

Town of Northborough

COMMUNITY HOUSING PLAN



E.O. 418 Housing Strategy & Chapter 40B Production Plan

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Community Opportunities Group, Inc.

Boston, Massachusetts

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Introduction

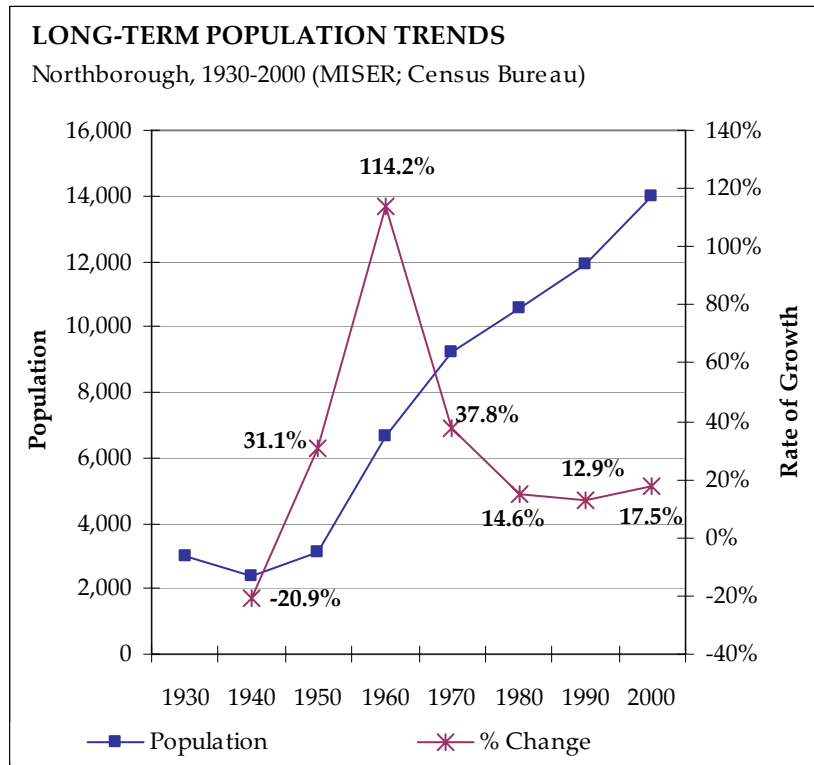
POPULATION HISTORY

Northborough is a small, relatively mature suburb on the eastern edge of Worcester County. Bounded by Boylston, Berlin, Marlborough, Southborough, Westborough and Shrewsbury, Northborough is located in a region that has absorbed significant population and housing growth since 1980. At mid-century, Northborough was largely undeveloped and rural, but the interstate highway network formed by I-90, I-495 and I-290 all but assured the town's evolution as a modern suburb.

Transportation improvements, the loss of agriculture from the New England economy, and federal policies that

encouraged new-home construction after World War II made towns like Northborough candidates for rapid growth. In fact, Northborough's population more than doubled from 1950-1960.¹

Northborough is the only town in the immediate region that experienced a dramatic gain in population during the 1950s, followed by successively lower rates of decennial population growth. The same era produced the largest number of housing units in Northborough at any point during the 20th century, yet after 1960, residential development continued at a more rapid pace than Northborough's population history implies. For the past 30 years, decennial housing growth has been remarkably consistent, deviating very little from the town's average of 854 dwelling units per decade. Compared to other communities nearby, Northborough's recent development history has been remarkably stable. However, its residential land use pattern has changed quite a bit.



¹ Massachusetts Institute for Social and Economic Research, "Population of Massachusetts Cities, Towns and Counties: Census Counts and Estimates, 1930-1998," 30 June 1999; Bureau of the Census, Census 2000 Redistricting Data Summary File (P.L. 94-171), 21 May 2002.

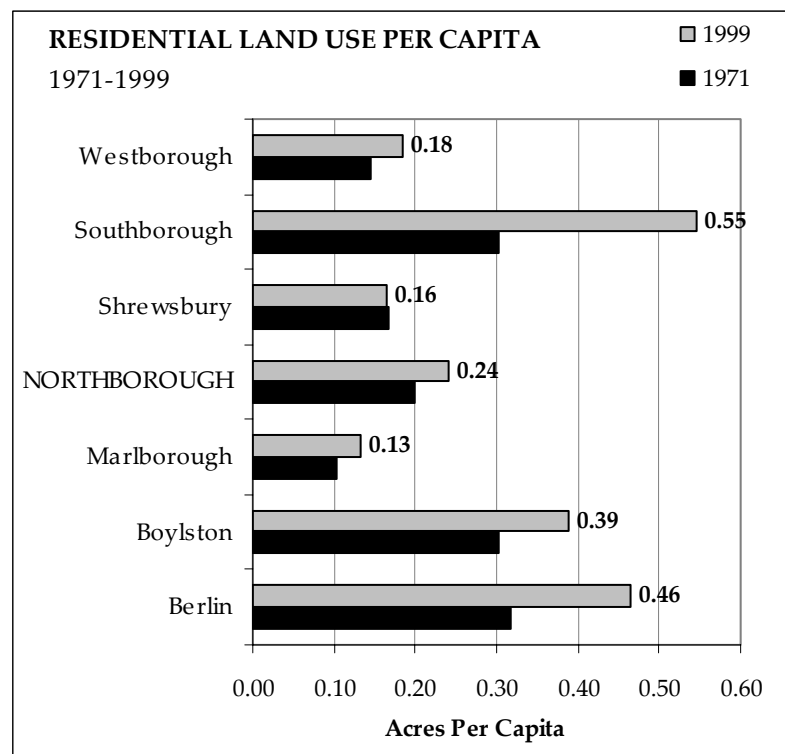
NORTHBOROUGH'S PHYSICAL EVOLUTION: 1970-PRESENT

In 1970, aggregate residential land use covered .20 acres of land per person, a statistic that captures Northborough's relatively concentrated development pattern at the time. Thirty years ago, a majority of the town's 2,400 housing units were located along streets that radiate from the center of town: Church, Howard, Whitney, Hudson, South, Summer and School Streets, and Brigham Street to the east. Still, the extension of new, suburban neighborhoods into outlying areas of Northborough was plainly evident by 1970, for only a few years before, large subdivisions were built between Whitney and Newton Streets in the northeast corner of town, and between Howard and Whitney Streets just south of I-290.² Indeed, the impacts of I-495, I-290 and capacity upgrades along Route 9 had begun to be felt throughout the region, and since Northborough had both residential and industrial land available, it was poised to attract new growth.

Much like today, Northborough in 1970 was a community of families, a place that took substantial pride in its schools and visual image. Residents at the time were said to value "openness...and widely separated residences (low residential density), with large back yards, long street frontages for each lot, screening by trees in streets, and large, unbroken residential areas. These elements comprise the image of Northborough as a sanctuary for the isolation and protection of the family."³ A new house in Northborough sold for about \$30,000 – affordable to those for whom

Southborough's \$75,000 new homes were out of reach. After the housing market decelerated for a few years in the mid-1960s, production resumed quickly, triggering speculative investments by developers and homebuilders.

Vacant land near I-290 was pressed into service for new homes throughout the 1970s, as illustrated in subdivisions such as Coolidge Circle off Whitney Street, Valentine Road between Church and Howard Streets, Franklin Circle off West Street, and a proliferation of Approval Not Required (ANR) lots along Brewer, Green, Howard and Whitney Streets. With few exceptions, the subdivisions built after 1970 reinforce the town's preference for "isolation and protection," for



² Town of Northborough Assessor's Office, "FY04 Parcel Database" in d-Base format [CD-ROM] (22 October 2003).

³ MIT, *Growth on the Urban Fringe*, 1969.

Northborough's late 20th-century neighborhoods were designed for defense against through traffic. Juniper Brook Road, Milk Porridge Circle, Indian Meadow Drive, Charino Road, Wiles Farm Road and Edmunds Way all exemplify a progressive, 30-year shift toward the self-contained development served by a cul-de-sac street. In contrast, new development in the town's northernmost end consists of fairly large ANR and "pork chop" lots etched long Ball, Green and Howard Streets, and Smith Road. Here, the homes are spacious – generally 2.1 times larger than the average home built in Northborough during the 1950s – and often set back from the street, with generous yards. By 2000, the changes that had occurred in Northborough's development pattern could be seen in an increase in residential land use per capita: .24 acres per person instead of .20 in 1970. The difference captures at least two conditions, neither of which is unique to Northborough: the larger lot sizes that typify late-20th century development, and smaller households. Development regulations, demographic trends and market forces have contributed to the gradual increase in consumption of land per capita for new homes. Table 1 shows that from 1971-1999, land used for low-density residential development in Northborough increased from 746 to 1,698 acres, or 125%.

Table 1: Land Use Change, 1971-1999

Land Use	1971	1985	1999
Agricultural Uses	1,162.6	843.9	681.9
Forest	6,949.3	6,440.3	5,580.0
Wetlands & Water	761.3	763.3	763.3
Recreation & Other Public Uses	467.9	390.0	538.3
Multi-Family Residential	15.6	15.6	26.8
Small-Lot Residential	55.2	55.2	94.2
Moderate-Density Residential	1,016.1	1,345.6	1,542.4
Low-Density Residential	745.8	1,139.4	1,697.6
Commercial	129.2	246.5	263.2
Industrial	33.5	179.8	315.4
Open Land, Mining, Other	463.7	380.8	293.7
Transportation, e.g., highways & ramps	<u>195.7</u>	<u>195.7</u>	<u>199.1</u>
Total Area	11,995.9	11,995.9	11,995.9
Land Use % of Total Area			
Agricultural	9.7%	7.0%	5.7%
Forest	57.9%	53.7%	46.5%
Residential	15.3%	21.3%	28.0%
% Low-Density Residential	40.7%	44.6%	50.5%
Commercial & Industrial	1.4%	3.6%	4.8%

Source: MassGIS Data Library, "Land Use" in d-Base format.

GROWTH POLICY CONCERNS

Northborough updated its master plan in 1997. Since a master plan's main purpose is to guide the physical evolution of a town, it is important to consider the major goals and recommendations of the Northborough Master Plan in any plan to address local housing needs. However, it seems clear that housing affordability was not among the Town's key concerns in 1997, so limiting a housing plan today to a master plan that was prepared to address different priorities eight years ago would run the risk of overlooking new opportunities. For Northborough, it will be a significant challenge to

balance traditional ways of controlling growth with policies to incentivize the production of affordable housing.

Under current zoning, Northborough provides for four residential zoning districts, three business districts and two industrial zones (Map 1). According to data obtained from the Northborough Assessor's Office, there are approximately 2,591 acres of vacant, privately owned land in town, although not all of it is developable. Table 2 summarizes Northborough's vacant land inventory by zoning district. When land listed as "unassigned" is allocated to zoning districts according to the use for which it is assessed, the town appears to have approximately 181 acres of vacant commercial land, 764 acres of industrial land, and 1,646 acres of residential land.

Table 2: Estimate of Vacant Land by Zoning District

Assessor's Classification	BA	BB	BC	IA	IB
Developable	1.1	34.9	32.2	303.0	17.6
Potentially Developable		0.4	14.7	60.4	0.4
Not Developable		0.2	1.2	30.0	
Unclassified Development Capacity ⁴		96.2		352.1	
Total	1.1	131.7	48.1	745.5	18.0

Assessor's Classification	GR	RA	RB	RC	Unassigned Land ¹
Developable	11.4	312.1	179.4	166.7	99.7
Potentially Developable	0.5	0.4	3.1	3.1	
Not Developable	2.0	42.0	8.7	49.5	15.6
Unclassified Development Capacity		195.5	166.9	390.1	
Total	13.8	549.9	358.0	609.3	115.3

Source: FY04 Assessor's Parcel Database; statistics by author.

A town's future development is not limited to the capacity of its vacant land. Underused property – such as large parcels with a single house, commercial parcels with room for more businesses, or industrial parcels with accessory land that could also be used for other purposes – also contribute growth potential. The most recent buildout study that was completed for Northborough indicates that if all of the town's vacant or underused industrial land were developed to the maximum allowed by zoning, Northborough would have 12.3 million ft² of additional commercial and industrial space and 2,331 more dwelling units. For Northborough, the issue is not only how much future growth the town may be pressed to absorb, but also the extent to which new investment provides lasting community benefits.

⁴ "Unclassified development capacity" refers primarily to land under Chapter 61, 61A and 61B Agreements. "Unassigned land" includes four parcels for which there is no zoning designation in the assessor's property database.

Housing Needs Analysis

HOUSEHOLDS AND FAMILIES

Just about everyone in Northborough is part of a *family*: a household of two or more people related by blood, marriage or adoption. Compared to surrounding towns, Northborough's percentage of family households is second only to Southborough and significantly exceeds that of the state or the Worcester metropolitan area. Since single-family homes constitute the vast majority of housing units in Northborough, the prevalence of families makes sense. Northborough also attracts somewhat larger families than a majority of the communities nearby. More than 56% of its owner-occupied dwelling units house families of three or more people, a characteristic shared by only 26.5% of the town's rental units.

Northborough's average family size and percentage of families with children under 18 shed light on the kind of community it is, both to the people who live here and to prospective homebuyers. Northborough has an average of 1.03 children and .78 school-age children per family, much like Southborough and Westborough. The presence of so many children in families explains Northborough's relatively high population percent of persons under 18 (29.5%) and its low percent of persons over 65 (9.8%). Differences such as these are more pronounced among homeowners than renters, for the percentage of homeowners with children in Northborough (46.6%) is much higher than the percentage statewide (33.8%). Table 3 provides comparison household statistics for Northborough, Worcester County and the Commonwealth.

Table 3: Comparison Household Characteristics

Demographic Measurement	Worcester County	Northborough	Massachusetts
Population	750,963	14,013	6,349,097
Households	283,927	4,906	2,443,580
Families	192,423	3,866	1,576,696
Percent Families	67.8%	78.8%	64.5%
Average Family Size	3.11	3.22	3.11
Households w/ Children < 18	95,472	2,130	748,865
Percent Households w/ Children <18	33.6%	43.4%	30.6%

Source: Bureau of the Census, Summary File 1, Table DP-1.

Not surprisingly, married-couple families are far more common in Northborough than single-parent families, and here again, the town is quite different from the state as a whole. Married couples comprise nearly 85% of all families in Northborough and 76-77% of all families in the Commonwealth and Worcester County. While families headed by single men are about equally represented in Northborough and the state (5-5.5% of all families), the percentage of families headed by single women is much lower in Northborough (10.3%) than the state average (17.7%). Still, the composition of Northborough's single-parent households reinforces the family-oriented culture that exists here. While the percentage of single women with children under 18 is about the same in

Northborough and the state, the percentage of single men with children under 18 is significantly higher: 58.2% locally, 42.3% statewide.⁵

Northborough has very few one-person and non-family households. Although one-person households comprise 28% of all households in Massachusetts today, the same can be said for only 16.9% of all households in Northborough. Women living alone constitute a slightly higher percentage of one-person households in Northborough than elsewhere in the state, and most appear to be women over age 65. However, Northborough has a small percentage of elderly households: 16.3% locally compared to 22.3% statewide, yet about 19% of all households in town include at least one elderly person and 6% of the town's families are multi-generational, i.e., an elderly person living with a son or daughter and grandchildren.⁶ Furthermore, Northborough's senior citizens are far more likely to own than rent the home they live in, and elderly renters make up a smaller percentage of all renters in Northborough than is the case statewide.⁷

POPULATION AGE

Northborough is remarkable for its stable rates of housing and population growth since 1970, but the town experienced some significant changes in the age make-up of its population during the last decade, much like other suburbs. While the state's under-18 population increased by only 10.9% from 1990-2000, Northborough absorbed a 29.4% increase – resulting in a state rank of 37 out of 351 cities and towns for rate of under-18 population growth.⁸ Northborough differs from state averages in other respects as well. For example, the under-5 population declined in Massachusetts from 1990-2000, yet Northborough attracted considerable growth among pre-school age children: a 12.1% increase. The state's 7% decline among persons 65-74 bears no resemblance to Northborough's 61% gain in the same age group.

Table 4: Change in Age of Northborough Population, 1990-2000

Age Cohort	1990	2000	% Change	Age Cohort	1990	2000	% Change
Under 5	917	1,028	12.1%	Age 45-54	1,507	2,284	51.6%
Age 5-17	2,297	3,104	35.1%	Age 55-64	969	1,213	25.2%
Age 18-24	961	625	-35.0%	Age 65-74	515	833	61.7%
Age 25-34	1,955	1,561	-20.2%	Over 75	420	537	27.9%
Age 35-44	2,388	2,828	18.4%	Total Population	11,929	14,013	17.5%
Population <18				Population >65			
Northborough	26.9%	29.5%		Northborough	7.8%	9.8%	
Massachusetts	22.5%	23.6%		Massachusetts	13.6%	13.5%	

Source: 1990 Census of Population and Housing, Census 2000, Summary File 1.

⁵ Bureau of the Census, Census 2000, Summary File 3, Table P10 [American Factfinder database online] (cited 26 December 2003), available on the World Wide Web at <<http://www.census.gov/>>.

⁶ Census 2000, Summary File 1, Tables P21, P30; Summary File 3 Table PCT8.

⁷ Census 2000 Summary File 3, Table H38; 1990 Census Summary File 3 Table H029.

⁸ Census 2000 Summary File 1 Table P12; 1990 Census Summary File 1 Table P011.

RACE AND ETHNICITY

In Northborough, a larger percentage of the total population is white than in Worcester County or the Commonwealth. While Asians comprise the largest minority group in Northborough, this is not the case for the county or state, where the population percent of African Americans generally exceeds that of Asians and most other racial minorities. Northborough also has a comparatively small percentage of Hispanic or Latino persons, as shown in Table 5.

Table 5: Population by Race and Hispanic or Latino Persons

Geography	Total Population	Population Percent by Race				Hispanic or Latino (All Races)
		White	African American/ Black	Asian	Other	
Northborough	14,013	93.0%	0.6%	5.1%	1.4%	1.3%
Worcester County	762,000	89.6%	2.7%	2.6%	5.1%	6.8%
Massachusetts	6,349,000	84.5%	5.4%	3.8%	6.3%	6.8%

Source: Census 2000, Summary File 1, Tables P7, P8.

LABOR FORCE, EDUCATION AND EMPLOYMENT

The age, educational and occupational characteristics of Northborough residents help to explain the town's higher-than-average percent of persons in the labor force (74.4%). More than 51% of the town's over-25 population holds a college, professional or graduate degree, compared to 33.2% of all persons over 25 across the state. As a result, Northborough residents enjoy greater access to high-paying jobs: managers and professionals are far more prevalent in Northborough's labor force than is the case statewide, and they are more likely to be employed by manufacturing, research and development, and technical or scientific establishments.⁹ Northborough slightly exceeds the Commonwealth for percentage of workers employed as home-based or self-employed business owners, and a larger share of its residents hold private-sector wage or salary positions. Historically, the town's unemployment rate has run much lower than that of the state or Worcester County, even during the recession of the early 1990s.¹⁰

Northborough's high percentage of men in the labor force is consistent with the profile of a suburb dominated by married-couple families. More than 85% of all men over 16 in Northborough are in the labor force compared to 72.6% in Massachusetts, and very few are unemployed (1.9%). Among the town's women over 16, 64.5% are in the labor force – a statistic that also exceeds the state average, although to a lesser degree. In fact, Northborough women with preschoolers are somewhat less likely to be in the labor force than their counterparts across the state, but the labor force percentage of women with school-age children is higher.

Overall, labor force participation by both parents in married-couple families is about the same in

⁹ Census 2000, Summary File 3, Tables DP2, DP3.

¹⁰ Massachusetts Department of Employment and Training (DET), "Local Area Unemployment Series" (LAUS) [database online] (cited 19 January 2004), available on the World Wide Web at <<http://www.detma.org>>.

Northborough and the state. A noteworthy difference lies in married-couple families in which only the wife is employed: about 4% of the state's children under 18, and 0% of Northborough's, are in married-couple families with stay-at-home fathers. Furthermore, in Northborough's single-parent families, 100% of all children under 18 living with their fathers, and 79.4% of children living with their mothers, have parents in the labor force and nearly all of the parents are employed. As a result, the economic position of families and children in Northborough is much higher than that of families and children across the state, as evidenced by the town's strikingly low family poverty rate of 1.7%.¹¹

HOUSEHOLD AND FAMILY INCOMES

Northborough has attracted middle- and upper-middle-income families for many years. Past planning studies reveal a distinct consciousness of Northborough's home values and the role that higher-end housing plays as a gatekeeper for traditional families; they, in turn, bring a special vitality to the town that is plainly evident in the quality and physical condition of the schools. Available data show that Northborough's state rank for median household income has changed very little: 41 in 1980, 33 in 1990, and 41 in 2000.¹² Accordingly, Northborough falls in the state's upper quartile for household wealth. Table 6 provides comparison income statistics for the state, Northborough and neighboring suburbs.

Table 6: Comparison Household Income Data

Geography	Median Household Income	Households >\$200,000 Income		Median Family Income by Family Type		
		% All Households	Combined Incomes as % Aggregate Household Income	All Families	Families with Children <18	Married Couples with Children <18
Massachusetts	50,502	3.5%	18.2%	61,664	61,530	74,589
Marlborough	56,879	2.8%	14.9%	70,385	71,112	78,128
Berlin	65,667	4.6%	18.0%	76,419	81,299	86,095
Boylston	67,703	4.1%	17.4%	77,604	77,684	82,534
Northborough	79,781	6.4%	19.8%	90,480	97,249	104,034
Shrewsbury	64,237	4.5%	18.6%	77,674	81,199	89,728
Southborough	102,986	19.6%	47.0%	119,454	127,909	131,402
Westborough	73,418	8.5%	28.9%	94,610	102,654	109,058

Source: Census 2000, Summary File 3, Tables P52, P53, P53, PCT 39, PCT40.

Since Northborough's housing stock is fairly homogenous and its growth rate has been stable for a long time, household income differences are less pronounced here than is often the case in high-growth suburbs. More than half of the town's households have annual incomes of \$75,000-\$99,000, and while nearly one-fourth of the Commonwealth's households have incomes below \$25,000 per year, the same applies to only 10% of the households in Northborough. The difference between

¹¹ Census 2000, Summary File 3, Tables P43, P44, P45 and P90.

¹² Census 2000, Summary File 3, Table DP-3; "Comparison Census Profiles 1980-2000," Boston Globe, [online edition] in EXCEL format (21 May 2002 [cited 21 May 2002]), retrieved on the World Wide Web at <<http://www.boston.com>>.

family incomes and household incomes is also somewhat smaller in Northborough, largely because families make up such a sizeable percentage of the town's households. Even though Northborough's percentage of very affluent households (6.4%) is higher than that of the state (3.5%), their combined income as a percentage of aggregate household income town-wide is about the same as the state average. Household wealth appears to be somewhat more evenly distributed in Northborough than in the state as a whole, and it is much more evenly distributed than in high-growth towns nearby.

Of course, not all residents of Northborough are equally well situated. Approximately 550 of the town's households and families have quite different circumstances from the impression conveyed by mainstream income statistics. Six percent of the town's households have incomes below \$20,000 per year, and most are elderly people living alone. In addition, the median income of single-parent families headed by women is less than half of Northborough median family income overall, and only 42% of the median for married-couple families with children. However, the income gap between single men and single women raising young children is smaller in Northborough than in most communities, which most likely reflects Northborough's high housing costs and limited housing choices. Table 7 reports these statistics by comparison geographies.

Table 7: Economic Position of Lower-Income Households

Geography	Median Income					
	Non-Family Households	Single Parents		Elderly Households		
		Men with Children <18	Women with Children <18	Householder 75+ yrs.	Men 65+ Living Alone	Women 65+ Living Alone
Massachusetts	29,774	34,532	22,138	21,522	17,974	14,328
Marlborough	36,105	42,500	26,875	21,175	15,870	14,213
Berlin	30,938	27,250	30,938	31,000	13,750	12,083
Boylston	34,688	100,724	41,607	16,852	18,036	16,292
Northborough	38,646	49,306	43,553	26,029	15,000	14,783
Shrewsbury	32,778	54,706	34,572	24,795	23,031	14,600
Southborough	36,172	127,308	48,750	22,548	35,703	9,946
Westborough	37,458	51,071	41,071	26,292	25,156	17,028

Source: Census 2000, Summary File 3, Tables P56, P80, PCT 40, PCT 42.

HOUSING CHARACTERISTICS

Housing Inventory

Communities influence the make-up of their populations by the choices they make to control housing growth, and Northborough is no exception. Its housing inventory helps to explain the overwhelming presence of families and homeowners and the community's overall wealth. Of Northborough's 5,002 housing units, 81% are detached single-family homes. Moreover, 84% of the town's housing units are owner-occupied, with an average of 2.98 persons per household. In fact, Northborough has the second highest percentage of owner-occupied housing units of the seven communities in the comparison area. Slightly more than 35% of all homeowners in Northborough purchased their present house after 1995, paying an average of \$281,000 for it, but new homes

commanded an average sale price of \$590,000.¹³ Like other communities near I-495, Northborough has a competitive housing market and during the past decade, housing sale prices increased by more than 61%.¹⁴ Regardless, Northborough's very low owner-occupied vacancy rate of .4% indicates that homes for sale move quickly. When the decennial census was taken in April 2000, there were 40 single-family homes on the market in Northborough with a median asking price of \$230,800.¹⁵

Single-family homes constitute more than 80% of the town's housing inventory and as a result, they are the dominant image of what it means to live in Northborough. Their qualities and the diversity that exists among them – in terms of styles, rooflines, materials, colors, setting and accessory uses – contribute significantly to the visual and social character of the town. New and older 20th century homes in Northborough differ by size, amenities, value and lot area. The town's newest single-family homes (1998-2003) offer an average living area of 2,943 square feet (ft²) with 4-5 bedrooms and 2.5 or more bathrooms, and they occupy parcels with an average of 1.4 acres of land. In contrast, most homes built between World War I-II have an average living area of 1,510 ft² and two or three bedrooms, and house lots of about .70 acres. Single-family residences that pre-date 1900 are similar to mid-20th century homes, with 2,093 ft² of living area and three bedrooms. They also have relatively large lots, or an average of 1.46 acres.

There is a significant spread in property values by age of dwelling unit. Single-family homes built since 1998 command an average total assessed value of \$515,842, and assessments of \$320,000 are fairly common among historic properties in Northborough. However, single-family homes built from 1920-1949 are assessed for about \$250,000-\$259,000. In most cases, the value of these homes lies mainly in their land value, as evidenced by the frequency of building-to-land value ratios of less than .99. There are also significant differences in the value of improvements, i.e., the home itself. The average building value of new homes is twice that of homes built prior to 1900 and 2.83 times the value of homes constructed between the wars.¹⁶ This kind of market weakness in interwar home values is very common and it has a great deal to do with the gradual loss of lower-priced housing in suburban communities. The reason: as competition for vacant land intensifies, older homes become very desirable candidates for demolition/rebuild or "gut rehab" projects, the result being a modern, essentially new dwelling unit on a previously used lot.

Nearly all single-family homes in Northborough are found in conventional subdivisions and along main roads, but about 15 homes occupy large tracts of open space. Agricultural, forested and recreational parcels, accounting for nearly 12% of the town's land area,¹⁷ usually include one or more dwelling units and often, a business. Although the homes are single-family residences, they stand out in at least two ways. First, the residence co-exists with an operation that depends on an income-

¹³ Town of Northborough, "FY04 Property Database," and Census 2000, Summary File 3 Tables P30, QT-H7.

¹⁴ The Warren Group, "Free Market Statistics," [database database] (cited 15 January 2004, 1 April 2004), available on the World Wide Web at <<http://www.thewarrengroup.com/html>>.

¹⁵ Census 2000, Summary File 1, Table DP-1; Summary File 3, Table QT-H6: Northborough.

¹⁶ FY04 Parcel Database; statistics by author.

¹⁷ For purposes of this description, "open space" refers to privately owned land under Chapter 61, 61-A and 61-B agreements.

producing use of land, e.g., a farm or a commercial recreation facility. Second, the homes tend to be large, with an average living area of 3,200 ft². Occasionally, the remnants of former farms can be seen in smaller holdings that retain more than one residential building, such as a single-family home and a carriage house. Northborough has about eight of these properties, located mainly in outlying sections of town.¹⁸

While there is a noteworthy mix within Northborough's single-family home inventory, housing choices in Northborough are most evident in the two-family homes and small multi-family buildings in neighborhoods around the center of town, notably along Pleasant, Church, Whitney, Hudson, Main, School, and Summer Streets, nearly all built prior to the adoption of zoning. These dwellings play an important role in providing options to people in Northborough because the units are smaller than single-family homes and many of them are renter-occupied. By virtue of their architectural features, sizes and settings, Northborough's older multi-family buildings also contribute to a distinctive sense of neighborhood identity. In addition, about 50 housing units are in turn-of-the-century buildings with a mix of residential and commercial uses.¹⁹ Most of these buildings are in downtown locations and on Route 20 in the Business B and General Residence Districts. Northborough also has 425 condominiums in 31 locations around town. A few of the condominiums appear to have been created by converting small, older multi-family buildings from rental to ownership units, but most are in fairly new developments. About 14% of Northborough's condominium units are investor-owned or used as an occasional residence by non-local owners. On average, the units have about 1,209 ft² of living area and average market values of \$200,000-\$220,000. Several are subject to affordable housing deed restrictions. In addition, the Northborough Housing Authority owns a number of properties, including two apartment developments and some smaller, scattered-site housing units for low- and moderate-income renters.²⁰

Housing Market

Market choices are determined by household income and factors important to individual homebuyers, such as the reputation and quality of a school district, commute distance to work, convenient highway access, choice of homes and housing styles, proximity to family members, or proximity to services. Ultimately, homebuyers may investigate homes for sale in a small area: a group of towns deemed similar in terms of their advantages. Preferences of homebuyers, developers and the communities themselves, by the zoning regulations they adopt, converge to shape housing demand characteristics at local and sub-regional levels. The communities in Northborough's area have historically offered a continuum of home prices and served a fairly wide range of incomes. Table 8 compares Northborough to surrounding communities by the demographic characteristics of households in owner-occupied dwelling units and recent single-family home sale prices.

¹⁸ FY04 Property Database; statistics by author.

¹⁹ Ibid.

²⁰ Ibid, and Massachusetts Department of Housing and Community Development (DHCD), "Northborough Subsidized Housing Inventory," in EXCEL format (26 November 2003).

Table 8: Homeowner Characteristics and Housing Prices

Municipality	Owner-Occupied Units	% Family Households	Average Size Owner Household	Median Owner Household Income	% Long-Term Owners	Median Single-Family Home Sale Price (2003)
Berlin	706	76.4%	2.86	76,388	38.4%	293,000
Boylston	1,317	72.5%	2.67	71,997	28.9%	279,500
Marlborough	8,842	64.0%	2.68	70,017	29.1%	310,000
Northborough	4,123	78.8%	2.98	88,437	25.0%	345,000
Shrewsbury	9,038	70.3%	2.81	74,477	25.2%	357,950
Southborough	2,595	82.2%	3.08	110,675	27.9%	502,500
Westborough	4,208	69.2%	2.93	95,155	24.6%	386,000

Sources: Census 2000; Banker & Tradesman.

The communities in Table 8 bring several qualities to the housing market: a mix of housing types and neighborhood settings, regional highway access, proximity to employment centers, a suburban location, and good schools. They also bring increasingly expensive housing and diminishing choices, for all of the communities in Table 8 have experienced a dramatic increase in housing sale prices since the early 1990s. While Northborough's median single-family home sale price rose by 82% from 1994-2003, sale prices in Southborough – the region's most expensive town – skyrocketed by 130%. More disturbing is the sale price growth in Shrewsbury and Marlborough: communities that have traditionally housed middle-income families. Shrewsbury absorbed a 135% increase in single-family home sale prices from 1994-2003, the region's highest rate of sale price growth. Although typical home prices in Shrewsbury used to be \$25,000-\$30,000 less than Northborough's, by last year this was no longer true.²¹

Low mortgage interest rates and high employment enabled more households than ever to find a place to live in and around Northborough during the 1990s. However, the surplus of vacant homes at the beginning of the decade was inadequate to meet the level of housing demand triggered by high rates of new household formation. Rental-to-ownership conversions often displaced tenants in favor of homebuyers, and when new-home construction and housing resales did not keep pace with the market, the result was a substantial jump in sale prices. By 2000, the number of vacant units had declined by nearly 50% in Northborough and neighboring communities. While their combined housing inventories increased by 19.4%, they also absorbed a 23.8% rate of growth in households.

Consistent with suburban trends nationwide, Northborough and its neighbors gained both family households and new school students. Four years ago, the Massachusetts Department of Education (DOE) released a K-12 enrollment trends report for the 1990s and classified communities across the state by enrollment growth rate.²² DOE's report shows that all of the towns in Northborough's region absorbed above average to high rates of enrollment growth. Federal census data give proof to what happened: in most of these communities, the school-age population increased 34-68%, far

²¹ The Warren Group, "Free Market Statistics."

²² Massachusetts Department of Education, "Foundation Enrollments in Massachusetts Cities and Towns, 1993-1999," [database online] in EXCEL format (cited 28 January 2001), available on the World Wide Web at <<http://state.ma.us/doe>>.

above the statewide mean. In addition, while Northborough's under-5 population growth rate of 12% differs from a statewide drop in the same age group, the under-5 population rose by a staggering 65-78% in Shrewsbury, Southborough and Westborough. These communities also experienced unusually strong housing growth and high rates of housing unit turnover, and they have comparatively large percentages of households headed by persons under 35. Given these circumstances, it is not surprising that the average household size in Southborough increases by .66 persons within four years of purchasing a single-family home, or .46 persons in Westborough.²³ Although Northborough has recently experienced housing and population growth, its growth has occurred at a more even pace than many towns nearby or elsewhere along the I-395 corridor. A majority of its family homebuyers already have children when they move into town, for the average household size among new families and those that purchased a house in Northborough in the past ten years is not significantly different. The cost of housing, the types of homes available, and the incomes of families with children under 18 all indicate that Northborough serves a market of second-time homebuyers seeking a great town in which to raise their children.

Table 9: Comparison Profile of Housing Unit and Household Growth

Municipality	Percent Growth 1990-2000				
	Total Housing Units	Single-Family Homes	Total Households	Family Households	K-12 School Enrollments
Berlin	7.7%	100.0%	9.1%	3.1%	43.5%
Boylston	17.9%	82.0%	18.3%	12.6%	43.5%
Marlborough	14.4%	69.5%	19.3%	16.5%	25.7%
Northborough	19.7%	84.2%	20.9%	20.9%	43.2%
Shrewsbury	26.3%	81.2%	32.9%	33.8%	42.2%
Southborough	26.9%	96.7%	29.4%	30.6%	43.2%
Westborough	17.4%	80.3%	21.2%	25.5%	58.7%

Sources: Census 2000, Summary File 1, Tables H1, H30, P15, P31; Mass. Department of Education, "Long-Term Trends in School Enrollments."

Rental Market

Compared to homebuyers, renters have very few choices because rental housing is so scarce. Age-restricted units dominate the rental housing inventories in many towns, including Northborough, making portions of the rental inventory unavailable to a larger market. Often, persons seeking rental housing must search across a large area to find a vacant rental unit, especially one they can afford. In addition, renters have a wide range of needs: young citizens living on their own for the first time, families wanting a short-term rental while they search for home, senior citizens seeking relief from the burdens of homeownership, and households needing affordable housing or simply preferring to rent instead of owning a home. Some renters need longer-term housing while others may be tenants for less than a year. These factors make the demand side of the rental market very diverse. As for the supply side, Northborough's rental inventory is very small, much older than the homeownership inventory, and expensive in relation to renter household incomes.

²³ Census 2000 Summary File 1 Tables P12, P21; cross-tabulation of Tables H28, HCT9.

Like many suburbs in Massachusetts, Northborough prohibits multi-family development. As a result, renters tend to live in older housing stock, such as units in two-family homes. More than half of all renters in Northborough occupy dwellings that pre-date 1950, and nearly 19% (mainly senior citizens) occupy subsidized housing owned and managed by the Northborough Housing Authority. Region-wide, there is very little new rental housing. The largest number of rental units built in any single decade date to the 1970s, when market-rate apartment developments were in vogue, Chapter 40B was new, and federal and state agencies invested heavily in low-income housing production. Marlborough, Westborough and Shrewsbury offer some new rental units and as a result, the percentage of tenants in older buildings in these communities is fairly low. Together, the same three communities house 76% of all households in the region, yet they have 87% of the region's entire rental housing inventory and 88% of the region's subsidized rental inventory.²⁴ Although most rental units appear to move through the market in three-year cycles, long-term tenancies exist in every town, notably Berlin, where 21% of the town's renters have lived in the same dwelling unit for more than 10 years. Table 10 supplies a summary-level profile of renter households in Northborough's market area.

Table 10: Renter Household Characteristics and Rents

Municipality	Renter-Occupied Units	% Family Households	Average Size Renter Household	Median Renter Household Income	% Long-Term Tenants	Median Gross Rent
Marlborough	5,659	46.0%	2.05	39,755	11.6%	811
Berlin	166	34.9%	1.47	23,125	20.5%	629
Boylston	256	40.2%	1.43	50,313	10.9%	640
NORTHBOROUGH	783	45.8%	2.05	41,299	12.7%	792
Shrewsbury	3,328	42.6%	1.83	40,259	12.7%	817
Southborough	357	46.7%	1.91	43,348	11.3%	913
Westborough	2,326	43.7%	2.07	47,346	9.7%	863

Source: Census 2000, Summary File 1 Table H1, H4, H12; Summary File 3 Tables H38, HCT1, HCT12.

Rental housing needs differ from town to town, but two conditions seem almost universal among tenants: the high cost of housing in relation to income and a constricted supply of affordable units for households ineligible for subsidized rental units. As of April 2000, the effective date of Census 2000, tenants paid anywhere from \$629 per month for apartments in Berlin to more than \$1,000 per month in Shrewsbury and Southborough. This wide range of rents reflects several factors: the size of rental units, building types, market demand, and the percentage of renter-occupied housing that is subsidized by federal or state sources. In Shrewsbury, for example, most renter-occupied units are in market-rate (unsubsidized) multi-family developments while one-third of all renter-occupied units in Southborough are detached single-family homes. In Northborough, 51% of all tenants live in two-, three- or four-family homes, nearly all of which were built prior to the adoption of zoning, and the town is roughly at the regional midpoint for percentage of subsidized rental housing (17.9%).

²⁴ Department of Housing and Community Development (DHCD), "Chapter 40B Subsidized Housing Inventory," in EXCEL format (April 2002 [cited 22 April 2002]); February 2003 update supplied to author by Metropolitan Area Planning Council; Census 2000 Summary File 1, Table H4, Summary File 3 Table H59.

The physical characteristics of each community's rental housing have a significant impact on prevailing rents. While rents have undoubtedly increased in the past four years, the relative market position of each community has most likely remained the same.

In virtually all Chapter 40B rental developments built today, 75% of the units are priced for "market" occupancy and 25% for low- and moderate-income tenants. The relatively high rents paid by market tenants contribute to the region's rent ranges. While Northborough rents are fairly low compared to rents in Southborough, Westborough and Shrewsbury, it also has a higher percentage of rental units in developments built and managed by the Northborough Housing Authority – meaning units that can be rented only to low- and moderate-income tenants, and 86% of these units are further restricted to low-income elderly tenants. Since Northborough has no recently built Chapter 40B rental housing, the units available to other tenants are largely old. However, they are also large in relation to rental units in other communities nearby. Ironically, the presence of so many older rental units in Northborough means the town offers more units suitable for families than is the case in Marlborough and Westborough. In fact, Northborough has one of the highest percentages of rental units with three or more bedrooms of any town in the region – except Southborough, where more than 40% of all renter-occupied units are detached single-family homes.²⁵

Prospective renters face low odds of finding moderately priced apartments in Northborough's area. In April 2000, there were 495 vacant housing units for rent in the seven-town region, including 36 in Northborough. More than 45% of the 495 units were on the market at rents of \$1,000 or more per month, with a majority of the highest-priced units in Marlborough, Shrewsbury and Westborough. However, Southborough had no rental units available at monthly rents below \$2,000, and the median rent sought by local landlords at the time was equal to 55% of the town's median renter household income. For both existing and soon-to-be renters, the issue is not only monthly rents charged by landlords, but also the added cost of utilities, that is, gross rent. Depending on the type of housing unit and whether it is subsidized, gross rent exceeds contract rent by anywhere from \$25 to \$100 per month in Northborough's area. While gross rents in Northborough and most towns nearby are reasonably affordable to many existing tenants (measured by gross rent as a percentage of household income), nearly one-fifth of the region's entire rental housing inventory is subsidized, not including privately owned, market-rate units rented to households with HUD Section 8 vouchers.²⁶

HOUSING AFFORDABILITY

Chapter 40B

Northborough has some homes that are assessed at comparatively low values, but the town has very little affordable housing at that term is used by planners and policy analysts. "Affordable housing" means homes made affordable to lower-income households by a deed restriction or covenant that restricts sale prices and rents as the units are vacated, sold or leased to new occupants.

²⁵ Census 2000, Summary File 3 Tables H32, H42.

²⁶ Census 2000 Summary File 3 Tables H46, H59, H60, H63. Note: in April 2000, most of the higher-end vacant units in Westborough were at Avalon West, a recent Chapter 40B development by AvalonBay that was in rent-up at the time.

Northborough has 173 units of housing that qualify as “affordable” under Chapter 40B, which effectively supersedes local zoning regulations that make it infeasible to build low- and moderate-income housing. The device that overrides a town’s zoning is known as a comprehensive permit. Chapter 40B establishes a legal presumption of unmet housing needs when less than 10% of a community’s year-round housing stock is affordable to households at or below 80% of median family income. Generally, communities that do not meet the 10% statutory minimum must issue a comprehensive permit unless there is an unusual or compelling basis to deny one. Aggrieved developers may (and do) ask the state’s Housing Appeals Committee (HAC) to intervene, and while most appeals are resolved by negotiation, HAC’s less-frequent overrides have left a negative impression on communities.

According to data maintained by the state, Northborough’s inventory of low- and moderate-income housing includes 154 rental units (primarily age-restricted) and 19 homeownership units, or 3.47% of the town’s year-round homes. Across the Commonwealth, 8.53% of all houses and apartments meet the statutory definition of “low- or moderate-income housing units,” yet slightly more than 30 of the state’s 351 communities have produced enough subsidized housing to satisfy the 10% goal. Though cities top the list, a few towns also exceed 10%. Subsidized housing as a percentage of all year-round homes in Northborough and neighboring communities varies considerably. Regionally, there are 2,501 Chapter 40B units or 4.2% for the area as a whole. Marlborough tops the list for number and percentage of Chapter 40B units (7.95%) and Boylston, the lowest (1.5%). In Massachusetts, the suburban mean for percentage of Chapter 40B units is 2.78%.²⁷

Housing Cost Burden

By enacting Chapter 40B, the legislature intended to assure a “fair-share” distribution of low-income housing across the state, but housing policy analysts do not define affordable housing need on the basis of a fixed 10% standard. The national definition of housing affordability assumes that a home is affordable to its owners if they spend no more than 30% of their monthly income on housing costs: a mortgage payment, property taxes, and house insurance. Similarly, an apartment is affordable when tenants pay no more than 30% of their monthly income on rent and utilities. In housing industry parlance, households that pay more than 30% of their income on housing costs are “housing cost burdened.” The incidence of housing cost burden is usually highest among very young, elderly and low-income renters. However, the high market rents in Chapter 40B developments demonstrate that even in communities with new rental housing, cost burden has become an increasingly serious problem for middle-income renters.

Federal census data show that 36.2% of all tenants in the Worcester metropolitan area and 34.5% in Northborough are housing cost burdened.²⁸ That Northborough has a slightly lower incidence of rental housing cost burden is not surprising: its renter households tend to have higher incomes than renters across the Worcester metropolitan area, and much of its market-rate rental housing is old. However, 61% of the town’s elderly renters and 51.4% of its youngest householders, i.e., households headed by 18-24 year olds, pay more than 30% of their monthly income on rent and utilities. In fact,

²⁷ Affordable housing percentages derived from DHCD Subsidized Housing Inventory; “suburban communities@” refers to 53 towns defined as suburbs by Massachusetts Department of Revenue “Kind of Community” classification system.

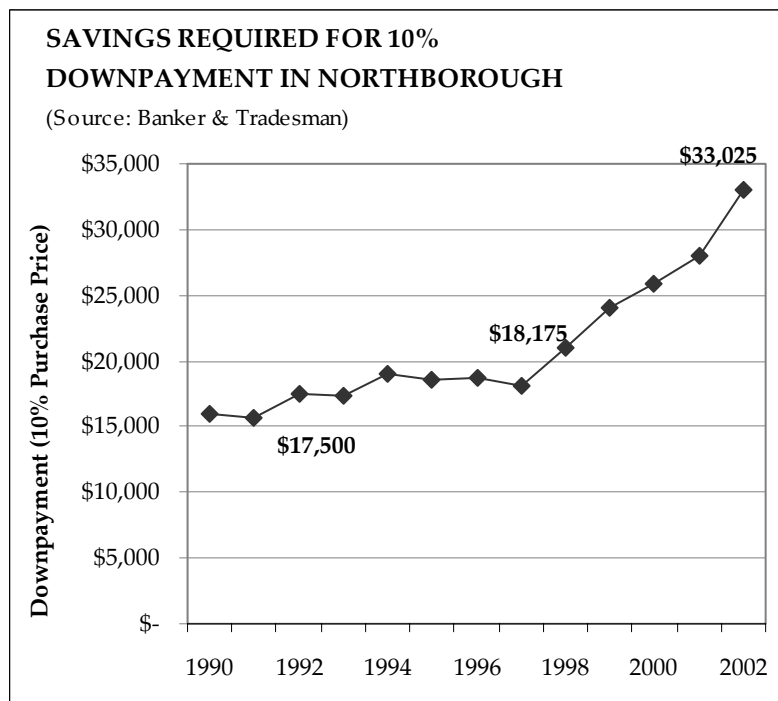
²⁸ Census 2000, Summary File 3 Tables DP4 and H84.

Northborough exceeds the Worcester metropolitan area for percentage of young cost-burdened renters. The same groups are disproportionately affected as cost-burdened homeowners. Throughout the Worcester metropolitan area, 26.2% of all homeowners pay more than 30% of their income on a mortgage payment, insurance and taxes. In Northborough, the incidence of homeowner cost burden for the town as a whole is 23.6%, but it is much higher for young householders between 18-24 years old (58%), and over-75 elderly households (32%).²⁹ Over time, high housing sale prices and high property taxes have reduced Northborough’s affordability to all but upper-middle income families.

To some extent, a profile of low- and moderate-income households in any community includes a majority of its youngest and oldest households. However, the number of low- and moderate-income households in Northborough far exceeds both the sum of young and elderly households and the town’s inventory of subsidized housing units. As a result, Northborough has more cost burdened low-and moderate-income households than its cost burden statistics by age might imply. Indeed, Northborough is striking for its unusually high percentage of low and moderate income households that are housing cost burdened, and this applies equally to homeowners and renters. Among households with incomes below \$35,000 per year, the percentage of renters paying more than 30% of their monthly income on rent and utilities in Northborough is consistently higher than the percentages for the state as a whole or the Worcester metropolitan area. According to the U.S. Department of Housing and Urban Development (HUD), 25.4% of all households in Northborough qualify as moderate-income – that is, households with incomes at or below 80% of area median income (AMI) – and 12.6% as low-income, or below 50% of AMI.³⁰

Affordability Gap

Since the 1930s, federal housing policies have subsidized homeownership through income tax deductions for mortgage interest and property taxes, federal home mortgage insurance, and more recently, low-interest loans and grants that help moderate-income people transition from



²⁹ Census 2000, Summary File 3 Tables QT=H13 and QT-H15.

³⁰ For percentage of low-income persons and households, see U.S. Department of Housing and Urban Development, “Low and Moderate Income Persons by Non-Entitlement Community,” [database online] in EXCEL format, (18 February 2003 [cited 21 February 2003]) available at <<http://www.hud.gov/offices/cpd/systems/census/lowmod/index.cfm>>.

renter to homeowner. Often, home-seekers have more resources than a mortgage lender requires, such as equity to invest from the sale of a previous home or a gift or loan from family members. However, households with only their savings to put toward a downpayment find homebuying more difficult. First, while saving to purchase a home they must also pay rent, and because apartments are so scarce, market rents in Northborough's region have become very expensive even though local rents have not accelerated to the same extent. Second, since the purchase price of a house usually determines the downpayment amount, first-time homebuyers end up saving toward a moving target: the sale price of homes in a very tight real estate market.

Under conventional loan underwriting standards, homebuyers at Northborough's median household income of \$79,781 can afford a purchase price of about \$254,160. For them, the town's median single-family home sale price of \$345,009 (2003) translates into an "affordability gap" of \$90,840, or the difference between the sale price and the purchase price they can afford. However, Northborough's median single-family sale price creates a more substantial barrier for homebuyers at the Worcester-area median income (\$47,899): an affordability gap of \$192,407. A sale price of \$345,000 is also high enough to preclude 68% of Northborough's present households from purchasing a house in town if they were first-time homebuyers today. Although the median condominium sale price of \$205,000 would be affordable to a majority of Northborough's present households if they were first-time homebuyers today. Nonetheless, condominiums comprise only 8.5% of Northborough's entire housing inventory.

AFFORDABLE, ATTAINABLE & ACCESSIBLE HOUSING NEEDS

Although it is easy to define unmet housing needs by the shortfall of Chapter 40B units in a city or town, the reality is that decent, suitable and affordable housing needs exist at most market levels. Moreover, housing needs are more complicated than state and local officials have been able to address, for even if every community met Chapter 40B's 10% goal today, there would still be a substantial number of underhoused and cost-burdened families in the Commonwealth. The most recently available HUD estimates indicate that 43.9% of the state's households have incomes in the low- or moderate-income range, i.e., at or below 80% of the applicable area median income (AMI) for each city or town, adjusted for household size. Providing enough low- or moderate-income housing to reach 10% of all homes in the Commonwealth would appear to require 262,199 units, but since Chapter 40B excludes seasonal and vacation homes from the state's housing base, 10% for the state as a whole would actually be 252,696 units.³¹ HUD's household income data suggest that even at 10% of all year-round homes in Massachusetts, there would be 819,008 families without access to an affordable housing unit as the term is defined by law.³² In Northborough's case, reaching 10% requires about 338 Chapter 40B units in addition to the existing 173-unit inventory, yet technical compliance with Chapter 40B would leave 748 resident families without an affordable home.

³¹ HUD, "Low and Moderate Income Persons by Census Block Group," and DHCD, "Chapter 40B Subsidized Housing Inventory."

³² In lieu of renting a Chapter 40B unit, some low- or moderate-income households receive voucher assistance from the HUD Section 8 program. Tenants with Section 8 vouchers pay 30% of their monthly income to rent a privately owned, non-subsidized apartment and HUD fills the gap. Approximately 67,000 renters statewide have HUD Section 8 vouchers.

Defining housing needs on the basis local residents only, i.e., without regard for needs that exist within larger regions, also masks the severity of the state's housing shortage. DHCD allows communities to seek up to 70% "local preference" units in a Chapter 40B development, but the state's local preference incentives evolved years ago as one of many initiatives to combat city and town resistance to affordable housing. In Worcester County, 43% of all households qualify as low or moderate income and 57% of them live in non-urban communities, including Northborough.³³ Federal census data show that about 62% of Worcester County's population moved from one Central Massachusetts home to another after 1995.³⁴ Although local officials in most cities and towns worry about the social, economic and fiscal impacts that affordable housing developments may bring to their communities, many households can choose to move from one town to another because they have economic mobility. For low- or moderate-income households, the shortage of affordable housing is effectively a shortage of choices.

Housing needs are not limited to low- or moderate-income households. Accessible homes for households with a disabled family member, smaller housing units for older people who cannot afford or do not want to maintain a single-family home, and modestly priced rental units for young citizens entering the workforce are fairly common needs across the state. Housing that is attainable for median- and above-median-income families is also lacking, notably in the Commonwealth's most affluent communities. Moreover, about 9% of Northborough's working-age (21-64) adults have a disability, but except for elderly public housing units, there is no obvious indication that any barrier-free housing has been developed in Northborough.

In addition, Northborough's region has attracted a number of "over-55" housing developments, yet most offer high-end condominium or "cottage" sale prices that far exceed the means of many senior citizens, especially households headed by people over 75. The Central Massachusetts inventory of public housing for very-low-income elders has not changed in more than a decade, and very few housing units for seniors of modest means have been built anywhere in the region. Although some age-restricted Chapter 40B developments have been approved in Northborough's area, the income and asset tests for eligibility to buy a Chapter 40B homeownership unit create more marketing and sales challenges for these projects than many people realize.

Considering the age, income and composition of households in Northborough and adjacent communities and housing prices throughout the area, Northborough would make a useful contribution to regional housing needs (including its own) by focusing on the following types of housing:

- **Rental housing for individuals:** developments of studio, one- and two-bedroom apartments, marketed primarily to young adults and young couples with annual incomes of \$20,000-\$40,000, or monthly rents of \$500-\$950. At least 5%-10% of the units should be accessible to persons with disabilities or designed for accessibility retrofits.

³³ HUD, "Low and Moderate Income Persons by Census Block Group," Census 2000 Summary File 3 Tables H38, P45.

³⁴ Census 2000 Summary File 3 Table P24.

Northborough's region has 1,015 under-25 households. Sixty-six percent are non-family households, 87% live in rental units, 54% have annual incomes below \$35,000 and 45% are housing cost burdened.

- **Rental housing for families:** developments of two-, three- and four-bedroom apartments, marketed primarily to young families with annual incomes of \$30,000-\$65,000, or monthly rents of \$750-\$1,725. Some provision should be made for accessible units, but data to estimate the disability housing needs of families are unavailable.

Northborough's region includes 7,435 households headed by persons 25-34 years of age, 66.7% of which are family households. Nearly half of all households in the 25-34 age group have incomes of \$30,000-\$65,000. Fifty-three percent live in rental housing and 24% of the renters are housing cost burdened. Of the 12,000 households headed by persons 35-44, 80% are families, 27% are renters and 33% of the renters are housing cost burdened. Many of the renter families in these age groups earn too much to qualify for subsidized housing but they cannot afford the market rents in new developments, and because they are predominantly families they need rental units with two or more bedrooms. Significantly, while 27% of the region's renters households consist of three or more people, only 15.2% of all rental units have more than two bedrooms. The shortage of rental units sized for family occupancy increases by household size, for households of four or more people constitute 14.2% of the region's renters, yet only 3% of all rental units have more than three bedrooms and a majority of them are renter-occupied single-family homes.

- **Rental housing for very-low-income seniors:** developments with a mix of one- and two-bedroom units for elderly households with annual incomes below \$15,000, or monthly rents of \$250-\$375. At least 10% of the units should be fully accessible to persons with disabilities.
- **Rental housing for low- or moderate-income seniors:** developments with a mix of one- and two-bedroom units for elderly households with annual incomes of \$15,000-\$35,000, or monthly rents of \$375-\$500 and some as high as \$750. At least 10% of the units should be fully accessible to persons with disabilities.

Regionally, there are 8,272 households headed by persons over 65. They differ by economic position, the types of homes they occupy and the amounts they spend on housing. In general, the incomes of elderly households drop significantly after age 75, and both the incidence of disability and the percentage of renter occupancies increase with age. About 36% of the over-75 elderly households in Northborough's area are tenants, and the percentage swells to more than half of over-85 households. Fifty-three percent of all over-75 households have incomes below \$25,000. Although elderly rental housing is traditionally associated with over-65 households, in Northborough's area the greatest needs exist among over-75 households and it is for this group that affordable rental units should be designed, priced and marketed. Nearly 60% of the region's over-75 households are one-person, non-family households and for them, one-bedroom units are generally considered suitable. However, there needs to be a mix with two-bedroom apartments to accommodate special circumstances and live-in aides for frail or disabled elders.

- **Homeownership units for individuals:** developments of one- and two-bedroom condominiums, marketed to persons between 22-34 years of age with annual incomes of \$30,000-

\$75,000, or sale prices of \$85,000-\$205,000. At least 5% of the units should be accessible to persons with disabilities or designed for accessibility retrofits.

About 15% of the households in Northborough's area are one-person households, excluding seniors over 65. Despite the growth in one-person households statewide, there is a striking lack of suitable housing units designed for young workers. In most cases, young, unmarried college graduates and recent recipients of graduate degrees have earnings that exceed the income limits for Chapter 40B units yet they do not earn enough to afford prevailing market rents or purchase prices. It is not particularly surprising to find that in Northborough's area, over half of the households in this age group are renters; the homeownership market offers them few choices in terms of size or price, for new residential development in all towns around Northborough is comprised almost exclusively of single-family homes.

Higher-density housing developments of one- and two-bedroom units, priced at the lower end of the market, would provide opportunities for young workers to achieve homeownership and possibly reduce pressure on the region's rental market. "Higher density" is not synonymous with "large scale."

- **Homeownership units for families:** developments with a mix of two-, three- and four-bedroom townhouses and single-family homes, marketed to families with annual incomes of \$60,000-\$95,000, or sale prices of \$140,000-\$225,000.

About 31% of the region's households headed by persons 25-44 years of age have incomes of \$40,000-\$75,000. Most are families, and the homeownership market offers them very few choices. Some of these families may be eligible to purchase Chapter 40B housing, but many are ineligible because their incomes are too high. In fact, Chapter 40B is not a particularly good way to address their needs because many households in this income group earn too little to purchase the unrestricted (market-rate) homes and too much to purchase the affordable homes. Small to moderate-scale developments that achieve feasibility with a mix of housing types and higher density would help to meet the needs of family homebuyers at the lower end of the market.

- **Homeownership units for empty-nesters and seniors:** developments of one-, two- and some three-bedroom condominiums or cottage units, restricted to over-55 households and priced at all market levels (without regard to assets), with an emphasis on sale prices of \$90,000-\$190,000. At least 10% of the units should be accessible to persons with disabilities or designed for accessibility retrofits.

The communities in Northborough's area have attracted several over-55 housing developments, primarily at the higher end of the market. More modestly priced alternatives to conventional single-family homes would serve the market of over-55 households seeking to downsize from their existing residence to a townhouse or cottage unit they can afford. Much like the families that need unsubsidized housing but cannot afford market homes in Chapter 40B developments, many over-55 households cannot meet the assets limit for Chapter 40B housing even though they qualify on the basis of income. Developments that offer a continuum of units – some in the Chapter 40B price range, others at roughly the middle of the over-55 market – could fill an obvious gap that exists in the over-55 housing industry, but producing these kinds of homes through Chapter 40B is unlikely without additional developer incentives and might therefore require an entirely different permitting tool.

Challenges & Constraints

POLICY & REGULATORY CHALLENGES

The Northborough Master Plan (1997) includes an “umbrella” housing goal and several strategies that need to be considered in the design of recommendations for the Community Housing Plan. The goal and strategies are very important, first because Northborough’s master plan process included citizen involvement and second, because the main purpose of all master plans is to provide an overall growth policy direction for communities. At issue is whether Northborough’s housing needs can be addressed successfully through a literal application of the Master Plan’s housing element. The Master Plan’s housing goal is: “Provide diversity of housing options to increase housing affordability and choice while maintaining Northborough’s primarily single-family character.” Toward that end, it articulates strategies such as:

Maintain the basic residential zoning patterns and minimum lot size requirements currently in place.

- **Comments.** According to Northborough’s recent buildout study (CMRPC, 2001), most of the town’s vacant residential land is in the RA and RB Districts, which require a minimum lot size of 80,000 ft² and 40,000 ft² respectively. The only residential use allowed as of right in the RA and RB Districts is a detached single-family dwelling. If the town is committed to preserving these land use policies, it may be unrealistic to consider affordable housing strategies for the only residence districts with a significant supply of vacant land.

There is a potential conflict between this strategy and others outlined in the Master Plan. For example, maintaining the “residential zoning patterns...currently in place” seemingly calls for continuing the sprawl-like, unconnected development pattern that characterizes many of Northborough’s outlying areas. However, the Master Plan also advocates for protecting more open space and forging better visual and physical connections between neighborhoods. Creative land development and neo-traditional planning – concepts explicitly embraced by the Master Plan – argue for a discontinuation of many existing land use practices in Northborough, not only in residential zoning but also in the town’s commercial districts.

In addition, the Master Plan promotes a Neighborhood Planning Strategy based on locally defined Neighborhood Planning Areas. This would benefit Northborough for reasons far beyond housing affordability. For example, a neighborhood-by-neighborhood housing inventory may surprise residents and local officials. First, there is more diversity within the town’s established single-family traditions than a statistical profile of Northborough housing implies. Second, there are more neighborhoods with a mix of residential uses than the neighborhoods around Downtown Northborough. An analysis of the distinctive elements of each neighborhood – in terms of architectural styles, the location of buildings in relation to the road, site design qualities, locally recognized landmarks, and natural features – would shed light on the kinds of development regulations that can preserve the ambience of each neighborhood as the town continues to grow.

The same process could be used to tailor affordability and housing diversity options to unique conditions that exist in different areas. While some affordable housing strategies can be applied

seamlessly from one district to the next, this is not the case for all types of development. In a typical suburban neighborhood, a single-family dwelling for adults with disabilities or a small congregate residence for elderly tenants would fit comfortably with surrounding homes, but a larger-scale, fairly dense rental development in the same neighborhood might be visually and operationally incoherent. The issue is not that Northborough should designate some neighborhoods as receiving areas for all of the town's affordable housing. Rather, it is to understand the role that architectural, site plan and open space design standards play in making higher-density housing compatible with surrounding neighborhoods.

Protect existing neighborhoods from unwanted incursions or encroachment from other land uses, but encourage neighborhoods to consider whether more varied types of uses are wanted by local residents and if so, provide support to these resident-sponsored efforts...Guide the development of new neighborhoods that have their own identity but which relate to existing neighborhoods and are linked to other areas of town through trails, sidewalks, open space connections and overall design.

- **Comments.** Ideally, residents would warm to the challenge of identifying and promoting ways to address unmet housing needs in their own communities. However, suburban housing initiatives rarely come about as grassroots efforts to diversify the social and economic makeup of existing neighborhoods. For the most part, affordable housing is met with fear and resistance, and the task of securing change falls on a community's leadership: planning boards, selectmen, local housing partnerships, economic development commissions, school committees and others. When affordable housing comes by way of Chapter 40B, the board of appeals must be willing to lead – not as advocates, but as public officials responsible for providing a fair hearing process and basing their decision on law, not emotion.

In Northborough, it seems all but certain that increasing the supply of affordable housing will pit localized interests against community-wide interests. Since the town is substantially developed, there are not many "invisible" sites that can accommodate new affordable housing. Moreover, since the town's most significant housing gap is rental housing for families, young people and seniors – at all market levels – the production of new affordable housing will most likely require densities that differ from Northborough's traditional development pattern. In addition, many residents at the community conversation meeting questioned whether Northborough needs or should take responsibility for providing more affordable housing.

Encourage new developments to protect the maximum amount of open space possible, to incorporate open space within developments in ways that are integral to the neighborhood and to protect open space in ways that enhance the Town's overall open space program.

- **Comments.** The Master Plan makes an eloquent case for protecting more open space in Northborough. It also describes the role that open space should play toward fostering connected, cohesive neighborhoods and enhancing a sense of community. A related Land Use strategy speaks of "strengthen[ing] the residential land use pattern by encouraging future subdivision projects to creatively protect open space [sic]...and by encouraging local residents to consider allowing greater housing variety within their respective neighborhoods."

A visual inspection of Northborough's new and old neighborhoods corroborates the wisdom of the Master Plan. Since so much of the town's late-20th century growth consists of conventional subdivisions with fairly large lots, its new neighborhoods differ significantly from the older,

more densely developed neighborhoods around the downtown area, in both the General Residence and the RC Districts. Although the density of new growth is much lower, it is bereft of the visual distinction and connectedness that characterize neighborhoods closer to the village or in the older, established areas elsewhere off Route 20. Moreover, the town has lost a considerable amount of open space to subdivision lotting. A reassessment of Northborough's neighborhood design standards will be important for protecting land and providing more housing choices. Northborough needs effective open space zoning, and many of the design features of a good open space bylaw can support the inclusion of affordably priced homes.

Encourage the Housing Authority, other town bodies and private developers to provide housing that addresses the full range of needs of the aging population and other groups as defined by the Town.

- **Comments:** Existing zoning regulations do not effectively encourage the provision of affordable housing, whether for the elderly or others with equal or greater needs. As a result, Northborough must either change its zoning or choose strategies that capitalize on comprehensive permits through the state's Local Initiative Program (LIP).

This Master Plan strategy raises a number of questions about affordable housing production in Northborough. First, while many towns would like their housing authorities to develop some affordable housing, there is virtually no development funding available for local housing authorities – unless the housing authority has a non-profit “arm” that can apply for and receive other types of federal or state subsidies. In the past 15 years, federal and state funding for public housing has gradually eroded. At the same time, a clear policy preference has emerged in favor of non-profit and for-profit developers. In response, some housing authorities have established their own non-profit development corporations so they can continue to build affordable rental housing. For most housing authorities, however, it is a major challenge to marshal the sophistication, resources and will to make these small corporations successful. Often, the corporations are little more than entities “on paper,” without a track record.

Regardless of where Northborough finds the right kind of development capacity, the more important issue is how any organization can create housing choices without substantive changes in the town's zoning bylaw. Specifically, the only residential use allowed by right in all zoning districts is a detached single-family dwelling. The Zoning Bylaw explicitly prohibits multi-family housing and limits mixed-use development to the BA (Downtown) District, where residential uses are permitted in the upper stories of office or commercial buildings. In effect, Northborough's zoning discourages accessible and elderly housing close to goods and services, and encourages growth in outlying areas of town. While the Planned Unit Business Development (PUBD) option for land in the Industrial A (IA) District creates the potential for other residential uses, the PUBD regulations seem unduly complicated and ambiguous; in any case, they do not convey a clear message that the town actually wants residential uses in a PUBD project.

INFRASTRUCTURE, COMMUNITY FACILITIES & DEVELOPMENT CONSTRAINTS

Northborough has a considerable amount of land that could be developed in the future, but its infrastructure, utilities and public facilities are not adequate to absorb a large amount of population

or household growth without major capital improvements. Moreover, the Town has many ecologically significant areas that need protection from inappropriate development. Unfortunately, Northborough's low-density zoning encourages the fragmentation of open space, wildlife corridors and critical habitat, and there are no mechanisms in place to guide housing development toward areas with established infrastructure and services.

WATER SERVICE. Its public water system depends heavily on the Massachusetts Water Resources Authority (MWRA) and this is not expected to change significantly in the near future. Northborough has approximately 70 miles of water mains, 3,970 service connections and 10,900 users whose aggregate water demand is about one million gallons of water per day (MGD), or a maximum (peak day) of 1.8 MGD. All water is purchased from MWRA because four of the Town's well sites are presently offline. Two of the off-line supplies will be restored to service after they are equipped with treatment facilities, which are under design. While the recovery of two local wells will reduce the Town's reliance on MWRA water, the reality is that Northborough will continue to draw on MWRA supplies because Northborough's approved water withdrawal is only 0.76 MGD -- or 0.24 MGD less than the 1 MGD used by its existing customers.

SEWER SERVICE. Portions of Northborough have access to sewer service and for the past 30 years, the Town has participated in an inter-municipal agreement with Marlborough to treat up to 800,000 gallons per day at the Westerly Wastewater Treatment Plant on Boundary Street. Since Northborough's share of the treatment plant capacity is so limited, the Town has delineated a sewer service area (SSA) beyond which properties may not have access to the public sewer system (Map 2). Through the Assabet River Consortium Comprehensive Wastewater Management Plan, Northborough's consultant determined nearly two years ago that the Town needs a total of 2.3 MGD of sewage treatment, not 800,000. Northborough recently purchased a site on Main Street to accommodate subsurface disposal of effluent treated at the Westerly Wastewater Treatment Plant. This action would allow the plant to expand while meeting federal and state regulations that prohibit additional discharge to the Assabet River. However, an extensive environmental permitting process will still be required from the Massachusetts Department of Environmental Protection (DEP) and the U.S. Environmental Protection Agency (EPA) before there can be any increase in treatment capacity at the Westerly plant.

TRANSPORTATION. Northborough has 89 miles of public roads and overall, they are in good condition. The most significant circulation problem in Northborough is that Route 20 bisects the Town. The Central Massachusetts Regional Planning Commission (CMRPC) has conducted an extensive review of Route 20 and identified a number of critical traffic locations, none of which can be resolved by the Town alone. State resources and region-wide coordination will be necessary to reduce the congestion and traffic conflicts on Route 20 in Northborough. These problems affect not only the quality of life in town, but also the livability and economic vitality of downtown Northborough and adjacent, established neighborhoods. It is critical for local, regional and state officials to agree upon and implement a workable plan to improve traffic conditions in Northborough because the Town has so many outlying areas that are not appropriate for development.

SOLID WASTE. Since the early 1990s, Northborough has provided solid waste disposal and recycling services through a curbside collection service. Faced with severe fiscal constraints, the Town implemented a new, fee-based system in 2003. Today, residents pay only for the amount of trash they dispose of by purchasing a special Town-designated trash bag, so Northborough's solid

waste budget is no longer supported by tax revenue. Northborough is currently negotiating a new long-term solid waste contract with Wheelabrator-Millbury, Inc. because the existing 20-year agreement will expire in December 2007. Local officials anticipate a significant increase in disposal rates and eventually, in the solid waste charges paid by residents.

PUBLIC SCHOOLS. Northborough operates its own K-8 school system and participates with Southborough in a regional high school, all under one central administration. In the past 10 years, Northborough has carried out major renovations at two elementary schools that were originally built in the 1950s, and these projects resulted in a modest expansion of classroom space. Overall, its four elementary schools and one middle school have some room to accommodate enrollment growth, but their combined enrollment is already at 93% of planned operating capacity. Regional high school improvements under construction today are expected to result in adequate space to meet foreseeable space demands from both communities. However, Algonquin Regional High School has absorbed a substantially higher rate of enrollment growth since 1999 than Northborough's own school system or the state as a whole. Much of the region's high school enrollment growth has been generated by new-home construction in Southborough. Table 11 provides a summary of local and regional school facilities and enrollment statistics.

Table 11: Northborough Schools by Age, Grade Level, Capacity and Enrollment

School Facility	Grade Levels	Year Built/ Year(s) Renovated	Approximate Operating Capacity	Current Enrollment
Lincoln Street	K-5	1965	340	346
Peaslee School	K-5	1962	320	304
Proctor School	K-5	1956/1995	300	275
Zeh School	PreK-5	1951/1998	360	358
Melican Middle School	6-8	1970	800	705
Algonquin Regional H.S.*	9-12	1957/1969/2005	1,650	1,267

Source: Northborough-Southborough Public Schools. Northborough students comprise approximately 63% of the enrollment at Algonquin Regional High School.

While the Town has a smaller percentage of elementary and middle school children receiving special education services (11.5%) than the state average (15.6%), it spends more per pupil on special education (\$14,446) than the state as a whole (\$13,542). This is not the case for Northborough's total expenditure per pupil, i.e., all regular and special education day students in the local school district. Since the late 1990s, Northborough's total appropriation for schools has increased more rapidly than elsewhere in the Commonwealth: about 27% locally compared to 25% statewide, even though its K-8 enrollment declined slightly. In the same period, the Town's average K-8 special education cost increased by more than 80% and its total per pupil cost, by 30%. The average student-teacher ratio in the Northborough Public Schools is slightly higher than across the state, and Northborough has a smaller percentage of children attending private school.³⁵

ENVIRONMENTAL RESOURCES. Northborough has impressive natural resource areas but unfortunately, many have only limited protection from development and some are not protected at

³⁵ Massachusetts Department of Education, Northborough Public Schools, Northborough-Southborough Regional School District, School District Profile Series <<http://www.doe.mass.edu>>.

all. As shown on Map 3, the Town's water, wetlands, habitat and scenic resources form intricate connections and for the most part, they bear little relationship to the political boundaries that separate Northborough from adjacent towns. More than 25% of the Town is included in the state's Scenic Resource Inventory, owing to the presence of Shrewsbury Ridge along Northborough's western border and two areas designated as "distinctive" under the Commonwealth's resource classification system: Ball Hill, and an area that runs along Howard Brook. Slightly more than 1,700 acres are comprised of wetlands and water resources, flanked by large wildlife corridors that collectively rely on about 1,800 acres of Northborough's land. In addition, there are several large habitat areas in the northeast and western sections of town, and according to the Natural Heritage and Endangered Species Program (NHESP), portions of these areas function as priority habitat. Furthermore, while there are eight certified vernal pools in Northborough, the Town has approximately 67 sites on the state's roster of potential vernal pools.

Despite its hilly terrain, Northborough has relatively few physical constraints against new development. Compared to many communities, Northborough does not have extensive, complex wetland systems to constrain growth and its soil characteristics are relatively favorable for on-site wastewater disposal. The Northborough Master Plan notes that more than 70% of the Town's soils can accept development, but this does not mean that 70% of its landscapes should be subdivided. Ironically, Northborough's zoning encourages the incremental loss of natural assets that define the Town's beauty and make an indelible contribution to its quality of life. Moreover, the same policies foster very expensive forms of development, not only for landowners and developers but also for the Town.

Housing Production Plan

By choice, Northborough is a town for families. A recurring theme in previous planning studies is the role that Northborough's home values play as a gatekeeper for traditional families. In nearly all areas of town, Northborough restricts housing development to single-family residences and as a result, it surpasses most of the Commonwealth's communities for high percentages of married-couple families and school-age children. Families that can afford a home in Northborough move here in part because of its schools, and the school district's reputation has an impact on home values. Virtually everyone in Northborough has a stake in protecting the qualities that make the town so competitive in the Worcester-area housing market. High land values, regulatory constraints, and concerns about the impacts of growth all present major challenges to producing affordable housing in Northborough.

However, Northborough needs more housing choices: affordability, variety, and suitability for different types of households. Northborough lags significantly behind the state and its own region for population percent of young and senior citizens, and many of its current residents could not afford to purchase a home in Northborough if they were first-time homebuyers today. While local officials worry about the impact of a large Chapter 40B development on town and school services, Northborough does not have effective ways to provide affordable housing without Chapter 40B. Unfortunately, if Northborough relies solely on Chapter 40B to build a base of affordable housing units, there is no guarantee that local or regional housing needs will be met.

Although it may not be obvious to many residents of Northborough today, the town's economic vitality is threatened by the lack of affordable housing choices for people who work for local businesses. Entry-level jobs, employees of service businesses and social service agencies, and recent college graduates cannot afford to live in Northborough, yet much of the town's economy is limited to lower-wage employment. Northborough needs zoning that allows a variety of housing development options. The town also needs clear policies to guide the review of comprehensive permits, and it needs development capacity to create small-scale, low-impact affordable housing that meets a range of housing needs.

PRODUCTION PLAN GOALS

To meet the Chapter 40B Planned Production requirement of .75 of 1% per year until Northborough complies with the statutory minimum of 10%, the Town must create at least 37 low- or moderate-income units annually. State regulations provide that if the Town produces twice the minimum in any given year (75 units), the Board of Appeals may deny a comprehensive permit for two years instead of one. Although Northborough has not been able to produce many new Chapter 40B units in the past few years, the Town anticipates significant growth in its Subsidized Housing Inventory because a national rental developer has approached local officials about building an apartment community on a site near the western edge of Town. In addition, Northborough purchased land off Route 20 last fall for sewer utility purposes. When residents voted to acquire the site, they simultaneously authorized the Board of Selectmen to convey the portion no longer needed for sewer purposes and to possibly use it for affordable housing development. The Town is presently exploring both of these opportunities. Moreover, a local developer of senior housing has agreed to contribute more than \$700,000 as "seed money" to a housing trust fund or build four new affordable

units in Northborough. Other options available to Northborough are outlined following Table 12, which summarizes the Town's planning goals through 2010.

Table 12: Summary of Chapter 40B Goals

Standard	Calendar Year					
	2005	2006	2007	2008	2009	2010
Subsidized Housing Inventory	173	210	410	410	485	522
10% Statutory Minimum	498	498	498	498	498	498
Chapter 40B Gap	325	288	88	88	13	-24
Production Goals	37	200	0	75	37	37

IMPLEMENTATION MEASURES

In addition to using conventional comprehensive permits to reach or exceed 10%, Northborough should consider and further develop the following approaches to creating affordable housing for low-, moderate- and middle-income households:

Inclusionary Zoning

Replace the existing Affordable Housing/Conditional Density Bonus Bylaw with an Inclusionary Housing Bylaw that requires affordable units in all residential developments of five or more homes and does not obligate the developer to seek a special permit.

- Apply the Inclusionary Bylaw to all zoning districts in which residential uses are allowed, and to all types of residential uses, in any development of five or more housing units.
- Establish a base inclusionary requirement, e.g., 10% of all dwelling units in any project.
- Offer developers a menu of compliance options, subject to approval by the Planning Board:
 - Include units in the development.
 - Provide equivalent units in another location in Northborough.
 - Pay a fee in lieu of creating new units, the fee to be equal to the difference between an affordable purchase price as defined by DHCD's Local Initiative Program (LIP) and the median single-family home or condominium sale price for the most recent fiscal year, as determined by the Board of Assessors.
 - Donate to the town a parcel of land with equivalent development capacity, restricted for affordable housing use.
- Provide a density or floor area ratio bonus by special permit to encourage additional affordable units in the following zoning districts:
 - General Residence
 - Business District-East (Proposed)

- Transitional Use Overlay District (Proposed)
- BA (Downtown)
- Condition the release of occupancy permits on the town's receipt of affordable unit documentation.³⁶

In conjunction with the Inclusionary Bylaw, establish a permanent Affordable Housing Trust fund by adopting the provisions of a recently enacted law, G.L. c.44, Section 55C, or by petitioning for special act of the legislature. All revenue generated by the inclusionary bylaw and other funding sources determined by the town, such as "windfall" profit from the resale of affordable homes to market homebuyers, profit distributions to the town under Chapter 40B rental housing regulatory agreements, or Community Preservation Act (CPA) revenue, should be accounted for and reported as Affordable Housing Trust receipts.

- Assign administrative responsibility for the trust fund to the Board of Selectmen, whose duties should include preparing an annual allocation plan for the expenditure of trust fund revenue, in consultation with the Planning Board and the Housing Partnership Committee.
- Place authority for approving the annual allocation plan with Town Meeting.
- Incorporate in the home rule petition an exemption from G.L. c.30B requirements so the town can expend trust fund revenue on contracts with the Northborough Housing Authority, the Northborough Affordable Housing Corporation, the Northborough EDIC or another non-profit organization, without conducting a formal procurement process for goods and services.
- Limit the use of trust fund revenue to subsidizing the production of dwelling units that will qualify for as Chapter 40B units under the Local Initiative Program, preserving existing affordable housing, and providing for reasonable administrative costs.
 - "Production" includes units created through new construction or by reuse and conversion of existing structures.
 - "Preservation" includes purchasing existing Chapter 40B homeownership units if, upon resale, a qualified moderate-income homebuyer cannot be found, and purchasing existing market-rate units for sale to moderate-income homebuyers.
- Administrative costs includes legal services, affordable unit monitoring and staff or consulting services to implement housing projects funded in whole or in part with inclusionary zoning fees.

Zoning for Conversion Units

- Amend the Zoning Bylaw to provide for single-family to multi-family conversions, up to four units per conversion project, as follows:

³⁶ See Appendix for sample affordable housing use restriction.

- Allow single-family to multi-family conversions by right, subject to administrative site plan review, in the General Residence and Transitional Use Districts provided that a conversion project includes at least one affordable dwelling unit.
- Allow single-family to multi-family conversions by special permit in the General Residence and Transitional Use Districts for projects that do not include affordable units.
- Allow single-family to multi-family conversions by special permit, subject to site plan review and the inclusion of at least one affordable unit, in the Residence C District.

Zoning for Multi-Family Housing

- Amend the Zoning Bylaw to allow multi-family housing in the General Residence and Transitional Use Districts, as follows:
 - By right, subject to site plan review:
 - At a maximum gross density of 6 units per acre, subject to adequate provisions for wastewater disposal as determined by the Board of Health.
 - Require 25% of the units to be affordable and eligible for listing on the Chapter 40B Subsidized Housing Inventory as LIP units.
 - Establish a maximum of 24 units per multi-family development.
 - By special permit:
 - At a maximum density of 10 units per acre, subject to adequate provisions for wastewater disposal as determined by the Board of Health.
 - Set a sliding scale of 15-25% of the units to be affordable and eligible for listing on the Chapter 40B Subsidized Housing Inventory as LIP units, the actual percentage to be based on the degree to which a project's density exceeds the 6-unit standard for multi-family housing by right.
 - Establish a maximum of 50 units per multi-family development.
 - Establish a limit on aggregate residential gross floor area that may be devoted to multi-family uses in the General Residence and Transitional Use Districts.
- Amend the Zoning Bylaw to allow multi-family housing as part of a mixed-use development in the BB-East and BB-West Districts.
 - Allow dwelling units above the ground floor of a commercial building by right, subject to inclusion of affordable units (vertical mixed-use).
 - Allow multi-family units in separate buildings on the same lot as a permitted commercial use, subject to 25% affordable units (horizontal mixed-use).

- Establish a maximum percentage of gross floor area that may be devoted to residential uses, e.g., 60%.

Zoning for Infill Affordable Housing Development

- Amend the Zoning Bylaw to provide for modest frontage waivers in the General Residence, BA and Transitional Use Districts, subject to the following requirements:
 - An infill lot created with a frontage waiver must comply with the minimum lot area for the district.
 - Its use must be limited to an affordable single-family or two-family dwelling for low-, moderate- or middle-income homeowners.
 - Establish a maximum number of infill development lots that may be created in each zoning district.

Zoning for Elderly Housing

- Amend the Zoning Bylaw by deleting the existing Senior Residential Community Overlay District and replacing it with a Senior Residence Development Bylaw, as follows:
 - Allow Senior Residence Development by special permit in the Residence A and Residence B Districts, using the tract size, density and other regulations that presently apply in the overlay district.
 - Consider a sliding scale of affordability for over-55 developments so they offer options to households with incomes up to 110% AMFI. While the Town should not exclude SRC developments from an inclusionary housing requirement, the standard could be adjusted to reflect the needs of elderly households on a continuum of “below-market” affordability levels.
 - Consider a cap on aggregate SRC Units that may be built town-wide, e.g., expressed as a percentage of the Town’s total housing inventory. For example, if Northborough were to impose a 10% ceiling on SRC development, the maximum number of SRC units that the Planning Board could approve would be 501 units based on the most recent decennial census (measuring total housing units, not year-round units).
- Amend the Zoning Bylaw by adding a new use definition for Elderly Cottage Housing Opportunity or “ECHO dwelling,” and establish ECHO units as a permitted accessory use in any residential zoning district.
 - Establish an administrative site plan review process for ECHO units.
 - Establish minimum design standards and additional land area requirements (if any) for ECHO units.

- Amend the Zoning Bylaw by adding a new use definition for Assisted Living Facility, and allow the use in all residential districts, the BA and BB Districts, and the Transitional Use Overlay District:
 - By right, up to 10 units per facility, subject to site plan and design review.
 - By special permit, more than 10 units per facility.

Managing Comprehensive Permits

- Re-establish the Northborough Housing Partnership and provide the committee with adequate technical assistance so it can perform the functions of a local partnership.
- The Board of Selectmen and Planning Board should jointly adopt a comprehensive permit policy that includes the following provisions:
 - Invite developers to use the Local Initiative Program ((LIP) comprehensive permit process instead of applying directly to MassHousing or MassDevelopment for a project eligibility letter.
 - Be open with developers about areas that are most suitable for higher-density housing:
 - Identify a preference for development in the General Residence, Transitional Use and BB-East Districts.
 - Discourage higher-density housing in the Groundwater Protection Overlay District and on parcels identified in the Master Plan or the Open Space and Recreation Plan as priority open space protection areas.
 - Leave room for options to consider small homeownership developments (2-10 units) in other zoning districts.
 - Describe the zoning waivers that Northborough is willing to consider, such as a realistic range of additional units per acre or a higher floor area ratio to accommodate affordable homeownership units.
 - For the General Residence, Residence C, Transitional Use and BB-East Districts, identify an acceptable range of 6-8 units per acre.³⁷
 - For all other districts, consider a maximum standard of 4-6 dwelling units/acre.
 - For small projects in other areas, consider a density that does not exceed twice the density permitted by zoning unless the applicant agrees to beneficial trade-offs, such as the protection of roadside open space.

³⁷ The planning standard for homeownership developments is eight units per acre or 4x existing zoning, whichever is greater.

- Identify trade-offs the town is willing to consider to encourage comprehensive permits in preferred locations, such as more density in exchange for design elements that are compatible with surrounding buildings, green building certification, or inclusion of units affordable to very-low-income households.
- Identify housing needs that Northborough wants comprehensive permit developers to meet.
 - Rental developments will accelerate Northborough's progress toward 10%, but the more important issue is that Northborough needs affordable rental housing. The most significant rental housing need is for young citizens and family households, but Northborough is very concerned about the fiscal impact of new growth. At the same time, state government appears to be taking the shortage of family housing more seriously than it has for the past several years. For example, one of the competitiveness criteria for financing from the Priority Development Fund is the inclusion of units with three or more bedrooms.
 - Rather than argue against any family units, ask developers with projects containing units with three or more bedrooms to provide such units in proportion to the town's overall identified housing needs across a range of housing/household types.
 - Ask developers to include some below-market units in any comprehensive permit development designed for over-55 households. Ten percent in addition to the minimum 25% low- and moderate-income requirement is reasonable for most projects.
- Review and update the Town's local preference policy to assure that affirmative marketing plans and lottery procedures for affordable housing units do not create impediments to minority participation. The Town of Northborough acknowledges its responsibility in ensuring that minority groups are afforded housing opportunities as prescribed by the federal Fair Housing Act of 1968, as amended, and other applicable federal and state laws.
- Create a fast-track local review process for small comprehensive permit developments, e.g., 10 or fewer units. Prepare a "Small Project Application Package" and work with the Board of Appeals to create an expedited review and decision-making process for small-scale projects. If Northborough prefers small, scattered-site projects, it needs to make the permitting process faster and easier for them. Having a standardized application package will provide technical assistance to applicants, who may not be seasoned developers, and the expedited process will result in a more desirable and useful comprehensive permit process.
- Designate an individual officer of the town – such as the Town Planner or Town Administrator – to negotiate with comprehensive permit applicants during the permit process or, subject to Town Counsel's approval, retain an outside special counsel to assist with negotiations.

Supporting Initiatives

- Northborough needs to be pro-active with owners of existing homes to create a base of scattered-site affordable housing units. Toward that end, the town should pursue the following local initiatives:

- Develop a priority list of single-family and two-family homes for acquisition/rehabilitation in exchange for permanently affordable housing units.
- Approach property owners about the possibility of acquiring a right of first refusal to purchase their home when they decide to sell, and consider seeking home rule authority to reduce or waive property taxes for elderly homeowners who agree to give the Town a right of first refusal.
- Request an allocation of Inclusionary Housing revenue for a small fund to pay for refusal rights or option agreements between annual town meetings.
- Apply for predevelopment funds from the Massachusetts Housing Partnership (MHP) or MassDevelopment to plan small new-construction projects for very-low-income families on land donated by developers under the Inclusionary Housing bylaw.
- Using revenue generated by the Inclusionary Housing bylaw or the Community Preservation Act to create a special set-aside fund to purchase Chapter 40B homeownership units upon resale if a qualifying low- or moderate-income homebuyer cannot be found within the period specified in the deed restriction.

Northborough Affordable Housing Corporation

Northborough is fortunate to have a potential housing development partner: the Northborough Affordable Housing Corporation (NAHC), a non-profit organization established several years ago by the Housing Authority. NAHC has not been “activated” in that it has never carried out any development projects. However, with encouragement from the Housing Authority and the town, capacity-building assistance and adequate planning resources, NAHC could serve as a locally oriented, small-scale developer of affordable housing. To make a partnership effort succeed, NAHC and the town need to be clear about their respective roles and responsibilities, and they will have to share a commitment to meeting Northborough’s affordable housing needs.

- The Housing Authority and Executive Director need to determine what their relationship will be to the NAHC, and make sure there is sufficient separation between the two groups to prevent the problems associated with a “mirror board.”
- They should consider the types of projects they want to pursue with the NAHC, the populations they want to serve, and the role the organization should play in developing affordable housing in Northborough.
- NAHC’s role should not be decided by the town, and the organization should not be pressured to serve (or exclude) particular groups.
- NAHC needs to:
 - Draft a mission statement that will inform their future decisions and the content of their by-laws.
 - Determine how the organization should be structured.

- Examine its bylaws and Articles of Incorporation, and make sure these documents accurately reflect its mission and preferred organizational structure.
- Decide how many members should serve on the Board of Directors, the types of people who should serve, considering qualifications, experience and other factors, who will be invited to join the board, and actively recruit members.
- Raise funds for project manager or development assistant.
- NAHC should build its resume by starting with what its Board of Directors knows best and gaining experience in other types of projects by partnering with others.
 - Hire staff to assist with project management: consult with established technical assistance organizations such as Massachusetts Housing Partnership, CEDAC or LISC to determine the best ways to finance project management.
 - Focus on projects that involve purchasing small, multi-unit residential buildings, rehabilitating the units, and renting them out as affordable housing.
 - Hire a consultant or another non-profit to obtain assistance in applying for acquisition and rehabilitation financing.
 - Partner with more experienced non-profit affordable housing development corporations to gain experience developing new affordable rental housing projects.
- As NAHC gains success with small projects and begins to generate income from development, it will be able to pursue a wider range of affordable housing projects on its own. It should:
 - Work independently to acquire land and construct/rehabilitate affordable housing.
 - Hire additional staff as the number of projects in the development stages and inventory of rental units begins to grow.
 - If the Board of Directors is interested in developing ownership housing, NAHC could consider pursuing these types of projects during Phase III.
 - Phase III is also the appropriate time to consider adding supportive services to some of NAHC's projects.

Appendix

SAMPLE AFFORDABLE HOUSING RESTRICTION

LOCAL INITIATIVE PROGRAM

DEED RIDER for Ownership Project

(annexed to and made part of that certain deed (the "Deed"))

from	("Grantor")
to	("Grantee")
dated	, 200 .)

WITNESSETH

WHEREAS, pursuant to M.G. L. c. 40B, §§20-23 (the "Act") and the final report of the Special Legislative Commission Relative to Low and Moderate Income Housing Provisions issued in April, 1989, regulations have been promulgated at 760 CMR 45.00 et seq. (the "Regulations") which establish the Local Initiative Program ("LIP");

WHEREAS, the Department of Housing and Community Development, the "Successor Agency" to the Executive Office of Communities and Development of the Commonwealth of Massachusetts, duly organized and existing pursuant to Chapter 204 of the Acts of 1996, administers the LIP Program on behalf of the Commonwealth;

WHEREAS, it is the purpose of the LIP Program to give cities and towns greater flexibility in their efforts to provide affordable housing to households having low and moderate incomes.

WHEREAS, the City/Town of (the "Municipality") acting by and through its Chief Elected Official (as that term is defined in the Regulations) has elected to participate in the LIP Program:

WHEREAS, DHCD has determined that the rights and restrictions granted herein to DHCD and to the Municipality serve the public's interest in the creation and retention of affordable housing for persons and families of low and moderate income and in the restricting of the resale

price of property in order to assure its affordability by future low and moderate income purchasers;

WHEREAS, pursuant to the LIP Program, eligible purchasers such as the Grantee are given the opportunity to purchase certain property at a discount of the property's appraised fair market value if the purchaser agrees to convey the property on resale to an eligible purchaser located by the Municipality or DHCD, to the Municipality, or to DHCD for a "Maximum Resale Price" equal to the lesser of (a) the appraised fair market value of the property at the time of resale, as determined by DHCD, multiplied by the applicable Discount Rate (as hereinafter defined), or (b) the amount equal to the purchase price for which a credit-worthy eligible purchaser earning seventy percent (70%) of area median income could obtain mortgage financing (based on underwriting assumptions used by bona fide mortgage lenders at the time of resale) and assuming that such an eligible buyer will not spend more than thirty percent (30%) of household income on the payment of principal, interest, real estate taxes, condominium or homeowner's fees, mortgage insurance, and homeowner's insurance premiums), as shall be calculated by DHCD in its sole discretion. The term "bona fide mortgage lenders" shall mean mortgage lenders offering thirty (30) year fixed rate mortgages with interest rates no greater than conforming, conventional market rate mortgages. Notwithstanding anything in this Deed Rider, the Maximum Resale Price shall not be less than the purchase price that the Grantee paid for the Property plus extraordinary capital expenses paid out-of-pocket by Grantee prior to closing, provided that DHCD and the Municipality shall have given written authorization for incurring such expense prior to the expense being incurred, and plus any necessary marketing expenses as may have been approved by DHCD and the Municipality.

WHEREAS, the Grantor and the Grantee are participating in the LIP Program, and in accordance with the LIP Program the Grantor is conveying that certain real property more particularly described in the Deed ("Property") to the Grantee at a consideration which is less than the appraised value of the Property; and

WHEREAS, a Discount Rate equal to % of the appraised fair market value of the Property (the "Discount Rate") as determined by DHCD is hereby assigned to the Property, and such Discount Rate shall be used in determining the Maximum Resale Price of the Property (UPON ITS DETERMINATION OF THE DISCOUNT RATE FOR THE PROPERTY, DHCD WILL ISSUE TO THE GRANTEE A CERTIFICATE IN RECORDABLE FORM (THE "DISCOUNT RATE CERTIFICATE") WHICH STATES THE APPROVED DISCOUNT RATE FOR THE PROPERTY AND WHICH SHALL BE RECORDED WITH THE FIRST DEED OF THE PROPERTY.);

NOW THEREFORE, as further consideration from the Grantee to the Grantor, DHCD and the Municipality for the conveyance of the Property at a discount in accordance with the LIP Program, the Grantee, his heirs, successors and assigns, hereby agrees that the Property shall be subject to the following rights and restrictions which are hereby imposed for the benefit of, and shall be enforceable by, the Grantor's assignees and designees, the Director of the Department of Housing and Community Development, or its successors, assigns, agents and designees ("Director") and the Municipality, acting by and through its Chief Elected Official.

1. Right of First Refusal: (a) When the Grantee or any successor in title to the Grantee shall desire to sell, dispose of or otherwise convey the Property, or any portion thereof, the Grantee shall

notify the Director and the Municipality in writing of the Grantee's intention to so convey the property ("Notice"). The Notice shall contain an appraisal of the fair market value of the Property (assuming the Property is free of all restrictions set forth herein) acceptable to the Director and the Municipality prepared by a real estate appraiser acceptable to the Director and the Municipality and qualified to appraise property for secondary mortgage markets and recognized as utilizing acceptable professional appraisal standards in Massachusetts, and the Notice shall set forth the Discount Rate and the Maximum Resale Price of the Property. Within thirty (30) days of the giving of the Notice by the Grantee, the Municipality shall notify the Grantee in writing (with a copy to the Director) as to whether the Municipality is proceeding to locate an eligible purchaser of the Property or the Municipality shall exercise its right of first refusal to purchase the Property (the Municipality's Notice.) If the Municipality's Notice states that the Municipality is not proceeding to locate an eligible purchaser and that the Municipality shall not exercise its right of first refusal to purchase the Property, or if the Municipality fails to give the Municipality's Notice within said thirty (30) days then, and only under such circumstances, the Director may, at any time from the thirty first (31st) day after the giving of the Notice to and including the fortieth (40th) day after the giving of the Notice, notify the Grantee in writing (with a copy to the Municipality) as to whether the Director is proceeding to locate an eligible purchaser of the Property or whether the Director shall exercise its right of first refusal, to purchase the Property (the Director's Notice".) For the purpose of this Deed Rider, an "eligible purchaser" shall mean a purchaser who satisfies the criteria set forth in the LIP Program guidelines in effect at the time the Municipality or the Director locates such purchaser, and who, if located by the Municipality, is ready and willing to purchase the Property within ninety (90) days after the Grantee gives the Notice, or who, if located by the Director, is ready and willing to purchase the Property between ninety (90) days and one hundred five (105) days after the Grantee gives the Notice.

(b) In the event that (i) the Municipality's Notice states that the Municipality does not intend to proceed to locate an eligible purchaser and that the Municipality does not intend to exercise its right of first refusal to purchase the Property, or the Municipality fails to give the Municipality's Notice within the time period specified above and (ii) the Director's Notice states that the Director does not intend to proceed to locate an eligible purchaser and that the Director does not intend to exercise its right of first refusal to purchase the Property, or the Director fails to give the Director's Notice within the time period specified above, the Grantee may convey the Property to any third party at fair market value, free of all restrictions set forth herein, provided, however, all consideration and payments of any kind received by the Grantee for the conveyance of the Property to the third party which exceeds the Maximum Resale Price shall be immediately and directly paid to the Municipality. Upon receipt of this excess amount, if any, the Municipality, acting by and through its Chief Elected Official, and the Director or the Director's designee shall issue to the third party a certificate in recordable form (the "Compliance Certificate") indicating the Municipality's receipt of the excess amount, if applicable, or indicating that no excess amount is payable, and stating that the Municipality and the Director have each elected not to exercise its right of first refusal hereunder and that all rights, restrictions, agreements and covenants set forth in this Deed Rider shall be henceforth null and void. This Compliance Certificate is to be recorded in the appropriate Registry of Deeds or registered with the appropriate Registry District of the Land Court and such Compliance Certificate may be relied upon by the then owner of the Property and by third parties as constituting conclusive evidence that such excess amount, if any, has been paid to the Municipality, or that no excess amount is payable, and that the rights, restrictions, agreements and covenants set forth herein

are null and void. The sale price to a third party shall be subject to DHCD's approval, with due consideration given to the value set forth in the appraisal accompanying the Notice. DHCD's approval of the sale price shall be evidenced by its issuance of this Compliance Certificate.

(c) In the event the Municipality, within said thirty (30) day period, notifies the Grantee that the Municipality is proceeding to locate an eligible purchaser or that the Municipality shall exercise the Municipality's right of first refusal to purchase the Property, the Municipality may locate an eligible purchaser, who shall purchase the Property at the Maximum Resale Price subject to Deed Rider satisfactory in form and substance to DHCD, within ninety (90) days of the date that the Notice is given or the Municipality may purchase the Property itself at the Maximum Resale Price within ninety (90) days of the date that the Notice is given. If the Municipality shall fail to locate an eligible purchaser who purchases the Property within ninety (90) days of the date that the Notice is given, and if the Municipality fails to purchase the Property itself within said period, then, and only in such circumstances the Director, without any additional notice to the Grantee, may between ninety one (91) days of the date that the Notice is given and one hundred five (105) days of the date that the Notice is given, purchase the Property itself at the Maximum Resale Price, or locate an eligible purchaser, who shall between ninety one (91) days and one hundred five (105) days of the date that the Notice is given purchase the Property at the Maximum Resale Price, subject to a Deed Rider satisfactory in form and substance to DHCD. If more than one eligible purchaser is located by the Municipality, the Municipality shall conduct a lottery or other like procedure approved by DHCD to determine which eligible purchaser shall be entitled to the conveyance of the Property. If more than one eligible purchaser is located by the Director, the Director shall conduct a lottery or other like procedure in the Director's sole discretion to determine which eligible purchaser shall be entitled to the conveyance of the Property.

(d) If an eligible purchaser is selected to purchase the Property, or if the Municipality or the Director elects to purchase the Property, the Property shall be conveyed by the Grantee to such eligible purchaser or to the Municipality or the Director as the case may be, by a good and sufficient quitclaim deed conveying a good and clear record and marketable title to the Property free from all encumbrances except (i) such taxes for the then current year as are not due and payable on the date of delivery of the deed (ii) any lien for municipal betterments assessed after the date of the Notice, (iii) provisions of local building and zoning laws, (iv) all easements, restrictions, covenants and agreements of record specified in the Deed from the Grantor to Grantee, (v) a Regulatory Agreement among DHCD, the Municipality and [the Project Sponsor] dated and recorded with the Registry of Deeds in Book , Page , (the "Regulatory Agreement") or any successor regulatory agreement entered into between DHCD and the Municipality pursuant to the provisions of Section 16 of the Regulatory Agreement, (vi) such additional easements, restrictions, covenants and agreements of record as the Municipality and the Director consent to, such consent not to be unreasonably withheld or delayed, and (vii) in the event that the Property is conveyed to an eligible purchaser, a Deed Rider satisfactory in form and substance to DHCD which the Grantee hereby agrees to annex to said deed.

(e) Said deed shall be delivered and the purchase price paid (the "Closing") at the Registry of Deeds in the County where the Property is located, or at the option of the eligible purchaser (or the Municipality or the Director, as the case may be, if the Municipality or the Director is purchasing the Property), exercised by written notice to the Grantee at least five (5) days prior to the delivery of the deed, at such other place as the eligible purchaser (or the Municipality or the Director, as the case may be, if the Municipality or the Director is purchasing the Property) may designate in said notice. The Closing shall occur at such time and on such date as shall be specified in a written notice from

the eligible purchaser (or the Municipality or the Director, as the case may be, if the Municipality or the Director is purchasing the Property) to the Grantee, which date shall be the least five (5) days after the date on which such notice is given, and if the eligible purchaser is located by the Municipality, or if the Municipality is purchasing the Property no later than ninety (90) days after the Notice is given by the Grantee, or if the eligible purchaser is located by the Director, or if the Director is purchasing the Property, no earlier than ninety one days (91) days after the Notice is given by the Grantee and no later than one hundred five (105) days after the Notice is given by the Grantee.

(f) To enable Grantee to make conveyance as herein provided, Grantee may if he so desires at the time of delivery of the deed, use the purchase money or any portion thereof to clear the title of any or all encumbrances or interests; all instruments so procured to be recorded simultaneously with the delivery of said deed.

(g) Water and sewer charges and taxes for the then current tax period shall be apportioned and fuel value shall be adjusted as of the date of Closing and the net amount thereof shall be added to or deducted from, as the case may be, the purchase price payable by the eligible purchaser or by the Municipality or the Director.

(h) Full possession of the Property free from all occupants is to be delivered at the time of the Closing, the Property to be then in the same condition as it is in on the date hereof, reasonable wear and tear only excepted.

(i) If Grantee shall be unable to give title or to make conveyance as above stipulated, or if any change of condition in the Property not included in the above exception shall occur, then Grantee shall be given a reasonable time not to exceed thirty (30) days after the date on which the Closing was to have occurred in which to remove any defect in title or to restore the Property to the condition hereby provided for. The Grantee shall use best efforts to remove any such defects in the title whether voluntary or involuntary and to restore the Property to the extent permitted by insurance proceeds or condemnation award. The Closing shall occur fifteen (15) days after notice by Grantee that such defect has been cured or that the Property has been so restored. The eligible purchaser (or the Municipality or the Director, as the case may be, if the Municipality or the Director is purchasing the Property) shall have the election, at either the original or any extended time for performance, to accept such title as the Grantee can deliver to the Property in its then condition and to pay therefore the purchase price without deduction, in which case the Grantee shall convey such title, except that in the event of such conveyance in accordance with the provisions of this clause, if the Property shall have been damaged by fire or casualty insured against or if a portion of the Property shall have been taken by a public authority, then the Grantee shall, unless the Grantee has previously restored the Property to its former condition, either:

(i) pay over or assign to the eligible purchaser or the Municipality or the Director as the case may be, on delivery of the deed, all amounts recovered or recoverable on account of such insurance or condemnation award less any amounts reasonable expended by the Grantee for the partial restoration, or

(ii) if a holder of a mortgage on the Property shall not permit the insurance proceeds or the condemnation award or part thereof to be used to restore the Property to its former condition or to be so paid over or assigned, give to the eligible purchaser or to the Municipality or the Director, as the case may be, a credit against the purchase price, on delivery of the deed, equal to said amounts so retained by the holder of the said mortgage less any amounts reasonable expended by the Grantee

for any partial restoration.

(j) If the Municipality fails to locate an eligible purchaser who purchases the Property within ninety (90) days after the Notice is given, and the Municipality does not purchase the Property during said period, and the Director fails to locate an eligible purchaser who purchases the Property between ninety one (91) days and one hundred five (105) days after the Notice is given, and the Director does not purchase the Property within said period, then following expiration of one hundred five (105) days after the Notice is given by Grantee, the Grantee may convey the Property to any third party at fair market value, free and clear of all rights and restrictions contained herein, including, but not limited to the Maximum Resale Price, provided, however, all consideration and payments of any kind received by the Grantee for the conveyance of the Property to the third party which exceeds the Maximum Resale Price shall be immediately and directly paid to the Municipality. Upon receipt of this excess amount, if any, the Municipality and the Director shall issue to the third party a Compliance Certificate in recordable form indicating the Municipality's receipt of the excess amount, if any, and indicating that the Municipality and the Director have each elected not to exercise its right to locate an eligible purchaser and its right of first refusal hereunder and that all rights, restrictions, agreements and covenants contained herein are henceforth null and void. This Compliance Certificate is to be recorded in the appropriate Registry of Deeds or registered with the appropriate Registry District of the Land Court and such Compliance Certificate may be relied upon by the then owner of the Property and by third parties as constituting conclusive evidence that such excess amount, if any, has been paid to the Municipality and that the rights, restrictions, agreements and covenants set forth herein are null and void. The sale price to a third party shall be subject to DHCD's approval, with due consideration given to the value set forth in the appraisal accompanying the Notice. DHCD's approval of the sale price shall be evidenced by its issuance of this Compliance Certificate.

2. Resale and Transfer Restrictions: Except as otherwise stated herein, the Property or any interest, therein shall not at any time be sold by the Grantee, the Grantee's successors and assigns, and no attempted sale shall be valid, unless:

(a) the aggregate value of all consideration and payments of every kind given or paid by the eligible purchaser (as located and defined in accordance with Section 1 above) or the Municipality or the Director, as the case may be, to the then owner of the Property for and in connection with the transfer of such Property, is equal to or less than the Maximum Resale Price for the Property, and (i) if the Property is conveyed to an eligible purchaser, unless a certificate (the "Eligible Purchaser Certificate") is obtained and recorded, signed and acknowledged by the Director or the Director's designee and the Municipality acting by and through its Chief Elected Official which Eligible Purchaser Certificate refers to the Property, the Grantee, the eligible purchaser thereof, and the Maximum Resale Price therefor, and states that the proposed conveyance, sale or transfer of the Property to the eligible purchaser is in compliance with the rights, restrictions, covenants and agreements contained in this Deed Rider, and unless there is also recorded a new Deed Rider executed by the eligible purchaser which new Deed Rider the Eligible Purchaser Certificate certifies is satisfactory in form and substance to DHCD and the Municipality; (ii) if the Property is conveyed to the Municipality unless a Certificate (the "Municipal Purchaser Certificate") is obtained and recorded, signed and acknowledged by the Director or the Director's designee and by the Municipality, acting by and through its Chief Elected Official, which Municipal Purchaser Certificate

refers to the Property, the Grantee, the Municipality, and the Maximum Resale Price for the Property and states that the proposed conveyance, sale or transfer of the Property to the Municipality is in compliance with the rights, restrictions, covenants and agreements contained in this Deed Rider; or

(b) pursuant to Sections 1(b) or 1(f), any amount in excess of the Maximum Resale Price which is paid to the Grantee by a purchaser who is permitted to buy the Property pursuant to Sections 1(b) or 1(f), is paid by the Grantee to the Municipality, and the Director or the Director's designee and the Municipality acting by and through its Chief Elected Official execute and deliver a Compliance Certificate as described in Section 1(b) or 1(f) for recording with the appropriate registry of deeds or registry district.

(c) Any good faith purchaser of the Property, any lender or other party taking a security interest in such Property and any other third party may rely upon a Compliance Certificate or an Eligible Purchaser Certificate or a Municipal Purchaser Certificate referring to the Property as conclusive evidence of the matters stated therein and may record such Certificate in connection with conveyance of the Property, provided, in the case of an Eligible Purchaser Certificate and a Municipal Purchaser Certificate the consideration recited in the deed or other instrument conveying the Property upon such resale shall not be greater than the consideration stated in the Eligible Purchaser Certificate or the Municipal Purchaser Certificate as the case may be. If the Property is conveyed to the Director, the acceptance by the Director of a deed of the Property from the Grantee and the recording of such deed shall be deemed conclusive evidence that all rights, restrictions, covenants and agreements set forth in this Deed Rider have been complied with and no certificate to that effect shall be necessary to establish the validity of such conveyance. If the Property is conveyed to the Municipality, any future sale of the Property by the Municipality shall be subject to the provisions of Section 4 of the Regulatory Agreement.

(d) Within ten (10) days of the closing of the conveyance of the Property from Grantor to Grantee, the Grantee shall deliver to the Municipality and to the Director a true and certified copy of the Deed of the Property, together with information as to the place of recording thereof in the public records. Failure of the Grantee, or Grantee's successors or assigns to comply with the preceding sentence shall not affect the validity of such conveyance.

(f) The Grantee understands and agrees that nothing in this Deed Rider or the Regulatory Agreement in any way constitutes a promise or guarantee by DHCD or the Municipality that the Grantee shall actually receive the Maximum Resale Price for the Property or any other price for the Property.

3. Restrictions Against Leasing and Junior Encumbrances: The Property shall not be leased, refinanced, encumbered (voluntarily or otherwise) or mortgaged without the prior written consent of the Director and the Municipality, provided, however, that this provision shall not apply to a first mortgage granted in connection with this conveyance. Any rents, profits, or proceeds from any transaction described in the last preceding sentence which transaction has not received the prior written consent of the Director and the Municipality shall be paid to and be the property of the Municipality. In the event that the Director and the Municipality in the exercise of their absolute discretion consent to any such lease, refinancing, encumbrance or mortgage, it shall be a condition to such consent that all rents, profits or proceeds from such transaction which exceed the carrying costs of the Property as determined by DHCD and the Municipality in their sole discretion shall be paid to and be the property of the Municipality.

4. Rights of Mortgagees: (a) Notwithstanding anything herein to the contrary, but subject to the next succeeding paragraph hereof, if the holder of record (other than the Grantor or any person related to the Grantor by blood, adoption, or marriage, or any entity in which the Grantor has a financial interest) of a first mortgage granted to a state or national bank, state or federal savings and loan association, cooperative bank, mortgage company, trust company, insurance company or other institutional lender or its successors or assigns (other than the Grantor, or any person related to the Grantor by blood, adoption or marriage, or any entity in which the Grantor has a financial interest) shall acquire the Property by reason of foreclosure or similar remedial action under the provisions of such mortgage or upon conveyance of the Property in lieu of foreclosure, and provided that the holder of such mortgage has given DHCD and the Municipality not less than (60) days prior written notice of its intention to foreclose upon its mortgage or to accept a conveyance of the Property in lieu of foreclosure, the rights and restrictions contained herein shall not apply to such holder upon such acquisition of the Property, any purchaser (other than the Grantor or any person related to the Grantor by blood, adoption or marriage, or any entity in which the Grantor has a financial interest) of the Property at a foreclosure sale conducted by such holder, or any purchaser (other than the Grantor or any person related to the Grantor by blood, adoption or marriage, or any entity in which the Grantor has a financial interest) of the Property from such holder, and such Property shall thereupon and thereafter be free from all such rights and restrictions.

(b) In the event such holder, conducts a foreclosure or other proceeding enforcing its rights under such mortgage and the Property is sold for a price in excess of the greater of (i) the sum of the outstanding principal balance of the note secured by such mortgage plus all future advances, accrued interest and all reasonable costs and expenses which the holder is entitled to recover pursuant to the terms of the mortgage and (ii) the Maximum Resale Price applicable on the date of the sale, such excess shall be paid to the Municipality in consideration of the loss of the value and benefit of the rights and restrictions herein contained held by the Director and the Municipality and released by the Director and the Municipality pursuant to this section in connection with such proceeding (provided, that in the event that such excess shall be so paid to the Municipality by such holder, the Municipality shall thereafter indemnify such holder against loss or damage to such holder resulting from any claim made by the mortgagor of such mortgage to the extent that such claim is based upon payment of such excess by such holder to the Municipality in accordance herewith, provided that such holder shall give the Municipality prompt notice of any such claim and shall not object to intervention by the Municipality in any proceeding relating thereto.) In order to determine the Maximum Resale Price of the Property at the time of foreclosure or other proceeding, the Municipality or DHCD may, at its own expense, obtain an appraisal of the fair market value of the Property satisfactory to such holder. The Maximum Resale Price shall be determined as set forth above in this Deed Rider. If the holder disagrees with such appraised value, the holder may obtain a second appraisal, at the holder's expense and the Maximum Resale Price shall be equal to the average of the two appraisal amounts multiplied by the Discount Rate. To the extent the Grantee possesses any interest in any amount which would otherwise be payable to the Municipality under this paragraph, to the fullest extent permissible by law, the Grantee hereby assigns its interest in such amount to said holder for payment to the Municipality.

5. Covenants to Run With the Property: (a) The Grantor and the Grantee, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby

grant and assign to the Municipality, the Municipality's agents, successors, designees and assigns and to the Director, the Director's agents, successors, designees and assigns the right of first refusal to purchase the Property as set forth herein, and the right to enforce the rights and restrictions, covenants and agreements set forth in this Deed Rider. The Grantor and the Grantee hereby grant to the Municipality and to the Director the right to enter upon the Property for the purpose of enforcing any and all of the restrictions, covenants and agreements herein contained, and to enforce the Municipality's and the Director's rights of first refusal to purchase the Property and the rights of the Municipality and the Director to designate a purchaser of the Property as set forth herein, and of taking all actions with respect to the Property which the Municipality or the Director may determine to be necessary or appropriate, with or without court order, to prevent, remedy or abate any violation of the restrictions, covenants and agreements and to enforce the Municipality's and the Director's rights of first refusal to purchase the Property and the rights of the Municipality and the Director to designate a purchaser of the Property set forth herein. The rights hereby granted to the Municipality and the Director shall be in addition to and not in limitation of any other rights and remedies available to the Grantor or the Municipality or the Director for enforcement of the restrictions, rights, covenants and agreements set forth in this Deed Rider. It is intended and agreed that all of the agreements, covenants, rights and restrictions set forth above shall be deemed to be covenants running with the Property and shall be binding upon and enforceable against the Grantee, the Grantee's successors and assigns and any party holding title to the Property, for the benefit of and enforceable by the Municipality, the Municipality's agents, successors, designees and assigns and the Director, the Director's agents, successors, designees and assigns for a period which is the shortest of (i) fifty years from the creation of the restriction, or (ii) upon the recording of a Compliance Certificate or (iii) upon the recording of an Eligible Purchaser Certificate and a new Deed Rider executed by the eligible purchaser referenced in the Eligible Purchaser Certificate, which new Deed Rider the Eligible Purchaser Certificate certifies is in form and substance satisfactory to DHCD and the Municipality or (iv) upon the conveyance of the Property to the Municipality and the recording of a Municipal Purchaser Certificate as set forth herein or (v) upon the conveyance of the Property to the Director in accordance with the terms hereof.

(b) This Deed Rider and all of the agreements, restrictions, rights and covenants contained herein shall be deemed to be an affordable housing restriction as that term is defined in M.G.L. c. 184, § 31 and as that term is used in M.G.L. c. 184, §§ 26, 31, 32, and 33.

(c) The Grantee intends, declares and covenants on behalf of itself and its successors and assigns (i) that this Deed Rider and the covenants, agreements, rights and restrictions contained herein shall be and are covenants running with the land, encumbering the Property for the term of this Deed Rider, and are binding upon the Grantee's successors in title, (ii) are not merely personal covenants of the Grantee, and (iii) shall bind the Grantee, its successors and assigns and inure to the benefit of the Municipality and the Director and their successors and assigns for the term of the Deed Rider. Grantee hereby agrees that any and all requirements of the laws of the Commonwealth of Massachusetts to be satisfied in order for the provisions of this Deed Rider to constitute restrictions and covenants running with the land shall be deemed to be satisfied in full and that any requirements of privity of estate are also deemed to be satisfied in full.

(d) Without limitation on any other rights or remedies of the Grantor, the Municipality, and the Director, their agents, successors, designees and assigns, any sale or other transfer or conveyance of the Property in violation of the provisions of this Deed Rider, shall, to the maximum extent permitted by law, be voidable by the Municipality, the Municipality's agents, successors, designees and assigns or by the Director, the Director's agents, successors, designees or assigns by suit in equity to enforce such rights, restrictions, covenants, and agreements.

6. Notice: Any notices, demands or requests that may be given under this Deed Rider shall be sufficiently served if given in writing and delivered by hand or mailed by certified or registered mail, postage prepaid, return receipt requested, to the parties hereto at the addresses set forth below, or such other addresses as may be specified by any party by such notice.

Municipality:

DHCD:

Department of Housing and Community
Development
Att'n: LIP Director

100 Cambridge Street, 3rd
Floor Boston, MA 02114

Grantor:

Grantee:

Any such notice, demand or request shall be deemed to have been given on the day it is hand delivered or mailed.

7. Further Assurances: The Grantee agrees from time to time, as may be reasonably required by the Municipality or the Director, to furnish the Municipality and the Director with a written statement, signed and, if requested, acknowledged, setting forth the condition and occupancy of the Property, information concerning the resale of the Property and all other information pertaining to the Property or the Grantee's eligibility for and conformance with the requirements of the LIP Program.

8. Waiver: Nothing contained herein shall limit the rights of the Director to release or waive, from time to time, in whole or in part, any of the rights, restrictions, covenants or agreements contained herein with respect to the Property. Any such release or waiver must be made in writing and must be executed by the Director or his/her designee.

9. Severability: If any provisions hereof or the application thereof to any person or

circumstance shall come, to any extent, to be invalid or unenforceable, the remainder hereof, or the application of such provision to the persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and enforced to the fullest extent permitted by law.

Executed as a sealed instrument this day of , 200 .

Grantor:

By

Signature

Name

Its

Grantee:

By

Signature

Name

Signature

Name

COMMONWEALTH OF MASSACHUSETTS

County of , ss , 200 ____

On this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which were _____, to be the person whose name is signed on the preceding document [Grantor], and acknowledged to me that he/she signed it voluntarily for its stated purpose.

Notary Public

Print Name:

My commission expires:

COMMONWEALTH OF MASSACHUSETTS

County of _____, ss. _____, 200_

On this _____ day of _____, 20__ before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which were _____, to be the person whose name is signed on the preceding document [Grantee], and acknowledged to me that he/she signed it voluntarily for its stated purpose.

Notary Public
Print Name:
My commission expires: