

Town of Lancaster Housing Production Plan 2020-2024

Submitted to
Massachusetts Department of Housing and Community Development
(DHCD)

In accordance with
DHCD's Housing Production Plan Regulations
under MGL Chapter 40B & 760 CMR 56.03(4)

Prepared by Lancaster Resident Volunteers
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Corinne Walker

With assistance from
Montachusett Regional Planning Commission

March 2019

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Preface

Housing is one of our most basic rights and one of our greatest challenges. In the affordable housing market, we are planning for those who earn eighty percent or less of our area median income, as well as the “missing middle,” i.e. those who are not income eligible for affordable housing but are still spending more than thirty percent of revenue on housing. Eliminating this discrepancy for all cost-burdened households supports the basic right of safe shelter, and ensures that our job market is bolstered by an appropriately-priced residential market for employees.

Our goal in preparing the 2020-2024 Housing Production Plan is to strengthen Lancaster’s ability to pro-actively plan for the future. After receiving state-level approval for its Housing Production Plan, it is important that Lancaster make tangible progress with its affordability initiatives, and most importantly, its development pipeline. Only in this way will Lancaster receive Safe Harbor Certification on the way to meeting its affordable housing ratio requirement. Should Lancaster not achieve Safe Harbor status, or allow it to lapse, the Town will remain vulnerable to 40B development that may be incompatible with Lancaster’s local planning strategy. The Commonwealth’s approval of Lancaster’s five-year Housing Production Plan, coupled with permitting a half percent of total affordable units, annually is the regulatory mechanism to prevent this.

Affordable housing production exists among other equally noble tasks of preserving Lancaster’s historic character and open space, goals at times seemingly at odds with development. Instead of competing under duress, planning affordable housing in advance allows for preservation and growth to harmoniously enrich our town. May we strive to both preserve Lancaster’s deep New England roots and simultaneously welcome a bright future. May these efforts thrive together in a shared community where everyone can afford to call Lancaster “our home.”

March 2019
Lancaster Resident Volunteers
Housing Production Plan 2020-2024

I. Executive Summary

A. Purpose of Housing Production Plan

The purpose of this Housing Production Plan (HPP) is to enable the Town of Lancaster to produce a certain number of housing units annually that will be occupied by persons qualifying for the purchase or lease of these affordably-priced homes, so that the Town of Lancaster can ultimately achieve the Massachusetts statutory goal of providing a minimum amount (above 10%) of housing units at an affordable price. This Plan has been completed in accordance with the Commonwealth of Massachusetts Affordable Housing Statute (MGL Chapter 40B, Sections 20-23). The HPP regulation became effective on February 22, 2008 when the DHCD promulgated 760 CMR 56.00, Comprehensive Permit; Low or Moderate Income Housing. The HPP regulation is contained in 760 CMR 56.03(4). HPPs replace Planned Production under 760 CMR 31.07(1)(i). This Plan has been reviewed, approved, and recommended by the Town of Lancaster's Planning Board and Board of Selectmen.

B. Definition of Affordable Housing

Generally Accepted Definition

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

In Lancaster, about one-third of the Town's households pay more than 30 percent of their total annual household income on mortgage costs (Source: American Community Survey, 2016). More than the mortgagors,

about two-fifths of the Town's renters pay more than 30 percent of their annual household income on rent. Instead, both of these groups should be paying under 30 percent of their annual household income for housing to be within the guidelines of affordability.

MGL Chapter 40B Definition of Households Meeting Affordable Housing Requirements

The State statute concerning affordable housing development (MGL Ch. 40B, Sections 20-23) cites that affordably-produced and priced homes must be available to households where income does not exceed 80 percent of the median household income for the area. An "area" is a geographic cluster of communities established by the Department of Housing and Urban Development (HUD). Lancaster is located in the Eastern Worcester County, MA HUD Metro Fair Market Rent (FMR) Area. This includes Berlin, Blackstone, Bolton, Harvard, Hopedale, Lancaster, Mendon, Milford, Millville, Southborough, and Upton. The median family income for this area in FY2018, calculated on the basis of a 4-person family, is \$112,300. Accounting for HUD's adjustments for low income, low income limits for the Town of Lancaster for family sizes ranging from 1 to 8 persons are shown in the following table:

Table 1: Low (80%) Income Limits by Household Size FY 2018

Household Size	80% of Median Income
1	\$50,350
2	\$57,550
3	\$64,750
4	\$71,900
5	\$77,700
6	\$83,450
7	\$89,200
8	\$94,950

Source: U.S. Department of Housing and Urban Development (HUD) - FY 2018 Income Limits Documentation System

It was noted in the development of the HPP that there is a discrepancy between HUD's calculation of areawide median household income of \$112,300 for FY 2018 and Lancaster's median household income as calculated by the American Community Survey at \$93,750 for 2016. Applying the 80 percent factor to the ACS value to estimate the low income family limit results in an income level of \$75,000, a difference of approximately 4.3 percent from the HUD income limit of \$71,900. The ACS most recent estimate is 2016 which mainly explains the difference.

less than renters paying more than 30 percent of their income in the County (49.0%), the State (50.2%), and the U.S. (51.1%).

C. Percentage of Income Expended on Housing Compared with the National Standard

As shown in the following table, approximately one third

Table 2: Percentage of Income Used for Mortgage or Rent

Household Type	Lancaster # Units	Lancaster % Units	Worcester Co. % Units	MA % Units	U.S. % Units
Households with mortgages below or at 30% of total annual household income	942	70.9%	70.2%	67.3%	69.2%
Households with mortgages more than 30% of total annual household income	387	29.1%	29.8%	32.7%	30.8%
Households with rent costs below or at 30% of total annual household income	255	60.9%	51.0%	49.8%	48.9%
Households with rent costs more than 30% of total annual household income	164	39.1%	49.0%	50.2%	51.1%

Source: American Community Survey (ACS) 2016 Estimates

of Lancaster's residents (29.1%) who own a home and have a mortgage are paying more than 30 percent of their income towards monthly mortgage payments and other selected housing costs (e.g., taxes and insurance). As discussed above, housing is generally considered affordable when it requires 30 percent or less of its occupants' income. The percentage of Lancaster residents exceeding the 30 percent value is slightly less compared to the County (29.8%), the State (32.7%), and the U.S. (30.8%).

Also, as shown in the table, around two-fifths of renters in Lancaster (39.1%) are paying more than 30 percent of their income toward monthly rental costs. Although a lot, this proportion of Lancaster renters is quite a bit

D. Cost of Housing in Lancaster

Table 3 provides historical statistics for home sales and median sale prices in Lancaster for the past ten years. The effects of the housing bust are evident in the first four years included (2009-2012), then a small false start recovery in 2013, and then steady recovery from 2014. Prices in general have increased steadily since then. The annual number of units sold is holding relatively steady for the same time period. Based on this four and a half year trend, it appears the market is in full recovery.¹

Table 3: Home Sales and Median Sales Price

Year	1 Fam	Price	Condo	Price	All	Price
2018 Jan - Aug	54	\$360,000	1	N/A	69	\$360,000
2017	76	\$328,000	9	\$300,000	108	\$318,000
2016	83	\$315,000	10	\$229,450	113	\$300,000
2015	82	\$288,250	9	\$280,000	118	\$280,000
2014	70	\$281,250	14	\$204,500	104	\$274,000
2013	58	\$286,500	6	\$306,000	93	\$306,000
2012	79	\$244,000	16	\$220,000	126	\$230,000
2011	52	\$247,250	14	\$251,500	109	\$267,000
2010	50	\$269,900	9	\$252,500	95	\$269,900
2009	52	\$302,500	7	\$279,900	77	\$285,000

Source: The Warren Group, October 2018

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

This 2019-2023 HPP details how affordable housing needs in Lancaster will be met through the production of additional affordable housing units within the community. The Plan outlines a production schedule and strategies by which the municipality will meet its affordable housing needs in a manner consistent with the Commonwealth of Massachusetts' Affordable Housing Statute (MGL Chapter 40B, Section 20-23), and related Housing Production Plan regulation (760 CMR 56.03(4) and policies of the Massachusetts DHCD. The Plan will enable Lancaster to achieve "Safe Harbor Certification" by producing a supply of affordable housing needed in the community, and ultimately achieve the Chapter 40B statutory affordable housing requirement of being above 10 percent of total housing stock.

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

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

F. Affordable Housing Plan Certification

According to the thresholds set by DHCD, to be granted twelve months of Safe Harbor Certification, Lancaster will need to permit a minimum of 13 subsidized, year-round housing units per year. With certification, decisions by the Lancaster Zoning Board of Appeals to deny or approve with conditions comprehensive permit applications would be deemed "consistent with local needs" for a one-year period following certification. These decisions by the Board of Appeals will also be upheld by the Massachusetts Housing Appeals Committee (HAC). Communities may also earn twenty-four months (instead of twelve) of Safe Harbor Certification by permitting a full one percent of required units (versus half of one percent). Applied to Lancaster, if the Town produces 25 subsidized, year-round units per year, Safe Harbor Certification would extend for two years. These targets will increase in 2020 when the new Federal Census is released.

G. Other Pertinent Local Information

- The Town of Lancaster, with a population of 8,055 as of the 2010 U.S. Census, is bordered by Lunenburg and Shirley to the north, Harvard to the northeast, Bolton to the southeast, Clinton to the south, Sterling to the southwest, and Leominster to the northwest. The Town has a total area of 28.2 square miles, of which 27.7 square miles is land and 0.5 square miles, or 1.8 percent, is water.
- The number of required affordable housing units for a community is calculated as over ten percent the number of year-round housing units listed in the ten-year Federal Census. As of the 2010 Census, there were a total of 2,614 housing units within the Town of Lancaster, of which 2,544 were classified as year-round housing units. Our target is therefore at least 257 SHI units (or 10.1 percent), of which the Town currently has 140 SHI units registered.
- The Souza-Baranowski Correctional Center, a maximum security prison operated by the Massachusetts Department of Correction, is located in Lancaster. As of the 2010 Census, the prison had a population of 1,259, approximately 15.6 percent of the population of the Town. All inmates at Souza-Baranowski were counted by the Census as living in "group quarters," as opposed to living in "households." Excluding inmates, Lancaster's adjusted population is approximately 6,796 housing residents.
- From 2010 to 2016, the Town lost a large share of its

population within 35 to 44 years and 45-54 years - a combined total of just over 40%. The population of those over 55 years old increased significantly by almost 70%. However, due to the overall size of the younger population the median age of the Town remained stable from 39.8 to 39.7 years. This is two years above the median age in Massachusetts, which grew over the same period from 36.9 to 37.7 years.

- Approximately one-third of Lancaster's housing stock was constructed prior to 1940. Lancaster experienced large increases in stock between 1950-1969, and then from 1990-2009. Since 2010, the pace of housing starts has returned to more moderate levels.
- Following 2014, the past three years have seen lower levels of permits issued. From 2011 through 2017, nearly all building permits were for single-family dwellings.
- According to foreclosure data assembled by the Warren Group, there were a total of 46 foreclosures in Lancaster from 2012 through August, 2018. Lancaster has an average of approximately 11 foreclosures per year for the preceding six years.

H. Goals and Objectives of Lancaster's Housing Production Plan

The following set of community housing goals and objectives were established under the Town's 2007 Master Plan and are reiterated for this 2019-2023 Housing Production Plan:

- "To preserve Lancaster as a diverse community of people, sustainable over the long term, with equity and access for all."
- To produce nearly 200 new affordable units in the next 10 years:
 - 50-60 units in multi-family structures
 - 40-50 rental units as a minimum
 - 20-30 units suitable for one-person households
 - 45-55 units for persons aged 65+
 - 20 or more units for persons with disabilities

I. Implementation Strategies

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

each strategy and a timeframe for implementation are provided in Section IV.

1) Building Institutions

- Create a Lancaster Housing Partnership. Just as the Conservation Commission addresses natural resources and the Historical Commission addresses historic resources, a citizen organization within the Town Government would be established with the responsibility of initiating, advocating for, and coordinating efforts to ensure the adequacy of the Town's housing resources. The mission and operating framework of the Lancaster Housing Partnership would be defined in a public, governing document.
- Explore gaining eligibility for federal housing subsidy funds through joining an eligible regional consortium such as the Fitchburg and Leominster HOME consortium. Being in such a regional group would make Lancaster eligible for funding under the federal HOME housing program, including funds to support administrative costs. Benefits of being part of a regional partnership go beyond funding to include strengthened ability to advocate for housing as a region and participation in an inter-community forum to discuss regional housing needs.
- Explore partnering with private developers to develop more affordable multifamily rental units. Sandy Hollow is an example of such development.

2) Refining Regulations

- Ensure that all new residential development above a defined threshold contributes to addressing the Town's affordable housing needs.
- Within the revised multifamily overlay district, reconsider the two-acre "threshold" for allowing multifamily use, and consider revision of other dimensional rules for consistency with the relatively small lots existing within the Town. Modest additions to existing dwellings on smaller lots within the district could result in adding a few additional housing units which would be consistent with the character and functioning of the area, be relatively affordable, and also potentially result in some building improvements.
- Consider revisions to current regulations for senior and assisted-living housing. Currently such housing is allowed by special permit in the Residence District. While a substantial amount of age-restricted housing has been developed in the recent past, demographic projections indicate a growing need for this kind of housing. Efforts should begin with an examination of the experience with current bylaw

provisions.

- Explore adoption of an Estate Preservation provision under zoning bylaws, allowing the adaptive reuse of existing structures for additional units as an alternative to dividing the land into smaller lots. This would promote both historic preservation and housing affordability. For very large dwellings on very large parcels, such provisions would allow for adaptive reuse of the existing structure for additional units as an alternative to dividing the land into smaller lots, or as a means of reducing the number of lots allowed to be created.
- Explore offering a density incentive for development which includes, either on or off-site, the rehabilitation of existing housing units and their deed-restriction for on-going affordability. A draft of such a provision was previously developed but other options may be feasible as a means of including affordable housing in all new residential developments over a specified size.

3) Continuing Affordability and Fair Access

- Apply controls to ensure continuing affordability and fair access. Use restrictions and/or resale controls and regulatory agreements, supplementing restrictions in applicable permits and funding 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. Heating and utilities costs have been rising rapidly at a greater rate than income. This can create problems for households barely able to afford the affordable housing unit in which they reside. Efforts would be made to seek ways through creative funding or educational efforts to encourage initial investments in energy-saving design, construction, and equipment which, although initially somewhat more expensive than "standard," will pay dividends over time through reducing heat and utility demands and costs for occupants. This strategy has largely been implemented through the incorporation of the "Stretch Energy Code" in the Town bylaws.

J. Numerical Targets and Schedule

In order to achieve certification for Safe Harbor status, the Town of Lancaster has a necessary numerical goal for annual affordable housing production. These units are tallied in DHCD's Subsidized Housing Inventory (SHI) database. Based on Lancaster's overall affordable housing requirement, 13 units per year over a one year period meets the half of one percent "units per year" requirement for 12 months of Safe Harbor. 25 units per year generates the one percent per year to meet the two-year requirement or 24 months of Safe Harbor. These housing production requirements are based on the 2008 DHCD HPP regulations and data from the 2010 U.S. Census. As stated prior, the required number of affordable units for a community will increase with the 2020 Federal Census commensurate with the increase of overall year-round housing units since 2010.

DHCD offered guidance on "if and when" to include an identified redevelopment site in the pipeline, using the DCAMM site as an example: "I would just explain the background on the site and that it is a "potential site" for affordable housing development. I wouldn't let the potential redevelopment hold up submission of the HPP. Redevelopment and disposition of state owned sites (like state hospitals) can take a long time and often they require special legalization. You can always amend the HPP after its approved to reflect the outcome/ final reuse [...]."

After talking with DHCD, the HPP Team is following the guidance given to list Lancaster's most likely affordable housing sites at this time, and not restrict the pipeline to only sites already permitted. The HPP pipeline will evolve as sites' status changes. Including identified sites early in the process allows the HPP to track production prospects and routinely monitor their feasibility.

Based on DHCD's recommended threshold for inclusion, the following table presents the proposed housing production targets and schedule for the next five years:

Table 4: Proposed Lancaster Housing Production Schedule

Year	Number of Units	Basis for Housing Production
2019	<p>Every town's SHI is based on 2010 Census</p> <p>Lancaster: 2,544 year-round units</p> <p>Must be over 10% of total units 10% SHI = 254 units 10.1% = 257 units 11% SHI = 280 units</p> <p>Current SHI = 140 units, 5.5%</p> <p>Minimum needed to reach 10.1% = 117 units</p> <p>Minimum needed to reach 11% = 140 units</p> <p>Safe Harbor Certification requires 0.5% permitted 13 units = 12 months or 1% percent 25 units = 24 months</p>	<p>24-48 SHI rental units at Memorial School Note: Approximately 24 units on ground level; additional 24 units feasible on second level; suggest BOS make decision prior to RFP Note: RFP will outline design requirement to integrate with other town green buildings and recreational campus (gabled roof, complementary materials, ample parking, etc.) Developer/Town of Lancaster LIP application to DHCD</p> <p>1 SHI homeownership unit in rehabilitation of existing property Foreclosed property in negotiation with bank (owner) Habitat for Humanity/Town of Lancaster LIP application to DHCD</p> <p>8 SHI units of 32 total single family homes at Jones Crossing - Tyrone Jones 40B Comprehensive Permit issued; awaiting construction</p> <p>15 SHI homeownership units of 62 total units at Goodridge Brook Estates - Crescent Builders. 120 SHI rental units of 120 total units at Goodridge Brook Estates - Crescent Builders. Both Comprehensive Permit applications currently under review with Zoning Board of Appeals</p> <p>50+ units at DCAMM (Commonwealth of MA) - Site configuration proposal for 2 Phases planned with field manager; total number of units unknown at present but > 50</p> <p>Approximately 40 units at Atlantic Union College Active conversation with AUC</p>
2020	<p>New 2020 Federal Census Estimate of new total units: 2,850</p> <p>11% SHI = 314 units</p> <p>Safe Harbor Certification requires 0.5% permitted 14 units = 12 months or 1% permitted 26 units = 24 months</p>	<p>Memorial School pre-construction/construction</p> <p>DCAMM - Phase 1 permitting/pre-construction</p> <p>Goodridge Brook Estates construction</p>
2021	At least 14 units	<p>Memorial School construction/occupancy</p> <p>DCAMM - Phase 1 construction</p> <p>DCAMM - Phase 2 permitting/pre-construction</p> <p>Goodridge Brook Estates construction/occupancy</p>
2022	At least 14 units	<p>DCAMM - Phase 1 construction/occupancy</p> <p>DCAMM - Phase 2 construction</p>
2023	At least 14 units	DCAMM - Phase 2 construction/occupancy

In 2020, Lancaster will receive a new SHI target based on the 2020 Federal Census. We have built the jump into the Housing Production Plan, and estimate the new requirement to be approximately 314 units (from 254 currently), based on an estimated forecast of 11 percent of 2,850 total housing units. The new target number is explained in greater detail in Part IV - Implementation Strategies.

As indicated in Table 4, the Town of Lancaster has established these production goals to realistically reflect likely SHI housing production. Production of the units shown between 2019 and 2023 (inclusive) would result in a minimum of 174 additional SHI units. Added to the 140 existing units, Lancaster would have a total of approximately 314 SHI units at the end of 2023. This is using eleven percent SHI as a precaution since some anticipated housing units may not be delivered.

In addition to the properties cited in Table 4 which are currently active, the Lancaster Planning Board has requested that 679 George Hill Road be explored as a potential, additional affordable housing site.

Note: DHCD is currently reviewing a single-family, deed restricted housing unit for addition to Lancaster's SHI. If this is approved, Lancaster's existing SHI inventory will increase to 141 units.



Lancaster Woods
Woods Lane, North Lancaster
8 Affordable Housing Units within Larger Development
All Ownership Units - Subsidized by MassHousing

II. Comprehensive Needs Assessment

A. Lancaster Demographics

According to the United States Census Bureau, the Town of Lancaster has a total area of 28.2 square miles (73 km²), of which 27.7 square miles (72 km²) is land and 0.5 square miles (1.3 km²), or 1.84%, is water. Lancaster is bordered by Lunenburg and Shirley to the north, Harvard to the northeast, Bolton to the southeast, Clinton to the south, Sterling to the southwest, and Leominster to the northwest.

1. Population Characteristics

a) Historic Population Data

Lancaster's population was 8,055 in 2010 and projected as 8,092 in 2016, an increase of 27 residents, i.e. one-half percent. Comparing population growth of communities surrounding Lancaster, the Montachusett Region, and Massachusetts as a whole, indicates that Lancaster grew the least over this 6-year period. However, it was the second-fastest growing town in the Montachusett Region for the prior ten years. (Table 5)

Table 5: Population Growth (2010-2016)

Town	2010	2016 Estimate	% Change
Lancaster	8,055	8,092	0.46
Clinton	13,606	13,759	1.12
Harvard	6,520	6,570	0.77
Leominster	40,759	41,304	1.34
Lunenburg	10,086	11,087	9.92
Shirley	7,211	7,433	3.08
Sterling	7,808	7,954	1.87
Montachusett Region	236,475	241,383	2.08
Massachusetts	6,547,629	6,742,143	2.97

Source: 2010 U.S. Census, ACS 2016 5-Year Estimates

Below, Table 6 shows Lancaster's historical population figures over the 50-year period from 1970-2016. Table 7, which follows, shows the percentage increase over this same period. Lancaster's population has grown more than 32 percent since 1970, 27 percent since 1980, 21 percent since 1990, 9 percent since 2000, and a projected half percent since 2010. For all five periods compared, Lancaster's population grew faster than the State's population, but less than the Nation's as a whole except between 1970 and 2010 when it grew faster overall than the U.S. Since then, its pace of growth has slowed.

Table 6: Historical Population Growth

Year	1970	1980	1990	2000	2010	2016 Estimate
Lancaster	6,095	6,334	6,661	7,380	8,055	8,092
Massachusetts	5,689,170	5,737,093	6,016,425	6,349,097	6,547,629	6,742,143
US	203,302,031	226,542,199	248,709,873	281,421,906	308,745,538	318,558,162

Source: 1970 - 2010 U.S. Census, ACS 2016 5-Year Estimates

Table 7: Population Percentage Increase

Years Compared	'70-'16 %	'80-'16 %	'90-'16 %	'00-'16 %	'10-'16 %
Lancaster	32.76	27.75	21.48	9.65	0.46
Massachusetts	18.51	17.52	12.06	6.19	2.97
US	56.69	40.62	28.08	13.20	3.18

Source: 2010 U.S. Census, ACS 2016 5-Year Estimates

b) Population Growth

Table 8 presents projected populations for the Town of Lancaster and the Montachusett Region out to 2040 that were developed for the 2020 Montachusett Regional Transportation Plan (RTP). The 2020 RTP is expected to be formally endorsed by the Montachusett Metropolitan Planning Organization (MMPO) in the summer of 2019. These forecasts were developed by the MassDOT Office

projections for 2020, 2030 and 2040 show increases for each ten-year period but with a slowing in the growth rate from a high of 7.8 percent increase from 2020 to 2030 to 1.2 percent for 2030 to 2040.

Lancaster's projections show a projected growth in the total number of households of 445 from 2010 to 2040, which represents an increase of 18.5 percent.

Table 8: Projected Population

	2010	2015	2020 Projection	2025 Projection	2030 Projection	2035 Projection	2040 Projection
Lancaster	8,055	8,047	8,025	8,100	8,166	8,130	8,094
MassDOT/UMDI Regional Control Totals	236,475	240,888	243,607	246,414	247,899	247,359	245,705

Source: MassDOT/UMDI Projection Data for 2020 Regional Transportation Plan, ACS 2016 5-Year Estimates

of Transportation Planning (OTP) and the University of Massachusetts Donahue Institute (UMDI). Through a more extensive examination of factors from birth, death, fertility, and migration rates over past years, as well as Census data and projections from previous RTP's, a consensus was reached on population projections for the Montachusett Region as a whole and for all 22 communities in the MRPC planning district.

The region's population growth is reflected in the forecasted growth in the number of households. From 2010 to 2040, the number of households is expected to grow regionwide from 89,816 to 107,413 which is a net increase of 17,597 households or an increase of 19.6 percent. Comparatively, Lancaster's household growth forecast is commensurate with that of the Montachusett Region.

As shown in the table, population figures begin with the 2010 U.S. Census data. The 2015 estimate is derived from the American Community Survey (ACS) 5 Year Estimate for the 2011 - 2015 time frame. The ACS is conducted regularly by the U.S. Census Bureau. Projections were developed, as mentioned above, by MassDOT and UMDI for the 10-year periods 2020, 2030, and 2040. Interim years of 2025 and 2035 were then interpolated from the 10-year periods. Although Lancaster's population is shown to be slightly declining between 2010 and 2020 and also between 2030 and 2040, many factors such as an aging population and migration into and out of the town and the state as a whole have an influence on these projections. These projections should be seen only as a planning tool and are not tied directly to any state or federal funding programs or mechanisms. In addition, these figures will also be reviewed and revised by MassDOT with the development of future RTP's scheduled to occur every four years.³

d) Gender Distribution

Lancaster's gender distribution is clearly affected by the presence of Massachusetts Correctional facilities, the Souza-Baranowski Correctional Center, a maximum security prison, within the town limits of Lancaster. As indicated in Table 9, there is a disparity between the Town's male and female population which is not reflective of the gender distribution in Worcester County, the State of Massachusetts, or the U.S.

c) Household Growth

The household forecasts for Lancaster were also taken from the 2020 Montachusett Regional Transportation Plan and were derived by MassDOT in cooperation with local RPA's. Utilizing U.S. Census data and other factors,

Table 9: Gender Distribution

Gender	Lancaster # 2016 Estimate	Lancaster % 2016 Estimate	Worcester Co. % 2016 Estimate	Mass. % 2016 Estimate	U.S.% 2016 Estimate
Male	4,529	55.97%	49.33%	48.49%	49.21%
Female	3,563	44.03%	50.67%	51.51%	50.79%

Source: ACS 2016 5-Year Estimates

e) Minorities

Based on 2010 Census information, compared to Worcester County, statewide and national averages, Lancaster has a proportionately higher black population than Worcester County and the state of Massachusetts but a lower proportion of other minority population. It is likely that these demographics are affected by the prison population at the Souza-Baranowski Correctional Center. However, compared to data from 2010, there has been nearly a 25 percent reduction in the Town's share of black residents and a 40 percent increase in the share of Asian population.

Table 10: Race by Geographic Place

Race	Lancaster #	Lancaster %	Worcester Co. %	Massachusetts%	U.S. %
White	7,162	88.5%	84.7%	79.3%	73.3%
Black or African American	455	5.6%	4.8%	7.3%	12.6%
American Indian & Alaskan Native Alone	22	0.3%	0.2%	0.2%	0.8%
Asian Alone	128	1.6%	4.6%	6.1%	5.2%
Native Hawaiian & Other Pacific Islander Alone	10	0.1%	0%	0%	0.2%
Some Other Race Alone	173	2.1%	3.0%	4.1%	4.8%
Two or More Races	142	1.8%	2.7%	3.0%	3.1%
Hispanic or Latino (of any race)	497	6.1%	10.5%	10.9%	17.3%
White Alone, Not Hispanic or Latino	6,904	85.3%	78.5%	73.7%	82.7%
Veterans	553	8.4%	7.5%	6.4%	8.0%

Source: ACS 2016 5-Year Estimates

f) Disabled, Special Needs and Group Quarters Populations

Unfortunately, no information is available on Disabled and Special Needs Populations within the 2012-2016 five-year American Community Survey (ACS) estimates or the 2010 Census data. However, a variety of data on the population living in Group Quarters is available. Group Quarters have been defined by the U.S. Census as the population including all people not living in

households. Two generalized categories of people in group quarters are recognized: 1) the institutionalized population and 2) the non-institutionalized population. Within Lancaster, according to the 2010 Census, there were 1,657 people living in group quarters, representing approximately 20.6 percent of the Town's population. Approximately 89 percent of this population was institutionalized. This included 1,259 people living in the Souza-Baranowski Correctional Center (SBCC). The 2016 estimated population living in Group Quarters is 1,417, or a reduction of 16.9 percent. The ACS estimates do not specify the breakdown between institutionalized and non-institutionalized, however the average daily population at SBCC as of end 2017 was 1,063, suggesting that the drop is due to inmates rather than the non-

institutional population in other Group Homes. (College and university populations are not included in Group Homes.)⁴

g) Population by Age of Residents

In the six-year time span from 2010 to 2016, Lancaster lost an estimated total of 496 persons between the ages of 35 and 54, and gained 356 residents in the age group of 55 to 74. In this same period, 34 residents aged under five years joined the population. Despite the age fluctuations, Lancaster's median age remained stable at just below 40 years.

Table 11: Age Distribution

Age Group	2010	2016 Estimate	% Change
< 5 years old	346	390	12.72%
5-19 years	1,553	1,367	-11.98%
20-34 years	1,754	1,837	4.73%
35-44 years	1,110	797	-28.20%
45-54 years	1,408	1,225	-13.00%
55-64 years	939	1,033	10.01%
65-74 years	516	778	50.78%
75 years and over	429	465	8.39%
Median Age	39.8	39.7	-0.25%
16 years old and over	6,659	2,888	-56.63%
18 years old and over	6,380	6,546	2.60%
21 years old and over	6,029	6,200	2.84%
62 years and over*	1,208	1,555	28.73%
65 years and over*	945	1,243	31.53%

Source: 2010 U.S. Census, ACS 2016 Five-Year Estimates

The continued aging of the baby boomers is reflected in the growth of 356 residents between the ages of 55 to 74 years old, and echos the need for more adapted housing. The median age of the Town stayed about the same from 39.8 to 39.7 years over this period. This is two years above the median age in Massachusetts, which grew over the same period from 36.9 to 37.7 years.

h) Education Level

For details on the education level of residents, the most current information available is the American Community Survey (ACS) 5-year estimates for the period between 2012 and 2016.⁴ Lancaster's portion of residents with a high school diploma (89.5%) is on par with the County

(90.0%) and State (90.1%) and slightly higher than the U.S. (87.0%). Lancaster also has a higher percentage of residents with a bachelor's degree (or higher education level) than the the U.S., but lower than the County and State.

Table 12: Educational Attainment

	Lancaster	Worc. County	MA	US
Educational Attainment	#	%	%	%
Population 25 years and over	5,716	100	552,915	4, 213, 649,997
Less than 9th grade	184	3.2%	3.8%	4.7%
9th to 12th grade, no diploma	417	7.3%	6.2%	5.3%
High school graduate (includes equivalency)	1,478	25.9%	28.9%	25.1%
Some college, no degree	1,183	20.7%	17.4%	16.0%
Associate's degree	575	10.1%	8.9%	7.7%
Bachelor's degree	1,295	22.7%	21.3%	23.1%
Graduate or professional degree	584	10.2%	13.6%	18.2%
% high school graduate or higher	(X)	89.5%	90.0%	90.1%
% bachelor's degree or higher	(X)	32.9%	34.8%	41.2%

Source: ACS 2016 Five-Year Estimates

i) Income and Poverty

The most current available data obtained from ACS indicates that the median household income for Lancaster estimated for 2016 was \$93,750 and the average (mean) household income was \$109,005. The Commonwealth reports the following FY 2018 limits for Eastern Worcester County:

- Low-income (80% of AMI) \$71,900
- Very Low Income is \$56,150

- Extra Low Income is \$33,700

The 2018 Department of Health and Human Services Poverty Guideline for a family of four (4) is \$25,100. Of the 2,375 households in Lancaster in 2016, 234 households or 9.85 percent of the Town had household incomes of \$25,000 or less (the cohort closest to the poverty level).

j) Veterans

Lancaster has a slightly higher veteran population than in the County, State, and Nation. Lancaster's veteran population is 8.4% of total residents versus 7.5% (County), 6.4% (State), and 8.0% (Nation) respectively. The proximity to the U.S. Army training center at Devens may partially contribute to this trend. This attribute of Lancaster's population is somewhat unique. It may support a goal to earmark a portion of Lancaster's affordable housing for income-eligible veterans in conjunction with the Veterans Administration.

B. Housing Characteristics

1. Household Composition

As of 2016 estimates, Lancaster had a total of 2,375 occupied households out of a total of 2,614 housing units. Of these households, 1,839 or 77.4 percent were family households and 536 households or 22.6 percent were non-family households. The 2016 figure represents a decrease of 34 households (or 1.4%) since 2010.

a) Family Households

The proportion of family households, families with own children under 18, husband-wife family, and husband-wife family with own children under 18 years is higher in Lancaster than in the County, State, and Nation as a whole. The proportion of female householders with no husband present and with children under 18 years is lower than in the County, State, or Nation. However, single mothers with minor children is still significant at 11 percent. Single fathers with minor children is at just below 3 percent. Single parents with one salary and no partner to assist with childcare may face financial challenges. The unique economic needs of this family structure can be partially addressed through Lancaster's affordable housing stock.

Table 13: Family Households

Households by Type	Lancaster #	Lancaster %	Worcester County %	State %	U.S. %
Family households	1,839	77.4%	66.1%	63.6%	65.9%
With own children under 18	754	31.7%	29.0%	27.5%	28.5%
Husband-wife family	1,517	63.9%	49.4%	46.9%	48.2%
With own children under 18 years	522	22.0%	20.3%	19.1%	19.2%
Male householder, no spouse present	64	2.7%	4.5%	4.2%	4.8%
With own children under 18 years	39	1.6%	1.9%	1.7%	2.3%
Female householder, no husband present	258	10.9%	12.2%	12.5%	12.9%
With own children under 18 years	193	8.1%	6.8%	6.7%	7.0%

Source: ACS 2016 5-Year Estimates

b) Non-Family Households

Lancaster is less likely to have non-family households when compared with County, State and National averages. Lancaster also has a smaller percentage of householders living alone, including householders with the householder 65 years of age or older, than do the County, State, and Nation. Table 14 shows non-family households by type by geographic place.

Table 14: Non-Family Households

Households by Type	Lancaster #	Lancaster %	Worcester County %	State %	U.S. %
Non-Family Households	536	22.6%	33.9%	36.4%	34.1%
Male householder living alone	135	5.7%	12.1%	11.9%	12.3%
Male householder over 65 living alone	60	2.5%	3.3%	3.4%	3.2%
Female householder living alone	331	13.9%	15.0%	16.7%	15.4%

Source: ACS 2016 5-Year Estimates

c) Households with Individuals 18 Years and Younger and 60 Years and Older

As shown in Table 15, Lancaster's percent of households with individuals 18 years and younger is 35.3 percent. This is higher than County, State, and Nation as a whole. Lancaster has a higher proportion of households with individuals 60 years of age than the County, State, and Nation.

d) Household Size

Table 16 presents the data for average household and family size by geographic place. Lancaster's average household size is smaller than the County, but larger than the State and Nation while its average family size is larger than the County but approximately the same as the State and Nation.

Table 15: Households with Individuals 18 Years and Younger and 60 Years and Older

Households by Type	Lancaster #	Lancaster %	Worcester County %	State %	U.S. %
Households with individuals under 18	838	35.3%	31.8%	30.1%	32.0%
Households with individuals 60 years and older	1,031	43.4%	36.8%	38.1%	37.1%

Source: ACS 2016 5-Year Estimates

Table 16: Average Household and Family Size by Geographic Place

	Lancaster	Worcester County	State	U.S.
Average Household Size	2.81	3.36	2.54	2.64
Average Family Size	3.23	2.91	3.15	3.24

Source: ACS 2016 5-Year Estimates

2. Housing Stock Inventory

a) Housing Units

Table 17 provides the status of housing units within the Town of Lancaster as of the ACS 2016 estimates. In 2016 there were an estimated 2,614 total housing units within the Town with occupied units comprising 90.9 percent (2,375 units) of the housing stock. Of the occupied

b) Total Housing Units 2010-2016 and Homeownership

A comparison of total, occupied, and vacant housing units in Lancaster and surrounding communities is shown in Table 18. The number of housing units in Lancaster was estimated to remain stable from 2010 to 2016, at 2,614 total units in 2016. Of these, 239 units or 9.1 percent were estimated to be vacant in 2016, an

Table 17: Housing Stock Inventory

Housing Occupancy	Number	Percent
Total housing units	2,614	100.0
Occupied housing units	2,375	90.9%
Vacant housing units	239	9.1%
For rent	40	2.0%
Rented, not occupied	0	0.1%
For sale only	39	1.2%
Sold, not occupied	43	0.3%
For seasonal, recreational, or occasional use	80	2.7%
All other vacant	37	1.7%
Homeowner vacancy rate (percent)		1.9%
Rental vacancy rate (percent)		8.3%
Housing Tenure		
Occupied housing units	2,375	90.9%
Owner-occupied housing units	1,933	81.4%
Population in owner-occupied housing units	5,494	
Average household size of owner-occupied units	2.84	
Renter-occupied housing units	442	18.6%
Population in renter-occupied housing units	1,181	
Average household size of renter-occupied units	2.67	

Source: ACS 2016 5-Year Estimate

housing units, 81.4 percent (1,933 units) were owner-occupied while 18.6 percent (442 units) were renter occupied. The average household size of the owner-occupied units was 2.84 persons per unit (ppu) while the average household size of renter-occupied units was slightly smaller at 2.67 ppu.

increase of 34 vacant units over 2010, in part reflecting the residual effect of the 2008 bubble, the small boom in 2013-2015, and the substantial number of rental, seasonal, and recreational units. This vacancy rate is higher than that of all comparison communities with the exception of Clinton.

Table 18: Housing Units by Community

	Housing Units 2010					Housing Units 2016				
Town	Occupied	%	Vacant	%	Total	Occupied	%	Vacant	%	Total
Lancaster	2,409	92.2%	205	7.8%	2,614	2,375	90.9%	239	9.1%	2,614
Bolton	1,670	96.1%	68	3.9%	1,738	1,703	97.1%	50	2.9%	1,753
Clinton	5,831	91.2%	566	8.8%	6,397	5,602	91.8%	502	8.2%	6,104
Harvard	1,893	92.5%	154	7.5%	2,047	1,923	98.2%	35	1.8%	1,958
Leominster	16,767	93.8%	1,106	6.2%	17,873	16,716	93.5%	1,171	6.5%	17,887
Lunenburg	3,835	92.8%	298	7.2%	4,133	4,262	94.3%	259	5.7%	4,521
Shirley	2,264	93.3%	163	6.7%	2,427	2,408	95.1%	124	4.9%	2,532
Sterling	2,810	94.8%	155	5.2%	2,965	2,762	96.7%	95	3.3%	2,857
Average		93.3%		6.7%			94.7%		5.3%	

Source: 2010 U.S. Census, ACS 2016 5-Year Estimates

c) Age of Housing Stock

The highest percentages of units in Lancaster, 32.5 percent, were built in 1939 or earlier. However, reflecting a building boom beginning in 1990, approximately 19 percent of the Town's housing stock was constructed after 1990. The current percentage of pre-1940 housing stock is less than the State, but higher than Worcester County and the Nation as a whole.

Table 19: Age of Housing Stock

	Lancaster		Worcester County	Statewide Average	National Average
Year Structure Built	Estimate	Percent	Percent	Percent	Percent
Total Housing Units	2,614	100%			
Built 2014 or later	0*	0%*	581	0.2%	0.4%
Built 2010 to 2013	68	2.7%	2.8%	2.6%	5.1%
Built 2000 to 2009	367	14.4%	5.3%	4.1%	8.7%
Built 1990 to 1999	280	11.0%	9.3%	7.3%	14.0%
Built 1980 to 1989	172	6.7%	12.3%	10.8%	14.1%
Built 1970 to 1979	296	11.6%	10.9%	11.7%	16.2%
Built 1960 to 1969	244	9.6%	8.4%	10.4%	11.3%
Built 1950 to 1959	301	11.8%	10.9%	11.5%	11.1%
Built 1940 to 1949	136	5.3%	6.2%	6.1%	5.7%
Built 1939 or earlier	685	26.9%	33.8%	35.4%	13.9%

Source: ACS 2016 5-year Estimates

*Total Lancaster building permits issued for housing (all categories) since 2014 is 48. ACS does not have this. Table 28, p. 21.

d) Housing Units by Number of Units in Structure

As shown in Table 20, over 80% of housing units within the Town of Lancaster consist of a single-family detached housing unit.

Table 20: Units in Structure

UNITS IN STRUCTURE	Number	Percent
Total housing units	2,614	100%
1-unit, detached	2,204	84.3%
1-unit, attached (in-law apartment, for example)	76	2.9%
2 units	211	8.1%
3 or 4 units	51	2.0%
5 to 9 units	72	2.8%
10 to 19 units	0	0.0%
20 or more units	0	0.0%
Mobile home	0	0.0%
Boat, RV, van, etc.	0	0.0%

Source: ACS 2016 5-year Estimates

Table 21: Mechanical Systems

SELECTED CHARACTERISTICS	Lancaster #	Lancaster %	Worcester County %	State %	U.S. %
Occupied housing units	2,375	100%			
Lacking complete plumbing facilities	0	0.0%	0.4%	0.3%	0.4%
Lacking complete kitchen facilities	0	0.0%	0.7%	0.7%	0.8%
No telephone service available	0	0.0%	1.7%	1.7%	2.5%

Source: ACS 2016 5-year Estimates

e) Mechanical Systems

According to the ACS, Lancaster households have a lower proportion of households which lack complete plumbing facilities and complete kitchen facilities than the County, State, and Nation as well as a smaller proportion of households without telephone service.

13. Income and Housing Costs

a) Household Income and Median Household Income

By definition, based on five-year American Community Survey data for the 2012-2016 period, half of Lancaster's residents were earning less than the median income of \$93,750 (Table 22). Lancaster's median household income of \$93,750 is higher in comparison with the County (\$70,402), the State (\$70,954), and the Nation (\$60,336).

Boston Housing Report Card, and the Citizens' Housing and Planning Association (CHAPA). Households paying in excess of 50 percent of their annual income on housing are considered severely cost burdened and, comparing statistics from the 2000 and 2010 U.S. Census, these households represent a growing share of households in Massachusetts. The 2020 Census will be a pivotal assessment of improvements made and further work ahead.

Table 22: Household Income

Income Range	Lancaster #	Lancaster %	County %	MA %	U.S. %
Household Income Base	2,375	2,375	308,533	2,558,889	120,062,818
Less than \$10,000	0	0.0%	5.7%	6.0%	6.5%
\$10,000 to \$14,999	93	3.9%	5.5%	5.0%	4.5%
\$15,000 to \$24,999	141	5.9%	7.2%	8.2%	9.3%
\$25,000 to \$34,999	68	2.9%	8.6%	7.4%	9.1%
\$35,000 to \$49,999	339	14.3%	10.1%	10.2%	12.7%
\$50,000 to \$74,999	300	12.6%	15.4%	15.5%	17.6%
\$75,000 to \$99,000	285	12.0%	12.5%	12.5%	12.5%
\$100,000 to \$149,999	742	31.2%	17.5%	17.2%	14.6%
\$150,000 to \$199,999	200	8.4%	8.9%	8.5%	6.3%
\$200,000 or more	207	8.7%	8.6%	9.6%	6.9%
Median Household Income	\$93,750	\$93,750	\$70,402	\$70,954	\$60,336

Source: ACS 2016 5-Year Estimates

In 2010, based on the 2010 U.S. Census, the median household income for Lancaster was \$87,962. Therefore, the estimated 2016 median household income of \$93,750 represents an increase of just over 6.5 percent. Household income and Median Household income data by geographic place are shown in Table 22. Lancaster's median income is substantially higher than the County (+ 33%), State (+ 32%), and Nation (+ 55%).

b) Housing Affordability

What is "affordable housing" and why should the issue of housing affordability be so important to local officials and residents of Lancaster? The generally accepted definition of affordable housing is that housing is considered affordable when "a household pays no more than 30 percent of its annual income for rent or mortgage." Multiple sources and organizations agree with this definition. These include the American Planning Association, the Massachusetts Department of Housing and Community Development (DHCD), the Greater 24 shows

As reported by the ACS 2016 5-year estimates, Table 23 shows selected monthly owner costs for those Lancaster housing units with a mortgage. The median monthly housing cost for units with a mortgage is \$2,236. Table 24 illustrates the range of rent prices paid by Lancaster's residents. The median monthly rent is \$1,095.

Lancaster's median monthly housing costs for units with a mortgage is about \$377 more than the County, \$169 more than the State, and about \$745 more than the Nation.

Comparing rental units costs, Lancaster's median gross rent is higher than the County (+ \$140) and Nation (+ \$146), but less than the State (-\$34).

Table 23: Selected Monthly Owner Costs with Mortgage

	Lancaster #	Lancaster %	Worcester County %	State %	U.S.%
Housing units with a mortgage	1,329	1,329			
Less than \$500	0	0.0%	0.64%	0.56%	17.45%
\$500 to \$999	36	2.70%	6.80%	0.77%	20.09%
\$1,000 to \$1,499	236	17.76%	22.05%	17.05%	28.64%
\$1,500 to \$1,999	246	18.51%	28.06%	23.45%	20.26%
\$2,000 to \$2,499	311	23.40%	20.43%	20.83%	11.91%
\$2,500 to \$2,999	336	25.28%	11.44%	13.62%	7.01%
\$3,000 or more	164	12.34%	10.59%	18.36%	10.34%
Median (dollars)	2,236	2,236	1,859	2,067	1,491

Source: ASC 2016 5-year Estimates

Table 24: Gross Rents

	Lancaster #	Lancaster %	Worcester County %	State %	U.S.%
Occupied units paying rent	419	419			
Less than \$500	17	4.06%	14.31%	15.05%	11.29%
\$500 to \$999	130	31.03%	40.74%	26.30%	43.29%
\$1,000 to \$1,499	214	51.07%	34.54%	30.74%	27.68%
\$1,500 to \$1,999	45	10.74%	7.58%	16.48%	10.73%
\$2,000 to \$2,499	13	3.10%	1.80%	6.63%	3.98%
\$2,500 to \$2,999	0	0.00%	0.62%	2.65%	1.58%
\$3,000 or more	0	0.00%	0.41%	2.18%	00.08%
No rent paid	23				
Median (dollars)	1,095		955	1,129	949

Source: ASC 2016 5-year Estimates

Table 25 indicates that just under a third of Lancaster's residents (29%) who own a home and have a mortgage are paying more than 30 percent of their income towards monthly mortgage payments and other selected housing costs. As indicated above, housing is generally considered affordable when it requires no more than 30 percent of its occupants' income. Nevertheless, the percentage of residents exceeding the 30 percent level is comparable to Worcester County (just under 30%), the State (32.7%) and the U.S. (31%).

County, 50 percent for the State, and 51 percent for the U.S. Lancaster is in a comparatively better position, but 40 percent of residents who lease are nevertheless spending over one-third of income on housing.

Table 26 shows similar information for renters, indicating that almost 40 percent of Lancaster's residents who rent their home are paying more than 30 percent of their income for rent. The percentage of residents exceeding the 30 percent level is almost 50 percent in Worcester

Table 25: Selected Monthly Owner Costs as a Percent of Household Income

	Lancaster #	Lancaster %	Worcester County %	State %	U.S. %
Housing units with a mortgage (excluding units where SMOCAPI cannot be computed)	1,329	1,329			
Less than 20.0 percent	519	39.1%	40.1%	38.5%	42.1%
20.0 to 24.9 percent	242	18.2%	17.5%	16.9%	16.0%
25.0 to 29.9 percent	181	13.6%	12.6%	11.9%	11.1%
30.0 to 34.9 percent	61	4.6%	7.7%	8.1%	7.5%
35.0 percent or more	326	24.5%	22.1%	24.6%	23.3%
Not computed	0				

Source: ACS 2016 5-year Estimates

Table 26: Gross Rent as a Percent of Household Income

	Lancaster #	Lancaster %	Worcester County %	State %	U.S. %
Occupied units paying rent (excluding units where GRAP cannot be computed)	419	419			
Less than 15.0 percent	117	27.9%	13.1%	12.5%	12.3%
15.0 to 19.9 percent	53	12.6%	12.9%	12.5%	12.4%
20.0 to 24.9 percent	26	6.2%	12.0%	12.5%	12.7%
25.0 to 29.9%	59	14.1%	13.0%	12.3%	11.5%
30.0 to 34.9%	37	8.8%	10.1%	10.0%	9.1%
35.0 percent or more	127	30.3%	38.9%	40.1%	42.0%
Not computed	23				

Source: ACS 2016 5-year Estimates

c) MGL Chapter 40B Definition of Affordability and Income Levels

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

of state non-metropolitan income limits in low-income areas, and national maximums in high income areas.

Based on HUD's designation, Lancaster is part of the Eastern Worcester County, MA HUD Metro Fair Market Rents (FMR) area. The median family income for this area in FY 2018, calculated on the basis of a 4-person family, is \$112,300. Based on this and HUD's adjustments discussed above, as of October 2018, adjusted low income limits for family sizes ranging from 1 to 8 persons are shown in Table 27.

Table 27: Low (80%) Income Limits by Household Size (FY 2018)

Household Size	80% of Median Income
1	\$50,350
2	\$57,550
3	\$64,750
4	\$71,900
5	\$77,700
6	\$83,450
7	\$89,200
8	\$94,950

Source: U.S. Department of Housing and Urban Development (HUD) - Income Limits Documentation System, reported as of October 2018

It should be noted that there is a discrepancy between HUD's calculation of areawide median household income of \$112,300 (FY2018) and ACS' 2016 estimated median household income for Lancaster at \$93,750. Applying the 80 percent factor to the ACS value to estimate the low income limit for a family of four results in an income level of \$75,000. Applying the 80 percent factor to the HUD value (based on a family of four) results in an income level of \$89,840. However, HUD explains in its calculation of Low Income Limits that the area income level is not to exceed the U.S. Median Family Income Level, which is \$71,900. This explains why Lancaster's 80% income level for a family of four is \$71,900 (and not strictly 80% of the areawide median household income).

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

1. Subsidized by an eligible state or federal program.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time (at least 30 years or longer for newly created affordable units, and at least fifteen years for rehabilitated units).
3. Subject to an Affirmative Fair Marketing Plan⁵

The Chapter 40B threshold for affordable housing is that every community must have over 10 percent of their housing meet the 80 percent median household income figure discussed above. If a Town or City does not have over 10 percent of their year-round housing units on the State's affordable housing inventory, then a developer can file a plan in their application for a Comprehensive Permit under the provisions of M.G.L. Chapter 40B that can have greater development density allowed under the Town's zoning by-law. If the application is denied by

the Zoning Board of Appeals, the developer can appeal to the Massachusetts Housing Appeals Committee.

The Department of Housing and Community Development (DHCD)'s online posting at https://www.mass.gov/files/documents/2017/10/10/shiinventory_0.pdf is the Commonwealth's official, state-wide Subsidized Housing Inventory (SHI). It reflects state-wide data as of September 14, 2017 due to the completion of the last biennial update. Some communities have voluntarily submitted information to increase their percentage since, but no comprehensive update, including removal of units that no longer qualify because of lack of building permit or occupancy issuance, expired affordability, etc. The next update should begin later this Spring in 2019.

Based on DHCD's on-line posting described above, sixty-five (65) communities, or 18.5 percent, of the State's 351 municipalities are over 10 percent. Another two (2) are at 10 percent exactly (not above). It is important to note that these two communities are therefore still subject to 40B. According to Mr. Phil DiMartino of DHCD in October 2018, a community's SHI must actually be above 10 percent, even by 0.1 percent, to officially reach officially Safe Harbor status.

With sixty-five communities over 10 percent, this means that 19.1% percent of Massachusetts' 351 municipalities have achieved the Chapter 40B target. This can be compared to mid-August 2013 (4 years prior) when 11.7 percent of the State's municipalities had reached the targeted 10 percent SHI.

DHCD developed the Housing Production Plan (HPP) Program in 2003. Based on the principles of this program, by taking a proactive approach in the adoption of an HPP, cities and towns are more likely to achieve both their affordable housing and community planning goals.

HPPs give communities that are under the 10 percent threshold, but are making steady progress in producing affordable housing on an annual basis, more control over Comprehensive Permit applications.

If a community has a DHCD approved HPP and is granted certification of compliance with the plan, a decision by the Zoning Board of Appeals (ZBA) relative to a Comprehensive Permit application will be deemed “consistent with local needs” under MGL Chapter 40B and ZBA decisions will be upheld by the Housing Appeals Committee.

d) The Supply-Demand Housing Gap

The residents updating the Lancaster HPP obtained the MLS (Multiple Listing Service) inventory of homes for sale in the town. As of late October 2018, a total of twenty-four (24) single-family homes and one (1) multi-family home were for sale in Lancaster. Using conventional financing, a “market-rate” family with a family income of \$112,300 (the HUD FY 2018 area-wide median family income) can afford a single family home with a maximum sales price of \$415,000 (assumes credit rating of “Good” and no outside debt; the home buying budget will obviously decrease as debt factored in). This is the average of three “affordability calculators” available to help potential home buyers calculate their budget for a home purchase (we used NerdWallet, SmartAsset, and Realtor.com). This assumes a \$20,000 down payment and a mortgage loan amount of \$395,000. Using an interest rate of 4.625 percent (current rate) for a 30-year fixed rate mortgage, a single family home that sold for \$415,000 would require a monthly mortgage payment of \$2,031 for principal and interest or a total housing payment of \$2,570 including estimated Lancaster property taxes and insurance. This is \$334 more than the most recent ACS estimate of Lancaster’s Selected Monthly Owner Costs with Mortgage (2012-2016 5-year estimates) of \$2,236. Both payments include real estate taxes and insurance.

With \$415,000 as an affordability threshold for families with an estimated median income of \$112,300, eight of the twenty-four single-family homes and the one multi-family for sale in October 2018 would be considered affordable.

However, the income level for any housing unit to qualify for the MGL Chapter 40B Subsidized Housing Inventory is based on a minimum of 80 percent of the Median Income for the Eastern Worcester County, MA HUD Metro Fair Market Rents (FMR) area. Based on the HUD calculation of low income for this area, the annual

income threshold to qualify for low income housing for a family of four would be \$71,900. This is significantly less than the ACS estimate of Lancaster’s median income of \$87,962. Based on this annual income, and the same prior assumptions on credit and debt, the maximum sales price of an affordable home would be \$300,000 (again, assuming a \$20,000 down payment, good credit, no other debt, and an interest rate of 4.625 percent). This would allow for a monthly mortgage payment of \$1,356 for principal and interest or a total monthly housing cost of \$1,917 including estimated property taxes and insurance. Based on a maximum sales price of \$300,000, only four of the twenty-four single family homes (and not the multi-family home) would qualify as affordable. It should also be noted, based on a qualitative review of the general characteristics of the properties listed in the MLS, including length of time on the market, that a number of these homes available at the low end of the market may not be adequate in terms of size and/or condition for a typical family of four.

For rental units, the Median Monthly Rental Unit price of \$1,095 equals a yearly rental housing cost of \$13,140. At this rate, median rate rental housing in Lancaster would be available to a 4-person household earning \$43,800 (based on housing costs equal to 30 percent of annual income). This is well below the 80 percent of areawide median income level for a family of four set by HUD of \$71,900 (see Table 27). It should be noted, again as indicated in Table 26, that approximately 40 percent of the rental households in Lancaster are spending 30 percent or more of their income in rent. This indicates a significant disparity between rental costs and income of renters in Lancaster.

Fair Market Rents (FMR) are calculated annually for the Town of Lancaster (which, as indicated above, is part of the Eastern Worcester County, MA HUD Metro FMR Area). A two-bedroom FMR apartment for FY2018 is calculated to be at \$1,276. This FMR value is nearly 16.5 percent higher than Lancaster’s Median Monthly Rental price of \$1,095. At this rate, rent would represent substantially more than 30 percent of household income for most Lancaster renters.

As indicted previously in Table 17, over 80 percent of Lancaster’s housing stock consists of owner-occupied units. In addition, just under 80 percent of the Town’s housing stock, or about 4 out of every 5 housing units, is a single-family detached housing unit.

The size and lay-out of these units matters given Lancaster’s growing senior population, as well as “echo effect” of growth among the 20-34 year old percentile.

According to MassHousing in October 2018, demographic trends across the Commonwealth indicate a demand for smaller units. This may apply locally to the 20-34 year old population and the over 55 population who would like to remain living in (or move to) the Town of Lancaster, but may find it impractical to own a large, new contriction single-family home exceeding their budget and possibly needs. Lancaster can strive toward making more appropriately priced and adapted units available to these segments of the population.

4. Housing Market – Current Development Trends

The Lancaster Building Department has provided figures for building permits issued in Lancaster for new single- and multi-family housing for the past 5 years. As indicted in Table 28, Lancaster has issued 70 housing permits (all categories) since 2013. Last year, 2017, saw the least permits with 7. 2018 is back on trend with 11 permits granted as of October 2018. As indicated in the table, ten (10) of these units were constructed as housing for multiple families, which would likely be more affordable.

Table 28: Number of Building Permits

Year	Single-Family	2-Family	3 or More Family	Total
2018 (through September)	9	0	2	11
2017	7	0	0	7
2016	8	1	0	9
2015	5	2	4	11
2014	9	1	0	10
2013	22	0	0	22

Source: Lancaster Building Department, October 2018

Based on information provided by the Warren Group and presented in Table 29, Lancaster has experienced a consistent number of foreclosures annually. The definition used is the actual transfer of ownership to a pur-

Table 29: Number of Foreclosure Deeds Per Year

Year	Period	1-Family	Condo	All
2018	Jan-Aug	3	0	4
2017	Jan-Dec	7	1	8
2016	Jan-Dec	5	1	8
2015	Jan-Dec	2	1	5
2014	Jan-Dec	7	0	9
2013	Jan-Dec	2	0	2
2012	Jan-Dec	8	2	10

Source: The Warren Group, October 2018

chaser at a foreclosure sale. The column entitled "All" includes all residential categories and therefore is not the sum of one-family and condominiums shown to the left.

According to RealtyTrac in Fall 2018, "In September the number of properties that received a foreclosure filing in Massachusetts was 13% lower than the previous month and 27% lower than the same time last year." As of September 2018, one in every 2,430 housing units will result in foreclosure. Worcester County is the third highest County (after Hampden and Plymouth Counties) with one in every 1,549 homes resulting in foreclosure. Tracking foreclosures locally in Lancaster is an important part of identifying affordable housing opportunities. Distressed properties, in particular, in need of rehabilitation can sometimes be donated through win-win donation programs and eventually be re-sold or leased at cost to income-eligible individuals and families. Tracking local foreclosures may also help better match local housing assistance offerings with the actual needs of individuals and families.⁶

Another factor which should be considered relevant to the current status of housing in Lancaster is the status of empty and/or vacated homes. According to the 2016 American Community survey, two (2) percent of homeownership units and a little over eight (8) percent of rentals were vacant. In total, this is surprisingly an estimated 239 vacant housing units (across all categories). While some of these are seasonal vacation properties, others are possible new, year-round housing opportunities. Periodic review of this list of properties can determine if any of these vacant housing units might be made available as affordable housing. In September 2018, a suitable Lancaster foreclosure was identified in this manner, and is currently being reviewed for donation by the bank owner.

5. Home Values

Table 30 shows the number of single family homes and condominiums sold from the period between 2009 and 2018 and the median sale prices for each type of unit. The median sale price of a home in Lancaster declined from 2009 to 2012 as a result of the housing bubble and the collapse of the mortgage market. However, as of 2018, with the housing market fully recovered according to statistics provided by the Warren Group, the median sales price of a single family home in Lancaster for the period from January through August 2018 was \$360,000.

Table 30: Home Sales and Median Sales Price

Year	1-Family	Price	Condo	Price	All	Price
2018 Jan - Aug	54	\$360,000	1	N/A	69	\$360,000
2017	76	\$328,000	9	\$300,000	108	\$318,000
2016	83	\$315,000	10	\$229,450	113	\$300,000
2015	82	\$288,250	9	\$280,000	118	\$280,000
2014	70	\$281,250	14	\$204,500	104	\$274,000
2013	58	\$286,500	6	\$306,000	93	\$306,000
2012	79	\$244,000	16	\$220,000	126	\$230,000
2011	52	\$247,250	14	\$251,500	109	\$267,000
2010	50	\$269,950	9	\$252,500	95	\$269,900
2009	52	\$302,500	7	\$279,900	77	\$285,000

Source: The Warren Group, October 2018



Grand Oaks

246 High Street Extension, South Lancaster

5 Affordable Housing Units within Larger Development

All Rental Units - Subsidized by MassHousing

Federal Home Loan Bank of Boston "Profile of Success" for Rental Project

6. Subsidized Housing Inventory

The Massachusetts Department of Housing and Community Development (DHCD) is the official monitoring agency of the Subsidized Housing Inventory (SHI) for each of the 351 municipalities in the Commonwealth. As of October 2018, the tracking database shows that Lancaster has 2,544 year-round housing units, of which

Table 31: Subsidized Housing Inventory

Project Name	Address	Type	Total SHI	Affordability Expiration	Comp Permit	Subsidizing Agency
Bigelow Gardens	449 Main Street	Rental	40	Perpetuity	No	DHCD
Bigelow Gardens	449 Main Street	Rental	30	Perpetuity	No	DHCD
Mill Street	Mill St Court	Rental	4	Perpetuity	No	EOHHS
Blue Heron Pond	High St Extension (Rt. 110)	Ownership	14	Perpetuity	Yes	FHLBB
Lancaster Woods	Woods Lane	Ownership	8	Perpetuity	Yes	Mass Housing
DDS Group Homes	Confidential	Rental	11	N/A	No	DDS
Shaker Village	Meditation Lane	Ownership	5	2033	Yes	DHCD
Sandy Hollow	57 Mill Street Extension	Rental	12	Perpetuity	Yes	MassHousing
Grand Oaks	246 High Street Extension	Rental	16	Perpetuity	Yes	MassHousing
		Total	140			

Source: DHCD Chapter 40B Subsidized Housing Inventory, November 2018

140 units are counted in the DHCD SHI inventory, representing 5.5 percent of Lancaster's housing stock. Table 31 provides the detailed SHI for the Town. A project completed by Habitat for Humanity is being submitted to DHCD for review. If approved, it will be added to Lancaster's SHI and bring the total number of affordable units to 141.

More information about creating additional affordable housing and Lancaster's Housing Production Plan (HPP) targets and schedule is presented in the upcoming chapter entitled "III. Affordable Housing Goals and Objectives."

Bigelow Gardens
449 Main Street
70 SHI Rental Units



Mill Street
Mill Street Court
4 SHI Rental Units



Blue Heron Pond
High Street Extension
14 SHI Ownership Units



Lancaster Woods
Woods Lane
8 SHI Ownership Units



Shaker Village
Meditation Lane
5 SHI Ownership Units



Sandy Hollow
57 Mill Street Extension
12 SHI Rental Units



Grand Oaks
246 High Street Extension
16 SHI Rental Units



Not pictured:
DDS Group Homes
Address Confidential
11 SHI Rental Units

C. Development Constraints and Conditions

1. Absolute and Partial Development Constraints

MRPC's GIS Department has mapped out partial and absolute development constraints and limitations within the Town of Lancaster which are shown on the Lancaster, MA: Housing Plan: Development Constraints map. The map also includes DEP Tier Classified Chapter 21E sites.

a) Absolute Development Constraints

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

Table 32: Absolute Development Constraints

Protected Open Space by Owner	Acres
Protected Conservation Organizations - Non Profit	296.33
Protected Private with CR Conservation Commission	43.07
Protected Private with CR Lancaster Land Trust	25.59
Protected State Owned - Lancaster State Forest	135.27
Protected State Owned - MassWildlife	654.77
Protected Town Owned - Board of Selectmen	319.51
Protected Town Owned - Conservation Commission	605.51
Protected Town Owned - Recreation Committee	24.51
DEP Data	Acres
DEP Zone 1	61.28
DEP Rivers Protection Act 100-foot Buffer	1,593.19
DEP Wetlands 25-foot Buffer	3,443.45
FEMA Flood Zone Data	Acres
100-Year Flood Zone	3,261.66

Source: MRPC GIS, November 2018

Absolute Development Constraint Data overlaps in many areas. Merging this data together, and removing the areas of overlap, the total land area covered by Absolute Development Constraints consists of approximately 6,256.51 acres, or 34.9% of the Town's total land area.

b) Partial Development Constraints

Partial Development Constraints are such constraints where building would be allowed, but may be subject to additional regulatory review (e.g. the 200-foot Rivers Protection Act buffer), or where such development would be occurring within identified environmental resources (e.g. BioMap 2 Core Habitat and Supporting Natural Landscapes under the Massachusetts Natural Heritage and Endangered Species Program or NHESP). The data layers that make up the set of partial development constraints are shown in the table below and are on the map entitled "Lancaster, MA Housing Plan: Development Constraints." Partial Development Constraint Data overlaps in many areas. Merging this data together, and removing the areas of overlap, the total land area covered by Partial Development Constraints consists of approximately 11,758.10 acres, amounting to 65.6% of Lancaster's total land area. Note that lands covered by Absolute and Partial Development Constraints are not mutually exclusive and certain properties may be covered by multiple constraints.

Table 33: Partial Development Constraints

Limited Protection Open Space by Type	Acres
Chapter 61 - Forest	285.90
Chapter 61A - Agriculture	1,155.77
Chapter 61B - Recreation	135.74
NHESP Data	Acres
BioMap2 Core Habitat	7,818.96
BioMap2 Critical Natural Landscape	2,683.33
DEP IWPA by Supplier	Acres
DEP IWPA - D'Ambrosio Eye Care, Inc.	12.82
DEP IWPA - Dunkin Donuts Lancaster	12.82
DEP IWPA - Jewish Community Center Day Camp	18.00
DEP IWPA - Kimball Farm at Oakridge	14.20
DEP IWPA - Lancaster Golf and Learning Center	12.11
DEP IWPA - Lancaster Woods Condominiums	21.55
DEP IWPA - Out Water LLC	31.02
DEP IWPA - Out Water LLC	18.39
DEP IWPA - Prime Toyota Route 2	21.08
DEP IWPA - Rand Whitney Packaging Corp.	148.80
DEP IWPA - U.S. Army Devens (South Post)	12.46
DEP IWPA - YMCA Camp Lowe	12.95
DEP Zone II	805.21
DEP Rivers Protection Act 200 Foot Buffers	1,381.47
DEP Wetlands Protection Act 100 Foot Buffers	4,295.32
FEMA Flood Zones Data	Acres
FEMA Flood Zones 500 Year	457.60
Slope by Percentage	Acres
Slope, 16 - 20%	118.37
Slope, 21 - 25%	21.85
Slope, 26+%	14.72

Source: MRPC GIS, October 2018

A summary of each of these partial constraints is provided below:

- Limited Protection Open Space in Lancaster is comprised by all three categories of Chapter 61 Lands (Agriculture, Forestry and Recreation). Chapter 61 Lands are any land designated by the Town of Lancaster Assessor's Office as participating in the Massachusetts Chapter 61 Tax Program. This program gives landowners an opportunity to reduce their property taxes in exchange for providing important public benefits like clean water, wildlife habitat, rural character, wood products, food, and outdoor recreation. Chapter 61 lands are classified as in forestry (Ch. 61), in agriculture (Ch. 61A) or in recreation (Ch. 61B) and remain in protection as long as the landowner desires.
- BioMap2 Core Habitat identifies specific areas necessary to promote the long-term persistence of Species of Conservation Concern (those listed under the Massachusetts Endangered Species Act as well as additional species identified in the State Wildlife Action Plan), exemplary natural communities, and intact ecosystems.
- BioMap2 Critical Natural Landscape was created to identify and prioritize intact landscapes in Massachusetts that are better able to support ecological processes and disturbance regimes, and a wide array of species and habitats over long time frames.
- DEP Interim Wellhead Protection Areas (IWPA) and Zone II relate to Drinking Water Protection. IWPA and Zone II are for groundwater drinking water

wells..

- The Rivers Protection Act of the 1990s, which has since been incorporated into the Wetlands Protection Act, provided additional protection by creating a 200-foot buffer zone along rivers, known as River-front Areas, in which development is constrained.
- Wetlands, as mapped by MassGIS for DEP for wetlands under the Wetlands Protection Act. Wetlands Protection Act regulations severely constrain development within 100-foot buffer zones around certain types of wetland resource areas known as Outstanding Resource Waters, which include surface drinking water supplies and vernal pools.
- FEMA 500-year Flood Zone Areas: identified by FEMA as subject to inundation with a probability of 0.2 percent occurrence in any given year.
- Steep Slopes: Given the hilly topography in some parts of Lancaster, there are locations of land that have a steep slope (greater than 15 percent), which can be cost prohibitive for developers. Although the presence of steep slopes alone will not determine the development potential of a site, the combination of steep slopes and shallow soil on top of bed-rock could influence the type of development which would be suitable for the site.

c) Total Constrained and Unconstrained Land Area

Table 34 below accounts for total constrained and unconstrained land area in Lancaster. As discussed above, some areas may be affected by multiple absolute and/or partial constraints. In total, approximately 29.8% of Lancaster's land area is unaffected by any of the constraints described above. Housing may be constructed, subject to regulation, in Partial and Non-Constrained Areas.

d) DEP Tier Classified Chapter 21E Sites

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

Table 34: Total Constrained/Unconstrained Land Area

	Acres	Percentage
Total Town of Lancaster	17,909.58	100.0%
Total Absolute Constrained	6,236.70	34.9%
Total Partial Constrained	11,758.10	65.6%
Total All Constrained (Absolute and Partial) *	12,569.43	70.2%
Total Non-Constrained	5,340.15	29.8%

Note: Constraints have been merged together to eliminate areas of overlap.

Source: MRPC, October 2018

Table 35: DEP Tier Classified Chapter 21E Sites

Site Name	Address	Zoning	Tier
DCAMM Heating Plant UST	220 Old Common Road	Residential	Tier 2
MassDOT Mower Leak	Route 2 East Mile Marker 105	Not Zoned - Route 2	Tier 1D
Cumberland Farms, Inc.	94 Main Street	Neighborhood Business	Tier 2

Source: MRPC, October 2018

Tier 2 sites do not require permits and response action may be performed under the supervision of a Licensed Site Professional, without prior Departmental (Mass. DEP) approval. In general, Chapter 21E sites are also known as “Brownfields” sites and the U.S. Environmental Protection Agency has potential funding for the site assessment phase through clean-up.

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

e) Local Zoning Constraints

In Lancaster’s 2007 Master Plan, within the Housing Chapter of the Plan, there was discussion of local zoning constraints which affect the production of more affordable units. Since the approval of the Master Plan, the Town has taken important action steps to decrease these identified constraints. Chapter III of this HPP, entitled “Affordable Housing Goals and Objectives,” provides a review of Lancaster zoning amendments adopted over the past ten years to encourage and facilitate affordable housing production. It also covers other supportive measures that remain to be completed.

2. Local Capacity (Source: Lancaster Massachusetts 2017 Annual Report)

The Town of Lancaster total operating budget for FY 2018 is \$20,620,108. In the 2017 Annual Town Report, the Board of Selectment describe this as a “level-service budget” as compared to FY2017, and explain it represents an increase of 4.63%. This budget funds the Town’s Public Safety (Police, Fire, Ambulance, and Animal Control), Public Works, Health and Human Services, Culture and Recreation Departments and Regional School assessments and all administrative needs for the Town. It also includes insurances and payment of debt service. The Town’s operating budget is funded by three basic sources: a) State Aid (funds received directly from the Commonwealth of Massachusetts); b) Local Receipts (funds received from motor vehicle excise taxes, court fines, licenses, permits and interest earned on investments); and c) local taxation.

The majority of the Town’s budget is used to fund the regional school districts (Minuteman Regional High School and Nashoba Regional School District).

Proposals for affordable housing will need to be explicit in the funding sources and project pro formas. It is unlikely the Town will be in a position to financially assist. However, it may employ other useful support to strong proposals as affordable housing production is a Town requirement.

3. State Owned Land

The Commonwealth of Massachusetts owns approximately 1,676.9 acres in Lancaster, as shown in Map 2. This comprises approximately 10.7 percent of the Town’s area and includes:

- Souza-Baranowski Correctional Center in North Lancaster (approximately 500 acres owned by the Division of Youth Services)
- Portions of the Lancaster State Forest (approximately 100 acres)
- Bolton Flats Wildlife Management Area (WMA)
- Institutional land on Old Common Road owned by the Department of Capital Asset Management
- Parcels near Route I-190 owned by the Department of Public Works
- Conservation land north of Route 2 owned by Fitchburg State College

4. Capacity of Municipal Infrastructure

a) Water and Sewers

Two artesian wells in South Lancaster provide 90 percent of the water supply for Lancaster residents, businesses, and institutions. Together, these wells are reported to have capacity to provide a yield of 1.5 million gallons per day, although Lancaster’s withdrawal permit is capped well below this. It should be noted that over-pumping a municipal well’s aquifer can lead to contaminants and damage. Yields for Lancaster’s two wells, on average, are between 40 to 50 percent of total capacity but during dry summer months, yields can be close to capacity. As of November 2018, the Town’s water withdrawal permit is 530,000 gallons per day with a 100,000 gallons per day buffer. Lancaster has operated above its Water Management Act permit volume of 0.53 MGa/day for 9 of the past 10 years based upon daily withdrawals reported to MA Department of Environmental Protection. Pumping over the daily demand limit has continued to be a challenge, and as recently as the daily

forecast for 2018. Since 2003, the Lancaster Department of Public Works has been investigating sites to locate another water source, but as of November 2018, a location has not been confirmed.⁷

Much of Central and South Lancaster is within the Lancaster Sewer District. Buildings in the remainder of the Town are served by individual septic systems. As of October 2018, the Lancaster Sewer District connects and bills 815 properties to the sewer system. An additional 135 properties are located in the district, and not connected. The District must reserve sufficient capacity for those properties with access to sewer in the event they need or want to connect in the future. Wastewater collected in the sewer system is piped to a sewage treatment plant in Clinton which is owned and operated by the Town of Clinton and the Massachusetts Water Resources Authority (MWRA). The current permit for Lancaster's wastewater to the treatment center is 370,000 gallons per day. 265,000 gallons are currently processed per day, of which 230,000 are billed. The remaining 35,000 can be attributed to, but not definitive of, the district's Inflow/Infiltration (I/I).⁸ As stated, a portion of additional capacity beyond 265,000 gallons per day is on priority reserve for existing properties not yet connected before new development.

b) Roads and Transportation

Ten years ago, MRPC assisted the Town in the preparation of the Transportation and Circulation element of the 2007 update to the Lancaster Master Plan. The discussion noted that "the private vehicle still dominates as the main mode of transportation and mobility in Lancaster. Many factors contribute to this – land use patterns that separate homes from shopping and school areas, regional growth and transportation patterns that make it possible for people to live far from their places of employment and few feasible alternatives to driving alone, such as public transportation, van pools, organized ride-sharing, walking, or biking. At the same time there is a growing awareness in Lancaster of the importance and preference of walking and using bikes to driving cars, and also the need to increase these alternatives for young people who cannot yet drive to get to where they want to go."

Since that time, and especially over the last few years, Lancaster has made progress in accessibility and walkability by participating in a program called "Complete Streets." Identifying Main Street as the first priority, known as Phase I, the Town has been upgrading sidewalks and curbs, adding bike lanes, and improving overall road safety and ease of mobility not just for

vehicles, but especially for pedestrians and cyclists. Phase II will likely address accessibility and walkability on Route 70. In addition, the Town has been participating in the Americans with Disabilities Act (ADA) Transition Plan. This provides the Town guidance and funds in upgrading general accessibility for mobility-impaired individuals, including on streets and sidewalks, but also buildings. According to the MRPC, it observes Lancaster to be better prepared for accommodating its population's "non-vehicular" circulation than most towns. It is becoming better equipped in terms of pedestrian and cyclist-friendly measures, and accessibility for the growing elderly segment, mobility-challenged residents, and children. Making the Town less car dependent overall also supports thoughtful housing goals. Living in a home with amenities reachable on foot is both desirable and economical to many households of all ages.

The Master Plan also discusses the high rate of growth in traffic in Lancaster, indicating that overall growth is almost 4 percent per year, meaning that on major Town roads such as Lunenburg Road, traffic has more than doubled in two decades.

MRPC completed the Roadway Safety Improvement Project Development Report in August 2018 in conjunction with the MassDOT and the U.S. Department of Transportation. A major part of this research identifies the "Regionally Ranked Crash Locations in Lancaster between 2012 and 2014." There is roughly a three-year gap before crash data is released, and the 2013-2016 data that was just released looks very similar upon initial analysis by MRPC.

It is noteworthy that since the last report, Lancaster and the State addressed the Route 2 (Exit 35)/Lunenburg Road (Route 70)/Old Union Turnpike/Fort Pond Road intersection, the highest ranked safety problem location in Lancaster. The construction of a roundabout is expected to have dramatically reduced the number of accidents, and this is expected to be observed in the crash data released in three years. Lancaster's ongoing safety problem locations to be addressed include:

The Equivalent Property Damage Only (EPDO) crash severity rating system was used to determine dangerous intersections and interchanges. EPDO rates a crash based on crash severity, giving one (1) point to a PDO crash; five (5) points for a crash involving at least one non-fatal injury; and ten (10) points to a crash that involves at least one fatal injury. After determining each crash EPDO rate, the rates for crashes for each intersection and interchange are totaled. A high EPDO indicates a dangerous location where crashes have the most severe consequences. Of the top ranked intersections and

interchanges in the Montachusett Region, Lancaster had four ranked locations. These locations and the report's comments on each intersection were as follows:

Table 36: Regionally Ranked Crash Locations in Lancaster

Location	Community Rank	Region Rank	Project Development Status
Route 2 East & Jackson Road, Exit 37	1	7	No project development underway
Main Street (Route 70 North) & Lunenburg Road North	2	28	Project is being designed
Bolton Road & Center Bridge Road (Route 110 East)	3	33	No project development underway
Route 2 East & Ramp - Route 2 East to Old Turnpike Road (Route 70), Exit 35	4	36	No project development underway

Source: MRPC, October 2018

Since the MRPC analysis was completed, construction was initiated on a new roundabout on Route 70 at Old Union Turnpike, the highest ranked safety problem location in Lancaster. The project is nearly complete at this time and is expected to substantially improve safety conditions at this location.

In 2013, MRPC completed a Route 117 Corridor Profile for the Town of Lancaster. The purpose of this effort was to assess conditions and problems that exist along Route 117 and offer recommendations to make improvements where necessary. The study analyzes performance based data, suggests operational and physical improvements, and identifies potential candidate projects for further study. Based on this work, Lancaster has identified two upcoming road safety improvements along Route 117 where traffic lights and other upgrades are planned:

- Intersection of Route 117 and Route 70 (Lunenburg Road)
- Intersection of Route 117, Seven Bridge Road, and Main Street at Mary Rowlandson/Luther Burbank Schools

While no bridges in Lancaster are classified as "structurally deficient," MRPC's 2020 Regional Transportation Plan (currently underway and expected to be completed in July 2019) identifies five (5) bridges which are classified as "functionally obsolete." Bridges ranked in this category may not have a safety issue per se but may not comply with federal regulations in some other aspect, such as slope, sight distance, or width relative to that of the road. The five bridges currently classified as "func-

tionally obsolete" are:

- Route 117 Seven Bridge Road over the Nashua River
- Mill Street over the Nashua River
- Lunenburg Road over Route 2
- Center Bridge Road over the Nashua River
- Shirley Road over Route 2

One of Lancaster's formerly "functionally obsolete" bridge was widened and upgraded, Jackson Road over Route 2, further improving Lancaster's road safety conditions.

c) Schools

Lancaster is a member of the Nashoba Regional School District along with the towns of Bolton and Stow. Younger students attend the Mary Rowlandson Elementary School and the Luther Burbank Middle School in Lancaster, while those in high school attend Nashoba Regional High School in Bolton or Minuteman High School in Lexington. On October 19, 2018, the area newspaper ("The Item") published an article entitled "Population growth gets attention of school administrators." It is based on an October 10, 2018 discussion between officials at the Nashoba Regional School Committee meeting relative to growth and the impact on schools. In the article, Brook Clency, Superintendent of the Nashoba Regional School District states, "We're expecting substantial growth in our communities.... I'm worried about our capacity, particularly in terms of young families," Clency said. "It's clear, I can't tell you how many families are coming in," but she said new residents in many of the new units will not be retired couples.

At the time of the 2007 Master Plan, both Lancaster schools were at capacity and considering development of additional classroom space. The declining population at Atlantic Union College (faculty, staff, and students) was reflected in Lancaster's two public schools for a time, but one has since returned to full capacity and the other is approaching full capacity. The Mary Rowlandson Elementary School has a capacity of 500 students, and currently has 506 children enrolled. The Luther Burbank Middle School has a capacity of 300 students, and has 250 children enrolled.

The Nashoba Regional High School (NRHS), which, in addition to Lancaster, serves the communities of Bolton and Stow, is over capacity. According to the NRHS principal, as of November 2018, the school needs capacity for at least 1,100 to 1,200 students, but does not have it. Currently the school is relying on a trailer for additional classroom space.⁹

As part of the implementation of new, affordable housing in Lancaster, the Nashoba Regional School District needs to be kept informed of permitted projects susceptible to include large groups of children, and ages as early as possible for best planning practice.



Blue Heron Pond
High Street Extension, South Lancaster
14 SHI Ownership Units - Subsidized by Federal Home Loan Bank of Boston (FHLBB)

III. Affordable Housing Goals and Strategies

A. 2007 Master Plan Goals and Objectives

Lancaster adopted its first Master Plan in 40 years in December 2007. Since its adoption, implementation of the Plan has involved amending zoning bylaws and pursuing new programs to support and enhance land use, economic development, housing, transportation, open space and natural resources, recreation, and historic preservation. The Master Plan is being actively utilized as a working document and a blueprint for planning over the next several years. The basic goal relevant to housing cited in the Master Plan “is to preserve Lancaster as a diverse community of people, sustainable over the long term, with equity and access for all.” The Housing Chapter of the 2007 Master Plan is attached to the HPP as Appendix A.

The Plan also commits to the “planned production” of affordable housing in order to eventually meet the Chapter 40B standard of 10 percent affordable housing. However the Plan notes that “the 40B method of ‘counting’ gives no assurance that having 10 percent of housing units ‘counted’ really means that 10 percent of our units are affordable at below-market prices.” The Plan explains that Lancaster’s “needs go beyond the income levels addressed under Chapter 40B. A family of four with an income of \$45,000 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.” The income cited is outdated, and the 2007 Master Plan need to be updated, but the conclusion still holds true. There is a need for housing in the “Missing Middle” as stated prior in this Housing Production Plan, to address those outearning the 40B threshold (capped at 80 percent of area median income), but not wealthy. There is also a need, albeit smaller, to identify housing units for those well below the 40B threshold for whom many 40B units remain inaccessible, i.e. the very cost burdened segment of the population. Habit for Humanity targets a lower income threshold for homeownership than typical 40B. On the rental side, there could be a more concerted effort to restrict a small percentage

of units to HUD’s second income threshold, “Very Low Income” which is capped at 50 percent of area median income. Beyond this, HUD has a third income level, “Extremely Low Income” which is capped at 30 percent of area median income. Both “very low” and “extremely low” guidelines are tied to Section 8 rental rules and regulations.

The 2007 Master Plan also states that its goal is to achieve preservation of the Lancaster 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.”

With these goals in mind, the 2007 Master Plan calls for the addition, over the next ten years, of nearly 200 affordable units to the total existing in Town at that time the Plan was adopted. The distribution of these units would be comparable to the existing housing stock in Lancaster. This would involve development of the following:

- 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.

As discussed below, this numerical goal in the 2007 Master Plan has been modified for this Housing Production Plan to reflect the 2008 changes to the Housing Production Plan Regulations (760 CMR 56.03(4)).

B. Town Actions Since the 2007 Master Plan

The Town of Lancaster has undertaken various Implementation Actions to achieve the Plan's affordable housing goals and objectives. The following is a list of Actions identified in the Master Plan that the town has either achieved or is actively pursuing to add to Lancaster's affordable housing supply:

- Prepared a 2019-2023 Housing Production Plan to achieve compliance with the requirements of Chapter 40B and obtain DHCD approval of the plan and certification that it is achieving the targeted levels of affordability for the community. A draft Housing Production Plan as documented in this document has been developed and will be submitted to DHCD for approval following adoption by the Lancaster Planning Board and Lancaster Board of Selectmen. The goal is to submit Lancaster's Housing Production Plan to DHCD for final approval in December 2018.
- Adoption of a Multi-Family Zoning District and at least three separate bylaws providing for multi-family development: Flexible Development (Section 220-15 D), Integrated Planning Overlay District (Section 220-8.7), and Accessory Apartment (Section 220-9 G).
- In 2017, Lancaster residents voted to implement increased density in an Integrated Planning Overlay District (IPOD) in North Lancaster to 15 units per acre. This IPOD allows for high density development adjacent to regional transportation (190 and Route 2) and services (including two large shopping centers, cinema, state-wide athletic fields, etc.).
- Granted allowance for "In-law" or accessory dwelling units within existing dwellings. Such units are inherently relatively low cost and rental income can help the primary unit owner to afford maintenance costs. Zoning was changed in 2008 to allow for accessory apartments via a special permit from the Zoning Board of Appeals.
- A density incentive was created for developments which include affordable units. This was accomplished as part of the revision to the Flexible Development Bylaw in 2008. The Flexible Development Bylaw allows for greater flexibility and creativity in residential development by locating development on sites best suited for development and protecting land not suitable for development, establishing effi-

cient patterns for the construction and maintenance of public facilities and services such as streets and utilities, and avoiding unnecessary development costs. Flexible Development could entail alternative dimensional requirements and permitting of multi-family dwellings. (There have been no applications for Flexible Development since enactment of the bylaw in 2008.)

- Revised Flexible Development zoning to incorporate credits for affordable housing and to strengthen credits for contributing to open space, including credits for open space which may not be contiguous to the development. This was accomplished as part of the revision to the Flexible Development bylaw in 2008.
- Reconsidered the Town's rate of development provisions which restrict the number of housing units which may be allowed in any single year. The Development Rate Limit was removed from the Town bylaws in 2011.

C. Numerical Goal for Annual Housing Production

The Town of Lancaster's numerical goal for annual housing production is based on the 2008 changes to the Housing Production Plan Regulations (760 CMR 56.03(4)). This Housing Production Plan (HPP) is required to show a strategy for housing production supporting an increase in the Town of Lancaster's number of Subsidized Housing Inventory (SHI) Eligible Housing units by at least half of one percent of its total units during every calendar year covered by the HPP, until the overall percentage exceeds the Statutory Minimum set forth in the regulations. It is important to remember that meeting 10 percent exactly does not meet the State requirement; the municipality must exceed it, by at least one-tenth percent.

The Chapter 40B SHI published by DHCD, based on the 2010 U.S. Census shows that Lancaster has a total of 2,544 year round housing units. Therefore, the total amount of SHI units required for the Town of Lancaster to achieve the statutory minimum is 254 units. DHCD's inventory of Lancaster's SHI qualified housing indicates that there were 140 SHI units in Lancaster as of November 1, 2018. At a required rate of one half of one percent of total housing produced per year to comply with the Chapter 40B minimum, this would mean that Lancaster would need to produce 13 SHI units per year or 25 units over a two-year period for Safe Harbor Status. Section IV of this HPP, Implementation Strategies, provides a chart showing the Town's goals to achieve the required annual housing production target.

Following DHCD approval of this Housing Production Plan, once the Town of Lancaster has achieved permitting its numerical goal for housing production, either for one year or two years, the Town will request certification for municipal compliance from DHCD, in accordance with the DHCD Chapter 40B regulations. As discussed in the preceding section, such certification would mean a decision by Lancaster's Zoning Board of Appeals (ZBA) relative to a comprehensive permit application will be deemed "consistent with local needs" under MGL Chapter 40B. Per discussion with DHCD in November 2018, it is important to emphasize that Safe Harbor certification does not happen automatically upon permitting one half of one percent annually. Rather, the Town must request the Safe Harbor certification from DHCD.

If the Town of Lancaster has documented its certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the Applicant, with a copy to the DHCD, that it

considers that a denial of the permit or the imposition of conditions or requirements would be "Consistent with Local Needs," the grounds that it believes have been met, and the factual basis for that position, including any necessary supporting documentation.

If the Applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to the DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA notice, including any documentation to support its position. 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 with 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. This means that during the time period the Applicant/ Town submits documentation of a Safe Harbor (in this case an HPP "certified" by 0.5 percent permitting), and during the time DHCD reviews, the 180 day clock for the Comprehensive Permit Hearing is frozen.

IV. Implementation Strategies

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

A. Locations

1. Expansion Areas for Affordable Housing

The preferred locations for new housing are generally those with existing infrastructure (including transportation, Town water and sewer services) capable of handling new development. Also, such expansion areas should encourage compact development rather than sprawl, suggesting that new housing should be located near existing centers or villages. The Town of Lancaster and MRPC investigated the feasibility of a Village District Overlay and Bylaw in 2014, but it was determined that it did not have public support, and therefore was not brought to town meeting. Nevertheless, the Town is still able to pursue affordable housing opportunities that promote compact development versus sprawl.

The following are identified as primary locations for increased housing:

- Adaptive re-use to create affordable housing at the former Memorial School. Given well-connected, “in town” location, housing could be earmarked for mobility-impaired and elderly. The structure is currently vacant and asbestos abatement has taken place. Located in the vicinity of the Town Common and “heart” of the community (next to town library and its programs, community center and its activities, including the senior center, adjacent to town offices, etc.) A major property rehabilitation/historic preservation project was recently completed next to the building (the former high school, now Prescott Building where town offices are located). More work is scheduled with the master plan for the adjacent recreational campus. For example, a playground was installed in November 2018, and a new splash pad is scheduled for Spring 2019.

- Bigelow Gardens (senior housing operated by a Housing Authority) is full, and more senior housing is needed. An on-site expansion may be difficult; other elderly housing solutions should be found.
- As of November 2018, there is an active dialogue with Atlantic Union Conference relative to affordable and mixed-income housing on a portion of the former college campus.

2. 40B Projects (Not Local Initiative 40B)

The following site(s) are 40B projects:

- Jones Crossing, located on Deershorn Road
Status: Jones Crossing received a Comprehensive Permit for 32 homeownership units, of which 25% are required to be affordable and added to Lancaster’s SHI. A model home was constructed. No other units have been built as of November 2018.
- Goodridge Brook Estates, located on Sterling Road
Status: Currently under Comprehensive Permit review with Zoning Board of Appeals

3. Municipal Land for Affordable Housing

The following sites have been identified as potential locations for the development of affordable housing although they need to be further evaluated.

- Lunenburg Road (Map 4, Parcel 47) – 1.92 acres
- Former Memorial School site if building is demolished instead of adaptive re-use

4. Preferred Development Characteristics

As discussed above, the preferred locations for new housing are generally those with existing infrastructure (including transportation, Town water and sewer services) capable of handling new development. Also, these expansion areas should encourage compact development rather than sprawl, suggesting that new housing

should be located near existing centers or villages.

B. Implementation Strategies

As discussed above, there are a number of actions which the Town of Lancaster is currently pursuing to facilitate the development of additional affordable housing within the community. In addition to these actions, the Town intends to pursue the following additional strategies to achieve the numerical targets required under the Housing Production Plan program and to assist in promoting housing opportunities to meet the needs of the Town's citizens, as identified in the Housing Needs Assessment.

1. Building Institutions

Action Item: Create a Lancaster Housing Partnership. Just as the Conservation Commission addresses natural resources and the Historical Commission addresses historic resources, a citizen organization within the Town Government would be established with the responsibility of initiating, advocating for, and coordinating efforts to ensure the adequacy of the Town's housing resources.

Timeframe: Efforts to establish a Lancaster Housing Partnership will commence following (1) approval of the Housing Production Plan and (2) close of the current 40B comprehensive permit hearing to avoid any conflict.

Action item: Join the area's monthly Housing Network led by seasoned affordable housing volunteers. This group meets at the Acton Town Hall one morning per month. It is a wealth of information, experience, and support for residents volunteers, town planners, affordable housing coordinators (a town position in some communities), and others working to meet state mandated housing requirements.

Timeframe: Several resident volunteers from Lancaster have been attending meetings. In a more formal capacity, a representative(s) from the future Housing Partnership (and possibly the future town planner) would provide an important, on-going connection for sharing best practices.

Action Item: Explore gaining eligibility for federal housing subsidy funds through joining an eligible regional consortium such as the Fitchburg and Leominster HOME consortium. Being in such a regional group would make Lancaster eligible for funding under the federal HOME housing program, including funds to support administrative costs.¹⁰ Benefits of being part of a regional

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

Timeframe: Efforts to explore opportunities to join a regional housing consortium will commence following approval of the Housing Production Plan.

Action Item: Explore partnering with private developers to develop more affordable multifamily rental units. Sandy Hollow at 57 Mill Street Extension is an example of such development.

Timeframe: This would be an ongoing effort.

2. Refining Regulations

Action Item: Ensure that all new residential development above a defined threshold scale contributes to addressing the Town's affordable housing needs.

Timeframe: Efforts to ensure that all new residential development above a defined threshold scale contributes to addressing the Town's affordable housing needs could commence following approval of the Housing Production Plan. This was included as an action item in the Housing Element of the Lancaster Master Plan. A threshold level of development has not been defined at this time. Existing by-laws and incentives from other towns could be shared with the Planning Board to compare as models. This topic was been raised recently at the monthly Housing Network with another town creating this regulation, and support was readily available.

Action Item: 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 within the Town. Modest additions to existing dwellings on smaller lots within the district could result in adding a few additional housing units which would be consistent with the character and functioning of the area, be relatively affordable, and also potentially result in some building improvements. Additionally, the Town may wish to require that the new multi-family units be deed restricted SHI in exchange for the reduced lot size.

Timeframe: This reexamination of the two-acre threshold for multi-family use could begin as soon as the Housing Production Plan is approved.

Action Item: Consider revisions to current regulations for senior and assisted-living housing. Currently such

housing is allowed by special permit in the Residence District. While a substantial amount of age-restricted housing has been developed in the recent past, demographic projections indicate a growing need for this kind of housing. Efforts should begin with an examination of the experience with current bylaw provisions.

Timeframe: Senior and assisted-living housing is now allowed by Special Permit in the Enterprise district. Expansion of this allowance by Special Permit could be considered for the Neighborhood Business district.

Action Item: Explore adoption of an Estate Preservation provision under zoning bylaws, allowing the adaptive reuse of existing structures for additional units as an alternative to dividing the land into smaller lots. This would promote both historic preservation and housing affordability. For very large dwellings on very large parcels, such provisions would allow for adaptive reuse of the existing structure for additional units as an alternative to dividing the land into smaller lots, or as a means of reducing the number of lots allowed to be created. This initiative is particularly relevant in Lancaster with former Thayer properties.

Timeframe: Efforts to explore the adoption of an Estate Preservation provision under the zoning bylaws could commence following approval of the Housing Production Plan and circulation of a sample text.

Action Item: Explore offering a density incentive for development which includes either on or offsite the rehabilitation of existing housing units and their deed-restriction for ongoing affordability. A draft of such a provision was previously developed but other options may be feasible to include affordable housing in all new residential developments over a specified size.

Timeframe: Efforts to explore a density incentive for rehabilitation of existing housing could commence fol-

lowing approval of the Housing Production Plan.

3. Continuing Affordability and Fair Access

Action Item: Apply controls to ensure continuing affordability and fair access. Use restrictions and/or resale controls and regulatory agreements, supplementing restrictions in applicable permits and funding 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.

Timeframe: Affordability use restrictions and other regulatory agreements described in this Housing Production Plan are already applicable and enforceable, and the approval of this Plan could help reinforce this with greater control mechanisms.

4. Participation in the Community Preservation Act
Action Item: Consider adopting the "Community Preservation Act" (CPA). This is a state law that allows adopting towns to add a three (3) percent surcharge to property taxes to fund initiatives in four areas: affordable housing, historic preservation, open space, and outdoor recreation. For the owner of a \$300,000 home that paid \$5,994 in 2018, it would add \$179. For FY2018 the total levy was around \$18,141,166 and the CPA would have raised ~\$544,235, and that would be partially matched by the state. The amount the CPA raises does not impact the towns proposition 2 1/2 tax limits or ceilings. The town would establish a committee that would consider proposals and allocate CPA funds.

Timeframe: The CPA initiative ran aground in the past in Lancaster, but there is potentially much more interest now due to greater awareness and interest in the affordability housing challenge. This could be re-introduced in 2019 prior to a vote in the Fall.

Shaker Village
Meditation Lane,
North Lancaster

5 Affordable Housing Units
within Larger Development

All Ownership Units

Subsidized by Department
of Housing and Community
Development (DHCD)



C. Numerical Targets and Schedule

Currently, Lancaster needs 117 Units to reach 257 Total Units, i.e. 10.1% of 2,544 year-round housing units based on the 2010 Census. Per DHCD, as of November 2018, Safe Harbor requires over 10%, and a minimum of 10.1%. Targetting 11% as a precaution is the Housing Production Plan Team's recommendation.

32 Carter Street is a single-family, deed restricted house rehabilitated by Habitat for Humanity and sold to an income eligible family in 2011. It was not registered in Lancaster's SHI at the time, and is currently under review at DHCD to be added. If this occurs, Lancaster's needed unit target will decrease to 116.

In addition to the properties cited in Table 4 which are currently active, the Lancaster Planning Board has requested that 679 George Hill Road promptly be explored as a potential, additional affordable housing site.

Submitting to DHCD the SHI permitting of one half of one percent of total housing annually ensures Safe Harbor status if Lancaster has a state approved Housing Production Plan.

- 13 Units (0.5 percent) put Lancaster into Safe Harbor for 12 months
- 25 Units (1 percent) puts Lancaster into Safe Harbor for 24 months

It is important to anticipate that the 2020 Federal Census will announce a new total of year-round housing units for every town in the Commonwealth. Lancaster's current 2,544 units will increase, and a new SHI target will be introduced. Lancaster has 70 confirmed new residential permits since 2010, and with the additional Hilltop (14), Jones Crossing (32), and potential Goodridge Brook Estates (182) developments, we estimate the 2020 units to be approximately 2,842, rounded to 2,850. We are anticipating the 2020 affordable housing target to be roughly 11 percent by precaution, or 314 units. Preparing for this rise in advance better equips the Town to remain in Safe Harbor status, and thus in control of pro-actively planning its growth.

As indicated in the table, the Town of Lancaster has established these production goals to realistically reflect likely SHI housing production. It is important to note that units are added to the SHI once permitted, and they may be removed after twelve (12) months if building permits have not been issued. Units may become re-eligible for the SHI once the building permit is se-

Although a portion of new SHI units may be delivered during 2019, the amount of time required for permitting and construction may take much of the year. Assuming at least 13 SHI units are permitted, Lancaster would be in compliance with the annual production schedule of one half of one percent in 2019, and if this Housing Production Plan has been approved by DHCD, would enter Safe Harbor status if requested. As discussed previously, the target will be readjusted in 2020 on the basis of the 2020 Federal Census reflecting growth in the overall Lancaster housing stock. However based on building permits issued and planned projects, it is estimated that 14 SHI units per year should ensure Lancaster remains in Safe Harbor status until achieving over 10 percent SHI.

As work on affordable housing continues in 2019, the Housing Production Plan pipeline will come into sharper focus and provide greater clarity and certainty of units and their phasing.

Table 37: Proposed Lancaster Housing Production Schedule

Year	Number of Units	Basis for Housing Production
2019	<p>Every town's SHI is based on 2010 Census</p> <p>Lancaster: 2,544 year-round units</p> <p>Must be over 10% of total units 10% SHI = 254 units 10.1% SHI = 257 units 11% SHI = 280 units</p> <p>Current SHI = 140 units, 5.5%</p> <p>Minimum needed to reach 10.1% = 117 units</p> <p>Minimum needed to reach 11% = 140 units</p> <p>Safe Harbor Certification requires 0.5% permitted 13 units = 12 months or 1% percent 25 units = 24 months</p>	<p>24-48 SHI rental units at Memorial School Note: Approximately 24 units on ground level; additional 24 units feasible on second level; suggest BOS make decision prior to RFP Note: RFP will outline design requirement to integrate with other town green buildings and recreational campus (gabled roof, complementary materials, ample parking, etc.) Developer/Town of Lancaster LIP application to DHCD</p> <p>1 SHI homeownership unit in rehabilitation of existing property Foreclosed property in negotiation with bank (owner) Habitat for Humanity/Town of Lancaster LIP application to DHCD</p> <p>8 SHI units of 32 total single family homes at Jones Crossing - Tyrone Jones 40B Comprehensive Permit issued; awaiting construction</p> <p>15 SHI homeownership units of 62 total units at Goodridge Brook Estates - Crescent Builders. 120 SHI rental units of 120 total units at Goodridge Brook Estates - Crescent Builders. Both Comprehensive Permit applications currently under review with Zoning Board of Appeals</p> <p>50+ units at DCAMM (Commonwealth of MA) - Site configuration proposal for 2 Phases planned with field manager; total number of units unknown at present but > 50</p> <p>Approximately 40 units at Atlantic Union College Active conversation with AUC</p>
2020	<p>New 2020 Federal Census Estimate of new total units: 2,850</p> <p>11% SHI = 314 units</p> <p>Safe Harbor Certification requires 0.5% permitted 14 units = 12 months or 1% permitted 26 units = 24 months</p>	<p>Memorial School pre-construction/construction</p> <p>DCAMM - Phase 1 permitting/pre-construction</p> <p>Goodridge Brook Estates construction</p>
2021	At least 14 units	<p>Memorial School construction/occupancy</p> <p>DCAMM - Phase 1 construction</p> <p>DCAMM - Phase 2 permitting/pre-construction</p> <p>Goodridge Brook Estates construction/occupancy</p>
2022	At least 14 units	<p>DCAMM - Phase 1 construction/occupancy</p> <p>DCAMM - Phase 2 construction</p>
2023	At least 14 units	DCAMM - Phase 2 construction/occupancy

V. Use Restrictions

Affordable housing in Lancaster will be maintained through deed restrictions to ensure long-term affordability of the units. For all units intended to be credited toward meeting the 10 percent rule of Chapter 40B and the DHCD Subsidized Housing Inventory, the following use restrictions or resale controls to preserve affordability would apply:

- All affordable units must serve households with incomes no greater than that established in the original project approval, which in no event is to be greater than 80 percent of the area median income, adjusted for household size, as annually revised and published by the U.S. Department of Housing and Urban Development (HUD).
- The limitation must remain in place for the life of that residential unit, except that in the case of rehabilitated units the term may be reduced to as little as 15 years if there is no workable alternative (although this loophole should be avoided to maintain a stable, long-term SHI). Future sale or rent price will be based upon maintaining affordability at the same percentage of area median as in the initial basis, adjusting for changed median incomes and changed tax, condo fees, and other costs.
- Units must be subject to a regulatory agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement.
- The units must be marketed in a fair and open process consistent with state and federal fair housing laws.¹¹



Bigelow Gardens
449 Main Street, South Lancaster

70 Affordable Units - Age Restricted Senior Housing

All Rental Units - Subsidized by Department of Housing and Community Development (DHCD)

End Notes

- 1 All units include all property transfers of greater than \$1,000 as reported by Town Assessor to the Warren Group.
- 2 The Commonwealth of Massachusetts' Affirmative Fair Housing Marketing Plan Guidelines have been provided as Appendix A to this Housing Production Plan. The Guidelines also contain the current State requirements for local preference.
- 3 The American Community Survey (ACS) is a division of the U.S. Census Bureau and is an ongoing survey that provides data every year, giving communities the current information they need to plan investments and services. Information from the survey generates data that help determine how more the \$400 billion in federal and state funds are distributed annually. Note that as a result of sampling protocols, results may fluctuate from year to year and vary from decennial U.S. Census statistics.
- 4 According to the Census Bureau definition of group quarters: "A group quarters is a place where people live or stay, in a group living arrangement, that is owned or managed by an entity or organization providing housing and/or services for the residents. This is not a typical household-type living arrangement. These services may include custodial or medical care as well as other types of assistance, and residency is commonly restricted to those receiving these services. People living in group quarters are usually not related to each other. Group quarters include such places as college residence halls, residential treatment centers, skilled nursing facilities, group homes, military barracks, correctional facilities, and workers' dormitories." "Household" data reported by the U.S. Census does not include statistics for individuals living in group quarters.
- 5 The Commonwealth of Massachusetts' Affirmative Fair Housing Marketing Plan Guidelines are included as an appendix to this Housing Production Plan. The Guidelines also contain the current State requirements for local preference.
- 6 Massachusetts Housing Partnership, August 12, 2013.
- 7 Lancaster Master Plan, Section VII., Community Services & Facilities, p. VII-3-4.
- 8 Ibid., p. VII-4-5.
- 9 Phone conversation with Nashoba Regional High School Principal Paul DiDomenico, November 6, 2018.
- 10 The HOME Investment Partnership Program is a federally funded program that assists in the production and preservation of affordable housing for low and moderate income families and individuals. The program funds a broad range of activities including the acquisition, new construction, and rehabilitation of existing properties which are sold to income eligible first-time homebuyers. Eligible funding applicants include for and non-profit developers, non-profit organizations designated as Community Housing Development Organizations (CHDOs), and municipalities in cooperation with any of these entities. Further information on the HOME Program is provided in Appendix B.
- 11 The Commonwealth of Massachusetts' Affirmative Fair Housing Marketing Plan Guidelines have been provided


as Appendix C to this Housing Production Plan. The Guidelines also contain the current State requirements for local preference.



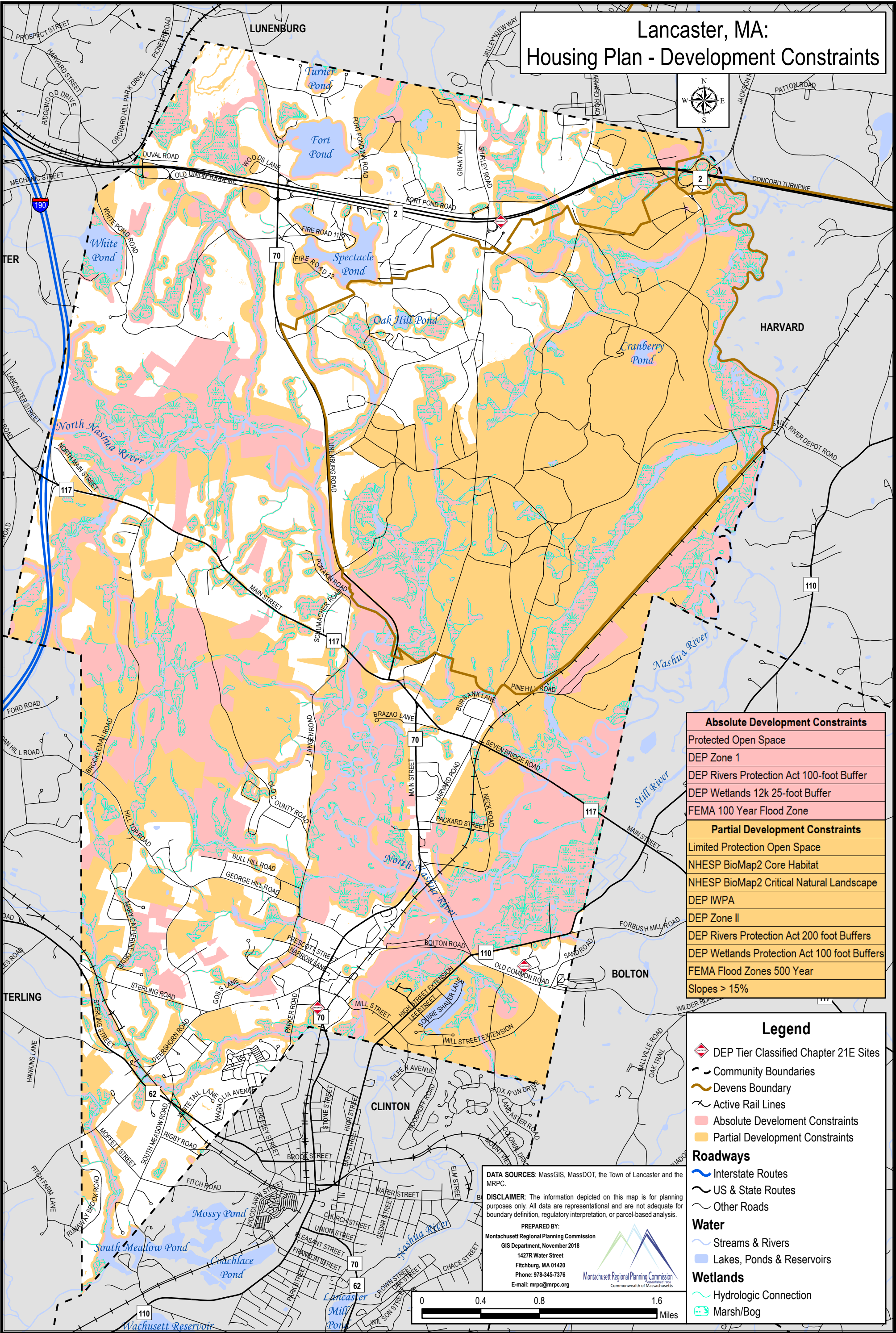
Sandy Hollow
57 Mill Street Extension, South Lancaster

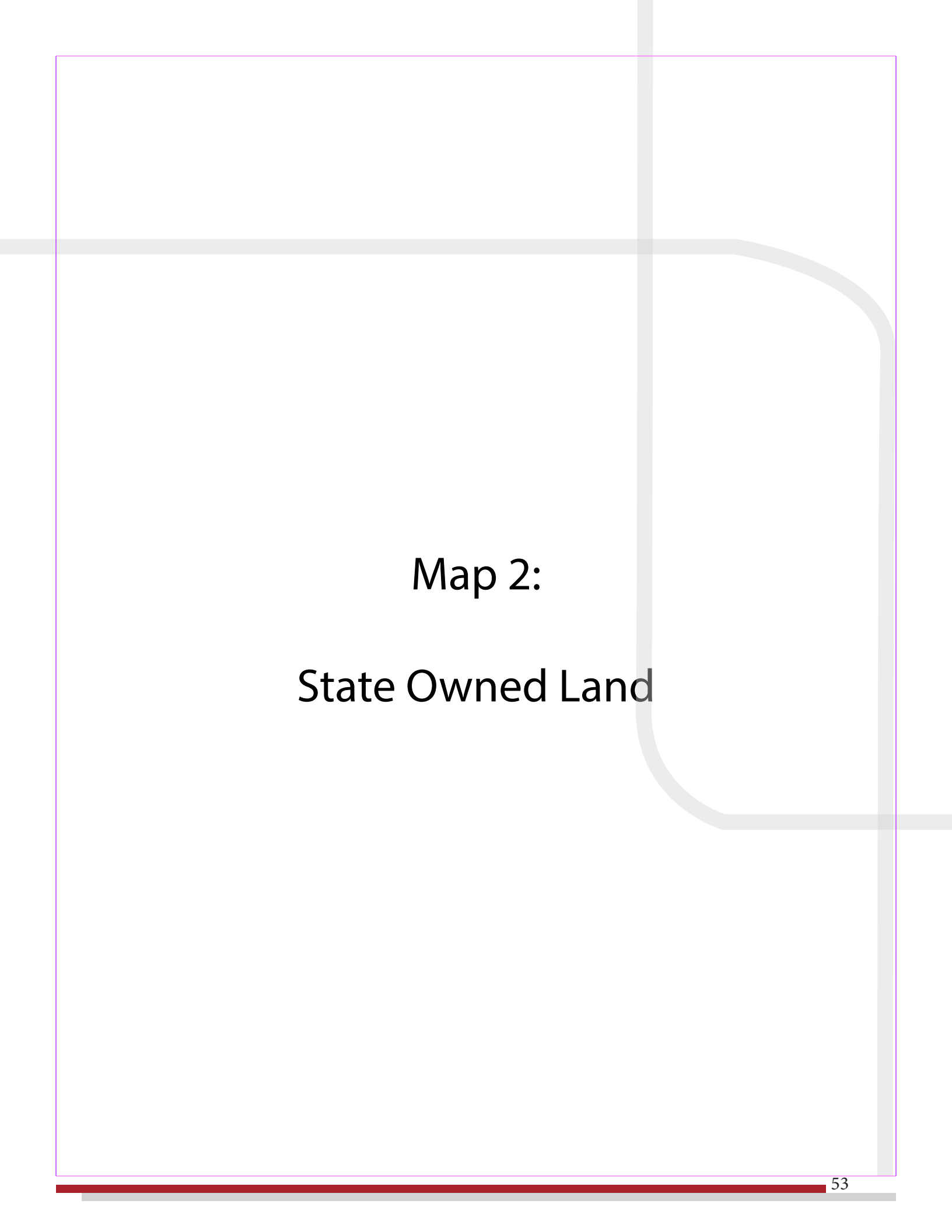
12 SHI Rental Units

Subsidized by MassHousing



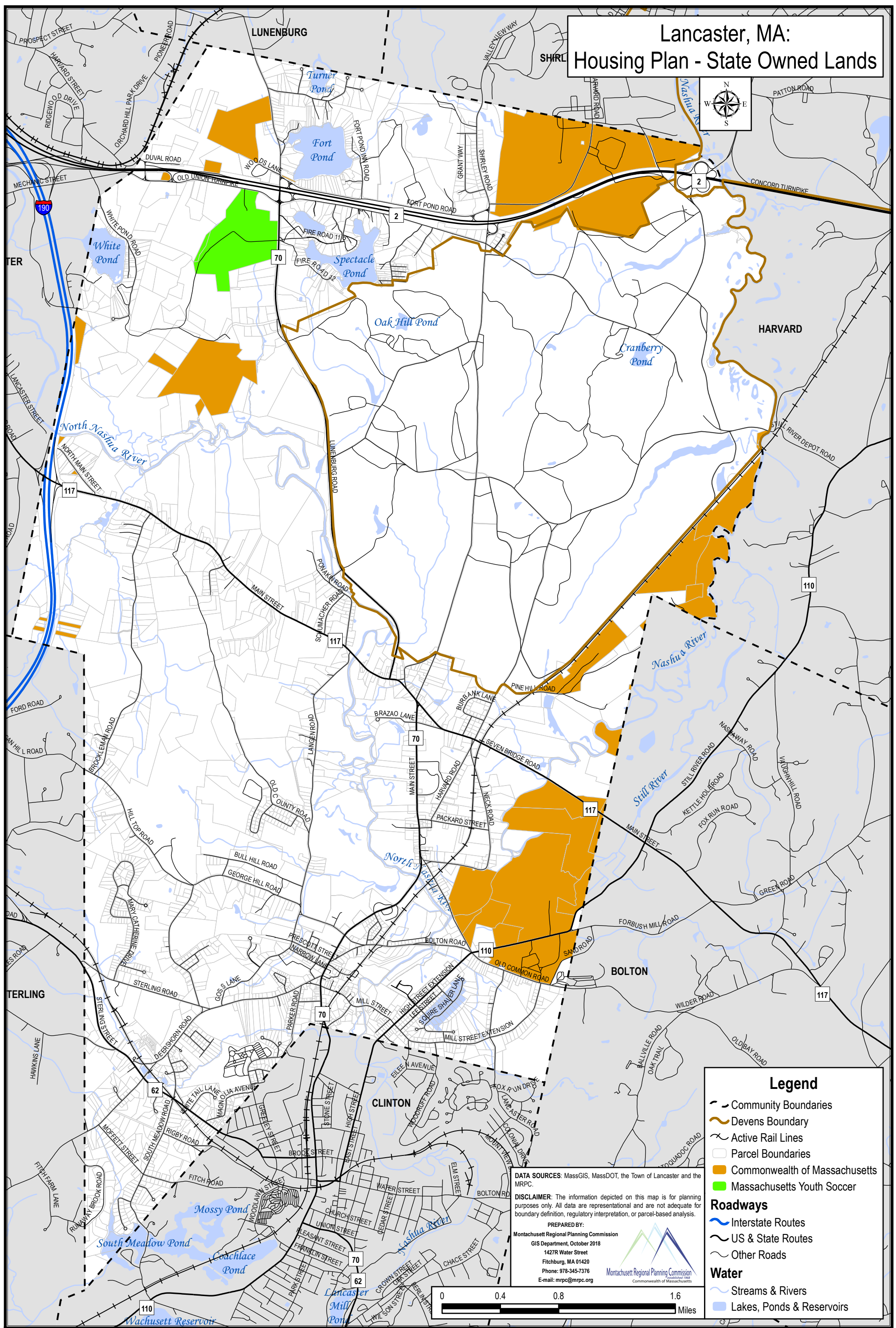
Map 1: Development Constraints





Map 2:

State Owned Land



Appendix A

Housing Chapter of the 2007 Lancaster Master Plan

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 .

Appendix B

Summary of Affordable Housing Funding Resources

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

Introduction

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

It is likely that a number of financial and technical resources will be required to produce affordable units in Lancaster. Lancaster is currently considering participation in the Commonwealth of Massachusetts' Community Preservation Act which could provide a potential funding source to support affordable housing. Information to assist the Town of Lancaster on how to utilize CPA funds toward affordable housing, should the community move to participate in the program, are highlighted below, with links for additional details and resources.

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

1. Community Preservation Act (CPA)

A minimum of 10% of funds collected by communities that adopt the Community Preservation Act (CPA) must be expended for affordable housing purposes. The

housing is to be for low and moderate income individuals and families, including low and moderate income seniors. Under CPA's definition of affordable housing moderate income is less than 100%, and low income is less than 80% of U.S. HUD Area Wide Median Income. As indicated within this Housing Production Plan, for a family of four in Lancaster the low-income limit is \$71,900.

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

The Massachusetts Housing Partnership (MHP) and the Citizens' Housing and Planning Association (CHAPA) have prepared "A Guidebook for CPA and Affordable Housing" that has detailed information on how the Town of Lancaster can use CPA funds to support local housing efforts. The Guidebook can be downloaded from MHP's website for CPA resources at:

http://www.mhp.net/community_initiatives/resources.php?page_function=list&resource_category_id=51. The Guidebook is the last document posted on this webpage. Other CPA housing-related resources are also available from MHP under the resources webpage.

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

2. HOME Program

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

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

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income, and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income.

In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

Because Lancaster is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town would need to join a consortium of other smaller towns and cities to receive funding or submit funding applications to DHCD on a project by project basis through its One Stop Application. The benefit of joining a consortium is that funding is provided by formula on an annual basis, assuring Lancaster of a steady flow of this flexible funding source.

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

3. Community Development Block Grant Program (CDBG)

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

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

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

4. Housing Stabilization Fund (HSF)

The State's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities.

The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

5. Low Income Housing Tax Credit Program

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

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

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

6. Affordable Housing Trust Fund

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

AHTF assistance can include:

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

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

7. Housing Innovations Fund (HIF)

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

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

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan

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

9. MHP Permanent Rental Financing Program

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

10. OneSource Program

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be

used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with obtaining financing.

11. Section 8 Rental Assistance

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

12. District Improvement Financing Program (DIF)

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

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

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initia-

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

14. Elder Mixed-Income

Managed through MassHousing, Developments financed through the Elder Mixed-Income program serve elders who wish to live in independent rental apartments with on-site access to supportive services.

Who it’s for: Developers of rental housing that fills a niche between conventional elderly housing without services and full-service personal care programs.

At least 20% of the units must be reserved for households earning less than 50% of the area median income. The remaining units may be rented at market rates.

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

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

Summary: HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable.

Purpose: The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, transportation, etc. The program is similar to Supportive Housing for Persons with Disabilities (Section 811).

Eligible Grantees: Private nonprofit organizations can apply to develop a Section 202 project if they can, among other requirements, submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of \$25,000 for national sponsors or \$10,000 for other sponsors. Public entities are not eligible for funding under this program. As the Town would not be eligible it can partner with a private nonprofit organization. One example is the Gardner-based RCAP Solutions. RCAP Solutions has developed elderly housing under the HUD 202 Program for the towns of Bolton and Townsend. For Townsend, RCAP Solutions recently completed a 36-unit HUD 202 Affordable Elderly Housing Development called “Townsend Woods”.

Eligible Customers: Occupancy in Section 202 housing is open to any very low-income household comprised of at least one person who is at least 62 years old at the time of initial occupancy.

Additional Information: Development of elderly housing under the Section 202 program can take multiple years from project conception to construction to occupancy. In addition to the program being very competitive, recent Federal budget cuts have led to a decrease in available funding.

For more information on the Section 202 Supportive Housing for the Elderly Program, visit HUD’s Section 202 Program website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/eld202.

Appendix C

Commonwealth of Massachusetts Affirmative Fair Housing Marketing Plan Guidelines



Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines



Affirmative Fair Housing Marketing and Resident Selection Plan

A. Introduction

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

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

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

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

B. Developer Staff and Contractor Qualifications

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

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

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

the housing opportunity.¹ Marketing informational materials must therefore provide notice of free language assistance to applicants, translated into the languages of LEP populations anticipated to apply.

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

C. Affirmative Fair Housing Marketing Plan

1. Duration

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

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

2. Contents

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

- a. Informational materials for applicants including a general description of the overall project that provides key information such as the number of market/affordable units, amenities, number of parking/garage spaces per unit, distribution of bedrooms by market and affordable units, accessibility, etc.
- b. A description of the eligibility requirements.
- c. A description of the rules for applying and the order in which applications will be processed.
- d. Lottery and resident selection procedures.
- e. A clear description of the preference system being used (if applicable).
- f. A description of the measures that will be used to ensure affirmative fair marketing will be achieved including a description of the affirmative fair marketing and outreach methods that will be used, sample advertisements to be used, and a list of publications where ads will be placed.
- g. Application materials including:
 - (1) The application form.

¹ See DHCD's Language Access Plan at <http://www.mass.gov/hed/docs/dhcd/hd/fair/languageaccessplan.pdf> for information about language access planning obligations and requirements.

- (2) A statement regarding the housing provider's² obligation not to discriminate in the selection of applicants on the basis of race, color, national origin, disability, age, ancestry, children, familial status, genetic information, marital status, public assistance reciprocity, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law, and such a statement must also be included in the application materials.
 - (3) Information indicating that persons with disabilities are entitled to request a reasonable accommodation in rules, policies, practices, or services, or to request a reasonable modification in the housing, when such accommodations or modifications may be necessary to afford persons with disabilities an equal opportunity to use and enjoy the housing.³
 - (4) An authorization for consent to release information.
- h. For homeownership transactions, a description of the use restriction and/or deed rider.
 - i. The Developer and contractor, if any, shall sign the AFHMP document as follows:

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

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

3. Approval

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

4. Applicability

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

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

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

5. Criminal Background Checks

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


(May 2013 Update: New requirement for signature/certification of AFHMP submissions; advice on use of HUD form; and new language on CORIs but no change in policy.)

6. Outreach and Marketing

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

- a. Advertisements should be placed in local and regional newspapers, and newspapers that serve minority groups and other groups protected under fair housing laws. Notices should also be sent to local fair housing commissions, area churches, local and regional housing agencies, local housing authorities, civic groups, lending institutions, social service agencies, and other non-profit organizations.
- b. Affordable units in the Boston Metropolitan Statistical Area (MSA) must be reported to the Boston Fair Housing Commission's Metrolist (Metropolitan Housing Opportunity Clearing House). Such units shall be reported whenever they become available (including upon turnover).
- c. Accessible⁴ units must be listed with MassAccess (see <http://www.chapa.org> or <http://www.massaccesshousingregistry.org>) whenever they become available (including upon turnover).
- d. Affordable rental and affordable ownership units, whether or not they are accessible, must also be listed with MassAccess whenever they become available (including upon turnover). Where applicable, all MassAccess data input fields relating to accessible and adaptable status and accessibility features must be completed. Available affordable ownership units must also be listed with the Massachusetts Affordable Housing Alliance website (see <http://www.mahahome.org> or <http://www.massaffordablehomes.org>).
- e. Marketing should also be included in non-English publications based on the prevalence of particular language groups in the regional area. To determine the prevalence of a particular language by geographical area, see for example http://www.lep.gov/demog_data/demog_data.html.

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

- f. All marketing should be comparable in terms of the description of the opportunity available, regardless of the marketing type (e.g., local newspaper vs. minority newspaper). The size of the advertisements, including the content of the advertisement, as well as the dates of the advertising unless affirmative advertising occurs first, should be comparable across regional, local, and minority newspapers.
- g. All advertising and marketing materials should indicate resident selection by lottery or other random selection procedure, where applicable.
- h. All advertising should offer reasonable accommodations in the application process.
- i. Advertisements should run a minimum of two times over a sixty day period and be designed to attract attention. Marketing of ownership units should begin approximately six months before the expected date of project occupancy.
- j. Pursuant to fair housing laws,⁵ advertising/marketing must not indicate any preference or limitation, or otherwise discriminate based on race, color, disability, religion, sex, familial status, sexual orientation, gender identity, national origin, genetic information, ancestry, children, marital status, or public assistance reciprocity. This prohibition includes phrases such as "active adult community" and "empty nesters". Exceptions may apply if the preference or limitation is pursuant to a lawful eligibility requirement.
- k. All advertising and marketing materials portraying persons should depict members of classes of persons protected under fair housing laws, including majority and minority groups as well as persons with disabilities.
- l. The Fair Housing logo () and slogan ("Equal Housing Opportunity") should be included in all marketing materials. The logo may be obtained at HUD's website at: <http://www.hud.gov/library/bookshelf11/hudgraphics/fheologo.cfm>.

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

7. Availability of Applications

Advertising and outreach efforts shall identify locations where the application can be obtained.

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

8. Informational Meeting

At the time of initial marketing, the lottery administrator must offer one or more informational meetings for potential applicants to educate them about the lottery process and the housing development. These meetings may include local officials, developers, and local bankers. The date, time, and location of these meetings shall be published in ads and flyers that publicize the availability of lottery applications. The

⁵ 42 U.S.C. § 3604(c); M.G.L. c. 151B, § 4(7B).

workshops shall be held in a municipal building, school, library, public meeting room or other accessible space. Meetings shall be held in the evening or on weekend days in order to reach as many potential applicants as possible. However, attendance at a meeting shall not be mandatory for participation in a lottery.

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

9. Homeownership – Establishing Sales Prices

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

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

D. Local Preferences

1. Threshold Requirements

a. Required Supporting Documentation

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

- (1) Demonstrate in the AFHMP the need for the local preference. For instance, a community that has a subsidized rental housing or public housing waiting list with local applicants likely to apply for the project (whether or not the project provides rental assistance will be considered) *may* support a local preference for a rental development.
- (2) Justify the extent of the local preference (the percentage of units proposed to be set aside for local preference). That is, how does the documented local need, in the context of the size of the community, the size of the project and the regional need, justify the proposed size of the local preference for a given project? *Note, however, that in no event may a local preference exceed 70% of the (affordable) units in a Project.*
- (3) Demonstrate that the proposed local preference will not have a disparate impact on protected classes (see e.g., the "Avoiding Potential Discriminatory Effects" section below).

b. Failure to Provide Supporting Documentation

A municipality must provide to the Developer the documentation required to support a local preference within 3 months of final issuance of the Comprehensive Permit. Failure to comply with

this requirement shall be deemed to demonstrate that there is not a need for a local preference and a local preference shall not be approved as part of any AFHMP or use restriction.

2. Approval

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

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

3. Local Preferences

a. Allowable Preference Categories

- (1) Current residents: A household in which one or more members is living in the city or town at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.
- (2) Municipal Employees: Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.
- (3) Employees of Local Businesses: Employees of businesses located in the municipality.
- (4) Households with children attending the locality's schools, such as METCO students.

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

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

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

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

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

4. Avoiding Potential Discriminatory Effects

a. General.

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

b. Lottery Process

- (1) To avoid discriminatory effects in violation of applicable fair housing laws, the following procedure should be followed unless an alternative method for avoiding disparate impact (such as lowering the original percentage for local preference as needed to reflect demographic statistics of the MSA) is approved by the Subsidizing Agency. If the project receives HUD financing, HUD standards must be followed.
- (2) A lottery for projects including a local preference should have two applicant pools: a local preference pool and an open pool. After the application deadline has passed, the Developer should determine the number of local resident minority households there are in the municipality and the percentage of minorities in the local preference pool. If the percentage of minority local resident households in the local preference pool is less than the percentage of minorities in the surrounding HUD-defined area, the Developer should make the following adjustments to the local preference pool:
 - (a) The Developer should hold a preliminary lottery comprised of all minority applicants who did not qualify for the local preference pool, and rank the applicants in order of drawing.
 - (b) Minority applicants should then be added to the local preference pool in order of their rankings until the percentage of minority applicants in the local preference pool is equal to the percentage of minorities in the surrounding HUD-defined area.
 - (c) Applicants should be entered into all pools for which they qualify. For example, a local resident should be included in the local preference pool and the open pool.
 - (d) Minorities should be identified in accordance with the classifications established by HUD and the U.S. Census Bureau, which are the racial classifications: Black or African American; Asian; Native American or Alaska Native; Native Hawaiian or Pacific Islander; or other (not White); and the ethnic classification Hispanic or Latino.

E. Household Size Requirements

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

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

1. Preferences.

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

a. First Preference

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

- (1) There is at least one occupant per bedroom.⁷
- (2) A husband and wife, or those in a similar living arrangement, shall be required to share a bedroom. Other household members may share but shall not be required to share a bedroom.
- (3) A person described in the first sentence of (b) shall not be required to share a bedroom if a consequence of sharing would be a severe adverse impact on his or her mental or physical health and the lottery agent receives reliable medical documentation as to such impact of sharing.
- (4) A household may count an unborn child as a household member. The household must submit proof of pregnancy with the application.
- (5) If the applicant is in the process of a divorce or separation, the applicant must provide proof that the divorce or separation has begun or has been finalized, as set forth in the application.

b. Second Preference

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

c. Third Preference

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

2. Maximum Household Size

Household size shall not exceed, nor may maximum allowable household size be more restrictive than, State Sanitary Code requirements for occupancy of a unit (See 105 CMR 400).⁸

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

A. Lotteries and Application Process

1. Lottery Application

a. "First Come, First Served"

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

b. Application Period.

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

c. Application Contents and Verification

- (1) The lottery application must address a household's income, assets, size and composition, minority status (optional disclosure by the household), eligibility as a first-time buyer (for ownership units), and eligibility for local preference
- (2) The lottery administrator shall request verification to verify eligibility; e.g., for homeownership units, three prior year tax returns with the W2 form and for rental housing, one year prior tax return with the W2 form; 5 most recent pay stubs for all members of the household who are working, three most recent bank statements and other materials necessary to verify income or assets. **Only applicants who meet the applicable eligibility requirements shall be entered into a lottery.**

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

2. Lottery Procedure

a. General

- (1) Once all required information has been received, qualified applicants should be assigned a registration number. **Only applicants who meet the applicable eligibility requirements shall be entered into a lottery.**¹⁰ **The lottery shall be conducted after**

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

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

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

any appeals related to the project have been completed and all permits or approvals related to the project have received final action.

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

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

b. Deposits/Fees

- (1) Prohibited - Successful lottery participants cannot be required to pay any fee or deposit to hold a unit pending construction completion nor can applicants be required to pay any form of fee or deposit to be placed on a wait list.
- (2) Permitted – The foregoing language shall not prevent an Owner from requiring a deposit from a home buyer upon signing an offer and/or purchase and sales agreement, nor at the time that the Owner is offering to lease a specific rental unit to the applicant household. In the latter instance, the deposit shall not exceed the amount that the Owner would otherwise be permitted to require as a security deposit.

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

- (1) If the project includes units that are fully accessible, or units that have adaptive features (also commonly referred to as “adaptable” units), for occupancy by persons with mobility impairments or hearing, vision or other sensory impairments, first preference (regardless of applicant pool) for those units shall be given to persons with disabilities who need such units, including single person households, in conformity with state and federal civil rights laws. This preference applies to fully accessible units (e.g., in projects in which 5% of the total units are to be wheelchair accessible and 2% are to be communications accessible in accordance with applicable accessibility standards).¹¹ In projects that do not have such units but that have units with adaptive features¹² for persons with mobility impairments and/or hearing, vision or other sensory impairments, this preference also applies to the units with adaptive features; however, such a preference is not required to exceed 5% (mobility) or 2% (sensory) of the total units under these guidelines.
- (2) Fulfilling the obligation for a providing a first preference, as described above, does not limit an owner’s fair housing obligations with respect to persons with disabilities. When a person with a disability is the next eligible applicant and the development contains available units with adaptive features, the applicant must be made aware of such availability and of the owner’s obligation to adapt the unit as needed.

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

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

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

d. Wait Lists

- (1) General - The lottery administrator should retain a list of households who are not awarded a unit, in the order that they were drawn from the general (non-local) pool. If any of the initial renters/buyers do not rent/purchase a unit, the unit shall be offered to the highest ranked household on that retained list.
- (2) Units with Adaptive Features - Where a person with a disability is awaiting an accessible unit and a unit with adaptive features becomes available, the owner/management agent must offer to adapt the unit.
- (3) Term of Wait List - The wait list generally may be retained and used to fill units for up to one year. However, other factors such as the number of households remaining on the list, the likelihood of the continuing eligibility of such households, and the demographic diversity of such households may inform the retention time of the list, subject to the approval of the Subsidizing Agency.
- (4) Updating - After the initial lottery, waiting lists should be analyzed, maintained, and updated (through additional marketing) so that they remain consistent with the objectives of the housing program and are adequately representative of the racial, ethnic, and other characteristics of potential applicants in the housing market region.

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

3. Lottery Example

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

- Total applicants in lottery: 100
 - Total minority applicants: 20
 - The community in which the lottery takes place falls within the HUD Boston-Cambridge-Quincy Metropolitan Statistical Area which has a minority population of 27.0%.
- a. Determine the number of applicants who claim a LOCAL preference according to approved criteria.
 - b. Determine the number of minority applicants in the LOCAL preference pool.
 - c. Determine the percentage of minority applicants in the LOCAL preference pool.

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

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

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

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

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

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

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

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

a. Minimum Application Period

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

b. "First Come, First Served"

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

Subsidizing Agency.¹³ This does not require any changes to the wait list as it exists prior to adding the new applicants.

c. Continuous Marketing/Persons with Disabilities

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

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

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

B. Homeownership

1. Household Eligibility

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

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

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

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

- e. households that owned a property that was not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

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

2. Final Qualification and Closing

a. Securing Financing.

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

b. Approval by Subsidizing Agency

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

3. Resales

a. Ongoing AFHMP Requirements

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

b. "Ready-Buyer" List

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