

**TOWN OF BERLIN  
HOUSING PRODUCTION PLAN**



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# TOWN OF BERLIN HOUSING PRODUCTION PLAN

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# TOWN OF BERLIN

## HOUSING PRODUCTION PLAN

### I. EXECUTIVE SUMMARY

Berlin has been a small predominantly rural community that is transforming into a more suburban bedroom community. This is largely a result of the significant growth that the community has experienced over the past couple of decades as development pressures moved west from Boston beyond the Route 495 ring. Despite the resultant strains on municipal services and very limited municipal capacity to manage growth, lacking a Town Administrator and a Town Planner for example, Berlin has made significant strides in promoting smart growth principles and producing affordable housing. For example, the Town passed a Village Overlay District to direct denser, mixed-use development to a southeastern section of town off of Route 290 which will result in up to 205 units of new housing, including 84 units of multi-family rental housing. It also adopted inclusionary zoning that applies to all new residential development that results in six or more dwelling units, requiring that a minimum of 15% of the new units and number of bedrooms be created as affordable.

Now with 109 units of affordable housing in its Subsidized Housing Inventory (SHI), Berlin has reached an affordability percentage of 9.2% and with impending development will surpass the state's 10% affordability goal, pushing the percentage beyond 17%.

The Town has also made commitments to sound planning for new growth, preparing Housing Plans in both 2006 and 2011 and updating its Master Plan. This Housing Production Plan involves not only a continued commitment to planning for affordable housing, but also a recognition that after the Town surpasses the 17.5% affordability level, and potentially 17.8%, it will still be grappling with the need to guide growth to control development and limit adverse environmental impacts as well as to promote the integration of public benefits, including the continued diversification of the housing stock to address a wide range of unmet housing 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 for the town of Berlin, identifying housing needs and providing the context within which a responsive set of strategies is developed to address these needs. 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 – Continued population growth with projected decreases in children and significant increases in older adults***

**Population growth has been relatively high**, fueled by those from the Boston area who migrated west in search of more affordable living conditions and new employment opportunities. For example, Berlin's population increased by 27.2% between 1990 and 2014, which was at least double the rates of 13.7% and 10.7% for Worcester County and the state, respectively. The Town's total population includes about 2,900 residents.

**Population projections suggest continued growth** as the Metropolitan Area Planning Council (MAPC) estimates that the population will grow by 10.4% to 3,164 residents by 2030. Projections from the State Data Center at the University of Massachusetts' Donahue Institute suggest even greater population increases to 3,914 residents by 2030. Local leaders suggest that after the pending projects are completed, it is likely that growth will return to between ten and 15 new units per year.

There have generally been declines in younger residents including **a loss of 18 children under age 18 between 2000 and 2014 while the Town's total population increased by 22.6%.**

The greatest gains were in older residents with those in the 45 to 54-age range increasing by about 37% between 2000 and 2014, those age 55 to 64 increasing by 76%, and those 65 years of age or older also increasing by 76%. **Projections suggest those 65 years of age or older will increase by 145% between 2010 and 2030,** from 523 residents to 1,283 according to MAPC, growing from 18.2% to 40.5% of all residents. State Data Center projections anticipate a comparable increase of 147%.

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

The number of households increased by 20.6% between 2000 and 2014, which is somewhat lower than the overall population growth of 22.6% during the same period. Nevertheless, MAPC projections suggest a **43.2% rate of household growth between 2010 and 2030, much higher than the projected 10.4% population increase.** This is largely reflective of projected increases in smaller households, particularly seniors living alone.

#### ***Economic Trends – Increasing incomes as well as income disparities***

**Incomes have increased steadily and substantially over the past several decades, increasing by 35% between 2000 and 2014 and rising at a comparable level to the state and inflation.** For example, the median household income increased from \$65,667 in 2000 to \$88,681 by 2014. The growing prosperity of Berlin's residents is also reflected in the increasing proportion and numbers of those earning more than \$100,000, from 213 or 24.5% of all households in 2000 to 470 or about 45% of all households by 2014, higher than the state level of 33.2% and 23.5% for Worcester County.

On the other end of the income range, there were proportionately fewer households earning below \$35,000, only 12% in comparison to 28.2% and 27.8% for Worcester County and the state, respectively.

There are also growing income disparities between renters and owners. An estimated 28.9% of renters earned less than \$35,000 in 2014, 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 Berlin, there have been small recent increases.**<sup>1</sup> The 2014 census estimates indicate that those living below the poverty level grew from 1.8% in 2010 to 2.7% by 2014, or from 52 individuals to 79. This level of poverty was much lower than that for Worcester County and the state as a whole where 11.6% of the population lived below the poverty level.

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<sup>1</sup> The federal poverty levels for 2016 were \$11,880 for a single individual and \$20,160 for a family of three (3).

Employment data suggests that there are relatively low average wages for local jobs. **The average weekly wage was \$770, less than half Boston's average weekly wage at \$1,770 and also less than \$1,048 for the City of Worcester.**

Of all Berlin residents in 2014, 244 or 8.4% claimed a disability, less than the proportion for the county and state at about 11%. **As the population continues to age, with those 65 years of age or older predicted to grow by 145% between 2010 and 2030, the level of special needs in the community will also increase suggesting a greater need for handicapped accessibility and supportive services integrated into housing.**

### ***Housing Trends – Dwindling affordability in the private housing market with high projected housing growth***

More than one-quarter (25.9%) of the Town's housing predates World War II with substantial development occurring after 1990.

**MAPC projections estimate substantial growth in the future to 1,611 units by 2030 from 1,189 in 2010.** Once again, local leaders suggest a return to about ten to 15 new units per year following completion of pending developments.

Berlin has a **much higher level of owner-occupancy** at 85.2% of all units compared to 66% for Worcester County and 62% statewide.

Census data suggests that all growth occurred in the owner-occupied housing stock between 2000 and 2014, which does not reflect the 40 additional rental units through Northbrook Village II.

The Town has **rather low vacancy rates of 5.2% for ownership and a noteworthy 0% for rentals** as of 2014, representing tight market conditions.

There is **limited diversity of housing types in Berlin with increases in single-family units and declines in multi-family properties.** The percentage of single-family detached properties is considerably higher in Berlin than the county, at 78.5% compared to 56.2%, and most of the recent housing growth has focused on this type of housing.

Single-family attached units, mostly involving condominiums, also increased markedly since 2000, from 1.2% to 15.2% of all units according to 2014 census estimates.

Units in two-family properties decreased from 44 units in 2000 to 27 by 2014, and those in properties with five to nine units experienced a net loss of 20 units during this period. **The development of Riverbridge will boost the numbers of multi-family housing considerably.**

**Berlin's housing stock retains little affordability** with only 39 owner-occupied units valued below \$200,000 of which 29 are SHI units. Another 141 units or 15.7% of the housing stock is still valued relatively affordable in the \$200,000 to \$300,000 range.

The community has an expanding high-end housing market with 222 units valued above \$500,000, up from 13 units in 2000.

The median sales price of a single-family home as of October 2016 was \$400,000 based on The Warren Group data from actual market sales, up from \$325,000 in 2015 but down from the peak of the market of \$495,000 in 2006. These median prices demonstrate that the **housing market is rebounding from the financial crisis of a few years ago**, from a low of \$344,000 in 2010. Berlin's median house price is significantly higher than the county level of \$245,000 and the state at \$346,000 as of October 2016.

To afford the median sales price of a single-family home of \$400,000, a household would have to earn an estimated \$94,000 assuming 80% financing and the ability to come up with down payment and closing costs of more than \$85,000.<sup>2</sup>

The average household, based on the median income of \$88,681, could likely afford a home costing no more than about \$378,000.<sup>3</sup> There is therefore an affordability gap of about \$22,000 - the difference between the median priced single-family home (\$400,000) and what a median income household can afford (\$378,000) based on 80% financing. Once again, these purchasers would have to come up with approximately \$85,000 in cash for the down payment and closing costs, a large amount for most families without substantial equity from another home or other substantial financial assets and effectively widens the affordability gap. While financing with less than 5% down payments was common before the financial crisis, it is now more the exception than the norm.

**The affordability gap widens to \$177,000 if the analysis focuses on those low- and moderate-income households earning at 80% of area median income (AMI), or \$59,150 for a family of three (3), who can afford a single-family house costing no more than about \$223,000.<sup>4</sup>**

It is important to note that this cost analysis is based on the maximum HUD limits for a household earning at 80% AMI, not the affordable purchase price that would be calculated according to the formula used in the state's Local Initiative Program (LIP) that is based on a household earning at 70% AMI to allow for a marketing window.

**Condos also involved an affordability gap of \$30,000 for median-income earning households and \$185,000 for those earning at 80% AMI.**

**The rental market is very small, at about 156 units, and has changed substantially** as the median rent increased from \$629 in 2000 to \$1,250 by 2014, higher than the statewide median of \$1,088 and \$927 for Worcester County. **It is also important to note that this information includes 80 subsidized units or about half of all rentals, thus making rental costs appear more affordable than they really are.**

While there were few listings, market rents are higher. For example, the listing for a two-bedroom apartment was \$1,600 that would require an income of \$72,000, assuming average monthly utility bills of \$200 and the household not paying more than 30% of its income on housing costs.

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<sup>2</sup> Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$15.85 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.

<sup>3</sup> Figures based on interest of 4.5%, 30-year term, annual property tax rate of \$15.85 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.

<sup>4</sup> This analysis assumes the ability of the purchaser to obtain subsidized mortgage financing from the ONE Mortgage Program, MassHousing mortgage offerings, or other special programs. Therefore, no private mortgage insurance (PMI) was included in the calculations and 95% mortgage financing was assumed.

A HUD report suggests that one-quarter of all Berlin households were spending too much for their housing including more than 7% or 72 households who were spending at least half of their income on housing costs. Of those 185 households earning at or below 80% AMI, 96 or 52% were spending too much with 54 or 29% spending more than half of their income on their housing.

## 1.2 Summary of Housing Needs

Based on input from a wide variety of sources including the Town's housing goals (see Section 2.3), census data, market information, community input, state requirements, as well as prior planning efforts, this Housing Production Plan recommends a ***continued focus on rental unit development*** based on important considerations listed in Section 5.7 of this Housing Plan.

To date about 75% of all SHI units have been developed as rentals. Given the Town's housing goal to focus primarily on rentals, this Housing Production Plan recommends housing production goals of at least the 75% level going forward.

While recommending a continued focus on subsidized rental unit development, this Housing Plan also suggests the need to address unmet local needs through homeownership development as starter homes for families or smaller units for a growing number of empty nesters looking to downsize and minimize home maintenance demands.

## 1.3 Summary of Development Challenges

Continuing a proactive housing agenda to promote affordable housing remains a significant challenge in Berlin for the following compelling reasons:

- Berlin has no municipal water or sewer services, making denser development more costly and difficult. This raises concerns among residents about water supply and water quality impacts of any new development.
- Local zoning provides substantial obstacles to workforce housing development, and current regulations would have to be reformed or in many cases overridden through "friendly" comprehensive permits to overcome these barriers. Zoning for accelerated growth raises local questions concerning capacity and changing the very nature of the community with its small town distinctions.
- The Town's hilly topography, extent of ledge, poor soils for septic systems, and other environmental constraints limit the amount of land that is developable and makes development significantly more costly.
- Unlike many communities in the state, Berlin has not adopted the Community Preservation Act (CPA) which provides an important local resource for preserving open space and historic properties as well as subsidizing affordable housing. Consequently, the Town must rely primarily on zoning to create mandates with incentives for providing affordable housing or react to developer proposals.
- The Town currently has limited staff capacity to oversee the implementation of this Housing Plan.

- Like every community, there is typical opposition to changes in the status quo and affordable housing development.

Despite these constraints, the Town has made substantial progress in boosting its supply of affordable units and continues to plan for new development, including affordable housing.

#### **1.4 Summary of Production Goals**

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI). If this is accomplished in any calendar year, the town will have 12 months or 24 months, respectively, when it will have the likely ability to deny Chapter 40B comprehensive permit applications that it deems do not meet local needs.<sup>5</sup> Berlin would have to produce at least six (6) affordable units annually to meet these annual production goals, although the town is in a position to surpass the 10% state affordability threshold in the near future.

The state's subsidizing agencies 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.).

#### **1.5 Summary of Housing Strategies**

The strategies summarized below are based on previous plans, the Housing Needs Assessment, local housing goals, local housing surveys and other community input, and the experience of comparable communities in the area and throughout the Commonwealth. Some of the strategies reflect a continuation of efforts that have already proven effective in promoting affordable housing in Berlin. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning, Housing Development, and Housing Preservation – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable:<sup>6</sup>

*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.*

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<sup>5</sup> If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

<sup>6</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

### **1.5.1 Capacity Building Strategies**

Specific actions to help build local capacity to address local housing needs are listed below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda and build local support for new affordable housing initiatives.

- *Continue to conduct ongoing community outreach and education*  
The Town will continue to engage the community in discussions on affordable housing to present information on the issue needed to dispel myths and negative stereotypes and to help galvanize local support, political and financial, for new housing initiatives.
- *Secure professional support*  
The Town will consider bringing on the necessary expertise to provide ongoing support to effectively coordinate the implementation of various components of the Housing Plan. The Central Massachusetts Regional Planning Commission (CMRPC) is in the process of establishing a regional collaboration of communities to share the expertise of housing consultants which Berlin needs to explore.

### **Zoning Strategies**

Greater flexibility will be needed in the Town's Zoning By-law and new tools will be required to capture more affordable units and better guide new development to "smarter" locations.

- *Amend inclusionary zoning*  
Another potential zoning change would be to amend the Town's inclusionary zoning with incentives that include density bonuses and a formula for providing cash in-lieu of units that can be invested in other Town housing activities.
- *Reconsider an Open Space Residential Development (OSRD) By-law*  
The Town will investigate amending its zoning to create an Open Space Residential Development (OSRD) by-law, also referred to as cluster or flexible development, to encourage a smarter way of developing land besides the traditional subdivision and suburban sprawl. 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.

### **1.5.3 Housing Development Strategies**

To implement this Housing Plan, the Town will continue to need to partner with developers, non-profit and for profit, in the creation of additional affordable units.

- *Partner with Private Developers to Further Smart Growth*  
Continuing to work cooperatively with private developers, non-profit and for profit, is a major component of this Housing Production Plan. With incentives created in the Zoning By-law to promote affordable housing (see Section 6.2) and with the availability of the "friendly 40B" option, the Town will continue to partner with developers to guide new development that incorporates affordable units and smart growth principles.

- *Explore small-scale infill development and conversions*  
There are potential sites that might accommodate a housing unit or small number of units or even conversions of existing properties to serve local affordable housing needs such as small starter units, affordable rentals, and special needs housing. However, in the absence of local funding to subsidize such developments or cash-out fees as part of inclusionary zoning, the Town will be reliant on a developer’s ability to obtain state funding to subsidize affordable units, local zoning, and internal subsidies created by market rate units.
- *Make publicly-owned property available for affordable housing*  
While Town-owned property is limited, the Town should identify potential sites, including tax-foreclosed properties, and convey suitable, surplus publicly-owned properties to selected developers through a Request for Proposals (RFP) process that requires some amount of affordable housing.

#### **1.5.4 Housing Preservation Strategies**

Housing production is critical, but the Town also needs to provide resources to help preserve existing SHI units and support the deferred home maintenance needs of lower income residents, including seniors.

- *Preserve Existing SHI Units*  
Berlin has experienced some turnover of affordable ownership units that has presented challenges in regard to preserving affordability. It is the intention of the Town to work with the sellers, Subsidizing Agencies, and designated Monitoring Agents to support efforts to market the units per the requirements of the deed rider and to insure appropriate reporting of monitoring functions.
- *Obtain Funding to Correct Housing Code Violations*  
The Town will explore funding options to introduce a program to help qualifying lower income property owners make necessary home improvements to protect their health and safety either as a deferred loan program or an emergency repair program particularly targeted to seniors.

Table 1-2 provides a summary of these housing strategies.

Table 1-2 Summary of Housing Strategies	Priority for Implementation		# Affordable Units	Responsible Parties**
	In Years 1-2	In Years 3-5		
<b>8.1 Capacity Building Strategies</b>				
1. Continue to conduct ongoing community outreach and education	X		*	HP
2. Secure sufficient professional support	X		*	BOS/HP
<b>8.2 Zoning Strategies</b>				
1. Amend inclusionary zoning	X		*	PB
2. Reconsider an OSRD By-law		X	*	PB
<b>8.3 Development Strategies</b>				
1. Partner with private developers to further smart growth		X	99	PB
2. Explore small-scale infill development and conversions		X	7	PB/HP
3. Make suitable public property available for affordable housing		X	6	BOS/PB/ZBA/HP
<b>8.4 Preservation Strategies</b>				
1. Preserve existing SHI units	X		*	HP
2. Obtain funding to correct housing code violations		X	*	BOS/HP

\* Indicates actions for which units are counted under other specific housing production strategies, have an indirect impact on production, do not add to the Subsidized Housing Inventory, or cannot be counted towards production goals.

**\*\*Abbreviations**

Board of Selectmen = BOS

Planning Board = PB

Housing Partnership = HP

Zoning Board of Appeals = ZBA

## 2. INTRODUCTION

The Town of Berlin is located in the metropolitan Worcester area just 13 miles northeast of Worcester and 32 miles west of Boston. The town is bounded by Hudson and Marlborough on the east, Northborough on the south, Boylston and Clinton on the west, and Bolton on the north.

Berlin developed as a rural community with a Town center and several small villages and where zoning, adopted in 1958, permitted residential and agricultural uses throughout town. Residential uses now comprise about 30% of the community's land area and are primarily located along roadsides and more recent subdivisions. Substantial new residential development has occurred through the Chapter 40B comprehensive permit process, involving 109 housing units.

### 2.1 Why Prepare a Housing Production Plan?

The Town of Berlin prepared Housing Production Plans in 2006 and 2011, following-up with this Housing Production Plan to provide updated information on demographic, economic and housing trends and characteristics as well as recommended strategies to address still unmet local housing needs. These planning efforts represent 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 Berlin, have adopted such Plans and are working towards their implementation. See Section 7 for more details on Housing Production Plans.

Moreover, during the last couple of decades, Berlin has experienced the most substantial commercial and residential development growth in its history, which not only has put considerable pressure on local services, but has also depleted open space at a rapid rate, losing approximately 54 acres per year.<sup>7</sup> This new development activity has been spurred on by Berlin's appeal as an attractive rural community as

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<sup>7</sup> Town of Berlin, Open Space and Recreation Plan 2011-2018, Brown Walker Planners, Inc.

well as the substantial economic growth that has been occurring in the Central Massachusetts region. In recognition of increasing development strains, local leaders have been engaged in community planning work to better guide continued growth including updating the Town’s Master Plan and this Housing Production Plan for example.

## 2.2 What is Affordable Housing?

Affordable housing is generally defined by the income of the household in comparison to housing costs. For example, the federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household’s net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. If households are paying more than these thresholds, they are described as experiencing housing affordability problems or cost burdens; and if they are paying 50% or more for housing, they have severe housing affordability problems.

Affordable housing is also defined according to its availability to households at percentages of median income for the area,<sup>8</sup> 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 (up to \$28,400 for a family of three for the Eastern Worcester County area), and very low-income is defined as households earning between 31% and 50% of area median income (limit of \$47,300 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income (\$59,150 for a family of three).<sup>9</sup>

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 Eastern Worcester County Metropolitan Area, 2016**

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income
1	\$22,100	\$36,800	\$46,000
2	25,250	42,050	52,600
3	28,400	47,300	59,150
4	31,550	52,550	65,700
5	34,100	56,800	71,000
6	36,600	61,000	76,250
7	39,150	65,200	81,500
8+	41,650	69,400	86,750

Median Income = \$79,700

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

<sup>8</sup> Berlin is part of the Eastern Worcester County, MA HUD Metro FMR area.

<sup>9</sup> The family of three (3) is illustrated here and is used in affordability calculations as the average household size was 2.67 persons per 2014 census estimates from the American Community Survey (ACS).

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program.<sup>10</sup> 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.

**Berlin is very close to meeting the 10% state affordability threshold under Chapter 40B. Of the 1,183 year-round housing units in Berlin, 109 or 9.2% meet the 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 109 SHI units means that Berlin has a gap of only ten 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. Four units in a group home are eligible for inclusion in the SHI that will bring the gap down to only six units and pending development will bring the Town well over 17%, providing a substantial cushion for the future.

### 2.3 Housing Goals

The Town's 2011 Housing Production 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:

Balance housing types with projected needs by

- Increasing the number of smaller units for increasing numbers of smaller households
- Increasing the number of affordable rental units
- Improving quality, design and energy-efficiency standards for affordable housing
- Creating affordable housing that fits within the character of the community
- Increasing municipal capacity to plan, create and manage affordable housing

Based on the results of community surveys from 1997, 2004, and 2011, Berlin residents indicated their overwhelming wish to preserve 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. Berlin has been in the process of updating its Master Plan to further smart growth principles such as:

- Promote a unique sense of community and place;
- Preserve and enhance valuable natural and cultural resources;

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<sup>10</sup> 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.

- Equitably distribute the costs and benefits of development;
- Expand the range of transportation, employment and housing choices in a fiscally responsible manner;
- Value long-range, regional opportunities of sustainability over short-term incremental actions; and
- Promote public health and healthy communities.

Berlin is also seeking to increase its inventory of affordable homes to serve households with incomes no greater than 80% of the area median income. Units will be subject to use restrictions or re-sale controls to preserve their affordability as prescribed by the state to insure that affordable units are eligible for inclusion in the SHI with an emphasis on the following criteria:

- A term of perpetuity is required for both new construction and substantial rehabilitation;
- Units will be subject to a Regulatory Agreement between the developer and the subsidizing agency as required;
- Units will be marketed in a fair and open process consistent with state and federal fair housing guidelines; and
- Use of a local preference up to the maximum of 70% of the affordable units created in the development with required approval of the subsidizing agency.

### 3. DEMOGRAPHIC PROFILE<sup>11</sup>

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?

In essence, major findings indicate that over the past several decades Berlin’s population has grown considerably with declines in younger adults and significant gains in older middle-aged residents with high projected increases in those 65 years of age and older and further losses of children.

#### 3.1 Population Growth – Substantial recent growth with projected substantial future population increase, particularly in older adults

As noted in Table 3-1, Berlin experienced the greatest population growth after World War II, growing from 1,349 residents in 1950 to 2,099 by 1970, a result of the construction of Interstate 290 and 495 in the 1960s, with another major growth spurt of 24.1% between 2000 and 2010, as new major development occurred in the Central Massachusetts region. Figure 3-1 visually presents these spikes in growth. Census estimates suggest a 1.8% increase since 2010 to an estimated population of 2,917 residents by 2014.

**Table 3-1: Population Change, 1930 to 2014**

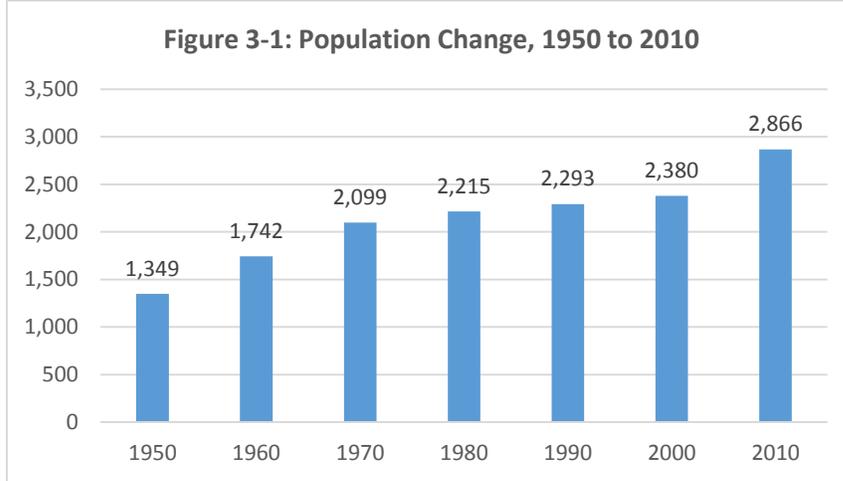
Year	Total Population	Change in Number	Percentage Change
1930	1,075	--	--
1940	1,057	-18	-1.7%
1950	1,349	292	27.6%
1960	1,742	393	29.1%
1970	2,099	357	20.5%
1980	2,215	116	5.5%
1990	2,293	78	3.5%
2000	2,380	87	3.8%
2010	2,866	573	24.1%
2014	2,917	51	1.8%

Source: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center for decennial counts. The 2014 estimate is from the U.S. Census Bureau’s American Community Survey, 5-Year Estimates, 2010-2014.

Berlin’s population increased by 27.2% between 1990 and 2014, which was at least double the growth rates of 13.7% and 10.7% for Worcester County and the state, respectively. This growth has been largely spurred on by development activity along the Route 495 corridor due to the migration of

<sup>11</sup> 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. Because the ACS is based on a sample, it is subject to sampling error and variation.

residents and businesses from the Boston area to points west in search of more affordable living conditions and new employment opportunities.



Population projections from the Metropolitan Area Planning Council (MAPC)<sup>12</sup> estimate that the population will grow by 10.4% to 3,164 residents by 2030. Projections from the State Data Center at the University of Massachusetts’ Donahue Institute<sup>13</sup> suggest even greater population increases to 3,914 residents by 2030 (see Tables 3-3 and 3-4). However, local leaders predict

much less growth during this period, back to approximately 10 to 15 units per year or not more than 50 new residents annually, after Riverbridge and Chapter 40B projects are completed.

### 3.2 Age Distribution – Greatest gains in the baby boom generation

Table 3-2 presents census data on changes in the distribution of ages from 2000 through 2014.

**Table 3-2: Age Distribution, 2000 to 2014**

Age Range	2000		2010		2014	
	#	%	#	%	#	%
Under 5 Years	172	7.2	130	4.5	102	3.5
5 – 17 Years	424	17.8	479	16.7	481	16.5
18 – 24 Years	125	5.3	149	5.2	181	6.2
25 – 34 Years	261	11.0	243	8.5	248	8.5
35 – 44 Years	458	19.2	364	12.7	400	13.7
45 – 54 Years	395	16.6	564	19.7	540	18.5
55 – 64 Years	250	10.5	414	14.4	441	15.1
65 – 74 Years	180	7.6	297	10.4	298	10.2
75 – 84 Years	86	3.6	175	6.1	140	4.8
85+ Years	29	1.2	51	1.8	82	2.8
<b>Total</b>	<b>2,380</b>	<b>100.0</b>	<b>2,866</b>	<b>100.0</b>	<b>2,917*</b>	<b>100.0</b>
<b>Under 18</b>	<b>596</b>	<b>25.0</b>	<b>609</b>	<b>21.2</b>	<b>583</b>	<b>20.0</b>
<b>Age 65+</b>	<b>295</b>	<b>12.4</b>	<b>523</b>	<b>18.2</b>	<b>519</b>	<b>17.8</b>
<b>Median Age</b>	<b>39.5 years</b>		<b>46.1 years</b>		<b>45.8 years</b>	

Source: U.S. Census Bureau, 2000 and American Community Survey 5-Year Estimates 2006-2010 and 2010-2014.

\* The American Community Survey 5-year Estimates for 2010-2014 provide only percentages and thus some rounding error has occurred towards getting to the 2,917 total.

<sup>12</sup> MAPC, while not the Town’s assigned regional planning agency, has prepared population projections for all communities in the state. For more information on MPAC, go to [www.mapc.org](http://www.mapc.org).

<sup>13</sup> The State Data Center receives state funding and has also provides population projections and other types of demographic and housing data and reports to all communities in the state. For more information, go to [www.donahue.umassp.edu](http://www.donahue.umassp.edu) or [www.massbenchmarks.org](http://www.massbenchmarks.org).

- Decreasing numbers of children*

While the Town’s population increased by 22.6% between 2000 and 2014, there was a loss of 18 children under age 18. Based on 2014 census estimates, these children represent about 20% of all residents, down from 25% in 2000.
- Increases in college-age residents*

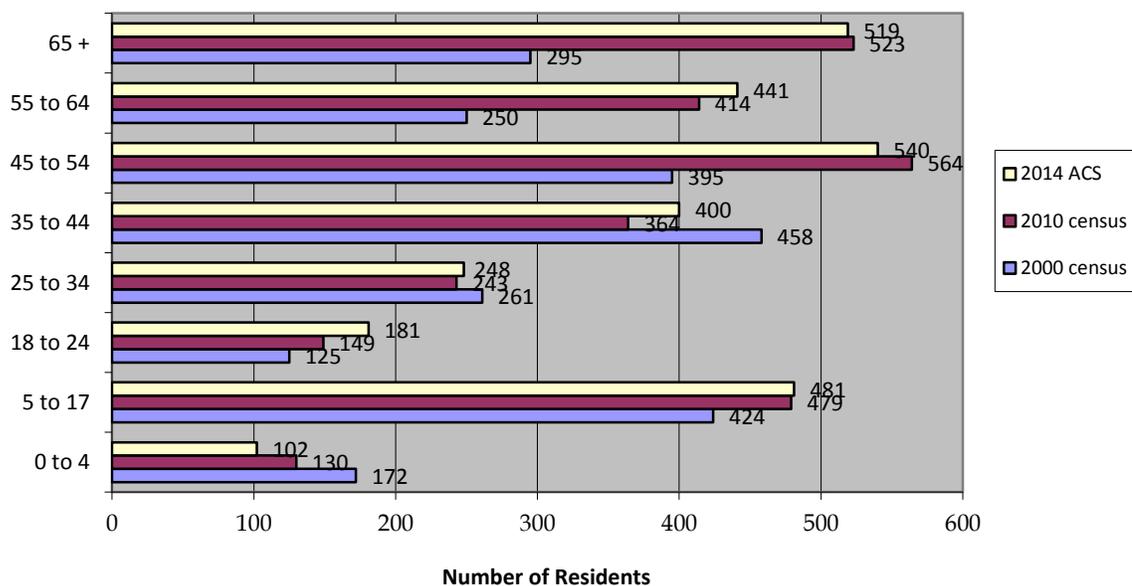
The number of young residents in the 18 to 24-age range has grown somewhat from 125 in 2000 to 181 by 2014, and as a percentage of all residents from 5.3% to 6.2%.

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

*Young adults decreased significantly*  
 Younger adults in the early family formation stage of their lives, the 25 to 34-age category, decreased significantly, dropping from 11.0% in 2000 to 8.5% of the population by 2014 or from 261 to 248 residents during a

time of significant population growth.

**Figure 3-2: Changes in Age Distribution: 2000 to 2014**



- Some fall-off of younger middle-age residents*

Those in the 35 to 44 age range declined by 12.7%, from 458 residents in 2000 to 400 by 2014, potentially driven by the high costs of living in Berlin.
- Significant increases in older middle-age residents*

Those in the 45 to 54-age increased by 36.7%, from 395 residents in 2000 to 540 by 2014. **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 250 residents in 2000 to 441 by 2014, representing a growth rate of 76%.**

- *Slower growth in the population 65 years or older*

The number of those 65 years of age and older also grew by 76%, from 12.4% of the population in 2000 to 17.8% by 2014 or from 295 to 519 residents.

Table 3-3 offers population projections by age category for 2020 and 2030, 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, reflecting the aging of the community’s large older middle-age cohort as documented in Table 3-2 and Figure 3-

**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.**

2. Projections suggest overall population gains in the context of decreasing percentages of younger residents below age 55 and major increases of older adults. Children under age 20 are projected to decrease considerably, from 22.8% to

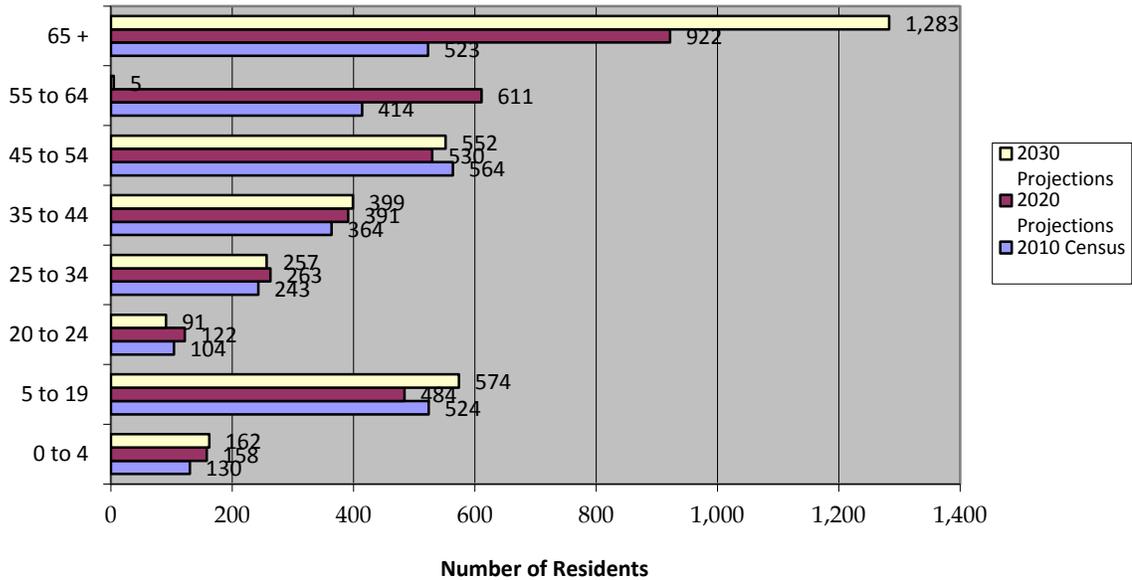
10% of all residents during this period. **Those 65 years of age or older are estimated to more than double** in number, from 523 residents in 2010 to 1,283 by 2030 according to MAPC, growing from 18.2% to 40.5% of all residents.

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

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
<b>Under 5 Years</b>	130	4.5	42	1.4	43	1.4
<b>5 – 19 Years</b>	524	18.3	370	12.2	197	6.2
<b>20 – 24 Years</b>	104	3.6	101	3.3	76	2.4
<b>25 – 34 Years</b>	243	8.5	257	8.5	258	8.2
<b>35 – 44 Years</b>	364	12.7	344	11.4	370	11.7
<b>45 – 54 Years</b>	564	19.7	459	15.2	448	14.2
<b>55 – 64 Years</b>	414	14.4	595	19.7	490	15.5
<b>65 – 74 Years</b>	297	10.4	466	15.4	650	20.5
<b>75 – 84 Years</b>	175	6.1	288	9.5	444	14.0
<b>85+ Years</b>	51	1.8	101	3.3	189	6.0
<b>Total</b>	2,866	100.0	3,024	100.0	3,164	100.0
<b>Under 20</b>	654	22.8	412	13.6	316	10.0
<b>Age 65+</b>	523	18.2	855	28.3	1,283	40.5

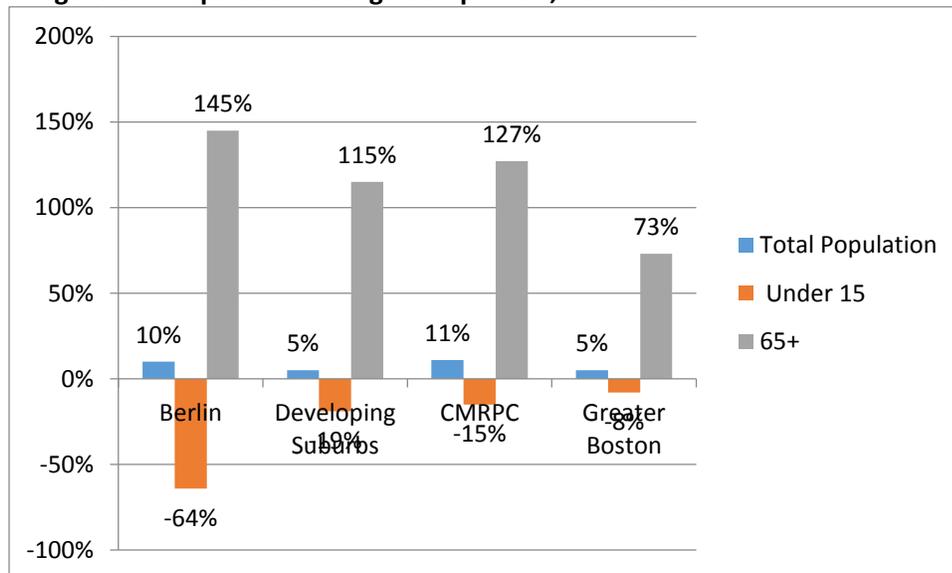
Source: Metropolitan Area Planning Council (MAPC), January 2014.

**Figure 3-3: Changes in Age Distribution: 2010 and MAPC Projections for 2020 and 2030**



These projections are also charted in Figure 3-4, comparing projections for Berlin to other developing suburbs in the state,<sup>14</sup> the Central Massachusetts Regional Planning Commission area, and Metro Boston. Berlin is projected to experience a greater increase in total population as well as much more significant losses of children under 15 years of age and gains in those 65 and older. Local leaders question these population projections, particularly those related to significant population increases given past growth of about 10 to 15 units per year, involving no more than about 50 residents.

**Figure 3-4: Population Change Comparison, 2010-2030**



<sup>14</sup> MAPC categorized Berlin as a developing suburb in this particular report.

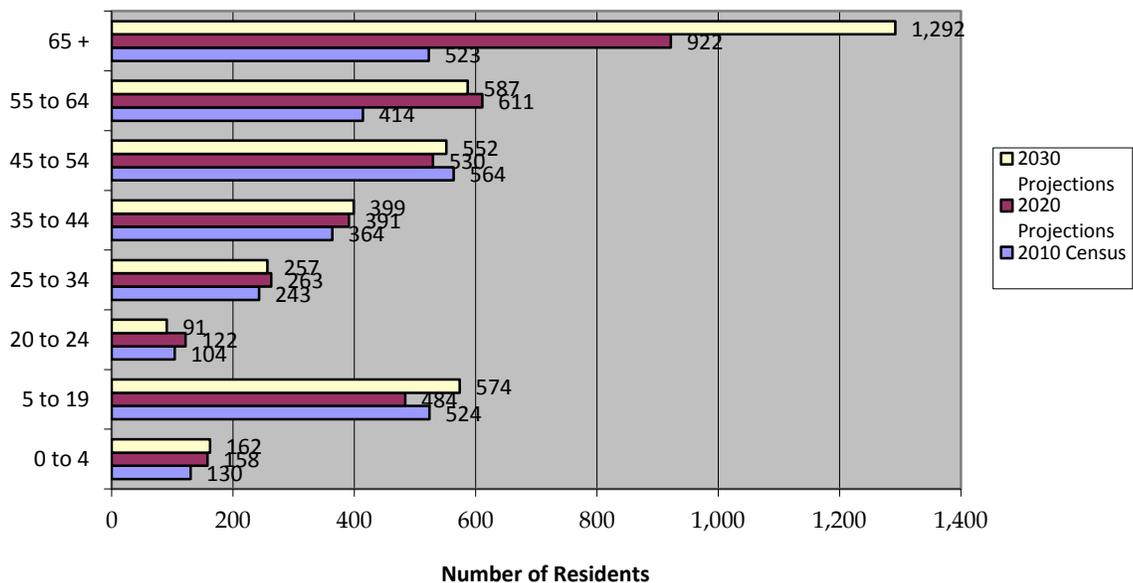
The State Data Center at the University of Massachusetts’ Donahue Institute has also prepared population projections that suggest even greater population increases to 3,914 residents by 2030 as shown in Table 3-4 and Figure 3-5. All age groups below age 55 are projected to decrease as a percentage of all residents. For example, while those under age 20 are estimated to grow in number, from 654 to 736 residents, these figures suggest that they will drop from 22.8% of the population in 2010 to 18.8% by 2030. These decreases are not as substantial as those projected by MAPC however. **On the other end of the age range, those 65 years of age or older are projected to increase by 147% during this same period to one-third of all residents by 2030, relatively comparable to the 145% increase included in the MAPC projections.**

**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	130	4.5	158	4.5	162	4.1
5 – 19 Years	524	18.3	484	13.9	574	14.7
20 – 24 Years	104	3.6	122	3.5	91	2.3
25 – 34 Years	243	8.5	263	7.6	257	6.6
35 – 44 Years	364	12.7	391	11.2	399	10.2
45 – 54 Years	564	19.7	530	15.2	552	14.1
55 – 64 Years	414	14.4	611	17.6	587	15.0
65 – 74 Years	297	10.4	505	14.5	652	16.7
75 – 84 Years	175	6.1	303	8.7	462	11.8
85+ Years	51	1.8	114	3.3	178	4.5
<b>Total</b>	<b>2,866</b>	<b>100.0</b>	<b>3,481</b>	<b>100.0</b>	<b>3,914</b>	<b>100.0</b>
<b>Under 20</b>	<b>654</b>	<b>22.8</b>	<b>764</b>	<b>21.9</b>	<b>736</b>	<b>18.8</b>
<b>Age 65+</b>	<b>523</b>	<b>18.2</b>	<b>922</b>	<b>26.5</b>	<b>1,292</b>	<b>33.0</b>

Source: University of Massachusetts Donahue Institute, State Data Center

**Figure 3-5: Changes in Age Distribution: 2010 and State Data Center Projections for 2020 and 2030**



### 3.3 Racial Composition – Very small but growing racial diversity

Table 3-5 presents data on the racial distribution of the population in Berlin. The town has had some limited but increasing racial diversity with a 97.6 of the population describing themselves as white in 2000, decreasing to 96.4% by 2014. About half of the minority residents claimed Asian descent with the remainder including Black or African-American residents and those of Latino or Hispanic affiliation.

**Table 3-5: Racial Information, 2000 to 2014**

Population Characteristics	2000		2010		2014	
	#	%	#	%	#	%
<b>White Population*</b>	2,323	97.6	2,752	96.0	2,813	96.4
<b>Minority Population</b>	57	2.4	114	4.0	104	3.6
Asian Population*	23	1.0	40	1.4	53	1.8
Black Population*	4	0.2	19	0.7	13	0.4
American Indian*	2	0.1	9	0.3	0	0.0
Those of 2+ Races	19	0.8	36	1.3	5	0.2
Latino/Hispanic of any race	12	0.5	44	1.5	44	1.5

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates, 2006-2010 and 2010-2014

\* Includes only those of that race

### 3.4 Household Composition – Higher projected increases in households than population

As shown in Table 3-6, the number of households increased from 872 in 2000, to 1,125 by 2010, and then down to an estimated 1,052 by 2014. This represents a 20.6% growth in households which is somewhat lower than the overall population growth of 22.6% during the same period. Using the 2010 figures however, the household growth rate is 29% and more reflective of regional and national trends towards smaller households. For example, the typically smaller non-family households, composed of unrelated household members or those living alone, increased from 23.6% of all households in 2000 to 27.9% by 2010, and then decreased to 22.2% according to 2014 census estimates. The reversal of the trend towards smaller households in the 2014 data is also revealed in the changes in average household and family size and is questionable.

**Table 3-6: Household Characteristics, 2000 to 2014**

Type of Household	2000		2010		2014	
	#	%	#	%	#	%
<b>Households</b>	872	100.0	1,125	100.0	1,052	100.0
<b>Families*</b>	666	76.4	811	72.1	818	77.8
<b>Husband-wife Family With children &lt; 18*</b>	252	28.9	261	23.2	264	25.1
<b>Female Headed Families with Children &lt;18 *</b>	38	4.4	37	3.3	34	3.2
<b>Non-families*</b>	206	23.6	314	27.9	234	22.2
<b>Average Household Size</b>	2.72 persons		2.54 persons		2.77 persons	
<b>Average Family Size</b>	3.13 persons		2.97 persons		3.11 persons	

Source: U.S. Census Bureau, Census 2000 Summary File 1; American Community Survey 5-Year Estimates 2006-2010 and 2010-2014. \*Percent of all households

MAPC estimates that the number of households will increase to 1,391 by 2020 and then to 1,611, representing a growth of 43.2% since 2010 compared to population projections that predict 10.4% growth by 2030. This suggests that the 2014 census estimates, which indicated a loss in the number of households from 1,125 to 1,052 between 2010 and 2014, are a significant departure from these projected trends and questionable.

Table 3-7 examines the types of households by household size. Single-person households comprised 14.9% of all households in 2014, down from 18.3% in 2000. Of the 157 single-person households in 2014, 102 or 65% were 65 years of age or older. There were also 418 two-person households, up from 307 such households in 2000.

**Table 3-7: Types of Households by Size, 2000 and 2010 Census and 2014 Estimates**

Households by Type and Size	2000		2010		2014	
	#	%	#	%	#	%
<b>Nonfamily households</b>	<b>211</b>	<b>24.3</b>	<b>278</b>	<b>26.6</b>	<b>234</b>	<b>22.2</b>
1-person	159	18.3	228	21.8	157	14.9
2-persons	43	4.9	47	4.5	70	6.7
3-persons	4	0.5	3	0.3	7	0.7
4-persons	5	0.6	0	0.0	0	0.0
5-persons	0	0.0	0	0.0	0	0.0
6-persons	0	0.0	0	0.0	0	0.0
7+ persons	0	0.0	0	0.0	0	0.0
<b>Family households</b>	<b>659</b>	<b>75.7</b>	<b>766</b>	<b>73.4</b>	<b>818</b>	<b>77.8</b>
2-persons	264	30.3	337	32.3	348	33.1
3-persons	150	17.2	155	14.8	200	19.0
4-persons	146	16.8	143	13.7	170	16.2
5-persons	66	7.6	94	9.0	69	6.6
6-persons	33	3.8	31	3.0	24	2.3
7+ persons	0	0.0	6	0.6	7	0.7
<b>Total</b>	<b>870</b>	<b>100.0</b>	<b>1,044</b>	<b>100.0</b>	<b>1,052</b>	<b>100.0</b>

Sources: U.S. Census Bureau, 2000 Census, Summary File 3, and American Community Survey Five-Year Estimates 2006-2010 and 2010-2014. Because these figures reflect sample data, they are somewhat different than the actual counts included in Table 3-6.

The 2014 estimates also suggest a slight trend towards proportionately fewer large families from 28.2% with four persons or more in 2000 to 25.8% by 2014, still higher than 23.7% for Worcester County for example.

## 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 Berlin 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 – Relatively high income levels but notable income disparities

Table 4-1 and Figure 4-1 show that incomes are relatively high and increased between 2000 and 2014 at a rate that is relatively comparable to statewide increases and inflation. For example, the median household income increased by 35% between 2000 and 2014, from \$65,667 to \$88,681, in comparison to 34% statewide, from \$50,502 to \$67,846.<sup>15</sup> On the other hand, the 2014 median of \$88,681 represents a significant decline from \$92,917 in 2010, and indicates a 41.5% increase in median household income between 2000 and 2010 which was almost twice the rate for the state of 22.9% and well above the rate of inflation of 26.6%.

The overall growing prosperity of Berlin’s residents is also reflected in the increasing proportion and numbers of those earning more than \$100,000, from 213 households or 24.5% of all households in 2000 to 470 or about 45% of all households by 2014, much higher than 33.2% and 23.5% for the state and Worcester County, respectively. The town’s per capita income was \$43,191 in 2014, also significantly higher than the county level of \$32,072 and the state at \$36,441.

**Table 4-1: Income Distribution by Household, 2000 to 2014**

Income Range	2000		2010		2014	
	#	%	#	%	#	%
Under \$10,000	21	2.4	7	0.7	8	0.8
10,000-24,999	146	16.8	84	8.0	86	8.2
25,000-34,999	63	7.2	69	6.6	32	3.0
35,000-49,999	84	9.7	95	9.1	85	8.1
50,000-74,999	163	18.7	148	14.2	202	19.2
75,000-99,999	180	20.7	183	17.5	169	16.1
100,000-149,999	142	16.3	204	19.5	185	17.6
150,000 +	71	8.2	254	24.4	285	27.1
<b>Total</b>	870	100.0	1,044	100.0	1,052	100.0
<b>Median Household Income</b>	\$65,667		\$92,917		\$88,681	

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates, 2006-2010 and 2010-2014.

On the other end of the income range, there were proportionately fewer households earning below \$35,000, only 12% in comparison to 28.2% and 27.8% for Worcester County and the state, respectively.

<sup>15</sup> These increases are largely in line with changes in the Consumer Price Index (CPI) during this period of 37.5%.

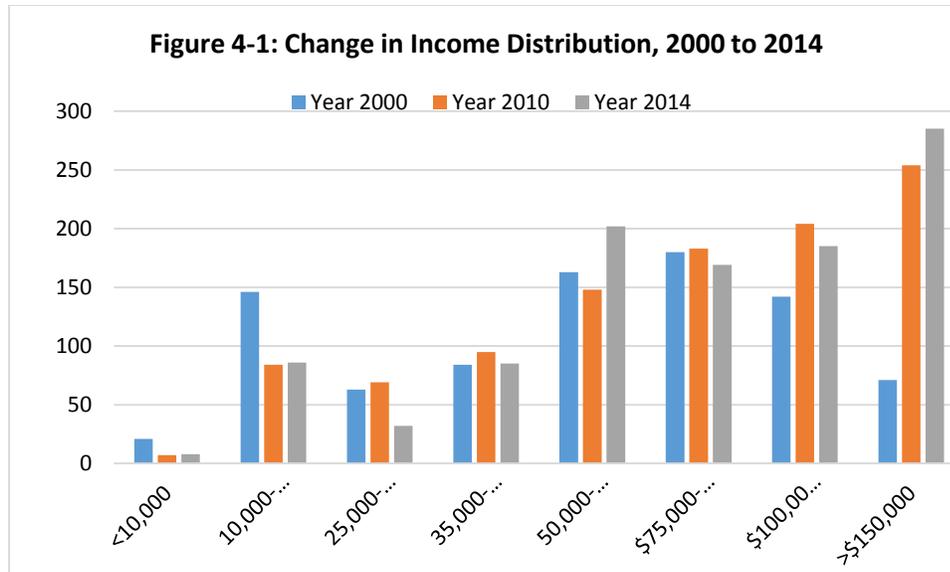


Table 4-2 provides median income levels for various types of households for 2014. The median income of families was substantially higher than non-families, \$100,500 versus \$65,000, a finding highly correlated with the greater prevalence of two worker households in families and the high number of seniors living alone which are 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, 2014**

Type of Household/Householder	Median Income
Individual/Per capita	\$43,191
Households	\$88,681
Families	\$100,500
Nonfamilies*	\$65,000
Renters	\$71,900
Homeowners	\$97,386
Householder less than age 25	**
Householder age 25 to 44	\$101,971
Householder age 45 to 64	\$114,583
Householder age 65 or more	\$50,313
Full-time, year-round male workers	\$66,181
Full-time, year-round female workers	\$52,500

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2010-2014.

\*Includes persons living alone and unrelated households members.

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

A comparison of 2000 and 2014 income levels for owners and renters is provided in Table 4-3. An estimated 28.9% of renters earned less than \$35,000 in 2014, compared to 9.0% 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. The disparity of incomes by tenure is also reflected in median income levels of \$71,900 for renters and \$97,386 for homeowners, increasing from \$23,125 and \$76,388, respectively, from 2000. It should be noted however, that the 2014 median income for renter households in Berlin is about twice those for the county and state at \$33,261 and \$37,165, respectively.

The relatively high incomes for rental households is also notable in the context of these income figures including almost 80 qualifying renter households in subsidized housing (about half of all rental units). Nevertheless, 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 2014**

Income Range	Renters				Homeowners			
	2000		2014		2000		2014	
	#	%	#	%	#	%	#	%
Under \$10,000	14	8.4	0	0.0	7	1.0	8	0.9
10,000-24,999	72	43.4	41	26.3	71	10.1	45	5.0
25,000-34,999	24	14.5	4	2.6	47	6.7	28	3.1
35,000-49,999	0	0.0	14	9.0	86	12.2	71	7.9
50,000-74,999	28	16.9	35	22.4	132	18.7	167	18.6
75,000-99,999	22	13.3	34	21.8	159	22.5	135	15.1
100,000-149,999	0	0.0	9	5.8	140	19.8	176	19.6
150,000 +	6	3.6	19	12.2	64	9.1	266	29.7
<b>Total</b>	<b>166</b>	<b>100.0</b>	<b>156</b>	<b>100.0</b>	<b>706</b>	<b>100.0</b>	<b>896</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2000 Census summary File 3 and American Community Survey 5-Year Estimates 2010-2014.

#### 4.2 Poverty – Very low with some modest increases

Table 4-4 indicates that while poverty is very low in Berlin relative to state and county levels, it has nonetheless increased somewhat.<sup>16</sup> The 2014 census estimates indicate that those living below the poverty level grew from 3.9% in 2000, down to 1.8% in 2010, and then up a bit to 2.7% by 2014, or from 92 individuals to 52 and then to 79. This level of poverty was substantially lower than that for Worcester County and the state as a whole where 11.6% of the population lived below the poverty level.

**Table 4-4: Poverty Status, 2000 to 2014**

Type of Resident	2000		2010		2014	
	#	%	#	%	#	%
Individuals *	92	3.9	52	1.8	79	2.7
Families **	14	2.1	0	0.0	17	2.1
Female Headed Families ***	0	0.0	0	0.0	6	17.9
Related Children Under 18 Years ****	39	6.5	0	0.0	13	2.2
Individuals 65+ *****	8	2.7	0	0.0	19	3.6

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates, 2006-2010 and 2010-2014. \* 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+

<sup>16</sup> The federal poverty levels for 2016 were \$11,880 for a single individual and \$20,160 for a family of three (3).

Poverty among families remained at 2.1% although census estimates suggest a figure of zero poverty in 2010. Of the 34 estimated female-headed households with children under age 18, 17.9% or six were estimated to be living in poverty in 2014 with the percentage of children in poverty estimated at 2.2% or 13.

There have been some minor fluctuations in the poverty level among those 65 years of age or older, but according to 2014 estimates, 19 or 3.6% of those in this age category were living in poverty, up from 2.7% and 0% in 2000 and 2010, respectively.

### 4.3 Employment – Relatively low average wages for local jobs

Of those 2,404 Berlin residents over the age of 16 in 2014, 1,739 or about 72.3% were in the labor market and 1,663 or about 69% were employed according to the Census Bureau’s American Community Survey estimates. This data suggests an unemployment rate at that time for town residents of 3.2%. Since 2014, the state indicates that unemployment rates have decreased to 1.9% as of October 2016, lower than Boston’s at 2.6% and Worcester’s at 3.3%.

It should also be noted that 84.8% of workers drove alone to work, another 6.4% carpooled, 99 either worked at home or walked, and 13 used public transportation according to the 2014 American Community Survey estimates. The average commuting time was about 25.8 minutes, suggesting that many employment opportunities were in reasonable reach.

The 2014 Census Bureau’s American Community Survey data also provided information on the concentration of Berlin workers by industry, indicating that 52% of Berlin’s residents in the labor force were involved in management or professional occupations, another 18.8% in sales and office occupations, and the remainder in service occupations (13%), production and transportation (4.6%), and construction, natural resources or maintenance occupations (11.5%). An estimated 78.5% of Berlin’s workers involved wage and salaried workers, another 11.8% were government workers, and 8.9% were self-employed.

**Table 4-5: Average Employment and Wages by Industry, 2014**

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Agriculture, Forestry, Fishing and Hunting	3	\$285,283	25	\$219
Construction	20	\$4,447,446	85	\$1,006
Manufacturing	4	\$1,901,730	29	\$1,261
Wholesale Trade	5	\$1,435,919	11	\$2,510
Retail Trade	12	\$2,093,592	53	\$760
Professional/Technical Services	7	\$524,078	8	\$1,260
Administrative and Waste Services	8	\$1,879,653	39	\$927
Health Care/Social Assistance	10	\$1,317,171	46	\$551
<b>Total</b>	<b>88</b>	<b>\$20,417,029</b>	<b>510</b>	<b>\$770</b>

Source: Massachusetts Executive Office of Labor and Workforce Development, November 28, 2016

Detailed labor and workforce data from the state on employment patterns for those who work in Berlin is presented in Table 4-5. This information shows an average employment in the community of 510 workers in 2015. The data also indicates some concentration of jobs in retail trade as well as health care or social assistance and construction. The average weekly wage was \$770, which is less than half

Boston’s average weekly wage at \$1,770 and also less than \$1,048 for the City of Worcester. **The \$770 average weekly wage translates into an annual income of about \$40,200 meaning that it is unlikely that the average person employed in Berlin can afford to live in the community.**

#### **4.4 Education – High and increasing educational attainment and relatively stable public school enrollment**

The percentage of those having a high school diploma is higher in Berlin at 94.5% compared to county and state levels of 89.6% and 89.5%, respectively. Additionally, 47.4% of Berlin residents 25 years of age or older have completed a bachelor’s degree as of 2014, while 34.1% and 40.0% had a bachelor’s degree or higher for the county and state, respectively. Educational attainment is up considerably from 88.3% and 36.4% with at least high school or college degrees in 2000, respectively, however.

Census estimates also indicate that those enrolled in school (nursery through graduate school) totaled 702 residents in 2014 or 24% of the population, and those enrolled in preschool through high school totaled 535 students, representing 18.3% of all residents.

The Berlin-Boylston Regional School District enrollment has been increasing with students at the Tahanto Regional Middle/High School growing from 408 students in 2000, to 444 by 2010-11, and to 586 this 2016-17 school year. On the other hand, the Berlin Memorial Elementary School has experienced declining enrollments from 246 students in pre-kindergarten through fifth grade in 2000-01, to 212 by 2010-11, and then down to 175 this 2016-17 school year. This is the result of the sixth grade moving to the Tahanto Regional Middle/High School, resolving school capacity problems for some time. The School District expects that Tahanto School enrollments will be tight during the next couple of years but

should ease after that given a reduction from three to two classes per grade anticipated in the Boylston Elementary School.

**As the population continues to age, with those 65 years and older predicted to more than double by 2030, the level of special needs in the community will grow, suggesting a greater need for handicapped accessibility and supportive services integrated into housing.**

#### **4.5 Disability Status<sup>17</sup> – Lower proportion of special needs residents with anticipated increases in the future**

Of all Berlin residents in 2014, 244 or

8.4% claimed a disability, significantly less than the proportions for the county and state at 11.4% and 11.3%, respectively. Berlin did have a slightly higher proportional level of children with disabilities at 6.7% compared to 4.3% and 4.4% for the county and state, however.

<sup>17</sup> 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.

**Table 4-6: Population Five Years and Over with Disabilities for Berlin, Worcester County and the State, 2014**

Age Range	Berlin		Worcester County	Massachusetts
	#	%	%	%
Under 18 years	39	6.7	4.8	4.4
18 to 64 years	91	5.0	9.2	8.8
65 years+	114	21.8	34.5	33.4
<b>Total</b>	<b>244</b>	<b>8.4</b>	<b>11.4</b>	<b>11.3</b>

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2010-2014. Includes those in the civilian, noninstitutionalized population.

Additional information on the types of disabilities for local seniors is summarized in Table 4-7, comparing Berlin estimates to those of the state based on Tufts Health Plan Foundation’s Healthy Aging Community Profile. Compared to the state, those 65 years and older who live in Berlin do better on average on many healthy aging indicators including many of the disability levels listed below. As the population of older adults continues to grow, services from the Council on Aging and other area service providers will become increasingly important, including the potential need for more assisted living options. Certainly the assisted living options that are being created as part of the Riverbridge development will be helpful in meeting the increasing special needs of Berlin’s aging adults.

**Table 4-7: Types of Disabilities**

Population Characteristics	Berlin Estimates	State Estimates
% disabled for a year or more	37.2%	31.0%
Hearing impairment % 65-74/% 74+	7.1%/9.5%	7.4%/21.2%
Vision impairment % 65-74/% 74+	2.1%/8.1%	3.2%/9.3%
Cognition impairment % 65-74/% 74+	2.1%/4.3%	4.7%/12.1%
Ambulatory impairment % 65-74/% 74+	4.6%/15.6%	12.9%/29.4%
Self-care impairment % 65-74/% 74+	2.1%/2.8%	3.7%/12.2%
Independent living impairment % 65-74/% 74+	2.1%/10.0%	7.2%/24.3%

Source: Tufts Health Plan Foundation, Massachusetts Health 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 projected growth to 1,611 units by 2030 from 1,189 in 2010

Table 5-1 presents data on the historic housing growth of Berlin indicating that about 26% of the Town’s housing predates World War II. Development activity ranged from a low of 3.5% in the 1940s to a small spike of 11.5% in the 1960s and then at the highest between 2000 and 2009 when 248 or 21.9% of the housing units were built. These census estimates indicated that there was a total of 1,134 housing units by 2014.

The data in Table 5-1 is from the Census Bureau’s American Community Survey and differs somewhat from the figures in the actual census counts as shown in Table 5-3 for 2000 through 2010. Table 5-3 indicates that there was a gain of 296 units between 2000 and 2010 and then a loss of 55 units from 2010 to 2014, which runs counter to building permit information summarized in Table 5-2.

**Table 5-1: Housing Units by Years Structure Was Built, 2014**

Time Period	#	%
<b>2010 through 2014</b>	0/96 according to permit activity	0.0
<b>2000 to 2009</b>	248	21.9
<b>1990 to 1999</b>	152	13.4
<b>1980 to 1989</b>	88	7.8
<b>1970 to 1979</b>	111	9.8
<b>1960 to 1969</b>	130	11.5
<b>1950 to 1959</b>	71	6.3
<b>1940 to 1949</b>	40	3.5
<b>1939 or earlier</b>	294	25.9
<b>Total</b>	1,134	100.0

Source: US Census Bureau, American Community Survey, 5-Year Estimates, 2010-2014

Table 5-2, based on building permit activity, suggests instead that 56 single-family units were built between 2010 and 2014 as well as a 40-unit multi-family property (Northbrook Village II housing development) for a total of 96 units. Another 13 units were built in 2015.

**Table 5-2: Residential Building Permits, 2010 through 2014**

Year	# Building Permits	Average Valuation
2010	8	\$186,839
2011	3/40-unit multi-family	\$184,973/\$6,240,000
2012	16	\$183,033
2013	15	\$183,033
2014	14	\$169,959
2015	13	\$169,959
<b>Total</b>	<b>69 single-family homes 1 40-unit multi-family</b>	<b>\$179,633 \$6,240,000</b>

The Metropolitan Area Planning Council (MAPC) estimates that like significant population growth, the number of housing units in Berlin will increase considerably to 1,391 units by 2020 and 1,611 by 2030, representing an increase of 486 units and a 43% increase over 2010. Once again, given past housing growth of about 10 to 15 units per year, it is unlikely that this level of growth will be realized.

## 5.2 Housing Occupancy – Significant gains owner-occupied housing stock and relatively low vacancy rates

Besides total housing figures, Table 5-3 includes a summary of housing characteristics for 2000, 2010 and 2014 that indicates the following major trends:<sup>18</sup>

- Somewhat higher level of owner-occupancy*  
 Of the 1,189 total housing units in 2010, Berlin had 1,183 year-round units<sup>19</sup> of which 1,125 or 94.6% were occupied. Of the occupied units, 954 or 84.8% were owner-occupied, much higher than 66% for Worcester County and 62% statewide. The 2014 census estimates suggest a decrease of 58 owner-occupied units and 15 rental units since 2010, which is not the case given the building permit activity summarized in Table 5-2.
- Large gains in owner-occupied units*  
 Census data suggests that all of the housing growth was in the owner-occupied housing stock but does not include the 40 new rental units that were part of the Northbrook Village II senior housing development.

**Table 5-3: Housing Occupancy, 2000 to 2014**

Housing Characteristics	2000		2010		2014	
	#	%	#	%	#	%
<b>Total Housing Units</b>	893	100.0	1,189	100.0	1,134	100.0
<b>Occupied Units*</b>	872	97.6	1,125	94.6	1,052	92.8
<b>Total Vacant Units*</b>	21	2.4	64	5.4	82	7.2
<b>Occupied Owner Units**</b>	706	81.0	954	84.8	896	85.2
<b>Occupied Rental Units**</b>	166	19.0	171	15.2	156	14.8
<b>Average House-Hold Size/Owner Occupied Unit</b>	2.86 persons		2.65 persons		2.82 persons	
<b>Average House-Hold Size/Renter Occupied Unit</b>	2.14 persons		1.94 persons		2.44 persons	

Source: U.S. Census Bureau, Census 1990, 2000 and 2010 Summary File 1 and American Community Survey 5-Year Estimates, 2010-2014 \* Percentage of all housing units \*\* Percentage of occupied housing units

<sup>18</sup> These 2000 and 2010 census figures are based on actual decennial counts while the 2014 figures are census estimates from the Census Bureau’s American Community Survey.

<sup>19</sup> The year-round figure (1,183 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 (6) from the total number of units (1,189) per the 2010 census.

- Decrease in persons per unit*

The average number of persons per unit declined between 2000 and 2010, from 2.86 persons to 2.65 persons for owner-occupied units and from 2.14 persons to also 1.94 persons for rental units. The 2014 census estimates indicate some significant increases to 2.82 and 2.44, respectively, which are questionable. These low average occupancy levels reflect local, regional and national trends towards smaller households and relates to the change in the average household size in Berlin from 2.72 persons in 2000 to 2.54 in 2010.
- Relatively low vacancy rates*

As shown in Table 5-4, census data suggests rather low vacancy rates of 5.2% for ownership and zero for rentals as of 2014. The 2010 rates of 3% and 2.8%, respectively for ownership and rental, appear to be more realistic. As any rate below 5% reflects very tight housing market conditions, these vacancy levels indicate a relatively strong housing market.

**Table 5-4 Vacancy Rates, 2000, 2010 and 2014**

Tenure	Berlin 2000	Berlin 2010	Berlin 2014	County 2014	MA 2014
Rental	2.4%	2.8%	0.0%	8.6%	4.6%
Homeowner	0.6%	3.0%	5.2%	2.3%	1.3%

Source: U.S. Census Bureau, 2000, and 2010 and American Community Survey 5-Year Estimates, 2010-2014.

### 5.3 Types of Structures and Units – Limited diversity of housing types

Census data indicates that there is very limited housing diversity in Berlin, 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 Berlin than the county, at 78.5% in 2014 compared to 56.2%, and most of the housing growth has focused on this type of housing. Such units increased from 779 to 890 units between 2000 and 2014 according to census information. Assessor’s data indicates that the number of single-family units 764 which is much lower than the census figures (see Table 5-11). There was also a considerable increase in single-family attached units, mostly condominium units, increasing by 161 units from 1.2% of the housing stock in 2000 to 15.2%. The 172 unit total included in the 2014 data is comparable to the total of 174 condos based on Assessor’s data.

**Table 5-5: Units in Structure, 2000 to 2014**

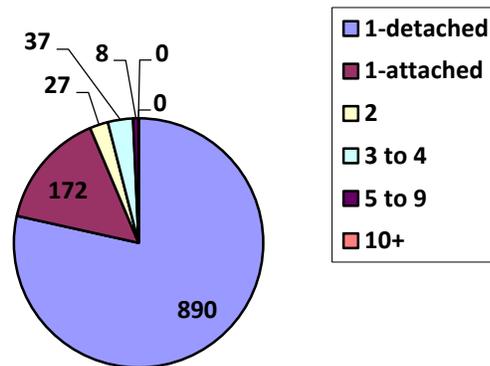
Type of Structure	2000		2010		2014	
	#	%	#	%	#	%
1 unit detached	779	87.2	851	81.5	890	78.5
1 unit attached	11	1.2	79	7.6	172	15.2
2 units	44	4.9	66	6.3	27	2.4
3-4 units	31	3.5	34	3.3	37	3.3
5-9 units	28	3.1	14	1.3	8	0.7
10+ units	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>893</b>	<b>100.0</b>	<b>1,044</b>	<b>100.0</b>	<b>1,134</b>	<b>100.0</b>

Source: U.S. Census Bureau, Census 2000 Summary File 3; American Community Survey 5-Year Estimates for 2006-2010 and 2010-2014

- *Declines in two-family properties*

Units in two-family properties increased from 44 units in 2000 to 66 by 2010 and then down to 27 according to 2014 census estimates.

**Figure 5-1: Distribution of Units per Structure, 2014**



These small multi-family properties are typically among the more affordable units in the private housing stock as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain below market rents to keep them. Moreover, the rental income from these properties is included in mortgage underwriting and helps somewhat lower income households qualify for financing.

- *Decreases in mid-sized multi-family properties*

Properties with five (5) to nine (9) units represent a very small segment of Berlin's housing stock and census data suggest

some very modest decreases with a net loss of 20 units.

- *Losses in larger multi-family properties*

Census data suggests that there are no units in larger multi-family properties for ten units or more, however, Northbrook Village II will include 40 such units as will the Riverbridge development with 84 units.

**It appears that the census data significantly underestimates multi-family housing units in Berlin based on a number of existing developments including Meadowbrook, Northbrook Village I and II, Sawyer Hill Co-housing with a total of almost 200 units.**

- *Almost all owner-occupants live in single-family dwellings*

Table 5-6 provides an estimated breakdown of the 2014 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, 35.9% of renters lived in multi-family units of two to nine units according to census estimates. **It is interesting to note that 64.1% 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.**

**Table 5-6: Units in Structure by Tenure, 2014**

Type of Structure	Homeowner Units/ Number of Residents		Renter Units/ Number of Residents	
	#	%	#	%
Single unit detached	725	80.9	100	64.1
Single-unit attached	155	17.3	0	0.0
2 to 9 units	16	1.8	56	35.9
10+ units	0	0.0	0	0.0
<b>Total</b>	<b>896</b>	<b>100.0</b>	<b>156</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2010-2014 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 had 6.9 rooms, according to both 2000 and 2014 census data, and was therefore moderately-sized. This is larger however than the medians of 5.7 and 5.5 rooms for Worcester County and the state, respectively. Only 3.2% of housing units were very small, with three (3) rooms or less, while 28.3% of all units were large with nine rooms or more, up from 19.7% in 2000. This increase in larger homes is reflective of some of the newer subdivisions.

Not surprisingly, more of the smaller units were occupied by renters with the median number of rooms in rental units having 5.8 rooms as opposed to a median of 7.2 rooms in the owner-occupied stock.

**Table 5-7: Number of Rooms per Unit, 2000 and 2014**

Number of Rooms per Unit	2000		2014	
	#	%	#	%
1 Room	21	2.4	7	0.6
2 Rooms	10	1.1	0	0.0
3 Rooms	51	5.7	29	2.6
4 Rooms	43	4.8	167	14.7
5 Rooms	89	10.0	99	8.7
6 Rooms	154	17.2	176	15.5
7 Rooms	177	19.8	216	19.0
8 Rooms	172	19.3	119	10.5
9 or More Rooms	176	19.7	321	28.3
<b>Total</b>	<b>872</b>	<b>100.0</b>	<b>1,134</b>	<b>100.0</b>
<b>Median (Rooms) for All Units</b>	6.9 rooms		6.9 rooms	

Source: U.S. Census Bureau, 2000 Summary File 3 and the 2010-2014 American Community Survey

#### **5.4 Housing Costs – Very limited 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 2010-2014
- The Warren Group’s median income statistics and sales volume by year, from 2000 through Oct. 2016
- Multiple Listing Service data
- 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 American Community Survey estimates indicate that the median house value as of 2014 was \$380,200, down from \$426,400 in 2010. As Table 5-8 further indicates, Berlin’s owner-occupied housing stock retains very limited affordability with only 39 units valued at less than \$200,000 in 2014 and only another 141 units valued in the \$200,000 to \$299,999 range. More than half of the units were valued between \$300,000 and \$499,999 with one-quarter above \$500,000.

**Table 5-8: Housing Values of Owner-occupied Units, 2000 to 2014**

Price Range	2000		2010		2014	
	#	%	#	%	#	%
Less than \$100,000	8	1.4	0	0.0	29	3.3
\$100,000-199,999	222	38.6	41	4.6	10	1.1
\$200,000-299,999	223	38.7	142	15.6	141	15.7
\$300,000-499,999	110	19.1	418	46.0	494	55.1
\$500,000-999,999	13	2.3	271	29.8	204	22.8
\$1,000,000 or more	0	0.0	36	4.0	18	2.0
<b>Total</b>	576	100.0	908	100.0	896	100.0
<b>Median (dollars)</b>	\$223,800		\$426,400		\$380,200	

Source: U.S. Census Bureau, 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2006-2010 and 2010-2014.

Table 5-9 provides The Warren Group data on median sales prices and volume of sales from 2000 through October 2016. This data is tracked from Multiple Listing Service (MLS) information based on actual sales. As of October 2016, the median sales price of a single-family home was \$400,000, up from \$325,000 in 2015, but down from the peak of the market for Berlin of \$495,000 in 2006. These median prices demonstrate that the housing market has been rebounding from the financial crisis of a few years ago 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 lows of 14 sales in 2010 and 2012, to a high of 41 sales in 2015, and then back down to 23 sales as of the end of October 2016.

**Table 5-9: Median Sales Prices and Number of Sales, 2000 through October 2016**

Year	Months	Single-family		Condominiums		All Sales*	
		Median	# Sales	Median	# Sales	Median	# Sales
2016	Jan – Oct	\$400,000	23	\$368,000	14	\$375,000	49
2015	Jan – Dec	325,000	41	350,000	17	322,500	76
2014	Jan – Dec	370,000	34	264,950	10	328,000	63
2013	Jan – Dec	370,000	32	275,000	12	320,500	54
2012	Jan – Dec	408,500	14	295,450	18	295,450	46
2011	Jan – Dec	397,500	28	239,450	6	325,000	40
2010	Jan – Dec	344,000	14	200,000	11	295,000	33
2009	Jan – Dec	445,000	31	406,770	43	401,453	87
2008	Jan – Dec	365,000	17	355,000	7	345,000	42
2007	Jan – Dec	425,000	26	315,000	6	374,900	45
2006	Jan – Dec	495,000	20	358,700	8	392,000	49
2005	Jan – Dec	399,900	27	416,000	9	420,500	56
2004	Jan – Dec	440,000	34	NA	2	443,000	55
2003	Jan – Dec	347,500	26	380,000	15	365,000	55
2002	Jan – Dec	279,500	24	350,108	36	342,444	78
2001	Jan – Dec	344,900	30	299,265	13	322,000	51
2000	Jan – Dec	259,900	19	NA	NA	287,500	33

Source: The Warren Group/Banker & Tradesman, November 28, 2016

\*Includes all real estate transactions

The condo market has also experienced substantial ups and downs in terms of both values and number of sales; and unlike most communities, condo values are relatively comparable to those of single-family homes. The highest median sales price was \$406,770 in 2009, when values would have been predicted to be lower given the “bursting of the housing bubble”. The lowest median was the following year at \$200,000, less than half the 2009 median. It is also useful to note that 29 of these condos are affordable and thus the median figure does not reflect market sales solely but is affected by some affordable prices in particular years.

The number of condo sales has also fluctuated substantially from a high of 43 sales in 2009, to only 6 in 2011, still low at 10 sales in 2014, and then up only somewhat to 14 as of October 2016. It is likely that the 43-unit sales volume in 2009 reflected the marketing of a new condominium development, the Brook Lane/Meadowbrook over 55 development.

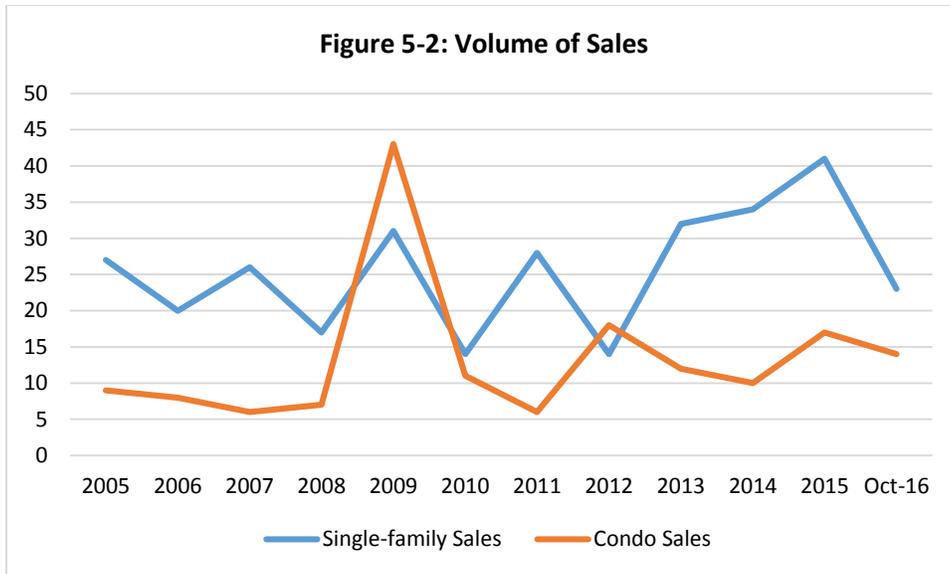
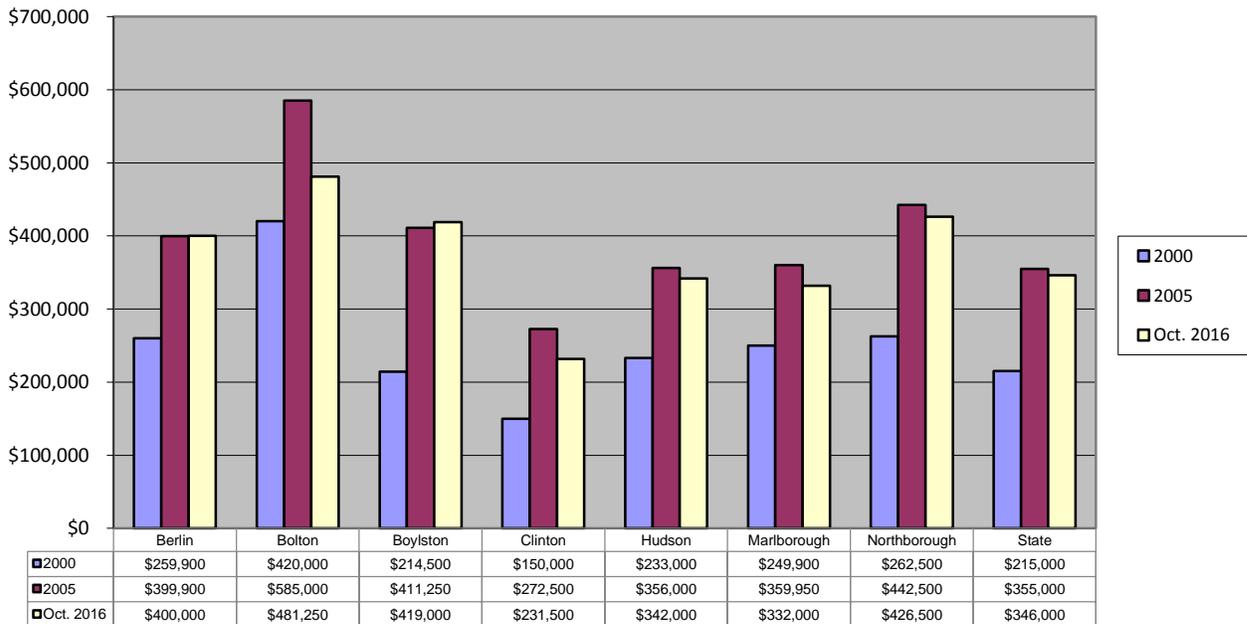


Figure 5-3 examines the median single-family home values for Berlin in comparison to neighboring communities as well as the county and state for 2000, 2005, and as of October 2016. Berlin has among the highest values in comparison to neighboring communities with Bolton at the highest end of the range. Market prices for all places still have not surpassed the 2005 ones, when the housing market was at its height for most communities prior to the financial crisis, with the exception of Boylston, although Berlin is very close to the 2005 level of \$399,900 but still far behind the 2006 median of \$495,000.

**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. This table provides a snapshot of the range of sales for November 2015 through November 2016, indicating that there were 32 sales of single-family homes and 12 for condos. This analysis further confirms that there is very limited affordability remaining in Berlin's housing market with only four single-family homes and six condos selling for less than \$200,000, representing 13.6% of all sales. One of the condo sales was an affordable unit as part of the Berlin Woods Chapter 40B development. On the other end of the price range, the highest sale was for \$600,000 during this period. This analysis also confirms the relatively high price of condos, only somewhat more affordable than single-family homes. For example, the median single-family house price in this analysis was \$399,900 with the median condo at \$362,000.

**Table 5-10: Single-family House and Condo Sales, November 2015 through November 2016**

Price Range	Single-families		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	4	12.5	2	16.7	6	13.6
\$200,000-299,999	5	15.6	2	16.7	7	15.9
\$300,000-399,999	7	21.9	5	41.7	12	27.3
\$400,000-499,999	9	28.1	3	25.0	12	27.3
\$500,000-599,999	6	18.8	0	0.0	6	13.6
\$600,000-699,999	1	3.1	0	0.0	1	2.3
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>

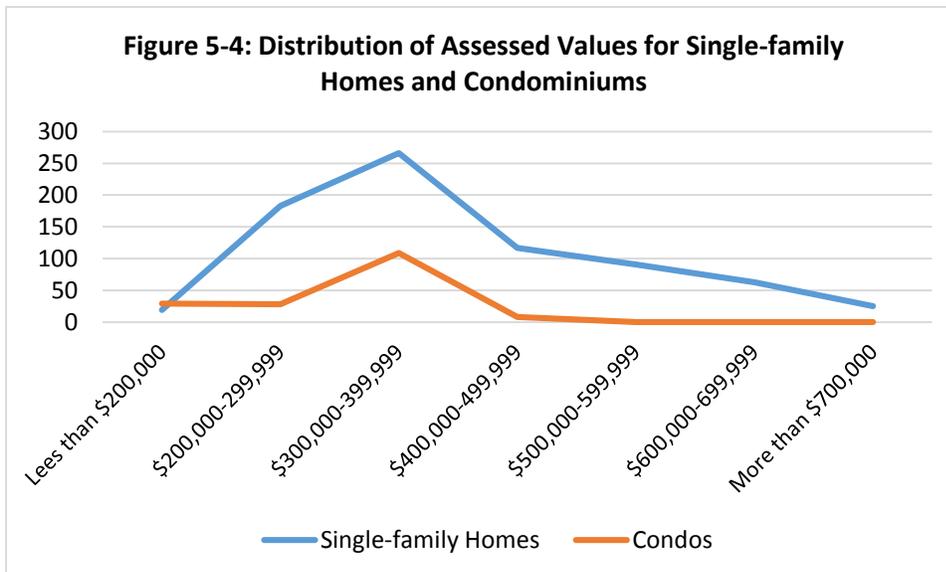
Source: The Warren Group, Banker & Tradesman, December 2, 2016

Town Assessor data on the assessed values of single-family homes and condos in Berlin is presented in Tables 5-11 as well as Figure 5-3, 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 Berlin had 764 single-family properties in FY16 with only 19 homes, or about 2.5% of all such properties, assessed below \$200,000 and relatively affordable to households earning at or below 80% AMI. About another quarter of homes were assessed between \$200,000 and \$300,000, still relatively affordable. There were 179 homes assessed above \$500,000, representing almost another quarter of the single-family stock. The median assessed value was \$362,100, well below the median sales price of \$400,000 as of October 2016 according to Banker & Tradesman although assessed values typically fall below market prices.

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

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	19	2.5	29	16.7	48	5.1
\$200,000-299,999	183	24.0	28	16.1	211	22.5
\$300,000-399,999	266	34.8	109	62.6	375	40.0
\$400,000-499,999	117	15.3	8	4.6	125	13.3
\$500,000-599,999	91	11.9	0	0.0	91	9.7
\$600,000-699,999	63	8.2	0	0.0	63	6.7
More than \$700,000	25	3.3	0	0.0	25	2.7
<b>Total</b>	<b>764</b>	<b>100.0</b>	<b>174</b>	<b>100.0</b>	<b>938</b>	<b>100.0</b>

Source: Berlin Assessor, Fiscal Year 2016.



There were 174 condominium based on the FY16 assessments. The 29 units that were assessed at less than \$200,000 include the Town’s affordable condos on the SHI that range in value from \$138,000 to \$173,000. Another 16.1% of the condos were assessed between \$200,000 and \$300,000. The

median assessed value was \$325,000, also lower than the October 2016 median sales price of \$368,000 based on The Warren Group’s data but affected by the inclusion of SHI units.

Berlin also has 97 mixed-use properties that include a residential component either as primary or secondary to a commercial or other use, ranging from \$299,880 to \$1,413,600.

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

- *Two-family homes* – There are 28 such properties ranging from \$233,000 to \$684,100 in assessed value with a median of \$367,900.
- *Three-family dwellings* – Four such properties ranging from \$335,500 to \$440,700 in value.
- *Multiple houses on one lot* – There were 16 of these properties ranging in assessed value from \$304,900 to \$687,500 and a median of \$404,200.
- *4 to 8-unit structures* – Data indicates four such properties with assessed values of \$344,500 to \$545,900.
- *8+ units* – The Northbrook Village II project (135 Pleasant Street) was the only such property listed with an assessment of almost \$2 million.
- *Mobile homes* – There are four ranging in value from \$157,500 to \$247,300, two located on Gates Pond Road.

**Rentals**

Table 5-12 presents information on the distribution of costs for renter-occupied properties for 2000, 2010 and 2014 based on U.S. Census Bureau figures. The median rents doubled during this period from \$629 to \$1,250, much higher than the 37.5% rate of inflation. The 2014 median rent was also significantly higher than those of \$927 and \$1,088 for the county and state, respectively.

**Table 5-12: Rental Costs, 2000 to 2014**

Gross Rent	2000		2010		2014	
	#	%	#	%	#	%
Under \$200	4	2.4	0	0.0	0	0.0
\$200-299	29	17.5	0	0.0	4	2.6
\$300-499	33	19.9	7	5.1	15	9.6
\$500-749	13	7.8	7	5.1	9	5.8
\$750-999	11	6.6	73	53.7	24	15.4
\$1,000-1,499	27	16.3	36	26.5	61	39.1
\$1,500 +	30	18.1	7	5.1	43	27.6
No Cash Rent	19	11.4	6	4.4	0	0.0
Total	166	100.0	136	100.0	156	100.0
Median Rent	\$629		\$919		\$1,250	

Source: U.S. Census Bureau, Census 2000 Summary File 3 and 2006-2010 and 2010-2014 American Community Survey 5-Year Estimates.

While almost half of Berlin’s rentals were renting for less than \$750 in 2000, by 2014 only 18% were renting within this range. On the other end of price range, about one-third of rentals were going for more than \$1,000 in 2000 compared to two-thirds in 2014. **It is also important to note that the census counts included 80 subsidized rental units, about half of all rentals, thus making the rentals in Table 5-13, including median rent, appear more affordable than they really are.**

There are very few listings of rental opportunities in Berlin, particularly apartments, but what few exist suggest that market rents are much higher than the \$1,250 gross monthly rent indicated by 2014 census estimates. There was only one rental listed in the late November 2016 internet listings that involved a condo for rent with 2 bedrooms, 2½ baths and 1,480 square feet for \$1,600. The relative lack of listings indicates that much of the rental transactions were likely accomplished by word of mouth and confirms the tight market conditions suggested by very low vacancy rates in the housing stock.

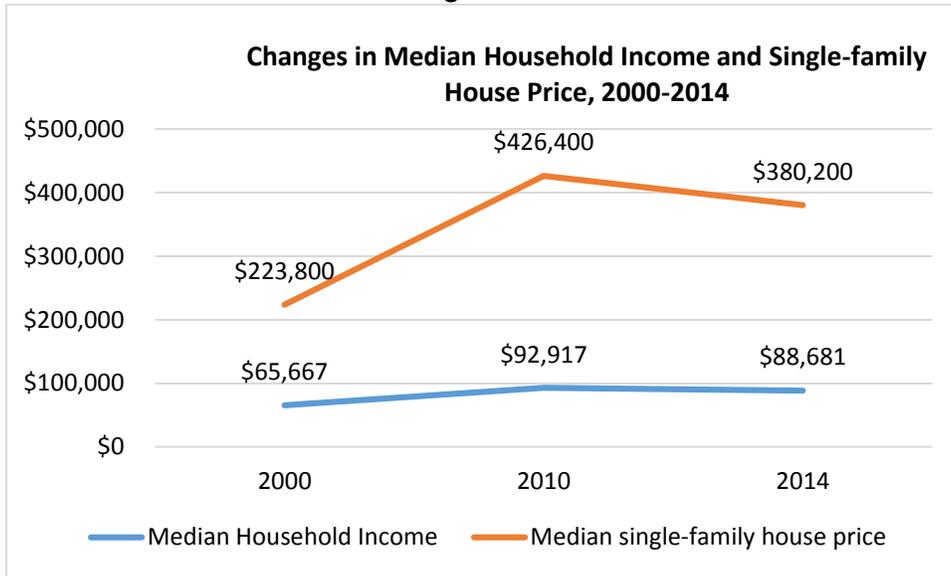
## 5.5 Affordability Analysis

### ***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 \$88,681 in Berlin could afford a house of approximately \$221,700, 60% the median house price of \$370,000 as of the end of 2014 and 55% of the median house value as of October 2016 of \$400,000. *This implies that the household in the middle of the town’s income range faced an “affordability gap” of approximately \$148,300 in 2014.*

Figure 5-5



**Housing prices have in fact risen faster than incomes**, making housing much 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 considerably based on census data. While incomes increased by 35% between 2000 and 2014, the median owner-occupied unit price increased by 70%. As a point of comparison, census estimates suggest a downturn of the median price from \$426,400 in 2010 to \$380,200 by 2014 while Banker & Tradesman data indicated an increase in the median single-family house price from \$344,000 in 2000 to \$370,000 by 2014.

In 2000 the median income was 29% of the median house price, decreased to 22% by 2010, and then increased somewhat to 23% in 2014. Moreover, the gap between income and house value was \$158,133 in 2000, increased to \$333,483 by 2010, and then declined to \$291,519 by 2014, still very high.

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. To afford the median sales price of a single-family home of \$400,000, based on The Warren’s Group’s data as of October 2016, a household would have to earn an estimated \$94,000 assuming 80% financing and the ability to come up with down payment and closing costs of more than \$85,000.<sup>20</sup>

The average household, based on the median household income of \$88,681, could likely afford a home costing no more than about \$378,000.<sup>21</sup> **There is therefore a small affordability gap of about \$22,000 - the difference between the median priced single-family home (\$400,000) and what a median income**

<sup>20</sup> Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$15.85 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.

<sup>21</sup> Figures based on interest of 4.5%, 30-year term, annual property tax rate of \$15.85 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.

**household can afford (\$378,000) based on 80% financing. Once again, these purchasers must have substantial cash on hand for the 20% down payment plus additional closing costs, which effectively widens the affordability gap considerably.** While financing with 5% down payments or even less was common before the financial crisis, it is now more the exception than the norm.

In the case of condominiums, the median income earning household could afford a condo for about \$345,000 based on 80% financing and the need to come up with about \$75,000 in cash for the down payment and closing costs. This analysis also assumes a monthly condo fee of \$250. Therefore, there is an affordability gap of \$30,000 as of October 2016, the difference between what a median income earning household can afford (\$345,000) and the median condo price (\$375,000) according to the Banker & Tradesman data.

**The affordability gap widens to \$177,000 if the analysis focuses on those low- and moderate-income households earning at 80% of area median income (AMI), or \$59,150 for a family of three, who can afford a single-family house costing no more than about \$223,000.<sup>22</sup> There is an even higher affordability gap for condos as a three-person household earning at 80% AMI could afford a condo for about \$190,000 which is \$185,000 lower than the median of \$375,000 according to Banker & Tradesman, once again assuming a monthly condo fee of \$250.**

It is important to note that this cost analysis is based on the maximum HUD limits for a household earning at 80% AMI, not the affordable purchase price that would be calculated according to the formula used in the Local Initiative Program (LIP) that is based on a household earning at 70% AMI to allow for a marketing window.

### *Rentals*

In regard to rentals, the gross median rent of \$1,250, reported by the 2014 census estimates, requires an income of about \$58,000 with a monthly average utility allowance of \$200 and the occupants paying no more than 30% of their income on housing, not affordable to an estimated 55% of Berlin's renter households. While there were hardly any listings, the census figure includes subsidized rents for half of all rentals and market rents are considerably higher with the only listing for a two-bedroom unit at \$1,600. This rent would require an income of \$72,000, comparable to the median income for renters of \$71,900 but lower than Berlin's median household income of \$88,861 based on 2014 census estimates. This income is also 122% of the 80% of the area median income level for a household of three (3) of \$59,150. This indicates that market rentals are largely out of reach to those earning at or below 80% AMI.

### **Cost Burdens**

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 one's income on housing. Spending more than this threshold suggests that the household is "cost burdened" and may find it challenging to afford basics

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<sup>22</sup> This analysis assumes the ability of the purchaser to obtain subsidized mortgage financing from the ONE Mortgage Program, MassHousing mortgage offerings, or other special programs. Therefore, no private mortgage insurance (PMI) was included in the calculations and 95% mortgage financing was assumed.

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 2014 estimates from the Census Bureau’s American Community Survey, there were 85 homeowners, or 9.5% of all homeowners in Berlin, spending between 30% and 34.9% of their income on housing and another 189 owners, or 21.1%, spending more than 35% of their income on housing expenses. *Thus more than 31% of all owners were overspending on housing based on these estimates.*

In regard to renters, 19 or 12.2% of renter households were spending between 30% and 34.9% of their income on housing and another 40 or 25.6% were allocating 35% or more of their income for housing, *for a total of 59 renters who were overspending or 37.8% of all renters.* Most of the renters who were not cost burdened were likely living in one of the 80 subsidized rentals in town.

**This data suggests that almost 333 households or about 32% of all Berlin households were living in housing that is 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 5-13. 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 20 elderly renter households earning at or below 30% of median income, with 4 spending between 30% to 50% of their income on housing and none with severe cost burdens.

**This HUD data suggests that one-quarter of all Berlin households were spending too much on their housing including more than 7% or 72 households spending at least half of their income on housing. Of those 185 households earning within 80% MFI, 96 or 52% were experiencing cost burdens with 54 or 29% spending more than half of their income on housing costs.**

Key findings from this data include the following:

*Renters*

About 28% of the 146 renter households were experiencing cost burdens, 17% who were earning above 80% MFI.

- Three-quarters of the renter households, or 110 households, were earning above 80% MFI and likely includes the 100 renter households renting single-family detached homes (see Table 5-6).
- The data includes only 36 renter households who were earning at or below 80% MFI, close to the 40 subsidized rentals in Berlin in 2013 at Northbrook Village, although all of these are targeted to seniors or younger disabled households. The second phase of Northbrook Village had not yet been occupied when this data was compiled.
- The data indicates that of the 28 senior households, only 8 were experiencing cost burdens, the remainder likely living in Northbrook Village. The second phase of Northbrook Village should resolve the remaining cost burdens of these senior households.

- There were only eight households that involved small families (four or fewer members) earning at or below 80% MFI, all with cost burdens, which is not surprising given the high costs of rentals and no available subsidized family units.
- There were only 10 large families who rented in Berlin, all earning between 80% and 100% MFI and all spending too much on their housing.
- All of the non-family, non-elderly renters, predominantly single individuals, were earning more than 100% MFI, none experiencing cost burdens.

**Table 5-13: Type of Households by Income Category and Cost Burdens, 2013**

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	20/4-0	4/0-4	4/0-0	0/0-0	10/0-0	38/4-4
Small Family Renters	4/0-4	4/4-0	0/0-0	25/15-0	35/0-0	68/19-4
Large Family Renters	0/0-0	0/0-0	0/0-0	10/10-0	0/0-0	10/10-0
Other Renters	0/0-0	0/0-0	0/0-0	0/0-0	30/0-0	30/0-0
<b>Total Renters</b>	<b>24/4-4</b>	<b>8/4-4</b>	<b>4/0-0</b>	<b>35/25-0</b>	<b>75/0-0</b>	<b>146/33-8</b>
Elderly Owners	24/4-20	30/4-0	45/4-8	35/4-0	165/30-0	299/46-28
Small Family Owners	4/0-4	4/4-0	30/10-10	30/15-10	340/55-4	408/84-28
Large Family Owners	0/0-0	0/0-0	4/4-0	20/10-0	65/0-0	89/14-0
Other Owners	4/0-4	0/0-0	4/4-0	0/0-0	80/4-4	88/8-8
<b>Total Owners</b>	<b>32/4-28</b>	<b>34/8-0</b>	<b>83/22-18</b>	<b>85/29-10</b>	<b>650/89-8</b>	<b>884/152-64</b>
<b>Total</b>	<b>56/8-32</b>	<b>42/12-4</b>	<b>87/22-18</b>	<b>120/54-10</b>	<b>725/89-8</b>	<b>1,030/185-72</b>

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey, 2009-2013. 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). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households.

#### Owners

- Of the 884 total homeowners in Berlin, 216 or 24% were overspending on their housing that included 64 or 7% who were spending more than half of their income on housing costs.
- About 74% of all owner households were earning more than 100% MFI, which is not surprising given the relatively high cost of housing in Berlin.
- Of the 149 owner households earning within 80% the area median, 80 or 54% were spending too much of their income on housing including 46 or 31% who were spending more than half of their income on housing.
- A total of 40 or 40% of the 99 seniors with incomes at or below 80% of the area median were spending too much including 28 or 28% with severe cost burdens.

- About three-quarters of the 38 small families earning at or below 80% MFI were spending too much including 14 or 37% who were spending more than half of their income on housing. Even 84 small families earning above 80% of area median were overspending. The 10 small families without cost burdens may be living in one of the Town’s 29 SHI ownership units, although it is surprising that the data did not include more households in this income range without cost burdens.
- Of the 89 large families only 4 earned at or below 80% MFI, all with cost burdens. The 10 small numbers of such families in this income range is related to the high costs of housing and limited large subsidized units.
- All of the 8 non-family, non-elderly owners earning at or below 80% MFI were overspending.

## 5.6 Subsidized Housing Inventory (SHI) – Approaching the 10% affordability goal under Chapter 40B

### *Current Inventory*

Of the 1,183 year-round housing units in Berlin, 109 or 9.2% 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). A four-unit group home should be added shortly to bring the total to 113 units or 9.6%.

There is a current gap of only ten units to reach the 10% threshold of 119 units without considering future growth that will increase the number of year-round housing units and the 10% goal over time. **Given housing growth projections to 1,611 units by 2030, the gap to get to the 10% widens considerably to 52 units which should be filled by the Riverbridge project.**

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 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 current SHI units are listed in Table 5-14 and described below.

**Table 5-14: Berlin’s Subsidized Housing Inventory (SHI)**

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Northbrook Village I	40	Rental/USDA and HUD	Yes	2028
Whitney Estates	2	Ownership/DHCD	Yes	Perpetuity
Berlin Woods	8	Ownership/MassHousing	Yes	Perpetuity
Sawyer Hill LLC	17	Ownership/DHCD	Yes	Perpetuity
Northbrook Village II	40	Rental/HUD and DHCD	Yes	Perpetuity
Green Acres	2	Ownership/MassHousing	Yes	Perpetuity
<b>TOTAL</b>	109	84 or 74.3% Rentals	All used 40B except group home	

Source: Massachusetts Department of Housing and Community Development, September 15, 2016

- *Sawyer Hill Co-housing*  
The Berlin Housing Partnership worked with a private developer under the Local Initiative Program (LIP) to create a co-housing project on Sawyer Hill Road. The project, completed in 2009, is a homeownership development that created 68 units, of which 17 are reserved for those earning at or below 80% of area median income.



*Sawyer Hill – Co-Housing Community*

- *Northbrook Village I and II*

Northbrook Village was developed as the town's first subsidized age-restricted housing development in the 1980s. The 40-unit residential project also includes units set-aside for younger persons with disabilities and is managed by Winn Residential, a for profit company that manages multi-family residential developments.

The Berlin Housing Partnership, working with the Berlin Retirement Homes, Inc. (Northbrook Village Board of Directors), joined with Montachusets Home Care, Inc., to apply for HUD Section 202 financing to develop a second phase of the project with 39 affordable units and one staff unit. The project was awarded funding in 2009. Having no public water and sewerage in town slowed the development process, but the project is now fully occupied. Northbrook Village II is also managed by Winn Residential.



*Northbrook Village I*



*Northbrook Village II<sup>23</sup>*

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<sup>23</sup> Rendering by Studio One, Inc.

Northbrook Village had a wait list of 45 applicants as of early December 2016<sup>24</sup> with waits of two to three years. The development also has two handicapped accessible units with even longer waits.

- **Berlin Woods**

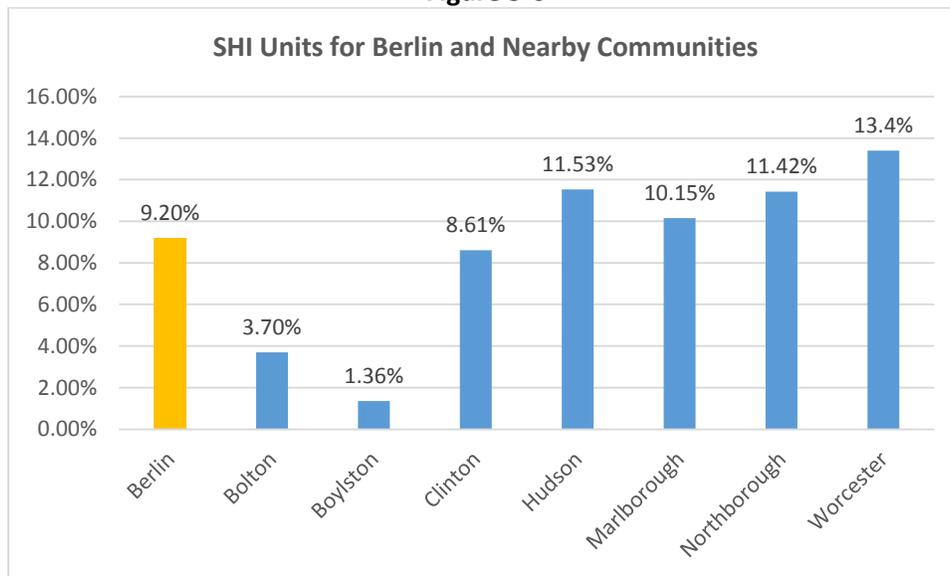
The Berlin Housing Partnership also worked with a private developer on the Berlin Woods development, a Chapter 40B comprehensive permit project on Dudley Road. The project includes 32 condominiums with 25% or eight units reserved as affordable.

- **Green Acres**

The same developer of Berlin Woods is developing Green Acres, a 32-unit development of single-family homes as part of a Homeowners Association. The project is being developed in phases with eight affordable units, two of which are already included on the SHI.

Many communities in the state have been confronting challenges in boosting their relatively limited supply of affordable housing. The affordable housing levels for Berlin and neighboring communities are visually presented in Figure 5-6 from state information as of April 13, 2015. Affordable housing production varies substantially among these communities, ranging from a low of 1.36% in Boylston to a high 13.4% for the City of Worcester. It is impressive that so many of these communities are over the 10% affordability goal with Berlin not far behind.

**Figure 5-6**



**Pending Projects**

The following projects are either pending completion or include units that are currently eligible for inclusion in the SHI that will almost double Berlin’s SHI units, bringing the total to at least 207 or 17.5% the year-round housing stock and potentially to 210 and 17.8%. **Even if the MAPC housing projections**

<sup>24</sup> Eloise Salls, June 2011

**to 1,611 units by 2030 are realized, Berlin will still have a cushion over the 10% state affordability goal assuming use restrictions for Northbrook Village I do not expire in 2028.**

- *DDS Group Home*

A four-unit group home sponsored by the state’s Department of Developmental Services (DDS) on Larkin Road is eligible for inclusion in the SHI and should be added shortly.

- *Riverbridge*

Riverbridge, permitted under Berlin’s zoning by-law Section 450 Village Overlay District, is located at the rotary in South Berlin, an area noted as appropriate for mixed-use development in Berlin’s previous Housing Plans. When completed the mixed-use village center will include 84 rental units, 25% or 21 of which will be actually affordable to those earning at or below 50% AMI, but all of which will count as part of the SHI. In addition, four (4) ground floor affordable units will be fully handicapped accessible.

The development was initially conceived to include a Continuing Care Retirement Community (CCRC) of up to 205 units, 90 of which were to be independent-living or assisted-living units. In an amended Development Agreement executed in 2013, the Town dropped the requirement for the developer to build the CCRC. The number of units is capped at 205, which includes the 84 rental units as part of the “state’s Local Initiative Program (LIP). The developer is expected to begin pulling building permits by the end of 2016.



- *Additional Green Acre Units*

Another six affordable units will be completed as part of the Green Acre development and will be eligible for counting as part of the SHI.

- *Capes of Berlin*

The developer of the two Chapter 40B developments on Dudley Road (Berlin Woods and Green Acres) has received site eligibility approval from MassHousing for a Chapter 40B project near the center of town to include 12 single-family units (three affordable) on six acres of land. The Town had previously sought Town Meeting approval to purchase the property for municipal use, but this approval was stalled by some last minute questions.

## 5.7 Priority Housing Needs

Based on input from a wide variety of sources including the Town's housing goals (see Section 2.3), census data, market information, community input, state requirements, as well as prior planning efforts, this Housing Production Plan recommends a ***continued focus on rental unit development*** based on the following important considerations:

- Target the needs of the community's most vulnerable residents with limited financial means as rental housing is typically more affordable and requires less up-front cash.
- Enable all units in Chapter 40B rental developments to be counted as part of the SHI while only the actual affordable units can be counted in homeownership projects.
- Promote greater housing diversity as most of the community's housing involves single-family detached homes. More housing options are necessary to meet the needs of local workers who are priced out of the housing market, children who grew up in Berlin and want to raise their own families locally, and empty nesters for example.
- Invest subsidy funds in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide more appropriately sized units for increasing numbers of small households.
- Provide opportunities for some seniors who are "overhoused" and spending too much on their housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Leverage other funds as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular.
- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the SHI make it very difficult for long-term homeowners to be eligible for subsidized housing.

To date about 75% of all SHI units have been developed as rentals. Given the Town's housing goal to focus primarily on rentals, this Housing Production Plan recommends housing production goals of at least the 75% level going forward.

### ***Indicators of Need for Rental Housing:***

- The current supply of rental housing is limited with about 156 units, representing almost 15% of the Town's housing stock. An estimated 64% of rentals involve single-family homes.
- There has been some decreases in multi-family housing stock over the years although units at Riverbridge should more than compensate for these losses.
- Subsidized rental housing in Berlin is difficult to access given long wait lists and relatively low turnover.
- While incomes have been rising over the years, there still remains a very vulnerable population living in the community with limited financial means with about 12% of households earning less than \$35,000.
- The gross median rent of \$1,250, as reported by the 2014 census estimates, requires an income of about \$58,000 with a 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 more than half of Berlin's renter households. This median rent includes 80 subsidized rentals, about half of all rentals, which makes this median much more affordable than actual market prices.

- While there were few listings, market rents are high. For example, the listing for a two-bedroom apartment was \$1,600 that would require an income of \$72,000.
- Renting an apartment in the private housing market also requires a substantial amount of upfront cash. Most apartments require first and last month's rent plus a security deposit. For a \$1,600 apartment, that totals as much as \$4,800, an amount that many prospective lower income tenants do not have available.

### ***Rental Needs of Seniors***

**Housing alternatives to accommodate the increasing population of seniors – such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands – should be considered in housing planning efforts. This includes mixed-income housing for those who can afford market units but wish to downsize and maintain a connection to the Berlin community.**

Those in the age-55 to 64 range increased from 250 residents in 2000 to 441 by 2014, representing a growth rate of 76%.

The number of those 65 years of age and older also grew by 76%, from 12.4% of the population in 2000 to 17.8% by 2014 or from 295 to 519 residents.

Estimates prepared by the Metropolitan Area Planning Council (MAPC) project that those 65 years of age or older will increase by 145% between 2010 and 2030, growing from 18.2% to 40.5% of all residents.

- The median income of seniors 65 years and older was \$50,313 according to 2014 census estimates, significantly lower than the town-wide median household income of \$88,681 and indicative of the large proportion of older adults living on limited fixed incomes.
- Waitlists for subsidized senior housing are extensive. For example, there are 45 applicants waiting for units at Northbrook Village with waits of two to three years.

This growing segment of the population will require smaller units, some with modifications for disabilities.

While most of this need will be addressed through new subsidized housing production, efforts to promote accessory apartments should not be overlooked. While unlikely to count as part of the SHI,<sup>25</sup> such units would still serve the needs of this population by providing important income to cost burdened older homeowners and small rentals for relocated parents of existing Town residents.

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<sup>25</sup> State Local Initiative Program (LIP) guidelines for including accessory apartments in the SHI would not only require deed restrictions but also involve owners selecting tenants from a pre-qualified and lottery-ranked list of Ready Renters and would not allow family members to occupy the units.

### ***Rental Needs of Families***

- The community has experienced significant declines in young adults in the early family formation stage of their lives as those in the 25 to 34-age category decreased significantly between 2000 and 2014, dropping from 11.0% to 8.5% of the population during a time of significant population growth.
- Additional losses of those in the 35 to 44 age range also occurred, declining from 19.2% of the population in 2000 to 13.7% by 2014.
- Most of the Town employees looking to relocate to Berlin are likely to need family housing.
- There is subsidized rental housing available for families in Berlin as of yet.
- Those families looking for a Section 8 Housing Choice Voucher or Massachusetts Rental Voucher Program subsidy (MRVP) are confronted with huge waitlists. For example, the MassNAHRO Centralized Wait List includes more than 107,500 applicants (typically families) from 88 participating housing authorities.
- The state places a high priority on the creation of multi-family rental housing for families and therefore such developments received greater consideration for very competitive and limited program subsidy funds.

The creation of starter housing for these families will likely be best accommodated through mixed-income, multi-family rental housing that includes some three-bedroom units, however other configurations will also be considered. These might include a pocket neighborhood with a cluster of cottage-style units, co-housing options or even the conversion of existing dwellings to long-term affordability that have successfully been adapted in other communities.

Another important development model is the owner-occupied, two-family home that have historically provided starter housing in many communities in that they not only provide rental income to owners, enabling somewhat lower income households to access ownership,<sup>26</sup> but provide rental opportunities as well. Such housing can be easily built on small infill sites and can even include two rental units instead of the mix of ownership and rental. New development of this type of housing could also help make up for some historic losses as units in two-family properties have declined somewhat over the years.

### ***Indicators of Need for Ownership Housing:***

While this Housing Production Plan recommends a continued focus on subsidized rental unit development, it also suggests the need to address unmet local needs through homeownership development as starter homes for families or smaller units for empty nesters looking to downsize and minimize home maintenance demands.

Indicators of unmet local housing needs for affordable homeownership opportunities include:

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<sup>26</sup> Lenders generally include about 75% of the projected rental income in underwriting calculations.

- A special HUD report indicated that of particular concern for Berlin homeowners are the number who are spending too much of their income on housing. As housing costs and values continue to increase, this situation is likely to worsen. For example, of the 884 total homeowners in Berlin, 216 or 24% were overspending on their housing that included 64 or 7% who were spending more than half of their income on housing costs.
- Of the 149 owner households earning within 80% AMI, 80 or 54% were spending too much of their income on housing including 46 or 31% who were spending more than half of their income on housing costs.
- A total of 40 or 40% of the 99 seniors with incomes at or below 80% AMI were spending too much including 28 or 28% with severe cost burdens.
- About three-quarters of the 38 small families earning at or below 80% AMI were spending too much including 14 or 37% who were spending more than half of their income on housing.

Nevertheless, it should be noted that some homeowners who have significant equity in their home may qualify for affordable housing based on their income but be determined ineligible because of their financial assets or age. For example, those under 55 years of age cannot have owned a home within the last three (3) years of applying for affordable housing with some minor exceptions. Moreover, the asset limit for these households is \$75,000. For age-restricted housing targeted to those 55 years or older, up to \$200,000 in net equity from a previous house is allowed plus another \$75,000 in financial assets. Earned income from financial assets is also added to household income in determining eligibility. This means that it becomes more challenging for many homeowners to qualify for affordable housing based on state requirements.

While this Housing Production Plan recommends that most of the new housing development focus on rental housing for the reasons listed above, there are still opportunities to assist lower income owners. Besides new affordable homeownership development, such as additional units at Green Acres, there may be other housing initiatives that can support the needs of local homeowners with more limited income and high cost burdens including:

- Increasing tax exemptions for homeowners based on certain qualifications that go beyond current programs.
- Making it easier to create accessory apartments that can provide small rentals while also offering more income to existing cost-burdened owners.
- Providing low-cost housing rehab loans to make necessary repairs.
- Promoting existing programs and services to reduce the costs of qualifying homeowners
- Creating new rental opportunities, such as Riverbridge, to enable older homeowners to downsize to housing that is more appropriate to their current lifestyles and needs.
- Providing new programs, such as emergency repair programs, to keep homeowners with limited incomes in place while improving their health and safety.

## 6. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

Berlin residents have historically favored sparse residential development, supporting Town policies and zoning that perpetuate rural development patterns. This, along with the physical characteristics of land in Berlin and the Town's limited capacity to manage affordable housing requirements, creates challenges to producing and preserving affordable housing. These and other development constraints are discussed below.

### 6.1 Infrastructure

There is no availability of public water or sewer services anywhere in town, thus development is reliant on wells and septic systems. Alternatively, developers must provide appropriate wastewater treatment facilities which increase the cost of developing housing in Berlin. While the lack of municipal infrastructure has helped to contain the town's rate of development, population growth, and rural character; at the same time it has prevented the creation of a more compact and denser development pattern in the village areas of town that both increases opportunities for a greater diversity of housing including affordable housing, and reduces pressures on rural undeveloped land.

#### *Mitigation Measures*

It will be important for any new affordable housing development to address these infrastructure constraints, septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. For example, significant new residential development has required private water and treatment facilities including Sawyer Hill Co-housing and Berlin Woods, with such a system planned for Riverbridge.

### 6.2 Zoning

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Berlin's Zoning By-law embraces zoning that maintains low housing densities in an effort to protect the environment and maintain its small town rural character. For example, the minimum lot area in the residential and agricultural district is 80,000 square feet with a minimum frontage of 200 feet, requirements which substantially constrain the construction of affordable housing.

Developing multi-family housing in Berlin requires a long and complicated process due to the Town's zoning regulations. For example, all but age-restricted, multi-family development requires a change of zoning which needs a 2/3 vote of approval at Town Meeting.

Berlin's zoning by-law provides for a Multiple Dwelling District<sup>27</sup> where multiple-unit dwellings are allowed by-right subject to site plan review. No such district exists however. Further, Section 550 contains standards for multi-family dwellings that limit structures to no more than twelve units per building, restrict access to no more than two dwelling units per building entrance, allow not more than 5% of the dwelling units to have more than two bedrooms, and prohibit all but unoccupied basement floors below grade at its entire perimeter. Section 620 Table of Dimension Regulations, lists Multiple Dwelling Apartments as a district and provides dimensional regulations including a minimum lot area of 80,000 square feet for the first three units plus 10,000 square feet for each additional unit.

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<sup>27</sup> Berlin's Zoning By-law Section 210 Establishment of Districts and Section 320 Table of Principal Use Regulations provide for a Multiple Dwelling District.

Other changes to Berlin's Zoning By-law to promote affordable housing and smart growth development include:

- *Senior Residential Overlay District*

While regulations exist to control multi-family housing, the fact is that multi-family housing was not allowed in any existing district until 1999 when Town Meeting voted to create the Senior Residential Overlay District allowing up to four units per structure. The Senior Overlay District is termed a floating district which means it can overlay any other zoning district provided the proposed site meets the requirements of Section 720 Senior Residential Development. The requirements include a minimum parcel size of twenty acres, at least 200 feet of continuous frontage on an existing Town way, and at least 30% of the parcel set aside for Common Land for use by residents. Regulations further limit density to no more than three dwelling units, or six bedrooms per acre of developable area. A Special Permit is required for a Senior Residential Development as an alternative to a conventional subdivision.



*Meadowbrook*

Given these constraints, it is not surprising that only one multi-family development, Meadowbrook, was built through this zoning, all others through the comprehensive permit process (see Section 5.6 for more information on the 40B developments). Meadowbrook, built in 1999, was the Town's first multi-family development involving a 64-unit senior residential project in four-unit structures. This project does not include affordable units, but the Berlin Housing Partnership received \$180,000 in funding to support affordable housing initiatives, under the auspices of the Planning Board.

- *Village Overlay District*

In 2010 Town Meeting voted to create a Village Overlay District on land around the rotary in South Berlin, and adopted zoning regulations and a Village Development Plan (Section 450) to guide development of a mixed-use village center. Multi-family housing is an allowed use in this

District. In addition, the zoning regulations include a provision that requires 10% to 15% of the combined total of dwellings and a Continuing Care Retirement Community Independent Living Units be set aside as affordable. The 10% will be allowed only if all rental units in the development are eligible for inclusion on DHCD's Subsidized Housing Inventory. The Riverbridge development was permitted under this by-law (see Section 5.6).

- *Inclusionary Zoning*

Berlin adopted an inclusionary housing by-law that applies to all new residential development that results in six or more dwelling units. Each such development is required to set aside a minimum of 15% of the new units and number of bedrooms as affordable units. All affordable units are required to have deed restrictions that protect their affordability in perpetuity and meet other state requirements to be included in the SHI. Requirements also require the following distribution of low-income units (targeted to households earning at or below 50% AMI) and moderate-income units (targeted to those at or below 80% AMI):

- For fewer than 3 affordable units, all units must be targeted to moderate-income households
- For projects with 3 affordable units, 1 unit for low-income and 2 for moderate-income households
- For developments with more than 3 affordable units, 25% of the units targeted to low-income households and 75% for moderate-income households

The by-law was also updated to allow the development of two or three dwelling units on a single lot provided all units meet the requirements and purposes of the by-law and provided the Town has not achieved the 10% requirement as set forth in MGL Chapter 40B.

- *Accessory Apartments*

Section 510 of Berlin's Zoning By-law allows In-Law Apartments as an accessory use by right in all but its Limited Business and Limited Industrial districts. To qualify as an in-law apartment, the accessory unit must be occupied by no more than three persons, at least one of which is related by blood or marriage to the resident owner of the premises. This type of accessory unit is limited in use and difficult to enforce.

Section 520 allows for both attached and detached accessory apartments but both require a Special Permit. Attached apartments have similar requirements to in-law apartments without requiring occupancy by a relative. Detached apartments are only allowed in structures in existence as of January 1, 1990 or if the unit is rented subject to the conditions that make it qualify as affordable based on state requirements. If the unit does not qualify as affordable it must be rented to a relative or caregiver.

### ***Mitigation Measures***

This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them "friendlier" to the production of affordable housing and smart growth development. These include modifying inclusionary zoning provisions and promoting "smarter" development through an Open Space Residential Development (OSRD) by-law (see Section 8-2).

### 6.3 Environmental Concerns

Environmental constraints in Berlin include wetlands, floodplains, steep slopes, bedrock, and poor soils that make much of the town's vacant land ill-suited or economically-infeasible for development. For example, thin rocky soil and bedrock outcroppings found throughout town make the siting of septic systems particularly challenging, and in addition to relatively sparse development make the provision of municipal water and sewer services prohibitively expensive. Moreover, impervious soil conditions coupled with shallow bedrock along Berlin's many hillsides cause some localized wet conditions. Additionally, there are extensive wetlands along the town's Assabet River and North Brook as well as their tributaries that substantially constrain development.

Although these challenges for development help preserve open space and the town's rural character, they also limit the amount of land available for housing. As development pressures and land values continue to rise, these more difficult sites will become targets for new building activity and added development costs will be reflected in higher housing prices.

#### ***Mitigation Measures***

To protect the environment the Town has preserved over 1,300 acres through purchases, gifts and conservation restrictions and continues to engage in planning to guide development to appropriate locations, "smarter" configurations, and with public benefits. Moreover, the Town, which is located within the Suasco (Sudbury-Assabet-Concord) watershed, has been participating in efforts to protect this watershed and its sub-basins that are critical to the Town's water supply and for sustaining the community's significant aquatic and terrestrial biodiversity including protecting rare, threatened or endangered species (including a number of salamanders, turtles, sparrows, hawks mussels, milkweed and grasses).<sup>28</sup> The Town of Berlin also updated its Open Space and Recreation Plan in 2011, which continues to help the Town better plan for the use and protection of its natural resources.

Nevertheless, the impacts of any new development must be identified as to how they affect the environment and what actions might be required to mitigate problems. Moreover, housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as converting existing housing to long-term affordability, developing infill sites in existing neighborhoods, promoting cluster development, and encouraging mixed-use development (see Section 8.2 and 8.3 for details on these strategies).

### 6.4 Local Capacity

The Town of Berlin has no housing authority and limited capacity to administer the regulations required to maintain its affordable housing inventory. MassHousing<sup>29</sup> and Citizens' Housing and Planning Association Inc. (CHAPA)<sup>30</sup> provide oversight to monitor the continued affordability of SHI units in Berlin, but the Town has no dedicated staff to work with these entities in support of preserving affordability.

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<sup>28</sup> Town of Berlin, Open Space and Recreation Plan 2011-2018, Brown Walker Planners, Inc., page 50.

<sup>29</sup> MassHousing, also known as the Massachusetts Housing Finance Agency (MHFA), supports the creation, preservation and long-term viability of affordable homeownership and rental housing opportunities for Massachusetts residents with modest incomes.

<sup>30</sup> CHAPA is a non-profit membership organization for affordable housing and community development activities throughout Massachusetts. CHAPA's core activities span four main areas - Housing Advocacy, Research, Community Education and Training, and Coalition Building.

### ***Mitigation Measures***

This HPP includes a recommended strategy to explore the housing services that is being created by the Central Massachusetts Regional Planning Commission (CMRPC) to provide consulting services that communities can buy into depending on their needs (see strategy 8.1.2).

## **6.5 Transportation**

Berlin has very good highway access given the location of Interstate 495 that runs north and south along the eastern side of town with in interchange on Route 62 as well as Interstate 290 crossing east to west along the southern boundary. However the town is not connected to passenger rail service and has limited bus service. It is therefore not surprising that only 13 Berlin residents claimed to use public transportation according to 2014 estimates from the U.S. Census Bureau's American Community Survey. 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 bus however.

### ***Mitigation Measures***

Opportunities to direct development to areas that are most conducive to higher densities, in that they are closer to the center of town or village areas, may serve to reduce transportation problems somewhat. For example, the Riverbridge project is part of the Village Overlay District and will bring up to 205 residential units into an area where mixed commercial and residential uses are encouraged.

## **6.6 School Enrollment**

The Berlin-Bolyston Regional School District enrollment has been increasing, from 408 students in 2000, to 444 by 2010-11, and to 586 this 2016-17 school year. On the other hand, the Berlin Memorial Elementary School has experienced some declining enrollments from 246 students in pre-kindergarten through fifth grade in 2000-01, to 212 by 2010-11, and then down to 172 this 2016-17 school year. This is the result of the sixth grade moving to the Tahanto Regional Middle/High School, resolving school capacity problems for some time. The School District expects that Tahanto School enrollments will be tight during the next couple of years but should ease after that given a reduction from three to two classes per grade anticipated in the Boylston Elementary School. Projected new building activity over the next few years in both Bolyston and Berlin could cause future capacity problems however.

### ***Mitigation Measures***

This Housing Production Plan recognizes the need to continue to diversify housing options in Berlin, including first-time homebuyer opportunities and more affordable rentals for young families. It is likely that this new development will not have a significant impact on school capacity, however as 90% of the units included in long-term production goals focus on small one- or two-bedroom units that are not conducive to lots of children.

## **6.7 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 extremely competitive. Communities are finding it increasingly difficult to secure necessary funding for new community housing development and must be creative in determining how to finance projects and tenacious in securing these resources.

Unlike 161 communities in Massachusetts, Berlin 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 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 open space preservation and recreation as well as historic preservation. The Town could benefit from funding support for all of these activities.

Given limited resources, it is not surprising that with the exception of a group home all of the affordable housing that has been built in Berlin as of the end of 2016 has involved the comprehensive permit process through Chapter 40B by which market units effectively cross-subsidize the affordable ones.

### ***Mitigations Measures***

The Plan also includes strategies for working with developers to obtain other regional, state and federal funding to support housing development efforts as well as continued use of local zoning and the “friendly 40B” process through the state’s Local Initiative Program (LIP). Moreover, the strategies include an effort to obtain funding for a program to correct health and safety hazards in existing units occupied by low- and moderate-income residents.

## **6.8 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, given increasing real estate prices and additional community education, more people can come to recognize that the new kindergarten teacher, their grown children, or even their elderly neighbor may not be able to afford to live or remain in the community 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 Berlin, 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 and the update of a Master Plan all offer excellent opportunities to showcase the issue of affordable housing, providing information to the community on local needs and proactive measures to address these needs. 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 (see strategy 8.1.1).

## 7. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administrating the Housing Production Program in accordance with regulations that were 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 Plan that demonstrated the production of an increase of 0.5% over one year (6 units for Berlin) or 1.0% over two-years (12 units for Berlin) of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI).<sup>31</sup> If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.<sup>32</sup>

Using the priority needs established in Section 5.7 and the strategies summarized under Section 8, the Town of Berlin has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The production goals are best guesses at this time, and there is likely to be significant fluidity in these estimates from year to year.

Given pending projects that include four group home units and six additional ownership units as part of the Green Acres development, Berlin will have reached the 10% state affordability goal. The 84 additional rental units that will be built as part of the Riverbridge project will bring Berlin's affordability percentage to 17.2%.

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<sup>31</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.00.

<sup>32</sup> If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

**Table 7-1: Berlin Housing Production Goals**

<b>Strategies by Year Name/Housing Type</b>	<b>Affordable Units &lt; 80% AMI*</b>	<b>Market Units or Ineligible SHI Units</b>	<b>Total # Units</b>
<b>Year 1 – 2017</b>			
Private development/Village Overlay zoning/Riverbridge (rental)	84	63	84
<i>Subtotal</i>	<i>84**</i>	<i>63**</i>	<i>84</i>
<b>Year 2 – 2018</b>			
<b>At this point the Town is past the 10% affordability threshold</b>			
Private development/inclusionary zoning/(condos/homeownership)	3	17	20
<i>Subtotal</i>	<i>3</i>	<i>17</i>	<i>20</i>
<b>Year 3 – 2019</b>			
Public property development/tax title property/ two-family, owner-occupied dwellings (mix of rental and ownership)	6	0	6
<i>Subtotal</i>	<i>6</i>	<i>0</i>	<i>6</i>
<b>Year 4 – 2020</b>			
Private development/"friendly 40B"/(rental)	12**	9	12
<i>Subtotal</i>	<i>12</i>	<i>9</i>	<i>12</i>
<b>Year 5 – 2021</b>			
Private development/OSRD bylaw/pocket neighborhood (homeownership)	2	6	8
Private development/special needs group home/(rental)	5	0	5
<i>Subtotal</i>	<i>7</i>	<i>6</i>	<i>14</i>
<b>Total</b>	<b>112</b>	<b>95</b>	<b>136</b>

\* AMI = Area Median Income (see Table 2-1)

\*\* All units in a Chapter 40B rental developments are eligible for inclusion in the SHI even though only 20% (with affordability at 50% AMI) or 25% (with affordability at 80% AMI) are required to be actually affordable.

## 8. HOUSING STRATEGIES

The Town of Berlin has made considerable progress towards creating affordable housing and is poised to surpass the state's 10% affordability goal in the near future. Nevertheless, the Town recognizes that there will still be some unmet housing needs after the 10% has been achieved, as described in Section 5.7, and is preparing this Housing Production Plan to guide the Town in addressing them through the strategies included in this Section.

The strategies outlined below are based on input from a wide variety of sources including housing goals, prior planning efforts, the housing needs identified in Section 5.7, community input, and the experience of Berlin to date as well as other comparable localities in the area and throughout the Commonwealth.

The strategies are also grouped according to those that build local capacity to promote affordable housing as well as those involving regulatory changes, production initiatives and preservation efforts. They are also categorized according to priority – those higher priority actions to be implemented within Years 1 and 2 and those of more moderate priority for Years 3 to 5. A summary of these actions is included in Table 1-3.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:<sup>33</sup>

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
  - Adopt an Open Space Residential Development By-law (strategy 8.2.2)
  - Work with private developers to further smart growth such as the Town center and village areas (strategy 8.3.1)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
  - Work with private developers to further smart growth such as the Town center and village areas (strategy 8.3.1)
  - Make suitable public property available for affordable housing (strategy 8.3.3)
  - Explore small-scale infill development and conversions (strategy 8.3.2)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
  - Work with private developers to further smart growth such as the Town center and village areas (strategy 8.3.1)
  - Explore small-scale infill development and conversions (strategy 8.3.2)
- *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 8.3.3)
- *Participation in regional collaborations addressing housing development*

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<sup>33</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- Secure professional support – potential participation in regional housing services approach (strategy 8.1.2)

It should be noted that a major goal of this Plan is not only to reach the state’s 10% affordability threshold under Chapter 40B, but to also serve the range of 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 mixed-income housing that includes “community housing” or “workforce housing” units,)<sup>34</sup>. The Town will also encourage developers to incorporate universal design and visitability standards, particularly given the increasing number of seniors in the community. Development strategies that also provide high performance, sustainable building measures to significantly reduce energy consumption will also be promoted.

*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 Strategies that Build Local Capacity to Promote Affordable Housing**

Berlin is a relatively small community and, unlike many cities, does not receive annual state or federal funding to support local housing initiatives on an ongoing basis. Moreover, the Town has little staff capacity to coordinate housing activities, even lacking a Town Administrator and Town Planner. It does have a dedicated Housing Partnership where volunteers have spent considerable amounts of donated time in support of local housing activities.

The following strategies are proposed to further build local capacity to implement the components of this Housing Production Plan:

### **8.1.1 Continue to Conduct Ongoing Community Outreach and Education**

*Timeframe:* Years 1 to 2 and ongoing  
*Responsible Parties:* Housing Partnership

*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 efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives builds support by generating a greater understanding of the benefits of affordable housing, 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.

*Next Steps:* The Berlin Housing Partnership will continue to provide information to residents on housing activities. The presentation of this Housing Production Plan offers another 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. A public meeting was held on March 14, 2017 to obtain input from residents and other local leaders on the Town’s housing agenda.

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<sup>34</sup> Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing often refers to units directed to those earning between 80% and 120% AMI and even up to 140% or 150% AMI, but still priced out of the private housing market.

Other education opportunities will continue to be pursued during the term of this Housing Production Plan including special forums on all new housing initiatives, public information on existing programs and services, an expanded website, and educational opportunities for board and committee members. The potential support of a housing professional through the regional collaboration being developed by CMRPC (see strategy 8.1.2) would provide an important boost to these efforts.

### 8.1.2 Secure Professional Support

*Timeframe:* Years 1 to 2

*Responsible Party:* Board of Selectmen with support from the Housing Partnership

*Current Status:* The Town has relied primarily on the Housing Partnership to coordinate the implementation of its previous housing plans and manage the range of responsibilities involved in monitoring and preserving SHI units. While the Housing Partnership has given generously of its time and expertise, it is difficult to rely solely on volunteers to undertake this work.

Some level of professional support can be helpful in insuring that affordable units produced through this Plan get counted as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state’s Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not tapped. In addition to being used for “friendly 40B” projects, LIP is the vehicle for counting affordable units as part of a Town’s Subsidized Housing Inventory that are being developed through some local action including:

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

Some of the important tasks for insuring that the affordable units, referred to as Local Action Units (LAU’s), meet the requirements of Chapter 40B/LIP can be time-consuming and require technical knowledge and experience. Moreover, while the affordability restrictions for units produced through the Local Initiative

Program (LIP) will be monitored by DHCD and potentially a specific Monitoring Agent, it is still the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions. There have been challenges in the past regarding resales of affordable ownership

**Riverbridge is an example of an affordable housing development that is a direct result of local action, in this case new zoning through the Village Overlay District.**

units in Berlin, and the Housing Partnership is very intent on obtaining support as resales arise.

The Central Massachusetts Regional Planning Commission (CMRPC) has been taking steps to establish regional housing services that would be comparable to the models created in the Metro West and North Suburban areas of Boston through the Regional Housing Services Office and the Metro West Collaborative Development’s work serving a collaboration of communities including Hudson, Stow, Littleton and Boxborough. These collaborations share housing consultants which provide a menu of services that municipalities can buy into including creating a database of SHI units, monitoring SHI units, supporting new program and project development, etc. CMRPC,

with Upton as the lead community, issued a Request for Proposals (RFP) to solicit interest in entities to provide services in their service area. They are currently reviewing options while trying to interest other communities in participating.

*Next Steps:* The Housing Partnership will meet with representatives of CMRPC to discuss their plans for providing regional housing services and how Berlin might benefit from participation. If determined to be a promising opportunity, the Housing Partnership should present a proposal to the Board of Selectmen for funding the Town’s participation in this regional collaboration. The Town could benefit from a number of services including public education (see strategy 8.1.1); management and monitoring of SHI units (strategy 8.4.1); grant writing; outreach to establish relationships with developers, lenders, funders, service providers, etc. to promote affordable housing; and overall coordination of the implementation of this Housing Plan, providing necessary professional support as needed.

It should also be noted that other consultants could be brought on at an as needed basis to handle specific activities including environmental engineers for predevelopment work, appraisers, surveyors, lawyers, etc.

## **8.2 Zoning Strategies**

As with most communities, Berlin’s Zoning By-law includes relatively large lot zoning in most areas of town and other exclusionary provisions that constrain the development of affordable housing. This creates the likely need for regulatory relief for many residential developments that include affordable units, possibly through the “friendly” comprehensive permit process if not through other special zoning. The Town has been involved in updating its Zoning By-law from time to time, however, it is important to consider modifications to keep the By-law up-to-date with market conditions and better guide development with public benefits under “smart growth” principles.

The Town of Berlin will consider the following zoning-related strategies to promote the production of additional affordable units and to direct new development to appropriate locations. Estimates of units that might be produced through these regulatory tools are incorporated under Section 8.3 – Housing Development Strategies.

### **8.2.1 Amend Inclusionary Zoning**

*Timeframe: Years 1 and 2*  
*Responsible Parties: Planning Board*

*Current Status:* Inclusionary zoning is a zoning ordinance or by-law 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. Berlin adopted an inclusionary housing by-law over a decade ago that applies to all new residential development that results in six or more dwelling units. Each such development is required to set aside a minimum of 15% of the new units as affordable. The by-law was also updated to allow the development of two or three dwelling units on a single lot provided all units meet the requirements and purposes of the by-law and provided the Town has not achieved the 10% requirement as set forth in MGL Chapter 40B. To date, no units have been permitted through this zoning.

This mechanism has been adopted on a community-wide basis by more than one-third of the municipalities in the state, and requirements vary considerably as demonstrated in Table 8-1.

Because the Town does not presently have a local housing subsidy source available to support housing production, inclusionary zoning can become a valuable resource for raising funds if developers are given the

option of providing cash in-lieu of affordable units. This fee could be helpful in supporting the professional services recommended in strategy 8.1.2 or other new housing initiatives included in this Plan.

Besides cash-in-lieu of unit provisions, many communities also allow density bonuses in connection with inclusionary zoning. 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 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 insure that the zoning works economically.

**Table 8-1: 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 <sup>35</sup>
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
Watertown	12.5%	5 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%.

*Next Steps:* The Planning Board should explore model by-laws and amend existing inclusionary zoning provisions to incorporate payments-in-lieu of actual units and density bonuses. The Executive Office of Environment and Energy’s Smart Growth Toolkit includes a model inclusionary zoning by-law that highlights key local decisions and makes some commentary for consideration throughout

([www.mass.gov/envir/smart\\_growth\\_toolkit/pages/SG-by-laws.html](http://www.mass.gov/envir/smart_growth_toolkit/pages/SG-by-laws.html)). The Citizen Planner Training Collaborative website has a model by-law with commentary and some policies as well ([www.umass.edu/masscptc/exampleby-laws.html](http://www.umass.edu/masscptc/exampleby-laws.html)).

<sup>35</sup> A cash in-lieu fee was recommended as part of the Housing Production Plan that the Town approved in 2013.

It will be important to also insure that all affordable units produced through the by-law get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing state of federal subsidy is not used. The monitoring of projects to insure 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. The professional support that is recommended as part of strategy 8.1.2 would be extremely helpful in overseeing these compliance activities. The recommendations regarding monitoring in strategy 8.4.1 should also be addressed in connection to affordable units created as part of inclusionary zoning.

### **8.2.2 Reconsider an Open Space Residential Development (OSRD) By-law**

*Timeframe: Years 3 to 5*

*Responsible Parties: 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. Berlin's Open Space and Recreation Plan notes that residential housing built in conventional subdivisions consumed 3.04 acres of land per unit, while those build in cluster type subdivisions consumed only .35 acres per unit.

Prior to 2006, Berlin voters twice defeated requests for zoning changes to allow OSRD as an option for residential development. Given continued development pressures with potential substantial future growth, the Town determine how it can best 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](http://www.umass.edu/masscptc/examplebylaws.html)) and the state's Smart Growth Toolkit ([www.mass.gov/envir/smart\\_growth\\_toolkit/pages/SG-bylaws.html](http://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 insure that goals are met in ways appropriate and beneficial to the Town.

### 8.3 Housing Development Strategies

The following strategies, sometimes in combination, provide the basic components for the Town to continue to produce new affordable housing. Because Berlin does not have a local housing subsidy source at present, such as CPA or a Housing Trust Fund, it is important for it to partner with developers, non-profit and for profit, who will be able to access other public and private sources of financing. Potential state subsidy programs; projects where the internal subsidies from the market units can accommodate the affordable ones, like the “friendly 40B” process through the state’s Local Initiative Program (LIP); or existing zoning with inclusionary provisions will be key to realizing new affordable units until any potential future passage of the Community Preservation Act (CPA).

#### 8.3.1 Work with Private Developers to Further Smart Growth

*Timeframe: Years 1 to 2*  
*Responsible Parties: Planning Board*

Continuing to work cooperatively with private developers, non-profit and for profit, is a major component of this Housing Production Plan. The Town already has a strong track record working with developers on affordable housing, and through these partnerships is poised to surpass the 10% state affordability goal in the near future.

With incentives created in the Zoning By-law to promote affordable housing (see Section 6.2) and with the availability of the “friendly 40B” option, the Town has worked 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
- Accessory apartments
- Smaller infill housing in existing neighborhoods
- Group homes for special needs populations

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

- *Zoning:* Current zoning provisions and those included in Section 8.2 above, should continue to provide the necessary framework for new development that will include some amount of affordable housing.
- *Chapter 40B:* The Town has relied on comprehensive permits, including the “friendly” 40B process as part of the state’s Local Initiative Program (LIP), as the major permitting vehicle for developing affordable housing. When the Town achieves the 10% affordability goal, which it expects to do within the short-term, it will still have this process available to pursue developments that are in the community’s interest.

Locations where the “friendly” 40B process make the most sense include the Route 62 corridor and village areas that are most accessible to transportation and services.

*Projected # Affordable Units Produced: 99 units*

### 8.3.2 Support Small-scale Infill Housing Development and Conversions

*Timeframe:* Years 3 to 5

*Responsible Parties:* Planning Board in coordination with the Housing Partnership

*Current Status:* There are potential sites that might accommodate a housing unit or small number of units or even conversions of existing properties to serve local affordable housing needs, particularly small starter units, affordable rentals, and special needs housing. However, in the absence of local funding to subsidize such developments, the Town remains reliant on a developer's ability to obtain state funding to subsidize any affordable units or integrate cross subsidies of market units in support of affordable ones. The potential adoption of CPA at some time in the future would offer the Town the resource necessary to proactively sponsor and directly subsidize small-scale projects. Additionally, the potential addition of a cash-out fee as part of inclusionary zoning may also provide a local funding source (see strategy 8.2.1).

Additionally, the Massachusetts Housing Partnership (MHP) and MassHousing have been working with DHCD to develop a small-scale production program to address non-metro communities' need for smaller-scale housing that responds to local housing needs and density requirements. These projects, because of their small size, are not a good fit for the Low Income Housing Tax Credit (LIHTC) program. This program, if adopted, would provide a deeper level of resources to small-scale projects that do not use LIHTCs.

*Next Steps:* Examples of potential development opportunities that the Town will explore include but are not limited to the following:

- *Starter Housing*

*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 5 years for cities and towns that create new starter home zoning districts. DHCD is amending the 40R regulations but the new districts will be a minimum of 3 acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain 3 bedrooms, allow a minimum of 4 units per acre by right, and provide 20% affordability up to 100% AMI. This might become a helpful resource for Berlin.*

Habitat for Humanity of Metro West/Greater Worcester is always searching for donated Town-owned or private property on which to build starter housing. Other non-profits also continue to look for donated or discounted public and private land to develop. Such development might also be conducive to scattered Town-owned infill parcels or tax title properties. The owner-occupied, two-family house is also an excellent prototype for providing starter homes with the added benefit of the income that comes with a rental unit.

#### *Special Needs Housing*

Organizations that support special needs housing are active in the Greater Worcester area and are likely to have a continuing interest in developing group homes or other special facilities in the community if opportunities arise. A four-unit group home off of Larkin Road has just been added to the Town' SHI.

This development is insufficient to meet the community's increasing needs for more handicapped accessible and service-enriched housing units given the numbers of residents with disabilities and the aging of the population. The Town should support additional opportunities to work in partnership with local, regional and state entities that provide such housing.

- *Small “pocket” Development*  
There are also models of small clustered development in other communities that can incorporate several income tiers to meet housing needs. These might potentially be developed in Berlin with new zoning for an Open Space Residential Development (OSRD) by-law (see strategy 8.2.2).
- *Conversion of Existing Properties:*  
The Town might at some point consider a buy-down initiative that involves subsidizing the difference between market prices and affordable ones for some of the less costly properties, correcting code violations as well. Such an initiative, however, would not be possible without a local subsidy source such as CPA although payments in-lieu of units under inclusionary zoning might be a helpful resource.

These “buy-down” efforts have involved several different approaches, but have usually been coordinated by a non-profit housing organization purchasing one or two-family structures or other housing types, making necessary improvements, and renting and/or reselling the units subject to deed restrictions that insure permanent affordability. These programs have been implemented in Cambridge, Newton, Bedford and Arlington for homeownership. One example is the Sandwich Home Ownership Program (SHOP) that produced seven affordable housing units under the coordination of the Housing Assistance Corporation (HAC), the Cape’s regional non-profit housing organization.

A number of communities – including Yarmouth, Sandwich, Barnstable and Lexington – have had their Housing Authorities or another non-profit organization acquire properties that they continue to own and manage as rentals.

*Projected # Affordable Units Produced: 7 units<sup>36</sup>*

### **8.3.3 Make Suitable Public Property Available for Affordable Housing**

*Timeframe: Years 3 to 5*  
*Responsible Parties: Board of Selectmen in coordination with the Planning Board and Housing Partnership*

*Current Status:* While the Town of Berlin has a very limited inventory of publicly owned property that might be suitable for affordable housing, there are some tax title properties that bear further analysis regarding feasibility. The contribution or “bargain sale” of land or buildings owned by the Town but not essential for municipal purposes could enable Berlin to take further proactive measures to address local housing needs.

Examples of publicly owned parcels that might potentially be developed to integrate some amount of affordable housing include:

- Ball Hill Road Map 5, Parcel 8 1.85 acres with 380 ft. of frontage
- Dudley Road Map 12, Parcel 33 1.82 acres with 100 ft. of frontage
- Dudley Road Map 12, Parcels 11, 12, 13, 14 and 15 3.15 acres with 272 ft. of frontage
- Allen Road Map 19, Parcel 27 3.64 acres with 227 ft. of frontage

There are also a number of tax title properties that if processed through Land Court might become available for affordable housing development.

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<sup>36</sup> In Table 7-1, these units are included in projects involving private property development of less than 8 units.

*Next Steps:* The Board of Selectmen, in coordination with the Planning Board and Housing Partnership, will work with other Town boards and committees, such as the Board of Assessors, Treasurer and Conservation Commission, to review the inventory of Town-owned property and determine which parcels, if any, might be appropriate for affordable housing. The Town should pay particular attention to tax title properties, some of which should be advanced through the tax foreclosure process.

Following the necessary approvals to convey properties for affordable housing, a Request for Proposals (RFP) would be issued to solicit interest from developers based on the Town’s specific project requirements. A developer would be selected based on identified criteria included in the RFP. It is likely that the projects would require densities or other regulatory relief beyond what is allowed under the existing Zoning By-law, and the use of the “friendly” comprehensive permit process through DHCD’s Local Initiative Program (LIP) would likely be used for permitting.

Monitoring and enforcing affordability requirements are critical to the effective provision of affordable housing. The Town will also have to insure that any additional affordable units are eligible for inclusion in the Subsidized Housing Inventory and provide the state with all of the appropriate documentation.

The professional housing services recommended in strategy 8.1.2 would be very helpful in supporting such Town-sponsored development.

*Projected # Affordable Units Produced: 6 units*

#### **8.4 Housing Preservation Strategies**

In addition to creating new housing opportunities, this Housing Plan recommends that the Town also focus on the need to preserve existing housing including correcting code violations in properties occupied by low- and moderate-income.

##### **8.4.1 Preserve Existing SHI Units**

*Timeframe: Years 1 to 2*  
*Responsible Parties: Housing Partnership*

*Current Status:* Berlin has experienced some turnover of affordable ownership units that have presented challenges in regard to preserving affordability. It is the intention of the Town to work with the sellers, Subsidizing Agencies and designated Monitoring Agents to support efforts to market the units per the requirements of the deed rider. Table 8-2 provides a summary of these designated entities for each project. It should be noted that even if affordable units are ultimately sold to purchasers who earn more than 80% AMI, based on the provisions in the deed rider, the affordable housing restrictions remain in effect in perpetuity and upon subsequent turnover still apply.

**Table 8-2: SHI Units with Monitoring Agent**

<b>Project</b>	<b># Affordable Units</b>	<b>Type/Subsidizing Agency</b>	<b>Monitoring Agent</b>
Northbrook Village I	40	Rental/USDA and HUD	
Whitney Estates	2	Ownership/DHCD	CHAPA
Berlin Woods	8	Ownership/MassHousing	MassHousing
Sawyer Hill LLC	17	Ownership/DHCD	MassHousing
Northbrook Village II	40	Rental/HUD and DHCD	
Green Acres	2	Ownership/MassHousing	MassHousing
Total	109		

*Next Steps:* The Berlin Housing Partnership has established working relationships with these Subsidizing Agencies and Monitoring Agents, but should consider becoming more proactive in the monitoring and resale processes as follows:

- Identify which projects, if any, involve deed riders other than the current state universal deed rider as approved by Fannie Mae, and understand any deviations.
- Discuss the prospects of preparing a Ready Buyers List with the Monitoring Agents. In this case the Town would work with the Monitoring Agents to prepare an Affirmative Fair Housing Marketing and Resident Selection Plan to be approved by the Subsidizing Agencies. It would then implement the Marketing Plan and through a lottery establish a Ready Buyers List that can be used upon any resales. This list is generally useful for a period of a year, but with approval of the Subsidizing Agencies can be extended for two years. Guidelines for preparing these Plans and conducting marketing and the lottery were updated by DHCD in May 2013.
- Make sure that it receives annual reports from the Monitoring Agents regarding the continued affordability of all units. Most use restrictions require that project sponsors in the case of rental developments and Monitoring Agents for ownership projects do the necessary due diligence and prepare annual reports that recertify income and lease recertification for rental units and continued primary occupancy for ownership units. These reports are to be filed with not only the Subsidizing Agency but also the municipality. In this case, the Town is effectively monitoring the monitors.
- Review cost certification reports that are required to be provided by the developer upon the completion of each project to insure compliance with state cost and profit requirements under Chapter 40B/LIP, also including annual financial audits of rental projects processed through LIP or other Chapter 40B Program. Each year the Housing Partnership should do the necessary follow-up with the Monitoring Agent or Subsidizing Agency to insure that these reports are being prepared and the Town receives copies.

The Housing Partnership will need to insure that it is familiar with state requirements under LII/Chapter 40B including guidelines for preparing and implementing Affirmative Fair Housing Marketing and Resident Selection Plans. Key state contacts include Rieko Hayashi at DHCD ([Rieko.Hayashi@state.ma.us](mailto:Rieko.Hayashi@state.ma.us)) and Katy Lacy at MassHousing ([klacy@masshousing.org](mailto:klacy@masshousing.org)). Staff support from the collaboration being created by CMRPC would be an enormous help in undertaking these activities.

#### 8.4.2 Obtain Funding to Correct Housing Code Violations

*Timeframe:* Years 3 to 5

*Responsible Parties:* Housing Partnership

*Current Status:* Almost 60% of Berlin’s housing stock was built prior to 1980 and may have deferred maintenance needs as well as traces of lead-based paint which is damaging to children. While a comprehensive inventory of housing conditions has not been compiled, it is likely that many of these older residences would not meet today’s various housing codes (plumbing, electricity, weather-proofing, energy efficiency, etc.). Older homes with code deficiencies and inefficiencies are often more affordable housing options than new housing. In many instances, these older homes are being torn down. It is important to maintain Berlin’s existing housing stock as a means of providing more affordable housing and preserving the town’s historic architecture. It is also important to note that many of these substandard homes may be owned by those who live on fixed and/or limited incomes without the resources to undertake improvements.

*Next Steps:* The state manages federal Community Development Block Grant (CDBG) funding that provides assistance to qualifying cities and towns for housing, community and economic development projects, and human service initiatives that assist low and moderate-income residents or help revitalize neighborhoods. Some of this funding has been set-aside in support of local housing rehabilitation programs. While this funding is very competitive, DHCD has been revisiting some of its criteria for allocating this funding, and Berlin may find itself in a position to receive this financial support. If CPA funding is approved in the future, it may also become an important resource for supporting the Rehab Program.

Most Housing Rehabilitation Programs are relatively standard, providing an interest-free deferred loan of up to about \$30,000 to homeowners earning at or below 80% AMI or for investor-owners with a majority of tenants earning below this income level. The loan is typically forgiven after a 15-year term.

Some other communities have created emergency repair programs that provide a grant of up to about \$5,000 for emergency repairs, some targeted to seniors.

With some amount of future funding through CDBG, CPA, inclusionary zoning cash-out fees, negotiated fees with developers, etc. Berlin will explore some of these options to help existing homeowners remain safely in place and correct health and safety problems. It can also make important referrals to existing programs and services that help with septic repairs, weatherization work, and home modifications for those with disabilities provided by regional non-profit organizations including SMOC and RCAP Solutions (see Appendix 1).

## APPENDIX 1

### Local and Regional Housing Organizations/Resources

Berlin has a number of local and regional entities that are available to help support the production of affordable housing or provide housing-related services including:

#### ***Berlin Housing Partnership***

The Berlin Housing Partnership was established in the late 1980's to address the issue of affordable housing in the community. The partnership has five members appointed by the Board of Selectmen to serve terms of three years. Membership has been consistent.

Since its inception, the Partnership has remained active in keeping the subject of affordable housing before the townspeople through the annual Town Report and public surveys conducted in 1996, 2004, and 2011. The Partnership continues to meet with the Board of Selectmen, Planning Board, Conservation Commission and Town Treasurer as needed. The Partnership regularly reviews tax title land with the Town Treasurer and Assessor, works with private developers, and has attended affordable housing training sessions along with members of the Zoning Board of Appeals. The Housing Partnership has lead or has been instrumental in the all new affordable housing developments and related zoning.

#### ***Berlin Council on Aging***

The Berlin Council on Aging supports the quality of life of Berlin's elders through a wide variety of services including social programs for seniors, an information and referral service on a wide range of issues, community-based services to promote independent living, free shuttle bus transportation, as well as in-home support services. The Council relies heavily on local volunteers to support its activities.

?The Council receives a great many housing-related inquiries from local residents, as well as those who live outside the town, concerning the availability of housing options for seniors. The Council indicates that there is a need for more subsidized housing options for elders in Berlin, stemming from those looking to downsize, searching for more affordable units, and hoping to relocate to be closer to their grown children and their families.

The Council on Aging also works with the Town on a program that abates taxes for low-income seniors in exchange for minor services to the Town, for example, volunteering at a school or library. In addition to this work program, the Town also has a tax exemption program for income-eligible seniors over the age of 70 that reduces property tax bills by \$750.

#### ***Central Massachusetts Regional Planning Commission (CMRPC)***

The Central Massachusetts Regional Planning Commission (CMRPC) is the designated regional planning agency for the area that includes Berlin. It provides a wide range of planning services to communities within the region related to community development, transportation, data analysis and even homeland security. CMRPC is also making efforts to establish a regional collaboration of communities that can share access to housing consultants for a range of housing activities from monitoring the SHI to support on development.

### ***South Middlesex Opportunity Council, Inc. (SMOC)***

SMOC is a private, non-profit organization that serves as the area's community action agency, providing a wide range of programs and services for the greater Metro West and Blackstone Valley areas. The corporation's goal has been to improve the quality of life for low-income people by working with the community to affect social, individual and family change. Programs include day care and preschool education, employment training and placement, housing, addiction, mental health, women's protective services, nutrition, energy and weatherization, legal services, services for the elderly, emergency shelter, as well as community organizing around health care, housing, rising energy cost and banking services.

SMOC provides housing and community services to low- and moderate-income individuals and families including rental assistance programs, loan programs to support home modifications to improve access for the disabled, deleading, and weatherization improvements. Financial assistance is also provided to subsidize the costs of fuel, water and sewer costs to qualifying households.

In 1986, SMOC created a subsidiary non-profit development organization, South Middlesex Non-Profit Housing Corporation, to preserve, improve and develop new housing choices for low- and moderate-income residents, and integrating supportive services when appropriate. The Housing Corporation not only develops but owns and manages the agency's real estate as well, both residential and commercial properties including 600 units ranging from emergency shelters, special needs housing, Sober housing, transitional housing for individuals and families, affordable single and family rentals, and first-time homeownership opportunities.

### ***Habitat for Humanity – Metro West/Greater Worcester***

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 Framingham that serves a number of towns in the Metro West area including Berlin. Affiliates are operated with 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. The organization has completed more than 30 homes involving almost \$4 million in leveraged resources and 11,000 volunteer hours with another few projects in the pipeline. The organization continues to search for additional sites on which to build affordable homes.

### ***RCAP Solutions (Resources for Communities and People)***

RCAP Solutions, also known as Rural Housing Improvement, is part of a regional branch of a national private, non-profit organization that provides technical assistance in the areas of rural drinking water, and wastewater treatment systems, solid waste programs, housing, economic development, comprehensive community assessment and planning and compliance with environmental regulations. The organization serves as the regional housing agency and provides housing and community services to low- and moderate-income individuals and families including rental assistance programs. They manage approximately 2,200 rental subsidies and also provide a range of homeowner services such as first-time homebuyer education, down payment assistance, lead abatement assistance, foreclosure prevention, mortgage default counseling, and budget and credit counseling. The organization also owns and manages eleven (11) developments in the region and continues to pursue new opportunities to develop and manage real estate.

## **APPENDIX 2**

### **Glossary of Housing Terms**

#### **Chapter 40R/40S**

State legislation that provides cash incentives to municipalities that adopt smart growth overlay districts that also increase housing production, including affordable housing (see a Summary of Housing Regulations and Resources in the Town’s website for details).

#### **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. Also referred to as Community Housing.

#### **Area Median Income (AMI)**

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

#### **Chapter 40B**

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

#### **Chapter 44B**

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

#### **Cluster Development**

A site planning technique that concentrates buildings in specific areas on the site to allow the remaining land to be used for other uses, most typically open space preservation. Some provisions allow density bonuses for certain conditions of development, including affordable housing.

#### **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 (see a Summary of Housing Regulations and Resources in the Town’s website for details).

**Conservation Development**

A project that conserves open space, protects site features and provides flexibility in the siting of structures, services and infrastructure.

**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.

**Design Guidelines**

A set of discretionary standards, including design and performance criteria, developed as a public policy to guide the planning and land development.

**Easements**

The right to use property for specific purposes or to gain access to another property.

**Energy Star**

A voluntary labeling program of the US Environmental Protection Agency (EPA) and the US Department of Energy that identifies energy efficient products.

**Enhanced Single Room Occupancy (ESRO)**

A single person room with a private bath and/or kitchen rather than shared facilities.

**Expedited Permitting**

The state's Chapter 43D Program allows a community to gain state incentives for projects meeting certain criteria and permitted within a 180-day regulatory process.

**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.

**Form-based Zoning**

Zoning regulations that define desired building and site characteristics but do not strictly regulate the uses.

**Green Building**

A term used to describe buildings that have been designed or retrofitted to reduce energy consumption.

**Inclusionary Zoning**

Inclusionary zoning is 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**

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

**Jobs/Housing Balance**

A measure of the harmony between available jobs and housing in a specific area.

**LEED**

Leadership in Energy and Environmental Design (LEED) is a voluntary standard for developing high performance, sustainable buildings that significantly reduce energy consumption. There are various standards, including silver, gold and platinum, which are awarded to particular properties through a certification process.

**Local Initiative Program (LIP)**

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 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 (see a Summary of Housing Regulations and Resources in the Town's website for details).

**MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)**

MassHousing is 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, MSA, 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. Berlin is part of the Eastern Worcester County MSA.

**Mixed-Income Housing Development**

Mixed-income development includes housing for various income levels.

**Mixed-Use Development**

Mixed-use projects 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.

**Planned Development**

A district or project designed to provide an alternative to the conventional suburban development standards that promote a number of important public policy benefits, often including a variety of housing, including affordable housing, and creative site design alternatives.

**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. Berlin does not have a housing authority.

**Regional Non-profit Housing Organizations**

Regional non-profit housing 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. Metropolitan Boston Housing Partnership (MBHP), based in Boston, serves as Berlin's regional non-profit housing 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 Central Massachusetts Regional Planning Commission (CMRPC) serves as Berlin's Regional Planning Agency.

**Request for Proposals (RFP)**

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

**Section 8**

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

**Single Room Occupancy (SRO)**

A single room occupancy (more commonly SRO, sometimes called single resident occupancy) is a multiple tenant building that houses one or two people in individual rooms (sometimes two rooms, or two rooms with a bathroom or half bathroom), or to the single room dwelling itself. SRO tenants typically share bathrooms and /or kitchens, while some SRO rooms may include kitchenettes, bathrooms, or half-baths. Although many are former hotels, SROs are primarily rented as permanent residences.

**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.

**Sustainability**

Development that includes a balanced set of integrated principles such as social equity, environmental respect, and economic viability, which preserves a high quality of life for current occupants and future generations.

**Transfer of Development Rights (TDR)**

A program that coordinates the relocation of development from environmentally sensitive areas that should be preserved as open space to areas that can accommodate higher densities.

**Transit Oriented Development (TOD)**

Development that occurs within walking distance of public transportation, usually bus or trains, to reduce the reliance on the automobile and typically accommodate mixed uses and higher densities.

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

The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.