

TOWN OF MANCHESTER-BY-THE-SEA HOUSING PRODUCTION PLAN



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With funding support from the Manchester Community Preservation Fund

November 2020

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TOWN OF MANCHESTER-BY-THE-SEA HOUSING PRODUCTION PLAN

1. EXECUTIVE SUMMARY

Manchester is among the most desirable places in New England to live, raise a family, visit and retire. However, based on a widening affordability gap, largely outside of the Town's control due to demographic and economic conditions, the community needs to strategically plan for future residential development. By establishing a proactive community housing policy, Manchester can continue to guide new development to fit its own needs for more diversity in housing types and affordability while still complementing the town's traditional development patterns and meeting state affordability goals.

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

Table 1-1 summarizes demographic and economic characteristics in Manchester and compares this information to that of Essex County and the state based on the 2010 and 2018 census estimates from the U.S. Census Bureau's American Community Survey (ACS). This information, as well as other data from Sections 3 and 4, indicates the following notable community trends:

Demographic Trends

- *Relatively stable population since 1980 with some limited declines.* Manchester's population has remained fairly flat, hovering close to 5,200 residents over the past couple of decades, although U.S. Census estimates for 2018 show a 3.6% uptick in population to 5,370 residents.
- *Town census data indicates significantly more residents, however, with a population of 5,600 in 2020.* The historic disparity between the federal and local figures is largely because federal census counts students as living at their colleges and universities while the Town counts students as living at the home of their parents. Some of those counted are also inactive voters that might have moved but cannot be eliminated from the census for two biennial state elections if they do not return a confirmation notice.

These projected population changes suggest the need for housing alternatives to accommodate the increasing population of seniors, such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands. Additionally, more affordable starter housing opportunities to attract young adults, including young families, should be promoted both as rentals and first-time homeownership.

- *The Metropolitan Area Planning Council (MAPC) projections suggest limited declines to 5,031 residents by 2020 and 4,914 by 2030.* Given the recent growth according to census data, these projections may overestimate future population losses.

- *The population is losing younger residents and gaining older ones.* While Manchester has

proportionately more children than the county and state, it has experienced modest declines in children. Younger adults in the family formation stage of their lives declined by 83%, likely affected by the high cost of housing in Manchester.

- Of particular note is that *the number of those 65 years of age and older almost doubled between 1980 and 2018*, from 644 to 1,243 residents, while the population as a whole decreased by 1%. These seniors comprise 23% of Manchester's residents compared to 17% and 16.5% for the county and state, respectively.

Changes in the median age also reflect this demographic shift, increasing from 39.9 to 49.9 years between 1990 and 2018. MAPC projections suggest that the community will experience a more significant loss of children 15 years of age or younger and an even greater increase in those 65 years of age or older.

- Very little racial population diversity* as minority residents represented less than 1% of the town's population in 2018, comparable to the 1990 level, and significantly less than 22.5% and 19.8% for the county and state, respectively.

Table 1-1: Summary of Demographic and Economic Characteristics for Manchester, Essex County and Massachusetts, 2010 and 2018

Demographic Characteristics	Manchester		Essex County		Massachusetts	
	2010	2018	2010	2018	2010	2018
Total population ¹	5,136	5,370	743,159	790,638	6,547,629	6,902,149
Population growth since 2000	-1.8%	2.7%	2.7%	11.9%	3.1%	12.6%
Population density (per square mile of land area)	664	694	1,484	1,579	835	880
% Minority residents	2.4%	0.6%	18.1%	22.5%	19.6%	19.8%
% under 18 years	23.7%	22.6%	20.0%	21.3%	21.7%	19.8%
% 18 to 34 years	10.1%	9.0%	23.2%	21.7%	23.1%	24.5%
% 35 to 44 years	11.7%	11.0%	13.5%	12.0%	13.6%	12.2%
% 45 to 54 years	18.4%	18.2%	16.3%	13.8%	15.5%	13.3%
% 55 to 64 years	16.5%	15.1%	12.9%	14.3%	12.3%	13.6%
% 65 years or more	19.6%	23.1%	14.1%	17.1%	13.8%	16.5%
Median age	47.6 years	49.9 years	40.4 years	41.1 years	39.1 years	39.5 years
% Family households	67.3%	77.0%	65.7%	67.2%	63.0%	62.7%
% Nonfamily households	32.7%	23.0%	34.3%	32.8%	37.0%	37.3%
% Single-person households	28.8%	20.0%	28.1%	27.3%	28.7%	29.0%
Average household size	2.39 persons	2.59 Persons	2.54 persons	2.6 Persons	2.48 persons	2.50 Persons
Economic Characteristics						
Median household income*	\$105,000	\$124,025	\$63,341	\$76,604	\$63,961	\$79,835
Individuals in poverty*	3.5%	3.9%	10.4%	10.7%	10.8%	10.0%
% Earning less than \$25,000/\$35,000*	15.6%/23.8%	11.6%/16.9%	20.9%/29.4%	17.7%/24.6%	20.6%/28.5%	17.0%/23.7%
% Earning more than \$100,000*	52.3%	58.2%	30.5%	39.8%	29.9%	40.5%

Sources: US Census Bureau 2010 and American Community Survey 2014-2018, 5-Year Estimates for Manchester and 1-Years Estimates for the county and state. Asterisk (*) notes use of US Census Bureau's American Community Survey, 2006-2010 estimates for 2010 information.

¹ The Town's census figures of total population were 5,571 in 2010 and 5,600 in 2020.

- *Growth in the number of households has been substantially higher than overall population growth.* While there was a net population decline of 1% in Manchester's population since 1980, the percentage of households increased by 11% between 1980 and 2010, from 1,938 to 2,147. Census estimates suggest that the number of households decreased to 2,072 by 2018 which was not anticipated given demographic trends.
- *Projected increases in the number of households.* MAPC projections indicate that the number of households will increase to 2,244 in 2020 and 2,298 by 2030 despite some slight fall-off in total population. This is due to projected increases in smaller families and non-family households, driven largely by an aging population, although recent census data suggests increases in average household size.
- *Manchester is a community of families.* Family households largely decreased from almost three-quarters of all households in 1980 to two-thirds by 2010, and then increased to 77% based on 2018 census estimates. This is high in comparison to 67% and 63% for the county and state, respectively. The trend towards fewer families and more non-family households² is more typically the norm in more affluent communities which are also experiencing increases in older adults. The draw of local schools and other community amenities are likely factors in this increase.
- *Trend towards larger households.* The average household size decreased from 2.47 to 2.39 persons between 1990 and 2010, in line with expected trends towards more "child-free" and "child-delayed" families and empty nesters. The 2018 census estimates suggest an increase to 2.59 persons which is reflective of estimated increases in families.

Economic Trends

- *Very high income levels – 8th highest in the state.* Incomes have grown substantially with the median household income level increasing by 69% since 1999, from \$73,467 to \$124,025 in 2018. In comparison, the median household income for the state as a whole more than doubled but at a considerably lower range, from only \$36,952 to \$79,835 during this same period. Manchester's median household income level was also high in comparison to most of its neighbors including \$113,469 in Essex, \$79,483 for Beverly, \$65,377 for Gloucester, and \$109,712 for Wenham. It was somewhat lower than the median for Hamilton of \$133,333.
- *Significant income disparities.* Half of all renter households had incomes of no more than \$35,000 compared to 4% of homeowners. On the other hand, 72% of homeowners earned more than \$100,000 compared to 18.3% of renters. This disparity by tenure is further demonstrated in median income levels of \$63,333³ and \$159,464, respectively.

While the overall community has become increasingly more affluent over the past several decades, there remains a very vulnerable population living in Manchester with limited financial means. In 2018 about 240 or 12% of all households earned less than \$25,000 including 36% of all renters. Approximately another 30% of all renters earned enough to potentially qualify for subsidized first-time homebuyer opportunities if they become available.

² Includes individuals and unrelated household members, referred to by the U.S. Census Bureau as nonfamily households.

³ This figure is from the 2009-2013 Five-Year Estimates from the American Community Survey as the 2018 census estimates did not include a figure indicating that the sample size was too small.

- *Decreases in poverty.* Poverty, while comparably low, at less than half county and state levels, has modestly decreased over the past several decades with some modest fluctuations, particularly for seniors.⁴

Housing Trends

Table 1-2 presents comparative data on housing characteristics that suggest the following trends:

- *Very limited recent housing growth.* The 2018 census estimates identify a 1% decline in housing growth in Manchester since 2000, clearly lower than 9.3% for Essex County and 11.2% statewide. However, while the 2018 census estimates show a loss of units since 2010, building permit activity identifies the production of 56 net new units with 45% of all new housing permits involving teardown and replacement activity. There have also been numbers of conversions of multi-family properties to single-family dwellings and condos in addition to high-end subdivisions.
- *High level of owner-occupancy.* Almost three-quarters of Manchester's housing stock was owner-occupied compared to 63% and 62% levels for the county and state.
- *Loss of rental units.* Census data suggests a 296-unit gain or 23.4% increase in owner-occupied properties between 1980 and 2010 with a loss of 89 rental units or 13.2% of the town's rental housing during this period. The 2018 estimates suggest a further loss of 45 units and a decline to 542 rentals from 676 in 1980.
- *More limited multi-family housing.* About 19% of Manchester's housing stock involved multi-family housing of three units or more compared to almost 32% for the county and state.

There is very little affordability remaining in the owner-occupied housing stock with only 26 units valued below \$300,000, down from 53 in 2013, according to 2018 census estimates. Moreover, only 1 home sold for less than \$300,000 between August 2019 and August 7, 2020.

- *Consistently high housing prices.* The median sales price of a single-family home as of July 2020 was \$815,000, up from \$780,000 in July 2015. This would require an income of about \$170,000 based on having sufficient cash available for a 20% down payment.

The rental market has changed substantially as the median rent almost doubled between 1980 and 1990, going from \$342 per month to \$648, and then doubling again between 1990 and 2013 to \$1,355. It then dipped to \$1,183 in 2018, which is surprising given the strength of Manchester's housing market. In 1990, about 10% of the rents were more than \$1,000 which increased to 62% by 2018. It is also important to note that the census counts include 123 subsidized units, representing about 23% of all rental units in Manchester, thus making rental costs appear more affordable than they really are.

A strong rental housing market, including seasonal units, has pushed going rents well beyond the means of most low- and moderate-income individuals and families. There are few listings of rental

⁴ The 2020 federal poverty level from the U.S. Department of Health and Human Services was \$12,760 for an individual and \$21,720 for a three-person household.

opportunities in Manchester but what few exist suggest that market rents are much higher than the \$1,183 gross monthly rents indicated by 2018 census estimates. Recent listings of rental units indicate that most of the rentals were in existing homes ranging from a very small rear apartment for \$1,100 to \$3,400 for a two-level apartment in a large house. The listings also included two 4-bedroom homes with one on the water renting for \$7,500 per month.

Additionally, landlords typically ask for first and last months' rent up-front plus a security deposit. A typical market rent of about \$2,000 would not only require about \$6,000 in cash at lease-up, but also an income of about \$88,000 assuming average monthly utility bills of \$200 and the tenant paying 30% of its income on housing costs.

1-2: Summary of Housing Characteristics for Manchester, Essex County and Massachusetts, 2010 and 2018

Housing Characteristics	Manchester		Essex County		Massachusetts	
	2010	2018	2010	2018	2010	2018
Total housing units ⁵	2,394	2,303	306,754	313,969	2,808,254	2,915,043
Housing growth since 2000	2.9%	-1.0%	6.8%	9.3%	7.1%	11.2%
Housing density (per square mile of total land area)	310	298	613	627	358	372
% Occupied housing Units	89.7%	90.0%	93.2%	94.1%	90.7%	90.0%
% Owner-occupied units	72.7%	73.8%	63.8%	62.8%	62.3%	61.8%
% Renter-occupied units	27.3%	26.2%	36.2%	37.2%	37.7%	38.2%
% Single-family, detached structures*	65.4%	71.9%	50.0%	50.9%	52.2%	51.4%
% Units in structures of 3 or more units*	21.2%	18.9%	31.6%	32.3%	31.6%	32.7%
Median single-family sales price as of end of 2010/as of 7/20 (Banker & Tradesman)	\$728,750	\$815,700	\$320,000	\$499,900	\$295,000	\$425,000
Median monthly gross rent*	\$1,167	\$1,183	\$975	\$1,278	\$1,008	\$1,295

Sources: US Census Bureau 2010. Asterisk (*) notes use of US Census Bureau's American Community Survey, 2009-2013 estimates.

- *Widening affordability gaps.* The affordability gap for single-family homes was \$229,500, based on the difference between what a median income household could afford of \$585,500 (for an average household of three and 80% financing) and the median house price of \$815,000.⁶ Moreover, this analysis assumes 80% financing and the ability to afford the upfront cash

⁵ The Town's figures for total housing units include 2,142 in 2010 and 2,479 in 2020.

⁶ Figures based on 80% financing, interest of 4.0%, 30-year term, annual property tax rate of \$11.70 per thousand, insurance costs of \$6 per thousand for single-family homes and \$4 per thousand for condos. Figures also assume that a household will pay no more than 30% of its income on housing costs. Figures do not include underwriting for Private Mortgage Insurance (PMI) in calculations with a 20% down payment and assume that purchasers earning at or below 80% AMI would qualify for the ONE Mortgage Program or another subsidized mortgage program that would not require PMI.

requirements for the down payment and closing costs of almost \$170,000, something most first-time homebuyers without equity in a previous home are typically challenged to provide and effectively adds to the affordability gap.

When looking at the affordability gap for those earning at 80% of area median income (AMI), the gap widens considerably to about \$406,000, the difference between the median priced single-family home of \$815,000 and what a three-person household earning at this income level can afford, or an estimated \$409,000, based on 80% financing. In regard to 95% financing the gap increases to \$455,000. Once again, the upfront costs of the down payment and closing costs add to the affordability gap.

- *High housing cost burdens.* Given such high housing costs, it is not surprising that almost 28% of all Manchester households were spending too much on their housing including about 13% spending more than half of their income on housing costs. Of those 595 households earning at or below 80% of median income in the Boston area, 353 were experiencing cost burdens with 230 or 39% spending more than half of their income on housing costs.⁷
- *Limited affordability.* Assessor's data suggests that there were only 22 single-family homes and 51 condos that were likely affordable to those earning at or below 80% AMI for a total of 73 units or 4.1% of all these units. Another 312 single-family homes and 85 condos were estimated to be affordable to those earning between 80% AMI and the median income level for Manchester for a total of 397 units or 22.2% of all such units.

Moreover, there are currently only 115 units in Manchester's state-approved Subsidized Housing Inventory (SHI), representing 5.05% of the total year-round housing stock of 2,275 units. Consequently, the Town is halfway towards meeting the state's 10% affordability threshold under Chapter 40B, although when the 2020 census figures are released the percentage will likely drop somewhat to about 4.9%.⁸

1.2 Summary of Priority Housing Needs

Given the substantial number of residents who are paying too much for their housing and wide affordability gaps, there is a pressing need to produce more affordable housing units in Manchester. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by increasing housing prices in tandem with limited and increasingly competitive state and federal resources available to subsidize housing.

⁷ If a household is spending more than 30% of its income on housing, it is considered by common definition as living in housing that is beyond what they can afford and thus has cost burdens. Spending half or more of household income on housing is defined as having severe cost burdens.

⁸ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

The Town intends to work with public and private sector stakeholders to devise and implement strategies that preserve and produce additional and more diverse community housing options. Annual production goals and specific strategies to meet priority needs are detailed in Sections 7 and 8 of this Housing Production Plan.

Based on input from a wide variety of sources including census data, market information, interviews with local and regional stakeholders, resident input, as well as prior planning efforts; the following priority housing needs have been identified:

Rental housing is the top priority!

Both rental and ownership housing are needed to encourage a mix of housing types in response to diverse housing needs. There is, however, a more pressing need for rental units for those with lower-paying jobs, many in the area's service economy, who are encountering serious difficulty finding housing that they can afford in Manchester. Because state housing subsidy funds are almost exclusively directed to rental housing and because the Town places the highest priority on meeting the housing needs of its most financially vulnerable citizens, this Housing Plan identifies the creation of new rental units as the top priority for both seniors and families.

New ownership opportunities are second priority!

Efforts to provide starter homes for first-time homebuyers who are priced-out of Manchester's housing market should be promoted to help diversify an increasingly aging population.

Integrate handicapped accessibility and supportive services into new development

Handicapped accessibility and supportive services should be integrated in at least 10% of the new units that are created to better support those with disabilities and growing numbers of seniors.

1.3 Summary of Housing Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of 0.50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI). Manchester would have to produce at least 11 affordable units annually based on these goals, a formidable challenge, and housing growth will continue to drive-up the 10% goal, likely to 12 units when the 2020 census figures are released.

If the state certifies that the locality has complied with its annual production goals, the Town may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications without the developer's ability to appeal the decision.⁹ Production goals over the next five years include the creation of an estimated 215 affordable units and 278 total housing units (see Table 7-1).

⁹ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely

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

1.4 Summary of Housing Strategies

The strategies listed in Table 1-3 and described in Section 8 are based on input from a wide variety of sources including interviews with local and regional stakeholders, local housing goals and objectives, prior planning efforts (including the 2015 Housing Production Plan and 2019 Master Plan), the priority housing needs identified in Section 5.7, the public forum held on TBD?, as well as the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to those that build local capacity to promote affordable housing as well as those involving regulatory changes and production initiatives. They are also categorized according to priority – those higher priority actions to be implemented within Years 1 and 2 and those of more moderate priority for Years 3 to 5.

The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.¹⁰ Also, while a major goal of this Plan is to eventually meet the state's 10% affordability threshold under Chapter 40B, another important goal is to serve a broad range of local housing needs. Consequently, there are instances where housing initiatives might be promoted to meet community needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (SHI).

It is also important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels. Moreover, the proposed actions present opportunities to judiciously invest limited Community Preservation and Housing Trust funding to build local capacity, modify or create new local zoning provisions, and subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) that leverage other necessary resources.

decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

¹⁰ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

Table 1-3 Summary of Housing Strategies	Priority for Implementation		# Affordable Units	Responsible Parties**
	In Years 1-2	In Years 3-5		
8.1 Capacity Building Strategies				
1. Continue to conduct ongoing community outreach and education	X		*	HT + other Sponsors of initiatives
2. Capitalize the Affordable Housing Trust	X		*	BOS/CPC
3. Continue to Reach Out for Technical and Financial Resources	X		*	HT
8.2 Zoning Strategies				
1. Pursue 40R/40S Smart Growth Zoning	X		*	PB/HT
2. Modify the Accessory Dwelling Unit (ADU) bylaw	X		*	PB/HT
3. Modify multi-family requirements	X		*	PB/HT
8.3 Development Strategies				
1. Pursue mixed-use and TOD	X		167	PB/HT
2. Make suitable public property available for affordable housing	X		38	BOS/PB/HT/MHA
3. Support small-scale infill development and conversions	X		10	PB/HT

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

****Abbreviations**

Board of Selectmen = BOS

Community Preservation Committee = CPC

Housing Trust = HT

Planning Board = PB

Manchester Housing Authority = MHA

2. INTRODUCTION

2.1 Background and Purpose

The Town of Manchester-by-the-Sea is located 25 miles north of Boston on Cape Ann with relatively easy access to Boston through commuter rail and Route 128. The town is bordered by Gloucester on the east, Hamilton and Essex to the north, Beverly to the west, and the Atlantic Ocean to the south. This small seaside community is rich in traditional New England character and, in addition to its long-standing residents, has been attracting urban professionals and retirees due to its historic charm, excellent schools and access to the ocean.

This Housing Production Plan represents an opportunity to update much of the information that was compiled in the previous Housing Production Plan that was completed in late 2015, providing a more current roadmap for policies, projects, initiatives, and regulatory changes that will help Manchester create more affordable housing opportunities to address local needs and priorities.

Between 2016 and 2019, the Town prepared a Comprehensive Master Plan. The foundation of the Plan was a community visioning process that documented a desired future for the town through a survey, focus groups and community events. There was strong support for promoting a greater diversity of housing types with one resident quoted as saying:

“I would like to live in a town with good schools and a socio-economic mix of residents. I would like to make sure that there is affordable housing and support for the non-wealthy. Manchester runs the risk of becoming overly gentrified and squeezing out its most valuable resource: its mix of people who support each other and the communities and neighborhoods.”

The production of community housing is nevertheless challenging given such high property costs, environmental issues, infrastructure constraints, and zoning among other limitations. This Housing Production Plan includes strategies to overcome some of these obstacles to better address local goals.

2.2 What is Affordable Housing?

Affordable housing is generally defined by the income of the household in comparison to housing costs. For example, the federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. If households are paying more than these thresholds, they are described as experiencing housing affordability problems or cost burdens; and if they are paying 50% or more for housing, they have severe housing affordability problems. A detailed analysis of affordability is included in Section 5.5 of this Housing Plan.

Affordable housing is also defined according to its availability to households at percentages of median income for the area,¹¹ and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. As shown in Table 2-1, extremely low-income housing is directed to those earning at or below 30% of area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (up to \$34,550 for a family of three for the Boston area) and very low-

¹¹ Manchester is part of the Boston, MA-NH Metro Area that includes a considerable number of communities in the Greater Boston area, also including some municipalities in New Hampshire.

income is defined as households earning between 31% and 50% of area median income (up to \$57,600 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income (up to \$86,650 for a family of three).¹²

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

Table 2-1: HUD Income Limits for the Boston-Cambridge-Quincy, MA-NH HUD Metropolitan Area, 2020

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income	100% of Area Median Income
1	\$26,850	\$44,800	\$67,400	\$83,300
2	\$30,700	\$51,200	\$77,000	\$95,200
3	\$34,550	\$57,600	\$86,650	\$107,100
4	\$38,350	\$63,950	\$96,250	\$119,000
5	\$41,450	\$69,100	\$103,950	\$128,520
6	\$44,500	\$74,200	\$111,650	\$138,040
7	\$47,600	\$79,300	\$119,350	\$147,560
8+	\$50,650	\$84,450	\$127,050	157,080

Source: U.S. Department of Housing and Urban Development (HUD) and the Community Preservation Coalition

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program. The state established legislation for promoting affordable housing under the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).¹³ This legislation allows developers to override local zoning if the project meets certain requirements, the municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals and other statutory requirements are not met. Specifically, all SHI units must meet the following criteria:

1. Subsidized by an eligible state or federal program.
2. At least 25% of the units must be affordable to those earning at or below 80% AMI or 20% must be affordable to those earning at or below 50% AMI.
3. Subject to a long-term deed restriction limiting 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).
4. Subject to an Affirmative Fair Housing Marketing Plan.

¹² The family of three (3) is illustrated here and is used in affordability calculations as the average household size was 2.59 persons per 2013 census estimates from the American Community Survey (ACS).

¹³ 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.

Of the 2,275 year-round housing units in Manchester, 115 or 5.05% meet the Chapter 40B requirements and thus have been determined to be affordable by the Commonwealth of Massachusetts as part of what is called a Subsidized Housing Inventory (SHI). Manchester is therefore halfway to meeting the state's 10% affordability threshold **when it will no longer be susceptible to comprehensive permit applications that it deems are inappropriate and do not address local housing needs.** However, based on documentation in this Housing Plan, even doubling the number of affordable units will not address the range of local housing needs.

The Town might also be able to deny Chapter 40B applications if it meets annual housing production goals or can document that 1.5% of its land area is committed to affordable housing development for example. The annual housing production goals are described in Section 7. As to the calculation of the land area minimum, the land area that includes affordable housing is measured and subtracted from land zoned for residential, commercial or industrial use minus a number of other uses including conservation land and state or federally-owned property. Based on these calculations, more than 68 acres would have to be dedicated to affordable housing projects compared to the current land amount of about 10 acres.

3. DEMOGRAPHIC PROFILE ¹⁴

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

- What have been the historical growth trends in the community and what is projected for the future?
- What are the ramifications of increases and decreases of various age groups in regard to housing needs?
- What are the variations in household size and types of households that suggest unmet or greater housing needs?

3.1 Population Growth – Recent population growth after a period of decline

As noted in Table 3-1, Manchester's population more than doubled between 1930 and 1980 to 5,424 residents and then declined in subsequent decades to a population of 5,185 according to 2013 census estimates from the Census Bureau's American Community Survey. Census estimates for 2018 show a 3.6% uptick in population to 5,370 residents.

Town census figures indicate a significantly higher population of 5,600 residents in 2020, from 5,571 and 5,775 in 2010 and 2013, respectively. The historic disparity between the federal and local figures is largely because federal census counts students as living at their colleges and universities while the Town counts students as living at the home of their parents. Some of those counted are also inactive voters that might have moved but cannot be eliminated from the census for two biennial state elections if they do not return a confirmation notice.

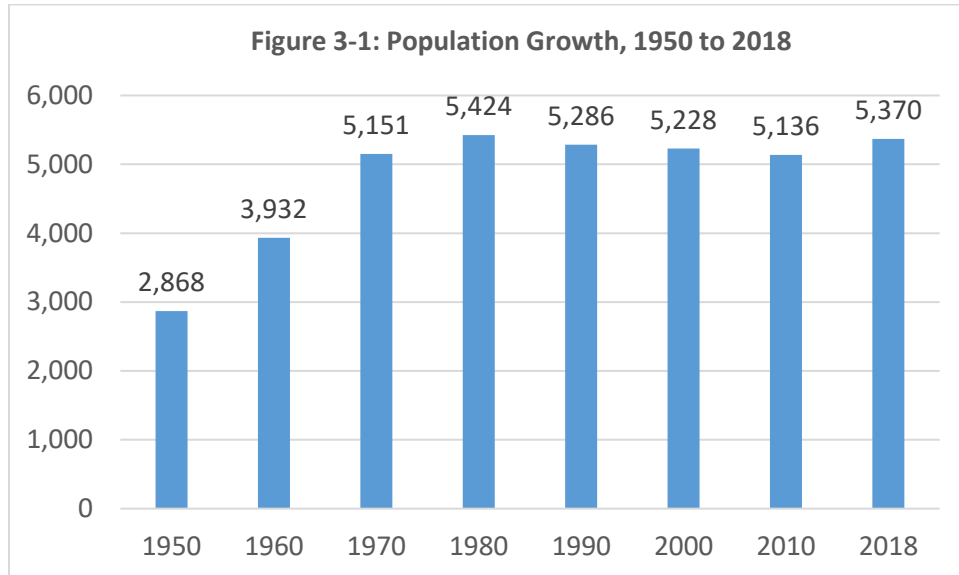
Table 3-1: Population Change, 1930 to 2018

Year	Total Population	Change in Number	Percentage Change
1930	2,636	--	--
1940	2,472	-164	-6.2%
1950	2,868	396	16.0%
1960	3,932	1,064	37.1%
1970	5,151	1,219	31.0%
1980	5,424	273	5.3%
1990	5,286	-138	-2.5%
2000	5,228	-58	-1.1%
2010	5,136	-92	-1.8%
2013	5,185	49	1.0%
2018	5,370	185	3.6%

Source: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center for decennial counts. U.S. Census Bureau's American Community Survey, 5-Year Estimates 2009-2013 and 2014-2018.

¹⁴ It should be noted that this Housing Production Plan includes the most up-to-date data available. The decennial census data is typically provided as this data reflects actual counts. The most recent issue of the Census Bureau's American Community Survey (ACS) is also shown for some data not covered by the decennial counts and for more up-to-date information. Because the ACS is based on a sample, it is subject to sampling error and variation.

Figure 3-1 visually presents the growth spurt that took place prior to 1980 and then the slow population loss after that. The population is stabilizing and has even increased since 2010 according to census estimates.



Population projections from the Metropolitan Area Planning Council (MAPC) estimate that the population will decline somewhat to 5,031 residents by 2020 and then dip further to 4,914 by 2030. Such significant declines are unlikely given recent population increases.

3.2 Age Distribution – Major increases in older residents driven by Baby Boomers

Table 3-2 and Figure 3-2 present census data regarding changes in the distribution of ages from 1980 through 2018. In general, there were recent small decreases in younger residents and major gains in the older age groups as summarized below.

Table 3-2: Age Distribution, 1980 to 2018

Age Range	1980		1990		2000		2013		2018	
	#	%	#	#	%	%	#	%	#	%
Under 5	263	4.8	332	6.3	255	4.9	247	4.8	160	3.0
5 – 17	1,262	23.3	760	14.4	995	19.0	955	18.4	1,051	19.6
18 – 24	493	9.1	431	8.2	232	4.4	236	4.6	349	6.5
25 – 34	757	14.0	752	14.2	437	8.4	326	6.3	132	2.5
35 – 44	815	15.0	921	17.4	819	15.7	502	9.7	589	11.0
45 – 54	631	11.6	743	14.1	950	18.2	1,112	21.4	978	18.2
55 – 64	559	10.3	552	10.4	681	13.0	751	14.5	868	16.2
65 – 74	381	7.0	456	8.6	470	9.0	513	9.9	813	15.1
75 – 84	193	3.6	339	6.4	287	5.5	363	7.0	327	6.1
85+	70	1.3			102	2.0	180	3.5	103	1.9
Total	5,424	100.0	5,286	100.0	5,228	100.0	5,185	100.0	5,370	100.0
Under 18	1,525	28.1	1,092	20.7	1,250	23.9	1,202	23.2	1,211	22.6
Age 65+	644	11.9	795	15.0	859	16.4	1,056	20.4	1,243	23.1
Median Age	--		39.9 Years		43.7 years		48.3 years		49.9 years	

Source: U.S. Census Bureau, 1980, 1990, and 2000; American Community Survey 5-Year Estimates for 2009-2013 and 2014-2018.

- Proportional decreases in children*

The proportion of children under age 18 declined by 21.0% between 1980 and 2018, from 28.1% of the population to 22.6%, however, the actual numbers have stayed relatively comparable since 2000. While the total population since 1980 decreased by 1%, the drop in children under 18 decreased by 21%.
- Decreases in college-age residents*

Young residents in the 18 to 24-age range decreased by almost half between 1980 and 2013, from 493 residents to 236. The 2018 census estimates suggest some increase, however, to 349 residents.
- Young adults demonstrated an 83% decline in population*

Younger adults in the family formation stage of their lives, the 25 to 34-age category, decreased dramatically during this period, dropping to 2.5% of the population in 2018 from 14.0% in 1980, and from 757 to 132 residents. It is likely that the lack of housing diversity is a major factor in this decline.
- Increases in middle-age residents*

Those in the 35 to 54-age range increased from 26.6% of the population in 1980 to 33.9% by 2000 and then declined somewhat to 28.2% by 2018. Part of the Baby Boom generation was spilling into the older age categories by 2010 as those in the age-55 to 64 range increased from 13.0% in 2000 to 16.2% by 2018, or from 681 to 868 residents. Many of these residents likely had children and were attracted to the community's schools and recreational opportunities.
- Substantial upsurge in the population 65 years or older*

The number of those 65 years of age and older almost doubled between 1980 and 2018, from 644 to 1,243 residents, while the population as a whole decreased by 1.0%. The aging of this population is also reflected in the increase in median age from 39.9 years in 1990 to 49.9 years by 2018.

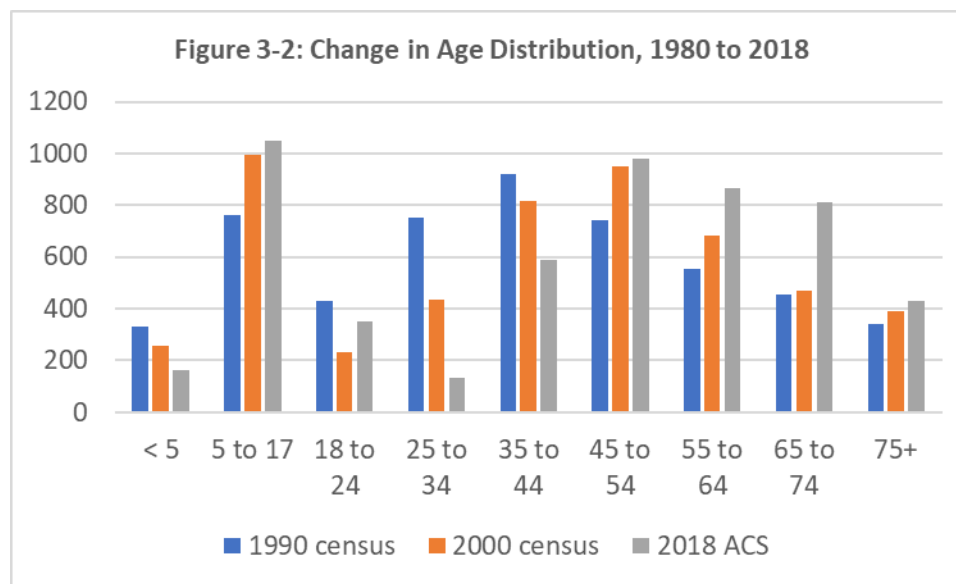


Table 3-3 offers population projections by age category for 2020 and 2030, comparing these figures to 2010 census results. These estimates were prepared by the Metropolitan Area Planning Council (MAPC), Manchester's regional planning agency, and estimate a population decline of 4.3%, or by 222 residents by 2030, with continuing shifts in the age distribution that for the most part reflect past trends. The younger

age categories are expected to decrease significantly while the older age groups are projected to demonstrate significant gains. For example, those under the age of 20 are expected to decrease from 25.1% to 18.3% with total population numbers remaining about the same.

These projected population changes suggest the need for housing alternatives to accommodate the increasing population of seniors, such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands. Additionally, more affordable starter housing opportunities to attract young adults, including young families, should be promoted both as rentals and first-time homeownership.

Those over 65 are estimated to increase substantially from about one-fifth to one-third of all residents, representing a gain of more than 600 residents in this age category by 2030.

The population in the middle years, between ages 35 and 54, is projected to decrease by 22.3% or by 345 residents. These projected demographic shifts are further presented in Figure 3-3 which charts the trajectory of the population shifts towards fewer residents in general as well as some declines in younger residents and many more 65 years of age or older.

Once again, these projections may overestimate population decline as the 2018 census estimates showed an increase in residents from 5,136 in 2013 to 5,370 in 2018.

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

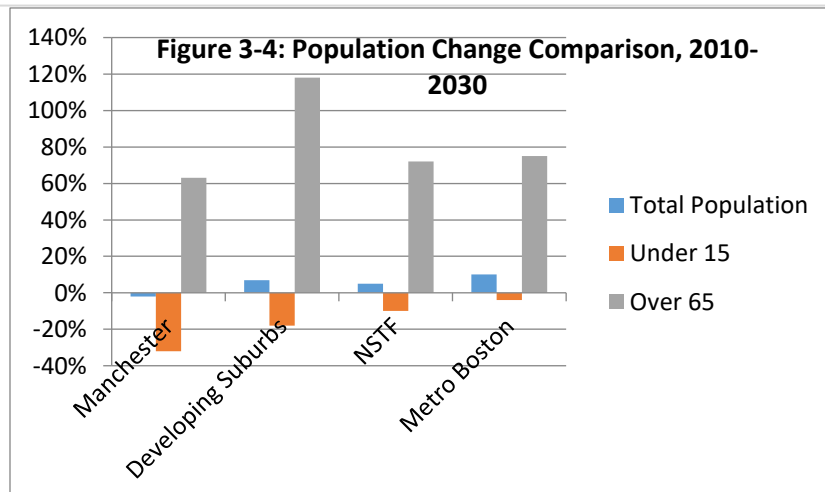
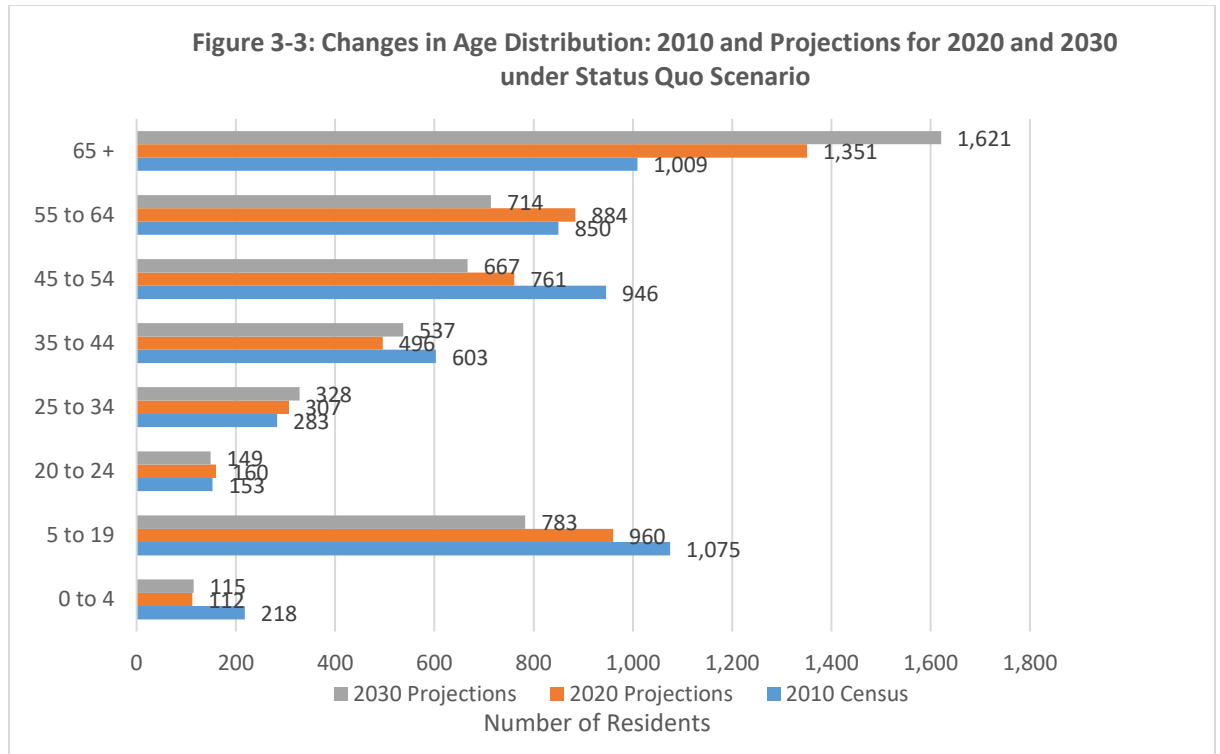
Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	218	4.2	112	2.2	115	2.3
5 – 19 Years	1,075	20.9	960	19.1	783	15.9
20 – 24 Years	153	3.0	160	3.2	149	3.0
25 – 34 Years	283	5.5	307	6.1	328	6.7
35 – 44 Years	603	11.7	496	9.9	537	10.9
45 – 54 Years	946	18.4	761	15.1	667	13.6
55 – 64 Years	850	16.5	884	17.6	714	14.5
65 – 74 Years	566	11.0	782	15.5	824	16.8
75 – 84 Years	329	6.4	421	8.4	586	11.9
85+ Years	114	2.2	148	2.9	211	4.3
Total	5,136	100.0	5,031	100.0	4,914	100.0
Under 20	1,293	25.1	1,072	21.3	898	18.3
Age 65+	1,009	19.6	1,351	26.9	1,621	33.0

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

These projections are based on MAPC's "Status Quo" estimates that reflect the continuation of existing rates of births, deaths, migration, and housing occupancy. The population figures would be slightly higher in MAPC's "Stronger Region" scenario with a total population of 5,028 by 2030, but still significantly less

than the 2018 census estimate of 5,370 residents. These Stronger Region” projections assume the following:

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



These projections are also charted in Figure 3-4, comparing projections for Manchester to other developing suburbs in the state,¹⁵ the North Shore Task Force,¹⁶ and Metro Boston from 2010 to 2030. Estimates suggest that unlike the other categories of places, Manchester will experience a decline in total population, a more significant loss of children 15 years of age or younger, and even greater increase in those 65 years of age or older. Once again, the level of projected population loss is questionable.

3.3 Racial Composition – Very few minority residents

Table 3-4 presents data on the racial distribution of the population in Manchester. The town has had very little racial diversity with almost all residents identifying themselves as White.

Table 3-4: Racial Information, 1980 to 2018

Population Characteristics	1980		1990		2000		2010		2018	
	#	%	#	%	#	%	#	%	#	%
White*	5,390	99.4	5,265	99.6%	5,169	98.9	5,013	97.6	5,338	99.4
Asian*	7	0.1	10	0.2	0	0.0	44	0.9	52	1.0
Black*	21	0.4	0	0.0	0	0.0	7	0.1	0	0.0
Those of 2 or more races	0	0.0	0	0.0	21	0.4	56	1.1	0	0.0
Latino/Hispanic of any race**	10	0.2	17	0.3	40	0.8	76	1.5	88	1.6

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3; American Community Survey 5-Year Estimates, 2014-2018

* Includes only those of that race

** Latino or Hispanic of any race.

3.4 Household Composition – Recent increases in families

While Manchester's population declined by 5% between 1980 and 2010, the percentage of households increased by almost 11%. As shown in Table 3-5, the number of households increased from 1,938 in 1980 to 2,168 in 2000. It then decreased somewhat to 2,147 in 2010 and is estimated to have decrease to 2,072 by 2018.

Family households decreased from almost three-quarters of all households in 1980 to two-thirds by 2010. The 2018 census estimates suggest a significant increase of families to 77% of all households, although the trend towards fewer families and more non-family households¹⁷ is more typically the norm in more affluent communities which are also experiencing increases in older adults. The draw of local schools and other community amenities are likely factors in this increase.

Reflecting more non-families, the average household size decreased from 2.47 to 2.39 persons between 1990 and 2010, more in line with expected trends towards more "child-free" and "child-delayed" families and especially increases in empty nesters as well as senior and frail populations. The 2018 census estimates indicate that the average household size increased to 2.59 persons, reflective of the growing number of families identified in these census figures.

¹⁵ MAPC has categorized Manchester as a developing suburb in this particular report.

¹⁶ In addition to Manchester, MAPC's North Shore Task Force area includes the communities of Beverly, Danvers, Essex, Gloucester, Hamilton, Ipswich, Marblehead, Middleton, Nahant, Manchester, Rockport, Salem, Swampscott, Topsfield and Wenham.

¹⁷ Includes individuals and unrelated household members, referred to by the U.S. Census Bureau as nonfamily households.

Table 3-5: Household Characteristics, 1980 to 2018

Types of Households	1980		1990		2000		2010		2018	
	#	%	#	%	#	%	#	%	#	%
Households	1,938	100.0	2,116	100.0	2,168	100.0	2,147	100.0	2,072	100.0
Families*	1,416	73.1	1,457	68.9	1,436	66.2	1,444	67.3	1,596	77.0
Married Couple Families*	1,219	62.9	1,230	58.1	1,207	55.7	1,216	56.6	1,398	67.5
Female Headed Families with Children <18 *	73	3.8	81	3.8	86	4.0	99	4.6	146	7.0
Non-families*	522	26.9	659	31.1	732	33.8	703	32.7	476	23.0
Average Household Size	--		2.47 persons		2.40 persons		2.39 persons		2.59 persons	
Average Family Size	--		3.00 persons		2.96 persons		2.96 persons		2.93 persons	

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 1; 2009-2013 American Community Survey 5-Year Estimates

* Percent of all households

MAPC projections indicate that the number of households will increase to 2,244 in 2020 and 2,298 by 2030 despite some slight fall-off in total population. This is due to the significant projected increase in smaller families and non-family households, driven by an aging population.

4. Economic Profile

This section examines income, employment and educational data to address the following questions:

- What changes in income levels have occurred and how does this relate to housing affordability?
- Are there growing income disparities among residents?
- What mix of jobs is provided locally?
- What are the trends toward educational attainment that can affect employment opportunities and housing affordability?
- What proportion of the population is disabled or has other special needs that limit their employment options and income?

4.1 Incomes – High income levels but notable income disparities

Table 4-1 presents income data based on the decennial census counts over the past several decades as well as estimated 2018 data from the Census Bureau’s American Community Survey. This information is also visually presented in Figure 4-1.

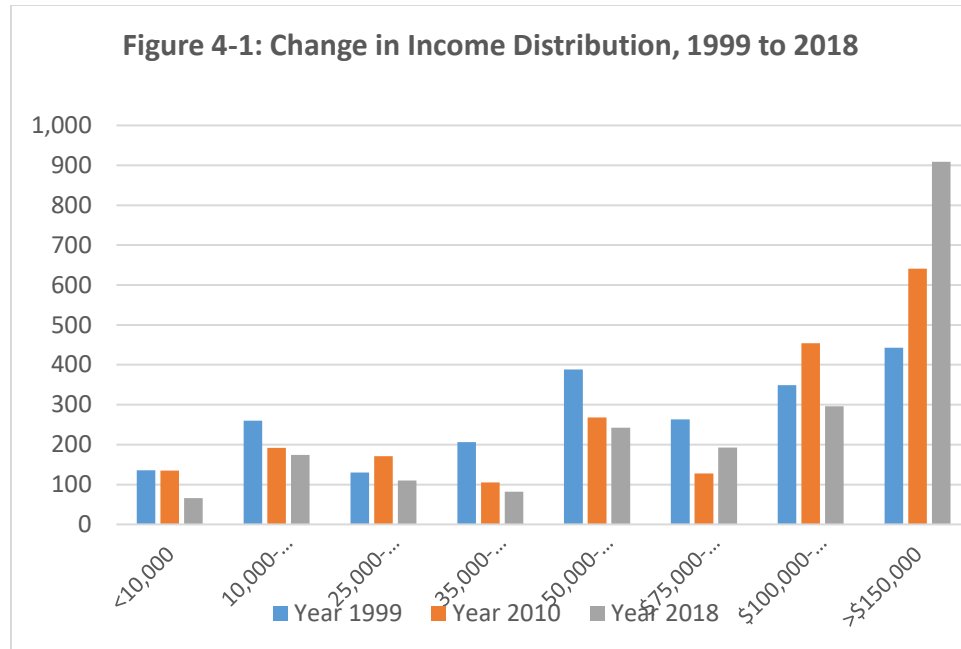
Incomes have increased substantially with the median household income increasing by 69% since 1999, from \$73,467 to \$124,025, higher than the rate of inflation during this period of 54.7%. In comparison, the median household income for the state as a whole increased by 116% but at a considerably lower range, from only \$36,952 to \$79,835 during this same period.

The growing prosperity of Manchester’s residents is also reflected in the increasing proportion and numbers of those earning more than \$75,000, going from 166 households or 8.6% of all households in 1980 to 1,398 and 67.5% by 2018. Those earning more than \$150,000 included almost 44% of all households in 2018 compared to 23% for both the state and Essex County. Manchester’s median household income level was also high in comparison to most of its neighbors including \$113,469 in Essex, \$79,483 for Beverly, \$65,377 for Gloucester, and \$109,712 median for Wenham. It was somewhat lower than the median for Hamilton of \$133,333.

Table 4-1: Income Distribution by Household, 1979-2018

Income Range	1979		1989		1999		2010		2018	
	#	%	#	%	#	%	#	%	#	%
Under \$10,000	315	16.3	195	9.2	136	6.3	135	6.4	66	3.2
\$10,000-24,999	595	30.7	251	11.9	260	12.0	192	9.2	174	8.4
\$25,000-34,999	363	18.7	229	10.8	130	6.0	171	8.2	110	5.3
\$35,000-49,999	292	15.1	306	14.5	206	9.5	105	5.0	82	4.0
\$50,000-74,999	207	10.7	463	21.9	388	17.8	268	12.8	242	11.7
\$75,000-99,999	166	8.6	275	13.0	263	12.1	128	6.1	193	9.3
\$100,000-149,999			397*	18.8	349	16.0	454	21.7	296	14.3
\$150,000+					443	20.4	641	30.6	909	43.9
Total	1,938	100.0	2,116	100.0	2,175	100.0	2,094	100.0	2,072	100.0
Median Household Income	\$26,621		\$52,806		\$73,467		\$105,000		\$124,025	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 3; American Community Survey 5-Year Estimates, 2014-2018.



A comparison of 2000 and 2018 income levels for owners and renters is provided in Table 4-2. Half of all renter households earned no more than \$35,000 compared to 4% of homeowners in this income range. On the other hand, 72.5% of the homeowners earned more than \$100,000 compared to 18.3% of renters.

Table 4-2: Income Distribution by Owner and Renter Households, 2000 and 2018

Income Range	Renters				Homeowners			
	2000		2018		2000		2018	
	#	%	#	%	#	%	#	%
Under \$10,000	88	13.9	50	9.2	46	3.0	16	0.1
\$10,000-24,999	150	23.7	144	26.6	104	6.8	29	1.9
\$25,000-34,999	79	12.5	78	14.4	53	3.4	31	2.0
\$35,000-49,999	100	15.8	25	4.6	109	7.1	57	3.7
\$50,000-74,999	89	14.1	132	24.4	297	19.3	110	7.2
\$75,000-99,999	40	6.3	14	2.6	215	14.0	178	11.6
\$100,000-149,999	50	7.9	25	4.6	304	19.8	272	17.8
\$150,000+	36	5.7	74	13.7	408	26.6	837	54.7
Total	632	100.0	542	100.0	1,536	100.0	1,530	100.0

Source: U.S. Census Bureau, 2000 Census and American Community Survey 5-Year Estimates for 2014-2018.

A great many households have become more affluent over the past several decades, however, there remains a very vulnerable population living in Manchester with limited financial means. In 2018, about 240 or 12% of all households earned less than \$25,000 including 36% of all renters. Approximately another 40% of all renters earned enough to potentially qualify for subsidized first-time homebuyer opportunities if they become available.

Table 4-3 provides median income levels for various types of households for 2013 and 2018, showing the level of increase over the past few years. The town's per capita income was \$47,910 in 2000, almost double the state average of \$25,952, and by 2013 it was estimated to have increased to \$70,075 which was still almost double the state's per capita income of \$35,763. By 2018, Manchester's per capita income was

about the same at \$70,012.

The median income of families in 2013 was substantially higher than nonfamilies, \$145,409 versus \$41,691, a finding highly correlated with the greater prevalence of two worker households in families. In 2018 these medians increased to \$155,139 and \$44,444, respectively. Married couple families had an even higher median income level of \$161,484 in 2013 and \$164,700 in 2018.

When examining income levels by the age of the householder, the median income of seniors 65 years of age or older was \$80,804 and increased to \$90,625 by 2018. Those younger households in the age 25 to 44 range had higher median income levels at \$89,500 and \$118,309 for 2013 and 2018, respectively. These income levels were significantly lower than the \$131,339 and \$163,550 respectively median income levels for households with a head in the 45 to 64 age range. These households likely include many workers towards the height of their earning potential who have children in local schools and can afford the community's high housing costs.

Table 4-3: Median Income by Household Type, 2013/2018

Type of Household/Householder	Median Income 2013/2018
Individual/Per capita	\$70,075/\$70,012
Households	\$115,650/\$124,025
Families	\$145,409/\$155,139
Married couple families	\$161,484/\$164,700
Nonfamilies*	\$41,691/\$44,444
Renters	\$63,333/**
Homeowners	\$163,958/\$159,464
Householder less than age 25	Not available**
Householder age 25 to 44	\$89,500/\$118,309
Householder age 45 to 64	\$131,339/\$163,550
Householder age 65 or more	\$80,804/\$90,625

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates for 2009-2013 and 2014-2018.

*Includes persons living alone and unrelated household members.

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

4.2 Poverty Status – Low and decreasing

Table 4-4 indicates that poverty is low and has largely decreased over the past several decades with some modest fluctuations, particularly for seniors.¹⁸ The poverty level is down to 3.9%, the same level as in 1989, and well below county and state levels of 10.7% and 10.8%, respectively. Most notable in the 2018 census figures is the estimated elimination of poverty among children.

Table 4-4: Poverty Status, 1979-2018

Demographic Characteristic	1979		1989		1999		2013		2018	
	#	%	#	%	#	%	#	%	#	%
Individuals *	222	4.1	206	3.9	249	4.8	301	5.8	208	3.9
Families **	34	2.4	37	2.5	52	3.6	68	4.4	27	1.7
Female Headed Families ***	15	20.5	14	17.3	10	11.6	29	43.9	0	0.0
Related Children Under 18 Years ****	79	6.6	46	4.2	23	1.8	43	3.6	0	0.0
Individuals 65 and Over*****	37	3.5	73	9.2	63	7.3	33	3.1	48	3.9

Source: U.S. Census Bureau, Census 1980, 1990, and 2000 Summary File 3; American Community Survey 5-Year Estimates for 2009-2013 and 2014-2018. * Percentage of total population

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

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

As estimated 113 households were receiving Food Stamp/SNAP benefits, up from 74 in 2013. To qualify, a household's maximum monthly gross income must be no higher than 130% of the poverty level or \$2,311 for a household of three.

4.3 Employment – High level of Manchester residents work in management or professional occupations

Of those 4,339 Manchester residents over the age of 16 in 2018, about 2,716 or 62.6% were in the labor market and 2,556 or 58.9% were employed according to the Census Bureau's American Community Survey estimates. This data suggests an unemployment rate at that time for town residents of 5.9% which is more than double the 2.8% average rate reported by the state's Executive Office of Labor and Workforce Development for 2018. While the unemployment rate averaged 2.4% in 2019, it spiked to 13.1% in June 2020 as a result of the Covid-19 pandemic. It is still lower than the unemployment rate of 18.9% in Boston, 15.6% for Beverly, and 11.3% in Hamilton as of June 2020, again based on state workforce data.

Census estimates indicated that 68.3% of those employed Manchester residents worked in Essex County with 31.1% working outside of the County including only 0.5% or a dozen or so individuals who worked out of state. It should also be noted that 1,630 or 64.0% of workers drove alone to work, 2.8% carpooled, 15.0% worked at home, 14.5% used public transportation, and the remainder used other modes of transportation according to the 2018 American Community Survey estimates. The average commuting time was about 38.9 minutes suggesting that many employment opportunities were located nearby on the North Shore. The census figures identified about 40% of workers with commutes of more than 45 minutes, 35% with at least hour-long commutes.

¹⁸ The 2020 federal poverty level from the U.S. Department of Health and Human Services was \$12,760 for an individual and \$21,720 for a three-person household.

The 2018 Census Bureau's American Community Survey data also provided information on the concentration of Manchester workers by industry, indicating that 60% of Manchester's residents in the labor force were involved in management or professional occupations, contributing to high local income levels. Another 22% were employed in sales and office occupations, and the remainder in service occupations (10%), production and transportation (4%), and in construction, natural resources or maintenance occupations (4%). An estimated 460 or 18% were self-employed or unpaid family members while 255 or about 10% were government workers, and 1,840 or 72% were wage or salary workers in the private sector.

Detailed labor and workforce data from the state on employment patterns in 2013 and 2018 for those who work in Manchester is presented in Table 4-5. This information shows an average employment in the community of 1,652 workers in 2018, down from 1,810 workers in 2013. The data also confirms a mix of employment opportunities with a concentration of lower-paying service sector jobs that brings the average weekly wage for those working in Manchester to \$979 which translates into an annual income of about \$51,100. This wage level was about half of Boston's average weekly wage at \$1,977, and lower than Beverly's at \$1,241 but higher than the average for Hamilton of \$958. *The substantial majority of these workers would likely find it challenging to afford to live in Manchester unless they were long-term residents or have other sources of income.*

Table 4-5: Average Employment and Wages by Industry, 2013/2018

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	15/17	\$11,857,471/ \$6,188,322	153/112	\$1,490/\$1,063
Manufacturing	0/4	0/\$1,884,001	0/19	0/1,907
Wholesale trade	9/5	2,762,076/ \$2,069,177	36/27	1,475/1,474
Retail trade	23/21	4,007,117/ 4,201,785	172/162	448/499
Information	0/3	0/1,014,284	0/19	0/1,027
Transportation/Warehousing	3/0	3,508,527/0	43/0	1,569/0
Finance/Insurance	14/21	5,660,424/ 11,006,281	49/71	2,222/2,981
Real estate/rental/leasing	9/9	1,600,599/ 903,587	21/17	1,466/1,022
Professional/technical services	35/45	8,516,612/ 7,501,981	87/87	1,883/1,658
Administrative and waste services	17/13	2,434,109/ 2,084,238	56/48	836/835
Educational services	6/10	17,804,068/ 19,416,692	314/321	1,090/1,163
Health care/social assistance	17/17	7,952,034/ 5,693,985	233/114	656/961
Arts/entertainment/recreation	12/12	9,091,450/ 11,402,771	326/381	536/576
Accommodation/food services	11/9	1,875,478/ 2,714,065	122/124	296/421
Other services	36/27	2,698,864/ 2,029,979	89/65	583/601
Total	218/221	\$85,757,268/ \$84,085,720	1,810/1,652	\$911/\$979

Source: Massachusetts Executive Office of Labor and Workforce Development, 2013 and August 3, 2020

4.4 Education – High educational attainment and fluctuating school enrollment

Educational Attainment

The educational attainment of Manchester residents is extremely high with almost all those 25 years of age or more having a high school diploma (97.1%) and 65.5% with bachelor's degree or higher in 2018. This is up from 96.0% and 56.0%, respectively in 2000. This high educational attainment is correlated to higher income levels and therefore a greater ability to afford to live in Manchester. For example, the median income of someone with a bachelor's degree was \$63,323 compared to \$54,826 with a high school diploma. In comparison, about 90% of county and state residents had a high school degree or higher in 2018, and only 40.2% and 44.5% had a bachelor's degree or higher in the county and state, respectively.

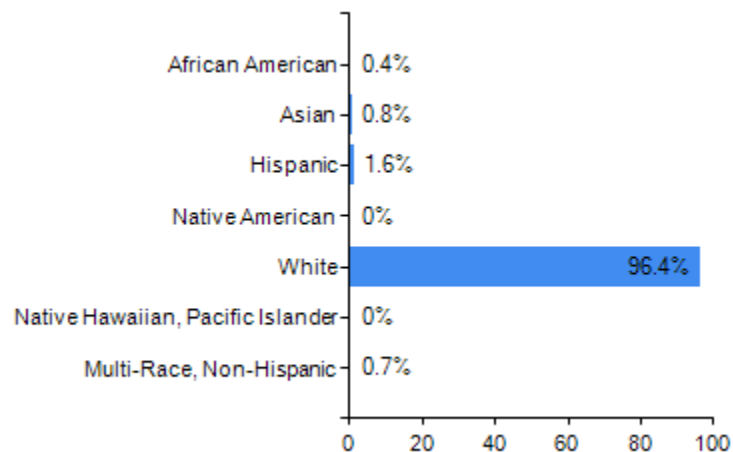
School Enrollment

Of the 1,359 residents three years or older and enrolled in school, 72% were in public schools based on 2018 census estimates. Those enrolled in kindergarten through high school included 1,035 students, representing 19.3% of all residents. An estimated 883 or 85.3% of these students were enrolled in public schools.

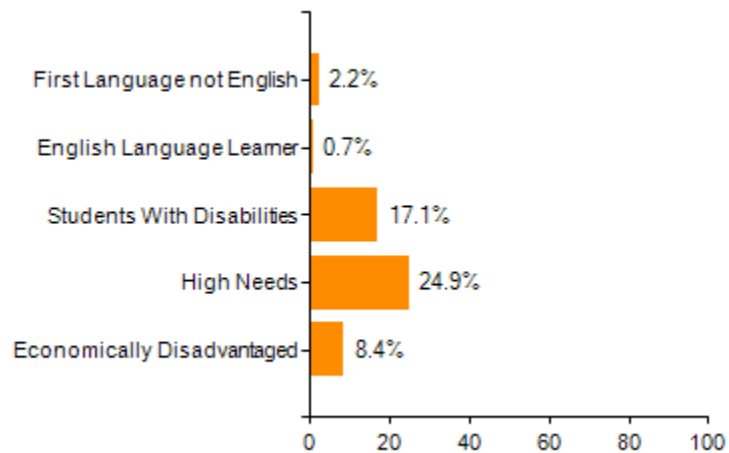
The Manchester Essex Regional School District reported a student enrollment of 1,370 students for the 2019-2020 school year, down from 1,507 students for the 2014-2015 school year but comparable to the 2007-2008 enrollment of 1,360 students. These enrollment figures include students from the Town of Essex.

Figure 4-2 shows that, like the general population, there is very little racial diversity in local schools. Figure 4-3 summarizes the special needs of students indicating that about one-quarter of students have high learning needs and 17.1% of the student population had some type of disability, likely related to a learning challenge. More than 8% were considered economically disadvantaged.¹⁹

Figure 4-2: Student Race and Ethnicity of Manchester Essex Regional School District, 2019-2020



¹⁹ Economically disadvantaged student means a student who is a member of a household that meets the Federal income poverty eligibility guidelines for free and reduced-price meals or free milk established under the Richard B. Russell National School Lunch Act, 42 U.S.C.

Figure 4-3: Selected Populations of Manchester Essex Regional School District, 2019-2020

4.5 Disability Status²⁰ – Increasing local special needs

Of all Manchester residents in 2018, 478 or 8.9% claimed a disability, up significantly from 4.9% in 2013. While less than the county and state levels of 11.9% and 11.6%, respectively, the increase in the special needs population was particularly high among seniors and questionably low for children.

Table 4-6: Population Five Years and Over with Disabilities for Manchester, Essex County and the State, 2013/2018

Age Range	Manchester		Essex County	Massachusetts
	#	%	%	%
< 18 years	26/0	2.7/0.0	4.2/4.6	4.6/4.4
18-64 years	65/139	2.2/4.8	9.1/9.2	8.8/9.0
65+ years	163/339	15.5/27.3	34.0/32.4	33.7/32.2
Total	254/478	4.9/8.9	11.5/11.9	11.3/11.6

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2014-2018.

The 2018 census estimates also identify numbers of residents with particular disabilities, as summarized in Table 4-7. It should be noted that some residents will have multiple challenges but almost half of all those who claim a disability experience a hearing or ambulatory difficulty.

Table 4-7: Types and Distribution of Disabilities, 2018

Type of Disability	# Residents	% Disabled	% All Residents
Hearing Difficulty	240	50.2	4.5
Vision Difficulty	40	8.4	0.7
Cognitive Difficulty	175	36.6	3.3
Ambulatory Difficulty	228	47.7	4.2
Self-care Difficulty	99	20.7	1.8
Independent Living Difficulty	130	27.2	2.4

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2014-2018.

²⁰ Disabled households contain at least one or more persons with a mobility or self-care limitation. It should also be noted that the term “disabled” is being replaced by some within the housing community with “people first” terminology as those with special needs are interpreted to be the people first who need affordable, available and/or accessible housing.

5. HOUSING PROFILE

This section analyzes housing characteristics and trends and addresses the following questions:

- What are the historic patterns of housing growth and what might the Town expect in the future?
- Have there been notable gains or losses in terms of rental versus homeownership development?
- What changes have occurred with respect to the mix of housing types?
- How have housing market conditions changed over the past several decades?
- What housing is available compared to what residents can afford?
- What units can be counted as affordable?
- What priorities should the Town consider with respect to housing?

5.1 Housing Growth – Recent slowdown in housing development

Table 5-1 presents data on Manchester’s historic housing growth indicating that almost half of the Town’s housing predates World War II, reflective of the community’s historic character. After that, development activity fluctuated considerably from less than a hundred units in the 1940s and 1990s to a high of 442 units in the 1960s.

The data in Table 5-1, from the Census Bureau’s American Community Survey, differs somewhat from the figures in the actual census counts as shown in Table 5-2. For example, Table 5-2 indicates that 176 units were built between 1980 and 1989, relatively comparable to the 168 units identified in Table 5-1. The tables also diverge slightly on the number of units built between 2000 and 2009, 81 and 67 units, respectively, for Table 5-1 and 5-2. As to most recent development, Table 5-1 reports that only 14 units were built between 2010 and 2018 while Table 5-2 indicates that there was actually a loss of 91 units, which is incorrect given permitting.

Local reports suggest even fewer housing units, ranging from 2,142 units in 2010, down to 2,129 by 2013 (compared to the census estimate of 2,269), then up to 2,153 by 2015, and 2,479 in 2020.

Table 5-1: Housing Units by Years Structure Was Built, 2018

Time Period	#	%
2010 through 2018	14	0.6
2000 to 2009	118	5.1
1990 to 1999	81	3.5
1980 to 1989	168	7.3
1970 to 1979	136	5.9
1960 to 1969	442	19.2
1950 to 1959	171	7.4
1940 to 1949	69	3.0
1939 or earlier	1,104	47.9
Total	2,303	100.0

Source: US Census Bureau, American Community Survey, 5-Year Estimates, 2014-2018

A review of building permit activity from 2010 through 2018 indicates a net of 56 new housing units were built during this period that included some teardown/replacement activity involving 25 units. The breakdown of residential permitting for new dwellings units by year is summarized below.

45% of new home construction involved demolition and replacement activity between 2010 and July 2020.

- and replacement for a net of 2 units.
- 2018: 8 permits issued for new residential construction - 7 single-family, 1 two-family for 9 total units. Five of these units involved the teardown of previous homes and one of these teardowns involved the conversion of a single-family to a two-family dwelling for a net total of 5 new units.
- 2017: 7 permits issued for new residential construction - all single-family that included 4 properties that were demolished and then replaced for a net total of 3 new units.
- 2016: 8 permits issued for new residential construction - 6 single-family, 2 two-family dwellings for a total of 10 units. Three of these units involved teardown activity resulting in a net of 7 units.
- 2015: 7 permits issued for new residential construction - 6 single-family, 1 two-family for a total of 8 units for a net of 5 new units given the demo and replacement of 3 of these units.
- 2014: 9 new single-family homes permitted that included 5 units that are part of the Windover Summer Hill development. There was also a conversion of a two-family home to single-family use for a net loss of 1 unit and a net gain of 8 new units.
- 2013: 3 permits issued for new residential construction – all single-family homes as part of Windover’s Summer Hill project. There were 4 permits to demolish and build new homes and a permit to build a three-family home on Plum Hill Road. This activity will create 6 net new units.
- 2012: 5 permits granted for new single-family homes and the conversion of a two-family dwelling to single-family use. There were also 7 properties that involved demolition and replacement activity for a net unit increase of only 4 new units.
- 2011: 3 permits issued for new single-family homes,
- 2010: 10 permits were issued – all single-family.

- As of July 2020: 3 permits issued for new residential construction - all single-family.
- 2019: 4 permits issued for new residential construction - all single-family 2 of which involved demolition

As to future housing growth MAPC predicts that the number of housing units will increase from 2,394 units in 2010 to 2,476 by 2020 and up to 2,533 by 2030, adding 139 net new units since 2010 and representing a 5.8% rate of growth during these decades.

5.2 Housing Occupancy – Increases in owner-occupancy

Besides total housing figures, Table 5-2 includes a summary of occupancy characteristics from 1980 through 2018. Of the 2,394 total housing units in 2010, Manchester had 2,275 year-round units²¹ of which 2,147 or 93.2% were occupied. Of the occupied units, 1,560 or 72.7% were owner-occupied and 587 units or 27.3% were renter-occupied. These figures represented a higher level of owner-occupancy than that of Essex County as a whole, where 63.8% of the units were owner-occupied, and the state as well with a 62.3% owner-occupancy level. *Data suggests a 296-unit gain or 23.4% increase in owner-occupied properties between 1980 and 2010 with a loss of 89 rental units or 13.2% of the town’s rental housing during this period.*

²¹ The year-round figure (2,275 units) is the one used under Chapter 40B for determining the 10% affordability goal and annual housing production goals. It is calculated by subtracting the seasonal or occasional units (119) from the total number of units (2,394) per the 2010 census.

The 2018 estimates identify a loss of 91 units between 2010 and 2018, which once again does not conform to building permit activity involving 56 net new units. Table 5-2 also indicates continued gains in owner-occupied units and losses of rentals. Some of the decrease in rental units might be explained by the conversion of small multi-family properties to condominiums or single-family dwellings, some demolition and replacement activity, and by houses that had been rented and were purchased by householders who chose to live in the home instead of renting it.

Table 5-2: Housing Occupancy, 1980 to 2018

Housing Characteristics	1980		1990		2000		2010		2018	
	#	%	#	%	#	%	#	%	#	%
Total # Housing Units	2,139	100.0	2,315	100.0	2,327	100.0	2,394	100.0	2,303	100.0
Occupied Units*	1,940	90.7	2,110	91.1	2,168	93.2	2,147	89.7	2,072	90.0
Total Vacant Units/ Seasonal, Rec. or Occasional Use*	127/63	5.9/ 2.9	205/ 95	8.9/ 4.1	159/ 108	6.8/4.6	247/ 119	10.3/ 5.0	231/ 231	10.0/ 10.0
*Occupied Owner Units**	1,264	65.1	1,397	66.2	1,535	70.8	1,560	72.7	1,530	73.8
Occupied Rental Units**	676	34.9	713	33.8	633	29.2	587	27.3	542	26.2
Average House- Hold Size/Owner Occupied Unit	3.09 persons		2.76 persons		2.65 persons		2.64 persons		2.90 persons	
Average House- Hold Size/Renter Occupied Unit	2.02 persons		1.95 persons		1.81 persons		1.73 persons		1.70 persons	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 1 and American Community Survey 5-Year Estimates, 2014-2018 * Percentage of all housing units ** Percentage of occupied housing units

Table 5-3 summarizes vacancy rates and compares them to state, county and national levels. The 2018 census estimates identify zero percent vacancy rates for both homeownership and rentals in Manchester, representing extremely tight market conditions without even an allowance for normal housing turnover. Even the rates for the county and the state are very low as any rate below 5% reflects very tight housing market conditions. This information confirms a continuing strong market with little availability. The 2018 census estimates in regard to vacancies suggest that all of the vacant units were for seasonal, recreational or occasional use, up from half in 2010.

Table 5-3: Vacancy Rates by Tenure, 2000, 2010 and 2018

Tenure	2000	2010	2018	County 2018	MA 2018	Nation 2018
Rental	1.4%	6.5%	0.0%	2.8%	3.6%	6.1%
Homeowner	1.2%	1.9%	0.0%	0.9%	0.9%	1.5%

Source: US Census Bureau, 2000 and 2010 and American Community Survey Five-Year Estimates for 2014-2018 for Manchester and One-Year Estimates for the county, state and US.

There have been significant decreases in the average number of persons per unit over the years. Average household size continues to drop, and consequently new housing units do not necessarily translate into

substantially more people. The average number of persons per unit declined between 1980 and 2010, from 3.09 persons to 2.64 persons for owner-occupied units and from 2.02 to 1.73 persons for rental units. These decreases reflect local, regional and national trends towards smaller households and relates to the change in the average household size in Manchester from 2.47 persons in 1990 to 2.39 by 2010. The 2018 census estimates indicate an increase in the average household size for owner-occupied properties to 2.90 persons which relates to the census reports of increases in average household size as well.

5.3 Types of Structures and Units – Significant fluctuations in the mix of housing types

Census data indicates that there is some diversity in Manchester's existing housing stock as summarized in Table 5-3 and Figure 5-1. Nevertheless about 70% of all units are single-family dwellings with some fluctuations over time. Single-family detached homes comprised 65.4% of all units based on 2010 census data, down from 72.2% in 1980, although the numbers of units are comparable. The 2018 census estimates suggest an increase to 1,656 units or 71.9% of all units. The number of single-family attached units, largely duplex condominiums, fluctuated somewhat during this period but fell to 18 units based on the 2018 census estimates.

The data also shows some growth in the small multi-family housing stock of two to four units, from 327 units in 1980 to 461 by 2010, or up to 20% of all units. The 2018 estimates suggest some loss of these units, which are typically among the more affordable units in the private housing stock as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain below market rents to keep them.

There were also fluctuations in the data for the larger multi-family properties of five or more units, from 241 units in 1980, down to 225 by 2000, and then up to 265 by 2010. The 2018 estimates indicate a surprising decrease to 232 units, below the 1980 level.

Table 5-4: Units in Structure, 1980 to 2018

Type of Structure	1980		1990		2000		2010		2018	
	#	%	#	%	#	%	#	%	#	%
1-unit detached	1,493	72.2	1,545	66.7	1,634	70.2	1,509	65.4	1,656	71.9
1-unit attached	6	0.3	56	2.4	22	0.9	71	3.1	18	0.8
2 units	199	9.6	272	11.7	257	11.0	238	10.3	191	8.3
3-4 units	128	6.2	200	8.6	189	8.1	223	9.7	206	8.9
5-9 units	241	11.7	152	6.6	180	7.7	202	8.8	192	8.3
10+ units			46	2.0	45	1.9	63	2.7	40	1.7
Other*	0	0.0	44	1.9	0	0.0	0	0.0	0	0.0
Total	2,067	100.0	2,315	100.0	2,327	100.0	2,306	100.0	2,303	100.0

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and Summary File 3; American Community Survey Five-Year Estimates for 2014-2018

*Other includes mobile homes (3 for Manchester in 1990 census data) as well as boats, vans, etc.

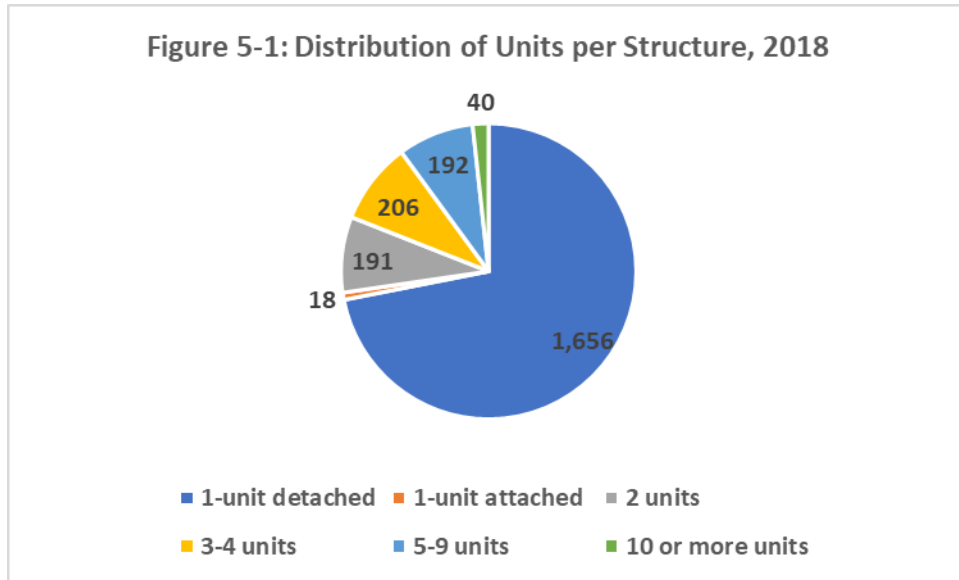


Table 5-5 provides an estimated breakdown of the 2013 and 2018 distributions of units per structure according to whether the units were occupied by renters or homeowners. While about 90% of owners resided in single-family homes, about two-thirds of renters lived in multi-family units of two or more units. It is interesting to note that almost one-third of the single-family homes were renter-occupied, more than double the statewide level of 15% and indicative of the predominance of single-family units.

Table 5-5: Occupied Units in Structure by Tenure, 2013/2018

Type of Structure	Homeowner Units		Renter Units	
	#	%	#	%
Single unit detached and attached	1,325/1,354	92.0/88.5	207/171	33.2/31.5
2 to 9 units	116/168	8.0/11.0	375/356	60.1/65.7
10+ units	0/8	0.0/0.5	32/15	5.1/2.8
Total	1,441/1,530	100.0/100.0	624/542	100.0/100.0

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates 2009-2013 and 2014-2018.

Table 5-6 provides information on the distribution of unit sizes and indicates that the median unit was moderately-sized with 6.9 rooms and therefore about four bedrooms. This is higher than the statewide median of 5.5 rooms where smaller rental units comprise about 38% of the housing stock as opposed to 26% in Manchester. On the other end of the spectrum, there was a substantial supply of larger homes of eight or more rooms, involving 40% of the housing stock, with about 30% of homes having nine or more rooms.

Not surprisingly, more of the smaller units were occupied by renters with the median number of rooms in rental units having 3.5 rooms as opposed to a median of 7.9 rooms in the owner-occupied stock.

Table 5-6: Number of Rooms per Unit, 2000, 2013 and 2018

Number of Rooms per Unit	2000		2013		2018	
	#	%	#	%	#	%
1 Room	19	0.8	52	2.3	79	3.4
2 Rooms	118	5.1	71	3.1	67	2.9
3 Rooms	169	7.3	93	4.1	184	8.0
4 Rooms	237	10.2	302	13.3	2987	12.9
5 Rooms	335	14.4	397	17.5	169	7.3
6 Rooms	259	11.1	226	10.0	214	9.3
7 Rooms	368	15.8	105	4.6	375	16.3
8 Rooms	247	10.6	278	12.3	239	10.4
9 or More Rooms	575	24.7	745	32.8	678	29.4
Total	2,327	100.0	2,269	100.0	2,303	100.0
Median (Rooms) for All Units	6.6 rooms		6.9 rooms		6.9 rooms	
Median (Rooms) for Owner-occupied Units	7.4 rooms		8.5 rooms		7.9 rooms	
Median (Rooms) for Renter-occupied Units	3.9 rooms		4.5 rooms		3.5 rooms	

Source: U.S. Census Bureau, 2000 and American Community Survey Five-Year Estimates for 2009-2013 and 2014-2018.

5.4 Housing Market Conditions – Housing costs remain very high

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

- The 1980, 1990, 2000 and 2010 Decennial U.S. Census figures
- The U.S. Census Bureau's American Community Survey 5-year Estimates, 2009-2013 and 2014-2018
- The Warren Group's median income statistics and sales volume by year, from 2010 through July 2020
- Multiple Listing Service data
- Town Assessor's data
- Internet listings

Homeownership

Census data also provides information on housing values as summarized in Table 5-7 for owner-occupied units. The 2018 American Community Survey estimates indicate that the median house value was \$815,700, up from \$801,400 in 2013, and almost double the median in 2000 of \$419,600. The 2018

There is very little affordability remaining in the owner-occupied housing stock with only 26 units valued below \$300,000, down from 53 in 2013, according to 2018 census estimates. Moreover, only 1 home sold for less than \$300,000 between August 2019 and August 7, 2020.

estimate for the median-priced, owner-occupied unit is comparable to the 2018 median single-family home sales price of \$815,000 from The Warren Group as of July 2020. It is significantly less than the 2018 median single-family sales price of \$900,000 as the census median included condos (see Table 5-8).

As Table 5-7 indicates, there has been an erosion of housing affordability over time and the creation of a luxury housing market in town. For example, more than 87% of all owner-occupied housing units were valued at more than \$500,000 by 2018, including 26.7% above \$1 million. Even in 1990 there were relatively few units that were valued affordably with 149 assessed below \$200,000, decreasing to only 45 such units in 2000, very likely very small and in poor condition.

Table 5-7: Housing Values of Owner-occupied Units, 1990 to 2018

Price Range	1990		2000		2010		2018	
	#	%	#	%	#	%	#	%
Less than \$50,000	5	0.4	10	0.7	0	0.0	0	0.0
\$50,000 to \$99,999	6	0.5	0	0.0	41	2.8	0	0.0
\$100,000-\$149,999	44	3.8	0	0.0	0	0.0	0	0.0
\$150,000-\$199,999	94	8.2	35	2.6	0	0.0	11	0.7
\$200,000-\$299,999	409	35.6	168	12.6	17	1.2	15	1.0
\$300,000-\$499,999	365	31.8	599	44.8	206	14.1	170	11.1
\$500,000-\$999,999	225	19.6	453	33.9	798	54.5	925	60.5
\$1 million or more			71	5.3	402	27.9	409	26.7
Total	1,148	100.0	1,336	100.0	1,464	100.0	1,530	100.0
Median (dollars)	\$306,800		\$419,600		\$743,200		\$815,700	

Source: U.S. Census Bureau, 1990, 2000, and 2010 Summary File 3 and American Community Survey 5-Year Estimates, 2014-2018.

Table 5-8 provides The Warren Group data on median sales prices and number of sales from 2010 through July 2020. This data is tracked from Multiple Listing Service (MLS) information based on actual sales. The median sales price of a single-family home as of July 2020 was \$815,000, down from a high of \$900,000 in 2018 but higher than the 2019 median of \$790,000. These values document a very high-end housing market. The number of single-family home sales ranged from a high of 70 in 2014 to a low of 54 in 2018.

Table 5-8: Median Sales Prices and Number of Sales, 2010 through July 2020

Year	Months	Single-family		Condominiums		All Sales	
		Median	# Sales	Median	# Sales	Median	# Sales
2020	Jan – July	\$815,000	25	\$592,500	9	\$765,000	41
2019	Jan – Dec	790,000	59	625,000	9	780,000	74
2018	Jan – Dec	900,000	54	649,900	3	900,000	73
2017	Jan – Dec	855,000	61	455,000	11	780,000	85
2016	Jan – Dec	945,500	56	400,000	9	727,500	80
2015	Jan – Dec	762,000	69	424,000	13	697,000	104
2014	Jan – Dec	759,503	70	508,000	11	682,500	94
2013	Jan – Dec	692,000	57	362,500	8	630,000	75
2012	Jan – Dec	696,250	60	437,000	9	655,000	85
2011	Jan – Dec	762,500	61	394,000	11	690,000	85
2010	Jan – Dec	728,750	64	369,500	16	600,000	93

Source: The Warren Group/Banker & Tradesman, August 23, 2020.

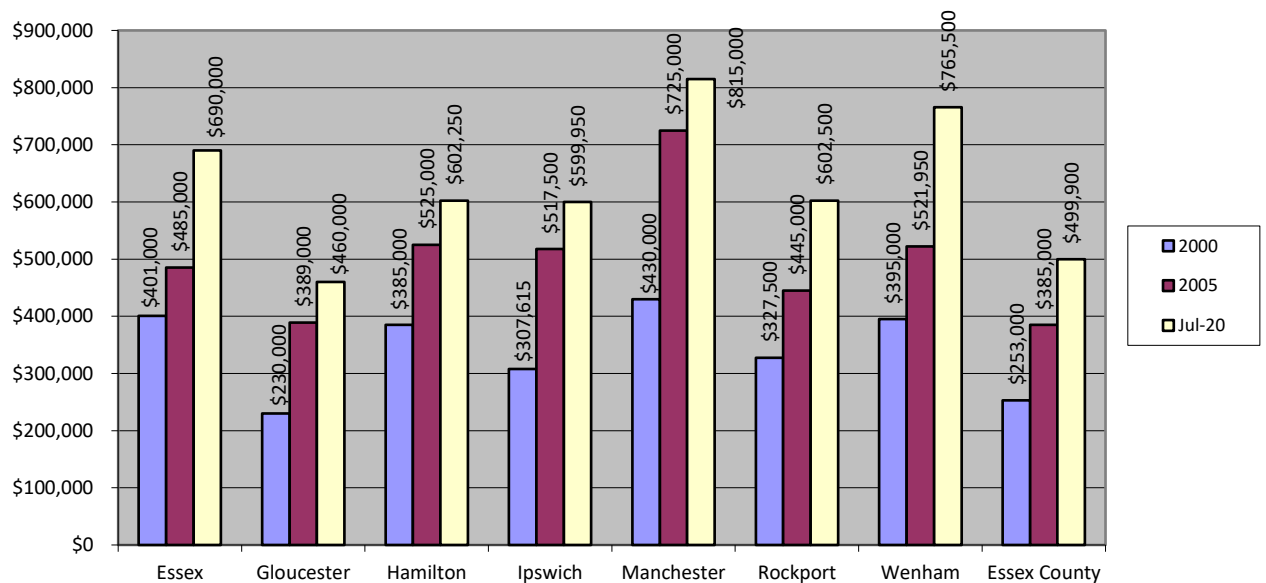
The condo market has experienced more volatility in terms of both values and number of sales. The highest median sales price was \$649,900 in 2018, up from only \$362,500 in 2013. Based on the relatively

small size of the condo market,²² with sales ranging from as low as three in 2018 to a high of 13 in 2015, a very low or high-priced sale can significantly affect the median and thus skew median figures up or down accordingly.

Manchester's housing prices have been the highest in the area, as demonstrated in Figure 5-2. All nearby communities' median values, as well as that of Essex County, have surpassed 2005 ones when the housing market was at its height for most communities prior to the "bursting of the housing bubble". This is still not the case for quite a few places in the state where housing values have yet to rebound.

Figure 5-2

Median Single-Family Home Values



Another analysis of housing market data is presented in Table 5-9, which breaks down sales data from the Multiple Listing Service as compiled by *Banker & Tradesman* of The Warren Group for single-family homes and condominiums. This table provides a snapshot of the range of sales for August 2019 through August 7, 2020. There were 69 total sales, including 61 single-family homes and 8 condos. There was only one home that sold for less than \$300,000, at \$203,000, and another condo that sold for \$325,000. On the other hand, 36% of all single-family homes sold for more than \$1 million including 7 sales of more than \$2 million, including one as high as \$9.5 million. These sales clearly demonstrate that Manchester has a significant luxury market.

²² Assessor's data count 193 condos.

Table 5-9: Single-family House and Condo Sales, August 2019 through August 7, 2020

Price Range	Single-family Units		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	0	0.0	0	0.0	0	0.0
\$200,000-299,999	1	1.6	0	0.0	1	1.4
\$300,000-399,999	0	0.0	1	12.5	1	1.4
\$400,000-499,999	6	9.8	1	12.5	7	10.1
\$500,000-599,999	10	16.4	4	50.0	14	20.3
\$600,000-699,999	8	13.1	1	12.5	9	13.0
\$700,000-799,999	6	9.8	0	0.0	6	8.7
\$800,000-899,999	6	9.8	0	0.0	6	8.7
\$900,000-999,999	2	3.3	1	12.5	3	4.3
\$1 million-1,999,999	15	24.6	0	0.0	15	21.7
Over \$2 million	7	11.5	0	0.0	7	10.1
Total	61	100.0	8	100.0	69	100.0

Source: Banker & Tradesman, August 23, 2020

Town Assessor data on the assessed values of residential properties in Manchester is presented in Tables 5-10 and 5-11, as well as Figure 5-3, providing insights into not only the diversity of the existing housing stock but also the range of values for each dwelling type. Table 5-10 summarizes information on the assessed values of single-family homes and condominiums.

This data shows that Manchester had 1,599 single-family properties, up only slightly from 1,581 in 2015, and there were only six such units that were valued below \$200,000 with only another 27 units assessed between \$200,000 and \$400,000, down from 122 in 2015. Approximately 40% were assessed between \$400,000 and \$700,000. The remaining 942 units, or 59% of the single-family homes, were valued beyond \$700,000, up considerably from 682 and 43% in 2015. Most notably, 31% were assessed for more than \$1 million compared to 25% in 2015. This high-end market is clearly visible in the second curve or spike of units over \$900,000 in Figure 5-3. Manchester's rising housing market is also reflected in the changes of median housing value, from \$655,000 in 2015 to \$766,400 by 2020. This median is lower than the median sales price of \$815,000 as of July 2020 as reported by Banker & Tradesman, however, assessed values are typically lower than market prices, particularly in rising housing markets.

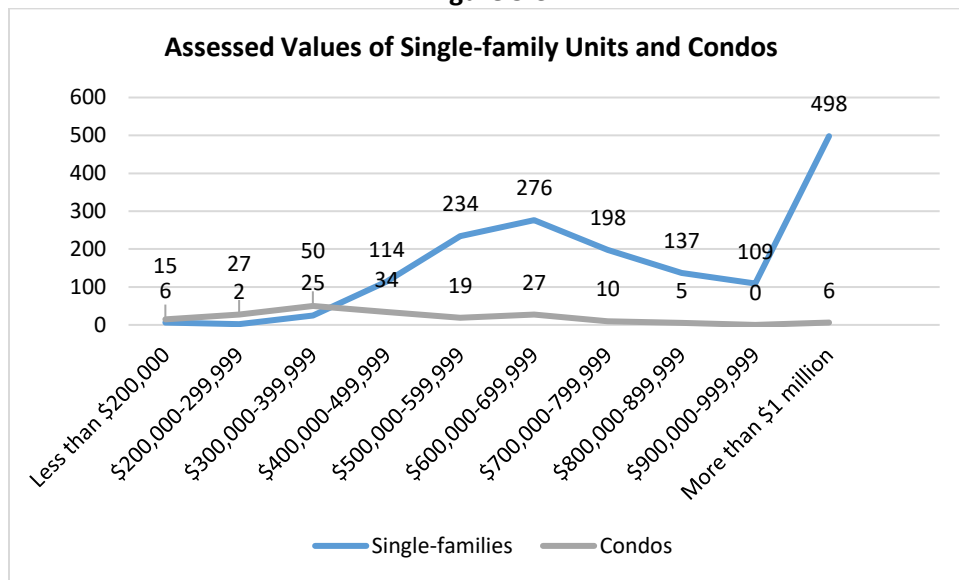
Condominiums are a relatively small segment of Manchester's housing stock with only 193 such units, up modestly from 188 in 2015. Not surprisingly, the condos were assessed more affordably on a whole than the single-family homes with 15 units assessed below \$200,000 and another 40% assessed between \$200,000 and \$400,000, down from half in 2015. The median assessed value was \$414,300 which while significantly higher than the 2015 median of \$341,400, is lower than the median sales price of \$592,500 based on The Warren Group's *Banker & Tradesman* data.²³

²³ Because this data involved such a small sample of only 9 sales, the median could easily have been skewed upwards based on a couple or even one high-priced sale.

Table 5-10: Assessed Values of Single-family and Condominiums, 2020

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	6	0.4	15	7.8	21	1.2
\$200,000-299,999	2	0.1	27	14.0	29	1.6
\$300,000-399,999	25	1.6	50	25.9	75	4.2
\$400,000-499,999	114	7.1	34	17.6	148	8.3
\$500,000-599,999	234	14.6	19	9.8	253	14.1
\$600,000-699,999	276	17.3	27	14.0	303	16.9
\$700,000-799,999	198	12.4	10	5.2	208	11.6
\$800,000-899,999	137	8.6	5	2.6	142	7.9
\$900,000-999,999	109	6.8	0	0.0	109	6.1
\$1 million-\$1,999,999	309	19.3	6	3.1	315	17.6
Over \$2 million	189	11.8	0	0.0	189	10.5
Total	1,599	100.0	193	100.0	1,792	100.0

Source: Manchester Assessor, Fiscal Year 2020.

Figure 5-3

Assessor's data for multi-unit properties, as summarized in Table 5-11, indicates that smaller multi-family structures or properties with more than a single house on a lot also represent a relatively small segment of Manchester's housing stock. There are 90 two-family homes (180 units), 23 three-families (69 units), and 57 lots with multiple dwelling units. These properties also involve high values with the median two-family house assessed at \$658,800, up from \$568,200 in 2015, the three-families at \$746,700 from \$639,400, and multiple dwellings on a single lot at \$2,748,100, more than double the 2015 median of \$1,325,900. Of the total 180 properties, 43% were assessed beyond \$1 million from 36% in 2015.

There were also 57 properties with more than a single unit on the lot that involved 130 units and another 10 apartment buildings with 92 units.

Table 5-11: Assessed Values of Multi-family Properties

Assessment	2-unit Properties		3-unit Properties		Multiple Houses on 1 Lot/4+ Unit Properties		Total Multi-family Properties	
	#	%	#	%	#	%	#	%
Less than \$200,000	0	0.0	0	0.0	0/0	0.0/0.0	0	0.0
\$200,000-299,999	0	0.0	0	0.0	0/0	0.0/0.0	0	0.0
\$300,000-399,999	0	0.0	0	0.0	0/0	0.0/0.0	0	0.0
\$400,000-499,999	6	6.7	1	4.3	0/0	0.0/0.0	7	3.9
\$500,000-599,999	25	27.8	5	21.7	0/0	0.0/0.0	30	16.7
\$600,000-699,999	22	24.4	4	17.4	4/2	7.0/20.0	32	17.8
\$700,000-799,999	8	8.9	5	21.7	2/2	3.5/20.0	17	7.4
\$800,000-899,999	4	4.4	4	17.4	4/0	7.0/0.0	12	6.7
\$900,000-999,999	2	2.2	2	8.7	0/0	0.0/0.0	4	2.2
\$1 million-1,999,999	16	17.8	1	4.3	11/4	19.3/40.0	32	17.8
Over \$2 million	7	7.8	1	4.3	36/2	63.2/20.0	46	25.6
Total	90	100.0	23	100.0	57/10	100.0/100.0	180	100.0

Source: Manchester Assessor, Fiscal Year 2020.

The Town also has a number of mixed commercial and residential properties including 20 properties which were primarily residential and ranged from \$477,400 to \$1,364,400 in value with a median of \$876,200. There are an additional 10 mixed-use properties where the commercial space predominates, ranging in value from \$512,700 to \$2,695,200 and with a median of \$1,100,400. These mixed-use properties included 130 units.

Rentals

Table 5-12 presents information on rental costs from 1980 to 2018 based on U.S. Census Bureau figures. The rental market has changed substantially as the median rent almost doubled between 1980 and 1990, going from \$342 per month to \$648, then increased to \$1,355 by 2013. The 2018 census estimates indicate that it dipped to \$1,183, which is surprising given the strength of Manchester's rental market. In 1990, about 10% of the rents were more than \$1,000 which increased to 62% by 2018. It is also important to note that the census counts include 123 subsidized units, representing about 23% of all rental units in Manchester and thus makes the rental costs in Table 5-12 appear more affordable than they really are.

Table 5-12: Rental Costs, 1990 to 2018

Gross Rent	1980		1990		2000		2010		2018	
	#	%	#	%	#	%	#	%	#	%
Under \$200	101	15.3	72	10.3	17	2.7	0	0.0	32	5.9
\$200-299	127	19.2	27	3.9	77	12.2	121	19.2		
\$300-499	292	44.2	65	9.3	9	1.4	22	3.5		
\$500-749	77	11.6	274	39.2	145	22.9	0	0.0	125	23.1
\$750-999			135	19.3	207	32.8	51	8.1		
\$1,000-1,499			71	10.2	100	15.8	201	31.9		
\$1,500+					49	7.8	191	30.3		
No Cash Rent	64	9.7	55	7.9	28	4.4	44	7.0	48	8.9
Total*	661	100.0	699	100.0	632	100.0	630	100.0	542	100.0
Median Rent	\$342		\$648		\$780		\$1,167		\$1,183	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 3 and American Community Survey 5-Year Estimates, 2014-2018.

There are few listings of rental opportunities in Manchester but what few exist suggest that market rents are much higher than the \$1,183 gross monthly rents indicated by 2018 census estimates. Recent listings of rental units are presented in Table 5-13, demonstrating the high cost of rental housing in Manchester. Most of the rentals were in existing homes ranging from a very small rear apartment for \$1,100 to \$3,400 for a two-level apartment in a large house. The listings also included two 4-bedroom homes with one on the water renting for \$7,500 per month.

Most of the apartments require first and last month's rent plus a security deposit equivalent to as much as another month's rent. For a \$2,000 apartment, that totals potentially as much as \$6,000 in up-front cash, an amount that many prospective tenants do not have available.

Table 5-13: Rental Listings, August 2020

Unit Type	# Bedrooms	# Baths	Square Footage	Rent
Rear apt. in house	1	1	650	\$1,100
Apt. in house	1	1	850	\$1,850
First floor of 2-family	1	1	800	\$2,000
Top floor of house	1	1	1,000	\$2,400
Townhouse	2	1	955	\$1,700
Garden-style apt.	2	1	800	\$1,850
Small ranch on beach	2	1	900	\$1,950
Top floor of house	2	1	1,200	\$2,400
Second floor of 2-family	2	1	1,100	\$3,000
Duplex in large house	2	2.5	2,000	\$3,400
House	4	2.5	1,724	\$3,700
House on water	4	2.5	3,370	\$7,500

Sources: Internet listings in Trulia, Apartments.com, and Zillow, August 24, 2020.

5.5 Affordability Analysis

Affordability Gaps

While it is useful to have a better understanding of housing costs, it is also important to analyze the implications of these costs on residents' ability to afford them. Tables 5-14 and 5-15 look at affordability from two different vantage points. Table 5-14 calculates what households earning at various income levels can afford with respect to types of housing, and Table 5-15 examines some of the housing costs summarized above in Section 5.4, estimating what households must earn to afford these prices *based on spending no more than 30% of their income on housing expenses*, the commonly applied threshold of affordability.

In addition to showing how different types of housing are more or less affordable to households earning at different income levels, Table 5-14 also indicates that the amount of down payment has a substantial bearing on what households can afford. After the recession of more than a decade ago, lenders have typically been applying more rigid lending criteria, including the need for down payments as high as 20% of the purchase price. Such high cash requirements make homeownership, particularly first-time homeownership, much more challenging. As Table 5-14 demonstrates, a household earning the same income can acquire a much higher-priced home with more cash down as they are borrowing less. It should be noted that there are state programs that subsidize mortgage financing, such as the ONE Mortgage

Program or MassHousing programs, as well as down payment assistance, that can make financing more accessible for qualifying households. Moreover, state affordability requirements under the Local Initiative Program (LIP) establish a different formula for calculating purchase prices, allowing a reasonable marketing window, and are thus lower.

Table 5-14 also shows that because condo fees are calculated as housing expenses in mortgage underwriting criteria, they are relatively more expensive. Therefore, a household earning at 80% of area median income (AMI), for example, can afford a single-family home of \$360,000 with a 5% down payment, but a condo for only \$319,000, assuming a condo fee of \$300 per month. The same household is estimated to be able to buy a two-family house for \$610,000 as it might be able to charge at least \$2,000 per month in rent, which is considered as income in mortgage underwriting, usually at about 75% of the rent level or \$1,500. It is therefore not surprising that the two-family house has been successful as starter housing in many of the state's older communities when zoning allowed this type of housing.

Table 5-14: Affordability Analysis I – Maximum Affordable Prices Based on Income Levels

Type of Property	Income Level	30% of Monthly Income	Estimated Max. Affordable Price 5% Down ***	Estimated Max. Affordable Price 20% Down ***
Single-family	Town Median Income = \$124,025*	\$3,100.62	\$495,500	\$585,500
	100% AMI = \$107,100**	\$2,677.50	\$428,000	\$505,500
	80% AMI = \$86,650**	\$2,166.25	\$360,000	\$409,000
Condominium	Town Median Income = \$124,025*	\$3,100.62	\$460,000	\$546,000
	100% AMI = \$107,100**	\$2,677.50	\$390,000	\$464,000
	80% AMI = \$86,650**	\$2,166.25	\$319,000	\$364,000
Owner-occ. Two-family	Town Median Income = \$124,025*	\$3,100.62	\$735,000	\$869,000
	100% AMI = \$107,100**	\$2,677.50	\$667,500	\$789,000
	80% AMI = \$86,650**	\$2,166.25	\$610,000	\$692,500
	Income Level	30% of Monthly Income	Estimated Monthly Utility Costs	Affordable Monthly Rent
Rental	Town Median Income = \$124,025*	\$3,100.62	\$200.00	\$2,900.62
	100% AMI = \$107,100**	\$2,677.50	\$200.00	\$2,477.50
	80% AMI = \$86,650**	\$2,166.25	\$200.00	\$1,966.25
	50% AMI = \$57,600**	\$1,440.00	\$200.00	\$1,240.00
	30% AMI = \$34,550**	\$863.75	\$200.00	\$663.75

Sources: Calculations provided by Karen Sunnarborg.

* Based on the U.S. Census Bureau's American Community Survey estimate for 2018 for Manchester.

** HUD 2020 Income Limits for the Boston area for a household of three (3), which is the average household size in Manchester (2.59 persons). The 100% AMI figure based on the figures from the Community Preservation Coalition.

*** Figures based on 80% financing, interest of 4.0%, 30-year term, annual property tax rate of \$11.70 per thousand, insurance costs of \$6 per thousand for single-family and two-family homes and \$4 per thousand for condos. Figures also assume that a household will pay no more than 30% of its income on housing costs. Estimated monthly condo fees of \$300, and rental income of 75% of \$2,000 or \$1,500. Figures do not include underwriting for Private Mortgage Insurance (PMI) in calculations with a 20% down payment and assume that purchasers earning at or below 80% AMI would qualify for the ONE Mortgage Program or another subsidized mortgage program that would not require PMI.

Table 5-14 also examines what renters can afford at three different income levels. For example, a three-person household earning at 50% AMI and earning \$57,600 annually could afford an estimated monthly rental of about \$1,240, assuming they are paying no more than 30% of their income on housing and pay utility bills that average \$200 per month. A rental this low is increasingly difficult to find in Manchester, where the lowest rental advertised August 2020 for a two-bedroom apartment on the internet was \$1,700 as shown in Table 5-13. This rental most likely also required first and last month's rent and a security deposit. This means that any household looking to rent in the private housing market must have a considerable amount of cash available, which has a significant impact on affordability.

Table 5-15 examines affordability from another angle, going from specific housing costs to income. Taking median price levels for single-family homes, condos and two-family homes, the incomes that would be required to afford these prices are calculated, also showing the differences between 95% and 80% financing. For example, using the median single-family home price as of July 2020 of \$815,000, a household would have to earn approximately \$201,600 if they were able to access 95% financing and about \$170,190 with 80% financing.

The median condo price was \$592,500 as of July 2020, requiring an income of approximately \$156,360 with 5% down and \$133,525 with the 20% down payment. Because of the income generated in a two-family home, this type of property is significantly more affordable, with a median of \$658,800 requiring an income of an estimated \$98,400 or \$85,000 based on 95% and 80% financing, respectively.

Table 5-15: Affordability Analysis II
Income Required to Afford Median Prices or Minimum Market Rents

Type of Property	Median Price*	Estimated Mortgage		Income Required **	
		5% Down	20% Down	5% Down	20% Down
Single-family	\$815,000	\$774,250	\$652,000	\$201,600	\$170,190
Condominium	\$592,500	\$562,875	\$474,000	\$156,360	\$133,525
Two-family	\$658,800	\$625,860	\$527,040	\$98,400	\$85,000
Rental	Reasonable Market Price	Average Monthly Utility Costs	Income Required		
One-bedroom	\$1,750	\$175	\$77,000		
Two-bedroom	\$2,000	\$200	\$88,000		
Three-bedroom	\$3,000	\$250	\$130,000		

Source: Calculations provided by Karen Sunnarborg.

* From Banker & Tradesman Town Stats data, August 23, 2020 (see Table 5-8) for single-family homes and condos as of July 2020. Used FY20 Assessor's data for the two-family example.

*** Figures based on 80% financing, interest of 4.0%, 30-year term, annual property tax rate of \$11.70 per thousand, insurance costs of \$6 per thousand for single-family and two-family homes and \$4 per thousand for condos. Figures also assume that a household will pay no more than 30% of its income on housing costs. Estimated monthly condo fees of \$300, and rental income of 75% of \$2,000 or \$1,500. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the ONE Mortgage Program or another subsidized mortgage program that would not require PMI.

In regard to rentals, using the gross median rent of \$1,183 based on 2018 census estimates, an income of \$55,320 would be required assuming \$200 per month in utility bills and housing expenses of no more than

30% of the household's income. This income is not much lower than 50% of the Boston area median income level of \$57,600 for a household of three. Even so, someone earning minimum wage of \$12.75 for 40 hours per week every week during the year would still only earn a gross income of only \$26,622. Households with two persons earning the minimum wage would still fall short of the income needed to afford this rent. While there are rents that fall below this level, particularly subsidized rents, market rents as listed in Table 5-13 tend to be beyond the reach of lower-wage earners and even some middle-income households.

Through the combination of information in Tables 5-14 and 5-15, it is possible to compute the affordability gap, typically defined as the difference between what a median income household can afford and the median priced unit on the market. The affordability gap for single-family homes was \$229,500, based on the difference between what a median income household could afford of \$585,500 (for an average household of three and 80% financing) and the median house price of \$815,000. Moreover, this analysis assumes 80% financing and the ability to afford the upfront cash requirements for the down payment and closing costs of almost \$170,000, something most first-time homebuyers without equity in a previous home are typically challenged to provide. This effectively adds to the affordability gap.

When looking at the affordability gap for those earning at 80% AMI, the gap widens considerably to about \$406,000, the difference between the median priced single-family home of \$815,000 and what a three-person household earning at this income level can afford, or \$409,000 based on 80% financing. In regard to 95% financing, the gap increases to \$455,000. Once again, the upfront costs of the down payment and closing costs add to the affordability gap.

The affordability gap for condos is \$46,500, the difference between the median priced condo of \$592,500 and what a median income earning household can afford of about \$546,000 based on 80% financing. The gap for 95% financing increases to \$132,500. This gap widens to \$273,500 for households earning at 80% AMI for 95% financing and \$228,500 for 80% financing.

There are no affordability gaps for the owner-occupied, two-family house under both the 95% and 80% financing scenarios as the median income earning household, and even those with incomes at or below 100% AMI, can afford the median price of \$658,800 given the income that is generated through rent. There is a modest gap of \$48,800, however, for those earning at the 80% AMI level for 95% financing.

Table 5-16 estimates how many single-family homes and condos exist in Manchester that were estimated to be affordable within various income categories. There were only 22 single-family homes and 51 condos that were likely affordable to those earning at or below 80% AMI for a total of 73 units or 4.1% of all these units. Another 312 single-family homes and 85 condos were affordable to those earning between 80% AMI and the median income level for Manchester for a total of 397 units or 22.2% of all such units. Almost three-quarters of the units, 73.8%, were affordable to those earning beyond the town's median income level including 1,265 single-families and 57 condos. These levels suggest very limited affordability in the community's private housing stock.

Table 5-16: Affordability Analysis III
Relative Affordability of Single-family and Condo Units in Manchester, 2020

Price Range Single- family/Condo	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
\$360,000 and less/ \$319,000 and less	Less than 80% AMI	22	1.4	51	26.4
\$360,001-\$505,500/ \$319,001-\$464,000	80% AMI – 100% AMI	131	8.2	64	33.3
\$505,501-\$585,500/ \$464,001-\$546,000	100% AMI – Town's Median Income	181	11.3	21	10.9
More than \$585,500/ more than \$545,000	More than Town's Median Income	1,265	79.1	57	29.5
Total		1,599	100.0	193	100.0

Source: Manchester Assessor's Database for FY20. Please note that as a standard practice, assessed value is assumed to be at least 93% of actual value or potential sale price but likely greater in rising housing markets. Figures based on the analysis included in Table 5-14. 95% financing for the less than 80% AMI income range and 80% for the other income categories.

Housing Demand Analysis

Table 5-17 demonstrates the need for more affordable homeownership opportunities in Manchester, certainly for those earning at or below 80% AMI. These calculations suggest that of the 255 owner households who were estimated to have earned at or below 80% AMI, there were only 73 single-family homes and condos that would have been affordable to them based on Fiscal Year 2020 assessed values and other noted assumptions from Table 5-14. This implies a projected deficit of between 182 to 190 units for those earning in this income range depending upon assessed values or HUD cost burden data (Table 5-19). A deficit was also calculated for those earning between 80% and 100% AMI using the HUD cost burden data.

Table 5-17: Homeownership Need/Demand Analysis, 2018

Income Group	Income Range*	Affordable Sales Prices Single-family/Condos	# Owner Households*	# Existing Affordable Units***	Deficit -/ Surplus+
80% AMI and less	\$86,650 and less	Up to \$360,000/\$319,000	255	73	-182
				65	-190
80% AMI to 100% AMI	\$86,651 to \$107,100	\$361,001-\$505,500/ \$319,001-\$464,000	120	195	+75
				25	-95
100% AMI to Town's median Income	\$107,101 to \$124,025	\$505,501-\$585,500/ \$464,001-\$546,000	92**	202	+110
				NA	NA

Sources: US Census Bureau's American Community Survey, 2014-2018 5-Year Estimates. Manchester Assessor's data for FY20. See analysis and assumptions in Table 5-14.

* Figures from Table 5-19.

** Extrapolated data from Table 4-2.

*** There are two types of calculations presented. The first in gray shading reflects the number of units in the Assessor's database within the range of affordable unit prices based on estimates in Table 5-14. The second figures in the non-shaded areas are based on the number of units that were estimated to involve owners who were not spending too much on their housing from Table 5-19.

Table 5-18 indicates that there is a shortage of affordable rental units with an estimated deficit of 164 units for households earning less than 80% AMI. Units for extremely low-income households are a particular need.

Table 5-18: Rental Unit Need/Demand Analysis, 2018

Income Group	Income Range	Affordable Rent	# Renter Households*	# Existing Affordable Units**	Deficit -/ Surplus+
30% AMI and less	\$34,550 and less	\$664 and less	260	120	-140
Between 30% and 50% AMI	\$34,551 to \$57,600	\$651 to \$1,240	15	15	0
Between 50% and 80% AMI	\$57,601 to \$86,650	\$1,241 to \$1,966	65	41	-24
Between 80% and 100% AMI	\$86,651 to \$107,100	\$1,967 to \$2,478	100	100	0
Total			440	276	-164

Sources: US Census Bureau's American Community Survey, 2014-2018 5-Year Estimates. See analysis and assumptions in Table 5-14.

* Extrapolated data from Table 4-2.

** Based on the number of units that were estimated to involve renters who were not spending too much on their housing from Table 5-19.

Cost Burdens

It is also useful to identify numbers of residents living beyond their means based on their housing costs. The U.S. Census Bureau provides data on how much households spend on housing whether for ownership or rental. Such information is helpful in assessing how many households are encountering housing affordability problems or cost burdens, defined as spending more than 30% of their income on housing.

Based on 2018 estimates from the Census Bureau's American Community Survey, there were 269 households, or 17.6% of the homeowners in Manchester, spending between 30% and 49.9% of their income on housing and another 128 owners or 8.4% spending more than 50% of their income on housing expenses and described as having severe cost burdens. Thus, about 397 or 25.9% of all owners were overspending on housing based on these estimates.

In regard to renters, of the 494 renter households which were paying rent, 87 or 17.6% were spending between 30% and 49.9% of their income on housing and another 128 or 25.9% were paying above this level. Therefore, 215 or 43.5% of all renters who were paying rent were overspending and defined as experiencing cost burdens.

This census data estimates that 612 or approximately 30% of all Manchester households were living in housing that is by common definition beyond their means and unaffordable.

The Department of Housing and Urban Development (HUD) provides additional data on cost burdens through its State of the Cities Data System's Comprehensive Housing Affordability Strategy (CHAS) information, which is summarized in Table 5-19. The table shows how many households were included in the particular category (by income and household type), how many were spending between 30% and 50% of their income on housing, and how many were spending more than half of their income on housing. For

example, the first cell indicates that there were 210 elderly renter households estimated by the Census Bureau's American Community Survey in 2017, none spending between 30% and 50% of their income on housing but 90 spending more than half.

Despite the relative affluence of Manchester, there were 285 renter households and 200 owner households with low or moderate-incomes at or below 80% AMI, many with housing cost burdens. This is not altogether surprising given the town's high housing costs.

This HUD data suggests that about 28% of all Manchester households were spending too much on their housing including about 13% spending more than half of their income on housing costs. Of those 595 households earning at or below 80% MFI, 353 or 59% were experiencing cost burdens with 230 or 39% spending more than half of their income on housing costs, defined as having severe cost burdens.

above 80% MFI were experiencing cost burdens.

- Older adults age 62 years of age or older were experiencing the greatest cost burdens in terms of numbers and prevalence of severe cost burdens. Of the 229 senior renter households, 90 or 39% were spending too much and 35 or 26% who were spending more than half of their income on housing.
- There were 210 small family renters with only 30 earning at or below 80% MFI, all with cost burdens including 10 earning at or below 30% MFI.
- This data indicates that there were 35 large-family households renting in Manchester, all earning above 100% MFI, many who were most likely renting single-family homes.
- Of the 160 "other" households (non-elderly, non-family), mostly single individuals, 44 or 28% were experiencing cost burdens that included 40 earning at or below 30% MFI with severe cost burdens.

Owners

- Almost 75% of the 255 owner households earning at or below 80% MFI were spending too much on their housing including about 35% spending more than half of their income on housing costs.
- As was the case with renters, adults age 62 years of age or older were experiencing the greatest cost burdens in terms of numbers and prevalence of severe cost burdens. Of the 160 senior households earning at or below 80% MFI, 68% were paying too much for their housing that included 60 or 38% with severe cost burdens as they were spending more than half of their income on housing. These households would be prime targets for the Town's tax relief programs.
- There were very few families who were homeowners and earned less than 80% MFI. Of these 95 families, all but 15 were experiencing cost burdens including 30 or 32% with severe cost burdens.
- Of the 35 total "other" individual homeowners (non-elderly and non-family), all had incomes of more than 100% MFI that included 15 or 43% with cost burdens.

Other key findings from this data include the following:

Renters

- More than half (51.2%) of all renter households earning at or below 80% MFI²⁴ were spending too much on housing. Of particular concern are the 140 renters with incomes of less than 30% MFI and severe cost burdens.
- None of the renters earning

²⁴ Median Family Income (MFI) is the equivalent of Area Median Income (AMI) in this report.

Table 5-19: Type of Households by Income Category and Cost Burdens, 2017

Type of Household	Households earning < 30% MFI/# with cost burdens **	Households earning > 30% to < 50% MFI/ # with cost burdens	Households earning > 50% to < 80% MFI/# with cost burdens	Households earning > 80% to < 100% MFI/# with cost burdens	Households Earning > 100% MFI/ # with cost burdens	Total/ # with cost burdens
Elderly Renters	210/0-90	15/0-0	0/0-0	0/0-0	4/0-0	229/0-90
Small Family Renters	10/0-10	0/0-0	20/20-0	75/0-0	105/0-0	210/20-10
Large Family Renters	0/0-0	0/0-0	0/0-0	0/0-0	35/0-0	35/0-0
Other Renters	40/0-40	0/0-0	45/4-0	25/0-0	50/0-0	160/4-40
Total Renters	260/0-140	15/0-0	65/24-0	100/0-0	194/0-0	634/24-140
Elderly Owners	20/4-15	95/30-30	45/15-15	45/30-0	430/35-0	635/114-60
Small Family Owners	10/0-10	0/0-0	55/20-20	25/15-0	615/80-4	705/115-34
Large Family Owners	0/0-0	0/0-0	30/30-0	50/15-35	20/0-0	100/45-35
Other Owners	0/0-0	0/0-0	0/0-0	0/0-0	35/15-0	35/15-0
Total Owners	30/4-25	95/30-30	130/65-35	120/60-35	1,100/130-4	1,475/289-129
Total	290/4-165	110/30-30	195/89-35	220/60-35	1,294/130-4	2,109/313-269

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

Foreclosure Activity

Also related to housing affordability is the issue of foreclosures, which has been a problem for many homeowners across the country since the “bursting of the housing bubble” about a dozen years ago. There has been some limited foreclosure activity in Manchester with seven homeowners losing their homes and very little recent foreclosure activity as shown in Table 5-20.

Table 5-20: Foreclosure Activity, 2007 through August 2020

Year	Petitions to Foreclose	Foreclosure Auctions
Through August 2020	0	0
2019	0	0
2018	0	0
2017	1 (Summer Street)	1 (Summer Street)
2016	0	0
2015	2 (both on Bridge Street)	2 (both on Bridge Street)
2014	3 (Bridge Street, Pine Street and Tuck's Point Road)	0
2013	1 (Norwood Avenue)	1 (Sky Top Drive)
2012	3 (Andrews Avenue, Rosedale Avenue and Summer Street)	2 (Old Essex Road and School Street)
2011	1 (Harrington Way)	1 (Hidden Ledge Road)
2010	2 (Rosedale Avenue and School Street)	0
2009	0	0
2008	0	0
2007	0	0
Total	13	7

Source: The Warren Group, May 16, 2015 and August 31, 2020.

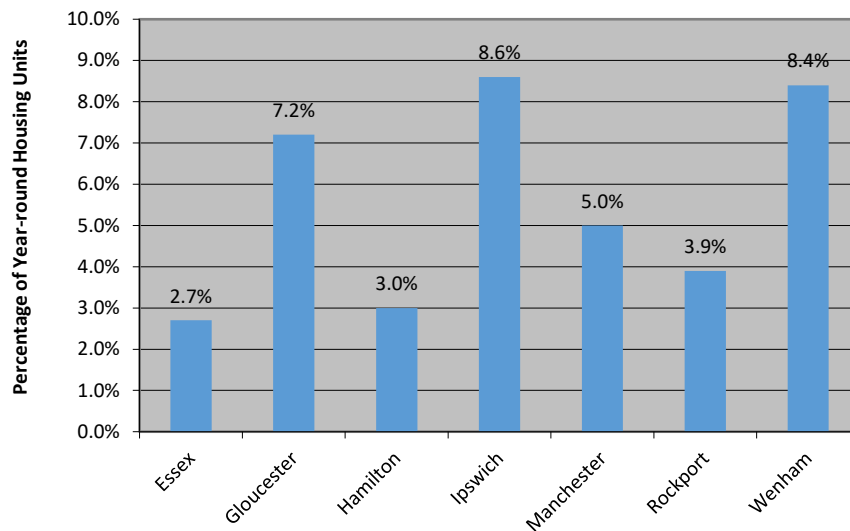
5.6 Subsidized Housing Inventory (SHI)

The state currently lists 115 affordable housing units in Manchester's state-approved Subsidized Housing Inventory (SHI), representing 5.05% of the total year-round housing stock of 2,275 units. Consequently, the Town is halfway towards meeting the state's affordability threshold under Chapter 40B **and thus be able to deny comprehensive permit projects that it deems are inappropriate and do not address local housing needs.**²⁵ This means that Manchester has a gap of 113 affordable units to meet the state's 10% threshold of affordability without considering future growth that will increase the number of year-round units and the 10% goal somewhat over time. When 2020 census figures are released, the number of year-round housing units will likely increase to about 2,350 units, and the 10% affordability threshold will correspondingly increase from 228 units to about 235. This would lower Manchester's percentage to 4.9% assuming just the current 115 affordable units in the SHI.

Many communities in the state have been confronting challenges in boosting their relatively limited supply of affordable housing. The affordable housing levels for Manchester and neighboring communities are visually presented in Figure 5-4. Affordable housing production varies substantially among these communities, ranging from lows of 2.7% and 3.0% for Essex and Hamilton, respectively, to highs of 8.9% and 8.4% for Ipswich and Wenham. Manchester is in the mid-range at about 5.0%.

²⁵ 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.

Figure 5-4
SHI Units for Manchester and Neighboring Communities



The Town might also be able to deny Chapter 40B applications if it meets annual housing production goals or can document that 1.5% of its land area is committed to affordable housing development for example. The annual housing production goals are described in Section 7. As to the calculation of the land area minimum, the land area that includes affordable housing is measured and subtracted from land zoned for residential, commercial or industrial use minus a number of other uses including conservation land and state or federally-owned property. Based on these calculations, more than 68 acres would have to be dedicated to affordable housing projects compared to the current land amount of about 10 acres.

Table 5-20 summarizes the units included in the Subsidized Housing Inventory (SHI) as of July 1, 2020, which is the list of affordable dwelling units that the state recognizes as eligible for counting towards Manchester's 10% state affordability goal or annual housing production goals. Almost all of Manchester's SHI units are rentals with five first-time homeownership units included in the unit mix at 10-12 Summer Street.

The *10-12 Summer Street* project involved the replacement of several dilapidated buildings in the downtown with 5,000 square feet of retail space and 39 residential units. Five of these units are condos for first-time homebuyers earning at or below 80% of area median income (AMI), the remainder being rentals that include 17 apartments for those earning within 60% AMI, the remaining four at market rents.²⁶ The Manchester Housing Authority developed the project after obtaining the financing to acquire the site that included a \$600,000 bond provided by the Town. Developed through the "friendly" Chapter 40B comprehensive permit process, other public financing included state HOME funds, additional HOME funds from the North Shore HOME Consortium, state Housing Innovation Funds (HIF), and Low Income Housing Tax Credits. The project is managed by Wingate Management Company with the Harborlight Community Partners monitoring affordability.

²⁶ The rental units include 7 studios and 14 two-bedroom units.

Table 5-21: Manchester's Subsidized Housing Inventory (SHI)

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of 40B	Affordability Expiration Date
Newport Park Road*	32	Rental/DHCD – elderly and younger disabled ²⁷	No	Perpetuity
The Plains of Old Essex Road*	48	Rental/DHCD – elderly and younger disabled	No	Perpetuity
Loading Place Road*	4	Rental/DHCD – family	No	Perpetuity
10-12 Summer Street	26	Mix/DHCD, FHLBB, MassHousing	Yes	Perpetuity
31 Central Street	3	Rental/DHCD LIP/LAU	No	Perpetuity
Elm Street Village	2	Rental/DHCD	No	Perpetuity
TOTAL	115			

Source: Massachusetts Department of Housing and Community Development, July 1, 2020

*Manchester Housing Authority units

The three units at *31 Central Street* were required under the Town's inclusionary zoning bylaw. The developer, Windover Development, purchased and renovated an existing building and created these units on an off-site basis to comply with the inclusionary zoning requirement that was triggered by their project at 601 Summer Street.

The *Elm Street Village* project was developed by Windover Construction, Inc. and includes 12 market rate units in six duplex structures. Because of the Town's inclusionary zoning bylaw, this development necessitated the provision of two affordable units, which Windover provided just off-site.

Table 5-22: Manchester Housing Authority Housing Wait Lists

Project	Type**	# Units	# Bedrooms	Wait List	Wait Times Local/Non-local Applicants*
Newport Park Road	State/Elderly and younger disabled	32	All 1-bed units	795 applicants	Turnover of only about 11 units/year Average of last 3 years
The Plains of Old Essex Road	State/Elderly and younger disabled	48	All 1-bed units		
Loading Place Road	State/Family	4	2 two-bedroom units and two 3-bedrooms	2,217 applicants	2 units turned over in the past 2 years
10-12 Summer Street (now managed by Wingate Management Co.)	Mix of rental. Rental and ownership	26	Mix	7 applicants for affordable studios and 11 for the affordable 2-bedroom units (1 a resident)	

Source: Manchester Housing Authority, as of August 30, 2020.

²⁷ The Housing Authority reserves 13.5% of their units for those who are 60 years of age or less and have a disability.

Most of the SHI units are owned and managed by the Manchester Housing Authority (MHA). Table 5-22 provides a breakdown of these units, including the number of units and bedrooms as well as wait lists. There is a total of 80 units for the elderly and younger disabled and four family units that are managed by MHA with a wait list of almost 800 applicants and long wait times. The wait list for the four family units includes an astounding 2,217 applicants. The MHA has four handicapped accessible units.

The MHA does not directly administer Section 8 Housing Choice Vouchers or the state's Massachusetts Rental Voucher Program (MRVP) subsidies. These vouchers are provided to qualifying households renting units in the private housing market, filling the gap between an established market rent – the Fair Market Rent (FMR) – and a portion of the household's income. There is a considerable wait for these housing vouchers as well.

Proposed or Potential Projects

The Town is exploring the following projects that, if realized, would add considerably to addressing multiple unmet housing needs:

- *MHA Redevelopment*
Given the age and declining condition of Manchester Housing Authority (MHA) developments, the MHA is working with the Manchester Affordable Housing Trust (MAHT) to explore redevelopment options for the renovation and expansion of Newport Park off Pine Street, The Plains off Old Essex Road, and Loading Place Road apartments. Through a Request for Proposals process, the MHA and MAHT engaged the consulting services of Peregrine Urban Initiative and DHK Architects. Initial concept designs suggest that the project may be able to add another 30+ units on the MHA sites.
- *Development of DPW Site*
The consulting services referenced above will also explore potential housing development opportunities associated with the existing DPW facility site off Pleasant Street. Early estimates indicate the possibility of creating 30+ units of mixed-income homeownership housing on the property.
- *Potential “friendly 40B” development on Upper School Street*
A housing developer is interested in working with the Town in the development of a large rental complex on Upper School Street using the “friendly 40B” permitting process under the state's Local Initiative Program (LIP). Through this program, the developer and Town would largely agree on the terms and conditions of the project and jointly apply to the state's Department of Housing and Community Development (DHCD) to obtain the go-ahead to submit a comprehensive permit application to the ZBA.

The project, called The Sanctuary, proposes 157 rental units. A total of 25%, or 40 units, would be designated as affordable that include 26 one-bedroom units, 16 two-bedrooms and 4 three bedrooms. All affordable apartments will be rented to households with incomes at or below 80% of the area median income. As all units in the rental development count as part of the SHI, the number of affordable units will increase from 115 to 272 or from 5% to 12% of Manchester's year-

round housing stock.²⁸ When the 2020 census figures are released, Manchester will still be well ahead of the 10% affordability threshold. If the project is located within the proposed boundaries of the Chapter 40R district under consideration, the Town would count the project as a significant part of the district's residential component.

- *Potential Chapter 40R Smart Growth Zoning Overlay District*

The Town is working with the Metropolitan Area Planning Council (MAPC) on determining the feasibility of establishing a Smart Growth Zoning Overlay District in Manchester under MGL Chapter 40R. Such districts promote smart growth and mixed-use, mixed-income development in suitable locations, securing multiple state subsidies to help make projects financially feasible and cover any financial burdens related to additional school costs. A 40R district will not only help diversify the housing stock but also increase tax revenue to support local infrastructure and service needs.

- *Redevelopment of Wastewater Treatment Plant Property*

The Town received a \$100,000 grant from the state to evaluate options for decommissioning the existing Wastewater Treatment Plant to eventually redevelop the site. By identifying a feasible option for removing treatment operations, the Town can begin planning for a transit-oriented, mixed-use project in this important downtown, waterfront location. Early plans suggest an estimated 29 units of multi-family housing and 14,600 square feet of commercial space in addition to the expansion of public space and a harbor walk.

5.7 Priority Housing Needs

Given the substantial numbers of residents who are paying too much for their housing (see Table 5-19) and the gaps between the need and supply of existing housing calculated in Tables 5-17 and 5-18, there is a pressing need to produce more affordable housing units in Manchester. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by increasing housing prices in tandem with limited state and federal resources available to subsidize housing.

Additionally, those with the greatest cost burdens have extremely low incomes at or below 30% AMI. Such units are the most challenging to finance as they require layers of deep subsidies to fill the gap between the costs of development and the very little that these tenants can afford to pay as rent. Property-based Section 8 housing subsidies that stay with a particular development provide an important financing tool for reaching these vulnerable residents.

Based on input from a wide variety of sources including census data, market information, interviews with local and regional stakeholders, community input, as well as prior planning efforts; the following priority housing needs have been identified:

Rental housing is the top priority!

Both rental and ownership development are needed to encourage a mix of housing types in response to diverse housing needs. There is however a more pressing need for rental units for those with lower-paying jobs, many in the area's service economy who are encountering serious difficulty finding housing that they

²⁸ While Chapter 40R only requires that 20% of units in developments be affordable, most 40R bylaws include language that would require a 25% level for rentals that, like Chapter 40B, would allow all units in rental units to be eligible for inclusion in the SHI.

can afford in Manchester. However, there is a more compelling case for rental development based on the following important considerations:

- Target the needs of the community's most vulnerable residents with very limited financial means as rental housing is typically more affordable and requires less up-front cash. Rental development can also be targeted to lower income tiers. For example, Low Income Housing Tax Credits are directed to households earning up to 60% AMI and other housing subsidies can target units to even lower income levels such as 50% and 30% AMI. Subsidized rental projects often involve all of these income tiers as multiple sources of funding are frequently needed to make projects financially feasible.
- Promote greater housing diversity as 74% of Manchester's housing stock is comprised of homeownership units and 72% involves single-family detached homes.
- Offer greater local control over affordable housing development as all units in a Chapter 40B rental development count as SHI units or towards housing production goals as opposed to only the actual affordable units in homeownership developments. Meeting the 10% threshold or annual housing production goals will enable the Town to maintain a safe harbor against what it considers to be inappropriate 40B applications that do not meet local housing needs.
- Invest local subsidy funds (e.g. CPA and Manchester Affordable Housing Trust Funds) in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide opportunities for some seniors who are "over-housed" and spending far too much of their fixed incomes on housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Leverage other funds as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular.
- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the SHI make it very difficult for long-term homeowners to be eligible for subsidized or assisted housing based on asset limitations.

This Housing Needs Assessment identifies the following important indicators of significant local housing needs for consideration in planning for new development:

Indicators of Need:

- About 17% of all households earned less than \$35,000, including one-half of all renters. These households can afford no more than about \$675 per month, including utility costs, making it extremely difficult if not impossible to find affordable market rentals without spending too much on housing.
- Manchester's renters are in fact spending too much for their housing. A HUD report indicates that more than half (51.2%) of all renter households earning at or below 80% MFI²⁹ were spending more than 30% of their income on housing, the commonly applied threshold for affordability. Of these, 140 were spending more than 50% of their income on housing costs (with severe cost burdens), all with extremely low incomes at or below 30% MFI.

²⁹ Median Family Income (MFI) and Area Median Income (AMI) are comparable in this report.

- The gross median rent included in 2018 census estimates of \$1,183 would require an income of approximately \$55,320, assuming \$200 per month in utility bills and housing expenses of no more than 30% of the household's income. Someone earning minimum wage of \$12.75 for 40 hours per week every week during the year would still only earn a gross income of only \$26,622. Households with two persons earning the minimum wage would still fall short of the income needed to afford this rent. While there are some rentals that fall below this level, market rents tend to be way beyond the reach of lower-wage earners.
- Renting an apartment in the private housing market also requires a substantial amount of upfront cash. Most apartments require first and last month's rent plus a security deposit. For a \$2,000 apartment, representing a more typical market rent, that totals as much as \$6,000, an amount that many prospective tenants do not have available to them. Additionally, most of Manchester's rental opportunities are not advertised and consequently those who do have a special connection to the community or individual landlord are out of luck. Moreover, summer rentals drive up rental costs and limit the availability of year-round units.
- Calculations in Table 5-18 estimate that there is a shortage of 164 rental units for those households earning less than 100% of area median income.
- Census data suggests a loss of 89 rental units or 13.2% of the town's rental housing between 1980 and 2010, most likely related to teardown and rebuilding activity and the conversion of small multi-family dwellings to single-family homes or condominiums.
- The 2018 census estimates suggest a zero percent vacancy rate for rental units down from 6.5% in 2010, reflecting extremely tight market conditions in Manchester.

Rental Needs of Seniors

- The number of those 65 years of age and older almost doubled between 1980 and 2018, from 644 to 1,243 residents, while the population as a whole decreased by 1%. The Metropolitan Area Planning Council (MAPC) projects that the number of seniors will increase by 63% between 2010 and 2030. 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.
- Older adults age 62 years of age or older who were renters were experiencing the greatest cost burdens in terms of numbers and prevalence of those with severe cost burdens. Of the 229 senior renter households, 90 or 39% were spending too much, all with extremely low incomes of less than 30% MFI and all spending more than half of their income on housing costs.
- Most seniors earning fixed incomes and relying substantially on Social Security find that when they lose their spouse, their income may not be sufficient to afford their current housing and other expenses.
- The Manchester Housing Authority has a waitlist of about 800 applicants for senior housing with only about 11 units turning over each year. Additionally, this important inventory of community housing units is aging with a growing list of unfunded but needed repairs and upgrades.

Rental Needs of Families

- There were 210 small families of four or fewer members and 35 large families of five or more members renting in Manchester, most of which were earning more than 100% MFI and likely renting homes. The very limited number of low and moderate-income renter households is highly correlated with the low number of affordable rental units for families in the community.
- Of the 30 small families with incomes at or below 80% MFI, all were experiencing cost burdens.
- The Manchester Housing Authority (MHA) has only four family rental units with 2,217 applications on the wait list. Only two units turned over during the last two years. Before that, only one unit had turned over since they were built in the 1980s.

New ownership opportunities are second priority!

Efforts to provide starter homes for first-time homebuyers who are priced-out of Manchester's housing market should be promoted to help diversify an increasingly aging population, offering opportunities for young families to live in town. Infill development, cluster development, and the redevelopment/reuse of existing properties in partnership with non-profit organizations and private builders offer the best options for increasing affordable homeownership opportunities in Manchester.

Indicators of Need:

- About 96% of the Town's existing subsidized housing units are rentals.
- Approximately 30% of all renter households earned enough to potentially qualify for subsidized first-time homebuyer opportunities if they become available.
- Housing remains expensive and those earning at or below 80% AMI are virtually shut-out of the private housing market. When looking at the affordability gap for those earning at 80% AMI, the gap is estimated to be about \$406,000, the difference between the median priced single-family home of \$815,000 and what a three-person household earning at this income level can afford, or \$409,000, based on 80% financing. In regard to 95% financing the gap increases to \$455,000. Additionally, the upfront costs of the down payment and closing costs add to the affordability gap.
- As presented in Table 5-16, of the 255 owner households who were estimated to have earned at or below 80% AMI, there were only 22 single-family homes and 51 condos that would have been affordable to them based on FY20 assessed values. This implies a projected deficit of almost 200 units for those earning at or below 80% AMI.
- Of the 255 owners with incomes at or below 80% AMI, an estimated 190 were spending too much of their income on housing and thus were not living in housing that by common definition was affordable. Many of these households were seniors including 60 who were spending more than half of their income on housing costs.
- Tax exemption and work-off programs could help support some of the housing-related costs for lower-income homeowners who struggle to make ends meet.

- Seniors who own their own homes find that there are few options for downsizing in the community while others who require assisted living units are forced to move outside of Manchester.
- The entry costs for homeownership force first-time homebuyers to frequently look elsewhere for housing they can afford to buy or search for very limited rental opportunities. Without a subsidized mortgage, households have to come up with a substantial amount of cash, now more typically a down payment of 20%, blocking many who seek to own a home. Credit problems also pose substantial barriers to homeownership.
- While condo prices are lower, it has often become challenging to obtain financing. Additionally, monthly fees raise housing expenses, limiting the amount that can be borrowed.
- Younger adults in the family formation stage of their lives, the 25 to 34-age category, have decreased dramatically, dropping to 2.5% of the population in 2018 from 14.0% in 1980, and from 757 to 132 residents. It is likely that the lack of housing diversity is a major factor in this decline.
- Prior generations have had the advantage of GI loans and other favorable mortgage lending options with reasonable down payments. Also, in prior years the average home price to average income ratio was much lower than it is today, making homeownership more accessible. Given current economic conditions, the ability to obtain financing is more challenging for today's first-time homebuyers without subsidized ownership.
- The 2018 vacancy rate for homeownership units was zero percent, up from 2.9% in 2013, reflecting extremely tight market conditions.

Integrate handicapped accessibility and supportive services into new development

Handicapped accessibility and/or supportive services should be integrated in at least 10% of the new.

Indicators of Need:

- Of all Manchester residents in 2018, 478 or 8.9% claimed a disability, up significantly from 4.9% in 2013. While less than the county and state levels of 11.9% and 11.6%, respectively, the increase in the special needs population was particularly high among seniors.
- As mentioned above, the number of those 65 years of age and older has increased substantially and will continue to do so with the aging of the Baby Boomers. Increasing numbers of residents will need better access to housing and on-site supportive services.
- The Council on Aging indicates that there is a significant need for two-bedroom units with elevators or ground-floor access and laundry facilities on the same floor.

Based on annual housing production goals of 11 to 12 units per year,³⁰ the above indicators of need, and the fact that state subsidy funds are primarily available for rentals, family units in particular; this Housing Plan recommends the priority housing needs and goals as summarized in Table 5-23.

³⁰ The current annual housing production goal is 11 units, based on 0.5% of Manchester's year-round housing units, which is likely to increase to 12 units when the 2020 census figures are released.

Table 5-23: Summary of Housing Production Goals Based on Priority Needs

Type of Units	Target Populations	Annual Goals	5-Year Goals
Increase the number of affordable units			
Rental housing	Seniors (33%)	3	15
	Families (67%)	7	35
	Disabled (10% of all new units created)	(1)	(6)
First-time homeownership		2	10
Total		12	60

6. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

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

6.1 Infrastructure

A constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services throughout some areas of town.

The Town's sewer system serves approximately two-thirds of the community with service primarily directed to the central areas of town. The outlying areas of Manchester must rely on septic systems. The 2015 Comprehensive Wastewater Management Plan indicated that the existing wastewater treatment facilities would continue to provide necessary services through 2035 with some improvements to existing equipment.

Manchester's water supply system provides access to potable water to all residents with about 87% of the water used for residential purposes. The primary sources of water are the Gravelly Pond Reservoir in Hamilton and the Lincoln Street Well in Manchester with a secondary source at the Round Pond Well #1. With water treatment plant just over 20 years old and chemical addition facility at Gravelly Pond as well as a chemical feed facility at the Lincoln Street Well, previous high levels of lead and copper have been significantly reduced.

Mitigation Measures

The Town's Master Plan suggests that the Town explore new options for wastewater treatment such as converting to a flood-pump station that would pipe sewage to a new treatment facility elsewhere in town or perhaps Beverly. A state grant is enabling the Town to evaluate these new options. The potential for removing the existing wastewater treatment facility would also open up opportunities for redeveloping this Downtown waterfront site.

Also, the Town recognizes that the interior of the Essex Country Club and the Gravelly Pond watershed as areas that are particularly important to protect given the need for flood storage and water quality protection issues.

6.2 Zoning

As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Manchester's Zoning Bylaw embraces zoning that maintains low housing densities in most residential areas in an effort to protect the environment and maintain its community character. Such constraints, however, also limit the construction of affordable housing.

The Zoning Bylaw divides the town into seven (7) districts with minimum lot requirements ranging from 6,000 square feet to five (5) acres. The Residence E district was added in 2000 because of the concentration of homes that relied on septic systems, increasing the required lot area to limit new development.

Multi-family development is limited under the Bylaw. Single Residence Districts limit housing development to single units and two-family development is allowed in Residence District D, either through new construction or the conversion of single units to two. Housing development is limited to no more than four (4) units in the General District by special permit under certain conditions although an existing dwelling can be converted to three (3) units. Housing is not currently allowed in the Limited Commercial District.

Table 6-1: Summary of Dimensional Requirements

District	Required Lot Area	Minimum Frontage
Single Residential A	22,500 square feet	150 feet
Single Residential B	15,000 square feet	75 feet
Single Residential C	45,000 square feet	150 feet
Residence D	6,000 square feet	60 feet
Single Residential E	90,000 square feet	150 feet
Limited Commercial	5 acres	
General	6,000 square feet	60 feet
Water Resource Overlay District	NA	NA

Source: Town of Manchester Zoning Bylaw

Because historic growth patterns included the building of estates, many properties exceed minimum zoning requirements, and there is great uncertainty about their future development. Many of these properties have already been protected with conservation restrictions.

Mitigation Measures

Manchester has made some progress in promoting smart growth development and affordable housing through the following zoning provisions:

- ***Inclusionary Housing***³¹

Manchester's Zoning By-law includes provisions for the inclusion of affordable units that meet all requirements under the state's Local Initiative Program (LIP) and are thus eligible for counting as part of the state's Subsidized Housing Inventory (SHI). At least 10% of the units in any development of six (6) or more residential units must be affordable. Fractions of a lot or dwelling unit are rounded up to the nearest whole number. Constructed or rehabilitated units under these provisions are subject to special permit approval of the Planning Board.

Applicants have options in how they respond to this zoning. For example, a developer may offer to donate land off-site that the Planning Board determines to be suitable for the construction of affordable units with approval of the Board of Selectmen. The value of this donated land must be equal to or greater than the value of the construction or set-aside of the affordable units. Additionally, for homeownership developments, a cash payment in-lieu of actual units may be paid to the Affordable Housing Trust.³² The fee is calculated as the difference between the median sales price for the new single-family home built in Manchester during the preceding three (3) fiscal years as determined by the Board of Assessors, and the purchase price of a home that is affordable to a qualified purchaser. If the project involves condos, the calculation would involve the

³¹ Manchester Zoning By-law, Section 6.14.

³² Manchester has not yet established such a Housing Trust.

difference between the assessed median over the past three (3) years and the qualifying LIP purchase price.

- *Accessory Apartments*³³

Accessory apartments are allowed in Single Residence Districts A, B, C, and E by special permit. The development of such units is constrained however, by the following conditions –

- Except in Single Residence E, the lot size must be twice the minimum lot size for the district.
- Accessory units can only be created in single-family homes that were built prior to March 1, 1984.
- Off-street parking of at least four (4) vehicles is required.
- The floor area of the accessory unit cannot exceed 35% of the principal unit and accessory unit combined.
- Any additions cannot increase the floor area or volume by more than 10%.

The Town has prepared draft changes to the bylaw (see strategy ?)

- *Residential Conservation Cluster (RCC)*³⁴

The Residential Conservation Cluster (RCC) is a clustered residential development with reduced lot sizes and frontage where the land that is not included in the building lots is generally preserved as open space. The bylaw suggests that the Town prefers this type of development or redevelopment for projects of five (5) or more acres and/or six (6) or more lots, but the Planning Board retains the final determination as to whether a particular property is best suited to the RCC or a traditional subdivision. Approval is through a special permit. The number of units allowed should not exceed what would be permitted through a conventional subdivision. Other conditions include –

- The minimum lot size is one-half the square footage otherwise required by the Zoning District.
- No lot should have a frontage of less than 50 feet provided that this frontage is located on internal roadways.
- Setbacks may be reduced by one-half of what would otherwise be required in the Zoning District.
- All land not utilized for lots, roadways, drainage, etc. should be set-aside as open space with a minimum of 60% of the upland area. If the land will be deeded to the Town or other entity, such as a land trust, a minimum of 50% of the upland area must be provided as open space. Open space can be used for recreation, conservation, or agriculture as well as leaching facilities.
- As a condition of the special permit, any RCC development containing six (6) or more lots must comply with the provisions of Section 6.14 (Inclusionary Housing).
- Units are restricted to one and two-family residential structures.

- *Planned Residential Development (PRD)*³⁵

Planned Residential Development (PRD) developments are allowed by special permit in Residential Districts C and E that provide an alternative development pattern to the traditional

³³ Manchester Zoning By-law, Section 4.6.

³⁴ Manchester Zoning By-law, Section 6.13.

³⁵ Manchester Zoning By-law, Section 6.8.

subdivision that is more in keeping with smart growth principles. Housing is intended to be clustered to encourage the preservation of open space, promote less land excavation, and preserve other natural features. Such development is constrained however, by the following conditions –

- The parcel must include a single tract of not less than 50 acres.
- A preliminary Environmental Impact Statement (EIS) is required.
- Single-family detached and attached and multi-family structures of all types are allowed as long as the average number of bedrooms per dwelling unit does not exceed two (2).
- The number of units cannot exceed that which would have been allowed without the special permit.
- No dwelling unit can be built within 500 feet of an existing public way, within 50 feet of a lot line, or within 30 feet of any way within the development.
- All units must be connected to Town water and sewer service unless other suitable provisions are approved.
- All structures must comply with existing height restrictions.
- The area of residential development must not exceed 30% of the total land area.
- The area of common open space must be at least 70% of the total PRD area; include deed restrictions; and be owned in common and readily accessible to all owners, a trust, corporation, or non-profit organization.

This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations and making them “friendlier” to the production of affordable housing and smart growth development. These strategies include promoting mixed-use development and transit-oriented development through Chapter 40R/40s, modifying the accessory apartment provisions, and modifying the multi-family housing requirements to encourage more types of housing to address a wider range of housing needs (see Section 8.2).

The Town is undertaking a Zoning Bylaw update that proposes significant changes to these existing bylaws, all in an effort to promote diversity and affordability within its housing stock.

6.3 Environmental Concerns

Manchester has historical concerns for its natural assets including a high priority for preserving its shoreline, water resources, and open space. The Town’s scenic vistas, expanse of woodlands, and coastal features remain priorities for preservation by the Town. Organizations such as the Manchester Essex Conservation Trust (MECT) and The Trustees of Reservations have with Town government been instrumental in protecting approximately 1,321 acres of land or one-third of the land in Manchester. Over half of the land in town is for residential use.

A great deal of the unprotected and undeveloped land has significant development constraints including rock outcroppings, poor soils conditions, or other environmental issues. As noted in the Town’s Open Space and Recreation Plan states, “Virtually all the undeveloped land in Manchester is characterized as having ‘severe’ or ‘moderate to severe’ limitations for use as building or road sites. And all soils without exception are rated as having ‘severe’ limitations for construction of septic tank absorption fields.”³⁶ Consequently, access to municipal wastewater treatment is a pressing need with respect to new development.

³⁶ Manchester-by-the-Sea Open Space and Recreation Plan, August 2014.

While Manchester benefits from floodplain swamps that provide some measure of flood control, flooding still remains a problem in some residential areas. The development of wooded areas upstream from these swamp areas may contribute to further flooding if not properly mitigated. Moreover, the impacts of climate change and corresponding sea level rise, suggest that Town needs to build higher seawalls and elevate low-lying roads and other low-lying infrastructure.

Manchester also includes some “Primary Forest” areas which have remained untilled and have greater native biodiversity than other areas including soil fauna and flora. These areas are primarily located in the outlying areas away from the coast and Town Center where new development may need to be discouraged.

The Town also has abundant wildlife that includes some rare and endangered species such as the black-crowned night heron, the snowy egret, the blue-spotted salamander, the four-toed salamander, the spotted turtle, and Hentz’s Redbelly Tiger Beetle. Moreover, the state has identified Cat Brook and portions of Sawmill Brook as important habitats for native cold-water fisheries. Buffers and culverts along these areas are important for maintaining their water and habitat quality.

Mitigation Measures

As part of the Master Plan, the Town is exploring the following measures for better protecting its sensitive natural resources including:

- Assessing the impacts of any new development in order to reduce any adverse environmental impacts that might result before approvals are issued including promoting Low Impact Development (LID) or similar regulations as part of new development.
- Reviewing and updating local strategies, policies, regulations and capital plans for consistency with climate resiliency and climate change improvements every five years in concert with the renewal of the federally-mandated natural hazard mitigation plan, implementing key recommendations.
- Acquiring environmentally-sensitive parcels such as the 12-acre property in the “western woods” where consultants will work with residents to catalogue and assess the property to prepare management and maintenance recommendations as well as conduct a forest management study.
- Assessing low-lying areas and resources in light of rising sea levels to better understand impacts and address risks.
- Creating and funding Maintenance and Management Plans for all Town-owned open space and conservation land.
- Identifying and protecting land that is critical to the water supply, biodiversity, and community character such as the Western Woods Preservation Initiative.
- Updating the 2014 Open Space and Recreation Plan.

6.4 High Property Values

The analysis in Section 5.4 shows that the value of property in Manchester is very high with the median single-family house price of \$815,000 as of July 2020. Many long-term owners would not be able to afford to buy a home in Manchester based on current values. Seniors living on fixed incomes are finding that increasing costs of living in tandem with home maintenance needs are making it difficult to afford to remain in their homes. Children who were raised in town are becoming more unlikely to afford to return to the community to raise their own families. Also, those interested in developing affordable housing are confronted with high affordability gaps between what the property costs and what they can charge

qualifying tenants or first-time homebuyers unless substantial zoning relief is provided to allow for real economies of scale in construction costs in tandem with subsidies.

Mitigation Measures

The Town, guided by this Housing Production Plan and the Master Plan, will continue to proactively promote affordable housing, subsidizing such development through the conveyance of Town-owned property at a nominal price, the infusion of CPA or Housing Trust funds, and leveraging other public and private funds to the greatest extent possible, including funds from the North Shore HOME Consortium. The Town will also use regulatory controls through zoning and permitting to encourage and expedite developments that meet local housing needs.

6.5 Transportation

Transportation access to Manchester is primarily via Routes 127 and 128, crossing the town from Beverly to Gloucester. The MBTA's commuter rail line, with a station in Manchester, also provides important access, linking Manchester to Boston and other employment and commercial centers in less than an hour. About 14% of Manchester's residents are estimated to use public transportation according to 2018 census estimates.

Manchester's Council on Aging has two (2) relatively new vans available to support the needs of local seniors in getting to important appointments, services, shopping and special activities. Besides these seniors, those residents who do not live in proximity to the commuter rail must rely on a car which can be a significant cost burden to low and moderate-income individuals and families.

Mitigation Measures

Opportunities to direct development to areas that are most conducive to higher densities, in that they are closer to commercial areas and commuter rail may serve to reduce transportation problems somewhat (see strategies 8.2.1 and 8.3.1).

6.6 School Enrollment

The Manchester Essex Regional School District reported a student enrollment of 1,370 students for the 2019-2020 school year, down from 1,507 students for the 2014-2015 school year but comparable to the 2007-2008 enrollment of 1,360 students. These enrollment figures include students from the Town of Essex. The Middle and High School is in very good condition, the elementary school is under construction.

Mitigation Measures

Town Meeting approved replacing the Memorial Elementary School which is scheduled to be completed by fall 2021.

6.7 Availability of Subsidy Funds

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding for new community housing development and must be creative in determining how to finance projects and tenacious in securing these resources.

Manchester does have an important local resource for subsidizing affordable housing – CPA. At least 10% of CPA funds must be directed to community housing activities. After a couple of failed attempts to adopt the Community Preservation Act in 2002 and 2003, Manchester voters subsequently passed CPA in 2005 with a 0.5% surcharge and then increased it to 1.5% in 2010, and 3% in 2014. A surcharge reduction to 1.5% was subsequently approved which somewhat reduces the Town’s ability to leverage additional public and private technical and financial resources to meet production goals.

Since CPA was approved, the Town has spent \$201,440 on housing activities, representing 7.23% of the total appropriations and 5.61% of total CPA revenue. This level of spending for housing is under the required 10% minimum and there is about \$286,000 in reserve funds yet to be committed for housing. Moreover, the Town is interested in prioritizing the creation of affordable housing opportunities and increasing the amount of CPA revenue for housing. **How can we best update? Awaiting numbers from Accounting.**

Mitigations Measures

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

6.8 Community Perceptions

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

Mitigations Measures

Ongoing community outreach and education will be necessary to continue to acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives. This Housing Production Plan and the recently-completed Master Plan offer excellent opportunities to continue to showcase the issue of affordable housing, providing information to the community on local needs and proactive measures to meet these needs.

It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have genuine opportunities for input. This becomes somewhat more challenging given the pandemic, however, the Town continues to focus on community education as it relates to housing and land-use issues such as the Land Management Summit that was held virtually on August 10, 2020 that provided updates on various planning efforts that were underway including those for a Chapter 40R Smart Growth Overlay District, Feasibility Study for potential redevelopment of Manchester Housing Authority (MHA) and Department of Public Works (DPW) sites, a potential Chapter 40B development on Upper School Street, and this Housing Production Plan among others.

7. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) introduced the Planned Production Program in December 2002, in accordance with regulations that were meant to provide municipalities with greater local control over housing development. In 2008, changes to Chapter 40B regulations and guidelines established some new rules that superseded previous requirements.³⁷ For example, annual housing production goals changed from 0.75% of the community's year-round housing stock to 0.50%, meaning that Manchester currently has to produce at least 11 affordable units annually to meet the annual goal. If DHCD certified that the locality had complied with its annual goal or that it had met the two-year goal of 22 units, the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.³⁸

It should be noted that when the 2020 census figures are released, likely in 2021, the year-round housing total will change and the annual housing production goal will likely increase to 12 units.

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

³⁷ Massachusetts General Law Chapter 40B, 760 CMR 56.00.

³⁸ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

Table 7-1: Manchester Housing Production Goals

Strategies by Year Name/Housing Type	Affordable Units < 80% AMI*	Market Units or Ineligible SHI Units	Total # Units
Year 1 – 2021			
Private TOD development/"Friendly 40B"/ multi-family housing (The Sanctuary - rental)	157** Likely less	(117)	157
Accessory Dwelling Units	0	3	3
<i>Subtotal</i>	<i>157</i>	<i>120</i>	<i>157</i>
Year 2 – 2022			
Covered under Year 1 certification			
Accessory Dwelling Units	0	3	3
<i>Subtotal</i>	<i>0</i>	<i>3</i>	<i>3</i>
Year 3 – 2023			
Public property development/"Friendly 40B"/ DPW property (ownership)***	8	22	30
Private development/special needs group home (rental)	5	0	5
Accessory Dwelling Units	0	3	3
<i>Subtotal</i>	<i>13</i>	<i>25</i>	<i>38</i>
Year 4 – 2024			
Private TOD development/40R mixed-use development/(rental)**	10	(7)	10
Private infill development/inclusionary zoning (condos/homeownership)	2	20	22
Private infill development/conversion of large house through "friendly 40B" or new zoning (condos/homeownership)	1	3	4
Accessory Dwelling Units	0	3	3
<i>Subtotal</i>	<i>13</i>	<i>33</i>	<i>39</i>
Year 5 – 2025			
Development of publicly-owned property/ MHA sites/rental	30	0	30
Private infill development/"Friendly 40B"/ Pocket neighborhood (homeownership)	2	6	8
Accessory Dwelling Units	0	3	3
<i>Subtotal</i>	<i>32</i>	<i>9</i>	<i>41</i>
Total	215	190	278

* AMI = Area Median Income (see Table 2-1 on page 11)

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

*** Serious consideration should be given to increasing the level of affordability for this Town-owned property and/or adding workforce units.

Numbers in parentheses () represent market-rate units that are eligible for inclusion in the SHI.

8. HOUSING STRATEGIES

The strategies outlined below are based on input from a wide variety of sources including interviews with local and regional stakeholders, local housing goals and objectives, prior planning efforts, the 2015 Housing Production Plan and recent Master Plan in particular, the priority housing needs identified in Section 5.7, the public forum held on **TBD?**, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to those that build local capacity to promote affordable housing as well as those involving regulatory changes and production initiatives. They are also categorized according to priority – those higher priority actions to be implemented within Years 1 and 2 and those of more moderate priority for Years 3 to 5. A summary of these actions is included in Table 1-3.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:³⁹

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
 - Pursue 40R/40S Smart Growth Zoning (strategy 8.2.1)
 - Promote mixed-use and transit-oriented development (strategy 8.3.1)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Make suitable public property available for affordable housing (strategy 8.3.2)
 - Promote scattered-site infill development through “friendly 40B” (strategy 8.3.3)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Pursue 40R/40S Smart Growth Zoning (strategy 8.2.1)
 - Promote mixed-use and transit-oriented development (strategy 8.3.1)
 - Support small-scale infill development and conversions (strategy 8.3.3)
 - Modify multi-family housing requirements to encourage more housing diversity (strategy 8.2.3)
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
 - Make suitable public property available for affordable housing (strategy 8.3.2)
- *Participation in regional collaborations addressing housing development*
 - Participation in the North Shore HOME Consortium (strategy 8.3.2 and 8.3.3)

It should be noted that a major goal of this Plan is not only to strive to meet the state’s 10% affordability threshold under Chapter 40B, but to also serve the broad range of local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result

³⁹ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments and mixed-income housing that includes “community housing” or “workforce housing” units),⁴⁰. The Town will also encourage developers to incorporate universal design and visitability standards, particularly given the increasing number of seniors in the community. Developments that provide high performance, sustainable buildings to significantly reduce energy consumption will also be promoted.

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

8.1 Strategies That Build Local Capacity to Promote Affordable Housing

Manchester is a relatively small community and, unlike many cities, does not have substantial annual state or federal funding available to support local housing initiatives on an ongoing basis. Nevertheless, the Town has a local structure in place to coordinate housing activities that includes the following components:

The Town established the *Manchester Affordable Housing Trust* in 2016 to better promote affordable housing in the community. This Housing Trust represents the implementation of a major recommendation of the 2015 Housing Production Plan (HPP). Since its establishment, the Housing Trust has been involved in a number of new housing initiatives including:

- Conducting outreach to local and regional housing stakeholders, including non-profit and for-profit developers and service organizations, to obtain input on housing needs, demands, and opportunities and to build collaborations.
- Studying options for the improvement and expansion of Manchester Housing Authority (MHA) senior and family housing with support from the Consultants Peregrine Urban Initiative and DHK Architects.
- Introducing an Emergency Rental and Mortgage Housing Payment Assistance Program in collaboration with Action, Inc.
- Issuing a Notice of Funding Availability (NOFA) on a rolling basis, offering funding support for qualified proposals from developers, property owners, and individuals for the creation of affordable homeownership and rental housing. Priority activities include gap funding of the shortfall of private and public sources of financing to make a homeownership or rental development feasible or buydown assistance in exchange for a commitment to rent or sell one or more dwelling units to an income-qualified tenant(s) at a reduced rate.
- Bringing on consulting services from the Metropolitan Area Planning Council (MAPC) to help the Town explore a Chapter 40R Smart Growth Overlay District for the Limited Commercial District (LCD) that would encourage housing density in a planned neighborhood, expedite permitting and attract additional financial resources from the state. This was a key recommendation of the 2015 HPP and recent Master Plan.

⁴⁰ Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing often refers to units directed to those earning between 80% and 120% AMI and even up to 140% or 150% AMI, but still priced out of the private housing market.

The *Manchester Housing Authority (MHA)* owns and manages a total of 80 units for the elderly and younger disabled as well as four family units. MHA was also instrumental in the development of 10-12 Summer Street that replaced several dilapidated buildings in the downtown with 5,000 square feet of retail space and 39 residential units, most of which are affordable. The MHA is currently working with the Housing Trust to determine the feasibility of redeveloping aging MHA properties.

The *Town Planner*, as staff to the Planning Board, Zoning Board of Appeals, Housing Trust and Historic Commission, provides professional support to guide the Town's land use decisions with respect to physical development, including affordable housing and historic preservation. The Town Planner also works closely with the Board of Selectmen, Affordable Housing Trust, and Community Preservation Committee on particular land use issues including the recent Master Plan and current revisions to the Zoning Bylaw. **The Planner's position was only part-time in the past but was expanded to full-time in 2018 as recommended in the 2015 Housing Production Plan.**

The *Master Plan*, completed just recently in December 2019, represented a substantial community effort to prepare a comprehensive guide for the Town to manage and improve existing assets, preserve community character and natural resources, and direct future growth. Subtitled, *A Stronger Manchester Starts with Us*, the Plan established local priorities for how the Town spends taxpayer money to provide for facilities, services, and support for the community, including housing. The Master Plan is meant to be integrated into the local decision-making process to ensure all policy, project and budgeting decisions align with the priorities identified by the community during the planning process.

The Master Plan presented two priority recommendations of change that support the Master Plan's primary goals. These include:

- Increasing Town revenue through planned development within the Limited Commercial District and through incremental growth Downtown; and
- Supporting a diversity of housing options throughout town.

Both of these recommendations relate to strategies included in this Housing Plan.

This *Housing Production Plan*, as was the case with the 2015 Housing Plan, will also boost the Town's capacity to promote affordable housing as it provides the necessary blueprint for the next five years, prioritizing affordable housing initiatives based on documented local needs and community input. The Plan will also provide important guidance on how to invest local resources for housing and serve as a comprehensive reference on housing issues in Manchester. The Master Plan provided significant guidance into the development of this Housing Plan.

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

8.1.1 Continue to Conduct Ongoing Community Outreach and Education

High Priority: Years 1 to 2

Responsible Parties: Housing Trust and Other Sponsors of Affordable Housing Initiatives

Current Status: Because most of the housing strategies in this Housing Plan rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be

essential. Continued efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives build support by generating a greater understanding of the benefits of affordable housing, reducing misinformation, and dispelling negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on concerns and suggestions.

Despite the constraints of COVID-19, the Town has made progress on community outreach and education. A noteworthy example was the Land Management Summit that was held virtually on August 10, 2020 to provide an exchange of important information on a number of local planning efforts. Such a summit was recommended as part of the 2015 HPP and recent Master Plan. This particular summit provided up-to-date information on the status of the following activities:

- Chapter 40R Smart Growth Overlay District planning
- Feasibility Study for the redevelopment of the MHA and DPW sites
- This Housing Production Plan update
- Western Woods Preservation Initiative
- The Open Space and Recreation Plan update
- Wastewater Treatment Facility Feasibility Study to develop a long-term plan
- Cemetery Assessment to determine existing and projected capacity
- A review of a “Friendly 40B” proposal for a rental development on Upper School Street

Prior to the Summit, the Housing Trust reached out to area non-profit organizations involved in housing programs and services, such as Habitat for Humanity, as well as for-profit developers and large landlords. The main purposes of this outreach were to get input on housing opportunities in Manchester including what incentives the Town could offer to better promote new housing development, redevelopment and rehabilitation.

The public process that was undertaken as part of preparing the Master Plan also provided substantial community input on community housing issues and guidance into the preparation of this Housing Plan.

Next Steps: The presentation of this Housing Production Plan offers another important opportunity to bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. In addition to interviews with key housing stakeholders, the planning process included a community meeting on TBD to get further resident input into this Housing Plan.

Other education opportunities should continue to be pursued during the term of this Housing Production Plan including additional special forums on all new housing initiatives, annual or biannual housing summits, public information on existing or new programs and services, enhanced use of public access television, an expanded website, and educational opportunities for board and committee members as well as professional staff.

Required Resources: Staff time from the Town Planner to organize efforts and donated time from members of the Housing Trust and other local leaders to participate in outreach activities.

8.1.2 Capitalize the Affordable Housing Trust

High Priority: Years 1 to 2

Responsible Parties: Board of Selectmen and Community Preservation Committee

Current Status: The state enacted the Municipal Affordable Housing Trust Fund Act on June 7, 2005, which simplified the process of establishing housing funds that are dedicated to subsidizing affordable housing. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds.

The Town established the Manchester Affordable Housing Trust in 2016, pursuant to a key recommendation of the 2015 HPP. This Housing Trust is actively pursuing a number of important initiatives to better promote affordable housing in the community. The Town's Community Preservation Plan identifies affordable housing as a top priority for the community and, as noted above, diversifying the Town's housing stock is one of two priority recommendations of the Master Plan.

The Town of Manchester has provided 565.00 in CPA funding to date in support of affordable housing. Of particular importance is the \$150,000 provided by Town Meeting for Housing Trust activities, including proposals that might be submitted in response to the Housing Trust's Notice of Funding Availability (NOFA) that offers funding support for qualified proposals from developers, property owners and individuals for the creation of affordable homeownership and rental housing. Another recent contribution was a \$100,000 anonymous donation to fund an Emergency Rental and Mortgage Assistance Program in collaboration with Action, Inc. Manchester's inclusionary zoning bylaw offers another resource to capitalize the Housing Trust when developers decide to make payments in-lieu of building actual affordable units as part of their projects. To date, the Trust has been awarded \$167,000, in-lieu of developing a single affordable unit as a result of the Inclusionary Zoning Bylaw. The Trust has received a number of private donations of various sizes as well.

Moreover, other opportunities to raise funding for affordable housing should be explored. Examples of how other communities have capitalized their Housing Trust Funds are offered below.

Other Community Models for Capitalizing the Housing Trust

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

Next Steps: The Town should consider committing at least 10% of its annual CPA allocation to the Housing Trust with potential additional funding allocated for special project or program proposals. It should also commit more than the minimum 10% of its annual CPA funding to housing initiatives given the pressing need for more diverse housing options in the community. Other resources to capitalize the Housing Trust should also be explored including further local donations (funding and property) from individuals and businesses, negotiations with developers, and perhaps a special fundraiser.

Required Resources: As noted above, the Town should approve the annual capitalization of the Housing Trust through CPA funding in an amount at least equivalent to the minimal annual allocation for affordable housing or 10% and increase its commitment to housing beyond the 10% minimum.

8.1.3 Continue to Reach Out for Technical and Financial Resources

High Priority: Years 1 to 2
Responsible Parties: Housing Trust

Current Status: Since the 2015 Housing Production Plan was completed and the Housing Trust established, the Town has successfully obtained both financial and technical support for key housing initiatives including:

- *COVID-19 Relief Program*
\$100,000 through a local donation to support an Emergency Rental and Mortgage Housing Payment Assistance Program. This Program will help stabilize the housing of qualifying residents who have lost income due to the COVID-19 crisis, providing short-term rent or mortgage payment assistance. To make this Program possible, the Town is working with Action, Inc, based in Gloucester, to administer the Program. As of October 14, 2020, \$44,205 had been committed to ten clients. Another two applications were also being processed at the time.
- *Study for the Improvement and Expansion of Manchester Housing Authority (MHA) Properties and the DPW Site*
\$50,000 from the Housing Trust to hire consultants, Peregrine Urban Initiative and DHK Architects, to provide technical support to both the Housing Trust and MHA on opportunities for increasing the number, accessibility, sustainability, and quality of units owned by the Manchester Housing Authority. This important inventory of affordable housing includes 84 units, mostly for seniors, that is aging with a growing need for substantial repairs and upgrades. The consultants will advise the state, MHA, Housing Trust, and other partners on a redevelopment strategy. It will also explore options for converting the existing DPW facility off of Pleasant Street to housing.
- *Chapter 40R Smart Growth Overlay District Feasibility Study*
\$10,000 for consulting services from the Metropolitan Area Planning Council (MAPC) to explore new smart growth zoning in the Limited Commercial District. This zoning is meant to encourage mixed-income housing, including affordable housing, in a context that provides as-of-right densities, design standards, efficient use of land, walkability, a strong sense of place as well as other smart growth characteristics. This funding has leveraged a \$10,000 District Local Technical Assistance (DLTA) grant from MAPC for Phase I that identifies a vision for the district that includes a mix of land uses, scale, density, and style of development. For Phase II, MAPC will prepare the zoning, including design guidelines, and guide the Town through the state and local regulatory

process. Phase II funds include another \$7,000 grant from MAPC as well as a \$23,000 grant from the state's Executive Office of Energy and Environmental Affairs (EOEEA) which was recently awarded.

- *Zoning Bylaw Recodification and Update*
\$50,000 in funding to review and revise the Zoning Bylaw. Following the 1945 adoption of zoning, the Town re-codified the bylaw in 1978, however, it has been 40 years since this reorganization effort during which more than 80 changes have been made. The full Zoning Bylaw revision will make the regulations easier to understand, administer, and enforce. While the Town has conducted some of this work internally, the Planning Board determined that more work was required to align zoning with current land use goals, best practices, and municipal capacity. The Town hired renown land use attorney Mark Bobrowski for this zoning recodification and update effort.
- *Funding Support Local Development Proposals*
Funds made available through a Notice of Funding Availability (NOFA) on a rolling basis to offer financial support for qualified proposals from developers, property owners, and individuals for the creation of affordable homeownership and rental housing. Priority activities include gap funding of the shortfall of private and public sources of financing to make a homeownership or rental development feasible or buydown assistance in exchange for a commitment to rent or sell one or more dwelling units to an income-qualified tenant(s) at a reduced rate.
- *Chapter 40B Technical Support*
The Town-funded training conducted by KP Law to explain the Chapter 40B permitting process to help the Town better negotiate positive terms and conditions for proposed comprehensive permit projects.
- *Housing Choice Grant*
\$100,000 from the state to evaluate options for decommissioning the existing Wastewater Treatment Plan to enable the Town to redevelop the site for transit-oriented development that includes housing. The grant will support consultant costs to analyze alternatives for connecting to Beverly's wastewater collection system or constructing a new pipeline through Beverly to directly connect to the South Essex Sewerage District.

All of these resources will enable the Town to make significant progress in implementing key recommendations of the Master Plan and this Housing Production Plan.

Next Steps: As the Town continues to move forward in the implementation of the Master Plan and this Housing Production Plan, more resources will be required to address housing needs, further diversifying the housing stock. The Housing Trust will continue to explore resources, both financial and technical, to promote new projects and programs. For example, in order to effectively redevelop MHA properties, a mix of available financing programs will have to be tapped. New partnerships with developers that have the expertise to produce affordable housing will be essential to meet housing goals.

Beyond the traditional subsidy programs, the state has introduced several new programs that could also be explored in support of future developments that might be considered in Manchester including:

- *Workforce Housing Fund*

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. It was envisioned that the Fund, when coupled with strategic capital investments by the state, will promote additional private investment in tandem with critical support for middle-income residents. Other components of the Fund include:

- Provides up to \$100,000 per workforce housing unit to create 1,000 new units statewide.
- Leverages resources in development opportunities on state-owned land.
- Ensures that in addition to the workforce housing tier at least 20% of the units will be affordable to those earning at or below 80% AMI.
- Requires deed restrictions for units targeted to those earning between 61% and 120% AMI for generally 30 years or longer.
- Offers support for newly-created units as well as the refinancing of existing developments that incorporate new workforce housing units.

- *Community Scale Housing Initiative (CSHI)*

The state has developed a small-scale production program to address non-metro community need for smaller-scale housing that responds to local housing needs and density requirements. These projects, because of their small size, are not a good fit for the Low Income Housing Tax Credit program. Generally, projects that can leverage some debt by having a few higher income units and a gap filler like the Community Preservation Act funding (CPA) are in the best position to utilize such a program. This initiative includes the following eligibility criteria:

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



Model: Herring Brook Hill in Norwell

In 2015, the Town of Norwell proposed to use the property of the former police station at 40 River Street to create affordable senior housing in support of the community's aging population and veterans. This project not only involved a transfer of Town-owned land but also a major local commitment of \$1.3 million in CPA funding. Other funding sources included \$2.6 million of private debt and state financing through the state's Community Scale Housing Initiative (CSHI).

Through a Request for Proposals (RFP) process, the Town selected Metro West Collaborative Development, a mission-driven, non-profit community development corporation, as developer and partner with the Town. The project includes a total of 18 units for those age 60 or older based on the unit distribution summarized below. The project has been completed, however, experienced some challenges in filling the two-bedroom units.

Herring Brook Hill Unit Distribution			
Type of Unit	# of Units	# of Bedrooms	Maximum Rent**
80% AMI	10*	1	\$1,425
100% AMI	4	1	\$1,675
100% AMI	4	2	\$2,000
* Four of these units will have access to Project Based Rental Assistance			
** Projected rents at time of occupancy			

- **Starter Home Program**

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

- **State Down Payment Assistance**

While state financing has largely focused on multi-family rental development, particularly for families, the state now offers an expanded program to assist first-time homebuyers with their down payments under the following conditions:

- Increased assistance of up to 5% of the purchase price or \$15,000, whichever is less.
- More property types are eligible for assistance including single-family homes, condominiums and 2-, 3-, and 4-family properties.
- Higher income limits of up to 135% of the area median income (AMI) in Boston and the Commonwealth's 26 Gateway Cities and up to 100% AMI in other communities, including Manchester.

- The assistance is in the form of a 15-year, fixed rate loan at 2%. (Example: \$15,000 down payment assistance loan = 180 payments of \$96.53; 2.011% APR)
- Repayment of the down payment assistance is due upon the sale or refinance of the property prior to the end of the 15-year term and otherwise forgiven.

Required Resources: Additional Town funding from CPA and Housing Trust funds will be required to leverage housing production and bring in the necessary expertise to move projects forward.

8.2 Zoning Strategies

As with most communities, Manchester's Zoning Bylaw includes relatively large lot zoning in most areas of town and other exclusionary provisions that constrain the development of affordable housing. This creates the likely need for regulatory relief for many residential developments that include affordable units, possibly through the "friendly" comprehensive permit process that overrides local zoning if not through normal regulatory channels. The Town has been involved in updating its Zoning Bylaw from time to time and is working on a recodification and update project, however, it is important to consider modifications to keep the Bylaw up-to-date with market conditions and better guide development with public benefits under "smart growth" principals.

The Town of Manchester should consider the following zoning-related strategies to promote the production of additional affordable units and to direct new development to appropriate locations. These strategies enable new affordable unit creation that is more responsive to local needs and priorities, including units that might not meet all requirements to be included in the SHI. Estimates of units that might be produced through these regulatory tools are incorporated under Section 8.3 – Housing Development Strategies.

It should also be noted that changes to Chapter 40B regulations expand the items that a subsidizing agency must consider when determining the appropriateness of a site for eligibility through the comprehensive permit process and include 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 districts*.⁴¹ Therefore, a community's progress in reforming its land use provisions to promote affordable housing and smart growth will likely have a meaningful impact on the determination of project eligibility/site approval for comprehensive permit projects.

8.2.1 Pursue 40R/40S Smart Growth Zoning

Timeframe: Years 1 to 2

Responsible Parties: Planning Board in coordination with the Housing Trust

Current Status: The 2015 Housing Production Plan and 2019 Master Plan both included the exploration of Chapter 40R Smart Growth Zoning as key recommendations. As noted above, the Town has contracted with MAPC to undertake a visioning process for creating this zoning and then preparing the necessary zoning.

The State Legislature approved the Chapter 40R zoning tool for communities in 2004 in recognition that housing demand was outstripping housing supply, which was driving up housing prices. The statute, which enables communities to establish Smart Growth Overlay Districts, defines 40R as "a principle of land

⁴¹ Massachusetts General Laws, Chapter 40B, Section 56.04 and MHP Housing Guidelines.

development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves open space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”⁴²

Of particular importance are smart growth development measures such as transit-oriented and mixed-use development where the integration of more housing, including some affordable housing, provides a number of important benefits:

- Reduces the reliance on the automobile as more residents live within walking distance to goods and services, which is particularly important in the context of an aging population;
- Brings customers in closer proximity to businesses even into the evening hours and enlivens the area;
- Directs growth to areas that are more appropriate for some increases in density;
- Provides another income stream to property owners who create housing above their businesses; and
- Offers opportunities for the creation of diverse housing types such as artist live-work space, smaller apartments for the growing number of smaller households, multi-family housing, etc.

The key components of 40R include:

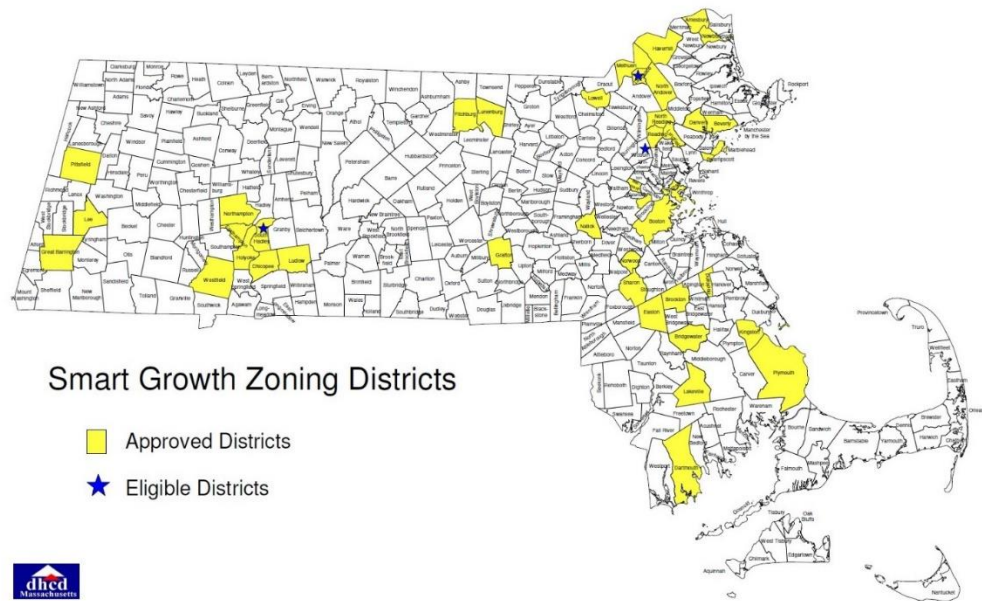
- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that at least 20% of the units be affordable;
- Promotes mixed-use and infill development;⁴³
- Provides two types of payments to municipalities (one based on the number of projected housing units in the District and another for each unit that receives a building permit); and
- Encourages open space and protects historic districts.

The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to municipalities that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development in 40R Districts.

A total of 49 Chapter 40R districts have been established in 42 municipalities across the state providing as-of-right zoning for 19,000 housing units with almost 4,000 units either built or under construction.

⁴² Massachusetts General Law, Chapter 40R, Section 11.

⁴³ Infill development is the practice of building on vacant or undeveloped parcels in existing neighborhoods, especially urban and suburban neighborhoods.



Model: Reading 40R District

Reading's municipally-driven Downtown Smart Growth District is a transit-oriented revitalization area that includes smaller infill and redevelopment opportunities near the town's downtown commuter rail station. This Smart Growth Overlay District covers approximately 26 acres with zoning that will lead to an estimated 256 housing units. The 40R program earned the town \$350,000 in state incentive funds plus additional funding will be secured from the state as units are produced. For example, the town received another \$159,000 in 40R implementation funds with the development of the 53-unit mixed-use project that included 11 affordable units at 30 Haven Street. The 40R zoning has already leveraged \$18 million in private investment that is bringing new residents, businesses and vitality to Reading's downtown. Additional public funding was secured to upgrade the infrastructure in the area as well.

Model: Village Hill in Northampton

Northampton's Chapter 40R District has involved the redevelopment of the former Northampton State Hospital on 30 acres. The City projects a total of 429 potential new units with a mix of housing types in several phases. Ice Pond Drive, a 26-lot subdivision, was the first phase, developed by The Community Builders (TCB). The project contains six affordable homes and two accessory apartments. The remaining lots were developed as market rate housing and serve as a model for mixed-income development.

TCB also developed 33 units of rental housing through the Hilltop Apartments development as well as a 40-unit rental development at Hillside Place. MassDevelopment became the master developer for the next phase of the Village Hill project.

Next Steps: The Planning Board, with support from the Housing Trust, will work with MAPC on the planning and regulatory process for creating a 40R district in Manchester. Once the visioning process has been

completed, and provided there is general agreement that such smart growth zoning can work in Manchester, MAPC will prepare the draft bylaw that includes the design guidelines. The formal next steps involved in creating the 40R Overlay District would be as follows:

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

Required Resources: Besides the \$10,000 Town commitment towards the project, this strategy will rely on the donated time of members of the Town's Boards and Committees to work with MAPC on the visioning and regulatory phases with staff time from the Town Planner and input/advocacy from the Housing Trust.

8.2.2 Modify the Accessory Dwelling Unit (ADU) Bylaw

Timeframe: Years 1 to 2

Responsible Parties: Planning Board with support from the Housing Trust

Current Status: Accessory dwelling units are allowed in Single Residence Districts A, B, C, and E by special permit; however, the development of such units is constrained by the following conditions:

- Except in Single Residence E, the lot size must be twice the minimum lot size for the district.
- Accessory units can only be created in single-family homes that were built prior to March 1, 1984.
- Off-street parking for at least four vehicles is required.
- The floor area of the accessory unit cannot exceed 35% of the principal unit and accessory unit combined.
- Any additions cannot increase the floor area or volume by more than 10%.

This bylaw has not created any permitted ADUs although the Town currently counts 51 single-family homes with multiple units, which likely reflects unpermitted apartments. At least some of these illegal units may in fact pose health and safety hazards to their occupants.

Because of changes to the state's Local Initiative Program (LIP) in 2008, all affordable accessory units must be affirmatively marketed based on a state-approved Affirmative Fair Housing Marketing and Resident Selection Plan. This would involve the Town establishing and maintaining a waiting list of qualified households applying to rent any affordable accessory units, referred to as a Ready Renters List, and precludes units that are currently occupied or where owners select their own tenants instead. Consequently, most communities in the state are not considering affordability requirements as part of their zoning to permit accessory units. Nevertheless, given the smaller unit sizes, the Town can realistically expect that ADU rents will be on the lower end of current market costs.

While it is likely that these accessory units cannot be counted towards the Town's 10% affordability goal or production goals, they nevertheless help meet a number of public policy objectives including:

- Provide homeowners with additional income, which is particularly important for elderly homeowners, single parents, and others who are spending too much of their income on housing and for whom such income may be critical to remaining in their homes. Also, without the flow of income from the rent of an accessory unit, some young families or moderate or even middle-income households might not be able to afford homeownership.
- Offer appropriately-sized units for the growing number of smaller households.
- Provide a fairly inexpensive means of increasing the supply of year-round rental units at lower cost than new construction and without significant impacts on the surrounding neighborhood. The creation of accessory units does not require additional Town services such as new streets or utilities and involves little or no loss of open space.
- Potentially provide companionship, security and services for the homeowner.
- Offer good opportunities for keeping extended families in closer contact and have often been referred to as "in law" apartments.
- Generate increased tax revenue in a locality because accessory units typically add value to existing homes.
- Offer a way of preserving historic properties.

It should be noted that ADUs are different than two-family homes as they are subordinate to the principal dwelling units and the owner must live on the premises. They are also limited in size and cannot be sold under separate ownership.

While some residents might be apprehensive about the impact of ADUs on existing neighborhoods, problems have not been borne out in other communities. For example, the Town of Needham conducted a survey of nine communities to obtain information on accessory dwelling unit zoning in what it considered to be relatively comparable communities.⁴⁴ This report provided compelling evidence that ADUs could contribute to the overall goal of increasing housing options for older adults, young adults, people with disabilities, and people with moderate incomes without negatively impacting the quality of life. Using the Massachusetts Model Bylaw and the experiences of these nine communities as guides, the report concluded that Needham could create a bylaw that ensured units could be integrated into existing single-family neighborhoods with little or no negative impact on the character of the neighborhood or on Town services, provide new options for current Needham homeowners, and minimize the regulatory burden on Town officials. The report emphasized the importance of affordability, allowing homeowners to rent their units to those beyond family and caregivers.

A volunteer citizen ADU Study Group has drafted proposed new ADU zoning that includes the following major components:

- Allowed in all single-family homes in all zoning districts provided that no more than one dwelling unit already exists.
- The primary unit or ADU must be owner-occupied and may not be under separate ownership.

⁴⁴ These communities included Acton, Bedford, Carlisle, Lexington, Milton, Newton, Scituate, Sudbury, and Westwood.

- Cannot be rented for periods of less than six months and no subletting is allowed. This will mitigate against the creation of Airbnb's.
- Must not be larger than 1,200 square feet or have more than two bedrooms.
- At least one additional off-street parking space must be provided.
- No new exterior entries can be added to the front or principal façade nor new unit entries created as part of a shared interior entry vestibule or on the side or rear of the building.
- May be allowed in detached structures that have been in existence at least one year prior to the enactment of the bylaw and comply with the same setback and lot coverage requirements as the principal dwelling.
- Existing apartments that meet ADU requirements will be allowed.
- The permit must be renewed every five years and a new permit obtained with any transfer of ownership.
- The Building Inspector will be responsible for reviewing, approving and enforcing ADU applications. The applicant must provide the building Inspector with an affidavit that the owner will occupy one of the units at least six months of the year. A deed restriction will also be recorded at the Registry of Deeds that prohibits the resale of the ADU under separate ownership.

Next Steps: The Town should adopt the draft zoning at the next Town Meeting scheduled for spring 2021. Until then, the ADU Study Group, with support from the Planning Board and Housing Trust, should continue to get the word out about the new ADU zoning, focusing on the benefits of these units to individuals and the community. In addition to required hearings, at least one special forum should be scheduled to present the bylaw and obtain input. Perhaps a panel of representatives from other communities could report on the benefits of their ADU bylaws at such a meeting.

Required Resources: Donated time of members of the ADU Study Group as well as the Planning Board and Housing Trust as well as staffing from the Town Planner.

8.2.3 Modify Multi-family Housing Requirements to Encourage More Housing Diversity Within Design Guidelines

Timeframe: Years 3 to 5

Responsible Parties: Planning Board with support from the Housing Trust

Current Status: Manchester's Zoning Bylaw significantly limits multi-family housing development. Single Residence Districts in Manchester restrict housing development to single units solely with two-family development allowed in Residence District D, either through new construction or conversion of single units to two. Housing development is limited to no more than four units in the General District by special permit under certain conditions although an existing dwelling can be converted to three units.

The Master Plan recommends modifying zoning “to encourage housing of the size, style, and prices appropriate for downsizing households, elders, young families, singles, and couples (including as part of the Downtown development).” It recognizes that the town has an opportunity to help create diverse housing scaled to fit well into the community's varied neighborhoods. Some of this can be accomplished through zoning that preserves and promotes smaller-scale housing.

As reported by the Lincoln Institute of Land Policy, “Urban planners and public officials are focused on developing housing types that restore the ‘missing middle’ – row houses, duplexes, apartment courts, and

other small to midsize housing designed at a scale and density compatible with single-family residential neighborhoods.” The “missing middle” concept grew out of the New Urbanism movement “to inject more moderately-priced housing into residential neighborhoods, from shrinking or subdividing lots to adding accessory dwelling units (ADUs), to expanding legal occupancy in homes.”⁴⁵ It suggests housing types that “typically have small to medium-size footprints with a width, depth, and height no larger than single-family homes. They can blend into a neighborhood as compatible infill, encouraging a socio-economic mix of households and making more effective use of transit and services.”⁴⁶

Another recommendation of the Master Plan is to adopt Design Guidelines “that encourage renovation and development sensitive to Manchester’s character. The goal is not to mandate uniformity or discourage diversity since diversity contributes significantly to the charm of the town we enjoy today, but rather provide guidelines that encourage development consistent with the town’s character”.



Jenney Way in Edgartown

On the other hand, because affordable housing typically relies on some economies of scale, particularly in areas like Manchester with such high property values, it is challenging to develop such housing at a scale sufficient enough to meet housing production goals or without deep subsidies. Consequently, the Town should pursue additional opportunities to capitalize the Housing Trust and invest in community housing initiatives (see strategy 8.1.2) and continue to reach out for technical and financial resources (see strategy 8.1.3).

Without appropriate zoning or the Chapter 40B comprehensive permit process, various housing types that better address local needs are not permitted. The types of housing that are potentially more affordable and suitable for rentals, starter homes or for

downsizing might include:

- *Two-family dwellings*
The owner-occupied two-family house that includes a rental unit is an exceptionally affordable form of housing as it provides the owners with a stream of rental income that is calculated as part of mortgage underwriting criteria (lenders generally consider about 75% of projected rental proceeds in mortgage calculations), making the home more affordable and also including much-needed, year-round rental units. As noted above, design guidelines can be developed to ensure that these units resemble single-family homes and new zoning could allow these units as-of-right.
- *Bungalow or cottage housing in pocket neighborhoods*
This type of housing has been popular in the West Coast of the country where there is an intense focus on smart growth development principles and how to accommodate increasing numbers of smaller households. They are also becoming more popular in communities across Massachusetts. The model involves the development of small cottages or bungalows that are clustered around a community green space. This housing type targets empty nesters, single professionals, and young couples. Such development provides opportunities for the ownership of small, detached dwellings within or on the fringe of existing neighborhoods, often enhancing affordability while

⁴⁵ McCormick, Kathleen, “Gentle Infill”, *Land Lines*, Lincoln Institute for Land Policy, July 2016.

⁴⁶ Ibid.

simultaneously encouraging the creation of more useable open space for the residents through flexibility in density.

- *Zero-lot-line units/Townhouses*

Zero-lot-line units involve residential structures that come up to or very nearly approach the edge of the property line in order to create more usable space. Such units include rowhouses, garden homes, patio homes and townhomes and are sometimes referred to as half homes.

- *Mixed-use, “above the shop” type housing*

Mixed-use structures with commercial space on the ground floor and residences above can enhance business areas where some greater density is appropriate. By providing housing in close proximity to goods, services, and transportation; the added housing provides more revenue to local businesses and vitality to town and village centers.

- *Co-housing*

The cohousing concept originated in Denmark with a focus on knowing one’s neighbors and



providing a safe and nurturing environment for children, harking back to the “intentional communities” concept that was introduced in the mid-19th Century. These developments are cooperative neighborhoods, typically with homes clustered around a common building with facilities that are shared by all residents (dining room, kitchen, play rooms, library).

- *Senior housing/Assisted Living*

There are no assisted living options in Manchester and residents who require supportive services typically must relocate to other communities. While some assisted living facilities integrate limited affordability, because of the services involved, most such units are extremely expensive.

West Tisbury Co-housing

There are examples of senior housing developments that include supportive services, however, also integrating affordable units at varying income tiers such as Maple Woods in Wenham.

Model: Maple Woods in Wenham

Harborlight Community Partners recently got the go-ahead to build 45 units of rental housing in Wenham for those 62 years of age or older following an appeal process. Most of the units will be targeted to those earning at or below 60% of area median income but some will include units for extremely low-income seniors with incomes below 30% AMI. The project will also provide supportive programs and services to residents. Permitting was through the Chapter 40B process with local CPA and Housing Trust Funds, as well as state subsidies, invested in the development. It will further enable Wenham to surpass the 10% affordability threshold under Chapter 40B.

- *Congregate housing*

Congregate housing can take many forms and other names for such housing have included supported housing, life-care homes, boarding or rooming houses, sober houses, congregate retirement housing, congregate senior communities, residential care, sheltered housing, enriched housing, single room occupancy (SRO) housing, enhanced single room occupancy (ESRO), safe havens, etc. Cohousing and group homes share elements of congregate living as well. Other than assisted living options mentioned above, these housing types can be effective in meeting the needs of an increasingly older population and those with special needs.

- *Tiny homes*

In the context of an increasing number of smaller households in Manchester, including individuals who are living alone, and a growing micro-housing movement, some consideration could be given to the introduction of what are being referred to as “tiny houses”. There are companies that are building very small homes that can be easily moved or built inexpensively. These units are well designed and priced very affordably, although typically financed as personal property rather than real estate.

The 270 square foot version pictured here is priced at around \$12,000 for a kit that would require assembly. Small cottages could potentially provide decent and affordable housing for those most affected by rising housing prices if locations for siting them could be identified with appropriate zoning. They may also be suitable as in-law units or for returning adult children placed as an accessory structure on an existing residential parcel. Many local lots could easily accommodate such units.



It should be noted that the newest complete edition of the MA Building Cod will be released in 2021 but was effective as of January 1, 202. This edition includes Appendix Q, also known as the Tiny Housing Appendix, that provides regulations for such units.

- *Live-work space*

Live-work space, sometimes referred to as zero commute housing, are spaces where artists or other workers combine their residence with their work area, typically in an open floor plan offering large, flexible work areas.

Model: Old Ann Page Way in Provincetown

Community Housing Resource, Inc. (CHR) developed Old Ann Page Way, a project that includes 18 rental units for households earning at or below 60% of area median income with pricing of rentals based on 40% and 50% of area median income. The development also includes ten non-residential artist studios available for rent to the general public. The project involved the redevelopment of a former supermarket site.

The project was financed with Low Income Housing Tax Credits. In addition to the tax credit equity investment, the project used Barnstable County HOME funds, state HOME funds, and the Affordable Housing Trust Fund, for a total public subsidy of more than \$3 million. The tax credit equity investment was syndicated through MHIC's⁴⁷ Equity Fund. MHIC also provided the construction loan as part of the One Source Program that included permanent financing from the Massachusetts Housing Partnership (MHP).

Next Steps: In addition to obtaining Town Meeting approval of the proposed ADU bylaw, the Planning Board should work with the Housing Trust to explore the following modifications to the Zoning Bylaw:

- *Identify suitable locations for multi-family housing development*
It has been suggested that the Town review the locations of apartments throughout the community and consider where else they can be added. Areas near transit and commercial uses should be priorities as well as those north of Route 128 in the Limited Commercial District. These are in fact the areas that are being considered for new Chapter 40B developments as well as a Chapter 40R Smart Growth Overlay District (see strategies 8.2.1).
- *Explore zoning to allow the development of more housing types*
The types of housing referred to above respond to the community's need for smaller units, rental units in particular. These housing types are either not allowed in local zoning or substantially restricted. Zoning changes to expand permitted uses and modify dimensional requirements should be explored.
- *Allow owner-occupied, two-family homes in all zoning districts*
Another consideration is to allow the development of owner-occupied, two-family dwellings in all zoning districts as such housing is among the most affordable types of dwellings, typically providing greater affordability for both the owner's unit as well as the rental. For example, a household earning at 80% of area median income (AMI), can afford a single-family home of \$360,000 with a 5% down payment, but a condo for only \$319,000, assuming a condo fee of \$300 per month. The same household is estimated to be able to buy a two-family house for \$610,000 as it might be able to charge at least \$2,000 per month in rent, which is considered as income in mortgage underwriting, usually at about 75% of the rent level or \$1,500. Significant affordability is likely at even much lower projected rent levels. It is therefore not surprising that the two-family house has been successful as starter housing in many of the state's older communities when zoning allowed this type of housing. While these units would not be eligible for inclusion in the SHI, they help diversify the housing stock and promote greater affordability. They also could be promoted on infill sites with some attached subsidies to include the units on the SHI.

Required Resources: Donated time of the Planning Board with support from the Housing Trust as well as staffing from the Town Planner. Consideration should be given to subsidizing a portion of the units produced to create units that will be eligible for inclusion on the SHI. The inclusionary zoning bylaw will also be important in mandating affordability in projects of six or more units.

⁴⁷ Massachusetts Housing Investment Corporation, a private, non-profit corporation which provides loans for affordable housing equity funds for low-income housing tax credit developments, and loan guarantees for lead paint removal, among other types of financing.

8.3 Housing Development Strategies

The following strategies, sometimes in combination, provide the basic components for the Town to produce new affordable housing. It will be important for the Town to partner with developers, non-profit and for-profit, to create new housing opportunities.

8.3.1 Pursue Opportunities for Mixed-use and Transit-oriented Development

Timeframe: Years 1 to 2

Responsible Parties: Planning Board with support from the Housing Trust

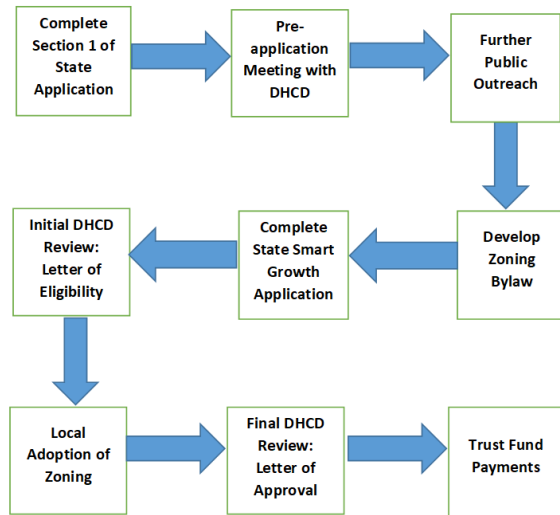
Current Status: In the context of good town planning and smart growth, the likely location for denser development, certainly for providing housing for smaller households and seniors, is in commercial areas and near transportation. The current Zoning Bylaw does not allow mixed-use development although some housing above commercial spaces certainly exists in town.

The possible adoption of a 40R district (see Section 8.2.1) would provide additional incentives and resources and make development more attractive and feasible. Possible areas might include the Town Center near the train station and the Limited Commercial District near the entrance/exit of Route 128. District Improvement Financing (DIF), Urban Center Housing Zones and Tax Increment Financing (TIF) are additional financial tools that might also be considered to promote mixed-use development in Manchester.

It is also important to note that opportunities to **use the Chapter 40B comprehensive permit process** to support smart development are also being explored. For example, a developer has approached the Town about developing a large rental development on Upper School Street, north of Route 128, potentially using the “friendly 40B” process through the state’s Local Initiative Program (LIP). The LIP application was submitted to the Board of Selectmen on September 26, 2020 for consideration that would have the Town sign-off on the developer’s application to DHCD for the go-ahead to submit a comprehensive permit application to the ZBA. The project, called The Sanctuary, proposes 157 rental units. A total of 25%, or 40 units, would be designated as affordable that include 26 one-bedroom units, 16 two-bedrooms and 4 three bedrooms. All affordable apartments would have to be rented to households with incomes at or below 80% of the area median income. As all units in the rental development count as part of the SHI, the number of affordable units would increase from 115 to 272 or from 5% to 12% of Manchester’s year-round housing stock.⁴⁸ When the 2020 census figures are released, Manchester would still be well ahead of the 10% affordability threshold. Because the project is located within the boundaries of the proposed Chapter 40R district, the Town would consider counting the project as a significant part of the district’s residential component.

The Town also engaged the services of KP Law to lead a workshop on the 40B permitting process to support Town efforts in negotiating positive outcomes from this and future Chapter 40B proposals.

⁴⁸ While Chapter 40R only requires that 20% of units in developments be affordable, most 40R bylaws include language that would require a 25% level for rentals that, like Chapter 40B, would allow all units in rental units to be eligible for inclusion in the SHI.



Next Steps: As noted in strategy 8.1.3 and 8.2.1, the Town has engaged consultant services from MAPC to provide technical support in establishing a Chapter 40R Smart Growth Overlay District in the Limited Commercial District. This work first involves MAPC guiding the Town through a visioning process that addresses the preferred mix of land uses, scale, density, and style of development. If there is general agreement that this smart growth zoning makes sense, MAPC would then prepare the zoning, including design guidelines, and guide the Town through the state and local regulatory process which is described in strategy 8.2.1 and summarized in this chart.

If the Town and developer of The Sanctuary agree to process the project through a LIP application, the permitting process would proceed as follows:

Application process

- Developer meets with Town
- Developer and Town agree to proposal
- Town chief elected officer signs off on the application to DHCD

DHCD review involves the consideration of:

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

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

Zoning Board of Appeals holds hearing

- Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project as well as increases in fees/profits.
- Developer forms a limited dividend corporation that limits profits.
- The developer and Town sign a regulatory agreement.

Marketing

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

DHCD approval must include

- Marketing plan, lottery application, and lottery explanatory materials
- Regulatory agreement (DHCD is a signatory)

Required Resources: Donated time from members of the Town Boards including the Planning Board and Housing Trust and staff time from the Town Planner with additional professional support from a consultant(s).

Projected # Affordable Units Produced: 167 units

8.3.2 Make Suitable Public Property Available for Affordable Housing

Timeframe: Years 1 to 2

Responsible Parties: Board of Selectmen in coordination with the Planning Board and Housing Trust

Current Status: While the Town of Manchester has a very limited inventory of publicly-owned property that might be suitable for affordable housing, some parcels do exist that bear further analysis regarding feasibility. The contribution or “bargain sale” of land or buildings owned by the Town but not essential for municipal purposes would enable Manchester to take further proactive measures to address local housing needs.

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

- *Manchester Housing Authority’s (MHA’s) sites on Pine Street, Old Essex Road, and Loading Place Road*
The Town, largely through the Housing Trust, has been working with the Manchester Housing Authority (MHA) on plans to redevelop public housing units to reimagine more sustainable housing alternatives to the MHA’s existing 84-unit inventory of aging and deteriorating public housing. Through a Request for Proposals (RFP) process, the two entities have brought on the expertise of Peregrine Urban Initiative and DHK Architects to study renovation and expansion options for the three MHA project sites (Newport Park Road, The Plains of Old Essex Road, and Loading Place Road).
- *DPW site*
The above Consultant team will also study options for redeveloping the current DPW site on Pleasant Street to housing. It is likely that the Chapter 40B process would be needed for permitting, but because this is a Town-owned property, at least a majority of the units should be

affordable to ensure a significant public benefit from the conveyance of the property for housing purposes

Next Steps: The consultants will work with the MHA and the Housing Trust, as well as local leaders and residents, to explore options for maintaining and improving existing MHA units as well as creating new housing opportunities to expand the number of units on the sites. Early concept designs suggest that about 30+ new units of housing might be feasible. The team is preparing a “concept plan” for both the physical and financial aspects of any redevelopment and new development work. This plan will then be presented for public review, including input from developers, lenders and the state. Because the MHA was authorized by the state, the Department of Housing and Community Development (DHCD) will need to be closely involved in all aspects of the project. Ultimately, the consultants will deliver a development strategy based on the project’s findings and recommendations. These recommendations will include next steps for obtaining financing, permitting, and selecting a development team. At this point, it will be important for the MHA and Housing Trust to bring on additional consultants to prepare applications to obtain financing and conduct a procurement process for selecting a developer, once again in close consultation with DHCD.

In regard to the conversion of the DPW site, following the necessary approvals to convey the property for affordable housing, a Request for Proposals (RFP) would be issued to solicit interest from developers based on the Town’s specific project requirements. A developer would be selected based on identified criteria included in the RFP. It is likely that the project would require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the use of the “friendly” comprehensive permit process through DHCD’s Local Initiative Program (LIP) would likely be used for permitting. Early planning identifies the potential for creating 30+ new units on the site, likely through a mixed-income homeownership project.

The Town received a \$100,000 grant from the state to evaluate options for decommissioning the existing Wastewater Treatment Plant to eventually redevelop the site. By identifying a feasible option for removing treatment operations, the Town can begin planning for a transit-oriented, mixed-use project in this important downtown waterfront location. Early plans suggest an estimated 29 units of multi-family housing, 14,600 square feet of commercial space in addition to the expansion of public space and a harbor walk.

It should be noted that monitoring and enforcing affordability requirements are critical to the effective provision of affordable housing. The Town will have to ensure that any additional affordable units are eligible for inclusion in the Subsidized Housing Inventory and provide the state with all of the necessary documentation.

Required Resources: In addition to the \$50,000 in consulting costs related to exploring and recommending redevelopment and new development plans, the project will likely require additional technical support from a consultant to prepare applications for financing for any MHA redevelopment activities and to coordinate the RFP process for bringing on a developer. Resources will also be required to subsidize the MHA development.

As to the DPW site, staff time from the Town Planner will be needed to work with the Housing Trust and Town’s Chief Procurement Officer to prepare a Request for Proposals, coordinate the developer selection process, and ensure that all affordable units will be eligible for inclusion in the SHI.

Projected # Affordable Units Produced: 38 units

8.3.3 Support Small-scale Infill Housing Development and Conversions

Timeframe: Years 1 to 2

Responsible Parties: Planning Board in coordination with the proposed Housing Trust

Current Status: Some communities are looking for opportunities to create affordable housing through efforts that will spread the impacts of new affordable housing production throughout the community so as not to overburden any particular neighborhood. Such development can be designed to be harmonious with the existing built environment and, as discussed in strategy 8.2.3, speaks to the “missing middle” concept of producing small to midsize housing at a scale and density compatible with single-family residential neighborhoods.

There are potential sites that might accommodate a housing unit or small number of units or even conversions of existing properties to more units to serve local affordable housing needs, particularly small starter units, affordable rentals, and special needs housing. Through zoning changes recommended in strategy 8.2.3 and potentially the Chapter 40B process if current zoning precludes such development, these examples of potential small-scale infill development opportunities might include:

- *Starter Housing*
Habitat for Humanity and other non-profits continue to look for donated public and private land on which to build. Such development might also be conducive to scattered Town-owned infill parcels. The owner-occupied, two-family house is also an excellent prototype for providing starter homes with the added benefit of a rental unit. With design guidelines these dwellings can be easily integrated into existing neighborhoods.

Model: Hingham Affordable Housing Trust Projects

The Hingham Affordable Housing Trust (HAHT) acquired a 2.3-acre parcel of land with a single-family, Cape-style dwelling, and engaged an engineer to undertake a feasibility analysis on siting another home on the property. Once permitted as a “friendly” 40B, both homes would be transferred to income-eligible households and included on the SHI. HAHT also acquired a two-family dwelling which it plans to rehab and then transfer each of the three-bedroom units to qualifying households subject to long-term affordability restrictions. This type of low-scale development involves high per unit subsidies but still creates units that are affordable without major neighborhood impacts. Having a funding source such as CPA available or Housing Trust funds available is critical to such efforts.

- *Special Needs Housing*



Organizations that support special needs housing are active on the North Shore and throughout the Boston area, and are likely to have a continuing interest in developing group homes or other special facilities in the community if opportunities arise. The only special needs units in Manchester are included in MHA's senior developments that incorporate some units for younger disabled individuals. As documented in Section 5.7, these developments are important but insufficient to meet the community's increasing needs for more handicapped accessible and service-enriched housing units given the numbers of residents with disabilities and the aging of the population.

Group home in Needham

Numbers of communities have invested local resources in these developments. For example, the Town of Needham committed \$220,000 in HOME funds and \$280,000 in CPA funding for the development of a state-of-the-art facility for five adults with severe developmental disabilities. This building was developed by the Charles River Association for Retarded Citizens. The project did not receive any opposition from the community, including neighbors, despite its location in perhaps the community's most affluent neighborhood.

- *Conversion of Existing Housing:* Manchester has a number of very large properties that could possibly become candidates for acquisition and rehab, to be managed as mixed-income rentals or condominiums. Such properties may also be suitable for special needs purposes, integrating support services.
- *Small "Pocket" Development*
There are also models of small clustered development, including comprehensive permit projects in other communities, that can incorporate several income tiers to meet housing needs. A couple of examples are offered below.

Model: Small 40B Infill Townhouse Development – Junction Place in Needham

Junction Place is a condominium project in Needham comprised of five attached townhouse units in close proximity to a commuter rail station. The project was developed on a site with less than 12,000 square feet by a private developer. All of the townhouses were sold at below market prices to eligible families through a lottery. Two of the homes were sold to families earning up to 80% of the area median income while the remaining three were targeted to families earning up to 150% of the area median income. Each of the units contains approximately 1,512 square feet including 3 bedrooms, 2½ bathrooms, a laundry room with a washer and dryer, a one-car garage, and an outside parking space.

Model: Jenney Way in Edgartown

The Island Housing Trust (IHT) developed, in partnership with the South Mountain Company, an in-town 2.53-acre property in Edgartown that was purchased from the Jenney family for a substantially discounted price and resulted in nine subsidized single-family houses. This “pocket neighborhood” of houses was built to high performance building standards and four of the houses with solar electric systems achieved LEED Platinum Certification (the highest standard for Leadership in Environmental Design awarded by the U.S. Green Building Council). The nine single-family houses were sold and the land ground leased under the Island Housing Trust with resale restrictions to income qualified households earning 80%, 100%, 120% and 140% or less of the area median income. Grants from the Island Affordable Housing Fund, the Town of Edgartown Community Preservation Act (CPA), and Cape Light Compact helped fund the land purchase and construction costs. See strategy 8.2.3 for a photo of part of the development.

- **Accessory Dwelling Units (ADUs):** As indicated in strategy 8.2.2, accessory dwelling units are another way of integrating small rental units in homes or detached structures without causing significant disruption to existing neighborhoods. While not eligible for inclusion in the Subsidized Housing Inventory (SHI) these units serve a number of public benefits and should be encouraged. The existing zoning has not produced any permitted ADUs but proposed new zoning, if adopted, would likely make it easier for owners to create these units.

Next Steps: The Town, through the proposed Housing Trust or Planning Board, should proactively identify potential properties in town that might be conducive to infill development or conversion. Moreover, as opportunities arise, the Town should partner with local developers to support these developments, including the commitment of subsidies for predevelopment work and as gap fillers to make the inclusion of affordable units feasible. Of particular importance to such efforts is the funding available from the Housing Trust to

Required Resources: CPA funding, HOME (from the North Shore HOME Consortium) or Housing Trust Fund resources to support the feasibility of these projects (for predevelopment work or as gap fillers) as well as staff time of the Town Planner.

Of particular importance is the funding that the Town made available through a Notice of Funding Availability (NOFA) that offers funding support for qualified proposals from developers, property owners, and individuals for the creation of affordable homeownership and rental housing on a rolling basis. Priority activities include gap funding of the shortfall of private and public sources of financing to make a homeownership or rental development feasible or buydown assistance in exchange for a commitment to rent or sell one or more dwelling units to an income-qualified tenant(s) at a reduced rate.

Projected # Affordable Units Produced: 10 units

APPENDIX 1

Local and Regional Organizations/Resources

Manchester is fortunate to have a number of important resources including local government entities, local non-profit organizations, and regional agencies that have made substantial contributions to the promotion of community housing in Manchester or have the resources to contribute in the future. These resources, including their contact information, are briefly summarized below.

Local Entities

Manchester Affordable Housing Trust (MAHT)

The mission of the Manchester Affordable Housing Trust (MAHT) is to support affordable housing choice, diversity and opportunity in Manchester to benefit the long-term well-being of the town and provide a range of housing opportunities, enhanced by affordable community housing as a means to support the broadest segment of the community. It encourages the creation of community affordable housing for rent and ownership by making funding available for the acquisition, new construction and rehabilitation of eligible residential units, as well as through programs and policies that support the development of rental and for-sale affordable units to income-eligible individual and families.

Established in 2016, MAHT has been pursuing a number of important initiatives including:

- Conducting outreach to local and regional housing stakeholders, including non-profit and for-profit developers and service organizations, to obtain input on housing needs, demands, and opportunities and build collaborations.
- In concert with the Manchester Housing Authority (MHA), studying options for the improvement and expansion of MHA senior and family housing with support from the Consultants Peregrine Urban Initiative and DHK Architects.
- Introducing an Emergency Rental and Mortgage Housing Payment Assistance Program in collaboration with Action, Inc.
- Issuing a Notice of Funding Availability (NOFA) on a rolling basis, offering funding support of qualified proposals from developers, property owners and individuals for the creation of affordable homeownership and rental housing. Priority activities include gap funding of the shortfall of private and public sources of financing to make a homeownership or rental development feasible or buydown assistance in exchange for a commitment to rent or sell one or more dwelling units to an income-qualified tenants at a reduced rate.
- Bringing on consulting services from the Metropolitan Area Planning Council (MAPC) to help the Town explore a Chapter 40R Smart Growth Overlay District for the Limited Commercial District (LCD) that would encourage housing density in a planned neighborhood, expedite permitting and attract additional financial resources from the state. This was a key recommendation of the 2015 HPP and recent Master Plan.

Contact Info: Manchester Town Hall; 978-525-6436

Manchester Housing Authority (MHA)

The Manchester Housing Authority (MHA) is a quasi-public agency that was established by the state and Town of Manchester to produce housing that is affordable to low- and moderate-income residents. The MHA owns and/or manages 84 units in three separate developments including units for seniors, families, and those with special needs. For more information on MHA, see Section 5.6.

Contact Info: The Plains off of Old Essex Road; 978-526-1850

Manchester Council on Aging

The Manchester Council on Aging is a Town department that supports the quality of life of Manchester elders through a wide variety of services. Unlike many other municipalities in the state, the Town does not have a Senior Center and utilizes a wide range of locations around the area to support trips, events, classes, and other activities. However, plans are underway to build a Senior Center. The COA also provides important information and referrals to local seniors on a wide variety of issues. Important financial support has been provided by the Friends of the COA, and the state has provided two vans through its Mobility Grant Program.

The Council on Aging receives many inquiries regarding housing and has witnessed an increasing need and demand for subsidized housing for seniors, rental housing most importantly. Manchester's older housing stock makes it challenging for retired area seniors on fixed incomes to maintain their homes and there are few options for downsizing, particularly affordable ones. Seniors who need assisted living and skilled nursing facilities must move outside of the community to Beverly, Gloucester or Rockport for example. There are also very limited housing opportunities in town for families who want to have their parents relocate to the area.

Contact Info: 10 Central Street; 978-526-7500

Manchester Community Preservation Committee

After a couple of failed attempts to adopt the Community Preservation Act in 2002 and 2003, Manchester voters subsequently passed CPA in 2005 with a 0.5% surcharge and then increased it to 1.5% in 2010 and 3% in 2014. Voters also agreed to exempt low-income homeowners from participation as well as the first \$100,000 of the property's value. A surcharge reduction to 1.5% was recently approved.

Can we update the following info?

Since 2006, the local surcharge from the property tax has totaled about \$1.5 million with state support of about \$622,000 and a total amount of CPA funding of \$2.11 million to support the town's efforts to preserve historic properties and open space, create some recreational opportunities and produce community housing. The highest amount of CPA revenue raised (surcharge and state distribution) was about \$450,000 in 2014.

Since CPA was approved, the Town has spent \$201,440 on housing activities, representing 7.23% of the total appropriations and 5.61% of total CPA revenue. This level of spending for housing is under the required 10% minimum and there is about \$286,000 in reserve funds yet to be committed for housing. The Town's recently completed Community Preservation Plan identifies Affordable Housing as a top funding priority.

Regional Agencies and Organizations

Action, Inc.

Founded in 1965, Action, Inc. provides a wide range of social services to residents of Cape Ann including fuel assistance and other programs to help conserve energy and save money on energy bills, technical assistance on accessing a variety of public benefits, programs for youth to support their education and career goals, homecare to enable seniors and people with disabilities to remain safe and independent in their own homes, and adult education programs. In regard to housing, the agency operates an emergency shelter for men and women in Gloucester and owns and manages subsidized housing units in Gloucester. With staff support and a variety of resources such as the Fund to End Homelessness, Cape Ann Interfaith

Commission, Catholic Charities, and special fundraising events, the agency provides the following housing services:

- Help with eviction notices
- Rent or mortgage assistance
- Assistance with housing searches
- Help with move-in costs
- Mediation with landlord/tenant disputes
- Help with subsidized housing including application issues

Of particular importance is the partnership that the Town has established with Action, Inc. on an Emergency Rental and Mortgage Housing Payment Assistance Program, funded through a \$100,000 local donation. This Program will help stabilize the housing of qualifying residents who have lost income due to the COVID-19 crisis, providing short-term rent or mortgage payment assistance. As of October 14, 2020, \$44,205 has been committed to ten clients. Another two applications were also being processed at the time.

Contact: 180 Main Street in Gloucester; 978-282-1000

North Shore HOME Consortium

Manchester is a member of the North Shore HOME Consortium, which is administered by Peabody's Department of Community Development and Planning. The Consortium administers federal HOME Program funding to support a wide range of housing activities with 30 participating communities that are geographically spread throughout the North Shore and Merrimack Valley.

The Consortium has approximately \$2 million available per year and divides its annual allocation on a formula basis among the participating communities. It also manages a competitive pool of approximately \$700,000 annually to be available to those localities that have encumbered all of their funding or for special initiatives. This competitive pool is available not only to participating municipalities but to nonprofit organizations and private developers as well. Manchester received HOME funding for the 10-12 Summer Street project.

Contact Info: 24 Lowell Street in Peabody; 978-532-3000; www.Manchester-ma.gov/home_consortium

Gloucester/Haverhill/Salem/Essex County Continuum of Care (CoC)

The Continuum of Care is designated as the regional entity to provide a continuum of support from emergency shelters to transitional housing and ultimately to permanent housing serving those exiting homelessness. The Continuum of Care, like the HOME Consortium, is staffed by Peabody's Department of Community Development and Planning and includes representatives from the major housing service providers in the area. The Executive Director of the Manchester Housing Authority is Manchester's representative. A major component of the CoC's work is the preparation and submission of an application to HUD for Homeless Assistance funding. The planning process associated with this application takes place throughout the year, including an annual "point in time" census count of the homeless (both sheltered and unsheltered individuals and families).

Contact Info: 24 Lowell Street in Peabody; 978-532-3000; www.Manchester-ma.gov

Community Action, Inc.

Community Action, Inc. is a community action agency that was established to serve a wide range of education, housing, health and service needs of low-income and disadvantaged area residents. The organization, based in Haverhill, has expanded during the past three decades to include a number of cities and towns on the North Shore and Cape Ann, including some program availability in Manchester.

Programs include fuel assistance, Head Start, WIC, education and training, and other services directed to area families. Housing-related services include counseling and down payment and closing cost assistance for first-time homebuyers as well as the administration of lotteries and development of small affordable housing projects.

Contact Info: 145 Essex Street in Haverhill; 978-373-1971; www.communityactioninc.org

North Shore Community Development Coalition (NSCDC)

The North Shore CDC, which evolved from the former Salem Harbor CDC, is committed to building and preserving affordable housing in North Shore communities. This organization has completed 400 units to date, primarily in Salem, Beverly and Ipswich, and is developing another four (4) projects in Salem and Gloucester. It has the interest and capacity to serve other North Shore communities as well, including Manchester. The CDC also operates a number of other housing-related programs and special efforts in the North Shore area.

Contact Info: 102 Lafayette Street in Salem; 978-825-4009; www.northshorecdc.org

Harborlight Community Partners

Harborlight was established as a non-profit organization to provide service-enriched, affordable housing to communities in Essex County. Founded by the First Baptist Church in Beverly, the organization initially focused on the development of senior housing. It has grown considerably over the past decade, taking over several other housing-related organizations including the North Shore Housing Trust⁴⁹ and We Care About Homes.⁵⁰ The organization also provides property management and housing marketing/compliance services to non-profit organizations. It is undertaking the affordability monitoring for the affordable units developed in Manchester by Windover.

Contact Info: 978-922-1305; www.harborlightcp.org

YMCA of the North Shore

In addition to the wide variety of activities that support youth development, recreation and community education, the YMCA of the North Shore also owns and manages rental housing that serves approximately 385 individuals, including children, in their developments located in Beverly, Ipswich, Cape Ann and Haverhill. Through their family housing and Single Room Occupancy facilities, the YMCA provides more than shelter, also offering support services to improve the well-being of their residents. Contact: 25 Cabot Street in Beverly; 978-922-0990

Senior Care, Inc.

Senior Care, Inc. is the area's Agency on Aging that provides and coordinates a wide range of housing services to local seniors and others to enable them to remain independent in their homes or another setting of their choice in the community. These services include Meals on Wheels, visiting nurses, wellness programs, etc.

Contact: 49 Blackburn Center in Gloucester; 978-281-1750

⁴⁹ The North Shore Housing Trust (NSHT) was an outgrowth of the North Shore Affordable Housing Task Force that was formed by Wellspring House of Gloucester in 1998 to begin to address the issue of affordable housing on a regional basis. NSHT's goal was to become a regional force to develop affordable housing in areas of the North Shore where local affordable housing development capacity was lacking.

⁵⁰ We Care About Homes was a non-profit organization that acquired properties and rented units to very low-income families. Based in Beverly, the organization rented 20 units at seven (7) scattered-site properties.

Fund to Prevent Homelessness

The Fund to Prevent Homelessness is a non-profit organization that has been helping families prevent homelessness since 1989. Through a one-time grant to qualified families of up to \$3,000, the organization provides support before a family loses its home to help them remain in the community. The Fund serves residents of Beverly, Essex, Gloucester, Rockport, Hamilton, and Wenham in addition to Manchester. Intake is managed by either Action, Inc. in Gloucester or Beverly Bootstraps on a pro bono basis. Funding is raised each year by an annual appeal letter, typically in November. The Fund typically serves at least 15 families a year, averaging at least one in Manchester.

Contact: info@FTPH.org or see Beverly Bootstraps or Action, Inc.

Beverly Bootstraps

Founded as a food pantry in 1992, Beverly Bootstraps has grown into a social service agency serving Beverly and Manchester. The organization provides critical resources to help families and individuals achieve self-sufficiency including food assistance, a thrift shop, and support services to stabilize households by helping them maintain their current housing and overcome problems related to food insecurity, financial instability and deficits in education and job skills. In 2014 Beverly Bootstraps served 1,575 individuals and 641 households, distributing more than \$102,000 in financial assistance.

Contact: 371 Cabot Street in Beverly, 978-927-1561.

Essex County Community Foundation (ECCF)

The Essex County Community Foundation (ECCF) provides funding support to non-profit organizations serving the needs of residents in Essex County. The organization raises this funding from individuals and families who are searching for ways to donate to their communities, but until the Foundation was formed, had no means of doing so without establishing their own private foundation or moving their funds outside of the county. The Foundation works closely with donors to serve their charitable interests and manage funds that benefit specified organizations, defined purposes and provide scholarships.

ECCF supports many organizations and programs, and in relation to development has created the Essex County Forum (previously called the Environmental Stewardship Initiative) to build connections among area organizations and individuals for promoting long-term sustainable growth in Essex County and averting the negative impact of unplanned growth. The Essex County Forum offers educational and informational events and other outreach on smart growth issues.

Contact Info: 175 Andover Street in Danvers; 978-777-8876; www.eccf.org

Habitat for Humanity of the North Shore

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past several decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,100 affiliates worldwide. Habitat for Humanity of the North Shore is based in Lynn and serves a number of communities, including Manchester.

Contact Info: 215 Maple Street in Lynn; 781-598-0310; www.habitat.org

Coastal Homebuyer Education, Inc.

Coastal Homebuyer Education, Inc. helps prospective homebuyers in eastern Massachusetts make homeownership a reality. Certified by CHAPA and MassHousing, the organization provides homebuyer counseling, which is often a prerequisite for many mortgage financing programs. Seminars are held over

four (4) evening meetings or two (2) Saturdays throughout the year for a fee of \$60 per household. The organization also provides post purchase classes as well.

Contact Info: www.coastalhbedu.org

Citizens for Adequate Housing (CAH)

Citizens for Adequate Housing is a non-profit organization whose mission is to end homelessness one family at a time, serving families from the North Shore, eastern Massachusetts, and sometimes the Merrimack Valley. In addition to providing housing, CAH offers other serves to help individuals and families find permanent solutions to ending their homelessness.

Contact Info: 40 Washington Street in Peabody; 978-531-9775; info@cahns.org

Metropolitan Area Planning Council (MAPC)

The Metropolitan Area Planning Council (MAPC) is Manchester's regional planning agency serving 101 communities in the Greater Boston area. Guided by its regional plan, "MetroFuture: Making a Greater Boston Region", the agency works with participating communities towards "sound municipal management, sustainable land use planning, protection of natural resources, efficient and affordable transportation, a diverse housing stock, public safety, economic development, an informed public, and equity and opportunity among people of all backgrounds".

MAPC is providing consultant services to help the Town explore a Chapter 40R Smart Growth Overlay District for the Limited Commercial District (LCD) that would encourage housing density in a planned neighborhood, expedite permitting and attract additional financial resources from the state. This was a key recommendation of the 2015 HPP and recent Master Plan.

Contact Info: 60 Temple Place, Boston 02111; 617-451-2770; www.mapc.org

APPENDIX 2

Glossary of Housing Terms

Chapter 40R/40S

State legislation that provides cash incentives to municipalities that adopt smart growth overlay districts that also increase housing production, including affordable housing (see Appendix 4 for details).

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

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

Chapter 44B

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

Cluster Development

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

Comprehensive Permit

Expedited permitting process for developers building affordable housing under Chapter 40B “anti-snob zoning” law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers (see Appendix 4 for details).

Conservation Development

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

Department of Housing and Community Development (DHCD)

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

Design Guidelines

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

Easements

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

Energy Star

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

Enhanced Single Room Occupancy (ESRO)

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

Expedited Permitting

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

Fair Housing Act

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

Form-based Zoning

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

Green Building

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

Inclusionary Zoning

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

Infill Development

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

Jobs/Housing Balance

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

LEED

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

Local Initiative Program (LIP)

LIP is a state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income (see Appendix 4 for more details).

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

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

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Mixed-income development includes housing for various income levels.

Mixed-Use Development

Mixed-use projects combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Overlay Zoning

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

Planned Development

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

Public Housing Agency (PHA)

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

Regional Non-profit Housing Organizations

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

Regional Planning Agencies (RPAs)

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

Request for Proposals (RFP)

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

Section 8

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

Single Room Occupancy (SRO)

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

Smart Growth

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more

efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Subsidy

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

Subsidized Housing Inventory (SHI)

This is the official list of units, by municipality, that count toward a community’s 10% goal as prescribed by Chapter 40B comprehensive permit law.

Sustainability

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

Transfer of Development Rights (TDR)

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

Transit Oriented Development (TOD)

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

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

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