Housing Needs Assessment

This Housing Production Plan includes a Housing Needs Assessment that presents an overview of the current housing situation in the town of Grafton, providing the context for developing a responsive set of strategies to address housing needs and meet production goals. Key findings in regard to household characteristics, housing characteristics, and housing costs and affordability in Grafton are highlighted below.

Household Characteristics[2]

Demographic Trends

- *Population growth is slowing*. While population growth was substantial prior to 2010, it has slowed since 2010.
- *Population projections suggest continued growth* by 18% from 2010 to 2030 for a total population of 20,970 according to the Central Massachusetts Regional Planning Commission (CMRPC).
- *Minority residents are steadily increasing* from 0.5% of all residents in 1980 to 11.4% by 2010, and almost 17% in 2016.
- *Smaller, non-family households*[3] *are becoming a more significant part of Grafton*, representing 31% of the number of households in 2010 and 30% in 2016 as opposed to 21% in 1980.
- *10.6% of all households were 65 years or older and living alone* according to 2016 census estimates.
- There has been a *big increase in middle-aged residents* as those in the 45 to 64-age range increased from 21.2% of all residents in 1980 to 31.3% by 2010, and 30.2% in 2016.
- *Those* 65 years of age or older doubled in number between 1980 and 2016, significantly more than the 63% population growth for the period. Population projections indicate significant growth in this age group through 2030.
- *Children under 18 years of age decreased* from 28.8% of all residents in 1980 to 25.6% by 2010, and 24% in 2016 but still increased in actual numbers putting pressures on the capacity of local schools. School enrollment projections suggest some decreases in school enrollment however.

Economic Trends

- *Grafton is becoming increasingly affluent*. The median household income in 2016 was $96,277, up from the 1999 median income of $56,020 and well above the 2016 median income for Worcester County of $67,005.
- There were *substantial increases in the numbers of households earning more than $100,000* from 20 in 1979 to almost half of all residents by 2010 and 2016 – well over what would be expected under normal inflationary trends.
- Despite increasing wealth, *there still remains a significant population living in Grafton with very limited means*. There were 893 households with incomes of less than $25,000 and an additional 387 households earning between $25,000 and $35,000 based on 2016 census estimates. *These numbers are considerably greater than the Town's current supply of state-defined affordable housing of 365 units.*
- *About 30% of Grafton's households, or approximately 2,000 households, would likely qualify for housing assistance* as their incomes were at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) as $61,200 for a family of three.[4]
- While poverty levels are relatively low, at 5.6% of all residents, *the number of families, children and seniors living in poverty has been growing.*

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[2] This data is largely based on census information that does not measure all factors contributing to a household's economic capacity, such as financial assets, but provide some means for evaluating need.

[3] Non-family households are described by the US Census Bureau as single individuals or unrelated household members.

[4] 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.

- *While declining somewhat, 9% of residents claimed a disability*, still representing significant special needs within the Grafton community.

Housing Characteristics

- As with population growth, *there was a significant increase in the Town's housing stock through 2010 with some slowdown after that.*
- *Most of Grafton's housing is owner-occupied.* Out of total housing units in 2010, 75% were owner-occupied, down somewhat to 72% according to 2016 census estimates.
- While 544 rental units have been added to the housing stock since 1980*, the percentage of rental units has declined from 30.6% in 1980 to 25.0% in 2010 and then up somewhat to 27.7% by 2016.*
- *Almost three-quarters of the housing stock were single-family detached or attached homes*.
- *The average*-sized *home is getting larger* with the median number of rooms increasing from 5.9 rooms in 2000 to 6.4 in 2016.
- *The level of housing vacancy is very low.* The 2016 census estimates indicated a vacancy rate of 0.4% of the owner-occupied housing stock and 3.2% of renter-occupied units. 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.

Housing Costs and Affordability

Homeownership

- *30% of all Grafton households were living in housing that was by common definition beyond their means and unaffordable.*
- *62% of those earning at or below 80% median family income (MFI) were spending too much for housing*, *including one-third who were spending more than half of their income on housing, up from one-quarter a few years ago.*
- To afford the median single-family home price of $390,400, a household would have to earn approximately $108,202 if they were able to access 95% financing. Based on 80% financing with a 20% down payment, a somewhat lower income of about $92,470 would be required, but the upfront costs would be considerable.[5]
- Assessor's data shows that Grafton had 4,447 single-family properties with *only 127 such units valued below $200,000*. One-third of the units were assessed between $200,000 and $300,000, still relatively affordable. Another 15% were assessed from $300,000 to $350,000.
- To afford the *median condo price of $299,000 requires an income of approximately $94,000 with 5% down and $79,000 with a 20% down payment*.
- There were 1,294 condominiums counted in Assessor's records, or about 17% of all housing units. The *condos were valued more affordably on a whole than the single-family homes with 45 units assessed below $100,000 and 41% assessed between $100,000 and $200,000*.
- There were *382 single-family homes and 564 condos that were estimated to be affordable to those earning at or below 80% of the area median income (AMI)*, most that were likely to need some property improvements.
- The *affordability gap* for those earning at 80% of area median income is approximately $132,000 for *single-family homes*, the difference between the median-priced, single-family home ($390,000) and

[5] Figures conservatively based on interest of 4.5%, 30-year term, annual property tax rate of $16.40 per thousand (2018), insurance costs of $6 per thousand for single-family and two-family homes and $4 per thousand for condos, private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, estimated monthly condo fees of $250, and rental income of 75% of $1,000 or $750. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the state's ONE Mortgage Program or other subsidized mortgage program that would not require PMI.

what a three-person household earning at this income level can afford ($250,000), based on 80% financing, and a gap of about $162,000 with 95% financing.

- *The affordability gap for condos* for households earning at 80% of median income is $102,500 based on 95% financing. In both cases, the upfront costs of the down payment and closing costs add considerably to the affordability gap.

Rentals

- The 2016 census estimates indicate a median gross rental of $1,069, up 21% from the 2010 median of $882, and requiring an income of an estimated $50,600, including approximate monthly utility costs of $200. *This median rent is not affordable to about 28% of all Grafton households*.[6]
- Like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically higher. The lowest Internet listed price was $900 for a small one-bedroom apartment with two-bedrooms generally renting for over $1,300.
- *Apartments also likely require significant amounts of up-front cash* including first and last month's rent and a security deposit, which has a significant impact on affordability.

Priority Housing Needs

These characteristics and trends suggest the following priority housing needs as adopted by previous Housing Production Plans and the Housing Trust's recent Housing Action Plan:

- Affordable rental housing
- Assistance for first-time homeowners
- Greater handicapped accessibility and supportive services for the disabled and an increasingly aging population
- Support for lower income owners with pressing home repair problems.

D. Summary of Housing Production Goals

The state oversees Housing Production regulations that enable cities and towns to adopt an affordable housing plan that demonstrates production of 0.50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory. Grafton now has to produce 36 affordable units annually to meet these production goals which will likely increase to an estimated 39 units when the 2020 census figures are released in 2021 or 2022.[7]

Under Housing Production requirements, if the state certifies that the locality has complied with its production goals, based on 0.5% or 1.0% of its year-round units, the Town may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications for a period of a year or two years, respectively.[8]

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[6] This is premised on households spending no more than 30% of their income on housing costs.

[7] The 36-unit figure is derived by taking 0.5% of Grafton's year-round housing stock (total housing units minus seasonal or occasional units) based on 2010 census data. The 39-unit figure estimates housing growth.

[8] If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

Using the strategies summarized in Section VI, the Town of Grafton has developed a Housing Production Program to chart affordable housing production activity over the next five (5) years. 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. Production goals include the creation of an estimated 253 affordable units.

E. Summary of Housing Strategies

The strategies outlined below are based on previous Plans (2001 Comprehensive Plan, 2006 Affordable Housing Plan, 2013 Housing Production Plan, Grafton's Economic Development Self-Assessment Plan, Worcester Street Village Study, North Grafton Transit Village Strategic Plan, and the Housing Trust's recent Housing Action Plan), the Housing Needs Assessment, community input, prior local housing efforts, and the experience of other comparable localities in the region and throughout the Commonwealth. A summary of these strategies is included in Table 1-1.

The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.[9]

It is also important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels. Moreover, the proposed actions present opportunities to judiciously invest limited Community Preservation funding and the Housing Trust Fund to build local capacity, enhance community education and outreach, subsidize actual unit production that leverages other necessary resources, and improves the existing housing stock.

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

Table 1-1: Summary of Housing Strategies

Strategies	Timeframe for Implementation	# Affordable Units	Total Units	Responsible Entity
A. Housing Production Strategies				
1. Foster the development of Town-owned land available for affordable housing	Years 1-3 for 1st project (Hudson Ave.) Years 4-5 for 2nd project	86		Board of Selectmen/Housing Trust
2. Review 40B proposals	Ongoing	53		Housing Trust
3. Pursue mixed-use and transit-oriented development	Year 1	76		Planning Board
4. Support small scattered-site development	Year 3	32		Housing Trust, Planning Board, ZBA
5. Create a Homebuyer Assistance Program	Year 4	6		Housing Trust
B. Operating and Outreach Strategies				
1. Conduct outreach and advocacy for affordable housing	Ongoing	*		Housing Trust
2. Establish funding thresholds and underwriting criteria	Ongoing	*		Housing Trust
3. Conduct annual audits of Housing Trust Fund	Ongoing	*		Housing Trust
4. Establish Housing Trust subcommittees	Ongoing	*		Housing Trust
5. Hold biannual strategic planning meetings	Ongoing	*		Housing Trust
C. Zoning/Land Use Strategies				
1. Adopt Worcester Street Village zoning	Year 1	See strategy A.3		Planning Board
2. Amend the flexible development bylaw	Year 2	See strategy A.4		Planning Board
3. Allow development on nonconforming lots	Year 4	See strategy A.4		Planning Board

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

Section II
INTRODUCTION

A. Background and Purpose of the Project

Grafton is a town of about 18,000 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 began 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. Manufacturing continued to prosper until the early 20th century. Since that time, the town has developed into a predominantly suburban town located just outside of 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. Additionally, the Massachusetts Bay Transit Authority (MBTA) 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 significant population growth and are threatening to change Grafton's small town character. *Planning to guide new development is becoming more crucial as the town continues to grow, including efforts to promote affordable housing to help the town maintain important social and economic diversity.*

In 2005, the Board of Selectmen established the Grafton Affordable Housing Committee to oversee the preparation of an Affordable Housing Plan that would meet the requirements of 760 CMR 31.07 (1)(i) under the state's Planned Production Program. This program would enable the town to deny inappropriate Chapter 40B comprehensive permit applications by meeting specific production requirements. The Affordable Housing Committee was replaced by the Grafton Affordable Housing Trust in 2007, and in 2013 the Housing Trust completed an update of the 2006 Affordable Housing Plan that had expired, insuring that it met new requirements under the state's Housing Production regulations of Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

As the 2013 five-year Plan is due to expire In July 2018, the Grafton Affordable Housing Trust has prepared this update based on current information on demographic shifts and housing market conditions as well as a Housing Action Plan that was prepared in 2017. The Housing Trust conducted a public hearing on April 3, 2018, and subsequently the Planning Board and Board of Selectmen approved this Housing Production Plan for submission to DHCD.

B. 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 housing costs, for rentals or homeownership, are not more than 30% of gross income. If households are paying more, they are described as experiencing housing

affordability problems; and if they are paying 50% or more for housing, they have severe cost burdens (see Table III-22 for details on these costs 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 (AMI) as defined by the U.S. Department of Housing and Urban Development ($23,150 for a family of three in the Worcester area) and very low-income is defined as households earning less than 50% AMI (a limit of $38,600 for a family of three). Sometimes 60% AMI is used for particular low-income programs ($46,320 for a three-person household). Low-income generally refers to the range between 51% and 80% AMI (up to $61,200 for a family of three at the 80% level). These income levels are summarized in Table II-1.

Table II-1: 2017 INCOME LEVELS FOR AFFORDABLE HOUSING IN THE WORCESTER AREA

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income	100% of Area Median Income*
1	$18,000	$30,000	$47,600	$59,990
2	20,600	34,300	54,400	68,560
3	23,150	38,600	61,200	77,130
4	25,700	42,850	68,000	85,700
5	27,800	46,300	73,450	92,556
6	29,850	49,750	78,900	99,412
7	31,900	53,150	84,350	106,268
8	33,950	56,600	89,800	113,124

Figures provided by HUD for Worcester, MA HUD Metro FMR Area
*100% AMI figures are based on those provided by the Community Preservation Coalition

Many state-supported housing assistance programs are targeted to households earning at or below 80% of area median income, and others are directed to lower income thresholds. In general, programs that subsidize rental units are targeted to households earning within 60% AMI, some with requirements of reaching the below 30% AMI. However, first-time homebuyer programs typically apply income limits of up to 80% AMI. The state's Community Preservation Act allows resources to be directed to those within a somewhat higher income threshold – 100% AMI – as shown in Table II-1. These units are often referred to as "community housing" units but cannot count as part of the Subsidized Housing Inventory (SHI) or annual housing production goals as units must be directed to those earning at or below 80% AMI.

In counting a community's progress toward the 10% threshold, the state counts a housing unit as affordable if it is subsidized by local, state or federal programs that support low- and moderate-income households at or below 80% AMI under Chapter 774 of the Acts of 1969, which established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B). As mentioned earlier, Grafton has 365 units defined as affordable by the state, representing 5.1% of the town's year-round housing units.

Section III
HOUSING NEEDS ASSESSMENT

As housing values continue to rise, 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 unable to 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. High 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. 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 has been developed to address housing needs and meet production goals.

A. Demographic and Economic Profile

It is important to closely examine social and economic characteristics, particularly past and future trends, in order to understand the composition of the population and how it relates to current and future housing needs.

1. Population Growth – Slowdown in growth

Grafton had been among the fastest growing communities in the Commonwealth which put significant pressures on local services and the housing market. This growth has been slowing down as indicated in Table III-1. Between 1960 and 1990 for example, the population increased by 46% or by 4,092 residents and then through 2010 grew by another 36% adding 4,730 residents. The 2016 census estimates indicate that the town had a total population of 18,330, representing a gain of only 565 residents since 2010 or a 3.2% increase. Town records counted 18,043 residents as of December 1, 2011, and then reported that the population was down somewhat to 17,916 as of April 2, 2013, close to 2010 levels, and up to 18,023 by December 1, 2017. These Town census figures have been consistently lower than U.S. Census figures.

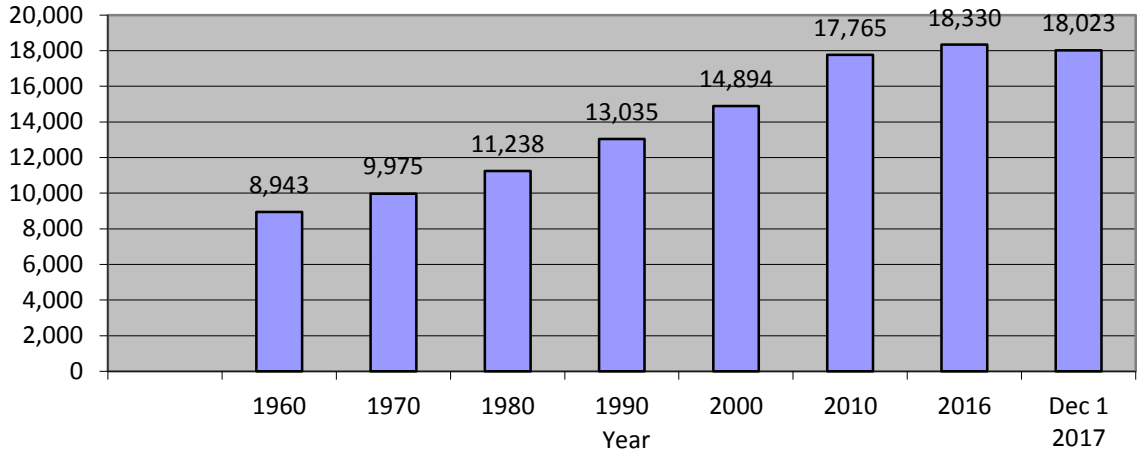
Table III-1: Population Change
1960-2017

Year	Population	Change in Number of Residents	Percent Change
1960	8,943*	--	--
1970	9,975*	1,032	11.5
1980	11,238	1,263	12.7
1990	13,035	1,797	16.0
2000	14,894	1,859	14.3
2010	17,765	2,871	19.3
2016	18,330	565	3.2
12-1-2017	18,023	-307	-1.7

Source: U.S. Census Bureau and Town Records
* 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 Figure III-1, showing steady growth through 2010 and relative stability after that.

Figure III-1: Population Change 1960 to 12-1-2017



Population projections suggest growth by another 18% from 2010 to 2030 for a total population of 20,970 according to the Central Massachusetts Regional Planning Commission (CMRPC). Projections provided by the Metropolitan Area Planning Council (MAPC) indicate a higher increase to 23,146 for a growth rate of 30% with the State Data Center at the Donahue Institute of the University of Massachusetts projecting population growth in between these figures to 22,380 residents by 2030 or a 26% rate of growth since 2010.

It should be noted that the southeast sub region of Central Massachusetts, which includes Grafton,[10] has largely experienced greater population growth in comparison to other parts of the region largely due to its relatively proximity and easy access to several large population and jobs center (Worcester, Boston, and Providence). This sub region was the only one that did not lose jobs in the last decade or so with growth expected to continue at a modest rate according to CMRPC. Nevertheless, given limited recent growth, it appears that the CMRPC figures may be more realistic than MAPC and the State Data Center projections.

2. Racial Composition – Substantial increases in minority residents

As indicated in Table III-2, the population has remained predominately White but minority residents have been steadily increasing in number from 55 residents in 1980, or only 0.5% of the population, to 2,017 or 11.4% by 2010, and then up to 3,102 residents and almost 17% of all residents based on 2016 census estimates. About 42% of the 2016 minority population (1,312 residents) identified themselves as Asian, down from two-thirds in 2010. Another 26% claimed Black or African-American heritage (821 residents) and 28% claimed they were of two or more races (858 residents). Census estimates also suggest that 34% of the population claimed Hispanic or Latino descent (1,058 residents), two-thirds from Puerto Rico.

[10] Other towns in the subregion include Blackstone, Douglas, Hopedale, Mendon, Millbury, Millville, Northbridge, Sutton, Upton and Uxbridge.

Table III-2: Demographic Characteristics
1980-2016

	1980		1990		2000		2010		2016	
	#	%	#	%	#	%	#	%	#	%
Total Population	11,238	100.0	13,035	100.0	14,894	100.0	17,765	100.0	18,330	100.0
Minority Pop*	55	0.5	363	2.8	608	4.1	2,017	11.4	3,102	16.9
Total Households	3,881	100.0	4,799	100.0	5,694	100.0	6,892	100.0	6,807	100.0
Family Households**	3,055	78.7	3,533	73.6	3,952	69.4	4,736	68.7	4,747	69.7
Non-family Households**	826	21.3	1,266	26.4	1,742	30.6	2,156	31.3	2,060	30.3
Average Household Size	2.90 persons		2.64 persons		2.54 persons		2.56 persons		2.67 persons	

Sources: 1980, 1990, 2000 and 2010 U.S. Census Bureau and 2012-2016 American Community Survey 5-Year Estimates
*All non-White classifications
** Percent of all households

3. Household Composition – Increases in smaller, non-family households

Table III-2 shows that non-family households are becoming a more significant part of Grafton, representing 30.3% of the number of households, down from 31.3% in 2010 but up significantly from only 21.3% in 1980.[11] While family households increased by 1,692 households from 1980 to 2016, they decreased as a proportion of all households from 78.7% to 69.7%. The average number of persons per household also declined significantly from 2.9 persons in 1980 to 2.56 in 2010, then up a bit to 2.67 persons according to 2016 census estimates. This general shift to smaller households is also occurring throughout the region, state and nation. It should also be noted that 1,563 householders lived alone, including 721 age 65 or over who represented 10.6% of all households.

4. Age Distribution – Significant increases of middle-age residents with declines in younger residents relative to population growth

As presented in Table III-3, there have been significant shifts in Grafton's age distribution over time. *Those in the 45 to 54-age range increased substantially and continually*, from 10.2% of all residents in 1980 to 16.8% by 2010 and then up to 18.2% in 2016, representing a gain of 2,194 residents or almost 200% in contrast to total population growth of 63% during this period.

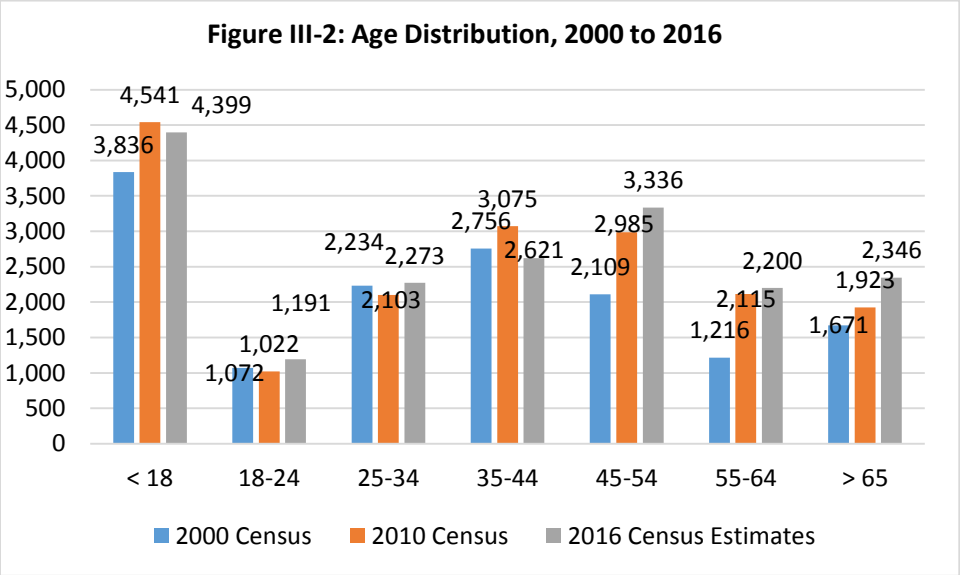
There have been *significant fluctuations in the age distribution of those older adults age 55 and over* during the past few decades. For example, the population of those age 55 to 64 decreased from 11.0% in 1980 to 7.8% by 1990, and then increased to 11.9% and 12.0% in 2010 and 2016, respectively. Those 65 years and older represented 10.2% of the population in 1980 grew to 12.0% in 1990, and then declined to 10.8% by 2010 prior to a notable increase to 12.8% by 2016, also doubling in number, once again significantly more than total population growth.

[11] Non-family households are defined by the U.S. Census Bureau as households including single individuals or unrelated members.

Table III-3: Age Distribution
1980-2016

Age Range	1980		1990		2000		2010		2016*	
	#	%	#	%	#	%	#	%	#	%
Under 5 Years	821	7.3	909	7.0	1,086	7.3	1,203	6.8	1,026	5.6
5 – 17 Years	2,410	21.4	2,239	17.2	2,750	18.5	3,338	18.8	3,373	18.4
18 – 24 Years	1,159	10.3	1,30	10.0	1,072	7.2	1,022	5.8	1,191	6.5
25 – 34 Year	2,003	17.8			2,234	15.0	2,103	11.8	2,273	12.4
35 – 44 Years	1,319	11.7	4,649	35.7	2,756	18.5	3,075	17.3	2,621	14.3
45 – 54 Years	1,142	10.2	1,354	10.4	2,109	14.2	2,985	16.8	3,336	18.2
55 – 64 Years	1,234	11.0	1,011	7.8	1,216	8.2	2,115	11.9	2,200	12.0
65 – 74 Years	706	6.3	998	7.7	860	5.8	1,063	6.0	1,393	7.6
75 – 84 Years	306	2.7	427	3.3	664	4.5	591	3.3	678	3.7
85 Years +	138	1.2	139	1.1	147	1.0	269	1.5	275	1.5
Total	11,238	100.0	13,035	100.0	14,894	100.0	17,765	100.0	18,330	100.0
Population <18	3,231	28.8	3,148	24.2	3,836	25.8	4,541	25.6	4,399	24.0
Population 65+	1,150	10.2	1,564	12.0	1,671	11.2	1,923	10.8	2,346	12.8
Median Age	--		--		35.9 years		39.2 years		41.3 years	

Source: 1980, 1990, 2000 and 2010 U.S. Census Bureau decennial figures; 2016 figures are from the American Community Survey 5-Year Estimates, 2012-2016
*2016 census estimates provide only percentages and there will be some rounding errors



On the other hand, *children under 18 years of age decreased in proportion to total population*, from 28.8% of the population in 1980 to 25.6% by 2010 and 24.0% in 2016. However, this population still increased in actual numbers growing by 36% compared to a total population increase of 63%. For example, the school-age population of those between five and 17 years increased between 1980 and 2010 by 928 students or 38.5%, from 2,410 to 3,338 residents, following a decline to 2,239 students in 1990. The 2016 census estimates suggest a gain of only 35 residents in this age range since 2010. The Town has recently built a new high school that with some reallocation of students to various facilities throughout the school system will eliminate previous overcrowding.

Another *proportionately declining population group includes young adults entering the job ranks and beginning their families*. For example, the numbers of those age 25 to 34 years old decreased from 17.8% of all residents in 1980 to 12.4% by 2016, representing a net gain of only 270 residents and growth rate of just 13.5%.

The Metropolitan Area Planning Council (MAPC) and State Data Center at the University of Massachusetts' Donahue Institute also prepare population projection with breakdowns in the age distribution as summarized in Table III-4. While the MAPC estimates suggest even higher overall growth than the State Data Center projections, they both indicate substantial growth in those 65 years of age or older, from a level of 10.8% in 2010 and 12.8% of all residents based on 2016 census estimates to 18.1% and 20.3% for the MAPC and State Data Census, respectively. Both also project substantial decreases in middle-age categories of age 35 to 64. This decrease is likely in the older end of this age range as the large 45 to 64 cohort that we see in the 2010 and 2016 census figures ages into retirement.

Both projections also suggest some modest gains in the number of those 20 to 34 years old but with minor proportional losses. As to residents under age 20, the MAPC projections also estimate small increases in the numbers and proportion of these residents while the State Data Center figures indicate more substantial declines, from 27.3% of the population in 2010 to 22.2% by 2030.

Table III-4: Age Distribution, 2010 Census and MAPC and State Data Center Projections, 2030

Age Range	2010 Census		MAPC		State Data Center	
	#	%	#	%	#	%
Under 5 Years	1,203	6.8	1,464	6.3	1,153	5.2
5 – 19 Years	3,642	20.5	4,526	19.6	3,815	17.0
20 – 34 Years	2,822	15.9	3,377	14.6	3,414	15.3
35 – 64 Years	10,278	57.9	9,593	41.4	9,462	42.3
65 + Years	1,923	10.8	4,186	18.1	4,536	20.3
Total	17,765	100.0	23,146	100.0	22,380	100.0

Sources: 2010 U.S. Census Bureau decennial figures; MAPC Housing Portal, and University of Massachusetts, Donahue Institute, State Data Center.

5. Income Distribution – Greater affluence but many still are living under very limited financial means

Grafton households are on average becoming significantly more affluent as shown in Table III-5. The median income of all households was $91,743 in 2010, up 63.8% from the 1999 median income of $56,020 and more than four (4) times the median income in 1979 of $21,577. The 2016 census estimates suggest an increase in median household income to $96,277 which represented an increase of 346% since 1979 that is significantly higher than the rate of inflation during this period of 226% based on changes in the Consumer Price Index (CPI). Additionally, the proportion of those earning more than $150,000 increased as well from 6.8% in 2000 to 23.9% and 25.4% in 2010 and 2016, respectively.

The income distribution for those households that include children – families – is somewhat higher with a median family income in 2010 and 2016 of $110,926 and $125,071, respectively. On the other hand, the median income of non-family households, composed of single individuals and unrelated members, was about half of the median for families in 2010, at $52,500, and then down to $44,888 according to 2016 census estimates.

Table III-5: Income Distribution by Household 1979-2016

Income Range	1979		1989		1999		2010		2016	
	#	%	#	%	#	%	#	%	#	%
Under $10,000	735	18.9	354	7.4	299	5.3	143	2.3	283	4.2
10,000-24,999	1,656	42.7	826	17.2	792	13.9	435	7.0	610	9.0
25,000-34,999	907	23.4	563	11.7	517	9.1	417	6.7	387	5.7
35,000-49,999	432	11.1	1,213	25.3	822	14.5	653	10.5	564	8.3
50,000-74,999	131	3.4	1,244	25.9	1,253	22.0	871	14.0	916	13.5
75,000-99,999	20	0.5	382	8.0	915	16.1	834	13.4	763	11.2
100,000-149,999			135	2.8	699	12.3	1,388	22.3	1,554	22.8
150,000 or more			81	1.7	387	6.8	1,487	23.9	1,,730	25.4
Total	3,881	100.0	4,798	100.0	5,684	100.0	6,228	100.0	6,807	100.0
Median Household Income	$21,577		$42,310		$56,020		$91,743		$96,277	

Source: 1980, 1990, and 2000 U.S. Census Bureau (Summary File 3) and 2010 and 2016 American Community Survey

There were substantial overall decreases in the numbers of households in all income ranges below $35,000 from 1979 to 2016 despite a 63% increase in total population, and the proportion of those earning below this level declined from 85% of all households in 1979 to 16% by 2010 and then up somewhat to 18.9% according to 2016 census estimates.

Despite these declines in lower-income households, there still remains a population living in Grafton with very limited financial means. An estimated 893 households or 13.2% had incomes of less than $25,000, representing extremely low-income levels, most with incomes at or below 30% of area median income. Another 387 households had incomes of between $25,000 and $34,999, representing 5.7% of all households, many within income limits that 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 1,280 or 19% of all households in 2016, not an insignificant number given the increasingly general affluence of the community. *Additionally, 30% of Grafton's households, about 2,000 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) as $61,200 for a family of three in the Worcester area (see Tables II-1 and III-22).*[12]

These income levels compared to those for Worcester County are offered Table III-6 and indicate that residents of Grafton are on average more affluent than the County as a whole. For example, the percentage of those earning less than $35,000 in Worcester County was 19.4% compared to Grafton at 13.2% based on 2016 census estimates. On the other end of the income range, those earning above the $100,000 threshold included approximately one-third of households in Worcester County in comparison to almost half in Grafton. Grafton's median income was also substantially higher at $96,277 versus $67,005 for the County.

[12] 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.

Table III-6: Income Distribution by Household: Worcester County vs. Grafton 2010 and 2016

Income Range	Grafton				Worcester County			
	2010		2016		2010		2016	
	#	#	#	%	#	%	#	%
Under $10,000	143	2.3	283	4.2	18,192	6.1	16,584	5.5
10,000-24,999	435	7.0	610	9.0	46,261	15.6	42,065	13.9
25,000-34,999	417	6.7	387	5.7	23,231	7.8	24,865	8.2
35,000-49,999	653	10.5	564	8.3	36,866	12.4	32,388	10.7
50,000-74,999	871	14.0	916	13.5	51,403	17.3	49,837	16.5
75,000-99,999	834	13.4	763	11.2	42,703	14.4	39,302	13.0
100,000-149,999	1,388	22.3	1,554	22.8	46,580	15.7	53,164	17.6
150,000 or more	1,487	23.9	1,,730	25.4	31,059	10.5	44,589	14.7
Total	6,228	100.0	6,807	100.0	296,295	100.0	302,794	100.0
Median income	$91,743		$96,277		$61,212		$67,005	

Sources: 2006-2010 and 2012-2016 American Community Survey, U.S. Census Bureau

6. Poverty – Low levels but increasing for families, children and seniors

Table III-7 presents changes in the numbers of residents living in poverty from 1979 to 2016, demonstrating increases in poverty rates for some segments of the population. The 2016 census estimates indicate that while the absolute numbers of individuals with incomes below the poverty level[13] decreased between 2010 and 2016, from 6.5% to 5.6% residents, the number and percentage of families living in poverty grew from 2.5% to 3.7% or from 118 to 176 such households. Related to this increase in poverty among families is the increase in the number of children, from 4.7% to 5.3% of those under age 18. Another concerning trend is the increase in older residents who are living in poverty, doubling in number from 2010 to 2016 to 233 residents 65 years of age or older.

Table III-7: Poverty Status 1979-2016

	1979		1989		1999		2010		2016	
	#	%	#	%	#	%	#	%	#	%
Individuals*	602	4.0	643	5.0	828	5.6	1,156	6.5	1,026	5.6
Families**	125	3.2	70	2.0	89	2.3	118	2.5	176	3.7
Related Children Under 18 Years***	54	1.4	105	3.3	56	1.6	213	4.7	233	5.3
Individuals 65 and Over****	127	7.6	108	6.9	98	6.1	113	5.9	230	9.8

Source: 1980, 1990, and 2000 U.S. Census Bureau (Summary File 3) and 2006-2010 and 2012-2016 American Community Survey
*Percentage of total population
**Percentage of all families
***Percentage of all children under 18 years
****Percentage of all individuals age 65+

While these levels of poverty are low in comparison to the county and state, both at 11.4% of all residents, respectively, they nevertheless demonstrate a concerning trend. As housing prices continue to rise, more of these residents will struggle to remain in the community. This data should also be viewed in light of the town's Subsidized Housing Inventory that included 365 subsidized housing units, the total of which is insufficient to cover the housing affordability issues likely confronting this very vulnerable population.

[13] The federal poverty levels for 2018 were $12,140 for a single individual and $20,780 for a family of three (3).

7. Education – Increasing educational attainment and some projected declines in future school enrollments

The educational attainment of Grafton residents has largely improved over the years. In 2010, estimates suggest that 95.5% of those 25 years and older had a high school diploma or higher, and 54.3% had a Bachelor's degree or higher, double the 1990 figure of 24% with a college degree and higher. The 2016 census estimates indicate modestly higher attainment in the percent of those with a high school degree or higher, at 95.7%, but some decrease in those with a bachelor's degree or higher at 50.5%.

Those enrolled in school (nursery through graduate school) totaled 4,960 or 27.9% of the population in 2010 and then decreased to 4,779 or by 181 students by 2016 according to 2016 census estimates. Students enrolled in kindergarten through high school totaled 3,501 or about one-fifth of the population in 2010 and then also dipped to 3,312 by 2016.

Grafton's Public School Department enrollment figures show increases in school enrollments with the number of students (pre-K through grade 12) increasing from 2,675 during the 2000-2001 school year to 2,905 by 2011-2012, and then up to 3,189 in the 2016-2017 school year, representing an overall increase of 19%. This is somewhat lower than the population growth rate of 23% during the same period as well as the growth of those 5 to 17 years old of 23% as well from 2,750 residents in 2000 to 3,373 by 2016 according to census figures.

Pubic School enrollment projections from the New England School Development Council, prepared in December of 2015, suggest some decreases in the pre-kindergarten through high school enrollments to 3,182 students by 2020.

8. Disability Status – Decreasing but still significant special needs

Of the population under 18 years old, 128 or 2.9% had some disability and of the population age 21 to 64, 843 or 7.3% claimed a disability. In regard to the population 65 years of age or older, 689 or 29.5% claimed some type of disability. Consequently, a total of 1,660 residents, or about 9% of all residents claimed a disability. These levels of disability are down significantly from those reported by the census in 2010 when a total of 2,212 residents or about 12% of all residents claimed a disability. Nevertheless, these levels of disability still represent significant special needs within the Grafton community.

9. Employment – Expanding local employment

Of those 14,517 Grafton residents over the age of 16 in 2016, 10,314 or 71% were in the labor market according to census estimates for 2016, up from a labor force of 9,723 residents in 2010. It should also be noted that 83.1% of these workers drove alone to work, another 6.2% carpooled, and only 3.1% used public transportation. The average commuting time was 34.6 minutes, suggesting employment opportunities were typically located either in or nearby the Worcester area.

The 2016 census estimates also provide information on the concentration of Grafton residents in the labor force by industry, indicating that more than half (51.7%) were involved in management or professional occupations and the remainder employed in the lesser paying retail and service-oriented jobs that support the local economy including sales and office occupations (24.6%), service occupations (11.7%), production and transportation (6.6%), and construction and maintenance (5.3%). A total of 85.4% of Grafton's working residents were private salaried or wage workers, another 11.9% were government workers, and 2.5% were self-employed.

Detailed labor and workforce data from the state on employment patterns shows an average employment of 10,039 workers employed in Grafton in November 2017, up from 9,789 employed workers as of the end of 2011 and 8,390 workers in 2000, indicative of some significant job expansion over the recent past. The

unemployment rate was only 3.1%, also as of November 2017. The data also indicates that the average weekly wage of $1,120, up from $953 in 2011, represents an annual wage of approximately $58,464 which is within the 80% of area median income limit. Tis wage level suggests that on average those who reside in town have higher income levels than those who work in locally.

B. Housing Profile

This section of the Housing Needs Assessment summarizes housing characteristics and trends, analyzes the housing market from a number of different data sources and perspectives, and compares what housing is available to what residents can afford, summarizes what units are defined as affordable by the state, and establishes the context for identifying priority housing needs.

1. Housing Growth – Recent slowdown in housing growth

The 2016 census estimates counted 7,179 total housing units, up from 5,828 units in 2000 and thus representing a housing growth rate of 23.2%, the same as the overall population growth rate for the same period. Half of Grafton's housing stock, 3,570 units, was built prior to 1980, and 1,642 units or 22.9% was built prior to World War II, which is well below the state average of 33.7% and the county figure of 31.9%.

There were significant numbers of units produced between 1980 and 1999, totaling 2,121 units or about 30% of the housing stock, and another 987 units were produced from 1990 through 2000, representing a significant portion of newer housing in Grafton that is likely to be in good condition. Housing growth has occurred predominantly in single-family detached structures. Most other housing types, with the exception of large multi-family dwellings, showed declines in unit numbers over the last decade.

The Building Department confirmed that there was no significant demolition of units, and consequently it is unlikely that the 2016 census estimates of 7,179 total units could only be two units more than the 2010 census figure of 7,177 units. Given housing growth since 2010, based on Building Department permits, it is more likely that the total number of housing units was closer to 7,500 units as of 2016. Nevertheless, because the most recent census figures also include a wide range of types of housing data, this Plan largely includes census data for at least 2010 and 2016.

Table III-8 summarizes housing growth based on the 2010 census figures. According to this data, Grafton added 2,740 units from 1970 to 2000 and another 1,349 units from 2000 to 2010. This suggests a very high level of growth that put substantial pressures on the Town's infrastructure and services.

Table III-8: Year Structure Built - 2010

	#	%
2000 to 2010	1,349	18.8
1990 to 1999	987	13.8
1980 to 1989	891	12.4
1970 to 1979	862	12.0
1960 to 1969	600	8.4
1940 to 1959	1,075	15.0
1939 or earlier	1,413	19.7
Total	7,177	100.0

Source: 2010 U.S. Census Bureau

Based on building permit activity since then, as summarized in Table III-9, another 411 units have been built, that would bring the total number of housing units to an estimated 7,575 in 2017.[14] While the number of permits issued per year has declined, the average valuation per unit has largely increased.[15]

Table III-9: Residential Building Permits for New Units - 2010 through 2017

Year	# Building Permits for New Units	Total Valuation	Average Valuation/Unit
2010	43	$7,737,400	$179,340
2011	56	$10,731,243	$191,629
2012	38	$9,188,039	$241,790
2013	85	$15,995,500	$188,182
2014	62	$13,516,480	$218,008
2015	52	$11,243,180	$216,215
2016	33	$8,332,000	$252,485
2017	42	$11,717,200	$278,981
Total	**411**	**$88,461,042**	**$215,234**

Source: University of Massachusetts, Donahue Institute, State Data Center and Grafton Building Department

2. Housing Occupancy – Some proportionate losses of rental units

As presented in Table III-10, 96% of the town's total housing units in 2010, or 6,892 units, was occupied that included 5,167 owner-occupied units, 75.0% of the occupied housing stock, and the remaining 1,725 renter-occupied units, or 25.0% of all occupied units. While 544 rental units were added to the housing stock between 1980 and 2010, according to census data, the percentage of rental units declined from 30.6% to 25.0%. These figures also indicated a significantly higher level of owner-occupancy in 2010 than Worcester County as a whole at 65.3% and for the state at 56.5%.

Because Grafton had 17 seasonal or occasional housing units, it has a year-round housing stock of 7,160 units, the figure that is used by the state in computing the units needed to reach the 10% affordability threshold and annual production goals (0.5% of year-round housing) of 716 and 36 units, respectively.

As noted above, the 2016 census estimates indicated about the same number of units but also suggested some shifts in occupancy with modest increases in the proportion of rentals and losses in ownership units.

[14] The 2010 census counts are usually collected close to March so it is likely that some of the permits issued in 2010 were included in the 2010 figures while many were not.

[15] The Building Department indicates that the valuations are often somewhere between actual construction costs and building values.

Table III-10: Housing Occupancy - 1980-2016

Housing Characteristics	1980		1990		2000		2010		2016	
	#	%	#	%	#	%	#	%	#	%
Total # Units	4,010	100.0	5,035	100.0	5,828	100.0	7,177	100.0	7,179	100.0
Occupied Units *	3,863	96.3	4,799	95.3	5,694	97.7	6,892	96.0	6,807	94.8
Occupied Owner Units **	2,682	69.4	3,283	68.4	4,116	72.3	5,167	75.0	4,923	72.3
Occupied Rental Units **	1,181	30.6	1,516	31.6	1,578	27.7	1,725	25.0	1,884	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	285/17	4.0/0.2	372/0	5.2/0.0
Average House-Hold Size of Owner-Occupied Unit	--		2.87 persons		2.76 persons		2.77 persons		2.92 persons	
Average House-Hold Size of Renter-Occupied Unit	--		2.13 persons		1.96 persons		1.96 persons		2.03 persons	

Source: 1980, 1990, 2000 and 2010 U.S. Census Bureau
* Percentage of total housing units
** Percentage of occupied housing units

The 2010 census counted 4.0% of the housing stock, or 285 units, as vacant, of which 17 units involved seasonable, recreational or occasional use as noted above. The homeowner vacancy rate was 1.3%, which remained the same in 2016, while the rental vacancy rate was 5.5% in 2010 and declined to 2.8% by 2016. These vacancy rates are still very low as any level below 5% is considered to represent tight market conditions and they remain below that of the state and nation as a whole as noted in Table III-11.

Table III-11: Vacancy Rates - 2000, 2010 and 2016

Vacancy Rates by Tenure							
	Grafton			MA		Nation	
Tenure	2000	2010	2016	2010	2016	2010	2016
Renter-Occupied Units	3.2%	5.5%	2.8%	6.5	4.1%	9.2%	6.2%
Owner-Occupied Units	0.4%	1.3%	1.3%	1.5	1.1%	2.4%	1.8%

3. Types of Units – Largely single-family, owner-occupied units that are getting larger

As shown in Table III-12, the substantial majority of the existing housing units are in single-family, detached structures that included 4,067 units or 62.4% of the housing stock in 2010. Another 727 units involved single, attached homes bringing the total percentage of single-family homes in Grafton to 73.6%, up from 68.4% in 2000. This level is much higher than the 56.2% level for the county in 2010. There were 913 units in two to four-unit buildings, down from 1,012 in 2000, representing a decline in the smaller multi-family housing stock. Another 649 units were in five to nine-unit structures. There were an additional 173 units in very large multi-family structures of more than ten units as well as ten (10) mobile homes although the Town Assessor counts only four such units.

The 2016 census estimates suggest some decrease in single-family detached units and increases in attached ones. The number of units in two to four-unit structures decreased modestly while units in larger multi-family structures increased a bit. The 2016 figures also show an increase in the number of mobile homes to 48 units which is comparable to the 1990 count but way out of line with the four mobile homes reported by the Town Assessor.

Table III-12: Units in Structure
1990 – 2016

Type of Structure	1990		2000		2010*		2016	
	#	%	#	%	#	%	#	%
1-Unit Detached	2,877	57.1	3,535	60.7	4,067	62.4	4,259	59.3
1-Unit Attached	435	8.6	453	7.8	727	11.2	1,097	15.3
2 to 4 Units	930	18.5	1,012	17.4	913	14.0	901	12.6
5 to 9 Units	590	11.7	649	11.1	427	6.6	486	6.8
10 or More Units	152	3.0	173	3.0	372	5.7	388	5.4
Other/mobile homes)	51	1.0	6	0.1	10	0.2	48	0.7
Total	5,035	100.0	5,828	100.0	6,516	100.0	7,179	100.0

Source: 1990 and 2000 U.S. Census Bureau and 2006-2010 American Community Survey.
* These 2010 survey estimates indicate significantly fewer housing units from the 100% data from the 2010 census, 6,516 versus 7,177 units.

The median number of rooms per housing unit was 6.4 in 2016, up from 6.3 in 2010 and 5.9 in 2000, indicating that homes are getting larger and the average home had at least three (3) bedrooms. There was no single-room units counted in 2010 although 21 such units were reported in 2016. In 2010, almost half (45.8%) of the units had seven (7) rooms or more, increasing to 47.5% by 2016.

4. Housing Market Conditions – Costs approaching pre-recession levels

Homeownership Units

The census indicates that the 2010 median house value was $361,000, about twice of what it was in 2000 ($183,500) with a lower median of $349,500 in 2016. This decrease is questionable given the 2016 median value presented in Table III-14 of $360,000 based on actual sales from The Warren Group.

The 2000 census showed that Grafton still had a fairly sizable supply of affordable homes including more than 2,000 or 58% of the owner-occupied units valued at less than $200,000 and 137 valued at less than $100,000.[16] Values increased substantially through 2010 despite the downturn in the housing market with only 232 units assessed below $200,000, 24 at less than $100,000 as presented in Table III-13. The 2016 census estimates indicate some increase in these lower-valued units with 663 homes valued below $200,000, representing 13.5% of the owner-occupied stock. Based on The Warren Group data and Assessor's data, it is unlikely that there has been such a major increase in these lower valued units that would likely be affordable to those earning at or below 80% of area median income. It is also useful to note that 107 of these units valued below $200,000 are state-defined affordable ones included in the Town's Subsidized Housing Inventory (SHI).

Table III-13: Housing Values of Owner-occupied Properties

[16] Census housing values are derived from Assessor's data.

2010 and 2016

Value	2010		2016	
	#	%	#	%
Less than $50,000	14	0.3	64	1.3
$50,000 to $99,999	10	0.2	10	0.2
$100,000 to $149,999	63	1.3	80	1.6
$150,000 to $199,999	145	3.0	509	10.3
$200,000 to $299,999	1,148	23.9	1,087	22.1
$300,000 to $499,999	2,561	53.4	2,377	48.3
$500,000 to $999,999	854	17.8	745	15.1
$1 million or more	0	0.0	51	1.0
Total	4,795	100.0	4,923	100.0
Median (dollars)	$361,000		$349,500	

Source: 2006-2010 and 2012-2016 U.S. Census Bureau American Community Survey 5-Year Estimates.

Housing market information since 2000 is summarized in Table III-14 based on *Banker & Tradesman* data from The Warren Group on actual sales data. In 2005, at the height of Grafton's housing market, the median single-family home price reached $422,500, which was more than three times the 1993 home price and almost 60% more than the 2000 median price. Following the recession, there was some considerable fluctuation in single-family home prices as the market was moving to stabilize and remained relatively flat until 2015 when it picked up again and reached $390,400 by October 2017, comparable to some pre-recession levels.

The number of single-family home sales also fluctuated, ranging from a low of 112 sales in 2008, in the midst of the recession, to a recent high of 224 in 2016, another signal of the market's recovery.

Condominiums represent a significant portion of the housing market in Grafton, about 17% of all units, with median sales prices that have ranged from a low of $143,000 in 2000 to $322,350 by 2007. After that prices fell considerably to $205,000 by the end of 2011 and $200,000 in 2013 after some gains in 2010. Since 2014, the condo market strengthened and was up to a median sales price of $299,000 as of October 2017.

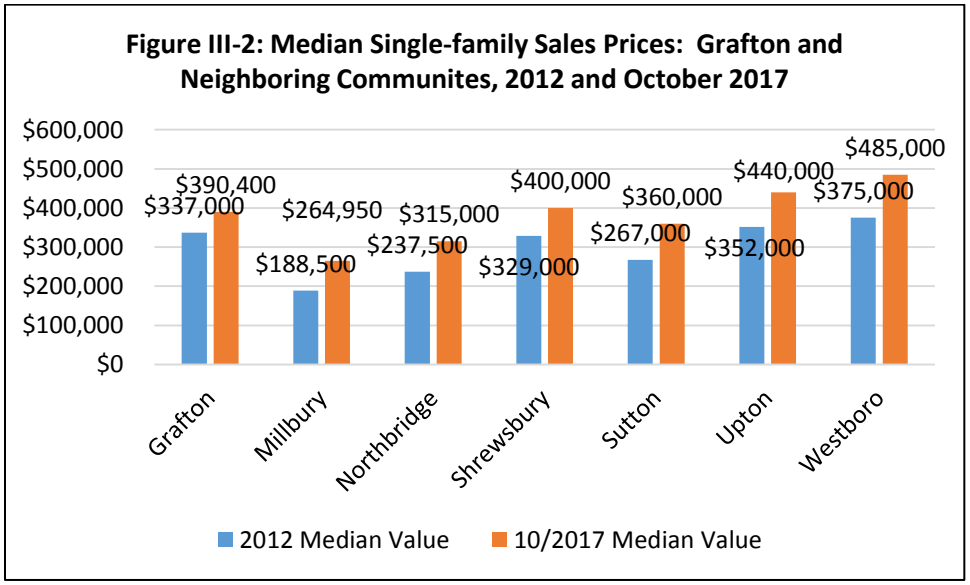
The volume of sales has also declined from a high of 229 condo sales in 2005 to 59 in both 2010 and 2011, and then up to 127 in 2016. The housing crisis and accompanying challenges in obtaining financing for condos contributed to overall decreases in both sales activity and market prices between 2008 and 2013 with clear signals of a recovering market since then in both prices and sales volume.

Table III-14: Median Sales Prices
2000 to October 2017

Year	Months	Single-family (#)	Condo (#)	All Sales	# Sales
2017	Jan – Oct	$390,400 (172)	$299,000 (86)	$350,000	313
2016	Jan – Dec	360,000 (224)	255,000(127)	313,500	413
2015	Jan – Dec	363,575 (186)	265,000 (119)	319,870	369
2014	Jan – Dec	330,000 (181)	258,500 (104)	302,300	364
2013	Jan – Dec	330,000 (175)	200,000 (91)	290,200	344
2012	Jan – Dec	336,000 (160)	223,000 (69)	280,000	279
2011	Jan – Dec	308,000 (135)	205,000 (59)	265,000	253
2010	Jan – Dec	355,000 (121)	239,500 (59)	300,000	217
2009	Jan – Dec	330,000 (127)	215,000 (86)	295,000	237
2008	Jan – Dec	326,000 (112)	218,000 (61)	287,500	220
2007	Jan – Dec	394,000 (153)	322,250 (106)	349,230	298
2006	Jan – Dec	385,000 (182)	318,912 (224)	339,200	456
2005	Jan – Dec	422,500 (184)	319,155 (229)	365,000	562
2004	Jan – Dec	380,000 (265)	275,000 (120)	380,000	585
2003	Jan – Dec	341,500 (200)	234,700 (104))	318,500	406
2002	Jan – Dec	313,000 (149)	211,000 (100)	290,000	367
2001	Jan – Dec	285,425 (180)	175,000 (122)	250,000	384
2000	Jan – Dec	265,000(183)	143,000 (78)	193,850	316

Source: The Warren Group, December 6, 2017

Housing prices in Grafton have been relatively high in comparison to Worcester County and the state with median single-family house values of $258,000 and $365,000, respectively, as of November 2017 based on *Banker & Tradesman* data from The Warren Group.



Prices in Grafton are also towards the higher end of the range of market values in comparison to neighboring communities as shown in Figure III-2. For example, the October 2017 median single-family home prices ranged

from a low of $264,950 in Millbury to a high of $485,000 in Westborough with Grafton at $390,400 ahead of both Northbridge and Sutton at $315,000 and $360,000, respectively.[17]

A summary of sales activity for single-family homes and condos within various price ranges is provided in Table III-15, covering the period from December 2016 through November 2017. During this timeframe there were 307 sales, including 204 single-family homes and 103 condos with median sales prices of $370,000 and $290,000, respectively. There were 16 single-family homes and 18 condos that sold for less than $200,000 and likely to be affordable to those earning within 80% of area median income, although most are likely to require at least a moderate level of improvements. These levels are somewhat less than the 21 homes and 22 condos that sold for less than $200,000 in 2012. Another 89 units sold between $200,000 and $300,000, still relatively affordable. Sales prices were actually somewhat evenly distributed among the price ranges, suggesting some real diversity of the housing stock, from starter housing, likely needing substantial TLC, to higher-end units of more than $500,000.

Table III-15: Single-family House and Condo Sales
December 2016 through November 2017

Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than 100,000	3	1.5	5	4.9	8	2.6
$100,000-149,999	3	1.5	3	2.9	6	2.0
$150,000- 199,999	10	4.9	10	9.7	20	6.5
$200,000-249,999	16	7.8	26	25.2	42	13.7
$250,000-299,999	31	15.2	16	15.5	47	15.3
$300,000-349,999	22	10.8	20	19.4	42	13.7
$350,000-399,999	19	9.3	19	18.4	38	12.4
$400,000-499,999	40	19.6	4	3.9	44	14.3
$500,000 – 599,000	32	15.7	0	0.0	32	10.4
$600,000 – 699,999	19	9.3	0	0.0	19	6.2
Over $700,000	9	4.4	0	0.0	9	2.9
Total	204	100.0	103	100.0	307	100.0

Source: Banker & Tradesman/The Warren Group, December 20, 2017.

Data from the Assessor's Office on the assessed values of residential properties in Grafton is presented in Tables III-16 and III-17, which provide insights into not only the diversity of the existing housing stock but also the range of values for each dwelling type.

Table III-16 provides information on the assessed values of single-family homes and condominiums. This data shows that Grafton has 4,447 single-family properties, up from 4,218 in 2012 and somewhat higher than the 4,259 single-family detached units reported in the 2016 census estimates. Of the 4,447 single-family dwellings, only 127 were valued below $200,000, down considerably from 332 in 2012. One-third of the units were assessed between $200,000 and $300,000, still relatively affordable, down from 40% in 2012. Another 15% were assessed from $300,000 to $350,000. The median assessed value was $346,900 up from $308,900 in 2012 and lower than the $390,400 according to The Warren Group as of October 2017. It is not unusual to see assessed values below market prices, particularly in a rising market.

[17] The Warren Group as of December 6, 2017.

There were 1,294 condominiums counted in Assessor's records, or about 17% of all housing units, a gain of 52 such units since 2012. The 2016 census estimates counted 1,097 attached single-family units that are likely condos and additional condos are likely in some larger buildings. Not surprisingly, the condos were assessed more affordably on a whole than the single-family homes with 41 units or 3.2% assessed below $100,000 and 535 or 41.3% assessed between $100,000 and $200,000. About 28% of the condos were valued between $200,000 and $300,000, down from 40% in 2012. The median assessed value was $227,500, up from $199,300 in 2012, and considerably lower than the median condo sales price of $299,000 as of October 2017 according to The Warren Group, the discrepancy likely due to the volatility of the condo market.

Table III-16: Assessed Values of Single-family and Condominiums 2018

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
0-$99,999	4	0.09	41	3.2	45	0.08
$100,000-149,000	11	0.2	75	5.8	86	1.5
$150,000-199,999	112	2.5	460	35.5	572	1.0
$200,000-249,999	595	13.4	164	12.7	759	13.2
$250,000-299,999	875	19.7	192	14.8	1,067	18.6
$300,000-349,999	669	15.0	253	19.6	922	16.1
$350,000-399,999	524	11.8	55	4.2	579	10.1
$400,000-499,999	842	18.9	54	4.2	896	15.6
$500,000-599,999	473	10.6	0	0.0	473	8.2
$600,000-699,999	250	5.6	0	0.0	250	4.4
Over $700,000	92	2.1	0	0.0	92	1.6
Total	4,447	100.0	1,294	100.0	5,741	100.0

Source: Grafton Assessor, Fiscal Year 2018.

Assessor's data for multi-unit properties, as summarized in Table III-17, indicated that there were 238 two-family homes (476 units),[18] 42 three-families (126 units), and 73 structures of four to eight units. There were also 20 properties that involved more than one house on the same lot with a wide fluctuation in values. The data also showed that a substantial segment of the two- and three-family properties were assessed between $200,000 and $300,000, 73% and about 60%, respectively. Most of these small multi-family properties were valued at less than $350,000, and were therefore likely to be affordable to those earning at or below 80% AMI given the additional income that comes with these properties that can be calculated in mortgage underwriting. These properties are likely to require some significant improvements, however. It should be noted that these properties include some of the most affordable units in the private housing stock, also typically providing both homeownership and rental opportunities.

More than half of the 72 total four (4) to eight (8) unit properties were valued between $250,000 and $350,000. There were also 21 properties with more than eight (8) units, assessed from a low of $605,900 to a high of $9,417,700. Assessor's data also included four (4) mobile homes valued between $124,500 and $182,300.

[18] The 2016 census estimates count 315 occupied units in two-family structures which considerably undercounts these units. It also identified 586 units in three or four-unit properties although because Assessor's data does not break out the number of units in properties of more than three units, it is difficult to cross-check the reliability of data sources.

Table III-17: Assessed Values of Multi-family Properties
2018

Assessment	2-unit Properties		3-unit Properties		Multiple houses on 1 lot		4 to 8-unit Properties	
	#	%	#	%	#	%	#	%
0-$199,999	11	4.6	1	2.4	1	0.5	0	0.0
$200,000-249,999	71	29.8	8	19.0	0	0.0	4	5.5
$250,000-299,999	103	43.3	17	40.5	2	10.0	19	26.0
$300,000-349,999	27	11.3	10	23.8	3	15.0	22	30.1
$350,000-399,999	12	5.0	5	11.9	3	15.0	18	24.7
Over $400,000	14	5.9	1	2.4	11	55.0	10	13.7
Total	238	100.0	42	100.0	20	100.0	73	100.0
Median Value	$262,600		$289,200		$411,500		$332,800	

Source: Grafton Assessor, Fiscal Year 2018.

Rental Units

The 2010 census indicated that there were 1,725 rental units in Grafton, a gain of 147 units since 2000 and 2016 census estimates suggest a further increase of 159 rentals to 1,884 total units. The median gross rental was $882 in 2010 and increased to $1,069 according to 2016 census estimates. Median gross rents in Grafton are higher than the county level of $955 but lower than statewide median of $1,129 based on 2016 census estimates.

Table III-18: Rental Costs
1980-2016

Gross Rent	1980		1990		2000		2010		2016	
	#	%	#	%	#	%	#	%	#	%
Under $200	311	27.1	167	11.1	51	3.3	0	0.0	163	9.0
200-299	596	51.9	57	3.8	96	6.2	59	4.3		
300-499	193	16.8	266	17.7	193	12.4	75	5.5		
500-749	0	0.0	660	44.0	812	52.1	285	20.8	598	33.1
750-999			237	15.8	236	15.1	477	34.8		
1,000-1,499					71	4.6	402	29.4	718	39.8
1,500 or more			80	5.3	0	0.0	71	5.2	325	18.0
Total	1,148	100.0	1,500	100.0	1,559	100.0	1,369 *	100.0	1,804	100.0
No cash rent	48	4.2	33	2.2	100	6.4	61	4.5	80	4.2
Median rent	$239		$565		$625		$882		$1,069	

Sources: U.S. Census Bureau, 1980, 1990 and 2000 Summary File 3 and 2006-2010 American Community Survey. *This is survey data that counts far fewer units than the actual 100% 2010 census, 1,725 versus 1,369 rental units.

Like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically higher. There were very limited listings of rental units, but websites included the following listings in early 2018:

- $900 for one-bedroom, one-bath unit at Colonial Apartments with 800 square feet of living space
- $975 for a one-bedroom, one-bath unit with 850 square feet in South Grafton
- $1,100 for a two-bedroom, one-bath unit in a garden-style apartment building
- $1,195 for a three-bedroom, one-bath unit with 1,000 square feet
- $1,325 for a two-bedroom, one-bath apartment
- $1,350 for a two-bedroom, one-bath apartment with 1,100 square feet in South Grafton

- $1,695 for a studio with one bath and 1,152 square feet in North Grafton
- $2,100 for a two-bedroom, one-bath unit with 2,100 square feet in North Grafton

C. Affordability Analysis

While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on affordability.

Tables III-19 and III-20 look at affordability from two different vantage points. Table IIII-19 calculates what households earning at various income levels can afford with respect to types of housing, and Table III-20 examines some of the housing costs summarized above in Section III.B, estimating what households must earn to afford these prices *based on spending no more than 30% of their income on housing expenses*, the commonly applied threshold of affordability, as well as some other assumptions.

In addition to showing how different types of housing are more or less affordable to households earning at the Town's median household income (per 2016 census estimates) and at 80% and 100% of area median income (AMI) limits, Table III-19 also indicates that the amount of down payment has a substantial bearing on what households can afford. Prior to the recession, it had been fairly easy for purchasers to limit their down payments to 5% or even less as long as they paid private mortgage insurance or qualified for a subsidized mortgage program such as the state's ONE Mortgage Program or MassHousing offerings. Since then, lenders have been applying more rigid lending criteria, including the need for down payments as high as 20% of the purchase price. Such high cash requirements make homeownership, particularly first-time homeownership, much more challenging. As Table III-19 demonstrates, a household earning the same level of income can acquire a much higher priced home with more cash down as they are borrowing less.

Table III-19 also shows that because condo fees are calculated as housing expenses in mortgage underwriting criteria, they are more expensive. Therefore, a household earning at 80% of area median income, for example, can afford a single-family home of approximately $229,000 with a 5% down payment, but a condo for only about $196,500, assuming a condo fee of $250 per month. The same household is estimated to be able to buy a two-family house for an estimated $341,750 as it can likely charge at least $1,000 per month in rent, which is considered as income in mortgage underwriting, usually at about 75% of the rent level or $750. A three-family house is even more affordable with two paying tenants, and it is therefore not surprising that the two-family house and triple-decker have been so successful as starter housing in many of the state's older communities when zoning allowed this type of housing.

Table III-19: Affordability Analysis I
Maximum Affordable Prices Based on Income Levels

Type of Property	Income Level	30% of Monthly Income	Estimated Max. Affordable Price 5% Down ***	Estimated Max. Affordable Price 20% Down ***
Single-family	Median Income = $96,222*	$2,406	$347,000	$406,000
	100% AMI = $77,130**	$1,928.25	$278,500	$325,500
	80% AMI = $61,200***	$1,530	$229,000	$258,500
Condominium	Median Income = $96,222*	$2,406	$319,000	$375,000
	100% AMI = $77,130**	$1,928.25	$248,250	$291,750
	80% AMI = $61,200***	$1,530	$196,500	$222,500
Two-family	Median Income = $96,222*	$2,406	$455,500	$533,000
	100% AMI = $77,130**	$1,928.25	$387,250	$452,500
	80% AMI = $61,200***	$1,530	$341,750	$385,000
		30% of Monthly Income	**Estimated Monthly Utility Cost**	**Affordable Monthly Rental**
Rental	Median Income = $96,222*	$2,406	$200	$2,206
	100% AMI = $77,130**	$1,928	$200	$1,728
	80% AMI = $61,200***	$1,530	$200	$1,330
	50% AMI = $38,600***	$965	$200	$765
	30% AMI = $23,150***	$579	$200	$379

Source: Calculations provided by Karen Sunnarborg.
* Based on the U.S. Census Bureau's American Community Survey 5-year estimate for 2016 for the Town of Grafton.
** Provided by the Community Preservation Coalition for 2017.
*** HUD 2017 Income Limits for the Boston area for a household of three (3), which is the average household size in Grafton (2.67 persons per 2016 census estimates).
*** Figures conservatively based on interest rate of 4.5%, 30-year term, annual property tax rate of $16.40 per thousand, insurance costs of $6 per thousand for single-family and two-family homes and $4 per thousand for condos, private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, estimated monthly condo fees of $250, and rental income of 75% of $1,000 or $750. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the state's ONE Mortgage Program or other subsidized mortgage program that would not require PMI.

Table III-19 also looks at what renters can afford at five (5) different income levels. For example, a three-person household earning at 50% of area median income and earning $38,600 annually could afford an estimated monthly rental of about $765.00, assuming they are paying no more than 30% of their income on housing and pay utility bills that average $200 per month. A rental this low is increasingly difficult to find in Grafton, where the median rent based on 2016 census estimates was $1,069. The lowest rent listed in early 2018 was for a small one-bedroom apartment at $900. Apartments also likely require first and last month's rent and a security deposit. This means that any household looking to rent in the private housing market must have a considerable amount of cash available, which has a significant impact on affordability.

Table III-20 examines affordability from another angle, going from specific housing costs to required income levels. Using median price levels for single-family homes, condos and two-family homes, the incomes that would be required to afford these prices are calculated, also showing the differences between 95% and 80% financing. For example, using the median single-family home price as of October 2017 of $390,400, a household would

have to earn approximately $108,202 if they were able to access 95% financing. Based on 80% financing with a 20% down payment, a lower income of about $92,470 would be required.

The median condo price was $299,000 as of the end of October 2017, requiring an income of approximately $93,912 with 5% down and $78,833 with the 20% down payment. Because of the income generated in a two-family home, this type of property is significantly more affordable requiring an estimated income of $51,782 or $38,892 based on 95% and 80% financing, respectively, and a median price of $295,056.

Table III-20: Affordability Analysis II
Income Required to Afford Median Prices or Minimum Market Rents

Type of Property	Median Price*	Estimated Mortgage		Income Required **	
		5% Down	20% Down	5% Down	20% Down
Single-family	$390,400	$370,880	$312,320	$108,202	$92,470
Condominium	$299,000	$284,050	$239,200	$93,912	$78,833
Two-family	$295,056	$280,303	$236,045	$51,782	$39,892
	Estimated Market Monthly Rental * **	**Estimated Monthly Utility Costs**	**Income Required**		
Rental					
One-bedroom	$839	$175	$40,560		
Two-bedroom	$1,060	$200	$50,400		
Three-bedroom	$1,326	$225	$62,040		

Source: Calculations provided by Karen Sunnarborg.
* From The Warren Group Town Stats data for single-family and condos as of October 2017 as noted. For the two-family example, applied the 89% differential between the Assessor's median single-family house price and The Warren Group figure to the $262,600 median for two-family homes based on Assessor's data.
** Figures conservatively based on interest of 4.5%, 30-year term, annual property tax rate of $16.40 per thousand (2018), insurance costs of $6 per thousand for single-family and two-family homes and $4 per thousand for condos, private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, estimated monthly condo fees of $250, and rental income of 75% of $1,000 or $750. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the state's ONE Mortgage Program or other subsidized mortgage program that would not require PMI.
*** Based on the 2017 HUD high HOME Program rent/Fair Market Rent levels for the Worcester area.

In regard to rentals, a one-bedroom unit renting for $839 would require an income of $40,560, assuming $175 per month in utility bills and housing expenses of no more than 30% of the household's income. This is double what someone earning minimum wage of $11.00 for 40 hours per week every week earns during the year with a gross income of about $23,000. Households with two persons earning the minimum wage would still fall short of the income level needed to afford a two-bedroom unit as noted in Table III-20. While there are rents that fall below this level, particularly subsidized rents, *market rents tend to be beyond the reach of lower wage earners. Consequently, renters have been paying much more than 30% of their incomes to live in Grafton.*

Through the combination of information in Tables III-19 and III-20, it is possible to compute the affordability gap, typically defined as the difference between what a median income household can afford (based on 2016 census estimates for the Town of $96,222) and the median priced unit on the market. There was a small affordability gap of $15,600 as of October 2017 for single-family homes, based on what a median income earning household could afford (for an average household of three and 80% financing) of $406,000 and the median house price of $390,400. There were no affordability gaps for condos and two-family homes based on this median household

income level of $96,222. However, the upfront cash requirements for the down payment and closing costs of about $85,000 in the case of single-family homes and 80% financing, for example, substantially challenge purchasers, particularly first-time homebuyers, and effectively adds to the affordability gap.

When looking at the affordability gap for those earning at 80% of area median income, the affordability gap is approximately $131,900 for single-family homes, the difference between the median priced single-family home ($390,400) and what a three-person household earning at this income level can afford, or $250,000, based on 80% financing, and a gap of about $161,400 in regard to 95% financing. The affordability gap for condos for households earning at 80% of median income was $76,500 based on 80% financing and $102,500 for 95% financing. In both cases, *the upfront costs of the down payment and closing costs add considerably to the affordability gap*.

Table III-21 identifies how many single-family homes and condos exist in Grafton that were affordable within various income categories. The price ranges that correspond to income levels are based on calculations included in Table III-19.

Table III-21: Affordability Analysis III
Relative Affordability of Single-family and Condo Units, 2017

Price Range Single-family/Condo*	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
Up to $229,000/$196,500	At or below 80% AMI	382	0.9	564	43.6
$229,001 to $325,500/ $196,501 to $291,750	80% - 100%	1,583	35.6	334	25.8
More than $325,500/ $291,750	More than 100%	2,482	55.8	396	30.5
Total		**4,447**	**100.0**	**1,294**	**100.0**

Source: Grafton Assessor's Database for Fiscal Year 2018. Please note that as a standard practice assessed value is assumed to be at least 93% of actual value of the potential sale price which can range beyond this in quickly changing markets. Figures based on a three-person household.
* Includes estimated condo fee of $250 per month and figures are based on 80% financing except for the less than 80% AMI category where households could possibly qualify for subsidized mortgage programs where 95%/97% financing is available. See Table III-19 for calculations and other assumptions.

According to this summary, less than 1% of single-family homes would be affordable to households earning at or below 80% of the area median income (AMI), however the condo market is much more affordable with 43.6% of these units affordable to those in this income range. About 35.6% of the single-family units and 26% of the condominiums were affordable to those earning from 80% to 100% AMI. This represents some substantial affordability in the housing stock. However, the ability to obtain financing, including issues related to credit history and cash requirements, can provide substantial barriers to accessing housing.

It is also important to note that this analysis is based on assessed values of all properties in Grafton, not market values. For example, the median assessed value for a single-family house was 89% of the median market sale price as of October 2017. The disparity is even greater for condominiums where the assessed median was 79% of the median sales price. Consequently, this analysis overestimates the actual affordability of Grafton's single-family and condo markets. It should also be noted that it is not unusual for such disparities to exist, particularly under very changeable market conditions, which has certainly been the case for the community's condos.

Cost Burdens

It is also useful to identify *how much households are actually spending on housing* whether for ownership or rental. Such information is helpful in assessing how many households are encountering housing affordability problems, defined as spending more than 30% of household income on housing.

The 2016 census estimates suggest that 368 or 7.5% of the homeowners in Grafton were spending between 30% and 34% of their income on housing and another 801 or 16.3% were spending more than 35% of their income on housing expenses. In regard to renters, 124 renters or 7.1% were spending between 30% and 34% of their income on housing and another 491 or 28% of renter households were allocating 35% or more for housing. This data suggests that *1,784 households or 26.2% of all Grafton households were living in housing that was by common definition beyond their means and unaffordable.*

HUD provides additional data on housing affordability problems by tenure, type of household and income level through its CHAS Report. This report is summarized in Table III-22, based on 2010-2014 estimates from the Census Bureau's American Community Survey, the most recent figures available.

The CHAS report highlights the following housing affordability issues:

All Households

- **30% of Grafton households were paying too much for their housing.**
- 764 households or 11% of all households were spending more than half of their income on housing costs.
- 2,234 households or one-third of all households were earning at or below 80% of area median income and might qualify for housing assistance based solely on income (including 1,119 renter households or 54% of all renter households) and about the same number of owner households (1,115 or 24% of owner households).
- Of the households earning at or below 80% MFI, 1,380 or 62% were overspending including 730 or one-third who were spending more than half of their income on housing costs, up from one-quarter five years ago.
- Even some earning more than 80% MFI were experiencing cost burdens including 618 households, almost all who were homeowners.
- Of the 599 households earning at or below 30% MFI, 445 or three-quarters were spending too much for housing, 61% spending more than half of their income on housing costs.

Renters

- There were 2,068 renter households with 579 paying too much for their housing including 285 or 14% of these households spending more than half of their income on housing costs, all who were earning at or below 50% MFI.
- 545 or almost half of renter households earning at or below 80% MFI were overspending, including 285 or one-quarter that were spending more than half of their income on housing. It is likely that most of the other renters in this income range who were not overspending were living in subsidized housing.
- 84% of elderly renters were earning at or below 80% MFI and of these 59% or 180 households were overspending on their housing including 65 extremely low-income households who were paying more than half of their income on housing and should become targets for new subsidized housing.
- All of the 55 small families earning within 50% MFI were experiencing cost burdens as did 55 such households earning between 50% and 80% MFI. These should be targets for new subsidized rental housing.

- There were only 125 large families renting in Grafton with 60 earning at or below 80% MFI, almost all with cost burdens suggesting the need for some larger subsidized rentals.
- Almost half of renters involved non-elderly, non-family households, mostly single individuals, many with cost burdens. Many also had incomes beyond the 80% MFI level, likely drawn to the community's market rate housing units.

Homeowners

- There were 4,660 homeowner households with 30% paying too much for their housing, including 10% paying more than half of their income on housing costs, defined as having severe cost burdens.
- 835 or 75% of the 1,115 owner households earning at or below 80% MFI were overspending including 445 or 40% spending more than half of their income on housing, most involving elderly and small family households.
- Of the total 1,145 elderly households, 690 or 60% were earning at or below 80% MFI and of these 480 or 70% had cost burdens with 255 or 37% experiencing severe cost burdens.
- 310 or 12% of the 2,655 small family households were earning at or below 80% MFI and of these 250 or 81% had cost burdens, 45% with severe cost burdens.
- There were only 45 homeowners with large families earning at or below 80% MFI, all with cost burdens.
- This data also indicates that non-elderly, non-family younger individuals are primarily renters with 915 total renter household compared to 405 owner households. There were only 70 such households earning at or below 80% MFI, most with cost burdens, while the remaining 335 households earning above this level had only limited cost burdens.

Table III-22: Cost Burdens by Tenure, Income and Type of Household, 2014

Type of Household	Households Earning < 30% MFI/ # with cost burdens **	Households Earning > 30% to <50% MFI/ # with cost burdens**	Households Earning > 50% to < 80% MFI/ # with cost burdens**	Households Earning > 80% and < 100% MFI /# with cost burdens**	Households Earning > 100% MFI/ # with cost burdens**	Total
Elderly Renters	139/25-65	75/45-10	90/35-0	19/0-0	40/0-0	363/105-75
Small Family Renters	15/0-15	40/30-10	235/55-0	80/0-0	295/4-0	665/89-25
Large Family Renters	35/0-25	25/25-0	0/0-0	15/0-0	50/0-0	125/25-25
Other Renters	180/0-125	110/25-35	175/20-0	120/15-0	330/15-0	915/75-160
Total Renters	**369/25-230**	**250/125-55**	**500/110-0**	**234/15-0**	**715/19-0**	**2,068/294-285**
Elderly Owners	175/35-115	265/95-70	250/95-70	95/10-0	360/40-0	1,145/275-255
Small Family Owners	55/20-20	75/55-20	180/35-100	210/120-20	2,135/215-4	2,655/445-164
Large Family Owners	0/0-0	0/0-0	45/30-15	25/0-0	385/120-0	455/150-15
Other Owners	0/0-0	35/0-25	35/25-10	70/25-10	265/20-0	405/70-45
Total Owners	**230/55-135**	**375/150-115**	**510/185-195**	**400/155-30**	**3,145/395-4**	**4,660/940-479**
Total	**599/80-365**	**625/275-170**	**1,010/295-195**	**634/170-30**	**3,860/414-4**	**6,728/1,234-764**

Source: U.S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, and American Community Survey, 2014. **First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. "Other" renters or owners are non-elderly and non-family households. Median Family Income (MFI) in this analysis is the equivalent of AMI.

Foreclosures
Another indicator of affordability involves the ability to keep up with the ongoing costs of housing which some residents have been challenged to do since the bursting of the housing bubble of about a decade ago. This recession forced a number of Grafton households to confront the possibility of losing their home through foreclosure.

There has been some variation in numbers of foreclosures from year to year. For example, there were no foreclosures in years 2007 to 2009, and then there were 6 petitions filed in 2010 with 7 actual auctions, declining somewhat in 2011 and then up to 12 foreclosure petitions in 2012 and 3 auctions. Foreclosures decreased again between 2013 and 2015 then increased to 10 and 9 petitions filed in 2016 and 2017, respectively, with 2 and 8 auctions during these years, also respectively.[19]

D. Subsidized Housing Inventory (SHI)

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households earning at or below 80% of area median income through resale or rental restrictions (see Table II-1 for these income levels). Using these income guidelines, a family of three (the average household size in Grafton is 2.67 persons per 2016 census estimates) would not be able to earn more than $61,200 annually.

Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory (SHI), Grafton had 7,160 year-round housing units based on the 2010 U.S. census (up considerably from 5,820 units in 2000), of which 365 are counted as part of the SHI, representing 5.10% of the year-round housing stock. These units are summarized in Table III-23 and represent an increase of 52 new affordable units since 2011 when Grafton's affordability level as at 4.37%.

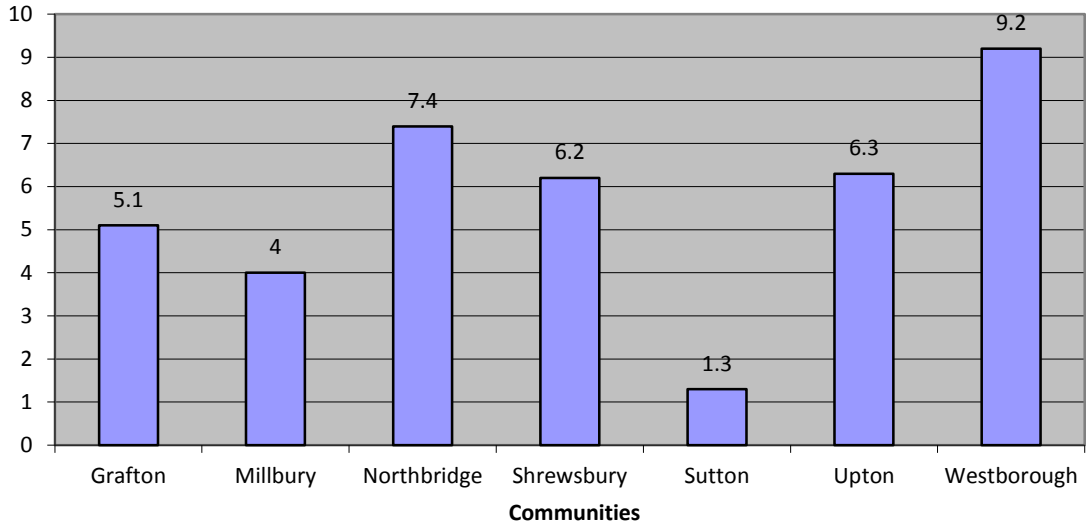
As mentioned earlier, to meet the 10% standard, at least 716 of the existing units would have to be "affordable" based on the state's definition, requiring about 350 housing units to be built or converted to affordable units in Grafton to meet just the 10% standard, a daunting challenge. Moreover, additional affordable units that will be required to keep pace with housing growth as a new affordability goal will be established when the 2020 census figures are released that provide an updated count of year-round housing units.

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 at the time, suggesting that approximately another 2,600 units can be accommodated. This analysis indicates that in order to meet the 10% state standard at buildout, the projected growth would require approximately 650 additional units of affordable housing. 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.

As summarized in Figure III-3, most of Grafton's neighbors also have affordable housing levels below the state target. None of Grafton's neighboring towns have produced enough affordable units to meet the state affordability goal of 10%; however the town of Westborough made significant progress at 9.2%.

[19] The Warren Group, *Banker & Tradesman*, January 24, 2018.

Figure III-3: Percentage of SHI Units



1. Current Inventory

As summarized in Table III-23, Grafton had 365 affordable units counted as part of it Subsidized Housing Inventory (SHI) as of June 21, 2017. Of these SHI units, 170 units (47%) are owned and managed by the Grafton Housing Authority including the following:

- *Veteran's Circle*
  This 16-unit project was built in 1950 and was among the first public housing projects in the state, initially dedicated to providing housing for returning veterans following World War II. The project includes eight, two-bedroom units and eight, three-bedroom units for families. There is a huge demand for these units as there is little turnover.

- *Forest Lane*
  The Forest Lane development includes 88 one-bedroom units for seniors and the disabled under the age of 60, including six handicapped accessible units.

- *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 and an extensive wait list (applicants for family units at McHale Drive and Veteran's Circle are grouped into one wait list).

- *Forestview (Snow Road)*
  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 includes a mix of one and two-bedroom apartments.

- *Maxwell Drive (also known as Pleasant Court)*
  The Maxwell Drive project was also developed as housing for seniors and the younger disabled. Built in 1964, it has 40 one-bedroom units.

The Grafton Housing Authority indicates that there is at least a one-year wait for units in their elderly developments for local residents, much longer for those who do not live in Grafton. At least 13.5% of the units in these senior developments are reserved for those who are under the age of 60 and disabled, and waits of about five years can be expected for these units. Units in the Housing Authority's family developments rarely become available, as turnover usually occurs only upon eviction.

The Housing Authority does not administer rent subsidies, such as Section 8 Housing Choice Vouchers, but refers potential applicants to other agencies such as RCAP Solutions.

Table III-23: Grafton's Subsidized Housing Inventory

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Veteran's Circle *	16	Rental/DHCD	No	Perpetuity
Forest Lane *	64	Rental/DHCD	No	Perpetuity
Forest Lane *	24	Rental/DHCD	Yes	Perpetuity
Pleasant Court/Maxwell Dr.*	40	Rental/DHCD	No	Perpetuity
Forestview/Snow Road *	20	Rental/DHCD	Yes	Perpetuity
McHale Drive *	6	Rental/DHCD	Yes	Perpetuity
Green Acres Estates	48	Rental/HUD and RHS	No	2017 (Affordability being extended thru 7-31-21)
DDS Group Homes	26	Rental/Special Needs	No	NA
Hilltop Farms	64	Ownership/FHLBB	Yes	Perpetuity
Providence Road Commons	4	Ownership/DHCD	Yes	Perpetuity
Peters Estates	2	Ownership/DHCD	Yes	Perpetuity
Dendee Acres	2	Ownership/DHCD	No	Perpetuity
Flint Pond Estates	18	Ownership/DHCD	Yes	Perpetuity
DMH Group Homes	14	Rental/DMH	No	NA
High Point Estates/Adams Trust	17	Ownership/FHLBB	Yes	Perpetuity
Total	**365**	**258 Rental Units (71%)** **107 Ownership Units (29%)**	**155 or 42% involved Chapter 40B**	

Source: Massachusetts Department of Housing and Community Development, June 21, 2017
* Grafton Housing Authority units

There are 195 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. While the affordable units were threatened by expiring use restrictions, the Section 8 housing subsidies that insure affordability have been extended through July 31, 2021.

- *Hilltop Farms*
  This 256-unit condominium project, developed by Pulte Homes through a Chapter 40B comprehensive permit, includes 64 affordable units with sales prices that initially ranged between $133,000 and

$150,000 as opposed to the mid-$300,000 level to more than $400,000 for the market units. The Town received a sizable financial settlement from unreported excess funds that the developer made on the sale of the units, which was discovered through a state audit. These funds have been deposited into the Grafton Affordable Housing Trust Fund for use in support of affordable housing initiatives.

- *DDS Group Homes*
  The Subsidized Housing Inventory includes 26 units of special needs housing for Department of Developmental Services (DDS) clients, which are spread among a number of group homes in neighborhoods of Grafton.

- *Providence Road Commons*
  An additional four affordable units were created as part of the Providence Road Commons project that included a total of 16 townhouse condominiums, permitted through the Chapter 40B comprehensive permit process.

- *Peters Estates*
  The Peters Estates subdivision includes an affordable duplex in a ten-lot subdivision.

- *Dendee Acres*
  This project included eight (8) new homes off of Main and Elmwood Streets of which two (2) units are affordable (LIP). The Planning Board granted a Special Permit for the development in 2005, and the state approved the project as Local Action Units through its Local Initiative Program (LIP).

- *Flint Pond Estates*
  This project involves 72 townhouse condominiums, 18 of which are affordable, in 28 buildings on 21.5 acres on Creeper Hill Road. The project was permitted through the state's Local Initiative Program (LIP), referred to as the "friendly 40B" program[20].

- *Highpoint Estates/Adams Trust*
  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 17 affordable units. Construction is underway and several affordable homes have already been built.

- *DMH Group Homes*
  The SHI also includes 14 units of special needs housing for Department of Mental Health (DMH) clients that are included in group homes in various neighborhoods of Grafton.

2. Pipeline Projects

[20] 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).

There are a number of affordable housing opportunities that will support the Town's efforts to implement its Housing Action Plan and this Housing Production Plan which are summarized in Table III-24 and described below.

- *Craftsman Village/Ferry Street*
  This project includes 24 units of which six (6) homeownership units were permitted through the comprehensive permit process. Because of the lag between the issuance of the comprehensive permit and building permits, the affordable units were removed from the Town's SHI however now that construction has begun the units should soon be eligible for inclusion. While the units will be restored to the SHI, they will not contribute to annual production goals because the comp permit and their initial addition to the SHI occurred so long ago.

- *Adams Road/Miscoe Brook Preserve*
  The Planning Board approved the Miscoe Brook Preserve project in 2001 and as part of the development agreement required Lot 5 be developed as an affordable unit when the property was sold. This unit has yet to be built, and there may be a need to revise the agreement to make the unit more financially feasible, potentially allowing a duplex with two units on the site.

- *Prentice Place Development*
  The developer, Prentice Place LLC, submitted a comprehensive permit application to the Grafton Zoning Board of Appeals on August 23, 2017 to build 48 affordable rental units on 2.56 acres on Prentice Street. The project is anticipated to be built in two separate phases of 24 units, each including six affordable units. While only 25% of the units will be actually affordable, all 48 units will be eligible for inclusion in the Town's Subsidized Housing Inventory. The project includes a mix of one, two, and three-bedroom units.

Prentice Place Site

Town-owned Properties
The Town's recent Housing Action Plan highlighted two key properties that appear to have the most potential for development. These include 25 Worcester Street with approximately 2.3 acres – the site of the former high school – and the Hudson Avenue/Millbury Street property with 25.69 acres and about 4.4 acres that could potentially be set-aside for affordable housing development. The Trust has determined to proceed initially with the Hudson Avenue property and has engaged Graves Engineering to conduct a further review of site conditions, development opportunities and constraints, including a conceptual site plan.

The Town is also looking into purchasing other parcels such as 20 Creeper Hill for some amount of affordable housing development and is in court to acquire an abandoned subdivision at 88 Ferry Street that would incorporate some affordability. Other potential Town-owned properties include those that can be acquired through the tax foreclosure process.

- *Fisherville Terrace*
  The ZBA approved the Fisherville Terrace development in December 2010; however construction has yet to begin although a spring/summer 2018 construction start is now projected. The development includes 42 single-family homes and 30 duplex units for a total of 72 condominiums, 18 of which will be affordable. The site includes about 25 acres off of Main Street in South Grafton. This project will boost the SHI but the units will not be eligible for inclusion under annual housing production goals because the project has already been permitted.

- *Elmrock Estates*
  The ZBA also approved this comprehensive permit project in October 2017 that includes 36 homeownership units, nine of which will be affordable. The project has approximately 18 acres and is located on Wheeler and Brigham Hill Roads. Similarly to the Fisherville Terrace project, because the project has already been permitted the units will not be eligible for counting towards the annual housing production goals but will help increase the SHI.

- *Fisherville Mill Overlay District/ 40R District*
  The May 2007 Town Meeting approved the Fisherville Smart Growth Overlay District, which was subsequently approved by the Attorney General in August 2007. This District was created as part of a Chapter 40R (see Appendix 3 for details) program in an effort to revitalize the older Fisherville Mill site. The development will include a range of housing opportunities, rental and ownership, along with a mixed-use development component, more compact design, preservation of open space, and a variety of transportation options. The Town continues to work with the property owner to move development forward.

Table III-24: Pipeline Projects

Project Name	Projected # SHI Units	Project Type	Use of Comp Permit
Craftsman Village/Ferry Street	6	Ownership	Yes
Adams Road/Miscoe Brook Preserve	2	Ownership	No
Prentice Place	48	Rental	Yes
Fisherville Terrace	18	Ownership	Yes
Elmrock Estates	9	Ownership	Yes
Fisherville Mill 40R	Estimate of 100 to 150	Mix of rental and Ownership	40R
North Grafton 40R	Estimate of 178	Primarily rental	40R
Creeper Hill Road	72 condos or up to 150 apartments		Yes
88 Ferry Street	18	Ownership	Yes
Worcester Street Village Zoning	10		No
Village Mixed Use Zoning	Estimate of 28 to 36		No
Tax Title Properties	20	Potential mix of rental and ownership units	Yes for some properties
TOTAL	509 to 645		

- *North Grafton Transit Village Overlay District/40R District*
  The Town has also approved a Chapter 40R Smart Growth Overlay District to support the development of a Transit Village in North Grafton near the MBTA Station and former Grafton State Hospital. State agencies such as MassDevelopment, DCAMM and the MBTA have shown interest in the development of this area. DCAMM, for example, is preparing bid packages for developers to purchase eight acres at the former State Hospital and current Job Corps campus along Pine Street opposite Centech Park. This property could be the pivotal component of creating the mixed-use Transit Village.

The Town currently has 365 SHI units but will likely need another 400 units to get to the 10% state affordability goal after the 2020 census figures are released. This is an ambitious undertaking, but the development opportunities listed in Table III-24 will likely help get the Town close if not beyond this level within the next decade, assuming that new zoning results in significant new development and affordable rental projects are a substantial component of the Chapter 40R development and all units can count as affordable.

E. Priority Housing Needs

Based on this Housing Needs Assessment, there are a number of key indicators that suggest there are significant local needs for affordable housing including:

1. Households with Limited Incomes – Need Subsidized Rental Opportunities (Goal of 75% of new units)

Despite signs of increasing affluence in Grafton, *there still remains a significant population living in the community with very limited means* as detailed in Section III.A. Continuing long waits for Housing Authority units and substantial cost burdens suggest the need for an increasing number of subsidized rental units.

The analysis included in Table III-25 projects a shortage of 545 rental units for low- and moderate-income renters. This data, however, was based only on existing renters in 2014 and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of an increasingly costly housing market.

Table III-25: Rental Unit Gap Analysis

Income Group	Income Range*	Affordable Rent**	# Renter Households	# Existing Affordable Units***	Need
Less than 30% of AMI	$23,150 and less	Less than $379	369	114	255
Between 30% and 50% of AMI	$23,151 to $38,600	$379 to $765	250	70	180
Between 50% and 80% of AMI	$38,601 to $61,200	$651 to $1,330	500	390	110
Subtotal			*1,119*	*574*	*545*
Between 80% and 100% AMI	$61,201 to $77,130	$1,331 to $1,728	234	219	15
More than 100% AMI	More than $77,130	More than $1,728	715	696	19
Subtotal			*949*	*915*	*34*
Total			**2,068**	**1,489**	**579**

Source: 2014 HUD SOCDS CHAS Data
* Based on 2017 HUD Income Levels for average household size of three persons (see Table II-1).
** Includes an average monthly utility cost of $200 and renters not spending more than 30% of their income on housing costs. *** Assumes those renters that are not cost burdened.

A further analysis of the rental needs of different types of households is included in Table III-26, indicating that in 2014 there were 579 renter households spending too much of their income on their existing housing. Reviewing the proportionate need of seniors, families, and non-elderly single individuals, seniors comprise about 30% of those with cost burdens, families make-up about another 30%, and non-elderly individuals about 40%.

Table III-26: Cost Burdens by Type of Renter Household

Income	Elderly	Small Families	Large Families	Other Renters	Total
< 30% AMI	90	15	25	125	255
30-50% AMI	55	40	25	60	180
50-80% AMI	35	55	0	20	110
Subtotal	*180*	*110*	*50*	*215*	*545*
80-100% AMI	0	0	0	15	15
More than 100% AMI	0	4	0	15	19
Subtotal	*0*	*4*	*0*	*30*	*34*
Total	**180**	**114**	**50**	**245**	**579**

Source: 2014 HUD SOCDS CHAS Data

This Housing Plan recommends that rental housing goals involve a distribution largely in line Table III-27 based on annual housing goals over the five-year term of this Housing Production Plan (one half of 1% of the Town's year-round housing units or 36 units) and the distribution included in Table III-26. Given the substantial cost burdens among seniors and single individuals, there is clearly a need for smaller units while the provision of affordable family housing must be a priority given such limited numbers and long waits for subsidized family units.

Table III-27: Projected Distribution of Rental Units, 2018 to 2022

Target Renter Households	Target Unit Size	Proportion of Need	# Affordable Rental Units
Seniors/Individuals	One bedroom	45%	63
Small Families	Two bedrooms	45%	63
Large Families	Three+ bedrooms	10%[21]	14
Total		**100%**	**140***

Source: 2014 HUD SOCDS CHAS Data

*Based on annual housing production goal of 36 units for 2018, 2019 and 2020 and then to 39 units in 2021 and 2022 for a total of 186 units, approximately 75% of which would be targeted as rentals over the five-year term of this Housing Production Plan

2. Homeownership Need – Goal of 25% of new units produced

The high cost of housing is shutting many residents out of the private housing market. For example, the median single-family house price was $390,400 as October 2017. High upfront costs also challenge first-time purchasers. The combination of few subsidized ownership units, long waits for such units, and high affordability gaps is making it increasingly difficult for families to afford to live in Grafton. More affordable options and other assistance are necessary to support a range of incomes and families.

[21] The state's subsidizing agencies have entered into an Interagency Agreement that provides more guidance to localities concerning housing opportunities for families with children and are now requiring that at least 10% of the units in affordable production developments that are funded, assisted or approved by a state housing agency have three (3) or more bedrooms with some exceptions (e.g., age-restricted housing, assisted living, supportive housing for individuals, SRO's. etc.).

Table III-28 is based on the HUD CHAS report summarized in Table III-22, comparing numbers of households earning within income categories to units that are affordable to them. These calculations suggest that there is a 1,229-unit deficit in homeownership units, including 645 units for those earning below 80% AMI.

Table III-28: Homeownership Gap Analysis

Income Group	Income Range*	Affordable Sales Prices for Single-family/Condo[22]	# Households **	# Existing Affordable Units**	Need
Less than 80% AMI	Less than $61,200	Less than $229,000/$196,500	1,115	470	645
Between 80% and 100% AMI	$61,201 to $77,130	$229,001 to $278,500/$196,501 to $248,250	400	215	185
Above 100% AMI	Above $77,130	Above $278,500/ $248,250	3,145	2,746	399
Total			4,660	3,431	1,229

Sources: *Based on 2017 HUD Income Levels for household size of three persons (see Table III-19).
** Based on 2014 HUD SOCDS CHAS data (see Table III-22)

As noted earlier, only those units that are occupied by those earning at or below 80% of area median income and meet other state requirements can be counted as part of the Subsidized Housing Inventory.
Moreover, it is difficult for existing homeowners to qualify for new affordable housing opportunities as there are limits on financial assets and current ownership in state requirements. For example, state requirements regarding assets limit qualifying purchasers of age-restricted housing (55 years and over) to no more than $200,000 in net equity from a previous house owned within the last three years and an additional $75,000 in financial assets. This puts many seniors out of the running for affordable housing that can be counted as part of the Subsidized Housing Inventory, particularly in communities with high property values where long-term owners are likely to have earned substantial amounts of equity in their homes. Nevertheless, such housing does serve an important need for local seniors who want to afford to live independently in Grafton but in less isolated settings that better meet their current lifestyles and without the hassles of home maintenance.

Units in nonage-restricted developments require financial assets be no more than $75,000 and no prior ownership within the last three years with minor exceptions. Ownership options do provide important affordable opportunities for first-time homebuyers.

It should also be noted that almost all state subsidy programs are directed to rental housing development which makes the financing of homeownership development, beyond the Chapter 40B process, very limited.

3. Integrate handicapped accessibility and supportive services into new development – Goal of 20% of all units produced for seniors and persons with disabilities and 10% for families

Given that 12% of residents in Grafton claim some type of disability and that those 65 years of age and older are projected to increase from 10.8% of the population in 2010 to potentially as much as one-fifth of all residents by 2030, more focus must be on how to provide support to these populations to enable them to live actively and independently in the community. Handicapped accessibility and supportive services (such as those offered by the Council on Aging or through assisted living options as well as transportation, home maintenance and other service-related programs) should be integrated into new housing production efforts.

[22] Ibid.

4. *Housing Condition Need – A portion of homeownership unit goals*

About half of Grafton's housing stock was built prior to 1980 and thus many 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. Programs are needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households.

5. Summary of Housing Needs

As Table III-23 indicates, approximately 71% of Grafton's SHI units include rentals and special needs housing. However, more recent residential developments have involved homeownership, primarily through the comprehensive permit process. Based on the above listed indicators of need and past and current affordable housing development patterns, this Housing Needs Assessment recommends that housing production goals incorporate a 75% to 25% split between rental and ownership units. Given annual housing production goals of 36 units per year for the first three years and an estimated 39 during the last two years, the following housing goals by priority need are proposed:

Table III-29: Summary of Housing Production Goals Based on Priority Needs

Type of Units	Target Populations	Annual Goals	5-Year Goals
Rental Housing @ 80% of units	Seniors, Individuals & Disabled (45%)	13	63
	Families (55%)	15	77
	Subtotal	*28*	*140*
Homeownership @ 20% of units	Families	9	46
Total		37	186
Handicapped accessibility/supportive services	Seniors, Individuals & Disabled (at least 20%)	3	15
	Families (at least 10%)	2	10
	Subtotal	5	25
Housing Improvements	A portion of ownership units	2	10

*Based on annual housing production goal of 36 units for 2018, 2019 and 2020 and then to 39 units in 2021 and 2022 based on housing growth for a total of 186 units, approximately 75% of which would be targeted as rentals and 25% as ownership units over the five-year term of this Housing Production Plan

Section IV
HOUSING DEVELOPMENT CHALLENGES 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

Challenges

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. 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, Grafton's provisions do offer some amount of flexibility as to requirements for residential development including:

- *Smaller, 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 a minimum lot size of 5,500 sq. ft. per unit, that parking be screened from streets, that at least 25% of the lot area be unoccupied open space, and 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."[23] 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."[24] 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."[25] The Design Guidelines include a provision for affordable housing where at least 10% of the units are created as affordable based on the definition in M.G.L. Chapter 40B.

[23] Grafton Zoning By-law, Section 5.3.1.
[24] Grafton Zoning By-law, Section 5.3.5.2.
[25] Grafton Zoning By-law, Section 5.3.5.2.

- *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 a single-family dwelling, but functions as a separate unit) are allowed in all residential districts under Special Permit.[26]

- The *Fisherville Smart Growth Overlay District* was approved by the May 2007 Town Meeting and subsequently approved by the Attorney General in August 2007. This District was created as part of a Chapter 40R (see Appendix 3 for details) program to revitalize the older Fisherville Mill site. The development was envisioned to include a range of housing opportunities, rental and ownership, a mixed-use development component, more compact design, preservation of open space, and a variety of transportation options. At least 20% of the units must be affordable in ownership projects and 25% for rentals.[27]

- The Town approved a *Village Mixed Use District in South Grafton* to fulfill the following purposes:
    - Promote development in South Grafton that encourages a mixed-use environment that is less automobile dependent and more pedestrian-friendly.
    - Encourage a diverse mix of business, commercial, office, residential, institutional and entertainment uses for workers, visitors, and residents.
    - Permit uses that promote conversion of existing buildings in a manner that maintains the visual character and architectural scale of existing development within the district.
    - Minimize visual and functional conflicts between residential and nonresidential uses within and abutting the district.
    - Promote pedestrian and bicycle circulation and safety.
    - Encourage work/live spaces.

  The Town also approved an affordability component as part of this zoning in 2016, requiring at least 20% of the units be affordable and eligible for inclusion in the SHI in homeownership projects with at least a 25% affordability requirement in rental developments.[28]

- The *North Grafton Transit Village Overlay District* was approved in 2017 to encourage smart growth in accordance with the purposes of Chapter 40R and to promote mixed-use development along with a range of housing opportunities, including affordable housing. The 40R district is also meant to foster a distinctive and attractive site development program that promotes compact design, preservation of open space, and a variety of transportation options, including enhanced pedestrian access to employment and nearby transportation systems.[29]

- The Town is also working on new *Village Mixed Use District zoning along Worcester Street* that will likely have similar provisions to those included in the Village Mixed Use District in South Grafton, including affordable housing requirements.

Mitigation Measures

This Housing Plan includes a couple 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 pursuing Village Center zoning in the Worcester Street area, incentivizing affordable housing in the flexible

[26] Grafton Zoning By-law, Section 2.1 Uses and Structures and Section 3.2.3.1 Use Regulation Schedule.
[27] Grafton Zoning By-law, Section 10.
[28] Grafton Zoning By-law, Section 12.
[29] Grafton Zoning By-law, Section 13.

zoning bylaw, and allowing the development of nonconforming lots for some amount of affordable housing in some zoning districts.

B. School Enrollment

Challenges

Grafton's Public School Department enrollment figures show increases in school enrollments with the number of students (pre-K through grade 12) increasing from 2,675 during the 2000-2001 school year to 2,905 by 2011-2012, and then up to 3,189 in the 2016-2017 school year, representing an overall increase of 19%. This is somewhat lower than the population growth rate of 23% during the same period as well as the growth of those 5 to 17 years old of 23% as well from 2,750 residents in 2000 to 3,373 by 2016 according to census figures.

Pubic School enrollment projections from the New England School Development Council, prepared in December of 2015, suggest some decreases in the pre-kindergarten through high school enrollments to 3,182 students by 2020.

Mitigation Measures

While there was considerable school overcrowding in the past, the Town voted to build a new high school in May 2010, which was completed several years ago. This major development project in combination with some redistribution of students among various schools, has resolved capacity problems.

C. Transportation

Challenges

Despite improved access to public transportation through the new commuter rail station, traffic in Grafton remains a problem 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 a fifty-foot right of way, this means that 536 acres (88% of a square mile) will be consumed by these streets.

Mitigation Measures

In view of present traffic and projected increases, it is essential that the Town evaluates and selects appropriate measures to relieve the impact of growth on traffic yet still grow incrementally,"[30] a formidable challenge. 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. Roadway maintenance and long-range planning have continued to be on the forefront of discussions in Board of Selectmen meetings. New housing development has slowed down, but Town Meeting has accepted a number of roadway and other infrastructure improvements in existing subdivisions that have improved the Department of Public Work's capacity to provide basic services such as plowing, sweeping, and catch basin clean-up.

D. Environmental Concerns

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 Bummet 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

[30] Thomas Planning Services and Akira Yamashita Associates, Grafton Comprehensive Plan, 2001.

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.

Mitigation Measures

Housing strategies are largely oriented to actions that will promote smart growth such as adaptive reuse, affordable accessory apartments, conversion of existing housing, and development of scattered sites in existing neighborhoods. Moreover, Grafton 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.

E. Availability of Subsidy Funds

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.

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. The Town also established an Affordable Housing Trust Fund to further capture and manage funding in support of affordable housing. This Housing Plan provides guidance on the use of CPA and Housing Trust Funds for affordable housing initiatives that will enable the Town to support the production of new affordable units. In fact, the Town has $1.5 million available through the Housing Trust Fund and thus has the ability to strategically invest these funds to maximize their impact in the community.

Participants in the Community Workshop that was held as part of the Housing Trust's efforts to prepare a Housing Action Plan indicated that it was important for the Trust to focus on initiatives that will give it the biggest "bang for the buck". Because local funds and administrative capacity are limited, the Town will need to maximize its impact through the efficient and effective use of resources, leveraging other funding.

F. Community Perceptions

Challenges

During the Community Workshop held in March 2016 as part of preparing the Housing Trust's Housing Action Plan, public opposition emerged as one of the most critical issues confronting the Town in its efforts to produce affordable housing. In most communities, residents are concerned about impacts that new development has on local services and quality of life. They may also have negative impressions of affordable housing and question whether there is a real need for such housing. Therefore, local opposition to new affordable developments is more the norm than the exception. On the other hand, given still high real estate prices, 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.

Mitigation Measures

This Housing Plan documents a range of pressing housing needs through the Housing Needs Assessment. Ongoing community outreach and education will be necessary to better acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives.

Section V
HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to prepare and adopt an affordable housing plan that demonstrates production of an increase of .50% over one year, or 1.0% over two-years, of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.[31] Grafton currently has to produce at least 36 affordable units annually to meet these production goals based on the 2010 census count of year-round units although this goal will increase to an estimated 39 units when the 2020 figures are released, likely in 2021. 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 described in Section VI, the Town of Grafton has developed a Housing Production Program to chart affordable housing production activity over the next five (5) years. 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, depending on project feasibility. The rental projects will also target households earning at or below 60% of area median income and lower (at 50% and 30% AMI) 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. Housing strategies and production goals therefore focus more on properties where sewer and water services are available.

- 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 when 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.

- The goals include a focus on housing development that is accessible to transit or in village areas that are served by available infrastructure and mass transportation.

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

Table V-1: Grafton Housing Production Program/Five-Year Program*

Strategies by Year	Affordable Units < 80% AMI	Ineligible for SHI	Total # Units
Year 1 – 2018			
Review 40B proposals/Prentice Place (rental) **	48	0	48
Subtotal	*48*	*0*	*48*
Year 2 – 2019			
Covered Under Year 1 certification			
Development of Town-owned land/Hudson Avenue/"friendly 40B" (rental)**	40	0	40
Subtotal	*40*	*0*	*40*
Year 3 – 2020			
Covered under Year 2 certification			
Development of Town-owned property/tax title or 88 Ferry Street/"friendly 40B" (ownership)	10	10	20
Mixed-use Development/Village Mixed Use Zoning (ownership) @ 20% affordability	6	24	30
Scattered-site infill development/Adams Road-Miscoe Brook Preserve	2	0	2
Mixed-use/TOD at Fisherville Mill or North Grafton Transit Village development/40R (ownership)**	10	40	50
Scattered-site infill development/group home (special needs rental)	8	0	8
Subtotal	*36*	*74*	*110*
Year 4 – 2021			
Covered under Year 3 certification			
Mixed-use Development/Village Mixed Use Zoning (rental)**	20	0	20
"Friendly 40B" development (ownership)	5	15	20
Scattered-site, flexible development (ownership)@ 20% affordability	8	32	40
Create a homebuyer assistance program (ownership)	3	0	3
Scattered-site infill development and assistance – Housing Rehab Program (ownership)	5	0	5
Subtotal	*41*	*47*	*88*
Year 5 – 2022			
Covered under Year 4 certification			
Development of Town-owned land/25 Worcester Street or Creeper Hill Road/"friendly 40B" (rental)**	36	0	36
Mixed-use/TOD at Fisherville Mill or North Grafton Transit Village development/40R (rental)**	40	0	40
Scattered-site infill development/ small pocket neighborhood/"friendly 40B"	3	7	10

(ownership)			
Create a homebuyer assistance program (ownership)	3	0	3
Scattered-site infill development and assistance/Housing Rehab Program (ownership)	5	0	5
Scattered-site affordable housing on nonconforming lots (ownership)	1	1	2
Subtotal	*88*	*8*	*96*
Total	**253**	**129**	**382**

* 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.

** All units count in SHI for Chapter 40B rental projects.

Section VI
HOUSING STRATEGIES

The Town of Grafton has made significant progress in building its capacity to promote affordable housing since it developed its first Affordable Housing Plan in 2006. The Town has implemented the following key strategies that were either included in that Plan and the subsequent Housing Production Plan in 2013 or were a result of alternatives during the implementation process:

Planning and Community Outreach

- *Establishment of the Grafton Affordable Housing Trust* in 2007, which replaced the Affordable Housing Committee that was responsible for the 2006 Affordable Housing Plan. The Trust subsequently developed Housing Trust procedures through a Declaration of Trust and then prepared a Housing Action Plan in 2017.

- *Capitalization of the Trust Fund* of almost $1.5 million as of October 31, 2017 which came from Community Preservation Act funding and a development settlement. In fact, the Town's Community Preservation Committee (CPC) has automatically transferred 10% of its annual funding to the Housing Trust. The CPC also welcomes individual proposals for special housing initiatives through its standard application process.

- The *designation of the Assistant Planner as the key point person* for supporting the efforts of the Affordable Housing Trust and support of Housing Plan preparation and implementation.

- *Community outreach efforts* to showcase affordable housing including a new brochure, annual housing workshops, and special community forums for new initiatives. Of particular note was the recent effort on the part of the Town to obtain significant community input into its Housing Action Plan through a special workshop and housing stakeholder interviews. The Town has also enhanced its website, planning an email subscription system to disseminate important information to the public. Interested parties can sign-up to receive email updates regarding particular activities such as Housing Trust events, announcements, and upcoming lotteries for affordable units.

- *Preparation of a Local Initiative Program (LIP) Procedures Manual* that detailed the respective roles and responsibilities of the Housing Trust, Planning Department and other local leaders for insuring that all state requirements are being met to create and retain affordable units, including those related to project marketing and lotteries.

- *Development of an affordable housing database* that provides information on all units included in the SHI, including detailed information on use restrictions to better monitor affordable units.

- Creation of the *Fisherville Smart Growth Overlay District* (FSGOD) as part of a Chapter 40R program to revitalize the older Fisherville Mill site. Development is envisioned to include a range of housing opportunities, rental and ownership, along with a mixed-use development component to promote more compact design, the preservation of open space, and a variety of transportation options. Town staff continue to meet with the developer to explore development options.

- Creation of the *North Grafton Village Overlay District,* another Chapter 40R Smart Growth Overlay District that will provide important zoning relief and funding to support mixed-use and transit-oriented development near the MBTA Station and help redevelop the former Grafton State Hospital.

- Village Center zoning in the *Village Mixed Use District* in South Grafton that added an affordability component in 2016.

- *Work with local developers to encourage the production of new housing units* including support for projects using the flexible zoning provision or comprehensive permits such as Dendee Acres, Peters Estates, Fisherville Terrace, 123 Ferry Street, etc.

- *Increased coordination of municipal staff* through meetings among various offices to improve communication and cooperation on key Town programs, policies and projects, including those related to affordable housing. An example is a meeting with Senior Center staff and Friends of Grafton Elders to discuss a senior assistance program, however such a program will unlikely to be eligible for Trust financial assistance without deed restrictions.

- *Purchase of 30 Tulip Circle* by the Housing Trust to protect the affordability of this affordable unit that had been foreclosed.

Assessments of Potential Development Projects

- Completion of a Phase I Environmental Site assessment of *100 Elmwood Street.*

- Consideration of the transfer of a tax title property (condo) from the Town to the Housing Trust for the purpose of deed restricting and selling the unit as affordable at *395 Providence Road*. This potential project was ultimately abandoned due to the poor condition of the structure.

- Investigation into the feasibility of developing *11-13 Suzanne Terrace* including a review of encroachment issues from an abutter and test soil borings. The project ultimately failed to advance due to several site conditions.

- *Meetings with representation of other housing entities* (i.e., Habitat for Humanity, American Hellenic Educational Progressive Association National Housing Program, and the Grafton Housing Authority) to discuss possible development projects.

- *Preparation of a Request for Proposals (RFP)* to enable the Trust to negotiate with 40B developers to create additional affordable units as part of their development plan. This RFP was never issued but might be adapted to additional projects in the future.

Unit Preservation and Development

- Continued *review of multiple Chapter 40B proposals* under the Local Initiative Program (LIP).

- *Monitoring of resale units* to preserve unit affordability, particularly at Hilltop Farms, where the Universal Deed Riders replaced older antiquated affordability provisions.

- Assistance in *conducting various lotteries for affordable units* including the Peter Estates subdivision.

- The development of a Scope of Services for *a preliminary site analysis of the Town-owned site at Hudson Avenue* for the potential development of affordable housing, ultimately hiring of Graves Engineering to conduct the work.

The Town remains committed to building on this important progress through the actions described in Section VI.A through D below. **The strategies also reflect state requirements that ask communities to address all of the following major *categories of strategies* to the greatest extent applicable:**[32]

Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;
Pursue mixed-use and transit-oriented development (strategy VI.A.3)
Adopt Worcester Street Village zoning (strategy VI.C.1)
Amend the Flexible Development By-law to Better Promote Affordable Housing (strategy VI.C .2)
Allow Affordable Development on Noncomplying Lots (strategy VI.C.3)

Identification of specific sties for which the municipality will encourage the filing of comprehensive permit projects;
Foster the development of Town-owned land (strategy VI.A.1)

Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;
Pursue mixed-use and transit-oriented development (strategy VI.A.3)
Adopt Worcester Street Village zoning (strategy VI.C.1)
Partner with private developers on "friendly" 40B projects (strategy VI.A.2)
Support small, scattered-site development (strategy VI.A.4)
Allow affordable housing on nonconforming lots (strategy VI.C.3)

Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.
Foster the development of Town-owned land (strategy VI.A.1)

Participation in regional collaborations addressing housing development
Expand professional planning resources (strategy VI.B.5)

It should be noted that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also to serve local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory.

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

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

It should be further noted that this all strategies are meant to further the goals of the Housing Trust as listed in Section I.B and actual housing unit production is estimated under specific Housing Production strategies that in turn inform the housing production goals of Section V.

A. Housing Production Strategies

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

1. Foster Development of Town-owned Land (Years 1-3 for first project and Years 4-5 for second project)

The contribution or "bargain sale" of land owned by the Town but not essential for municipal purposes is a major component of production goals and the Town, through a previous Town-owned Land Committee, has considered multiple Town-owned/tax title properties as possible candidates for affordable housing over recent years including 100 Elmwood Street, 395 Providence Road, 11-13 Suzanne Terrace, and the state-owned Old State Hospital.

During a more recent review of Town-owned property, two key properties appeared to have the most potential for development, including 25 Worcester Street – the site of the former town high school – and Hudson Avenue/Millbury Street. The Worcester Street site is approximately 2.3 acres and the affordable housing segment of the Hudson Avenue site is about 4.4 acres.

The Housing Trust should conduct basic physical site assessments on these Town-owned parcels and has already commenced such work on the Hudson Avenue property, hiring Graves Engineering. Site assessments typically determine the potential development yield of the site, best area(s) to locate buildings, and a course of action to protect any natural resources and mitigate any negative environmental impacts. The site analysis would assess the availability of utilities, suitability for on-site septic, if needed, regulatory and legal limitations (e.g., local zoning, easements, or deed restrictions). The Housing Trust hired Graves Engineering to conduct a review of site conditions, development opportunities and constraints, including a conceptual site plan.

If this analysis indicates that housing might likely be accommodated, the Trustees should request approval from the Board of Selectmen and Town Meeting to convey the property to the Housing Trust for affordable housing development.

The Trustees 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 its funding thresholds and underwriting criteria (which will be incorporated in the RFP). The RFP should indicate that the Trustees anticipate allocating Trust funds to support the development.

It is likely that the projects will require densities or other regulatory relief beyond what is allowed under the existing Zoning By-law, and the designated developer 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). Additionally, the Housing Trust will need to be an advocate for the project, helping the selected developer secure necessary financing and political support.

Another consideration is for the Town to acquire property such as former Grafton State Hospital properties or other parcels such as 20 Creeper Hill for some amount of affordable housing development. The Town is in court to acquire an abandoned subdivision at 88 Ferry Street that would incorporate some affordability.

Other potential properties include those that can be acquired by the Town through the tax foreclosure process. The Housing Trust could take the lead in evaluating properties that are moving through the tax foreclosure

process and then obtain Town Meeting approval for conveyance to the Housing Trust for the development of affordable housing. Instead of auctioning these properties to the highest bidder, the properties could be aggregated into single Request for Proposals to select developers to undertake the projects. To support such projects, the properties could be conveyed at nominal cost and the Housing Trust could provide additional subsidy funds as gap fillers.

Some alternatives for funding and conveying properties might be considered including:

- *Funding*
  CPA or Housing Trust funding are typically considered as important gap fillers in making such Town-sponsored projects financially feasible. The Town might consider alternative forms of subsidies such as short-term loans (e.g., 5-year) to ensure the regeneration of Trust Fund. Some Trusts have explored the model of shared-equity agreements, but if risk is high there will likely be little or no return on the Town's investment. There will be a priority for using Housing Trust funding for the development of Town-owned property in at least the first several years of the implementation of its Housing Action Plan.

  The Town has also applied for Housing Choice Designation that will enable it to access new state resources for technical assistance, new capital grant funding, and bonus points for existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. This Initiative is part of the state efforts to produce 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task (see Appendix 3 for more details).

- *Ground Lease*
  The Trustees may also consider retaining ownership of the property and offering a ground lease. Trustees may choose to keep the property under Trust ownership and lease it to a developer through a very long-term ground lease. The developer builds, owns and manages the building but the Trustees can establish certain criteria for the project that become restrictions and provisions in the ground lease. This structure allows the Trust to create housing without having to administer the construction or management of the housing itself.

- *Focus on Priority Housing Needs*
  To help address Grafton's most critical housing needs, as is well documented in this Housing Production Plan, the development should create rental units including units that are affordable to households earning at or below 60% AMI, including lower levels of 50% AMI and 30% AMI. The RFP should specify the minimum number (or percentage) of units that should be affordable and should be established by testing the feasibility – calculate rough number on how the affordable unit minimum will impact the need for subsidies. Subsidy programs typically have a maximum award per unit and this will affect the feasibility of the project. Programs that target lower income households include the Low Income Housing Tax Credit, HOME Investment Program, Section 8 Project-based subsidies, among others. It should be noted however, that some density and a certain threshold of affordable units are typically necessary for a project to be competitive for some of these programs

Projected Number of Affordable Units Produced: 86 units

2. Review 40B Comprehensive Permit Proposals (Ongoing)

The Town, previously through the Affordable Housing Committee and now through its Housing Trust, has been responsible for the initial review of Chapter 40B comprehensive permit proposals. The Housing Trust will

continue to be the first point of contact for developers who are interested in pursuing any affordable housing development including "friendly" Chapter 40B comprehensive permit projects. The Housing Trust will provide early input on preliminary project plans and suggest changes, where appropriate, to guide project development. The Housing Trust, with support from the Planning Department and the developer, will also work with the Board of Selectmen's Office to prepare applications to DHCD for participation in the state's Local Initiative Program (LIP),[33] the "friendly" 40B Program.

This role is highlighted under the Town's LIP guidelines. The Trustees have reviewed multiple proposals in recent years and should continue to review future proposals and attend the initial hearing and/or prepare a letter for the record that the comprehensive permit application is through LIP and that the Town has been supportive of the project. In addition, the Trustees should hold meetings with developers proposing "friendly" 40B's to guide project development towards meeting local needs and priorities in line with LIP policies/Housing Guidelines and review the comprehensive permit application prior to submission to the Zoning Board of Appeals.

Participants in the Housing Trust's Community Workshop on its Housing Action Plan indicated that such support for "friendly 40B's" and using Housing Trust funds to go beyond the 20% or 25% affordability mandate should be pursued. This strategy in fact received the highest ranking among participants. The general attitude was that it was uncomplicated, flexible, and based on a program already in place, thus removing some of the administrative and political challenges in implementation.

Projected Number of Affordable Units Produced: 53 units

3. Pursue Mixed-Use and Transit-Oriented Development (Year 1)

In the context of good town planning and smart growth, the likely locations for denser development, certainly for providing housing for smaller households and seniors, are in commercial areas and near transportation nodes. As noted earlier in this Plan, Grafton has been pursuing such development through the following initiatives:

- *Village Mixed-use Zoning*
  Grafton approved a by-law to promote mixed-use development in South Grafton that also allows multi-family development of up to eight (8) units per acre and includes an affordability mandate of 20% of all units for homeownership projects and 25% for rentals.

- *Fisherville Mill Overlay District*
  The Town approved the Fisherville Mill Overlay District as part of a Chapter 40R zoning amendment (see Appendix 3 for details) in an effort to revitalize the older Fisherville Mill site into mixed uses, including affordable housing. The Town continues to work with the property owner to move development forward.

- *North Grafton Transit Village Overlay District*
  Grafton's 2001 Master Plan identified the area surrounding the North Grafton MBTA Station as a potential Transit Village that would hold substantial opportunities for developing a mixed-use village that could take advantage of the former Grafton State Hospital properties and the proximity of Tufts University's School of Veterinary Medicine. The Town more recently prepared a Strategic Plan for

[33] See Appendix 3 for details on the Local Initiative Program (LIP).

redeveloping the area to better ascertain the challenges and opportunities for redevelopment, accompanied by a significant public process. It approved the North Grafton Transit Village Overlay District last year through the state's Chapter 40R process.

- *Worcester Street Village Zoning*
  The Town is preparing a Worcester Street Village Study as part of its Route 30 Transit Village Master Plan. This work involves gathering input from residents and businesses on how the area around and including 215 Worcester Street can be re-envisioned and redeveloped as a gateway to Grafton that would include mixed residential and commercial uses, walkability, and some amount of affordable housing.

These opportunities will guide development to appropriate locations such as near the commuter rail station and village centers where residential units would add to the vitality of these areas; provide housing for small households in easy walking distance to goods, services and transportation; and reduce traffic. Because of these reasons, many communities are promoting mixed-use development and Transit-oriented Development (TOD) 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.

The Town can work with developers to help them secure necessary financing, advocating for approval of state funding sources such as District Improvement Financing, Urban Center Housing Zones, Tax Increment Financing, and housing subsidy programs to help make new mixed residential and commercial development economically feasible, including the integration of affordable units. The funding under Chapter 40R will also help promote project feasibility.

Projected Number of Affordable Units Produced: 76 units

4. Support Scattered-Site Infill Development and Assistance (Year 3)

This Plan also incorporates smaller-scale infill development of privately owned lots that will have relatively fewer impacts on any single neighborhood as affordable housing creation will be spread geographically throughout town. As reported by the Lincoln Institute of Land Policy, "Urban planners and public officials are focused on developing housing types that restore the 'missing middle' – row houses, duplexes, apartment courts, and other small to midsize housing designed at a scale and density compatible with single-family residential neighborhoods." The "missing middle" concept grew out of the New Urbanism movement "to inject more moderately-priced housing into residential neighborhoods, from shrinking or subdividing lots to adding accessory dwelling units (ADUs), to expanding legal occupancy in homes."[34] It suggests housing types that "typically have small to medium-size footprints with a body width, depth, and height no larger than a single-family home. They can blend into a neighborhood as compatible infill, encouraging a mix of socioeconomic households and making more effective use of transit and services."[35]

Organizations, such as Habitat for Humanity, continue to look for donated land on which to build and those that support special needs housing are active throughout the region and may have an interest in developing additional group homes in Grafton. For example, the state's Department of Developmental Services (DDS) has

[34] Ibid.
[35] Ibid.

sponsored 26 units in group homes and the Department of Mental (DMH) created 14 units in group homes over just the past few years.

There are also effective models of *small clustered development or pocket neighborhoods* that can incorporate several income tiers to meet housing needs. Such developments can also incorporate the co-housing concept that includes some shared facilities.

There are also excellent models of small "friendly" comprehensive permit projects that have been developed in other communities that have produced affordable units without adverse neighborhood impacts. Also, accessory apartments, while not eligible for inclusion in the Subsidized Housing Inventory, can still help diversify Grafton's housing stock by providing small relatively affordable rental units, and thus should be encouraged.

To do this, the Town can work with for profit and non-profit developers as well as with abutters of vacant land to develop new infill housing. 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, potentially providing Housing Trust funds at some point; can negotiate "friendly" Chapter 40B projects through DHCD's Local Initiative Program, for example; and can encourage abutters to create affordable housing on vacant adjacent lots. Resources to support such development can be accessed through CPA or Housing Trust Funds as well as a number of state and federal agencies. Moreover, with prescribed changes in the Zoning By-law, accessory apartments can be better promoted as well as the development of currently nonconforming lots.

As part of this small-scale, scattered-site approach and based on the Town's priority housing needs, this Plan also suggests that the Town secure funding and introduce a Housing Rehabilitation Program. As noted in the Housing Needs Assessment, about half of Grafton's housing units were built prior to 1980 and thus many are likely to have deferred maintenance needs including some health and safety violations. Many of these properties are also likely to include some amount of lead-based paint that is particularly hazardous to young children. Other outstanding repair needs might include septic system improvements in the un-sewered pockets of town, and home modifications for those with disabilities.

Many communities in the state receive Community Development Block Grant (CDBG) funding to support a Housing Rehabilitation Program. Such programs provide important subsidized financing to low- or moderate-income owner-occupants earning at or below 80% AMI or investor-owners and non-profit organizations that rent to low- or moderate-income households to make much-needed repairs to their properties. Program assistance is typically offered at a 0% interest rate with loan conditions dependent on income and ownership status. Loan payments are generally deferred until the sale of the property and forgiven after a term of 15 years. Deed restrictions are placed on the property for this 15-year term of the loan.

While not considered a priority in the process of preparing the Housing Trust's Housing Action Plan, *t*he Town should apply to DHCD for CDBG funding to support the introduction of a Housing Rehabilitation Program. DHCD has been revisiting some of its criteria for allocating this funding, and Grafton may find itself in a competitive position to receive financial support. Such a program could also be operated by a nearby non-profit entity with commensurate capacity and expertise.

Projected Number of Affordable Units Produced: 32 units

5. Create a Homebuyer Assistance Program (Year 4)

The Town should explore the potential of working with for profit, non-profit and local residents on strategies to convert existing unsubsidized units to state-defined "affordable" ones. While this strategy was not considered a high-ranking one during the Housing Trust's community workshop on its Housing Action Plan, some participants did consider it a useful piece of the Town's overall housing strategy.

There are a couple of programmatic approaches that insure long-term affordability by focusing on existing dwelling units rather than building new ones including:

- *Homebuyer Assistance Programs*
  Homebuyer Assistance Programs, also referred to as Mortgage or Down Payment Assistance Programs, provide subsidies to qualified first-time homebuyers to fill the gap between a specified maximum market purchase price and the affordable price that is allowed under the state's Local Initiative Program (LIP).

- *Buy-down Programs*
  This approach involves the purchase of one or two-family structures or other housing types, renting or reselling one (or possibly both/several) of the units subject to deed restrictions that insure permanent affordability.

Under both of these options, the Housing Trust could take the lead in program development and management, although many communities have opted to work in partnership with a non-profit housing entity that has the day-to-day staff capacity to coordinate all aspects of the program.

Most of the communities that have implemented these programs have used CPA funding or Housing Trust funds as gap fillers. As noted in Section III.C, the affordability gap for those earning at the 80% of area median income limit, is approximately $131,900 for single-family homes, the difference between the median priced single-family home ($390,400) and what a three-person household earning at this income level can afford (or $250,000) based on 80% financing, and a gap of about $161,400 in regard to 95% financing. The affordability gap for condos for households earning at 80% of median income was $76,500 based on 80% financing and $102,500 for 95% financing.

The focus of such an initiative would be those housing units that are most affordable in Grafton's private housing market to minimize the amount of subsidy required to fill the gap between the purchase price plus any costs of improvements and the affordable rents or purchase prices. Smaller homes or condominiums are reasonable targets as are small multi-family properties that offer the advantage of both rental income to their owners, making the properties more affordable, as well as relatively affordable rents for tenants. It would not be unreasonable to set a maximum sale price of $350,000 for single-family homes and $250,000 for condos with a maximum subsidy of $150,000 to make the Program feasible.

Projected Number of Affordable Units Produced: 6 units

B. Operating and Outreach Strategies (Year 1 and Ongoing)

As noted in the Housing Trust's Housing Action Plan, 'the most effective housing trusts are operated with transparency, strong communication, clear and strategic priorities, and professional capacity. Well considered operating strategies can help the Trustees be more productive, efficient, and successful in achieving its mission and can help ensure that the trustees comply with relative laws and regulations". While these actions will not create affordable units directly, they help provide a context for better managing such development.

Towards these ends, the Housing Trust should undertake the following strategies in moving forward in the implementation of the Housing Trust's Housing Action Plan and this Housing Production Plan:

1. Conduct Outreach and Advocacy for Affordable Housing

Because most of the housing strategies in this Housing Plan rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Continued and strategic efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives builds support by generating a greater understanding of the benefits of affordable housing, reducing misinformation and dispelling negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on concerns and suggestions.

The process used to prepare the Housing Action Plan in 2017 and the presentation of this Housing Production Plan have offered important opportunities to bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. For example, the Housing Trust sponsored a public forum on this Housing Plan on April 3, 2018.

Other education opportunities should continue to be pursued during the term of this Housing Production Plan including:

- Special forums on all new housing initiatives including new development, programs and regulatory changes.
- Annual or biannual housing summits to improve communication and coordination among Town departments related to affordable housing initiatives.
- Regular updates to the Board of Selectmen and Community Preservation Committee regarding the status of Trust initiatives.
- Updates at regular meetings of other Town entities such as the Planning Board, Council on Aging, Commission on Disability, Economic Development Commission, Finance Committee, and the Housing Authority.
- Speakers about affordable housing needs and issues that may include professionals from Citizens' Housing and Planning Association (CHAPA), Massachusetts Housing Partnership (MHP), Northeastern University's Dukakis Center, Department of Housing and Community Development (DHCD), Central Massachusetts Regional Planning Commission (CRMPC), and other relevant organizations.
- Social media engagement platforms including the Town's Facebook page and Twitter account to regularly post information about Trust-funded initiatives, housing issues and information, as well as housing assistance resources. At a minimum the Trust should publish four to five posts per month. Social media management can be simplified by using an app such as Hootsuite.
- Public information on existing programs and services.
- Enhanced use of public access television including scheduled appearances on cable access shows.
- Updates of the Town webpage and the posting of regular news and announcements, updating at least monthly.
- Letters to the editor, press releases, and interviews with reporters regarding housing assistance resources, Trust initiatives, housing lotteries, and general educational information related to housing issues.
- Educational opportunities for board and committee members as well as professional staff.

2. Establish Funding Thresholds and Underwriting Criteria

To lay a foundation for the Trustees to utilize the Trust Funds wisely, the Trustees should adopt funding thresholds and underwriting criteria to ensure that its limited resources are utilized in the most effective manner possible. The purpose of funding thresholds is to guide the Trustees' funding contribution to development projects. Initially, as explained more below, the Trustees would utilize these funding thresholds to determine the level of funding allocated to foster development on Town-owned land. In later years, were the Trustees to shift to a more passive funder approach to support private development funding requests, they could utilize the same criteria (or modified, if needed). Examples of funding criteria for consideration include:

- *Consistency with Grafton's community development and preservation goals.*
- *Consistency with fair housing principles* to affirmatively encourage equity, promote housing choice, enhance mobility, and promote greater opportunity.
- *Extension of the term of affordability* for as long as possible under the law and realities of funding.
- *Targeted affordability to* most critical housing needs – namely, the production of rental units affordable to households earning at or below 50%-60% AMI.
- *Financial feasibility* but with flexibility to allow for the Trust Fund to be used as the first dollars in on a case-by-case basis when demonstration of local support is beneficial at early stages of project development.
- *Maximum leveraging* of Trust Funds.
- *Regeneration of Trust Funds* to help to restore Trust Funds. (Such mechanisms to consider include short-term loans, longer-term gap financing loans, and shared-equity agreements.)

The Trustees should adopt underwriting criteria for Trust-funded development initiatives to ensure the Board appropriately fulfills its fiduciary responsibility as Trustees. Standard underwriting criteria includes: maximum award amounts, approval of permits and any other government approvals, award terms, maximum developer and contractor profits and overhead, etc. maximum per unit cost (further leveraging of funds).

3. Conduct Annual Audits

MGL Chapter 44 Section 55C, which authorizes the establishment of Municipal Affordable Housing Trust Funds, requires that the Trustees obtain an annual audit of the Housing Trust Fund by an independent auditor in accordance with accepted accounting practices. The costs of such an audit can be covered by the Housing Trust Fund. It is advisable that the Housing Trust designate a specific time each year, such as early in the calendar year or in accordance with the Town's fiscal year, to process this audit.

4. Establish Subcommittees

To enhance the efficiency and effectiveness of the Housing Trust, the Trustees should establish subcommittees organized around specific responsibilities of the Trust, to make progress between regular Housing Trust meetings on important work and then to report back to the full Trust for further deliberation. The Housing Action Plan recommended the following subcommittees:

- Review of 40B comprehensive permit applications and monitoring of existing affordable units to meet as needed (2 members)
- Community outreach and advocacy to meet at least monthly (2 members)
- Town-owned land development to meet at least monthly (3 members)

It is likely that as work continues on the implementation of this Housing Plan, the establishment of additional subcommittees will be useful, for example in pursuing zoning changes in tandem with the Planning Board or proposing new housing programs or services, such as first-time homebuyer assistance.

All Trustees should be expected to actively participate in a subcommittee and all Housing Trust meetings should include standard agenda items related to subcommittee reports and full Trust deliberations regarding next steps.

5. Hold Biannual Strategic Planning Meetings

As with most organizations, meeting agendas typically focus on current initiatives, determining next steps to implement key strategies and meet organizational goals. Nevertheless, organizations need to also set aside time to engage in a strategic planning process than involves a review of the status of longer-term goals and objectives. To accommodate such a strategic management process, the Trustees should hold biannual meetings with an agenda focused on a review of the Housing Trust's progress in addressing its goals and making necessary plans to stay on track.

6. Expand Professional Planning Resources

The Town is fortunate to have important professional support from the Planning Office but should also consider augmenting this assistance for the coordination and implementation of various strategies that may require specialized housing expertise and offer more day-to-day momentum between Housing Trust meetings. The Housing Trust could consider exploring the options of working with The Central Massachusetts Regional Planning Commission (CMRPC), the regional planning agency, for example. CMRPC has been attempting to establish a regional housing services approach that would be comparable to the models created in the Metro West and North Suburban areas of Boston through the Regional Housing Services Office and the Metro West Collaborative Development's work serving a collaboration of communities including Hudson, Stow, Littleton and Boxborough. These collaborations share housing consultants which provide a menu of services that municipalities can buy into including creating a database of SHI units, monitoring SHI units, supporting new program and project development, etc. CMRPC is trying to identify a lead community to administer the collaboration.

The Trustees should contract for these services and if appropriate issue a Request for Quotations. It is typical that for new projects there is an initial monitoring agent fee for homeownership and rental projects. In subsequent years of occupancy, rental units are charged at an annual fee per affordable unit. For resale of affordable homeownership units, the fee is built into the deed rider (e.g., a 2% resale fee per the state's Universal Deed Rider).

C. Zoning/Land Use Strategies

As noted in the introduction to this section, the state's Housing Production requirements include the Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal.

Grafton's Zoning By-law 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, overlay districts or other special zoning provisions. Additionally, the Zoning By-law 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.

Housing production is contingent not only on actual development projects but also on the planning and regulatory tools that enable localities to make well informed decisions to *strategically guide* 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 By-law, and new tools will be required to capture more affordable units.

As part of the outreach and advocacy efforts summarized in this Plan, the Town should work with the Planning Board to amend zoning to encourage affordable housing development. The following strategies will provide some greater flexibility for the Town to promote scattered-site, infill development, and projected units that will result from these zoning changes are counted under the scattered-site production strategy.

1. Adopt Worcester Street Village Zoning (Year1)

As noted in strategy VI.A.3 above, the Town is also working on new Village Mixed Use District zoning at Worcester Street that will likely have similar provisions to those included in the Village Mixed Use District in South Grafton, including affordable housing requirements. Prior to drafting zoning language, the Town has been involved in preparing a Worcester Street Village Study as part of its Route 30 Transit Village Master Plan. This work involves gathering input from residents and businesses on how the area around and including 215 Worcester Street can be re-envisioned and redeveloped as a gateway to Grafton that would include mixed residential and commercial uses, walkability, and some amount of affordable housing. The Planning Board will need to finalize this Study and prepare a zoning amendment that can be voted on by Town Meeting in the near future.

Projected Number of Affordable Units Produced: Included under strategy VI.A.3.

2. Amend the Flexible Development By-law to Better Promote Affordable Housing (Year 2)

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."[36] 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."[37] 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."[38] 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 by-law has not effectively produced such units and greater incentives should be offered to facilitate affordable housing development to help meet local needs and production goals.

The Grafton Planning Board, with support from the Housing Trust, 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 by-law such as greater density bonuses and the flexibility to build other housing types besides single-family homes in residential districts. For example, a model by-law has been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, adopted by a number of Massachusetts's communities. The state's Smart

[36] Grafton Zoning By-law, Section 5.3.1.
[37] Grafton Zoning By-law, Section 5.3.5.2.
[38] Grafton Zoning By-law, Section 5.3.5.2.

Growth Toolkit under the Executive Office of Energy and Environmental Affairs also has a model available for review.

Projected Number of Affordable Units Produced: Included under Scattered-site Development strategy VI.A.4.

3. Allow Affordable Development on Noncomplying Lots (Year 4)

There are parcels of vacant land that at this time cannot be developed because they do not meet the precise dimensional requirements of the Zoning By-law 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.

The 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. It should further research where many of these lots are located and identify specific residential districts to allow such zoning.

One potential model is to allow such lots to be developed by Special Permit or through a by-law similar to what is included in Dennis' Affordable Housing By-law, one section that relates specifically to affordable lots.[39] The Dennis by-law allows the development of lots that do not meet minimum lot size requirements and are not protected as nonconforming lots by law because they are in common ownership with adjoining lots. The Bourne Housing Trust has also amended zoning to create the opportunity for developing nonconforming lots that include affordable housing.

The Town may also decide to invest some CPA or Housing Trust funds to help subsidize the affordable units that are created under this bylaw.

Projected Number of Affordable Units Produced: Included under Scattered-site Development strategy VI. A.4.

[39] Dennis Zoning By-law, Section 4.9.

Appendix 1
LOCAL AND REGIONAL ORGANIZATIONS

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 Trust

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. The Committee coordinated the preparation of the 2006 Affordable Housing Plan and was disbanded when the Town approved the establishment of the Grafton Affordable Housing Trust in 2007. The mission of the Housing Trust is:

> To actively foster the creation of affordable housing that will help Grafton reach the state's 40B goal and to preserve existing affordable units that are included on the state's Subsidized Housing Inventory to ensure continued affordability for as long as possible.
>
> In addition, the Trustees will nurture greater community understanding of housing needs and support for local affordable housing initiatives.

On June 7, 2005, new state legislation, called the Municipal Affordable Housing Trust Fund Act, was adopted which simplified the process of establishing Housing Trusts. Previously, cities could create trusts through their own resolution, but Towns had to get approval from the state legislature through a home rule petition. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member board of trustees, appointed and confirmed by the Board of Selectmen, in the case of towns, and including a member of the Board of Selectmen or the Town Administrator. 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 trusts 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.

The Grafton Housing Trust approved a Declaration of Trust that detailed goals and procedures and was able to obtain approval from the Community Preservation Committee and Town Meeting to have 10% of the annual CPA allocation passed on directly to the Housing Trust to capitalize its Housing Trust Fund. The Trust, with staff support from the Planning Department, is responsible for coordinating the implementation of this Housing Production Plan.

It is also important to note that the Housing Trust hired a consultant and prepared a Housing Action Plan, revisiting its mission, goals, priority needs, and priority housing strategies. This Housing Action Plan has provided substantial guidance regarding the contents of this Housing Production Plan.

2. Grafton Housing Authority (GHA)

The Grafton Housing Authority developed and owns 170 subsidized rental units in Grafton, 150 of which it manages, as described in Section III.D. 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 waits for the 22 family units at Veteran's Circle and McHale Drive involve about five years for local residents. 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. The Housing Authority does not manage rental subsidies, such as Section 8 vouchers, but focuses its efforts on property management activities, which are challenging in the context of limited 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.[40] 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. 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 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. In 2017, the local surcharge and state share raised $478,710, up from $356,396 in 2011.

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 independent living, 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 long 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.

[40] Massachusetts General Laws, Chapter 44B.

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, 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.

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. Habitat for Humanity – Metro West/Greater Worcester

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 30 homes involving $3.75 million in leveraged resources and 11,000 volunteer hours. The organization continues to search for additional sites on which to build affordable homes.

7. RCAP Solutions (Resources for Communities and People)

RCAP Solutions, also known as Rural Housing Improvement, is part of a regional branch of a national private, non-profit organization that provides technical assistance in the areas of rural drinking water, and wastewater treatment systems, solid waste programs, housing, economic development, comprehensive community assessment and planning and compliance with environmental regulations. The organization serves as the regional housing agency and provides housing and community services to low- and moderate-income individuals and families including rental assistance programs. They manage approximately 2,200 rental subsidies and also provide a range of homeowner services such as first-time homebuyer education, down payment assistance, lead abatement assistance, foreclosure prevention, mortgage default counseling, and budget and credit counseling. The organization also owns and manages eleven (11) developments in the region and is pursuing new opportunities to develop and manage real estate.

8. Central Massachusetts Regional Planning Commission (CMRPC)

The Central Massachusetts Regional Planning Commission (CMRPC) is the designated regional planning agency for the area that includes Grafton. It provides a wide range of planning services to communities within the region related to community development, transportation, data analysis and even homeland security.

Appendix 2
Glossary of Housing Terms

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

Area Median Income (AMI)
The estimated median income, adjusted for family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs.

Chapter 40B
The state's comprehensive permit law, enacted in 1969, established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

Chapter 44B
The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds' fees.

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

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

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

Inclusionary Zoning
A zoning ordinance or by-law that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

Infill Development

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

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

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)
A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

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

Mixed-Income Housing Development
Development that includes housing for various income levels.

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

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

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

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

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

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

Section 8
Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

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

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

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

US Department of Housing and Urban Development (HUD)
The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.

APPENDIX 3
Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

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

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

- Must be part of a "subsidized" development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the US Department of Housing and Urban Development.
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by DHCD.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met[41]:

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

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA's decision to the state's Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the

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

Chapter 40B comprehensive permit process.[42] Recently approved regulations add a new requirement that ZBA's provide early written notice (within 15 days of the opening of the local hearing) to the applicant and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

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

Recent changes to Chapter 40B also address when a community can or cannot count a unit as eligible for inclusion in the SHI including:

- *40R*
  Units receiving zoning approval under 40R count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a comprehensive permit project.

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

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

- *Projects with Expired Use Restrictions*
  Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.

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

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined under state guidelines including current residents, municipal employees, or employees of businesses located in town. It is also worth noting that the Town, through its

[42] 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.

Affirmative Fair Housing Marketing Plan, must demonstrate the associated local need for the community preference and insure that there will be no discriminatory impacts with the use of community preference.

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

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

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

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant requests otherwise. New 40B regulations provide greater detail on this re-determination process. Additionally, challenges to project eligibility determinations can only be made on the grounds that there has been a substantial change to the project that affects project eligibility requirements and leaves resolution of the challenge to the subsidizing agency.

The next stage in the comprehensive permit process is the application phase including pre-hearing activities such as adopting rules before the application is submitted, setting a reasonable filing fee, providing for technical "peer review" fees, establishing a process for selecting technical consultants, and setting forth minimum application submission requirements. Failure to open a public hearing within 30 days of filing an application can result in constructive approval. The public hearing is the most critical part of the whole application process.

Here is the chance for the Zoning Board of Appeals' consultants to analyze existing site conditions, advise the ZBA on the capacity of the site to handle the proposed type of development, and to recommend alternative development designs. Here is where the ZBA gets the advice of experts on unfamiliar matters – called peer review. Consistency of the project with local needs is the central principle in the review process.

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

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

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

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

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

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

B. Housing Production Regulations

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (36 units and 72 units, respectively, for Grafton for *approval* by DHCD.[43]
- 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 certification documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure based on future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
    - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
    - Identification of specific sites on which comprehensive permit applications will be encouraged.

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

Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
Municipally owned parcels for which development proposals will be sought.
Participation in regional collaborations addressing housing development.

The Board of Selectmen and Planning Board must adopt plans, and the term of an approved plan is five (5) years.

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that "the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income".[44]

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."[45] The key components of 40R include:

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

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

Incentive Payments

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

[44] 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.
[45] Massachusetts General Law, Chapter 40R, Section 11.

There are also density bonus payments of $3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would prepare the Zoning District bylaw (ordinance) for Town Meeting (City Council) enactment, would be "able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood."[46]

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 formal steps involved in creating Overlay Districts are as follows:

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

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

D. Local Initiative Program (LIP) Guidelines

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles as well as local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

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

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

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents[47]

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and payed by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees[48], private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the "as is" value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the "as is" market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.

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

[48] DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third party mortgages are allowed for homeownership units.

Marketing and Outreach

- Marketing and outreach, including lottery administration must adhere to all Fair Housing laws and the state's Affirmative Fair Housing Marketing Plan Guidelines.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of up to 70% of the units may be local preference units for those who have a connection to the community as defined by the state under Section III.C of the Comprehensive Permit Guidelines.
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s) and must demonstrate the need for local preference as well as insure that there will be no discriminatory impacts as a result of using local preference criteria.
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
  Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

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

1 bedroom – 700 square feet/1 bath
2 bedrooms – 900 square feet/1 bath
3 bedrooms – 1,200 square feet/ 1 ½ baths
4 bedrooms – 1,400 square feet/2 baths

- Appraisals may take into account the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

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

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

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

Application process

- Developer meets with Town
- Developer and Town agree to proposal
- Town chief elected officer submits application to DHCD with developer's input

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.

DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.

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.

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.

DHCD approval must include

- Marketing plan, lottery application, and lottery explanatory materials
- Regulatory agreement (DHCD is a signatory)
- Deed rider (Use standard LIP document)
- Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

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

The contact person at DHCD is Rieko Hayashi of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: rieko.hayashi@state.ma.us).

E. MassWorks Infrastructure Program

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support economic development and job creation. The Program represents an administrative consolidation of six former grant programs:

- Public Works Economic Development (PWED)
- Community Development Action Grant (CDAG)
- Growth Districts Initiative (GDI) Grant Program
- Massachusetts Opportunity Relocation and Expansion Program (MORE)
- Small Town Rural Assistance Program (STRAP)
- Transit Oriented Development (TOD) Program

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support:

Economic development and job creation and retention
Housing development at density of at least 4 units to the acre (both market and affordable units)
Transportation improvements to enhancing safety in small, rural communities

The MassWorks Infrastructure Program is administered by the Executive Office of Housing and Economic Development, in cooperation with the Department of Transportation and Executive Office for Administration & Finance.

II. SUMMARY OF HOUSING RESOURCES

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

A. Technical Assistance

1. Housing Choice Initiative

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components:

1. *Legislation*
   The Baker Administration filed legislation, An Act to Promote Housing Choices, which has been referred to the House Committee on Ways and Means. The key element of the bill is to reduce the required vote from a two-thirds supermajority to a simple majority for certain zoning changes including:

   - Chapter 40R
   - Cluster bylaws
   - Reductions in parking and dimensional requirements
   - Transfer of Development Rights/natural resource protection zoning
   - Increased density through the Special Permit process
   - Accessory dwelling units

2. *Capital Grant Funding*
   Communities can receive a Housing Choice designation that provides exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units from January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department. Grafton is applying for this designation.

3. *Technical Assistance Resources*
   The state has also allocated $2 million in technical assistance grants for planning assistance through what it is calling the new Planning for Production Program. Support includes:

   - Crafting new zoning to result in new housing production through Chapter 40A, 40R or a collaborative Chapter 40B proposal.
   - Planning and designing public infrastructure projects or enhancements that will facilitate needed housing growth.
   - Public education initiatives regarding financial feasibility, development cost-benefit analysis, local infrastructure needs, and school costs relative to the potential for new housing growth.

2. Planning Assistance Toward Housing (PATH)

A relatively new state-funded initiative, the Planning Assistance Toward Housing (PATH) Program, provides planning assistance to municipalities for housing production. The state has made $600,000 in planning grants available through the program to support locally initiated planning for municipally owned sites, changes to land use and zoning, and other strategies that directly contribute to housing production.

3. 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 (contact is Karl McLaurin at DHCD). 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.

4. 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. (Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227.)

5. 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.

(Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227 for more information.)

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require

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

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

1. HOME Program

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

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

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income. In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

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. Grafton is not part of a Consortium so would have to apply directly to DHCD for this funding at this time.

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.

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

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

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

6. Housing Innovations Fund (HIF)

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

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

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

8. MHP Permanent Rental Financing Program

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from $100,000 loans to amounts of $2 million. At least 20% of the units

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

9. OneSource Program

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

10. Section 8 Rental Assistance

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

12. 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.

13. Community Based Housing Program

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

14. Compact Neighborhoods Program

DHCD recently announced "Compact Neighborhoods" that provides additional incentives to municipalities that adopt zoning districts for working families of all incomes as well as smart growth development. Similar to 40R, the program requires new zoning that must:

- Allow a minimum number of "future zoned units" in the Compact Neighborhood, which is generally 1% of the year-round housing in the community;
- Allow one or more densities as-of-right in the zone of at least eight (8) units per acre on developable land for multi-family housing and at least four (4) units per acre for single-family use;
- Provide not less than 10% of units be affordable within projects of more than 12 units; and
- Not impose any restrictions to age or other occupancy limitations within the Compact Neighborhood zone although projects within the zone may be targeted to the elderly, persons with disabilities, etc.

Financial assistance through the Priority Development Fund is available to communities that are adopting Compact Neighborhoods zoning, giving priority to the creation of mixed-use development beyond the bounds of a single project. The state also promotes projects that meet the definition of smart growth under 40R, encourage housing that is priced to meet the needs of households across a broad range of incomes and needs.

The process for implementing a Compact Neighborhoods Zone includes:

- Identify an "as-of-right" base or overlay district (the Compact Neighborhood);
- Request and receive a Letter of Eligibility from DHCD; and
- Adopt the Compact Neighborhood Zoning.

16. DHCD Project-Based Homeownership Program

DHCD recently announced a first round of funding for its Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*
  Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to $500,000 in funding for a single project and no more than $75,000 per affordable unit. The maximum total development cost for affordable units is $300,000 and the maximum developer overhead and fee

is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.

- *Gateway Cities*
  A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple deckers (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to $500,000 in funding for a single project and no more than $75,000 per affordable unit. The maximum total development cost for affordable units is $250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the DHCD subsidy request.

Sponsors/developers must have hard letters of interest from construction lenders and mortgage loan originators, follow prescribed design/scope guidelines, submit sound market data at the time of pre-application, and have zoning approvals in place. Interested sponsors/developers must submit a pre-application for funding and following its review, DHCD review will invite certain sponsor/developers to submit full applications.

17. National Housing Trust Fund (NHTF)

The state has allocated $3.4 million in Housing Trust Funds and 100 Massachusetts Rental Vouchers to help create supportive housing for vulnerable populations including homeless families and individuals, unaccompanied homeless youth, frail seniors with service needs, and individuals in recovery from substance abuse. This program is intended to provide supplemental support to the federal National Housing Trust Fund, a newly–authorized affordable housing program.

18. Community Scale Housing Initiatives (CSHI)

The state has introduced a new program to address the need for smaller scale affordable housing projects that are sized to fit well within the host community. The new initiative will provide $10 million in funding for these projects based on the following eligibility criteria:

- Community must have a population not to exceed 200,000
- Program sponsors can be both non-profit and for-profit entities with a demonstrated ability to undertake the project
- The proposed project must include at least five rental units but no more than 20 rental units
- Project must involve new construction or adaptive reuse
- A minimum of 20% of the units must be affordable but it is anticipated that most proposed projects will have a minimum of 50% affordable units
- The host community must provide a financial commitment in support of the project
- The CSHI subsidy may not exceed $200,000 per unit unless the developer intends to seek DHCD project-based rental assistance in which case the subsidy may not exceed $150,000 per CSHI unit
- The total development cost per unit may not exceed $350,000
- Projects will receive no more than is necessary to make the project feasible
- Projects must be financially feasible without state or federal low income housing tax credits
- Projects are expected to close and proceed to construction within 12 months of the date of the award letter

19. Starter Home Program

State legislation was recently enacted to implement a Starter Home Program as part of the Governor's Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing

Production law of Chapter 40R to include $25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts will be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

20. Workforce Housing Fund

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. In his announcement, Governor Baker said, "Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working middle-income families are the foundation of our economy and talented workforce, and the creation of this $100 million fund by MassHousing will advance opportunities for them to thrive and prosper."

The Workforce Housing Initiative was created to do the following:

- Target individuals and families with incomes of 61% to 120% of Area Median Income (AMI)
- Provide up to $100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide
- Leverage strategic opportunities to use state-owned land
- Complement, does not replace, traditional MassHousing development financing
- Ensure workforce housing units are deed restricted as affordable for at least 30 years

Eligible projects include:

- Preference is for new units; existing projects where unrestricted units become restricted will be considered
- Workforce housing units are intended for working age household and may not be not be elderly restricted or occupied by full-time students
- 20% of units at the development must be affordable for households earning at or below 80% of AMI

21. Housing Choice Initiative

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units from January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department. Grafton is applying for this designation.

C. Homebuyer Financing and Counseling

1. ONE Mortgage Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, has recently introduced the ONE Mortgage Program, a new simplified version of the successful Soft Second Loan Program, which from 1991 to 2013 helped over 17,000 families purchase their first home. Like the Soft Second Program, ONE features low, fixed-rate financing and state-backed reserve that relieves homebuyers of the cost of purchasing private mortgage insurance.

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 ONE Mortgage 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, which require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organizations that offer these workshops in closest proximity to Grafton include RCAP Solutions, SMOC, and NeighborWorks Homeownership Center of Worcester.

4. Self-Help Housing

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

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

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

2. Get the Lead Out Program

MassHousing's Get the Lead Out Program 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.

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.

4. Home Modification Program

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The area's regional non-profit organization, Rural Housing Improvement/RCAP Solutions, administers these funds for the state.