HANOVER AFFORDABLE HOUSING TRUST

HANOVER HOUSING PRODUCTION PLAN

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TOWN OF HANOVER
HOUSING PRODUCTION PLAN

1. EXECUTIVE SUMMARY

Hanover is primarily a residential community approximately 25 miles southeast of Boston, bordered by the four communities of Norwell, Pembroke, Hanson and Rockland. The community has striven to maintain its "country town" character and prides itself on its history and distinct sense of place on the South Shore. The social and physical focus of the town is divided among a number of villages including West Hanover, North Hanover, South Hanover, Assinippi, Hanover Center and the historic Four Corners. Hanover Center and the nearby intersection of Routes 53 and 139 include a concentration of public services, businesses and traffic. Route 53 was once in fact the major route to Cape Cod and is still the town's primary commercial thoroughfare. The physical and historical distinctions of Hanover are still widely evident throughout town with open vistas, canopied roads, and farming structures reflecting the town's rural history, highly valued by its citizens and those willing to pay the high housing prices associated with living in Hanover.

In 1997, the Town prepared a Local Comprehensive Plan which acknowledged that Hanover needed to keep pace with modern society, but added that residents had been hesitant to allow changes.[1] Nevertheless, the town has experienced significant transformation, most notably the extensive commercial development along the Route 53 corridor, significant residential suburban sprawl as farms were converted into high-end subdivisions, and the price escalation of the Town's predominantly single-family housing stock. These developments have largely been fueled by the out-migration of those living in or in close proximity to Boston and, more recently, the pandemic.

Hanover had 4,852 housing units as of the 2010 census,[2] and the 2019 census estimates suggest an increase to 5,038 units which increased to 5,268 units according to early released 2020 census figures. Almost 90% of Hanover's dwellings are owner-occupied, single-family houses and most are built on relatively large lots that are typically at least 30,000 square feet with high and rising housing prices. The robust housing market is still attracting attention from private developers interested in Chapter 40B development and further challenging Town leaders interested in ensuring that development serves local needs and objectives. Channeling development into areas where construction could benefit the town, using housing development as a way to rehab and preserve historic buildings, clustering development to preserve open space, promoting walkable communities, and creating incentives for affordability are some of the strategies that are being considered.

1.1 Purpose of the Project

This Housing Plan builds on the Town's recently-adopted Master Plan, Hanover 300, which provided a strategic framework for guiding future development over the next decade, including housing goals and strategies. This Plan[3] also represents an update of Housing Production Plans that were prepared in 2007

[1] Beals and Thomas, Inc. and Thomas Planning Services, Inc., Local Comprehensive Plan, May 1997.

[2] While there were 4,852 total housing units cited in the 2010 census, and of these there were 4,832 year-round housing units on which the 10% state Chapter 40B goal is based until the next census is issued.

[3] The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to prepare and adopt an

and 2013, building on the progress that has been made on the affordable housing front in the community including:

- An increase of 127 SHI units, from 441 to 568 units or from 9.1% to 11.8% of the community's year-round housing.
- The creation of 37 new units as part of the Bethany Apartments development, involving the redevelopment of the Archdiocese's historic Kennedy Hall.
- Two new first-time homeownership opportunities on Center Street in partnership with Habitat for Humanity of the South Shore.
- The completion of Webster Village with 19 affordable units.
- An additional 12 group home units for special needs individuals, sponsored by the Massachusetts Department of Developmental Disabilities (DDS).
- Continued annual Town funding of the Affordable Housing Trust at a minimum of 10% of the total CPA allocation.
- Grant funding to support the development of an Open Space Residential Cluster Design zoning bylaw.
- $500,000 in contributions from Hanover Crossing to the Affordable Housing Trust.

This Housing Plan continues to recommend a range of options to meet community housing needs, to maintain an affordability threshold of more than 10% of the town's housing stock, and to strengthen the physical character of the town. Due to the high costs of homeownership, including those associated with taxes and utilities, many residents are finding it difficult to afford to remain in Hanover. Children who grew up in the town are now facing the likely possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased real estate taxes but unable to find alternative housing that better meets their current life styles. Families are finding it too expensive to move into Hanover including Town employees and employees of local businesses. More housing options are required to meet these diverse local needs.

The first part of the document, the Housing Needs Assessment, provides updated information on demographic, economic and housing characteristics and trends to help identify the range of local needs, prioritize these needs, and develop reasonable production goals. This information, in addition to opportunities for community input and the Master Plan, provided the foundation for identifying the strategies that are included in this Housing Plan, providing a blueprint for how the Town anticipates producing affordable units over the next few years.

1.2 Housing Goals

As noted above, in 2018 the Town prepared Hanover 300, a comprehensive Master Plan, with support from the Metropolitan Area Planning Council (MAPC) under the direction of the Hanover Master Plan Committee and the Planning Department. The Master Plan involved the development of a strategic framework to guide the future physical and economic development of the community over the next

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affordable housing plan that demonstrates production of an increase of 0.50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory. Hanover will have to produce at least 24 affordable units annually to meet these production goals. If DHCD certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

decade. The planning process included substantial community input into a vision for the future, local priorities, and an action plan. This Master Plan included a housing element that suggested the following goals which are incorporated as guiding principles in this Housing Plan:

1. Create opportunities to develop a diverse and affordable housing stock to meet the needs of a changing demographic profile in the town.
2. Leverage existing funding sources such as the Hanover Affordable Housing Trust and the Community Preservation Act to meeting existing and future housing needs.
3. Review and revise the Zoning Bylaw to remove barriers and create more incentives toward the production of affordable housing.
4. Encourage affordable housing development to achieve, exceed and maintain the Chapter 40B goal.

1.3 Summary of Housing Needs Assessment[4]

The Housing Needs Assessment, which is a major component of this Housing Production Plan, presents an overview of the current housing dynamic in Hanover, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals. Table 1-1 summarizes demographic and housing characteristics in Hanover and compares this information to that of Plymouth County and the state.

- *Slower but steady population growth*

  Population growth since the mid-20th century has increasingly put pressures on the housing market, especially between 1950 and 1970 when the population tripled in size. Since then, the rate of growth has slowed, nevertheless, Hanover is still growing. The 2019 census estimates indicated that the town had a total population of 14,459 while the 2020 census identified 14,833 residents, a 6.9% increase over the 2010 population of 13,879.

  Those under age 18 decreased from about 29% of the population in 2000 to 26% in 2019 while residents 65 years and older increased from 10.5% to 16.7% of all residents and are expected to grow to 24.5% by 2030 according to MAPC projections.

  The Metropolitan Area Planning Council (MAPC) has calculated population growth projections that suggest that the population will be an estimated 14,554 residents in 2030 based on their Stronger Region scenario.[5] This means very limited growth in the relatively near future given the 2019 census estimate of 14,459 residents or that the projections underestimate future growth.

[4] It should be noted that the Housing Needs Assessment includes the most up-to-date data available. When decennial census data is not available, the most recent issue of the Census Bureau's American Community Survey (ACS) is used for various types of data. Because the ACS is based on a survey, it is subject to sampling error and variation. Additionally, this HPP includes the very limited 2020 census data that was released for redistricting purposes and provides 2019 census estimates in the absence of the availability of the 2020 estimates.

[5] The "Stronger Region" projections are based on the following assumptions:

- The region will attract and retain more people, especially young adults, than it does today;
- Younger households (born after 1980) will be more inclined toward urban living than their older counterparts and less likely to choose to live in single-family homes; and
- An increasing share of older adults will choose to downsize from single-family homes to apartments or condominiums.

- *Fewer children and more older adults*
  Hanover proportionately had more children and somewhat fewer older adults than the county and the state, but trends suggest that the proportion of children is decreasing with corresponding increases in seniors, certainly reflected in increases in median age from 37.5 years in 2000 to 41.9 years in 2019.

  Just as the baby-boomers have driven trade-up demand in the last decade, the aging of this large group is projected to result in a doubling of the 65 years and over population between 2010 and 2040 according to University of Massachusetts Donahue Institute (UMDI) projections. This may increase the demand for smaller units that are easier to maintain than the average single-family home.

Table 1-1: Summary of Key Demographic and Economic Characteristics for Hanover, Plymouth County and the State, 2000, 2010 and 2019

Characteristics	Hanover			Plymouth County			Massachusetts		
Demographic/ Economic	**2000**	**2010**	**2019**	**2000**	**2010**	**2019**	**2000**	**2010**	**2019**
Total population	13,164	13,879	14,459	472,822	494,919	521,202	6,349,097	6,547,629	6,892,503
% less than 18 years	28.8%	27.9%	26.0%	26.8%	24.1%	21.2%	23.6%	21.7%	19.6%
% 65 years or more	10.5%	13.3%	16.7%	11.8%	13.9%	18.7%	13.5%	13.8%	17.0%
Median age (years)	37.5	41.8	41.9	36.8	41.1	43.2	36.5	39.1	39.7
% non-family households	18.0%	20.6%	23.0%	27.3%	29.4%	31.5%	36%	37.0%	37.2%
Average household size	3.02 persons	2.93 persons	2.91 persons	2.74 persons	2.67 persons	2.67 persons	2.51 persons	2.48 persons	2.51 persons
Median household Income*	$73,838	100,982	127,981	$55,615	$73,131	$90,880	$50,502	$63,961	$85,843
Individuals in poverty*	2.3%	3.0%	3.0%	6.6%	7.0%	7.2%	9%	10.8%	9.4%
% earning < $25,000*	12.9%	10.5%	11.3%	20.5%	15.3%	12.8%	24.6%	20.6%	15.5%
% earning > $100,000*	32.7%	50.6%	62.3%	18.8%	33.4%	45.6%	17.7%	29.9%	43.5%
Housing									
% occupied housing	97.8%	97.1%	97.5%	92.7%	90.5%	91.2%	93.2%	90.7%	90.5%
% owner-occupied	87.4%	87.4%	88.1%	75.6%	76.1%	77.4%	61.7%	62.3%	62.2%
% renter-occupied	12.6%	12.6%	11.9%	24.4%	23.9%	22.6%	38.3%	37.7%	37.8%
% in single-family, detached structures*	88.3%	84.4%	85.3%	71.7%	69.1%*	71.0%	52.4%	51.9%*	51.8%
% units in structures with 3+ units*	8.2%	12.2%	9.7%	19.6%	29.2%*	19.5%	31.0%	32.6%*	33.5%
Median sales price as of the end of 2000/2010/ 2020**	$315,950	$419,900	$565,000	$193,000	$274,759	$439,900	$215,000	$295,000	$445,750

Sources: U.S. Census Bureau, 2000 and 2010 and American Community Survey 5-Year Estimates for 2007-2011 and 2015-2019. Asterisks (*) note data from the U.S. Census Bureau's American Community Survey, 2007-2011 and 2015-2019 estimates. ** The Warren Group, Banker & Tradesman.

- *More families*
  While most households involve families in Hanover, the proportion of all families has declined significantly over the past several decades, going from 90.9% of households in 1980 to 79.4% by

2010, and 77% based on 2019 census estimates. The Town still has a higher proportion of family versus non-family households (those living alone or with unrelated household members) reflected in the higher average household size of 2.91 persons in comparison to 2.67 and 2.51 for the county and state, respectively.

- *Higher incomes*
  Median income levels per the 2019 census estimates indicate that incomes were on average substantially higher in Hanover than the county or state, $127,981 as opposed to $90,880 and $85,843, respectively. Additionally, the percentage of those earning less than $25,000 annually was substantially lower in Hanover, at 11.3%, while it was 12.8% for the county and 15.5% for the state.

Those with incomes of more than $100,000 increased from 32.7% of all households in 2000 to 62.3% by 2019, significantly higher than the county and state levels of 45.6% and 43.5%, respectively.

- *Slowdown in recent housing growth*
  The boom years of housing production occurred between 1950 and 1980 with about 500 units added each subsequent decade until a more recent slow down after 2010. Building permit information suggests that about 164 single-family units were produced between 2010 and 2019 as well as about another hundred units at Barstow Village and Bethany Apartments.

- *Higher level of homeownership*
  The 2019 census estimates indicate that 88.1% of all occupied units involved homeownership compared to Plymouth County and the state as a whole at 77.4% and 62.2%, respectively. Nevertheless, one-fifth of Hanover's housing growth between 1980 and 2010 involved rental units that included 337 of the 1,634 total housing units built during that period. The number of rental units, while small relative to owner-occupied housing, still more than doubled during this timeframe and contributed to an expansion of housing diversity.[6]

- *Growing but lower level of multi-family housing*
  While the percentage of units in multi-family structures increased from 8.2% to 9.7% between 2000 and 2019, based on census data, the 2019 percentage of such units was lower in comparison to the county and state at 19.5% and 33.5%, respectively.

- *Extremely tight market conditions*
  The 2019 census estimates indicate a zero percent vacancy rate for both homeownership and rental units.

COVID-19 has not had a dampening effect on housing prices nor sales volume as both were at the highest levels in 2020.

- *Higher housing prices*
  Housing prices are at unprecedented levels with a median single-family house price of $565,000 based on *Banker & Tradesman* data as of the end of 2020. This is higher than the height of the housing market prior to the recession of $462,500 in 2007 and also higher than the medians for the county and state at $439,900 and $445,750, respectively.

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[6] It is worth noting that the 2010 American Community Survey 5-Year Estimates for 2006-2010 overestimated the inventory of rental units at 820 units. Likewise, the 2011 census estimates for 2007-2011 identified 884 rental units. When the decennial data is not available, this Housing Plan substitutes the ACS census estimates.

To afford the median sales price of $565,000, a household would have to earn an estimated $118,280 with 80% financing, $138,169 with 95% financing.[7] Therefore, there was no affordability gap for those who had the approximately $120,000 in upfront cash to obtain 80% financing given that the likely required income was lower than the community's median household income. There was a small gap of $10,188 for those with 95% financing, the difference between the $138,169 income required and Hanover's median.

An affordability gap of $177,500 emerges when the affordability analysis focuses on those low- and moderate-income households earning at or below 80% of area median income, or $90,950 for a family of three based on 2021 HUD income limits for the Boston area. Households with incomes at the top of this limit could likely afford a house costing no more than $387,500 assuming they can qualify for subsidized mortgages like the ONE Mortgage Program[8] or a MassHousing mortgage without private mortgage insurance and 95% financing. It is important to note that the state has a specific formula for calculating affordable purchase prices that sets the price at someone earning at 70% AMI to allow a marketing window in addition to other assumptions.

In regard to *rentals*, the gross median rent of $1,338, according to the 2019 census estimates, required an income of about $60,520, assuming average monthly utility costs of $175 and spending no more than 30% of income on housing costs. This is well within HUD's current income limit for three-person households earning at 80% of area median income, or $90,950, but triple the median income for renter households of $20,147. Local listings indicate that market rents are actually much higher, closer to a median of $2,000 and requiring an income of about $87,000.

Of the 4,990 Hanover households included in special HUD data, 1,420 or 28.5% were experiencing cost burdens that includes 480 or 9.6% with severe cost burdens as they were spending more than half their income on housing costs.

- *High housing cost burdens*

There were 1,450 households with incomes at or below 80% of median family income, up from 1,240 in 2009. Of these, 895 or 61.7% were spending more than 30% of their income on housing that included 465 or 32.1% who were spending more than half of their income on housing. These levels of cost burdens are up from 57% and 31.5% in 2009, respectively.

- *Supply of Workforce Housing*

Based on Town Assessors data, less than 1% of single-family units in town, that was valued for under $300,000, might be affordable to low- and moderate-

[7] Figures based on 80% financing, interest of 3.0%, 30-year term, annual property tax rate of $16.33 per thousand, and insurance costs of $4 per $1,000 for condominiums and $6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. Those who could access 95% financing would likely have to pay private mortgage insurance (PMI) in the amount of approximately .03125% of the mortgage amount.

[8] The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the ONE Mortgage Program which replaced the highly successful Soft Second Loan Program that operated between 1991 and 2013 and helped over 17,000 families purchase their first home. The ONE Mortgage Program is a new simplified version of the Soft Second Program providing low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the costs associated with private mortgage insurance.

income households. Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Hanover had 4,832 year-round housing units,[9] of which 568 were counted as affordable, representing 11.75% of the year-round housing stock.[10] This is up from 441 SHI units and an affordability percentage of 9.13% in 2013.

Building permit data indicates that another 164 single-family homes were built between 2010 and 2019 as well as 66 multi-family units at Barstow Village and 37 units at Bethany Apartments. This would suggest a total housing stock of 5,099 units in 2019. Given development trends over the past several years, it is likely that approximately another 20 new homes were added in 2020 for a total housing stock of about 5,119 units. This would mean that 10% of the year-round housing stock (5,119 units - 20 seasonal/occasional units = 5,099 units) would have to be affordable requiring at least 510 SHI units to meet the state 10% affordability goal. Consequently, at 568 SHI units, the Town has a considerable cushion assuming that affordability restriction for the Legion Elderly Housing projects do not expire.

Nevertheless, there still remains a sizable population of those living in Hanover who are being priced-out of the private housing market and are likely struggling to remain in Hanover if they are not already living in subsidized housing. To address these residents, the following priority housing needs have been identified. Further indicators of these needs are detailed in Section 2.6.

1. Households with Limited Incomes

Of the 475 renter households with incomes at or below 80% of median family income, 265 or 56% were spending too much on their housing. Given the high costs of housing, more subsidized rental housing is necessary to make living in Hanover affordable, particularly for residents who have very limited financial means. Of particular concern are the 130 households with severe cost burdens paying more than half of their incomes on housing costs, all with incomes at or below 30% MFI which should be targets for subsidized housing. Property manages of affordable housing concur that the greatest need and demand are for units targeted to those with income at 30% or 50% AMI.

2. Gaps in Affordability and Access to Affordable Housing

Demographic trends suggest that housing costs may be pricing younger individuals and families out of the housing market as those entering the labor market and forming new families have been dwindling in numbers. This has reduced the pool of entry level workers and service employees and forced the grown children who were raised in town to relocate outside of Hanover. For example, those age 25 to 34 represented almost 15% of all residents in 1980 and declined to 10% in 2000 and still further to about 7% in 2010 and 2019. Additionally, residents in the 35 to 44 age range also declined from 2,457, or almost 19% of the population in 2000, to an estimated 1,941 or 13.4% in 2019. A wider range of affordable housing options is needed, including first-time homeownership opportunities for younger households entering the job market and forming their own families as well as empty nesters.

[9] Year-round units are calculated by subtracting the number of seasonal or occasional units (20) from the total number of housing units (4,852) per the 2010 US Census.

[10] Not all of these units were actually affordable as all units in a Chapter 40B rental development are eligible for inclusion in the Subsidized Housing Inventory although only 25% have to be affordable. Such 40B developments with market units include Hanover Woods, Washington Crossing Apartments, and Webster Village.

3. *Disabilities and Special Needs*

The 2019 census estimates suggest that 1,282 individuals, or 8.9% of residents, claimed some type of disability that included 605 residents or 25% of those 65 years of age or older. This population is projected to increase and will require greater access to home modifications and supportive services.

4. *Housing Conditions*

About two-thirds of Hanover's housing units were built prior to 1980 and are likelier to have traces of lead-based paint, posing safety hazards to children. This housing may also have some deferred maintenance needs that come with an aging housing stock. Assistance to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, are needed.

1.4 Summary of Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of at least 0.5% of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory in a single calendar year. Hanover would have to produce at least 24 affordable units annually to meet these production goals. If the state certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny inappropriate comprehensive permit applications without an opportunity for appeal by developers.[11] If the Town produces double this amount in any year, it might qualify to have a two-year period when it can deny 40B applications that it determines do not meet local needs.

When the 2020 census estimates are released, the year-round housing figure will likely increase to about 5,100 units that will bring the Town's current SHI percentage down somewhat, from 11.75% closer to 11.1%. Annual housing production goals will increase somewhat to 26 units and 51 units based on the one-year and two-year goals, respectively.

This Plan provides production goals over the next five years which include the creation of affordable and workforce units[12] as well as other units that are not eligible for inclusion in the SHI but still serve local housing needs.

It is important to note that the state's subsidizing agencies have entered into an Interagency Agreement that provides more guidance to localities concerning housing opportunities for families with children

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

[12] Workforce units are defined in this Plan as those earning between 80% and 120% of area median income who are still largely priced out of the existing housing market.

and require that at least 10% of the units in affordable housing developments that are funded, assisted, or approved by a state housing agency have three or more bedrooms with some exceptions (e.g., age-restricted housing, assisted living, supportive housing for individuals, SRO's. etc.).

1.5 Summary of Housing Strategies

The strategies summarized in Table 1-2 are based on previous plans, reports, studies, the Housing Needs Assessment, the recently-adopted Master Plan, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning Strategies, Housing Production, Housing Preservation, and Direct Assistance – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.[13]

While a major goal of this Plan is to continue to surpass the state's 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs. Consequently, there are instances where housing initiatives might be promoted to meet community needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory.

It is also important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.

Table 1-2: Summary of Housing Strategies

Strategies	Priority for Implementation			
	Two-Year Plan	Five-Year Plan	# Affordable Units	Responsible Parties**
5.1 Capacity-building Strategies				
1. Continue to capitalize the Housing Trust (HAHT)	X		*	BOS/CPC/HT
2. Conduct ongoing educational campaign	X		*	HT
5.2 Zoning Strategies				
1. Adopt OSRCD bylaw	X		5	PB/HT
2. Adopt inclusionary zoning		X	5	PB/HT
3. Explore use of 40R/40S		X	25	PB/HT
5.3 Housing Development Strategies				
1. Make suitable public property available for affordable housing	X		32	BOS/HT
2. Promote "friendly" 40B Development	X		235	BOS/ZBA/HT
3. Pursue adaptive re-use	X		Included under Town-owned sites	HT
4. Support new infill housing		X	11	HT

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

5.4 Housing Preservation				
1. Ensure long-term affordability of SHI units	X		*	BOS/HT
2. Explore a Small Repair Grant Program		X		HT
3. Consider a Housing Rehab Program/Local Septic Repair Program		X	*	HT
5.5 Direct Assistance				
1. Provide 1st-time homebuyer Assistance		X	4	HT/CPC
2. Explore renter subsidy programs		X	*	HT/CPC

* Indicates actions for which units are counted under other specific housing production strategies, have an indirect impact on production, or do not add to the Subsidized Housing Inventory.
See production goals under Table 4-1 for derivation of these goals.

Board of Selectmen = BOS
Planning Board = PB
Housing Trust = HT
Community Preservation Committee = CPC

2. HOUSING NEEDS ASSESSMENT[14]

This Housing Needs Assessment presents an overview of the current housing dynamic in the town of Hanover, providing the context within which a responsive set of strategies can be developed to address identified housing needs and meet production goals.

2.1 Demographic and Economic Profile

It is important to closely examine social and economic characteristics, particularly past and future trends, in order to understand the composition of the population and how it relates to current and future housing needs. Key questions to be addressed in this Needs Assessment include the following:

- What are the ramifications of increases and decreases of various age groups in regard to housing needs?
- What are the variations in household size and types of households that suggest unmet or greater housing needs?
- What changes in income levels have occurred and how does this relate to housing affordability?
- What proportion of the population is disabled or has other special needs that suggest the need for supportive services or home modifications?

These and other social and economic issues are discussed in the following sections.

2.1.1 Population Growth – Slower but steady growth during the past several decades

Table 2-1 identifies the level of population growth since the mid-20th century. The town experienced a building boom between 1950 and 1970 when the population tripled in size. Since then, the rate of growth has slowed, nevertheless, Hanover is still growing. The 2019 census estimates indicate that the town had a total population of 14,459 while the 2020 census identified 14,833 total residents representing a 6.9% increase over the 2010 population of 13,879.

Table 2-1: Total Population, 1930 – 2021

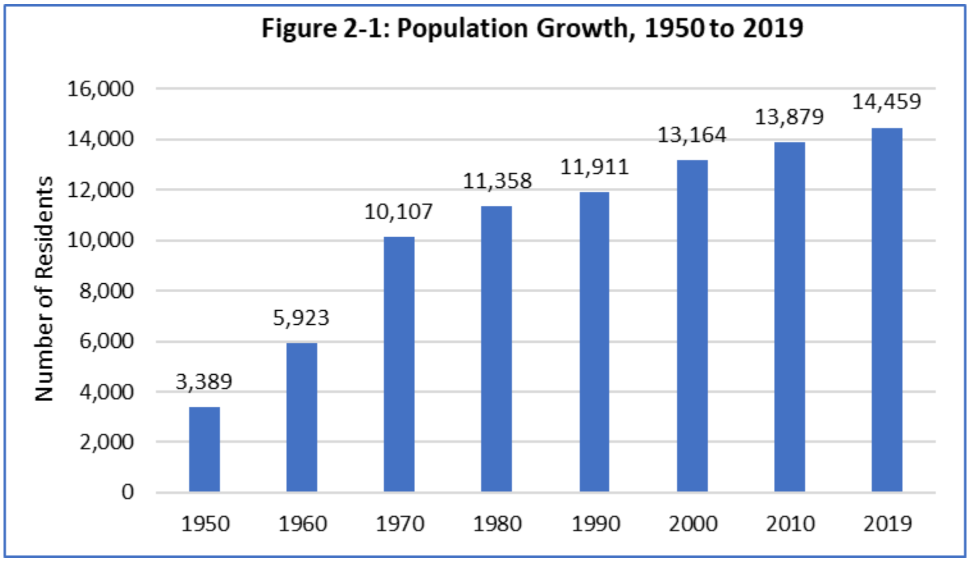
Year	Population	Increase in # Residents	Percentage Increase
1930	2,808	--	--
1940	2,875	67	2.4
1950	3,389	514	1.8
1960	5,923	2,534	74.4
1970	10,107	4,184	70.6
1980	11,358	1,251	12.4
1990	11,912	554	4.9
2000	13,164	1,252	10.5
2010	13,879	715	5.4
2019	14,459	580	4.2
2020	14,833	374	2.6
3/1/21 Town Records	14,637	--	--

[14] It should be noted that this Housing Needs Assessment includes the most up-to-date data available. Typically, the actual counts from census data are presented as well as the most recent figures from the Census Bureau's American Community Survey (ACS). Because the ACS is based on survey data, it is subject to sampling error and variation. Additionally, this HPP includes the very limited 2020 census data that was earlier released for redistricting purposes but provides 2019 census estimates in the absence of the availability of the 2020 estimates.

Source: U.S. Census Bureau and Town of Hanover, March 2021

According to census records from the Town Clerk's Office, Hanover had 14,637 residents as of March 1, 2021, still lower than the 2020 population total.

Population growth in Hanover over the decades since 1950 is graphically presented in Figure 2-1, showing the steady growth in the community and the spike in growth between 1950 and 1970.



The Metropolitan Area Planning Council (MAPC) has calculated population growth projections which are summarized by age range in Table 2-4. These projections suggest that the population will be about 14,203 residents in 2030 based on their Status Quo projections and at 14,554 based on their Stronger Region scenario.[15] Given a population of 14,833, based on the 2020 census, both scenarios likely underestimate future growth.

2.1.2 Race – Increasing racial diversity

As indicated in Table 2-2, the population has remained predominately White although the growth in minority households has been steadily increasing. The 2019 census estimates identified 593 persons or 4.2% of the population as non-White, up substantially from 487 persons and 3.5% in 2010 and almost double the level in 2000. Approximately one-quarter of the 2019 minority population identified as African-American or Black with almost another quarter involving two or more races.

[15] The Status Quo projections depict estimates based on an accounting for births, deaths, and migration patterns. Stronger Region" projections are based on the following assumptions:

- The region will attract and retain more people, especially young adults, than it does today;
- Younger households (born after 1980) will be more inclined toward urban living than their older counterparts and less likely to choose to live in single-family homes; and
- An increasing share of older adults will choose to downsize from single-family homes to apartments or condominiums.

Table 2-2: Demographic Characteristics, 1980-2019

Demographic Characteristics	1980		1990		2000		2010		2019	
	#	%	#	%	#	%	#	%	#	%
Total Population	11,358	100.0	11,912	100.0	13,164	100.0	13,879	100.0	14,459	100.0
Minority Residents*	71	0.6	206	1.7	306	2.3	487	3.5	593	4.1
Total Households	3,132	100.0	3,742	100.0	4,349	100.0	4,709	100.0	4,913	100.0
Families**	2,846	90.9	3,120	83.4	3,567	82.0	3,740	79.4	3,781	77.0
Nonfamilies**	286	9.1	622	16.6	782	18.0	969	20.6	1,132	23.0
Female Heads of Households***	195	6.2	322	8.6	349/141 with children	8.0/3.2	389/189 with children	8.3/4.0	403/142 with children	8.2/2.9
Average HH Size	3.63 persons		3.14 persons		3.02 persons		2.93 persons		2.91 persons	

Sources: U.S. Census Bureau 1980, 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2015-2019 *All non-white classifications ** Percent of all households *** With children under age 18

Population projections from the State Data Center at the University of Massachusetts' Donahue Institute (UMDI) suggest significant population losses to 13,999 residents by 2030 and 14,084 by 2040, as summarized by age in Table 2-5.

2.1.3 Age Distribution – Fewer children and more older residents

As Table 2-3 and Figure 2-2 both demonstrate, Hanover is continuing to experience the following demographic shifts:

- *Decreases in children*
  Residents less than 18 years of age have decreased in numbers and in proportion to the total population since 1980. In 2010 this group comprised 27.9% of the population, or 3,878 persons, a substantial fall-off from 4,066 persons and 35.8% in 1980. The 2019 census estimates indicate a continuing decline to 3,762 children and 26% of all residents, and the 2020 census count was still lower at 3,702 or 25% of all residents. The 2020 census does not offer a breakdown for other income ranges besides those over age 18 at 11, 131 residents.

- *Fluctuations in the population of very young adults*
  There was a 59% increase in the population of young adults between the ages of 18 and 24 between 2000 and 2019, following a 42% decrease between 1990 and 2000. This population of college students and those entering the labor force fluctuated from about 10% of the population in 1980 and 1990 to 5.6% in 2000, 6.5% in 2010, and 8.1% in 2019.

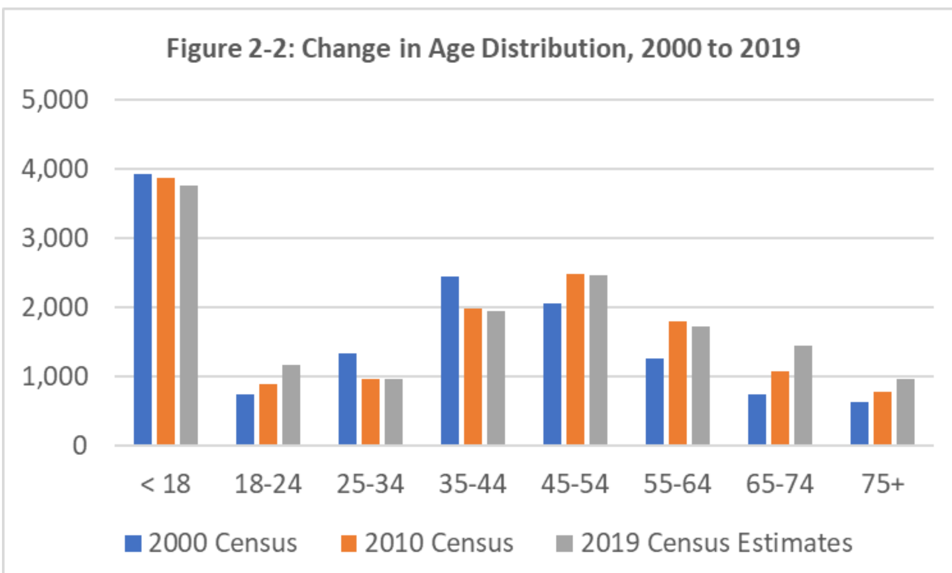
- *Declines in 25-to-34-year residents*
  Those age 25 to 34 represented almost 15% of all residents in 1980 and declined to 10% in 2000 and still further to about 7% in 2010 and 2019. It may be the high costs of housing that is making it more difficult for young families to settle in Hanover as well as a likely preference for more urban settings of these Millennials.

- *Decreases in younger middle-age residents*
  Residents in the 35 to 44 age range have also declined since 2000, from 2,457 or almost 19% of the population to an estimated 1,941 and 13.4% in 2019.

Table 2-3: Age Distribution 1980-2019

Age Range	1980 #	1980 %	1990 #	1990 %	2000 #	2000 %	2010 #	2010 %	2019 #	2019 %
Under 5 Years	762	6.7	856	7.2	1,013	7.7	767	5.5	872	6.0
5 – 17 Years	3,304	29.1	2,404	20.2	2,908	22.1	3,111	22.4	2,890	20.0
18 – 24 Years	1,139	10.0	1,265	10.6	736	5.6	900	6.5	1,170	8.1
25 – 34 Years	1,670	14.7	3,761	31.6	1,337	10.2	968	7.0	970	6.7
35 – 44 Years	1,784	15.7			2,457	18.7	1,986	14.3	1,941	13.4
45 – 54 Years	1,145	10.1	1,572	13.2	2,067	15.7	2,489	17.9	2,468	17.1
55 – 64 Years	879	7.7	955	8.0	1,267	9.6	1,806	13.0	1,731	12.0
65 – 74 Years	451	4.0	691	5.8	752	5.7	1,074	7.7	1,456	10.1
75 – 84 Years	171	1.5	319	2.7	484	3.7	573	4.1	711	4.9
85 Years+	53	0.5	89	0.7	143	1.1	205	1.5	250	1.7
Total	11,358	100.0	11,912	100.0	13,164	100.0	13,879	100.0	14,459	100.0
Under 18	4,066	35.8	3,260	27.4	3,921	28.8	3,878	27.9	3,762	26.0
Age 65+	675	5.9	1,099	9.2	1,379	10.5	1,852	13.3	2,417	16.7

Sources: U.S. Census Bureau 1980, 1990, 2000 and 2010 and American Community Survey 5-Years Estimates 2015-2019



- *Increased in older middle-age individuals*
  Residents in the 45 to 64 age range have increased over the years from almost 18% of the population in 1980 to more than one-quarter in 2000 and then to approximately 30% in 2010 and 2019. Some of these residents are likely longer-term residents but others have more recently been drawn to the community and had the income to afford to compete in the housing market.

- *Substantial increases in older adults*
  In 2010 there were 1,852 persons 65 years of age or older representing 13.3% of all residents, up significantly from 675 or 5.9% of the total population in 1980. The 2019 census estimates indicate further increases to 2,417 residents or 16.7% of the population. Despite the considerable growth of these older adults, the proportion of those 65 or older is still a bit lower in Hanover than it is for Plymouth County or the state at 18.7% and 17%, respectively. The general aging of the population is also reflected in increases in the median age from 37.5 years in 2000, to 41.8 by 2010, and 41.9 years in 2019.

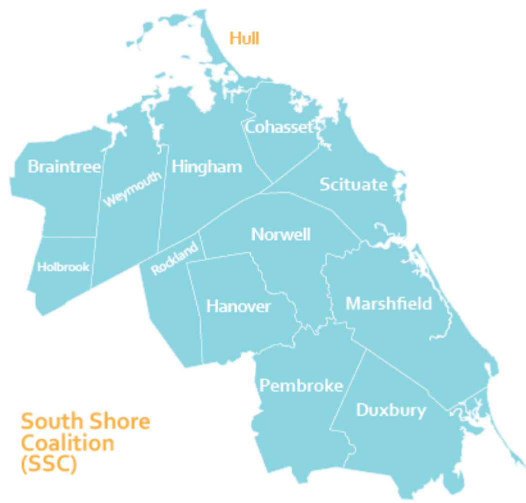


Table 2-4 presents population projections by age range through 2020 and 2030 based on MAPC's Stronger Region scenario which is likely closer to local population trends than their Status Quo projections with a lower 2030 population estimate of 14,203.[16] These projections suggest declines in all age ranges with the exception of those 65 years of age or older who are projected to increase from about 13% of the population in 2010 to almost one-quarter by 2030.

Table 2-4: MAPC Population Projections (Stronger Region Scenario)

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Less than 5 years	767	5.5	649	4.6	708	4.9
5 to 19 years	3,398	24.5	2,953	20.9	2,771	19.0
20 to 34 years	1,581	11.4	1,827	12.9	1,759	12.1
35 to 64 years	6,281	45.3	6,066	42.9	5,750	39.5
65+ years	1,852	13.3	2,645	18.7	3,564	24.5
Total	13,879	100.0	14,140	100.0	14,554	100.0

Source: Metropolitan Area Planning Council (MAPC), Massachusetts Housing Data Portal, January 2014.

These projected demographic shifts are further presented in Figure 2-3, comparing MAPC's Stronger Region projections for Hanover to other developing suburbs in the state, the South Shore Coalition subregion,[17] and Metro Boston from 2010 to 2030. Estimates suggest that Hanover will experience relatively comparable patterns with respect to population growth and changes in those under age 15. An exception is the higher increase for seniors that is projected statewide for developing suburbs at 118% compared to Hanover at 92%. Hanover's projected increase is still higher than the 75% estimates for the SSC region and Metro Boston however.

[16] The Stronger Region scenario, nevertheless, likely underestimates population growth as the 2020 census identified a population of 14,833 residents, above MAPC projections.

[17] In addition to Hanover, MAPC's South Shore Coalition subregion includes the communities of Braintree, Cohasset, Duxbury, Hingham, Holbrook, Hull, Marshfield, Norwell, Pembroke, Rockland, Scituate and Weymouth.

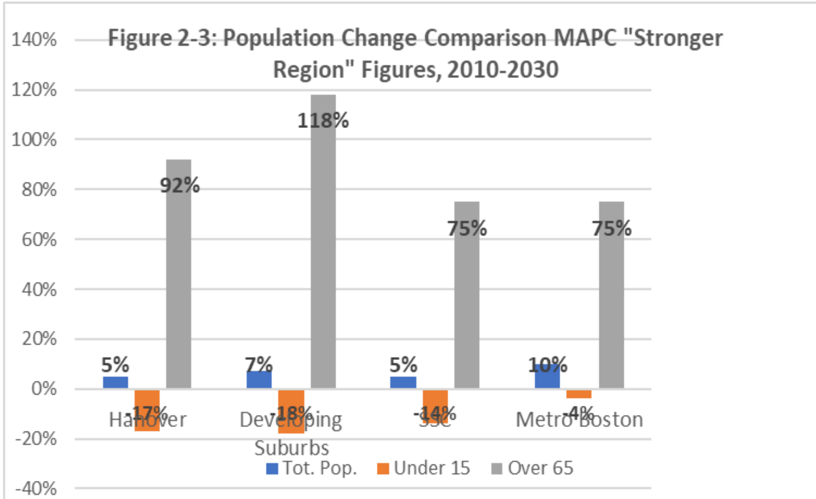


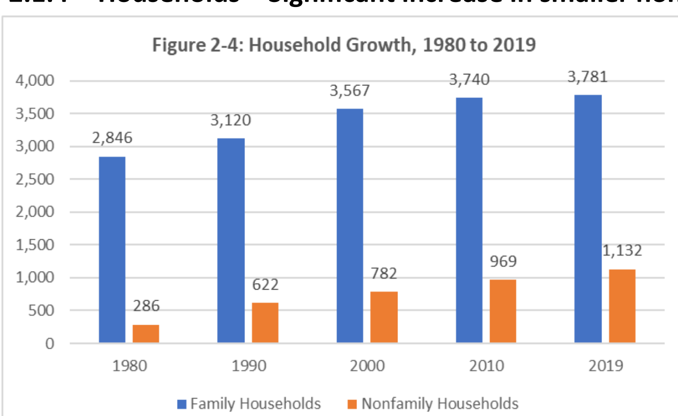
Table 2-5 provides projections of the age distribution in Hanover through 2040 from the State Data Center at the University of Massachusetts Donahue Institute (UMDI), forecasting little population growth between 2010 and 2040 to 14,084 residents. This runs counter to the 2019 census estimates that identified a total population of 14,459 and the 2020 census count of 14,833. It does provide some insights into demographic shifts that involve decreases in all age groups with the exception of those 65 years of age or older through 2030 with some increase in children by 2040. The proportional age distribution of the 2030 MAPC projections and the UMDI 2040 projections are relatively comparable.

Table 2-5: UMDI Population Projections

Age Range	2010 Census		2020 Projections		2030 Projections		2040 Projections	
	#	%	#	%	#	%	#	%
< 5 years	767	5.5	608	4.4	704	5.0	596	4.2
5 to 19 years	3,398	24.5	2,782	20.1	2,441	17.4	2,702	19.2
20 to 34 years	1,581	11.4	2,010	14.5	1,978	14.1	1,586	11.3
35 to 64 years	6,281	45.3	5,686	41.0	5,301	37.9	5,552	39.4
65+ years	1,852	13.3	2,778	20.0	3,575	25.5	3,648	25.9
Total	13,879	100.0	13,864	100.0	13,999	100.0	14,084	100.0

Source: University of Massachusetts, Donahue Institute, State Data Center, 2018.

2.1.4 Households – Significant increase in smaller nontraditional households



As shown in Table 2-2, most households have involved families in Hanover, however, the proportion of families has declined significantly over the past several decades, going from 91% of households in 1980 to 77% by 2019. On the other hand, nonfamily households[18] have almost tripled since 1980, becoming a more significant segment of Hanover. These nonfamily households increased by almost 850 households since

[18] Includes single individuals and unrelated household members.

1980, up from 9.1% of all households to 23% by 2010. The increase in smaller households is also related to the aging of the population with 651 residents over age 65 living alone in 2019, up from 476 in 2010.

The average number of persons per household declined a bit as well, going from 3.63 persons in 1980 to 2.93 by 2010 and then to 2.91, related largely to the increase in smaller, nonfamily households in Hanover. Figure 2-4 shows household growth over the past few decades by type of household, reflecting significant growth in all households.

While the population increased by about 10% between 2000 and 2019, households increased by 13% reflecting increasing numbers of smaller households.

MAPC forecasts continued growth to 5,642 households by 2030, an increase of 20% since 2010 compared to their forecasted population increase of 5% based on their Stronger Region scenario.

2.1.5 Income Distribution – Increasing wealth

Those with incomes of more than $100,000 increased substantially from 10.4% of all households in 1989 to more than 62% by 2019. This represents a 134% increase which was significantly higher than the 106% rate of inflation during this period.

Table 2-6 and Figure 2-5 present changes in the distribution of incomes over the past few decades, demonstrating diminishing numbers of households in the income ranges below $100,000 while those earning more increased substantially. The community's increasing affluence is also reflected in changes in the median household income from $110,982 in 2011 to $127,981 in 2019.

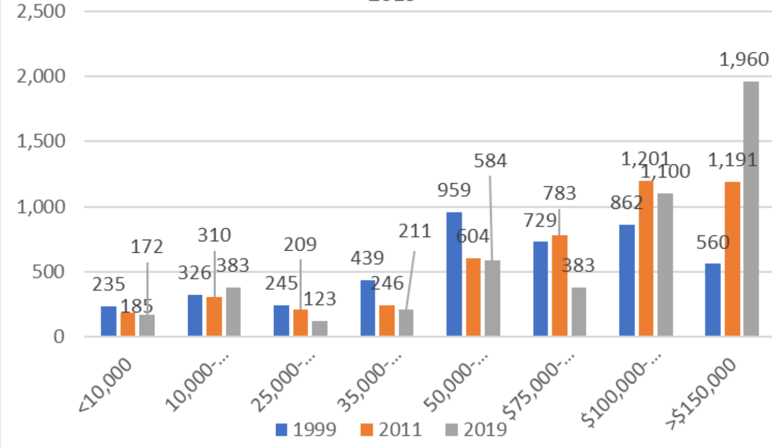
The income distribution for those households that include children – families – is somewhat higher with a median family income in 2019 of $141,689, with 70% of all families earning more than $100,000, including 32% with incomes of more than $200,000.

Table 2-6: Income Distribution by Household,1979-2019

Income Range	1979		1989		1999		2011		2019	
	#	%	#	%	#	%	#	%	#	%
Under $10,000	346	11.0	246	6.6	235	5.4	185	3.9	172	3.5
$10,000-24,999	1,085	34.6	407	11.0	326	7.5	310	6.6	383	7.8
$25,000-34,999	932	29.8	313	8.4	245	5.6	209	4.4	123	2.5
$35,000-49,999	523	16.7	644	17.4	439	10.1	246	5.2	211	4.3
$50,000-74,999	209	6.7	1,158	31.2	959	22.0	604	12.8	584	11.9
$75,000-99,999	37	1.2	554	15.0	729	16.7	783	16.6	383	7.8
$100,000-149,999			336	9.1	862	19.8	1,201	25.4	1,100	22.4
$150,000 or more			48	1.3	560	12.9	1,191	25.2	1,960	39.9
Total	3,132	100.0	3,706	100.0	4,355	100.0	4,729	100.0	4,916	100.0
Median income	$26,308		$54,759		$73,838		$100,982		$127,981	

Source: U.S. Census Bureau 1980, 1990, and 2000 and American Community Survey 5-Year Estimates for 2007-2011 and 2015-2019.

Figure 2-5: Change in Income Distribution, 1999, 2011, and 2019



Despite this generally increasing household wealth, there still remains a population living in Hanover with very limited financial means. Of the 4,916 total households counted in 2019, 172 or 3.5% had incomes of less than $10,000 and another 383 or 7.8% had incomes between $10,000 and $24,999, representing "extremely low-income" levels equivalent to those earning below 30% of area median income. An additional 334 households had incomes between $25,000 and $50,000, within what public agencies would define as below "very low-income" levels, at or below 50% of area median income. The total number of households within these income categories was 889 households or 18% of all Hanover households, not an insignificant number given the general affluence of the community. Additionally, based on extrapolated income information, *approximately one-third of Hanover households (or about 1,650 households might qualify for housing assistance as their incomes were potentially at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) or $86,650 for a family of three in 2020.*[19]

Table 2-6: Income Distribution by Household: Plymouth County and Hanover – 1999, 2011 and 2019

Income Range	Plymouth County						Hanover					
	1999		2011		2019		1999		2011		2019	
	#	%	#	%	#	%	#	%	#	%	#	%
Under $10,000	10,990	6.5	8,351	4.6	7,311	3.9	235	5.4	185	3.9	172	3.5
$10,000-24,999	23,509	14.0	22,802	12.7	17,621	9.4	326	7.5	310	6.6	383	7.8
$25,000-34,999	15,827	9.4	14,406	8.0	11,623	6.2	245	5.6	209	4.4	123	2.5
$35,000-49,999	24,301	14.4	20,424	11.4	16,496	8.8	439	10.1	246	5.2	211	4.3
$50,000-74,999	37,053	22.0	30,230	16.8	26,994	14.4	959	22.0	604	12.8	584	11.9
$75,000-99,999	25,077	14.9	23,585	13.1	23,058	12.3	729	16.7	783	16.6	383	7.8
$100,000-149,999	20,722	12.3	33,091	18.4	37,867	20.2	862	19.8	1,201	25.4	1,100	22.4
$150,000 or more	10,969	6.5	26,720	14.9	46,490	24.8	560	12.9	1,191	25.2	1,960	39.9
Total	168,448	100.0	179,609	100.0	187,460	100.0	4,355	100.0	4,729	100.0	4,916	100.0
Median income	$55,615		$68,253		$89,489		$73,838		$100,982		$127,981	

Sources: U.S. Census Bureau 1999 Summary File 3 and American Community Survey 5-Year Estimates 2007-2011 and 2015-2019 for Hanover and One-Year Estimates for Plymouth County.

These income levels are in fairly striking contrast to those for Plymouth County when viewed proportionately as shown in Table 2-6. The percentage of those earning less than $50,000 countywide was 44.3% in 1999, decreasing to 36.7% by 2011, and then to 28% in2019. In contrast, only 28.6% of Hanover's households earned less than $50,000 in 1999, decreasing to 20.1% by 2011, and then 18% by

[19] While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than what is allowed by state or federal standards and would disqualify them from housing assistance.

2019. On the other end of the income range, 45% of all households in Plymouth County earned more than the $100,000 threshold in 2019 compared to 62.3% of the households in Hanover. Hanover's median income was also 43% higher than the median for Plymouth County as a whole at $89,489. The state's median household income level was even lower than the county at $85,843.

Table 2-7 provides median income levels for various types of Hanover households in 2019. Not surprisingly, incomes were highest for families, men, homeowners, and those age 45 to 64 well into their careers and in the prime of their earning potential. The Town's per capita income was $54,290, considerably higher again than the county and state levels of $45,122 and $46,241, respectively. The median income of families was substantially higher than nonfamilies, $141,689 versus $50,357, a finding highly correlated with the greater prevalence of two workers in families and seniors living alone on fixed incomes.

Table 2-7: Median Income by Household Type, 2019

Type of Household/Householder	Median Income
Individual/Per capita	$54,290
Households	$127,981
Families	$141,689
Nonfamilies*	$50,357
Male full-time workers	$85,644
Female full-time workers	$77,905
Renters	$20,147
Homeowners	$138,983
Householder less than age 25	**
Householder age 25 to 44	$140,055
Householder age 45 to 64	$168,015
Householder age 65 or more	$72,589

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates for 2015-2019.
*Includes persons living alone and unrelated household members. **Sample size too small.

Between 1999 and 2019, census data indicate that the median income of owners increased by 70% to $138,983 while that of renters decreased by 13.5% to $20,147, demonstrating significant income disparities related to tenure.

Table 2-8 provides 1999 and 2019 census data that compares the income distribution of homeowners and renters. In addition to there being significantly fewer renters, about 12% of all households, the median income for renters was only 14.5% of that for owners in 2019. Nevertheless, there were still owners with very limited incomes including 194 or 4.5% earning less than $25,000, most likely long-term owners on fixed incomes without mortgage payments. Some of these owners were also likely to be hard-pressed to pay increasing housing costs related to taxes, insurance and utilities. In comparison, 358 or 61% of renter households had incomes below this $25,000 level. There were also 114 renters with incomes above $100,000 who were likely renting single-family homes.

Table 2-8: Household Income Distribution by Tenure, 1999 and 2019

	Owners				Renters			
	1999		2019		1999		2019	
Income Range	#	%	#	%	#	%	#	%
Less than $10,000	36	0.9	49	1.1	194	35.8	121	20.6
$10,000 to $14,999	87	2.3	24	0.6	38	7.0	54	9.2
$15,000 to $24,999	157	4.1	121	2.8	45	8.3	183	31.2
$25,000 to $34,999	198	5.2	122	2.8	58	10.7	0	0.0
$35,000 to $49,999	381	10.0	178	4.1	82	15.1	32	5.5
$50,000 to $74,999	888	23.3	523	12.1	55	10.1	64	10.9
$75,000 to $99,999	668	17.5	364	8.4	48	8.9	18	3.1
$100,000 to $149,999	830	21.8	1,004	23.2	22	4.1	95	16.2
$150,000 or more	562	14.8	1,942	44.9	0	0.0	19	3.2
Total	3,807	100.0	4,327	100.0	542	100.0	586	100.0
Median Income	$81,699		$138,983		$22,857		$20,147	

2.1.6 Poverty – Increasing poverty for children and seniors

As shown in Table 2-9, the 2019 census estimates indicate that the absolute numbers and percentages of those with incomes below the poverty level[20] increased between 1989 and 2019 after a drop between 1979 and 1989. This information shows a decrease in poverty for families but a questionable increase for children. The more recent census estimates also indicate an increase in poverty among those 65 years of age or older to 122 individuals to 6.8% of all those in this age range.

Poverty still remains lower than county and state levels, at 7.2% and 9.4%, respectively, for individuals in 2019. Clearly, there still remains a population within the town of Hanover with substantial income limitations who require public assistance to meet their housing needs, are paying far too much for their housing, are doubled up with friends or families, or are living on fixed incomes with little mortgage debt.

Table 2-9: Poverty Status, 1979-2019

Demographic Type	1979		1989		1999		2011		2019	
	#	%	#	%	#	%	#	%	#	%
Individuals	485	4.3	183	1.6	308	2.3	416	3.0	437	3.0
Families	112	3.9	27	0.9	50	1.4	108	2.9	80	1.9
Related Children Under 18 Years (Under 17 Years for 1980 data)	62	1.5	49	1.5	61	1.6	81	2.1	122	3.3
Individuals 65 +	36	5.3	65	6.1	107	7.8	83	4.5	164	6.8

Sources: U.S. Census Bureau, 1980, 1990, and 2000 and Census Bureau estimates from its American Community Survey 5-Year Estimates 2007-2011 and 2015-2019.
*Percentage of total population
**Percentage of all families
***Percentage of all related children under 18 years ****Percentage of all individuals age 65+

[20] The 2020 federal poverty level from the U.S. Department of Health and Human Services was $12,760 for an individual and $21,720 for a three-person household.

2.1.7 *Employment – Mix of employment opportunities*

The 2019 American Community Survey estimates indicated that 46% of Hanover's 7,622 workers over age 16 were involved in management or professional occupations and most of the rest were employed in more retail and service-oriented jobs including construction and maintenance occupations (7.6%), sales and office occupations (26.3%), and service occupations (13.4%). While 65.4% and 15% were wage or salaried workers for the for-profit and non-profit sectors, respectively, another 13.4% were government workers, and 6.1% were self-employed in their own unincorporated businesses.

Hanover's average weekly wage of $962 translates into an annual wage of about $50,200, much less than the median household income of $127,981. This means that it is likely than many who work in the community cannot afford to live here, particularly given the median home price of $565,000.

Additional census information on employment patterns indicated that the mean travel time to work was 35.2 minutes with 82% driving alone to work. About 6% used public transportation, 5% carpooled, and approximately another 6% worked at home.

Table 2-10 presents more detailed information on employment patterns from the state Executive Office of Labor and Workforce Development. This data shows an average employment of 8,072 workers with many workers employed in retail trade, accommodation and food services and other services, largely driven by the former Hanover Mall. The Town's economic base also includes construction, manufacturing, professional and technical services, and health care/social assistance industries.

Table 2-10: Average Employment and Wages by Industry in Hanover, 2019

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	84	$57,303,330	692	$1,592
Manufacturing	27	$39,054,091	547	$1,373
Utilities	5	$4,877,889	44	$2,132
Wholesale trade	48	$19,547,429	210	$1,790
Retail trade	121	$78,031,950	2,028	$740
Transportation and warehousing	12	%5,625,749	127	$852
Information	9	$3,392,880	72	$906
Finance & insurance	34	$15,055,307	155	$1,868
Real estate	24	$6,406,612	127	$970
Professional and technical services	80	$28,993,449	414	$1,347
Management of companies	4	$24,319,614	314	$1,489
Administrative and waste services	32	$12,269,654	260	$908
Health care and social assistance	79	$18,978,644	430	$849
Arts, entertainment and recreation	18	$2,999,370	216	$267
Accommodation and food services	38	$14,454,633	737	$377
Other services, Exec.,	64	$21,586,706	951	$437

Public administration				
TOTAL	**698**	**$403,780,683**	**8,072**	**$962**

Source: Massachusetts Executive Office of Labor and Workforce Development, as of January 30, 2020.
Those industries with an average employment of more than 400 workers are shaded.

There were 698 business establishments in Hanover, which provided a total wage level of more than $400 million. The average weekly wage was $962. As a point of comparison, the average weekly wage for Boston was $2,051, $1,330 for Quincy, and $1,036 for Plymouth. The average weekly wages in Hanover varied considerably by industry from $2,132 in the limited utilities establishments to only $267 in arts, entertainment and recreational businesses.

The Executive Office of Labor and Workforce Development data also indicates that COVID-19 had a significant effect on Hanover's economy showing an average unemployment rate of 8% in 2020 compared to 2.5% in 2019. There has been some improvement in 2021 with the unemployment rate declining to 6.4% in January and then to 6.1% in February.

2.1.8 Education – Stable enrollments since 2000

According to 2019 census estimates, almost all adults, or 96.5% of those 25 years of age or older, had a high school diploma or higher, comparable to the 96.8% level in 2000. Moreover, 48.7% had a Bachelor's degree or higher, representing an increase from 38.8% in 2000. Hanover's 2019 level of college attainment was higher than the county at 37.6% and statewide percentage of 43.7%. These figures also reflect significant improvement in overall educational attainment from 1990 when 91% of residents age 25 and over had at least a high school degree and 28.7% with at least a college degree.

The 2019 census estimates also indicate that those enrolled in school (nursery through graduate school) totaled 4,007 or 27.7% of the population, and those enrolled in kindergarten through high school totaled 2,944, representing 73.5% of those who were enrolled in school and 20.4% of the total population. Enrollment in local schools has remained relatively stable for more than a decade; from 2,689 total students in the 2000-2001 school year to a high of 2,815 students in 2004-2005, and back to 2,684 by 2012-2013 despite an 8.9% increase in the overall population during this timeframe. More recently, the student population decreased somewhat to 2,614 students enrolled in the 2020-2021 school year.

2.1.9 Disability Status – Significant numbers with disabilities

The 2019 census estimates suggest that 1,282 individuals, or 8.9% of residents, claimed some type of disability, lower than the county and state levels of 11.1% and 11.6%, respectively. Of the population age 5 to 17 years old, 291 or 7.8% had some disability, 116 or 5.7% in the 18 to 34 age range claimed a disability, and another 270 or 4.4% age 35 to 64. In regard to the population 65 years of age or older, 605 or 25% claimed some type of disability.

The 2019 census estimates also identify numbers of residents with particular disabilities, as summarized in Table 2-11. It should be noted that some residents will have multiple challenges but almost half of the 1,282 residents who claimed a disability experienced an ambulatory difficulty with approximately 42% and 38% with a vision or cognitive problem, respectively.

Table 2-11: Types and Distribution of Disabilities, 2019

Type of Disability	# Residents	% Disabled	% All Residents
Hearing Difficulty	392	30.6	2.7
Vision Difficulty	119	42.2	0.8
Cognitive Difficulty	485	37.8	3.6
Ambulatory Difficulty	587	45.8	4.4
Self-care Difficulty	148	11.5	1.1
Independent Living	321	25.0	3.0

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2015-2019.

Additional information on the types of disabilities for local seniors is summarized in Table 2-12, comparing Hanover estimates to those of the state based on Tufts Health Plan Foundation's Healthy Aging Community Profile. Compared to the state, those 65 years and older who live in Hanover do better on all of the disability levels. Local resources for promoting the health of older residents include the Council on Aging, YMCA, and Town recreational department. These community resources will become increasingly important with projected increases in seniors.

Table 2-12: Types of Disabilities, Percentage 65 Years and Older

Population Characteristics	Hanover Estimates	State Estimates
Self-reported hearing difficulty	12.3%	14.2%
Clinical diagnosis of deafness or hearing impairment	15.8%	16.1%
Self-reported vision difficulty	1.0%	5.8%
Clinical diagnosis of blindness or vision difficulty	1.1%	1.5%
Self-reported cognition difficulty	5.7%	8.3%
Self-reported ambulatory difficulty	19.8%	20.2%
Clinical diagnosis of mobility Impairments	3.4%	3.9%
Self-reported self-care difficulty	4.7%	7.9%
Self-reported independent living Difficulty	7.7%	14.3%

Source: Tufts Health Plan Foundation, Healthy Aging Data Report, updated in 2018.

2.2 Housing Profile

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

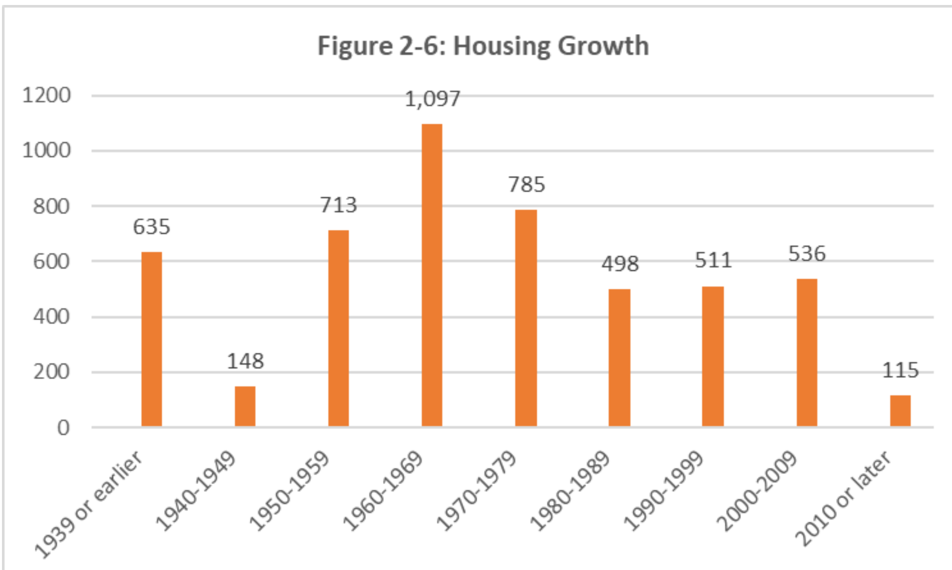
2.2.1 Housing Growth – Slow-down in recent housing growth

As shown in Table 2-13 and Figure 2-6, the boom years of housing production occurred between 1950 and 1980 with about 500 units added each subsequent decade until the slow down after 2010. The 2010 census counted 4,852 housing units, up 9.2% from 4,445 in 2000 and an increase of 26.5% from 3,837 units in 1990. The 2019 census estimates indicate that another 115 units were added to the housing stock since 2010. The 2020 total housing count was 5,268 units, representing 416 new units or 8.6%. It is important to note that this HPP includes the very limited 2020 census data that was earlier released for redistricting purposes but provides 2019 census estimates in the absence of the availability of the 2020 estimates.

Table 2-13: Year Structure Built, 2019

Year	#	%
2010 to 2019	115	2.3
2000 to 2009	536	10.6
1990 to 1999	511	10.1
1980 to 1989	498	9.9
1970 to 1979	785	15.6
1960 to 1969	1,097	21.8
1950 to 1959	713	14.2
1940 to 1949	148	2.9
1939 or earlier	635	12.6
Total	5,038	100.0

Source: U.S. Census Bureau American Community Survey 5-Year Estimates 2015-2019.



Building permit data indicates that another 164 single-family homes were built between 2010 and 2019 as well as 66 multi-family units at Barstow Village and 37 units at Bethany Apartments. This would suggest a total housing stock of 5,099 units in 2019. Given development trends over the past several years, it is likely that approximately another 20 new homes were added in 2020 for a total housing stock of 5,119 units. This would mean that 10% of the year-round housing stock (5,119 units - 20 seasonal/occasional units = 5,099 units) would have to be affordable including at least 510 SHI units to meet the state 10% affordability goal. Consequently, at 568 SHI units, the Town has a considerable cushion assuming no decreases in SHI units. At this point, there is only very limited teardown activity where more modest units are replaced by larger more expensive ones.

Table 2-14: Residential Building Permits, 2010 through 2019

Year	# Building Permits for New Single-family Units	Total Valuation	Average Valuation/Unit
2010	11	$2,951,480	$268,316
2011	13	$4,046,000	$311,231
2012	17	$4,921,600	$289,506
2013	20	$5,700,500	$285,025
2014	12	$3,360,860	$280,072
2015	10	$3,271,800	$327,180
2016	15	$3,953,000	$263,533
2017	24	$6,437,000	$268,208
2018	21	$6,255,000	$297,857
2019	21	$5,205,000	$247,857
Total	**164/average of 16.4 units per year**	$46,102,240	$281,111

Source: University of Massachusetts, Donahue Institute, State Data Center and Hanover Building Dept.

As shown in Table 2-15, Hanover experienced a 48.5% level of housing growth since 1970, which is less than Plymouth County at 49.4% but significantly more than the statewide level of 40.5%. Growth levels ranged from a low of 43.4% in Abington to a high of 55.1% in Pembroke.

Table 2-15: Housing Development Since 1970; Hanover and Neighboring Communities, 2019

Community	Total Units	# Units Built Since 1970	% Units Built Since 1970
Abington	6,781	2,944	43.4
Hanover	5,038	2,445	48.5
Hanson	4,009	2,026	50.5
Marshfield	11,204	6,071	54.2
Norwell	3,869	1,903	49.2
Pembroke	6,799	3,746	55.1
Rockland	7,474	3,503	46.9
Plymouth County	207,003	102,199	46.9
State	2,897,259	1,172,160	40.5

Source: U.S. Census Bureau American Community Survey 5-Year Estimates 2015-2019.

2.2.2 Housing Occupancy – High and increasing level of owner-occupancy

Table 2-16 provides a summary of the key characteristics of Hanover's housing stock, showing trends over the past several decades. Out of 4,852 total housing units in 2010, Hanover had 4,709 occupied units, of which 4,116 or 87.4% were owner-occupied while the remaining 593 units, or 12.6%, were rental units. The 2020 census identified 5,100 occupied units or an occupancy rate of 96.8% although has not released data on the breakdown by tenure.

The 2019 census estimates identify 5,039 total units, representing an increase of 187 units since 2010. All of this net housing growth can be attributed to the owner-occupied housing stock which increased by 211 units as opposed to a net loss of seven rental units. Owner-occupancy is much higher in Hanover in comparison to the county and state at 76.5% and 62.4%, respectively. Nevertheless, one-fifth of Hanover's housing growth between 1980 and 2010 involved rental units including 337 of the 1,634 total housing units built during that period. The number of rental units, while small relative to owner-occupied housing, still more than doubled during this timeframe and contributed to an expansion of housing diversity.[21]

Table 2-16: Housing Occupancy Characteristics, 1980-2019

Housing Characteristics	1980		1990		2000		2010		2019	
	#	%	#	%	#	%	#	%	#	%
Total Units	3,218	100.00	3,837	100.0	4,445	100.0	4,852	100.0	5,039	100.0
Occupied Units *	3,160	98.2	3,742	97.5	4,349	97.8	4,709	97.1	4,913	97.5
Occupied Owner Units **	2,904	91.9	3,223	86.1	3,803	87.4	4,116	87.4	4,327	88.1
Occupied Rental Units **	256	8.1	519	13.9	546	12.6	593	12.6	586	11.9
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	58/12	1.8/0.4	95/5	2.5/0.1	96/5	2.2/0.1	143/20	2.9/0.4	125/20	2.5/0.4
Average Hh Size of Owner-Occ. Units	***		3.33 persons		3.18 persons		3.09 persons		3.11 persons	
Average Hh Size of Renter-Occ. Units	***		1.95 persons		1.90 persons		1.78 persons		1.48 persons	

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2015-2019. * Percentage of total housing units ** Percentage of occupied housing units *** Data not available

The 2010 census counted 2.9% of the housing stock, or 143 units, as vacant, of which 20 units involved seasonal, recreational or occasional use.[22] The number of vacant units decreased to 125 based on the 2019 census estimates with the same 20 units identified for seasonal or second home use.

As indicated in Table 2-17, the homeowner vacancy rate was 0.7% in 2010, down somewhat from 1.0% in 1990; and the rental vacancy rate of 4.0% also declining from 5.3% in 1990. The 2019 census estimates suggest a further tightening of the housing market with vacancy rates of zero percent for both ownership and rentals.

Table 2-17: Vacancy Rates by Tenure, 1990 - 2019

Tenure	1990	2000	2010	2019	County 2019	MA 2019
Renter-occupied	5.3%	1.6%	4.0%	0.0%	2.9%	3.1%
Owner-occupied	1.0%	0.9%	0.7%	0.0%	0.9%	1.1%

Source: U.S. Census Bureau 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2015-2019.

[21] It is worth noting that the 2010 American Community Survey 5-Year Estimates for 2006-2010 overestimated the inventory of rental units at 820 units. Likewise, the 2011 census estimates for 2007-2011 identified 884 rental units. When the decennial data is not available, this Housing Plan substitutes the ACS census estimates.

[22] The year-round housing figure, by which housing production goals and the state's 10% affordability threshold are based, involves subtracting the 20 seasonal/occasional units from the total housing figure of 4,852 in 2010 to reach the 4,832-unit year-round figure. The year-round figure will be adjusted when the 2020 census is released.

2.2.3 *Types of Units and Structures – Continued predominance of single-family homes*

Table 2-19 includes census figures on the number of housing units by housing type which demonstrates that the vast majority of the existing units have not surprisingly been in single-family detached structures over the years. Housing growth has largely been driven by the construction of these units, from 3,925 units in 2000 to 4,298 in 2019 although as proportion of all units there was a decrease in this period from 88.3% to 85.3%.

Table 2-19: Units in Structure, 1990 – 2019

Type of Structure	1990		2000		2011		2019	
	#	%	#	%	#	%	#	%
1 Unit Detached	3,329	86.8	3,925	88.3	4,177	84.4	4,298	85.3
1 Unit Attached	28	0.7	68	1.5	143	2.9	75	1.5
2 to 4 Units	199	5.2	201	4.5	283	5.7	312	6.2
5 to 9 Units	16	0.4	9	0.2	63	1.3	82	1.6
10+ Units	234	6.1	232	5.2	284	5.7	257	5.1
Other	31	0.8	10	0.2	0	0.0	14	0.3
Total	3,837	100.0	4,445	100.0	4,950	100.0	5,038	100.0

Sources: U.S. Census Bureau 1990, 2000 and American Community Survey 5-Year Estimates 2007-2011 and 2015-2019

Units in single-family attached dwellings grew from 68 to 143 units between 2000 and 2011 but declined to 75 units in 2019 according to census estimates. There has also been some modest growth in both the smaller multi-family units of two to four units and those with five to nine units over the decades, comprising 7.8% of all units in 2019. There were also increases in larger multi-family structures of ten or more units, from 234 units in 1990, to 284 by 2011, and then down somewhat to 257 units according to 2019 census estimates. These include some subsidized developments or comprehensive permit projects such as North Pointe (Washington Crossing), Frank's Lane (Hanover Woods), and Elmwood Lane (Cushing Residences). There were ten mobile homes counted as part of the 2000 census, which were gone by 2011, and up again to 14 in 2019. Recent Assessor data includes two such units.

Table 2-20 presents the distribution of ownership and rental units by types of structures in Hanover. Not surprisingly, almost all of the homeownership units were in single-family structures with 17.2% of rentals in single-families as well, but down from about one-third in 2011. Most of the remaining rentals were divided between small multi-family dwellings of two to four units and larger developments of ten or more units.

Table 2-20: Tenure by Units in Structure, 2011 and 2019

Type of Structure	Owner-occupied Units				Renter-occupied Units			
	2011		2019		2011		2019	
	#	%	#	%	#	%	#	%
1 Unit Detached	3,704	96.3	4,092	94.6	276	31.2	101	17.2
1 Unit Attached	125	3.3	75	1.7	11	1.2	0	0.0
2 to 4 Units	8	0.2	94	2.2	258	29.2	198	33.8
5 to 9 Units	8	0.2	52	1.2	55	6.2	30	5.1
10 or More Units	0	0.0	0	0.0	284	32.1	257	43.9
Other	0	0.0	14	0.3	0	0.0	0	0.0
Total	3,845	100.0	4,327	100.0	884	100.0	586	100.0

Source: U.S. Census Bureau, 2000 and American Community Survey 5-Year Estimates, 2007-2011 and 2015-2019.

Houses are getting larger. Units with four or fewer rooms decreased from 687 to 482 units, or from 13.9% to 9.6% of all units, while properties with nine rooms or more increased from 1,122 units to 1,343 or from 22.7% to 26.7% of the housing stock.

The median number of rooms per housing unit was 7.1 in 2011 and is up slightly to 7.2 rooms based on 2019 census estimates. This indicates that the average home had three to four bedrooms, higher than the 6-room median for the county. The 2019 census estimates showed an elimination of single-rooms from 63 in 2011.

2.3 Housing Market Conditions

The following analysis of the housing market examines past and present values of homeownership and rental housing from a number of data sources including:

- The 1990, 2000 and 2010 Decennial U.S. Census figures
- The U.S. Census Bureau's American Community Survey 5-Year estimates for 2006-2010 and 2015-2019
- The Warren Group's sales volume and median prices
- Multiple Listing Service data
- Town Assessor data
- Web-based listings

2.3.1 Ownership – Housing prices remain high

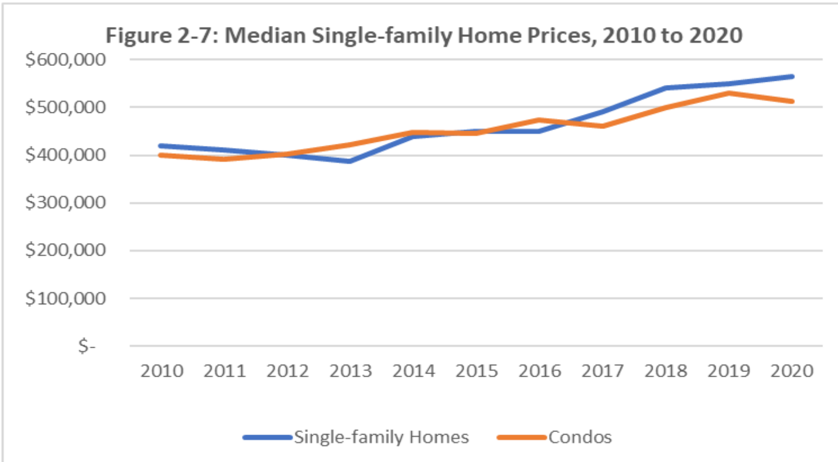
Census data also provides information on housing values, summarized in Table 2-21 for owner-occupied units. This census data indicates that the 2010 median house value was $462,600 which increased to $512,000 in 2019. In 2000, 952 owner-occupied homes were valued affordably at less than $200,000, decreasing to only 60 homes by 2010, but up somewhat to 133 in 2019. More than half of Hanover's homes were valued between $300,000 and $500,000 in 2010 as opposed to 28.6% in 2000. However, the 2019 census estimates show a decrease to about 40% in this range with almost half of the units now in the $500,000 to $1 million range.

Table 2-21: Housing Values of Owner-Occupied Units, 2000 - 2019

Value	2000		2010		2019	
	#	%	#	%	#	%
Less than $100,000	12	0.3	26	0.6	95	2.2
$100,000 to $199,999	940	26.4	34	0.9	38	0.9
$200,000 to $299,999	1,391	39.1	134	3.5	233	5.4
$300,000 to $499,999	1,019	28.6	2,099	54.6	1,718	39.7
$500,000 to $999,999	189	5.3	1,459	37.9	2,101	48.6
$1 million or more	10	0.3	93	2.4	142	3.3
Total	3,561	100.0	3,845	100.0	4,327	100.0
Median (dollars)	$252,600		$462,600		$512,000	

Sources: U.S. Census Bureau, 2000 sample data and American Community Survey 5-Year Estimates 2006-2010 and 2015-2019.

While census data is derived primarily from Assessors' information that typically underestimates market value somewhat, *The Warren Group in Banker & Tradesman* provides more updated market information, tracked from Multiple Listing Service data based on actual sales. This market information since 2000 is summarized in Table 2-22. As shown, housing prices are at unprecedented levels with a median single-family house price of $565,000 in 2020, higher than the height of the housing market prior to the recession of $462,500 in 2007. The 2020 median condo price was $512,500, lower than the 2007 pre-recession level of $545,000.



The number of single-family home sales in Hanover ranged from a low of 106 sales in 2009 to a high of 211 in 2020. Condo sales were also at their highest level in 2020, at 41 sales from a low of 5 in 2015. **Clearly, COVID-19 has not had a dampening effect on housing prices nor sales volume as both were at their highest levels in 2020.**

Table 2-22: Median Sales Prices, 2000 –2020

Year	Single-family Homes		Condominiums	
	Median	# Sales	Median	# Sales
2020	$565,000	211	$512,500	41
2019	$550,000	195	$530,000	32
2018	$541,000	181	$500,000	21
2017	$492,250	210	$459,900	31
2016	$450,000	187	$473,500	15
2015	$450,000	170	$445,000	5
2014	$440,000	149	$447,500	9
2013	$388,000	151	$421,500	10
2012	$399,900	144	$402,450	10
2011	$410,000	119	$392,000	6
2010	$419,900	123	$399,900	13
2009	$350,000	106	$399,950	18
2008	$382,500	115	$446,038	21
2007	$462,500	126	$545,000	9
2006	$447,000	143	$496,000	32
2005	$450,000	157	$484,788	33
2004	$404,000	193	$446,900	41
2003	$410,000	157	$370,950	14
2002	$360,000	178	$130,000	7
2001	$310,000	152	$120,000	7
2000	$315,950	172	--	1

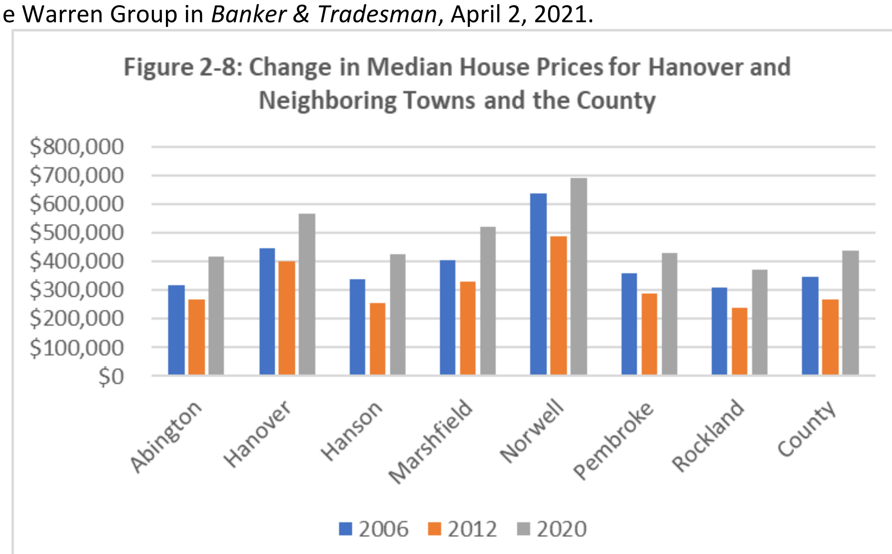
Source: The Warren Group, April 2, 2021

Table 2-23 and Figure 2-8 compare median sales data for Hanover and neighboring communities for single-family homes and condominiums in 2006, 2012, and 2020. As is so visually clear, median values decreased after 2006, which was close to the top of the housing market before the "bursting of the housing bubble." Medians for all communities dropped considerably after 2008 with medians well below 2006 levels in 2012. After 2014, the market started to revive with all communities achieving higher median prices by 2020. Hanover's market values have exceeded all of its neighbors with the exception of Norwell, which experienced the greatest relative decline in values between 2006 and 2012. It is interesting to note that condo prices actually increased somewhat during the period between 2006 and 2012 for Marshfield and Norwell.

Table 2-23: Median Home Prices, 2006, 2012 and 2020

	Single-family Homes			Condominiums		
Town	**2006**	**2012**	**2020**	**2006**	**2012**	**2020**
Abington	$317,500	$267,000	$418,000	$305,000	$218,000	$340,000
Hanover	$447,000	$399,900	$565,000	$496,000	$402,450	$512,500
Hanson	$337,000	$255,000	$425,000	$302,400	$237,500	$365,000
Marshfield	$403,500	$328,500	$520,000	$271,500	$282,500	$236,950
Norwell	$636,500	$488,000	$690,000	$319,500	$475,000	$467,000
Pembroke	$357,450	$290,000	$430,000	$322,427	$232,500	$337,000
Rockland	$309,000	$237,000	$370,000	$264,900	$191,000	$297,000

Source: The Warren Group in *Banker & Tradesman*, April 2, 2021.



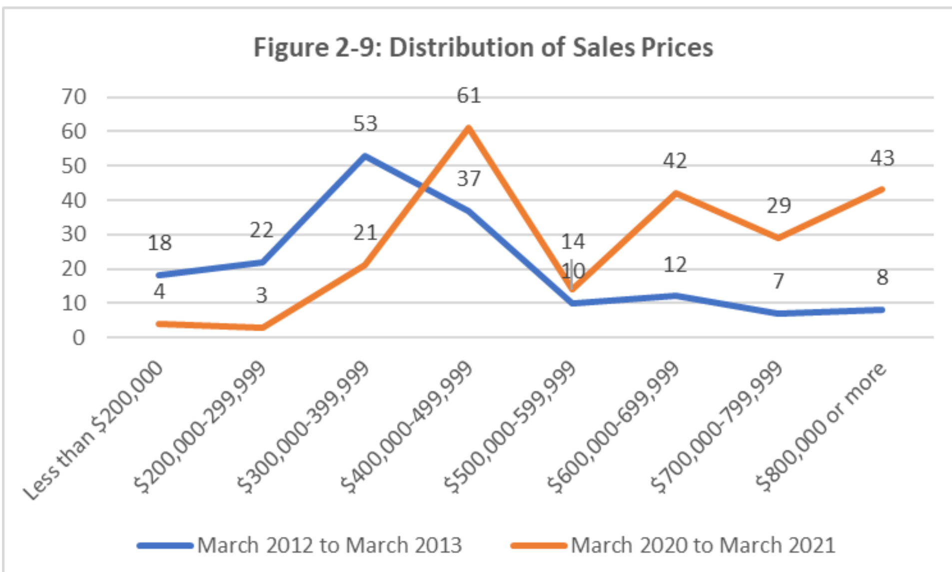
While 9% of the single-family and condo sales were priced at more than $700,000 between March 2012 and March 2013, one-third were priced in this range from March 2020 and March 2021. On the other hand, more affordable sales, below $300,000 fell sharply from 24% to only 3.3%.

Another analysis of housing market data is presented in Table 2-24 and Figure 2-9, breaking down a year's worth of *sales data from the Multiple Listing Service* as compiled by *Banker & Tradesman* for single-family homes and condominiums in Hanover from March 2012 through March 2013 in comparison to March 2020 to 2021. Not only has the volume of sales picked up since 2012/2013 but so have prices. For example, while there were 167 total sales between March 2012 and 2013, there were 216 sales between March 2020 and 2021 with the number of condos doubling from 12 to 24. In regard to prices, the median single-family sale price was $375,000 in the March 2012/2013 period, increasing to $625,000 in March 2020/2021. The median for condos also increased, from $425,000 to $525,000.

Table 2-24: Single-family Home and Condo Sales
March 2012 through March 2013/March 2020 through March 2021

Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than $200,000	17/4	11.0/2.1	1/0	8.3/0.0	18/4	10.8/1.9
$200,000-299,999	22/3	14.2/1.6	0/0	0.0/0.0	22/3	13.2/1.4
$300,000-399,999	48/21	31.0/10.9	5/0	41.7/0.0	53/21	31.7/9.7
$400,000-499,999	31/48	20.0/25.0	6/13	50.0/54.2	37/61	22.2/28.2
$500,000-599,999	10/8	6.5/4.2	0/5	0.0/20.8	10/13	6.0/6.0
$600,000-699,999	12/36	7.7/18.8	0/6	0.0/25.0	12/42	7.2/19.4
$700,000-799,999	7/29	4.5/15.1	0/0	0.0/0.0	7/29	4.2/13.4
$800,000 or more	8/43	5.2/22.4	0/0	0.0/0.0	8/43	4.8/19.9
Total	155/192	100.0/100.0	12/24	100.0/100.0	167/216	100.0/100.0

Source: Banker & Tradesman, April 2, 2013 and April 5, 2021.



Town Assessor data on the assessed values of single-family homes and condominiums is presented in Table 2-25, which shows that Hanover had 4,182 single-family properties with less than 1% assessed below $300,000. About half were assessed from $300,000 to $500,000. While almost one-quarter were valued at more than $500,000 in FY2013, recent assessments indicate an increase to 48% including 10% of all units assessed for more than $800,000.

Table 2-25: Assessed Values of Single-family Homes and Condominiums

Assessment	Single-family Dwellings		Single-family with In-law Apt.		Condominiums		Total	
	#	%	#	%	#	%	#	%
Less than $200,000	4	0.1	0	0.0	28	10.6	32	0.7
$200,000-299,999	33	0.8	0	0.0	0	0.0	33	0.7
$300,000-399,999	786	18.8	0	0.0	6	2.3	792	17.7
$400,000-499,999	1,346	32.2	7	17.5	123	46.8	1,476	32.9
$500,000-599,999	821	19.6	11	27.5	94	35.7	926	20.6
$600,000-699,999	468	11.2	11	27.5	12	4.6	491	10.9
$700,000-799,999	332	7.9	4	10.0	0	0.0	336	7.5
$800,000-899,999	198	4.7	3	7.5	0	0.0	201	4.5
$900,000-999,999	88	2.1	2	5.0	0	0.0	90	2.0
$1 million +	106	2.5	2	5.0	0	0.0	108	2.4
Total	4,182	100.0	40	100.0	263	100.0	4,485	100.0

Source: Hanover Town Assessor, Fiscal Year 2021. Assessments are largely based on market activity in the previous year and typically underestimate market value.

There were 263 condominiums, up from 153 units in FY13, representing a very small segment of Hanover's housing market. While condos in other communities tend to be considerably more affordable than single-family homes, condos in Hanover are pricey with almost all of the units assessed between $400,000 and $600,000. The condos are largely part of three over 55 developments including The Elms, Village at Walnut Creek, and Spring Meadow. These projects involve townhouse development with two bedrooms, 2½ baths, approximately 2,000 square feet of living space, decks, lofts and a community center. Most of the units that were assessed for less than$200,000 were part of the Longwood Homes development.

Table 2-26 summarizes the assessed values for small multi-family properties. There were 69 two-family dwellings (138 units), about 16% of which were valued between $200,000 and $400,000, down from 80% in FY2013. Almost 60% were assessed in the $400,000 to $600,000 range. There were also another 10 three-family properties (30 units) with most assessed between $500,000 and $700,000. Another 12 properties involved more than one house on the same lot, two-thirds assessed above $600,000. There were also four properties with four to eight units that were valued from $339,900 to $450,900.

Table 2-26: Assessed Values of Small Multi-family Properties

Assessment	Two-family Properties		Three-Family Properties		Multiple Houses On One Lot		Total Properties	
	#	%	#	%	#	%	#	%
Less than $200,000	0	0.0	0	0.0	0	0.0	0	0.0
$200,000-299,000	1	1.4	0	0.0	0	0.0	1	1.1
$300,000-399,999	10	14.5	0	0.0	1	8.3	11	12.1
$400,000-499,999	22	31.9	2	20.0	1	8.3	25	27.5
$500,000-599,999	19	27.5	4	40.0	2	16.7	25	27.5
$600,000-699,999	12	17.4	4	40.0	4	33.3	20	22.0
$700,000 +	5	7.2	0	0.0	4	33.3	9	9.9
Total	69	100.0	10	100.0	12	100.0	91	100.0

Source: Hanover Town Assessor, Fiscal Year 2021.

Assessor's records also include a handful or so of mixed-use properties that are primarily residential as well as two mobile homes.

2.3.2 Rentals – Limited and pricey market rentals

Data on the costs of rental units from 1980 through 2019 is included in Table 2-27. The estimates from the American Community Survey for 2019 suggest that of the 586 rental units, 515 were occupied by those who were paying rent with a median gross rental of $1,338.[23] This median rent is 134% higher than the 2011 median of $998. The eroding affordability is also demonstrated by decreases in rents of less than $1,000, from 65% of all units in 2000 to 12% by 2019. Because almost two-thirds of the 568 existing occupied rental stock are affordable with below market rents, rental figures underestimate market prices considerably. Actual market rents are typically much higher with median prices closer to $1,800. Listings for rental units have been limited, likely related to extremely low vacancy rates. The following listings were included on Internet websites in early April 2021:

- $1,495 for a one-bedroom, one-bath condo for rent on Whiting Street with 650 square feet.
- $1,600 for a one-bedroom, one-bath apartment in a building with three other one-bedroom units.
- $1,600 for a one-bedroom, one-bath furnished apartment on Washington Street.
- $1,795 for a two-bedroom, one bath apartment on the first floor of a two-family house.
- One-bedroom, one-bath units ranging from $2,064 to $2,264 at Webster Village with two-bedrooms and two-bath units ranging from $2,266 to $3,829.
- Apartments at Hanover Woods Apartments ranging from $1,550 for one bedroom, $1,850 for two bedrooms, and $2,400 for three bedrooms.

Table 2-27: Gross Rents, 1980-2019

Gross Rent	1980		1990		2000		2011		2019	
	#	%	#	%	#	%	#	%	#	%
Under $200	8	3.3	95	18.5	73	13.5	27	3.1		
$200-299	81	33.3	100	19.5	84	15.5	63	7.1	89	0.7
$300-499	99	40.7	13	2.5	81	14.9	142	16.1		
$500-749			116	22.5	35	6.5	103	11.7	66	11.3
$750-999	40	16.5	79	15.4	80	14.8	80	9.0		
$1,000-1,499					142	26.2	230	26.0	122	20.8
$1,500 +			69	13.4	6	1.1	183	20.7	238 (67 >$3000)	40.6
No cash rent	15	6.2	42	8.2	41	7.6	56		71	12.1
Total	243	100.0	514	100.0	542	100.0	884	100.0	586	100.0
Median rent	$322		$529		$569		$998		$1,338	

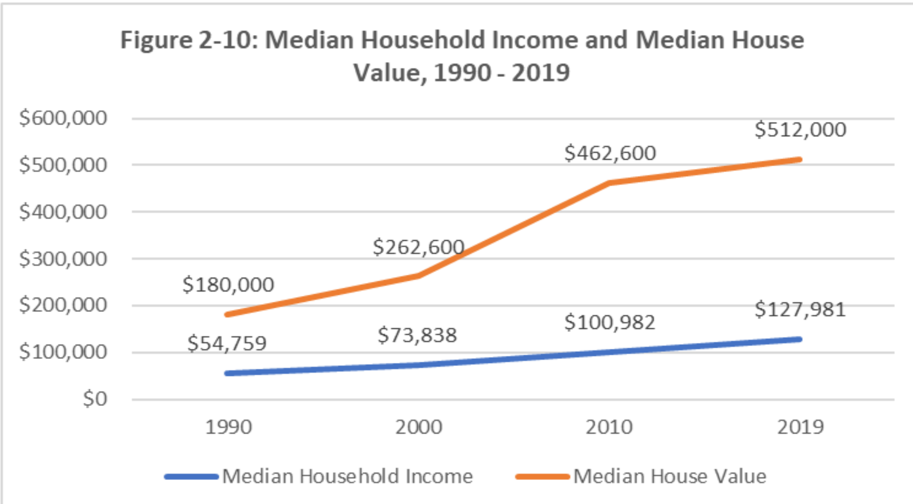
Sources: U.S. Census Bureau, 1980, 1990, 2000 Summary File 3 and American Community Survey 5-Year Estimates 2007-2011 and 2015-2019.

[23] The count from the 2010 decennial census indicates a smaller rental inventory of only 593 units that would not have included the Barstow Village project with 66 apartments. Nevertheless, the ACS estimates for 2010 and 2011 still appear to overestimate the number of rentals.

2.4 Affordability Analysis

2.4.1 Affordability Gaps

While it is useful to have an understanding of past and current housing costs, it is also important to analyze the implications of these costs on residents' ability to afford them. In regard to *homeownership*, a traditional rough rule of thumb has been that housing is affordable if it costs no more than 2.5 times the buyer's household income. By this measure, the median income household earning $127,981 in Hanover could afford a house of approximately $319,952, 62% the median owner-occupied unit of $512,000 in 2019. *This implies that the household in the middle of the town's income range faced an "affordability gap" of $192,048.*



Housing prices have in fact risen faster than incomes, making housing less affordable as demonstrated in Figure 2-10. As time went by, the gap between median household income and the median single-family house price widened. While incomes increased by 134% between 1990 and 2019, the median owner-occupied unit price increased by 184% based on census data. In 1990 the median income was 30% of the median house price but decreased to 25% by 2019. *Moreover, the gap between income and house value was $125,241 in 1990 but more than tripled to $384,019 by 2019*.

Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs, the traditional affordability threshold.[24] To afford the median sales price of a single-family home of $565,000, based on *Banker & Tradesman* data in 2020, a household would have to earn an estimated $118,280 with 80% financing, $138,169 with 95% financing.[25] Therefore, there was no affordability gap for those who had the approximately $120,000 in upfront cash to obtain 80% financing given that the likely required income was lower than the community's high median household income. There was a small gap of $10,188 for those with 95% financing, the difference between the $138,169 income required and Hanover's median.

[24] Based on the 2019 census estimate of $127,981 for median household income.

[25] Figures based on 80% financing, interest of 3.0%, 30-year term, annual property tax rate of $16.33 per thousand, and insurance costs of $4 per $1,000 for condominiums and $6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. Those who could access 95% financing would likely have to pay private mortgage insurance (PMI) in the amount of approximately .03125% of the mortgage amount.

A gap of $177,500 emerges when the affordability analysis focuses on those low- and moderate-income households earning at or below 80% of area median income, or $90,950 for a family of three based on 2021 HUD income limits for the Boston area. Households with incomes at the top of this limit could likely afford a house costing no more than $387,500 assuming they can qualify for subsidized mortgages like the ONE Mortgage Program[26] or a MassHousing mortgage without private mortgage insurance and 95% financing. It is important to note that the state has a specific formula for calculating affordable purchase prices that sets the price at someone earning at 70% AMI to allow a marketing window in addition to other assumptions.

Over the years *condos* have represented a relatively small segment of Hanover's housing market with 263 total units, representing 5.2% of the existing housing in Hanover. Most of these condos were developed during the last couple of decades in several "over 55" projects with sales prices of more than $500,000. To afford the median priced condo of $512,500 in 2020 according to *Banker & Tradesman's* compilation of Multiple Listing Service data, a purchaser would have to earn approximately $116,000, still lower than Hanover's median income level.[27] Consequently, there is no affordability gap as the median priced condo is affordable to someone earning at the median income level, but once again this assumes that the purchaser has substantial upfront cash available to obtain mortgage financing and meets strict credit requirements.

In regard to *rentals*, the gross median rent of $1,338, according to the 2019 census estimates, required an income of about $60,520, assuming average monthly utility costs of $175 and spending no more than 30% of income on housing costs. This is well within HUD's current income limit for three-person households earning at 80% of area median income or $90,950 but triple the median income for renter households of $20,147. Local listings indicate that market rents are actually much higher, closer to a median of $2,000 and requiring an income of about $87,000.

2.4.2 Cost Burdens

In evaluating housing affordability, it is also useful to identify numbers of residents living beyond their means due to the extent of their housing costs. Census estimates from the American Community Survey provide data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing cost burdens, defined as spending more than 30% of their income on housing. *The 2019 census estimates of those with these cost burdens are summarized in Table 2-28, indicating that 1,487 households, or 31.6% of all households, were living in housing that was by common definition unaffordable.* This included 1,192 homeowners and 295 renters.

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[26] The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the ONE Mortgage Program which replaced the highly successful Soft Second Loan Program that operated between 1991 and 2013 and helped over 17,000 families purchase their first home. The ONE Mortgage Program is a new simplified version of the Soft Second Program providing low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the costs associated with private mortgage insurance.

[27] Figures based on 80% financing, interest of 3.0%, 30-year term, annual property tax rate of $16.33 per thousand, and insurance costs of $4 per $1,000 for condominiums and $6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance and condo fees of $300. Those who could access 95% financing would likely have to pay private mortgage insurance (PMI) in the amount of approximately .03125% of the mortgage amount.

Table 2-28: Households with Cost Burdens by Tenure, 2011/2019

Housing Costs as a Percentage of Income	Homeowners	Renters	Total
30.0% to 34.9%	414/220	71/21	485/441
35.0% or more	778/982	224/325	1,002/1,307
Total	1,192/1,202	295/346	1,487/1,748

Source: U.S. Census Bureau American Community Survey 5-Year Estimates 2007-2011 and 2015-2019.

The U.S. Department of Housing and Urban Development (HUD) also provides data that breaks down how much households are spending by income level, tenure and type of household, summarized in Table 2-29, with the following key findings:

Of the 4,990 Hanover households, 1,420 or 28.5% were experiencing cost burdens that included 480 or 9.6% with severe cost burdens as they were spending more than half their income on housing costs.

- There were 1,450 households with incomes at or below 80% of median family income (comparable to area median income), up from 1,240 in 2009. Of these, 895 or 61.7% were spending more than 30% of their income on housing that included 465 or 32.1% who were spending more than half of their income on housing. These levels of cost burdens are up from 47% and 31.5% in 2009, respectively.
- Of the 3,540 households earning more than 80% MFI, 525 or 14.8% were spending too much on their housing as well.

Renter Households

- The data includes 675 renter households, 290 or 43% who were experiencing cost burdens that included 130 or 19.3% with severe cost burdens.
- Of the 475 renter households with incomes at or below 80% MFI, 265 or 56% were spending too much on their housing. This included 130 households with severe cost burdens, all with incomes at or below 30% MFI which should be targets for subsidized housing.
- Of the 265 seniors who were renting (39% of all renter households) and had incomes at or below 80% MFI, 130 or about half had cost burdens. Of particular concern are those 70 seniors with incomes at or below 30% MFI who were experiencing severe cost burdens.
- The only small families who rented and had cost burdens included 40 such households earning between 50% and 80% MFI.
- This data identifies 50 large families, all with incomes at or below 30% MFI and all with severe cost burdens which is highly surprising and questionable. Large families were identified with incomes of more than 80% MFI in previous reports which makes more sense.
- The data shows that single individuals who are under age 62 comprised about 30% of all renters and of these 120 or 60% had incomes of less than 80% MFI, 45 or 37.5% with cost burdens.

Owner Households

- There were 4,315 owner households, 1,130 or 26.2% with cost burdens including 350 or 8.1% with severe cost burdens.
- Of the 975 owner households with incomes at or below 80% MFI, 630 or 64.6% were spending too much and 335 or 34.4%, were spending more than 50% of their income on housing costs.
- Of the 245 households with incomes at or below 30% MFI, 125 or about half were experiencing severe cost burdens.

- Of the 515 elderly homeowners with incomes at or below 80% MFI, 300 or 58.3% were spending too much of their income on housing, including 160 households with incomes of less than 50% MFI with severe cost burdens. This likely points to a situation where seniors who are retired and living on fixed incomes are experiencing challenges affording the high housing costs in Hanover, including rising energy and insurance costs and high property taxes. Many of these owners are likely empty nesters living in large single-family homes that cost too much to maintain and with more space than they require at this stage of their lives.
- There were 295 small family homeowners identified with incomes at or below 80% MFI, 185 or 62.7% with cost burdens that included 95 with severe cost burdens in the 30% to 50% income range.
- Only 70 large family homeowners had incomes at or below 80% MFI and all of the 50 homeowners in the 30% to 50% MFI income range were overspending including 30 with severe cost burdens.
- Another 95 homeowners were single individual under age 62 with incomes at or below 80% MFI. All of these households were encountering cost burdens.

Table 2-29: Type of Households by Income Category and Cost Burdens, 2017*

Type of Household	<30% MFI[28]/ # with cost burdens **	>30% to < 50% MFI/ # with cost burdens	>50% to < 80% MFI/ # with cost burdens	>80% to < 100% MFI/ # with cost burdens	> 100% MFI/ # with cost burdens	Total/ # with cost burdens
Elderly Renters	210/40-70	15/0-0	40/20-0	0/0-0	0/0-0	265/60-70
Small Family Renters	0/0-0	0/0-0	40/40-0	10/0-0	110/0-0	160/40-0
Large Family Renters	5-/0-50	0/0-0	0/0-0	0/0-0	0/0-0	50/0-50
Other Renters	65/0-10	35/15-0	20/20-0	15/0-0	65/25-0	200/60-10
Total Renters	325/40-130	50/15-0	100/80-0	25/0-0	175/25-0	675/160-130
Elderly Owners	115/15-75	240/85-85	160/40-0	135/40-0	645/45-0	1,295/225-160
Small Family Owners	65/0-0	120/10-95	110/80-0	150/90-0	1,795/215-15	2,240/395-110
Large Family Owners	0/0-0	50/20-30	20/0-0	15/0-0	405/0-0	490/20-30
Other Owners	65/15-50	0/0-0	30/30-0	50/50-0	145/45-0	290/140-50
Total Owners	245/30-125	410/115-210	320/150-0	350/180-0	2,990/305-15	4,315/780-350
Total	**570/70-255**	**460/130-210**	**420/230-0**	**375/180-0**	**3,165/330-15**	**4,990/940-480**

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, and American Community Survey, 2013-2017 (*latest report available). **First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing (with cost burdens) – and third number includes those paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. "Other" renters or owners who are non-elderly and non-family households.

[28] Median Family Income (MFI) is used in this data but is equivalent to Area Median Income (AMI).

2.4.3 *Foreclosures*

As indicated in Table 2-30, there have been significant variations in foreclosure activity over the years, from a high of 60 in 2010, after the "bursting of the housing bubble". Over the past couple of years, the number of foreclosures has declined considerably to only four in 2020.

Table 2-30: Level of Foreclosures

Year	# Foreclosure Auctions
2021	0
2020	4
2019	8
2018	20
2017	16
2016	21
2015	12
2014	21
2013	11
2012	25
2011	25
2010	60
2009	26
2008	29
2007	6

Source: The Warren Group, April 21, 2021.

2.5 Subsidized Housing Inventory (SHI)

The state lists 568 affordable housing units in the current state-approved Subsidized Housing Inventory (SHI), 11.75% of Hanover's total year-round housing. This means that the town is not susceptible to overrides of its Zoning Bylaw for Chapter 40B comprehensive permit projects that it deems inappropriate or as not serving local housing needs.

2.5.1 *What is Affordable Housing*[29]

The federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. The state's comprehensive permit regulations and Local Initiative Program (LIP) guidelines define affordability if the household is not paying more than 30% of income on housing costs. If households are paying more than these thresholds, they are described as experiencing housing affordability problems or cost burdens; and if they are paying 50% or more for housing, they have severe housing cost burdens.

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income (AMI) as defined annually by the U.S. Department of Housing and Urban Development ($36,250 for a family of three for the Boston metro area) and very low-income is defined as households earning between 31% and 50% of area median income ($60,400 for a family of three). Low-income generally

[29] Definitions of other terms are included in a Glossary of Terms in Appendix 2.

refers to the range between 51% and 80% of area median income ($90,950 for a family of three at the 80% level). These income levels are summarized in Table 2-31.

Table 2-31: INCOME LIMITS FOR THE BOSTON-CAMBRIDGE-QUINCY MA-NH METRO AREA, 2021

# in Household	30% AMI	50% AMI	80% AMI	100% AMI
1	$28,2000	$47,000	$70,750	$84,560
2	$32,200	$53,700	$80,850	$96,640
3	$36,250	$60,400	$90,950	$108,720
4	$40,250	$67,100	$101,050	$120,800
5	$43,500	$72,500	$109,150	$130,464
6	$46,700	$77,850	$117,250	$140,128
7	$49,950	$83,250	$125,350	$149,792
8	$53,150	$88,600	$133,400	$159,456

Source: U.S. Department of Housing and Urban Development (HUD) and Community Preservation Coalition for 100% AMI figures.

Most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income (AMI), as well as some at lower income thresholds. The Community Preservation Act (CPA) allows resources to be directed to those within a somewhat higher income threshold – up to 100% of area median income – now typically referred to as "community housing", however units in this income range cannot be counted as part of the SHI. In general, programs that subsidize rental units are targeted to households earning less than 60% AMI with some financing reaching those with incomes below 30% AMI. First-time homebuyer programs typically apply income limits of 80% AMI.

In counting a community's progress toward the 10% threshold, the state counts a housing unit as affordable if it meets a number of requirements under Chapter 40B as summarized in Figure 2-11.

Figure 2-11: CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?

1. Must be part of a "subsidized" development built by a public non-profit, or limited dividend corporation.
2. At least 25% of the units in the development must be restricted to households at or below 80% of area median income (or 20% for those earning at or below 50% AMI) and have rents or sales prices restricted to affordable levels. Restrictions must run at least 15 years for rehab and in perpetuity for new homeownership units.
3. Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
4. Project sponsors must meet affirmative marketing requirements.

State policies also enable municipalities to possibly reserve up to 70% of the affordable units created in state subsidized developments, including comprehensive permit projects, for those who live, work or attend school in the community, referred to as "local preference" units.[30]

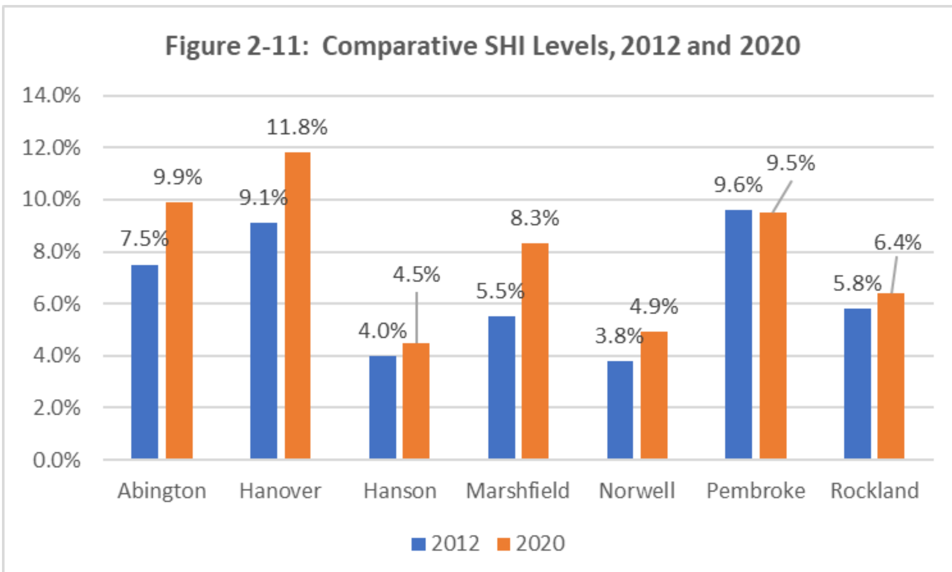
[30] Approval from the subsidizing agency, such as DHCD, is required for such local preference. See Appendix 3, Section I.A for details.

Hanover has made significant progress in reaching the 10% state threshold, and has surpassed the 10% affordability threshold as indicated in Table 2-32 and Figure 2-12. Hanover now has 568 SHI units that include 11.75% of its year-round units, exceeding all of the other nearby communities.

Table 2-32: SHI Units, Hanover and Neighboring Communities

Town	# Year-round Units	# SHI Units	% SHI Units
Abington	6,364	629	9.9%
Hanover	4,832	568	11.8%
Hanson	3,572	160	4.5%
Marshfield	9,852	821	8.3%
Norwell	3,652	180	4.9%
Pembroke	5,477	618	9.5%
Rockland	7,030	453	6.4%

Source: Massachusetts Department of Housing and Community Development, December 21, 2020



3.5.2 Current Inventory

As mentioned above, of the 4,832 year-round housing units, the state currently counts 568 units, or 11.75%, as part of Hanover's Subsidized Housing Inventory (SHI). All of Hanover's affordable units were created under private sector sponsorship as rental properties, many directed to seniors, with the exception of one Habitat for Humanity house on Walnut Street and two new homes on Center Street. These SHI units are summarized in Table 2-33 and include the following developments:

- *Cushing Residences, Inc.*

  Cushing Residences includes 150 units for those 62 years of age or older. Of these units, five have two-bedrooms, the remainder with one-bedrooms. The project has 14 units that are accessible to the handicapped (includes 3 two-bedroom units and 11 one-bedrooms).

  It is worth noting that over and above the 150 rental units for seniors at the Cardinal Cushing Residences included in the SHI, the Archdiocese of Boston has another seven buildings at another location in Hanover that provide eleven units of special needs student housing during the academic year. While these units cannot be included in the SHI,[31] they still provide an important local resource for special needs housing.

- *Legion Elderly Housing*
  Legion Elderly Housing includes 60 units for seniors that was built in 1982 and financed as part of the federal Section 202 Program with project-based Section 8 subsidies. Forty percent of the occupants have incomes at or below 30% of area median income and the remaining tenants within 50% of area median income. The SHI indicates that the affordability requirements are due to expire in 2021, however, the project sponsor is working with the Town on extending the Section 121A tax agreement that would resolve the problem of the expiring affordability requirements.

  There are currently 80 applicants on the waitlist with waits of at least eight years, up from three years only a few years ago. Most seniors choose to stay as long as they can, and typically live on limited fixed incomes, most relying solely on Social Security. When tenants leave, they most likely are moved to nursing homes with supportive services as assisted living options in the area are too expensive.

- *Barstow Village*
  An important community-sponsored development that was added to the SHI in 2012 is Barstow Village. This project was the focus of the Town's Affordable Housing Plan that was completed in 2007 under previous Planned Production requirements. Located on a wooded 6.6–acre parcel that had been owned by the Hanover Housing Authority, the new development features 66 units of housing (64 one-bedroom units and 2 two-bedrooms) for those 62 years of age or older. The development includes support services for residents that promote independent living as well as indoor and outdoor community spaces for socializing. The project also offers a range of affordability with three income tiers that include those earning at or below 30% of area median income (AMI), from 31% to 50% AMI, and from 51% to 60% AMI.

  Property managers indicate that the greatest need and demand is for the lowest income tier, as many applicants do not have the requisite income to afford the rents in the higher income levels. Management maintains an internal waitlist and existing tenants are able to shift over to the 30% and 50% AMI units when they become available. All new applicants move into the 60% AMI units where there are waits of at least two years.

  The Town invested $32,000 in Community Preservation funds to undertake a preliminary feasibility study of the site as well as $275,000 from the Affordable Housing Trust. The project involves a 99-year land lease for a one-time lease payment of $50,000 that was transferred to the Housing Trust to support other affordable housing initiatives. Barstow Village represents a true partnership involving the Town of Hanover, the Housing Authority, and the selected developers (the collaboration between Archdiocese of Boston's Planning Office for Urban Affairs and EA Fish Development) as well as the state that provided essential financing.

- *Hanover Woods*
  Hanover Woods was developed through a Chapter 40B comprehensive permit with a mix of 60 one, two and three-bedroom apartments in both garden-style and townhouse layouts. A total of

[31] Special needs student housing is not eligible under the state's Local Initiative Program and the units do not meet a range of other LIP requirements such as affirmative fair marketing, affordability restrictions, income limits, etc.

15 units are actually affordable, however, all units are eligible for inclusion on the SHI because the project involved rentals through Chapter 40B permitting. The property manager fills all units with tenants who have Section 8 Housing Choice Vouchers or Massachusetts Rental Voucher Program (MRVP) vouchers, referred to them by various Housing Authorities or Housing Solutions.

- *Washington Crossing Apartments*
  The Washington Crossing Apartments were also permitted through Chapter 40B and include 74 rental units, 25% or 18 of which are affordable. Because the project involved a 40B rental development, all units are eligible for inclusion on the SHI.

- *Walnut Street Habitat House*
  Another housing project was completed in partnership with Habitat for Humanity of the South Shore on Walnut Street. The Housing Trust committed $30,000 in support of this new affordable home.

- *Webster Village*
  Located in North Hanover on Webster Street, the ZBA approved a 44-unit Chapter 40B condominium development in 2007 to include eleven affordable units for first-time homebuyers. The project was on-hold for years, and the developer subsequently proposed a new project configuration of 75 rental units, also through 40B, that now includes 19 actual affordable units, however, all of the units are eligible for inclusion in the SHI.

  The project includes a waitlist of 8 applicants for its two-bedroom apartments and 16 for the one-bedrooms, although six of these applicants were previously contacted about occupying a unit and decided to put their decision on hold. They were then added to the bottom of the waitlist and if they do not accept a unit if and when called again, they will be removed from the list. The entire project is 100% leased, and the affordable units turnover very infrequently.

- *Center Street*
  Town Meeting approved the purchase of this property located in South Hanover for $775,000 in CPA funding. This project, formerly referred to as the Murtha property, includes more than four acres and had an existing 75-year house as well as an old barn. The owner wanted to demolish the existing house and develop four new units as a small subdivision, but the Town was able to delay the demolition for a year, purchased the property, and then divided it into two buildable lots by ANR. The Towns issued a Request for Proposals to build two new affordable homes in addition to preserving some open space and selected Habitat for Humanity of the South Shore as developer.

- *Bethany Apartments*
  The Town worked with the Archdiocese of Boston's Planning Office for Urban Affairs (POUA) on converting an existing historic property, Kennedy Hall as part of the Cardinal Cushing complex, into 37 affordable rental units. The Hanover Affordable Housing Trust entered into an agreement with POUA and committed $240,500 in Trust funding towards the project. The project was permitted through the "friendly 40B" comprehensive permit process and includes a mix of 8 one-bedroom units, 25 two-bedrooms, and 4 three-bedroom apartments as well as a mix of incomes including units targeted to those with incomes at 50%, 60% and 80% to 100% AMI. The greatest demand is for the lowest income tier with more than 100 applicants on the

waitlist for each of the one-bedroom and two-bedroom units and up to another 80 on the waitlist for the two-bedroom units at the 60% AMI level . There is no waitlist for the ten units for those with incomes in the 80% to 100% AMI range, and these are the most difficult to fill. On average, only about two or three units in the development turnover per year.

- *DDS Group Homes*
  The SHI also includes a total of 42 units of special needs housing sponsored by the state's Department of Developmental Disabilities, up from 30 units in 2013.

Table 2-33: Hanover's Subsidized Housing Inventory (SHI)

Project Name	Project Type	Affordable Units	Affordability Expires	Built with a 40B permit	Subsidizing Agency
Cushing Residences	Rental/Elderly	150	2022/extended to 2045	No	HUD
Legion Elderly Housing	Rental/Elderly	60	2021	No	HUD
Hanover Woods/Frank's Lane	Rental/Family	60	Perpetuity	Yes	DHCD
Washington Crossing/North Pointe	Rental	74	Perpetuity	Yes	MassHousing
DDS Group Homes	Special Needs	30	NA	No	Dept. of Developmental Services (DDS)
Barstow Village	Rental/Elderly	66	Perpetuity	Yes	DHCD
Walnut Street	Ownership	1	Perpetuity	No	DHCD
Subtotal		*441*			
Webster Village	Rental	76	Perpetuity	Yes	MassHousing
Center Street	Ownership	2	Perpetuity	No	DHCD
Kennedy Bldg.	Rental	37	Perpetuity	Yes	MassHousing
DDS Group Homes		12 additional units			
Subtotal		*127*			
TOTAL		568			

Source: Massachusetts Department of Housing and Community Development, April 2, 2013 and April 2, 2021.

3.5.3 Proposed Projects

There are several residential housing developments that are in the conceptual, planning or regulatory approval process including:

- *Salmond School*
  The Town also owns the Salmond School in the Four Corners area which has housed the School Administration functions. Under the Board of Selectmen's direction, the Town issued a Request for Proposals (RFP) for the school's redevelopment and received one response for a payment of $300,000. While Town Meeting voted to move forward on the project, the RFP was subsequently withdrawn due to a technical error. Nevertheless, some significant community support for developing affordable housing remains.

- *Sylvester School*
  The Sylvester School has been vacant for years and suggested as a possible site for creating affordable housing. Located in Hanover Center on a site of a former one-room schoolhouse, the school was erected in 1927 and expanded in 1960. The adjacent Center School, serving pre-kindergarten to grade 2, and the Sylvester School share a site of approximately 33 acres with an aquifer boundary line passing through the center of the parcel. Following some local debate about an appropriate use, a Town committee concluded that the affordable housing for seniors was the best option despite some concerns regarding its proximity to the elementary school. The Town issued a Request for Proposals (RFP) for the development of the property on April 9, 2021 with proposals due on May 28th. One proposal was submitted and then subsequently withdrawn.

- *Woodland Drive Property*
  While no affordable homes are included in plans for the redevelopment of the Hanover Mall, known as Hanover Crossing,[32] there is a group of owners with property located across from this project who are considering a large Chapter 40B project of about 200 total units.

- *Curtis School Property*
  The Curtis School was a former school building that has been demolished. The Town still owns the land, which includes about 3½ acres. This site should be considered for affordable housing development, however nearby traffic conditions would have to be addressed to make any new development feasible.

- *Barstow Village – Phase II*
  When the Hanover Housing Authority negotiated the ground lease with the developers of Barstow Village, they included a reference to a possible second phase of the project on an adjoining 4.6-acre property that is owned by the Archdiocese and might accommodate about 50 units.

- *New Residential Development at Village Commons*
  A developer is exploring the possibility of acquiring the foreclosed unfinished Village Commons property with the potential of creating 150 new units, some of which would be affordable.

2.6 Priority Housing Needs

Based on this Housing Needs Assessment, there are a number of key indicators that suggest considerable unmet housing needs remain despite the Town's achievement in surpassing the 10% affordability goal under Chapter 40B including:

1. Households with Limited Incomes

- Despite generally increasing household wealth, there still remains a population living in Hanover with very limited financial means. Of the 4,916 total households counted in 2019, 172 or 3.5% had incomes of less than $10,000 and another 383 or 7.8% had incomes between $10,000 and $24,999, representing "extremely low-income" levels equivalent to those earning well below 30% of area median income. An additional 334 households had incomes between $25,000 and $50,000, within what public agencies would define as below "very low-income" levels, within

[32] The developer instead provided a contribution in-lieu of actual affordable units of $500,000 to the Housing Trust.

about 50% of area median income. The total number of households within these lower income ranges was 889 households or 18% of all Hanover households, not an insignificant number given the general affluence of the community.

- Market rentals are expensive. Local listings, while limited, indicate that median market rents are close to $1,800 for two-bedroom units requiring an income of about $79,000.[33] This is considerably higher than the median renter-household income of $20,140. Market rentals also involve high upfront cash requirements including first and last month's rent and a security deposit, further challenging lower income individuals and families.
- Property managers of rental developments with affordable units indicate that the greatest need is for units that are targeted to extremely low or very low-income applicants with incomes at 30% or 50% AMI, respectively. Wait times for Legion Elderly Housing, for example, increased from three to eight years over the past few years. Bethany Apartments has more than 100 applicants on each of its waitlists for the one and two-bedroom units directed to those earning at or below 50% AMI while turnover over is just two or three units per year.
- Of the 475 renter households with incomes at or below 80% MFI, 265 or 56% were spending too much on their housing. This included 130 households with severe cost burdens, all with incomes at or below 30% MFI which should be targets for subsidized housing.
- Of the 265 seniors who are renting (39% of all renter households) and had incomes at or below 80% MFI, 130 or about half had cost burdens. Of particular concern are those 70 seniors with incomes at or below 30% MFI who were experiencing severe cost burdens.

Need: *Given the high costs of housing, more subsidized rental housing is necessary to make living in Hanover affordable, particularly for those who have very limited financial means and are not currently living in subsidized housing.*

Goal: 90% of all affordable units produced.

2. Gaps in Affordability and Access to Homeownership

- There are only a handful of units that are currently assessed for under $200,000 and affordable to those earning at or below 80% AMI.
- Only three units in the 568-unit Subsidized Housing Inventory involve homeownership.
- To afford the median sales price of a single-family home of $565,000, based on 2020 *Banker & Tradesman* data, a household would have to earn an estimated $118,280 with 80% financing, $138,169 with 95% financing.[34] As down payments of 20% are now more typically the norm, 80% financing assumes that the purchaser has cash on hand of almost $120,000 to afford the upfront costs the purchase.

The Hanover Council on Aging confirmed that many seniors are looking to downsize but cannot find such opportunities in Hanover that are affordable. Some earn too much and have financial assets beyond the state maximum to qualify them for affordable housing but earn too little to secure housing in the private market.

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[33] Assumes average monthly utility costs of $175 and paying 30% of income on housing costs.

[34] Figures based on 80% financing, interest of 3.0%, 30-year term, annual property tax rate of $16.33 per thousand, and insurance costs of $4 per $1,000 for condominiums and $6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. Those who could access 95% financing would likely have to pay private mortgage insurance (PMI) in the amount of approximately .03125% of the mortgage amount.

- There is an affordability gap of an estimated $177,500 for those low- and moderate-income households earning at the 80% of area median income limit, or $90,950 for a family of three based on 2021 HUD income limits for the Boston area.
- An estimated 1,130 homeowners were spending too much on their housing including 630 with incomes at or below 80% MFI.
- Demographic trends suggest that housing costs may be pricing younger individuals and families out of the housing market as those entering the labor market and forming new families have been dwindling in numbers and reducing the pool of entry level workers and service employees as well as forcing the grown children who were raised in town to relocate outside of Hanover. For example, those age 25 to 34 represented almost 15% of all residents in 1980 and declined to 10% in 2000 and still further to about 7% in 2010 and 2019. Additionally, residents in the 35 to 44 age range also declined from 2,457 or almost 19% of the population in 2000 to an estimated 1,941 or 13.4% in 2019.
- Population projections suggest that those in the household formation years of 20 to 34 may modestly increase, further supporting the need for some first-time homebuyer options that are affordable to those who do not have equity from a previous house or substantial savings to enable them to enter the private housing market.
- Just as the baby-boomers have driven trade-up demand in the last decade, the aging of this large group is projected to result in a doubling of the 65 years and over population between 2010 and 2040 according to UMDI projections. This may increase the demand for smaller units that are easier to maintain than the average single-family home.

Need: *Wider range of affordable housing options including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families, as well as affordable condominiums for empty nesters and seniors.*
Goal: 10% of all affordable units produced.

3. Disabilities and Special Needs

- The 2019 census estimates suggest that 1,282 individuals, or 8.9% of residents, claimed some type of disability.
- There are at least five-year waits for those seniors who seek subsidized housing in Hanover.
- Hanover's population is aging. In 2010 there were 1,852 persons 65 years of age or older, representing 13.3% of all residents and up significantly from 675 or 5.9% of the total population in 1980. The 2019 census estimates indicate further increases to 2,417 residents or 16.7% of the population.
- Population projections from both the Metropolitan Area Planning Council (MAPC) and the University of Massachusetts Donahue Institute (UMDI) suggest declines in all age ranges with the exception of those 65 years of age or older who are projected to increase from about 13% of the population in 2010 to about one-quarter by 2030.
- Population projections estimate that the population of seniors over 75, who are typically most in need of support and services, will increase overall by more than 500 residents, suggesting some need for affordable assisted living options in the longer-term.
- The only housing that is targeted for those with disabilities includes 42 units in group homes that are sponsored by the Massachusetts Department of Developmental Disabilities (DDS).
- There are presently no affordable assisted living options in Hanover.

Need: *Greater modifications are needed in support of those with special needs and an aging population.*

Goal: At least 10% of new housing should be built adaptable or accessible to the disabled, including seniors, and supportive services should also be integrated into some new development.

4. Housing Conditions

- About two-thirds of Hanover's housing units were built prior to 1980 and are likelier to have traces of lead-based paint, posing safety hazards to children. This housing may also have some deferred maintenance needs that come with an aging housing stock.
- Because the Town does not have municipal sewer services, with the exception of some special treatment facilities in several locations, there are also likely to be septic systems needing repair or replacement.
- Given the aging of the population, it is likely that many seniors, as well as others who are disabled, will need home modifications to remain independent in their homes.

Need: *Assistance is needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households.*
Goal: Establish a program to provide technical and financial assistance to qualifying owners.

There is therefore a sizable population of those who are seniors, have special needs and/or have very low incomes who have significantly reduced capacity to secure decent, safe and affordable housing in Hanover. A broader range of housing options is required to meet these varied needs.

3. CHALLENGES TO FUTURE DEVELOPMENT AND MITIGATION MEASURES

Despite the considerable progress that has been made in producing affordable housing in Hanover, there remains a number of substantial challenges including the following:

3.1 Infrastructure

Challenge: A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services throughout most of town. This raises concerns about the potential impacts of any new development on water supply and quality. Hanover residents must rely solely on septic systems unless special treatment facilities are integrated into the new development, a costly measure that requires a fairly large project to render feasible.

Mitigation Measures: It will be important for any new affordable housing development to address these infrastructure constraints, septic issues in particular, and ensure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment.

3.2 Zoning

Challenge: As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land, including the patterns of housing development. Like most localities in the Commonwealth, Hanover's Zoning Bylaw embraces large-lot zoning that maintains low housing densities and severely constrains the construction of affordable housing. Specific provisions of the current Hanover Zoning Bylaw that discourage the creation of affordable housing include:

> *3.010 Establishment of Districts*
> Residence A, which allows only single-family dwellings as-of-right, is the only residential zoning district. Rezoning appropriate areas for multi-family dwellings would encourage a greater diversity of housing types that could include affordable housing.
>
> *5.870B General Regulations*
> Common drives and drives passing across other lots are prohibited in Residence A, making clustered development and retreat lot development (a lot behind an existing lot) more difficult.
>
> *6.000 Residence A*
> Residence A zoning limits housing types to single-family homes. There is no Residence B alternative near village centers or busy roadways where somewhat denser development may be appropriate and desirable.
>
> *6.010E*
> Allows only one single-family dwelling per lot. Allowing additional units within prescribed areas following design guidelines would allow affordable housing to be created without altering the physical character of the neighborhood.
>
> *6.020A*
> Allows boarding houses only under very limited conditions (Special Permit, no more than four (4) persons, no more than 20% of rooms, and incidental to primary use as a private residence.)

In certain areas single room occupancy units may allow affordable living for those working in Hanover without altering the physical character of the neighborhood.

6.020C
Allows accessory dwelling units under limited but not unreasonable conditions (Special Permit, incidental to primary residence, no change to exterior, 600 sq. ft. minimum, Board of Health approval of septic, and no detached buildings to be used for this purpose). Accessory apartments can provide housing for the elderly, those just entering the work force, and other small households without much impact on the surrounding neighborhood and should be encouraged. Use of outbuildings, some exterior changes or additions, and square footage of more than 600 sq. ft. should be considered.

6.030
Allows retreat lot development but only under limited conditions. The development of lots behind existing houses can offer the opportunity to create new affordable housing without significantly changing the character of the streetscape.

6.040
Allows Planned Residential Development but only for "Over 55" developments (PRDS). Planned Residential Development can be an appropriate way to create affordable multi-family housing in appropriate neighborhoods under design guidelines.

6.040.4bii
Does not allow modular construction for a PRDS. Modular housing can reduce construction costs and contribute to affordability while still being a sound construction prototype.

6.040.5a
Mandates an architectural style for a PRDS which may limit innovations in housing. This kind of design standard can result in buildings that are inappropriately sited or scaled, but use features such as pitched roofs and shutters to conform in a superficial way with local requirements.

6.120A
Only allows single-family detached dwellings, one unit, or PRDS in Business Districts with Special Permit. Business districts may be appropriate locations for multi-family development, adjacent to or above businesses.

6.220M
Only allows PRDS housing in Commercial Districts. Family housing may be appropriate in some commercial districts.

6.410
Only allows PRDS with Special Permit in Limited Industrial District. Some limited industrial locations may be appropriate areas for housing.

6.500
Industrial and Fireworks Districts do not allow housing. These Districts may be appropriate for housing given the changing patterns of land use in these areas, assuming contaminated areas

have been remediated. In fact, affordable housing development is an avenue for obtaining funding for the remediation of Brownfields.

6.800
Water Resource Protection District does not suggest a mechanism for clustering housing to both allow somewhat denser development and preserve continuous open space in lieu of 60,000 square feet per lot requirement.

6.11.0
Although overall quite positive in its intentions, the Village Planned Unit Development bylaw requirements concentrate on stylistic features rather than encouraging true "smart growth" planning. The limitation of land along Route 53 does not allow VPUD development near existing village centers or other busy roadways where it could reinforce positive development patterns or offer an option to strip development. The requirement for three parking spaces per unit and that no more than 20% of land outside of the Residential A zone can be devoted exclusively to residential use limits housing development options. Requiring a minimum of 25 acres, a height under 48 feet, and a mix of unit sizes limits the number of locations where this kind of development can occur and the flexibility that may make affordable housing economical to produce.

7.1 Dimensional Regulations
The 30,000 square foot minimum lot size in Residence A and 44,000 minimum in Business, Commercial, Planned Shopping Center, Limited Industrial, Industrial, and Fireworks Districts discourage cluster development and multi-family housing that can help in the production of affordable housing while conserving open space. Large minimum lots sizes often reduce rather than reinforce the rural character of towns. Development on smaller lots as part of a conservation subdivision should be encouraged.

Lot frontage requirements – 150' in Residence A and Business, and 200' in other districts, and front setbacks – 50' in Residence A and 75' in other districts – further discourage cluster and infill development that may be appropriate in some areas.

Mitigation Measures: This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them "friendlier" to the production of affordable housing and smart growth development. These include adopting an Open Space Residential Cluster Design bylaw, revising the village PUD bylaw, and exploring the use of Chapter 40R/40S.

3.3 Environmental Concerns

Challenge: A significant amount of land in Hanover is wetlands and protected from development. The presence of these unbuildable areas has helped Hanover maintain its rural character with woodlands woven into all areas of town. The establishment of conservation land, recreation land, and public and quasi-public open space offers further protection and reinforces the value of these unbuilt areas to residents. Both the use of open space and protected land for recreation and the value of these areas as a green backdrop for civic, commercial, and residential uses limits the amount of land on which new affordable housing can be easily developed.

There may be resistance to building on publicly-owned land that could be used for housing if there is a history of recreational uses on the property. The lack of a Town sanitary sewer system and the difficulty of dealing with runoff due to the number of wetlands offer additional obstacles to affordable housing development – both technical and in terms of potential resistance.

The relative scarcity of developable land raises its value and the costs associated with acquisition and building. Environmental regulations and concerns suggest that the redevelopment of existing built areas or development that offers protection to open space adjacent to construction offer the best opportunities for creating new affordable housing.

Mitigation Measures: Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting adaptive reuse, infill sites in existing neighborhoods, village center redevelopment, and mixed-use development.

3.4 Transportation

Challenge: Hanover is easy to get to thanks to Route 3 and a network of regional roadways, but is almost totally dependent on automobiles for transportation to and within the town. Joseph Ingle Bus Services provides school bus transportation for children, and the Town has two vans for special needs transportation, but otherwise public transportation is not available.

Pedestrian access to town amenities is limited by the low density of development and the concentration of civic and retail services in Hanover Center along Route 53 away from residential areas. There are few places where residences and services are within walking distance of each other or where sidewalks are continuous enough to make walking significant distances safe and easy.

The reliance on automobiles means that affordable residential development will require parking and is likely to add to traffic and congestion. This raises its costs and suggests that there may be resistance to affordable housing development of significant size.

Mitigation Measures: The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Housing Plan is to explore higher density, mixed-use development in appropriate locations that has the potential for reducing some reliance on the automobile. Opportunities to direct development to areas that are most conducive to higher densities, such as Hanover's villages and commercial corridors, will serve to reduce transportation problems.

3.5 Availability of Subsidies

Challenge: Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly challenging to secure necessary project financing with funding proposals sometimes waiting for several rounds for approval.

In late 2004 Hanover approved the creation of a Community Preservation Fund with funding support from the state for open space preservation, historic preservation and community housing production. As of the end of 2020, about $17.4 million in CPA funding has been raised, $12.5 million from the local property surcharge and $5 million from the state's match. At least 10% of the total funds raised must be directed to community housing activities. The Town also approved the establishment of the Hanover Affordable Housing Trust Fund in 2009, which provides another resource for subsidizing new development. Both CPA and Housing Trust funding will be helpful, but additional public and private technical and financial resources will be required to meet production goals.

Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation and Housing Trust Funds for affordable housing initiatives that will enable the Town to support the production of new affordable units and leverage other public and private funding sources.

3.6 Community Perceptions

Challenge: Affordable housing, subsidized housing, low-income housing, projects, Section 8, etc. – these terms can conjure images of potential neglect, plunging property values, increased crime, and even tensions concerning class and race. On the other hand, residents are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. It is this awareness, as well as impending 40B developments, which is spurring communities such as Hanover to take proactive measures to produce affordable housing.

Mitigation Measures: Hanover proposes continuing an ongoing educational campaign to inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities, and to garner political support. It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input.

4. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to have greater local control over housing development. If a community prepares and adopts an affordable housing plan that meets state requirements and then demonstrates the production of an increase of 0.50% of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory over one calendar year, 24 units currently for Hanover, it may become "certified" by the state. It would then be able to deny what it determines to be inappropriate Chapter 40B comprehensive permit applications without the developer's ability to appeal the decision. If the municipality produces 1.0% of its year-round housing, 48 units in the case of Hanover, a two-year period of state "certification" may be granted. When the 2020 census figures are released these housing production goals are likely to change to 26 units and 51 units based on 0.50% and 1.0% levels, respectively.[35]

Using the strategies described in Section 5.0, the Town of Hanover has developed a Housing Production Program to chart affordable housing production activity over the next five years as summarized in Table 4-1.

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

[35] Building permit data indicates that another 164 single-family homes were built between 2010 and 2019 as well as 66 multi-family units at Barstow Village and 37 units at Bethany Apartments. This would suggest a total housing stock of 5,099 units in 2019. Given development trends over the past several years, it is likely that approximately another 20 new homes were added in 2020 for a total housing stock of 5,119 units. This would mean that 10% of the year-round housing stock (5,119 units - 20 seasonal/occasional units = 5,099 units) would have to be affordable including at least 510 SHI units to meet the state 10% affordability goal. Consequently, at 568 SHI units, the Town has a considerable cushion. However, if the Legion Elderly Housing units are removed from the SHI due to potentially expiring affordability restrictions, the Town would be on the edge of losing its ability to deny inappropriate 40B projects.

Table 4-1: Hanover Housing Production Program*

Strategies by Year	Units < 80% AMI	Ineligible for SHI including Workforce or Market Units	Total # Units **
Year 1 – 2022			
Nothing in pipeline			
Accessory Dwelling Units (rental)	0	2	2
Subtotal	*0*	*2*	*2*
Year 2 – 2023			
Development of Town-owned property and Adaptive reuse/Salmond School (senior rental)	30	0	30
Development of private site with 40B/ Woodland property (rentals)	200	0	200*
Accessory Dwelling Units (rental)	0	2	2
Subtotal	*230*	*2*	*302*
Year 3 – 2024			
Development of private site with "friendly 40B" (condos)	10	30	40
Clustered housing through OSRCD bylaw (homeownership)	5	25	30
Infill housing/group home (special needs rental)	8	0	8
Mortgage Assistance Program/(homeownership)	2	0	2
New infill housing – Habitat house (homeownership)	1	0	1
Accessory Dwelling Units (rental)	0	2	2
Subtotal	*26*	*57*	*83*
Year 4 – 2025			
Mixed-use development (homeownership)	2	10	12
Infill development (homeownership)	2	0	2
Development of private site with "friendly 40B" (rental)	25	0	25*
Development of private site with inclusionary Zoning (homeownership)	5	25	30
Accessory Dwelling Units (rental)	0	2	2
Subtotal	*34*	*37*	*71*
Year 5 – 2026			
Development of Town-owned property/ Murtha Property (homeownership)	2	0	2
Village center development through 40R (rental)	25	0	25*
Mortgage Assistance Program/(homeownership)	2	0	2
Accessory Dwelling Units (rental)	0	2	2
Subtotal	*97*	*2*	*31*
TOTAL	**319**	**100**	**419**

* All units count in Chapter 40B rental developments.
** Includes market units in addition to affordable ones.

5. HOUSING STRATEGIES

This Housing Production Plan proposes a mix of strategies that will accommodate the range of local housing needs referenced in Section 2.6, offering a mix of housing types and mixed-income opportunities. For example, both rental and homeownership housing should be developed for young families, empty nesters, and special needs populations. It will also be important to reach those within various income categories who are unable to find housing that is affordable in Hanover including those earning at or below 60% of area median income needing rental housing and those at or below 80% of median income who want to rent or afford their first home. These proposed actions will also continue to help Hanover maintain its affordability threshold above the state's 10% goal.

The strategies that are included in this Housing Plan are presented with an understanding that a broadened affordable housing agenda will place further burdens on local services and that there are currently many competing municipal needs and limited resources, including land. However, there are also resources that the Town can draw upon to support affordable housing including some existing publicly-owned property, the Community Preservation Fund, the Housing Trust Fund, and subsidies from the state and federal governments. Appendix 3 has a summary of housing resources and regulations.

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the recently-adopted Master Plan as well as the experience of other comparable localities in the area and throughout the Commonwealth. They also reflect a continuation of housing development strategies that have been working in Hanover, building on substantial recent progress that includes:

- ***Hanover 300***
  The Town recently-adopted a Master Plan, Hanover 300, which provides a strategic framework for guiding future development over the next decade, including housing goals and strategies that are incorporated in this Housing Production Plan.

- ***Successful Partnerships***
  The Town has continued to work effectively with developers on important affordable housing initiatives. For example, the Barstow Village project was completed a few years ago in partnership with the selected development team of EA Fish Development and the Archdiocese of Boston's Planning Office for Urban Affairs (POUA) to produce 66 units on Housing Authority property for low-income seniors. More recently, the Town worked again with POUA on the conversion of the Archdiocese's historic Kennedy Hall into 37 affordable units as part of the Bethany Apartments development. The Town also partnered with Habitat for Humanity of the South Shore on the construction of two homes for first-time purchasers on Town-owned property on Center Street.

- ***Leverage of Local Resources***
  The affordability of many housing development projects relies on multiple sources of financing involving both private and public loans and grants. Since the last Housing Production Plan was approved, the Town has provided the Housing Trust with at least 10% of its annual CPA allocation to support local housing efforts and leverage other essential sources of financing. For example, Hanover committed $240,500 in CPA funding for the Bethany Apartments

development. The Town was also able to obtain $500,000 in funds from the developers of Hanover Crossing, which can be used to support other affordable housing initiatives.

It will be important for the Town to continue to encourage the establishment of partnerships with other interested parties including non-profit organizations, lenders, public agencies, and developers to secure the necessary financial and technical resources to create affordable units. Community Preservation funding and the Affordable Housing Trust Fund will continue to be essential ingredients for supporting the implementation of this Housing Plan and leveraging state and federal housing subsidy programs.

- ***Community Support***
  Because housing development relies on local approvals, including those of Town Meeting, community support for new initiatives has been essential in making progress on the Town's housing agenda. Strategic efforts to continue to inform residents on the issue of affordable housing and specific new initiatives will help generate an understanding of the benefits of affordable housing, reduce misinformation, and dispel negative stereotypes.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:[36]

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
  - Adopt OSRCD bylaw (strategy 5.2.1)
  - Explore use of 40R/40S (strategy 5.2.3)

- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
  - Make suitable public property available for affordable housing (strategy 5.3.1)
  - Encourage "friendly" 40B development (strategy 5.3.2)

- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
  - Adopt OSRCD bylaw (strategy 5.2.1)
  - Explore use of 40R/40S (strategy 5.2.3)
  - As indicated in strategy 5.3, the Town should work with developers to create affordable housing in line with smart growth principles including:
    - The redevelopment of existing residential or nonresidential structures that might become available in the future,
    - Infill site development including small home development as starter housing such as a Habitat for Humanity project,
    - Parcels large enough to accommodate clustered housing through the OSRCD bylaw for example, and
    - Mixed-use properties in appropriate areas.

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

- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
    - Make suitable public property available for affordable housing (strategy 5.3.1)

- *Participation in regional collaborations addressing housing development*
    - Continue to work with regional for-profit and non-profit developers and service providers on housing initiatives, including referrals to programs and services (strategy 5.1.2 and Section 5.3).

The strategies included in this Housing Production Plan are grouped according to the type of action proposed – Building Local Capacity, Zoning, Housing Production, Housing Preservation, and Direct Assistance – and categorized by Two-Year or Five-Year priorities. *As such the Plan starts with organizational issues, moves to regulation, identifies key production strategies to guide new development, and then finally looks at how to preserve the housing that is in place and stabilize local residents.* Two-Year actions are those that will begin within the next two years, most of which will involve some immediate actions. Those strategies included in the Five-Year Action Plan involve focused attention after the next couple of years. A summary of these Housing Strategies is included in Table 1-2.

It will be important to also ensure that affordable units produced through this Plan get counted as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not used. In addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's SHI that are being developed through some local action including:

- A zoning provision (i.e., inclusionary zoning, flexible zoning with specified density bonuses for affordable housing);
- A condition of a variance or special permit;
- Substantial financial assistance from funds raised, appropriated or administered by the Town including Community Preservation and Affordable Housing Trust Funds;
- A contract provision (i.e., reuse of existing municipal property); or
- An agreement between the Town and a non-profit organization or other developer to build or rehabilitate municipal buildings into affordable housing and conveyed for a nominal amount or a substantial discount from their fair market value.

In order to be counted as part of the Subsidized Housing Inventory the units must meet the following criteria:

- A result of municipal action or approval;
- Sold or rented based on procedures articulated in an affirmative fair marketing and lottery plan approved by DHCD;
- Sales prices and rents must be affordable to households earning no more than 80% of area median income and spending no more than 30% of their income on housing-related expenses; and
- Long-term affordability is enforced through affordability restrictions, approved by DHCD.

Additionally, a Subsidized Housing Inventory New Units Request Form with supportive documentation must also be submitted to DHCD to ensure that these units get counted.

The affordability restrictions for all units produced through the Local Initiatives Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the goals listed in Section 1 of this Plan, the following housing strategies are offered for consideration. *It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.*

5.1 Capacity-building Strategies

Communities need to build a viable organizational structure to promote affordable housing. While basically a defunct agency for many years without any assets and direction, the Hanover Housing Authority was resuscitated shortly following the passage of the Community Preservation Act (CPA) in Hanover in 2004, to help the Town invest its CPA funds for affordable housing. While technically a state-affiliated public entity[37], the Hanover Housing Authority made significant progress on local housing initiatives, including the development of Barstow Village. Based on a significant recommendation in the 2007 Affordable Housing Plan, the Housing Authority, in concert with the Town, received the necessary local approval to establish the Hanover Affordable Housing Trust (HAHT) to oversee local housing issues, including the implementation of this Housing Plan.[38] Providing continued funding to the Housing Trust and effectively reaching out for community support will be essential ingredients in making further progress on the Town's housing agenda.

5.1.1 Continue to Capitalize the Hanover Affordable Housing Trust (HAHT)

Responsible Parties: Board of Selectmen, Community Preservation Committee and Housing Trust
Timeframe: Year 1 and Ongoing

Current Status: The Hanover Affordable Housing Trust HAHT) was established in 2009 by a vote of Town Meeting, and the Board of Selectmen subsequently appointed members. The Trust has typically received an annual allocation of Community Preservation Funds equivalent to 10% of the total funding available as recommended in previous Housing Plans. The Trust also received a contribution from the developers of Hanover Crossing.

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[37] As such, state approval by DHCD is required of all important HHA actions.

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

Next Steps: The Town will continue to invest at least 10% of its annual CPA allocation to the Hanover Affordable Housing Trust (HAHT) with the Trust's ability to request additional funding as special development opportunities arise. This funding would also require Town Meeting approval.

Other opportunities to capitalize the Housing Trust should be explored in the future including further negotiations with developers, special fundraising approaches in the community, or other grant funding for example.

Resources Required: CPA funding in support of affordable housing initiatives of at least 10% of the Town's annual CPA allocation, including the local surcharge and state match.

5.1.2 Conduct Ongoing Community Outreach and Education

Responsible Parties: Housing Trust *Timeframe: Year 1 and Ongoing*

Current Status: While many residents are aware of high housing prices and some are encountering difficulties affording housing in Hanover or at risk of losing their home, it is likely that many residents hold onto negative stereotypes of what affordable housing is and what it might do to change their community. Certainly, Barstow Village, Bethany Apartments, and the recent Habitat for Humanity project provide excellent examples of how affordable housing can benefit Hanover. These projects have also given the Housing Authority and Affordable Housing Trust some substantial creditability in town. It is nevertheless important for the Town to continue to build an active constituency for affordable housing in support of important local initiatives. It will also be important to attract volunteers to serve on the Housing Trust and other Town boards and committees that play a related role in housing issues.

The recently adopted Master Plan involved a community-wide visioning process on future Town priorities, including those related to housing. Additionally, the Housing Trust sponsored two public meetings on December 2, 2021, one in the afternoon at the Senior Center and another in the evening at Town Hall. These meetings were for local leaders and the public to hear the results of the updated Housing Needs Assessment and draft strategies included in this Housing Plan and to participate in a discussion about the future direction of the Town's housing agenda. Both of these meetings were recorded and available for viewing on the local cable channel.

Next Steps: Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to continue to dispel myths and help galvanize local support, political and financial, for new affordable housing production. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on community concerns and suggestions.

It will also be important to provide information to residents on housing-related programs and services that are available on a local, regional and state-wide level. Opportunities for conducting community education include:

- Special forums on all new housing initiatives,
- Housing summits that bring together representatives of a wide range of housing stakeholders to discuss housing issues,

- Brochures on existing housing-related programs and services to help qualifying residents access needed resources,
- Enhanced use of public access television,
- Continuing to provide an updated website that includes information on housing opportunities, and
- Educational opportunities for board and committee members as well as professional staff to help keep key representatives and professionals better informed and up-to-date on important new developments, best practices, and regulations.[39]

Resources Required: The donated time of members of the Housing Trust with some staff support from the Planning Office. Some Housing Trust funding might be useful to bolster outreach efforts including assistance in enhancing the current Housing Trust website, potentially creating a video to be shown on cable access such as is being done in Chatham and Eastham, brochures and costs related to any special events.

5.2 Zoning Strategies

To most effectively and efficiently execute the strategies included in this Plan and meet production goals, some greater flexibility will be needed in the Town's Zoning Bylaw, and new provisions will be required to capture more affordable units, direct growth to the most appropriate locations, and expeditiously move development forward to completion.

Hanover's Zoning Bylaw includes minimum lot requirements of at least 30,000 feet as well as frontage, setback and other requirements that are typically not conducive to affordable housing development which rely on some economies of scale. This creates the likely need for regulatory relief for many residential developments that include affordable units, possibly through the "friendly" comprehensive permit process that overrides local zoning. Zoning reforms will be required to better promote and guide new residential development.

The Town of Hanover will consider the following zoning-related strategies to encourage the creation of additional affordable units in suitable. These actions can be considered as tools in a toolbox that the Town will have available to promote new housing opportunities, each applied to particular circumstances.

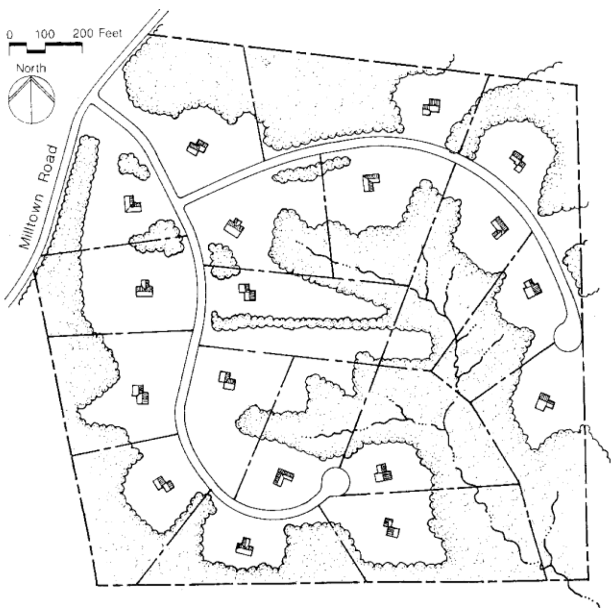
[39] The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes on this subject periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership sponsors the Massachusetts Housing Institute which is an educational program to support municipalities and local participants in better understanding the affordable housing development process. This training is held over a two-day period, at least once a year. Other organizations and agencies such as DHCD, MHP, CHAPA, and the Community Preservation Coalition also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural "how to" booklet for local communities on the development process, the state's Executive Office of Environmental and Energy Affairs has a compendium of model zoning bylaws on their website, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

5.2.1 *Adopt Open Space Residential Cluster Design (OSRCD) Bylaw*

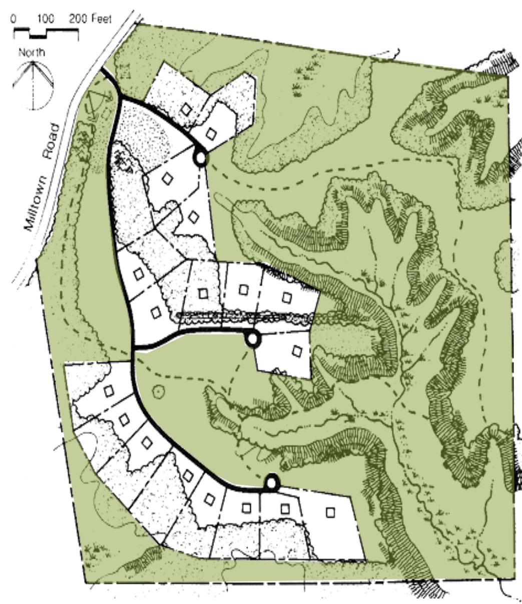
Responsible Parties: Planning Board with support from the Housing Trust *Timeframe: Years 1-2*

Current Status: Hanover does not currently have an Open Space Residential Development, Conservation Subdivision, or Cluster Zoning Bylaw. This has resulted in large-lot, single-family home development that has contributed to loss of open space, automobile-oriented sprawl, and new housing that is unaffordable to a large segment of the population.

A more flexible, cluster bylaw will enable the Town to encourage more progressive development patterns that allow houses to be grouped closer together and require the creation of common open space and preservation of natural amenities. This will help protect the rural character of Hanover while offering a broader range of housing options that can promote affordability. Density bonuses and affordability requirements will further encourage this "smarter" kind of development and support project feasibility. Associated design guidelines and review and inclusionary requirements can ensure that goals are met in ways appropriate and beneficial to the Town.



Traditional Subdivision

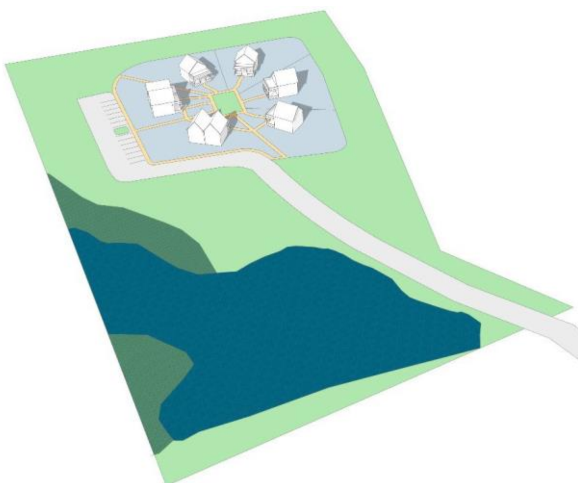


OSRD Concept

The adoption of such a bylaw was recommended as part of the 2013 Housing Production Plan, recent Master Plan, and the Town's Open Space and Recreation Plan. To assist in implementation, the Town applied and received a grant to engage the Metropolitan Area Planning Council (MAPC) as a consultant to help draft a bylaw. Referred to as an Open Space Residential Cluster Design Bylaw, the draft bylaw includes the following main components:

- Minimum tract size of 120,000 square feet.
- Limits 3-bedroom units to no more than 1/3 of the total number of units.
- Average home size of 1,200 square feet of living space with no home having more than 1,500 square feet.
- Allows manufactured homes to reduce costs but mobile homes are prohibited.

- Allows for shared septic systems.
- For by-right permitting uses formula: Net Acreage (Gross area - wetlands - 10% road estimate - 100’ stream buffer - steep slopes) divided by Traditional Subdivision Minimum Area. Also requires minimum of 50% open space with at least 50% uplands and minimum lot sizes of 10,000 square feet excluding wetlands.
- For Special Permit option, density bonuses are allowed. For every affordable unit, the landowner receives one additional market rate unit, up to 50% increase from OSRCD formula. The minimum lot size is also reduced to 7,500 square feet excluding wetlands. Also allows shared parking to further encourage clustering and increase open space.
- The Special Permit option also allows two units per lot (townhouses), up to 30% bonus from OSRCD formula (with minimum of 2 bonus duplexes allowed), in addition to 50% lot bonus.
- Minimum tract size for density bonuses of 5 acres for Special Permit option.



5-acre Site/7 units (2 duplexes)/2 affordable/ 1.8 acres of open space

15-Acre Site/19 units (8 duplexes/4 affordable/13 acres open space

A public meeting was held on May 22, 2019 to present the draft bylaw which highlighted the key requirements including modifications since the Planning Board met to discuss the bylaw the previous January.

Next Steps: The Planning Board needs to finalize the bylaw and present it to Town Meeting for approval. Because of recently-enacted state Housing Choice Initiative provisions, only a simple majority of the Planning Board and Town Meeting will be necessary to secure approval of the bylaw.

Resources Required: Donated time of the Planning Board to finalize the bylaw and obtain approval from Town Meeting.
Projected Number of Affordable Units: 5 Units

5.2.2 Adopt Inclusionary Zoning

Responsible Parties: Planning Board with support from the Housing Trust
Timeframe: Years 3-5

Current Status: Inclusionary zoning, not currently included in Hanover's Zoning Bylaw, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This incentive zoning mechanism has been adopted by more than one-third of the communities in the state. Most of the bylaws include mandated percentages of units that must be affordable, typically 10% to 20%, provisions for the developer to provide cash-in-lieu of actual units, and density bonuses. Some also allow the development of affordable units off-site.

This bylaw is a proven regulatory strategy for ensuring some diversity in future housing development projects. For example, if inclusionary zoning had been in place in Hanover, the Town might have captured a significant portion of the 297-unit housing development at Hanover Crossing as affordable. While the developers contributed $500,000 to the Housing Trust in-lieu of providing affordable units, given widening affordability gaps this funding can likely support only a handful of affordable units as opposed to 45 if the affordability requirement was set at 15% of all units.

Table 5-1: Inclusionary Zoning Requirements in Other Communities

Municipality	Required Percentage of Affordable Units	Minimum Project Size	Payment-in-lieu of Affordable Units
Amherst	Based on project size Ranges from 7% to 12%	10 Units	No
Arlington	15%	6 Units	Yes
Belmont	10%, 12.5% or 15% depending on project size	2 single-family or two-family homes	Yes
Berlin	15%	6 units	No
Brookline	15%	6 Units	Yes
Cambridge	15%**	10 Units	Yes
Duxbury	10%	6 Units	Yes
Hopkinton	10%	10 Units	Yes
Medway	10%	6 Units	Yes
Newton	15%	4 Units	Yes
Scituate	15%	6 Units	No
Somerville	12.5% to 20% depending on location	6 Units	Yes
Tewksbury	15%	4 Units	Yes
Watertown	12.5% to 15%	6 Units	Yes
Wellesley	20%	5 Units	Yes
Yarmouth	20%	5 Units	Yes

Next Steps: The Planning Board will explore inclusionary zoning models and, with input and support from the Housing Trust, prepare a zoning bylaw that is best suited to promoting affordable housing in the community. The bylaw, like all other new zoning, will require Town Meeting approval for adoption, however, recent changes to the state Zoning Act will enable the Planning Board and Town Meeting to approve the bylaw by a simple majority.

Inclusionary zoning requirements vary considerably as shown in Table 5-1. The Executive Office of Environment and Energy's Smart Growth Toolkit includes a model inclusionary zoning bylaw that highlights key local decisions and makes some commentary for consideration throughout (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html). The Citizen Planner Training Collaborative website has a model bylaw with commentary as well (www.umass.edu/masscptc/examplebylaws.html).

It is important that the bylaw incorporate density bonuses that will contribute to the financial feasibility of the affordable units. While the production of actual affordable units is always preferable, the bylaw should include a formula for cash-in-lieu of actual units that can be deposited into the Housing Trust and adequately cover the costs of producing a comparable number of affordable units through another initiative. It will be essential that the formula for calculating the cash-out fee provide sufficient proceeds to fully subsidize the required number of affordable units despite changes in market conditions and to ensure that the funding will be dedicated to supporting affordable housing. The cash-out fee should be tied in some way to the value of the affordable unit. From a theoretical standpoint that value is commonly considered to be the difference between a unit's market-rate price and the affordable one. This means that the value of the cash-out fee relates to the losses the developer would suffer by building affordable units. Stronger fees typically match the value of the affordable unit not built, allowing the fee to subsidize the same number of units in a separate project.

A simple formula, adopted by Somerville and Groton for example, would be the difference between the market sales price and the affordable one with the affordability based on the state's formula for calculating the purchase price through the Local Initiative Program (LIP). The per unit fee would be multiplied by the number of affordable units required under the permitting taking different prices due to number of bedrooms into consideration.

Another consideration is adopting the cash-out fee calculation included in Watertown's inclusionary zoning bylaw in which the cash payment is equal to the most current Total Development Costs (TDC) as articulated in the MA Department of Housing and Community Development's Qualified Allocation Plan (QAP) for projects using the Low-Income Housing Tax Credit. These costs are determined by whether the units are part of a production or preservation project, are outside or within the Metro Boston area, and by the type of housing to be built. For example, a production project with small units in a suburban area within the Metro Boston area would have a TDC cap of $329,000, while a project with large units would have a cap of $349,000 based on the 2020-2021 QAP.

Provisions for the developer to build affordable units at an off-site location might also be considered but should be limited to extenuating circumstances only.

Resources Required: It will be important to ensure that all affordable units produced through the bylaw get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing subsidy is not used. The major tasks for making sure that the affordable units, now referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized in Appendix 3.

Projected Number of Affordable Units: 5 Units

5.2.3 *Explore Use of Chapters 40R and 40S*

Responsible Parties: Planning Board with support from the Housing Trust
Timeframe: Years 3-5

Current Status: The state enacted Chapter 40R under the Massachusetts General Laws to enable communities to establish Smart Growth Overlay Districts. The goal of 40R was to address several regional concerns at once: the need for more affordable housing; the need to avoid adding more traffic to roads and highways already choked during commuting hours; and to protect the New England landscape from additional sprawl, fostered by large-lot subdivisions. The legislation was also passed in recognition that high housing prices beyond the reach of increasing numbers of state residents were forcing college graduates and young professionals to relocate to other areas of the country in search of greater affordability, referred to as "the brain drain".

The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows "as-of-right" residential development of minimum allowable densities;
- Provides that 20% of the units be affordable although most bylaws require at least 25% of the units be affordable in rental developments to enable all units to be counted as part of the SHI;
- Allows mixed-use and infill development;
- Provides two types of payments to municipalities (incentive payments based on the number of projected housing units) and density bonus payments of $3,000 for each residential unit issued a building permit); and
- Encourages open space and protects historic districts.

It should also be noted that additional benefits come with the adoption of 40R districts besides the payments noted above. For example, municipalities with 40R districts become more competitive for a wide range of state discretionary funds, including school and infrastructure financing. Additionally, the state has upheld some local decisions to deny Chapter 40B applications when the community has made progress in developing housing as part of their 40R district.

About 50 Districts have been approved in 42 municipalities across the state including 40R Districts in Easton, Norwood and Sharon for example. These 50 districts involve zoning for a potential 19,000 housing units with almost 4,000 units built or under construction.

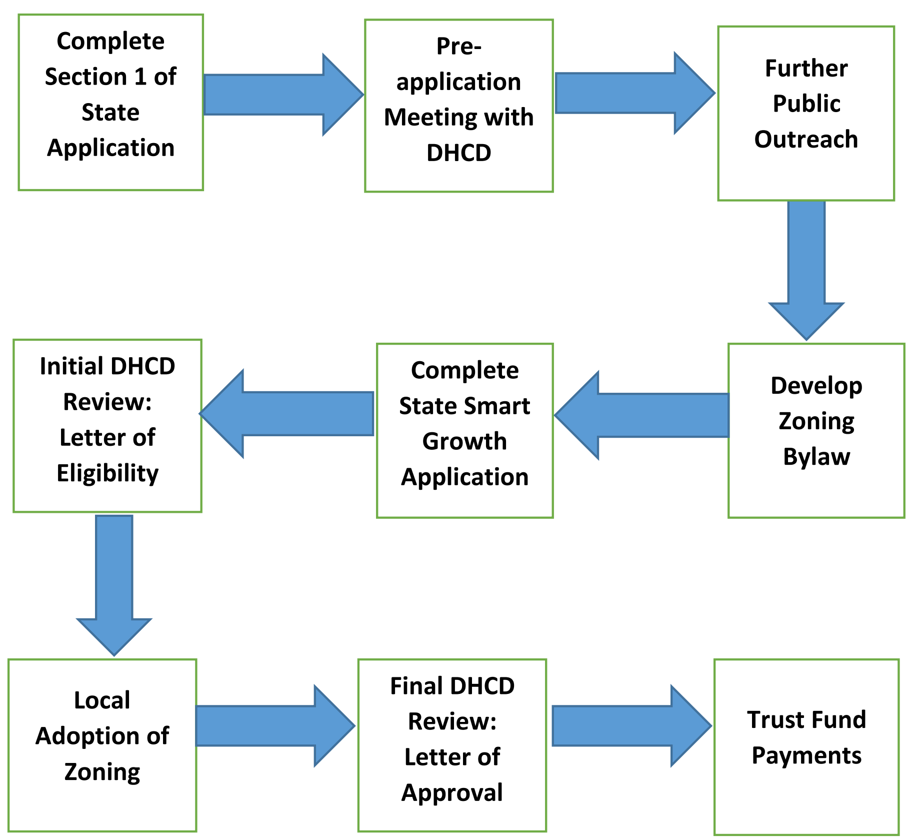
The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development. (See the Appendix 3 for more details on 40R.)

Next Steps: In an effort to promote smart growth and mixed-use, mixed-income development, the Town should explore the adoption of 40R and convene a forum to discuss these new regulations and how they could be effectively implemented in Hanover. Representatives from the state are available to make presentations to communities on 40R and answer questions.

There are areas in town that might be conducive to 40R Zoning Overlay Districts including some of the village centers and sections of commercial corridors. If there is general agreement to pursue the development of the Zoning Districts further, the Town can apply for funding from the state's Community Planning Grant Program to secure the necessary technical assistance to implement the rezoning or use CPA or Housing Trust funds.

The Overlay Zoning Districts will require approval by the Planning Board and Town Meeting although only simple majority approvals will be required given new state zoning provisions. The formal steps involved in creating Overlay Districts are as follows:

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



Areas where the Town wishes to focus its revitalization efforts, such as some older villages, the Fireworks Factory area, or perhaps shopping areas, might be good candidates for 40R. Moreover, affordable housing is an excellent development option for sites, like the Fireworks area, that involve brownfield remediation as special funding for such clean-up is available for affordable housing developments.

Resources Required: The Town could apply to the state's Department of Housing and Community Development (DHCD) for funding through its Community Planning Grant Program (see Appendix 3 for details on this state resource) or use CPA or Housing Trust funds to secure the necessary technical assistance to implement the adoption of 40R locally. Clearly some staff time from the Planning Office would be required.

Projected # of Affordable Units Produced: 25 units

5.3 Housing Development Strategies

As emphasized in other sections of this Housing Plan, to meet production goals it will be essential for the Town of Hanover to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers, both for-profit and non-profit. Competitive Requests for Proposals (RFP's) for the selection of developers will be necessary to build on publicly-owned property, as was the case with Barstow Village for example. For-profit developers continue to express interest in developing housing in Hanover, and there are a number of non-profit organizations that have successfully completed affordable housing projects in town and the region, which may want to become involved in future development efforts.

As the Town has surpassed the 10% affordability threshold under Chapter 40B, it is in an advantageous bargaining position with developers as to project terms and conditions, as the Town will be able to potentially deny inappropriate 40B development proposals without the developer's ability to appeal the decision. Developers will require Town support if they want to proceed with a comprehensive permit under the state Local Initiative Program (LIP), also known as the "friendly 40B" process, which is an effective permitting tool for projects that require regulatory waivers but still meet local needs.

In addition to the active participation of the development community, it will be important for Hanover to actively seek support from state and federal agencies and effectively leverage its limited Community Preservation and Housing Trust Funds as mentioned earlier. Because affordable housing is rarely developed without private financing, project developers will need to reach out to private lenders as well.

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

5.3.1 Make Suitable Publicly-Owned Property Available for Affordable Housing

Responsible Parties: Board of Selectmen with support from the Housing Trust
Timeframe: Years 1-2

Current Status: The contribution or "bargain sale" of land owned by the Town or other public entities but not essential for government purposes is a key component of housing production goals. A potential list of publicly-owned properties, which may potentially be suitable for housing, including some amount of affordable housing, is included in Table 5-1.

The Town of Hanover may also decide to acquire privately-owned sites for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites for example. Ideally such properties would meet a number of smart growth principals such as the redevelopment of existing structures, higher density or clustered development to preserve open space, accessibility to civic and commercial areas by foot, and a catalyst for or product of brownfield remediation.

Final determination of the use of these parcels for affordable housing is subject to a more thorough feasibility analysis of site conditions, and Town Meeting approval is required for the conveyance of Town-owned properties.

Table 5-1: Publicly-owned Properties with Potential for Affordable Housing Development

Parcels	Map #/ Parcel #	Total Parcel Acres	Estimated # Housing Units	Comments
Salmond School	57-072, 077, 078	15	30	RFP issued previously but withdrawn. Some predevelopment work has been suggested.
Sylvester School	47-005	15	30	A Request for Proposals (RFP) was issued on April 6, 2021 without a successful response
Curtis School land				
W. Hanover Fire-house property	51-015		4	
Barstow Village II			50	Town owns part of the site and might acquire part of St. Mary's parking lot as part of the project
Murtha Property			2	
Total			**128**	

Next Steps: On April 6, 2012, the Town issued a Request for Proposals (RFP) for the Sylvester School which unfortunately did not result in a qualifying response. The Town now intends to retain and renovate the building for municipal and community use which currently include the Hanover Food Pantry, Department of Public Works headquarters, Hanover Mobile Integrated Health Testing Center, Hanover youth wrestling, and space for other local needs to be met. Instead, the Housing Trust is considering opportunities to convert the Salmond School to housing with the possibility of new housing construction on the site.

For the additional properties, the Housing Trust should conduct preliminary feasibility analyses on identified parcels that might be suitable for affordable housing, including sites identified at a later time that might potentially include some amount of affordable housing.

Because of recent changes in state zoning requirements under the Economic Development Bill, local regulatory approvals related to affordable housing production, including multi-family and mixed-use development, require a simple majority vote instead of a supermajority.

Following the necessary analysis and approvals for conveying the property for affordable housing, the Housing Trust, in coordination with the Town's Chief Procurement Officer, a housing professional, or the Planning Office should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer based on identified criteria included in the RFP. Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the developer may choose to use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP), for example.

Additionally, the Housing Trust can be helpful in securing the necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from state or federal agencies. Given the costs involved in creating affordable housing, the Town could convey the property through a transfer of the deed or a long-term lease for a substantially discounted or nominal amount. Additionally, because this conveyance represents an important opportunity to produce affordable housing through an existing public property, the public benefits should extend beyond the 25% affordability requirement of Chapter 40B to at least a majority of the units.

It would be useful to have professional support to coordinate this effort, not only in preparing a Request for Proposals, but also in supporting the developer selection process; monitoring marketing, tenant/owner selection, and occupancy; and ensuring that the appropriate number of units are added to the SHI.

Resources Required: As sites are identified, the Housing Trust should work cooperatively with the Board of Selectmen, the Community Preservation Committee, and other entities to commit the needed resources to make projects feasible. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met primarily through this acquisition process or private development.

A mix of financial and technical resources will be required to continue to produce affordable units in Hanover. Appendix 3 includes summaries of most of these programs. Some of the state's more recent funding initiatives include the following which can be applied to both publicly-owned and privately-owned properties:

- *Community Scale Housing Initiative (CSHI)*
  The state has introduced the Community Scale Housing Initiative to address the need for smaller-scale affordable housing projects that are sized to fit well within the host community. The new initiative will provide funding for these projects based on the following eligibility criteria:

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

- *Starter Home Program*
  The Starter Home Program was established by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include $25 million in additional funding for cities and towns that create new starter home zoning districts. The new districts must be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

- *Workforce Housing Fund*
  The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. This program was created to do the following:

  - Provide up to $100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide.
  - Leverage strategic opportunities to use state-owned land.
  - Complement, does not replace, traditional MassHousing development financing.
  - Ensure workforce housing units are deed restricted as affordable for at least 30 years.

  Eligible projects include:

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

- *Housing Choice Initiative*
  The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has several benefits. For example, communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the that community's housing production increased by 5% in net new units or 500+ units over the past five years or by 3% or 300+ units if the community can demonstrate that best practices in promoting housing development have been applied (e.g., multi-family districts, inclusionary zoning, 40R district, by-right ADUs, cluster zoning, etc.). The designation lasts for two years.

Projected # Affordable Units Produced: 32 units

5.3.2 Promote "Friendly" 40B Development

Responsible Parties: Board of Selectmen with support from the Zoning Board of Appeals and Housing Trust *Timeframe: Years 1-2*

Current Status: The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for "comprehensive permits" submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units.[40] Chapter 40B development is not unfamiliar to the Town of Hanover. Of the 568 total affordable housing units in Hanover's Subsidized Housing Inventory (SHI), 313 or 55% were developed through the comprehensive permit process.

Chapter 40B comprehensive permits have typically had a negative association as local residents and leaders are not surprisingly averse to having their zoning overridden in project permitting, typically allowing higher density development. While abutters tend to be concerned about the impacts of such developments, including decreases in property values, research has proven that this has not been the case.[41] Moreover, the state has created a program, the Local Initiative Program (LIP), which enables municipalities to work in partnership with developers on affordable housing developments that meet local goals and priorities but also produce units that would otherwise be unfeasible without significant regulatory waivers.

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. *The Program is often referred to as the "friendly"*

[40] Chapter 40B requires that at least 25% of the total number of project units must be affordable to those with incomes at or below 80% of area median income or at least 20% must be targeted to those with incomes at or below 50% of area median income.
[41] MIT Center for Real Estate, "40B Report: Effects of Mixed-income, Multi-family Rental Housing Developments on Single-family Housing Values, April 2005.

40B option as it ensures that projects are consistent with sustainable or smart growth development principles as well as local housing needs. In fact, the Town used the “friendly” 40B process on Barstow Village and Bethany Apartments.

Hanover has surpassed the 10% affordability threshold under Chapter 40B and will remain above this level even when the 2020 census figures are released with a new year-round housing total on which the 10% threshold is based. Consequently, the Town is not susceptible to comprehensive permit applications that it determines do not address local needs. Nevertheless, as demonstrated in the Housing Needs Assessment, Hanover continues to have significant unmet housing needs and must continue to be proactive in promoting greater housing diversity and affordability. To do this, it will need to continue to partner with developers.

The “friendly” 40B option will be an important tool for the Town to use in permitting such developments, working in a cooperative spirit with developers when projects reflect local priorities. It should be further noted that up to 70% of the units in a 40B development could be reserved for those who live and work in Hanover, referred to as local preference units, with approval from the subsidizing agency, such as DHCD (see Appendix 3, Section I.A for details).

Next Steps: The Town of Hanover, through its Planning Office and Housing Trust, will be alert to opportunities to work cooperatively with developers on projects that address local needs and priorities. Some the sites that were identified through this planning process, as listed in Section 3.5.3, would lend themselves to this type of permitting. The LIP process is largely developer driven and based on the understanding that the developer and municipality are working together on a project that responds to community needs. Minimum requirements include:

- Written support of the municipality’s chief elected official, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
- At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
- Affordability restrictions must be in effect in perpetuity to the greatest extent possible, to be monitored by DHCD through a recorded regulatory agreement.
- Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
- Developer’s profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for “friendly” comprehensive permit projects is detailed in Appendix 3, Section I.D.

Required Resources: Donated time from members of the Board of Selectmen, Zoning Board of Appeals and Housing Trust; as well as staff time from the Planning Office to work with developers on application materials. As the 40B process is primarily developer driven and typically does not require external subsidies (the program works by the market rate units cross-subsidizing the affordable ones), it is unlikely the Town will have to commit CPA or Housing Trust Funds unless the project is targeting those with incomes well below 80% of area median income, including more than the required number of affordable units, or serving special needs populations.

Projected # Affordable Units Produced: 235 units

5.3.3 Pursue Adaptive Reuse

Responsible Parties: Board of Selectmen with support from the Housing Trust *Timeframe: Years 1-2*

Current Status: The reuse of any abandoned, underutilized, or obsolete property could enable Hanover to direct growth towards already developed locations in its village centers and commercial corridors. This reduces the need to develop land in "greenfields" – areas without existing infrastructure. It would also be a way of preserving and/or restoring unique architecture in the community, which can also be of historical significance. Depending upon the structure, adaptive reuse can be amenable to mixed-use and mixed-income development through various options including but not limited to Single Room Occupancy Units (SRO's), congregate and/or special needs housing, rental housing, and first-time homeownership.

For example, the Town recently partnered with the Archdiocese of Boston's Planning Office for Urban Affairs (POUA) on a project to convert the historic Kennedy Hall at the Cardinal Cushing Center to affordable intergenerational housing. It has also identified several underutilized nonresidential properties, both Town-owned and private, for potential conversion to affordable housing. For example, there are potential opportunities to redevelop the Sylvester and Salmond Schools into housing, and the fire station in West Hanover might also become surplus and suitable for housing. Commercial and industrial buildings may become available for conversion to housing as well.

It should be recognized that there may be some environmental problems on properties that are being recycled for residential use that will require remediation prior to development. Former industrial sites in particular may have contamination that will require "brownfield" clean-up. However, there are programs to subsidize the testing and remediation that are available, particularly if the site will ultimately integrate some affordable housing. In fact, affordable housing might be the very vehicle to clean these contaminated sites.

Next Steps: The Town should continue to identify an inventory of underutilized properties that might be converted to residential use and then attract interested for-profit or non-profit developers to undertake development through a Request for Proposals, if publicly owned, or through incentivized zoning changes or local funding (CPA or Housing Trust Funds). It might also be possible to acquire such properties through tax taking, donation, negotiation, distress sale, bank foreclosure, or brownfield remediation through the Housing Trust and convey to a developer selected through an RFP process.

Resources Required: With staff support from the Planning Office, the Housing Trust should continue to identify and pursue possible adaptive reuse opportunities and ultimately find partners to develop them. Predevelopment funding from the Community Preservation Fund or Housing Trust Fund should be explored to support project planning. Community support will also be required for zoning relief or changes to bylaws that will support this kind of development.

Projected # Affordable Units Produced: Units counted under Strategy 5.3.1

5.3.4 *Support Infill Housing Development*

Responsible Parties: Housing Trust
Timeframe: Years 3-5

Current Status: There are small lots, both Town-owned and privately-owned, that are spread throughout Hanover and might accommodate a housing unit or small number of units or even conversions of existing properties to serve local affordable housing needs, particularly small starter units, affordable rentals, and special needs housing. Such development can be designed to be harmonious with the existing built environment.

Hanover has made some recent progress on infill development including the creation of two new first-time homeownership units on Town-owned property in partnership with Habitat for Humanity of the South Shore.

As reported by the Lincoln Institute of Land Policy, "Urban planners and public officials are focused on developing housing types that restore the 'missing middle' – row houses, duplexes, apartment courts, and other small to midsize housing designed at a scale and density compatible with single-family residential neighborhoods." The "missing middle" concept grew out of the New Urbanism movement "to inject more moderately-priced housing into residential neighborhoods, from shrinking or subdividing lots to adding accessory dwelling units (ADUs), to expanding legal occupancy in homes."[42] It suggests housing types that "typically have small to medium-size footprints with a body width, depth, and height no larger than a single-family home. They can blend into a neighborhood as compatible infill, encouraging a mix of socioeconomic households and making more effective use of transit and services."[43]

Next Steps: The Town can work with for-profit and non-profit developers to create new infill housing on available vacant sites or in conversions of existing buildings scattered throughout town. Such infill new development may include:

- A single small home, like the Habitat for Humanity prototype, which was used on Walnut Street and Center Street.
- A two-family house that can accommodate an owner's unit and rental apartment that offers both a first-time homebuyer opportunity with rental income from an apartment and a new rental unit, serving several needs simultaneously.
- Multi-family residences, perhaps resembling rambling farmhouses, which can accommodate several individual units, either as rentals or condominiums. These units can also be developed as mixed-income housing, blending a couple of income tiers.
- A few adjoining townhouses that can also serve a variety of income levels.

The Town can play a helpful role in supporting developers in applying for subsidies to ensure that at least some of the units are affordable and can be included in the Town's Subsidized Housing Inventory or can negotiate small "friendly" Chapter 40B projects through DHCD's Local Initiative Program.

[42] McCormick, Kathleen, "Gentle Infill", *Land Lines,* Lincoln Institute for Land Policy, July 2016.
[43] Ibid.

South Shore Habitat for Humanity has already built a small starter house on Walnut Street and another two on Center Street. It continues to look for donated public and private land on which to build. Organizations that support special needs housing are active throughout the area and may have an interest in developing group homes in Hanover. There are also excellent models of small "friendly" comprehensive permit projects in other communities that incorporate several income tiers to meet the housing needs of those within a wide range of incomes. Moreover, some Housing Trusts have acquired properties, made improvements, and sold or rented the units to qualifying households. Even the Murtha property, which the Town purchased through Community Preservation funding, can be considered as a new infill opportunity.

Resources Required: Donated time of members of the Housing Trust to support such efforts and, when possible, make smaller Town-owned parcels, even those potentially acquired through tax title, available for affordable housing development through Requests for Proposals. Community Preservation and Housing Trust Funds could continue to be helpful in promoting the affordability of new infill housing.

Projected # Affordable Units Produced: 11 units

5.4 Housing Preservation Strategies

Housing production is critical, but the Town also needs to be concerned that it does not lose current as well as future units counted as part of its Subsidized Housing Inventory. It should also provide resources to support the housing needs of residents including the deferred home maintenance and financing needs of moderate-income homeowners.

5.4.1 Ensure Long-term Affordability of SHI Units

Responsible Parties: Board of Selectmen with support from the Housing Trust
Timeframe: Years 1-2

Current Status: It will be important to ensure that all affordable housing units that are being developed meet all state requirements through the Local Initiative Program (LIP) to be counted as part of the SHI. Some oversight of this is required by the Town, communicating with developers as well as DHCD.

Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements; the affordable status of housing units may be in jeopardy in many communities in the future. Hanover's existing Subsidized Housing Inventory includes 210 units in two developments that do not have housing restrictions in effect in perpetuity. Cushing Residences with 150 units had its affordability extended from 2022 to 2045 and is therefore not an immediate concern.

Legion Elderly Housing with 60 units, however, has its restrictions due to expire in 2021. The project was originally developed through the federal Section 202 Program and was subsequently refinanced through MassHousing.

Next Steps: It is important to ensure that all affordable housing units, current and future, remain a part of the Town's Subsidized Housing Inventory for as long a period as possible. The Town should make sure that any new affordable housing production includes affordability restrictions in perpetuity.

The Housing Trust has already reached out to the owner of Legion Elderly Housing. The representative from the state's Community Economic Development Assistance Corporation (CEDAC), who is charged with maintaining information on subsidized developments and monitoring expiring use projects, indicated that the project sponsor needs to work with the Town on extending the 121A Agreement, also coordinating with DHCD. This process has commenced, and the Housing Trust should monitor progress.

Resources Required: Donated time of members of the Housing Trust as well as some staff support from the Planning Office or other designated Town employee to make sure that all new affordable units that are created have affordability restrictions in place and meet other state requirements to include them on the SHI and maintain them as affordable for as long a period as possible. It may be necessary to work with the owner and state agencies to refinance the project, potentially under a new owner, that would require significant new funding sources.

5.4.2 Introduce a Small Repair Grant Program

Responsible Parties: Housing Trust *Timeframe: Years 3-5*

Current Status: Many communities have introduced grant programs to help qualifying homeowners make important health and safety improvements to their homes. Most programs provide grants of up to $5,000 for such repairs. Because the use of CPA funding for home improvements or housing rehab is limited to projects that were acquired and/or built with CPA funding, programs must rely on other sources of funding. For example, Sudbury's program is funded through the marketing/lottery fees of its Housing Trust, Norwell's program involved proceeds from the sale of an affordable unit as part of a local development, and Needham received funding from the Town's general budget.

There are a number of program models that have been implemented in other communities that can be adapted to a Hanover initiative. For example, the Sudbury Small Grant Program is administered by the Sudbury Housing Trust and provides up to $5,000 for home repairs with no obligation to repay. Examples of repair work include minor plumbing or electrical work, light carpentry, window and door repairs or replacement, tiling, touch-up painting, smoke or CO2 detectors, weather stripping, bathroom grab bars, among many others. Eligibility requirements include:

- The property must be located in Sudbury and be the owner's primary residence.
- Participating owners must plan to stay in Sudbury for the next 12 months after receiving payment.
- Income cannot be higher than the Boston area median income limit.
- The home's assessed value must be lower than the median single-family home assessment.
- Participating owners must inform the Sudbury Housing Trust before they list their home for sale.

Grants are awarded twice a year and prioritized based on health and safety considerations and financial need. Sudbury has found that about 2/3 of the participants are seniors and the average subsidy was less than $3,000.

The Norwell Senior Small Grant Program provides grants of up to $2,500 to qualifying property owners to help them make health and safety improvements to their homes. The Program is targeted to seniors 60 years of age or older with the following additional requirements:

- Property is located in Norwell and is the applicant's primary residence.
- The applicant must agree to reside in the home for at least a full 12 months following completion of the repair work.
- Household income must be less than the "Circuit Breaker" income limit determined by the Massachusetts Department of Revenue. In 2018 this income was $58,000 for a single individual who is not the head of a household, $73,000 for a head of household, and $88,000 for married couple filing a joint return.
- The maximum home value can be no greater than the median single-family home assessment but can be waived in unusual circumstances.

Next Steps: The Housing Trust should undertake the following process towards the implementation of a Small Repair Grant Program:

- Conduct further research of such programs.
- Prepare a Program Summary that includes information on eligibility criteria, allowed improvements, maximum grant amount, payment or repayment requirements, application procedures, etc.
- Identify the staff responsible for program management, reporting to the Housing Trust which would be responsible for overseeing operations.
- Determine funding source(s) and amount and apply for funds.
- Prepare application and outreach materials.
- Prepare and implement an outreach strategy to get the word out on the availability of funding.

Resources Required: Program grant funding, perhaps starting with an allocation in the range of $25,000 to $50,000. Donated time of the Housing Trust and staff time from a designated municipal staff-person or consultant.

Projected # Affordable Units Produced: While units cannot be counted as part of the SHI, the program still serves a priority local need of improving local housing conditions.

5.4.3 Consider a Housing Rehabilitation Program/Local Septic Repair Program

Responsible Parties: Housing Trust *Timeframe: Years 3-5*

Current Status: Given that two-thirds of Hanover's housing stock was built before 1980, this Housing Production Plan identifies resources to make necessary home improvements a priority housing need. Additionally, because almost all residents rely on septic systems, some of these systems are likely to be failing and compromising the Town's water quality. Some cesspools also remain that require replacement.

Quite a few communities in the state have relied on Community Development Block Grant (CDBG) funding to operate a Housing Rehabilitation Program to provide important support to low- or moderate-income owner-occupants, earning at or below 80% AMI, or investor-owners and non-profit organizations that rent to low- or moderate-income households in making much-needed repairs to their properties. Program assistance has typically been offered through a 0% interest rate loan with payments deferred until a specific period of time, typically 15 years, or upon transfer of the property.

Next Steps: The Housing Trust should explore models of such programs and consider applying for Community Development Block Grant (CDBG) from the state or committing some amount of Housing Trust funds that did not involve CPA funding. CPA funds can only be used to support home improvements for properties that were acquired or built with such funding.

A good program model is one administered by the regional non-profit, Community Development Partnership (CDP), for the Lower and Outer Cape. CPD was able to access CDBG funding from DHCD for its Housing Rehabilitation Program that is available in Eastham, Truro, and Provincetown. The Program provides a zero percent (0%) interest, deferred, forgivable loan to eligible homeowners to make critical repairs. The loan is secured by a lien placed on the property for a period of 15 years and is forgivable at a rate of 1/15th per year provided the property owner(s) are not in default. If the property is sold or transferred within the 15-year period after rehabilitation completion, the funds will be recaptured on a prorated basis.

If the structure is a single-family, owner-occupied unit, the owner must have income at or below 80% of area median income. If the structure contains rental units, at least 51% of all the occupants must meet these income requirements as well.

Eligible repairs may include, but are not limited to, structural repairs; roof and siding repairs; insulation; window and door replacement; electrical, heating, and plumbing work; lead paint and asbestos removal; and handicap accessibility improvements. The maximum loan is $35,000 per unit to address code violations but an additional $5,000 per unit is available when improvements include removal of lead paint or asbestos, creating handicapped access, septic system replacement, or multiple energy efficiency enhancements.

In order to implement the program, the Town would have to obtain funding and issue an RFP to locate a capable Program Administrator. This could include one of the regional non-profit housing organizations or an experienced consultant.

There are also other housing rehab initiatives that are available to qualifying Hanover residents, including the following:

- *MassHousing Home Improvement Loan Program (HILP)*
  The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of $10,000 up to a maximum of $50,000. Loan terms range from 5 to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are $92,000 for households of one or two persons and $104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

- *Get the Lead Out Program*
  MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied,

single-family home may be eligible to receive a 0% deferred payment loan up to $20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to $25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are $107,800 for one and two-person households and $123,900 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from 5 to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan that includes the Quincy Community Action Program (QCAP).

- *Septic Repair Program*
  MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to $25,000 and three or more person households earning up to $28,500 annually. There are 3% loans available for those one or two person households earning up to $50,000 and three or more persons earning up to $57,000. The 5% loans have income limits of up to $100,000 for one and two-member households and $114,000 for three or more persons. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to $25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

- *Home Modification Loan Program (HMLP)*
  This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. Income limits vary by size of household at $166,000 for a single-person household and $213,400 for three persons for example. Housing Solutions administers this program for Hanover.

Required Resources: Staff time from the Planning Office coordinate Program implementation by obtaining funding and hiring a capable Program Administrator.

5.5 Direct Assistance Strategies

CPA and Housing Trust funding can also be used to provide loans and grants directly to households who need housing assistance including those with disabilities, property owners at risk of foreclosure, first-time homebuyers, and tenants who are looking for assistance to remain in the community. A number of communities have been effectively providing such support and some exploration on what has worked elsewhere might be worth consideration.

5.5.1 Provide First-time Homebuyer Assistance

Responsible Parties: Housing Trust with support from the Community Preservation Committee
Timeframe: Years 3-5

Current Status: While the production and preservation of rental housing is identified as the major focus of this Housing Plan, Section 2.6 also documents that there is an insufficient supply of affordably-priced ownership units to meet the existing need of those earning at or below 80% AMI as well as potentially somewhat higher income earners who are still priced-out of Hanover's housing market. In an effort to reduce the exodus of young families from the area, this Plan recommends that the Town consider introducing a program to promote starter housing by subsidizing down payment and closing costs or the mortgages of qualifying first-time homebuyers.

The Housing Trust is in the early stages of exploring program assistance to support first-time homeownership opportunities in Hanover. Communities can provide such assistance in a variety of ways including:

- *Down Payment and Closing Cost Assistance Programs*
  Some communities have established programs to make homeownership more accessible by providing funds to pay for a portion of the down payment and closing costs for first-time homebuyers. While these programs do not in and of themselves boost the Town's SHI, they can still serve as an important resource to help first-time homebuyers purchase a home.

  A good model is Wellfleet's Program which offers zero-interest, deferred payment loans of up to $20,000 to qualified moderate-income applicants. The amount is based on the down payment and closing cost amounts documented in the mortgage loan commitment from a recognized commercial lender minus the buyer's contribution of at least 1.5% of the purchase price in their own funds.

  This funding is not in the form of a grant or forgivable loan but provided as a "second mortgage" and recorded as a subordinate lien by the closing attorney. This loan does not have to be repaid until the property is sold or the title of the property is transferred, whichever comes first. Repayment may also be required if the primary loan is refinanced. Other Program requirements include:

  - Applicants must be first-time homebuyers based on state LIP definitions.
  - Annual household income must not exceed 100% of the HUD annual area median household income.
  - There is a limit of no more than $75,000 in financial assets.
  - The purchased property must be intended for and maintained as a principal year-round residence, not a second home.
  - An approved homebuyer training course must be completed, documented by a certification of completion.
  - A mortgage must be issued from a recognized commercial lender in compliance with specific state requirements.

  It should be noted that Program participants must sign a Promissory Note, Mortgage and Loan Agreement that provide the necessary enforcement of Program requirements and repayments.

- *Mortgage Assistance Programs*
  Mortgage Assistance Programs provide subsidies to qualified first-time homebuyers to fill the gap between the market purchase price and the affordable price that is allowed under the state's Local Initiative Program (LIP). Such programs have been adopted in a number of towns and cities in the state. These programs require deeper subsidies but the units qualify for inclusion on the SHI if state requirements are met.

Wellfleet also has implemented such a program through a number of funding rounds, providing grants of up to $175,000 to qualifying first-time homebuyers that bridge the gap between what is available in the open market and what is affordable to moderate-income households. Participating buyers only receive the subsidy necessary to fill the gap between the purchase price minus the mortgage amount and the down payment, not to exceed $175,000 per unit, also enabling necessary home repairs to be included as part of the $175,000 subsidy. The program calculates maximum affordable home prices by home size (number of bedrooms). This is the price at which the home will be deed restricted and is calculated at the maximum affordable prices based on the state LIP formula plus the subsidy. Affordable home prices may be below these, but cannot be higher.

The Town of Wellfleet, through its Housing Authority and Housing Partnership, initially hired consultants and then brought on the regional non-profit housing organization to administer their Down Payment and Closing Cost Assistance Program and Mortgage Assistance Program which are good models for consideration.

To qualify, purchasers must be first-time homebuyers and have incomes at or below 80% AMI with no more than $75,000 in assets. The subsidy is in the form of a grant and does not need to be repaid.

- *Buy-down Programs*

The Town might also explore the potential of converting existing unsubsidized units to state-defined "affordable" units. This strategy is often referred to as a "buy-down" initiative aimed at purchasing, improving, subsidizing and reselling or leasing units in accordance with the Local Initiative Program (LIP) Local Action Units guidelines. Such work has been complicated by the interpretation of Chapter 30B public procurement regulations that would require the Housing Trust to issue a Request for Proposals to notify local owners of its interest in acquiring properties based on a description of program terms and conditions, including the type of properties it was interested in acquiring. Alternatively, the Town could issue an RFP to non-profit organizations for such an organization to administer the program on behalf of the Town.

Buy-down programs have been implemented in a number of communities. Affordable Housing Trusts have purchased properties in Scituate and Hingham for example, and have made necessary improvements before selling the units to qualifying first-time homebuyers. The Sandwich Home Ownership Program (SHOP), for example, produced seven affordable housing units under the coordination of the Housing Assistance Corporation (HAC), the Cape's regional non-profit housing organization. Buy-down programs are usually coordinated by a non-profit housing organization or Housing Trust. A number of communities – including Sandwich, Barnstable, Yarmouth, and Lexington – have had their Housing Authorities or another non-profit organization acquire properties that they continue to own and manage as rentals.

The focus of such an initiative would be on those housing units that are most affordable in Hanover's private housing market to minimize the amount of subsidy required to fill the gap between the purchase price plus any costs of improvements and the affordable rents or purchase prices. Smaller homes or condominiums[44] are reasonable targets as are small multi-

[44] The affordability of condominiums is affected by condo fees that are calculated as part of mortgage underwriting criteria.

family properties that offer the advantage of both rental income to their owners, making the properties more affordable, as well as relatively affordable rents for tenants.

Next Steps: Each of these approaches implies a somewhat different implementation process, summarized below.

- *Down Payment and Closing Cost Assistance Programs*
    - Establish Program parameters including the administrative framework.
    - Obtain funding (this could come from Housing Trust funds or CPA).
    - Select administrative entity through a Request for Proposals (RFP) if it is determined that Program oversight will be outside of municipal government. In this case, the selected contractor would perform most of the following tasks.
    - Prepare Program materials and update annually including:
        - Detailed Program Description that will include specific procedures
        - Program Application
        - Affirmative Fair Housing and Marketing Plan
        - Flyer
        - Press release
        - Advertisement
    - Undertake Program marketing/outreach.
    - Review Applications.
    - Communicate eligibility determination and request additional information such as a copy of the loan commitment, documentation of at least 1.5% of the purchase price will be provided as part of the down payment from the applicant's own funds, closing attorney contact info, certificate of completion of approved homebuyer training course, etc.
    - Notify those determined to be ineligible with opportunities for appeal.
    - Provide formal award letter.
    - Provide closing documents including the Promissory Note, Mortgage, and Loan Agreement for execution at closing. The closing attorney needs to record these documents and send copies of the recorded documents to the sponsoring entity.
    - Review mortgage commitment prior to the closing to make sure it complies with Program requirements.
    - Make payment.

- *Mortgage Assistance Programs*
    - Establish Program parameters including the administrative framework.
    - Obtain funding (this could come from Housing Trust funds or CPA).
    - Issue a Request for Proposals (RFP) if a determination is made to hire a Program coordinator from outside of municipal government that would be charged with most of the remaining tasks.
    - Prepare Program materials and update annually including:
        - Detailed Program Description that will include specific procedures
        - Program Application
        - Affirmative Fair Housing and Marketing Plan
        - Flyer
        - Press release

        - Advertisement
    - Obtain approval of documents from DHCD. Of particular importance are the amounts of subsidy and maximum purchase prices. There should be some research into market prices to identify the appropriate subsidy amount and maximum purchase prices should be calculated according to DHCD's price calculator.
    - Undertake Program marketing/outreach.
    - Review applications to determine eligibility.
    - Notify participants of eligibility and invite those eligible to the scheduled lottery (attendance is not mandatory).
    - Applicants who are determined to be ineligible are also formally notified and given a specific timeframe and means for appealing the decision of ineligibility.
    - Conduct the Lottery based on specific state requirements. See https://www.mass.gov/files/documents/2016/07/oj/afhmp.pdf.
    - Follow-up on the lottery by informing each eligible applicant of where they ranked in the lottery draw. Information on the eligibility of the highest-ranking applicants (based on the allocation available), including income and assets, is then sent to the DHCD LIP unit for initial approval of their eligibility. Following this state approval, these highest-ranking applicants (the number based on available funding) are sent letters regarding the next steps required in purchasing a qualifying home and ultimately obtaining the subsidy. They are given deadlines of key milestones, although in some cases extensions can be provided under extenuating circumstances.

      If for some reason one or more of these high-ranking applicants drop-out or do not meet required deadlines, the next-ranking applicant(s) are contacted and provided with the same letter summarizing next steps and requirements to obtain the subsidy. DHCD approval would still be required for these applicants as well.

    - Approve offer once participants identify the unit they wish to purchase and a home visit and professional inspection has been conducted to ensure that the home meets all Program standards and is priced appropriately. If it is determined the property requires some level of rehabilitation or construction, the Program will work with participants to negotiate and/or to plan for these needed repairs. DHCD will want to see a copy of the inspection report.
    - Review Purchase & Sale Agreement and ensure that the mortgage meets all state requirements.
    - Obtain final state approval by sending required documents to DHCD. It will be up to DHCD to prepare the Affordable Housing Restriction and other state required documents.
    - Make payment of the subsidy at the closing and ensure that the Affordable Housing Restriction is recorded at the Registry of Deeds with a copy for the files.

- *Buy Down Programs*
  This approach involves most of the steps included in implementing the Mortgage Assistance Program, however, the RFP to select a Program administrator would be oriented towards the selected contractor actually acquiring properties, making improvements, and reselling or renting to qualified occupants. The Program administrator would also have to work closely with DHCD to obtain ongoing approvals in order for the units to be included as part of the SHI.

> The Housing Trust might also consider issuing a Request for Proposals directed to developers of proposed or approved projects that include affordable units. The RFP would state the amount of subsidy funds available to buy-down planned market rate units, converting them to affordable ones.

The Housing Trust will review these approaches and model programs to determine which makes the most sense in Hanover. It will then prepare an implementation plan that outlines program procedures and the respective roles and responsibilities of various municipal staff persons, boards and committees and outside consultants as appropriate.

Resources Required: The Town will have to use Housing Trust funds and potentially also additional CPA funding to make this housing production approach financially feasible although the amount of subsidy required depends on which approach is pursued and targeted number of participants. Necessary program resources will also include the donated time of members of the Housing Trust as well as staff time from the Planning Office, an outside organization, or a consultant to oversee the implementation process and ongoing program operations.

Projected Number of Affordable Units Produced: 4 units

5.5.2 Explore Renter Subsidy Programs

Responsible Parties: Housing Trust with support from the Community Preservation Committee *Timeframe: Years 3-5*

Current Status: As noted in Section 2.4.2, a particular concern with respect to priority housing needs is the 130 renter households with incomes at or below 30% MFI who are spending more than half of their income on housing costs. Some communities have introduced programs to provide support to lower income renter households, enabling them to better access rental units in the private housing market. A couple of examples include the Rental Assistance Program in Martha's Vineyard and the Renter Assistance Subsidy Program in Eastham. These are described below.

Martha's Vineyard Rental Assistance Program
Since 2002, the Dukes County Regional Housing Authority (DCRHA) has administered the Rental Assistance Program which is modeled after the federal government's housing voucher program though funded locally. The original intent of the program was to entice landlords to rent their units year-round instead of on a seasonal basis in exchange for a range of management services. The focus was on stabilizing a portion of the Island's resident workforce through subsidized rentals in existing housing units in each town. Private fundraising of $3,000,000 by the now defunct Island Affordable Housing Fund (IAHF) accounted for the first nine years of programming. Since 2010, all six Island towns have provided CPA funding to support this program. The program's average annual subsidy is $6,000, or $500 per month, per household. Participants in the program must have incomes at or below 80% AMI but most are earning in the 40% to 54% AMI range and employed by schools, the hospital, builders, restaurants, banks, offices and stores.

The Program subsidizes an average of 65 renter households annually in private market rentals, paying the difference between 30% of the household's adjusted income towards a maximum of 50% of the total rent (based on an adjusted fair market rent). Landlords may require that the tenant pay one month's rent as a security deposit, but these deposits must be held in an interest-bearing account.

DCRHA provides annual income certifications, apartment inspections, contracts and reports to the six island towns and works with their Housing and Community Preservation Committees to establish each year's funding requests for Town Meeting votes.

Eastham Rental Assistance Subsidy Program
In 2012, the Eastham Affordable Housing Trust initiated the Rental Assistance Subsidy Program to assist households in paying their rent and becoming self-sustainable at the conclusion of the Program. The Program, administered by the Harwich Ecumenical Council for Housing (HECH), operates on a first-come, first-served basis with a maximum of 20 participants with incomes at or below 60% AMI. Participants are required to meet monthly with an advocate from a case management company (currently the Homeless Prevention Council) to help keep them on track and move towards self-sufficiency. There are currently 12 participants with funding of $218,250.

The program mimics federal and state rental assistance programs by providing the subsidy directly to the landlord who must enter into year-round leases with the tenants. The subsidy is based on the difference between the HUD Fair Market Rent (FMR) and 30% of the qualifying tenant's income with a maximum subsidy of $350 per month for up to three years.

While these subsidized rentals are not eligible for inclusion in the SHI, they nevertheless serve a pressing local need for more affordable year-round rental units for limited income households.

Next Steps: The Hanover Affordable Housing Trust should explore these options for providing assistance to lower income renters to help them access rental housing and afford market rate units. After it has decided on a potential approach, it should prepare an application for CPA funding and, if approved by CPC and Town Meeting, develop an implementation plan. It would need to also select an entity to administer the program, potentially one of the area's non-profit organizations.

Resources Required: Funding per applicant should not exceed $6,000 annually plus some administrative costs. The Dukes County Regional Housing Authority charges annual administrative fees of $500.00 per new subsidy and $250.00 per existing subsidy that includes all operational activities such as assistance with document preparation, apartment inspection, tenant certification, etc. The planning and implementation of this strategy will also involve donated time by Housing Trust and staff time from the Planning Office.

APPENDIX 1

Local and Regional Organizations

The Town of Hanover has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services.

Hanover Affordable Housing Trust (HAHT)

In 2009 the Town of Hanover approved the establishment of the Hanover Affordable Housing Trust to oversee a dedicated housing fund to support affordable housing initiatives and to coordinate housing policy on behalf of the Town. The Housing Trust currently has approximately $1 million in its Housing Trust Fund , recently boosted by a contribution in-lieu of affordable units as part of the Hanover Crossing residential development. It has also provided substantial support for the Barstow Village project and Bethany Apartments redevelopment at the Cardinal Cushing Center. Additionally, the Housing Trust has overseen the preparation of this Housing Production Plan as well as the previous one.

Hanover Community Preservation Committee

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

The Town of Hanover approved a 3% surcharge on most property taxes paid by residents in November 2004. Hanover chose to exempt the first $100,000 of property value, plus an exemption is also available for residential property owned and occupied by certain low-income residents and seniors.

Hanover's Community Preservation Committee is comprised of nine members including representatives of the Planning Board, Historic Commission, Conservation Commission, Parks and Recreation Committee, Housing Authority, Open Space Committee and three "Members at Large" appointed by the Board of Selectmen. As of the end of 2020, about $17.4 million in CPA funding has been raised, $12.5 million from the local property surcharge and $5 million from the state's match.

Hanover Council on Aging

The Hanover Council on Aging is a Town department that provides services to support the quality of life of area elders through a wide variety of services including the operation of a Senior Center that offers social programs for seniors, an information and referral service on a wide range of issues (e.g., housing, in-home help, nursing home placement, legal matters, health care, consumer issues, and home maintenance services), community-based services to promote independent living (e.g., transportation, congregate meals, health programs, educational programs, fuel assistance, and social/recreational programs), and in-home support services (home-delivered meals, Senior-to-Senior Chore Program, and Friendly Visitor Program). The Council relies heavily on local volunteers to support its services.

The Council on Aging receives many inquiries from area seniors that are related to housing, with most of these calls related to how they can find more affordable housing options in the community. Some elders are encountering difficulties affording to remain in their current homes and cannot locate alternative housing that is affordable, particularly if they require supportive services. There are no nursing homes or assisted living options in Hanover, and a number of residents have had to seek alternatives outside of town. Other needs that surface during inquiries involve deferred maintenance problems, handicapped accessibility issues, and proximity to transportation and services.

The Council on Aging works with the Town on a program that abates taxes for low-income seniors in exchange for minor services to the Town, for example, volunteering at a school or library. In addition to this work program, the Town also has a tax exemption program for income-eligible seniors that reduces property tax bills by $1,000.

Housing Solutions of Southeastern Massachusetts, Inc.

Housing Solutions of Southeastern Massachusetts, Inc. (formerly South Shore Housing Development Corporation) is committed to enhancing the quality of life for low- and moderate-income people by providing decent, safe and affordable housing; helping families move forward toward economic and social independence; and assisting individuals in reconnecting within their respective communities. This non-profit housing development corporation was established in 1970 to serve Bristol and Plymouth counties in the Southeast region of Massachusetts, including the town of Scituate. The organization has expanded its housing services over the past decades to include rental assistance, new housing development, property management, homeless assistance, housing rehabilitation, as well as counseling and education. South Shore Housing continues to administer Section 8 Housing Choice Vouchers throughout Plymouth and Bristol Counties.

South Shore Habitat for Humanity

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need. The organization has grown over the past two decades into one of the largest private homebuilders in the world with almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one on the South Shore that has been able to build new homes for first-time homebuyers through donated land, materials, labor and funding as well as other special financing strategies. South Shore Habitat for Humanity has completed 3 homes in Hanover to date.

South Shore Community Action Council

South Shore Community Action Council, Inc. is the area's community action agency that was established to serve a wide range of education, housing, health and service needs of low-income and disadvantaged area residents. The organization is based in Plymouth but has expanded during the past few decades to include a number of cities and towns on the South Shore including Hanover. Programs include fuel assistance, Head Start, and other services directed to area families.

APPENDIX 2

Glossary of Housing Terms

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

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

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

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

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

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

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

discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX 3

Summary of Housing Regulations and Resources

I. Summary of Key Housing Regulations

A. Chapter 40B Comprehensive Permit Law

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met[45]:

- The community has met the statutory minimum by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community's land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community's land area.
- The community has made "recent progress" adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.

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

- The community has a one- or two-year exemption under Housing Production.
- The application is for a "large project" that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A "related application" for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA's decision to the state's Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.[46] Recently approved regulations add a new requirement that ZBA's provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

Applicants wishing to appeal the ZBA decision based on appeal-proof grounds must notify the ZBA and DHCD in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, DHCD will review materials from the ZBA and applicant and issue a decision within 30days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA's position). Either the ZBA or application can appeal DHCD's decision by filing an interlocutory appeal with the Housing appeals Committee (HAC) within 20 days of receiving DHCD's decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these "appeal-proof" grounds.

Chapter 40B also addresses when a community can count a unit as eligible for inclusion in the SHI including:

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

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

- *Large Phased Projects*
  If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is

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

15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

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

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

Municipalities may be allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined within the parameters of fair housing laws and Section III.C of the Comprehensive Permit Guidelines including residents, employees of the Town of Hanover (including the school district) or employees of businesses located in the town. If the municipality wishes to implement a local selection preference, it must do the following:

- Demonstrate in a required Affirmative Fair Housing Marketing Plan the need for the local preference (waiting lists for subsidized developments who may be likely to apply for the project for example).
- Justify the extent of the local preference (the percentage of units to be set-aside for local preference) through documented local need in the context of the size of the community, the size of the project and regional need. The percentage cannot exceed 70% of the total affordable units.
- Demonstrate that the local preference will not have a disparate impact on protected classes and would not be discriminatory.
- Provide the project developer with this documentation within three (3) months of final issuance of the comprehensive permit. Failure to comply with this requirement will be deemed to demonstrate that there is no need for local preference and such preference will not be approved as part of the Affirmative Fair Housing Marketing Plan or use restriction.
- Obtain approval from the subsidizing agency, such as DHCD in the case of Local Action Units (LAUs), for the local preference as part of the Affirmative Fair Housing Marketing Plan. This approval must be secured prior to including such language in any zoning mechanism. A comprehensive permit can only contain requirements or conditions relating to local preference to the extent permitted by applicable law and this Affirmative Fair Housing Marketing Plan policy.

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

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

A subsidizing agency must also consider the following items when determining site eligibility:

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

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

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

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project "uneconomic".

The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

Chapter 40B regulations related to the hearing process include:

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

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

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

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

B. <u>Housing Production Regulations</u>

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (24 units and 48 units, respectively, for Hanover) for *approval* by DHCD.[47]
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

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

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

- Identification of specific sites on which comprehensive permit applications will be encouraged.
- Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
- Municipally owned parcels for which development proposals will be sought.
- Participation in regional collaborations addressing housing development.

Plans must be adopted by the City Council and Planning Board, and the term of an approved plan is five (5) years.

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that "the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income".[48]

The statute defines 40R as "a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions."[49] The key components of 40R include:

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

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

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[48] Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, "A Housing Strategy for Smart Growth and Economic Development: Executive Summary", October 30, 2003, p. 3.
[49] Massachusetts General Law, Chapter 40R, Section 11.

Incentive Payments

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

There are also density bonus payments of $3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be "able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood."[50]

The principal benefits of 40R include:

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

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

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

The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of

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

approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

D. <u>Local Initiative Program (LIP) Guidelines</u>

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

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

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents[51]

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and payed by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo

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

fees[52], private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.

- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the "as is" value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the "as is" market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the City Council/Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third-party mortgages are allowed for homeownership units.

Marketing and Outreach (refer to state Affirmative Fair Housing Marketing Plan guidelines dated June 25, 2008.)

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008).

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

- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
- Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

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

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

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

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

1. Written support of the municipality's chief elected official, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
5. Developer's profits are restricted per Chapter 40B requirements.

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

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

2. DHCD review involves the consideration of:
   - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
   - Number and type of units,
   - Pricing of units to be affordable to households earning no more than 70% of area median income,
   - Affirmative marketing plan,
   - Financing, and
   - Site visit.

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

4. Zoning Board of Appeals holds hearing
   - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
   - Developer forms a limited dividend corporation that limits profits.
   - The developer and Town sign a regulatory agreement.

5. Marketing
   - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
   - Local preference is limited to a maximum of 70% of the affordable units.
   - Marketing materials must be available/application process open for a period of at least 60 days.
   - Lottery must be held.

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

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

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

E. MassWorks Infrastructure Program

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

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

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

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

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

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Hanover are described below.[53]

A. Technical Assistance

1. Community Planning Grant Program

The state has introduced the Community Planning Grant Program that offers grant funding for a variety of activities related to land use including development. Activities may include the development of a Master Plan, Housing Production Plan, zoning review and updates, Urban Renewal Plans, Downtown Plans, Parking Management Plans, Feasibility Studies, or other Strategic Plans. Grants will likely be in the $25,000 to $75,000 range. Communities apply for this funding through the Community One Stop for Growth Application.

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[53] Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts, Produced by the Citizen's Housing and Planning Association, June 1999.

2. Peer-to-Peer Technical Assistance

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

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

3. MHP Intensive Community Support Team

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

4. MHP Chapter 40B Technical Assistance Program

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

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

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

B. <u>Housing Development</u>

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

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

1. HOME Program

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

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

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

Because Hanover is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town would need to join a consortium of other smaller towns and cities to receive funding or submit funding applications to DHCD on a project-by-project basis through its One Stop Application. Hanover is not part of a Consortium so would have to apply directly to DHCD for this funding.

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

2. Community Development Block Grant Program (CDBG)

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

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

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

3. Housing Stabilization Fund (HSF)

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

4. Low Income Housing Tax Credit Program

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

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

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

5. Affordable Housing Trust Fund

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

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

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

6. Housing Innovations Fund (HIF)

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

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

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

8. MHP Permanent Rental Financing Program

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

9. OneSource Program

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

10. Section 8 Housing Choice Rental Assistance

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

11. Massachusetts Preservation Projects Fund

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to $30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from $7,500 to $100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. District Improvement Financing Program (DIF)

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

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

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

14. Community Based Housing Program

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

15. Compact Neighborhoods Program

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

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

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

The process for implementing a Compact Neighborhoods Zone includes:

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

16. DHCD Project-Based Homeownership Program

DHCD funds a Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*
  Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to $500,000 in funding for a single project and no more than $75,000 per affordable unit. The maximum total development cost for affordable units is $300,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.

- *Gateway Cities*
  A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple deckers (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to $500,000 in funding for a single project and no

more than $75,000 per affordable unit. The maximum total development cost for affordable units is $250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the DHCD subsidy request.

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

17. National Housing Trust Fund (NHTF)

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

18. Community Scale Housing Initiatives (CSHI)

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

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

The 40 River Street project was awarded funding under this program.

19. Starter Home Program

State legislation was recently enacted to implement a Starter Home Program as part of the Governor's Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include $25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts will be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

20. Workforce Housing Fund

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

The Workforce Housing Initiative was created to do the following:

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

Eligible projects include:

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

21. Housing Choice Initiative

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units of at least 5% or 500+ units in the last five years or 3% and 300+ units when best practices have been applied to promote housing (e.g., zoning for multi-family housing, Chapter 40R, ADUs, cluster zoning, etc.). Designation lasts for two years.

C. Homebuyer Financing and Counseling

1. ONE Mortgage Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the ONE Mortgage Program which replaced the highly successful Soft Second Loan Program that operated between 1991 and 2013 and helped over 17,000 families purchase their first home. The ONE Mortgage Program is a new simplified version of the Soft Second Program providing low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the costs associated with private mortgage insurance. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage.

2. Homebuyer Counseling

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

3. Self-Help Housing.

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

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

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

2. Get the Lead Out Program

MassHousing's Get the Lead Out Program has been offering financing for lead paint removal on excellent terms. Based on uncertain future legislative appropriations, some changes in program requirements were made to insure that eligible homeowners with lead poisoned children would have funding available for a longer period. All income eligible families who are under court order to delead or who have a child under case management with the Commonwealth's Lead Paint Prevention Program, will continue to receive 0% deferred loans. Owners wanting to delead their homes for preventive purposes must qualify for an amortizing loan with a 3% interest rate if earning within 80% of area median income, 5% interest if earning over 80% AMI and up to the program maximum. Applicants must contact a local rehabilitation agency to apply for the loan.

3. Septic Repair Program

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to $23,000 and three or more person households earning up to

$26,000 annually. There are 3% loans available for those one or two person households earning up to $46,000 and three or more persons earning up to $52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to $25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

4. Home Modification Program

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