

TOWN OF LUDLOW, MASSACHUSETTS HOUSING PRODUCTION PLAN



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Table of Contents

	Page
1. Executive Summary	1
1.1 Summary of Demographic, Economic and Housing Trends	1
1.2 Summary of Targeted Housing Needs	5
1.3 Summary of Production Goals	5
1.4 Summary of Housing Strategies	6
2. Introduction	8
2.1 Why Prepare a Housing Production Plan?	8
2.2 What is Affordable Housing?	9
2.3 Housing Goals	10
3. Demographic Profile	12
3.1 Population Growth	12
3.2 Age Distribution	14
3.3 Racial Composition	17
3.4 Household Composition	17
4. Economic Profile	20
4.1 Income	20
4.2 Poverty	22
4.3 Employment	23
4.4 Education	24
4.5 Disability Status	25
5. Housing Profile	27
5.1 Housing Growth	27
5.2 Housing Occupancy	28
5.3 Types of Units and Structures	29
5.4 Housing Costs	31
5.5 Affordability Analysis	37
5.6 Subsidized Housing Inventory (SHI)	42
5.7 Priority Housing Needs	47
6. Challenges to Development	51
7. Housing Production Goals	60

8. Housing Strategies	64
8.1 Capacity Building Strategies	66
8.2 Zoning and Regulatory Strategies	75
8.3 Development and Preservation Strategies	85
 APPENDICES	
Appendix 1: Local and Regional Organizations	90
Appendix 2: Glossary of Housing Terms	93
Appendix 3: Summary of Housing Regulations and Resources	97
Appendix 4: Summary of Public Housing Forum	121

TOWN OF LUDLOW, MASSACHUSETTS

HOUSING PRODUCTION PLAN

I. EXECUTIVE SUMMARY

This Housing Production Plan suggests a range of options to bring Ludlow closer to the state 10% affordability threshold from the current level of 3.5%, also presenting a proactive housing agenda of Town-sponsored initiatives to meet pressing local housing needs. While housing costs are relatively more affordable than other communities in the region and state, many residents are still finding them high in comparison to their incomes. Children who grew up in town continue to face the possibility that they may not be able to afford to raise their own families locally. Long-term residents, especially the elderly, may find themselves less able to maintain their homes and keep up with increased taxes, insurance and utility bills but unable to find alternative housing that better meets their current life styles. Town employees and employees of local businesses may be increasingly hard-pressed to find housing that is affordable in Ludlow, and those with disabilities may find it difficult to locate housing that meets their special needs. More housing options are required to address these local needs and produce Ludlow's fair share of regional needs.

A major component of this Housing Production Plan is a Housing Needs Assessment that presents an overview of demographic, economic and housing characteristics and trends, identifying housing needs and providing the context within which a responsive set of strategies is developed to address them. This Housing Needs Assessment is included in Sections 3, 4 and 5 of this Housing Plan, and highlights are included in Sections 1.1 and 1.2 below.

1.1 Summary of Significant Demographic, Economic and Housing Characteristics and Trends

Demographic Trends – Little population growth since 2000 with projected future population declines but increases in older adults

Ludlow's population has remained relatively stable since 2000 at somewhat more than 21,000 residents, increasing by only 0.7% between 2000 and 2016. This rate was considerably less than those of all surrounding communities and the 2.7% and 5.8% rates for Hampden County and the state, respectively. These growth rates indicate that Hampden County is growing at about half the statewide rate with Ludlow's population remaining about flat.

Population projections suggest declines through 2030. For example, the Pioneer Valley Planning Commission indicates a loss of population to 20,563 residents by 2020. The State Data Center at the University of Massachusetts Donahue Institute calculates that the population will also decrease somewhat to 20,931 in 2020 and down further to 20,495 residents by 2030. Projections from the Metropolitan Area Planning Council (MAPC)¹ suggest even greater declines to a total population of 19,992 in 2020 and 18,313 by 2030, representing a loss of 2,790 residents from 2010 or 13.2%.

There have generally been declines in younger residents and major increases in older ones, trends that are projected to continue. For example, there were significant increases in older middle-age

¹ MAPC, while not the Town's assigned regional planning agency, has prepared population projections for all communities in the state. Go to www.mapc.org for more information on MAPC.

residents as those in the age-55 to 64 range increased by 86% between 2000 and 2016. Population projections from the State Data Center suggest that children under age 20 will decrease considerably, from 21.8% to 17.7% of all residents between 2010 and 2030, an overall 22% reduction. On the other end of the age range, **those 65 years of age or older are estimated to increase by 56%**, representing the aging of those in the 55 to 64 age range in 2016 as well as the baby boom generation.

Continued local planning efforts to guide future housing growth to accommodate demographic shifts will be necessary with a particular focus on the housing needs of many more seniors as well as attracting younger adults to invest in the community.

While Ludlow is not racially diverse, there is **considerable ethnic diversity** with continuing concentrations of residents of Portuguese, French, Polish, Irish and Italian descent.

There has also been a higher level of growth in households than population due to increases in smaller households. The trend towards smaller households, those with two persons and three persons especially, suggests the need for smaller housing units as starter homes or places for downsizing.

Economic Trends – Income levels have generally kept pace with inflationary trends but there are notable income disparities

The median household income increased by 37% between 2000 and 2016, from \$47,002 to \$64,537, which is comparable to the rate of inflation but much lower than the statewide increase of 92%. The overall growing prosperity of Ludlow's residents is also reflected in the increasing proportion and numbers of those earning more than \$100,000, from 8.5% of all households in 2000 to 47% or one-third by 2016, much higher than 22.4% for the county. In regard to median household income, Ludlow's level of \$64,537 was much higher than the county's at \$51,000 but again considerably lower than the statewide median of \$70,954.

On the other end of the income range, 26.3% of Ludlow households were earning below \$35,000 based on 2016 census estimates, about the same as the 26.6% level statewide but much lower than 36.4% for Hampden County.

The median income of families was double that of non-families at \$74,879 versus \$37,361, a finding highly correlated with the greater prevalence of two worker households in families and the considerable number of seniors living alone which are counted as non-families. It is not surprising that median income levels were highest for families, homeowners, those in the prime of their earning potential, and men.

There are also growing income disparities between renters and owners. An estimated 29% of renters earned less than \$35,000 in 2016 compared to 9% of homeowners in this income range. On the other hand, about half of the homeowners earned more than \$100,000 compared to 18% of renters. **These income disparities suggest a greater need to focus on rental housing to support residents with lower incomes who are much more challenged to compete in the private housing market.**

While poverty is relatively low in Ludlow, there have been small recent increases.² Poverty declined for individuals and families, at 5.4% of all residents and 3.8% of all families in 2016, substantially lower

² The federal poverty levels for 2018 were \$12,140 for a single individual and \$20,780 for a family of three (3).

than Hampden County and the state at 17.9% and 11.4% of the population, respectively. Nevertheless, there was some increase in poverty for children and seniors according to 2016 census estimates.

About 5% of households were earning Supplemental Social Security income with some low amounts of public assistance with average cash payments of \$3,903. Somewhat more households, 700 or about 9%, received Food Stamp/SNAP benefits. Clearly this subset of the Town's population is under serious financial strain yet there are only 293 state-approved affordable units.

Employment data suggests relatively low average wages for local jobs. The average weekly wage was \$868, which is less than half Boston's average weekly wage at \$1,794 and also less than \$1,038 for the City of Springfield. **This average weekly wage translates into an annual income of about \$45,310, meaning that it is likely that the average person employed in Ludlow will find it challenging to afford to live in the community.**

Educational attainment is relatively comparable to county levels but well below the state with 83.5% of those 25 year of age or older having a high school degree and higher and 21.8% with at least a bachelor's degree as of 2016, up considerably from 75.2% and 14.8% in 2000, respectively, and enabling many more to better compete for higher paying jobs.

The Ludlow School District has experience declining total enrollment over the past decade or so with total enrollment at 2,646 students in the 2017-18 school year, down from a high of 3,116 in 2004-5. Projections indicate continuing declines to 2,314 students in 2020 and 1,982 by 2025.

Of all Ludlow residents in 2016, 15.1% claimed a disability, comparable to the county level of 15.7% but significantly higher than the statewide level of 11.6%. **As the population continues to age, with those 65 years of age or older predicted to grow by 56% between 2010 and 2030, the level of special needs in the community will also increase which suggests a greater need for handicapped accessibility and supportive services to be integrated into new housing development.**

Housing Trends – Continuing housing growth and considerable affordability in the private housing market

Ludlow has a **higher level of owner-occupancy** at 77% of all occupied units compared to 62% for both the county and state.

Census data suggests that there was a gain of 299 rental units between 2000 and 2016, growing as a percentage of the housing stock from 22.5% to 25.3%. A significant portion of these units were created as part of the Stevens Memorial and Mill 10 projects.

The average number of persons per unit declined between 2000 and 2010, from 2.67 persons to 2.60 persons for owner-occupied units and from 2.11 persons to 1.98 persons for rental units. These low average occupancy levels reflect local, regional and national trends towards smaller households and relate to the change in the average household size in Ludlow from 2.55 persons in 2000 to 2.46 by 2010.

Census data suggests **some increases in vacancy rates** from 1.9% to 6.2% for rentals and from 0.4% to 1.4% for ownership units between 2000 and 2016. The 2016 rates are also somewhat higher than those for the county and state. As any rate below 5% reflects very tight housing market conditions, these vacancy levels still indicate a relatively strong homeownership market.

Ludlow continues to have a limited diversity of housing types with modest increases in multi-family housing and decreases in mobile homes. Single-family units also increased by 10% between 2000 and 2016, according to census information, compared to a total increase in the housing stock of 9% during this period. The percentage of single-family detached dwellings is much higher in Ludlow than the county at 73.2% in 2016 compared to 55.9%.

The median-sized unit was moderately-sized with 5.6 rooms, up modestly from 5.4 rooms in 2000 and comparable to the medians of 5.4 and 5.5 rooms for Hampden County and the state, respectively. Only 8.6% of housing units were very small, with three (3) rooms or less, while 16.2% of all units were large with eight rooms or more, up from 10.5% in 2000, and reflective of some of the larger homes that have been built more recently. Not surprisingly, more of the smaller units were occupied by renters with the median number of rooms in rental units having 4.2 rooms as opposed to a median of 6.0 rooms in the owner-occupied stock.

Ludlow's owner-occupied housing stock retains some considerable affordability with 36% of such units valued at less than \$200,000 in 2016 and another 2,580 units valued in the \$200,000 to \$299,999 range, representing another 43.2% of the owner-occupied housing stock. Only 110 units or 1.9% were valued above \$500,000.

As of the end of 2017, the median sales price of a single-family home was \$199,900, down from the peak of the market in 2007 with a median of \$217,500. **The housing market has been rebounding from the financial crisis of a few years ago** when the median dipped to \$172,000 in 2012. Ludlow's median house price is significantly higher than the 2017 county level of \$185,000 but much lower than the state at \$365,000.

To afford the median sales price of a single-family home of \$199,900, a household would have to earn an estimated \$49,000 assuming 80% financing, good credit and the ability to come up with down payment and closing costs of about \$45,000.³ Such upfront costs would be a huge challenge for many homebuyers, first-time purchasers in particular. If the buyer could qualify for 95% financing, from various state-supported or insured programs, the income required would increase somewhat to \$55,000. Such income is not far off from the HUD limit for a three-person household earning at 80% AMI or \$57,000 and confirms the relative affordability of Ludlow's housing.

The average household with a median household income of \$64,537 could likely afford a home costing about \$263,600 based on 80% financing and \$234,500 based on 95% financing. **There is therefore no affordability gap as the median-priced, single-family home (\$199,900) is lower than what a median income earning household can afford based on both 80% and 95% financing.**

There are 504 condos in Ludlow or about 6% of the housing stock. The condo market has also experienced substantial ups and downs in terms of both values and number of sales; and unlike most communities, median condo values are not substantially lower than those of single-family homes. **The median-priced condo of \$172,000 requires an income of about \$49,000 with 80% financing,** the same as the higher-priced single-family home due to the inclusion of the condo fee in underwriting criteria (estimated at \$200). In regard to 95% financing, the required income increases somewhat to \$54,200.

³ Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$19.01 per thousand, and insurance costs of \$6 per \$1,000 for single-family homes and \$4 per thousand for condos. Also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance.

Both incomes are below the 80% AMI limit for a three-person household of \$57,000, once again demonstrating the relative affordability of the housing market in Ludlow.

The median income earning household could afford a condo for about \$237,500 based on 80% financing and the need to come up with more than \$50,000 in cash for the down payment and closing costs.

Therefore, currently there is no affordability gap for condos as what a median income earning household can afford is higher than the median condo price of \$172,000.

The rental market is considerable with about 2,000 units that include about one-quarter of the occupied housing stock. The median rent increased by 42% between 2000 and 2016, higher than the 38% rate of inflation, to \$884 which was higher than the county median of \$837 but lagging significantly behind the statewide median of \$1,102. **It is also important to note that the census counts included 293 subsidized rental units, about 15% of all rentals, thus making the rental market in Ludlow appear more affordable than it actually is.**

The gross median rent of \$884, reported by the 2016 census estimates, requires an income of about \$43,460. Assuming an average monthly average utility allowance of \$200 and the occupants paying no more than 30% of their income on housing, this rent is not affordable to an estimated 53% of Ludlow's renter households.

To afford a \$1,100 rental, a more realistic market rent, a household would have to earn approximately \$52,000, again based on the assumptions above. This income is relatively comparable to the HUD maximum limit for a two-person household earning at 80% of area median income of \$51,200, but much higher than the median income of renter households of \$37,361 and is not affordable to about 62% of renter households.

A HUD report estimated that 27% of all Ludlow households were spending too much on their housing including more than 764 households or 9% spending at least half of their income on housing. Of those 3,489 households earning at or below 80% of median income, representing about 42% of all households, 1,773 or 51% were experiencing cost burdens with 704 or 20% spending more than half of their income on housing costs.

1.2 Summary of Targeted Housing Needs

These characteristics and trends suggest targeting Town attention and resources to the following priority housing needs:

- Affordable rental housing at about 80% of affordable units produced.
- Assistance for first-time homeowners at about 20% of affordable units produced.
- Greater handicapped accessibility and supportive services for the disabled and an increasingly aging population at about at least 20% of units for seniors and individuals and 10% for families.
- Support for lower income owners with pressing home repair problems as a portion of the homeownership goal.

1.3 Summary of Production Goals

The state oversees Housing Production regulations that enable cities and towns to adopt an affordable housing plan that demonstrates production of 0.50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory. Ludlow now has to

produce 42 affordable units annually to meet these production goals which will likely increase to an estimated 44 units when the 2020 census figures are released in 2021 or 2022.⁴

Under Housing Production requirements, if the state certifies that the locality has complied with its production goals, based on 0.5% or 1.0% of its year-round units, the Town may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications for a period of one year or two years, respectively.⁵

Using the strategies summarized in Section 8, the Town of Ludlow has developed a Housing Production Program to chart affordable housing production activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. Production goals include the creation of an estimated 240 affordable units.

1.4 Summary of Housing Strategies

The strategies outlined in Table 1-1 are based on previous Plans, the Housing Needs Assessment, community input, prior local housing efforts, and the experience of other comparable localities in the region and throughout the Commonwealth. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.⁶

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.

⁴ The 42-unit figure is derived by taking 0.5% of Ludlow's year-round housing stock (total housing units minus seasonal or occasional units) based on 2010 census data. The 44-unit figure estimates housing growth.

⁵ 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 trigger the requirement to terminate the hearing within 180 days.

⁶ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

Table 1-1: Summary of Housing Strategies

Strategies	Timeframe for Implementation	# Affordable Units	Responsible Entity
1. Capacity Building Strategies			
1. Conduct ongoing community outreach and education	Years 1-2	*	Sponsors of affordable housing initiatives
2. Secure financial resources for affordable housing	Years 1-2	*	Board of Selectmen
3. Establish an Affordable Housing Trust Fund	Years 1-2	*	Board of Selectmen
4. Restore the Fair Housing Committee	Years 1-2	*	Board of Selectmen
2. Zoning and Regulatory Strategies			
1. Expand mixed-use redevelopment areas	Years 1-2	*	Planning Board
2. Allow more diverse housing types in more areas	Years 3-5	*	Planning Board
3. Encourage flexible zoning and open space development that includes affordable housing	Years 3-5	*	Planning Board
4. Allow affordable housing development on non-conforming lots	Years 3-5	*	Planning Board
5. Explore further development incentives	Years 3-5	*	Board of Selectmen
6. Explore inclusionary zoning	Years 3-5	*	Planning Board
3. Development and Preservation Strategies			
1. Continue to pursue mixed-use and multi-family housing development	Years 1-2	139	Board of Selectmen/Planning Board
2. Make suitable public property available for affordable housing	Years 1-2	50	Board of Selectmen
3. Partner with developers on privately-owned properties	Years 1-2	41	Board of Selectmen/Planning Board/Zoning Board of Appeals
4. Introduce a Housing Rehab Program	Years 3-5	10	Board of Selectmen

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

2. INTRODUCTION

The Town of Ludlow is located on the Chicopee River in Hampden County in the southern part of the Pioneer Valley bisected by the Massachusetts Turnpike and also served by Interstate 291. The town is bordered by Chicopee on the west, Granby on the north, Belchertown on the northeast, Palmer on the east, Wilbraham on the south, and Springfield on the southwest.

Developed initially in the Colonial period, Ludlow grew from an agricultural community into an industrial town. Significant growth occurred in response to the Ludlow Manufacturing Company's success as a world-wide producer of jute. The Company played a substantial role in the development of Ludlow's Town Center, including the development of company housing for its workers. With the establishment of Westover Air Force Base in 1940 and the construction of the Massachusetts Turnpike in the 1950s, Ludlow has evolved into a more suburban residential community of about 21,000 residents, many of Portuguese, French and Polish descent. The community has still maintained some remnants of its industrial past however, with an established factory district and Westover Industrial Park, which it shares with neighboring Chicopee. As with most communities, Ludlow continues to struggle with how to balance future development needs with the preservation of its past and community character.

While the community's housing stock can be considered relatively affordable compared to other parts of the region and state, the question arises as to how affordable it is to residents. As this Housing Production Plan will document, there are segments of the community who are struggling due to very limited financial means or other unmet special needs. More recent and projected demographic shifts will continue to challenge Town efforts to address changing housing priorities.

2.1 Why Prepare a Housing Production Plan (HPP)?

This Housing Production Plan (HPP) will provide updated information on demographic, economic and housing characteristics and trends as well as recommended strategies to address still unmet local housing needs, updating and expanding upon the housing section in Ludlow's 2011 Master Plan. This planning effort represents a proactive approach to defining and achieving the following local affordable housing and community planning objectives:

- Offers greater local control over affordable housing development as communities that make sufficient progress in implementing the HPP will have the potential ability to deny Chapter 40B comprehensive permit applications that they determine to be inappropriate or not reflective of local needs.
- Provides updated documentation on important demographic and economic trends that have a bearing on future local and regional housing needs.
- Provides a detailed analysis of the local and regional housing dynamic, analyzing how market prices affect residents' ability to pay based on various income levels and target populations.
- Analyzes potential development opportunities to help diversify local housing to address the range of identified local housing needs.
- Identifies what resources are available to support affordable housing development and how the Town can most strategically leverage local investment.
- Includes important data that can be used in applying for public and private sources of financial and technical support for affordable housing development or other community needs.

- Offers a useful educational tool to help dispel misinformation and negative stereotypes regarding affordable housing, ultimately to galvanize local public support for new housing initiatives.
- Demonstrates the community's intent to proactively address local housing issues.

More than a hundred municipalities, like Ludlow, have adopted such Plans and are working towards their implementation. See Section 7 for more details on Housing Production Plan requirements and goals.

2.2 What is Affordable Housing?

Affordable housing is generally defined by the income of the household in comparison to housing costs. For example, HUD identifies units as affordable if housing costs are no more than 30% of a household's income. If households are paying more than this threshold, 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 affordability problems.

Affordable housing is also defined according to its availability to households at percentages of median income for the area,⁷ and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income (AMI) as defined by the U.S. Department of Housing and Urban Development, and very low-income is defined as households earning between 31% and 50% of area median income. Low-income generally refers to the range between 51% and 80% of area median income.

In general, programs that subsidize rental units are targeted to households earning within 50% or 60% AMI with some lower income requirements within the 30% AMI level. First-time homebuyer projects and the state's Chapter 40B Comprehensive Permit Program typically apply income limits of up to 80% AMI. Income limits under the Community Preservation Act (CPA), which many Massachusetts communities have adopted, are up to 100% AMI.

Table 2-1: HUD Income Limits for the Springfield MA Metropolitan Area, 2017/2018

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income
1	\$16,600/\$16,950	\$28,000/\$28,250	\$44,800/\$45,200
2	19,200/19,400	32,000/32,300	51,200/51,650
3	21,600/21,800	36,000/36,350	57,600/58,100
4	24,600/25,100	40,000/40,350	64,000/64,550
5	28,780/29,420	43,200/43,600	69,150/69,750
6	32,960/33,740	46,400/46,850	74,250/74,900
7	37,140/38,060	49,600/50,050	79,400/80,050
8+	41,320/42,380	52,800/53,300	84,500/85,250

Median Income = \$66,600/\$73,900

Source: U.S. Department of Housing and Urban Development (HUD)

⁷ Ludlow is part of the Springfield, MA HUD Metropolitan Statistical Area (MSA).

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program.⁸ This legislation allows developers to override local zoning if the project meets certain requirements, the municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals and other statutory requirements are not met. (See Section 5.6 for requirements for including units on the SHI.) All of the units are eligible for inclusion in the SHI in Chapter 40B rental developments while only the actual affordable units are counted in ownership projects.

Of Ludlow's 8,337 year-round housing units, 293 or 3.51% meet Chapter 40B requirements and thus have been determined to be affordable by the Commonwealth of Massachusetts as part of the Subsidized Housing Inventory (SHI). More details on the SHI are included in Section 5.6.

This total of 293 SHI units means that Ludlow has a sizable gap of 541 units in order to meet the state's 10% affordability threshold under Chapter 40B without considering future growth that will increase the number of year-round housing units and the 10% goal over time.

2.3 Housing Goals

The Town's 2011 Master Plan specified affordable housing goals, most of which are also adopted as part of this Plan and serve as the context for informing the strategies that are proposed to address local housing needs. These goals include:

1. Balance residential development with the protection of the town's natural, scenic and historical resources.
2. Expand safe, high quality housing opportunities for people of all economic means.
3. Enhance the quality and character of the Center Street/East Street/State Street "downtown" area.

Ludlow residents have indicated their strong preferences for providing a wide range of housing opportunities while preserving the town's natural open spaces as well as its working landscapes in order to protect natural resources, community character and quality of life. This can be most effectively accomplished by adopting strategies consistent with the principles of smart growth development that utilize comprehensive planning to guide, design, develop, revitalize and build communities.

It should be noted that participants in the May 17, 2018 Community Housing Forum also had an opportunity to share their visions regarding Ludlow's housing future, providing the following aspirational goals:

- Become more proactive and less reactive to affordable housing initiatives
- Achieve greater cross-board and community involvement in affordable housing
- Encourage appropriate affordable housing development
- Restore existing housing in areas like East Street

⁸ 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.

- Encounter less apathy and more hope in the community about affordable housing
- Meet the 10% state affordability goal quickly
- Pursue useful legislative changes, however difficult, to help promote affordable housing
- Make affordable housing feasible by ensuring a reasonable return to developers through funding and/or incentives (such as tax breaks) to developers

3. DEMOGRAPHIC PROFILE⁹

It is important to closely examine demographic characteristics and trends to understand the composition of the population and how it relates to current and future housing needs. Key questions to be addressed include the following:

- What have been the historical growth trends in the community?
- 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 specific housing needs?

3.1 Population Growth – Little population growth since 2000 with projected future population declines and increases in older adults

As noted in Table 3-1 and Figure 3-1, Ludlow experienced the greatest population growth between 1950 and 1970, doubling in population from 8,660 to 17,580 residents, with another major growth spurt of 12.7% between 1990 and 2000. The population remained relatively stable after 2000 at somewhat more than 21,000 residents, although the 2017 Town census figure was 18,986.¹⁰ All of these figures reflect the Hampden County Jail population with an average count of about 900 male inmates.

Table 3-1: Population Change

Year	Total Population	Change in Number	Percentage Change
1930	8,876	--	--
1940	8,181	-695	-7.8%
1950	8,660	479	5.9%
1960	13,805	5,145	59.4%
1970	17,580	3,775	27.3%
1980	18,150	570	3.2%
1990	18,820	670	3.7%
2000	21,209	2,389	12.7%
2010	21,103	-106	-0.5%
2016	21,352	249	1.2%
Town Records April 2017	18,986		

Source: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center for decennial counts. The 2016 estimate is from the U.S. Census Bureau's American Community Survey, 5-Year Estimates, 2012-2016.

Table 3-2 provides a comparison of Ludlow's growth rate and those of neighboring communities as well as Hampden County and the state. Ludlow's population barely increased by only 0.7% between 2000 and 2016, which was considerably less than the growth rates of all surrounding communities and the 2.7% and 5.8% rates for Hampden County and the state, respectively. These growth rates indicate that

⁹ It should be noted that this Housing Needs Assessment includes the most up-to-date data available. The decennial census data is typically provided as this data reflects actual counts. The most recent issue of the Census Bureau's American Community Survey (ACS) is also shown for some data not covered by the decennial counts and for more up-to-date information. The ACS data utilizes continuous measurement approaches and a rolling sample and is thus subject to sampling error and variation.

¹⁰ The disparity between the federal and local figures is typically because federal census counts students as living at their colleges and universities while the Town counts students as living at the home of their parents.

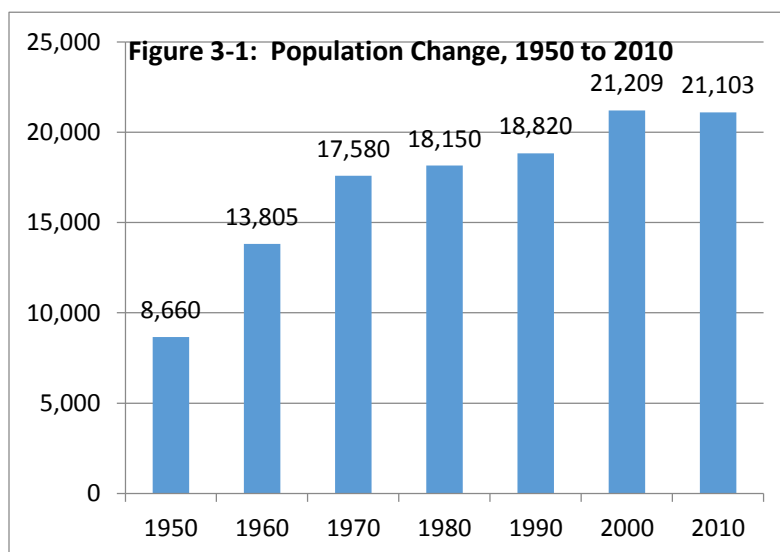
Hampden County is growing at about half the statewide rate with Ludlow's population remaining about flat. Springfield has also experienced very little population growth, at half the county level, with Chicopee growing at a comparable rate to the county and Wilbraham growing significantly at 8.7%.

Table 3-2: Comparative Population Growth, 2000 to 2016

Place	2000 Census	2010 Census	2016 Census Estimates	% Growth 2000 to 2016
Ludlow	21,209	21,103	21,352	0.7%
Chicopee	54,653	55,298	55,991	2.4%
Springfield	152,082	153,060	154,074	1.3%
Wilbraham	13,473	14,219	14,640	8.7%
Hampden County	456,228	463,490	468,467	2.7%
Massachusetts	6,439,113	6,547,629	6,811,779	5.8%

Sources: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center for decennial counts. The 2016 estimate is from the U.S. Census Bureau's American Community Survey, 5-Year Estimates, 2012-2016.

The Pioneer Valley Planning Commission (PVPC) indicates that the Lower Pioneer Valley, that includes Ludlow, has been experiencing slow growth due largely to the number of births exceeding deaths. PVPC anticipates that this natural increase will continue through 2020, though at diminishing levels, after which slightly higher growth will occur through 2030. Growth is then estimated to fall off in the 2030 to 2035 period. Regional projections also suggest that net out-migration will continue but to a lesser extent until 2030 when net in-migration is expected. PVPC further notes that in-migration into the region is heavily concentrated among college-age students, however, a large number generally leave following their studies.



Population projections from the Pioneer Valley Planning Commission indicate some loss of population to 20,563 residents by 2020. The State Data Center at the University of Massachusetts Donahue Institute calculates that the population will also decrease somewhat to 20,931 in 2020 and down further to 20,495 residents by 2030. Projections from the Metropolitan Area Planning Council (MAPC)¹¹ suggest even greater declines to a total population of 19,992 in 2020 and 18,313 by 2030,

representing a loss of 2,790 residents from 2010 or 13.2% (see Tables 3-4 and 3-5 for breakdowns by age).

¹¹ MAPC, while not the Town's assigned regional planning agency, has prepared population projections for all communities in the state. Go to www.mapc.org for more information on MAPC.

3.2 Age Distribution – Greatest gains in the baby boom generation

Table 3-3 presents census data on changes in the distribution of ages from 2000 through 2016.

Table 3-3: Age Distribution, 2000 to 2016

Age Range	2000		2010		2016	
	#	%	#	%	#	%
Under 5 Years	1,040	4.9	876	4.2	1,196	5.6
5 – 17 Years	3,388	16.0	3,185	15.1	2,862	13.4
18 – 24 Years	1,955	9.2	1,892	9.0	1,495	7.0
25 – 34 Years	2,916	13.7	2,435	11.5	2,584	12.1
35 – 44 Years	3,722	17.5	2,945	14.0	2,733	12.8
45 – 54 Years	2,962	14.0	3,575	16.9	2,947	13.8
55 – 64 Years	2,059	9.7	2,700	12.8	3,822	17.9
65 – 74 Years	1,625	7.7	1,737	8.2	1,900	8.9
75 – 84 Years	1,264	6.0	1,185	5.6	1,174	5.5
85+ Years	278	1.3	573	2.7	619	2.9
Total	21,209	100.0	21,103	100.0	21,352	100.0
Under 18	4,428	20.9	4,061	19.2	4,057	19.0
Age 65+	3,167	14.9	3,495	16.6	3,694	17.3
Median Age	38.5 years		40.2 years		44.2 years	

Source: U.S. Census Bureau, 2000 and 2010 and American Community Survey 5-Year Estimates for 2012-2016.

*The American Community Survey 5-year Estimates for 2012-2016 provide only percentages and thus some rounding error has occurred towards getting to the 21,352 total.

- *Small decrease in children*

Ludlow experienced a loss of children under age 18 over the past couple of decades, declining by 367 children between 2000 and 2010 or by 8.3% and then leveling off between 2010 and 2016. Based on 2016 census estimates, these children represent about 19% of all residents, down from 20.9% in 2000.

The Town should explore opportunities to attract or retain young adults in the community by providing starter housing options.

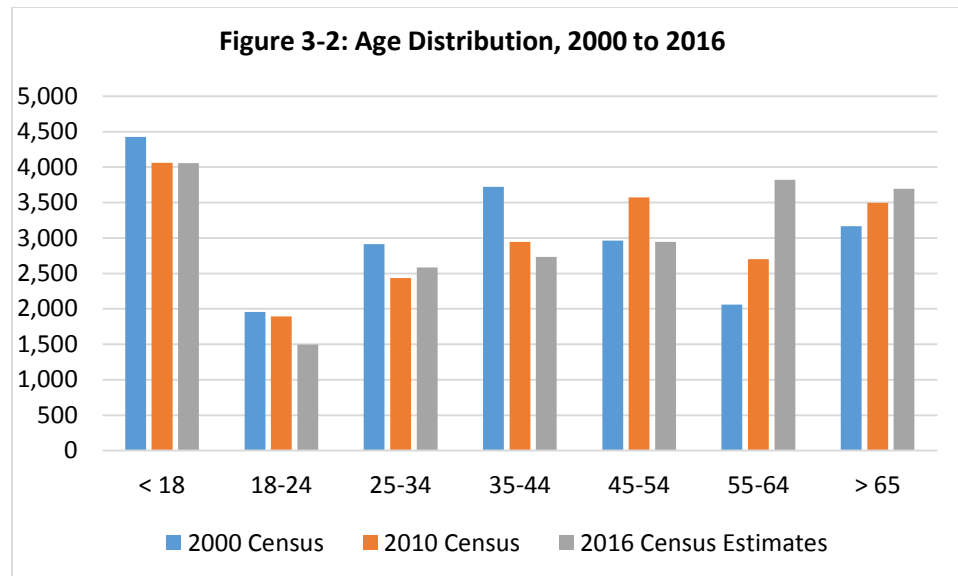
into the region, this has not been the case in Ludlow.

- *Additional declines in young adults*

Younger adults in the early family formation stage of their lives, the 25 to 34-age category, dropped from 13.7% of the population in 2000 to 12.1% by 2016, representing a loss of 332 residents in this age category.

Declines in college-age residents

The number of young residents in the 18 to 24-age range declined somewhat from 1,955 in 2000 to 1,495 by 2016, and as a percentage of all residents from 9.2% to 7.0%. While PVPC reports that college-age students were instrumental in fueling in-migration



- Substantial fall-off of younger middle-age residents*
 Those in the 35 to 44 age range declined by 27%, from 3,722 residents in 2000 to 2,733 by 2016, potentially driven by relatively higher costs of living in Ludlow.
- Fluctuations in numbers of residents age 45 to 54*
 Those in the 45 to 54 age range increased from 2,962 to 3,575 residents between 2000 and 2010 and then returned to approximately the 2000 level to 2,947 residents according to 2016 census estimates.
- Significant increases in older middle-age residents*
Part of the baby boom generation was spilling into the older age categories by 2010 as those in the age-55 to 64 range increased from 2,059 residents in 2000 to 3,822 by 2016, representing a growth rate of 86%.

Local planning to guide future housing growth to accommodate projected population increases will be necessary with a particular focus on the housing needs of many more seniors.

Significant growth in the population 65 years or older

The number of those 65 years of age and older also grew by 17%, from 14.9% of the population in 2000 to 17.3% by 2016 or from 3,167 to 3,694 residents.

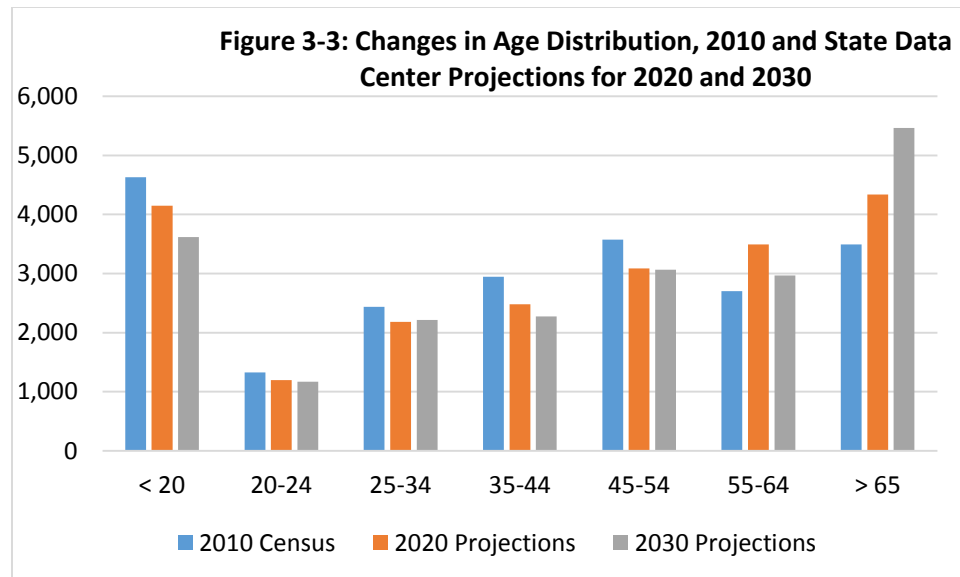
Table 3-4 offers population projections by age category for 2020 and 2030 compiled by the State Data Center, comparing these figures to 2010 census figures. These projections are also visually presented in Figure 3-3, clearly showing the dramatic increase in those 65 years of age or older that reflects the aging of the community's large older middle-age cohort as documented in Table 3-3 and Figure 3-2. This growth is particularly noteworthy given the 2.9% projected population decrease between 2010 and 2030. Projections suggest decreasing percentages of younger residents below age 55 and substantial increases in older adults. For example, children under age 20 are projected to decrease considerably, from 21.8% to 17.7% of all residents during this period. On the other end of the age range, **those 65 years of age or older are estimated to increase by 56%**, from 3,495 residents in 2010 to 5,467 by 2030,

growing from 16.6% to 26.7% of the population. This represents the aging of the significant population in the 55 to 64 age range in 2016.

Table 3-4: Age Distribution, 2010 Census and State Data Center Projections for 2020 and 2030

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	876	4.2	707	3.4	709	3.5
5 – 19 Years	3,753	17.8	3,444	16.5	2,911	14.2
20 – 24 Years	1,324	6.3	1,195	5.7	1,168	5.7
25 – 34 Years	2,435	11.5	2,182	10.4	2,213	10.8
35 – 44 Years	2,945	14.0	2,480	11.8	2,275	11.1
45 – 54 Years	3,575	16.9	3,089	14.8	2,685	13.1
55 – 64 Years	2,700	12.8	3,494	16.7	3,067	15.0
65 – 74 Years	1,737	8.2	2,342	11.2	2,966	14.5
75 – 84 Years	1,185	5.6	1,334	6.4	1,742	8.5
85+ Years	573	2.7	664	3.2	759	3.7
Total	21,103	100.0	20,931	100.0	20,495	100.0
Under 20	4,629	21.9	4,151	19.8	3,620	17.7
Age 65+	3,495	16.6	4,340	20.7	5,467	26.7

Source: University of Massachusetts Donahue Institute, State Data Center, 2015



The Metropolitan Area Planning Council (MAPC) has also prepared population projections that suggest even greater population losses to 18,313 residents by 2030 as shown in Table 3-5. All age groups below age 65 are projected to decrease as a percentage of all residents with the exception of young adults in the 20 to 34 age range which are projected to decrease in number but grow slightly from 17.8% of the population in 2010 to 18.9% by 2016. **On the other hand, those 65 years of age or older are projected to increase by 42% during this period to 27% of all residents by 2030, lower than the 56% increase projected in the State Data Center projections.**

Table 3-5: Age Distribution, 2010 Census and MAPC Projections for 2020 and 2030

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	876	4.2	639	3.2	628	3.4
5 – 19 Years	3,753	17.8	3,302	16.5	2,550	13.9
20 – 34 Years	3,759	17.8	3,601	18.0	3,468	18.9
35 – 64 Years	9,220	43.7	8,460	42.3	6,707	36.6
65+ Years	3,495	16.6	3,990	20.0	4,960	27.1
Total	21,203	100.0	19,992	100.0	18,313	100.0
Under 20	4,629	21.9	3,941	19.7	3,178	17.4

Source: U.S. Census 2010 and Metropolitan Area Planning Council (MAPC), January 2014.

3.3 Racial Composition – Very small minority population with considerable ethnic diversity

Table 3-6 presents data on the racial distribution of the population in Ludlow. The town has had some limited but increasing racial diversity with 95.8% of the population describing themselves as white in 2000, decreasing to 94% in 2010 and 2016. About 23% of the minority residents claimed Asian descent and another 20% of Black or African-American ancestry, down considerably from 2000. Almost 40% of minority residents indicated that they were of two or more races. A total of 1,409 residents, or 6.6% of all residents, claimed a Latino or Hispanic affiliation. The community has substantial ethnic diversity however, with concentrations of residents of Portuguese, French, Polish, Irish and Italian descent.

Table 3-6: Racial Information, 2000 to 2016

Population Characteristics	2000		2010		2016	
	#	%	#	%	#	%
White Population*	20,315	95.8	19,828	94.0	20,079	94.0
Minority Population	894	4.2	1,275	6.0	1,273	6.0
Asian Population*	125	0.6	171	0.8	290	1.4
Black Population*	432	2.0	514	2.4	251	1.2
American Indian*	20	0.1	25	0.1	23	0.1
Some other race*	65	0.3	271	1.3	493	2.3
Those of 2+ Races	250	1.2	286	1.4	198	0.9
Latino/Hispanic of any race	1,372	6.5	1,183	5.6	1,409	6.6

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates, 2006-2010 and 2012-2016 *Includes only those of that race

3.4 Household Composition – Higher growth in households than population reflecting increases in smaller households

As shown in Table 3-7, the number of households increased from 7,659 in 2000, to 8,080 by 2010, and then down a bit to an estimated 8,000 by 2016. This represents a 4.5% net growth in households which is considerably higher than the overall population growth of 0.7% during the same period.

While there were some increases in the number of families from 2000 to 2016, as a proportion of all households they remained about the same at 72%, which is higher than the almost 65% level for Hampden County and 64% state level as shown in Table 3-8. There has been a proportional decrease in married couples with children under age 18 and also some declines of female-headed households with younger children, often among the most vulnerable residents in any community.

Table 3-7: Household Characteristics, 2000 to 2016

Type of Household	2000		2010		2016	
	#	%	#	%	#	%
Households	7,659	100.0	8,080	100.0	8,000	100.0
Families*	5,513	72.0	5,569	68.9	5,745	71.8
Husband-wife Family with Children < 18*	1,797	23.5	1,605	19.9	1,538	19.2
Female Headed Families with Children <18 *	386	5.0	401	5.0	331	4.1
Non-families*	2,146	28.0	2,511	31.1	2,255	28.2
Average Household Size	2.55 persons		2.46 persons		2.59 persons	
Average Family Size	3.03 persons		2.97 persons		3.04 persons	
In group quarters/ Institutionalized	1,705 persons		1,224 persons		632 persons	

Source: U.S. Census Bureau, Census 2000 and 2010 Summary File 1; American Community Survey 5-Year Estimates for 2012-2016. *Percent of all households

Table 3-8: Comparison of Household Characteristics for Ludlow, Hampden County and Massachusetts, 2016

Type of Household	Ludlow		Hampden County		Massachusetts	
	#	%	#	%	#	%
Households	8,000	100.0	177,153	100.0	2,558,889	100.0
Families*	5,745	71.8	115,047	64.9	1,627,194	63.6
Husband-wife Family with Children < 18*	1,538	19.2	26,500	15.0	487,844	19.1
Female Headed Families with Children <18*	331	4.1	19,016	10.7	170,580	6.7
Non-families*	2,255	28.2	62,105	35.1	931,695	36.4
Average Household Size	2.59 persons		2.56 persons		2.54 persons	
Average Family Size	3.04 persons		3.17 persons		3.15 persons	

Source: U.S. Census Bureau, Census 2000 and 2010 Summary File 1; American Community Survey 5-Year Estimates for 2012-2016. *Percent of all households

Table 3-9 examines the types of households by household size. Single-person households comprised 23.1% of all households in 2016, down from 24.2% and 26.4% in 2000 and 2010, respectively. Of the 1,845 single-person households in 2016, 928 or half were 65 years of age or older. There were also 2,844 two-person households, up from 2,547 such households in 2000 and 2,996 in 2010. Three-person households also increased during this period, from 17.9% in 2000 to 19.3% by 2016.

Table 3-9: Types of Households by Size, 2000 and 2010 Census and 2016 Estimates

Households by Type/Size	2000		2010		2016	
	#	%	#	%	#	%
Nonfamily households	2,148	28.0	2,367	30.5	2,255	28.2
1-person	1,857	24.2	2,050	26.4	1,845	23.1
2-persons	244	3.2	262	3.4	328	4.1
3-persons	13	0.2	48	0.6	50	0.6
4-persons	23	0.3	0	0.0	32	0.4
5-persons	11	0.1	0	0.0	0	0.0
6-persons	0	0.0	7	0.1	0	0.0
7+ persons	0	0.0	0	0.0	0	0.0
Family households	5,518	72.0	5,386	69.5	5,745	71.8
2-persons	2,303	30.0	2,334	30.1	2,516	31.4
3-persons	1,360	17.7	1,301	16.8	1,494	18.7
4-persons	1,236	16.1	1,176	15.2	1,151	14.4
5-persons	450	5.9	409	5.3	437	5.5
6-persons	151	2.0	144	1.9	106	1.3
7+ persons	18	0.2	23	0.3	41	0.5
Total	7,666	100.0	7,753	100.0	8,000	100.0

Sources: U.S. Census Bureau, 2000 Census, Summary File 3, and American Community Survey 5-Year Estimates 2006-2010 and 2012-2016. Because these figures reflect sample data, they are somewhat different than the actual counts included in Table 3-7.

The 2016 census estimates also identify a slight trend towards proportionately fewer large families from 8.2% with five persons or more in 2000, to 7.5% by 2010, and 7.3% by 2016, somewhat lower than 8.5% for Hampden County.

The trend towards smaller households, those with two persons and three persons especially, suggests the need for smaller housing units, either as starter homes or places for downsizing.

Census data also suggests a sharp decline of those institutionalized in group quarters, the Hampden County Jail in the case of Ludlow. This data indicates a decrease from 1,705 residents in 2000 to 632 in 2016, although the Jail's information includes an average number of inmates of about 900.

4. Economic Profile

This section examines income and other issues related to economic status to address the following questions:

- What changes in income levels have occurred and how does this relate to housing affordability?
- Are there growing income disparities among residents?
- What are the relative incomes of Ludlow residents and those with local jobs?
- What are the trends toward educational attainment that can affect employment opportunities and one's ability to afford housing?
- What proportion of the population is disabled or has other special needs that limit their employment options and income?

4.1 Income – Income levels have generally kept pace with inflationary trends but there are notable income disparities

Table 4-1 and Figure 4-1 show that income levels have generally increased between 2000 and 2016. For example, the median household income increased by 37% between 2000 and 2016, from \$47,002 to \$64,537, which is comparable to the rate of inflation during this period of 38% but much lower than the statewide increase of 92%, from \$36,952 to \$70,954. It is also worth noting that the \$64,537 median is close to the \$64,000 HUD *0% of area median income (AMI) limit for a household of four living in the Springfield MSA area.

The overall growing prosperity of Ludlow's residents is also reflected in the increasing proportion and numbers of those earning more than \$100,000, from 658 households or 8.5% of all households in 2000 to 470 or one-third of all households by 2016, much higher than 22.4% for the county but lower than 35.3% for the state. The town's per capita income was \$31,897 in 2016, significantly higher than the county level of \$27,057 but much lower the state at \$38,069. In regard to median household income, Ludlow's level of \$64,537 was much higher than the county's at \$51,000 but again considerably lower than the state-wide median of \$70,954. Ludlow's median household income was also much higher than those for Chicopee and Springfield at \$49,005 and \$35,742, respectively, but significantly lower than Wilbraham's at \$96,076.

Table 4-1: Income Distribution by Household, 2000 to 2016

Income Range	2000		2010		2016	
	#	%	#	%	#	%
Under \$10,000	446	5.8	209	2.7	227	2.8
\$10,000-24,999	1,444	18.8	1,154	14.9	979	12.2
\$25,000-34,999	959	12.5	574	7.4	900	11.3
\$35,000-49,999	1,199	15.6	1,190	15.3	893	11.2
\$50,000-74,999	1,998	26.1	1,687	21.8	1,541	19.3
\$75,000-99,999	962	12.5	1,319	17.0	962	12.0
\$100,000-149,999	507	6.6	1,153	14.9	1,658	20.7
\$150,000 +	151	1.9	467	6.0	840	12.5
Total	7,666	100.0	7,753	100.0	8,000	100.0
Median Household Income	\$47,002		\$61,008		\$64,537	

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates, 2006-2010 and 2012-2016.

On the other end of the income range, 26.3% of Ludlow households were earning below \$35,000 based on 2016 census estimates, about the same as the 26.6% level statewide but much lower than 36.4% for Hampden County.

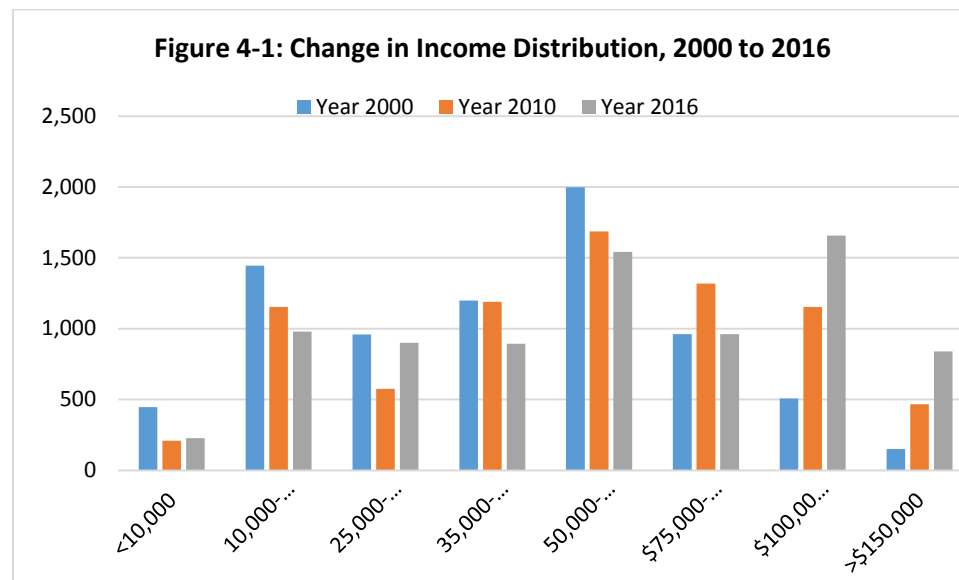


Table 4-2 provides median income levels for various types of households based on 2016 census estimates. The median income of families was double that of non-families at \$74,879 versus \$37,361, a finding highly correlated with the greater prevalence of two worker households in families and the considerable number of seniors living alone on fixed incomes and counted as non-families. It is not surprising that besides those living in families, median income levels were highest among homeowners, those in the prime of their earning potential, and men.

Table 4-2: Median Income by Household Type, 2016

Type of Household/Householder	Median Income
Individual/Per capita	\$31,897
Households	\$64,537
Families	\$76,472
Nonfamilies*	\$31,953
Renters	\$37,361
Homeowners	\$74,879
Householder less than age 25	**
Householder age 25 to 44	\$77,583
Householder age 45 to 64	\$83,571
Householder age 65 or more	\$31,445
Full-time, year-round male workers	\$56,156
Full-time, year-round female workers	\$46,582

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

*Includes persons living alone and unrelated households members.

** Not available as the sample size was too small.

Almost one-quarter of households received retirement income with a mean income of \$22,082. A considerable number of residents received Social Security Income, 37.6%, with a mean income of \$16,632. About 5% of households were earning Supplemental Social Security income with some low

amounts of public assistance with average cash payments of \$3,903. Somewhat more households, 700 or 8.8%, received Food Stamp/SNAP benefits. Clearly this subset of the Town's population is under serious financial strain.

A comparison of 2000 and 2016 income levels for owners and renters is provided in Table 4-3. An estimated 44.6% of renters earned less than \$35,000 in 2016, compared to 21.0% of homeowners in this income range. On the other hand, 36.8% of the homeowners earned more than \$100,000 compared to 1.1% of renters. The disparity of incomes by tenure is also reflected in median income levels of \$37,361 for renters and \$74,879 for homeowners, increasing from \$31,020 and \$53,644, respectively, from 2000. This means that the median income of renters rose by 20%, half the homeowner rate of 40% during this period.

The 2016 median income for renter households in Ludlow is substantially higher than that for the county at \$24,852 and somewhat lower than the state median of \$39,116. The 2016 medians for homeowners were \$74,204 and \$95,052 for the county and state, respectively, indicating that Ludlow's median is in line with the county but far below the statewide level, a reoccurring trend with respect to income levels. Certainly, homeownership continues to be the predominant and typically preferred form of tenure for those with sufficient incomes to access it.

Table 4-3: Income Distribution by Owner and Renter Households, 2000 and 2016

Income Range	Renters				Homeowners			
	2000		2016		2000		2016	
	#	%	#	%	#	%	#	%
Under \$10,000	227	13.2	129	6.4	242	4.1	98	1.6
\$10,000-24,999	488	28.3	433	21.4	931	15.7	546	9.1
\$25,000-34,999	252	14.6	339	16.8	698	11.8	561	9.4
\$35,000-49,999	376	21.8	321	15.9	814	13.7	572	9.6
\$50,000-74,999	288	16.7	324	16.0	1,657	27.9	1,217	20.4
\$75,000-99,999	75	4.3	180	8.9	895	15.1	782	13.1
\$100,000-149,999	9	0.5	250	12.4	543	9.2	1,398	23.4
\$150,000 +	10	0.6	37	1.8	155	2.6	803	13.4
Total	1,725	100.0	2,023	100.0	5,934	100.0	5,977	100.0

Source: U.S. Census Bureau, 2000 Census summary File 3 and American Community Survey 5-Year Estimates 2012-2016.

4.2 Poverty – Relatively low and declining with the exception of children and seniors since 2000

Table 4-4 indicates that poverty has declined since 2000 for individuals and families at 5.4% of all residents and 3.8% of all families in 2016.¹² This level of poverty was substantially lower than that for Hampden County at 17.9% and even the state as a whole at 11.4% of the population. Nevertheless, there was some increase in poverty between 2010 and 2016 for children and seniors according to 2016 census estimates.

There have also been some increases in the numbers of children who qualify for the free or reduced lunch program in the Ludlow Public School system. Those children coming from families who earn no

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

more than 130% of the poverty level qualify for free meals while those earning between 130% and 185% of the poverty level are eligible for reduced-priced meals. In 2000, 12% of students qualified for these programs, doubling to 24.5% by 2010, and up further to 26.5% in the 2017-18 school year.

Table 4-4: Poverty Status, 2000 to 2016

Type of Resident	2000		2010		2016	
	#	%	#	%	#	%
Individuals *	1,238	6.4	1,161	5.5	1,153	5.4
Families **	291	5.3	200	3.6	218	3.8
Female Headed Families ***	116	30.5	95	23.7	55	16.5
Related Children Under 18 Years ****	396	9.0	240	5.9	272	6.7
Individuals 65+ *****	239	7.9	133	3.8	170	4.6

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates, 2006-2010 and 2012-2016. * Percentage of total population

** Percentage of all families *** Percentage of all female-headed families with children under 18

**** Percentage of all related children under 18 years ***** Percentage of all individuals age 65+

4.3 Employment – Relatively low average wages for local jobs

Of the 17,726 Ludlow residents over the age of 16 in 2016, 11,132 or 62.8% were in the labor force and 10,416 or about 59% were employed according to 2016 census estimates. This data suggests an unemployment rate at that time for town residents of 4%.

It should also be noted that 87.6% of workers drove alone to work, another 7.3% carpooled. An additional 341 or 3.3% either worked at home or walked. Only 40 or 0.4% of workers used public transportation according to the 2016 census estimates. The average commuting time was 24.1 minutes, suggesting that many employment opportunities were in reasonable reach, assisted by the community's excellent highway access.

The 2016 census estimates also provide information on the concentration of Ludlow workers by industry, indicating that 32% of Ludlow's residents in the labor force were involved in management or professional occupations, another 27% in sales and office occupations, and the remainder in service occupations (17%), production and transportation (11%), and construction, natural resources or maintenance occupations (12%). An estimated 79% of Ludlow's workers were private wage and salaried workers, another 15% were government workers, and about 6% were self-employed.

Detailed labor and workforce data from the state on employment patterns for those who work in Ludlow is presented in Table 4-5. This information shows an average employment of 10,864 workers as of the end of 2017, 10,412 who were employed and an unemployment level of 4.2% compared to Boston and Wilbraham's at 2.7%, Chicopee's at 4.1%, and Springfield's at 5.9%. The data also indicates some concentration of jobs in retail trade as well as health care or social assistance and construction. There were also significant jobs in the manufacturing and accommodations/food services industries.

The average weekly wage was \$868, which is less than half Boston's average weekly wage at \$1,794 and also less than \$1,038 for the City of Springfield. Chicopee had a relatively comparable rate of \$853 with Wilbraham lower at \$759. **Ludlow's \$868 average weekly wage translates into an annual income of**

about \$45,310 meaning that it is likely that the average person employed in Ludlow will find it challenging to afford to live in the community.

Table 4-5: Average Employment and Wages by Industry, 2017

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	85	\$44,402,922	718	\$1,189
Manufacturing	30	\$29,235,711	593	\$948
Wholesale Trade	16	\$9,657,590	214	\$868
Retail Trade	45	\$14,996,700	613	\$470
Transportation and Warehousing	14	\$7,843,749	144	\$1,048
Information	4	\$474,638	12	\$761
Finance and Insurance	21	\$8,807,188	156	\$1,086
Real Estate, Rental and Leasing	9	\$1,303,055	28	\$895
Professional/Technical Services	28	\$11,505,675	202	\$1,095
Administrative/Waste Services	41	\$16,584,482	523	\$610
Health Care/Social Assistance	147	\$24,582,811	692	\$683
Arts, Entertainment/Recreation	5	\$1,272,411	69	\$355
Accommodation/Food Services	41	\$8,946,771	578	\$298
Other Services, Except Public Administration	40	\$7,011,228	177	\$762
Total	555	\$300,847,614	6,668	\$868

Source: Massachusetts Executive Office of Labor and Workforce Development, March 9, 2018.

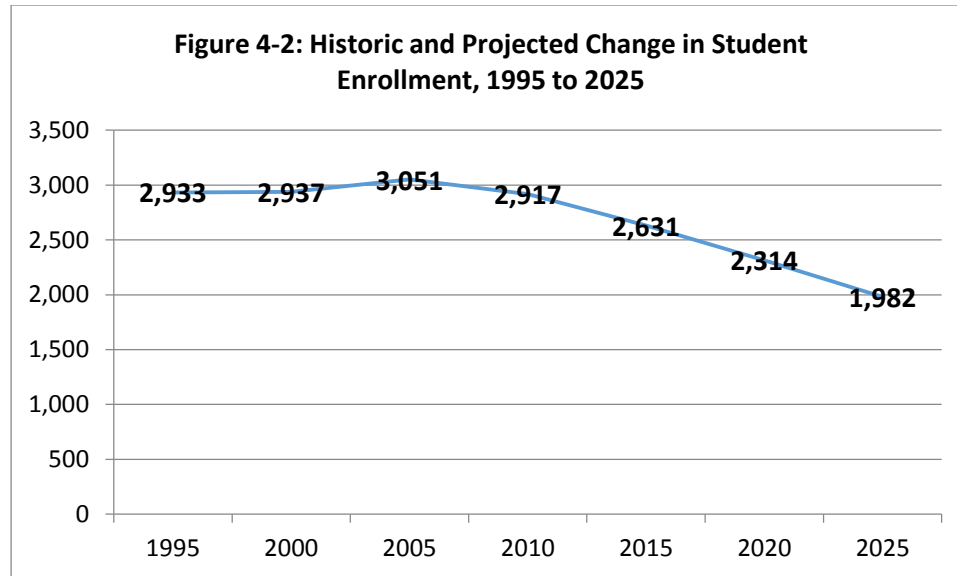
Shaded areas represent industries with an average of at least 500 employees.

4.4 Education – Increasing educational attainment and declining public school enrollment

Educational attainment is relatively comparable to county levels but well lower than for the state. The percentage of those having a high school diploma or higher was 83.5% in Ludlow according to 2016 census estimates and 85.4% for the county, both lower than the statewide level of 90.1%. Additionally, 21.8% of Ludlow residents 25 years of age or older had completed a bachelor's degree as of 2016, a bit lower than 26.2% for the county and half the 41.2% statewide level. The educational attainment of Ludlow residents has increased over the years, up considerably from 75.2% and 14.8% with at least high school or college degree in 2000, respectively, and giving many more residents the ability to better compete for good-paying jobs.

Census estimates also indicate that those enrolled in school (nursery through graduate school) totaled 4,334 residents in 2016, or 20% of the population, and those enrolled in preschool through high school totaled 3,188 students, representing 15% of all residents. The 2016 census estimates counted 1,146 residents in college or graduate school.

The Ludlow School District enrollment has been decreasing over the past decade or so with total enrollment at 2,646 students in the 2017-18 school year, down from a high of 3,116 in 2004-5. Enrollment projections from Massachusetts School Building Authority (MSBA) indicate continuing declines to 2,314 students by 2020 and 1,982 by 2025. Historic and projected total student enrollments are presented in Figure 4-2.



4.5 Disability Status¹³ – Significant special needs within the community with anticipated future increases

Of all Ludlow residents in 2016, 3,219 or 15.1% claimed a disability, comparable to the county level of 15.7% but significantly higher than the statewide level of 11.6%. Ludlow had a lower proportional level of children with disabilities at 3.5% compared to 7.1% and 4.6% for the county and state, respectively, however. For the other age categories, Ludlow's levels were relatively comparable to those of the county but higher than the state with the exception of children.

Table 4-6: Population Five Years and Over with Disabilities for Ludlow, Hampden County and the State, 2016

Age Range	Ludlow		Hampden County	Massachusetts
	#	%	%	%
Under 18 years	142	3.5	7.1	4.6
18 to 64 years	1,672	12.9	13.3	9.0
65 years+	1,405	38.1	38.9	33.0
Total	3,219	15.1% of all residents	15.7% of all residents	11.6% of all residents

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2012-2016. Includes those in the civilian, noninstitutionalized population.

Additional information on the types of disabilities for local seniors is summarized in Table 4-7, comparing Ludlow estimates to those of the state based on the Tufts Health Plan Foundation's Healthy Aging Community Profile. Compared to the state, those age 65 years to 74 who live in Ludlow do better on average on most of the healthy aging indicators including many of the disability levels listed below.

¹³ Disabled households contain at least one or more persons with a mobility or self-care limitation. It should also be noted that the term "disabled" is being replaced by some within the housing community with "people first" terminology as those with special needs are interpreted to be the people who first need affordable, available and/or accessible housing.

As the population continues to age, with those 65 years and older predicted to increase by 56% between 2010 and 2030, the level of special needs in the community will grow, suggesting a greater need for handicapped accessibility and supportive services integrated into housing. Services from the Council on Aging and other area service providers will also increasingly become under greater demand.

On the other hand, those 75 years of age or older tended to fare not as well when compared to the statewide levels.

The Tufts Healthy Aging Profile also noted that Ludlow is a very walkable community and, compared to some other state averages, older residents of Ludlow do better on indicators such as breast cancer, lung cancer, hospital stays, nursing home stays, emergency

room visits, and the number of monthly prescription medications for example. However, the profile also reported that they do worse on stroke, arthritis, glaucoma, exercise, and colon cancer screening. Community resources to promote healthy aging include a walking club, the Council on Aging, and the Town's Recreation Department. Access to senior transportation, physical activity, and lifelong learning resources are limited however.

Table 4-7: Types of Disabilities

Population Characteristics	Ludlow Estimates	State Estimates
% disabled for a year or more	33.3%	31.0%
Hearing impairment % 65-74/% 74+	6.4%/30.3%	7.4%/21.2%
Vision impairment % 65-74/% 74+	1.7%/17.7%	3.2%/9.3%
Cognition impairment % 65-74/% 74+	1.4%/11.4%	4.7%/12.1%
Ambulatory impairment % 65-74/% 74+	11.8%/36.1%	12.9%/29.4%
Self-care impairment % 65-74/% 74+	4.8%/10.9%	3.7%/12.2%
Independent living impairment % 65-74/% 74+	2.5%/27.1%	7.2%/24.3%

Source: Tufts Health Plan Foundation, Massachusetts Healthy Aging Community Profile

5. HOUSING PROFILE

This section 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 helps establish the context for identifying priority housing needs.

5.1 Housing Growth – Continued growth with 195 units built between 2010 and 2016

Table 5-1 presents data on Ludlow's historic housing growth indicating that about 18% of the Town's housing predates World War II, low in comparison to 32% for the county. Until recently, development activity ranged from a low of 6% in the 1940s to a spike of 20% in the 1950s and then leveling off to between 11% or 13% in the 1960s, 1970s and 1980s. Housing growth slowed a bit after that, but increased somewhat between 2000 and 2009 according to the 2016 census estimates. These estimates also suggested very little development since 2010, which was not the case.

The data in Table 5-1 is from the Census Bureau's American Community Survey and differs somewhat from the actual census counts as shown in Table 5-3. For example, Table 5-1 indicates that there were 7,567 housing units by 2000, which actual census counts suggest 7,841. Additionally, Table 5-1 identifies an increase of 840 units between 2000 and 2009, but the actual census counts indicate that there was a gain of 542 units during this period, a difference of 298 units which is not far off from the disparity in number of units in 2000. The development of only 16 units between 2010 and 2016 runs counter to the 186 unit figure based on Table 5-3 as well as building permit information summarized in Table 5-2.

Table 5-1: Housing Units by Years Structure Was Built, 2016

Time Period	#	%
2010 through 2016	16	0.2
2000 to 2009	840	9.8
1990 to 1999	662	7.7
1980 to 1989	1,027	12.0
1970 to 1979	969	11.3
1960 to 1969	1,113	13.0
1950 to 1959	1,727	20.2
1940 to 1949	516	6.0
1939 or earlier	1,553	18.1
Total	8,569	100.0

Source: US Census Bureau, American Community Survey, 5-Year Estimates, 2012-2016

Table 5-2, based on building permit activity, indicates that 191 single-family units were built between 2010 and 2016 as well as two 2-family dwellings for a total number of 195 units. Adding these 195 units to the total number of units included in the 2010 census count of 8,383 units, comes to 8,578 units, only nine units higher than the 2016 census estimate of 8,569 units.

In 2017, another 29 units were permitted including 24 single-family homes and five condominiums for a total valuation of \$7,002,000 and \$684,000, respectively, and an average valuation of \$291,750 and \$136,800, respectively. This information suggests a total housing stock of 8,607 units as of the end of 2017.

Table 5-2: Residential Building Permits, 2010 through 2017

Year	# Building Permits /Units	Total Valuation	Average Valuation/Unit
2010	18	\$4,060,767	\$225,598
2011	12 1 2-family	\$3,182,286 \$200,000	\$265,190 \$100,000
2012	33	\$4,849,065	\$146,941
2013	30	\$6,441,717	\$214,724
2014	26	\$5,941,629	\$228,524
2015	32	\$6,461,000	\$201,906
2016	40 1 2-family	\$6,747,000 \$180,000	\$168,675 \$90,000
Subtotal 2010 to 2016	193/195	\$38,063,464	\$195,197
2017	24 single-family 5 condos	\$7,002,000 \$684,000	\$291,750 \$136,800
Total	222/224	\$45,749,464	\$204,239

Source: University of Massachusetts Donahue Institute's State Data Center and Ludlow Building Department.

5.2 Housing Occupancy – High level of owner-occupancy but significant gains in the renter-occupied housing stock

Besides total housing unit figures, Table 5-3 includes a summary of occupancy characteristics for 2000, 2010 and 2016 that indicates the following major trends:¹⁴

- High relative level of owner-occupancy*

Of the 8,383 total housing units in 2010, Ludlow had 8,337 year-round units¹⁵ of which 8,080 or 96.4% were occupied. Of the occupied units, 6,235 or 77.2% were owner-occupied, relatively the same proportion as 2000 but involving an increase of 300 such units between 2000 and 2010. The 2016 census estimates indicate a fall-off of 258 owner-occupied units to 74.7% of all units, which is questionable. This level of owner-occupancy is still much higher than the 61.6% level for Hampden County and 62.1% statewide.
- Gains in renter-occupied units*

Census data suggests that there was a gain of 121 rental units between 2000 and 2010 with another 178 units built between 2010 and 2016. Such units grew as a percentage of the housing stock from 22.5% to 25.3%. More than a hundred of these units were created as affordable, part of the Stevens Memorial and Mill 10 projects.
- Decrease in persons per unit*

The average number of persons per unit declined between 2000 and 2010, from 2.67 persons to 2.60 persons for owner-occupied units and from 2.11 persons to 1.98 persons for rental units. The 2016 census estimates indicate some increases however, to 2.69 and 2.31 persons, respectively, which are questionable. These low average occupancy levels reflect local, regional

¹⁴ These 2000 and 2010 census figures are based on actual decennial counts while the 2016 figures are 5-year census estimates from the Census Bureau's American Community Survey.

¹⁵ The year-round figure (8,337 units) is the one used under Chapter 40B for determining the 10% affordability goal and annual housing production goals. It is calculated by subtracting the seasonal or occasional units (46) from the total number of units (8,383) per the 2010 census. The year-round figure will increase when the 2020 census figures are released.

and national trends towards smaller households and relate to the change in the average household size in Ludlow from 2.55 persons in 2000 to 2.46 in 2010.

Table 5-3: Housing Occupancy, 2000 to 2016

Housing Characteristics	2000		2010		2016	
	#	%	#	%	#	%
Total Housing Units	7,841	100.0	8,383	100.0	8,569	100.0
Occupied Units*	7,659	97.7	8,080	96.4	8,000	93.4
Total Vacant Units /Seasonal-Occasional*	182/ 26	2.3/ 0.3	303/ 46	3.6/ 0.5	569/ 34	6.6/ 0.4
Occupied Owner Units**	5,935	77.5	6,235	77.2	5,977	74.7
Occupied Rental Units**	1,724	22.5	1,845	22.8	2,023	25.3
Average House- Hold Size/Owner Occupied Unit	2.67 persons		2.60 persons		2.69 persons	
Average House- Hold Size/Renter Occupied Unit	2.11 persons		1.98 persons		2.31 persons	

Source: U.S. Census Bureau, Census 1990, 2000 and 2010 Summary File 1 and American Community Survey 5-Year Estimates, 2012-2016 * Percentage of all housing units ** Percentage of occupied housing units

- *Increasing vacancy rates*

As shown in Table 5-4, census data suggests some increases in vacancy rates from 1.9% to 6.2% for rentals and from 0.4% to 1.4% for ownership units between 2000 and 2016. The 2016 rates are also somewhat higher than those for the county and state. As any rate below 5% reflects very tight housing market conditions, these vacancy levels indicate a very strong homeownership market.

Table 5-4 Vacancy Rates, 2000, 2010 and 2016

Tenure	Ludlow 2000	Ludlow 2010	Ludlow 2016	County 2016	MA 2016
Rental	1.9%	5.1%	6.2%	4.3%	4.1%
Homeowner	0.4%	0.7%	1.4%	1.2%	1.1%

Source: U.S. Census Bureau, 2000, and 2010 and American Community Survey 5-Year Estimates, 2012-2016.

5.3 Types of Structures and Units – Limited diversity of housing types with modest increases in multi-family housing and decreases in mobile homes

Census data indicates that there is limited housing diversity in Ludlow, as summarized in Table 5-5 and Figure 5-1, with the following notable changes in the mix of housing types:

- *Increase in single-family dwellings*

The percentage of single-family detached dwellings is much higher in Ludlow than the county, at 73.2% in 2016 compared to 55.9%, and most of the housing growth has focused on this type of housing. For example, such units increased by 10% between 2000 and 2016 according to census information compared to a total increase in the housing stock of 9% during this period.

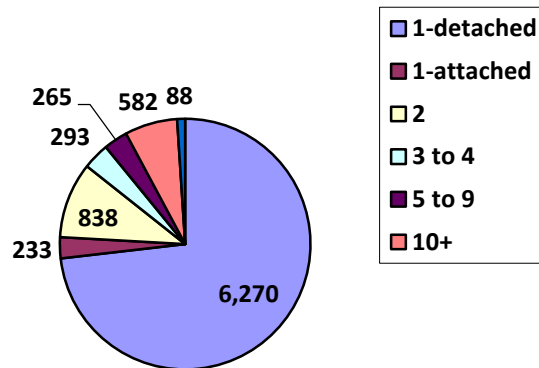
Assessor's data indicates that the number of single-family units is 5,990, which is lower than the census figures (see Table 5-11). There were also small increases in the other types of housing between 2000 and 2010 with some deviations in the 2016 census estimates and declines in mobile homes, decreasing from 171 to 88 units.

Table 5-5: Units in Structure, 2000 to 2016

Type of Structure	2000		2010		2016	
	#	%	#	%	#	%
1 unit detached	5,683	72.5	5,780	70.1	6,270	73.2
1 unit attached	214	2.7	310	3.8	233	2.7
2 units	774	9.9	785	9.5	838	9.8
3-4 units	258	3.3	430	5.2	293	3.4
5-9 units	264	3.4	250	3.0	265	3.1
10+ units	477	4.0	535	6.5	582	6.8
Mobile Homes	171	2.2	154	1.9	88	1.0
Total	7,841	100.0	8,244	100.0	8,569	100.0

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates for 2006-2010 and 2012-2016.

Figure 5-1: Distribution of Units per Structure, 2016



Almost all owner-occupants live in single-family dwellings

Table 5-6 provides an estimated breakdown of the 2016 distribution of units per structure according to whether the units were occupied by renters or homeowners. While almost all owners resided in single-family homes, both detached and attached, about half of renters lived in multi-family units of two to nine units according to census estimates.

It is interesting to note that 27.9% of the town's rentals were in single-family dwellings, substantially higher than the statewide level of 15.4% and due to the predominance of such units in the

community.

Another point of interest is that the occupancy of mobile homes was split relatively evenly between owners and renters.

Table 5-6: Units in Structure by Tenure, 2016

Type of Structure	Homeowner Units/ Number of Residents		Renter Units/ Number of Residents	
	#	%	#	%
Single-unit detached	5,424	90.7	565	27.9
Single-unit attached	176	2.9	42	2.1
2 to 9 units	197	3.3	973	48.1
10+ units	113	1.9	381	18.8
Mobile Homes	67	1.1	62	3.1
Total	5,977	100.0	2,023	100.0

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

- *Moderately-sized housing units with increasing numbers of larger homes*

Table 5-7 provides information on the distribution of unit sizes and indicates that the median-sized unit was moderately-sized with 5.6 rooms according to 2016 census data, up modestly from 5.4 rooms in 2000 and comparable to the medians of 5.4 and 5.5 rooms for Hampden County and the state, respectively. Only 8.6% of housing units were very small, with three (3) rooms or less, while 16.2% of all units were large with eight rooms or more, up from 10.5% in 2000, and reflective of some of the larger homes that have been built more recently.

Not surprisingly, more of the smaller units were occupied by renters with the median number of rooms in rental units having 4.2 rooms as opposed to a median of 6.0 rooms in the owner-occupied stock.

Table 5-7: Number of Rooms per Unit, 2000 and 2016

Number of Rooms per Unit	2000		2016	
	#	%	#	%
1 Room	8	0.1	224	2.6
2 Rooms	218	2.8	152	1.8
3 Rooms	407	5.2	358	4.2
4 Rooms	1,428	18.2	1,441	16.8
5 Rooms	2,136	27.2	1,926	22.5
6 Rooms	1,704	21.7	2,187	25.5
7 Rooms	1,117	14.2	893	10.4
8 Rooms	513	6.5	531	6.2
9 or More Rooms	310	4.0	857	10.0
Total	7,659	100.0	8,569	100.0
Median (Rooms) for All Units	5.4 rooms		5.6 rooms	

Source: U.S. Census Bureau, 2000 Summary File 3 and the 2012-2016 American Community Survey

5.4 Housing Costs – Considerable affordability in the private housing market with housing prices rebounding since the recession

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 2000 and 2010 Decennial U.S. Census figures
- The U.S. Census Bureau's American Community Survey 5-year Estimates, 2006-2010 and 2012-2016
- The Warren Group's median single-family and housing values and sales volume by year, from 2000 through 2017
- Multiple Listing Service data for a breakdown of sales during the past year
- Town Assessor's data
- Craigslist and other Internet listings

Homeownership

Census data also provides information on housing values, as summarized in Table 5-8, for owner-occupied units. The census estimates indicate that the median house value as of 2016 was \$228,300, not much more than \$223,400 in 2010. As Table 5-8 further indicates, Ludlow's owner-occupied housing stock retains some considerable affordability with 2,173 units or 36% valued at less than \$200,000 in 2016 and another 2,580 units valued in the \$200,000 to \$299,999 range, representing another 43.2% of the owner-occupied housing stock. Only 110 units or 1.9% were valued above \$500,000 compared to 3.3% for the county and 23.6% statewide.

Table 5-8: Housing Values of Owner-occupied Units, 2000 to 2016

Price Range	2000		2010		2016	
	#	%	#	%	#	%
Less than \$100,000	1,155	22.0	98	1.6	222	3.7
\$100,000-199,999	3,530	67.4	2,185	36.2	1,951	32.6
\$200,000-299,999	463	1.5	2,315	38.4	2,580	43.2
\$300,000-499,999	79	1.5	1,285	21.3	1,114	18.6
\$500,000-999,999	12	0.2	128	2.1	99	1.7
\$1,000,000 or more	0	0.0	17	0.3	11	0.2
Total	5,239	100.0	6,028	100.0	5,977	100.0
Median (dollars)	\$127,300		\$223,400		\$228,300	

Source: U.S. Census Bureau, 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2006-2010 and 2012-2016.

Table 5-9 provides The Warren Group data on median sales prices and volume of sales from 2000 through 2017. This data is tracked from Multiple Listing Service (MLS) information based on actual sales. As of the end of 2017, the median sales price of a single-family home was \$199,900, up from \$190,000 in 2016 but the same as the 2015 median. The peak of the market for Ludlow occurred in 2007 with a median of \$217,500. These median prices demonstrate that the housing market has been rebounding from the financial crisis of a few years ago when the median dipped to \$172,000 in 2012 although there has been some considerable volatility of median values from year to year.

There has also been substantial variability in the number of single-family home sales as shown in Figure 5-2, ranging from a low of 113 sales in 2011 to a high of 209 sales in 2017. The recent upswing in sales activity is also a sign of a rebounding housing market.

The condo market has also experienced substantial ups and downs in terms of both values and number of sales; and unlike most communities, median condo values are not substantially lower than single-family homes. The highest median sales price was \$239,450 in 2010, when values would have been

predicted to be lower given the “bursting of the housing bubble”. The lowest median was the following year at \$136,500.

Table 5-9: Median Sales Prices and Number of Sales, 2000 through 2017

Year	Months	Single-family		Condominiums		All Sales*	
		Median	# Sales	Median	# Sales	Median	# Sales
2017	Jan – Dec	\$199,900	209	\$172,000	41	\$192,000	301
2016	Jan – Dec	190,000	176	186,750	34	190,000	256
2015	Jan – Dec	199,900	167	183,000	29	190,500	238
2014	Jan – Dec	203,000	139	171,500	25	181,000	209
2013	Jan – Dec	182,000	156	191,500	22	180,000	225
2012	Jan – Dec	172,000	162	150,000	26	167,500	243
2011	Jan – Dec	190,250	113	136,500	16	177,750	178
2010	Jan – Dec	187,000	137	239,450	24	184,900	209
2009	Jan – Dec	180,000	153	182,500	25	182,500	205
2008	Jan – Dec	182,500	151	174,095	38	180,000	231
2007	Jan – Dec	217,500	166	175,000	29	200,000	264
2006	Jan – Dec	215,000	175	184,500	30	200,000	272
2005	Jan – Dec	200,000	188	175,000	29	191,000	302
2004	Jan – Dec	180,000	204	141,500	30	175,000	305
2003	Jan – Dec	164,500	216	125,500	28	157,000	317
2002	Jan – Dec	145,300	203	135,000	47	143,300	316
2001	Jan – Dec	136,000	191	93,900	29	126,000	292
2000	Jan – Dec	129,000	160	123,250	35	123,000	247

Source: The Warren Group/*Banker & Tradesman*, March 12, 2018. *Includes all real estate transactions

The number of condo sales has also fluctuated substantially from a recent high of 41 sales in 2017, to a low of 16 in 2011, and still low at 22 sales in 2013, but climbing steadily after that.

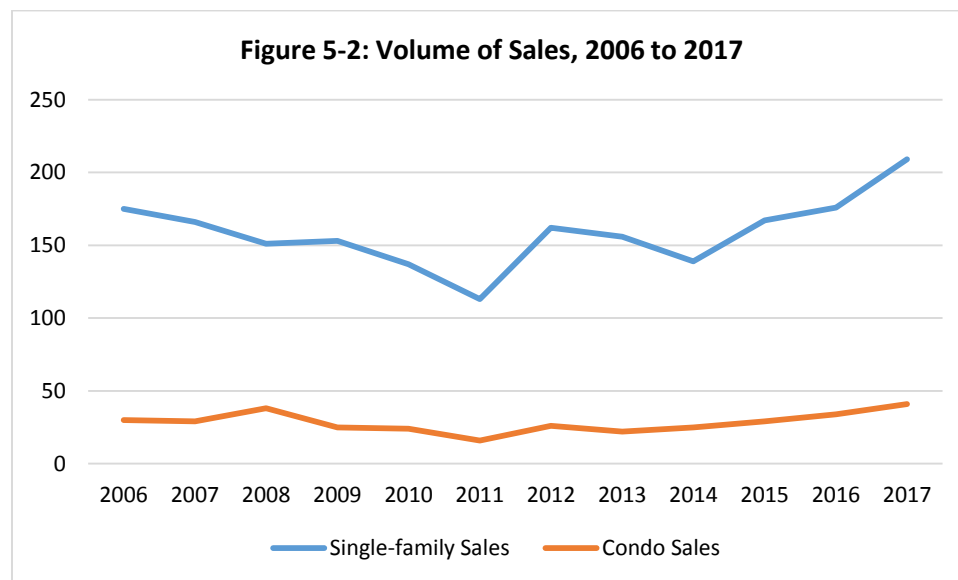
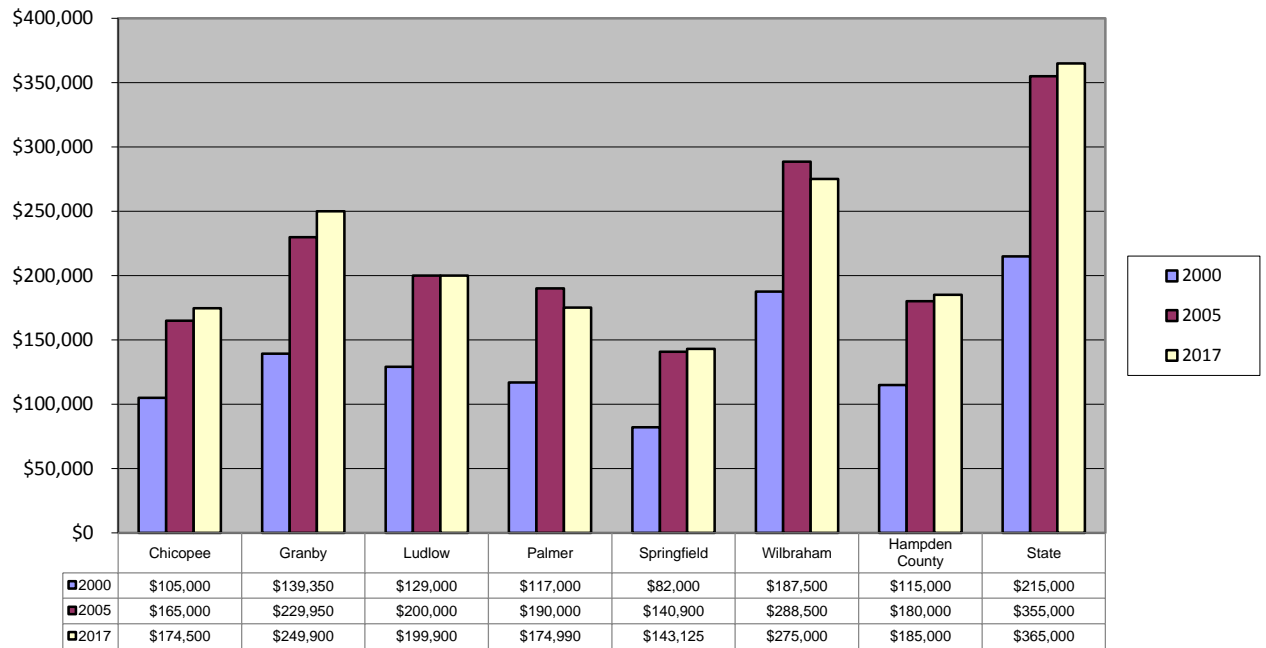


Figure 5-3 examines the median single-family home values for Ludlow in comparison to neighboring communities as well as the county and state for 2000, 2005, and 2017. Ludlow’s values are in the mid-range with Springfield having the lowest median values and Wilbraham the highest with all communities’ values still lower than state levels.

Market prices have not yet surpassed the 2005 ones for Ludlow, Palmer and Wilbraham when the housing market was at its height for most communities prior to the financial crisis. Ludlow, however, is almost up to the 2005 level of \$200,000 but still well behind the 2007 median of \$217,500.

Figure 5-3: Comparison of Median Single-family Home Values



Another analysis of housing market data is presented in Table 5-10, which breaks down sales data from the Multiple Listing Service as compiled by Banker & Tradesman of The Warren Group for single-family homes and condominiums for a year-long period of time. This table provides a snapshot of the range of sales for March 2017 through February 2018, indicating that there were 234 sales of single-family homes and 42 for condos. This analysis further confirms that there is considerable affordability remaining in Ludlow's housing market with more than half of the single-family homes and 62% of condos selling for less than \$200,000, representing 54% of all these sales. On the other end of the price range, the highest sale was for \$575,000 for a four-bedroom house on Stevens Drive. This analysis also indicated that the median single-family house price was \$198,000 with the median condo at \$177,500, relatively close to the Banker & Tradesman figures in Table 5-9 of \$199,900 and \$172,000, respectively.

Table 5-10: Single-family House and Condo Sales, March 2017 through February 2018

Price Range	Single-families		Condominiums		Total	
	#	%	#	%	#	%
Less than \$100,000	17	7.3	1	2.4	18	6.5
\$100,000-199,999	105	44.9	25	59.5	130	73.9
\$200,000-299,999	83	35.5	14	33.3	97	35.1
\$300,000-399,999	22	9.4	2	4.8	24	8.7
\$400,000-499,999	6	2.6	0	0.0	6	2.2
\$500,000-599,999	1	0.4	0	0.0	1	0.4
\$600,000 or More	0	0.0	0	0.0	0	0.0
Total	234	100.0	42	100.0	276	100.0

Source: The Warren Group, Banker & Tradesman, March 12, 2018.

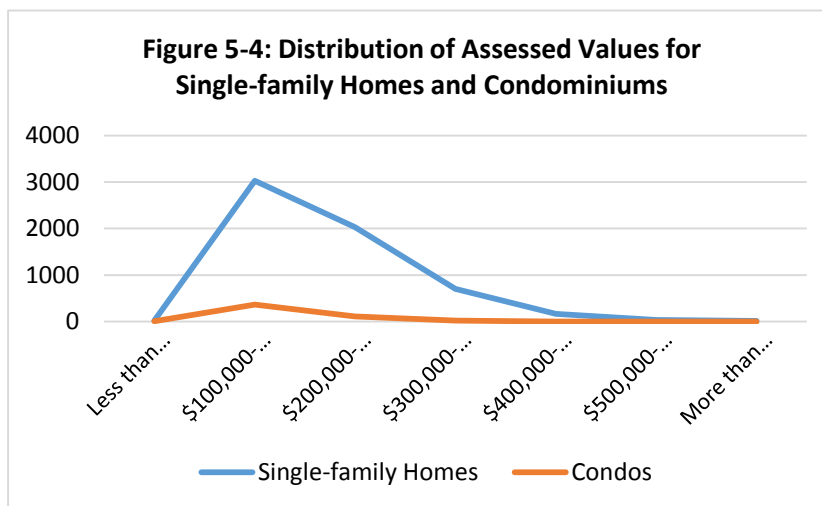
Town Assessor data on the assessed values of single-family homes and condos in Ludlow is presented in Table 5-11 as well as Figure 5-4, providing additional insights into not only the diversity of the existing housing stock but also the range of values for each dwelling type. This data shows that Ludlow had 5,958 single-family properties in FY18 and another 32 such properties with accessory dwelling units (ADUs). About half of all such properties were assessed below \$200,000 and relatively affordable to households earning at or below 80% AMI. About another third of single-family homes were assessed between \$200,000 and \$300,000 and still relatively affordable. Only 915 homes were assessed above \$300,000, representing 15% of the single-family stock. The highest assessed value was \$1,017,000 on Cislak Drive.

The median assessed value was \$198,100, very close to the median sales price between March 2017 through February 2018 and the median sales price of \$199,900 as of the end of 2017 according to Banker & Tradesman. The median assessed value of those single-family homes with accessory dwelling units was \$295,700, demonstrating the added value of properties with such units and also likely correlated to a somewhat larger size of homes that accommodate such apartments.

Table 5-11: Assessed Values of Single-family Dwellings and Condominiums

Assessment	Single-family Dwellings/With an		Condominiums		Total	
	#	%	#	%	#	%
Less than \$100,000	18	0.3	10	2.0	28	0.4
\$100,000-199,999	3,025+1	50.5	368	78.0	3,394	52.3
\$200,000-299,999	2,015+16	33.9	107	21.2	2,138	32.9
\$300,000-399,999	690+12	11.9	19	3.8	721	11.1
\$400,000-499,999	160+3	2.7	0	0.0	163	2.5
\$500,000-599,999	34	0.6	0	0.0	34	0.5
\$600,000-699,999	10	0.2	0	0.0	10	0.2
More than \$700,000	6	0.1	0	0.0	6	0.1
Total	5,958+32 ADUs = 5,990	100.0	504	100.0	6,494	100.0

Source: Ludlow Assessor, Fiscal Year 2018. Single-family home includes an Accessory Dwelling Unit (ADU)



There were 504 condos based on the FY18 assessments, representing about 6% of Ludlow's housing stock. More than three-quarters of the condos were assessed between \$100,000 and \$200,000 with another 21% of assessed between \$200,000 and \$300,000. The median assessed value was \$151,100, lower than the 2017 median sales price of \$172,000 based on The Warren Group's data.

Ludlow also has a significant number of small multi-family properties that include 463 two-family properties, or 926 units, which is higher than the number of units identified in the 2016 census estimates of 838 units. Almost all of these properties were assessed between \$100,000 and \$300,000 with a median of \$194,300.

Assessor's records also include 26 three-family properties with 78 units. As with the two-family dwellings, almost all of these structures are assessed in the \$100,000 to \$300,000 range. The three-families have a median of \$210,200. The census estimates combine the number of units in three and four-unit structures so comparisons between Assessor and census counts is not possible.

Ludlow also has a sizable stock of mixed-use properties that includes 613 properties with a residential component either as primary or secondary to a commercial or other use. Three-quarters of these properties were assessed between \$100,000 and \$300,000.

Table 5-12: Assessed Values of Small Multi-family and Mixed-use Properties

Assessment	Two-family Properties		Three-family Properties		Mixed-use Properties		Total	
	#	%	#	%	#	%	#	%
Less than \$100,000	0	0.0	0	0.0	5	4.6	5	0.8
\$100,000-199,999	261	56.4	12	46.2	28	25.9	301	49.1
\$200,000-299,999	189	40.8	13	50.0	52	48.1	254	41.4
\$300,000-399,999	9	1.9	1	3.8	15	13.9	25	4.1
\$400,000-499,999	2	0.4	0	0.0	16	14.8	18	2.9
\$500,000-599,999	2	0.4	0	0.0	4	3.7	6	1.0
\$600,000-699,999	0	0.0	0	0.0	1	0.9	1	0.2
More than \$700,000	0	0.0	0	0.0	3	2.8	3	0.5
Total	463 926 Units	100.0	26 78 Units	100.0	124	100.0	613	100.0

Source: Ludlow Assessor, Fiscal Year 2018.

Assessor's data indicates that there are very limited numbers of other types of properties in Ludlow that include the following:

- *Multiple houses on one lot* – There are 17 of these properties, ranging in assessed value from \$156,100 to \$474,400 and with a median of \$224,500.
- *4 to 8-unit structures* – Data indicates 39 such properties with assessed values of \$190,400 to \$592,100 and a median of \$279,700.
- *More than 8 units* – There are 14 properties that include more than eight (8) units, ranging from \$432,400 to \$2,017,100 in value with a median assessed value of \$793,000.
- *Mobile homes* – There were three properties included in Assessor's records, two on West Street assessed at \$213,000 and \$554,200 and another property on Miller Street valued at \$1,292,700.

These properties do not include the Ludlow Housing Authority developments that are assessed separately under charitable or non-profit categories.

Rentals

Table 5-13 presents information on the distribution of costs for renter-occupied properties for 2000, 2010 and 2016 based on U.S. Census Bureau figures. The median rent increased by 42% during this period, higher than the 38% rate of inflation. Ludlow's 2016 median rent of \$884 was also higher than the county of \$837 but lagging significantly behind the statewide median of \$1,102.

Table 5-13: Rental Costs, 2000 to 2016

Gross Rent	2000		2010		2016	
	#	%	#	%	#	%
Under \$200	43	2.6	0	0.0	206	10.2
\$200-299	67	4.0	47	2.7		
\$300-499	253	15.1	54	3.1		
\$500-749	763	45.4	413	23.9	1,012	50.0
\$750-999	415	24.7	684	40.0		
\$1,000-1,499	38	2.3	388	22.5	452	22.3
\$1,500-1,999	0	0.0	72	4.2	228	11.3
\$2,000+					24	1.2
No Cash Rent	100	6.0	67	3.9	101	5.0
Total	1,679	100.0	1,725	100.0	2,023	100.0
Median Rent		\$624		\$838		\$884

Source: U.S. Census Bureau, Census 2000 Summary File 3 and 2006-2010 and 2012-2016 American Community Survey 5-Year Estimates.

While almost 22% of Ludlow's rentals were renting for less than \$500 in 2000, by 2016 only 10.2% were priced within this range. On the other end of price range, 2.3% of rentals were leasing for more than \$1,000 in 2000 compared to 34.8% in 2016. **It is also important to note that the census counts included 293 subsidized rental units, about 15% of all rentals, thus making the rental market in Ludlow appear more affordable than it actually is.**

While there were limited numbers of rental listings, market rents are by in large higher as shown in the following internet listings from mid-March 2018:

- \$600 for a studio apartment located in a house.
- \$850 rent for a 1-bedroom, 1-bath apartment in Ludlow Center with 900 square feet.
- \$850 for a 2-bedroom, 1-bath unit with 850 square feet on Cypress Street.
- \$945 for a 2-bedrooom, 1-bath unit on Hubbard Street.
- \$1,100 for a 1-bedroom, 1-bath unit with 1,200 square feet on the second floor of a house on Hubbard Street. The listing indicates that the tenant must earn more than three times the rent level and applications must be submitted prior to any showings.
- \$1,350 for a 2-bedroom, 1.5 bath apartment at Waters Edge with 1,500 square feet.

5.5 Affordability Analysis

Affordability Gaps

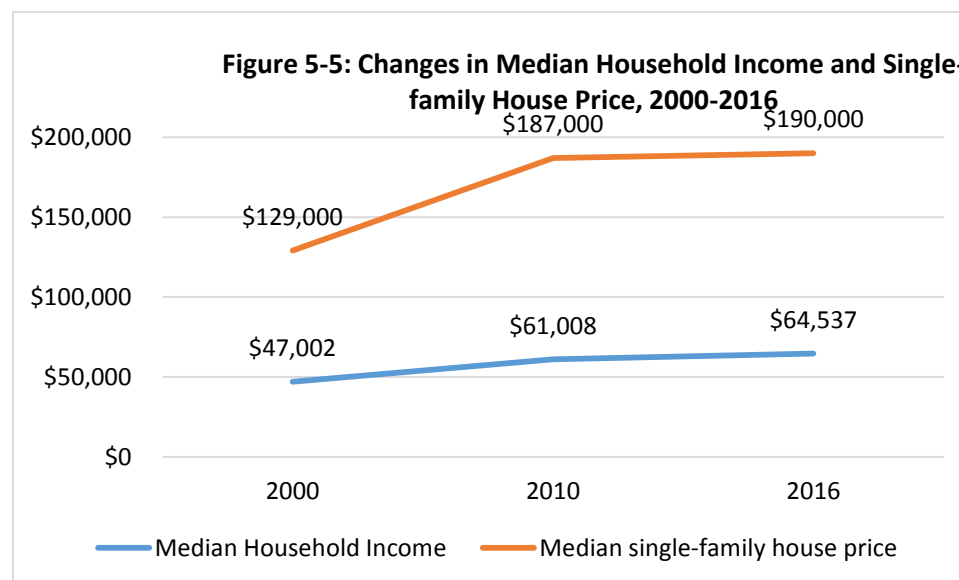
While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on residents' ability to afford them.

A traditional rough rule of thumb is 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 \$64,537 in Ludlow

could afford a house costing approximately \$161,342, which is 85% the median house price of \$190,000 in 2016. *This implies that the household in the middle of the town’s income range faced an “affordability gap” of approximately \$28,658 in 2016, the difference between the median price and the “affordable” one based on this analysis.*

Housing prices have in fact risen faster than incomes, making housing less affordable as demonstrated in Figure 5-5. As time went by the gap between median household income and the median single-family house price widened based on census data. While incomes increased by 37% between 2000 and 2016, the median single-family home price increased by 47%. Consequently, while Ludlow’s housing is relatively more affordable in comparison to other communities and state-wide levels, the question is how affordable are these prices to those who live in Ludlow?

In 2000 the median income was 36% of the median house price, then decreased to 33% by 2010, and remained about the same in 2016. Moreover, the gap between income and house value was \$81,998 in 2000, increasing to \$125,992 by 2010, and then remaining about the same at \$125,463 by 2016.



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 measure of affordability. To afford the median sales price of a single-family home of \$199,900, based on The Warren’s Group’s data as of the end of 2017, a household would have to earn an estimated \$49,000 assuming 80% financing, good credit and the ability to come up with down payment and closing costs of about \$45,000.¹⁶ Such upfront costs would be a huge challenge for many homebuyers, first-time purchasers in particular. If the buyer could qualify for 95% financing, from the state’s ONE Mortgage Program, MassHousing offerings, or government insured financing for example, the income required would increase somewhat to \$55,000. Such income is below the HUD limit for a three-person household earning at 80% AMI or \$57,600 in 2017 and \$58,100 in 2018 and confirms the relative affordability of Ludlow’s housing.

¹⁶ Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$19.01 per thousand, and insurance costs of \$6 per \$1,000 for single-family homes and \$4 per thousand for condos. Also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance.

The average household with a median household income of \$64,537 could likely afford a home costing about \$263,600 based on 80% financing and \$234,500 based on 95% financing. **There is therefore no affordability gap as the median priced single-family home (\$199,900) is lower than what a median income earning household can afford based on both 80% and 95% financing.**

In the case of condominiums, the median-priced condo of \$172,000 requires an income of about \$49,000 with 80% financing, the same as the higher-priced single-family home due to the inclusion of the condo fee in underwriting criteria. In regard to 95% financing, the income increases somewhat to \$54,200. Both incomes are below the 80% AMI limit for a three-person household of \$57,600 in 2017 and \$58,100 in 2018.

The median income earning household could afford a condo for about \$237,500 based on 80% financing and the need to come up with more than \$50,000 in cash for the down payment and closing costs. This analysis also assumes a monthly condo fee of \$200. **Therefore, currently there is no affordability gap for condos as what a median income earning household can afford is higher than the median condo price of \$172,000 according to the Banker & Tradesman data.**

Rentals

In regard to rentals, the gross median rent of \$884, as reported in the 2016 census estimates, requires an income of about \$43,460. Assuming an average monthly utility allowance of \$200 and the occupants paying no more than 30% of their income on housing, this rent is not affordable to an estimated 53% of Ludlow's renter households.

To afford a \$1,100 apartment, a more realistic market rent, a household would have to earn approximately \$52,000, again based on the assumptions above. This income is relatively comparable to the HUD maximum limit for a two-person household earning at the 80% AMI level of \$51,650, but much higher than the median income of renter households of \$37,361 and not affordable to about 62% of renter households.

Cost Burdens

Housing affordability is based on household income in relation to housing costs, and therefore it is also useful to identify numbers of residents living beyond their means based on their housing costs. The U.S. census provides data on how much households spend on housing whether for ownership or rental. Such information is helpful in determining how many households are encountering housing affordability problems, defined as spending more than 30% of household income on housing. Spending more than this threshold suggests that the household is "cost burdened" and may find it challenging to afford basics such as food, transportation and medical care for example. When households pay more than half of their income on housing they are considered "severely cost burdened".

Based on 2016 census estimates, there were 448 homeowners, or 7.5% of all homeowners in Ludlow, spending between 30% and 34.9% of their income on housing and another 804 owners, or 13.5%, spending more than 35% of their income on housing expenses. *Thus according to this data, more than 21% of all owners were overspending on housing.*

In regard to renters, 197 or 9.7% of renter households were spending between 30% and 34.9% of their income on housing costs and another 552 were spending 35% or more of their income *for a total of 749 renters who were overspending or 37% of all renter households.* **This data suggests that 2,001**

households or about 23% of all Ludlow households were living in housing that was by common definition beyond their means and unaffordable.

The U.S. Department of Housing and Urban Development (HUD) provides data on how many households were spending too much of their income on housing costs (also known as cost burdens) through its State of the Cities Data System's Comprehensive Housing Affordability Strategy (CHAS) report, which is summarized in Table 5-14. The table shows how many households were included in the particular category (by tenure, income and household type), how many were spending more than 30% of their income on housing, and how many were spending more than half of their income on housing. For example, the first cell indicates that there were 165 elderly renter households earning at or below 30% of median income with 95 spending between 30% to 50% of their income on housing and another 50 spending more than half of their income on housing costs or experiencing severe cost burdens.

Key findings from this data include the following:

Renters

- About 40% of the 1,919 renter households were experiencing cost burdens, almost all who were earning at or below 80% of median income.
- One-third or 630 renter households were earning above 80% MFI and likely include the most of the 607 households renting single-family homes (see Table 5-6).
- The data indicates that of the 539 senior households, 275 or about half were experiencing cost

burdens, all earning at or below 50% AMI with the exception of 30 earning more than 100% MFI. Those 219 households earning at or below 80% MFI without cost burdens were likely living in one of the 205 units of subsidized housing reserved primarily for seniors.

A HUD report suggests that 27% of all Ludlow households were spending too much on their housing including more than 764 households or 9% spending at least half of their income on housing costs. Of those 3,489 households earning at or below 80% of median income, representing about 42% of all households, 1,773 or 51% were experiencing cost burdens with 704 or 20% spending more than half of their income on housing costs.

- Of the 395 small families earning at or below 80% MFI, or 54% of all renter households, 235 or 59% were overspending on their housing. Of particular concern are the 130 families earning at or below 30% MFI with severe cost burdens as they were spending more than half of their limited incomes on housing. This is not surprising given the costs of rentals and only 16 subsidized family units.
- There were only 80 large families who rented in Ludlow, 70 earning at or below 80% MFI and 40 spending too much on their housing.
- 30% of renter households, or 575 households, were non-family, non-elderly renters, predominantly single individuals. Of these households, 370 or 64% were earning at or below 80% MFI, all experiencing cost burdens.

Owners

- Of the 6,305 total homeowners in this report, 1,437 or 23% were overspending on their housing that included 1,029 or 72% who earned at or below 80% MFI.
- About 65% of all owner households were earning more than 80% MFI, including 404 or 10% who were cost burdened.
- A total of 1,405 seniors had incomes at or below 80% MFI and of these 509 or 36% were spending too much including 229 or 16% with severe cost burdens.
- About 46% of the 435 small families earning at or below 80% MFI were spending too much including 80 or 18% who were spending more than half of their income on housing.
- Of the 360 large families, only 65 earned at or below 80% MFI and all but 10 had cost burdens. It may be that these 10 families were living in one of the 16 LHA units that are targeted to families.
- 58% of the 295 non-family, non-elderly owners earning at or below 80% MFI were overspending.

Table 5-14: Type of Households by Income Category, Tenure, and Cost Burdens, 2014

Type of Household	Households earning < 30% MFI/# with cost burdens **	Households earning > 30% to < 50% MFI/ # with cost burdens	Households earning > 50% to < 80% MFI/# with cost burdens	Households earning > 80% to < 100% MFI/# with cost burdens	Households Earning > 100% MFI/# with cost burdens	Total/# with cost burdens
Elderly Renters	165/95-50	174/90-0	115/0-0	10/0-0	75/0-30	539/185-80
Small Family Renters	130/0-130	60/60-0	205/45-0	85/0-0	245/0-0	725/105-130
Large Family Renters	0/0-0	25/0-25	45/15-0	0/0-0	10/0-0	80/15-25
Other Renters	90/0-75	115/75-25	165/10-35	40/0-0	165/0-0	575/85-135
Total Renters	385/95-255	374/225-50	530/90-35	135/0-0	495/0-30	1,919/390-370
Elderly Owners	260/60-130	545/135-75	600/85-24	255/55-0	535/15-0	2,195/450-229
Small Family Owners	35/0-35	90/4-30	310/115-15	325/120-0	2,315/135-30	3,075/374-110
Large Family Owners	0/0-0	10/10-0	55/45-0	65/0-0	230/30-0	360/85-0
Other Owners	115/45-35	50/25-10	130/45-10	70/4-0	310/15-0	675/134-55
Total Owners	410/105-200	695/174-115	1,095/390-45	715/179-0	3,390/195-30	6,305/1,043-394
Total	795/200-455	1,069/399-165	1,625/480-84	850/179-0	3,885/195-60	8,224/1,443-764

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey, 2010-2014. Median family income (MFI) is the equivalent of area median income (AMI) in this report.

** First number is total number of households in each category/second is the number of households paying between 30% and up to 50% of their income on housing (with cost burdens) – and third number includes those who are paying more than half of their income on housing expenses (with severe cost burdens). Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households. Small families have four (4) or fewer family members while larger families include five (5) or more members.

Foreclosures

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

There has been some foreclosure activity in Ludlow with 39 homeowners losing their homes during the last decade as shown in Table 5-15. While there were no foreclosures prior to 2010, there have been 39 foreclosure auctions and 60 petitions since then with the highest level of foreclosure activity in 2017. With six petitions to foreclose and three actual auctions in less than a quarter of 2018, this year may surpass numbers from last. Front page news from the September 12, 2015 edition of *The Boston Globe* was headlined, “Housing Crash Lingers in Mass.” The article stated that “about two-thirds of Massachusetts cities and towns have yet to climb back to the peak prices reached in 2005” and further offered, “Foreclosure activity in the state is just a fraction of what it was at the worst of the crisis in 2009 and 2010, but the surge of Massachusetts foreclosures in the last year was the 12th biggest in the nation.” The article then pointed out that much of the jump in foreclosure activity since 2015, which was also experienced in Ludlow, relates to a backlog of cases that have been on hold pending court cases and the need to clarify new regulations.¹⁷

Table 5-15: Foreclosure Activity, 2007 through March 15, 2018

Year	Petitions to Foreclose	Foreclosure Auctions	Total Activity
1/1/18-3/15/18	6	3	9
2017	20	5	25
2016	14	5	19
2015	2	2	4
2014	3	3	6
2013	1	3	4
2012	5	5	10
2011	1	7	8
2010	8	6	14
2009	0	0	0
2008	0	0	0
2007	0	0	0
Total	60	39	99

Source: The Warren Group, March 16, 2018.

5.6 Subsidized Housing Inventory (SHI) – All affordable units are rentals, most for seniors and younger disabled residents, and 57% of units are owned and managed by the Ludlow Housing Authority

Current Inventory

Of the 8,337 year-round housing units in Ludlow, 293 or 3.51% meet the Chapter 40B requirements and thus have been determined to be affordable by the Commonwealth of Massachusetts as part of what is called a Subsidized Housing Inventory (SHI). There is a current gap of 541 units to reach the 10% threshold without considering future growth that will increase the number of year-round housing units and the 10% goal over time.

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

¹⁷ Woolhouse, Megan, *The Boston Globe*, September 12, 2015.

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 municipal departments as part of the normal regulatory process. Here the ZBA takes the lead and consults with the other relevant departments (e.g., Building Department, Planning, Fire Department, Board of Health, etc.) on a single application. The Conservation Commission retains jurisdiction under the Wetlands Protection Act with the Department of Environmental Protection, the Building Inspector applies the State Building Code, and the Board of Health enforces Title 5.

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

- Must be part of a “subsidized” development built or approved 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 (or 20% of the units targeted to those earning at or below 50% AMI) with rents or sales prices restricted to income levels defined each year by the U.S. Department of Housing and Urban Development (HUD).
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by DHCD.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

The Town has only encountered three Chapter 40B applications over the years. In 2001, South View Estate (Atwater Investors, Inc.) was the first proposed 40B development with 241 condo units. The ZBA approved the project, but it was never built through the 40B process as the developer came back to the Planning Board for a zone change and approval of 168 condominiums instead. The Stevens Memorial Building at 12 Chestnut Street was the second 40B development with HAPHousing (now renamed Way Finders, Inc.) as the developer. This project reutilized an abandoned building and created 28 units of affordable housing with considerable buy-in from the Town. The Town received a third comprehensive permit application from Way Finders in 2017 to build 43 affordable rental units at 188 Fuller Street, which is now under appeal.

Current SHI units are listed in Table 5-16 and described below.

Table 5-16: Ludlow's Subsidized Housing Inventory (SHI)

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Chestnut Street Development*	34	Rental/DHCD	No	Perpetuity
Colonial Sunshine Manor*	48	Rental/DHCD	No	Perpetuity
Colonial Sunshine Manor*	28	Rental/DHCD	No	Perpetuity
State Street Development*	40	Rental/DHCD	No	Perpetuity
NA Scattered Sites*	10	Rental/DHCD	No	Perpetuity
John Thompson Manor*	6	Rental/DHCD	No	Perpetuity
DDS Group Homes	24	Rental/DDS	No	NA
Ludlow Mills Housing	75	Rental/MassHousing and DHCD	No	2067
Stevens Memorial/12 Chestnut	28	Rental/DHCD	Yes	2064
TOTAL	293	All Rentals/259 or 88% targeted to seniors and younger disabled residents	28 units or 9.6% used 40B	103 or 35% expiring use units

Source: Massachusetts Department of Housing and Community Development, March 1, 2018

* Ludlow Housing Authority developments.

Of the 293 units on Ludlow's SHI, 166 state-assisted units are owned and managed by the Ludlow Housing Authority (LHA) that includes 57% of Ludlow's affordable units. Only 16 of these units are currently for families. LHA developments include:

- *Chestnut Street Development*
The project includes 32 one and two-bedroom units and two congregate units for seniors.
- *State Street Development*
The State Street Development includes 40 one-bedroom units for seniors and younger disabled persons.



Colonial Sunshine Manor

Scattered Sites

LHA has developed ten single-family homes, each with three-bedrooms, which are scattered in Ludlow for families.

Colonial Sunshine Manor/Wilson Street

This project includes 76 one-bedroom units for seniors and younger disabled persons.

John Thompson Manor

There are also six three-bedroom units in condominium-style apartments for families on

Benton/Butler Streets as part of John Thompson Manor.

LHA maintains the following separate waitlists:

- *Elderly/Disabled One-bedroom Units*
There is a total of 229 applicants, 73 or 32% of which are residents. The list also includes 17 veterans, 5 who are residents, involving 1 requiring a wheelchair accessible unit.

- *Elderly/Disabled Two-bedroom Units*

This list includes 1 applicant who is both a resident and a veteran.

- *Family Two-bedroom Units*

There are 90 applicants on the waitlist, 18 or 20% who are residents which includes 1 resident veteran.

- *Family Three-bedroom Units*

This waitlist includes 79 applicants, 8 who are residents.

LHA indicates that waits for residents and veterans range from 3 to 5 years in their elderly/disabled units, however down to 1 to 2 years if the applicant is both a resident and veteran. Units in the family developments rarely turnover. Those who meet emergency qualifications, such as victims of domestic violence or homeless for example, go to the top of the waitlists.

LHA developments include 5 wheelchair accessible apartments at Wilson Street/Colonial Sunshine Manor, 3 at Chestnut Street, and 1 of their houses. A sensory modified unit has also been created at Wilson Street. The Housing Authority must also make “reasonable accommodations” for those with special needs that require some modifications to their units.

Rental subsidies, such as the Section 8 Housing Choice Vouchers or the Massachusetts Rental Voucher Program (MRVP) vouchers, are not administered by LHA but by Way Finders (formerly HAPHousing).

Other developments with affordable units have included the following:

- *Ludlow Mills Housing/Residences at Mill 10*



Residences at Mill 10

with a full amenity package.

Founded in 1868, the Ludlow Manufacturing Company built the Ludlow mill complex and became one of the world’s largest producers of jute. In 2016, Winn Development purchased the Ludlow Mill to re-purpose the iconic structure into 75 modern apartments for seniors. Today, Residences at Mill 10 offers one and two-bedroom apartments



- *Stevens Memorial Housing*

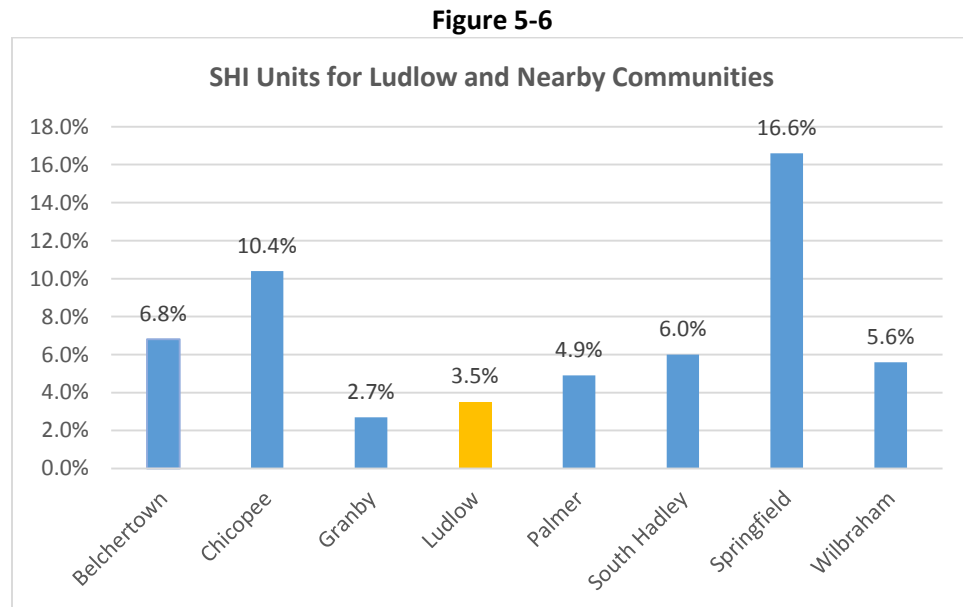
The Town issued HAPHousing, Inc. (renamed Way Finders) a comprehensive permit under Chapter 40B to rehabilitate and convert the Stevens Memorial Building in downtown Ludlow into 28 subsidized rental units for the elderly and disabled. The historic building was originally built as a recreation center for Ludlow Mill workers. Financing included the HUD Section 202 Program as well as state subsidies under the HOME Program, Housing Stabilization Fund,

Stevens Memorial Housing

and Affordable Housing Trust Fund. The units were completed and occupied in the fall of 2014. While the SHI indicates that the affordability of these units is due to expire in 2064, because these units were built by a non-profit organization with a commitment to producing and preserving affordable housing, it is likely that they will make every effort to extend affordability for as long a period as possible.

Ludlow's SHI also includes 24 units in group homes for persons with developmental disabilities, sponsored by the Massachusetts Department of Developmental Services (DDS).

It should be noted that many communities in the state have been confronting challenges in boosting their supply of affordable housing. The affordable housing levels for Ludlow and nearby communities are visually presented in Figure 5-6 from state information as of September 14, 2018. Affordable housing production varies substantially among these communities, ranging from a low of 2.7% in Granby to a high 16.6% for the City of Springfield. It is not surprising that the cities of Chicopee and Springfield have such high affordability levels given their much greater access to ongoing state and federal resources as well as higher levels of poverty and substandard housing.



Proposed or Pending Projects

The following projects are proposed to include affordable units:

- ***188 Fuller Street***
The Town received a comprehensive permit application from Way Finders, Inc. (formerly HAPHousing) on February 15, 2017 to build 43 affordable rental apartments in seven buildings and an associated community building at 188 Fuller Street. All of the units are proposed to be affordable to households earning at or below 60% AMI. The ZBA issued its decision on October 5, 2017, which included a host of conditions that the developer is currently appealing.

- *Smart Growth Overlay District (SGOD) – Clock Tower Building*
Ludlow has also adopted a Smart Growth Overlay District under Chapter 40R in October 2013 to encourage mixed-use development as well as affordable housing in an area of Ludlow that includes approximately 226 acres in the East Street Corridor, Riverside and Ludlow Mill Mixed Use Sub-Districts. This zoning is anticipated to incentivize new mixed-use and residential development that will include affordable units. (See Section 6 for more details on this zoning.) An 89-unit project is proposed as part of the conversion of the Clock Tower building at Ludlow Mills.

5.7 Targeted Housing Needs

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

1. *Households with Limited Incomes – Need Subsidized Rental Opportunities (Goal of 80% of new units)*

There still remains a significant population living in the community with very limited means. Continuing long waits for Housing Authority units and substantial cost burdens suggest the need for an increasing number of subsidized rental units.

Table 5-17: Rental Unit Gap Analysis

Income Group	Income Range*	Affordable Rent**	# Renter Households	# Existing Aff. Units***	Need
Less than 30% AMI	\$21,600 and less	Less than \$340	385	35	350
Between 30% and 50% of AMI	\$21,601 to \$36,000	\$341 to \$700	374	99	275
Between 50% and 80% AMI	\$36,001 to \$57,600	\$701 to \$1,240	530	425	105
<i>Subtotal</i>			<i>1,289</i>	<i>559</i>	<i>730</i>
Between 80% and 100% AMI	\$57,600 to \$59,940	\$1,241 to \$1,298	135	135	0
More than 100%	More than \$59,940	More than \$1,298	495	465	30
<i>Subtotal</i>			<i>630</i>	<i>600</i>	<i>30</i>
Total			1,919	1,139	760

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

The analysis included in Table 5-17 projects a shortage of 750 rental units for low- and moderate-income renters based on numbers of households who were overspending with respect to housing costs. If the analysis focused only on those earning at or below 80% AMI and spending more than half of their income on housing costs, there would still be a significant number of 340 households. Moreover, this data was based only on existing renters in Ludlow and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of an increasingly costly housing market. Also, while the deficit of affordable rental units is about half that for homeownership (see Table 5-20), because rental units proportionately comprise only about 25% of Ludlow's occupied housing stock, the

need for more affordable rentals is more pressing. A representative from the Council on Aging stressed that many seniors were interested in moving into senior housing but waits for such units were long.

A further analysis of the rental needs of different types of households is included in Table 5-18, indicating that in 2014 there were 760 renter households spending too much of their income on housing costs almost all who were earning at or below 80% of area median income (AMI). Reviewing the proportionate need of seniors, families, and non-elderly single individuals, seniors comprise 35% of those with cost burdens, families make-up about another 36%, and non-elderly individuals about 29%.

Table 5-18: Cost Burdens by Type of Renter Household

Income	Elderly	Small Families	Large Families	Other Renters	Total
< 30% AMI	145	130	0	75	350
30-50% AMI	90	60	25	100	275
50-80% AMI	0	45	15	45	125
<i>Subtotal</i>	<i>235</i>	<i>235</i>	<i>40</i>	<i>220</i>	<i>730</i>
80-100% AMI	0	0	0	0	0
>100% AMI	30	0	0	0	30
<i>Subtotal</i>	<i>30</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>30</i>
Total	265 (35%)	235 (31%)	40 (5%)	220 (29%)	760 (100%)

Source: 2014 HUD SOCDS CHAS Data

This Housing Plan recommends that rental housing goals involve a distribution largely in line with that which is presented in Table 5-19 based on annual housing goals over the five-year term of this Housing Production Plan. Given the substantial cost burdens among seniors and single individuals, there is clearly a need for smaller units while the provision of affordable family housing must be a priority given such limited numbers and long waits for subsidized family units.

Table 5-19: Projected Distribution of Rental Units, 2018 to 2022

Target Renter Household	Target Unit Size	Proportion of Need	# Affordable Rental Units
Seniors/Individuals	One bedroom	45%	77
Small Families	Two bedrooms	45%	77
Large Families	Three+ bedrooms	10% ¹⁸	17
Total		100%	171*

Source: 2014 HUD SOCDS CHAS Data*Based on annual housing production goal of 42 units for 2018, 2019 and 2020 and then to 44 units in 2021 and 2022 for a total of 214 units, approximately 80% of which would be targeted as rentals over the five-year term of this Housing Production Plan

2. Homeownership Need – Goal of 20% of new units produced

Table 5-20 is based on the HUD CHAS report summarized in Table 5-14, comparing numbers of households earning within income categories to units that are affordable to them. These calculations

¹⁸ The state's subsidizing agencies (e.g., MassHousing, Massachusetts Housing Partnership, DHCD, MassDevelopment, etc.) have entered into an Interagency Agreement that provides more guidance to localities concerning housing opportunities for families with children and are now requiring that at least 10% of the units in affordable production developments that are funded, assisted or approved by a state housing agency have three (3) or more bedrooms with some exceptions (e.g., age-restricted housing, assisted living, supportive housing for individuals, SRO's, etc.).

suggest that there is a 1,437-unit deficit in homeownership units, including 1,029 units for those earning below 80% AMI.

As noted earlier, only units that are occupied by those earning at or below 80% of area median income and meet other state requirements can be counted as part of the Subsidized Housing Inventory.

Moreover, it is difficult for existing homeowners to qualify for new affordable housing opportunities as there are limits on financial assets and current ownership in state requirements. For example, state requirements regarding assets limit qualifying purchasers of age-restricted housing (55 years and over) to no more than \$200,000 in net equity from a previous house owned within the last three years and an additional \$75,000 in financial assets. This puts many seniors out of the running for affordable housing that can be counted as part of the Subsidized Housing Inventory.

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

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

Nevertheless, support for homeownership housing does respond to several important local needs. First, the decline in younger adults and families suggests the need for affordable starter units to enable them to take root and invest in the community. Second, seniors would benefit from more housing options, including condos, which will help them live independently in less isolated settings that better meet their current lifestyles without the hassles of home maintenance. Third, a representative from the Council on Aging indicated that most seniors prefer to stay in their homes but are having a difficult time affording rising costs associated with transportation, property taxes, utilities, etc. The Town should explore efforts to provide such assistance such as the Housing Rehab Program mentioned below, additional tax relief, and other supportive services.

Table 5-20: Homeownership Gap Analysis

Income Group	Income Range*	Affordable Sales Prices for Single-family/Condo ¹⁹	# Households **	# Existing Affordable Units**	Need
Less than 80% AMI	Less than \$57,600	Less than \$209,400/\$185,000	2,200	1,171	1,029
Between 80% and 100% AMI	\$57,601 to \$59,940	\$209,401 to \$218,000/\$185,001 to \$193,500	715	536	179
Above 100% AMI	Above \$59,140	Above \$218,000/\$193,500	3,390	3,165	225
Total			6,305	4,872	1,433

Sources: *Based on 2017 HUD Income Limits for household size of three persons

** Based on 2014 HUD SOCDS CHAS data (see Table 5-14)

¹⁹ Figures based on 95% financing, interest of 4.5%, 30-year term, annual property tax rate of \$19.01 per thousand, and insurance costs of \$6 per \$1,000 for single-family homes and \$4 per thousand for condos. Also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. Also assumes that purchasers will qualify for 95% through either government subsidized or insured mortgage programs such as the ONE Mortgage Program, MassHousing mortgages, or other insured offerings.

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

Given that 15% of residents claim some type of disability and that those 65 years of age and older are projected to increase from 10.8% of the population in 2010 to potentially as much as one-fifth of all residents by 2030, more focus must be on how to provide support to these populations to enable them to live actively and independently in the community. Handicapped accessibility and supportive services (such as those offered by the Council on Aging or through assisted living options as well as transportation, home maintenance and other service-related programs) should be integrated into new housing production efforts.

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

More than two-thirds of Ludlow's housing stock was built prior to 1980 and thus many units are likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Programs are needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households.

5. Summary of Housing Needs

Based on the above listed indicators of need and past and current affordable housing development patterns, this Housing Needs Assessment recommends that housing production goals incorporate an 80% to 20% split between rental and ownership units. Given annual housing production goals of 42 units per year for the first three years and an estimated 44 during the last two years, the following housing goals by targeted need are proposed:

Table 5-21: Summary of Housing Production Goals Based on Targeted Needs

Type of Units	Target Populations	5-Year Goals*
Rental Housing (@80% of units)	Seniors, Individuals & Disabled (45%)	77
	Families (55%)	94
	<i>Subtotal</i>	<i>171</i>
Homeownership (@20% of units)	Seniors, Individuals & Disabled (25%)	11
	Families (75%)	32
	<i>Subtotal</i>	<i>43</i>
Total		214
Handicapped accessibility/ supportive services	Seniors, Individuals & Disabled (at least 20%)	18
	Families (at least 10%)	13
	<i>Subtotal</i>	<i>31</i>
Housing Improvements	A portion of ownership units	10

* Based on annual housing production goal of 42 units that is likely to increase to 44 units in 2021 and 2022.

6. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

It will be a great challenge for the town of Ludlow to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of the following development constraints:

6.1 Infrastructure

A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer and water services throughout areas of town that raises concerns about the impacts of any new development on the environment. In fact, most of the Town's infrastructure was initially developed in the early 1900s by the Ludlow Manufacturing Company and some parts of the system remain outdated.

Sewer

The Springfield Water and Sewer Commission treats Ludlow's wastewater at the Bondi's Island Treatment Plant, and Ludlow's Department of Public Works is responsible for collection services to approximately 55% of the community with service primarily towards the southern part of town closer to the Mass Pike. Consequently, most of the outlying rural areas are not served and still rely on septic systems which can have high replacement costs for lower income owners and raise environmental concerns, particularly when systems are close to wells used for drinking water.

Water

Ludlow's water comes from the Borden Brook and Cobble Mountain Reservoirs about 30 miles from town through the Springfield Water and Sewer Commission. Ludlow's emergency water supply comes from the Springfield and Quabbin Reservoirs. Water services are provided to about 65% of Ludlow properties, once again with services concentrated in the more developed areas closest to the Mass Pike. Outlying areas must therefore rely on wells.

Mitigation Measures

The Town conducted a Comprehensive Wastewater Management Plan to evaluate the sewage collection, treatment and disposal needs of the Town for the next 20 years. The Plan, required by Massachusetts Department of Environment Protection (DEP), recommended infrastructure enhancement projects to improve the Town's aging system and meet community's needs. The Town will expect that any significant new development will be able to connect to the existing sewer system or provide special treatment facilities. In fact, the Town has been extending sewer services to older, smaller lot areas where septic systems are in close proximity to wells used for drinking water.

6.2 Zoning

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, Ludlow's Zoning Bylaw embraces zoning that maintains low housing densities in most residential areas in an effort to protect the environment and maintain its community character. Such constraints, however, also limit the construction of affordable housing and promote suburban sprawl.

Table 6-1 summarizes use and area requirements for the nine Districts that allow residential uses. These Districts represent 90% of the community's land area. Additionally, three-quarters of the town is zoned Agricultural, which also allow single-family homes on almost one-acre lots. Besides special Overlay Districts, permitted residential uses include:

- Single-family homes are allowed in all of the Districts included in Table 6-1.
- Two-family dwellings are permitted by-right in the RB District and by Site Plan Approval from the Administrative Review Committee in the Mill Redevelopment District.
- Multi-family development is restricted to the RB District with a Special Permit and Site Plan Approval from the Planning Board and by Site Plan Approval from the Administrative Review Committee in the Mill Redevelopment District.
- Accessory Apartments are allowed by Special Permit of the Planning Board in the RA-1, RA, RB, A, and AMD Districts (see description of the bylaw below).
- Mixed-use development is allowed by Site Plan Approval of the Administrative Review Committee in the Mill Redevelopment District.

**Table 6-1: Summary of Dimensional Requirements of Zoning Districts
With Permitted Residential Uses**

District	Required Lot Area	Minimum Frontage
Residential		
RA-1 Single-family	15,000 sq. ft.	90 feet
RA Single-family	15,000 sq. ft.	90 feet
RB Single-family	15,000 sq. ft.	90 feet
RB Two-family	21,780 sq. ft. (1/2 acre)	90 feet
RB Three and Four-family	30,000 sq. ft.	140 feet
RB Dwellings with more than four units	43,560 sq. ft. (1 acre)	200 feet
Agricultural		
Agriculture Any permitted use	40,000 sq. ft.	140 feet
Agriculture Moderate Density Overlay Any permitted use	40,000 sq. ft.	140 feet
Mill Redevelopment District		
MRD	25,000 sq. ft.	50 feet

Source: Town of Ludlow Zoning Bylaw

Ludlow also has two Business Districts that are principally located on Center and East Streets while the majority of Industrial zoning is located in the northwest part of town at the Westover Industrial Area or along the Chicopee River for the Ludlow Mills. Ludlow also has five Overlay Districts including the Water Supply Protection District, Floodplain District, Agriculture Moderate Density District, Aircraft Flight District, and East Street Revitalization District that modify allowable uses in the underlying zone but do not change the underlying lot size requirements.

Mitigation Measures

This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations and making them “friendlier” to the production of affordable housing and smart growth development (see Section 8.2).

Additionally, Ludlow has made significant progress in promoting smart growth development, greater housing diversity, and affordable housing through the following zoning provisions:

- *East Street Revitalization Overlay District*²⁰
The East Street Revitalization Overlay District was created to encourage the preservation and redevelopment of the East Street Corridor, a major business area, allowing both single and multi-family residential development as permitted in the RB Districts (including accessory apartments with Special Permit approval) and mixed commercial and residential development. Thus far, two 2-family duplexes have been built on East Street.
- *Smart Growth Overlay District (SGOD)*²¹
The Town approved a Smart Growth Overlay District in October 2013 in accordance with M.G.L. Chapter 40R. The District includes 226 acres and contains the following Sub-Districts:
 - East Street Corridor Mixed Use Sub-District
 - Riverside Mixed Use Sub-District
 - Ludlow Mills Mixed Use Sub-District

The state enabling legislation 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 open 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.”²² 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 (should have pedestrian access as well as sufficient infrastructure available);
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable and eligible for inclusion in the Town’s Subsidized Housing Inventory;²³
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities and other potential subsidies in support of municipal development efforts including incentive payments based on the

²⁰ Ludlow Zoning Bylaws, Section 5.4.

²¹ Ludlow Zoning Bylaws, Section 5.5.

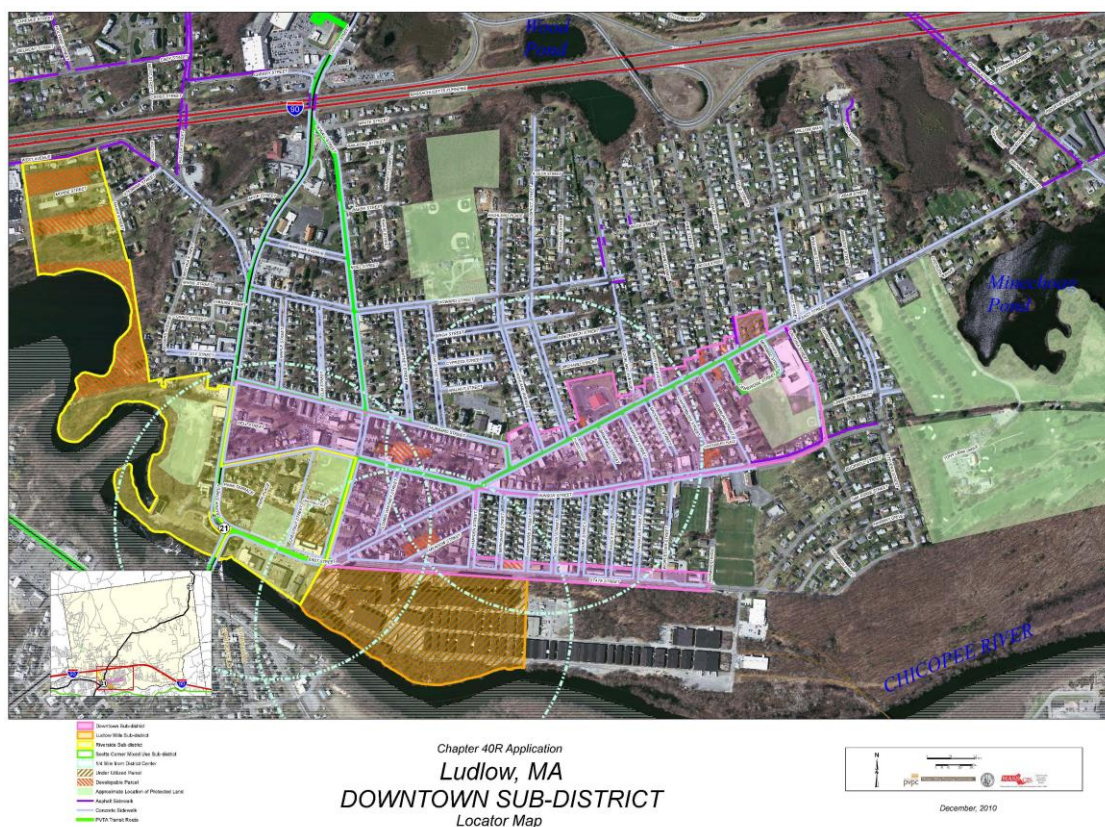
²² Massachusetts General Law, Chapter 40R, Section 11.

²³ Like Ludlow’s bylaw, a community can insert language into its Smart Growth Overlay District that states all units in a rental development will be counted as part of the Subsidized Housing Inventory (SHI) or towards Housing Production goals where at least 25% of the units are affordable based on state requirements.

- projected number of units and bonuses of \$3,000 per unit when building permits are issued; and
- Encourages open space and protects historic districts.

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 is a complementary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

Ludlow's bylaw details dimensional and density requirements by Sub-District for various housing types as well as parking requirements.



- **Mill Redevelopment District (MRD)²⁴**
This bylaw was adopted to promote large-scale development of at least 50 acres with at least three permitted uses, guided by a Comprehensive Plan. In addition to mixed-use development, multi-family housing production is allowed although residential units produced through the bylaw are limited to 250 units. The Planning Board has the discretion to increase the number of units beyond this threshold if it determines that additional units will not have an adverse effect. The bylaw also requires that a minimum of 5% of the land area must be preserved as open

²⁴ Ludlow Zoning Bylaws, Section 4.4.

space. Site Plan Approval is also required by the Administrative Review Committee following the issuance of the Special Permit.

Thus far, Winn Development has created 75 units of senior housing at the Ludlow Mills (Residences at Mill 10). As the bylaw allows 250 units of housing to be built, up to 175 more units of housing can still be created. Additionally, the bylaw can be changed to allow for additional units, if necessary.

- *Accessory Apartment Bylaw*²⁵
Accessory apartments are allowed under Special Permit of the Planning Board in the Residential and Agricultural Districts with the following major requirements:
 1. Complete separate housekeeping unit with owners occupying either the primary or accessory unit.
 2. The additional unit must be occupied by a family member: mother, father, sister, brother, son, daughter, uncle, aunt, grandmother, grandfather and/or their spouses.
 3. The exterior appearance should be designed to look like a single-family home to the greatest extent possible.
 4. The unit should be no greater than 800 square feet nor have more than one bedroom.
 5. At least two off-street parking spaces should be provided.
 6. Dwellings must be in existence and not altered for at least three years before applying for the Special Permit.
 7. The Special Permit has a term of four years that may be renewed automatically given proof of owner-occupancy and occupancy of a family member.
 8. The Special Permit will expire upon the transfer of title or sale of the property. The new owner must reapply for the Special Permit.

Thus far, a total of 32 Accessory Dwelling Units have been permitted, 28 with continuing permitting.

6.3 Environmental Concerns

Ludlow provides a critical ecological link for important regional natural resources including the Connecticut River Valley, the Quabbin Reservoir, the Holyoke Range and the Chicopee River. It is not surprising that Ludlow residents have shared historical concerns for maintaining local natural assets including a high priority for preserving its water resources and open space.

During the master planning process in 2010-2011 for example, open space was identified as a critical issue. The Master Plan concluded that, “While Ludlow has a wealth of natural resources for a town of its size, unchecked low-density residential development could slowly devour its unprotected lands, impacting water quality, wildlife habitat, rural character and scenic landscapes. Therefore, farmland and open space protection are a significant issue, and many residents are particularly concerned about loss of farmland as the town continues to develop at a rapid pace”²⁶ Even with a large amount of protected open space (35% of Ludlow’s total land area) and development concentrated in the lower part of the community, some residents are unaware of these resources and have little access to existing open space.

²⁵ Ludlow Zoning Bylaws, Section 6.6.

²⁶ Pioneer Valley Planning Commission, Ludlow Master Plan, December 2011, page 95.

The Town's 2013 Open Space and Recreation Plan indicates that "since 1971, a total of 2,100 acres of land in Ludlow have been developed and 1,400 acres of forest and 650 acres of farmland and pasture have been lost. While this is consistent with regional and state trends, the loss of farms and forests altered the landscape and character of the community. The once rural agricultural lands in the outskirts of town are now more suburban in character. Ludlow experienced the greatest increase in developed land in the form of residential lots greater than ½ acre in size."²⁷

Ludlow also has significant environmental challenges that present obstacles to new development including:

- *Soils*
Areas in the denser parts of town include loose soils that are conducive to development. Other areas of town are often more characterized by steep slopes, upland hills, forests and glacial rock and consequently less conducive to development.
- *Floodplains*
Ludlow has a number of flood hazard areas, the two largest along the Chicopee River, Ludlow's southern boundary. Another is in the Westover Wildlife Management Area with several large wetlands and ponds. Approximately 1,167 acres of land are within FEMA's designated 100-year floodplain, including 167 structures.
- *Wetlands and Vernal Pools*
The Town also has a considerable amount of wetlands that are important ecosystems for preserving the community's environmental health and wildlife habitats while preventing flooding. Some of the larger wetlands are located in the Westover Wildlife Management Area and along Second Pond and Minnechoag Brook. The Town has four confirmed vernal pools that also provide important wildlife habitats. These areas, along with smaller tributaries, are currently within unprotected land that is at risk of future development.
- *Rare or Endangered Species*
The Town has abundant wildlife with some species listed in the state's Natural Heritage and Endangered Species Program as being endangered including the Upland Sandpiper, and Many-fruited False-loosestrife (plant). Threatened species include the Marbled Salamander, Grasshopper Sparrow, Bald Eagle, and Dwarf Bulrush. Species "Of Special Concern" include the Blue-spotted Salamander, Common Loon, Wood Turtle, and Climbing Fern.

The Town's most valuable habitat areas include the Facing Rock Wildlife Management Area and the Springfield Reservoir area in the northern part of town, where forest areas have been less disturbed. Minnechoag Mountain is perhaps the most threatened area of high habitat value.
- *DEP 21E Sites*
The Town has 173 sites on DEP's current list of 21E areas where uses and activities are limited and which will involve attention to mitigate environmental problems. Twenty-seven of the sites involve hazardous waste, quite a few of which were associated with the Ludlow Mills property.

²⁷ Pioneer Valley Planning Commission, Ludlow Open Space and Recreation Plan, January 2013, page 25.

Of the total hazardous waste sites, seven were in various phases of clean-up. The remaining sites involved the presence of oil and of these 17 are in various phases of remediation.

Mitigation Measures

The Town's Natural Hazard Mitigation Plan suggests, that to the greatest extent possible, new construction should not be allowed in flood prone areas; that wetlands, farmland and open space should be protected to provide flood storage capacity; and that impervious surfaces should be minimized. The Town's zoning, including the Water Supply Protection Overlay District and Floodplain Overlay District, also provide further protection of the water supply and limit development in the 100 year floodplain.

This Housing Plan includes a strategy for the Town to explore the prospects of approving Community Preservation Act (CPA) funds that will not only provide subsidies for affordable housing but also offer regular funding for open space preservation and improvements. Additionally, proposed zoning changes that are included in this Plan, along with existing zoning bylaws such as the Chapter 40R district, should help promote smart growth principles, guiding new development to appropriate locations and levels of density. Moreover, the Town will carefully assess the impacts of any new development in order to reduce adverse environmental impacts that might result before approvals are issued.

6.4 Transportation

The Town of Ludlow is located in the southern part of the Pioneer Valley bisected by the Massachusetts Turnpike and also served by Interstate 291. It therefore has excellent highway access to Worcester, Springfield and points further east to Greater Boston. The Town's Master Plan indicates that despite Ludlow's highway access, problems related to high traffic volumes, excessive speeds, and congestion and can have negative impacts on the community, pedestrian and bicycle safety in particular.²⁸

The Town is not connected to passenger rail service and has limited bus service, and it is therefore not surprising that only 40 or 0.4% of workers used public transportation according to the 2016 census estimates. Consequently, it is very important for residents to have access to cars, which can be a financial burden on lower income households. Some local transportation services for seniors are offered by the Senior Center's van program however.

Mitigation Measures

Opportunities to direct development to areas that are most conducive to higher densities, in that they are closer to commercial areas, such as the Smart Growth Overlay District, may serve to reduce transportation problems somewhat. This Housing Plan suggests expanding this Overlay District to further smart growth opportunities in the community. Additionally, the state added a commuter parking lot behind McDonald's on Center Street on Mass Turnpike Authority property to promote more transportation efficiencies.

6.5 School Enrollment

While many communities have concerns about the impacts of new housing construction on school capacity, this should not be a problem for Ludlow, at least in the foreseeable future. The Ludlow Public School District enrollment has been decreasing over the past decade or so with total enrollment at 2,646 students in the 2017-18 school year, down from a high of 3,116 in 2004-5. Enrollment projections from

²⁸ Pioneer Valley Planning Commission, Ludlow Master Plan, December 2011.

Massachusetts School Building Authority (MSBA) indicate continuing declines to 2,314 students by 2020 and 1,982 by 2025.

Mitigation Measures

This Housing Production Plan involves annual housing production goals specified by the state of 42 units per year (0.5% of Ludlow's year-round housing stock) of which about 60% are estimated to be targeted to families. Most of the rental units produced would include one or two bedrooms given the growth in smaller households and 10% with three-bedrooms with only an estimated 32 homeownership units for families, many of those to be part of the proposed Housing Rehab Program targeted to existing owners. These units are unlikely to cause any significant problems in the town's current school capacity.

6.6 Availability of Subsidy Funds

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 competitive. On the other hand, new state resources have been introduced that could be helpful in supporting Ludlow's housing agenda.

Unlike more than half of the communities in Massachusetts, Ludlow does not have an important local resource for subsidizing affordable housing – the Community Preservation Act (CPA). Under CPA, at least 10% of the funding raised through a local property tax surcharge and additional funding through the statewide CPA Trust Fund, must be directed in support of efforts to preserve and produce affordable housing, with at least another 10% allocated for each of open space preservation and recreation as well as historic preservation. The Town could benefit from funding support for all of these activities.

Mitigations Measures

This Housing Production Plan includes a recommendation to explore the adoption of the Community Preservation Act (CPA) in Ludlow as well as an option for establishing a Municipal Affordable Housing Trust Fund to manage local housing resources. It further suggests that the Town apply for CDBG funding from the state to introduce a Housing Rehabilitation Loan Program. The Plan also includes strategies for working with developers to obtain other regional, state and federal funding to support housing development efforts.

6.7 Community Perceptions

In most communities, residents are concerned about the impacts that new development may have on local services and the quality of life. They may also have negative impressions of subsidized housing and question whether there is a real need for such development in their town. Therefore, local opposition to new affordable units is more the norm than the exception. On the other hand, more people can come to recognize that the new kindergarten teacher or their grown children may not be able to live in the community or that their elderly neighbor may be struggling to remain in Ludlow without more diversity and affordability in the Town's housing stock. Also, once residents understand that the Town may be able to reserve up to 70% of the affordable units in any new development for those who live or work in Ludlow, referred to as "local preference" units, greater local support for new housing initiatives may be forthcoming.

Mitigations Measures

Ongoing community outreach and education will be necessary to continue to acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives. This

Housing Production Plan offers excellent opportunities to showcase the issue of affordable housing, providing information to the community on local needs and proactive measures to meet these needs. For example, the Ludlow Planning Board sponsored a Community Housing Forum on May 17, 2018 to present the highlights of the Housing Needs Assessment and obtain input from local leaders and residents on the Town's priorities for its housing agenda. Another public hearing was held on January 8, 2019 as part of a Board of Selectmen meeting to present the draft Housing Production Plan and obtain local feedback. 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 genuine opportunities for input.

7. AFFORDABLE HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) administers the Housing Production Program in accordance with regulations that are meant to provide municipalities with greater local control over housing development. Under the program, cities and towns are required to prepare and adopt a Housing Production Plan that demonstrates the production of an increase of at least 0.5% of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory, the equivalent of 42 units in the case of Ludlow.²⁹ If DHCD certifies that the locality has complied with its annual goal or that it has produced at least 1.0% of its year-round housing (the equivalent of 83 units for Ludlow), the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two years, respectively, without the developer's ability to appeal the decision to the state.³⁰

When the 2020 census figures are released, likely later in 2021, the annual housing production goal will increase, reflecting housing growth since 2010. Given the total number of housing units as of the end of 2017, at 8,607 units, and projected growth of about 40 units per year for the next three years based on recent annual housing growth patterns, the 2020 census will count approximately 8,727 total housing units that would in turn reflect an increase in the annual housing production goal to 44 units.

Using the strategies summarized under Section 8 and priority needs and targeted goals established in Section 5.7, the Town of Ludlow has developed a Housing Production Program that estimates affordable housing activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are also based largely on the following criteria:

- At a minimum, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area median income. The rental projects will also target some households earning at or below 60% of area median income with lower income tiers as well depending upon subsidy program requirements.
- Projections are based on no fewer than four (4) units per acre. However, given specific site conditions and financial feasibility, it may be appropriate to decrease or increase density as long as projects are in compliance with state Title 5 and wetlands regulations. Because development opportunities are limited, the Town should make sure that new development makes good use of designated development parcels.

²⁹ Massachusetts General Law Chapter 40B, 760 CMR 56.00.

³⁰ 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 trigger the requirement to terminate the hearing within 180 days.

- Because housing strategies include development on privately-owned parcels, production will involve projects sponsored by private developers through the standard regulatory process, Chapter 40R, or possibly the “friendly” comprehensive permit process. The Town will continue to work with private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible.
- The projections involve a mix of rental and ownership opportunities that reflect the targeted housing goals included in the Housing Needs Assessment (see Section 5.7) where at least 80% of the units are projected to be rentals. The Town will work with developers to promote a diversity of housing types directed to different populations with housing needs including young families, seniors, single occupants and individuals with special needs to offer a wider range of housing options for residents.
- Goals include handicapped accessibility and/or supportive services in at least 10% of all affordable units created in family housing and at least 20% of all units in affordable senior/single-person housing.

Table 7-1: Ludlow Housing Production Program

Strategies by Year	Affordable Units @ < 80% AMI	Ineligible for SHI	Total Units*
Year 1 – 2019			
Private property mixed-use or multi-family development/Clock town building at Ludlow Mills/Chapter 40R (rental)	89**	0	89
<i>Subtotal</i>	<i>89</i>	<i>0</i>	<i>89</i>
Year 2 – 2020			
Covered under Year 1 certification			
Accessory Dwelling Units (rental)	0	2	2
<i>Subtotal</i>	<i>0</i>	<i>2</i>	<i>2</i>
Year 3 – 2021			
Covered under Year 1 certification			
Public property development/Veterans Park School/"friendly 40B" (rental)	40	0	40
Private property development/special needs housing (rental)	8	0	8
Accessory Dwelling Units (rental)	0	2	2
<i>Subtotal</i>	<i>48</i>	<i>2</i>	<i>50</i>
Year 4 – 2022			
Private property mixed-use or multi-family development/Chapter 40R – Mill conversion/(rental)	50	0	50
Private property development/non-conforming lots (ownership)	4	4	8
Private property development/Housing Rehab Program (ownership)	5	0	5
Accessory Dwelling Units (rental)	0	2	2
<i>Subtotal</i>	<i>59</i>	<i>6</i>	<i>65</i>
Year 5 – 2023			
Public property development/tax-foreclosed properties (ownership)	10	0	10

Private property development/"friendly 40B"/ (ownership)	9	27	36
Private property development/non-conforming lots (ownership)	4	4	8
Private property development/Open Space Development bylaw – pocket neighborhood with bungalow-style units (ownership) @15% affordability	2	8	10
Private property development/Housing Rehab Program (ownership)	5	0	5
Private property development/infill units (ownership)	4	0	4
Private property development/congregate, special needs housing (rental)	10	0	10
Accessory Dwelling Units (rental)	0	2	2
<i>Subtotal</i>	<i>44</i>	<i>41</i>	<i>85</i>
TOTAL	240	51	291

* The totals include market rate units in addition to the affordable units.

** All units in Chapter 40R or 40B rental developments qualify for inclusion in the SHI.

8. HOUSING STRATEGIES

The strategies outlined below are based on previous plans, the Housing Needs Assessment, local housing goals, affordable housing activities to date, community input and the experience of other comparable localities in the area and throughout the Commonwealth. Of particular importance was the Community Housing Forum that was held on May 17, 2018 that included breakout group brainstorming on priority actions for the Town to pursue as part of this Plan. A summary of this Forum is included as Appendix 4.

The strategies are categorized according to those that will build the community's capacity to promote or preserve affordable housing as well as those related to local regulations and direct development projects. Moreover, the strategies are prioritized for immediate attention and implementation during the first two years of this Plan or those for Years 3 to 5 that involve a somewhat lower priority. A summary of these actions is included in Table 1-1.

The actions also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:³¹

- *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;*
 - Expand mixed-use redevelopment areas (strategy 8.2.1)
 - Allow more diverse housing types in more areas (strategy 8.2.2)
 - Continue to pursue mixed-use and multi-family development (strategy 8.3.1)
 - Partner with developers on privately-owned sites (strategy 8.3.3 – includes some locations)
- *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 8.3.2)
 - Partner with developers on privately owned sites (strategy 8.3.3)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Expand mixed-use redevelopment areas (strategy 8.2.1)
 - Allow more diverse housing types in more areas (strategy 8.2.2)
 - Encourage flexible zoning and open space development that includes affordable housing (strategy 8.2.3)
 - Allow affordable housing development on non-conforming lots (strategy 8.2.4)
 - Partner with private developers on privately-owned properties (strategy 8.3.3) The Town should continue to work with developers to create affordable housing in line with smart growth principles including:
 - Mixed-use development in appropriate locations, particularly the Smart Growth Overlay District

³¹ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- Smaller infill housing in existing neighborhoods
 - Accessory apartments
 - Redevelopment of underutilized, nonresidential properties into housing
 - Cluster development
 - Group homes or other congregate living options for older residents or special needs populations
 - Multi-generational, multi-family housing
- *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 8.3.2)
 - *Participation in regional collaborations addressing housing development*
 - Partner with regional entities such as the Mass Fair Housing Center (see strategy 8.1.4), the Pioneer Valley Planning Commission for information on model bylaws (see Section 8.2), and other regional non-profit developers such as Way Finders, Inc. or Greater Springfield Habitat for Humanity (see strategy 8.3.3).

It will also be important to ensure that affordable units produced through this Plan get counted, to the greatest extent possible, 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 involved. In order to be counted as part of the Subsidized Housing Inventory the units must meet the following major criteria:

- Subsidized or approved by a state subsidizing agency;
- Sold or rented based on procedures articulated in an affirmative fair housing marketing and resident selection plan approved by DHCD;
- Sales prices and rents must be affordable to households earning at or below 80% of area median income; and
- Long-term affordability is enforced through affordability restrictions approved by DHCD.

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 being developed through some local action including:

- Zoning-based approvals, particularly inclusionary zoning provisions and special permits for affordable housing;
- Substantial financial assistance from funds raised, appropriated or administered by the municipality; and/or
- Provision of land or buildings that are owned or acquired by the municipality and conveyed at a substantial discount from their fair market value.

A Requesting New Units Form must be submitted to DHCD with other required materials to ensure that these units get counted.

It should be also noted that a major goal of this Plan is not only to strive to surpass the state’s 10% goal under Chapter 40B, but to also serve local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory; examples potentially include the promotion of mixed-income housing that incorporates income tiers above 80% of area median income and the promotion of accessory dwelling units.

Within the context of compliance issues, identified local needs, existing resources, and community input, 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 prioritize and process, each through the appropriate regulatory channels.*

8.1 Capacity Building Strategies

Unlike many cities, Ludlow does not have substantial annual state or federal funding available to support local housing initiatives on an ongoing basis. Nevertheless, the Town has a local structure in place, albeit limited, to coordinate housing activities that includes the following components:

- The *Planning Board* is the Town’s official planning entity and the sponsor of this Housing Production Plan. It is staffed by the *Town Planner* who provides professional support to guide the Town’s land use decisions with respect to physical development, including affordable housing and historic preservation.
- The *Ludlow Housing Authority (LHA)* owns and manages 166 subsidized housing units that include 57% of Ludlow’s affordable units. Only 16 of these units are currently for families.
- *Way Finders, Inc. (formerly named HAP Housing, Inc.)* is Ludlow’s regional non-profit organization. In addition to converting the Stevens Memorial Building in downtown Ludlow into 28 subsidized rental units for the elderly and disabled, the organization also manages rental vouchers in Ludlow that provide landlords with the difference between a percentage of the qualifying household’s income and a Fair Market Rent (FMR) set annually by HUD for privately-owned dwellings.

The following strategies are proposed to further build local capacity to implement the components of this Housing Production Plan through resources to advocate, subsidize and guide implementation. While these strategies do not directly produce affordable units, they will bolster the Town’s efforts to promote them.

8.1.1 Continue to Conduct Community Outreach and Education

Timeframe: Years 1 to 2 and ongoing

Responsible Parties: Sponsors of Affordable Housing Initiatives

Current Status: Because most of the housing strategies in this Housing Plan rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Continued and strategic efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives will build support by generating a greater understanding of the benefits of affordable housing while reducing misinformation and dispelling negative stereotypes.

These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on concerns and suggestions.

Tapping into social media to attract attention to local and regional housing issues and initiatives is another way to disseminate important information to residents, younger residents in particular.

It should also be noted that participants in the May 17, 2018 Community Housing Forum strongly urged the Town to find ways to achieve greater cross-board and community involvement in affordable housing, improving communications to educate the public on the issue and

to ultimately generate community buy-in.

Next Steps: The preparation of this Housing Plan offers an important opportunity to bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. Interviews have been conducted with key housing stakeholders and public meetings have been held with local leaders and residents to get input into this Housing Plan including the Community Housing Forum on May 17, 2018 and another public hearing on January 8, 2019 as part of a Board of Selectmen meeting.

Other educational opportunities should continue to be pursued including special forums on all new housing initiatives, housing summits, public information on existing programs and services, enhanced use of public access television, an expanded website, and educational opportunities for board and committee members as well as professional staff.

Another consideration is to build coalitions that bring together housing stakeholders representing local businesses, civic groups, non-profit housing developers and service providers, houses of worship, and other groups and individuals who are active and interested in the issue of affordable housing. Such coalitions will enable the Town to work collaboratively towards educating the community on opportunities and advocating for their implementation.

This work would include staff time of the Town Planner. There may also be some expenses related to written materials/brochures as well as refreshments and marketing for events and meetings.

8.1.2 Secure Financial Resources for Affordable Housing

Timeframe: Years 1 to 2

Responsible Party: Board of Selectmen

Current Status: As noted in Section 6 of this Plan, a major constraint to promoting greater housing affordability, diversity and sustainability in Ludlow is the lack of local subsidy funds. The Town should consider obtaining additional financial resources to subsidize housing preservation and production activities, some of which could be deposited into a special dedicated Affordable Housing Trust Fund as recommended in strategy 8.1.3 below.

- **Adopt the Community Preservation Act (CPA)**

This Housing Plan recommends that the Town embark on a process to adopt the Community Preservation Act (CPA). CPA funds will not only provide a vital resource to support community housing initiatives, but will also address other important local issues such as open space preservation, recreation and historic preservation. Without this funding the Town will be limited to pursuing affordable housing development through donated municipal property, zoning, or reacting to proposals from the development community. Participants in the May 17, 2018 Community Housing Forum emphasized the need to become more proactive and less reactive to affordable housing initiatives, which would be possible with access to CPA funding. It should be noted, however, that the Town formed a committee to promote CPA a few years ago which was unsuccessful in obtaining approval.

The Community Preservation Act (CPA)³² establishes the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of 1% to 3% of the property tax, to be matched by the state based on a funding commitment of approximately \$36 million annually.³³ Once adopted, the Act requires at least 10% of the funding raised to be distributed to each of three categories – open space/recreation, historic preservation and community housing – allowing flexibility in distributing the majority of the money to any of these uses as determined by the community. Also, CPA allows communities to target funds to those earning up to 100% of area median income although those units directed to households earning more than 80% AMI cannot be included in the Subsidized Housing Inventory (SHI) or as part of annual housing production goals.

As part of adopting CPA, communities can decide whether to accept up to four different exemptions to the CPA surcharge including:

- Property owned and occupied by a household defined as low-income (earning up to 80% AMI) or a low- or moderate-income senior (age 60 or over earning up to 100% AMI);
- Class three, commercial, and class four, industrial, properties with classified (“split”) tax rates (few communities have adopted this exemption);
- The first \$100,000 of the taxable value of residential property; and
- The first \$100,000 of the taxable value of class three commercial properties or class four industrial properties.

Since its enactment in 2000, CPA has had a significant impact on affordable housing, historic preservation, open space preservation and recreational activities across the Commonwealth, now adopted in 172 communities, including the following contributions:

- Raised \$1.75 billion for over 9,000 local preservation projects;
- Supported or created more than 10,600 units of affordable housing;
- Preserved more than 26,000 acres of open space;
- Supported over 1,700 outdoor recreation projects; and

³² Massachusetts General Laws Chapter 44B.

³³ The state has established a special trust fund by imposing a surcharge on documents recorded at the Registry of Deeds or Land Court. The state recently increased these Registry fees to expand the pool of matching funds.

- Supported more than 4,400 historic preservation projects.

Adopting CPA does not have to place significant burdens on residents and will be extremely helpful in supporting the implementation of this Housing Plan, including potentially the hiring of a housing professional to help the Town Planner coordinate the implementation process.

Table 8-1 provides some examples of the amount of the per unit annual surcharge based on a range of house values and exemptions. For example, if Ludlow was to adopt the exemption of the first \$100,000 of property value and the 3% surcharge on the median single-family property of about \$200,000, the annual cost would be \$57.03, the equivalent of \$4.75 per month. The 1% surcharge would mean an annual payment of \$19.01 and a monthly one of only \$1.58.

Table 8-1: Estimated CPA per Property Expenditures

Property Assessment	1% Annual Surcharge	2% Annual Surcharge	3% Annual Surcharge
\$200,000	\$38.02	\$76.04	\$114.06
\$200,000 with \$100,000 exemption	\$19.01	\$38.02	\$57.03
\$300,000	\$49.23	\$98.46	\$147.69
\$300,000 with \$100,000 exemption	\$38.02	\$76.04	\$114.06
\$400,000	\$76.04	\$152.08	\$228.12
\$500,000	\$95.05	\$190.10	\$285.15

Based on the FY 18 residential tax rate per thousand of \$19.01.

While more towns are passing CPA, 11 in the past year including Boston, recent Senate legislation passed to increase Registry of Deeds fees by \$25.00 that would provide a higher match to all participating communities. The average state commitment over the past eight years has been 31.2% of the local share. It should be noted that state matching funds vary from year to year, but those communities opting for the higher surcharge levels fare much better in the formula for matching funds.

- ***Secure Other State and Federal Subsidies***

The affordability of most housing development projects relies on multiple sources of financing involving both private and public loans and grants. Even Chapter 40B comprehensive permit projects rely on what is referred to as “internal” subsidies where the market rate units support the costs of the affordable ones in tandem with increased density. It will be important for the Town 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.

The state and federal government fund numbers of housing subsidy programs directed to particular types of projects. Most of these subsidies are for rental housing development through the Low Income Housing Tax Credit, HOME Investment Program, Housing Stabilization Fund, Affordable Housing Trust Fund, among many others. (See Appendix 3 for a summary of these resources as well as relevant state regulations)

Some relatively recent state funding initiatives have also been established including:

- *Workforce Housing Fund*
Governor Baker announced \$100 million in funding to create new housing opportunities stating, “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.”
- *Starter Home Program*
Last year the state also enacted legislation 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 with a minimum of four units per acre by-right, and provide 20% affordability up to 100% AMI. As is the case under Chapter 40R, communities would receive zoning incentive payments ranging from \$10,000 to \$600,000, depending upon the size of the "starter home" zoning district, as well as housing production payments of \$3,000 for each unit of housing built. There is also an open space requirement. This might become a helpful resource for Ludlow.
- *Housing Choice Initiative*
More recently, the state announced its Housing Choice Initiative to provide technical assistance grants to local governments to help communities achieve their affordable housing goals under Chapter 40B through its new “Planning for Production” Program. The state hopes to pair this grant funding with new legislation that will help facilitate housing production and the adoption of zoning best practices without mandating that municipalities adopt any specific zoning practices. For example, the legislation would change state law to reduce the required vote from a 2/3 supermajority to a simple majority for certain zoning changes.
- *Community Scale Housing Initiative (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 and are too small to be competitive for the more traditional sources of financing such as the Low Income Housing Tax Credit Program. The new initiative provided \$10 million in the first funding round, and it is hoped that there will be subsequent rounds as well. This would be another program that might work well in Ludlow’s neighborhoods.

Next Steps: This Housing Plan recommends that the Board of Selectmen explore the adoption of CPA by contacting the Community Preservation Coalition, an alliance of open space, historic preservation and affordable housing organizations that work with municipalities to help them understand, adopt and implement the Community Preservation Act. Representatives of the organization can be available to

attend local meetings to explain CPA, its benefits, and its track record in comparable communities. The Coalition also has an excellent website at www.communitypreservation.org.

CPA approval can be obtained through the following two methods:

- *Legislative Body Action:* Under this option, a majority of Town Meeting members must approve a specific proposal to adopt CPA that is followed by a ballot question of local voters at the next regularly-scheduled municipal or state election.
- *Ballot Petition:* If Town Meeting does not accept the Act and approve the surcharge, the voters may file a ballot question petition to have the question seeking acceptance of CPA (including the surcharge amount and any exemptions) placed on the ballot at least 90 days before a regular municipal election or 120 days before a regular state election.

The Planning Board should also obtain more information regarding existing and new state funding initiatives to determine opportunities for accessing such funding.

Required Resources: Donated time of local leaders and volunteers to seek support for obtaining CPA approval. Once CPA is approved, the Town would need to appoint a Community Preservation Committee to oversee the management of the Community Preservation Fund. It would be advisable for this Committee to have some staff support, which can be covered by CPA administrative funding.

Additional state funding will also be important in insuring that projects that incorporate affordable housing are financially feasible which, with the exception of the Starter Home Program, would largely be secured by developers for specific developments.

8.1.3 Establish an Affordable Housing Trust Fund

Timeframe: Years 1 to 2

Responsible Party: Board of Selectmen

Current Status: Discussions with other communities regarding the success of their affordable housing initiatives indicate that it is often critical to have accessible funds available to respond immediately and effectively to housing opportunities as they arise. Also, many of the state subsidy sources require local contributions either through local funds, donation of municipally-owned property, or private donations.

The state enacted the Municipal Affordable Housing Trust Fund Act on June 7, 2005, which simplified the process of establishing funds that are dedicated to subsidizing affordable housing.³⁴ The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them from 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. Per statute, the chief elected official must be one of the members of the Trust. 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, most trusts opt to dispose

³⁴ Massachusetts General Law, Chapter 44, Section 55C.

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 one.

Some communities have decided to commit Community Preservation Act (CPA) funding on an annual basis to Housing Trusts without targeting the funding to any specific initiative. For example, the Towns of Grafton and Sudbury have been directing 10% of their annual CPA allocation to their Trust Funds. The Trusts are also encouraged to apply for additional CPA funds for specific projects. Scituate's Town Meeting funded its Housing Trust with \$700,000 of Community Preservation funding from its community housing reserves. The Town of Harwich has committed lease payments from its cell tower as well as sale proceeds of a Town-owned property (fetching more than a million dollars) to its Housing Trust Fund. Towns with inclusionary zoning bylaws that allow cash in-lieu of actual affordable units have also used these funds to capitalize their Housing Trusts, and other communities have obtained funding from developers through negotiations on proposed developments.

Next Steps: Housing Trusts require Town Meeting approval. Here is an example of typical warrant language:

"To see if the Town will vote to authorize the Board of Selectmen to accept the provisions of Massachusetts General Laws Chapter 44, Section 55C, and to establish a trust, to be known as the Ludlow Affordable Housing Trust Fund, whose purpose shall be to provide for the continued preservation and creation of affordable housing in the Town of Ludlow for the benefit of low- and moderate-income households, substantially in a form which is on file with the Town Clerk and available for inspection."

In this case, draft language of a Declaration of Trust would be available for review but not in itself formally approved by Town Meeting.

Some towns have adopted more detailed language regarding the Trust's powers and membership in the warrant article by preparing the warrant article and draft language for an accompanying chapter in the Town's General Bylaws. This bylaw effectively becomes the Declaration of Trust that is subsequently executed by the Board of Selectmen.

The warrant language highlighted above offers the Town greater flexibility for establishing and amending the Housing Trust as the Declaration of Trust can be more easily modified by the Trustees as needs arise instead of having to return to Town Meeting to enact changes. For example, the Town of Williamstown chose to pursue Town Meeting approval of their bylaw in 2012, and subsequently returned to Town Meeting in 2015 for revisions. On the other hand, Wenham's Annual Town Meeting approved the above warrant language on May 2, 2009, and the Board of Selectmen subsequently executed the Declaration of Trust on May 27, 2009. They will not have to return to Town Meeting for approval of any amendments.

The following steps should be followed when establishing an effective Affordable Housing Trust, the required steps as noted:

- *Certification of Bylaw and Submission to the Attorney General* – If the Town goes through the bylaw approval process at Town Meeting, the Town Clerk is required to certify the bylaw and

submit it to the Attorney General within 30 days of the adjournment of the Town Meeting at which the bylaw was adopted.

- *Appoint Trustees* – The Chair of the Board of Selectmen is required to appoint members to the Housing Trust. At least five (5) members must be appointed, including a member of the Board of Selectmen. (Note: The Trust could also incorporate all members of the Board of Selectmen, potentially with another two or so at-large members who have an interest and/or experience in affordable housing issues as has been done in Chatham and Brewster for example.) The Board of Selectmen can also appoint the Town Administrator as an additional member.
- *Prepare a Declaration of Trust* – While not required under the statute, a Declaration of Trust is recommended as it provides a recorded notice of the Trust’s establishment and its powers, including the authority to hold and convey real estate if determined to be appropriate. Town Counsel should review the Declaration prior to it being recorded at the Registry of Deeds. If the Town took the route of approving a bylaw as part of the warrant article at Town Meeting, the bylaw would effectively become the Declaration of Trust.
- *Organize the Trust* – Once established, the Trust should determine its meeting schedule, designate officers, establish an account to hold the funding (separate bank account of municipal account), and review procedures.
- *Secure Staffing* – The Housing Trust would be staffed primarily by the Town Administrator, Town Planner, or potentially a Housing Coordinator if resources, such as CPA, were made available.
- *Prepare Housing Guidelines* – It would be useful for the Housing Trust to prepare guidelines regarding the specific terms and conditions for allocating Housing Trust Funds including a summary of eligible activities, funding requirements, selection criteria, etc.
- *Prepare an Action Plan* – While not required, the Housing Trust could also prepare an Action Plan to clarify the expected actions of the Trust by the types of projects it has the capacity to undertake and the kinds of projects that will best serve local housing needs. The Plan can also prioritize short and long-term goals and current and projected annual budgets. This Housing Plan provides important guidance on priority actions.
- *Capitalize the Housing Trust Fund* – Once operational, the Housing Trust should explore specific opportunities for capitalizing its Fund including but not limited to Community Preservation funding, if adopted (some communities direct at least 10% of the annual CPA allocation to their Housing Trust), negotiated fees from developers, donated property or funding, etc.

It is advisable that the Town supplement its formal request to establish a Housing Trust with further information to educate residents and other local leaders on the benefits of the Trust. Detailed information on forming a Municipal Affordable Housing Trust Fund is included in a guidebook prepared by the Massachusetts Housing Partnership.³⁵

³⁵ Massachusetts Housing Partnership, “Municipal Affordable Housing Trust Guidebook: How to Envision, Shape, Get Support and Succeed with Our Community’s Local Housing Trust”, updated 2018.

Besides serving as the fiscal agent for the established Fund, the Housing Trust could also become the municipality's entity for overseeing affordable housing issues. In this capacity, the Housing Trust could become the linchpin in pursuing collaborative efforts with other appropriate Town boards and committees as well as other housing stakeholders on the issue of affordable housing.

Required Resources: If the Town passed CPA, it would be able to further capitalize the Housing Trust Fund, ideally in an amount at least equivalent to the minimal annual allocation for affordable housing or 10%. As noted earlier, other opportunities to capitalize the Housing Trust should also be explored including donations (funding and property), negotiations with developers, special fundraisers, grants, etc.

8.1.4 Restore the Fair Housing Committee

Priority: Years 1 to 2

Responsible Party: Board of Selectmen

Current Status: The Town of Ludlow had appointed a Fair Housing Committee which has not been meeting regularly for some years. Participants of the May 17, 2018 Community Housing Forum suggested that the community could benefit from resurrecting this Committee or redirecting its responsibilities to another entity.

Title VIII of the Civil Rights Act of 1968, commonly referred to as the Fair Housing Act, was enacted with the primary purpose of prohibiting discrimination in transactions involving the rental, sale or financing of a home based on race, color, national origin, religion, sex, familial status and mental or physical handicap. Massachusetts law includes additional protected classes including marital status, sexual orientation, age, gender identity and expression, military or veteran status, ancestry, genetic information, and receipt of public assistance or rental subsidies.

Governor Patrick's Executive Order 526 (2011), an "Order Regarding Non-Discrimination, Diversity, Equal Opportunity, and Affirmative Action," provides that "Equal opportunity and diversity shall be protected and affirmatively promoted in all state, state-assisted, and state-regulated programs, activities, and services." All state funded programs fall under this Executive Order.

Under Federal and State law, municipalities must also ensure that municipal policies and programs do not have a disparate or negative impact on members of a protected class compared to the general population. Disparate impact is an important legal theory in which liability based upon a finding of discrimination may be incurred even when the discrimination was not purposeful or intentional. The municipality should consider if the policy or practice at hand is necessary to achieve substantial, legitimate, non-discriminatory interests and if there is a less discriminatory alternative that would meet the same interest.

Examples of municipal policies and programs that would have a disparate impact include:

- Municipal plans or zoning ordinances that prioritize one-bedroom units or strictly limit number of bedrooms by unit rather than by development or lot.
- Single-family or large lot size requirements.

- Requirements for unlimited local residency preferences in communities with limited racial/ethnic diversity.
- Plans to fund affordable housing for elders only.
- Planning or zoning approval processes that mandate or prioritize townhouses.

Prevalent examples of discrimination that affect housing siting, access to housing, or access to housing services in the region include:

- Predatory lending, redlining and active steering towards certain areas of a community based on race/ethnicity, economic characteristics, and familial status.
- Rental discrimination against families with children and particularly against families with young children due to the presence or potential presence of lead-based hazards.
- Linguistic profiling in both the rental and homeownership markets, especially against persons of Latino origin.
- Landlords who refuse to make reasonable accommodations, changes in rules or policies to allow an equal opportunity to use and enjoy housing, or reasonable modifications, structural changes to allow an equal opportunity to use and enjoy housing, for individuals with disabilities.
- Landlords who refuse to accept housing subsidies, such as a Section 8 housing choice rental voucher, as a source of rental payment.

Next Steps: It would be useful to have a board or committee that was charged with monitoring Fair Housing issues and could intervene as necessary when complaints regarding discrimination are brought before the Town. Having such an entity in place could hopefully provide outreach and education to the community on this important issue and thus might better encourage residents to come forward with complaints that can be rectified. It might also discourage discriminatory practices.

The Board of Selectmen should determine how best to reintroduce these activities within Town government and take the necessary steps to resuscitate the Fair Housing Committee or assign the monitoring, community outreach, and potential intervention to a current municipal entity.

The Town might also reach out to the Mass Fair Housing Center, located in Holyoke, that provides education and community outreach on fair housing issues, investigates fair housing complaints, and provides legal advice and representation to victims of discrimination (see contact information in Appendix 1).

8.2 Zoning and Regulatory Strategies

Zoning is a powerful tool for guiding development to appropriate locations and mandating or incentivizing the inclusion of public benefits, including affordable housing. As the Town does not have a current local resource for subsidizing affordable housing, such as CPA, zoning becomes an even more important tool for realizing a proactive housing agenda. It should also be noted that participants in the May 17, 2018 Community Housing Forum overwhelmingly supported changes to the Zoning Bylaw to promote greater affordability and diversity.

The following zoning-related actions are proposed for consideration. The numbers of affordable housing units that might result in these zoning approaches are included under specific production strategies in Section 8.3. Also, the Planning Board should coordinate these efforts with other

appropriate local officials, drafting zoning amendments and coordinating the necessary approvals towards implementation with staff support from the Town Planner. Strategies might also require potential input from a consultant which could be covered by proposed CPA funding or other state resources such as the state's Housing Choice Program (Planning Towards Housing Production technical assistance), MHP community assistance, or the Priority Development Fund for example. The regional planning agency, Pioneer Valley Planning Commission, could also be an important resource for exploring model bylaws that have been effective in the region.

8.2.1 Expand Mixed-use Redevelopment Areas

Priority: Years 1 to 2

Responsible Party: Planning Board

Ludlow adopted a Smart Growth Overlay District (SGOD) through the state's Chapter 40R Program that includes the following sub-districts:

- East Street Corridor Mixed Use Sub-District
- Riverside Mixed Use Sub-District
- Ludlow Mills Mixed Use Sub-District

This zoning has led to the production of 75 total housing units to date, all of which were affordable as part of Residences at Mill 10 development. Another 89 rental units are proposed as part of the Clock Tower project in the Ludlow Mill area and 40R district.

Participants in the May 17, 2018 Community Housing Forum suggested that the Town should review opportunities to expand the existing SGOD boundaries to better promote mixed-use development, including affordable housing. Besides expanded boundaries, the Ludlow Mills area is limited to 250 units with 75 units already built by Winn Development through the Mill at Residences at Mill 10 project. The Planning Board has the discretion to increase the number of units beyond this threshold if it determines that additional units will not have an adverse effect and might consider doing so.

Next Steps: The Planning Board should review existing SGOD boundaries and amend zoning accordingly if new boundaries are deemed warranted. It should also consider expanding the 250-unit cap on the number of units in the Ludlow Mills Sub-District at some point. These changes would require Planning Board and/or Town Meeting approval.

8.2.2 Allow More Diverse Housing Types in More Areas

Priority: Years 3 to 5

Responsible Party: Planning Board

Current Status: Because affordable housing typically depends on economies of scale, it is difficult to develop such housing at a scale sufficient enough to meet the annual housing production goals of 42 units. Without appropriate zoning or the Chapter 40B comprehensive permit process, various housing types that can address local needs are not permitted. Additionally, even smaller-scale housing types are not allowed or substantially limited under current zoning.

Participants of the May 17, 2018 Community Housing Forum voiced support for exploring ways to allow more diverse housing types. There was particular interest in integrating housing, including affordable housing, in appropriate mixed-use areas as well as creating more housing opportunities for young families looking for starter homes and empty nesters who want to downsize.

Ludlow has taken important steps to promote multi-family and mixed-use development by creating a Smart Growth Overlay District which includes the East Street Corridor area and Mill Redevelopment District as noted above. It might also consider how additional housing types can be allowed under current zoning that have proven more affordable and suitable for rentals, starter homes, special needs, or downsizing including:

- *Bungalow or cottage housing in pocket neighborhoods*
This type of housing has been popular in the West Coast of the country where there is an intense focus on smart growth development principles and accommodating increasing numbers of smaller households. The model involves the development of small cottages or bungalows that are clustered around a community green space. This housing type, which typically targets empty nesters, single professionals, and young couples, is a way of developing smaller units on smaller lots. Such development provides opportunities for the ownership or even rental of small, detached dwellings within or on the fringe of existing neighborhoods, often enhancing affordability while simultaneously encouraging the creation of more usable open space for the residents through flexibility in density. The development and approval of flexible zoning (see strategy 8.2.3) could include measures that would permit these types of small clustered pocket neighborhoods.
- *Townhouses*
Townhouses involve residential structures that come up to or very nearly approach the edge of the property line in order to create more usable space. Such units include rowhouses, garden homes, patio homes and townhomes and are sometimes referred to as half homes. These units are typically developed as condominiums but can also be rentals. While allowed in Ludlow in the RB District, some consideration should be given to expanding this type of development to other parts of the community under certain conditions.
- *Co-housing*
The co-housing concept originated in Denmark with a focus on knowing one's neighbors and providing a safe and nurturing environment for children, harking back to the "intentional communities" concept that was introduced in the mid-19th Century. These developments are cooperative neighborhoods, typically with homes clustered around a common building with some facilities shared by all residents (dining room, kitchen, playrooms, library). There are numbers of models that have been developed in other communities that have combined good design with density and affordability to expand housing choices and meet local needs.
- *Congregate housing*
Congregate housing can take many forms and other names for such housing have included supported housing, life-care homes, boarding or rooming houses, sober houses, congregate retirement housing, congregate senior communities, residential care, sheltered housing, enriched housing, single room occupancy (SRO) housing, enhanced single room occupancy (ESRO), safe havens, etc. Co-housing and group homes share elements of congregate living as

well. These housing types can be effective in meeting the needs of an increasingly older population and those with special needs.

- *Two-family homes*

Two-family homes are among the most affordable types of housing as they can potentially offer both a relatively affordable first-time homebuyer opportunity with rental income from an apartment and a new rental unit, serving several needs simultaneously. Such units were the prototypical starter home years ago when such zoning allowed their development in most neighborhoods. These units are currently allowed by-right in the RB Districts and by Site Plan approval in the Mill Redevelopment District. Such units should be promoted in all residential districts as they offer some diversity of housing choices within the community as starter homes and for downsizing.

All of these development types can be designed to be harmonious with the existing built environment. There are potential sites that might accommodate a single housing unit, two-family homes, small cluster of units or even conversions of existing properties to serve local affordable housing needs, particularly small starter units, affordable rentals, and special needs housing.

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.”³⁶ 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.”³⁷

Next Steps: The Planning Board should consider where more diverse housing types might best be integrated into neighborhoods. Many of the housing types listed above can conform to this “missing middle” concept and respond to the community’s need for smaller units, rental units in particular. These housing types are either not allowed in local zoning or substantially restricted. Zoning changes should be considered to allow more types of housing in the use restrictions and guide such units to appropriate locations with feasible densities to allow for some inclusion of affordable units. This new zoning can include design guidelines to ensure that new housing is harmonious within the local architectural context.

³⁶ Ibid.

³⁷ Ibid.

8.2.3 Encourage flexible zoning or open space development that incorporates affordable housing

Priority: Years 3 to 5

Responsible Party: Planning Board

Current Status: Open Space Residential Development (OSRD), also referred to as cluster or flexible development, encourages a smarter way of developing land by providing another option besides the traditional subdivision. Such zoning provides a more flexible layout that promotes the efficient use of land; lowers the costs of development in roads and infrastructure; decreases municipal maintenance and service costs; and preserves open space, community character and natural resources. Developer savings, with appropriate density bonuses, could make providing affordable units and other public benefits more feasible as well.

Ludlow's Zoning Bylaw currently does not include any provisions encouraging cluster development or the protection of open space that would promote more compact development patterns in line with smart growth principles. Such zoning would be particularly effective in the Town's more outlying areas to better control sprawl and protect open space. About three-quarters of the town is zoned Agricultural, which limits residential development to single-family homes on almost one-acre lots. The clustering of units with design guidelines could lead to more effective development on only a part of the property with potentially more diverse housing types.

Given continued development pressures with potential substantial future growth, the Town should continue to guide development through "smarter" approaches to better protect the environment as opposed to most existing regulations that promote suburban sprawl.

This type of zoning can also be used to promote small clusters of cottage-style or bungalow homes that typically surround a common green space. Such small pocket neighborhoods can provide needed starter housing as well as opportunities for empty nesters looking to downsize.

Next Steps: The Planning Board should review previous drafts of proposed by-laws as well as model by-laws with respect to flexible zoning provisions and prepare an Open Space Residential Development (OSRD) by-law and vigorously promote it. Model by-laws have been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, and adopted by a number of Massachusetts communities. Several examples are offered on the Citizen Planner Training Collaborative website (www.umass.edu/masscptc/examplebylaws.html) and the state's Smart Growth Toolkit (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html).

Incentivized density bonuses and affordability requirements should be integrated into the by-law to encourage this kind of development and to support project feasibility. Consideration should also be given to allowing smaller multi-family dwellings to be built as part of the development. Associated design guidelines and inclusionary requirements can ensure that goals are met in ways appropriate and beneficial to the Town.

8.2.4 Allow Affordable Development on Non-conforming Lots

Priority: Years 3 to 5

Responsible Party: Planning Board

Current Status: Participants in the May 2018 Community Housing Forum suggested that the Town consider changing zoning to better provide for the development of smaller lots. In fact, there are parcels of vacant land that at this time cannot be developed because they do not meet all of the dimensional requirements of the Zoning Bylaw such as minimum lot size as well as front, rear and side yard requirements. It is likely that many of these parcels could in fact be suitably developed as housing. Smaller lots will encourage the construction of smaller homes under appropriate guidelines to provide some housing options that are not currently being created by the private market as starter housing or homes for empty nesters interested in reducing their living space and home maintenance. This type of zoning can be particularly effective in communities with large-lot zoning in many areas, including Ludlow.

Another issue relates to pre-existing, non-conforming building lots and the merger doctrine that combines parcels that have been consistently owned by the same person. Owners of these non-conforming lots have to apply to the Zoning Board of Appeals for a Special Permit in order to be able to build on them, typically applying to build a single or two- family home. In arriving at a decision, the ZBA researches the deeds to make sure that the lots have not merged according to the merger doctrine.

Next Steps: The Planning Board should explore what other communities are doing with respect to these undersized lots and prepare a zoning amendment to enable these lots to be developed based on specific criteria. Zoning changes could include:

- Adopting a new section of the Bylaw that focuses on non-conforming lots;
- Changing the Table of Dimensional Uses to allow for smaller lot sizes, say a 5,000 square foot lot (the limit under the State Building Code), in particular districts under specific conditions;
- Adding a new zone to allow for smaller lot sizes;
- Allowing the building of potentially merged lots without ZBA approval; and
- Permitting such lots to be developed by Special Permit or through the state's Local Initiative Program³⁸, providing some requirements for including the development of units that qualify for counting as part of the Town's state-defined Subsidized Housing Inventory such as requiring two-family homes, each with at least one affordable unit.

Another option is to adapt a bylaw that has been approved in Dennis to allow "affordable lots" that enables non-conforming lots to be built on by Special Permit if they meet the following conditions:

- Contains at least 10,000 square feet and satisfies other Board of Health requirements.

³⁸ The Local Initiatives Program (LIP) is 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-defined Affordable Housing Inventory. 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 at or below 80% of area median income.

- Has safe and adequate access to a public or private way.
- Are similar in size and shape to surrounding lots.
- The dwelling cannot have more than three bedrooms with a minimum of 5,000 square feet per bedroom.
- The applicable front, rear and side yard requirements are determined by establishing an average setback based on the homes adjacent to and across the street from the lot in question.
- Where two lots are in common ownership, one of the two lots must be deed restricted to ensure permanent affordability and where more than two lots are held in common ownership, the second, third and fifty percent of the remaining lots to be built upon shall be deed restricted as permanently affordable (the fourth lot may be market rate, fifth affordable, sixth market rate, etc.).

8.2.5 Explore further development incentives

Priority: Years 3 to 5

Responsible Party: Board of Selectmen

Current Status: Participants in the May 17, 2018 Community Housing Forum suggested that the Town find ways to better attract new housing development through local incentives to builders/developers. In addition to the zoning changes that are recommended in this Housing Production Plan, the following actions were suggested as part of the May 17th Community Housing Forum to help encourage new develop that will address local needs:

- *Expedited Permitting*
Massachusetts General Laws Chapter 43D was enacted in 2006 as a tool to promote targeted housing and economic development projects through expedited permitting to provide a transparent and efficient process for municipal permitting and guarantee local permitting decisions on priority development sites³⁹ within 180 days. Such permitting would enable the Town to receive priority consideration for MassWorks Infrastructure Program grants and Brownfields Remediation Assistance in addition to special fees. The permitting will also allow for the online marketing of a targeted site and promotion of the Town's pro-business regulatory climate.

Within 120 days of adopting Chapter 43D, the community must:

- Appoint a single municipal point of contact for streamlined permitting.
- Amend local rules, regulations, bylaws, etc. to comply with 180-day permit timeline.
- Determine and make available the requirements for each permit.
- Establish a procedure for identifying necessary permits for a project.
- Establish a procedure for determining completeness of the required submissions.

³⁹ To be considered a priority development site, it must meet the following criteria:

- May be zoned for commercial, industrial, residential or mixed-use purposes
- Must be eligible for the development or redevelopment of a building of at least 50,000 square feet of gross floor area (may include existing structures and contiguous buildings)
- Sites must be approved by the local governing authority
- Must be approved by the state Interagency Permitting Board

- After the 120-day phase-in period is complete, the Town must render permitting decisions on priority development sites within 180 days.
- *Fee Waivers*
Some communities waive various fees, such as building permit fees, for new development that includes affordable units. This is generally in the form of a local policy based on a number of established criteria for granting the waiver, including the amount of the waiver.
- *Density Bonuses*
Some zoning includes provisions that allow increases in density in exchange for one or more public benefits. For example, flexible zoning (see strategy 8.2.3) often includes requirements that allow for some greater density if affordable units are provided. This not only makes the development of affordable units more financially viable, but also helps diversify the housing that is being created, addressing a wider range of housing needs. Density bonuses are also a common component of inclusionary zoning bylaws (see strategy 8.2.6).
- *“Friendly 40B” Option*
The “friendly 40B” option through the state’s Local Initiative Program (LIP) is 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-defined Subsidized Housing Inventory and towards annual housing production goals. LIP provides an excellent permitting vehicle for partnerships between developers and the Town on development that addresses local needs and priorities. Under this program, the developer and Town work together on an application to the state for approval to submit a comprehensive permit application to the ZBA (see strategy 8.3.3).
- *Tax Subsidies*
There are state programs available that help communities attract new development through tax incentives including for example:
 - 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.
 - Urban Center Housing Tax Increment Financing Zone (UCH-TIF)
The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a 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 ensure 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.

Next Steps: The Board of Selectmen should work with other appropriate Town departments, boards and committees, including the Planning Board, to identify the most appropriate opportunities to implement these incentives.

8.2.5 Explore Inclusionary Zoning

Priority: Years 3 to 5

Responsible Party: Planning Board

Current Status: Inclusionary zoning is a zoning ordinance or bylaw that requires a developer to include affordable housing as part of a development or under some conditions to contribute to a fund for such housing. This mechanism has been adopted on a community-wide basis by more than one-third of the municipalities in the state, many of which are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in affordable housing production. There are a variety of provisions that have been adopted in localities throughout the state and requirements vary considerably as demonstrated in Table 8-2.

Table 8-2: Summary of 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 ⁴⁰
Arlington	15%	6 Units	Yes
Barnstable	10%	10 Units	Formed a committee to study
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
Somerville	12.5% to 20% depending on location	6 Units*	Yes
Tewksbury	15%	4 Units*	Yes

⁴⁰ A cash in-lieu fee was recommended as part of the Housing Production Plan that the Town approved in 2013.

Watertown	12.5% to 15%	6 Units	Yes
Wellesley	20%	5 Units	Yes
Yarmouth	20%	5 Units	Yes

*Zoning indicates that the calculation of a fractional unit of 0.5 or more shall be regarded as a whole unit. With a 12.5% to 15% affordability requirement, the 0.5 threshold occurs with four (4) total units.

** Considering increasing the percentage to 20%.

Because the Town does not presently have a local housing subsidy source available to support housing production, inclusionary zoning can become a valuable tool for insuring that affordability is at least created as part of market developments or that the developer pays cash in-lieu of actual affordable units that can be deposited in the proposed Housing Trust Fund (see strategy 8.1.3) and used to subsidize other affordable housing initiatives.

Many communities also allow density bonuses in connection with their inclusionary zoning bylaws. Studies on inclusionary zoning indicate that mandatory provisions coupled with strong incentives are most effective in promoting affordable housing. It is important to provide sufficient incentives to developers to make sure that the incorporation of affordable units will be financially feasible. Incentives also reduce the risk of litigation from developers who might claim that the mandatory inclusion of affordable units involves a “taking” of their property rights. In fact, inclusionary zoning can be legally vulnerable if requirements make it impossible for the developer to earn a reasonable return on the project as a whole. Consequently, it would be prudent for the Town to add incentives to cover these legal questions and ensure that the zoning works economically.

Next Steps: The Planning Board should explore model bylaws and prepare a zoning amendment that is best suited to supporting affordable housing in Ludlow. The Planning Board should prepare, adopt and present the bylaw to Town Meeting for approval. Ideally the adoption of this bylaw would lead to the production of actual housing units, but may also deliver payments in-lieu of actual units to help capitalize the proposed Housing Trust Fund.

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 and some policies as well (www.umass.edu/masscptc/examplebylaws.html).

The research and preparation of the bylaw could be performed by the Town Planner, potentially with input from a housing consultant or the Pioneer Valley Planning Commission. If the Town decided to hire a consultant, the fee should not be more than \$5,000 and could potentially be covered by state technical assistance funding such as DHCD’s Planning Assistance toward Housing (PATH) Program.

It will be important to also 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) as Local Action Units (LAUs) administered by DHCD if another housing state of federal subsidy is not used. The monitoring of projects to ensure continued affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units, however, towns also have a role in the monitoring process.

8.3 Development and Preservation Strategies

The following strategies rely on partnerships between the Town and private developers towards the development of both private and publicly-owned properties as well as the preservation of existing properties through adaptive reuse or other rehabilitation work:

8.3.1 Continue to Pursue Mixed-Use and Multi-family Housing Development

Priority: Years 1 to 2

Responsible Parties: Board of Selectmen and Planning Board

Current Status: The Town has made considerable progress towards promoting multi-family and mixed-use development through its Smart Growth Overlay District (SGOD) that was adopted through the state's Chapter 40R Program to provide a number of important benefits to the community, serving not only as a

focus of local economic development but also addressing a wide range of housing needs. These Chapter 40R districts are a way of revitalizing areas where more compact and denser development is appropriate, encouraging more housing opportunities in close proximity to goods and services. These areas are also a way to draw the diverse segments of the community together to build community cohesion and create a wider range of local amenities as well as housing for seniors, families and those with special needs. This Smart Growth

It should be noted that housing can be considered an excellent economic development engine. Not only does new housing development translate into jobs and additional business through the sale of construction materials, but housing incorporated into commercial areas or special districts brings new business and vitality to a local economy. Moreover, the improvement of substandard or underutilized properties in any neighborhood raises perceptions of community stability, value and actual jobs.

zoning also brings in additional investment from the state through several types of subsidies, making development more financially feasible.

Next Steps: The Town will continue to promote development in the SGOD that includes key sub-districts such as the East Street Corridor, Riverside and Ludlow Mills Redevelopment area to appropriately guide new development.

Resources Required: Donated time from the Board of Selectmen and Planning Board with staff support from the Town Administrator and Town Planner to continue to pursue development opportunities in the SGOD.

Number of Affordable Units Produced: 139 units

8.3.2 Make Suitable Public Property Available for Affordable Housing

Priority: Years 1 to 2

Responsible Party : Board of Selectmen with Planning Board support

Current Status: There is a precedent for the Town conveying municipally-owned property for the purpose of developing affordable housing. For example, Way Finders, Inc. (formerly HAPHousing) developed the previously Town-owned Stevens Memorial Center into 28 affordable units for the elderly and disabled. Nevertheless, the Town owns very limited public property, and it will be a challenge to identify additional Town-owned properties that are suitable for affordable housing development.

Next Steps: The Planning Board will continue to work with other Town boards and committees to identify and pursue surplus municipal property for the development of affordable housing. The Veteran's Park School has been identified as a possible opportunity. Such properties might also include tax-foreclosed parcels, involving existing buildings or vacant land, which can be aggregated into Requests for Proposals and converted to affordable housing, conveyed for only nominal amounts as a subsidy to help promote affordability.

For such properties, when identified, the Town should focus on providing the following types of development support:

- *Request for Proposals (RFP)* – Following the necessary approvals for the conveyance of Town-owned properties, the Chief Procurement Officer, with support from the Town Planner and potentially a consultant, will prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer also based on identified criteria included in the RFP.
- *Permitting* – Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning By-law, and this will likely be obtained through the "friendly 40B" comprehensive permit process under DHCD's Local Initiative Program (LIP) or other special zoning.
- *Advocacy* – The Town will need to be involved in helping the selected developer secure necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from regional, state or federal agencies.
- *Gap Financing* – Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units cross-subsidize the affordable ones. Because development on Town-owned properties will include more affordable units than are required under Chapter 40B to boost the public benefits associated with the conveyance of Town-owned property for affordable housing, additional sources of financing from regional, state and/or federal governments will be required to make development financially feasible (see strategy 8.1.2 and Appendix 3 for potential resources). Having a local funding source available, such as CPA, will make development proposals more competitive for such funding. To further promote project feasibility, most communities convey properties for only nominal amounts.

- *Monitoring* – It will be important for the Town to ensure that the affordable units that are produced meet all state requirements if they are intended to be eligible for inclusion in the SHI and all required documentation is submitted to DHCD. The Town Administrator, with support from the Town Planner, maintains a list of SHI units and provides necessary documentation to DHCD when new affordable units are produced. The Town will continue to ensure that all SHI are being appropriately monitored for compliance with affordability requirements, monitoring the monitors if necessary. Because it takes so much effort to create affordable units, it is all the more important that such qualifying units are counted in the SHI and preserved as affordable for as long a period of time as possible.

The Town may also decide to acquire privately-owned sites at some time in the future for the purposes of developing some amount of affordable housing, potentially including other uses such as protecting open space, preserving historic properties, and/or recreational opportunities. For example, the Towns of Carlisle and Falmouth acquired land for affordable housing development including open space preservation and other public benefits by bonding CPA funding. The resources described in strategy 8.1.2 might make some property acquisition possible in the future.

Resources Required: The donated time of members of the Board of Selectmen and other Town boards and committees (such as Assessing, Planning Board, and ZBA) will be important as well as coordination from the Town’s Chief Procurement Office, Town Planner and potentially a consultant.

Projected # Affordable Units Produced: 50 units

8.3.3 Partner with Developers on Privately Owned Sites

Priority: Years 1 to 2

Responsible Parties: Board of Selectmen, Planning Board and/or Zoning Board of Appeals

Current Status: Continuing to work cooperatively with private developers, non-profit and for profit (such as Way Finders, Inc. and Greater Springfield Habitat for Humanity), is a major component of this Housing Plan. With incentives created in the zoning bylaw to promote affordable housing (see Section 8.2) and with the availability of the “friendly 40B” option, the Town is in a good position to work cooperatively with developers to guide new development that incorporates affordable units and smart growth principles including the following types of development:

- Mixed-use development in appropriate locations, particularly in the Smart Growth Overlay District
- Smaller infill housing in existing neighborhoods
- Accessory apartments
- Redevelopment of underutilized, nonresidential properties into housing
- Cluster development
- Group homes or other congregate living options for older residents or special needs populations
- Multi-generational, multi-family housing

Recommendations from the May 17, 2018 Community Housing Forum included the following locations for potential housing development:

- Small areas in downtown districts
- Fuller Street area/Kendall Street
- Mill Redevelopment Area/currently capped at 250 units which could be expanded
- 40R River to River as recommended (areas bordering the Chicopee River)
- Mills
- Along Bus Route 6 (from bridge up Sewall to Big Y or to Heath South)
- Land in the Agriculture Zoning District
- East Street Corridor/Mixed-use units

Next Steps: The Town will focus on the following approaches for creating new affordable units on privately-owned parcels in line with “smart growth” principles:

- *Existing Zoning and Proposed Changes* – The zoning strategies included in Section 8.2 in addition to current zoning should provide a reasonable framework for new development that will include some mandated amounts of affordable housing.
- *Chapter 40B* – Comprehensive permits, particularly the “friendly” 40B process through the state’s Local Initiative Program (LIP), have proven to be a useful tool for projects that require significant waivers of local zoning but meet local needs and priorities. The comprehensive permit process has been used for the Steven’s Memorial Building for example.

Locations where the “friendly” 40B process make the most sense include those listed above as recommended by participants of the May 2018 Housing Forum. Any future development of municipal sewer services would provide opportunities for somewhat denser development that would make affordable housing financially more feasible.

Resources Required: Donated time from members of the Board of Selectmen, Planning Board and/or Zoning Board of Appeals will be required with respect to permitting. For example, it will be essential for the Board of Selectmen to work cooperatively with developers on the “friendly 40B” process, negotiating projects which will appropriately address local needs without substantial adverse impacts. With DHCD go-ahead, it will then be important for the ZBA to conduct the permitting process. The Planning Board will be the special permit granting authority for existing zoning and potential changes that are identified as part of this HPP.

Additional professional support from the Town Planner will also be needed in the development process. In most cases, subsidies will also be required to fill funding gaps to make projects economically feasible and to leverage other sources of public and private financing.

Projected # Affordable Units Produced: 41 units

8.3.4 Introduce a Housing Rehabilitation Program

Priority: Years 3 to 5

Responsible Party : Board of Selectmen

Current Status: As discussed in Section 5.7, more than two-thirds of Ludlow's housing stock was built prior to 1980 and thus many units are likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Programs are needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households.

The state administers Community Development Block Grant (CDBG) funding to support Housing Rehabilitation Programs across the states, providing 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 is typically offered at a 0% interest rate with loan conditions dependent on income and ownership status with a 15-year term, after which the deed restriction expires and the loan is forgiven. Other typical Program requirements include:

- Property must be a one- to- four-unit dwelling located in a targeted neighborhood;
- All code violations and lead paint abatement must be part of the improvements;
- At least 51% of the units must be rented to low- or moderate-income tenants in the case of properties involving more than a single unit;
- Owners of multi-family properties must comply with a 15-year covenant that caps rents below Fair Market Rents (FMRs), which are adjusted by HUD annually;
- Owners must comply with competitive bidding procurement procedures; and
- Owners can borrow up to \$30,000 per unit.

Next Steps: The Town should apply to the state's Department of Housing and Community Development (DHCD) for CDBG funds to support the implementation of a Housing Rehabilitation Loan Program based on the typical terms and conditions that have been implemented in communities across the state. The Town should consider working with consultant or other identified entity, such as a non-profit organization, to help with the application process and administer the Program, bringing in the necessary expertise to manage the application and selection processes as well as housing inspections.

Required Resources: Staff time from the Town Planner to oversee the application and Program design process with the support of a consultant or non-profit organization that is acquainted with such programs and would manage operations.

Projected # Affordable Units Produced: 10 units

Appendix 1

Local and Regional Housing Organizations

Local Entities

- *Ludlow Planning Board*

The Ludlow Planning Board is the Town's official planning entity and the sponsor of this Housing Production Plan. It is staffed by the *Town Planner* who provides professional support to guide the Town's land use decisions with respect to physical development, including affordable housing and historic preservation.

Contact Info: 488 Chapin Street; 413-583-5600 x 1280; www.ludlow.ma.us/html/planning

- *Ludlow Housing Authority (LHA)*

The Ludlow Housing Authority is the community's public housing agency that owns and manages 166 subsidized housing units, including 57% of Ludlow's affordable units.

Contact Info: 114 Wilson Street; 413-589-7272; www.ludlowhousing.com

Regional Agencies and Organizations

- *Way Finders, Inc. (formerly named HAP Housing, Inc.)*

Way Finders, Inc. is Ludlow's regional non-profit organization and has been providing a wide range of housing programs and services since 1973 to communities in Hampden and Hampshire Counties. Key components of their work include the following:

- The Housing Consumer Education Center provides information about housing services and offers counseling and workshops for tenants, homebuyers, homeowners and rental property owners.
- The Residential Assistance to Families (RAFT) program offers short-term financial help or other assistance to families who are homeless or seriously at-risk of homelessness.
- The Western Massachusetts Foreclosure Prevention Center involves a collaboration of 15 non-profit agencies including Way Finders in Hampden, Hampshire, Franklin and Berkshire Counties, working together to help homeowners avoid foreclosure.
- Rental assistance programs including Section 8 Housing Choice Vouchers and other related programs that allow lower income households to rent decent housing that they can afford in the private housing market.
- The operation of Prospect House, an emergency shelter for homeless families.
- The Safe Step Program provides transitional housing and supportive services to victims of domestic violence.
- The Turning Point Program has nine (9) units of transitional housing for pregnant and parenting teens.
- The management of more than 600 affordable apartments in Hampden and Hampshire Counties.
- Housing improvement resources including the administration of the Get the Lead Out Program, Home Modification Program (accessibility improvements for the physically disabled), and post-purchase workshops in addition to the homebuyer and foreclosure prevention counseling mentioned above.
- Property management training for rental property owners.

In addition to converting the Stevens Memorial Building in downtown Ludlow into 28 subsidized rental units for the elderly and disabled, the organization also manages rental vouchers in Ludlow that provide landlords with the difference between a percentage of the qualifying household's income and a Fair Market Rent (FMR) set annually by HUD for privately-owned dwellings.

Contact Info: 322 Main Street in Springfield; 413/233-1500; www.wayfindersma.org

- *Greater Springfield 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 that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one based in Springfield that serves communities in the Greater Springfield region. Affiliates are operated by multi-denominational and multi-racial local leadership and with community volunteers who construct or rehabilitate houses that are sold without profit and interest to selected families in the area. Thus far the Greater Springfield Habitat has provided permanent housing to 65 families with support from over 3,000 volunteers.

Contact Info: 268 Cold Spring Avenue in West Springfield; 413/739-5503;
www.habitatspringfield.org

- *Western Massachusetts Network to End Homelessness (WMNEH)*

WMNEH is a collaboration of multiple service providers and agencies as well as civic and business leaders throughout Hampden, Hampshire, Franklin and Berkshire Counties, led by a Leadership Council and funded by a \$1.1 million grant from the Massachusetts Interagency Council on Housing and Homelessness (ICHH). The organization represents a regional public health approach to ending homelessness for both individuals and families that prioritizes prevention and the rapid response provision of permanent housing with supportive services, including economic opportunity. The network seeks to change the traditional response to homelessness by adopting a Housing First model that suggests that housing should be secured to stabilize families and then followed by important support services.

The organization also supports the Springfield-Hampden County Continuum of Care (CoC) that coordinates the allocation of federal McKinney-Vento funding and other federal funds to help finance housing for the homeless.

Contact Info: 413/219-5658; www.westernmasshousingfirst.org

- *Pioneer Valley Planning Commission (PVPC)*

PVPC is the regional planning agency for the 43 towns and cities in the Pioneer Valley region. It provides a wide range of planning services to municipalities and sponsors regional planning efforts on issues related to transportation, housing, economic development, energy, and infrastructure. PVPC is also the fiscal agent for the Western Massachusetts Network to End Homelessness (WMNEH), described above.

Contact Info: 60 Congress Street in Springfield; 413/781-6045; www.pvpc.org

- *Center for Human Development (CHD)*

CHD provides a broad range of community-based human services dedicated to promoting, enhancing and protecting the dignity and welfare of people in need. The Center serves more

than 6,000 individuals annually in Massachusetts and Connecticut, specializing in community initiatives for preventing violence in schools and neighborhoods and mediation and training to families, schools and community organizations. CHD's programs include clinical and outreach therapeutic services, emergency and long-term foster care, shelter and supportive services to the homeless, and community-based residential, supported housing, day treatment and vocational programs. CHC also provides administrative services at Grace House.

Contact Info: 332 Birnie Avenue in Springfield; 413/733-6624

- *Mass Fair Housing Center*

The Mass Fair Housing Center (MFHC) is a private, non-profit organization working to eliminate illegal housing discrimination in Central and Western Massachusetts. The organization provides education and community outreach on fair housing issues, investigates fair housing complaints, and provides legal advice and representation to victims of discrimination.

Contact Info: 57 Suffolk Street in Holyoke; 413/539-9796 ext. 101; www.massfairhousing.org

Appendix 2

Glossary of Housing Terms

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

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

Chapter 44B

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

Comprehensive Permit

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

Department of Housing and Community Development (DHCD)

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

Fair Housing Act

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

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

Inclusionary Zoning

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

Infill Development

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

Local Initiative Program (LIP)

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

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Development that includes housing for various income levels.

Mixed-Use Development

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

Overlay Zoning

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

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe

the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

Regional Non-Profit Housing Organizations

Regional non-profit organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with DHCD. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8 vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities. Way Finders, formerly known as HAP Housing, serves as Ludlow'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 Pioneer Valley Planning Commission serves as Ludlow'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 Housing Choice Voucher Program

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 a major federal funding source for affordable housing programs.

APPENDIX 3

Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met⁴¹:

- The community has met the “statutory minima” by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community’s land area.
- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Housing Production.

⁴¹ Section 56.03 of the new Chapter 40B regulations.

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

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

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

- *40R*
Units receiving zoning approval under 40R count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a comprehensive permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 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

⁴² Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

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

- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined under state guidelines including current residents, municipal employees, or employees of businesses located in town. It is also worth noting that the Town, through its Affirmative Fair Housing Marketing Plan, must demonstrate the associated local need for the community preference and ensure that there will be no discriminatory impacts with the use of community preference.

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

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

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

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.

- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

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

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

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

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

- The hearing is terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that there rules are consistent with Chapter 40B.
- Local boards cannot impose "unreasonable or unnecessary" time or cost burdens on an applicant and cannot require an applicant to pay legal fees for general representation of the ZBA

or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.

- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lacks minimum required qualifications.
- Specifies and limits the circumstances under which ZBA's can review pro formas.
- Zoning waivers are only required under "as of right" requirements, not from special permit requirements.
- Forbids ZBA's from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or require a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

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

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

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

Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate “legal error” in the decision of the ZBA or HAC.

B. Housing Production Regulations

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

- Prepare and adopt a 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 (42 units and 83 units, respectively, for Ludlow for *approval* by DHCD.⁴³
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the certification documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure based on future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.
 - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
 - Municipally owned parcels for which development proposals will be sought.
 - Participation in regional collaborations addressing housing development.

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

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass

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

Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.⁴⁴

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves open space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”⁴⁵ The key components of 40R include:

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

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

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

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

The principal benefits of 40R include:

⁴⁴ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

⁴⁵ Massachusetts General Law, Chapter 40R, Section 11.

⁴⁶ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

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

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

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

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

D. Local Initiative Program (LIP) Guidelines

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

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

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents⁴⁷

- 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 paid 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 fees⁴⁸, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

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

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

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

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

Marketing and Outreach

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

Regulatory Requirements

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

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

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

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

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

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

Application process

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

DHCD review involves the consideration of:

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

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

Zoning Board of Appeals holds hearing

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

Marketing

- Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
- Local preference is limited to those who live/work in the community with a maximum of 70% of the affordable units.
- Marketing materials must be available/application process open for a period of at least 60 days.
- Lottery must be held.

DHCD approval must include

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

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

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

E. MassWorks Infrastructure Program

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

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

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

Economic development and job creation and retention

Housing development at density of at least 4 units to the acre (both market and affordable units)

Transportation improvements to enhancing safety in small, rural communities

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

II. SUMMARY OF HOUSING RESOURCES

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

A. Technical Assistance

1. *Housing Choice Initiative*

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

1. Legislation

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

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

2. Capital Grant Funding

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

3. Technical Assistance Resources

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

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

2. *Planning Assistance Toward Housing (PATH)*

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

3. *Peer-to-Peer Technical Assistance*

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

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

4. *MHP Intensive Community Support Team*

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information. (Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227.)

5. *MHP Chapter 40B Technical Assistance Program*

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them

review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

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

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

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

B. Housing Development

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

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

1. HOME Program

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

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

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

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

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Ludlow, 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. 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 Program*

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

11. *District Improvement Financing Program (DIF)*

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

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

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a 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 ensure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

13. Community Based Housing Program

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

14. Compact Neighborhoods Program

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

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

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

The process for implementing a Compact Neighborhoods Zone includes:

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

16. DHCD Project-Based Homeownership Program

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

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

Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.

- ***Gateway Cities***

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

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

17. *National Housing Trust Fund (NHTF)*

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

18. *Community Scale Housing Initiatives (CSHI)*

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

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

- Projects are expected to close and proceed to construction within 12 months of the date of the award letter

19. Starter Home Program

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

20. Workforce Housing Fund

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

The Workforce Housing Initiative was created to do the following:

- Target individuals and families with incomes of 61% to 120% of Area Median Income (AMI)
- Provide up to \$100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide
- Leverage strategic opportunities to use state-owned land
- Complement 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 households and may not be elderly restricted or occupied by full-time students
- 20% of units at the development must be affordable for households earning at or below 80% of AMI

21. Housing Choice Initiative

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

January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department.

C. Homebuyer Financing and Counseling

1. ONE Mortgage Program

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

2. American Dream Downpayment Assistance Program

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the ONE Mortgage Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleasing in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

3. Homebuyer Counseling

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

4. Self-Help Housing

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

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (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 five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan.

3. *Septic Repair Program*

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

4. *Home Modification Program*

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

Appendix 4

Community Housing Forum

May 17, 2018

Meeting Summary

The Ludlow Planning Board sponsored a Community Housing Forum on May 17, 2018 at Ludlow Town Hall to present key findings from a Housing Needs Assessment and obtain community input into the next phase of its work in preparing a Housing Production Plan. Following a brief introduction from Board Chair, Joseph Queiroga, Project Consultant, Karen Sunnarborg, provided a PowerPoint presentation on the highlights of the Housing Needs Assessment and facilitated a brief question and comment period.

Participants were then provided with instructions on proceeding with Breakout Group Brainstorming, and asked to identify a Facilitator to keep the group on track in fulfilling the assigned tasks within allotted timeframes and to further identify a Recorder to document key comments from each group member. The purpose of the breakout groups was to obtain input from participants on their vision for community housing as well as priority actions for fulfilling this vision and addressing local housing needs.

Visioning

Each group member was asked in turn to complete the following three questions, resulting in these comments:

The Town's greatest challenge related to preserving and producing housing affordability and diversity is _____

- Disparities between land availability vs. utility availability
- Issues regarding infrastructure/there are large areas of vacant land but no water or sewer services
- Problems developing vacant state combined lots split by deed restrictions
- Community education/getting the word out to the community about what is affordable housing and how best to develop it
- Getting the word out to the community about engaging in this planning process
- Zoning which limits the permitting of higher density housing
- Limited area included in the Chapter 40R Smart Growth Overlay District

My hope for the future of housing in Ludlow (an aspirational goal to strive for) would be to _____?

- Become more proactive and less reactive to affordable housing initiatives
- Achieve greater cross-board and community involvement in affordable housing
- Encourage appropriate affordable housing development potentially requiring subsidies
- Restore existing housing in areas like East Street
- Encounter less apathy and more hope in the community about affordable housing
- Meet 10% state affordability goal quickly
- Pursue useful legislative changes however difficult to help promote affordable housing

- Make affordable housing feasible by insuring a reasonable return to developers through funding and/or incentives (such as tax breaks) to developers

The best locations for new housing development include _____?

- Small areas in downtown districts
- Fuller Street area/Kendall Street
- Mill Redevelopment Area/currently capped at 250 units which could be expanded
- 40R River to River as recommended (areas bordering the Chicopee River)
- Mills
- Along Bus Route 6 (from bridge up Sewall to Big Y or to Heath South)
- Land in the Agriculture Zoning District
- East Street Corridor/Mixed-use units

Prioritizing Actions and Voting

Each member of the breakout groups was then asked in turn to identify the two most important actions or strategies for the Town to implement to address priority housing needs. They were then asked, also in turn, to identify their top three preferences based on the full list of proposed actions created by the group. The full group was then asked to select the top six actions that received the most support in order of priority importance and agreement.

Representatives from each group then presented the priority actions to all participants. Following these presentations, all participants voted on their preferred actions with five stickers which they could place on one item or spread among strategies. They also had one negative sticker that they could use to record opposition to a particular action, however, none chose to do so.

This prioritizing and voting process produced the following actions and corresponding number of votes:

Regulatory Strategies

- Adjust zoning (9 votes)
- Change zoning to better provide more areas for development (such as smaller lots that had been combined) (6 votes)
- Expand the Chapter 40R Smart Growth Overlay District/East Street Redevelopment Area (4 votes)

Town Programs and Services

- Encourage developers to build affordable housing (i.e., expedited permitting, lower application fees, cluster development, density bonuses, tax subsidies) (8 votes)
- Provide tax incentives to developers (6 votes)
- Generate community buy-in on affordable housing (3 votes)
- Improve communications to educate the public on affordable housing (2 votes)
- Expand existing infrastructure (i.e., water, sewer)
- Utilize the Fair Housing Committee (2 votes)

Development Opportunities

- Develop small lots for empty nesters (4 votes)
- Provide specialized housing (i.e., seniors/disabled, veterans) (3 votes)

- Promote planned communities/if not providing affordable housing offer funding to develop units elsewhere
- Promote more self-subsidized units with market units cross-subsidizing affordable ones or owners deed restricting units for affordable housing

Participants were informed that the Town will be working with the Consultant on the next sections of the Housing Production Plan that will include priority actions that were discussed during the public forum as well as annual production goals. After the draft is prepared, the Planning Board will conduct another public meeting to present the highlights of the Plan for further input from local leaders, housing stakeholders and residents. Both the Planning Board and Board of Selectmen will have to approve the Plan before it can be submitted to the state for their approval.