Draft 12-15-09

TOWN OF MARION, MASSACHUSETTS

HOUSING NEEDS ASSESSMENT

Members of the Marion Municipal Affordable Housing Trust
Roger F. Blanchette
Dorothy Burrill
Stephen M. Cushing
Reginald C. Foster
James Grady
Jonathan Henry
Ora Mae Torres, Chair

Prepared by
Karen Sunnarborg Consulting

December 2009

Acknowledgements:
The Marion Municipal Affordable Housing Trust would like to acknowledgement the following individuals for their important contributions.

- Patricia DeCosta, Board of Assessors
- Anne Marie Tobia, Building Department
- Michelle Bissonette, Town Clerk's Office
- Kathleen Feeney, Converse Company Realtors
- Cecile Callahan, Callahan Real Estate
- Diana Russo, Superintendent of Schools Office
- Susan Schwager, Marion Council on Aging
- Rob Zora, Marion Department of Public Works

TOWN OF MARION
HOUSING NEEDS ASSESSMENT

Table of Contents

TOWN OF MARION
HOUSING NEEDS ASSESSMENT

I. EXECUTIVE SUMMARY

In early 2005, the Marion Housing Committee prepared an Affordable Housing Plan that was approved by the state, expiring in February 2010. The more recently established Marion Affordable Housing Trust is in the process of updating this 2005 Housing Plan, preparing a Housing Production Plan that will reflect current demographic and housing conditions, address progress that has been made during the last few years, establish new goals, update priority housing strategies, and comply with the state's new Housing Production guidelines.[1] This Housing Needs Assessment will be a major component of the updated Plan and represents an opportunity for the Town of Marion to fully examine the relationship between changing demographics and housing market conditions to local housing needs and initiatives.

A. Priority Housing Needs Require a Mix of Housing Choices

The Town wants to insure that future growth maintains some diversity in the housing stock, including housing that meets the full range of local needs. For example, estimates suggest that at least half of Marion households could not afford the median priced home of $369,900 based on an updated income of about $78,400. Given much stricter lending requirements, home purchasers must also come up with the 20% down payment. Sixty percent of residents could not afford the median priced home if 95% financing was available to them, requiring an income of about $94,500 but much less upfront cash. In fact, for first-time homebuyers without equity from a former purchase, the down payment can be considered part of the affordability gap (the difference between the median priced house and what a median income household can afford), now about $85,000.

The affordability gap increases to $139,900 if the analysis focuses on those low and moderate-income households earning at or below 80% of area median income, or $59,550 for a family of three, who are unable to afford a house costing more than about $230,000 based on conventional lending terms and also assuming they could access 95% financing from a state subsidized mortgage program such as the Soft Second Loan Program or MassHousing's Community Advantage program. Clearly subsidies are required to provide homeownership opportunities for many earning at median income

[1] Massachusetts General Law Chapter 40B, 760 CMR 56.00.

and a must for those first-time purchasers with incomes at or below 80% of area median income, a requirement of housing affordability under Chapter 40B.[2]

As more homes emerge on the market with sale tags of more than $300,000, fewer existing longer-term residents will be able to afford them. However, it is important to recognize that those who have owned their homes for some time are likely to have gained significant assets, particularly through the escalating value of their land, despite potentially limited incomes.

In regard to rentals, local real estate listings indicate that market rents are at least about $1,000 for two-bedroom units, requiring an income of about $40,000 based on a household spending no more than 30% of its income on just the rent. When considering additional housing-related expenses such as utilities, the required income goes up still further for the unit to meet the 30% of income test. Rentals also typically include substantial up-front leasing costs of first and last months rent, a security deposit and moving expenses. To put these rentals into another context, someone earning the minimum wage of $7.25 for 40 hours per week and every week during the year would still only earn a gross income of $15,080. Households with two persons earning the minimum wage would still fall very short of the income required to rent in Marion.

Marion's housing stock has included a 79 to 21 percent ratio of homeownership units to rentals, and almost all affordable units in the SHI have boosted rentals in an effort to continue to diversify the housing stock. To further diversify housing and present a range of affordable housing options in Marion, the Town will need to pay particular attention to the following housing issues and needs:

<u>Households with Limited Incomes</u>
Despite increasing household wealth, there still remains a population living in Marion with very limited financial means. Given the high costs of housing, including sizable up-front costs, more subsidized rental housing is necessary to make living in Marion affordable, particularly to those who have very limited financial means.

<u>Gaps in Affordability and Access to Affordable Housing</u>
A wider range of affordable housing options is needed, including first-time homeownership opportunities, for those priced out of the housing market, particularly for younger households entering the job market and forming their own families, municipal employees, as well as empty nesters and seniors.

<u>Housing Conditions</u>
Given that 60% of Marion's housing stock was built before 1970, programs to support necessary home improvements are needed, including deleading and septic repairs for units

[2] The maximum income a three-member household would be eligible to earn within the Chapter 40B affordability parameters is $59,550 in 2009.

occupied by low- and moderate-income households, particularly the elderly living on fixed incomes.

Target Populations

In addition to the housing and economic conditions that affect affordability described above, there are specific target populations that have particular needs for affordable housing that include the following:

Seniors

Seniors have been becoming an increasing segment of Marion's population and are projected to continue to increase in the future. For example, projections from the Massachusetts Institute for Social and Economic Research (MISER) indicate substantial growth of all the older age cohorts, projecting an increase of those age 65 or older from 17.7% of all residents in 2000 to 27.8% by 2020. Clearly housing alternatives to accommodate this increasing population of seniors, such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance requirements, should be considered in housing planning efforts.

Families

Families comprise about 72% of all households in Marion but only three (3) subsidized units are currently available to them. Single parent households, female-headed households in particular, are among the most financially vulnerable residents in Marion.

Persons with Special Needs

Some amount of new housing should be built adaptable or accessible to the disabled, and supportive services should also be considered, including the possibility of additional group homes.

Municipal Employees

Housing for Marion Town employees has been a problem because the costs of homeownership are so high, exacerbated by very low vacancy rates for both homes and apartments. For those municipal employees who live in Marion, a two-wage household and/or second jobs are a way of life. Municipal employees, when they meet project eligibility requirements, are among the categories of those who can receive preference for new affordable units, and should be notified of all affordable housing opportunities as they arise.

A summary of the short and longer-term goals for producing housing based on projected needs for these target populations is included in Table I-1.

Table I-1: Summary of Housing Production Goals Based on Priority Needs		
Type of Units	**5-Year Goals**	**10-Year Goals**
Rental Housing	40 units (14 seniors and 26 families)	80 units (28 seniors and 52 families)
Homeownership Units	15 units (5 seniors and 10 families)	30 units (10 seniors and 20 families)
Total	55 units (19 seniors and 36 families)	110 units (38 seniors and 72 families)
Promote housing assistance for property Improvements	10 participants in improvement programs	20 participants in improvement programs
Persons with Special Needs	10% of new units produced or 6 units	10% of new units produced 11 units
Municipal Employees	5% of new units produced or 3 units	5% of new units produced or 6 units
Community housing for those earning up to 100% of AMI (typically in a mixed-income development	10% of new units produced or 6 units	10% of new units produced or 11 units

Another consideration with respect to affordable housing is Chapter 40B that dictates if a municipality has less than 10% of its year-round housing set-aside for low- and moderate-income residents, it is not meeting the regional and local need for affordable housing. Not meeting this affordability standard makes the town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.[3]

To meet the 10% standard, at least 210 of the community's existing housing units would have to be "affordable" based on the state's definition, requiring at least another 124 housing units to be converted to affordability to meet just the 10% standard. Assuming housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units

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

will increase over time. The updated Housing Plan will enable Marion to continue to make progress towards meeting the state 10% affordable housing threshold, presenting a proactive housing agenda of Town-sponsored initiatives. Also, if the Town meets the annual goal of producing ten (10) or eleven (11) units (the 11 units when the 2010 census data is released), it will have the likely ability to deny unwanted Chapter 40B development through state Housing Production regulations. In fact, based on progress in providing affordable housing through the approval of the Little Neck Village expansion project, Marion was "certified" under its Housing Plan, and can deny inappropriate comprehensive permit projects through late 2010.

While housing prices have softened somewhat over the past year or so as a result of the economic recession, prices remain high for both ownership and rentals. It is not surprising that at least some residents are finding it increasingly difficult to afford to live in Marion, confirmed in the past by a survey conducted in 2001 by the Center for Policy Analysis of the University of Massachusetts Dartmouth. Given higher housing costs since then, it is probable that these affordability problems have persisted if not worsened.

Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased housing-related costs but also hard-pressed to find alternative housing that better meets their current lifestyles. Families are finding it more difficult to hold onto their homes given the faltering economy, as there have been some foreclosures, or "buy up," purchasing larger homes as their families grow. Town employees and employees of the local businesses continue to be challenged in locating housing that is affordable in town. More housing options are required to meet these local needs and produce Marion's fair share of regional needs.

B. Housing Goals and Challenges

In 2005, the Town of Marion prepared a Ten-Year Plan – *Marion 2015* – that included five (5) major goals, one of which related to housing and stated:

To maintain the social and economic diversity of the Town by fostering small businesses, a variety of housing options, mixed uses, and a sense of community.

As mentioned above, the Town has made recent progress towards this goal through the planned expansion and redevelopment of Little Neck Village into 48 units for low-income seniors. While there is a demonstrated commitment to producing affordable housing in Marion, obstacles to new development exist that will challenge new initiatives including:

- <u>Infrastructure</u>
  The Town of Marion has made impressive progress in expanding its infrastructure as about 98% of the town now has water services and almost 75% has sewer services.

Nevertheless, some residents still rely on wells and septic systems and water quality remains an ongoing concern.

- <u>Zoning</u>
  As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Marion's Zoning Bylaw largely embraces large-lot zoning of at least one to two acres in most residential areas of town. While this zoning was put in place to slow development, preserve the town's character and accommodate septic systems in compliance with Title V requirements, the zoning maintains low housing densities, severely constrains the construction of affordable housing that rely on economies of scale, and promotes sprawl. Zoning provisions have been added in the recent past, however, to better promote smart growth development and affordable housing.
- <u>Transportation</u>
  Public transportation is limited and residents must rely on the automobile, which presents an additional cost burden for those with limited incomes, particularly those on fixed incomes.
- <u>School Enrollment</u>
  The Town completed the rebuilding and expansion of the Sippican School in 2002, followed by work on the Old Rochester Regional School in 2004, undertaken jointly with the Towns of Mattapoisett and Rochester. During the same period and continuing through the present, both schools have experienced decreases in enrollments, and it is unlikely that there will be school capacity issues in at least the near future.
- <u>Availability of Subsidy Funds</u>
  Marion is fortunate to have passed the Community Preservation Act that provides an important local resource for affordable housing, but it will have to leverage additional public and private financing to make most affordable development feasible.
- <u>Community Perceptions</u>
  For many the very term, "affordable housing", can produce negative connotations. On the other hand, with such high real estate prices, many recognize that greater housing choice is needed in the community to enable the new kindergarten teacher, their grown children, or the elderly neighbor to afford to live or remain in the community. It is this growing awareness, impending 40B developments, and some appreciation that affordable housing can be well designed and integrated into the community, which are spurring communities such as Marion to take a more proactive stance in support of affordable housing initiatives. Also, once residents understand that the Town can potentially reserve at least 70% of the affordable units in any new development for those

who have a connection to Marion, referred to as “community preference”, greater local support is typically more forthcoming.[4]

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

C. Summary of Demographic and Housing Characteristics and Trends

The Housing Needs Assessment presents an overview of the current housing situation in the town of Marion, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals. Table 1-2 summarizes demographic and housing characteristics in Marion and compares this information to that of Plymouth County and the state. This information shows some sizable differences and similarities from other communities in the region and the state such as:

- <u>Population and Housing Growth – Starting to Slow Down</u>
  From 1980 to 2000, Marion’s population increased by 1,191residents, or 30.3%, to 5,123 residents, putting substantial pressures on local services and prompting local leaders to reflect on ways to better plan for continued growth. Since then, Town records show some loss of residents, bringing the total population count down to 5,025.

  In regard to housing growth, between 1980 and 2000 the number of units increased by 704 to 2,439 total units, representing more than a 40% rate of growth. Since then housing growth has slowed considerably with only 134 units added from 2000 through mid-November 2009. It should be noted that population growth lagged behind housing growth between 1980 and 2000, with a 30% rate of population growth as opposed to 40% for housing. This disparity is largely due to the decreasing number of residents per unit and increase in seasonal units or second homes.

[4] Marion’s local preference criteria include current residents, families of children attending school in Marion, municipal/school system employees, and employees of local businesses.

Table I-2: Summary of Demographic and Housing Characteristics for Marion, Plymouth County and the State						
Characteristics	Marion		Plymouth County		Massachusetts	
Demographic Characteristics						
	2000 Census	2009 Estimate*	2000 Census	2008 Estimate*	2000 Census	2008 Estimate*
Total population	5,123	5,202	472,822	492,066	6,349,097	6,497,967
% less than 18 years	25.1%	22.6%	26.8%	23.9%	23.6%	22.0%
% 20 to 34 years	12.2%	12.9% (21-34)	30.5%	17.2%	21.0%	19.8%
% 35 to 44 years	15.2%	11.0%	17.5%	14.1%	16.7%	14.7%
% 45 to 54 years	17.0%	16.2%	14.7%	16.4%	13.8%	15.4%
% 55 to 64 years	11.3%	15.3%	9.2%	12.6%	8.6%	11.6%
% 65 years or more	17.7%	18.6%	11.8%	12.7%	13.5%	13.4%
Median age	42.5 years	45.1 years	36.8 years	39.8 years	36.5 years	38.7 years
% non-family households	27.8%	--	27.3%	30.5%	36%	36.4%
Average household size	2.51 persons	2.47 persons	2.74 persons	2.71 persons	2.51 persons	2.33 persons
Median income	$61,250	$76,640	$55,615	$73,325	$50,502	$65,401
Individuals in poverty	4.6%	--	6.6%	6.6%	9%	9.7%
% earning less than $25,000	14.9%	10.2%	20.5%	15.5%	24.6%	19.8%
% earning more than $100,000	27.3%	37.2%	18.8%	34.1%	17.7%	30.2%
Housing Characteristics						
Total units as of 11/09	2,439	2,573	181,524	193,350	2,621,989	2,735,645
% occupied housing	81.8%	--	92.7%	91.3%	93.2%	90.2%
% owner-occupied	78.7%	79.4%	75.6%	77.6%	61.7%	64.5%
% renter-occupied	21.3%	20.6%	24.4%	22.4%	38.3%	35.5%
% seasonal or occasional use	14.1%	--	4.7%	--	3.6%	--
% single-family, detached structures	88.3%	88.8%	71.7%	70.2%	52.4%	52.9%
Median sales price	$231,200	$369,900	$179,000	358,400	$185,000	$264,900
Housing growth 2000 to 11/2009	5.5%		6.5%		4.3%	

Housing density 2000 to 11/2009	166.7 to 175.9 units per sq. mile	166.1 to 176.9 units per sq. mile	334.5 to 349 units per square mile
Source: Data for the above table is derived from the 2000 census, and updated estimates have been incorporated. The numbers for the County and state are updated census projections based on the 2008 American Community Survey unless otherwise noted. The estimates for Marion are from the Nielsen Claritas data source, 2009.			

- <u>High Level of Homeownership</u>
  Out of 2,439 total housing units in 2000, Marion had 1,996 occupied units, of which 1,570, or 78.7%, were owner-occupied while the remaining 426 units, or 21.3%, were rental units. The lower occupancy figures in Marion reflect a larger portion of seasonal units or second homes (14% of all units). Also, these figures represent a somewhat higher level of owner-occupancy than that for Plymouth County as a whole with 76% and for the Boston region at 57%.
- <u>Housing Types – Older Single-family Homes Predominate</u>
  The 2000 census indicated that 2,154 units, or 88.3% of all units, were single-family detached homes, much higher than the 71.7% level for the county and the 52.4% level for the state as a whole. Marion's housing stock also tends to be characterized by very low vacancy rates and a decreasing number of persons per unit. Rentals tend to be in single-family homes and about half of the community's housing was built prior to 1970.
- <u>Age of Population – Somewhat Older</u>
  In comparison to Plymouth County and the state in general, Marion's population tends to be on average a bit older, with a median age of 42.5 years as opposed to 36.8 years for the county and 36.5 years for the state. These medians have increased and are now estimated to be 45.1 years for Marion and 39.8 and 38.7 years for the county and state, respectively.

  The town had a lower proportion of school-age children with 25.1% of the population less than 18 years of age versus 26.8% and 23.6% for the county and state in 2000, respectively. This age group is projected to continue to decrease in Marion, estimated to be down to 22.6% in 2009 according to the Nielsen Claritas data source and 19.4% according to Town records. However, the town has a considerably smaller number of those aged 20 to 34 who are forming new families and entering the labor market, 12.2% of all residents in Marion but 30.5% for the county and 21% for the state in 2000. The high costs of homeownership are likely creating barriers for this age group, making it increasingly more likely that those who grew up in Marion will be less able to raise their own families locally.

  Marion also had a somewhat higher percentage of those 45 to 54 years of age who are entering the prime of their earning potential and better able to afford the higher cost of housing, 17.7% as opposed to 14.7% for the county and 13.8% for the state. The town also had a somewhat higher portion of seniors 65 years of age or older at 17.7% versus 11.8% for the county and 13.5% for the state. The percentage of seniors is estimated to have increased to 18.6% by 2009.

- Types of Households – Smaller and More Non-family Households[5]
  Marion had a comparable proportion of non-family households as the county, 27.8% versus 27.4%. The state level of non-family households was even higher at 36%. This correlates to the relatively lower proportion of children in Marion and lower median household size of 2.51 persons as opposed to 2.74 persons in Plymouth County.
- Incomes Levels – Greater Affluence
  Median income levels per the 2000 census were significantly higher than those of the county or state, $61,250 in Marion as opposed to $55,615 and $50,500 for the county and state, respectively. Additionally, the percentage of those earning less than $25,000 annually was only 14.9% in Marion, while it was 20.5% for the county and 24.6% for the state. The median income has increased to $76,640 according to 2009 estimates, still ahead of county and state estimates. Correspondingly, Marion had a lower proportion of residents living in poverty, 4.6%, while the percentage for the county was 6.6% and the state's was 9.0%. There were also higher proportions of Marion residents earning more than $100,000, 27.3% (projected to have increased to 37.2% in 2009) as opposed to 18.8% for the county and 17.7% for the state.
- Housing Market Conditions – Prices Remain High
  The 2000 median housing prices provide a comparison of the Marion housing market to that of Plymouth County and the state, with substantially higher market values -- $231,200 for Marion, $179,200 for the county and $185,700 for the state. Since that time housing prices nearly doubled in Marion, only declining somewhat over the last year or so given the national financial crisis. The median house value as of the end of September 2009 was $369,900. To afford this price a household would have to earn approximately $78,400[6] ($94,500 with 95% financing), somewhat more than the adjusted median income of $76,640.[7] Escalating housing costs are also reflected in increased property taxes, energy bills and insurance costs, which in combination with more stringent lending requirements (including down payments of 20% of the purchase

[5] Non-family households included single individuals and unrelated household members.
[6] Figures based on 80% financing, interest of 5.5%, 30-year term, annual property tax rate of $7.87 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of $300.

[7] Based on the Nielsen Claritas, Inc. (a proprietary data source) 2009 estimate of median income for Marion.

price), have placed serious financial strains on long-term residents, particularly those with fixed incomes, and have posed additional challenges for first-time homebuyers.

In regard to rentals, it is difficult to find year-round options for less than $1,000 per month, that in combination with utility costs as well as up-front lease requirements (first and last months rent and a security deposit), make even renting difficult to afford in Marion.

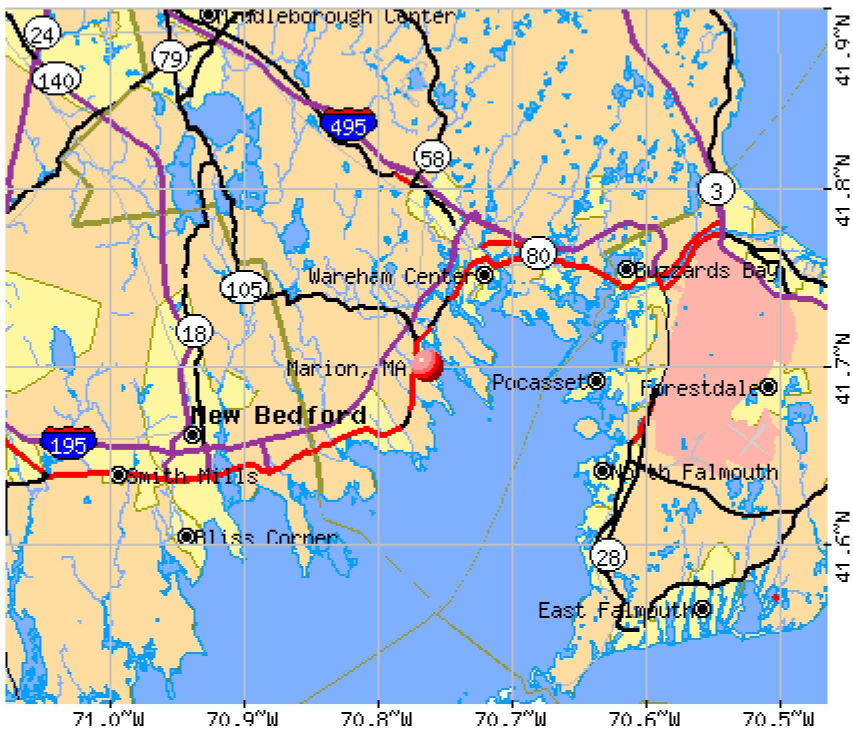
- Supply of Workforce Housing – Limited Affordability
  Recent sales data from the Multiple Listing Service for single-family homes indicated few single-family homes have been sold for under $200,000 that would be affordable to low- and moderate-income households. Additionally, the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory states that Marion had 2,095 year-round housing units, of which 86 were counted as affordable, representing 4.1% of the year-round housing stock. Assuming future housing growth, the 10% state goal under Chapter 40B is a moving target and ultimately the required minimum number of year-round units will increase over time.

Gaps remain between what most current residents can afford and the housing that is available. In fact the current homeownership market is largely outside the means of even those earning at the median income level. Moreover, population projections estimate that by 2020 the population will increase to 5,740 residents, 715 more than the Town's census of 5,025 residents as of mid-November 2009. Based on the 2009 estimate of 2.47 persons per household, about another 290 units might be built between 2010 and 2020. In addition to the existing 124-unit gap to meet the 10% state affordability goal under Chapter 40B, an additional 72 units would be required to be affordable based on this projected growth for a total number of new affordable units to be created of about 200 units.[8]

[8] Because all units can be counted under Chapter 40B for rental projects, this 200-unit gap over the next decade could be smaller given a higher level of rental development.

II. INTRODUCTION

Marion is a small seacoast community with roots going back to 1679, when the town was first settled and known as Sippican, originally a part of the town of Rochester. In 1852 the town was separated from Rochester and renamed Marion in honor of the Revolutionary War hero, Frances Marion. The Town of Marion is situated in southeastern Massachusetts, about 55 miles from Boston, bordered by Wareham on the northeast, Buzzards Bay on the east and south, and Mattapoisett and Rochester on the southwest and northwest.



Marion has been growing at a steady rate over the years, with an increase of 20% in the number of residents between 1960 and 1970, and a 30% rate of growth between 1980 and 2000, bringing the population up to 5,123 residents. The Town, concerned about accommodating continued growth, undertook the development of a ten-year comprehensive plan, *Marion 2015*. The Plan focuses on the need for Town services to grow in proportion to the population, identifying that the major challenge facing Marion was accommodating "growth and change", also acknowledging a range of new municipal responsibilities, some related to promoting affordable housing.

Part of the *Marion 2015* planning effort was a community survey to all businesses and another resident survey that was mailed to all registered voters and seasonal homeowners with a response rate of 26.5%. The survey results confirmed resident concerns about the impacts of growth and strong interest in maintaining the character of the town as a small, seaside historic village. Not surprisingly, there was substantial support for restricting development and maintaining open space. Respondents who have lived in town for a longer period of time identify elder issues, the high cost of housing (and need for affordable housing), and public transportation as more critical in comparison to more recent residents. In fact, the survey also found that 43.4% of respondents view the high cost of housing as a critical issue in Marion and housing affordability was the second highest concern among residents. More than half of the respondents, 54.9%, indicated that there was too little affordable housing in the community. Solutions to the affordability problem included independent living options for seniors, requiring developers to construct affordable units, authorizing condos or townhouses in appropriate areas, mixed-use higher density development, and cluster development.

A. Purpose of the Project

This Housing Needs Assessment is a major component of a Housing Production Plan that will be prepared and submitted to the state for approval under Massachusetts General Laws Chapter 40B, 760 CMR 56.00. The Housing Plan involves updating the 2005 Affordable Housing Plan, due to expire in February 2010, and building on the ten-year plan – *Marion 2015* – that was spearheaded by the Marion 2015 Task Force and assisted by the Center for Policy Analysis of the University of Massachusetts Dartmouth as part of a comprehensive community planning process. One of the major goals established under this planning process was “to maintain the social and economic diversity of the Town by fostering small businesses, a variety of housing options, mixed uses, and a sense of community”. The town has made progress on this goal as it has sponsored the expansion and redevelopment of the existing Little Neck Village senior rental development into a 48-unit “cottage-style” village for low-income seniors, selecting the developer, the EAFish Group.

Despite progress, the Town is still looking for opportunities to further diversify the housing stock and address the range of housing needs. It is also looking for ways to exert greater local control over housing development, and in order to address the affordable housing issue, the Town established the Marion Municipal Affordable Housing Trust in 200?. The mission of the Housing Trust is the creation and preservation of affordable housing in Marion for the benefit of low- and moderate-income households. In achieving this mission that Housing Trust seeks to fulfill the following major goals:

1. Promote a variety of affordable housing options for those with modest means, including young adults, families, long-time residents, the elderly, “downsizers”, returning Marion natives, and municipal employees.
2. Preserve the natural, historic, and seaside character of our Town and to nurture our sense of an integrated and diverse community.

This planning effort represents an opportunity for the Town, now through the Housing Trust, to update information in its Housing Plan including housing and demographic data, production goals, and specific strategies for continuing to promote affordable housing over the next five (5) years. This Plan will be approved through updated state Housing Production regulations.[9]

The Housing Plan is being completed in two phases. The first phase is the ***Marion Housing Needs Assessment***, which is an updated and augmented version of a Housing Needs Analysis that was completed in 2005. The purpose of this document is to identify the housing needs that are not being met through the analysis of housing and socio-economic data. The second phase of the process will focus on housing production goals and strategies that the Town will employ to meet its housing needs by producing a ***Housing Production Plan*** that will incorporate the Housing Needs Assessment. It will identify regulatory changes that can better guide new development including incentives for promoting the integration of affordable housing; preferable locations for promoting a wider range of housing types; opportunities for building local capacity to create new housing opportunities; and characteristics of housing that will be encouraged. It will also locate specific sites for comprehensive permits and identify Town-owned properties that may be suitable for the development of affordable housing.

B. Definition of Affordable Housing

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

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development ($24,350 for a family of three for the Boston area)[10] and very low-income is defined as households earning between 31% and 50% of area median

[9] Massachusetts General Law Chapter 40B, 760 CMR 56.03 (4).

[10] The average household size is 2.51 persons in Marion based on the 2000 census, down to 2.47 persons based on 2009 estimates provided by the Nielsen Claritas, Inc. database, a proprietary data source.

income ($40,600 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income ($59,550 for a family of three at the 80% level). These income levels are summarized in Table II-1.

Table II-1. 2009 Targeted Income Levels for Affordable Housing in the Boston Area			
# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	$18,950	$31,550	$46,300
2	21,650	36,100	52,950
3	24,350	40,600	59,550
4	27,050	45,100	66,150
5	29,200	48,700	71,450
6	31,400	52,300	76,750
7	33,550	55,900	82,050
8+	35,700	59,550	87,350

2009 Median Household Income for the Boston PMSA = $90,200

In counting a community's progress toward the 10% threshold, the state counts a housing unit as affordable if it is subsidized by state or federal programs that support low- and moderate-income households earning at or below 80% of area median income under Chapter 774 of the Acts of 1969, which established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B). To be included in the Subsidized Housing Inventory (SHI), thus making progress towards the 10% affordability goal, the housing units must also be subject to long-term deed restrictions that limit occupancy to income-eligible households for a specified period of time (at least 30 years or longer for newly created affordable units and at least 15 years for rehabilitated units) and be marketed through the implementation of a state-approved Affirmative Fair Housing Marketing Plan.

In general, programs that subsidize rental units are targeted to households earning within 50% or 60% of median income, often including units for those earning below 30% of the area median. First-time homebuyer programs typically apply income limits of up to 80% of area median income. The Community Preservation Act allows Community Preservation funding to be directed to those within a somewhat higher income range – 100% of area median income – now commonly referred to as "community housing" units. Additionally, some housing developments incorporate several income tiers. For example, one project could combine units for those earning at or below 80% of area median income, moderate-income units for those earning between 80% and 120% of median income, often referred to as "workforce" units, and even some market rate units to help cross-subsidize the more affordable ones. A rental project might include a couple of tiers below the 60% level in addition to workforce and/or market rate units.

III. HOUSING NEEDS ASSESSMENT

A. Demographic Characteristics and Trends

1. Total Population

Marion's population has been growing steadily, at least through 2008. There are, however, some conflicts in data sources concerning how much growth will occur in the future and whether some population loss has already occurred.

In 1960 the population was 2,881, increasing to 3,466 in 1970, a 20% increase. Since 1970 the population continued to grow at a somewhat slower but still steady rate. Table III-1 presents U.S. Census population data from 1980 through 2008 for Marion and its neighbors. Marion's total population was 5,123 according to the 2000 census, an increase of 1,191residents or 30.3% since the 1980 census count.[11] The Census Bureau estimates a population of 5,148 residents as of July 1, 2008, suggesting a gain of only 25 residents since 2000. The University of Massachusetts State Data Center estimates that the population was 5,202 in 2008, and Town records indicate a somewhat higher 2008 population count of 5,291, representing increases of 1.5% and 3.3%, respectively.

Table III-1. Population Growth: Marion and its Neighbors, 1980-2008

Municipality	1980	1990	2000	2008	% Change	% Change
	Actual	*Actual*	*Actual*	*Estimate*	*1980-2000*	*2000-2008*
Marion	3,932	4,496	5,123	5,202/ 5,291	30.3%	1.5%/3.3%
Mattapoisett	5,597	5,850	6,268	6,463	12.0%	3.1%
Rochester	3,205	3,921	4,581	5,260	42.9%	14.8%
Wareham	18,457	19,232	20,335	21,221	10.2%	4.4%

Sources: US Census, 1980, 1990, 2000 & T1. 2008 Population from Estimates through the Massachusetts State Data Center at the University of Massachusetts Donahue Institute.

Since 2008, Town records show a loss of 266 residents, or 5.0%, bringing the total population count down to 5,025. If this is in fact the case, population gains since 2000 have eroded, bringing the total population below the 2000 level. Growth through 2008 had been fairly comparable to Mattapoisett and Wareham, but significantly lower than Rochester, which has been experiencing more substantial growth over the past several

[11] The 2000 census counted 104 individuals living in group quarters all of whom are recorded as living in nursing facilities or other group quarters. Therefore, students boarding at Tabor Academy are not included as part of Marion's population count.

decades. Table III-2 provides population projections computed by the Massachusetts Institute for Social and Economic Research (MISER) that suggest continued growth for Marion, projecting an increase of 617 residents by 2020, over and above the 2000 census count, and by an another 449 residents following the 2008 Town census. These projections may in fact overestimate future growth given recent declines in the number of Marion residents. Projections show Rochester with the greatest predicted amount of growth among neighboring communities with Marion in the middle of the range and Mattapoisett with some population loss.

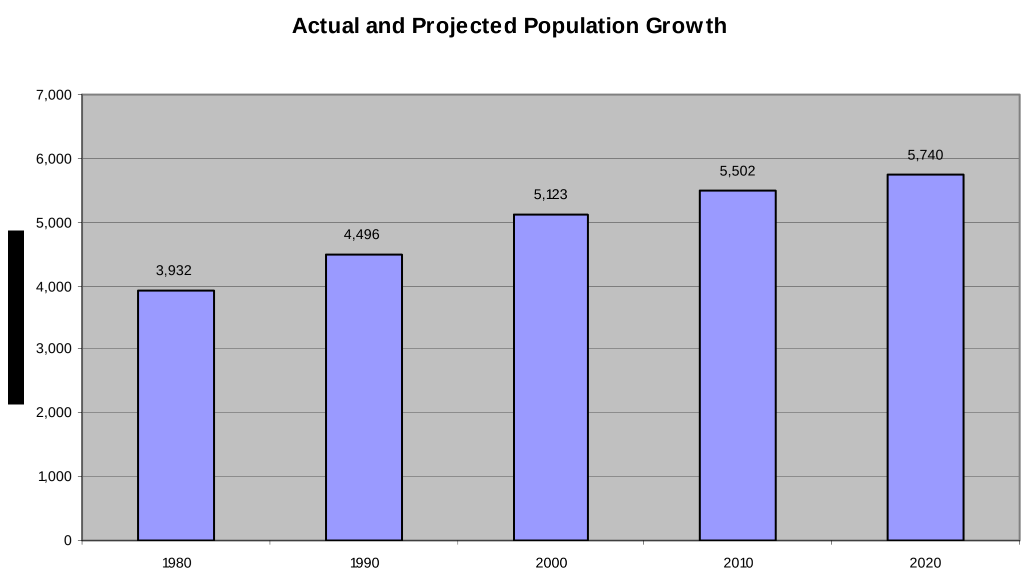
Table III-2. Projected Population Growth: Marion and its Neighbors, 2000-2020

Municipality	2000	2010	2020	% Change	% Change
	Actual	*Projection*	*Projection*	*2000-2010*	*2000-2020*
Marion	5,123	5,502	5,740	7.4%	12.0%
Mattapoisett	6,268	6,193	5,979	-1.2%	-4.6%
Rochester	4,581	5,057	5,551	10.4%	21.2%
Wareham	20,335	21,048	22,022	3.5%	8.3%

Sources: US Census, 2000 and projections from the Massachusetts Institute for Social and Economic Research (MISER), 2003.

The pattern of growth since 1980, including projected figures, is presented in Figure III-1 below, which shows the steady but slower increase in population over time through 2008.

Figure III-1



2. Age Distribution

Data regarding the changes in the age distribution from 1980 to 2000, based on census data, is provided in Table III-3.

Table III-3: Age Distribution, 1980-2000						
	1980		1990		2000	
	#	%	#	%	#	%
Under 5 Years	218	5.7	270	6.0	297	5.8
5 - 17 Years	931	24.2	972	21.6	988	19.3
18 - 24 Years	227	5.9	437	9.7	213	4.2
25 - 34 Years	494	12.9	478	10.6	487	9.5
35 - 44 Years	632	16.4	712	15.8	780	15.2
45 - 54 Years	366	9.5	504	11.2	871	17.0
55 - 64 Years	419	10.9	443	9.8	580	11.3
65 - 74 Years	328	8.5	442	9.8	442	8.6
75 - 84 Years	191	5.0	185	4.1	333	6.5
85+ Years	36	0.9	53	1.2	132	2.6
Total	3,842	100.0	4,496	100,0	5,123	100.0
Under 18	1,149	29.9	1,242	27.6	1,285	25.1
Age 65+	555	14.4	680	15.1	907	17.7
Median Age					42.5	
Source: U.S. Census Bureau, 1980, 1990 and 2000						

The data shows a decline in all age groups under age 45 and increases in the older groups. For example, those children and adolescents under age 18 decreased from about 30% of the population in 1980 to 25% in 2000, while those age 65 and over increased from 14.4% to 17.7% during this same timeframe. Of particular note are those more middle-aged residents age 45 to 54 who increased from 9.5% to 17% of the population, more than doubling in number.

These same population trends are likely extending into the future as indicated in Table III-4. Projections show a continuing decline in the number and percentage of those under 18, down to 16.7% of the population by 2014, while older age groups are likely to increase significantly with those over the age of 65 becoming at least 20% of the population, up from 14.4% in 1980. This aging trend is reflected in increases of the median age, from 42.5 years in 2000 to a projected 46.2 years by 2014.

Table III-4: Age Distribution Estimates and Projections, 2000, 2009 and 2014						
	2000 Actual		2009 Estimates		2014 Projections	
	#	%	#	%	#	%
Under 5 Years	297	5.8	285	5.5	293	5.6
5 – 17 Years	988	19.3	890	17.1	586	11.1
18 – 24 Years	213	4.2	425	8.2	461	8.8
25 – 34 Years	487	9.5	419	8.0	573	10.9
35 – 44 Years	780	15.2	575	11.0	400	7.6
45 – 54 Years	871	17.0	844	16.2	741	14.1
55 – 64 Years	580	11.3	796	15.3	896	17.0
65 – 74 Years	442	8.6	480	9.2	574	10.9
75 – 84 Years	333	6.5	340	6.5	336	6.4
85+ Years	132	2.6	148	2.8	172	3.3
Total	5,123	100.0	5,202	100.0	5,264	100.0
Under 18	1,285	25.1	1,175	22.6	879	16.7
Age 65+	907	17.7	968	18.6	1,082	20.6
Median Age	42.5		45.1		46.2	
Source: U.S. Census, 1980, 1990 and 2000; Nielsen Claritas, Inc. datasource, 2009						

Town records as of November 10, 2009, suggest an even smaller number of children under 18 and higher number of seniors in comparison to the 2009 estimates above in Table III-4.

Table III-5: Age Distribution, November 10, 2009		
Age Range	Number of Residents	Percentage of Residents
Less than 5 years	148	3.0
5-17 years	822	16.4
18-59 years	2, 478	49.3
60+ years	1,476	29.4
Unknown birth dates	101	2.0
Total	5,025	100.0
Source: Marion Town Clerk's Office, November 10, 2009.		

Table III-6 offers additional population projections by age category through to 2020, prepared by the Massachusetts Institute for Social and Economic Research (MISER) of the University of Massachusetts. The estimates reinforce trends of a declining population of young residents and growing numbers of older residents. The figures suggest proportional decreases in all age categories less than 55 years of age with the exception of those 18 to 34 who are projected to increase somewhat, a surprising outcome given the declines of this age group from 1980 through 2000, as noted in Table III-3. The MISER figures do indicate substantial growth of all the older age cohorts, projecting an increase of those age 65 or older from 17.7% of all residents in 2000 to 27.8% by 2020. Clearly housing alternatives to accommodate this increasing population of seniors, such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands, should be considered in housing planning efforts.

Table III-6: Age Distribution Projections, 2000, 2010 and 2020

	2000		2010		2020	
	#	%	#	%	#	%
Under 5 Years	297	5.8	247	4.5	253	4.4
5 - 19 Years	1,127	22.0	1,051	19.1	836	14.6
20 - 24 Years	136	2.6	236	4.3	238	4.2
25 - 34 Years	487	9.5	336	6.1	542	9.4
35 - 44 Years	780	15.2	720	13.1	509	8.9
45 - 54 Years	871	17.0	881	16.0	817	14.2
55 - 64 Years	580	11.3	937	17.0	952	16.6
65 - 74 Years	442	8.6	575	10.4	942	16.4
75 - 84 Years	333	6.5	313	5.7	420	7.3
85+ Years	132	2.6	206	3.7	231	4.0
Total	5,123	100.0	5,502	100.0	5,740	100.0
Under 20	1,285	25.1	1,298	23.6	1,089	19.0
Age 65+	907	17.7	1,094	19.9	1,593	27.8

Source: U.S. Census Bureau 2000, Massachusetts Institute for Social and Economic Research, MISER, University of Massachusetts, 2003.

3. Race

Marion is not racially diverse. In 2000 Marion's racial composition was 93.7% White, 2.7% Black, and the remaining residents of some other race. The number of minorities actually decreased from 1990 to 2000, from 422 to 324 individuals.

4. Household Composition

Marion had a total of 1,996 households in 2000, about 72% in family households and 28% in non-family households (refer to Table III-7). Average household size was 2.5 persons and average family size was 3.0 persons. About one-third of the households included children and another third included residents 65 years of age or older. Most of the households in Marion, 61.4%, involved married couples without children living with them. Non-family households have increased somewhat from 26.3% of all households in 1980 to 27.8% in 2000.

Table III-7: Household Composition, Town of Marion, 2000		
	Number	Percent
Total Households	**1,996**	**100.0**
Family Households	1,442	72.2
Family Households with own children under 18	*632*	*31.7*
Married-couple family	*1,225*	*61.4*
Married-couple family with own children under 18	*528*	*26.5*
Female Householder, no husband present	*167*	*8.4*
Female Householder, no husband present w/ own children under 18	*83*	*4.2*
Nonfamily Households	554	27.8
Householder living alone	*482*	*24.1*
Householder 65 years and over	*237*	*11.9*
Households with individuals under 18 years	666	33.4
Households with individuals 65 years and older	601	30.1
Average household size	2.51	
Average family size	3.00	
Source: US Census DP-1, Profile of Demographic Characteristics: 2000		

As shown in Table III-8, the number of households in Marion grew over 25% from 1990 to 2000, the highest growth in the number of households in comparison to its neighbors and the county as a whole

Table III-8: Total Households, Marion and its Neighbors, 1990-2000							
	Households					Persons per Household	Persons per Household
Municipality				% Change	Annual		
	1990	2000	Difference	1990-2000	Rate of Growth	1990	2000
Marion	1,587	1,996	409	25.8%	2.6%	2.64	2.51
Mattapoisett	2,233	2,532	299	13.4%	1.3%	2.84	2.46
Rochester	1,288	1,575	287	22.3%	2.2%	3.04	2.91
Wareham	7,370	8,200	830	11.3%	1.1%	2.57	2.44
Plymouth County	149,519	168,361	18,842	12.6%	1.3%	2.84	2.74
Source: US Census, DP-1. General Population and Housing Characteristics: 1990 and 2000							

Household size has decreased as well, going from 2.64 to 2.51 persons from 1990 to 2000, largely reflective of declining numbers of children and a greater portion of smaller non-family households.

5. Income Distribution

The median household income in 1999 was $61,250, up 32.6% from the 1989 median income of $46,189, not adjusted for inflation. Between 1990 and 2000, there were decreases in the numbers of households in all of the income ranges below $75,000. Those households earning more than $75,000 increased from about 22% in 1990 to 40% in 2000, and those earning more than $150,000 grew from 87 to 301 households during the decade. The income distribution for those households that include children – families – is significantly higher with a median family income in 1999 of $74,265 with 277 families or almost 19% of all families earning more than $150,000, including 171 earning more than $200,000.

Table III-9: Household Income Distribution, 2000

	1990		2000	
Households	**Number**	**Percent**	**Number**	**Percent**
Less than $10,000	116	7.4	64	3.2
$10,000 to $14,999	100	6.4	74	3.7
$15,000 to $24,999	197	12.6	159	8.0
$25,000 to $34,999	189	12.0	170	8.5
$35,000 to $49,999	274	17.5	302	15.2
$50,000 to $74,999	344	21.9	415	20.9
$75,000 to $99,999	127	8.1	262	13.2
$100,000 to $149,999	135	8.6	243	12.2
$150,000 to $199,999			112	5.6
$200,000 or more	87	5.5	189	9.5
Total	**1,569**	**100.0**	**1,990**	**100.0**
Median Household Income	**$46,189**		**$61,250**	

Source: US Census, Table DP-3, Profile of Selected Economic Characteristics, 1990 and 2000

Despite increasing household wealth, there still remains a population living in Marion with very limited financial means. Of all households counted in 1999, 64 or 3.2% had incomes of less than $10,000 and another 233 or about 12% had incomes between $10,000 and $24,999. Additionally, based on HUD income information, 437 households, or approximately 22% of all households might have qualified for housing assistance as their incomes were at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) of $45,200 for a family of three.[12] Since then, based on 2009 estimates from the Nielsen Claritas data base, approximately 789 or 38% of all households had incomes within the 80% income level or $59,550 for a household of three.

Table III-10 provides 2000 census data that compares the income distribution of homeowners and renters. In addition to being significantly fewer renters, 21% of all households, the median income for renters is about half that of owners. Nevertheless, there are still owners with very limited incomes, approximately 176 or 11% earning less than $25,000, who are most likely long-term owners on fixed incomes without mortgage payments. Some of these owners are likely to be hard-pressed to pay increasing housing costs related to taxes, insurance and utilities. On the other hand, there are approximately 75 or 18% of all renters, who were earning $50,000 or more and might have been able to afford a home if prices were not so high.

Table III-10: Household Income Distribution by Tenure, 2000				
	Owners		Renters	
Households	Number	Percent	Number	Percent
Less than $10,000	30	1.9	31	7.2
$10,000 to $14,999	43	2.7	42	9.8
$15,000 to $24,999	103	6.6	53	12.4
$25,000 to $34,999	108	6.9	69	16.1
$35,000 to $49,999	224	14.3	91	21.3
$50,000 to $74,999	333	21.2	67	15.6
$75,000 to $99,999	243	15.5	32	7.5
$100,000 to $149,999	218	13.9	16	3.7
$150,000 or more	266	17.0	27	6.3
Total	**1,568**	**100.0**	**428**	**100.0**
Median Household Income	**$69,662**		**$36,159**	
Source: US Census, Table DP-3, Profile of Selected Economic Characteristics, 1990 and 2000				

Table III-11 provides additional income information, comparing 2009 estimates and 2014 projections to 2000 census data. This data suggests that the 2009 median household income has increased to $76,640 and may increase still further to $85,948 by 2014. Once again, incomes increased in the higher ranges over time, however, there remained a number of households with incomes below $25,000 including an estimated 211 households or more than 10% of all households in 2009.

---

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

Table III-11: Median Household Income, 2000, 2009 and 2014						
	2000 Actual		2009 Estimates		2014 Projections	
	#	%	#	%	#	%
Less than $15,000	138	6.9%	96	4.6%	86	4.1
$15,000 to $24,999	159	8.0%	115	5.6%	105	5.0%
$25,000 to $34,999	170	8.5%	156	7.6%	136	6.5%
$35,000 to $49,999	302	15.2%	284	13.8%	208	9.9%
$50,000 to $74,999	415	20.8%	362	17.6%	386	18.4%
$75,000 to $99,999	262	13.2%	282	13.7%	298	14.2%
$100,000 to $149,999	243	12.2%	361	17.5%	396	18.9%
$150,000 to $249,999	176	8.8%	222	10.8%	258	12.3%
$250,000 to $499,999	63	3.3%	97	4.7%	124	5.9%
$500,000 or more	62	3.1%	88	4.3%	106	5.0%
Total	1,990	100.0	2,063	100.0	2,103	100.0
Median Household Income	$61,250		$76,640		$85,948	
Sources: US Census, Table DP-3, Profile of Selected Economic Characteristics, 2000, and Nielsen Claritas, Inc. data source, 2009.						

6. <u>Employment</u>

The 2000 census indicated that of the 3,969 residents who were 16 years and older, two-thirds, or 2,649 residents, were in the labor force, 57 or 1.4% of whom were unemployed. The 2008 state labor statistics project an unemployment rate in Marion in September 2009 of 7.6%, with 240 residents unemployed, up substantially from 2000 and even from 2008 when the unemployment rate was 5.7%.

About half or 52.6% of Marion's workers were involved in management or professional occupations and most of the rest were employed in more retail and service oriented jobs including construction and maintenance occupations (7.4%), sales and office occupations (24.2%), service occupations (9.3%) and production, transportation and material moving occupations (7.4%). While 72.3% were salaried workers, another 18.2% were government workers, and 9.5% were self-employed.

Additional information on employment patterns indicated that of those Marion residents who were employed over the age of 16, or 2,554 workers based on census sample data, 657 or about one-quarter worked in the community, indicating some local employment opportunities. The mean travel time to work was about 27 minutes suggesting that on average workers commuted a fair distance to their jobs, about 90% of whom commuted by car.

Table III-11: Average Employment and Wages By Industry in Marion, 2008

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	28	$4,583,546	96	$918
Manufacturing	8	$36,755,076	430	$1,644
Wholesale trade	12	$3,501,427	42	$1,603
Retail trade	23	$2,671,739	130	$395
Finance & insurance	14	$8,782,873	62	$2,724
Real estate, rental and leasing	8	$871,449	27	$621
Professional and technical services	20	$11,595,819	158	$1,411
Administrative and waste services	13	$1,129,772	40	$543
Educational services	8	$13,028,479	323	$776
Health care and social assistance	12	$10,937,225	411	$512
Arts, entertainment and recreation	9	$6,611,929	156	$815
Accommodation and food services	7	$1,661,882	106	$302
Other services, Exec., Public administration	35	$2,798,201	93	$579
TOTAL	207	$107,713,362	2,197	$943

Source: Massachusetts Executive Office of Labor and Workforce Development, 2008

More recent labor and workforce data, from 2008, is presented in Table III-11, which shows an average employment of 2,197 workers as opposed to a total workforce in 2000 of 2,649. The data indicates that those industries with the most workers included manufacturing (430 workers on average), health care and social assistance (411 workers), as well as educational services (323 workers). The average wages in these industries varied considerably, from $512 in the health care area to $1,644 in manufacturing, for example. There were 207 work establishments that provided a total wage level of $107.7 million, with average employment of about 2,200 workers and an average weekly wage level of $943. As a point of comparison, the average weekly wage for Boston was $1,476.

7. Poverty Status

Table III-12 shows poverty data for Marion based on 1979, 1989 and 1999 data from the U.S. Census Bureau. In general poverty has been declining in Marion over the years, going from 7.4% in 1979 to 4.6% in 1999 for individuals and from 5.4% to 3.5% for families. Nevertheless, there were still 232 individuals, including 89 children, who lived in poverty in the Marion community. Given the surge in the cost of living since 1999, including housing costs, it is likely that things have not improved for many of these individuals and families and some have likely left the community in search of more affordable living conditions.

Table III-12: Poverty Status, 1979-1999

	1979		1989		1999	
	#	%	#	%	#	%
Individuals Below Poverty *	285	7.4	228	5.5	232	4.6
Families **	59	5.4	58	5.1	50	3.5
Related Children Under 18 Years ***	143	12.4	38	4.0	89	7.0
Individuals 65 and Over ****	19	3.4	66	10.1	16	2.0

Source: U.S. Census Bureau, 1980, 1990 and 2000
*Percentage of total population for whom poverty status was determined
**Percentage of all families for whom poverty status was determined
***Percentage of all related children under 18 years
****Percentage of all individuals age 65+

8. Disability Status

In total 674 residents or 13% of the population was disabled in 2000. Of the 2000 population age 5 to 20 years old, 95 or 8.5% had some disability. Moreover, of the population age 21 to 64, 386 or 13.6% claimed a disability, but 61.4% of this group were employed leaving almost 40% who were unemployed, likely due to disability. In regard to the population 65 years of age or older, 193 or almost one-quarter claimed some type of disability.

9. <u>Residency in 1995</u>

About 40% of the households in Marion, or 1,907 persons, moved to a new residence from 1995 to 2000. Of these, 17.9% came from within Plymouth County, 21.6% came from a different county, with 12.8% coming from the same state and about 10% coming from a different state or elsewhere, representing somewhat more mobility than the county as a whole where 36.5% of all households moved during this same time period.

10. <u>Educational Attainment</u>

In 2000, almost all adults, or 93.7% of those 25 years and older, had a high school diploma or higher, and about half had at least a Bachelor's degree. These levels are significantly higher than the 2000 figures for at least college attainment of 27.7% for Plymouth County and 41% for the Boston region. These figures also represent some improvement in overall educational attainment from 1990 of 86.6% with at least a high school degree and 33.7% with at least a college degree.

Those enrolled in school (nursery through graduate school) totaled 1,297 or 25.3% of the town's population, and those enrolled in nursery school through high school totaled 1,152, 88.8% of those who were enrolled in school and 22.5% of the total population. These figures represent an increase in school enrollment from 1990 when there were 1,215 students, a net gain of 82 students. Since then school enrollments have declined somewhat.

B. Housing Characteristics and Trends

Table III-13 includes a summary of housing characteristics from 1980 through 2000. Out of the 2,439 total housing units in 2000, Marion had 1,996 year-round, occupied units.[13] Of the occupied, year-round units, 1,570 or 78.7% were owner-occupied and the remaining 426 units or 21.3% were renter-occupied. These figures represent a somewhat higher level of owner-occupancy in 2000 than that of Plymouth County where 75.6% of the units were owner-occupied. Particularly noteworthy is the relatively high level of seasonal units and second homes in Marion, representing 14.1% of all housing units in 2000 but only 4.7% for the county and 3.6% for the state.

In reviewing changes in the housing stock since 1980, a couple of important trends become apparent including:

- <u>Steady housing growth:</u> Housing growth has continued in Marion, going from a growth rate of 17.9% between 1980 and 1990 to 19.3% from 1990 to 2000. Since 2000, an

[13] For calculating the level of affordability a community has based on Chapter 40B, the 2000 year-round occupancy of 2,095 is used. This figure will be updated when the 2010 census becomes available.

additional 134 units have been added to the housing stock as of mid-November, 2009, demonstrating a growth rate of 2.6%.

- Increase in rental units: While owner-occupied units increased by 704 units or 40.6% between 1980 and 2000, the rental housing stock also grew by 114 units or 36.5% during this same time period. In 2000, 317 or almost three-quarters of Marion's rental units were located in single-family homes and thus mostly indistinguishable from owner-occupied units. Since 2000, the Building Department has no information on new rental units that have been built although the planned expansion of Little Neck Village will add another 36 rental units to the housing stock.

Table III-13: Housing Characteristics, 1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	1,735	100.0	2,045	100.0	2,439	100.0
Year-round Occupied Units *	1.459	84.1	1,587	77.6	1,996	81.8
Occupied Owner Units **	1,147	78.6	1,225	77.2	1,570	78.7
Occupied Rental Units **	312	21.4	362	22.8	426	21.3
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	276/269	15.9/15.5	458/398	22.4/19.5	443/344	18.2/14.1
Average House-Hold Size of Owner-Occupied Unit	--		2.70 persons		2.58 persons	
Average House-Hold Size of Renter-Occupied Unit	--		2.44 persons		2.26 persons	

Source: U.S. Census Bureau, 1980, 1990 and 2000
* Percentage of total housing units ** Percentage of occupied housing units
Note: The state counts 2,095 year-round housing units in its calculations under Chapter 40B.

- Declining proportion of seasonal or occasional units: The absolute numbers of seasonal units or second homes increased from 269 units in 1980 to 398 in 1990, and then decreased to 344 units in 2000, when 54 such units were likely converted to year-round use. These seasonal units or second homes were almost 20% of all units in 1990, reduced to about 14% by 2000.

- Decrease in persons per unit: The average number of persons per unit declined between 1990 and 2000, from 2.70 to 2.58 persons for owner-occupied units and from 2.44 to 2.26 persons for rental units. This decrease reflects local, regional and national trends towards smaller household sizes and relates to the change in the average household size in Marion from 2.64 persons in 1990 to 2.51 in 2000 and estimated to have decreased to 2.47 persons by 2009.

- Low vacancy rates: The homeowner vacancy rate in 2000 was only 1.1%, down somewhat from 2.7% in 1990. The rental vacancy rate also declined from 2.9% to 2.7%. The change in both the homeowner and rental rates are relatively insignificant as any level below 5% is considered to represent tight market conditions.

Table III-14: Vacancy Rates, 1990 and 2000

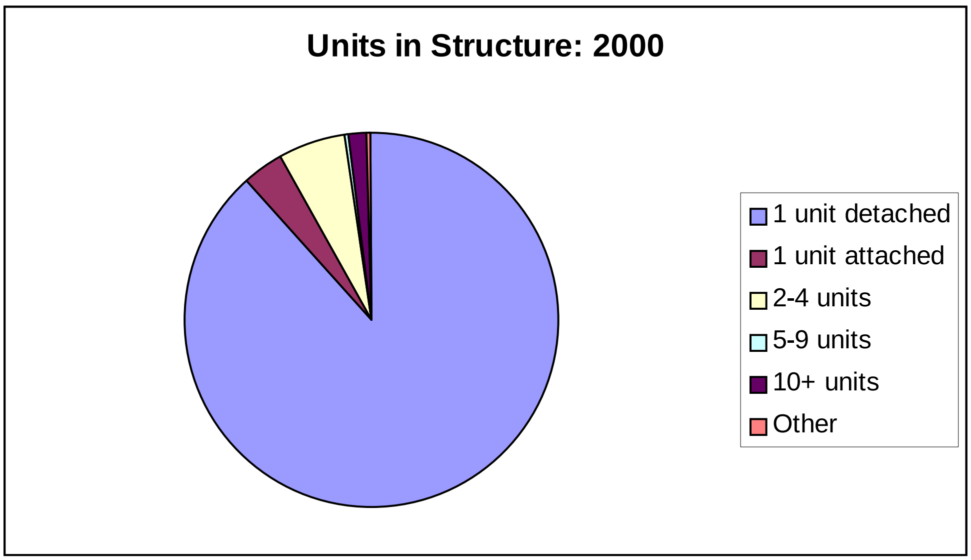
Vacancy Rates by Tenure				
	1990	2000	MA 2000	Nation
Rental	2.9%	2.7%	3.5%	5%
Homeowner	2.0%	1.1%	0.7%	3%

Source: U.S. Census Bureau, 1990 and 2000

- Single-family units are predominant: The 2000 census indicated that a great majority of the existing housing stock were in single-family, detached structures totaling 2,154 units or 88.3% of Marion's housing units, significantly higher than the 70% level for the county. There was actually an increase 273 such units between 1990 and 2000, while only 394 units were added to the housing stock suggesting that about 70% of the units created were single-family, detached dwellings. All other dwelling types had some modest increases with the exception of five to nine-unit structures and mobile homes that experienced decreases. Table III-15 summarizes this information.

Table III-15: Units in Structure, 1990 - 2000				
	1990		2000	
Type of Structure	Number	Percent	Number	Percent
1 Unit Detached	1,881	92.0	2,154	88.3
1 Unit Attached	18	0.9	87	3.6
2 to 4 Units	96	4.7	144	5.9
5 to 9 Units	16	0.8	5	0.2
10 or More Units	4	0.2	43	1.7
Other*	30	1.5	6	0.2
Total	2,045	100.0	2,439	100.0
Source: U.S. Census Bureau, 1990 and 2000 * Mobile homes, boats, RV's, etc.				

Figure III-2



- <u>Most rentals in single-family homes</u>: The 2000 census indicated that 317 units or almost three-quarters of all rental units were located in single-family detached or attached dwellings. Another 63 units were in two to four-unit structures. The remaining 48 units were in larger multi-family buildings of five (5) or more units, which were directed primarily to single-person households.

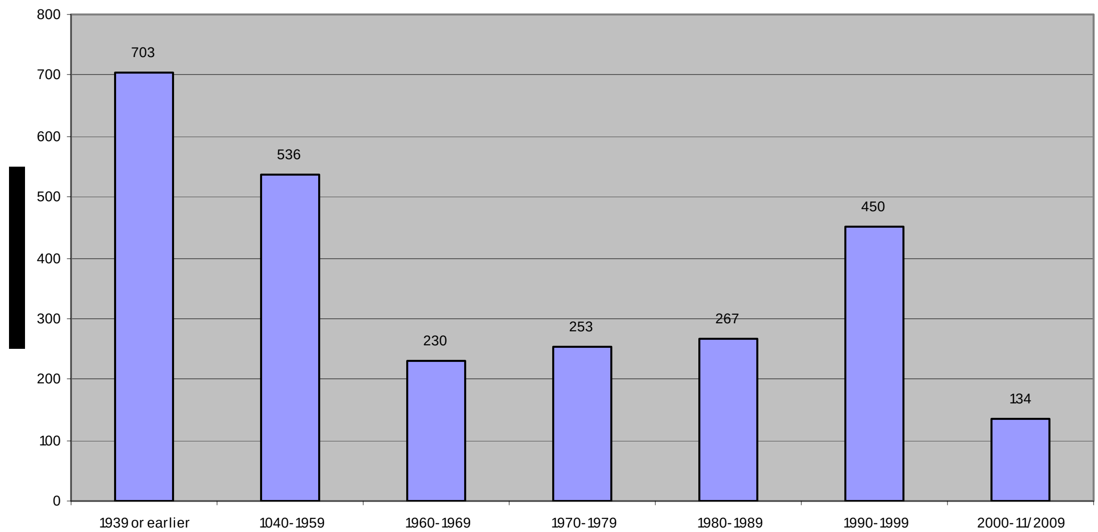
Table III-16: Units in Structure by Household Size						
Type of Structure	**Single Persons**	**2-person Household**	**3-person Household**	**4-person Household**	**5+ person Household**	**Total**
Single-family	122	77	40	56	22	317
2-4 Units	50	13	0	0	0	63
5-19 Units	11	0	0	0	0	11
20-49 Units	17	13	0	0	0	30
50+ Units	7	0	0	0	0	7
Total	207	103	40	56	22	428
Source: U.S. Census Bureau, 2000						

- Older housing stock: Table III-17 and Figure III-3 chart housing growth, identifying that half of Marion's housing was built prior to 1960. Since that time development has slowed considerably. Even since 2000 only 134 new units have been built through mid-November 2009. Assuming 200 new units are ultimately built between 2000 and the end of the decade, this level of housing growth would be less than half of what occurred during the 1990s.

Table III-17: Year Structure Built, 2000		
Time Period	**Number**	**Percent**
1999 to March 2000	62	2.5
1995 to 1998	243	10.0
1990 to 1994	145	5.9
1980 to 1989	267	10.9
1970 to 1979	253	10.4
1960 to 1969	230	9.4
1940 to 1959	536	22.0
1939 or earlier	703	28.8
Total	2,439	100.0
Source: U.S. Census Bureau, 2000		

Figure III-3

Housing Growth



Since 2000 and through November 13, 2009, another 134 units have been added to Marion's housing stock as shown in Table III-18. This puts the total number of housing units at 2,573. Table III-18 also shows the slowdown in new home building over the past few years, as the average number of new units was 22.2 from 2000 to 2004 and then only 4.6 for the rest of the decade. Assuming a similar level of growth until the next census count, Marion is likely to have a total housing stock of about 2,600 units.

Table III-18: Building Permit Activity, 2000-November 13, 2009

Year	Number of Building Permits/New Residential Units
2000	28
2001	27
2002	14
2003	15
2004	27
2005	11
2006	7
2007	2
2008	2
Through November 13, 2009	1
Total	134
Average Number of Units/2000-2004	22.2
Average Number of Units/2005-11/2009	4.6

Source: Marion Building Department, November 13, 2009

Marion 2015, the Town's Ten-Year Plan, projects a final build-out at 4,657 lots as summarized in Table III-19, projecting that more than three-quarters of this activity would be residential, involving 3,943 units at build-out, 1,628 units beyond the 2,315 existing number of units in 2006. However, the 2000 census counted 2,439 units and with the added units from 2000 through 2006 of 129 units, the existing units should have been 2,568 instead. If the 3,943 build-out total holds, the gap was about 1,375 units as of the end of 2006, 1,370 as of November 2009. These projections were also based on the existing zoning and are therefore subject to modification over time.

The state's Office of Environmental Affairs prepared build-out projections as well in 1999 that suggest a higher number of units at build-out, 2,428 units over and above the number of units in 1990 of 2,045 units for a total of 4,473 units, once again based on existing zoning at the time. The existing gap would then be 1,900 units based on the total number of units as of November 13, 2009 of 2,573 units.

Table III-19: Build-Out Analysis, 2006

Zoning District	Existing/2006	Final Build-Out	Growth
Residence A	247	363	116
Residence B	550	697	147
Residence C	928	1,307	379
Residence D	564	1,542	978
Residence E	26	34	8
General Business	94	275	181
Marine Business	32	88	56
Limited Business	58	114	56
Limited Industrial	15	237	222
Total	2,514	4,657	2,143

Source: Marion 2015; prepared by the Center for Urban Policy Analysis, University of Massachusetts Dartmouth, April 2006.

C. Housing Market Conditions

1. Homeownership

Census data also provides information on housing values as of March 2000. The census indicated that the 2000 median house value was $229,100, up about 14% from the median in 1990 of $201,800 and up 214% from the average single-family unit of $72,881 in 1980. In 2000, only 309 homes were valued at less than $150,000 and another 307 were valued between $150,000 and $199,999, making up the bulk of the more affordable housing stock. Another 358 homes were priced in the $200,000 to $300,000 range and 472 additional homes were valued above that. These housing values are summarized in Table III-20.

Table III-20: Housing Values, 2000		
Value	Number of Units	Percent of Units
Less than $50,000	7	0.5
$50,000 to $99,999	90	6.2
$100,000 to $149,999	212	14.7
$150,000 to $199,999	307	21.2
$200,000 to $299,999	358	24.8
$300,000 to $499,999	306	21.2
$500,000 to $999,999	134	9.3
$1 million or more	32	2.2
Total	1,446	100.0
Median (dollars)	$229,100	
Source: 2000 U.S. Census Bureau		

More updated market data is tracked by The Warren Group from Multiple Listing Service data based on actual sales. This market information is summarized in Table III-21, tracking median sales prices for Marion from 1987 through September 2009. The median price is the midpoint of a range of values for a given time period with half of the homes selling above the median price and half below.

As of September 2009, the median sales price of a single-family home in Marion was $369,900, down from $441,500 at the end of 2008, a 19% decrease. The median single-family house price was at its highest in 2004 when it was $554,500, considerably higher than 1995 when it was at its lowest level at $149,950. In fact, the period of 2003 to 2004 experienced the sharpest increase in residential values with the median single-family house price jumping from $300,000 to the $554,500 level, an 85% increase.

The number of single-family home sales from January through September 2009, was 49, higher than the total number of sales in 2008 of 44. The greatest number of such sales in any particular year was in 1996 with 107 sales. There has been a considerable downward turn in sales volume since then, although 2009 sales activity may reach the 63-unit level that occurred in 2007.

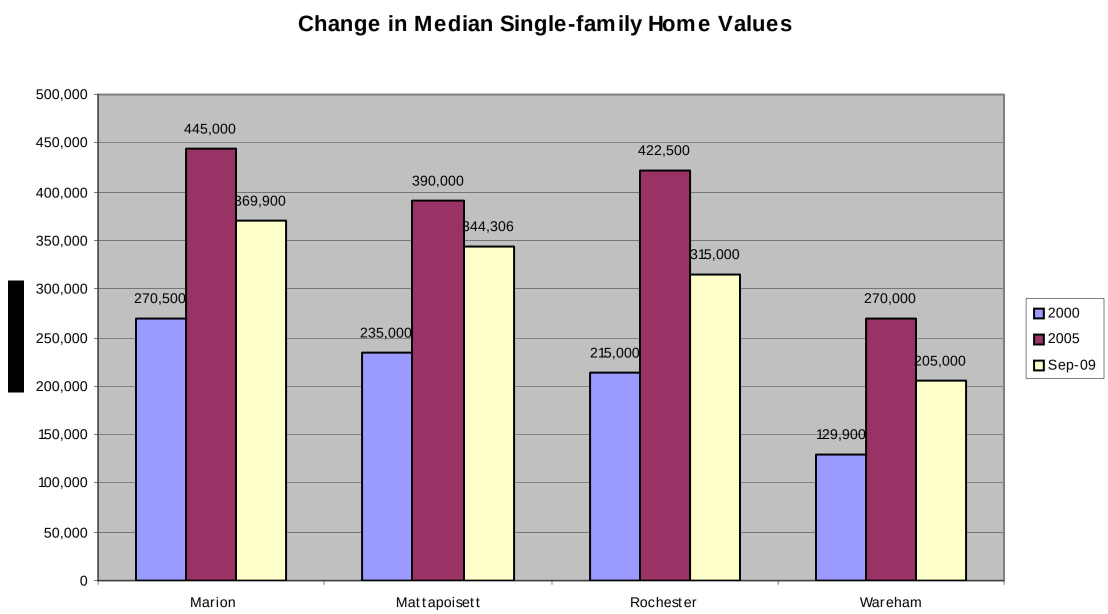
The condominium market in Marion is very small, only ten (10) units according to Town Assessors data, and there have not been any sales since 2006 when there were five (5) sales with a median price of $159,500, which seems low given current assessed values of at least $341,800, ranging up to $628,800.

Table III-21: Median Sales Prices, January 1987 – September 2009					
Year	Months	Single-family (#)	Condo (#)	All Sales	# All Sales
2009	Jan – Sept	$369,900 (49)	0	$344,500	58
2008	Jan – Dec	441,500 (44)	0	437,500	60
2007	Jan – Dec	380,000 (63)	0	375,000	76
2006	Jan – Dec	446,500 (52)	$159,500(5)	440,000	77
2005	Jan – Dec	445,000 (62)	0	411,325	109
2004	Jan – Dec	554,500 (80)	0	518,750	104
2003	Jan – Dec	300,000 (74)	197,500 (4)	295,000	101
2002	Jan – Dec	293,250 (78)	225,500 (4)	275,000	125
2001	Jan – Dec	275,250 (72)	0	225,000	111
2000	Jan – Dec	270,500 (86)	0	270,500	122
1999	Jan – Dec	234,000 (99)	0	220,000	127
1998	Jan – Dec	246,500 (93)	0	189,900	118
1997	Jan – Dec	165,000 (83)	72,500 (3)	160,000	111
1996	Jan – Dec	153,800 (107)	0	150,511	140
1995	Jan – Dec	149,950 (98)	0	141,000	127
1994	Jan – Dec	175,000 (65)	0	165,000	89
1993	Jan – Dec	165,000 (65)	0	159,296	90
1992	Jan – Dec	167,450 (44)	0	136,250	68
1991	Jan – Dec	175,000 (59)	0	166,000	77
1990	Jan – Dec	207,000 (51)	0	170,000	75
1989	Jan – Dec	223,000 (41)	0	210,000	65
1988	Jan – Dec	203,504 (58)	108,500 (7)	152,000	109
1987	Jan – Dec	205,000 (51)	96,500 (5)	167,500	111
Source: The Warren Group, November 11, 2009					

As of mid-2009, Marion, as well as the entire region, was entrenched in a "buyer's market". The first half of 2009 had in fact been a continuation of 2008, also a sluggish year, but made worse by the continued economic uncertainty. A local realtor indicated that sales activity has been "picking up" and there has been more action in the fall of 2009 as buyers were recognizing "good buys" and deciding it was a good time to finally purchase. The realtor suggested that there were more homes on the market than ever before, and properties in the lower or higher ranges of the market were doing better than those in the mid-range of $500,000 to $700,000 were tougher to sell as too many were on the market at one time. She further stated that there was not a lot of foreclosure activity as well as teardown activity in Marion as if yet. Another local realtor confirmed that homes priced in the mid-range were moving more slowly. Properties in the lower range were being purchased using the $8,000 federal tax credit for first-time homebuyers. Properties in the high range, above $1 million, were beginning to sell as purchasers decided that they could finally get a good deal on waterfront properties given declines in market values over the last year or so.

A comparison of Marion's housing values to those of its neighbors is presented in Figure III-4, comparing 2000, 2005 and September 2009 sales prices. Between 2000 and 2005, values climbed considerably across all communities, especially for Rochester and Wareham where prices doubled. From 2005 to September 2009, prices have fallen somewhat but remain well ahead of the 2000 levels. The chart also shows that Marion has had the highest median values throughout these periods while Wareham's housing market has been on the lower range. A local realtor suggested that Marion and Mattapoisett's housing markets have been fairly comparable over the years as they are both small towns on the water.

Figure III-4



Another analysis of housing market data is presented in Table III-22, which includes a breakdown of sales data from the Multiple Listing Service for single-family homes. This data indicates that there are few homes available in Marion for under $200,000 that would be affordable to low- and moderate-income households. There were 16 sales priced between $200,000 and $300,000 that could have possibly been affordable to first-time homebuyers, assuming they had the required cash for the down payment and closing costs. In mid-November 2009, there were 55 properties on the market, 16 which were priced below $300,000 and thus in the range of possible affordability. The median sales price was $350,000, and the average time on the market of 256.4 days demonstrates that the market has been sluggish.

Table III-22: Summary of Sales for Single-Family Homes*, January 2009 Through November 16, 2009	
Price Range	Sold Number/Percent
Less than $100,000	1/1.8%
$100,000-199,999	6/10.9%
$200,000-299,999	16/29.1%
$300,000-399,999	8/14.6%
$400,000-499,999	9/16.4%
$500,000-599,999	6/10.9%
$600,000-699,999	5/9.1%
$700,000-799,999	2/3.6%
$800,000-899,999	1/1.8%
$900,000-999,999	0/0.0
Over $1 million	1/1.8%
Total	55/100.0
Median Price	$350,000
Ave # Days on Market	256.4 days
Source: Multiple Listing Service, November 16, 2009	

Examples of recent sales include:

- A 1,200 square foot, single-family ranch on Delano Road with three bedrooms and one bath sold for $282,500 after being listed for $289,900, on the market for 15 days. The lot is .35 acres and there is no garage.

- A single-family home with three bedrooms and 2½ baths on County Road sold for $383,500 after being listed for $399,900. It has 2,102 square feet of living space, on a two-acre lot. The property was on the market for 176 days.

- A single-family attached unit on Jenney Lane listed for $549,000 and sold for $515,000 after more than a year on the market. The property has 2,780 square feet of living space, including three bedrooms and 2½ baths, with a first-floor master suite. There is a homeowner association fee of $1,800.
- A South Street five-bedroom home with 3½ baths was listed for $1,895,000 and sold after 17 days on the market for $1,675,000. The property involves a newly renovated historic home with 3,215 square feet of living space and a .47-acre lot.

Information from the Town Assessor on the assessed values of residential property in Marion is presented in Table III-23. This data indicates that 4.4% of Marion's housing stock (101 properties) is valued at less than $200,000, but most of the units in this price range are likely small, "fixer-uppers". Another 22.6% of the housing stock is valued between $200,000 and $300,000, still relatively affordable given the price surges several years ago. Almost one-fifth of the housing stock is assessed between $300,000 and $400,000, and in fact about 45% of all properties in Marion are assessed below $400,000, including 1,046 properties. On the other hand, 289 units are assessed above $1 million, demonstrating a significant if not large luxury market in Marion. Most of these high-end properties were located on the water, the highest valued at approximately $5 million. This data also confirms that most properties are *single-family dwellings*, 2,200 as of November 13, 2009, or 95% of all residential properties in Marion.

There are only ten (10) *condominiums* in Marion, eight (8) units at 25 Main Street and two (2) units at 154 Front Street. The values of these units ranged from $341,800 to $628,800, still relatively pricey. A realtor mentioned that the condos were particularly attractive to residents who were spending considerable time in Florida but wanted to continue to live in town part-time, downsizing from their large homes.

Assessor's data also indicated that there were 107 *multi-unit dwellings*, including 28 two-family properties, three (3) three-family structures, 72 properties with multiple homes on one lot, as well as three (3) four to eight-unit properties and one building with more than eight (8) units. Values ranged considerably, from two (2) units assessed at less than $200,000 to about one-third of the properties, including 34 properties with multiple houses on the same lot, valued at more than $1 million.

Table III-23: Assessed Values of Residential Properties, November 2009								
Assessment	Single-family Dwellings		Condominiums		Multi-unit Dwellings*		Total	
	#	%	#	%	#*	%**	#	%
0-$199,999	99	4.5	0	0.0	2	1.9	101	4.4
$200,000-299,999	511	23.2	2	20.0	10	9.4	523	22.6
$300,000-399,999	403	18.3	4	40.0	15	14.0	422	18.2
$400,000-499,999	329	15.0	2	20.0	12	11.2	343	14.8
$500,000-599,999	285	13.0	2	20.0	12	11.2	299	12.9
$600,000-699,999	145	6.6	0	0.0	10	9.4	155	6.7
$700,000-799,999	89	4.0	0	0.0	5	4.7	94	4.1
$800,000-899,999	53	2.4	0	0.0	5	4.7	58	2.5
$900,000-999,999	32	1.4	0	0.0	1	0.9	33	1.4
Over $1 million	254	11.6	0	0.0	35	32.7	289	12.5
Total	2,200	100.0	10	100.0	107	100.0	2,317	100.0

Source: Marion Town Assessor, fiscal year 2009.
* Includes multiple dwellings on one lot/two-family, three-family, 4-8 unit structures, and one with more than 8 units.

2. Rental Housing

Data on the costs of rental units for 1980 through 2000 is included in Table III-24. The 2000 census indicated that there were 426 occupied rental units in Marion, up from 362 in 1990 and 312 in 1980. The 2000 median gross rental was $804, 13% higher than the 1990 median rent of $711 and 132% higher than the median rent in 1980 of $346. Rental units remain a relatively small segment of Marion's housing market, 17.5%, smaller than that for Plymouth County and the state at 24.4% and 38.3%, respectively. Because 83 units of Marion's Subsidized Housing Inventory are rental units, about 20% of the Town's existing occupied rental stock is publicly assisted and as such has restricted below market rents, thus skewing gross rental figures somewhat. Most of the other rental units are in single-family homes or small multi-family properties.

Table III-24: Rental Costs, 1980-2000						
Monthly Rent	1980		1990		2000	
	Number	Percent	Number	Percent	Number	Percent
Under $200	39	12.9	0	0.0	29	6.9
200-299	71	23.5	9	2.3	28	6.7
300-499	127	42.0	95	24.6	6	1.4
500-749	20	6.6	85	22.0	72	17.1
750-999			51	13.2	74	17.6
1,000-1,499			75	19.4	84	20.0
1,500 +					6	1.4
No cash rent	45	14.9	71	18.4	121	28.8
Total	302	100.0	386	100.0	420	100.0
Median rent	$346		$711		$804	
Source: U.S. Census Bureau, 1980, 1990 and 2000 (Summary Table 3 - sample data)						

Like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically much higher. Updated information on rents from Craig's List indicates that there are no two-bedroom apartments listed for less than $1,000 per month although most rental opportunities are likely passed on by word of mouth and not formally advertised. Examples from recent listings offer a good perspective of the rental market including:

- $825 for a one-bedroom unit with a recently renovated bathroom at Marion Village (see photo below) for a winter rental, $975 for year-round.

- $900 for a one-bedroom, one bath apartment attached to a single-family home with a private entrance and a short walk to the harbor and short bike ride to the Town beach.
- $1,000 for a two-bedroom unit in a newly renovated housing with an open floor plan for the kitchen and living area.
- $1,200 for a three-bedroom year-round home with updated kitchen, hardwood floors and laundry facilities.
- $1,300 for a two-bedroom in a "cozy home" near the ocean that includes a farmers porch and spiral stairway to the bedroom (photo shows a small cottage).
- $1,500 for a two-bedroom with 1½ baths that also includes a full basement, huge yard and hardwood floors throughout.

A local realtor indicated that an average year-round, two-bedroom rental located outside of the village is about $1,000, but that same unit could command $1,000 a week in the summer. Typically tenants are required to pay utilities as well as a first and last months rent plus a security deposit when they sign the lease. Winter rentals used to be more popular in the past, particularly for faculty at Tabor Academy. However, given the school's efforts to provide faculty housing, the demand for such rentals in the private housing market has dwindled. The realtor further suggested that summer rentals are usually available for at least two-week periods at about $2,000 to $2,200 per week with some large homes on the water renting for as high as $5,000 per week.

D. Affordability Analysis of Existing Market Conditions

1. Homeownership

As housing prices escalate, the affordability gap widens, defined as the gap between the cost of housing and the proportion of income that is reasonable to pay for housing, typically defined as 30% of gross income. To afford the median sales price of a single-family home in Marion of $369,900, based on The Warren Group information as of the end of September 2009, a household would have to earn approximately $78,400[14] ($94,500 with 95% financing), somewhat more than the adjusted median income of $76,640.[15] It is important to note that in response to the financial crisis, lenders are exerting more stringent lending criteria, including substantial down payment

[14] Figures based on 80% financing, interest of 5.5%, 30-year term, annual property tax rate of $7.87 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of $300.

[15] Based on the Nielsen Claritas, Inc. (a proprietary data source) 2009 estimate of median income for Marion.

requirements of 20%. It is also important to point out that the gap would have been considerably larger only a year or so ago when housing prices and interest rates were significantly higher.

The borrowing power of the average household, based on the median household income of $76,640, is about $360,000 (based on a 20% down payment, $300,000 based on a 5% down payment), substantially higher than the median house value as reported in the 2000 census of $229,100 but not significantly less than the $369,900 median sales prices for single-family homes as of September 2009, given the ability to put a substantial amount of cash down to obtain financing. The affordability gap is then less than $10,000 – the difference between the price of the median priced home and what a median income household can afford, once again assuming that the purchaser has at least $75,000 in cash for the down payment and closing costs. In fact, given this cash burden, particularly for first-time homebuyers without equity from a former purchase, the down payment can be considered as part of the affordability gap, coming closer to actually $85,000. Updated income estimates suggest that at least half of Marion households could not afford the median priced home based on an income of about $78,400 and the ability to come up with the 20% down payment, 60% if 95% financing was available requiring an income of about $94,500.

The affordability gap increases to $139,900 if the analysis focuses on those low and moderate-income households earning at or below 80% of area median income, or $59,550 for a family of three, who are unable to afford a house costing more than about $230,000 based on conventional lending terms and also assuming they could access 95% financing from a state subsidized mortgage program such as the Soft Second Loan Program or MassHousing's Community Advantage program. Clearly subsidies are required to provide homeownership opportunities for those with incomes at or below 80% of area median income, a requirement of housing affordability under Chapter 40B.[16]

As more homes emerge on the market with sale tags of more than $300,000, fewer existing longer-term residents will be able to afford them. However, it is important to recognize that those who have owned their homes for some time are likely to have gained significant assets, particularly through the escalating value of their land, despite potentially limited incomes.

2. Rentals

In regard to rentals, the gross median rent of $804, according to the 2000 census, required an income of about $36,000, also factoring costs of utilities, well within HUD's income limit for three-person households earning at 80% of area median income.

---

[16] The maximum income a three-member household would be eligible to earn within the Chapter 40B affordability parameters is $59,550 in 2009.

Nevertheless, based on 2009 income estimates from the Nielsen Claritas data source, about 20% of Marion's households would have been unable to afford to rent at this level based on the standard of spending no more than 30% of one's income on housing. Local real estate listings indicate that market rents are actually higher with no two-bedroom units on the market for less than $1,000, requiring an income of about $40,000 based on a household spending no more than 30% of its income on just the rent. When considering additional housing-related expenses such as utilities, the required income goes up still further for the unit to meet the 30% of income test. To put these rentals into another context, someone earning the minimum wage of $7.25 for 40 hours per week and every week during the year would still only earn a gross income of $15,080. Households with two persons earning the minimum wage would still fall very short of the $38,000 income.

3. Cost Burdens

While current income estimates suggest that at least half of town residents are unlikely to have sufficient incomes to afford the median sales price for a single-family home of $369,900, and about 20% of households would be unable to afford the 2000 median rental at $804 per month, which is lower than current market rents, it is also useful to identify numbers of residents who are living beyond their means due to the extent of their housing costs. The 2000 census provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems.

Households paying more than 30% of their incomes for housing are defined by HUD as being cost burdened, and when paying more than 50% of their incomes they are said to be severely cost burdened. Table III-25 shows 1990 and 2000 U.S. Census data for housing burdens for Marion. Over 2,100 housing units had mortgages in 2000 and the median mortgage was $1,282 per month. There were 443 homeowners who were spending at least 35% of their household income on housing expenses. For renters, the median gross monthly rent in 2000 was $804 per month and there were 90 households who were spending at least 35% of their income on housing. It is worth noting that the total number of renters who had cost burdens decreased in 2000 from the 1990 levels, but the reverse was the case for homeownership.

Table III-25: Housing Burdens, Town of Marion, 1990 and 2000				
	1990	2000	Change	% Change
# Owners with Mortgage, # Units	608	1,064	+456	+75%
Monthly Cost of Mortgage (Median)	$972	$1,364	+$392	+40%
# Owners with Housing Costs >=35% of Household Income	132 (22%)	303 (28%)	+171	+130%
# Renters with Rental Payments	315	299	-16	-5%
Renter Gross Monthly Rent (Median)	$711	$804	+$93	+13%
Gross Rent >=35% of Household Income	102 (32%)	90 (30%)	-12	-12%
Source: US Census, 1990 and 2000				

The U.S. Department of Housing and Urban Development (HUD) prepares a special report, referred to as the CHAS Data Report, which identifies cost burdens by household type and whether they are renters or owners. This report, summarized in Table III-26, indicated the following:

- In 2000, 429 or about 23% of all households were spending too much on housing (spending more than 30% of their income on housing), including 96 renters and 333 owners.
- There were 190 renter households and 247 owner households earning at or below 80% of area median income in 2000 for a total of 437 households or about 23% of all households. Consequently, based on this income information, more than 20% of Marion's households would likely have qualified for housing assistance in 2000 as their incomes were at or below 80% of area median income, defined by the U.S. Department of Housing and Urban Development (HUD) as $50,200 for a family of four.[17]
- There were 87 total households who earned at the extremely low-income end of the range of at or below 30% of area median income, another 93 earning between 30% and 50% of area median income, referred to as very-low income by HUD, and another 252 households who earned between 50% and 80% of area median. Of these households, 230 or 53% were experiencing cost burdens.
- Of the 400 renters, 96 or 24% were spending more than 30% of their incomes on housing expenses, and 43 or 11% of all renters spent more than 50% of their income on housing.

[17] While these households' incomes might be at or below 80% of area median income, many households were likely to have assets that were more than the allowable state or federal standards that would disqualify them from housing assistance.

Table III-26: Type of Households by Income Category and Cost Burdens*, 2000 2000					
Type of Household	Households Earning < 30% MFI/# with cost burdens	Households Earning > 30% But < 50% MFI/# with cost burdens	Households Earning > 50% But < 80% MFI/# with cost burdens	Households Earning > 80% MFI/ # with cost burdens	Total/# with cost burdens
Elderly Renters	20/0	12/8	35/0	53/8	120/16
Small Family Renters	29/25	0/0	19/4	74/4	122/33
Large Family Renters	0/0	0/0	14/0	4/0	18/0
Other Renters	8/4	8/8	45/20	79/15	140/47
Total Renters	57/29	20/16	113/24	210/27	400/96
Elderly Owners	18/14	45/27	72/34	358/43	493/118
Small Family Owners	0/0	24/14	32/28	660/80	716/122
Large Family Owners	8/8	4/4	28/24	112/4	152/40
Other Owners	4/4	0/0	12/4	125/45	141/53
Total Owners	30/26	73/45	144/90	1,255/172	1,502/333
Total	87/55	93/61	257/114	1,465/199	1,902/429

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, 2000.
MFI indicates median family income.
* Cost burdens indicate that households are spending more than 30% of their income on housing. The CHAS data also provides data on those spending more than 50% of earnings on housing.

- About 63% of all households earning at or below 30% of area median income were spending more than 50% of their incomes on housing, involving 87 households whether they be owners or renters.

- Of the 93 households earning between 30% and 50% of area median income, about one-third or 30 households (including 26 owners and 4 renters) were spending more than 50% of their income on housing.
- Almost two-thirds or 161 of the 247 owners earning at or below 80% of area median income were spending too much on housing.
- Of the 190 renters earning at or below 80% of area median income, 69 or 36% were experiencing housing affordability problems or cost burdens*.
- Almost 40% or 135 seniors who owned their own homes and were earning at or below 80% of area median income were spending more than 50% of their income on housing.

Because housing costs have significantly escalated since 2000, it is likely that many of these households, who are not living in assisted housing, are experiencing even greater cost burdens or have been forced to move outside of the community in search of more affordable living conditions.

E. Subsidized Housing Inventory (SHI)

I. Current Inventory

The Department of Housing and Community Development counts 86 units in Marion that meet affordability requirements under Chapter 40B and are eligible for inclusion in the Subsidized Housing Inventory. Chapter 40B mandates that the town should have 10% of its year-round housing stock as affordable housing which would total 210 units out of its 2,095 year-round housing units (2000 US Census). With a current inventory of 86 (4.11%) affordable housing units, Marion currently has a deficit of 124 affordable units.

Table III-27 and Figure III-5 compare Marion's level of SHI housing to those of neighboring towns, demonstrating that Marion's progress at 4.11% affordability is in the middle of the range, between Rochester at 0.5% and Wareham at 8.1%.

Table III-27: Level of Affordable Housing, Marion and Neighboring Communities

Town	# Year-round units	# Affordable Units	% Affordable Units
Marion	2,095	86	4.11%
Mattapoisett	2,634	70	2.7%
Rochester	1,619	8	0.5%
Wareham	8,650	701	8.1%

Source: Massachusetts Department of Housing and Community Development, September 29, 2009

Figure III-5

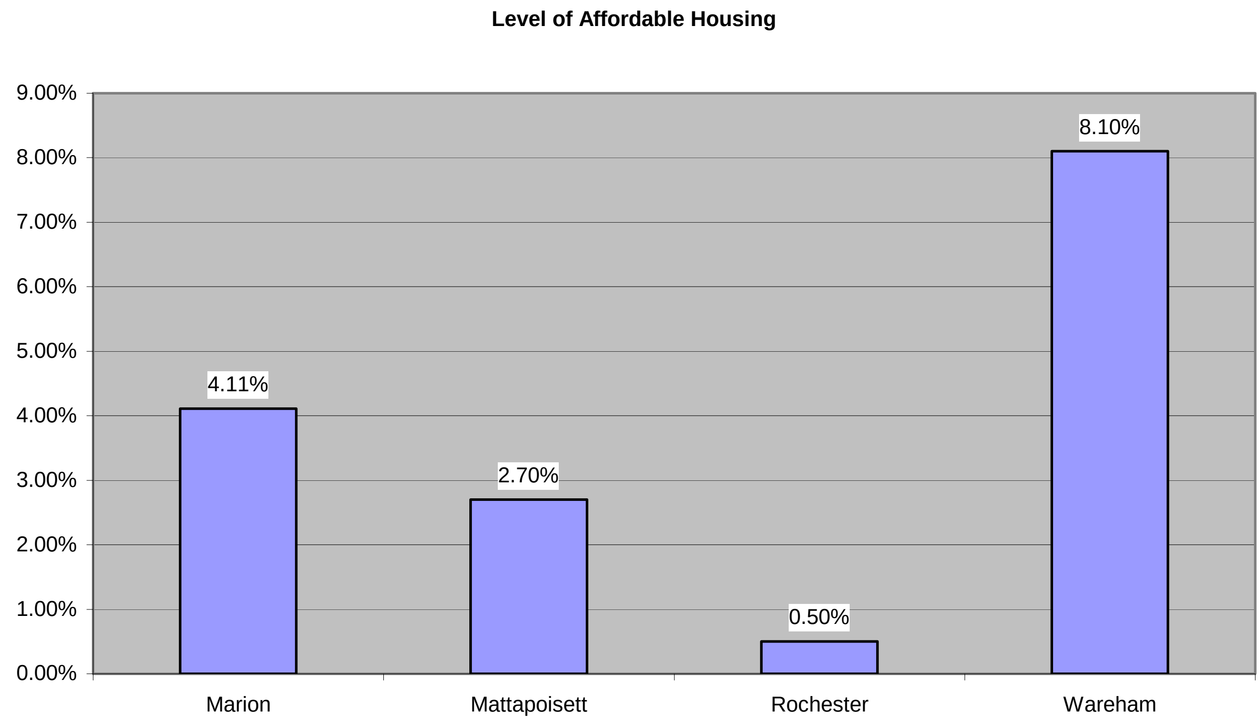


Table III-28 summarizes Marion's existing Subsidized Housing Inventory. Until fairly recently, the SHI included 47 units (2.2% of the year-round housing stock) through several developments: 27 rental units for seniors at Marconi Village, four (4) units at a group home for DMH clients, another group home for DMR clients, and 12 rental units at Little Neck Village.

Through a Request for Proposals, the Marion Affordable Housing Trust selected the EAFish Group as the developer to quadruple the size of the small, Town-owned and managed senior citizen development at Little Neck Village. The $7.5 million development will add 36 one-bedroom apartments through three, single-story buildings, a shared community building, as well as a two-storied building for a total of 46 one-bedroom units and two (2) two-bedroom units for seniors. The proposed expansion requires the purchase of land adjacent to the existing Little Neck Village development, drawing on $400,000 in CPA funds provided through the Marion Affordable Housing Trust. *It is important to note that this addition to Marion's SHI allowed the town to be "certified" under state guidelines, meaning that it had met production goals under its 2004 Affordable Housing Plan and has two (2) years when it is able to deny inappropriate comprehensive permit projects, lasting through 2009 and most of 2010.*

Table III-28: Department of Housing and Community Development Chapter 40B Subsidized Housing Inventory (SHI)

Property Name & Address	Housing Type	Total Units	Afford. Expires	Comprehensive Permit	Subsidizing Agency
Corp. Independent Living	Special Needs Rental	4	2025	No	MassHousing EOHHS
Marconi Village Marion Elderly Apartments	Senior Rental	27	2044	No	RHS/DHCD
Littleneck Village	Senior Rental	48	Perpetuity	Yes	DHCD
DMR Group Homes	Special Needs Rental	4	NA	No	DMR
Rezendes Terrace	Ownership	1	2020	No	DHCD
Mill Street	Ownership	1	2020	No	DHCD
Wareham Road	Ownership	1	2020	No	DHCD
Total Units	Rental – 83 Ownership – 3	86			

Source: Massachusetts Department of Housing & Community Development, 11/3/09

(How were the ownership units financed?)

Construction for the Little Neck Village expansion is proposed in two (2) phases. Current Little Neck Village residents would remain in their units during Phase I construction of the two-storied building. Residents would then move into the Phase I building temporarily during Phase II construction as the existing buildings are demolished and replaced by one-story “cottage-style” structures. Under the expansion plan, the Town would lease the land to EAFish Group for $1 over 99 years and Peabody Properties, a subsidiary management arm of the developer, will manage the property upon completion. The project has received an $875,000 funding commitment from MassHousing and is awaiting additional subsidy funds from the state to begin construction.

With the inclusion of these units, Marion’s affordable units involve 75 rental units for seniors (85% of SHI), eight (8) units for special needs populations (9% of SHI), and three (3) ownership units (3% of SHI).

Given recent and projected housing growth, Marion should have a total housing stock of somewhat more than 2,600 units by 2010, about 2,235 year-round units with the same ratio of year-round to seasonal or second homes when the 2010 census is released. The affordability gap when then increase to about 140 units and annual production goals under Housing Production requirements would increase to 11 units.

2. Recent or Proposed Housing Developments

In addition to Little Neck Village described above, several other projects that include affordable units are in the pipeline including:

- The Marion Zoning Board of Appeals approved a comprehensive permit in March 2009, to allow J & W Realty Trust to build six (6) rental units above an exiting commercial building. Two (2) of these units will be affordable and eligible for counting as part of the SHI.
- The Marion ZBA issued another comprehensive permit in November 2009 for the River View Landing development that includes four (4) affordable units as apart of a 15-unit homeownership development on River Road.
- The Marion ZBA also approved a comprehensive permit with conditions for 96 one- and two-bedroom rental units on about 34 acres of property north of the Wave Restaurant and west of Front Street, referred to as the Bay Watch development. The developer, Well-Built Homes, had proposed 192 units and appealed the ZBA's decision to the state's Housing Appeals Committee (HAC), which subsequently decided in favor of the development. However, since then abutters have filed suit, which are likely to be resolved in the near future. The developer is now considering 168 units with some other modifications that will be referred back to the ZBA.

The addition of these 178 units will bring the SHI count to 264 units or 12.6% of the current year-round housing stock of 2,095 units and about 118% of the projected year-round count of about 2,235 units.

F. Gaps Between Existing Housing Needs and Current Supply

As the affordability analysis indicates in Section III.D above, significant gaps remain between what most current residents can afford and the housing that is available. In fact the current homeownership market is largely outside the means of those earning at or below the median income level. Moreover, population projections estimate that by 2020 the population will increase to 5,740 residents, 715 more than the Town's census of 5,025 residents as of mid-November 2009. Based on the 2009 estimate of 2.47 persons per household, about another 290 units might be built between 2010 and 2020. In addition to the existing 124-unit gap to meet the 10% state affordability goal under Chapter 40B, an additional 72 units would be required to be affordable based on this projected growth for a total number of new affordable units that must be created of about 200 units.[18]

1. Priority Housing Needs Require a Mix of Housing Choices

Marion's housing stock has included a 79 to 21 percent ratio of homeownership units to rentals, and almost all affordable units in the SHI have boosted rentals in an effort to continue to diversify the housing stock. To further diversify housing and present a range of affordable housing options in Marion, the Town will need to pay particular attention to the following housing needs:

Households with Limited Incomes

Despite increasing household wealth, there still remains a population living in Marion with very limited financial means. Given the high costs of housing, including sizable up-front costs (first and last months rent, a security deposit, and/or moving expenses), more subsidized rental housing is necessary to make living in Marion affordable, particularly for those who have very limited financial means.

- Of the 1,990 total households counted in 1999, 64 or 3.2% had incomes of less than $10,000 and another 233 or 12% had incomes between $10,000 and $24,999. Estimates for 2009 indicate that there are still residents earning at these very low-income levels including 211 households or 10% of all households.
- Based on 2009 estimates from the Nielsen Claritas data base, approximately 789 or 38% of all households had incomes within the 80% income level or $59,550 for a household of three.[19]
- While the numbers of those in poverty remains relatively low, 232 or about 5% of all residents in 1999 and 50 or 3.5% of all families, they still signal that there was a very vulnerable population living in Marion, most likely finding it difficult to afford to live in town if they are not living in subsidized housing. Given the increasing costs of living since 2000, including housing costs, it is unlikely that those in poverty have decreased substantially unless they have been forced to leave the community in search of more affordable living conditions.
- Local real estate listings indicate that market rents are actually higher, at least $1,000 for two-bedroom units, requiring an income of about $40,000 based on a household spending no more than 30% of its income on just the rent. When considering additional housing-related expenses such as utilities, the required income goes up still further for the unit to meet the 30% of income test. To put these rentals into another context, someone earning the minimum wage of

[18] Because all units can be counted under Chapter 40B for rental projects, this 200-unit gap over the next decade could be smaller given a higher level of rental development.
[19] While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.

$7.25 for 40 hours per week and every week during the year would still only earn a gross income of $15,080. Households with two persons earning the minimum wage would still fall very short of the $38,000 income.

- Of the 400 renters in 2000, 96 or 24% were spending more than 30% of their incomes on housing expenses, and 43 or 11% of all renters spent more than 50% of their income on housing.

<u>Gaps in Affordability and Access to Affordable Housing</u>

Wider range of affordable housing options including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families, municipal employees, as well as empty nesters and seniors.

- There were only a handful of single-family homes that sold in Marion for under $200,000 from January to mid-November 2009, which would be affordable to low- and moderate-income households, all small and needing improvements.
- To afford the median sales price of a single-family home in Marion of $369,900, based on The Warren Group information as of the end of September 2009, a household would have to earn approximately $78,400[20] ($94,500 with 95% financing), somewhat more than the adjusted median income of $76,640[21] and not affordable to approximately 50% (60% with 95% financing) of Marion's households based on 2009 income estimates.
- The affordability gap is then less than $10,000 – the difference between the price of the median priced home and what a median income household can afford, once again assuming that the purchaser has at least $75,000 in cash for the down payment and closing costs. In fact, given this cash burden, particularly for first-time homebuyers without equity from a former purchase, the down payment can be considered as part of the affordability gap, coming closer to actually $85,000.
- Updated income estimates suggest that at least half of Marion households could not afford the median priced home based on an income of about $78,400 and the ability to come up with the 20% down payment, 60% if 95% financing was available requiring an income of about $94,500.

---

[20] Figures based on 80% financing, interest of 5.5%, 30-year term, annual property tax rate of $7.87 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of $300.

[21] Based on the Nielsen Claritas, Inc. (a proprietary data source) 2009 estimate of median income for Marion.

- About 63% of all households earning at or below 30% of area median income were spending more than 50% of their incomes on housing, involving 87 households whether they be owners or renters.
- Of the 93 households earning between 30% and 50% of area median income, about one-third or 30 households (including 26 owners and 4 renters) were spending more than 50% of their income on housing.
- Almost two-thirds or 161 of the 247 owners earning at or below 80% of area median income were spending too much on housing.

Housing Conditions

Programs to support necessary home improvements, including deleading, handicapped accessibility, and septic repairs for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes.

- More than 60% of Marion's housing stock, or 1,233 units, was built prior to 1970 and is likely to have traces of lead-based paint, posing safety hazards to children. Some of these units are also likely to have deferred maintenance needs.
- Because parts of Marion still lack sewer services, it is also likely that there are septic systems in town that require repairs to avoid water quality and other environmental problems.
- Because of an increasing population of seniors, more units with handicapped accessibility will be required.
- The Town of Marion applied for CDBG funding from the state in 2004 and 2005 to launch such an effort, and was not funded both times.

A summary of housing goals based on these priorities is provided in Table III-29.

Table III-29: Housing Production Goals Based on Types of Units		
Type of Units	5-Year Goals	10-Year Goals
Rental Housing	40 units	80 units
Homeownership Units	15 units	30 units
Total	55 units	110 units
Promote housing assistance for property improvements	10 participants in improvement programs	20 participants in improvement programs

2. Target Populations

In addition to the housing and economic conditions that affect affordability described above, there are specific target populations that have a particular need for affordable housing including the following:

Seniors

Housing alternatives to accommodate this increasing population of seniors, such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance requirements, should be considered in housing planning efforts.

- Census data and projected data indicate substantial increases in the older age groups. For example, those age 65 and over increased from 14.4% to 17.7% from 1980 and 2000. Of particular note were those more middle-aged residents age 45 to 54 who increased from 9.5% to 17% of the population, more than doubling in number.
- Projections show that older age groups are likely to increase significantly with those over the age of 65 becoming at least 20% of the population by 2014, up from 14.4% in 1980. This aging trend is reflected in increases of the median age, from 42.5 years in 2000 to a projected 46.2 years by 2014.
- Town records as of November 10, 2009, suggest an even higher number of seniors in comparison to the 2009 estimates with those 60 years or older representing almost 30% of all residents.
- Projections from the Massachusetts Institute for Social and Economic Research (MISER) indicate substantial growth of all the older age cohorts, projecting an increase of those age 65 or older from 17.7% of all residents in 2000 to 27.8% by 2020.
- Marion has made progress in producing rental housing for seniors including 27 units at Marconi Village and 12 units at Little Neck Village, which will be redeveloped into 48 total rental units for low-income seniors. There is substantial demand for this type of housing. Little Neck Village has 35 people on the wait list, 18 from Marion, and vacancies are rare as there have only been about four (4) within the last three (3) to four (4) years.
- Data on cost burdens indicated that 118 of the 493 elderly homeowners were spending too much for housing including 56 senior households spending more than half their income on housing costs.
- Almost 40% or 135 seniors who owned their own homes and were earning at or below 80% of area median income were spending more than 50% of their income on housing.
- The Marion Council on Aging indicated that the Town has been doing a good job in helping low-income seniors, but those with incomes just above the 60% of area median income level, also need affordable housing alternatives.
- There are no assisted living options in Marion, the closest being in Fairhaven.

Families

Affordable housing that is specifically directed to families should be produced including both rentals and first-time homeownership.

- Families were 72.2% of all households in 2000, estimated to comprise about the same level in 2009.

- Marion's Subsidized Housing Inventory includes only three (3) units targeted to families.
- There were 122 small families who were renters in 2000, 25 or 86% of whom were spending more than half their incomes on housing. In total there were 122 small family renters, 33 spending too much on housing.
- There were 56 small families who were homeowners earning between 30% and 80% of area median income, 42 or 75% of whom had housing cost burdens, 18 spending more than 50% of their income on housing.
- Of the 40 large families who owned their homes in 2000 and had incomes within 80% of area median, 36 or 90% were spending too much on housing including 16 spending more than 50% of their income on housing.
- It is difficult for those who have not owned a home in the past to have sufficient cash and income to afford a home in Marion based on current lending requirements and house prices.
- A small rental for a family with two-bedrooms is at least $1,000 that also involves considerable up-front cash requirements of first and last months rent and a security deposit.
- There were 82 female-headed householders living in Marion who had children of their own under 18 years of age according to the 2000 census. An analysis of income data shows that these householders who are homeowners are in danger of losing their homes because they cannot afford them.
- While foreclosure activity has not been substantial in Marion, involving nine (9) foreclosures in the last six (6) months preceding November 13, 2009,[22] households which are over-extended financially are extremely vulnerable to rising housing expenses and foreclosure.
- The 1999 median family income was lowest for female-headed households with children under 18 than any other household type at $36,250 as opposed to the overall median family income of $75,265 and $82,891 for married couples with children under 18.

Persons with Special Needs

Some amount of new housing should be built adaptable or accessible to the disabled, and supportive services should also be considered, including the possibility of additional group homes.

- In total 674 residents or 13% of the population was disabled in 2000.
- The state Department of Mental Health and Department of Mental Retardation sponsor group homes in Marion, four (4) units for each agency at this time. Each bedroom is eligible for counting as part of the Subsidized Housing Inventory, and the homes are relatively easily integrated into the community.

[22] ForeclosureMass database, November 13, 2009. Relative to other towns and cities in Massachusetts in the last 60 days, Marion had more foreclosed properties than 17 towns, the same amount as 55 towns, and fewer foreclosed properties than 295 towns.

<u>Municipal Employees</u>

Municipal employees, when they meet project eligibility requirements, are among the categories of those who can receive preference for new affordable units, and should be notified of all affordable housing opportunities as they arise.

- Housing for Marion Town employees has been a problem because of the costs of homeownership are so high, exacerbated by very low vacancy rates for both homes and apartments. For those municipal employees who live in Marion, a two-wage household or a second job is a way of life.
- A survey conducted by the Town to obtain a better understanding of the housing needs of Town employees in the fall of 2003, provided the following insights:
    - The lack of available and affordable housing was an impediment to the hiring of new employees. For example, there were not enough new applicants available to fill open Fire Department positions from inside the community and those firefighters who live in adjacent communities often find it difficult to respond to a fire call in a timely manner.
    - Some teachers are commuting from as far away as Middletown, Rhode Island, Stoughton, Massachusetts and Brewster on Cape Cod. Only about half of the teachers who responded to the survey lived within a 20-minute commute of their schools.
    - A number of Fire Department employees rented in Marion but would rather own their home.
    - There were several officers within the Police Department who would prefer to live in Marion, but were unable to find homes that they could afford.
    - Slightly more than half of the DPW staff would like to live in Marion, but cannot afford to do so. Also, 80% of the DPW staff who live in town work two or more jobs in order to pay for their housing.

<u>Community Housing</u>

Promote community housing (those earning between 80% and 100% of area median income) as part of new housing development, including up to 10% of total units when financially feasible.

- There is also a need to produce some housing that is accessible for those earning above 80% of area median income and within median income (eligible for CPA assistance) but still shut out of the private housing market.

A summary of goals for the above target populations is presented in Table III-30.

Table III-30: Housing Production Goals for Target Populations		
Target Population Goals	**5-Year Goals**	**10-Year Goals**
Seniors	20	40
Families	35	70
Total	55	110
Persons with Special Needs	10% of new units produced or 6 units	10% of new units produced 11 units
Municipal Employees	5% of new units produced or 3 units	5% of new units produced or 6 units
Community housing for those earning up to 100% of AMI (10% of new units produced)	6 units	11 units

Table III-31 includes a summary compilation of the production goal breakdowns for types of units in Table III-29 with the target population goals in Table III-30 for both the shorter and longer term.

Table III-31: Summary of Housing Production Goals Based on Priority Needs		
Type of Units	**5-Year Goals**	**10-Year Goals**
Rental Housing	40 units (14 seniors and 26 families)	80 units (28 seniors and 52 families)
Homeownership Units	15 units (5 seniors and 10 families)	30 units (10 seniors and 20 families)
Total	55 units (19 seniors and 36 families)	110 units (38 seniors and 72 families)
Promote housing assistance for property Improvements	10 participants in improvement programs	20 participants in improvement programs
Persons with Special Needs	10% of new units produced or 6 units	10% of new units produced 11 units
Municipal Employees	5% of new units produced or 3 units	5% of new units produced or 6 units
Community housing for those earning up to 100% of AMI (typically in a mixed-income development	10% of new units produced or 6 units	10% of new units produced or 11 units

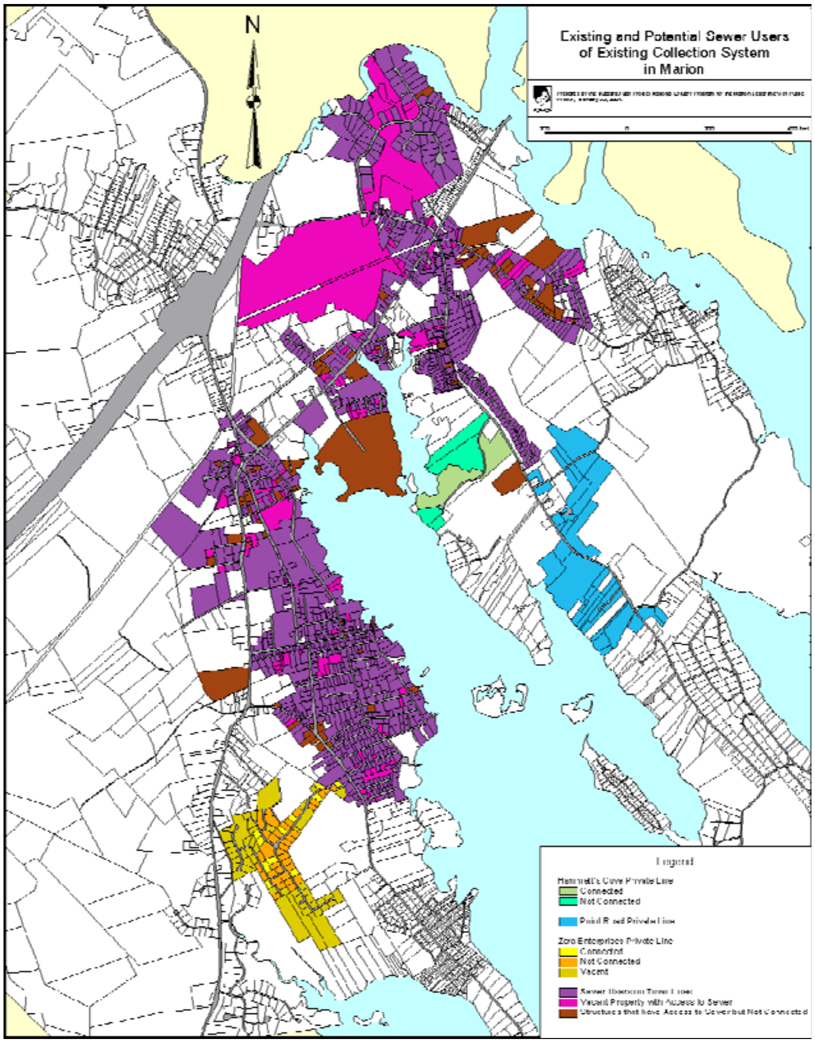
G. Challenges to Producing Affordable Housing

It will be a challenge for the town of Marion to create enough affordable housing units to meet local needs and the 10% state goal, particularly in light of current constraints to new development including the following:

1. Infrastructure

The Town of Marion does not have a public water or sewer system that extends to all residents as of yet, but is getting very close. As of the end of 2009, about 98% of the Town's properties were connected to municipal water services and about 75% were connected to Town sewer services. The Town has addressed its infrastructure needs in three (3) plans released between 2001 and 2003 that directed the relatively recent work in upgrading and expanding its infrastructure including:

- The Town's Wastewater Planning Committee issued a *Facilities Plan* in May 2001 that outlined plans for upgrading its wastewater treatment plant and sewage collection system.
- In 2002 the Department of Public Works (DPW) began exploring additional water supply options and issued its *Capital Improvement Program*, focusing on the problems of water storage, distribution, and supply. The Plan sited needs to repair existing water tanks, the construction of a new tank, the building of a filtration plant with other towns, and a distribution needs program to improve the Town's fire flows.
- A year later, in 2003, the Marion Finance Committee adopted a formal *Capital Plan* that identified capital spending items that were needed over the next ten (10) years.



From these plans, a number of infrastructure projects, excluding school-related projects that are discussed later, have been completed or are planned and will remove some infrastructure constraints to development including the following:

- The rebuilding of the Town's Wastewater Treatment Plant. Last year the Town hired an engineering firm to determine the capacity of the Plant in terms of both load and flow and concluded that the facility has a capacity to handle 1,986 typical residential sewer connections with a total of 272 additional residential connections that can be added to the system.
- The expansion of the sewage collection system into the Dexter Beach, Berry Road and South Converse Road neighborhoods.
- The establishment of the Regional Water Commission District for the towns of Marion, Mattapoisett and Fairhaven to design a regional water treatment facility and associated distribution system.

- Studies regarding the reactivation of the Town's existing Wolf Island Water Pumping Station.
- The design and engineering for a new water storage tank for Marion Village and a 20-year program to upgrade the Town's water distribution system.

2. Zoning

Marion's Zoning Bylaws include nine (9) major zoning districts, five (5) of which are residential as summarized in Table III-32.[23]

Table III-32: Zoning Districts				
District	Acreage #/%	Minimum Lot Size	Minimum Lot Width	Dwellings Per Lot
Residence A	1,513/16.7%	21,780 (0.5 acres)	125	1 BR, 2SP
Residence B	1,282/13.9%	43,560 (1 acre)	150	1 BR, 2SP
Residence C	5,028/55.6%	87,120 (2 acres)	200	1 BR, 2SP
Residence D	742/8.2%	87,120 (2 acres)	250	1 BR, 2SP
Residence E	4.5/0.06%	40,000	150	12/acre max.
Limited Bus.	13.4/3.2%	15,000	80	1 BR, 2SP
General Bus.	287/0.2%	15,000	100	1 BR, 2SP
Marine Bus.	54/1.7%	15,000	100	1 BR, 2SP
Limited Ind.	157/0.6%	15,000	100	1 BR, 2SP
Total	9,081/100.0	--	--	--
Sources: Marion Zoning Bylaws and 1999 State Executive Office of Environmental Affairs Build-out data.				

Use regulations allow single-family homes in all districts except the Limited Industrial District where a special permit from the Zoning Board of Appeals is required. The Residence E District is the Multifamily Residence District "to encourage a limited amount of rental or ownership housing in Marion at a relatively low density to facilitate affordable housing and construction needs. Such housing must be served by public sewer and water. In keeping with the community's desire to maintain Marion as a place where single-family detached homes predominate, these regulations will apply only

[23] Other districts include a Special Flood Hazard District, Water Supply Protection District, Open Space Development District, Surface Water District, Waterfront Compound, Campus Office Park and Wireless Communications Facilities Overlay District.

when the Marion Town Meeting decides to designate an area or areas as Residence E, Multifamily Residence."[24] Has such a district ever been mapped – I couldn't see a district in the zoning map?

Some of the other major provisions of the Zoning Bylaw that relate to housing affordability or smart growth development are summarized below.

- Affordable Lots/LIP Dwelling Units
  Under special permit and endorsement by the Board of Selectmen, the development of nonconforming lots for affordable housing is allowed in Marion.[25] The existing lot or lots must be in common ownership with that of adjoining land and contain at least 5,000 square feet of area and 50 feet of frontage on a street in a residential district. The unit(s) to be developed on the lot must meet all state requirements under the Local Initiative Program (LIP), including deed restrictions in perpetuity. (Has this been used?)

- Multiple Unit Rental Housing[26]
  The Planning Board is allowed to issue a special permit to allow rental units on the second or third floor of an existing structure based on a number of conditions including that the property is located in a business or industrial district, the first floor is used for commercial purposes, the structure was built prior to 1931 or can demonstrate historical significance, has a pre-existing second and/or third floor, the units created remain as rentals, etc. Another condition is that more than two (2) rental units can be approved, but no less than 25% of the units must be affordable and eligible for counting as part of the state's Subsidized Housing Inventory. (Has this been used?)

- Inclusionary Housing[27]
  The bylaw requires that at least 10% of the new units built in subdivisions of six (6) units or more be affordable for homeownership per state LIP requirements, whether built on-site or off-site, or that a fee in-lieu of units be provided of $200,000 per required affordable unit, or some combination of the these options. The bylaw applies to multi-family development as well whether on one or more contiguous parcels but not the construction of six or more single-family dwelling units on individual lots if the lots were in existence prior to April 2003.

[24] Marion Zoning Bylaws, Section 5.3.
[25] Marion Zoning Bylaws, Section 5.6.
[26] Marion Zoning Bylaws, Section 7.4.9.
[27] Marion Zoning Bylaws, Section 8.12.

A special permit is required through the Planning Board. (Any activity to date? If rental housing is built, would the affordable units still be for homeownership?)

- Conservation Subdivision[28]
  The goal of the conservation subdivision is to preserve open space and the natural features of the land by allowing the clustering of homes on lots that are up to 50% smaller than conventional lots and by providing a minimum of 20% of land in the subdivision as open space. The number of homes constructed should be equal to that of a conventional subdivision. The subdivision can consist of any combination of single-family, two-family, and townhouse residential structures. A townhouse structure cannot exceed four (4) units with gabled roofs, predominantly wood siding, an articulated footprint, and varied facades oriented towards the street and not the required parking area. Two (2) parking spaces are required per unit. The open space must be contiguous, include a minimum of 50% of the parcel, and be preserved in perpetuity. Utilization of the by-law requires a special permit from the Planning Board. (I assume the inclusionary zoning bylaw applies here?)

- Open Space Development District[29]
  This bylaw applies to parcels of 50 acres or more in the Residence C District, intended to offer options to property owners to develop the property under standards which are unique to the site and not limited to those that generally apply to the zoning district. The Open Space Development District allows the construction of all residential types, although the total number of units should not exceed that which would normally be allowed in the Residence C District and at least 40% of the tract must be preserved as open space. Density bonuses are offered, however, of up to 15% if between 15% and 30% of the units are affordable "independence" housing or "starter" housing.[30] (Rental housing isn't allowed? Does the inclusionary zoning bylaw apply? Has this been used at all?)

- Flexible Development[31]
  The purpose of this bylaw is "to preserve open space, forested and other scenic views along the public ways in the Town of Marion; to protect the natural

[28] Marion Zoning Bylaws, Section 10.

[29] Marion Zoning Bylaws, Section 12.

[30] Independence housing is defined as small floor area single-family detached or attached owner-occupied housing for households where the head is 55 years of age or older. Starter housing is defined in the bylaw as single-family detached or attached, owner-occupied units available to first-time homebuyers earning between 80% and 110% of area median income.

[31] Marion Zoning Bylaws, Section 15.

environment; to protect the value of real property; to promote more sensitive siting of buildings and better overall site planning; to preserve Marion's traditional New England landscape; and to allow landowners a reasonable return on their investment."[32] The bylaw pertains to the creation of five (5) or more parcels in a residence district, whether a subdivision or not, from a parcel or set of contiguous parcels held in common ownership and further subject to site plan review. The Planning Board can authorize modifications of zoning requirements such as reduced lot sizes, variations on shape and other bulk requirements subject to some stated limitations. Also, a buffer of not less than 200 feet in width is required between the development and any public way.
(Has this been used?)

- Accessory Apartments[33]
  The bylaw allows the creation of accessory apartments in single-family homes by special permit of the Zoning Board of Appeals "to provide additional dwelling units to rent without adding to the number of buildings in town or substantially alter the appearance of the town".[34] The bylaw further states, "an accessory apartment is intended to provide assistance in the provision of affordable housing opportunities for families and individuals of all ages."[35] *The unit can only be occupied by an immediate family member of the owner or comply with state LIP requirements to be affordable*. The property must have been in existence before the date the bylaw was adopted, meet Title V requirements, and not be significantly altered in appearance from the existing single-family structure. One accessory apartment per property may be allowed in the principle structure if the unit is 850 sq. ft. or less in size and smaller than the principle unit. Accessory units are also allowed in accessory buildings. The bylaw also requires that the property owner reside in the principal or accessory unit and provide an affidavit affirming this circumstance. On additional off-street parking space is also required. (How many units have been permitted? Any affordables?)

- Rate of Development[36]
  The purpose of the bylaw is to regulate the rate of growth in town so that municipal services would not be overburdened. Beginning on March 10, 1997, the bylaw capped the number of new residential building permits issued by the building inspector at 26 per year for the next five (5) full calendar years as

[32] Ibid.
[33] Marion Zoning Bylaws, Section 8.6.
[34] Ibid.

[35] Ibid.
[36] Marion Zoning Bylaws, Section 13.

allotted monthly in the zoning bylaw and adjusted each year. The provision was due to expire on January 1, 2007 unless extended. (Was it extended?)

- Subdivision Phasing[37]
  This bylaw placed a cap of seven (7) residential building permits in a 12-month period on land subdivided into more than seven (7) lots. The Planning Board may grant a special permit allowing more than seven permits in a 12-month period if it determines that the probable benefits to the community outweigh the probable adverse effects giving particular consideration to proposals that demonstrate a reduction in allowable density of 50% or more. Where such permit is granted, any building permits issued for dwelling units within the division of land will not count toward the 26 units to be issued annually under the rate of development bylaw. Subdivisions of more than 40 lots may receive a special permit from the Planning Board allowing development of 10% of the lots per year. (Is this still in effect?)

(Any others we should include?)

3. Transportation

Marion is served by a network of principal highways including U.S. Route 6, Interstate Route 195, and state Route 105. The accessible highway system does allow for relatively easy commutes to areas in southeastern Massachusetts and Rhode Island, even to Boston and Providence. Census data corroborates that most workers commute to work by car (90% of workers), with an average commuting time of 27 minutes. There is no rail service nor regional bus transportation, which make residents almost totally reliant on the automobile and adds another cost burden for those with limited incomes, particularly those on fixed incomes.

4. Schools

In recent years, the Town's elementary school, the kindergarten through sixth grade Sippican School, has experienced some declines in enrollments. From 2001 through 2004 the average enrollment was 492 students and was 474 in 2005. Those Marion students attending the Old Rochester Regional High School, which serves as the junior and senior high school for Marion, Mattapoisett and Rochester, was on average 367 students between 2001 to 2004, and down to 399 in 2005 or 32% of the total 1,247 students at the time. In 2005, there were also 46 students attending the Upper Cape Cod Technical School serving the three towns plus Bourne while in the past only about 12 to 14 attended this school from Marion. (Waiting for the info I requested for the last five years from the Superintendent of Schools Office.)

---

[37] Marion Zoning Bylaws, Section 14.

The Town completed the rebuilding and expansion of the Sippican School in 2002, and completed the rebuilding and expansion of the Old Rochester Regional School in 2004, jointly with the Towns of Mattapoisett and Rochester.

5. Availability of Subsidy Funds

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. Marion is fortunate to have passed the Community Preservation Act that provides an important local resource for affordable housing in 140 other communities across the state, that it can use to effectively leverage additional public and private financing to make affordable development feasible as the Town is doing with the Little Neck Village expansion project. CPA funds can also be used as a sole-source subsidy for a wide variety of other efforts related to affordable housing.

6. Community Perceptions

Affordable housing, subsidized housing, low-income housing, projects, Section 8, etc. – these terms can conjure images of potential neglect, plunging property values, increased crime, and even tensions concerning class and race. On the other hand, with such high real estate prices, community perceptions have been tilting towards the realization that affordable housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. It is this growing awareness, impending 40B developments, and some appreciation that affordable housing can be well designed and integrated into the community, which are spurring communities such as Marion to take a more proactive stance in support of affordable housing initiatives. Also, once residents understand that the Town can potentially reserve at least 70% of the affordable units in any new development for those who have a connection to Marion, referred to as "community preference", greater local support is typically more forthcoming.[38]

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

---

[38] Marion's local preference criteria include a current resident, families of children attending school in Marion, municipal/school system employees, and employees of local businesses.

APPENDIX 1
Glossary of Housing Terms

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

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

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

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

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

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

Fair Housing Act

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

Inclusionary Zoning

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

Infill Development

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

Local Initiative Program (LIP)

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

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

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

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Development that includes housing for various income levels.

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

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

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

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

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

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

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

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

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

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

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

APPENDIX 2
Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met[39]:

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

- The community has met the "statutory minima" by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community's land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community's land area.
- The community has made "recent progress" adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Planned Production.
- The application is for a "large project" that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A "related application" for the site was filed, pending or withdrawn within 12 months of the application.

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

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

---

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

Recent changes to Chapter 40B also address when a community can count a unit as eligible for inclusion in the SHI including:

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

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

- *Large Phased Projects*
  If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

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

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

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

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

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

Recent changes to 40B regulations expands the items a subsidizing agency must consider when determining site eligibility including:

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

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

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

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

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

- The hearing be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that there rules are consistent with Chapter 40B.
- Local boards cannot impose "unreasonable or unnecessary" time or cost burdens on an applicant and cannot require an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lacks minimum required qualifications.
- Specifies and limits the circumstances under which ZBA's can review pro formas.
- Zoning waivers are only required under "as of right" requirements, not from special permit requirements.

- Forbids ZBA's from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or require a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

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

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

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

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

B. Housing Production Regulations

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (10 units and 21 units, respectively, for Marion until the new census figures are available in 2011) for *approval* by DHCD.[41]
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

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

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

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

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that "the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income".[42]

The statute defines 40R as "a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions."[43] The key components of 40R include:

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

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

---

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

[43] Massachusetts General Law, Chapter 40R, Section 11.

Incentive Payments

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

There are also density bonus payments of $3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be "able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood."[44]

The principal benefits of 40R include:

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

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

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;

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

- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

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

D. Local Initiative Program (LIP) Guidelines

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

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

Specific LIP requirements include the following by category:

Income and Assets

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.
- For homeownership units, the household may not have owned a home within the past three years except for age-restricted "over 55" housing.

- For homeownership projects, assets may not be greater than $75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than $200,000.
- Income and asset limits determine eligibility for lottery participation.

Allowable Sales Prices and Rents[45]

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and payed by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees[46], private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the "as is" value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the "as is" market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.

---

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

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

- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third party mortgages are allowed for homeownership units.

Marketing and Outreach

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

Regulatory Requirements

- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on "households" = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- for at least 15 years for housing rehabilitation and 30 years for new construction.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –

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

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

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

1. Written support of the municipality's chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.

4. Project sponsors must prepare and execute an affirmative fair marketing plan that must be approved by DHCD.
5. Developer's profits are restricted per Chapter 40B requirements.

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

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

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

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

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

5. Marketing
   - Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
   - Local preference is limited to those who live/work in the community with a maximum of 70% of the affordable units.

- Marketing materials must be available/application process open for a period of at least 60 days.
- Lottery must be held.

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

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

The contact person at DHCD is Erin Bettez of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: janice.lesniak@state.ma.us). For legal questions contact Elsa Campbell, Housing Specialist (phone: 617-573-1321; fax: 617-573-1330; email: elsa.Campbell@state.ma.us).

E. Commonwealth Capital[47]

The state established Commonwealth Capital as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs. Those municipalities with higher scores, will be in a more competitive position for receiving state discretionary funding, not just for housing, but for other purposes including infrastructure, transportation, environment, economic development, etc. The state's goal is to invest in projects that are consistent with Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;
7. Provide transportation choice;

[47] This program was created by the Romney administration and coordinated by the Office of Commonwealth Development. While OCD has been disbanded, applications are still being accepted

8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Applications can be submitted at any time and will be valid for the programs listed above throughout the current fiscal year. Communities should submit applications prior to the deadline for any Commonwealth Capital program to which they are applying to ensure that their score will count. Applications should be submitted electronically, and each community is assigned its own login and password.

Programs which are affected by Commonwealth Capital include the following that are operated by the Executive Office of Administration and Finance (EOAF), Executive Office of Energy and Environmental Affairs (EOEEA), Executive Office of Housing and Economic Development (EOHED), Executive Office of Transportation and Public Works (EOTPW), Coastal Zone Management (CZM), Massachusetts Office of Business Development (MOBD), Massachusetts Office of Relocation and Expansion (MORE), and the Department of Housing and Community Development (DHCD):

- Public Works Economic Development Program (EOTPW)
- Bike and Pedestrian Program (EOTPW)*
- Transit Oriented Development Bond Program (EOTPW)
- Community Development Action Grant Program (EOHED and DHCD)
- State Revolving Fund (EOEEA and DEP)
- Urban Brownfields Assessment Program (EOEEA)*
- Urban Self-Help Program (EOEEA and DCS)
- Drinking Water Supply Protection Grant Program (EOEEA)
- Urban River Visions Program (EOEEA)*
- Coastal Pollutant Remediation Grant Program (EOEEA and CZM)
- Coastal Nonpoint Source Pollution Grant Program (EOEEA and CZM)
- Off-Street Parking Program (EOAF)
- Smart Growth Technical Assistance Program (for this program EOEEA will use inverse Commonwealth Capital scores. Unlike the other 13 programs, a primary goal of this program is to help communities with low scores improve.)

* Indicates programs that are eliminated in proposed program changes.

Draft changes to Commonwealth Capital add the following programs:

- Small Town Road Assistance Program (EOTPW)
- MA Opportunity Relocation and Expansion (MORE)
- Jobs Capital Program (MOBD)
- Water Transportation Capital Funding Program (EOTPW)
- Alternative Energy Property Program (EOEEA-DOER)

The application involves a maximum score of 140 points, including bonus points. The Commonwealth Capital score will account for 30% of the possible application points for any of the Commonwealth Capital programs. The other 70% points are related to the purpose of the particular program and the merits of the proposed project. Communities receive points for zoning, planning, housing, environmental, energy, transportation, and other measures that already exist as well as measures they commit to implement by the end of 2009 (for this year's application). Additionally, communities can receive bonus points for successfully implementing commitments made in their 2008 applications.

The major components of the proposed Commonwealth Capital application and corresponding total point allocations are provided below:

- Plan for and promote livable communities and plan regionally (19)
- Zone for and permit concentrated development and mixed use (26)
- Expand housing opportunities (21)
- Make efficient decisions and increase job and business opportunities (12)
- Protect land and ecosystems (21)
- Use natural resources wisely (7)
- Promote clean energy (9)
- Provide transportation choice (9)
- Advance equity (6)
- Promote sustainable development via other actions (10)
- Bonus points for every prior fiscal year commitment implemented

A greater number of points are granted for actions that are already in place but points are also issued for commitments that have not yet been implemented.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Marion are described below.[48]

A. Technical Assistance

1. Priority Development Fund[49]

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making $3 million available through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community's serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth's principles of sustainable development.

Eligible activities include community initiated activities and implementation activities associated with the production of housing on specific sites. Community initiated activities include but are not limited to:

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and

---

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

[49] Description taken from the state's program description.

- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

Implementation activities associated with the production of housing in site-specific areas include but are not limited to:

- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

The PDF assistance is not available to serve as a substitute for pre-development assessment of alternative development scenarios for parcels already controlled by an identified private developer or to supplant municipal funds to pay staff salaries.

Eligible applicants consist of cities and towns within the Commonwealth. Municipalities may enter into third party agreements with consultants approved by DHCD, however only a municipality will be allowed to enter into a contract with MassHousing regarding the distribution of funds. Municipalities will be responsible for attesting that all funds have been expended for their intended purposes.

Joint applications involving two or more communities within a region or with similar housing challenges are strongly encouraged as a way to leverage limited resources, however, one municipality will be required to serve as the lead.

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

In exchange for the assistance, municipalities must agree to share the end product of the funded activities with DHCD and MassHousing and with other communities in the Commonwealth through reports, meetings, workshops, and to highlight these activities in print, on the web or other media outlets.

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development. Applications will be evaluated based on:

- Eligibility of activity;
- Public support;
- Demonstrated need for funds;
- Likelihood activity will result in production of housing;
- Reasonableness of the timeline;
- Readiness to proceed with proposed project;
- Capacity to undertake activity;
- Cost estimates and understanding of the proposed project cost;
- Proposed activity having clearly defined benefits that will result in the production of housing; and
- Benefits being realized within a 2-3 year-timeframe.

Applications for funding will be accepted and evaluated on a rolling review basis. In order to deploy this assistance as effectively and efficiently as possible, or in the event the planning funds are oversubscribed, communities that have relatively greater planning capacity and/or resources may be requested to provide some matching funds. Additional consideration and flexibility for the assistance will be made for communities with little or no planning staff capacity or resources.

Communities may apply to DHCD for assistance of up to $50,000. The amount of funds awarded will be a reflection of the anticipated impact on housing production. DHCD and MassHousing reserve the right to designate proposals as "Initiatives of Exceptional Merit," in order to increase the amount of assistance and scope of services for certain projects.

2. Peer to Peer Technical Assistance

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

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

3. MHP Intensive Community Support Team

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

4. MHP Chapter 40B Technical Assistance Program

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

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

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

5. Smart Growth Technical Assistance Grants

The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to $30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of stormwater BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;

- Implementation of Low Impact Development (LID) bylaws/ordinances; and
- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application, and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006, but no applications were required in FY 2006 if one had been submitted previously. Nevertheless, communities are able to submit supplemental information that will likely help boost their scores and competitiveness for state discretionary resources.

B. Housing Development

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

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

1. HOME Program

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

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;

- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

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

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

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

2. Community Development Block Grant Program (CDBG)

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

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

The **Housing Development Support Program (HDSP*)*** provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There are no per unit maximums or recommended maximum total development costs. Funding is distributed through Notices of Funding Availability that occur once or twice a year. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

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

3. Housing Stabilization Fund (HSF)

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

4. Low Income Housing Tax Credit Program

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

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

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

5. Affordable Housing Trust Fund

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

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

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

6. Housing Innovations Fund (HIF)

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

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

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

8. MHP Permanent Rental Financing Program

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

9. OneSource Program

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

10. Section 8 Rental Assistance

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

11. Massachusetts Preservation Projects Fund

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

12. District Improvement Financing Program (DIF)

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

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

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

14. Community Based Housing Program

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

C. <u>Homebuyer Financing and Counseling</u>

1. Soft Second Loan Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent $1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or $20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Marion is already a participating community in the Program.

2. American Dream Downpayment Assistance Program

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

3. Homebuyer Counseling

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

Fall River Affordable Housing Corporation
Bob Landry
(508) 677-2220

Plymouth Redevelopment Authority
Plymouth
Patty Roy
(508) 747-1620 x147

Pro-Home, Inc.
Taunton
Mary Ellen Rochette
(508) 821-1092

South Shore Housing Develoment Corporation
Kingston
Sharon Hurley
(781) 422-4200

4. Self-Help Housing.

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

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

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

2. Get the Lead Out Program

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

3. Septic Repair Program

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

4 Home Modification Program

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The area's regional non-profit organization, South Shore Housing, administers these funds for the state. The Marion Council on Aging also is available to help seniors complete application materials.