

III. HOUSING

BACKGROUND

The vision of housing in the future Lancaster which we want is easily described, but not easily achieved. In that vision, people much like those living here now are still (or again) able to afford the housing which is available. Achieving that will require a significant amount of housing development, which in the vision would be joined harmoniously with the existing community both physically and socially, making it welcome.

That vision would be achieved through a mix of added compact housing in parts of the Town where such housing already exists, while in the rest of the Town where open land dominates the landscape any new housing would be carefully subordinated to that landscape through its compactness, siting and design.

Affordability is an important part of the vision. The intention is to achieve affordability as much as possible through facilitation and incentives rather than through heavy-handed rules. Perhaps most of all, in this vision the Town is not at the mercy of mandates from higher levels of government about what would be built where. Achieving that degree of community control is possible through energetic pursuit of the Town's own housing goals, using positive incentives and support to gain the housing that the Town wants.

Housing Needs

- COMMUNITY DEMOGRAPHICS

The make-up of Lancaster's population, except for the Town's unusually large institutional population, departs little from the pattern of demographics in nearby and similarly situated communities elsewhere regarding age distribution, ethnicity, typical household size, and other housing-related characteristics. Lancaster shares a similar demographic future with those others as projected by State and regional organizations: household size continuing to drop, small growth or possible decline in school-age population, stability or slow growth in the working age population, and very sharply growing senior population, as the "baby boom" generation reaches that age.

PROJECTED CHANGE LANCASTER RESIDENTS BY AGE GROUP

Age Group	% change 2000-10		% change 2010-20	
	MAPC	MISER	MAPC	MISER
All Ages	5%	-5%	6%	-6%
0-4	-27%	-12%	-1%	-9%
5-19	6%	-12%	-8%	-15%
20-34	-1%	-8%	12%	3%
35-64	11%	-3%	2%	-16%
65+	9%	11%	36%	26%

Source: Metropolitan Area Planning Commission (MAPC), 1/2006, and MA Institute for Social and Economic Research (MISER) 2005.

Those projections suggest a growing need for relatively small housing units to serve smaller households, a continuing need for housing serving "starter" households, and an accelerating need for senior housing.

- EXISTING HOUSING STOCK

As with demographics, Lancaster's existing housing stock departs little from regional norms. That housing stock is dominantly single-family, owner-occupied, with only rare instances of concern over housing conditions. A large share of Lancaster's housing units is relatively new, reflecting the Town's recent growth: according to the US Census in 2000 15% of Lancaster's housing was no more than ten years old, double the share which is that young in the Boston metropolitan area.

Lancaster's largest housing needs are cost-driven. The price of houses in Lancaster has tripled since 1993, which is rapid even by regional norms. The cause is not any shortage of local housing production. Housing growth rates in Lancaster in recent years have been six times as high as they were in the early nineties. Rather, the need is one driven by regional forces. One town alone can't satisfy that need, but if Lancaster and others in the region act strongly, together they can meet it.

In 2000 the distribution of family incomes in Lancaster closely matched that of the Boston region: Lancaster's median was \$60,800, ten percent above the Boston metropolitan area median of \$55,200. However, the median value of an owner-occupied house in Lancaster was then \$170,000, far below the

region's median of \$234,000. That didn't mean that housing prices in Lancaster were easily affordable, but those prices did make it possible for people much like current residents to move into the town.

However, since 2000, housing prices in Lancaster have soared, but incomes have not. From 2000 to 2005 the median price of single-family homes sold in Lancaster grew almost 70 per cent to a median price of \$325,000, which for most buyers would require an income of more than \$100,000 per year to afford¹. For the first quarter of 2006 the median has spurted to more than \$400,000². That means that a large share of Lancaster residents by then could no longer afford to buy the house they live in at its current market value.

Another indicator of housing need is the rule of thumb and the implication of a growing set of State policies and requirements that serving a responsible share of regional housing needs requires that at least 10 per cent of the local housing stock must be assured of remaining priced so that people having incomes no higher than 80 per cent of the regional median can afford it. That is the Chapter 40B requirement. For 2006 for the East Worcester region with which Lancaster is now grouped for such purposes, that median income is \$91,600. "Affordable" for these purposes means housing priced to be affordable at no more than 80 percent of that, or \$73,300, which is enough income to support a house price of about \$230,000, or \$200,000 for a condo. Lancaster units at such prices were easily found five years ago but not any longer.

Under Chapter 40B, until the community reaches its 10 per cent affordability threshold, developers may seek comprehensive permits which bypass all local regulations, and if denied, may appeal to the MA Housing Appeals Committee (HAC) which most commonly supports developer's proposals.

The current percentage of housing in Lancaster which is "affordable" as calculated under State rules is just 4.5 per cent, indicating a need for another 116 affordable units in order to reach the 10 per cent threshold, and more than that after 2010, since the need is calculated based on the decennial Census

¹ Based on a 5% down payment and spending no more than 30% of income on housing, including mortgage, insurance and taxes.

² Per the Warren Group website at www.thewarrengroup.com

count of year-round housing units, certain to be higher in 2010 than in 2000. At the rate of development being used in this *Plan*, the need for affordable units calculated that way grows by almost 50 units between 2000 and 2010.

LANCASTER & CHAPTER 40B

40-B Consideration	Decade	
	2000-10	2010-20
Initial yr-rd units	2,103	2,575
10% threshold	211	258
40B "Counted" 2005	95	95
Post-95 gap to fill	116	163

The bulk of the Town's affordable inventory is the 70 low-income elderly units at Bigelow Gardens. Demand for them is now very high, resulting in a two- to three-year wait for a unit. The remainder of the Town's affordable units is in much smaller numbers within several private developments.

- DEVELOPMENT CONDITIONS AND CONSTRAINTS

Lancaster has a large inventory of undeveloped land, enough to support development of more than 2,000 additional housing units³, but much of that land has qualities which impose constraints on development. An unusually extensive share of that land area has been identified at the State or Federal level as having special natural or cultural resource value (See Open Space, Natural Resources, & Recreation Chapter).

About two-thirds of the Town is included in portions of two MA EOEA-designated *Areas of Critical Environmental Concern* (ACECs), and a similarly sized share of the Town's land area has been identified as Core BioReserve area by the MA Natural Heritage and Endangered Species Program's (NHESP's) mapping program⁴. Two substantial districts have been placed on the National Register of Historic Places by the US Department of the Interior. Those designations subject development within them to special scrutiny, and suggest the importance of the Town playing an appropriate stewardship role for their protection.

³ See Herr & James, "Growth Expectations," March 11, 2006, page 4.

⁴ MA Natural Heritage & Endangered Species Program (NH&ESP), *BioMap: Guiding land conservation for biodiversity in Massachusetts*, 2001.

The Town's regulatory system reflects its concern for protection of those natural and cultural resources, but the measures which could reconcile concern for housing with those other concerns have yet to be adopted. For this *Master Plan*, a group of Town officials reviewed the Town's efforts on, among other things, housing, using a diagnostic checklist published by the National Trust for Historic Preservation⁵. The checklist has nine items specifically probing housing actions, ranging from such common measures as widely allowing multi-family housing or accessory apartments or small house-lots to more complex measures such as mandating inclusion of affordable housing in new development. The officials were in agreement that none of those items has been acted upon by the Town, evidencing that there is much which could be but has not been done to advance the Town's housing goals.

As of 2006, Lancaster's zoning bylaws require two-acre lots essentially everywhere in the Town. For senior living facilities and within a small and substantially fully-developed area, multi-family dwelling units may be built at four or more times that density. There are no specified bonuses or incentives or relaxations for developments which provide affordable units. Accessory apartments are not allowed. Any residential development of eight or more dwelling units is subject to a special permit and a strict review process, and may be subject to development rate controls. However, flexible residential rules provide substantial freedom in development design.

As discussed below and in other elements of the *Master Plan*, the Town's intention is to achieve reconciliation of interests in a way which continues to provide careful resource protection and to also make important progress in meeting Lancaster's housing needs. Any of the constraints on reasonable housing development cited above can be overcome, and this *Plan* indicates the Town's intentions for doing so.

- MUNICIPAL INFRASTRUCTURE CAPACITY.

As covered in the Community Services and Facilities

Element, the capacity of the Town's infrastructure, just as its natural and cultural resources, importantly conditions how housing can be soundly provided. Public water lines serve most of the Town's population, though only a small part of the Town's land area. The developed water supply capacity is seriously stressed, and development of additional supplies has been frustrated over the years by water quality and other limitations.

Town sewerage is less extensive, but still serves a major share of the Town's population and the portions of the Town most appropriate for higher-density development. However, again there is a capacity constraint in the treatment facilities, which are located in Clinton.

As discussed in the Services and Facilities Element, the capacity of existing schools at elementary, middle, and senior high levels each are of concern, with studies now under way to find means of expanding capacity to accommodate anticipated growth without compromising educational quality.

The Town has infrastructure capacity concerns, and this *Plan* among other things indicates the intention of ensuring that those capacity concerns and the concerns over housing needs both are to be met, and can be met through careful management of change.

Housing Strategy

The strategy for achieving the Town's housing goals has a number of components. One is to pursue housing objectives through efforts which also serve other community goals, such as natural or historic resource preservation, so that the same efforts can serve multiple purposes, and so that proponents from multiple interests can join their energies and persuasion in pursuit of actions benefiting housing.

In light of the important natural resources which cover much of the community and in light of the community's strained infrastructure, using existing housing as a resource for future affordability is an important part of the overall strategy. Building five new housing units in order to provide a single affordable one, as 40B developments commonly do, is an inefficient use of many kinds of resources. Creating new affordability through actions which create few or even no new housing units, such as buying, rehabilitating, and writing down the price for existing housing, can conserve space, resources, and political support.

⁵ Adapted from Philip Herr, *Massachusetts Place*, Northeast Regional Office of the National Trust for Historic Preservation, 1991.

Over the next ten years, this strategy involves adding nearly 200 affordable units to the total now existing in the Town, as later detailed. Review of likely change over that period suggests that the characteristics of the existing housing stock would serve well as a template for what is sought in the added affordable units. What that suggests numerically would be something like this for the next 200 affordable units created:

- 50 to 60 units in multi-family structures.
- 40 to 50 rental units as a minimum, but perhaps more at least during the period before the Town has “caught up” with Chapter 40B.
- 20 to 30 units suitable for one-person households.
- 45-55 units for persons aged 65+.
- 20 or more units for persons with disabilities.

A basic choice in the strategy is to pursue approval of a Lancaster Affordable Housing Plan under the MA Department of Housing and Community Development’s (DHCD’s) Planned Production Regulation and subsequent certification of compliance with that Plan.

Massachusetts housing regulations (760 CMR 31.07(10)(i)) provide that local decisions on Chapter 40B developments will not be subject to override at the State level if the municipality, following an approved affordable housing plan, has produced affordable housing at a rate of 0.75 per cent of the housing stock per year or 1.5 per cent per two years. For Lancaster, that annual rate would enable the Town to achieve having 10 per cent of its housing (as counted under Chapter 40B in the then most recent decennial census) in affordable units by 2015, and possibly sooner if recently proposed revisions to that law actually are adopted.

TARGETS: AFFORDABLE UNITS PER YEAR

Method	Pre-2010	Post 2010
Zoning requiring 15% of units to be affordable, assuming 40 housing units built per year	6	6
Existing units rehab & price controlled	3	4

Accessory apartments and “Great Estates”	1	2
Local initiative 40Bs	6	7
TOTAL	16	19

Achieving that rate would, so long as sustained, remove the threat of adverse Chapter 40B decisions at the State level. For the remainder of this decade, the 0.75 per cent rate means adding 16 affordable units either each year or averaged across each two years (one big project plus nothing else doesn’t satisfy the rule for more than two years). After the 2010 Census, the requirement is likely to rise to about 19 affordable units per year. Here is how the challenge might be met through the methods which are indicated in the table above.

Lancaster’s current growth timing provisions have a basic control threshold of 30 units per year, and the Town averages only a little over 40 new units per year. Given that rate of development, achieving 16 affordable units per year (or 19 starting five years from now) will be a challenge.

Development, of course, would not proceed as neatly as shown in the accompanying table with exactly, say, one accessory apartment each year and three units gained through rehabilitation. However, Lancaster would reach 10 per cent of its units counted as affordable by the year 2015 with Town growth occurring at the rate projected and with affordable units being added at the annual rates likely to be prescribed by State regulation.

Unless the law is by then changed, after that the 40B challenge would simply be to continue to gain affordable units in pace with overall housing growth. That then would probably require no more than five units per year, declining as the Town’s growth slows with declining land availability.

On the other hand, the challenge of preserving Lancaster’s current character and sense of community despite escalating housing costs would likely require efforts no smaller and possibly larger than those required to meet the “Planned Production” challenge, since really preserving Lancaster as the kind of community which it requires more than just assuring 10 per cent of the Town’s housing being affordable at 80 per cent of the area median income. It also requires assurance of access to Lancaster’s

housing for a wider range of incomes, as discussed earlier.

As of January 1, 2006 fifty-three Massachusetts municipalities (about one in seven MA cities and towns) had Planned Production plans which had been approved by DHCD. As of the same date, only 8 municipalities (about one in seven of those having approved plans) were certified by DHCD as currently being in compliance with those plans through satisfying the production standard. Planning is the first step. Achievement is clearly more demanding.

The plan and the strategy will involve four kinds of effort: building institutions, strengthening support resources, refining regulations, and continuing affordability and access.

GOALS AND OBJECTIVES

The basic housing goal is to preserve Lancaster as a diverse community of people, sustainable over the long term, with equity and access for all.

Just as protecting the natural environment requires a long-term commitment, so too does protecting equitable access to housing. Neither this nor any other housing plan can “solve” the housing problem in Lancaster for once and for all. What we now need to do is to institute a series of measures which over time can enable this community to continue in much its present social and physical form.

At this time, however, there are some fast-moving dynamics which call for rapid response. One of the most important is the threat of permanent change resulting from development taking place under Chapter 40B’s Comprehensive Permits, which elude local regulatory control. Accordingly, one process goal is to rapidly achieve the numerical objective of no longer being subject to 40B overrides of local authority. At Master Plan workshops, achieving that by the end of the decade was suggested as a goal. Careful analysis suggests that, although reaching the 40B 10% standard by then is almost certainly beyond reach, there is an alternative method of precluding unwanted 40B development which can feasibly be achieved in months rather than years. It is called “Planned Production,” and as discussed above, entails adopting and following a plan under which the share of the Town’s housing which is “affordable” per Chapter 40B is increased by 0.75% per year.

Truly preserving housing affordability for all levels of a diverse population requires more than satisfying the Chapter 40B mandate. First, the 40B method of “counting” gives no assurance that having 10 per cent of our housing units “counted” really means that 10 per cent of our units are affordable at below-market prices. Second, our needs go beyond the income levels addressed under Chapter 40B. A family of four with an income of \$75,000 earns too much to qualify for housing “counted” under Chapter 40B, but too little to afford almost all of Lancaster’s housing in the open market. To preserve this community, we need to preserve the ability of people of such income levels to be able to afford to live here.

Finally, our goal is to achieve that preservation of our social community without damaging it through harsh regulatory measures or heavy fiscal burdens, and without destroying the qualities of the natural and cultural environment which are so much of what makes Lancaster the special place that it is.

IMPLEMENTING ACTIONS

As discussed in the narrative above, these are the implementing actions through which those goals and objectives can be achieved.

- BUILDING INSTITUTIONS

- Prepare and submit a “Planned Housing Production Plan” based on this plan together with documentation of implementation consistent with it for DHCD approval of the Plan and certification that it is achieving the targeted levels of affordability. That is the key to relief over time from Chapter 40B bypassing local decisions.
- Create a Lancaster Housing Partnership. Just as we have a Conservation Commission to address natural resources and we have a Historical Commission to address historic resources, we should have a citizen organization within government which is charged with ensuring the adequacy of our housing resources.
- Explore gaining eligibility for federal housing subsidy funds through joining an eligible regional consortium, such as the Fitchburg and

Leominster HOME consortium.

- BUILDING SUPPORT RESOURCES

- Pursue participation under the Community Preservation Act (CPA) as a means of establishing a local source for funding housing actions. Under that act, funds raised by a real estate tax surcharge of 1% or more is matched at least in part by State funds, and are earmarked for housing, historic preservation, open space, or recreation.
- Be alert for grant opportunities. Support for a full-time planner's position would be of importance in pursuing this objective.
- Partner with those proposing new development to gain a responsible share of the affordable housing needs which such development creates. When provision of affordability is linked to adequate regulatory "give-backs" such as density bonuses, neither land owners nor developers will have a substantial net burden as a result.

- REFINING REGULATIONS

- Explore potential revision to the limited area of the Town within which multi-family dwellings are currently allowed.
- Within the revised multifamily overlay district, reconsider the two-acre "threshold" for allowing multi-family use, and consider revision of other dimensional rules for consistency with the relatively small lots existing in that area.
- Explore the possibility of designating one or more areas outside of the southern part of the Town for the multi-family overlay district.
- Pursue implementation of the draft of a Village Center Overlay District to complement the provisions of the multi-family overlay, allowing multi-family housing in conjunction with business development.
- Consider revisions to the current regulations for senior and assisted housing, acting on the basis of careful examination of the experience with the current provisions with an eye to their

possible revision in light of that experience and the future need.

- Adopt a demolition delay bylaw to provide an opportunity for an alternative use, such as affordable housing, to be found for structures which would otherwise be demolished.
- Explore adoption of an Estate Preservation provision under zoning, allowing the adaptive reuse of existing structures for additional units as an alternative to dividing the land into lots.
- Authorize "in-law" or accessory dwelling units within existing dwellings.
- Provide a density incentive for those developments which include affordable units.
- Revise Flexible Development zoning to incorporate credits for affordable housing as noted just above, and also to strengthen credits for contributing open space, even including open space which is not contiguous to the development, such as foregoing development on land in the Countryside policy area in return for being allowed an equal or greater amount of development on land within the Community Area.
- Explore offering a density incentive, just as in the item above, for development which includes either on- or off-site the rehabilitation of existing housing units and their deed-restriction for on-going affordability.
- Reconsider the Town's rate of development provisions which restrict the number of housing units which may be allowed in any year (Zoning Section 14.10) to really achieve its intentions and to be consistent with recent case law.

- CONTINUING AFFORDABILITY AND FAIR ACCESS

- Apply controls to ensure continuing affordability and fair access. Use restrictions and/or re-sale controls and regulatory agreements should ensure that the same level of affordability and the same assurance of fair access as applied initially to units continues to apply to them to the full extent allowable by law.

- Explore means of facilitating long-term affordability of energy in housing. Seek ways through creative funding or educational efforts to encourage initial investments in energy-saving design, construction, and equipment which although initially somewhat more expensive than “standard” will pay dividends over time through reducing heat and utility demands and costs for the occupants.

APPENDIX

Herr & James Associates, “Lancaster’s Preparedness for Guiding Growth: A Diagnostic”. November 9, 2005.

Herr & James Associates, “Lancaster 2000 Census Data,” March 30, 2006.

Herr & James Associates, “Lancaster Growth Expectations,” March 11, 2006.

Herr & James, “Village Center Zoning,” August 31, 2005

Herr & James, “Zoning for Housing Affordability,” August 31, 2005.

OTHER REFERENCED MATERIAL

MA Department of Housing and Community Development, “Guidelines for the Planned Production Regulation under MGL Chapter 40B 760 CMR 31.07(1)(i),” August 2005.

MA Department of Housing and Community Development, “Chapter 40B Subsidized Housing Inventory,” February 2006.

Montachusett Regional Planning Commission, *Lancaster Community Development Plan 2004*, prepared under Executive Order 418, June, 2004.
US HUD, *Research Works*, March, 2006, “Several Roads to Increased Energy Efficiency,” found under www.huduser.org .