

Commonwealth of Massachusetts  
**DEPARTMENT OF HOUSING &  
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Chrystal Kornegay, Undersecretary

July 28, 2017

The Honorable Sefatia Romeo Theken  
Mayor, City of Gloucester  
City Hall  
Nine Dale Avenue  
Gloucester, MA 01930

Dear Mayor Romeo Theken:

The Department of Housing and Community Development (DHCD) approves the City of Gloucester's Housing Production Plan (HPP) pursuant to 760 CMR 56.03(4). The effective date for the HPP is June 30, 2017, the date that DHCD received a complete plan submission. The HPP has a five year term and will expire on June 29, 2022.

Approval of your HPP allows the Town to request DHCD's Certification of Municipal Compliance when:

- Housing units affordable to low and moderate income households have been produced during one calendar year, totaling at least 0.5% (66 units) of year round housing units.
- All units produced are eligible to be counted on the Subsidized Housing Inventory (SHI). If you have questions about eligibility for the SHI, please visit our website at: [www.mass.gov/dhcd](http://www.mass.gov/dhcd).
- All units have been produced in accordance with the approved HPP and DHCD Guidelines.

I applaud your efforts to plan for the housing needs of Gloucester. Please contact Phillip DeMartino, Technical Assistance Coordinator, at (617) 573-1357 or [Phillip.DeMartino@state.ma.us](mailto:Phillip.DeMartino@state.ma.us), if you need assistance as you implement your HPP.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis Martin".

Louis Martin  
Associate Director

cc Senator Bruce Tarr  
Representative Ann Margaret Ferrante  
Gregg Cademartori, Acting Community Development Director, Gloucester

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# Gloucester Housing Production Plan

Funding provided by the Commonwealth of  
Massachusetts Planning Assistance Toward  
Housing Program and the District Local  
Technical Assistance Program

May 2017

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## Prepared for

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# Acknowledgements

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This plan would not be possible without the support and leadership of many people in the City of Gloucester. Sincere thanks to Mayor Sefatia Romeo Theken, the Acting Community Development Director Gregg Cademartori (and former Director Tom Daniel); Art McCabe, Senior Project Manager (and former Manager Emily Freedman); and Matthew Coogan, Senior Planner for their guidance and oversight during the planning process. Additionally we would like to thank the Housing Production Plan Working Group, the Gloucester City Council, the Gloucester Affordable Housing Trust and the Gloucester Planning Board.

Funding for this project was provided by the Massachusetts Department of Housing and Community Development's (DHCD) Planning Assistance Toward Housing (PATH) program and the District Local Technical Assistance Program. Professional support was provided by the Metropolitan Area Planning Council (MAPC), the regional planning agency serving the 101 cities and towns of Metropolitan Boston. The following MAPC staff executed the research, analysis, and writing of this housing production plan (HPP), as well as the facilitation of key public meetings: Ralph Willmer, FAICP, Principal Planner; Manisha Bewtra, AICP, Analytical Services Manager; Matt Gardner, Research Analyst; Carlos Montañez, Senior Regional Planner, and Cortni Kerr, GIS Intern.

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# Executive Summary

The City of Gloucester engaged the Metropolitan Area Planning Council (MAPC) to develop a Housing Production Plan. MAPC began work in November 2015, engaging with the Gloucester Community Development Department, the Planning Board, and the City Council to produce this plan and in so doing, it gives Gloucester an opportunity to achieve its housing production goals. Strategies referenced herein aim to address gaps in the current housing options by diversifying the city's housing stock, preserve existing affordability and increase the housing stock accessible to low- and moderate-income households.

This plan is a continuation of the City's work towards creating policies and programs to promote additional housing, both affordable and market rate, to serve the needs of the community. In 2013, the Community Development Department conducted a Downtown Work Plan, with action items that included an evaluation for additional housing units in the Downtown neighborhoods. That evaluation was completed as part of *Reimagining Railroad Avenue*, a Transit Oriented Development (TOD) study with a focus on the neighborhood surrounding the downtown commuter rail station. The study included a Downtown Market Analysis that identified the need to produce additional housing units more suitable to the changing demographics of the community, which included multi-family housing units within walkable proximity to downtown amenities. In 2015 the City completed its Consolidated Plan which stated that the shortage of affordable housing stock in Gloucester is the most critical problem for the City's low-income population. This Housing Production Plan is a continuation of the findings of previous reports and studies and provides an implementation strategies to produce more housing in Gloucester, both affordable and market rate in the appropriate locations.

As part of the planning process, a public forum was held in January of 2016. There, the community learned about unmet housing needs and current housing demand in Gloucester and its surrounding municipalities. A second forum was held in October 2016 during which the strategies were discussed and prioritized, and potential sites appropriate for housing development were identified. The results of the forums are summarized in the Affordable Housing Goals section of this plan.

Key findings from the comprehensive housing needs and demand assessment are summarized below.

## **Housing Needs and Demand Assessment**

MAPC projects that between 2010 and 2030 Gloucester's population will decline and the number of households will increase. As a result, housing production will be needed. This assessment addresses the housing need and demand by age, income, household type, and household size. Overall, Gloucester's population is projected to age, with the share of householders aged 60 years and older growing from 38% of total householders in 2010 to 58% of householders in 2030. As Gloucester's share of seniors grows, the City will need to consider options for changing housing preferences among that cohort, as well of younger householders entering the market.

MAPC projects that Gloucester will need 434 new multifamily units and 192 new single family units between 2010 and 2020. In addition to considerations on type of units, Gloucester will need to meet affordability needs in the City. According to the U.S. Census Bureau, 2 out of 5 Gloucester households are cost-burdened, meaning they spend more than 30% of their income on housing, and 1 in 5 spend more than 50% on housing. Currently 7.2% of Gloucester's housing is included in the Subsidized Housing Inventory, which is short of the 10% statutory minimum.

### **Goals and Strategies for Affordable Housing Production**

Goal 1: Create opportunities to develop a diverse and affordable housing stock to meet the needs of a changing demographic profile in the city.

Goal 2: Encourage affordable housing development to achieve and maintain the Chapter 40B 10% goal.

Goal 3: Develop strategies to ensure that existing affordable housing units are preserved for long-term affordability.

Goal 4: Identify sites that are most appropriate to accommodate Gloucester's needed growth in housing.

Goal 5: Review and revise the Zoning Ordinance to remove barriers and create more incentives toward the production of affordable housing in appropriate locations.

Goal 6: Leverage existing funding sources to meet existing and future housing needs.

Goal 7: Minimize the displacement of lower-income households.

Goal 8: Promote safe, healthy housing and living.

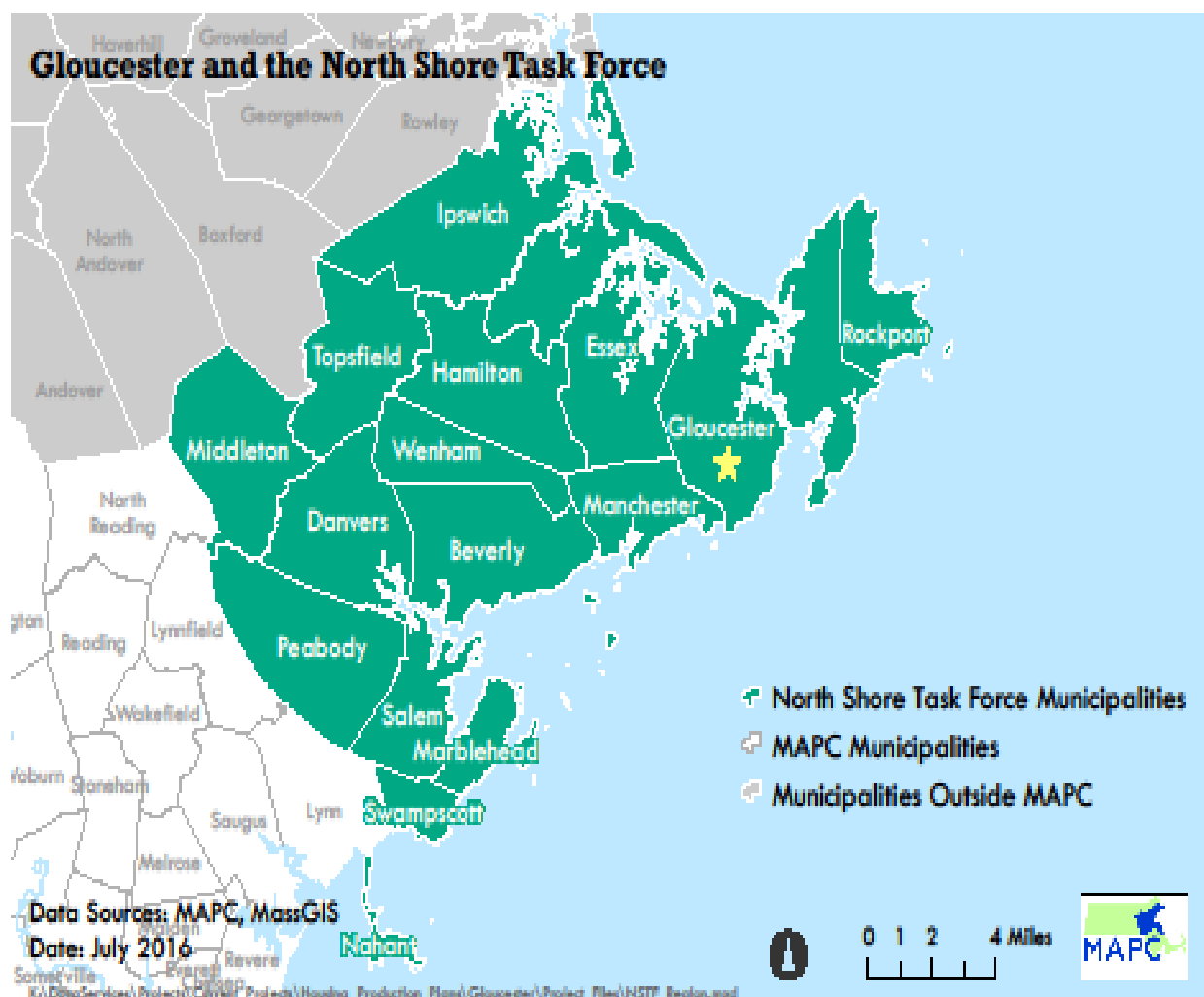
Goal 9: Ensure that the city is affirmatively furthering fair housing obligations.

Goal 10. Ensure that staffing and commissions have capacity to implement HPP.

# Introduction

Located within the North Shore Task Force subregion (see Figure 1),<sup>1</sup> the City of Gloucester is categorized as a Regional Urban Center under MAPC's classification system. These municipalities are characterized by an urban-scale downtown core surrounded by residential neighborhoods with a mix of housing. In Regional Urban Centers, new growth often takes the form of redevelopment in downtown or industrial areas, and greenfield development on the periphery. Because a community's housing needs depend on both its community type and its regional context, throughout this report MAPC compares Gloucester to surrounding and nearby municipalities that are part of the North Shore Task Force subregion, including Salem, Peabody, Rockport, and Beverly. Gloucester and most of the North Shore Task Force municipalities comprise a portion of the North Shore HOME Consortium membership.

**Figure 1: Context Map: North Shore Task Force Municipalities**



<sup>1</sup> This is one of MAPC's eight sub-regions and also includes Beverly, Danvers, Essex, Ipswich, Hamilton, Manchester-by-the-Sea, Marblehead, Middleton, Nahant, Peabody, Rockport, Salem, Swampscott, Topsfield and Wenham.



## Housing Production Plan Regulatory Context

This Housing Production Plan (HPP) for Gloucester was developed with input from the City of Gloucester Community Development Department, the Affordable Housing Trust, the Gloucester Housing Authority, the City Council, local community non-profits, developers, and the general public. The planning process included a public forum to share findings on housing needs and agree on housing goals, and a second public forum to discuss strategies to achieve those goals and to identify locations for potential housing development.

This plan was prepared to comply with the Massachusetts Department of Housing and Community Development's (DHCD) regulation 760 CMR 56.03(4), and to position Gloucester to work towards compliance under M.G.L. Chapter 40B. This legislation encourages municipalities to achieve at least 10% of their total year-round housing units on the Subsidized Housing Inventory (SHI) in compliance with the statutory standard. Until that threshold is met, developers of 40B housing where at least 20-25% of units have long-term affordability restrictions can receive approval of a Comprehensive Permit from the local Zoning Board of Appeals even if the project is not in compliance with the underlying zoning.

For municipalities that are under the 10% threshold, a DHCD-approved HPP gives the municipality more control over Comprehensive Permit applications for a specified period of time if they make steady progress in producing affordable housing on an annual basis in accordance with the HPP. Municipalities with approved HPPs may request DHCD certification of their compliance with the plan if either their annual affordable housing production rate is 0.5% or for two years if the rate is 1%. In a municipality with a DHCD-certified HPP, a decision of a Zoning Board of Appeals (ZBA) to deny or approve pending certain conditions a Comprehensive Permit application will be deemed "consistent with local needs" pursuant to Chapter 40B. Based on past practices, such decisions will often be upheld by the Housing Appeals Committee (HAC). This control allows municipalities to manage growth and meet their affordable housing needs in accordance with the community's vision and Plan.

Once the HPP is certified, if the Gloucester Zoning Board of Appeals finds that a denial of a permit or the imposition of certain conditions is consistent with local needs, then it must take the following steps. Within 15 days of the opening of the local hearing for the Comprehensive Permit, the Board shall provide written notice to the applicant, with a copy to DHCD, stating that it considers a denial of the permit or the imposition of conditions consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation.

If the applicant wishes to challenge the Board's assertion, it must do so by providing written notice to DHCD, with a copy to the Board, within 15 days of its receipt of the Board's notice, including

any documentation to support its position. DHCD will then review the materials provided by both parties and issue a decision within 30 days. The Board shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent with local needs, provided, however, that any failure of 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.

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

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

# Comprehensive Housing Needs Assessment

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An analysis of local demographic data and housing stock reveals key characteristics and trends in Gloucester that help explain housing need and demand. In order to understand how the City compares to its neighbors, Gloucester data is compared to surrounding municipalities within the North Shore Task Force and the North Shore HOME Consortium (which includes 30 cities and towns in the area) and the Commonwealth. Ultimately, this section provides the framework for the housing production goals and strategies to address local housing concerns included later in this document.

MAPC projects that between 2010 and 2030 Gloucester's population will decline and the number of households will increase. As a result, housing production will be needed. This assessment addresses the housing need and demand by age, income, household type, and household size. Overall, Gloucester's population is projected to age, with the share of householders aged 60 years and older growing from 38% of total householders in 2010 to 58% of householders in 2030. As Gloucester's share of seniors grows, the City will need to consider options for changing housing preferences among that cohort, as well of younger householders entering the market. MAPC projects that Gloucester will need 434 new multifamily units and 192 new single family units between 2010 and 2020. In addition to considerations on type of units, Gloucester will need to meet affordability needs in the City. According to the U.S. Census Bureau, 2 out of 5 Gloucester households are cost-burdened, meaning they spend more than 30% of their income on housing, and 1 in 5 spend more than 50% on housing. Currently 7.2% of Gloucester's housing is included in the Subsidized Housing Inventory, which is short of the 10% statutory minimum.

## Demographics

This Housing Production Plan is grounded in a thorough examination of Gloucester's population and household characteristics. This includes recent and projected population changes, population by age, race and ethnicity, educational attainment, income, household size and composition, and homeownership and rental rates. Projections of the City's future residential composition are also used to inform housing planning efforts.

## Population Characteristics

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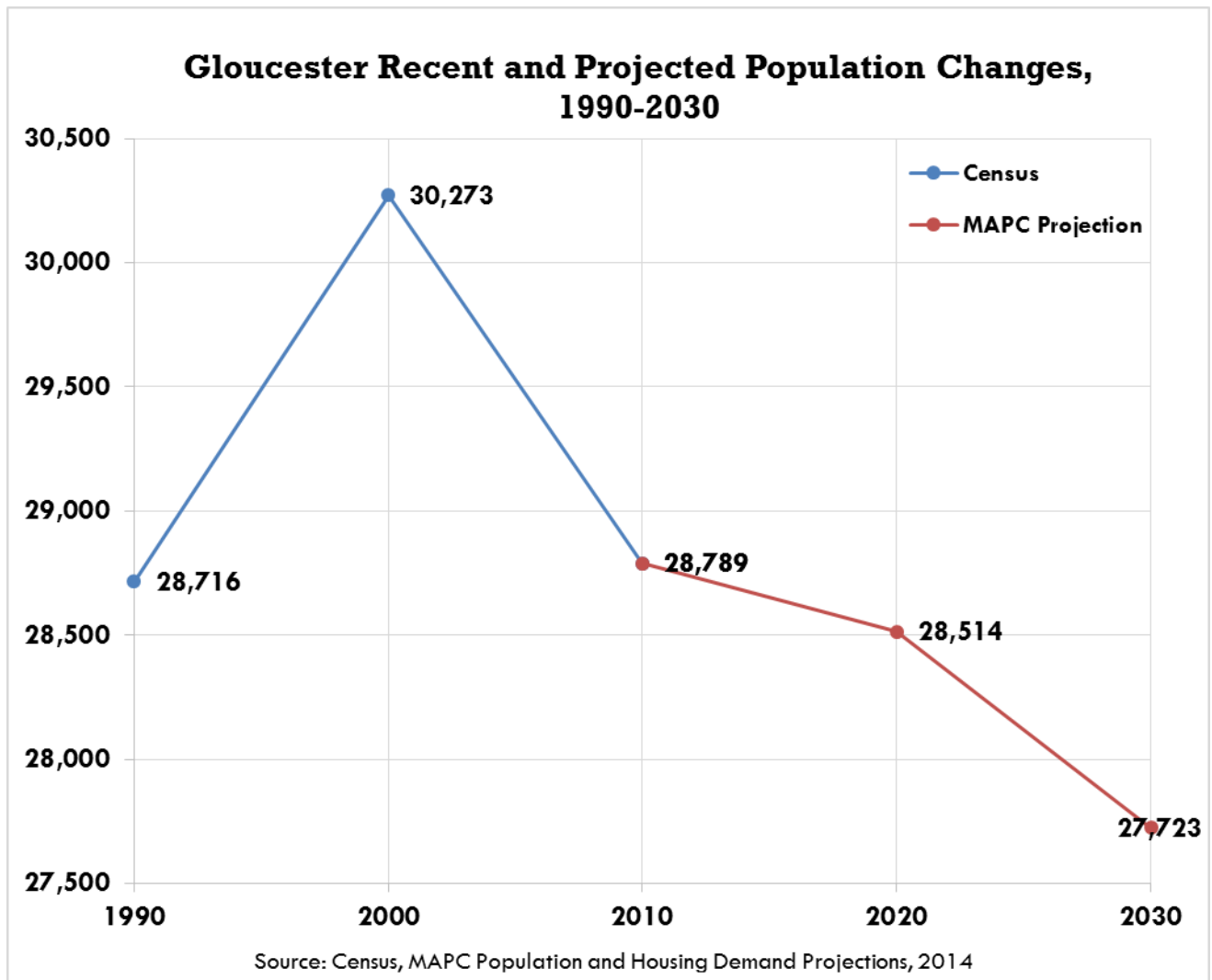
MAPC prepared population and housing demand projections for 164 cities and towns within the Greater Boston region. Both sets of projections include two scenarios: a Status Quo scenario based on continuation of recent trends in migration, housing occupancy, and location preference; and a Stronger Region scenario that assumes increased attraction and retention of young workers and slightly increased preference for urban settings and multi-family housing. The Status Quo scenario found that continuation of current levels of in-migration and housing production would lead to a declining workforce and economic stagnation over the coming decades. In contrast, the increased migration rates of the Stronger Region scenario could fuel a job growth increase of 7%

between 2010 and 2030. As a result, MAPC recommends use of the Stronger Region scenario as the basis for housing planning.

### **Recent and Projected Population Changes, 2000-2030**

Population data for Gloucester shows that population increased during the 1990s and decreased during the 2000s. In 1990, the City's population was 28,716, which increased by 5% in 2000 to 30,273. In 2010, the City lost about 5% of its population, resulting in a population only slightly higher than its 1990 population at 28,789 residents. This rise and fall of the City's total population count could be impacted somewhat by seasonal changes in housing occupancy, although decennial Census population figures are based on a complete count of a place's population as of April 1 of that year. MAPC's *Metro Boston Population and Housing Demand Projections*, most recently updated in 2014, project an overall loss of 4% in Gloucester's population between 2010 and 2030 under the "Stronger Region" scenario (see Figure 2). These projections take into account how changing trends in birth, deaths, migration, and housing occupancy might result in population changes and housing demand.

**Figure 2: Gloucester Recent and Projected Population Changes, 1990-2030**



### **Population by Age, 1990-2030**

According to the American Community Survey 5-year Estimates for 2010-2014, Gloucester's median age was about 47.2, considerably higher than the state median at 39.3.<sup>2</sup> This means Gloucester's population is generally older than the population of most municipalities in Massachusetts due to significant increases for those 50 years of age and older since 1990 along with a significant decrease in the 20-29 age group. Only about a fifth of Massachusetts cities and towns have a higher median age.

The whole region is aging, as the largest segment of the population – those born 1945-1970 – gets older. For Gloucester, in 2010, 26% of the population was over age 60. By 2030, those born 1945-1970 will be over age 60 and will make up 43% of the City's population, although the most significant increase will be for those over the age of 70 (born before 1945) as baby

<sup>2</sup> ACS 5-Year Estimates 2010-2014

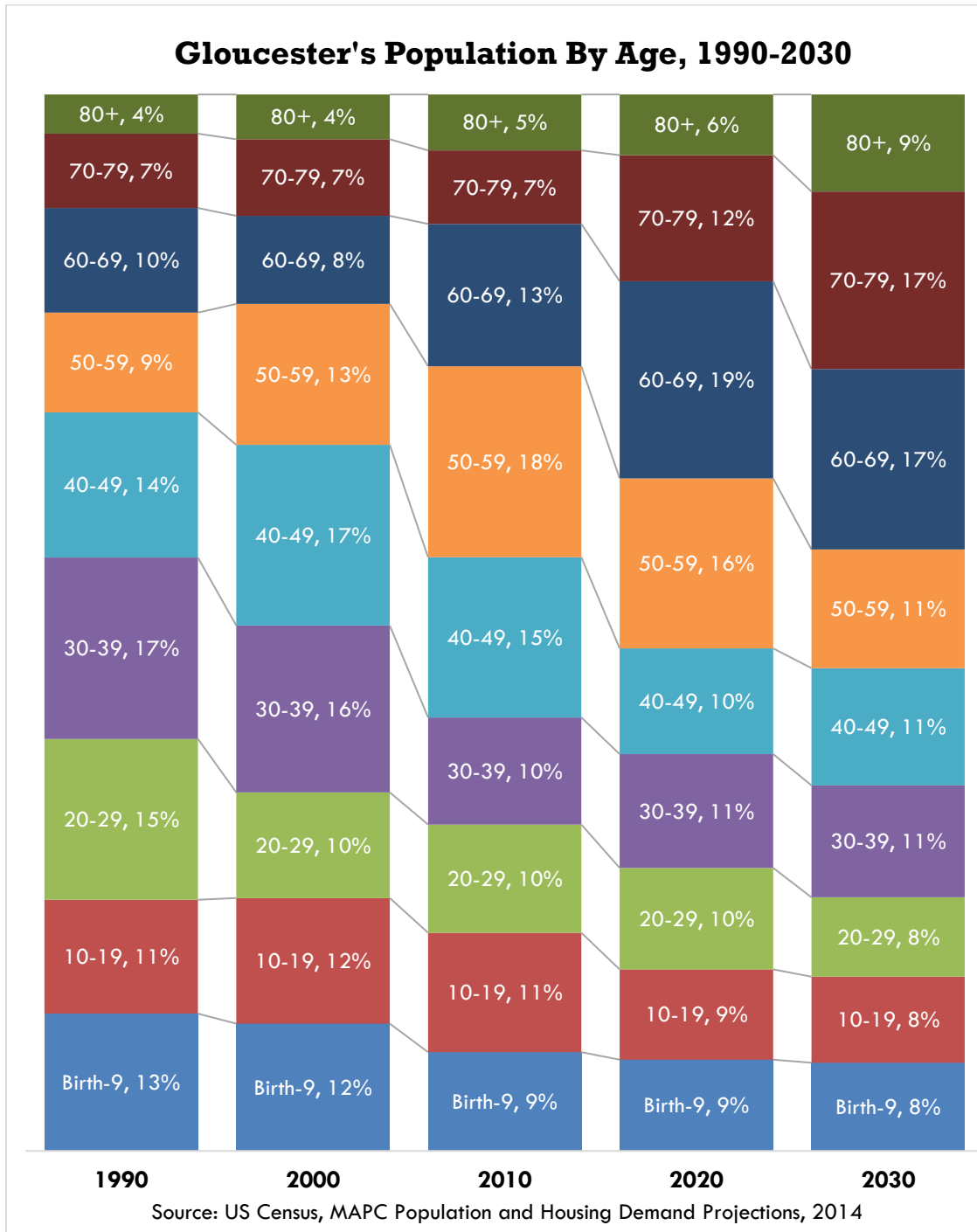
boomers age into their senior years (see Figures 3 and 4). It will be important for the City to address the needs of the aging population in order to ensure that adequate public health and social services are provided. Moreover, the City will have to plan for meeting the transportation needs of its elderly population. Additionally, all age groups younger than 40 years of age are also projected to decrease between 2010 and 2030. While there are a number of reasons that these trends are so prevalent, younger adults tend to move away (usually because of job opportunities and the cost of housing) and have fewer children later in life. Regional and national demographic trends indicate that the number of middle-aged adults and school-age children will generally decline and this holds true for Gloucester based on the MAPC projections.

**Figure 3: Population by Age, 1990-2030<sup>3</sup>**

	1990	2000	2010	2020	2030
<b>Birth-9</b>	3,732	3,645	2,691	2,465	2,315
<b>10-19</b>	3,097	3,603	3,257	2,439	2,259
<b>20-29</b>	4,372	3,028	2,943	2,735	2,082
<b>30-39</b>	4,929	4,784	2,924	3,076	2,937
<b>40-49</b>	3,948	5,174	4,361	2,851	3,077
<b>50-59</b>	2,711	4,036	5,209	4,587	3,115
<b>60-69</b>	2,841	2,527	3,879	5,322	4,734
<b>70-79</b>	2,021	2,196	1,998	3,399	4,659
<b>80+</b>	1,065	1,280	1,527	1,640	2,546
	28,716	30,273	28,789	28,514	27,724

<sup>3</sup> US Census and Metro Boston Population and Housing Demand Projections, MAPC 2014

**Figure 4: Gloucester's Population by Age, 1990-2030**



### Race and Ethnicity

In 2010, 94% of Gloucester's population was White (Non-Hispanic White Alone). About 3% of the City's population was Hispanic or Latino, and people of other races and ethnicities made up the remaining 3% of the City's population. Gloucester has significantly fewer people of color as a proportion of its total population as compared with the state as a whole, which was 76% White in

2010, and is slightly less diverse than the rest of the North Shore Task Force, which was about 90% White in 2010. The City has become slightly more diverse; in 2000, 96% of the population was White.<sup>4</sup>

### **Educational Attainment**

According to the American Community Survey 5-year Estimates for 2010-2014 for Gloucester, about 11% of the City's population age 25 and older has less than a high school education, 29% have a high school diploma, 18% have some college, 9% have an Associate's Degree, and 33% or one in three have a Bachelor's Degree or Higher level of education.

Educational attainment in Gloucester is slightly lower than in Massachusetts and the North Shore Task Force as a whole. About 40% of the state's residents and 43% of North Shore Task Force residents have a Bachelor's Degree or higher.<sup>5</sup>

### **Household Income**

Household income is an important determinant of how much a household can afford to pay to rent or own their dwelling unit and whether that household is eligible for housing assistance.

The median household income for Gloucester was about \$60,229  $\pm$  \$3,072 (margin of error) in 2014, slightly higher than Salem's median household income, which was estimated at \$59,044  $\pm$  \$2,811 in 2014, and lower than the other member municipalities of the North Shore Task Force.<sup>6</sup>

For the purposes of the Needs Assessment and estimating housing cost burden, the 2015 median income estimate for Boston-Cambridge-Quincy, MA-NH Housing and Urban Development (HUD) Metro Fair Market Rent Area is used, which is \$98,500.<sup>7</sup> The HUD median income estimate is calculated based on a much larger geographic area, and it is notable that \$98,500 is more than 60% higher than the median income among Gloucester residents (see Figure 5). This disparity will be accounted for in the analysis of housing affordability in Gloucester.

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<sup>4</sup> US Census 2000, 2010

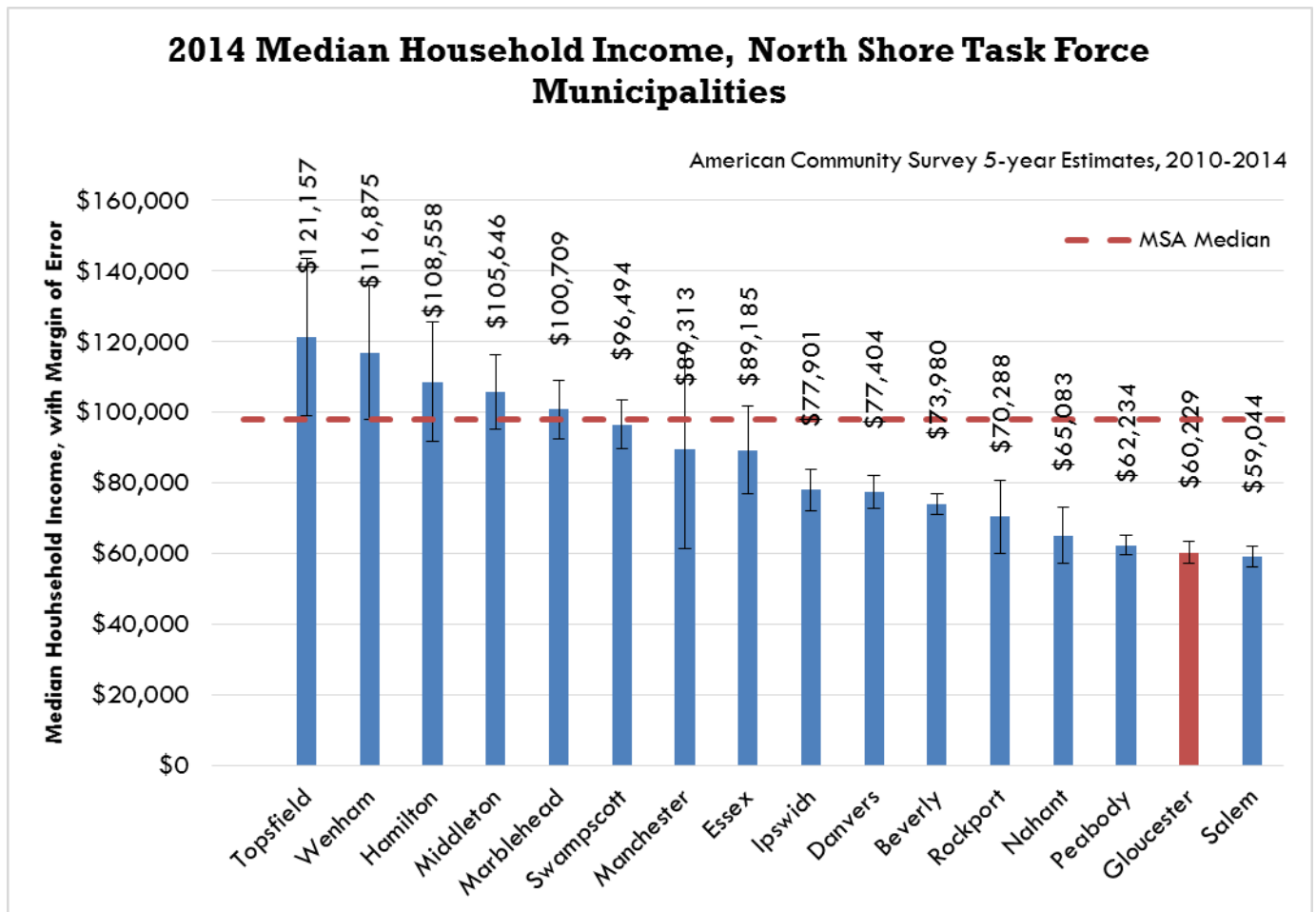
<sup>5</sup> ACS 5-Year Estimates 2010-2014, MAPC Tabular Data Browser

<sup>6</sup> Median Household Income estimates shown in Figure for the municipalities of Topsfield, Wenham, Hamilton, and Rockport should be used with caution. The estimate for Manchester is excluded because the coefficient of variation is unreliable.

<sup>7</sup> <https://www.huduser.gov/portal/datasets/il/il2015/2015summary.odn>

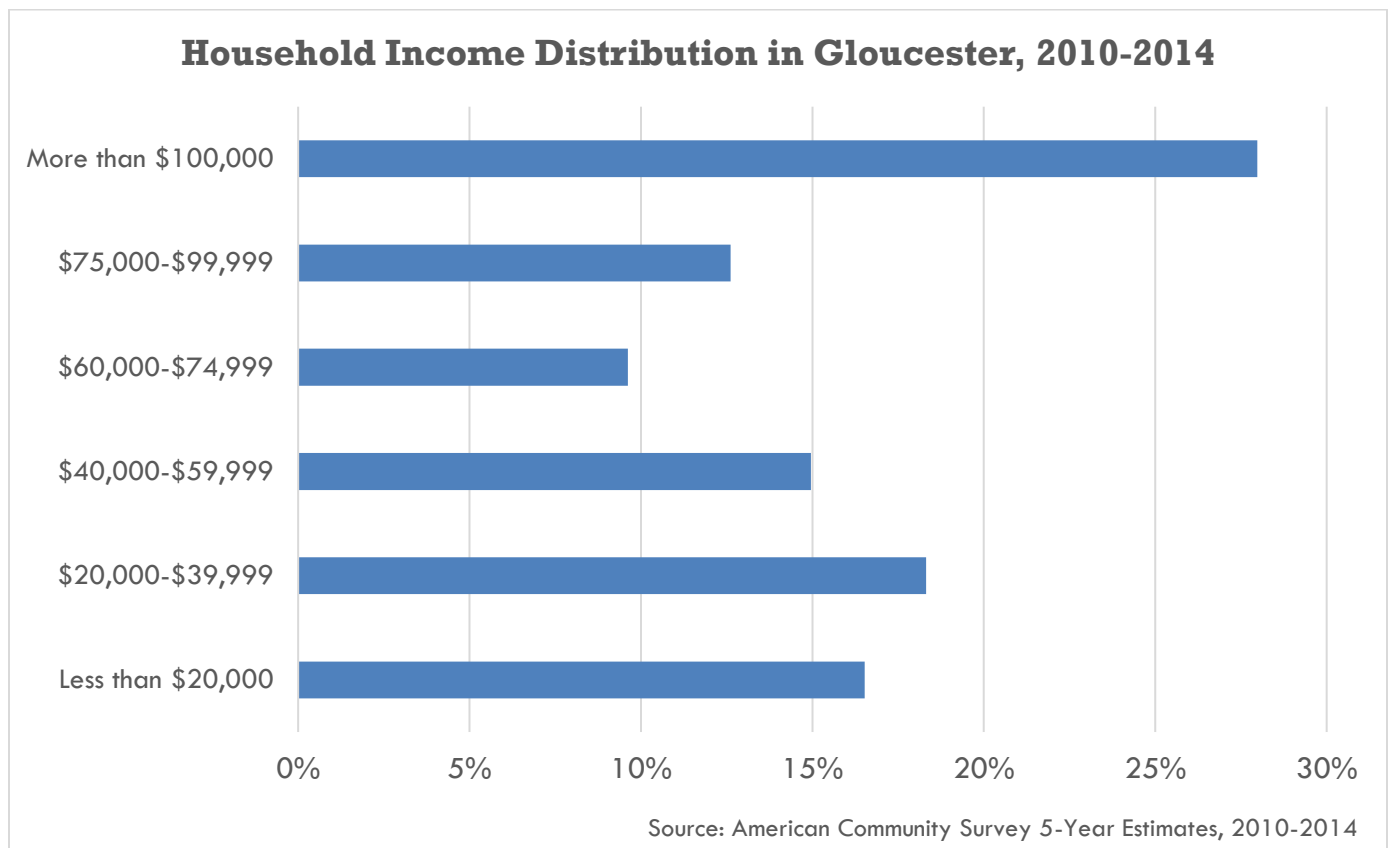


**Figure 5: North Shore Task Force 2014 Median Household Income**



Gloucester's income distribution by age illustrates some important trends that will impact housing policies and strategies to meet critical needs. Household income distribution in Gloucester is shown in Figure 6 below. Approximately 17% of the City's households earn less than \$20,000 a year, and an additional 18% earn between \$20,000 and \$39,999. About 28% of the households in Gloucester have an income that exceeds \$100,000.

**Figure 6: Gloucester Household Income Distribution**

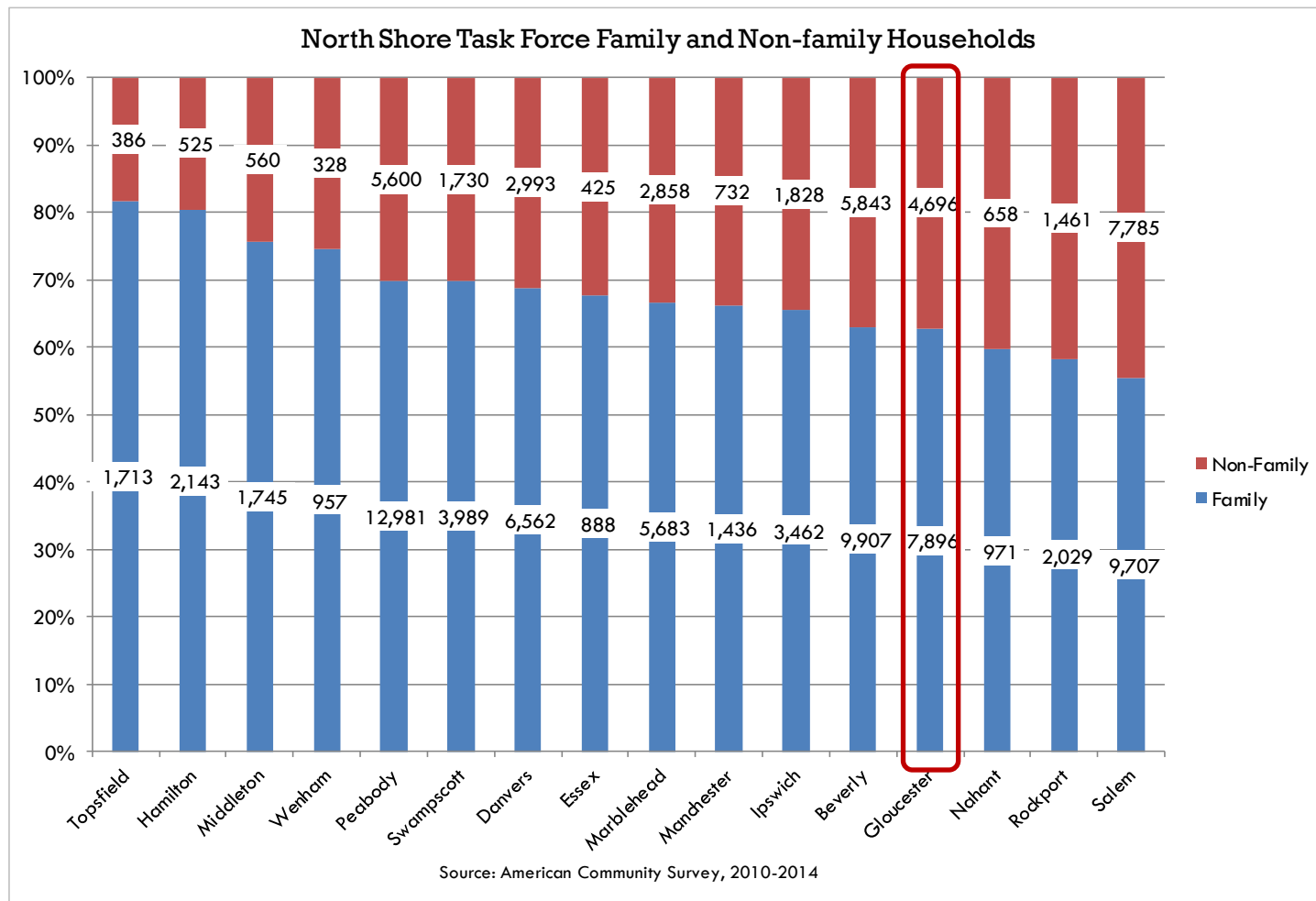


## **Household Characteristics**

More than population, the number and type of households (and their spending power) within a municipality correlate to unit demand; each household resides in one dwelling unit, regardless of the number of household members. Different household types typically have different housing needs or preferences. For example, a married couple with children requires a larger dwelling unit than a single person. Empty nesters and elderly households may want to downsize from a large single-family home that requires maintenance. Younger people may want a small unit to live in or one with several bedrooms so that they can live with roommates. A municipality's composition of household types can indicate how well suited the existing housing inventory is to residents.

As of 2010, there were 12,486 occupied housing units in Gloucester with an average household size of 2.27 people per household. According to 2014 estimates, about 63% of Gloucester's households were family households and 37% were non-family households. The US Census Bureau defines family households as those with "a householder and one or more other people related to the householder by birth, marriage, or adoption." Non-family households include people who live alone as well as households with two or more unrelated individuals. In Gloucester, the majority of non-family households are individuals living alone; they comprise an estimated 31% of the total households. The average family household size in Gloucester in 2010 was 2.9 people.

**Figure 7: North Shore Task Force Family and Non-family Households**



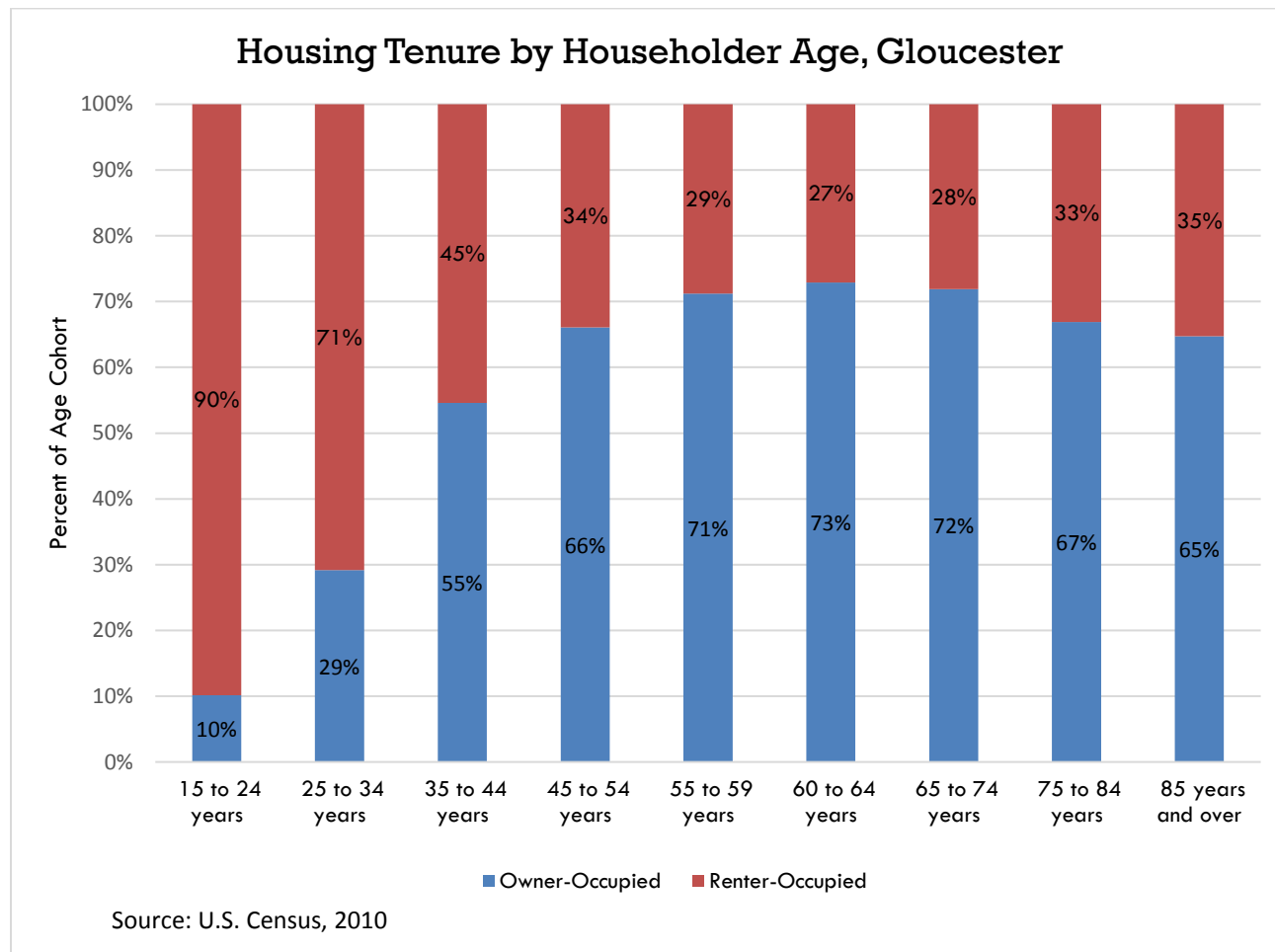
## Tenure

In 2010, 62% of the households in Gloucester were living in owner-occupied homes and 38% were housed in renter-occupied homes. The average size of owner-occupied households was 2.47 and the average size of renter-occupied households was 1.94. The proportion of ownership versus rental was similar to Massachusetts as a whole, but household sizes for all types of households were lower in Gloucester than for the state. Homeownership in the North Shore Task Force cities and towns combined is somewhat higher than for Gloucester, with about 66% owner-occupied households and household sizes slightly larger than those for Gloucester, but still lower than those for the state.

As shown in Figure 7 approximately 63% of all households are families and 37% are considered to be non-family. By comparison, the percentage of families among the North Shore Task Force municipalities range from a low of 55% in Salem to over 80% in Topsfield. Generally, home ownership increases as the age of the householder increases, although those rates decline for householders over 75 years of age (see Figure 8). Of the 62% of the owner-occupied homes in

Gloucester, most of them (about 2/3 or 43% of the total) are owned by people between the ages of 45 and 74. The highest percentages of renters are the younger age cohorts (15-34 years old) and those over 85 years of age.

**Figure 8: Housing Tenure by Age of Householder, Gloucester**



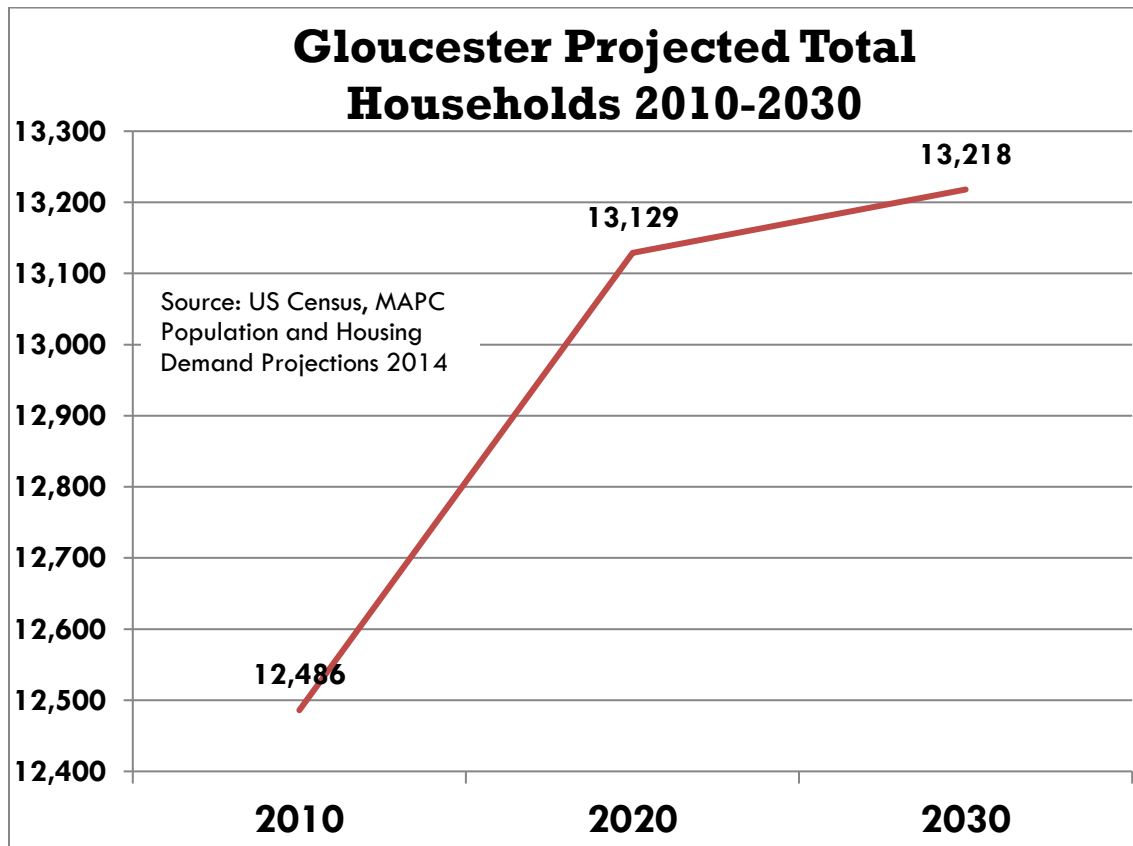
As would be expected, renters moved from one place to another more often than home owners – an estimated 97% of homeowners were in the same house after one year while only 76% of renters remained in the same house.<sup>8</sup> Overall, 90% of Gloucester householders remained in the same house from one year ago.

### Household Projections

As shown in Figure 9, the number of households is projected to increase in the coming years, even as the population is expected to decrease. This is because household size is expected to continue to decrease. Under the Stronger Region Scenario, MAPC projects the average household size in Gloucester will decrease from 2.27 as measured in Census 2010 to 2.13 people per household in 2020 and to 2.05 people per household in 2030.

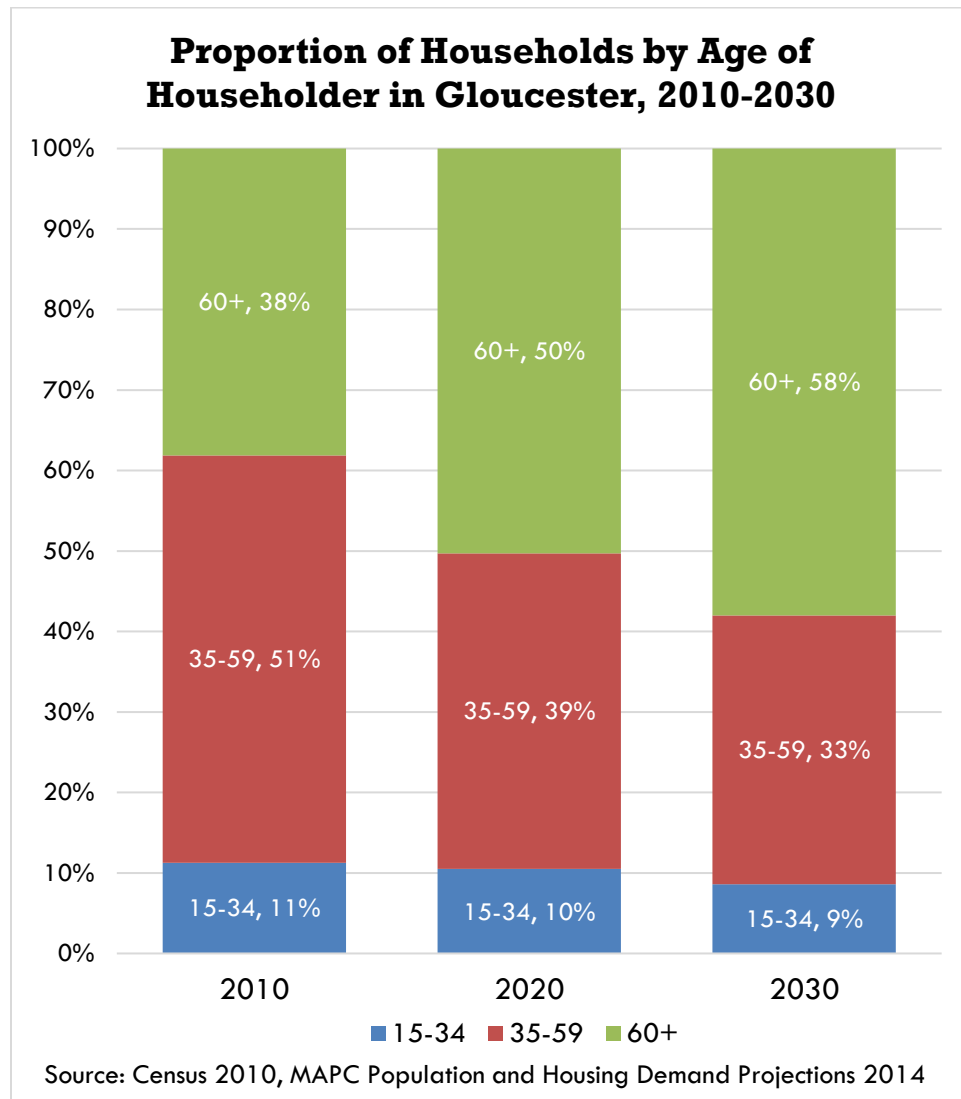
<sup>8</sup> American Community Survey 5-Year Estimates, 2010-2014

**Figure 9: Gloucester Projected Total Households, 2010-2030**



The proportion of householders over age 60 is expected to increase from 38% of the total households in Gloucester in 2010 to 58% of the total households in 2030. This is a significant increase which has a number of ramifications including preferences for aging in the community, transportation options, the provision of health and social services, and maintaining healthy life styles. At the same time, heads of households aged 60 and under are expected to decrease by 2030. See Figure 10 and 11 below.

**Figure 10: Proportion of Households by Age of Householder, 2010-2030**



**Figure 11: Householder by Age in Gloucester, 2010-2030<sup>9</sup>**

Age Cohort	2010	2020	2030
<b>15-19</b>	142	94	78
<b>20-24</b>	124	107	67
<b>25-29</b>	603	576	438
<b>30-34</b>	539	600	555
<b>35-39</b>	850	855	837
<b>40-44</b>	1021	708	803
<b>45-49</b>	1397	886	912
<b>50-54</b>	1508	1173	852
<b>55-59</b>	1543	1529	1011
<b>60-64</b>	1436	1698	1342
<b>65-69</b>	1016	1649	1649
<b>70-74</b>	688	1363	1631
<b>75-79</b>	643	860	1426
<b>80-84</b>	538	449	903
<b>85+</b>	438	581	715
	12,486	13,128	13,219

## Housing Stock

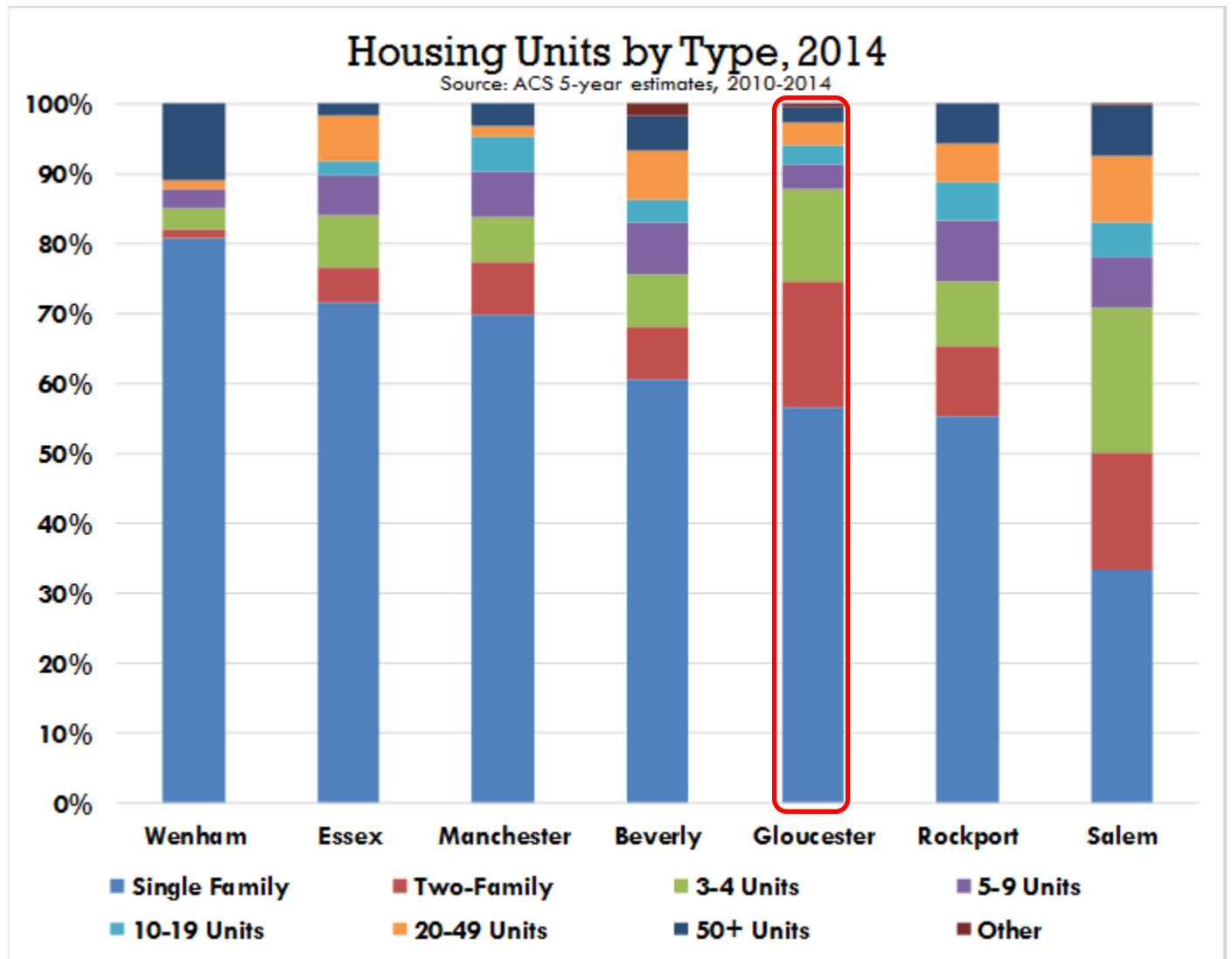
The following section examines Gloucester's current housing supply and how it has changed over time. Understanding housing type, age, tenure, vacancy, and recent and planned development will contribute to an understanding of current need and demand in Gloucester and thereby help inform future housing production planning.

### Unit Type

Gloucester has a more varied housing stock than nearby North Shore municipalities such as Wenham, Essex, and Manchester, but not as varied as Rockport or Salem (see Figure 12). The majority of homes in Gloucester, 57%, are single-family homes. About a third of the homes are in two, three, or four unit structures; 18% in two-family homes and 13% in 3-4 unit homes. Gloucester has more two-, three-, and four-family units as a proportion of the total than most other North Shore Task Force municipalities other than Salem. The remaining housing types are distributed among 5-9 unit structures (3%), 10-19 unit structures (3%), 20-49 unit structures (3%), and structures with more than 50 units (2%). Generally speaking, a diverse housing stock can be seen as advantageous since there would be a variety of housing products available at numerous price points.

<sup>9</sup> US Census, *Metro Boston Population and Housing Demand Projections*, MAPC 2014

Figure 12: Housing Units by Type

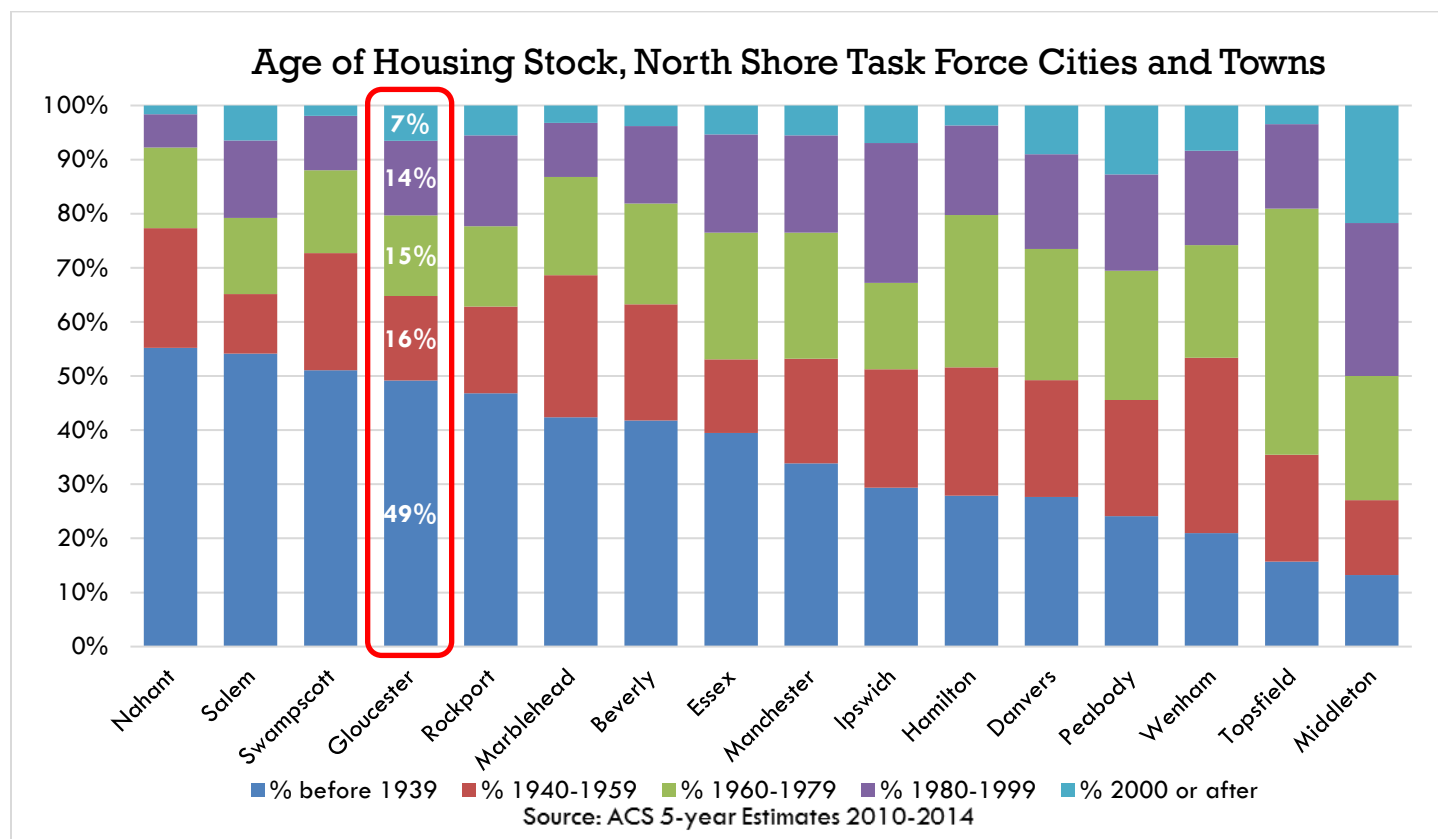




## Age of Housing Stock

Figure 13 illustrates that about half of Gloucester's housing stock was built before 1939. Only three municipalities within the North Shore Task Force have more homes that were built before 1939. This is significant because the amount of housing built prior to this date in a given municipality contributes to its eligibility for federal and state Community Development Block Grant Program (CDBG) and HOME Investment Partnerships Program funding. An older housing stock raises issues regarding preservation from both a historical/architectural point of view, but also in terms of maintaining or enhancing the physical condition of the home.

**Figure 13: Age of Housing Stock, North Shore Task Force**



## Tenure and Vacancy

In 2010, there were a total of 14,557 housing units, with 13,270 year-round housing units and 1,287 seasonal units. As mentioned earlier, there were 12,486 occupied housing units in Gloucester in 2010, of which 7,745 or 62% were owner-occupied, and 4,741 or 38% were renter-occupied. Additionally, there were 2,071 vacant housing units, or about 6% of the year-round housing stock. The Massachusetts Department of Housing and Community Development uses year-round housing units for the Subsidized Housing Inventory.

## Housing Units Permitted

Between 2010 and 2016, there were 408 housing units permitted in Gloucester of which 41%, or 168 units total, were single family homes and the majority of the remaining units were two-family or conversions from single-family to two-family units. The following table (Figure 14) shows recent, under construction, and planned major residential development projects in Gloucester as of April 2016, some of which may have been permitted prior to January 2010.<sup>10</sup>

**Figure 14: Recent Major Multi-unit Developments and Projects in the Pipeline**

<b>Name of Development &amp; Description</b>	<b>Status</b>	<b># of housing units</b>	<b>Bedrooms</b>	<b>% Affordable</b>	<b>Parking</b>
Village at West Gloucester	Completed 2012	34 units in two-family structures	2 bdr	0	68
Residences at Seaport, multifamily above retail	Completed 2013	10 multifamily units	2&3 bdr	0	20
The Village at Magnolia Shores	Under construction	50% complete out of 46 permitted duplex units	2 bdr	0	96
Brierneck Crossing, application denied by ZBA in 2005. Denial overturned by HAC in 2008; City lost appeal at Supreme Judicial Court in 2011 and developer received 40B comprehensive permit. In coastal zone at edge of Good Harbor salt marsh. Building Dept. granted final permit in 2014.	Under Construction	12 townhouse units	2 & 3 bdr	25%	24
Gloucester Crossing, assisted living residence	Permitted	80 assisted living units		20%	

<sup>10</sup> MAPC Development Database, MAPC Analysis, conversations with City of Gloucester

Riverdale Place, originally permitted in 2002 but due to appeals road construction did not begin until 2009.	Completed	14 single family		0	28
Cape Ann Forge	Under construction	10 units (5 duplexes)	3 bdr	15%	20
206 Main Street (Harbor Village)	Permitting	30 units / mixed use	1,2 & 3 bdr	100%	60
Fuller Site	Permitting	200 units /mixed use	1 & 2 bdr	tbd	tbd

## Housing Affordability

### Poverty and Public Assistance

According to American Community Survey (ACS) 5-year Estimates for 2010-2014, about 10% of Gloucester's population is in poverty. About 10% of households are receiving public assistance. About 8% of all Gloucester households are receiving Supplemental Nutrition Assistance Program (SNAP) benefits.

### Fair Market Rents

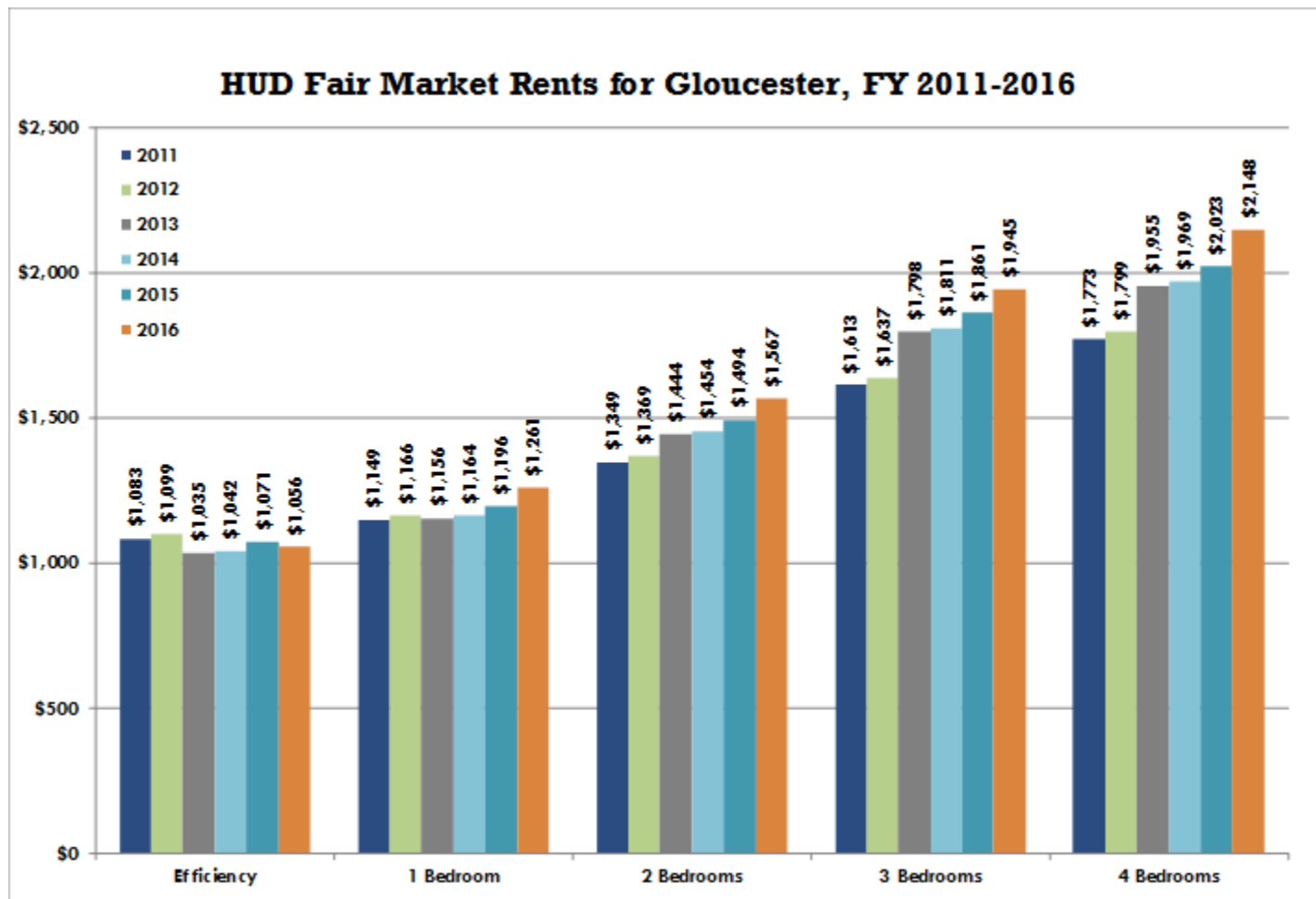
Fair Market Rents, or maximum allowable rents (not including utility and other allowances) determined by HUD for subsidized units in the Boston Metropolitan Statistical Area (MSA). The upward trend reflects the annual adjustment factor intended to account for rental housing market demands. Given the constraints on the Greater Boston rental housing market, rising rent is unsurprising and points to the need for more housing of this tenure at multiple price points. The HUD Fair Market Rents for Gloucester are shown in Figure 15 below and tracked over time in Figure 16. Note that Gloucester is included in the Boston-Cambridge-Quincy, MA-NH HUD Metro Fair Market Rent (FMR) Area. The Fair Market Rent data for both the Boston MSA is included in Appendix 2. Given that with a median household income of \$60,229 in Gloucester, a household should spend no more than 30% of its income (\$1,506 a month) in housing costs. As described later in this plan, many households in Gloucester exceed this threshold.

**Figure 15: Fair Market Rents, FY 2016-2017**

	Efficiency	1 bedroom housing unit	2 bedroom housing unit	3 bedroom housing unit	4 bedroom housing unit
Final FY 2017 Fair Market Rent	\$1,194	\$1,372	\$1,691	\$2,116	\$2,331
Final FY 2016 Fair Market Rent	\$1,056	\$1,261	\$1,567	\$1,945	\$2,148
Percent change	13.1%	8.8%	7.9%	8.8%	8.5%

Source: HUD Fair Market Rent FY17, MAPC Tabular Data Browser

**Figure 16: HUD Fair Market Rents, FY 2011-2016**



## HUD Income Limits

One measure of affordable housing need is the number of households eligible for housing assistance in a municipality. Federal and state programs use Area Median Income (AMI), along with household size, to identify these households. Figure 17 below shows U.S. Department of Housing and Urban Development (HUD) income limits for extremely-low- (below 30% of AMI), very-low- (30-50% of AMI), and low-income (50-80% of AMI) households by household size for the Boston-Cambridge-Quincy MSA, which includes Gloucester. Typically, households at 80% of AMI and below qualify for housing assistance, though there are some exceptions based on household size and program funding. Because the Gloucester median income is significantly lower than the MSA, the discussion of the local housing market below will address housing costs (rental and home ownership) as it relates to the Gloucester median income rather than the HUD income limits.

**Figure 17: Median Income Limits, FY 2016<sup>11</sup>**

<b>FY2016 Income Limit Category</b>	<b>Extremely Low (30%) Income</b>	<b>Very Low (50%) Income</b>	<b>Low (80%) Income</b>
1 Person	\$20,650	\$34,350	\$51,150
2 Person	\$23,600	\$39,250	\$58,450
3 Person	\$26,550	\$44,150	\$65,750
4 Person	\$29,450	\$49,050	\$73,050
5 Person	\$31,850	\$53,000	\$78,900
6 Person	\$34,200	\$56,900	\$84,750
7 Person	\$36,730	\$60,850	\$90,600
8 Person	\$40,890	\$64,750	\$96,450

## Housing Market

Housing costs within a municipality reflect numerous factors, including supply and demand. If the latter exceeds the former, then prices and rents tend to rise. Depending on the income levels of the population, these factors can significantly reduce affordability for both existing residents and those seeking to move in.

Median gross rent according to the American Community Survey 5-year estimates 2010-2014 was estimated at \$975. The Median Gross Rent for Massachusetts was estimated at \$1,088 and the median gross rent for Essex County was estimated at \$1,063 for this period. This indicates that median gross rent in Gloucester is somewhat lower than other North Shore Task Force

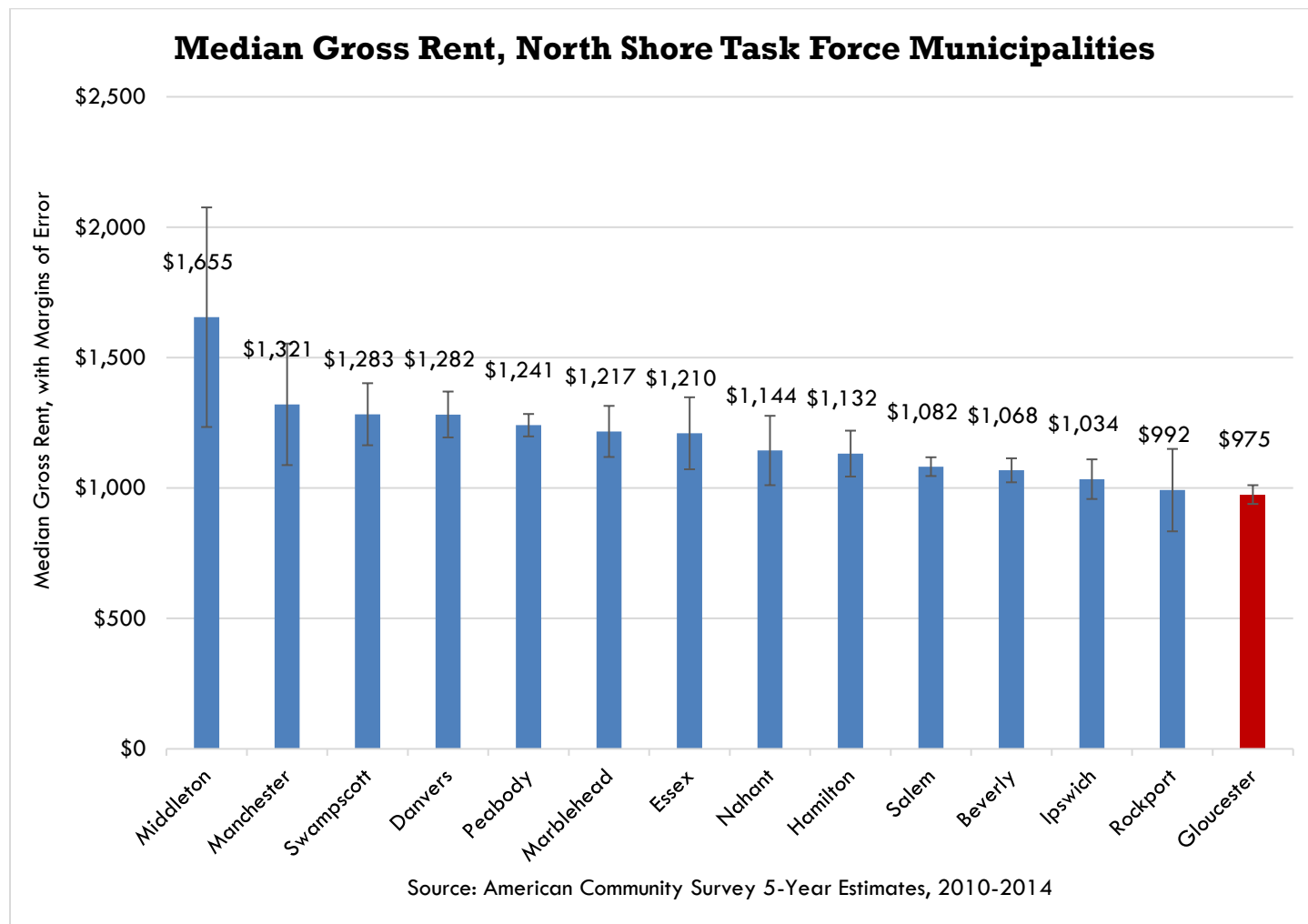
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<sup>11</sup> HUD, 2015

municipalities nearby, as shown in Figure 18, as well as when compared with the state as a whole.<sup>12</sup>

Median Gross Rent estimates cover all housing unit types and sizes and include the cost of utilities, if paid by the renter.<sup>13</sup> Median Gross Rent provides an indicator of the rents paid within a particular geography, but do not necessarily reflect current market rents, nor do they adjust for seasonal trends.

**Figure 18: Median Gross Rent, North Shore Task Force**



The MAPC Rental Listings Database provides a snapshot of the current rental market in Gloucester. The MAPC Rental Listings Database collects rental listings from the websites Craigslist

<sup>12</sup> The margins of error for the median gross rent estimates for Wenham and Topsfield were too high for a reliable estimate and therefore excluded from the figure. The estimates for Rockport and Middleton should be used with caution.

<sup>13</sup> U.S. Census Bureau. "Median Gross Rent" [https://www.census.gov/quickfacts/meta/long\\_HSG860214.htm](https://www.census.gov/quickfacts/meta/long_HSG860214.htm)

and Padmapper.<sup>14</sup> Rental listings collected for 2016 indicate that the median rent listing price in Gloucester ranged from \$1,050 for efficiency apartments to \$2,500 for four-bedroom units. For one-bedroom units the median rent listing price was \$1,250 and for two-bedrooms the medium listed rent was \$1,500. Three-bedroom units have a median listing price of \$1,850. Figure 19 provides an overview of rent ranges by unit size. Generally, these median rents were substantially higher than the HUD Fair Market Rents described above and a significant number of units remain unaffordable to low- and middle-income households, and they exceed what the median income household can pay without being cost-burdened (\$1,506 per month). These estimates are adjusted to 2016 dollars using the consumer price index (CPI) to account for inflation.

**Figure 19: Gloucester Rental Prices, by Unit Size, 2016<sup>15</sup>**

Number of Bedrooms	Count	Min (adj. to Nov. 2016)	Max (adj. to Nov. 2016)
<b>0</b>	18	\$598	\$1,993
<b>1</b>	79	\$800	\$1,694
<b>2</b>	71	\$700	\$2,192
<b>3</b>	41	\$1,018	\$3,200
<b>4</b>	24	\$1,196	\$3,612

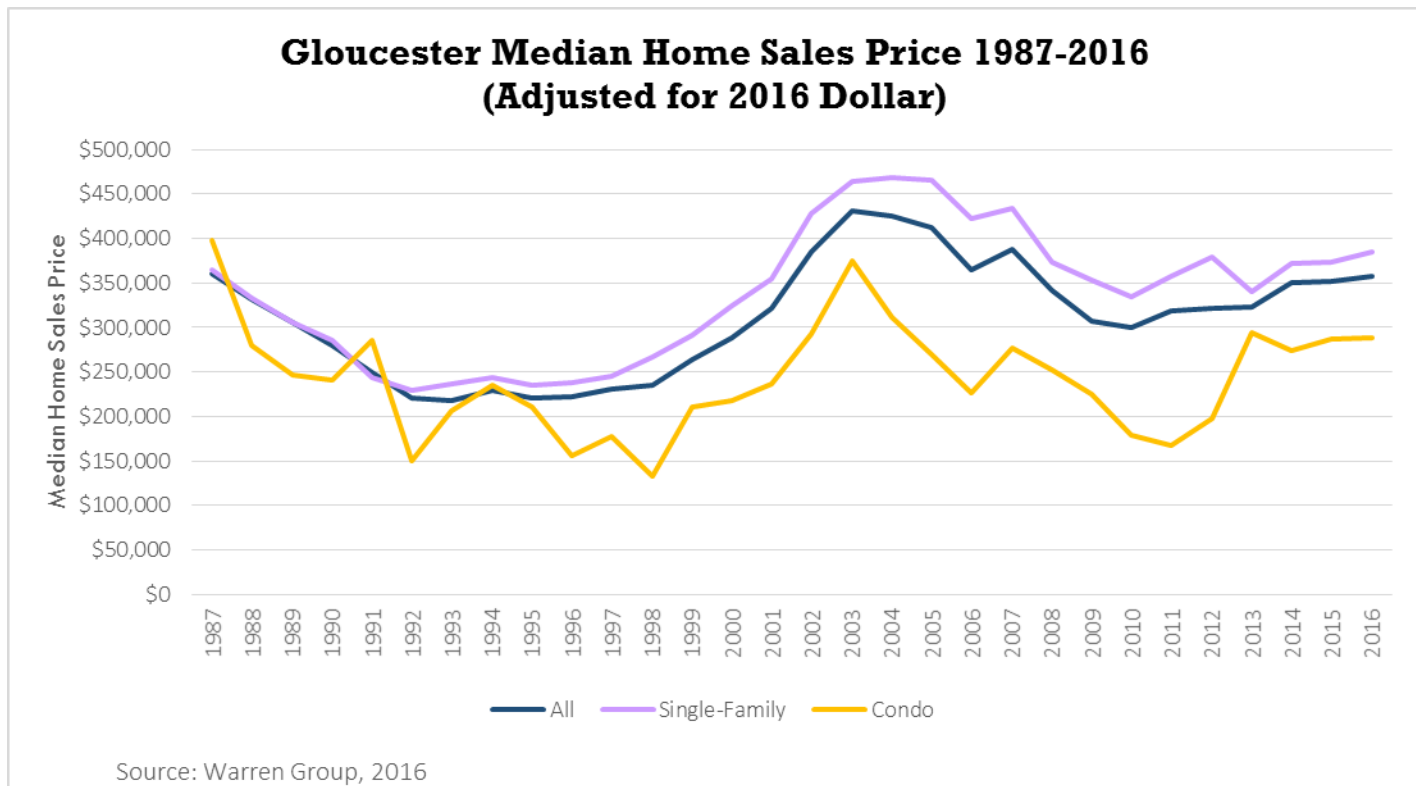
The median home price in 2016 was about \$385,000 for a single-family home and \$288,750 for a condominium according to figures from the Warren Group in February 2017.

Gloucester housing prices were on the rise during the 1990s, reaching a peak in 2004 with a single-family home median sales price of \$468,252. Housing prices began to fall in 2005 and through the Great Recession (December 2007-June 2009), as shown in Figure 20. Since 2010, however, prices have been on the rise though they have not reached pre-Recession highs.

<sup>14</sup> This dataset is currently under development. It does not include data on rental units shared by word of mouth, nor does it include the final negotiated monthly rent of online listings.

<sup>15</sup> MAPC Rental Listings Database, 2016

**Figure 20: Gloucester Median Home Sales Price 1987-2016**



### Current MGL Chapter 40B Subsidized Housing Inventory

Under M.G.L. Chapter 40B, affordable housing units are defined as housing that is developed or operated by a public or private entity and reserved by deed restriction for income-eligible households earning at or below 80% of the Area Medium Income (AMI). Gloucester falls within the Boston-Cambridge-Quincy Metropolitan Statistical Area (MSA), and the AMI according to the MSA is \$98,500. 80% of AMI would be \$78,800. In addition, all marketing and placement efforts follow Affirmative Fair Housing marketing guidelines per the Massachusetts Department of Housing and Community Development (DHCD).

Housing that meets these requirements, if approved by DHCD, is added to the Subsidized Housing Inventory (SHI). Chapter 40B allows developers of low- and moderate-income housing to obtain a comprehensive permit to override local zoning and other restrictions if less than 10% of a municipality's housing is included on the SHI.

As of November 2016, the Department of Housing and Community Development Subsidized Housing Inventory Chapter 40B Subsidized Housing Inventory (SHI) for Gloucester, there were 953 SHI units out of 13,270 total dwelling units per the 2010 Census. This means 7.2% of Gloucester's housing is included in the inventory, which is short of the 1,327 affordable units needed to meet the 10% statutory minimum.



## Housing Cost Burden

Another method to determine whether housing is affordable to a municipality's population is to evaluate households' ability to pay their mortgage or rent based on their reported gross household income. Households that spend more than 30% of their gross income on housing are considered to be housing cost burdened, and those that spend more than 50% are considered to be severely cost burdened.

According to the American Community Survey 5-year Estimates for 2010-2014 (Figure 21), about 43% ( $\pm 3\%$ ) of households in Gloucester are cost-burdened. Among owner-occupied households, about 41% are cost-burdened, and among renter-occupied households, about 45% are cost burdened. About 19% of households are paying more than 50% of their income on housing (17% for homeowners and 22% for renters as shown in Figure 22). The rates of cost burden in Gloucester are somewhat higher than for the North Shore Task Force, Essex County, and the state as a whole; though the difference appears to be within the margin of error. In other words, cost burden may be a greater challenge for Gloucester where housing costs are high. For many North Shore Task Force municipalities, more than a third of households are cost burdened, which is an indication that cost burden is high in the subregion as a whole.

**Figure 21: Cost-Burdened Households, Gloucester and North Shore Task Force<sup>16</sup> Municipalities**

	Percent Cost Burdened	Severely Cost Burdened
Gloucester	43%	19%
Beverly	38%	18%
Danvers	36%	14%
Essex	39%	20%
Hamilton	29%	9%
Ipswich	38%	19%
Manchester	34%	15%
Marblehead	34%	15%
Middleton	33%	15%
Nahant	40%	17%
Peabody	42%	18%
Rockport	40%	14%
Salem	43%	20%
Swampscott	39%	18%
Topsfield	30%	9%
Wenham	33%	13%

<sup>16</sup> ACS 5-Year Estimates, 2010-2014

**Figure 22: Cost Burdened Owner-Occupied and Renter-Occupied Households<sup>17</sup>**

Owner-Occupied		Renter-Occupied	
Cost Burdened	Severely Cost Burdened	Cost Burdened	Severely Cost Burdened
41%	17%	45%	22%

### Cost Burden by Type

Comprehensive Housing Affordability Strategy (CHAS) data offers further information on affordable housing need by household type (elderly, small family, large family, and other) and by income level (low, very low, extremely low, and middle income, or those earning between 80-120% of the AMI). Again the 2015 median income estimate for Boston-Cambridge-Quincy, MA-NH Housing and Urban Development (HUD) Metro Fair Market Rent Area is used, which is \$98,500. Household type is determined by the number of persons occupying a unit, family status, and age:

- 62 years and older, family households old + (2 or more related persons, with either or both ages 62 or over)<sup>18</sup>
- 62 years and older, non-family households (1 or 2 persons, non-related, ages 62 or over)
- small family households (2 related persons, neither 62 years of age or over, or 3 or 4 related persons)
- large family households (5 or more related persons)
- all other households (singles, non-related living together, neither 62 years of age or over)

Gloucester households experience a high percentage of cost burden across all types, but especially with those 62 years and older. More than half of all 62 years and older (family and non-family) households and almost half of large families are cost burdened. Fewer Gloucester families are in the severely cost burdened category, though 62 years and older non-family households experience the highest rate (33%). See Figure 23 below.

<sup>17</sup> ACS 5-Year Estimates, 2010-2014

<sup>18</sup> The HUD terminology for households 62 years of age and older is "Elderly Family" and "Elderly Non-Family"

**Figure 23: Gloucester Cost-Burdened Households by Type<sup>19</sup>**

Household Type	Total Households	Cost Burdened		Severely Cost Burdened	
		Count	Percent	Count	Percent
<b>62 Years and Older, Family</b>	2,064	889	43%	335	16%
<b>62 Years and Older, Non-Family</b>	1,785	950	53%	595	33%
<b>Small Family</b>	5,124	1,729	34%	635	12%
<b>Large Family</b>	679	329	48%	165	24%
<b>Other</b>	2,578	1,168	45%	404	16%

Because households of any income level can become cost burdened for any number of reasons, it is important to consider rates of cost burden among low-income households specifically (those earning less than 80% of the AML for Gloucester based on Boston-Cambridge-Quincy, MA-NH HUD FMR Area). These households experience high rates of cost burden in Gloucester. Figure 24 shows the low-income cost burden by household type. As shown in Figure 25, approximately 65% of all low-income households are cost-burdened and 35% are severely cost-burdened.

**Figure 24: Gloucester Low-Income Cost-Burdened Households by Type<sup>20</sup>**

Household Type	Cost Burdened (only)		Severely Cost Burdened (only)		Total Count	Total Percent
	Count	Percent	Count	Percent		
<b>62 Years and Older, Family</b>	509	4%	335	3%	2,132	18%
<b>62 Years and Older, Non-Family</b>	365	3%	574	5%	1,849	15%
<b>Large Family</b>	124	1%	195	2%	689	6%
<b>Small Family</b>	1,205	10%	563	5%	5,083	42%
<b>Other</b>	568	5%	375	3%	2,418	20%
<b>Grand Total</b>	2,771	23%	2,042	17%	12,171	100%

<sup>19</sup> CHAS 2007-2011

<sup>20</sup> CHAS 2007-2011

**Figure 25: Gloucester Low-Income Cost-Burdened Households<sup>21</sup>**

		Cost Burden		Severe Cost Burden	
	Total	Count	Percent	Count	Percent
Low Income	1,585	834	53%	190	12%
Very Low Income	1,700	999	59%	395	23%
Extremely Low Income	2,090	1,669	80%	1,275	61%
Total < 80% AMI	5,375	3,502	65%	1,860	35%

### **Middle-Income Housing Problems**

CHAS data also indicates the extent to which middle-income households (those earning 80-120% of AMI) suffer from housing problems. A household is said to have a housing problem if it has one or more of the following problems:

1. housing unit lacks complete kitchen facilities,
2. housing unit lacks complete plumbing facilities,
3. household is overcrowded (more than one person per room), and/or
4. household is cost burdened.

The first three problems are relatively rare in MA (although perhaps more so with the immigrant populations), and are considered to be largely equivalent to cost burden.

Asian and Hispanic households were found to be the racial and ethnic groups in Gloucester with a disproportionate share of severe housing problems. The percentage of extremely-low income Asians that are experiencing at least one severe housing problem is over 40 percentage points above the general population. The percentage of Hispanics earning 80-100% of the area median income that are experiencing at least one housing problem is over 85 percentage points above the general population. The extremely-low income Asian households experiencing a disproportionate greater housing need in the area of severe housing problems is of particular concern because of the combined negative effect an extremely low-income and any one of the severe housing problems may have on these households.<sup>22</sup>

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<sup>21</sup> CHAS 2007-2011

<sup>22</sup> Community Development Block Grant Consolidated Plan, City of Gloucester, 2015-2019

## Housing Demand

The following chart shows projected change in housing demand between 2010-2020 by age of householder, type of home (single family or multifamily), and tenure (ownership or rental) based on 2010 housing stock, population, and anticipated population changes. Net demand in 2020 is projected as 247 new units of multifamily for homeownership, 187 new units for multifamily rental, and 256 new units for single family homeownership. Demand for single family rental units is projected to decline by 64 units. In other words, to meet demand over the next few years, housing production should total 434 new multifamily units and 192 new single family units between 2010 and 2020. As mentioned earlier, 168 single-family homes and 67 multifamily units have been permitted or constructed since 2010. Additional units are already in the permitting pipeline. While the production of single family homes may be at pace with demand, the creation of multifamily apartment units is not satisfying the identified need.

As shown in the Figure 26, there will be an overall increase in demand for housing for the cohort aged 15-24 in 2010 (25-34 in 2020). Householders aged 35-54 in 2010 (45-64 in 2020) will predominantly demand single family homeownership units and add back to the supply of multifamily rental units. Householders aged 55-74 in 2010 (65-84 in 2020) will demand a relatively small number of multifamily homeownership, multifamily rental, and single family homeownership units, and will add back to the supply of single family rental units. Householders aged 75 and over in 2010 (85+ in 2020) will add back to the supply of all types of housing.

These housing projections reflect the data from previous planning efforts. As part of the 2014 TOD study for the Railroad Ave. neighborhood, a downtown market study was conducted by MAPC that concluded that Downtown Gloucester could potentially support somewhere between 266 and 533 additional multi-family housing units over the next ten years. The market study is included in Appendix 3 of this report.

Figure 26: Housing Unit Demand by Age Cohort, 2010-2020

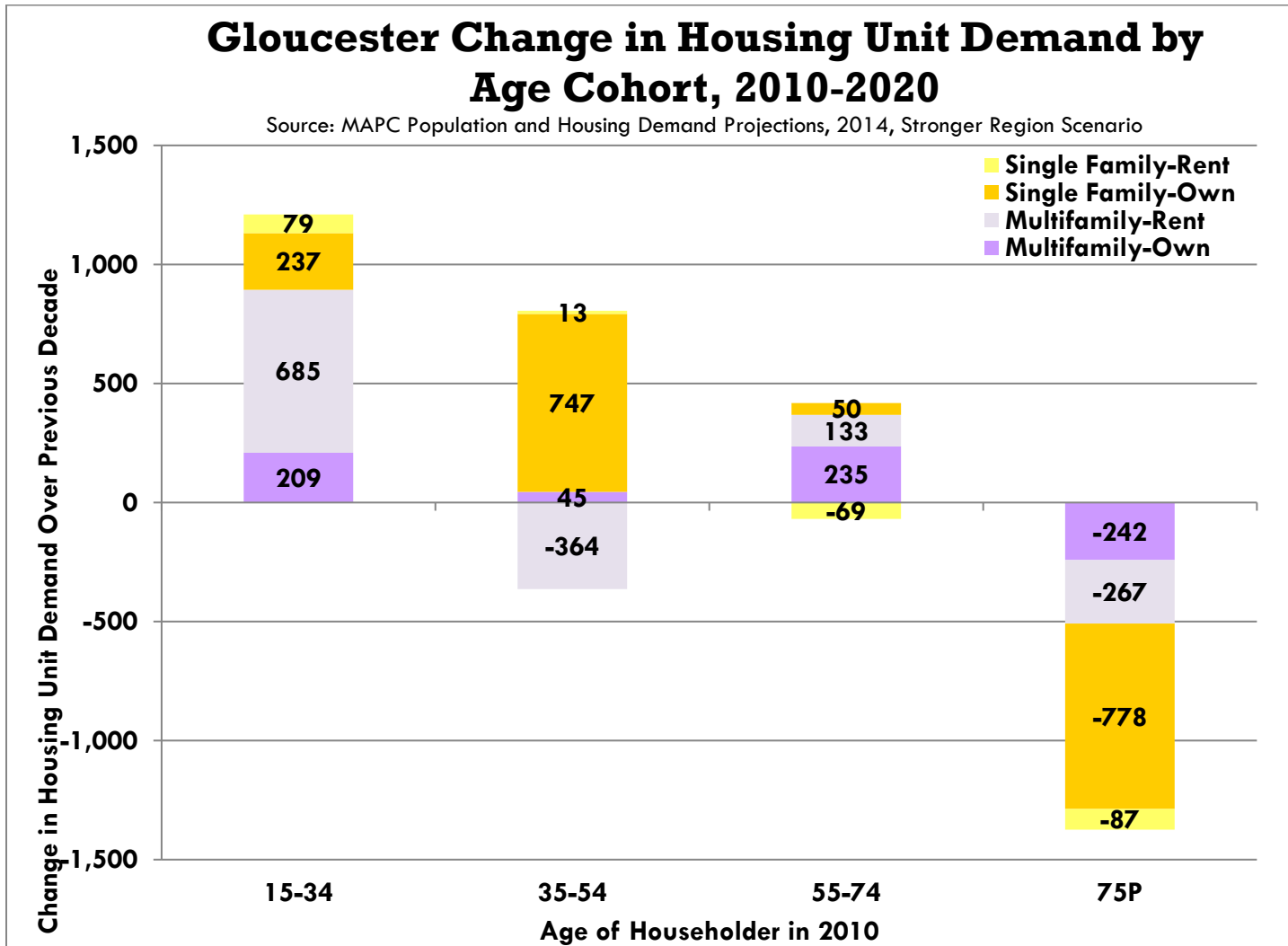


Figure 26: Projected net changes in housing demand between 2010-2020 by age of householder, type of home (single family or multifamily), and tenure (ownership or rental) based on 2010 housing stock, population, and anticipated population changes.

## Existing Municipal Tools and Resources

Gloucester currently administers several programs and initiatives aimed to produce and maintain affordable housing units. The Community Development Department and the Health Department administer the majority of these programs. These programs and initiatives have already been proven to be effective in addressing many of the goals of this Housing Production Plan. The existing municipal tools will be incorporated into the implementation plan and will play key roles in promoting healthy and safe housing, both market rate and affordable, and produce additional affordable housing units.

The Community Development Department has three programs specifically designed to increase the number of healthy affordable housing units in the City and work closely with other city departments including the Health Department and the Building and Inspectional Services Department.

### Housing Rehabilitation Program

The Housing Rehabilitation Program offers deferred, no-interest loans to owner-occupied homeowners and investor owners. Funding is provided by the U.S. Department of Housing and Urban Development through the Community Development Block Grant (CDBG) Program. The Housing Rehabilitation Program will provide assistance to homeowners in need of emergency repairs, building/health code violation repairs, and/or other repairs in order to improve the safety, accessibility, and energy-efficiency of their home. The objective is to eliminate or improve substandard living conditions in single- and multi-family properties in Gloucester.

Examples of eligible work includes but are not limited to repair or replacement of roofs, electrical system repairs/upgrades, window replacement, hazard remediation (lead paint, mold, asbestos, & radon), heating system repair/replacement, and more. Aesthetic improvements and remodeling are not permitted under this program.

Owner-occupied and investor-owned single- and multi-family properties are eligible for rehabilitation assistance. Property owner and/or tenant income must fall within HUD Income Guidelines.

The maximum amount available: \$20,000 and all deferred loans are payable in full upon sale, title transfer or in some cases refinancing. The city loan is secured by a Loan Agreement and Mortgage.

The City accepts applications for assistance on a rolling basis. Preference may be given to homeowners seeking emergency assistance and first-time applicants. Clients who have received previous assistance within the last four years are ineligible to apply for additional services. All properties must meet underwriting and eligibility guidelines set forth in the Program Policies (available on the City website) to receive services.

In the past year, the City completed eight home rehabilitation projects, with an additional five in the construction stage, five more approved but waiting to commence and approximately ten under review to determine eligibility. Those participating in the program are required to place affordable housing restriction on the housing unit.

### **Lead Hazard Control Program**

The Lead Hazard Control Program offers 0% interest, three year forgivable loans for owner-occupied properties and investor-owned properties. The funding comes from a 2015 three year HUD Grant for \$1.3 million. In FY 2016 ending June 30, 2016, the City deleaded 15 units and expended approximately \$156,000 the first year of the grant. The loans can be up to \$10,000 per unit or \$15,000 for single family residence. The loans will be used primarily to abate lead paint hazards in housing where young children reside or visit. Assistance is available to homeowners, landlords, and their tenants who would like to delead their homes. Examples of deleading could include exterior painting, replacement of windows and exterior doors, interior doors, stairs and trim and other minor repairs to improve the safety of the residence. In most cases qualified rental units will be subject to qualify a 15 year affordable housing restriction. Upon completion, property owners will be in compliance with the Massachusetts Lead Law and may be eligible for a \$1,500 state tax credit for each unit that is deleaded.

### **First Time Home Buyer**

The First Time Home Buyer program existed in Gloucester from 1996 to 2016 and was funded through the City's CDGB allocation. The program offered 50% of the required down payment and/or closing cost assistance to income-qualified buyers. Residents eligible for the program could also access a loan up to \$10,000 depending financial need, purchase price and lending requirements. This award was a deferred loan which is paid back at the time of rental, sale, transfer of title, or when the property is no longer a principal place of residence. The program has assisted 337 first time home buyers in their purchases. Due to its local success, the City is currently working on a plan to reinstate the First Time Home Buyer Program.

### **Community Development Department Support Through the Planning Division**

#### Inclusionary Housing

Gloucester adopted Inclusionary Housing Requirements (§5.11) that requires all residential developments in excess of eight units to set aside a minimum of 15% of the total number of units as affordable. This applies to all residential zoning districts as well as the CB, CCD, NB, and VB districts. The ordinance allows for alternative methods of compliance including the development of off-site units or the cash payment in lieu of providing the units. Such a payment would go to the City's Affordable Housing Trust Fund and would be based upon the difference between the production of a market rate unit vs. an affordable one (average market rent or sale price compared to one that is affordable, as defined in the ordinance).



The City has two committees appointed by the Mayor with the authority to fund new and maintain existing affordable housing projects. These two committees receive staff support from the Community Development Department.

#### Affordable Housing Trust Fund

Gloucester's Affordable Housing Trust Fund (AHTF) was established in 2006 to protect, preserve, and enhance the economic and social diversity of the City, to provide affordable rental and homeownership options for people of all ages and income levels, and to accommodate the changing housing needs of individuals and families.. The Trust Fund has five trustees, including the Mayor. They have the power to disburse funds to support affordable housing through rental assistance, purchase, or subsidize construction. To date the trust has been utilized to subsidize the construction of 37 affordable housing units and provided assistance to 114 rental units. The Trust currently has a balance of \$255,102.78.

The City's Inclusionary Housing Requirement is a potential funding source for the Trust. The Trust accepts and administers cash payments made by developments and projects aiming to satisfy the City's Inclusionary Housing Requirements in Section 5.11 of the Zoning Ordinance. Section 5.11 allows for a cash payment to the Trust in lieu of creating onsite or offsite affordable units. For rental units, the financial contribution for each affordable unit shall be equal to the difference between the average market rental price for the market-rate units in the subject development and the rent affordable to an income-eligible household as defined by this ordinance and HUD, calculated over a term of ten (10) years. For ownership units, the financial contribution for each affordable unit shall be equal to the difference between the average market sales price for the market-rate units in the subject development and the purchase price affordable to an income-eligible household as defined by this ordinance and HUD.

#### **Community Preservation Committee**

By popular vote in the fall of 2008, the citizens of Gloucester adopted a 1% surcharge to be spent in accordance with the provisions of the Community Preservation Act.

The nine member Community Preservation Committee (CPC) was then established in accordance with the terms of the Act. The CPC consists of four members at-large and one representative each from the Historical Commission, the Conservation Commission, the Housing Authority, the Planning Board, and Parks and Recreation.

The mission of the Community Preservation Committee is to study the needs of the City of Gloucester in cooperation with various city boards, departments, organizations, and citizens and to solicit and evaluate proposals for the use of Community Preservation Act funds for the maximum benefit to the City of Gloucester. The CPC will recommend to the City Council those projects which it deems will best achieve the purpose of the Community Preservation Act legislation in the areas of open space, historic preservation, affordable housing and recreation.

10% of the City's annual CPA allocation must be set aside for the creation and preservation of affordable housing. That amount is around \$62,000.

To date the CPA has helped fund the creation of six affordable housing units, and provided funded improvements in 176 existing affordable housing units. The CPA has a balance of \$263,630 that can be used for the creation and preservation of affordable housing.

#### **Board of Health Certificate of Rental Dwelling Regulation #4**

To ensure that rental dwelling units comply with State Sanitary Code requirements regarding safe housing, the City's Board of Health adopted local regulations in 1991 that require local rental units to carry a Certificate of Rental Dwelling. Rental units receive the Certificate if the Board of Health Compliance Officer discovers no violations during a rental dwelling unit inspection. Violations are based on the criteria found in the Massachusetts State Sanitary Code, Title 105 Sections 400 through 410. Gloucester is one of the few communities in the state with the additional local requirement of a Rental Dwelling Certificate and inspection, and it is an effective tool in ensuring safe, healthy living conditions in rental units. In addition, property owners with violations in their rental dwelling units are referred to the Housing Rehabilitation Program or Lead Hazard Control Program, when appropriate.

#### **Hoarding Task Force**

Since 2009, the Cape Ann Hoarding Task Force (CAHTF) has been working with municipal managers, community organizations and mental health professionals in Gloucester, Rockport and Essex to offer support for those dealing with the disorder of hoarding and the ripple effect that it has on families trying to cope with a loved one suffering from the condition.

CAHTF efforts include:

- Coordination of enforcement efforts to ensure a parallel track with available support services,
- Creation of a hoarding case matrix to guide municipal departments in their roles during the discovery and response processes,
- Development of outreach information for sufferers, their families and landlords and,
- Training first-responder personnel in recognizing and understanding hoarding.

#### **Programs for Veterans**

The U.S. Department of Veterans Affairs (VA) has a home loan guaranty program for eligible veterans. The loans are made by a lender, such as a mortgage company, savings and loan or bank. The VA guarantees part of the total loan amount. The result is that purchasers are able to obtain a competitive interest rate without having to make a downpayment. VA Home Loans can be used for the purchase or construction of single-family homes, townhouses, or condominiums.<sup>23</sup>

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<sup>23</sup> <http://www.mass.gov/veterans/housing/home-loans/va-home-loan-program.html>

MassHousing's Home for the Brave program offers affordable, no-downpayment mortgage financing for veterans of the U.S. Armed Services. In conjunction, grants from the VA are available to help disabled veterans make accessibility upgrades to properties they are interested in purchasing.<sup>24</sup>

The VA Supported Housing (VASH) program provides Section 8 vouchers to chronically homeless veterans with substance abuse and/or mental health issues.

Under Chapter 115 of Massachusetts General Laws, the Commonwealth provides a uniform program of financial and medical assistance for indigent veterans and their dependents. Qualifying veterans and their dependents receive necessary financial assistance for food, shelter, clothing, housing supplies, and medical care in accordance with a formula which takes into account the number of dependents and income from all sources. Eligible dependents of deceased veterans are provided with the same benefits as they would were the veteran still living.<sup>25</sup>

According to the Gloucester Office of Veterans Services, the City has approximately 2,159 veterans, which is about 7.25% of the total population. It is estimated that 57 veterans and/or spouses are receiving Chapter 115 benefits. The Gloucester Housing Authority reports that 78 of its units are made available to veterans.

### **Septic Loan Program**

The City of Gloucester provides loans to homeowners earning less than \$150,000 per year for the repair, replacement, or upgrade of failed septic systems.

## **Other Existing Tools and Resources**

There are several additional resources that the community has successfully utilized. This includes successful partnerships between the City and non-profit organizations to promote safe, affordable housing policy, as well as the creation of affordable housing units.

### **North Shore HOME Consortium**

HOME is a federal housing program administered by the U.S. Department of Housing and Urban Development (HUD). HUD distributes funds to groups of adjacent municipalities who create a local consortium. Gloucester is part of the North Shore HOME Consortium (and was a charter member when the Consortium was established), which provides funding to its member municipalities to support and accomplish local and regional affordable housing goals. The North Shore HOME Consortium is administered by the City of Peabody and currently has 30 members: Amesbury, Andover, Beverly, Boxford, Danvers, Essex, Georgetown, Gloucester, Hamilton, Haverhill, Ipswich, Lynnfield, Manchester-by-the-Sea, Marblehead, Merrimac, Methuen, Middleton, Newburyport,

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<sup>24</sup> <http://www.mass.gov/veterans/housing/home-loans/home-for-the-brave.html>

<sup>25</sup> <http://www.mass.gov/veterans/benefits-and-services/financial-medical-assistance.html>

North Andover, North Reading, Peabody, Rockport, Rowley, Salem, Salisbury, Swampscott, Topsfield, Wenham, West Newbury, and Wilmington.

Key housing objectives in recent years have included:

- **Objective A:** Develop an adequate supply of safe, decent rental housing that is affordable and accessible to residents with a range of incomes including those with special needs.
- **Objective B:** Reduce individual and family homelessness.
- **Objective C:** Preserve, maintain and improve the existing stock of affordable housing, particularly units occupied by extremely low and very low-income households.
- **Objective D:** Expand homeownership opportunities for low-income households.

In 2015, the Consortium completed its updated Consolidated Plan, which included a needs assessment that identified a high demand for affordable rental housing. As a result, funding for programs such as first-time homebuyer programs is being phased out in favor of programs designed to create more opportunities for affordable rental units.

The yearly HOME allocation amount varies according to HUD formulas based on entitlement parameters of population, rental housing units occupied by the poor, poverty households living in rental units built before 1950, families in poverty, and rental housing units with problems. The Consortium receives approximately \$1,169,350 through the HOME program each year. The City typically receives about \$60,000 as a set-aside for local use. An additional \$100,000 is estimated to be received each year in HOME Program Income as well. Four municipalities within the Consortium Region, Gloucester, Haverhill, Peabody and Salem, are considered Federal Community Development Block Grant (CDBG) entitlement communities and therefore are direct recipients of CDBG Funds. In 2015, Gloucester received \$618,141 through the CDBG program, and that figure fluctuates based upon federal appropriations. The major homeless needs in the area are primarily serviced through the Gloucester/Haverhill/Salem/Essex County Continuum of Care which is referred to locally as the North Shore Continuum of Care Alliance, using McKinney-Vento funding.<sup>26</sup>

### **Gloucester Housing Authority<sup>27</sup>**

In 1969, M.G.L. Chapter 121B, Section 3, was passed to allow for the creation of housing authorities by cities and towns in Massachusetts. The Gloucester Housing Authority (GHA) serves the needs of very low-income households through units it owns and manages. The GHA was formed in 1948 and currently assists over 1,300 households in the Cape Ann area through its Public Housing, Rental Assistance, Homeownership and Resident Service programs. GHA owns and

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<sup>26</sup> The McKinney-Vento Education of Homeless Children and Youth Assistance Act is a federal law that ensures immediate enrollment and educational stability for homeless children and youth. McKinney-Vento provides federal funding to states for the purpose of supporting district programs that serve homeless students.

<sup>27</sup> <http://www.ghama.com/default.aspx>

manages 522 units of State-Aided Family and Elderly Conventional Housing. It also owns and manages 89 units of Federal Public Housing at Willowood Gardens, Arthur Street, and scattered-site buildings.

The GHA accommodates disabled residents and applicants in several ways. The GHA has a total of 21 accessible units in public housing. Additionally, the GHA completes modifications to non-accessible units for residents experiencing mobility issues. The GHA also incorporates residents' input for management through the resident representation of the Board of Directors and the Resident Advisory Board.<sup>28</sup>

There are currently 563 families on the waiting list.<sup>29</sup> The waiting list for family housing at the GHA is four years. The waiting list for the Housing Choice Voucher program is always open and has ranged from approximately 500 qualified Gloucester applicants three years ago to 800 applicants in 2014. Those waiting lists indicate a substantial need for affordable or assisted housing for families in Gloucester.<sup>30</sup>

### Section 8 Housing Choice Voucher Program

The Gloucester Housing Authority (GHA) is currently authorized to assist 573 households on the Section 8 Housing Choice Voucher Program. The GHA also has eight project-based units at Pond View Village.

Households admitted to this program must locate a unit in the private housing market that meets HUD rent and Housing Quality Standards (HQS) requirements. The GHA will then enter into a one-year Housing Assistance Payment Contract with their landlord. Income eligible households pay a monthly rent equal to 30% - 40% of their adjusted monthly gross income and the GHA pays the balance of the contract rent directly to the landlord.

Program participants may also be eligible for GHA's Family Self-Sufficiency (FSS) and Section 8 Homeownership Options. Preferences are available to qualified displaced households, victims of domestic violence and persons who currently work or reside in Gloucester.

The GHA also administers 52 units of single-room occupancy housing (SRO) at the Cape Ann YMCA and 95 Prospect Street. Individuals pay a monthly rent equal to 30% of their adjusted monthly gross income. Applicants must meet income limits and other program requirements. Preferences are available to qualified displaced/homeless individuals, victims of domestic violence and persons who currently work or reside in Gloucester.

### Cape Ann Homeownership Program

In 2004 the GHA established the Cape Ann Homeownership Center to provide educational opportunities that promote responsible and sustainable homeownership. The Homeownership

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<sup>28</sup> Community Development Block Grant Consolidated Plan, City of Gloucester, 2015-2019

<sup>29</sup> Gloucester Housing Authority Five-Year Plan 2015-2019

<sup>30</sup> Community Development Block Grant Consolidated Plan, City of Gloucester, 2015-2019

Center assisted 138 new households in 2014, the majority of whom (70 households) were seeking to purchase their first home. Services provided by the Homeownership Center include:

- Pre- and post-purchase counseling
- Sub-prime mortgage counseling
- Foreclosure prevention
- Section 8 homeownership options
- Affordable housing lotteries
- Affordable housing development program

### **North Shore Community Development Coalition**

The North Shore Community Development Coalition (NSCDC) focuses on low-income and distressed neighborhoods in need of development by investing strategically in real estate, in community and civic engagement and in neighborhood-based programming in order to bring opportunity to low-income residents and improve the quality of life in Salem, Gloucester, Peabody and Beverly.<sup>31</sup>

For its first project in Gloucester, NSCDC will be developing Harbor Village located at 206 Main Street, the site of the former Cameron's Restaurant that has been vacant since 2011. NSCDC is partnering with Action Inc., to own and develop this property. The project will consist of 30 residential rental units within a single 33,000 square foot four story building, with 10 one bedroom, 17 two bedroom and 3 three bedroom units. One-hundred percent of the housing will be available to households earning no more than 60% of Area Median Income. The entire first floor will be commercial, and the second level will include a large community room for gatherings, celebration and education. Immediately off of this room is a private exterior courtyard, offering residents an opportunity to be outside in a sheltered space. There will be 30 onsite parking spaces for tenants in garaged spaces under the building.<sup>32</sup>

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<sup>31</sup> <http://northshorecdc.org/about-us/>

<sup>32</sup> <http://northshorecdc.org/real-estate/active-projects/harbor-village/>

**Figure 27: Rendering of Proposed Project at 206 Main Street**



### **The Caleb Group**

The Caleb Group provides secure, affordable homes and builds stable communities that offer diverse populations the tools and resources to empower individuals to make positive changes in their lives. Caleb acquires, develops, preserves and manages housing communities to create positive, supportive, encouraging communities through the efforts of Service Coordinators and the related programs and Community Opportunity Centers associated with each community. Community members are offered resources and programming that help to stabilize and improve their lives through our service coordination programs.<sup>33</sup>

The Caleb Group has one property in Gloucester called Pond View Village. This development is located on the site of the historic LePage Glue Factory and contains:

- One-bedroom units: 16
- Two-bedroom units: 45
- Three-bedroom units: 15
- Four-bedroom units: 1
- Handicapped-accessible units: 1 one-bedroom, 2 two-bedroom and 1 three-bedroom unit

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<sup>33</sup> <http://www.thecalebgroup.org/wp1/>

## **Harborlight Community Partners**

Harborlight Community Partners (HCP) monitors and supports the permanent affordability of 51 first-time homebuyer condominiums located on four developments in Gloucester. HCP merged with the Community Land Trust of Cape Ann in January 2012 and inherited the land and the responsibility for monitoring these projects.

- Haven Terrace – 26 units
- Babson Block, Granite Street – 15 units
- Forbes School, 47 Washington Street – 8 units
- 22 Taylor Street – 2 units

## **Action Inc.**

Action Inc. is a non-profit human service organization and the designated Community Action Agency serving primarily the City of Gloucester and the towns of Essex, Ipswich, Manchester, and Rockport, Massachusetts<sup>34</sup>. Action's Emergency Homeless Shelter provides a limited number of beds to homeless adults ages 18 and older in Gloucester. Action Inc. is also the co-developer of the Harbor Village project mentioned above.

## **Gloucester Development Team**

The Gloucester Development Team (GDT) is a 501.c.3 corporation founded in 1971 for the general purpose of “improving the quality of life for low and moderate income residents of Cape Ann”. The impetus for its initial formation was the rehabilitation of an 1889 Gloucester High School into an 80 unit apartment building to serve the needs of low income elderly. A local non-profit social services corporation initiated this development and spun-off GDT as a construction and development entity. The original Board of Directors, solicited from among the City’s professional and business leaders, are still active 46 years later.

The front end cost of the Corporation’s initial development, Central Grammar Apartments, was derived from grants from Action, Inc., the state’s Department of Elder Affairs, and NERCOM. The City assisted by granting a three year option to buy the school for one dollar, and professionals (legal, architectural, engineering, etc.) postponed billings until the project was financed, as did the group’s development consultant, The Community Builders. With construction and permanent financing provided by the Massachusetts Housing Finance Agency (MHFA), and capital contributions from limited partners, GDT generated enough capital to cover essential operational and staff costs and allow it to initiate additional projects.

In 2011 GDT undertook an \$8,000,000 rehabilitation of Central Grammar School with the professional guidance of The Community Builders, Inc. The work, completed over a 10 month

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<sup>34</sup> <http://actioninc.org/aboutaction.html>



period, included new mechanical systems, roofing, masonry repair, a sprinkler system, and new baths and kitchens. Financing for the project came from MassHousing, and three limited partners - TD Bank and Prudential Insurance, (low income tax credits), and Apple Computer (certified historic tax credits).

### **Other Funding Entities**

There are a number of non-profit organizations and financial institutions that work to build assets and financial capabilities of low-income families so that they might be better equipped to obtain safe and affordable housing. Such programs provide financial counseling through workshops and education, along with creating incentives for saving money so people can own and maintain a home. The City can identify these institutions and collaborate with local and regional nonprofits that provide services to cost burdened families.

# Development Constraints

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## Zoning Analysis

Generally speaking, local zoning ordinances can create barriers to fair access to housing, often unintended. Typically, this happens through policies that do not encourage certain types of residential development or by creating a complicated permitting process through site plan review and special permits. By reviewing and revising the Zoning Ordinance, an opportunity exists where the City can proactively facilitate a more integrated and diverse housing stock.

The City of Gloucester is divided into fifteen zoning districts, seven of which are primarily residential, albeit at varying densities (see Figure 28 Gloucester Zoning Map). Additionally, as noted below, some business districts also allow residential uses.

### R-80 Rural Residential (minimum lot area: 80,000 sf)

The R-80 Rural Residential District is located north of Goose Cove in North Gloucester and north of Route 128 in West Gloucester. This district is rural in character and encompasses those areas where limited services and access suggest low-intensity use, where present and anticipated future development is and will continue to be compatible with the environs of low residential density.

### R-40 Rural Residential (minimum lot area: 40,000 sf)

The R-40 Rural Residential District is located north and west of the R-80 district in North Gloucester and both north and south of the R-80 district in West Gloucester. This district encompasses those areas where limited services and access suggest low-intensity use, where present and anticipated future development is and will continue to be compatible with the environs of low residential density. This district is intended to provide a transition from the rural R-80 district to the higher density residential districts.

### RC-40 Coastal Residential (minimum lot area: 40,000 sf)

The RC-40 Coastal Residential District consists of Eastern Point and that area on the southeast side of the middle portion of Hesperus Avenue. It encompasses those areas where limited services and access suggest low-intensity development, and where existing development consists of single family detached residential uses.

### R-30 Low Density Residential (minimum lot area: 30,000 sf)

The R-30 Low Density Residential District is located in West Gloucester. It is suburban in nature, and is an area where limited services and access suggest low-intensity use, and where present and anticipated future development is and will be compatible with the environs of low residential density. This district is intended to accommodate single family residential development and, where appropriate, two family and multi-family

development. This district contains large portions of the watershed protection area and is intended to help protect this resource.

**R-20 Low/Medium Density Residential (minimum lot area: 20,000 sf)**

The R-20 Low/Medium Density Residential District is located east and north of downtown, along significant portions of the west side of the Annisquam River, and along the southwest (oceanside) corridor between the Annisquam River and Magnolia. This district is intended to accommodate single family residential development and, where appropriate, two family and multi-family development. This district provides a transition from the rural districts to the high density districts of the city.

**R-10 Medium/High Density Residential (minimum lot area: 10,000 sf)**

The R-10 Medium/High Density Residential District is located along both sides of the western portion of Essex Avenue, on both sides of the Mill River, on a portion of the Annisquam River and in that area extending in a northeasterly direction from downtown to the Rockport line. This district is characterized by suburban residential development in existing neighborhoods, and provides a transition from the suburban areas of the city to the more densely populated areas of downtown. This district is intended to accommodate single family residential development and, where appropriate, two family and multi-family development.

**R-5 High Density Residential (minimum lot area: 5,000 sf)**

The R-5 High Density Residential District is located in the downtown area of the city and is the highest density residential zone in the city. This district allows for a mix of single family, two-family and multi-family residential dwellings.

**CCD Civic Center (no minimum lot size)**

The Civic Center District consists of those existing civic buildings in the immediate vicinity of City Hall. This district is intended to include civic uses that serve the entire city, although limited types of commercial and residential uses are allowed.

**CB Central Business (no minimum lot size)**

The Central Business District is located on either side of Main Street. A broad range of business, retail, office and institutional uses are allowed, as are residential units above retail establishments. This is the city's most intensely commercial district, and retail stores and restaurants predominate. This district is intended to include uses that serve all of Cape Ann.

**VB Village Business (minimum lot area: 5,000 sf)**

Village Business Districts are located in Lanesville, Magnolia and the area off Essex Avenue around Lower Banjo Pond. Certain business, retail, office, and institutional uses are allowed, and primarily serve the residents of the immediate neighborhood. Limited residential use is also allowed.

NB Neighborhood Business (minimum lot area: the same as the abutting residential district with the smallest required minimum lot area)

Neighborhood Business Districts are located throughout the city. Residential uses are allowed, as are consumer service and retail businesses serving the residents of the immediate neighborhood.

EB Extensive Business (minimum lot area: 10,000 sf)

Extensive Business Districts are located along collector streets in various areas of the city. Business, service and retail uses serving a regional clientele are allowed; residential uses are generally not allowed.

MI Marine Industrial (minimum lot area: where the subject property abuts one or more residential districts, the minimum lot area is the same as the abutting residential district with the smallest required minimum lot area; otherwise, no minimum lot area)

The Marine Industrial District is located along Gloucester's Inner Harbor, where utilities and access roads can support high-intensity industrial and commercial activities that are primarily marine-related. Residential uses are generally not allowed.

GI General Industrial (minimum lot area: 10,000 sf)

General Industrial Districts are primarily located along arterial and collector streets. Manufacturing, assembling, processing and other industrial uses are allowed, as are certain businesses. Residential uses are generally not allowed.

BP Business Park (minimum lot area: 40,000 sf)

The Business Park districts are located off Blackburn Circle and Kondelin Road, and accommodate offices, warehousing, limited service uses and light industrial uses in a business park setting. They have ready accessibility and utility capacity to accommodate the demands of business park development. Residential uses are generally not allowed.<sup>35</sup>

The dimensional regulations for each district are as follows:

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<sup>35</sup> Gloucester Zoning Ordinance §2.1.1

	R-80	R-40	RC-40	R-30	R-20	R-10	R-5	CCD	CB	VB	NB <sup>36</sup>
Minimum lot area (sf)	80,000	40,000	40,000	30,000	20,000	10,000	5,000	5,000	5,000	5,000	
Minimum lot area per dwelling unit (sf)	80,000	40,000	40,000	30,000	10,000	2,000	1,000	1,000	1,000	1,000	
Minimum lot width (ft)	150	150	150	100	100	80	50	50	50	50	
Minimum frontage (ft)	100	100	100	80	80	65	50	50	50	50	
Minimum front yard (ft)	40	40	40	30	30	20	15	15	15	15	
Minimum side yards (ft each)	30	30	30	20	20	10	7.5	7.5	7.5	7.5	
Minimum rear yard (ft)	30	30	30	30	30	20	20	20	20	20	
Maximum building height (ft)	30	30	30	30	30	30	30	30	30	30	

### 2.3.1 RESIDENTIAL USES

		R-80	R-40	RC-40	R-30	R-20	R-10	R-5	CCD	CB	VB	NB	EB	MI	GI	BP
	FN. #													1		2
1 One-family	3	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N

<sup>36</sup> Dimensional requirements shall be those of the abutting residential district

detached dwelling																	
2 Conversion of one-family dwelling to two-family, without changes to the exterior dimensions of the building	3	Y	Y	N	Y	Y	Y	Y	Y	Y	SP	SP	SP	N	N	N	N
3 Conversion of one-family dwelling to two-family, with changes to the exterior dimensions of the building	3	Y	SP	N	SP	SP	SP	Y	Y	Y	SP	SP	SP	N	N	N	N
4 New two-family dwelling	3	Y	Y	N	Y	Y	Y	Y	Y	Y	SP	SP	SP	N	N	N	N
5(a) Conversion to or new mixed use building with not more than one (1) dwelling unit.	4, 8	N	N	N	CC	SP	SP	SP	SP	SP	Y(5)	Y(5)	SP	N	N	N	N
5(b) Conversion to or new multi-family or apartment dwelling, up to two dwelling units.	4, 8	N	N	N	CC	SP	SP	SP	SP	SP	Y(5)	Y(5)	SP	N	N	N	N
6 Conversion to or new multi-family or apartment dwelling, three dwelling units	4, 8	N	N	N	CC	SP	SP	SP	SP	SP	Y(5)	SP	SP	N	N	N	N
7 Conversion to or new multi-family or apartment dwelling, four to six dwelling units		N	N	N	CC	CC	CC	CC	CC	CC	CC	CC	CC	N	N	N	N
8 Conversion to or new multi-family or apartment dwelling,		N	N	N	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	N	N	N	N

seven or more dwelling units (see Section 5.7.1)																	
9 Cluster Development (see section 5.9)		PB	PB	PB	PB	PB	PB	N	N	N	N	N	N	N	N	N	N
10 Boarding house, rooming house, lodging house or hostel, licensed by the Licensing Board	3	N	N	N	SPS	SPS	SPS	SPS	SPS	SPS	SPS	SPS	SPS	N	N	N	N
11 Hotel, motel, motor inn, under 30 guest units		N	N	N	CCS	CCS	CCS	CCS	CCS	Y	Y	N	Y	N	N	N	N
12 Hotel, motel, motor inn, 30 or more guest units (see Section 5.7.1)		N	N	N	CCS	CCS	CCS	CCS	CCS	CCS	CCS	N	CCS	N	N	N	N
13 Mobile home park		CCS	CCS	N	CCS	CCS	CCS	N	N	N	N	N	N	N	N	N	N
14 Mobile homes, except those at mobile home parks or campgrounds (see Section 5.1)		N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
15 Campground		CCS	CCS	N	CCS	CCS	CCS	N	N	N	N	N	N	N	N	N	N
16 Camping or tenting, except within a campground or by children in their own yard		N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
17 Temporary use of mobile home following fire or other natural disaster	6	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

(see Section 5.1.5)																	
18 Assisted Living Residences, up to 10 units (see Section 5.14)		CC	CC	CC	CC	CC	CC	CC	CC	CC	CC	CC	CC	CC	N	N	N
19 Assisted Living Residences, 11 or more units (see Sections 5.7, Major Projects, and 5.14)		CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	N	N	N
20 Open Space Residential Development (see Section 5.15)		Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N	N	N
21 Village Development Project (see Section 5.16)	7	PB	PB	N	PB	PB	PB	N	N	N	N	N	N	N	N	N	N

#### FOOTNOTES TO SECTION 2.3.1, RESIDENTIAL USES

- (1) In the MI District, Supporting Designated Port Area (DPA) Uses, as defined in 310 CMR 9.02, shall not in the aggregate occupy more than 50% of the ground level area on filled tidelands on a lot within the DPA. Such uses shall also be subject to dimensional requirements of 310 CMR 9.0. Within the water-dependent use zone, as defined in 310 CMR 9.02, in the MI District no use shall be permitted unless it provides access to water-borne vessels.
- (2) See Section 5.12.
- (3) Not more than one principal building per lot, with the exception of wind energy conversion facilities.
- (4) In CB and VB Districts:
  - [i] A retail store or other business must be maintained on the street level floor; and
  - [ii] Unless the Board of Appeals authorizes a lesser number of off-street parking spaces pursuant to Section 4.1.2, the residential units on the upper floors and the business on the ground floor must satisfy all current and applicable off-street parking requirements.
- (5) SP if exterior of the existing building is expanded.
- (6) Y for one year from the date of the fire or other natural disaster; if an extension of time is needed, SP.
- (7) Limited to Targeted Village Development Areas, as defined at Section 5.16.3.6.
- (8) Special permit standard applies without regard to Sections 2.4.4(a) through 2.4.4(b). For dimensional standards see Section 3.2.1.



## Mixed Use

Gloucester allows mixed use in Section 2.3.2 of the Zoning Ordinance:

Where a building or structure or land is proposed to be used for more than one principal use, whether the uses are in separate buildings or in the same building either vertically or horizontally connected, all of which uses are permitted in the zoning district in question and none of which is accessory to one another, such mixed uses shall be allowed. In the event that a provision of this ordinance applying to one of such uses is inconsistent with a provision applying to another, the more restrictive provision shall apply.

## Overlay Districts

The City has incorporated the following overlay districts in its zoning ordinance.

The Watershed Protection Overlay District (§5.10) was established to protect and preserve the surface and groundwater resources of the City. The area included is delineated on an official map entitled "Public Water Supply Watershed Boundary Maps, City of Gloucester". It prohibits "any building or structure lying within 50 feet of the banks of all brooks, streams and rivers or within 50 feet from the normal highwater line of lakes, ponds, marshes, swamps and bogs".<sup>37</sup> Housing is not listed as a use that could be allowed by special permit, but it is understood the need for housing must be balanced by the need to protect the public water supply.

The Village Development Overlay District (§5.16) provides for the issuance of a special permit for flexibly designed housing projects in environmentally sensitive areas with adequate infrastructure that are designed to preserve open space. As an incentive to do so, density bonuses are available for projects that preserve open space and create affordable housing. The Village Development Overlay District shall consist of specially designated areas as shown on the map entitled "Village Development Overlay Zoning District Map". The number of dwelling units or bedrooms in a development could be increased up to twofold. If the Planning Board allows for a dwelling unit bonus, at least 50% of all dwelling units awarded as a density bonus shall be two bedroom units and/or permanently restricted to occupancy by persons over the age of fifty-five. In the alternative, a bedroom bonus is calculated by three times the number of allowed additional dwelling units. As a condition for the grant of any special permit in the overlay district, a minimum of 20% of the total number of dwelling units shall be deed-restricted for 45 years (10% for low-income households and 10% for moderate income households). A payment in lieu of producing the units is an allowed option.

The Atlantic Road Overlay District (§5.28) was established to protect the Gloucester Back Shore on the water side along a stretch of Atlantic Road from development that may be impacted by storms. Any development in that district requires a special permit from the City Council and could limit the development of housing in that area.

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<sup>37</sup> Gloucester Zoning Ordinance §5.10.4(v)

### Inclusionary Housing

Gloucester adopted Inclusionary Housing Requirements (§5.11) that requires all residential developments in excess of eight units to set aside a minimum of 15% of the total number of units as affordable. This applies to all residential zoning districts as well as the CB, CCD, NB, and VB districts and residential developments include single, two-family and multi-family dwelling units, Cluster Developments (§5.9), Open Space Residential Developments (OSRD, §5.15), and conventional subdivisions. The ordinance allows for alternative methods of compliance including the development of off-site units or the cash payment in lieu of providing the units. Such a payment would go to the City's Affordable Housing Trust Fund and would be based upon the difference between the production of a market rate unit vs. an affordable one (average market rent or sale price compared to one that is affordable, as defined in the ordinance).

### Accessory Apartments

Accessory In-law Apartments are allowed by special permit from the Zoning Board of Appeals in all residential districts (if the lot is at least 5,000 sf in size) as regulated in §5.24 of the ordinance. As defined, they are “designed for the occupancy of a family member(s), and shall remain under the same ownership of the principal dwelling”. The size of the accessory in-law apartment cannot exceed 600 sf, including the kitchen and bathroom, or 35% of the total gross floor area of the principal dwelling, whichever is greater. The record owner of the property must live on the premises.

### Cluster Development

The City allows cluster developments (§5.9) by special permit. For each affordable unit produced in such a development, a density bonus of one lot or dwelling unit can be permitted for each 1.5<sup>38</sup> permanently affordable dwelling units built.

### **Allowance of Residential Uses**

There are seven residential zoning districts, and four other zoning districts that allow residential uses. Section 2.3.1 of the Zoning Ordinance includes a use table outlining the types of residential units allowed in each zoning district.

Single family homes are allowed by right in all seven residential districts as well as in the CCD, VB, and NB districts as long as all the minimum dimensional requirements are met. The City recognizes dwelling units larger than single family in four categories, two-family, three-family, four to six dwelling units, and seven or more dwelling units.

The ordinance categorizes two-family dwellings into three types, have different allowances based on zoning district. Conversions of single family to two family homes without changes to the

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<sup>38</sup> §5.9.8 states that the Planning Board may authorize an increase in lots or dwelling units up to 20% above that allowed in a cluster development if certain conditions are met, including the production of affordable units as outlined above.

exterior dimensions of the building are allowed by right in all residential districts except for RC-40, and in the CCD district. However, they are also allowed through a Zoning Board of Appeals Special Permit in the CB, VB, and NB districts. Conversions of single to two family that change the exterior dimensions of the building are allowed by right in both the higher density R-5 and R-10 districts and in the lowest density R-80 district, provided that the lot has double the required lot area. It is also allowed by right in the CCD district. Two family conversions with changes to the exterior are allowed by special permit in the R-10, R-20, R-30 and R-40 residential districts, as well as the CB, VB, and NB districts. New two-family dwellings are allowed by right in all residential districts except for RC-40, and in the CCD district. For the lower density districts lots need to be double the required lot size for single family dwelling units (R30 through R80). New two-family units are allowed by special permit in the CB, VB, and NB districts.

Three family dwellings are allowed by a Zoning Board of Appeals (ZBA) special permit in the higher density residential zoning districts, R-5, R-10, and R-20 and in the CCD, VB, and NB districts. Multi-family units between four to six dwelling units are allowed by City Council Special Permit in the higher density zoning districts, R-5, R-10, R-20, and R-30, as well as in the CCD, CB, VB, and NB districts. Multi-family projects with seven or more dwelling units are allowed with a City Council Major Project Special permit in the same districts. However, the minimum lot area doubles in all of the zoning districts for any multi-family project, as does the minimum lot area per dwelling unit, as shown on the table below, Section 3.2.2 of the Zoning Ordinance.

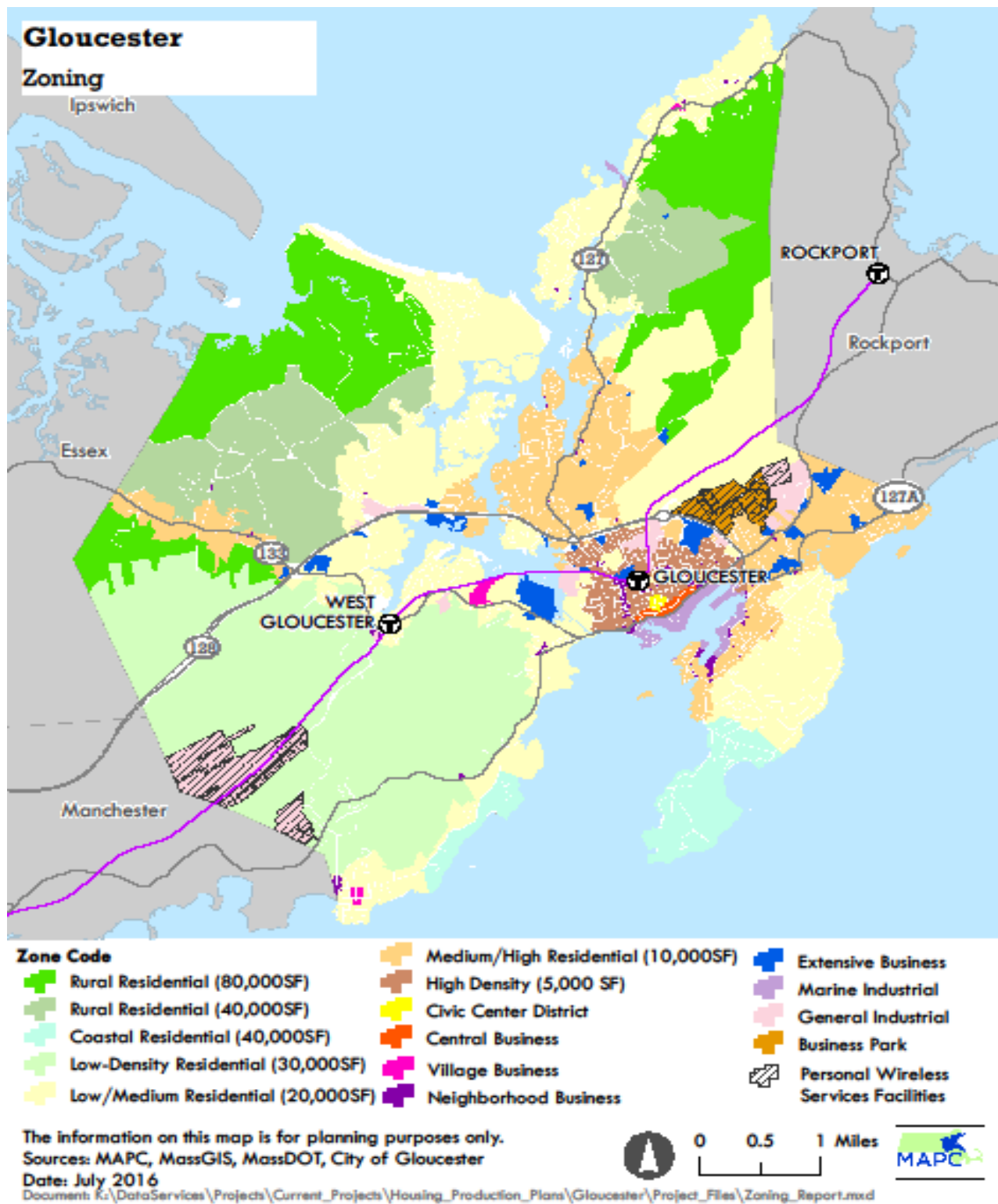
		Former Designations:							
		[R-2A]	[R-2]	[R-3]	[R-4]				
	FN.	R-30	R-20	R-10	R-5	CCD	CB	VB	NB
Minimum lot area (sf)		60,000	40,000	20,000	10,000	10,000	10,000	10,000	g
Minimum lot area per dwelling unit (sf)	a	15,000	10,000	5,000	2,500	2,500	2,500	2,500	g
Minimum open space per dwelling unit (sf)	a	7,500	7,500	3,500	1,250	1,250	1,250	1,250	g
Minimum lot width (ft)		150	150	100	80	80	80	80	g
Minimum frontage (ft)		125	125	80	65	65	65	65	g
Minimum front yard (ft)	b	30 (d)	30 (d)	20 (d)	15 (f)	15 (f)	15 (f)	15 (f)	g
Minimum side yards (ft each)		40 (d)	40 (d)	20 (d)	7.5 (f)	7.5 (f)	7.5 (f)	7.5 (f)	g

Minimum rear yard (ft)		40 (d)	40 (d)	20 (d)	7.5 (f)	7.5 (f)	7.5 (f)	7.5 (f)	g
Maximum building height (ft)	c	30	30	30	30	30	30	30	g
Distance between principal buildings (ft)		e	e	e	e	e	e	e	e

### **Residential Analysis**

The Zoning Ordinance appears to encourage multi-family projects in the higher density residential zoning districts, the majority of which are located in the downtown area, which is appropriate because of the infrastructure, services, and amenities available within close proximity in the downtown. The dimensional requirements, however, are not consistent with historic multi-family development patterns within these districts and do not support future development. In 2015 the City changed the Zoning Ordinance to allow three-family through a ZBA special permit rather than a City Council Special Permit, and during this process the Planning Department analyzed the lot sizes of properties within the high density residential districts. Assessing/GIS data show that there are approximately 375 existing three-family dwellings in the City, with a majority (some 250) located in R-5 Residential Zoning District. Taking just the three-family dwellings in the R-5 districts, less than 15% comply with the minimum dimensional standards for the district. Many of these three families have come into existence from conversions of one or two-family dwellings to three-family dwellings. The current permitting path would necessitate that an applicant first receive dimensional relief from the Zoning Board of Appeals, before applying for a three-family special permit or moving on to the City Council for a multifamily special permit for over four units. This adds both expense and a lengthy process to a means of providing additional needed housing in the downtown residential core. The burden for the grant of a variance is extremely high, and requires the demonstration of a hardship related to a specific circumstance. Dimensional requirements, particularly those in the neighborhoods more conducive to higher density development, such as downtown, should be addressed and adjusted to help encourage much needed housing in the form of multi-family development.

Figure 28: Gloucester Zoning Map



## Development Constraints

### Infrastructure

The City is served by public water and sewer throughout most of the City. West Gloucester has sewer service along Rt. 133 but the rest of the neighborhood are served by private septic systems. This area is more sensitive from an environmental and water resources perspective and therefore may not be suitable to accommodate substantial residential growth. Downtown Gloucester, where there is potential opportunities for future housing development, is served by water and sewer. There are no foreseeable service limitations in the downtown area that would impact residential development. In East Gloucester, there are some capacity limitations and a study of the area is warranted to determine the exact extent of that limitation. The area is mostly, but not entirely sewer. There is a lot of open land, but there are wetland constraints in the area as well. There is sewer service through most of the northern portion of the City, but some neighborhoods (Annisquam and Lanesville in particular) have a Septic Tank Effluent Pumping (STEP) systems, which are expensive to operate and maintain.

The City has three water filtration facilities – one in West Gloucester and one in East Gloucester, with an additional seasonal/supplemental water treatment facility that is used when needed. Generally, they run in series which allows the City to periodically switch off one to conduct routine maintenance functions. Although these facilities are old, the City invested \$40 million in improvements in 2010.

Water and sewer pipes were initially installed in the 1930s and the City has a routine rehabilitation program in place to make sure they are functioning properly.

The City's sewerage is treated at its primary treatment facility, and it is possible that the price of wastewater treatment may increase over time if further treatment is required in the future. The City is investing \$40 million to upgrade its combined sewer overflow facilities, and the work is due to be completed in 2017, which will close out a long standing consent order with the Environmental Protection Agency. Additionally, the City is moving forward with MS4 permitting, and compliance and stormwater regulations for development projects have been adopted.

Overall, there are no expected capacity issues with respect to water and sewer infrastructure given the current permit limits in place. Nor have the drought conditions have not put any undue stress on the water or sewer systems.

In June 2016, Gloucester adopted the *Coastal Climate Change Vulnerability Assessment and Adaptation Plan* prepared by Kleinfelder. The report included an infrastructure vulnerability assessment that was performed on municipally-owned infrastructure subject to flooding, including sewer pump stations, roads, bridges, wharves, seawalls, and other critical facilities such as schools, police stations, fire stations, etc. owned and operated by the City of Gloucester.<sup>39</sup> The report identifies the top 20 infrastructure assets that are vulnerable to flooding currently and into 2030,

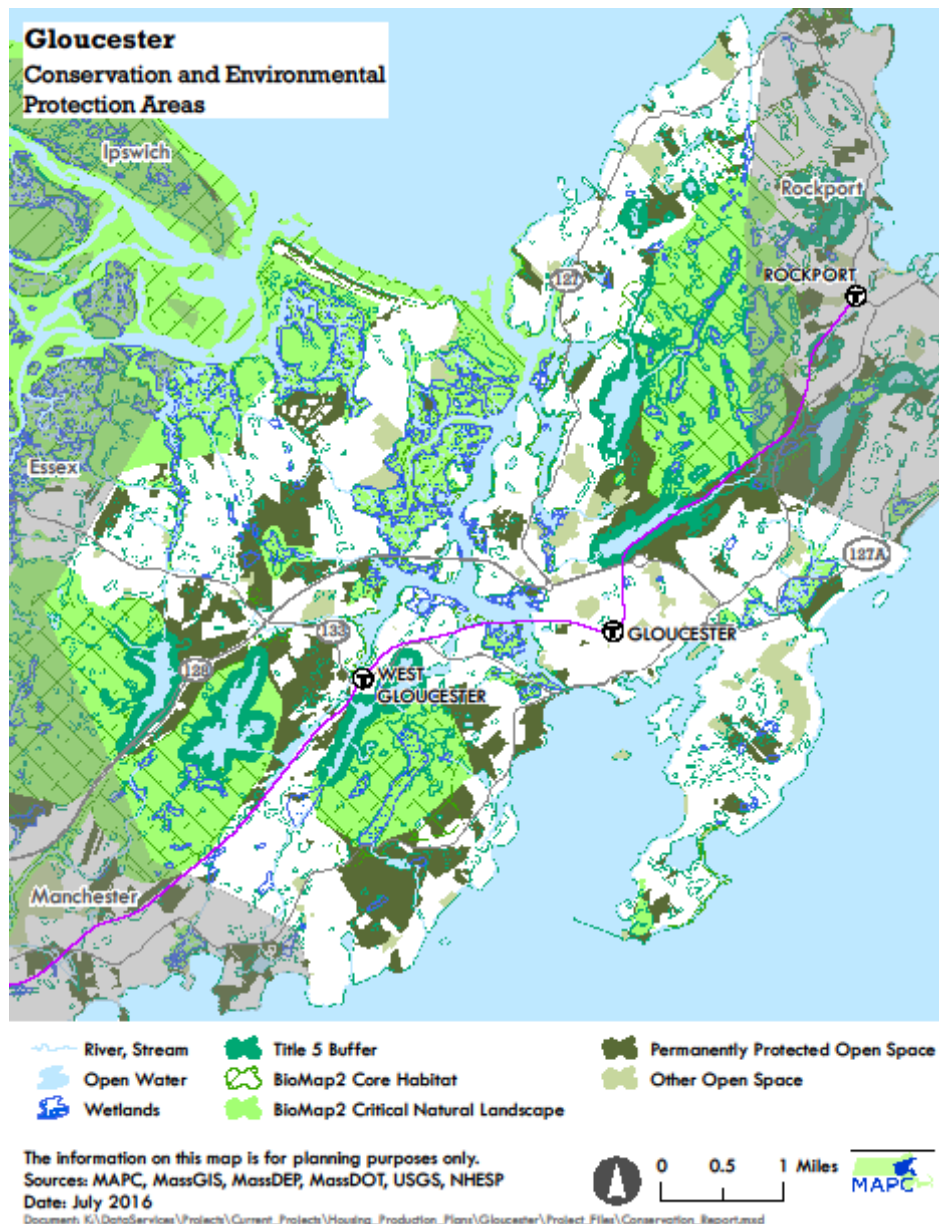
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<sup>39</sup> Ibid., p. 18

which includes a number of roadways along the coast as well as several bulkheads/seawalls, revetments and the Mill Pond Dam.

Beyond flooding due to sea level rise and storm surge, Gloucester has additional sensitive environments. This includes steep slopes, high water table, and wetlands. Figure 29 illustrates many of these areas.

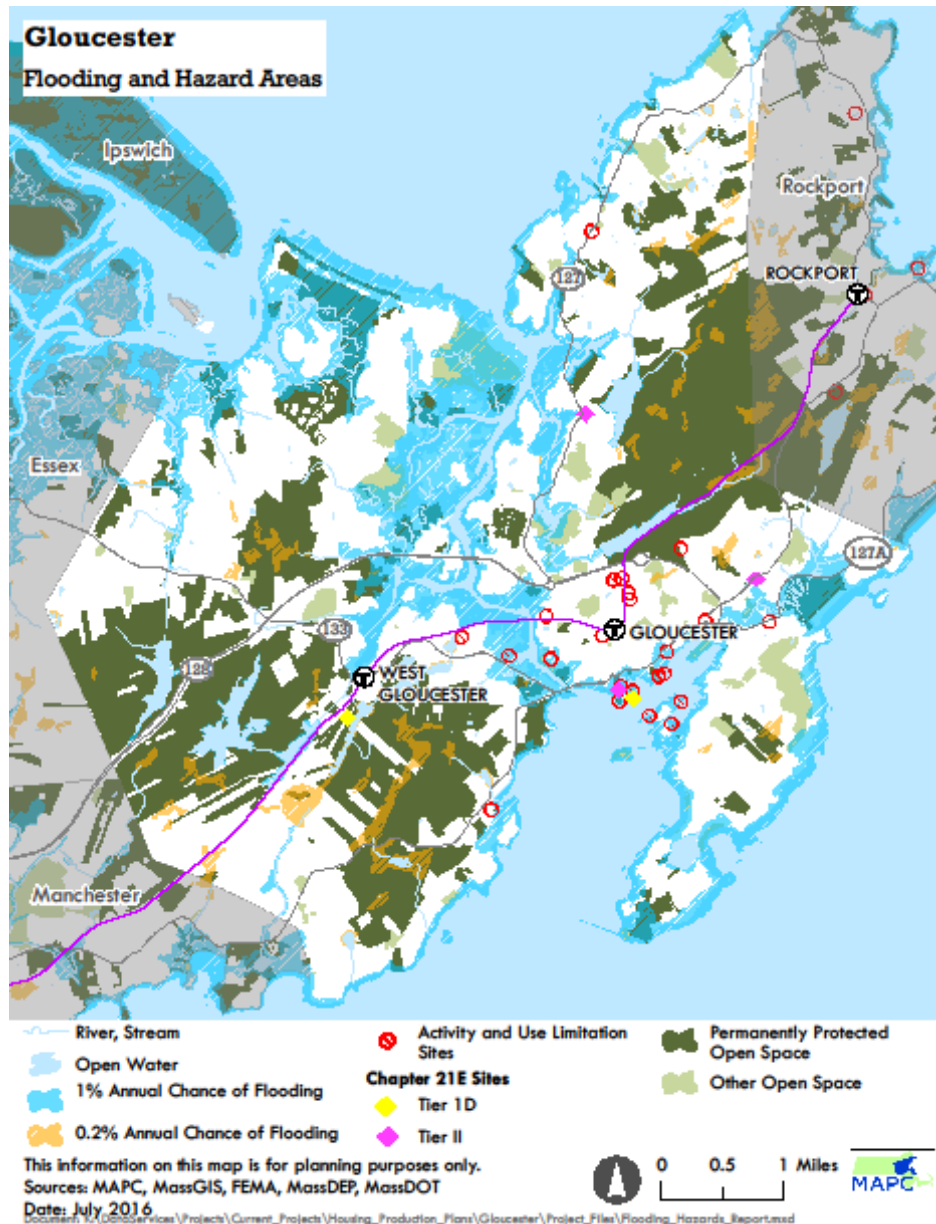
**Figure 29: Conservation and Environmental Protection Areas**



Several options are presented including the raising of key private and public waterfront structures, installing permanent flood barriers, or even constructing a hurricane barrier system in the outer harbor which would preclude the other two options. Increasing the size of the berm

around the wastewater treatment facility will eventually be needed to protect the facility from storm surges. Elevating some roadways is also recommended, especially around the inner harbor area. The report also recommends a number of amendments to the City's zoning ordinance to enhance flood resilience. Based on existing and future flooding scenarios there may be lands that due to increased risk should be restricted from new housing development (see Figure 30).

**Figure 30: Flooding and Hazard Areas**





# Affordable Housing Goals

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On Wednesday, January 27, 2016, the City of Gloucester with assistance from the Metropolitan Area Planning Council (MAPC) hosted the first of two public forums that informs this HPP. The meeting, which was held at the City Hall Kyrouz Auditorium, provided the 30 participants with an overview of the project, a presentation summarizing housing needs and demand in Gloucester, and an opportunity to discuss potential housing goals, barriers and opportunities in Gloucester. A summary of findings from the group discussion is provided in Appendix 1.



Photo from January 27, 2016 Public Forum at Gloucester City Hall

The ideas shared at the public meetings and working group meetings, as well as the analyses of housing needs and of development constraints, indicate the need for more affordable and deed-restricted housing in Gloucester to meet the identified needs of low- and middle-income and cost-burdened individuals and families. Towards that end, the City will need to think creatively about how to maximize development potential. Given this, MAPC worked with the City to develop a set of housing goals and strategies that will serve as a proactive guide for building a more diverse and affordable housing stock that will meet current and future demand.

## Affordable Housing Goals

**Goal 1: Create opportunities to develop a diverse and affordable housing stock to meet the needs of a changing demographic profile in the city.**

**Goal 2: Encourage affordable housing development to achieve and maintain the Chapter 40B 10% goal.**

**Goal 3: Develop strategies to ensure that existing affordable housing units are preserved for long-term affordability.**

**Goal 4: Identify sites that are most appropriate to accommodate Gloucester's projected growth in housing.**

**Goal 5: Review and revise the Zoning Ordinance to remove barriers and create more incentives toward the production of affordable housing in appropriate locations.**

**Goal 6: Leverage existing funding sources to meet existing and future housing needs.**

**Goal 7: Minimize the displacement of lower-income households.**

**Goal 8: Promote safe, healthy housing and living.**

**Goal 9: Ensure that the city is affirmatively furthering fair housing obligations.**

**Goal 10. Ensure that staffing and commissions have capacity to implement HPP.**

# Implementation Plan

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Based upon the goals outlined above, the following strategies and action plan items are designed to guide the City toward accomplishing those goals. The following implementation plan intends to deliver on the promise of the goals expressed throughout this process, with a program of tangible steps for the City to take over the next five years. There is a high level of activity already underway on many of these steps, and the City is well-equipped to move forward with implementation based on these ongoing efforts and with some additional “retooling” of existing resources.

**Goal 1: Create opportunities to develop a diverse and affordable housing stock to meet the needs of a changing demographic profile in the city.**

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## **Strategy 1.1: Work to Maintain CDBG and HOME Funding, and Ensure Housing Rehabilitation and First Time Homebuyer Programs are Meeting Housing Needs**

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The purpose of the City of Gloucester’s Housing Rehabilitation Program is to foster and maintain affordable, decent, safe, and sanitary housing in the City. The Housing Rehabilitation Program is funded by the City through its allocation of federal Community Development Block Grant (CDBG) funds from the U.S. Department of Housing & Urban Development (HUD). The level of funding for the program varies annually.

The City of Gloucester’s Program is available to income-eligible owners of single- and multi-family residential homes in Gloucester.

The Housing Rehabilitation Program, through the Grants Division of the Community Development Department, offers deferred payment, 0% interest loans to owner-occupied properties (1- 7 units). The program will provide assistance to homeowners in need of emergency repairs, building/health code violation repairs, and/or other repairs in order to improve the safety, accessibility, and energy-efficiency of their home.

The City will now also be using CDBG funding for a first-time Homebuyers Program. The HOME Consortium is providing rental assistance as well.

### **Action Plan**

- Continue to allocate CDBG and HOME funding to the Housing Rehabilitation Program
- Allocate a greater proportion of funds to the Housing Rehabilitation Program, or seek additional funding to preserve more housing units and serve income-eligible households

- Leverage additional funding for these programs through Community Preservation Act (CPA) and Affordable Housing Trust Fund (AHTF) allocations

## **Strategy 1.2: Provide Seniors and Persons with Disabilities with Greater Housing Options in Gloucester**

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The housing needs and demand assessment identified a significant number of senior households in need of potential housing assistance due to cost burdens and related issues with maintaining their homes. There is an extensive waiting list for GHA housing and there are limited units of senior housing available and only 21 units that are accessible. The City should encourage the development of new housing that is adaptable or fully accessible to people with disabilities, including seniors, and integrate or connect community supportive housing services into new development. The City should coordinate with the Council on Aging, the GHA, and other local senior advocates to help households in need get the support they deserve through local programs or improved living conditions. This should include fuel assistance, weatherization, and related programs, listed in full here:

[http://www.massresources.org/massachusetts\\_energy\\_assistance\\_d.html](http://www.massresources.org/massachusetts_energy_assistance_d.html).

## **Goal 2: Encourage affordable housing development to achieve, exceed and maintain the Chapter 40B 10% goal.**

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## **Strategy 2.1: Achieve Annual Housing Production Goals**

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In order to address unmet housing need and be compliant with Chapter 40B, Gloucester officials must establish and work to achieve production targets. The goals listed in Figure 31 below are based upon the total number of year-round homes as listed in the 2010 decennial Census (13,270) and MAPC's projection for the year 2020 of 625 additional units (13,895). The "cumulative state-certified affordable units" row is based upon the SHI as of January 2016 and a rate of increase of 0.5% of total units, which is required for municipalities to have their plan certified by DHCD, and could provide the City with more leverage in its review of any future comprehensive permits for Chapter 40B development. For Gloucester, the 0.5% and 1% goals are 66 and 133 respectively.

The City seeks to increase its inventory of State-certified affordable units at a pace generally consistent with the following production schedule. If the City continues at the pace outlined in the schedule, it will reach 9.3% by 2021. Note however, that the housing needs assessment in this HPP demonstrates a far greater need for affordable housing in Gloucester given that 43% of all households are cost-burdened and 19% are considered to be severely cost-burdened.

**Figure 31: Gloucester Affordable Housing Production Goals, 2016-2021**

	2016	2017	2018	2019	2020	2021
Total year-round homes	13,270	13,395	13,520	13,645	13,770	13,895
Cumulative state-certified affordable units*	951	1,017	1,084	1,152	1,220	1,289
10% requirement	1,327	1,339	1,352	1,364	1,377	1,389
Chapter 40B gap	376	322	268	212	157	100
Required units for relief at 0.5% of total units	66	67	68	68	69	69
Required units for relief at 1.0% of total units	133	134	135	136	137	139

\*Based on 2015 SHI plus 0.5% rate of increase. Source: US Census Bureau, 2010 Census and MAPC MetroFuture projections for 2020.

### Action Plan

- Affirm commitment to housing production goals as stated in the Housing Production Plan
- Annually review HPP goals and strategies through its expiration
- Regularly measure housing production, identify areas for continued improvement<sup>40</sup>

As mentioned in the Comprehensive Needs Assessment, Gloucester is grouped into the Boston-Cambridge-Quincy, MA-NH HUD Fair Market Rent (FMR) area, and the maximum allowable rents for subsidized units in this region are significantly higher than Gloucester's market rents. For the Boston metropolitan area, one bedroom units that are rented at or below \$1,372, including utilities, qualify as an affordable unit. This is significantly higher than the gross median rent in Gloucester, identified as \$975 in the Housing Production Plan. Furthermore, Households at 80% of Area Median Income (AMI) and below qualify for housing assistance, and because it is calculated using the great Boston area, that number is \$78,400, or 30 percent higher than Gloucester local median income of \$60,229. If it is the intention to create affordable units that meet the local affordable housing needs identified in the Housing Production Plan, Gloucester may want to go beyond the FMR area and specify the local affordability. For example, in Fitchburg, MA a community of similar median income of \$67,600 and outside of the Boston MSA, the Fair Market Rent for a single bedroom unit is \$774. The Fair Market Rent data for both the Boston and Fitchburg MSA is included in Appendix 2.

<sup>40</sup> UMass Donahue Institute Population Estimates Program (UMDI-PEP) has a program called the Housing Unit Review. The Institute can annually review the housing components used by the Census Bureau for their estimates, and to replace incorrect or estimated data for each municipality with updated, corrected, or actual data through the HUR Survey. MAPC also updates its projections on a regular basis.

### **Goal 3: Develop strategies to ensure that existing affordable housing units are preserved for long-term affordability.**

#### **Strategy 3.1: Monitor and Preserve Existing Affordable Units**

The City should continue to closely monitor units that could expire over the next few years. Moreover, the City should take steps to preserve affordable units so that they remain on the SHI and Gloucester continues to make progress towards the 10% target.

##### **Action Plan**

- Work with owners of expiring SHI units to recertify them
- Ensure that existing deed-restricted housing is monitored for compliance with restrictions
- Maintain an updated SHI annually as affordable units are created

### **Goal 4: Identify sites that are most appropriate to accommodate Gloucester's projected growth in housing.**

In consultation with the Working Group for the Gloucester HPP, and based on the analysis conducted by MAPC and input received at the October 2016 public forum, a number of potential sites for additional housing have been identified for consideration.

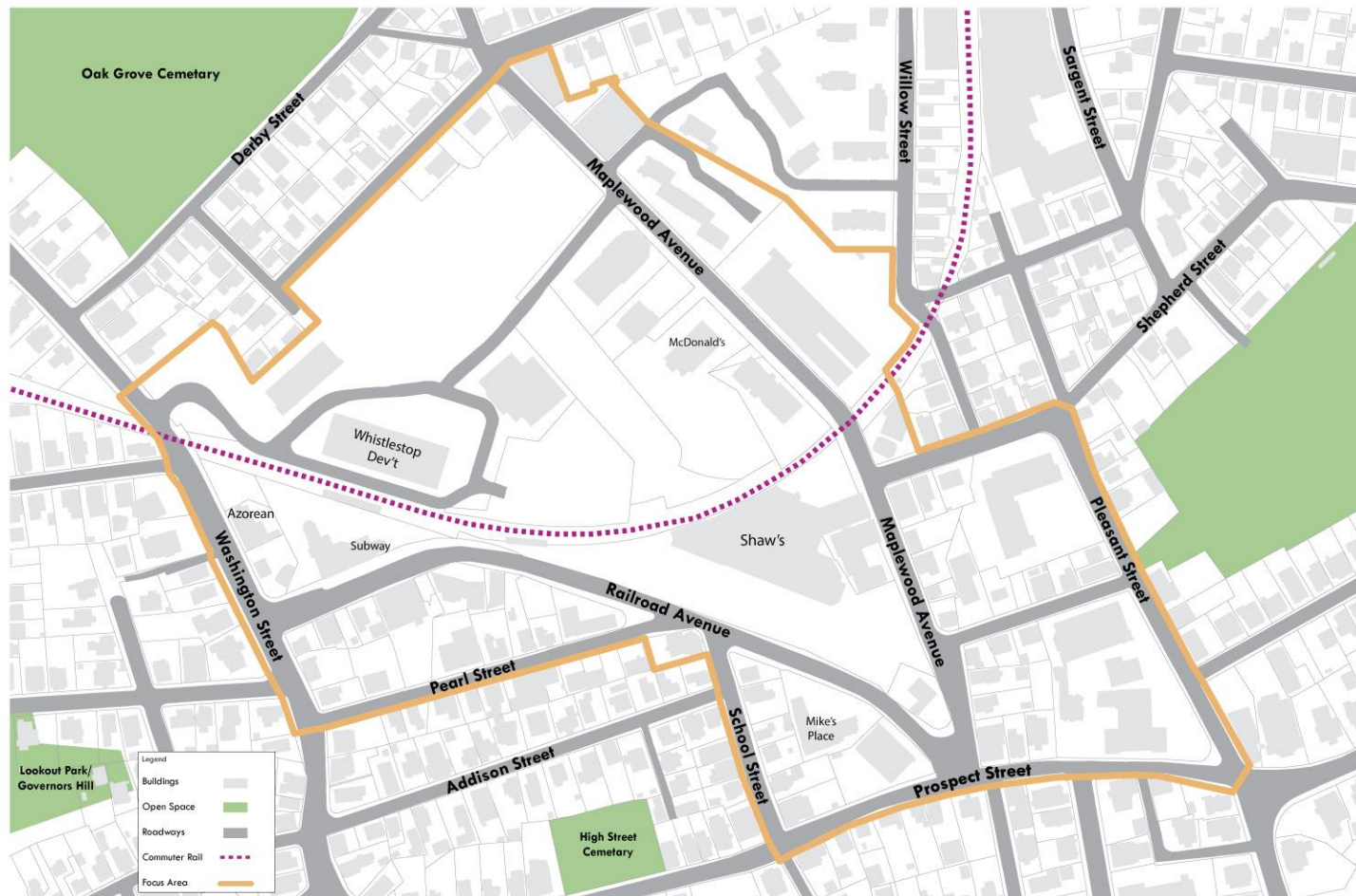
In 2008, the City closed the Fuller School located at 4 Schoolhouse Road along Blackburn Circle. Since that time, the school was partially used for administrative purposes for the Gloucester School Department and the Fuller School Integrated Preschool, until it was vacated in 2015. The City issued a request for proposals for a mixed use redevelopment. The current proposal for redevelopment of the site is to build up to 200 market rate apartments in addition to the relocation of a YMCA facility, and an additional 25,000 square feet of the new retail/commercial space. Pursuant to the City's Inclusionary Housing Requirements, 15% of the units would be required to be affordable. However, the developer opted to make an in-lieu contribution to the Affordable Housing Trust Fund, which will be approximately \$1,500,000. As a result, the City should recognize that this project will increase the SHI denominator after the 2020 Census update of the SHI and carefully strategize how to best leverage and maximize the creation of affordable units with these funds. Regardless of the strategy and implementation of the in-lieu funds, the project will satisfy the community need for multi-family units as well as increase a housing product type that's available in limited supply in the community.

In 2014, MAPC in partnership with the City of Gloucester, undertook a market study for the entire downtown area including the Gloucester MBTA commuter rail station (see Figure 32). Located just



north of the Central Business District (CBD) within walking distance to Main Street, the focus area is roughly bordered by Washington Street to the west, Myrtle Square to the North, Maplewood Avenue to the east, and Pearl and Prospect Streets to the south. The purpose of the market study was to identify the potential for housing, retail and office market segments that can be supported within the study area, with particular focus on the target area around the MBTA station, as well as the connective corridors from Main Street the station area.<sup>41</sup> See Appendix 3.

**Figure 32: Focused Study Area - Gloucester Downtown Market Analysis**



The study concluded that Downtown Gloucester could potentially support somewhere between 266 and 533 additional multi-family units over the next ten years. This is generally consistent with the projections in this HPP, although the high end of the market study estimate exceeds the projected 434 multi-family units. Given preferences for urban living among smaller households, the majority of new units would be in multi-family buildings, either in townhouse or apartment and condominium structures. The report recommended a mix of housing types and sizes (including live/work units) in order to attract downsizing seniors and younger singles and couples, many of whom may wish to access the commuter rail. It is important to note that unlike other nearby

<sup>41</sup> Gloucester Downtown Market Analysis, Metropolitan Area Planning Council, July 2014

downtowns (e.g. Salem, Beverly, Lynn), Downtown Gloucester currently lacks a large number of these unit types, thus the numbers are predicated on new unit creation with amenities attractive to smaller households.

Given the lack of supportive infrastructure in other parts of the city and the assessment of the residential potential for Downtown Gloucester, it is recommended that this area should be the focus for future multi-family development.

According to Walk Score, Gloucester is a place that overall requires a car to run most errands. The aggregated Walk Score for Gloucester is 41 out of 100.<sup>42</sup> However, over one third of the population lives within the 1.2 square mile downtown area of Gloucester, which receives a 94 Walk Score. Other walkable neighborhoods include East Gloucester and Magnolia. Since 2009, the City replaced or repaired over 13 miles of sidewalks throughout downtown and adjacent neighborhoods (including increased ADA compliance), and added three miles of bike lanes. In April 2016, Gloucester adopted a Complete Streets Policy and developed a Project Prioritization Plan that identifies a number of specific improvements to be made throughout the city.

Besides generally focusing on sites in the downtown area, specific potential sites (as depicted in Figure 33) include:

- YMCA site once Fuller is redeveloped
- Maplewood School
- St. Ann's School site
- Walgreen's shopping center
- Infill opportunities in Downtown Area, both private and City owned
- Housing Authority site - 256 Main St.
- TOD Area around RR Ave.
- Magnolia 2nd floor residential development - properties on Lexington Ave.
- City owned Gloucester Ave Site - 100 Gloucester Ave.
- City owned land near Fuller Site: 11R Essex St., 15R Dodge St., 18R Beckford St., 18 Beckford St., 1 Ledgeмонт Ave., 14 Beckford St., 1R - 13R Dodge St.

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<sup>42</sup> <https://www.walkscore.com/MA/Gloucester>



**Figure 33: Gloucester Housing Opportunities Sites**



**Goal 5: Review and revise the Zoning Ordinance to remove barriers and create more incentives toward the production of affordable housing.**

The City should identify where by-right development of a diverse housing stock can be encouraged in areas that are transit-accessible, including mixed commercial and multifamily housing uses that allows for higher density housing in areas where the infrastructure can support such density.

## **Strategy 5.1: Consider Where Increased Density is Appropriate and can be Supported**

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### **Action Plan**

- Identify “opportunity areas” most appropriate for and conducive to residential development, particularly in those area where the existing infrastructure could support such growth
- Consider Transit Orientated Development (TOD) techniques for new development around each mass transit station and along bus routes

## **Strategy 5.2: Identify and Minimize Barriers to Housing in the Zoning Ordinance**

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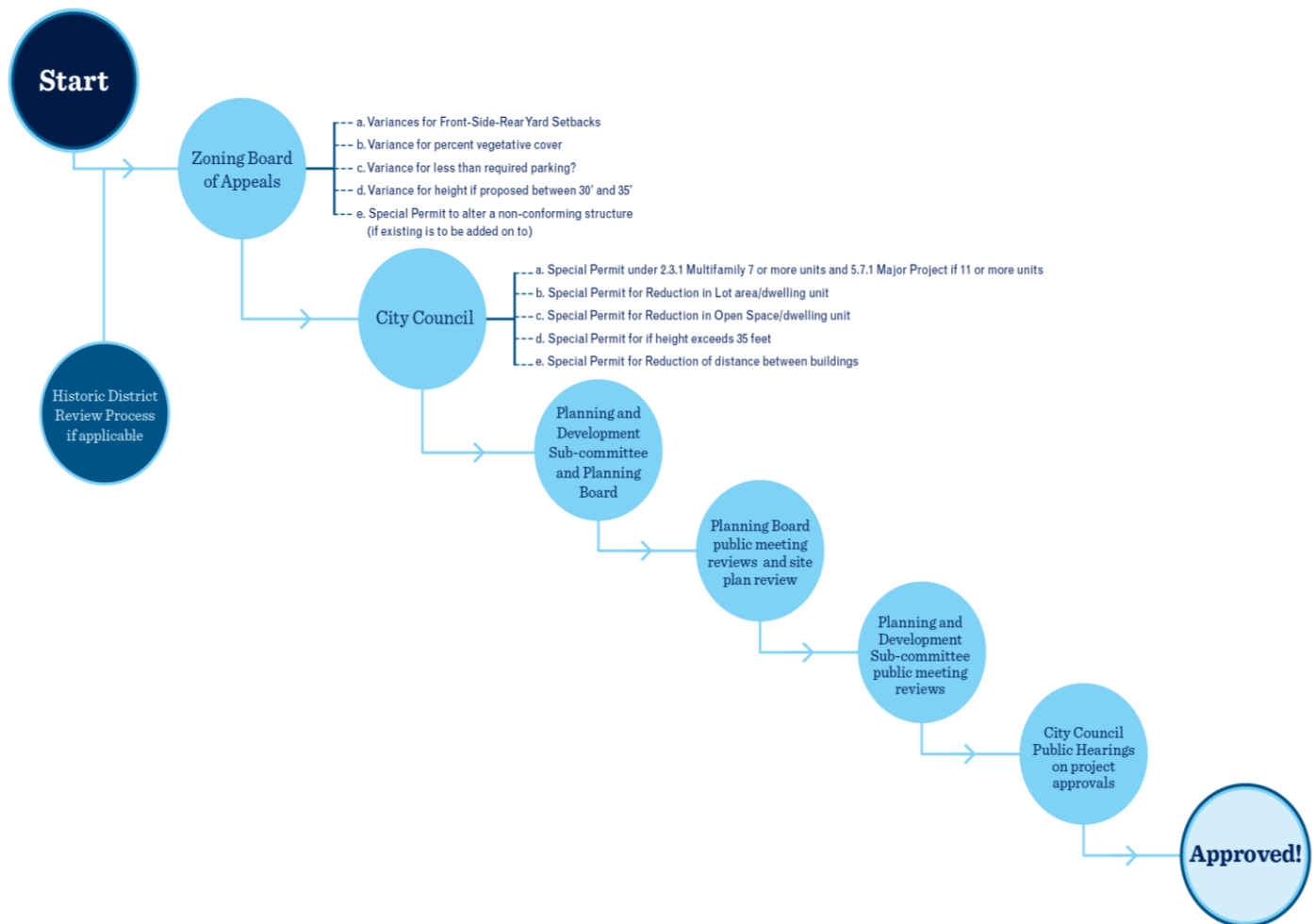
### **Action Plan**

- Review zoning regulations and explore changes that would encourage redevelopment and infill as a result of the lack of undeveloped residentially zoned land
- Determine where multi-family development may be permitted by-right, such as downtown. Multi-family uses are currently allowed by a City Council special permit. Multi-family development often also requires reviews by additional boards and committees (see Figure 34). The City should consider streamlining this process and assigning one single body for permitting multi-family.
- Determine whether dimensional requirements, including building height, setbacks, and open space per dwelling unit discourage multi-family development
- Determine whether parking requirements discourage multi-family development
- Clarify §2.2.3 regarding mixed-use (and define in the definitions section) to specifically encourage housing as an option in mixed-use structures; identify which districts mixed use may be allowed; and streamline the permitting process
- Consider modifications to the accessory apartment provisions of the ordinance by allowing them by right in certain districts and to allow non-family households to occupy the accessory units
- Explore modifications to the Inclusionary Housing Ordinance to create incentives for the production of more inclusionary units while discouraging payments in lieu of building units. Consider reducing the threshold for triggering inclusionary housing from eight units. Enforce the provisions of the ordinance to ensure actual construction of the required affordable units. Consider an alternative calculation for the payment in lieu of so that it is an amount equal to the required number of affordable housing units multiplied by the median price of a market-rate home comparable in type, size, and number of bedrooms over a period of 18 months prior to the date of application submission.
- Review the formula for how the fee charged in lieu of the construction of ownership and rental dwelling units is calculated

- Review the OSRD procedure in §5.15 to look for ways to streamline the permitting process and make it a more attractive option for developers
- Provide technical assistance to the AHTF on implementation of the Inclusionary Housing Ordinance. The Town of Watertown created a toolkit to assist the Town in implementation of the ordinance and developers in understanding the requirements and procedures (<http://www.watertown-ma.gov/DocumentCenter/View/16717>).

Figure 34 illustrates the current multi-family development permitting process for the CB and downtown neighborhoods as described in the 2013 Downtown Work Plan. The current process to develop multi-family housing and mixed use development in downtown Gloucester is arduous and involves multiple board approvals, including a City Council special permit.

**Figure 34: Prototypical Multi-Family and Mixed Use Development Process**



Source: 2013 Downtown Work Plan

## **Goal 6: Leverage existing funding sources to meet existing and future housing needs.**

Given the continued cutbacks to CDBG and HOME funding, the City should leverage AHTF and CPA funds to acquire, create, preserve, and rehabilitate/ restore when applicable low and moderate income housing for individuals, families, and senior housing. As the fund continues to grow, the City has additional opportunities to create new affordable units or offer financial assistance in addition to the rehabilitation of existing units. Examples of ways in which communities have leveraged CPA funds for affordable housing can be found at the Community Preservation Coalition website (see <http://communitypreservation.org/projectsdatabaseaccess>). Another resource is available through the Massachusetts Housing Partnership ([http://www.mhp.net/writable/resources/documents/CPA-guidebook-2016\\_lowres.pdf](http://www.mhp.net/writable/resources/documents/CPA-guidebook-2016_lowres.pdf)). Additionally, the City could consider increasing the CPA percentage allocation that is dedicated to housing to provide additional funding.

### **Strategy 6.1: Utilize AHTF Money for Construction of New Units and Preservation of Existing Ones**

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The Trust Fund currently has \$255,000 and is a vital financial resource for the City. The money can be used to construct new housing units as well as preserving existing affordable units directly through rehabilitation. It can also be used to assist homeowners and renters stay in their homes. The Fuller Mixed-use Project, currently in the pre-permitting process, may provide an estimated \$1.5 million of funding for the trust within the next five years, and it is important for the City to develop a strategy to expend this funding on affordable housing projects.

#### **Action Plan**

- Establish a specific timeline for how the money will be spent and when
- Project and plan for the use of additional funds generated through the program

### **Strategy 6.2: Utilize CPA Funds for Construction of New Units and Preservation of Existing Ones**

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In addition to the Trust Fund Gloucester is a Community Preservation Act (CPA) community and can allocate 10% of the annual funds towards affordable housing, which is approximately \$62,000 a year. In addition, the CPA currently has a balance of \$263,000 that can be used for affordable housing.

#### **Action Plan**

- Develop a program to utilize CPA funds to leverage the creation and preservation of affordable housing

- Project and plan for the use of reserve funds towards affordable housing projects

## **Goal 7: Minimize the displacement of lower-income households.**

Since many of the City's low-income households reside in rental units, this population is likely to become more vulnerable to displacement as rents increase due to new investment. In order to work towards distributing the benefits of neighborhood change among existing and new residents alike, the City should consider exploring anti-displacement strategies that help retain households and businesses at risk of being priced out of an inflating market.

### **Strategy 7.1: Preserve Existing Affordable Rental Housing**

Rising property values in areas undergoing large-scale investments in transit and other infrastructure can threaten the continued affordability of existing rental homes and lead to property tax increases that make it difficult for low-income homeowners to afford their housing costs. Rising property values can also make it cost-prohibitive to replace newly developed affordable homes lost due to the expiration of affordability restrictions. Local communities can take steps to preserve existing affordable rental homes and create new homeownership and rental opportunities that will remain available to low- and moderate-income households over the long term.

Preservation of existing affordable housing in the City is critical, as well as potentially acquiring or rehabilitating and preserving new affordable housing. HOME funds can be used for these activities – both housing rehabilitation and tenant-based rental assistance. Preservation of units ensures that housing is affordable to low- and moderate-income households by protecting the units in a deed restriction.

Whenever property values rise, there is a danger that owners of properties with federal housing subsidies may choose to opt out of their subsidy contracts upon its expiration and that owners of unsubsidized affordable rentals may raise rents or sell the buildings in preparation for conversion to condominiums or higher-priced housing units. The City should consider adopting a preservation strategy that specifically targets location-efficient areas to help stem the loss of affordable rental homes in strong market neighborhoods, particularly around transit.

#### **Action Plan**

- Develop a program to incentivize rental property owners to place deed restrictions on rental units voluntarily
- MAPC has developed a toolkit on Managing Neighborhood Change. See <http://www.mapc.org/neighborhood-change>

- Creating a “preservation catalog” to identify and track subsidized housing near transit stations that is at the highest risk of loss
- Prioritizing the use of Low Income Housing Tax Credits and other funding sources to recapitalize and modernize location-efficient affordable homes
- Consider strategies to address the issue of teardowns that reduces the stock of more moderately sized and priced homes

## **Goal 8: Promote safe, healthy housing and living.**

### **Strategy 8.1: Connect Homeowners and Renters to Energy Efficiency/Renewable Energy Programs and Incentives**

Retrofitting existing residential properties to meet energy efficiency guidelines can greatly reduce household utility bills. The installation of renewable energy sources, such as solar panels, can protect against energy price volatility. There are several state and federal programs that offer technical assistance, subsidies, and complete financing for renewable energy sources and energy saving home-upgrades. Gloucester already receives funding from HUD through the CDBG, which can be used to support this work among low- and moderate-income households.

Other resources include, but are not limited to: the Massachusetts Utility-Funded Low-Income Multi-Family Energy Retrofit Program, Mass Save Multi-Family Retrofit Program, Massachusetts Residential New Construction Program, the Massachusetts Department of Housing and Community Development’s Weatherization Assistance Program, and the Commonwealth Solar Hot Water Program. A complete list of Massachusetts-specific renewable and energy efficiency retrofit incentives can be found on the Database of State Incentives for Renewable and Efficiency (DSIRE) website: <http://dsireusa.org/incentives/homeowner.cfm?state=MA&re=0&ee=0>.

#### **Action Plan**

- Publicize energy efficiency benefits and programs that are available for residential utility customers through the City’s website and its housing rehabilitation program

### **Strategy 8.2: Retrofit Public Housing to Meet High Energy Efficiency Standards**

As a Green Community, Gloucester is eligible to apply for competitive grant funding for clean energy projects. The City may use such funding to complete energy projects, such as energy retrofits and renewable energy installations, on all municipally-owned property. The City should work with the Gloucester Housing Authority to apply Green Communities funding to public housing. Energy-saving measures that may be eligible for funding and appropriate for these units include upgrades to lighting, HVAC, and landscaping. Additionally, CPA funding can be made

available to the Housing Authority for modifications and building updates to improve energy efficiency within each apartment and for the buildings in general, which can help to reduce operating costs.

#### **Action Plan**

- Consider making funding available to the Gloucester Housing Authority to implement energy-saving measures

### **Strategy 8.3: Encourage Property Owners and Residents to Minimize In-Home Exposure to Irritants & Pollutants**

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Research shows that indoor environmental pollutants such as lead, pests, mold, secondhand smoke, and other irritants can lead to or exacerbate chronic health conditions and impair quality of life. The City can encourage property owners and residents to take steps to mitigate these hazards. For example, property owners can conduct risk assessments and lead abatement; adopt integrated pest management (IPM) techniques to reduce exposure to indoor and outdoor pests; and make use of drainage systems, insulating cold HVAC and plumbing components, or watertight and weather-tight sealing materials to prevent mold. To reduce indoor exposure to secondhand smoke, property owners should adopt smoke-free housing policies that prohibit smoking in the residence and preferably exclude smoking on the premises or, at least limit smoking to a designated outdoor smoking area a minimum of 25 feet away from the building.

The City addresses Lead Based Paint (LBP) hazards through education efforts and housing programs. The City's Health Department is at the forefront of LBP education and also partners with the Massachusetts Department of Health which has an extensive testing and education program. All housing programs supported by public funding in Gloucester require LBP free construction and rehabilitation.<sup>43</sup>

#### **Action Plan**

- Hold a Smoke-Free Housing Policy Forum with the local housing authority, developers of subsidized private housing, and public health agencies
- Provide developers with weblinks to the following resources:
  - Environmental Protection Agency (EPA) Lead Resources, <http://www2.epa.gov/lead/protect-your-family>
  - MassHousing Get the Lead Out Loan Program, [https://www.masshousing.com/portal/server.pt/community/home\\_owner\\_loans/228/get\\_the\\_lead\\_out](https://www.masshousing.com/portal/server.pt/community/home_owner_loans/228/get_the_lead_out)
  - EPA IPM Fact Sheet, <http://www.epa.gov/opp00001/factsheets/ipm.htm>
  - EPA Mold Remediation, [http://www.epa.gov/mold/mold\\_remediation.html](http://www.epa.gov/mold/mold_remediation.html) or <http://www.epa.gov/mold/index.html>

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<sup>43</sup> Community Development Block Grant Consolidated Plan, City of Gloucester, 2015-2019

- DHCD Guidelines for Smoke-free Housing Policies,  
<http://www.mass.gov/hed/docs/dhcd/ph/publicnotices/14-08guidelines.pdf>
- Massachusetts Tobacco Control Program,  
<http://www.mass.gov/eohhs/gov/departments/dph/programs/mtcp/tobacco-control-prevention-and-cessation.html>
- <http://www.mass.gov/eohhs/gov/departments/dph/programs/mtcp/tobacco-control-prevention-and-cessation.html>

## **Strategy 8.4: Site Housing to Reduce Exposure to Outdoor Pollutants**

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Research shows that housing located on or near brownfields or air pollutants can have harmful impacts on residents. The state offers brownfield program incentives for redevelopment of contaminated property, and there are several techniques to reduce resident exposure to traffic emissions, a major contributor to air pollution. These include the use of high-efficiency particulate air (HEPA) filtration in buildings, urban design that varies building sizes and shapes to promote air circulation, and use of vegetation and/or sound wall barriers.

Conversely, siting housing near open spaces can have some positive attributes. Housing near open space can counteract extreme heat and other climate change related events while also providing important mental health benefits for the residents of Gloucester. The City has an Open Space and Recreation Plan (OSRP) that expires in 2017.

### **Action Plan**

- During review of housing proposals, review selected site for potential proximity to brownfields and high vehicular traffic corridors
- Provide developers with weblinks to the following resources:
  - MassDEP Resources,  
<http://www.mass.gov/eea/agencies/massdep/cleanup/programs/>
  - MassDevelopment Brownfield Redevelopment Fund,  
<http://www.massdevelopment.com/financing/specialty-loan-programs/brownfields-redevelopment-fund/>
  - Improving the Health of Near Highway Communities,  
<http://sites.tufts.edu/cafeh/project-description/improving-the-health-of-near-highway-communities/>
- Encourage developers to use the cluster and OSRP provisions of the zoning ordinance in order to create more housing adjacent to preserved open spaces
- Update the 2011-2017 OSRP and continue to implement strategies from that plan designed to preserve and enhance open spaces as well as expand recreational opportunities for city residents



## **Strategy 8.5: Continue to Provide Services and Seek New Housing Opportunities to Reduce the Homeless Population**

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The City of Gloucester is part of the North Shore Continuum of Care, which provides a regional network to assist the homeless and near-homeless with shelter, permanent housing and supportive services. Gloucester has a well-integrated network of service providers that collaborate both locally and regionally. The City's primary homeless and housing providers: the Gloucester Housing Authority, Action, Inc. and Wellspring House, Inc. are each active members of the region's Continuum of Care. They also join other homeless providers, including the Grace Center, on the High Risk Task Force, which has succeeded in increasing the efficiency and effectiveness of service delivery for both providers and homeless clients.

The City of Gloucester will continue to utilize local and federal funds, including CDBG monies to support programs, public facility improvements, and the creation of affordable housing for the homeless, near homeless and non-homeless special needs. Over the next five years, the City remains committed to allocating the maximum allowable percentage of CDBG funds to public services.<sup>44</sup>

## **Goal 9: Ensure that the City is affirmatively furthering fair housing obligations.**

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The Community Development Department supports the Gloucester Fair Housing Committee. The purpose of the Committee is to aid the City in its effort to foster a climate in which the individual human dignity and civil rights of all people are respected and where every potential homeowner has access to all housing regardless of race, color, religious creed, national origin, ancestry, age, children, marital status, disability, sexual orientation, public assistance recipient, or gender.

## **Strategy 9.1: Implement the Regional Fair Housing Policies**

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The Analysis of Impediments to Fair Housing for Gloucester was completed in 2013. A jurisdiction is affirmatively furthering fair housing when it 1) has a current Analysis of Impediments to Fair Housing Choice, 2) is implementing the recommendations that follow from that analysis, and 3) is documenting its efforts to improve fair housing choice.

### **Action Plan**

- Work with the North Shore Home Consortium and other public non-profit agencies such as GHA, human service organizations, Council on Aging and other elder service organizations, homeless providers and other special needs providers, to ensure compliance with fair housing laws and policies.

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<sup>44</sup> Community Development Block Grant Consolidated Plan, City of Gloucester, 2015-2019

## **Goal 10: Ensure that staffing and commissions have capacity to implement HPP.**

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### **Strategy 10.1: Enhance the capacity of the AHTF**

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The AHTF is the primary advocate for affordable housing in the City. Currently, the AHTF has approximately \$1.6 million in available funds, with more to come. It is important that the AHTF establish procedures and parameters for how the money will be utilized, and priorities for the types of projects it will fund. The Center for Community Change provides a good resource regarding the creation and operation of a housing trust fund. Defining the key elements of the housing trust fund is critical to an efficient, effective, and responsive program. Information on the development and implementation of housing trust funds can be found at <http://housingtrustfundproject.org/>.

Additionally, the Massachusetts Housing Partnership (MHP) prepared two guidebooks that are helpful in the establishment and operation of an affordable housing trust fund. *Municipal Affordable Housing Trusts* is an updated guidebook on utilizing the local trust to achieve housing goals. ([http://www.mhp.net/writable/resources/documents/municipal\\_affordable\\_housing\\_trust\\_guidebook.pdf](http://www.mhp.net/writable/resources/documents/municipal_affordable_housing_trust_guidebook.pdf)).

*Municipal Affordable Housing Trust Operations Manual* provides guidance on getting started with the trust, as well as legal considerations, sources of revenues, eligible initiatives, and funding projects ([http://www.mhp.net/writable/resources/documents/MAHT-Ops-Manual\\_final.pdf](http://www.mhp.net/writable/resources/documents/MAHT-Ops-Manual_final.pdf)).

#### **Action Plan**

- Prepare a strategic plan for the AHTF that identifies its goals and operational parameters
- Establish priorities for the types of projects that can be funded
- Standardize the informational requirements for any proposal brought before the AHTF for funding

### **Strategy 10.2: Ensure cross-board coordination and alignment on housing activities**

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Local leadership and continued advocacy are critical ingredients to implementing the community's housing goals. That commitment should be maintained throughout the housing development process, from project concept to completion. Coordination among all relevant City boards, committees and officials engaged in land use and housing policy setting and decision-making is

vital in order to ensure that housing strategies are implemented in a way that is compatible with other planning goals.

#### **Action Plan**

- Hold all land-use board meetings to discuss implementation of this HPP
- Encourage continued participation of City Councilors in AHTF activities and meetings
- Consider acquiring permitting software to assist in organizing and synchronizing information for City officials, applicants and the public

### **Strategy 10.3: Continue to Explore Opportunities to Work Collaboratively with Non-profit Housing Developers**

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There are many opportunities to partner with non-profit housing developers, such as the local Habitat for Humanity affiliates, which may benefit the City. Through the use of AHTF and CPA funds, the City can assist with the purchase of properties at-risk of losing their affordability restrictions, pre-development costs related to affordable housing development, and the cost of construction of affordable housing. The City will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible, potentially infusing funding from the CPA, CDBG, HOME or the proposed AHTF where appropriate.

#### **Action Plan**

- Engage non-profit developers active in the MAPC region and Gloucester area to assess the potential for developing partnerships

# Appendix 1

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Participants at the January 27, 2016 public forum were asked to provide input on what the goals for the plan should include and the following comments were offered:

- Provide easier access to more affordable housing
- Understand housing demand by tenure and AMI
- Affordable coastal living to preserve community character
- Manage neighborhood change
- Increase affordable housing for 65+ households
- HPP should focus on 1-person 65+ householders
- Consider transit-oriented development
- Creation of accessory units for “empty nesters”
- Support for solar power to defray housing costs
- Review permitting for large houses and their impact on affordability
  - More, smaller-sized housing units
- Increase affordable assisted living units (senior housing)
- Review of regulatory environment codes that encumber landlords
- Review of neighborhood-level challenges
- Preserve neighborhood character
- Affordable to younger householders
- More amenities in walkable neighborhoods
- Innovate in models for housing production
  - Walkability
  - Co-housing?
  - Amenities
- Middle-Income housing
- Need more affordable housing, keep workforce
- Live in affordable home but real estate taxes are high at over \$4,000
  - Difficulty living in modest home
- What is the financial gap between rent/sale prices?
  - Amount a household can afford to pay
  - How many units are cost-burdened
- Concern with coastal living gentrification and no housing affordability; decline of fishing industry will increase gentrification further
- Need affordable housing for seniors, and single people
  - Many people end up renting rooms
  - Need affordable one bedroom for single workers
    - 45-75 years old
- Change zoning for more multifamily near transit

- Allow empty nesters to create accessory units
  - Allow aging in place
- Waiting list for affordable housing increasing over 25% last five years
- Reduce electric bills through solar panels
- Stop permitting McMansion large homes and create more necessary smaller and affordable units
  - Small, livable, walkable
- Cape Ann senior housing waiting lists are 7-9 years
- Housing occupancy inspections and regulations too onerous on property owners
- Not just affordability city-wide but neighborhood level to allow housing choices and affordability in all types of neighborhoods
- Fuller School site?
- Cohousing for seniors
- Subdivision/rehab of existing stock?
- Easier funding solutions for middle-income
- Communicate HPP to all members to educate about the need and implement the plan and partnerships
- Tax breaks for landlords who provide dead-restricted rental units at a fair-market/affordable rate

At the second public forum held at the City Hall Kyrouz Auditorium on October 26, 2016, participants were asked to identify priorities for both the goals and the strategies that are described in the following sections.

### **Public Meeting Summaries**

The top three priority ranked goals were:

- Goal 4: Review and revise the Zoning Ordinance to remove barriers and create more incentives toward the production of affordable housing.
- Goal 2: Encourage affordable housing development to achieve, exceed and maintain the Chapter 40B 10% goal.
- Goal 7: Minimize the displacement of lower-income households.

The strategies that were identified as priorities include (additional comments noted after the strategy):

- Strategy 4.2: Identify and minimize barriers to housing in the zoning ordinance (address the issue of teardowns)
- Strategy 10.3: Continue to explore opportunities to work collaboratively with non-profit housing developers
- Strategy 8.5: Continue to provide services and seek new housing opportunities to reduce the homeless population

- Strategy 6.1: Utilize AHTF money for construction of new units and preservation of existing ones (increase funding)
- Strategy 4.1: Consider where increased density is appropriate and can be supported
- Strategy 7.1: Preserve existing affordable rental housing (address the issue of teardowns)
- Strategy 1.2: Provide seniors and persons with disabilities with greater housing options in Gloucester (including assisted living)
- Strategy 2.1: Achieve annual housing production goals
- Strategy 3.1: Monitor and preserve existing affordable units

## Appendix 2

As mentioned in the Comprehensive Needs Assessment, Gloucester is grouped into the Boston-Cambridge-Quincy, MA-NH HUD Fair Market Rent (FMR) area, and the maximum allowable rents for subsidized units in this region are significantly higher than Gloucester's market rents. For the Boston metropolitan area, one bedroom units that are rented at or below \$1,372, including utilities, qualify as an affordable unit. This is significantly higher than the gross median rent in Gloucester, identified as \$975 in the Housing Production Plan. Furthermore, Households at 80% of Area Median Income (AMI) and below qualify for housing assistance, and because it is calculated using the great Boston area, that number is \$78,400, or 30 percent higher than Gloucester local median income of \$60,229. If it is the intention to create affordable units that meet the local affordable housing needs identified in the Housing Production Plan, Gloucester may want to go beyond the FMR area and specify the local affordability. For example, in Fitchburg, MA a community of similar median income of \$67,600 and outside of the Boston MSA, the Fair Market Rent for a single bedroom unit is \$774.

### Boston-Cambridge-Quincy, MA-NH HUD Fair Market Rent



### **FY 2017 Fair Market Rent Documentation System**

### **The Final FY 2017 Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area FMRs for All Bedroom Sizes**

<b>Final FY 2017 FMRs By Unit Bedrooms</b>					
	<u><a href="#">Efficiency</a></u>	<u><a href="#">One-Bedroom</a></u>	<b>Two-Bedroom</b>	<u><a href="#">Three-Bedroom</a></u>	<u><a href="#">Four-Bedroom</a></u>
<b>Final FY 2017 FMR</b>	\$1,194	\$1,372	\$1,691	\$2,116	\$2,331
<u><a href="#">Final FY 2016 FMR</a></u>	\$1,056	\$1,261	\$1,567	\$1,945	\$2,148
<b>Percentage</b>	13.1%	8.8%	7.9%	8.8%	8.5%

## Final FY 2017 FMRs By Unit Bedrooms

### Change

The Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area consists of the following towns: Amesbury Town city (Essex County), MA; Beverly city (Essex County), MA; Danvers town (Essex County), MA; Essex town (Essex County), MA; Gloucester city (Essex County), MA; Hamilton town (Essex County), MA; Ipswich town (Essex County), MA; Lynn city (Essex County), MA; Lynnfield town (Essex County), MA; Manchester-by-the-Sea town (Essex County), MA; Marblehead town (Essex County), MA; Middleton town (Essex County), MA; Nahant town (Essex County), MA; Newbury town (Essex County), MA; Newburyport city (Essex County), MA; Peabody city (Essex County), MA; Rockport town (Essex County), MA; Rowley town (Essex County), MA; Salem city (Essex County), MA; Salisbury town (Essex County), MA; Saugus town (Essex County), MA; Swampscott town (Essex County), MA; Topsfield town (Essex County), MA; Wenham town (Essex County), MA; Acton town (Middlesex County), MA; Arlington town (Middlesex County), MA; Ashby town (Middlesex County), MA; Ashland town (Middlesex County), MA; Ayer town (Middlesex County), MA; Bedford town (Middlesex County), MA; Belmont town (Middlesex County), MA; Boxborough town (Middlesex County), MA; Burlington town (Middlesex County), MA; Cambridge city (Middlesex County), MA; Carlisle town (Middlesex County), MA; Concord town (Middlesex County), MA; Everett city (Middlesex County), MA; Framingham town (Middlesex County), MA; Holliston town (Middlesex County), MA; Hopkinton town (Middlesex County), MA; Hudson town (Middlesex County), MA; Lexington town (Middlesex County), MA; Lincoln town (Middlesex County), MA; Littleton town (Middlesex County), MA; Malden city (Middlesex County), MA; Marlborough city (Middlesex County), MA; Maynard town (Middlesex County), MA; Medford city (Middlesex County), MA; Melrose city (Middlesex County), MA; Natick town (Middlesex County), MA; Newton city (Middlesex County), MA; North Reading town (Middlesex County), MA; Reading town (Middlesex County), MA; Sherborn town (Middlesex County), MA; Shirley town (Middlesex County), MA; Somerville city (Middlesex County), MA; Stoneham town (Middlesex County), MA; Stow town (Middlesex County), MA; Sudbury town (Middlesex County), MA; Townsend town (Middlesex County), MA; Wakefield town (Middlesex County), MA; Waltham city (Middlesex County), MA; Watertown city (Middlesex County), MA; Wayland town (Middlesex County), MA; Weston town (Middlesex County), MA; Wilmington town (Middlesex County), MA; Winchester town (Middlesex County), MA; Woburn city (Middlesex County), MA; Bellingham town (Norfolk County), MA; Braintree Town city (Norfolk County), MA; Brookline town (Norfolk County), MA; Canton town (Norfolk County), MA; Cohasset town (Norfolk County), MA; Dedham town (Norfolk County), MA; Dover town (Norfolk County), MA; Foxborough town (Norfolk County), MA; Franklin Town city (Norfolk County), MA; Holbrook town (Norfolk County), MA; Medfield town (Norfolk County), MA; Medway town (Norfolk County), MA; Millis town (Norfolk County), MA; Milton town (Norfolk County), MA; Needham town (Norfolk County), MA; Norfolk town (Norfolk County), MA; Norwood town (Norfolk County), MA; Plainville town (Norfolk County), MA; Quincy city (Norfolk County), MA; Randolph town (Norfolk County), MA; Sharon town (Norfolk County), MA; Stoughton town (Norfolk County), MA; Walpole town (Norfolk County), MA; Wellesley town (Norfolk



County), MA; Westwood town (Norfolk County), MA; Weymouth Town city (Norfolk County), MA; Wrentham town (Norfolk County), MA; Carver town (Plymouth County), MA; Duxbury town (Plymouth County), MA; Hanover town (Plymouth County), MA; Hingham town (Plymouth County), MA; Hull town (Plymouth County), MA; Kingston town (Plymouth County), MA; Marshfield town (Plymouth County), MA; Norwell town (Plymouth County), MA; Pembroke town (Plymouth County), MA; Plymouth town (Plymouth County), MA; Rockland town (Plymouth County), MA; Scituate town (Plymouth County), MA; Wareham town (Plymouth County), MA; Boston city (Suffolk County), MA; Chelsea city (Suffolk County), MA; Revere city (Suffolk County), MA; Winthrop Town city (Suffolk County), MA; Seabrook town (Rockingham County), NH; and South Hampton town (Rockingham County), NH. All information here applies to the entirety of the Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area.

## Fair Market Rent Calculation Methodology



*Show/Hide Methodology Narrative*



Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2010-2014 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2017 provided the estimate is statistically reliable. For FY2017, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself.

If an area does not have a reliable 2010-2014 5-year, HUD checks whether the area has had a reliable estimate in any of the past 5 years. If so, the most recent reliable estimate is updated by the change in the area's corresponding State metropolitan or non-metropolitan area from the year of the most recent reliable estimate to 2010. This update value becomes the basis for FY2017.

If an area has not had a reliable estimate in the past 5 years, the estimate State for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2017.

2. HUD calculates a recent mover adjustment factor by comparing a 2014 1-year 40th percentile recent mover 2-bedroom rent to the 2010-2014 5-year 40th percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR

Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.

3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.
4. Rents are calculated as of 2015 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2014 to annual 2015.
5. All estimates are then inflated from 2015 to FY2017 using a national trend factor based on the forecast of gross rent changes through FY2017.
6. FY2017 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.

### The results of the Fair Market Rent Step-by-Step Process

1. The following are the 2014 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area.

Area	ACS <sub>2014</sub> 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent	ACS <sub>2014</sub> 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error	Ratio	Result
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area	<a href="#">\$1,320</a>	\$9	\$9 / \$1,320=0.007	0.007 < .5 Use ACS <sub>2014</sub> 5-Year Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Gross Rent

2. Since the ACS<sub>2014</sub> Margin of Error Ratio is less than .5, the ACS<sub>2014</sub> Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

Area	ACS <sub>2014</sub> Rent
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area	\$1,320

3. A recent mover adjustment factor is applied based on the smallest area of geography which contains Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area and has an ACS<sub>2014</sub> 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.

Area	ACS <sub>2014</sub> 1-Year Adjusted Standard Quality Recent-Mover Gross Rent	ACS <sub>2014</sub> 1-Year Adjusted Standard Quality Recent-Mover Gross Rent Margin of Error	Ratio	Result
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area – 2 Bedroom	<a href="#">\$1,566</a>	\$43	0.027	0.027 < .5 Use ACS <sub>2014</sub> 1-Year Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Recent-Mover Gross Rent

4. The smallest area of geography which contains Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area and has an ACS<sub>2014</sub> 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 is Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area.
5. The calculation of the relevant Recent-Mover Adjustment Factor for Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area is as follows:

ACS <sub>2014</sub> 5-Year Area	ACS <sub>2014</sub> 5-Year 40th Percentile Adjusted Standard Quality Gross Rent	ACS <sub>2014</sub> 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent
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Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area – 2 Bedroom			<a href="#">\$1,320</a>	<a href="#">\$1,566</a>
Area	Ratio	Recent-Mover Adjustment Factor		
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area	$\frac{\$1,566}{\$1,320} = 1.186$	$1.186 \geq 1.0$ Use calculated Recent-Mover Adjustment Factor of 1.186		

7. The calculation of the relevant CPI Update Factors for Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area is as follows: HUD updates the 2014 intermediate rent with the ratio of the annual 2015 local or regional CPI to the annual 2014 local or regional CPI to establish rents as of 2015.

8.	Update Factor	Type
CPI Update Factor	<a href="#">1.0249</a>	Local CPI

9. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2015 to 2017. This makes Fair Market Rents "as of" FY2017.

National Trend Factor
<a href="#">1.0531</a>

10. The FY 2017 2-Bedroom Fair Market Rent for Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area is calculated as follows:

Area	<a href="#">ACS<sub>2014</sub> 5-Year Estimate</a>	<a href="#">Recent- Mover Adjustment Factor</a>	<a href="#">Annual 2014 to 2015 CPI Adjustment</a>	<a href="#">Trending 1.0531 to FY2017</a>	FY 2017 2-Bedroom FMR
Boston-Cambridge-Quincy, MA-NH HUD	\$1,320	1.186	1.0249	1.0531	$\$1,320 * 1.186 * 1.0249 * 1.0531 = \$1,690$

Metro FMR  
Area

11. In keeping with HUD policy, the preliminary FY 2017 FMR is checked to ensure that it does not fall below the state minimum.

Since Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area is a multistate area, the highest state minimum of the states comprising Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area is used:

State	FY 2017 State Minimum
Massachusetts	\$681
New Hampshire	\$681

The relevant state minimum is that of Massachusetts / New Hampshire at \$681.

Area	Preliminary FY2017 2- Bedroom FMR	FY 2017 Massachusetts / New Hampshire State Minimum	Final FY2017 2- Bedroom FMR
Boston-Cambridge- Quincy, MA-NH HUD Metro FMR Area	\$1,690	<a href="#"><u>\$681</u></a>	\$1,690 ≥ \$681 Use Boston-Cambridge- Quincy, MA-NH HUD Metro FMR Area FMR of \$1,690

#### Final FY2017 Rents for All Bedroom Sizes for Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area

The following table shows the Final FY 2017 FMRs by bedroom sizes.

Click on the links in the table to see how the bedroom rents were derived.

Final FY 2017 FMRs By Unit Bedrooms				
<a href="#"><u>Efficiency</u></a>	<a href="#"><u>One-</u></a>	<a href="#"><u>Two-</u></a>	<a href="#"><u>Three-</u></a>	<a href="#"><u>Four-</u></a>

		<u>Bedroom</u>	<u>Bedroom</u>	<u>Bedroom</u>	<u>Bedroom</u>
<b>Final FY 2017 FMR</b>	\$1,194	\$1,372	\$1,691	\$2,116	\$2,331

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

#### Fitchburg-Leominster, MA HUD Metro FMR Area



#### FY 2017 Fair Market Rent Documentation System

#### The Final FY 2017 Fitchburg-Leominster, MA HUD Metro FMR Area FMRs for All Bedroom Sizes

<b><u>Final FY 2017 FMRs By Unit Bedrooms</u></b>					
	<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
<b><u>Final FY 2017 FMR</u></b>	<u>\$646</u>	<u>\$774</u>	<u>\$1,010</u>	<u>\$1,264</u>	<u>\$1,392</u>
<b><u>Final FY 2016 FMR</u></b>	<u>\$613</u>	<u>\$761</u>	<u>\$994</u>	<u>\$1,233</u>	<u>\$1,424</u>
<b><u>Percentage Change</u></b>	<u>5.4%</u>	<u>1.7%</u>	<u>1.6%</u>	<u>2.5%</u>	<u>-2.2%</u>

The Fitchburg-Leominster, MA HUD Metro FMR Area consists of the following towns: Ashburnham town (Worcester County), MA; Fitchburg city (Worcester County), MA; Gardner city (Worcester County), MA; Leominster city (Worcester County), MA; Lunenburg town (Worcester County), MA; Templeton town (Worcester County), MA; Westminster town (Worcester County), MA; and

Winchendon town (Worcester County), MA. All information here applies to the entirety of the Fitchburg-Leominster, MA HUD Metro FMR Area.

### **Fair Market Rent Calculation Methodology**



Show/Hide Methodology Narrative



Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2010-2014 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2017 provided the estimate is statistically reliable. For FY2017, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself.

If an area does not have a reliable 2010-2014 5-year, HUD checks whether the area has had a reliable estimate in any of the past 5 years. If so, the most recent reliable estimate is updated by the change in the area's corresponding State metropolitan or non-metropolitan area from the year of the most recent reliable estimate to 2010. This update value becomes the basis for FY2017.

If an area has not had a reliable estimate in the past 5 years, the estimate State for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2017.

2. HUD calculates a recent mover adjustment factor by comparing a 2014 1-year 40th percentile recent mover 2-bedroom rent to the 2010-2014 5-year 40th percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.
3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.
4. Rents are calculated as of 2015 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2014 to annual 2015.
5. All estimates are then inflated from 2015 to FY2017 using a national trend factor based on the forecast of gross rent changes through FY2017.

6. FY2017 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.

**The results of the Fair Market Rent Step-by-Step Process**

1. The following are the 2014 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for Fitchburg-Leominster, MA HUD Metro FMR Area.

<u>Area</u>	<u>ACS<sub>2014</sub> 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent</u>	<u>ACS<sub>2014</sub> 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error</u>	<u>Ratio</u>	<u>Result</u>
<u>Fitchburg-Leominster, MA HUD Metro FMR Area</u>	<u>\$893</u>	<u>\$26</u>	<u>\$26 / \$893=0.029</u>	<u>0.029 &lt; .5</u> <u>Use ACS<sub>2014</sub> 5-Year Fitchburg-Leominster, MA HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Gross Rent</u>

2. Since the ACS<sub>2014</sub> Margin of Error Ratio is less than .5, the ACS<sub>2014</sub> Fitchburg-Leominster, MA HUD Metro FMR Area value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

<u>Area</u>	<u>ACS<sub>2014</sub> Rent</u>
<u>Fitchburg-Leominster, MA HUD Metro FMR Area</u>	<u>\$893</u>

3. A recent mover adjustment factor is applied based on the smallest area of geography which contains Fitchburg-Leominster, MA HUD Metro FMR Area and has an ACS<sub>2014</sub> 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.



<u>Area</u>	<u>ACS<sub>2014</sub> 1-Year Adjusted Standard Quality Recent- Mover Gross Rent</u>	<u>ACS<sub>2014</sub> 1-Year Adjusted Standard Quality Recent-Mover Gross Rent Margin of Error</u>	<u>Ratio</u>	<u>Result</u>
Fitchburg- Leominster, MA HUD Metro FMR Area – 2 Bedroom	<a href="#">\$939</a>	<a href="#">\$41</a>	<a href="#">0.044</a>	<a href="#">0.044 &lt; .5</a> <a href="#">Use ACS<sub>2014</sub> 1-Year Fitchburg-Leominster, MA HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Recent-Mover Gross Rent</a>

4. The smallest area of geography which contains Fitchburg-Leominster, MA HUD Metro FMR Area and has an ACS<sub>2014</sub> 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 is Fitchburg-Leominster, MA HUD Metro FMR Area.
5. The calculation of the relevant Recent-Mover Adjustment Factor for Fitchburg-Leominster, MA HUD Metro FMR Area is as follows:

<u>ACS<sub>2014</sub> 5-Year Area</u>	<u>ACS<sub>2014</sub> 5-Year 40th Percentile Adjusted Standard Quality Gross Rent</u>	<u>ACS<sub>2014</sub> 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent</u>
Fitchburg-Leominster, MA HUD Metro FMR Area – 2 Bedroom	<a href="#">\$893</a>	<a href="#">\$939</a>
<u>Area</u>	<u>Ratio</u>	<u>Recent-Mover Adjustment Factor</u>
Fitchburg-Leominster, MA HUD Metro FMR Area	$\frac{\$939}{\$893}$ $= 1.052$	$1.052 \geq 1.0$ Use <u>calculated Recent-Mover Adjustment Factor of 1.052</u>

7. The calculation of the relevant CPI Update Factors for Fitchburg-Leominster, MA HUD Metro FMR Area is as follows: HUD updates the 2014 intermediate rent with the ratio of the annual 2015 local or regional CPI to the annual 2014 local or regional CPI to establish rents as of 2015.

8.	<b><u>Update Factor</u></b>	<b><u>Type</u></b>
	CPI Update Factor <a href="#">1.021</a>	<u>Local CPI</u>

9. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2015 to 2017. This makes Fair Market Rents "as of" FY2017.

<b><u>National Trend Factor</u></b>
<a href="#">1.0531</a>

10. The FY 2017 2-Bedroom Fair Market Rent for Fitchburg-Leominster, MA HUD Metro FMR Area is calculated as follows:

<b><u>Area</u></b>	<b><u>ACS<sub>2014</sub> 5-Year Estimate</u></b>	<b><u>Recent- Mover Adjustment Factor</u></b>	<b><u>Annual 2014 to 2015 CPI Adjustment</u></b>	<b><u>Trending 1.0531 to FY2017</u></b>	<b><u>FY 2017 2- Bedroom FMR</u></b>
Fitchburg- Leominster, MA HUD Metro FMR Area	\$893	1.052	1.021	1.0531	$\frac{\$893 * 1.052 * 1.0210 * 1.0531}{1.0531} = \$1,010$

11. In keeping with HUD policy, the preliminary FY 2017 FMR is checked to ensure that it does not fall below the state minimum.

<b><u>Area</u></b>	<b><u>Preliminary FY2017 2- Bedroom FMR</u></b>	<b><u>FY 2017 Massachusetts State Minimum</u></b>	<b><u>Final FY2017 2-Bedroom FMR</u></b>
Fitchburg- Leominster, MA	\$1,010	<a href="#">\$681</a>	$\$1,010 \geq \$681$ Use Fitchburg-Leominster, MA

HUD Metro FMR  
Area

HUD Metro FMR Area FMR  
of \$1,010

**Final FY2017 Rents for All Bedroom Sizes for Fitchburg-Leominster, MA HUD Metro FMR Area**

The following table shows the Final FY 2017 FMRs by bedroom sizes.

Click on the links in the table to see how the bedroom rents were derived.

<b><u>Final FY 2017 FMRs By Unit Bedrooms</u></b>					
-	<a href="#"><u>Efficiency</u></a>	<a href="#"><u>One- Bedroom</u></a>	<a href="#"><u>Two- Bedroom</u></a>	<a href="#"><u>Three- Bedroom</u></a>	<a href="#"><u>Four- Bedroom</u></a>
<b><u>Final FY 2017 FMR</u></b>	<u>\$646</u>	<u>\$774</u>	<u>\$1,010</u>	<u>\$1,264</u>	<u>\$1,392</u>

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

## Appendix 3

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Gloucester Downtown  
Market Analysis  
July 2014

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Prepared for:

City of Gloucester  
City Hall  
9 Dale Avenue  
Gloucester, MA 01930



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Prepared by:  
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## A. Market Study Context

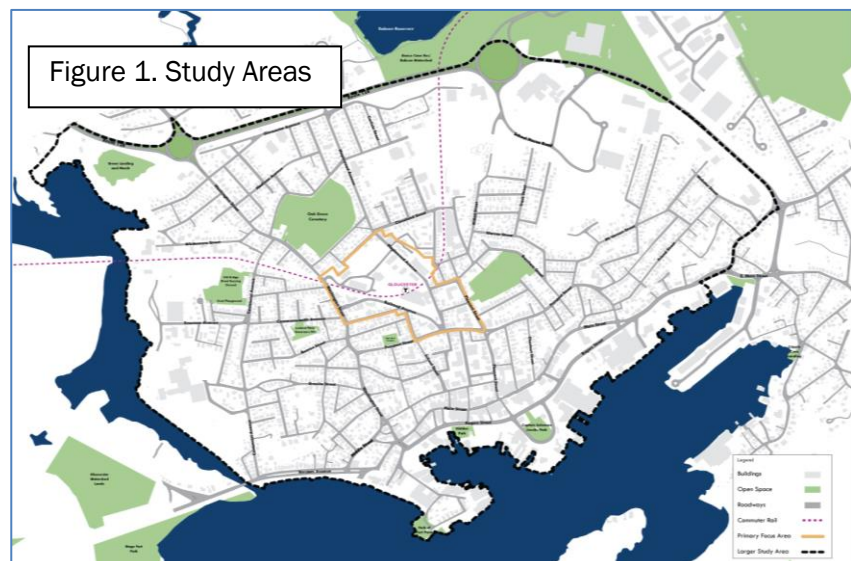
This market analysis is part of the ongoing *Reimagining Railroad* planning process being undertaken by MAPC in partnership with the City of Gloucester for the area of downtown surrounding the Gloucester MBTA commuter rail station. The purpose of the market study is to identify the potential for housing, retail and office market segments that can be supported within the study area.

### Location and Study Area

For purposes of analysis, this market study will look at the potential for residential and commercial uses within Downtown Gloucester, and more specifically within the more refined target area around the MBTA Gloucester Depot train station on Railroad Avenue. As shown in Figure 1, the downtown study area is bounded by the harbor to the south, the Annisquam River to the west, and Route 128 to the north and east. The area includes Main Street, which along with the cluster of civic facilities along Dale Avenue, serves as the Central Business District (CBD) of downtown. It also includes large portions of the working harbor, and several residential neighborhoods.

The target study area focuses on parcels surrounding the Gloucester Depot MBTA commuter rail station. Located just north of the CBD within walking distance to Main Street the focus area is roughly bordered by Washington Street to the west, Myrtle Square to the North, Maplewood Avenue to the east, and Pearl and Prospect Streets to the south. Washington Street is the primary access point to downtown from Route 128 and is heavily traveled. MBTA tracks running through the study area essentially divide it into two subareas. The northern area is primarily comprised of larger parcels with a mix of stand-alone retail establishments, open space with wetlands, and larger housing developments (market rate and subsidized). The southern subarea consists primarily of small parcels with small mixed-use structures (retail/residential), 1- to 4-family residential structures, a Shaw's supermarket, institutional structures and small retail properties. Main Street is approximately a 5-minute walk to the south; however, pedestrian connections are not intuitive or well marked.

The future success of the target area is very much linked to the overall success of Downtown Gloucester. Given that the area is in the geographic center of the larger downtown, its location may present opportunities for growth. Focus must be paid in achieving better connections for pedestrians and motorists alike, particularly to the existing cluster of civic, retail and visitor



uses between the train station and the Harbor.

### Previous Planning & Findings

In summer and fall of 2013, the City of Gloucester conducted a series of outreach meetings to reconnect with the community about its aspirations for the downtown. The desire for an active and authentic downtown with a mix of uses was identified through the meetings. Of interest to this market analysis was the finding that while Main Street and the harbor areas are well defined parts of the city, the area around Gloucester Depot has no definitive identity. Rather, the area is perceived to be a disorganized mixture of residential and commercial development that is challenging to navigate for pedestrians, cyclists and motorists. Participants at the downtown meetings noted the importance of strengthening connections between the train station, Main Street, the harbor and adjacent residential areas.

### Recent and Planned Development

Downtown Gloucester has seen considerable investment over the last decade, and more is planned or permitted. The majority of these investments have contributed to improving the overall quality of life for downtown residents, and could potentially attract new residents to the area, as well as developers. Investments include:

#### Target Study Area

- **Gloucester Depot** (2004/2005): \$3.4 million project to improve train station included lighting and signage, a new handicapped accessible high-level platform area, and new parking facilities.
- **Station Place** (2004): Residential and/retail mixed-use complex developed by the McNiff Company on Railroad Avenue adjacent to Gloucester Depot.
- **Whistle Stop** (2005): Retail redevelopment by the McNiff Company on parcels north of Gloucester Depot. (Family Dollar, Doyon's Home Appliances and MAC gym<sup>45</sup>.)
- **Braga Management (2007 and on)**: Built, own and operate the Azorean Restaurant & Bar (currently expanding), management offices, and Dunkin Donuts on Washington Street.
- **Shaw's Renovation** (2008): Project included



<sup>45</sup> <http://www.gloucestertimes.com/x645227288/Commercial-buildup-accelerates-around-rail-station/print>



façade improvements, and changes to the parking lot to improve grade conditions and accessibility.

- **Residential** (2013): 4 townhouse units Maplewood Avenue, and 2 on Shepherd St.

#### *Main Street & the Harbor*

Main Street has seen several developments over the last decade, including new office, retail and residential conversions on upper floors. Projects include:

- **Browns Mall** (2004): Redevelopment includes ground floor retail, upper floor offices, and residential.
- **Andrew Grey Block Building** (2010): Redevelopment includes retail, office and upper floor residential use.
- **Main Street Plaza** (2004): Strip retail anchored by Walgreens.
- **Cape Ann Brewery** (2010): Brew pub and restaurant on the waterfront.
- **Latitude 43/Minglewood Tavern** (2006): Waterfront eatery by Serenitee Restaurant Group (also owns Alchemy on Main Street).
- **HarborWalk** (2012): \$1.2 million section opened in 2012.
- **Gloucester Safe Deposit and Trust** (2013): Renovation included residential on floors 2 and 3, and lower floor retail (Trident Gallery).

#### *Downtown Periphery*

- **Gloucester Crossing** (2009): 112,000sf shopping center off Route 128 (outskirts of downtown) anchored by Market Basket supermarket and Marshalls. Ace Hardware, Olympia Sports and Petco are also tenants. Five Guys Burgers, an original tenant closed in 2012.

#### *Planned, Proposed or Under Construction*

- **Beauport Gloucester Hotel:** 99-room hotel is set to begin construction at 47-61 Commercial Street in the recently adopted Hotel Overlay District along the waterfront. Facility will include a restaurant and conference facility to help facilitate development of additional maritime-related research and technology companies.
- **Mortillaro Lobster LLC:** Expansion of lobster processing facility with the addition of 5,000 sf pile supported building with lobster pool.

- **Maplewood Avenue School:** School conversion to 12 one-bedroom condominiums for Veterans and smaller households<sup>46</sup> just north of target study area. Will include one affordable unit as required by the inclusionary zoning regulation and a \$55,000 payment to the Gloucester Affordable Housing Trust in lieu of a second affordable unit.
- **Gloucester Crossing:** Future phases of the development include 100 senior/assisted living units and a 100-room hotel. Should subsequent components be completed, total development is estimated at 195,000 sf.
- **Cape Ann Museum:** \$5 million renovation/expansion project along Pleasant Street will create new gallery and reception space, new exterior spaces, and updated internal systems.

## Geographic Considerations

Gloucester's geographic location on an island near the end of major transportation routes may act as an impediment to certain types of development. For example, national retailers tend to locate in easily accessible market locations along highly traveled, regional roadways adjacent to dense population centers like the retail clusters in Peabody and Danvers further south near the Route 128/ Interstate 95 junction. The same is typically true for large employers, who seek locations that are more easily accessible to workers from many directions and/or modes. Although the MBTA commuter rail service is a major advantage for local residents commuting to Boston, it's a one hour ride from the city, which may be too long as a reverse commute option for many.

Gloucester's location as an ocean portal has started to attract a new maritime port economy, characterized by business and industry that are addressing interconnected issues in the ocean environment, from climate change and environmental quality to food supply and energy resources. The array of intellectual and physical assets that make the City a working gateway to the sea provide a platform for research and development in this economy. One-third of the 10,000 jobs in the city are in the maritime sector, with concentrated skill sets in seafaring, marine biology, food science, marine regulatory affairs, and hospitality. Paradigm shifts, such as the "wired ocean" and "fresh, healthy, local access to food (fish)" are positively impacting the geographic importance of the Port.

Gloucester's location can also be considered an advantage for residents, businesses and supportive retail and services looking to locate/reside in an urban setting within proximity to the many natural amenities an historic, waterfront location provides. Should the right menu of policies be implemented to draw industry types and residents attracted to Gloucester's historic, waterfront location, there is a market for new development or redevelopment within the downtown.

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<sup>46</sup> The deed restriction on the development requires that at least one resident of each unit must be either over 53, or honorably discharged from the military. <http://www.gloucestertimes.com/local/x312417701/City-sells-Maplewood-for-120K>

## Market Study Goals

Given the above, this market study will look at the potential for various uses within the larger downtown study area, with particular focus on the target area around the MBTA station, as well as the connective corridors from Main Street the station area. The study will first look at general demographic and economic trends within Gloucester and the surrounding region.<sup>47</sup> Next, an overview of the residential, retail and office sectors will be presented, including highlights from interviews conducted to provide insight into recent residential and business trends that may not be evident in the data. Finally, an estimate of supportable development will be provided.

### B. Demographics

Understanding the current and projected demographic and socioeconomic characteristics of a community is essential to any market analysis. An area's households and their incomes are the key drivers that determine its market potential for housing and retail, and the community's economic position within its larger region.

#### Population

Between 2000 and 2010, Gloucester's population declined by nearly 1,500 residents, or 4.9%. Downtown Gloucester experienced a more significant decrease, down 12.5% over the same timeframe. While the decline is not as significant as in neighboring Rockport, most nearby communities saw their population hold steady or increase, including Salem, Peabody and Danvers.

**Table 1: Population Change, 2000-2010**

Municipality	2000 Pop	2010 Pop	Pop Change 2000-2010	% Change
Gloucester	30,273	28,789	(1,484)	-4.90%
Beverly	39,862	39,502	(360)	-0.90%
Danvers	25,212	26,493	1,281	5.08%
Peabody	48,129	51,251	3,122	6.49%
Rockport	7,767	6,952	(815)	-10.49%
Salem	40,407	41,340	933	2.31%

Source: US Census

#### Age Profile

Gloucester's population is aging and is expected to age significantly by 2030. Between 2000 and 2010, residents over 55 increased by 29.3%, whereas those 20 to 54 decreased by 16.0%. This trend is expected to continue. According to MAPC population projections<sup>48</sup>, residents 55+ will

<sup>47</sup> Comparative communities selected for analysis include communities located along Rte 128 and the Rockport MBTA commuter line including Beverly, Danvers, Manchester by the Sea, Peabody, Rockport, and Salem.

<sup>48</sup> MAPC's Data Services department produced two population projection scenarios for the MAPC region in January 2014. The "Status Quo" scenario is based on continuation of existing rates of births, deaths, migration, and housing occupancy; a "Stronger Region" scenario explores how changing trends might result in higher population growth, greater housing demand, and a substantially larger workforce.

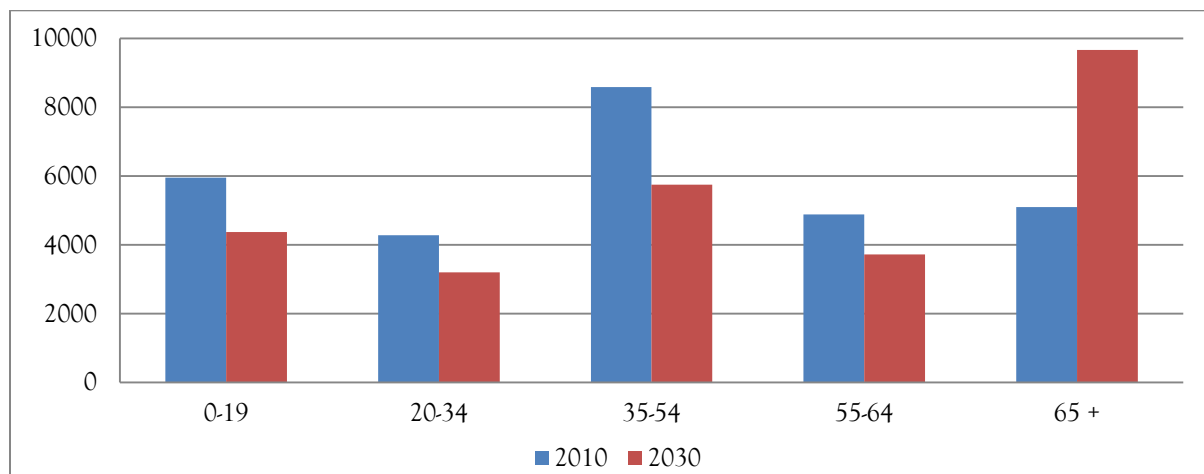
increase 34% by 2030, whereas those 20 to 54 will decrease by nearly 31%. Additionally, the number of children is expected to decrease significantly over the same time period.

**Table 2: Population by Age 2000-2010**

	2000	2010	Change	%
19 and Under	7,248	5,948	(1,300)	-17.94%
20-34	5,155	4,278	(877)	-17.01%
35-54	10,151	8,583	(1,568)	-15.45%
55-64	3,006	4,881	1,875	62.38%
65 and older	4,713	5,099	386	8.19%
Total	30,273	28,789	(1,484)	--4.9%

Source: US Census

**Figure 2: Population by Age: MAPC Projections 2010-2030**



Source: MAPC 2014

## Households

For the housing and retail market analyses, understanding household trends is more important than the overall population figures. Every household resides in one housing unit, no matter how many people are in that household. Thus, to better understand housing needs, the projected number and composition of future households provides insight into the amount and type of housing that will be needed.

Although population decreased between 2000 and 2010, the number of households increased by 3.4% (+421 households), the result of a decreasing average household size, a trend seen in communities throughout the region.

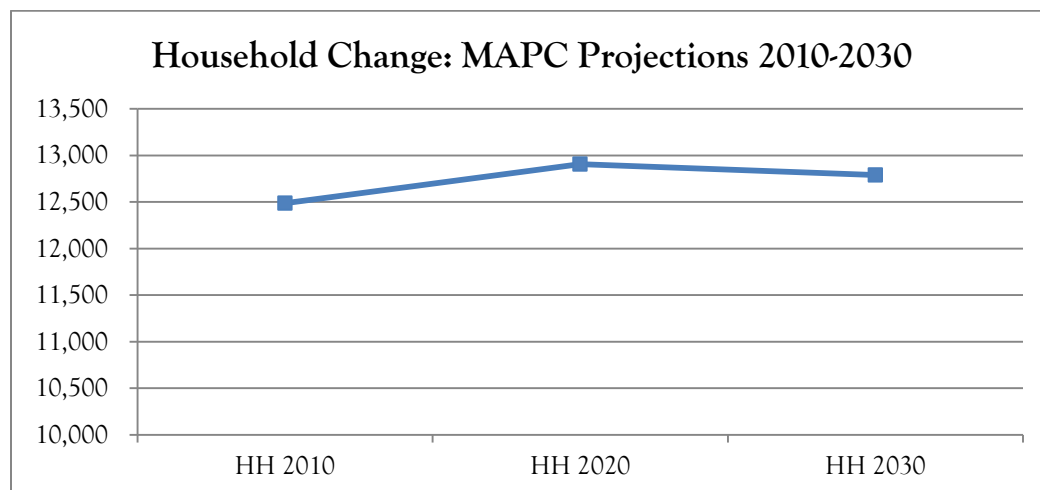
**Table 3: Households and Household Size**

Municipality	Households				Household Size	
	2000	2010	Change	%	2000 Avg HH size	2010 Avg HH size
Gloucester	12,486	12,907	421	3.37%	2.38	2.27
Beverly	15,850	16,520	670	4.23%	2.39	2.33
Danvers	10,615	11,515	900	8.48%	2.53	2.42
Peabody	21,313	23,095	1,782	8.36%	2.55	2.38
Rockport	3,213	3,294	81	2.52%	2.20	2.14
Salem	17,842	18,834	992	5.56%	2.24	2.22

Source: US Census

Household growth is expected to continue over the next two decades. According to MAPC projections<sup>49</sup>, approximately 300 more households are anticipated by 2030. Significantly, households where the primary householder is over the age of 65 will increase by more than 2,900 households, while younger households are projected to decline, in particular those 35 to 54. This will have a significant impact on the type of units needed to house Gloucester's existing and future residents, as older residents often prefer and seek out smaller homes or units in multi-family structures with more amenities and less upkeep. Simultaneously, the projected decline in younger households with children may result in a decreased demand for new single family homes.

**Figure 3: Household Change in Gloucester: MAPC Projections 2010-2030**



<sup>49</sup> MAPC's Data Services department produced two population projection scenarios for the MAPC region in January 2014. The "Status Quo" scenario is based on continuation of existing rates of births, deaths, migration, and housing occupancy; a "Stronger Region" scenario explores how changing trends might result in higher population growth, greater housing demand, and a substantially larger workforce.

Source: MAPC, 2014

**Table 4: Total Households by Age**

	2010	2020	2030	Change 2010- 2030	% Change 2010- 2030
20-34	1,266	1,210	964	(303)	-23.9%
35-54	4,776	3,547	3,211	(1,565)	-32.8%
55-64	2,979	3,199	2,304	(675)	-22.7%
65+	3,323	4,860	6,240	2,917	87.8%

Source: MAPC, 2014

### **Family and Non-Family Households**

The percentage of family households in Gloucester is consistent with Essex County and the State. However, there are stark differences between the types of family households. Gloucester has fewer family households with children, a higher percentage of married couples without children, and more single parent households. These family types often prefer smaller housing units.

**Table 5: Household Composition: Family vs. Non-Family**

	Gloucester	Essex County	State
Family HHs	65%	66%	64%
Families with Children	23%	31%	29%
Married Couple/No Children	34%	27%	27%
Single Parent	14%	10%	9%
Non-Family	35%	34%	37%
Living Alone	29%	28%	29%

Source: ACS 2012

### **Income**

Gloucester median household income is just over \$62,000, slightly lower than Essex County and the State. Gloucester has fewer households earning over \$100,000 annually compared to the county and state, but more middle income households earning between \$50,000 and \$99,999. The city has a similar percentage of lower income households (below \$50,000). However, Gloucester's highest earning households are middle-aged (45-64 years old) followed by young professionals (25-44) earn over \$100,000. Given the larger percentage of family households

without children, including empty nesters, this may indicate a community with more buying power, both for retail goods and services and housing expenditures.

**Table 6: Household Incomes**

	Gloucester	Essex County	State
Median Incomes	\$62,059	\$66,918	\$66,658
Less than \$25,000	19.3%	20.0%	20.0%
Between \$25,000 and \$49,999	21.2%	18.9%	18.7%
Between \$50,000 and \$74,999	17.4%	15.8%	16.3%
Between \$75,000 and \$99,999	15.3%	13.1%	13.0%
\$100,000 or more	26.8%	32.1%	31.9%

Source: ACS 2011

**Table 7: Household Income by Age**

Age	Total HHs	Less than \$20,000	\$20,000 to \$39,999	\$40,000 to \$59,999	\$60,000 to \$74,999	\$75,000 to \$99,999	\$100,000 and above
Under 25 years	182	32%	31%	27%	7%	4%	0%
25 to 44 years	2825	9%	17%	18%	11%	23%	22%
45 to 64 years	5670	10%	15%	15%	11%	14%	35%
65 and over	3463	26%	24%	13%	6%	12%	19%

Source: ACS 2012

### Educational Attainment

Gloucester residents overall have a marginally lower level of educational attainment level than comparative geographies. Slightly fewer Gloucester residents 25 years or older have at least a Bachelor's degree, compared to Essex County and the State.

**Table 8: Educational Attainment (Age 25+)**

	Gloucester	Essex County	State
Less than High School	11%	11%	11%
High School Diploma	30%	26%	26%
Some College No Degree	17%	18%	17%
Associates	9%	8%	8%
Bachelors	20%	22%	22%
Masters of Professional	14%	15%	17%

Source: ACS 2012

## C. Residential Market Analysis

### Existing Housing Stock

#### Housing Units by Type

Downtown Gloucester's housing stock primarily consists of 1- to 4 unit structures (87%), and only 8% of units are found in buildings with 10 or more units. This is low for a downtown environment. In fact, it is lower than in Essex County as a whole and the State. Given the significant increase in senior households projected, the current housing stock may not meet the preferences of future household growth.

**Table 9: Number of Units in Structure**

	Study Area	Gloucester	Essex County	State
Single Family	28%	56%	57%	58%
Two Family	31%	19%	12%	10%
3-4 Units	28%	14%	11%	11%
5-9 Units	4%	3%	5%	6%
10-19 units	2%	3%	4%	4%
20 or more	7%	5%	10%	10%
Other (mobile homes, etc.)	<1%	<1%	1%	1%

Source: ACS 2012

Further, the housing stock in Gloucester is old and even older in the Downtown area. Only 2% of units downtown were constructed after 2000, and 10% after 1980. This is significantly lower than all of Gloucester (nearly 20% built after 1980), and that of Essex County (24%). This can be viewed as both a positive and a negative. While some households may find the older, historic housing stock in downtown appealing, those looking for units with modern amenities and elevator access may not. The latter amenities are particularly important for empty nester and retirees – the demographic projected to grow significantly over the coming decades.

**Table 10: Age of Housing Stock**

	Downtown Gloucester	Gloucester	Essex County
1939 or earlier	69%	53%	39%
1940 to 1959	13%	15%	17%
1960 to 1979	8%	14%	20%
1980 to 1999	8%	12%	17%
2000 and later	2%	6%	7%

Source: ACS, 2008-2012

The lack of existing housing types attractive to empty nester/retirees as well as middle and upper income households may be an economic impediment in the downtown area. There simply aren't many modern units available. (This was reflected in interviews with local residential brokers and developers who stated that when new or newly renovated multi-family units have gone on the market, they are quick to sell or rent. Some suggested that if more were built, there is a market.)

#### Occupancy Characteristics



Downtown housing occupancy is evenly split with half of units owner occupied and half renter occupied. This is quite different from Gloucester as a whole, Essex County and the State, which have far higher percentages of ownership units. However, downtown areas tend to have more rental units.

**Table 11: Unit Tenure**

	Downtown Gloucester	Gloucester	Essex County	State
Owner Occupied	49%	65%	64%	63%
Renter Occupied	51%	35%	36%	37%

Source: ACS 2012

Given the older housing supply and growing number of seniors, this may point to an opportunity for more attached and multifamily rental and ownership housing that would appeal to smaller households including seniors looking to remain in Gloucester, empty nesters relocating from more traditional suburban areas to urban or urban-light<sup>50</sup> centers, or young families looking for first-time ownership opportunities.

Downtown Gloucester has an 11% vacancy rate. Although this is lower than the city-wide rate of 14% (due in part to seasonal properties), this is significantly higher than Essex County and the State. This may point to a weak housing market with little to no need for new inventory, given the number of units available. However, as stated previously, many units within downtown are not necessarily attractive to households looking to live in a downtown environment (e.g. empty nesters).

**Table 12: Vacancy**

	Study Area	Gloucester	Essex County	State
Total Units	5,410	14,557	306,754	2,808,254
Vacant	612	2,071	20,798	261,179
Percent Vacant	11%	14%	7%	9%

Source: ACS 2012

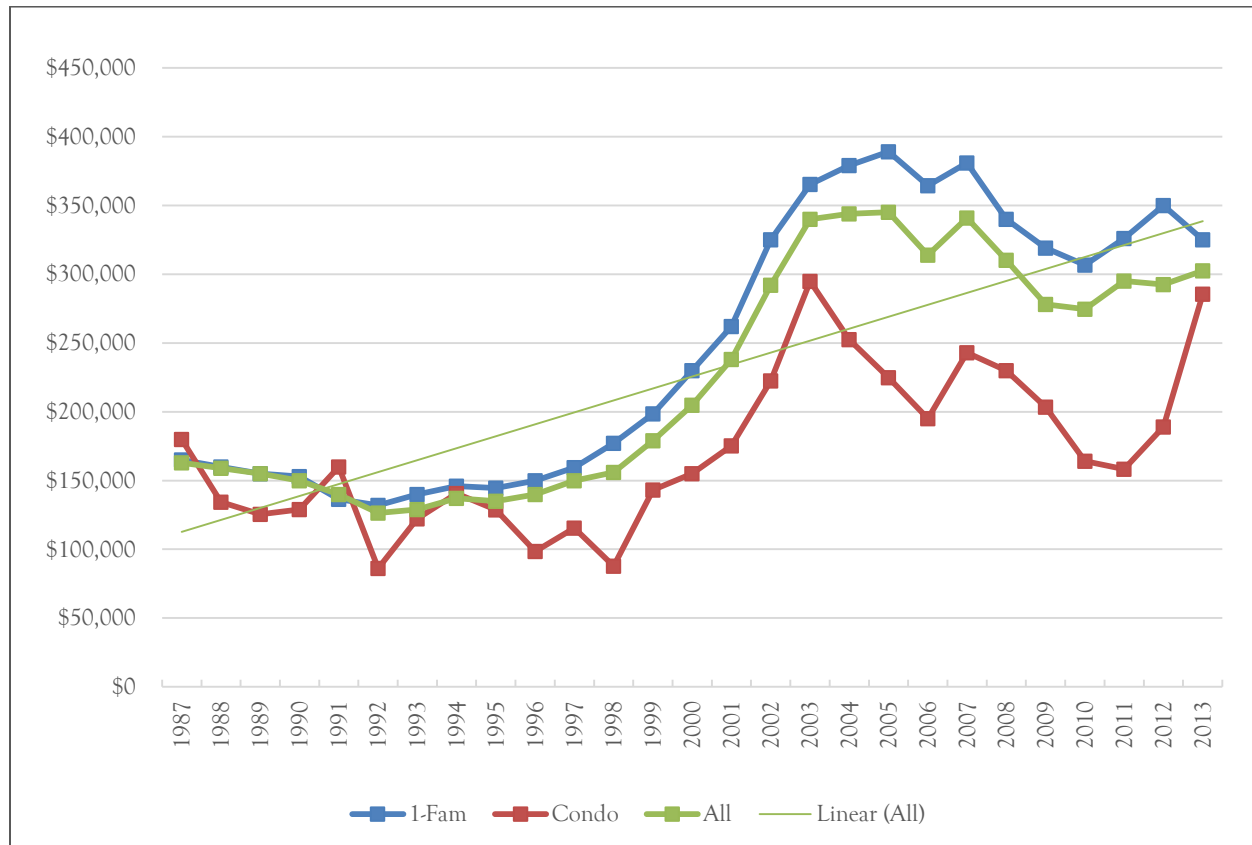
## Housing Prices and Rents

Housing prices in Gloucester over the last few decades have risen considerably. Sales prices increased by 132% between 1993 and 2013. As with many other communities, housing prices decreased significantly during the recession (2007-2010), but have recovered considerably since. In particular, median condo prices have increased significantly over the last two years, from \$164,000 in 2010 to \$285,500 in 2013. Median single family home prices, however, had been climbing through 2012 only to fall slightly in 2013. This may be the result of a few higher priced sales in 2012. Further, in 2013 total sales were at their highest levels since 2006, registering 410

<sup>50</sup> Urban-light refers to households not interested in urban living, but who prefer walkable, mixed-use communities with amenities.

total sales. In general, sales data points to an improving housing market in Gloucester, with a particularly robust condo market that likely has room for new inventory.

**Figure 4: Median Sale Prices, 1987-2013**



**Table 13: Single Family and Condo Sales, 1987-2013**

Year	1-Fam	Condo	All
2013	191	90	410
2012	173	60	356
2011	161	62	311
2010	192	89	384
2009	140	72	285
2008	143	74	315
2007	156	105	354

2006	162	155	415
2005	235	167	531
2004	188	103	417
2003	208	72	436
2002	195	62	385
2001	209	63	417
2000	238	61	488
1999	261	50	494
1998	277	80	526
1997	252	50	464
1996	259	39	443
1995	244	36	429
1994	251	34	439
1993	190	40	353

Source: Warren Group, Town Stats, 2013

Further discussions with local residents and a residential broker with listings in downtown Gloucester indicate there is likely a market for housing in the downtown study area, particularly for single- and two-family properties, and apartments/condos within walking distance to Main Street and the commuter rail. In particular, areas between the waterfront and the commuter rail are desirable. Empty nester professionals with older children and active seniors (retirees) were identified as potential buyers or renters for new multi-family units. The existing inventory of single- and two-family homes in this area are also increasingly attractive to first time homebuyers and couples with young children looking for an urban environment who are priced out of communities closer to Boston.

A desire for condominiums was also evident when looking at Massachusetts Department of Local Services information. Looking at 10-year trends, the net new number of condominium properties in Gloucester increased by 661, compared to 69 single family properties, 122 2- to 3-family properties, and a decrease in apartment properties (-3). Even during the housing recovery, net new condominium properties increased by 163, double that of new single and multi-family properties combined. At the same time, there was a net loss of 6 apartment properties. Given the

loss of apartment properties, there may be pent up demand for new units, both market rate and affordable.

#### Recent Sales

Recent sales prices varied significantly by type. In general, older two-family properties sold for significantly less than other property types (approximately \$100 psf), whereas condos sold for between \$180 and \$250 psf. In particular, the townhome condos within the target study area on Maplewood/Shepherd Street had the highest prices per square foot of those identified. It appears there is value associated with new construction with higher end finishings. For example, condo listings featuring kitchens with stainless steel appliances, granite counter tops, washer/dryer hookups and on-site parking had higher value.

**Table 14: Recent Sales and Listings: Single Family and Condos**

	TYPE	Bed	Bat h	Sale Price	SF	\$/SF	Notes
21 Addison Street	2-Family	5	3	\$346,000	3,488	\$99	
80 Pleasant Street	2-Family	6	4	\$157,000	3,157	\$50	
98 Main Street, #2	Condo	2	2	\$318,000	1,696	\$188	Apt over retail
33 Railroad Ave, # 7	Condo	2	2	\$209,625	1,100	\$191	Station Place
26 Shepherd Street	Condo Townhouse	2	2	\$322,105	1,300	\$248	New townhouses on Maplewood
11 Orchard Street	SF	3	1	\$267,500	1,326	\$202	
8 Shepherd Street #8	Condo Townhouse	3	2	\$309,900	1,395	\$222	Current listing for new construction.

Source: Zillow

#### Current Rents

Rents in Downtown Gloucester vary depending on the location and unit type. In general, newer units with amenities such as elevator access, modern kitchens and washer/dryer hookups rent for

more. For example, recently constructed 1 and 2 bedroom units on School Street (between the train station and Main Street) currently rent for \$1,375 and \$1,400, whereas older 1- and 2-bedroom units further from Main Street typically rent for less than \$1,100 per month. However, with few rental properties currently listed, interviews with brokers and developers were needed to better understand the market. They revealed that recent residential conversions along or near Main Street are very desirable, particularly among empty nesters, and can rent for over \$2,000 per month for a 2-bedroom, 2-bath unit.

**Table 15: Apartment Rents**

Address	Bed	Bath	Rent	Year Built	Notes
Undisclosed	3	1	\$1,650	Pre 1960	condo
23 Hampden Street	2	2	\$1,475	Pre 1960	
1 School Street	1	1	\$1,400	2011	New Construction, Elevator, Senior
1 School Street	2	1	\$1,375	2011	New Construction, Elevator, Senior
Middle St/ School St	2	1	\$1,300	2011	New Construction, Elevator.
33 Maplewood Ave #415	2	2	\$1,250	1980s	
8 Winchester Ct #1	1	2.5	\$1,250	Pre 1960	
Chestnut Street	1	1	\$1,000	Pre 1960	
28 Elm Street	2	1	\$950	Pre 1960	
Pleasant Street	1	1	\$750	No parking	

Source: Zillow

## Summary Findings

Given that the demographic composition of Gloucester and the MAPC region is projected to change significantly over the next 20 years (declining household size, an aging population), housing preferences are likely to change as well. Given these shifts, and the types of units likely needed, Downtown Gloucester represents an opportunity to develop or redevelop additional housing that is attractive to a range of household types that are “urban inclined”- those more likely to desire a residence in a downtown environment<sup>51</sup>. Given current sales and rental prices,

<sup>51</sup> Urban-inclined households tend to include older households, both empty nesters and retirees, as well as young households (singles, couples without children), and increasingly families with children.

the market would be most likely to support larger multi-family rental projects in the study area and adjacent to Main Street (typically no more than 20 units given the small parcel sizes, or slightly more where larger parcels are available for future redevelopment), and smaller for-sale condominium properties, particularly townhouse-style units along connective corridors and in surrounding residential neighborhoods. Live-work and loft spaces (rental or owner) could also be supported through reuse opportunities. Further, given the existing housing stock, and the relative affordability of that stock, the larger downtown area could also be appealing to young families with children looking to purchase a home within walking distance to an amenity rich downtown environment that also offers a transit option to Boston.

### Estimated Housing Unit Demand

Estimated future unit demand is not a precise science. It requires analysis of current conditions, future population and household projections, residential preference indicators, and other qualitative factors to estimate not only the number, but the type of housing that will be needed within a community.

To identify the number of potential new units that could be supported in downtown, analysis focused on mobility rates of regional household groups most likely to desire and seek out an urban environment in which to live – smaller households (e.g. older and younger households). This was accomplished by using the U.S. Census “Geographic Mobility: 2005 to 2010” report data, which provides the percentage of persons by age anticipated to move over a 5-year period. These percentages were applied to the total 2010 households by age most likely to move within MAPC’s North Shore Task Force Subregion<sup>52</sup>. Next, age groups most interested in residing in an urban environment were pulled out for analysis. Finally, low and moderate capture rates of 2% and 4% were applied to estimate a range of housing units that may potentially be supported.<sup>53</sup>

**Table 16: Market Rate Residential Potential: Downtown Gloucester**

Emerging “Downtown-Inclined” Markets				Capture		Units	
Age of Head of House-hold	# of house-holds	% Moving Over Next 5 Years	Total Moving Next 5 Years	Low	Moderate	Low	Moderate
20-29	7,612	55.4%	4,217	2%	4%	84	169
55-64	23,803	23.5%	5,594	2%	4%	112	224

<sup>52</sup> MAPC’s NSTF subregion communities include: Nahant, Swampscott, Salem, Marblehead, Peabody, Middleton, Danvers, Beverly, Hamilton, Wenham, Topsfield, Ipswich, Essex, Manchester by the Sea, Gloucester and Rockport.

<sup>53</sup> The capture rate represents the percentage of households who may choose to live in Gloucester over other downtown environments within the region. 2% to 4% capture rates are conservative given the unit type/location preferences of target household populations, and that over half of these households will likely remain in the same county.)

65-84	25,646	13.7%	3,513	2%	4%	70	140
TOTAL	57,061		13,324			266	533

Source: US Census and MAPC

Given the conservative capture rates, Downtown Gloucester could potentially support somewhere between 266 and 533 additional multi-family units over the next 5-10 years.<sup>54</sup> Given growing preferences for urban living among smaller households, the majority of new units would be in multi-family buildings, either in townhouse or apartment and condominium structures. It is important to note that unlike other nearby downtowns (e.g. Salem, Beverly, Lynn), Downtown Gloucester currently lacks a large number of these unit types, thus the numbers are predicated on new unit creation with amenities attractive to smaller households. Multifamily units could be accommodated in different formats including new construction or rehabilitation of existing structures with potential for residential conversion. Whereas floors of buildings along Main Street not yet rehabbed hold some potential, the majority would require larger parcels that could accommodate condominium or apartment complexes where parking could be provided on site. Exploring shared parking strategies to reduce on-site requirements should also be explored to further maximize development potential. As shown during the downtown visioning sessions in Summer 2013, several parcels along Main Street hold potential for redevelopment, as do several parcels around the commuter rail station. For example, the Shaw's site could be redeveloped to include upper floor residential over a market. Larger parcels north of the train station currently holding auto-oriented retail could also be redeveloped as larger mixed-use properties with upper floor residential and ground floor retail. Upper floor units that may provide harbor views would be very attractive, particularly to those households desiring proximity to the commuter rail. Additionally, underutilized structures may hold potential for residential conversion including live/work and artist loft spaces (e.g. the Saint Ann School property should it become available).

Based on an average unit size of 1,000 sf for a 2-BR unit, this would translate into an additional 266,000 to 533,000 sf of residential development. It should be noted that these estimates are conservative given the low inventory of new or renovated housing units in Downtown Gloucester, and that the capture rate is only for MAPC's North Shore Task Force subarea. Should Gloucester further market its quality of life, and attract additional urban-inclined households including families with children from outside its immediate region, additional residential development holds promise.

#### *Unit Demand Mix*

Given the diversity of households interested in downtown living, it is crucial that new residential development include a mix of unit types, including one-, two-, and three-bedroom options, as well as live/work spaces. One and two bedroom units in larger apartment and condominium developments will be most attractive to smaller households including downsizing seniors and

<sup>54</sup> The higher range of new units presented exceeds the number of new households projected by MAPC by 2030. However, household projections are based on current trends, which as noted earlier includes a lack of unit types attractive to urban-inclined households.

younger singles and couples, many of whom may wish to access the commuter rail to job opportunities in Boston/Cambridge. Three bedroom units, either in larger multi-family developments, or in townhouse style properties would be most appealing to smaller households, including those with children (see next section “Other Residential Opportunities”) and downsizing households interested in smaller living spaces that still offer guest bedrooms for family visitors (e.g. grandchildren). Live/work units are important as well, as they would be appealing to artists and artisans attracted to Gloucester for its history as a center for the arts and artists, but also the lower rents compared to Boston.

### Other Residential Opportunities

In addition to the larger mixed-use, multi-family projects attractive to the emerging “urban-inclined” smaller households, Downtown Gloucester has a large supply of existing two- to four-family structures that may be attractive to smaller households who do not require elevators or other accessibility features found in new or rehabbed buildings. These structures, along with the many single-family structures, present an opportunity to attract family households with children who are priced out of rental and ownership opportunities in communities closer to Boston, but who are seeking walkable, urban alternatives further out along transit lines that provide access to Boston jobs.

**Table 17: Market Rate Residential Potential: Downtown Gloucester**

Emerging “Downtown-Inclined” Markets				Capture		Units	
Age of Head of House-hold	# of house-holds	% Moving Over Next 5 Years	Total Moving Next 5 Years	Low	Moderate	Low	Moderate
30-54	51,242	45.5	23,315	0.5%	1%	117	233

Source: US Census and MAPC

As shown in Table 17, even a modest capture rate of households most likely to have children residing at home (households headed by those 30-54), could bring hundreds of households to downtown should the inventory appeal to them<sup>55</sup>. In addition to the existing two- to four-unit structures, these households may also be interested in 3-BR units in new multi-family structures.

## D. Economic Trends

### Employment and Labor Force

<sup>55</sup> Downtown capture rates for households headed by persons 30-54 (those more likely to have children living at home), are lower than those for households headed by persons under 30 or over 55, as households 30-54 may often choose to live in single- or two-family residences, which are found in larger numbers outside of downtown environments.



Over the last decade, Gloucester's unemployment rate has consistently been higher than the State. In 2002, annual unemployment in Gloucester stood at 7.8%, a significant decline from a high of 10% in 2010, when the rate was nearly 2 points higher than the State. Thus, not only has the rate in Gloucester declined, the gap with the State has decreased to within a point. This indicates an improving job market, and potential future growth should trends continue.

**Table 18: Unemployment, Gloucester and Comparative Geographies, 2002-2012**

	Gloucester	Massachusetts
2002	6.3	5.3
2003	6.9	5.8
2004	6.3	5.2
2005	5.9	4.8
2006	5.9	4.8
2007	5.4	4.5
2008	6.6	5.3
2009	9.7	8.2
2010	10.0	8.3
2011	8.7	7.3
2012	7.8	6.7

## Job and Wage Trends

Job and wage trends for different industry sectors help predict future demand for jobs and the type of space that is needed – office, industrial, or retail. Where there is growth, it may indicate increased demand for space, and vice versa. To estimate space needs in Downtown Gloucester, the analysis looked at employment and wage trends for the City of Gloucester, Essex County and Massachusetts.

### Jobs

Gloucester has seen minimal job growth over the last decade (2003-2013). With a 2.1% increase in total jobs over the timeframe, it lags behind growth levels in Essex County and the State (see Table 18). In general, when looking across job sectors, some industries have suffered losses, whereas others grew considerably. More specifically, industries with a strong history in

Gloucester (e.g. fishing and supporting industries) have decreased, whereas newer industries (retail/service/tourism sectors) have grown, some significantly. However, as identified through the ongoing Municipal Harbor Plan process, fishing industry employment is often underrepresented due to the nature of employment and how it's counted by the State. Therefore, although fishing-related employment has decreased, it may not have decreased by 55%, as reported by the State over the last 10 years. Additionally, given the current regulatory environment, jobs are not expected to increase.

On the other hand, job growth in the retail and commercial sectors, which include many tourism-related jobs, may be somewhat overinflated. According to State ES-202 data, retail jobs increased by nearly 16% over the last decade, accommodations and food service increased by 34%, and arts, entertainment and recreation by 35% over the timeframe. Given the seasonal nature of these industries, although employment has increased, it is likely less robust when looking at a non-peak seasonal baseline, for example, employment in the shoulder spring and fall seasons.

*(See City of Gloucester: Municipal Harbor Plan Economic and Planning Baseline for more information on employment in the fishing and tourism-related industries. <http://www.gloucester-ma.gov/DocumentCenter/View/2564>)*

Due to the impacts on jobs during the recession, the analysis also looked at job data both leading up to the recession (the “boom” years) and after (the economic recovery). In general, nearly all retail/commercial sectors experienced higher growth in jobs during the recovery than in the boom years. Additionally, growth was seen in office-inclined industries as well (+7%). Health Care and Social Assistance jobs increased by 10%, half the growth rate of Essex County, and lower than the State. Given the absence of a large research hospital (the Addison Gilbert Hospital is only 58 beds), this represents moderate growth. The largest increase was in Administrative and Support and Waste Services, which provide support to establishments in various sectors. Among these jobs are those associated with tourism – tour operators, visitor’s bureaus, etc. Jobs in other office-inclined sectors held relatively steady (Finance and Insurance, Professional and Technical Services) or decreased (Information, Real Estate and Rental and Leasing).

Wages for jobs in the retail, accommodation and arts industries are lower than in office-inclined industries. Thus, although more jobs have been created, this may mean many in Gloucester are underemployed, particularly those who may have lost higher paying jobs in industrial sectors. However, given the aging of the population, it may also suggest many have retired.

**Table 19: Jobs by NAICS Industry Sectors, Gloucester, Essex County, Massachusetts, 2003-2013**

	Gloucester					Essex County					Massachusetts				
	2003	2008	2003-2008	2013	2008-2013	2003	2008	2003-2008	2013	2008-2013	2003	2008	2003-2008	2013	2008-2013
Total, All Industries	10,741	10,632	-1.0%	10,970	3.2%	294,175	299,222	1.7%	310,943	3.9%	3,142,281	3,245,755	3.3%	3,314,420	2.1%
OFFICE/INST SECTORS - BLDG TYPE	2,617	2,622	0.2%	2,794	6.6%	124,205	132,001	6.3%	146,998	11.4%	1,505,198	1,629,366	8.2%	1,746,418	7.2%
51 - Information	209	144	-31.1%	145	0.7%	7,717	6,796	-11.9%	6,922	1.9%	96,970	95,197	-1.8%	91,711	-3.7%
52 - Finance and Insurance	214	223	4.2%	216	-3.1%	9,681	9,482	-2.1%	9,141	-3.6%	177,246	179,999	1.6%	165,463	-8.1%
53 - Real Estate and Rental and Leasing	90	80	-11.1%	69	-13.8%	3,708	3,435	-7.4%	3,257	-5.2%	44,513	42,454	-4.6%	42,001	-1.1%
54 - Professional and	459	462	0.7%	458	-0.9%	15,38	17,7	15.	16,	-6.9	222,2	262,5	18.	276,6	5.4

Technical Services			%		%	0	63	5%	530	%	95	02	1%	73	%
55 - Mgmt of Companies and Enterprises	0	0	n/a	0	n/a	3,925	3,713	- 5.4 %	5,050	36.0%	64,816	61,461	- 5.2 %	64,219	4.5 %
56 - Administrative and Waste Services	241	365	51.5 %	421	15.3 %	13,968	14,898	6.7 %	16,840	13.0%	157,257	168,860	7.4 %	172,510	2.2 %
61 - Educational Services	0	0	n/a	0	n/a	25,827	26,931	4.3 %	30,127	11.9%	297,161	318,545	7.2 %	352,952	10.8 %
62 - Health Care and Social Assistance	1,404	1,348	- 4.0 %	1,485	10.2 %	43,999	48,983	11.3%	59,131	20.7%	444,940	500,348	12.5%	580,889	16.1 %
RETAIL/COM & OTHER BLDG TYPE	3,079	3,066	- 0.4 %	3,735	21.8 %	78,465	79,654	1.5 %	82,805	4.0 %	765,440	789,348	3.1 %	804,064	1.9 %
44-45 - Retail Trade	1,314	1,208	- 8.1 %	1,522	26.0 %	38,558	37,304	- 3.3 %	37,115	- 0.5 %	354,771	348,176	- 1.9 %	345,698	- 0.7 %
72 - Accommodation and Food Services	1,030	998	- 3.1 %	1,376	37.9 %	23,391	24,159	3.3 %	27,978	15.8%	242,489	257,074	6.0 %	287,829	12.0 %
71 - Arts, Entertainment, and Recreation	189	214	13.2 %	255	19.2 %	5,631	5,742	2.0 %	6,044	5.3 %	50,807	54,391	7.1 %	58,308	7.2 %
81 - Other Services, Ex.	546	646	18.3 %	582	- 9.9 %	10,88	12,4	14.	11,	- 6.3	117,3	129,7	10.	112,2	- 13.5

Public Admin			%		%	5	49	4%	668	%	73	07	5%	29	%
INDUSTRIAL/WAREHOUSING BLDG TYPE	3,963	3,817	- 3.7 %	3,175	- 16.8 %	77,776	73,855	- 5.0 %	68,254	- 7.6 %	714,680	668,459	- 6.5 %	606,273	- 9.3 %
23 - Construction	517	446	- 13.7 %	405	- 9.2 %	13,719	13,420	- 2.2 %	12,463	- 7.1 %	148,870	144,233	- 3.1 %	133,67	- 7.3 %
31-33 - Manufacturing	2,714	2,746	1.2 %	2,184	- 20.5 %	47,890	44,839	- 6.4 %	41,250	- 8.0 %	326,126	286,458	- 12.2 %	250,925	- 12.4 %
DUR - Durable Goods Manufacturing	1,769	1,892	7.0 %	1,485	- 21.5 %	32,862	31,921	- 2.9 %	28,813	- 9.7 %	212,815	189,839	- 10.8 %	163,736	- 13.8 %
NONDUR - Non-Durable Goods Manuf	946	854	- 9.7 %	699	- 18.1 %	15,027	12,919	- 14.0 %	12,437	- 3.7 %	113,311	96,618	- 14.7 %	87,190	- 9.8 %
42 - Wholesale Trade	358	351	- 2.0 %	349	- 0.6 %	10,753	10,384	- 3.4 %	9,562	- 7.9 %	135,251	136,527	0.9 %	123,054	- 9.9 %
48-49 - Transportation and Warehousing	374	274	- 26.7 %	237	- 13.5 %	5,414	5,212	- 3.7 %	4,979	- 4.5 %	104,433	101,241	- 3.1 %	98,527	- 2.7 %
MARITIME/AGRICULTURAL /OTHER	217	152	- 30.0	99	- 34.9	2,086	1,919	- 8.0	1,948	1.5 %	22,262	21,443	- 3.7	21,905	2.2 %

			%		%			%					%		
11 - Ag, Forestry, Fishing & Hunting	217	152	- 30.0 %	99	- 34.9 %	701	593	- 15.4 %	686	15.7 %	6,773	6,508	- 3.9 %	7,478	14.9 %
21 - Mining	0	0	n/a	0	n/a	94	54	- 42.6 %	46	- 14.8 %	1,750	1,267	- 27.6 %	908	- 28.3 %
22 - Utilities	0	0	n/a	0	n/a	1,291	1,272	- 1.5 %	1,216	- 4.4 %	13,739	13,668	- 0.5 %	13,519	- 1.1 %

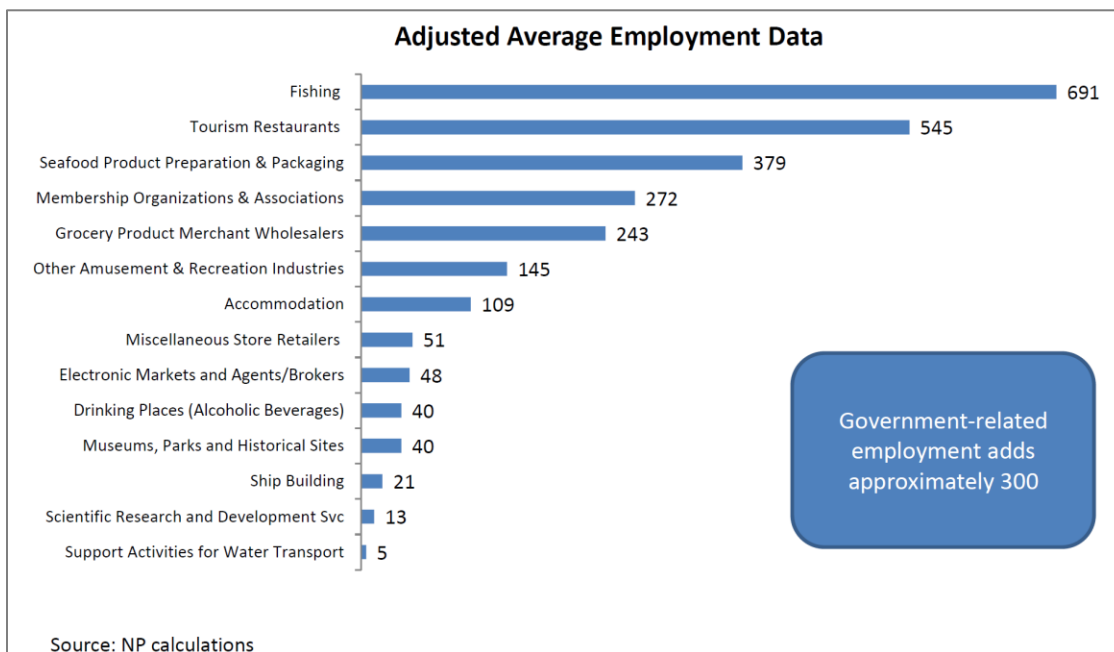
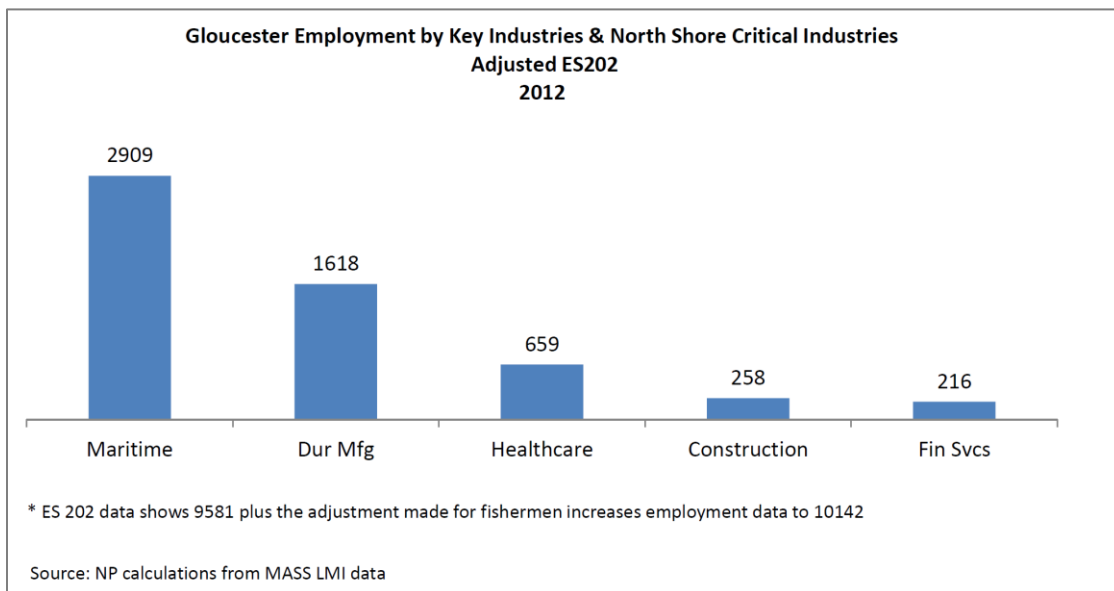
Source: Massachusetts EOLWD ES-202

## Key Industry Segments

### Maritime Industry

According to information gathered by Ninigret Partners as part of the Municipal Harbor Planning process, the maritime economy encompasses approximately one-third of all jobs in the City of Gloucester, or roughly 2,600 jobs. This encompasses not only the fishing and support industries, but also maritime-related tourism.

**Figure 5: Gloucester Employment by Key Industries & North Shore Critical Industries: Adjusted ES202, 2012**  
(Source: Ninegret Partners)



As noted in the chart above, nearly 700 of Gloucester's jobs are in the fishing industry. Given the continued importance of this sector, it is essential for Gloucester to continue to support these industries as they are a major component not only of the local economy, but the community's identity, including its appeal to visitors. Thus, maintaining the working waterfront is crucial to future development. However, given the decreases in jobs and

continued regulatory impediments, Gloucester is actively working to complement its historical maritime trades by positioning the city as a center for maritime research, education and innovation. The success of such efforts will significantly impact growth opportunities, particularly if they attract higher paying jobs.

### *Tourism*

Maritime-related tourism is also an important industry for Gloucester, particularly with the decreased employment within the fishing and its support industries. Tourism brings additional spending to a community through visitor lodging, eating, recreation and shopping expenditures. This adds to additional potential commercial opportunities within a community, and brings in additional municipal revenue through local meals and rooms taxes. According to Gloucester's Community Development Department, Gloucester draws approximately 400,000 annual visitors. This includes:

- Overnight guests (hotel stays): 42,000
- Beach visitors: 188,500
- Whale watch, schooners, fishing visitors: 100,000
- Day-trippers (arts, music, food, shopping): 40,000
- Festival-only visitors (e.g. St. Peter's Fiesta): 30,000

As shown in the above charts, restaurant employment is the second largest maritime-related employer, reflecting the importance of tourism on the larger economy, particularly in downtown. Downtown restaurants rely on the roughly 20,000 visitors that enter the Cape Ann Chamber of Commerce's Visitor Center in downtown annually, the 100,000 whale watch/recreational fishing visitors that depart from the harbor, as well as festival goers and day-trippers. In addition, downtown retail shops rely on these customers as well as hundreds of cruise ship visitors. In 2013, seven ships from American Cruise Lines and Great Lakes Cruise Company included Gloucester as a port of call. These cruises bring visitors directly to downtown. Eleven cruises are scheduled for 2014 through American Cruise Lines.

### **Employment Projections**

The Massachusetts Department of Labor and Workforce Development projects job growth between 2010 and 2020 (+14.4% or 132,869 jobs) for the North Shore subregion of which Gloucester is a part. When grouped together by building type category, projections show approximately 6,000 office-oriented jobs, 6,500 retail-oriented jobs, and nearly 9,100 industrial jobs will be added in the region. Businesses employing people in these types of jobs will require additional space in either vacant or new structures, particularly for the office and retail sectors.



**Table 20: Employment Projections by Industry, North Shore WIA, 2010-2010**

NAICS	Industry Title	Employment		Change	
Code		2010	2020	Net	Percent
<a href="#">51</a>	Information	2,981	3,117	136	4.6 %
<a href="#">52</a>	Finance and Insurance	5,769	6,418	649	11.2 %
<a href="#">53</a>	Real Estate and Rental and Leasing	1,887	2,162	275	14.6 %
<a href="#">54</a>	Professional, Scientific, and Technical Services	7,579	8,010	431	5.7 %
<a href="#">55</a>	Management of Companies and Enterprises	1,581	1,671	90	5.7 %
<a href="#">56</a>	Administrative and Support and Waste Management and Remediation	6,528	8,221	1,693	25.9 %
<a href="#">61</a>	Educational Services	15,336	16,208	872	5.7 %
<a href="#">62</a>	Health Care and Social Assistance	30,982	32,743	1,761	5.7 %
OFFICE/INSTITUTION SECTORS - BUILDING TYPE		72,643	78,550	5,907	8.13%
<a href="#">44-45</a>	Retail Trade	25,475	29,729	4,254	16.7 %
<a href="#">71</a>	Arts, Entertainment, and Recreation	3,034	3,206	172	5.7 %
<a href="#">72</a>	Accommodation and Food Services	15,667	17,328	1,661	10.6 %
<a href="#">81</a>	Other Services (Except Government)	7,864	8,310	446	5.7 %
RETAIL/COMMERCIAL & OTHER - BUILDING TYPE		52,040	58,573	6,533	12.55

					%
<a href="#">23</a>	Construction	5,400	7,626	2,226	41.2 %
<a href="#">31</a>	Manufacturing	16,531	16,759	228	1.4 %
<a href="#">42</a>	Wholesale Trade	5,882	7,827	1,945	33.1 %
<a href="#">48</a>	Transportation and Warehousing	2,501	2,969	468	18.7 %
INDUSTRIAL SECTORS - BUILDING TYPE		101,511	110,607	9,096	8.96%
TOTAL: ALL INDUSTRY SECTORS		925,240	1,058,109	132,869	14.36 %

Source: Massachusetts ELOWD, *Industry Projections, 2010-2020* March 26, 2013

Of relevance to Gloucester's economy is the increase expected in Health Care and Social Assistance, for which increased employment in ambulatory health care services, nursing and residential care workers is anticipated. Job growth is also projected to continue in retail, arts and accommodation, important economic sectors for Gloucester. Additionally, although Gloucester's industrial job base has declined (e.g. fishing related industry), industrial employment in the larger region is anticipated to increase - food manufacturing, artisan manufacturing (e.g. furniture), and fabricated metal manufacturing (includes marine hardware). Gloucester has a base of workers potentially qualified for these jobs with some additional training. Further, jobs in professional, scientific and technical services, which includes marine research, consulting, oceanographic surveying and other industries, is projected to grow. Should initiatives to grow Gloucester's tourism and maritime education and research industries prove successful, additional office and laboratory space will likely be needed. The City should ensure that zoning allows for building use types for these regional growth industries.

### Summary

Given recent trends and projected employment growth within the region in retail, entertainment and accommodations jobs, health care and social assistance jobs, and the potential for increased maritime research, education and exploration in Gloucester, the need for additional retail and office space is likely over the next five to ten years.

### E. Office Market Conditions & Demand

Interviews with local commercial real estate brokers and developers suggest that office space in Downtown Gloucester, while doing fairly well, is not in high demand. Although some additional commercial/office space will likely be needed in coming years, given that projected growth sector businesses will likely desire larger sites (e.g. health care, wholesale trades, research), the majority of office/industrial development is likely to occur in other areas of the city where larger tracts of land are more readily available.

Downtown Gloucester office space is most commonly occupied by professional workers (independent financial consultants, lawyers, accountants, etc.) located on upper floors of buildings along Main Street. Other smaller offices serving similar clients are scattered throughout the area. According to a vacancy survey conducted by the City in Summer 2013, there was relatively low office vacancy along Main Street. Out of approximately 70 spaces on upper floors, which are most likely to be leased as office and not retail space, 8 were vacant, or slightly more than 10% of all spaces. New office space can typically be supported when vacancies dip below 10%, and especially when below 5%. Rents for professional office space are typically in the range of \$15-\$20/sf.

**Table 20: Office Rents**

Address	Type	Size (sf)	Cost Per Month	Price Per Square Foot (Annual)
186 Main Street	Office	812	\$1,100	\$16.00
186 Main Street	Office	575	\$575	\$12.00
186 Main Street	Office	400	\$550	\$16.50
Main Street (Atrium Space)	Office	350	\$600	\$20.50
Downtown (no address)	Art Studio	700	\$1,000	\$17.00
Near Downtown	Office	320	\$800	\$30.00

Source: LoopNet, Craigslist.org

### Office Development Potential

Given vacancy data and affordable pricing, the current market for new professional office space in downtown Gloucester is low; however, limited opportunity is likely. Some professional office space on upper floors attractive to professional workers (attorneys, accountants, etc.), or to artists and other creative industries (tech, architects, communications, satellite offices) would likely be viable, particularly if the residential population grows. Flex ground floor retail/office spaces suitable for healthcare uses (doctors, dentists, physical therapists, etc.), real estate offices, health/recreation (e.g. yoga studios) and other professional services may also be possible. Development of live/work spaces would likely support some of this need, thus, at most, an additional

10,000-15,000 in flex professional office space may be supported downtown, particularly adjacent to existing concentrations on Main Street.

Should efforts to increase maritime research, exploration and support industries take hold, additional flex office/research space will be needed to accommodate job growth. Much of this development would likely be located along or immediately adjacent to the harbor, or perhaps in Blackburn Industrial Park where parking could be accommodated far easier and more affordably. However, until specific proposals or commitments are made, it is difficult to assess development potential. Thus, it is important to track new industry growth as these efforts take shape to determine space needs.

## F. Retail Market Conditions & Demand

Given Gloucester's geography, there are specific types of retail that would be best suited for such a location. Large retailers like department stores and national chain retail are unlikely since these establishments typically locate in large shopping centers along regional routes where significant surface parking and a large market (e.g. population) is readily available. Thus, those that would be attracted to the Gloucester market would likely locate elsewhere, for example, further south along Route 128. However, neighborhood convenience and tourism driven retail including clothing, health and personal care, food stores, eating establishments (cafes, limited service eating), as well as home goods, and others could hold potential.

## Competitive Environment

Downtown Gloucester's retail hub is located along Main Street a few blocks from the target study area. Main Street offers many retail and dining options, including numerous full-service restaurants, cafes and bakeries, gift/specialty shops, hair and nail salons, a small cinema, drugstores, several banks and other professional services. The majority of shops cater to both locals and visitors alike. Notably absent, however, are mid- to high-end clothing stores, boutiques, and other retailers often found in waterfront cities and towns. This may present an opportunity for growth. Although the majority of shops are open year round, those interviewed said they rely heavily on visitors during the summer season. The only national chains along Main Street are CVS and Walgreens. Rents along Main Street and in the vicinity range from \$15 - \$30 psf.

**Table 21: Office Rents**

Address	Type	Size	Per Month	Price Per Square Foot (Annual)
186 Main Street	Retail	2,200	\$2,100	\$16.00
2 Rogers Street	Retail	500-2,000	\$875-\$3,500	\$21.00

Source: LoopNet, Craigslist.org

A short walk north from Main Street is the target study area. As noted previously, the MBTA Gloucester Depot commuter station and tracks bisect the area creating two distinct subareas. The area north of the tracks is more

auto-oriented in that it includes commuter parking, and auto-oriented retail and service uses in the Whistlestop development (Family Dollar, Fitness Center, Doyon's TV & Appliance) and has the most direct access to Rte.128. Also, a 7/11, McDonalds and several other retail tenants are located along Maplewood Avenue. The area south of the tracks is more neighborhood-oriented with a concentration of convenience retail, primarily along Railroad Avenue. The intersection of Washington Street and Railroad Avenue holds the Azorean Restaurant and Bar. Across the street is a Dunkin Donuts and office space owned by Braga Management. Along Railroad Avenue is the fully leased Station Place mixed-use development (Subway, an eyeglass store, and a printing store); the recently remodeled Shaw's supermarket, liquor store and pharmacy center; as well as eating establishments (the Rhumb Line Bar and Restaurant, Mike's Place), a paint store, and other convenience retail. As noted by participants at the project's first public meeting in March, the area's retail has improved considerably over the last decade.

### **Downtown Gloucester Retail Opportunity**

MAPC's analysis estimates that 45,000 to 75,000 sf of additional retail space could be accommodated in the larger Downtown Gloucester study area. Of this estimated supportable space, approximately 10,000-15,000 square feet could potentially be absorbed in the target study area; however, this would likely require more residents to support new business activity.

Total retail square footage estimates are based on three analyses: a retail opportunity gap analysis; an analysis of retail demand from potential new residents, and an analysis of additional tourism demand. Total new supportable retail square footage from each analysis is highlighted in Table 22 below. Details for each follows in subsequent sections. (In addition to the data provided, input from local merchants, residents and city staff was factored into the analysis.)

**Table 22: Total Retail Potential, Downtown Gloucester.**

	Potential Retail (sf)
Retail Opportunity Gap Analysis	30,000 – 55,000 sf
Potential New Residents Analysis	10,000 – 15,000 sf
Tourism/Visitors Analysis	5,000 sf
<b>TOTAL:</b>	<b>45,000 – 75,000 sf</b>

Source: MAPC

#### *Gap Analysis*

A retail opportunity or gap analysis looks at the overall demand for retail goods and services within a designated market area based on the spending potential of households (demand), and the actual sales for those goods and services within the market area (supply). The difference between the demand and supply is the retail "gap". When the demand exceeds the supply, there is "leakage," meaning residents must travel outside the area to purchase those goods. In such cases, there is an opportunity to capture some of this spending within the market

area (i.e. new development). When there is greater supply than demand, there is a “surplus”, meaning consumers from outside the market area are coming in to purchase these goods and services. In such cases, there is limited or no opportunity for additional retail development. Thus, the retail gap analysis provides a snapshot of potential opportunities for retailers to locate within an area.

Data for three trade areas for the Gloucester study area were identified: 5-, 10- and 20-minute drive times from the train station. For purposes of this document, the 5-minute drive time was deemed the most appropriate for analysis, as it captures nearby residents and those most likely to drive to Gloucester for commuting or convenience. The 5-minute drive-time is considered the ideal trade area for small, local retailers<sup>56</sup>. (The summary gap analysis for all sectors can be seen in the Appendix.) The primary finding is that there is significant leakage in nearly all sectors, with the exception of food service and drinking places (restaurants), and food and beverage stores (grocery and liquor stores). Thus, the analysis indicates the potential for new retail.

**Table 22: Downtown-Oriented Retail Potential: Current Residents within 5-minute Drive Time**

	Avg Sales PSF	5-Minute Drive Time Retail Opportunity Gap	Median Store Size (Approx.)	# of stores 25% - 50% Capture *	Supportable Retail SF (25% to 50% capture)
Furniture/Home Furnish Stores-442	225	4,045,527	4,000-5,000	1-2	4,500 - 9,500
Electronics and Appliance Stores-443	225	3,223,454	5,500	1-2	3,500 - 7,200
Clothing and Accessories Stores-448	190	7,636,594	4,000	1-3	5,000 - 10,100
Sporting, Hobby, Book, Music Stores-451	190	2,521,309	5,000-8,500	1-2	3,900 - 7,900
Miscellaneous Store Retailers-453	220	5,446,198	2,000-4,000	4-6	8,400 - 16,800

<sup>56</sup> The 10-minute drive time analysis provided insight into regional draw sectors that would benefit downtown Gloucester, but not convenience purchases as these areas are proximate to competing downtown business districts with commuter train stations. The 20-minute drive time was also looked at to provide a larger context for retail sectors that typically operate in a regional, not local context (e.g. general merchandise and department stores, automotive dealers, etc.).

Foodservice and Drinking Places-722	320	- 7,732,224	2,000-3,000	2-3	5,500
Full-Svc Restaurants-7221	350	- 9,616,873	3000	0	0
Limited-Svc Eating Places-7222	280	289,889	2000	0.5	1,000
Special Foodservices-7223	280	101,782	2000	0	350
Drinking Places -7224	360	1,492,979	2000	2	4,150
<b>TOTAL DOWNTOWN</b>				<b>10 - 18</b>	<b>30,000 – 55,000</b>

Source: Nielsen Claritas Site Reports and MAPC

\*All sectors reflect a 25-50% capture rate, except foodservice, which includes a 100% capture rate.

Downtown Gloucester holds potential for additional neighborhood-oriented retail and service establishments, particularly those that would appeal to both residents and visitors alike. As shown in Table 22, based on data from Nielsen Claritas with additional analysis by MAPC, Downtown Gloucester could support approximately 30,000 to 55,000 sf of additional retail space with approximately 10 to 18 retail/service storefronts<sup>57</sup>. This includes a range of retail types including home furnishings, electronics, clothing, miscellaneous retails (gift shops, florists, etc) and limited service eating & drinking locations. Opportunities identified in the gap analysis are consistent with downtown retail site observations, and with discussions with local retailers and residents, who suggested there is a need and desire for boutique clothing stores for men and women, office supplies, more tourist-oriented retail, take-out food options, and services like dry cleaners.

The greatest opportunity for additional retail space, including clothing and specialty tourist retail, would be along or immediately adjacent to Main Street, given its active retail environment as the central business district. However, potential for additional retail along key corridors connecting to and within the target study area also exists. This would include retail uses that would appeal to residents, as well as commuters and tourists arriving/departing by train. Opportunity is highest for sites with good visibility and automobile and pedestrian traffic.

<sup>57</sup> The range represents a 25% to 50% capture rate of retail demand not currently met in downtown within sectors typically located in urban environments.

Year round residents in new mixed-use developments adjacent to the train station and along key connective corridors to Main Street would also provide a larger customer base (see next subsection for more detail). Retail most likely to locate in such locations would not compete directly with the tourist industry downtown, and be limited service or fast casual eating and drinking establishments, and miscellaneous retailers such as florists, office supplies, gift and novelty shops, pet and pet supplies, and art galleries (particularly should artist live/work be included in any new residential development.) This would complement the existing grocery, pharmacy and other eating establishments already located in the area.

Potential future maritime sector job growth in downtown and the harbor, particularly related to research, exploration and education, will also add customers to downtown retail and dining establishments. However, much of this will likely be absorbed by existing harbor-adjacent (including Main Street) establishments, particularly in off-season months when customer traffic and employment decreases in these industries.

#### *Future Residential Retail Opportunity*

Next, the potential for new retail space that could be supported by additional households identified in the residential market analysis was analyzed. Based on a review of other market analyses in the Boston region, each additional household can support approximately 75sf of retail space annually. Assuming 400 new units were built in Downtown Gloucester (average of the low- and high-capture rates of urban-inclined households), new households would support on approximately 30,000 sf of retail square footage. Given that some of this demand would be absorbed by current retail offerings and in vacant storefronts, in particular the existing Shaw's and other general merchandise locations nearby, we estimate approximately half of the increased demand would result in newly developed retail space, or 15,000 total new square feet of space.

#### *Tourism Retail Opportunity*

Finally, the potential for new retail space that could be supported by additional tourism/visitors was analyzed. Tourism is an important industry for Gloucester as it brings additional spending to the community. Current tourism already supports existing retail offerings; however, as noted earlier, Gloucester currently lacks some store types that appeal to tourists and for which there is also a retail opportunity gap for current residents (e.g. clothing). Should Gloucester tourism increase 10 percent annually (40,000 visitors – for example, through improved marketing and/or events in shoulder seasons), and each visitor spent conservatively, an average of \$35 in Downtown Gloucester (includes meals, retail spending, and entertainment), an additional \$1.4 million in local spending would be gained. Thus, approximately 4,500 - 5,000 additional square feet of retail could likely be supported by tourist spending alone. This additional development would depend on increased marketing to draw more visitors.

### **Retail Summary**

In summary, the retail market in Downtown Gloucester holds potential for approximately 45,000 to 75,000 sf of additional neighborhood- and tourist-oriented retail and services. Approximately 10,000 to 15,000 sf could be



supported in the target area should new mixed-use development occur that would be appealing to urban-inclined households.

## **G. Conclusion**

Based on the analysis of various market conditions, Downtown Gloucester is an attractive opportunity for future residential and retail development. The market could potentially support anywhere from 266 to 533 new housing units, primarily in multifamily apartments, condos or townhouses (approximately 250,000-550,000 sf), including transit-oriented mixed-use development in the target study area. Additionally, given retail opportunity gaps identified in the analysis, along with potential spending by new households, Downtown Gloucester could potentially support an additional 45,000 to 75,000 sf of additional retail development, and 10,000 – 15,000 sf of flex office/artist/retail space.

## Appendix

Retail Gap, 5- and 10-Minute Drive Time Trade Areas	5-Minute Drive Time	10-Minute Drive Time	20-Minute Drive Time
Total Retail Sales Including Eating and Drinking Places	28,257,017	173,741,511	- 1,215,459,365
Motor Vehicle and Parts Dealers-441	40,059,661	48,304,363	-454,448,453
Automotive Dealers-4411	44,246,740	45,402,951	-474,213,127
Other Motor Vehicle Dealers-4412	-7,695,758	-6,193,365	-651,107
Automotive Parts/Accsrs, Tire Stores-4413	3,508,678	9,094,776	20,415,780
Furniture and Home Furnishings Stores-442	4,045,527	10,055,868	13,667,305
Furniture Stores-4421	3,023,815	5,973,179	15,689,270
Home Furnishing Stores-4422	1,021,712	4,082,690	-2,021,966
Electronics and Appliance Stores-443	3,223,454	9,147,951	7,677,191
Building Material, Garden Equip Stores - 444	22,061,009	51,905,570	141,067,275
Building Material and Supply Dealers-4441	17,860,849	43,583,058	105,543,427
Lawn, Garden Equipment, Supplies Stores-4442	4,200,160	8,322,512	35,523,848
Food and Beverage Stores-445	-119,621,220	- 148,388,403	-372,699,280
Grocery Stores-4451	-46,477,870	-40,476,767	-31,390,301
Specialty Food Stores-4452	-41,421,153	-75,333,784	-157,676,314

Beer, Wine and Liquor Stores-4453	-31,722,196	-32,577,852	-183,632,665
Health and Personal Care Stores-446	-242,916	14,735,741	-20,919,316
Gasoline Stations-447	22,860,604	45,547,977	158,644,746
Clothing and Clothing Accessories Stores-448	7,636,594	9,239,838	-80,796,825
Clothing Stores-4481	2,989,031	6,994,022	-25,719,396
Shoe Stores-4482	939,358	1,783,672	-647,816
Sporting Goods, Hobby, Book, Music Stores-451	2,521,309	7,471,176	16,391,446
Sporting Goods, Hobby, Musical Inst Stores-4511	2,995,913	7,192,849	13,119,689
Book, Periodical and Music Stores-4512	-474,604	278,328	3,271,758
General Merchandise Stores-452	33,040,057	71,264,138	57,300,998
Department Stores Excl Leased Depts-4521	11,376,529	28,967,147	-67,271,558
Other General Merchandise Stores-4529	21,663,528	42,296,990	124,572,556
Miscellaneous Store Retailers-453	5,446,198	5,389,235	10,717,438
Florists-4531	80,404	226,867	-885,051
Office Supplies, Stationery, Gift Stores-4532	2,659,994	541,141	4,811,018
Used Merchandise Stores-4533	423,973	1,052,725	4,944,154
Other Miscellaneous Store Retailers-4539	2,281,826	3,568,502	1,847,318
Non-Store Retailers-454	14,958,963	43,563,849	-698,353,222

Foodservice and Drinking Places-722	-7,732,224	5,504,205	6,291,334
Full-Service Restaurants-7221	-9,616,873	-3,645,392	-18,658,120
Limited-Service Eating Places-7222	289,889	6,861,667	16,518,145
Special Foodservices-7223	101,782	-796,461	4,521,944
Drinking Places -Alcoholic Beverages-7224	1,492,979	3,084,390	3,909,364