

HOUSING PRODUCTION PLAN

**TOWN OF ATHOL,
MASSACHUSETTS**



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TOWN OF ATHOL

HOUSING PRODUCTION PLAN

I. EXECUTIVE SUMMARY

This Housing Production Plan (HPP) is intended to help the Town of Athol better understand the current housing dynamic, identify priority housing needs, and develop a roadmap for addressing these needs over the next five years. This work builds on prior planning efforts including the Town's 2002 Master Plan, Housing Action Plan in 2014¹ and more recent Downtown Housing Study.² This Housing Production Plan is also expected to achieve the following local affordable housing and community planning objectives:

- Obtain approval from the state under Housing Production regulations that offer communities greater local control over housing development, including the potential to deny inappropriate comprehensive permit projects.³
- Provide updated documentation on important demographic and economic trends that have a bearing on future local and regional housing needs.
- Provide a detailed analysis of the local and regional housing dynamic, analyzing how market prices affect residents' ability to pay based on various income levels and target populations.
- Reflect on what local housing strategies have worked to promote affordable housing, what actions should be taken to expand and/or modify these approaches, and what new actions should be introduced.
- Analyze potential development opportunities to help diversify local housing to address the range of identified local housing needs, providing visual representations of such opportunities.
- Identify what resources are available to support affordable housing development and how the Town can most strategically leverage local investment.
- Present important data that can be used in applying for public and private sources of financial and technical support for affordable housing development or other community needs.
- Offer a useful educational tool to help dispel misinformation and negative stereotypes regarding affordable housing, ultimately to galvanize local public support for new housing initiatives.
- Demonstrate the community's intent to proactively address local housing issues.
- Review what other comparable communities have done with respect to affordable housing policies, regulation, programs and projects that Athol might consider adapting.
- Help establish better communication and coordination among Town boards and committees with updated information and guidance from this document.

Affordability Challenges

Demographic Changes

Demographic shifts are occurring which have a bearing on housing needs. Trends indicate that gains in the proportion of older residents and declines in younger people will likely continue. Because of their increasing numbers, reliance on fixed incomes, and unique needs, a substantial segment of seniors will require smaller more affordable and accessible dwelling units as well as assisted living arrangements. When asked what the major housing problem was for seniors, the representatives of the Council on Aging immediately responded, "The lack of it."

¹ The Town hired the Montachusett Regional Planning Commission (MRPC) for this project.

² The consultant for this project was FinePoint Associates.

³ Massachusetts General Law, Chapter 40B, 760 CMR 56.03 (4).

Local leaders have acknowledged that Athol is at a critical stage in its path towards redevelopment that hinges on its ability to produce housing for an expanding workforce. Employers are already challenged to find entry level workers given the lack of housing in the community much less affordable housing.

affordable and appropriately-sized housing opportunities. Consequently, the Town will largely target its affordable housing efforts on the development of affordable rental options for younger households and the increasing numbers of older, long-term residents with fixed incomes looking to downsize. The Town recognizes, however, that homeownership opportunities for first-time purchasers and low- to moderate-income empty nesters should also be part of its housing agenda. It also aims for a mix of affordable units targeted to those with incomes at or below 80% of area median income, others with higher incomes but still priced out of the Housing market, and market development. Moreover, because Athol has a very high level of residents who claim a disability, another priority housing need is the inclusion of handicapped accessibility and support services in new housing development. This Housing Plan also recognizes the need for resources that will enable owners to make important property improvements.

Rising Affordability Gaps and Cost Burdens

While Athol's housing is relatively more affordable than many other communities in the region and Commonwealth, incomes are relatively lower as well. In fact, incomes have not kept up with rising housing costs. While median income levels increased by 74% between 2000 and 2021, the median single-family price increased by 198%.

As prices rise, so do affordability gaps and cost burdens. The affordability gap is about \$68,000 - the difference between the median priced single-family home (\$289,450) and what a median income Athol household can afford (\$221,500) based on 80% financing. Additionally, these purchasers must have substantial cash on hand for the 20% down payment plus additional closing costs, which effectively widens the affordability gap considerably and making first-time homeownership a serious challenge.

Special tabulations of HUD data suggest that almost 32% of all Athol households were experiencing cost burdens as they were spending more than 30% of their income on housing costs, including about 16% or 755 households spending at least half of their income on housing. Of the 2,465 households with incomes at or below 80% of median income limits for the Western Worcester County area, 1,304 or 53% were experiencing cost burdens with 735 or 30% spending more than half of their income on housing costs. Athol's supply of affordable housing, as defined by the state, includes 261 units or about 5% of its housing stock, and is thus insufficient in addressing this unmet housing need.

Despite this growing population of seniors, buoyed by the Baby Boom generation, housing for younger people is a pressing need given the ongoing declines of younger age groups, the expected continued prevalence of seniors remaining in their homes, and lack of inventory for entry level workers. To maintain a stable labor force, it is important to work towards providing more

Local realtors suggest that Athol's housing stock is facing simultaneous challenges as the inventory of available units is "very, very low", prices are climbing, and the town's older housing stock needs updating, an expensive proposition based on existing construction costs and high interest rates.

First-time home purchasers are particularly challenged by increasing interest rates as well as stringent lending criteria in response to the recession that occurred more than a decade ago that precipitated high

About 604 renter households or 46% of all renter households were experiencing cost burdens, 350 or 27% with severe cost burdens. This is proportionately higher than the 26% and 12% levels of cost burdens and severe cost burdens, respectively, for owner households.

down payment requirements and rigorous credit standards. Athol also experienced a barrage of foreclosures that forced some residents out of their homes and destabilized the housing market for years. Other homeowners have found that rising energy, flood insurance, and other housing-related costs are much more difficult to afford. Moreover, of the 2,195 owner households with incomes at or below

80% of median family income (MFI),⁴ 1,390 or 63% were spending too much on housing costs including 625 or 28% who were spending more than half of their income on housing costs.

The situation is difficult for renters as well. In addition to high housing cost burdens, relatively low market rents, with a 2021 median of \$889, make housing more affordable but more challenging to finance. This makes the promotion of mixed-use development in the Downtown more challenging, particularly in light of high construction costs.

Rents remain unaffordable for some renters however. For example, the market listing for a small three-bedroom unit at \$1,300 would require an income of \$60,000, much higher than the median household income for renters of \$23,235 and even slightly higher than Athol's median household income of \$58,275 based on 2021 census estimates.

While Athol has a wide range of housing needs, this Housing Production Plan recommends a continued focus on rental unit development based on indicators of housing need as well as other important considerations. This Plan also recommend that first-time homeownership, units for those with disabilities, and housing improvement resources should be integrated into the Town's housing agenda.

Rentals also exact high up-front cash requirements, often including first and last month's rent and a security deposit. Credit checks and other references also place barriers to securing housing for some. Information from the Athol Housing Authority further suggests that there are hundreds of applicants for their subsidized units.

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). Grafton would have to produce at least 26 affordable units annually based on these goals, a formidable challenge.

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

⁴ Median family income (MFI) is the equivalent of Area Median Income (AMI).

ability to appeal the decision.⁵ Production goals over the next five (5) years include the creation of an estimated 198 units that are eligible for inclusion in the Subsidized Housing Inventory (SHI)

It is worth noting that the state's subsidizing agencies have entered into an Interagency Agreement that provides guidance to localities concerning housing opportunities for families with children. As such, they 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.).

Summary of Housing Strategies

The strategies that are included in this Housing Production Plan and summarized in Table 1-1 are based on previous plans and studies, the Housing Needs Assessment, community input, prior local housing efforts, and the experience of other comparable localities in the region and throughout the Commonwealth.

Capacity Building Strategies that further build the Town's ability to implement the components of this Housing Production Plan through resources to advocate, subsidize and guide implementation including:

- Conduct ongoing community outreach and education to better inform residents on local housing-related initiatives and obtain important community input.
- Secure financial resources for affordable housing, potentially including the adoption of the Community Preservation Act (CPA) as well as additional state and federal financing to make new development with affordable units feasible.
- Establish an Affordable Housing Trust Fund as a dedicated fund to support housing efforts and as the local municipal entity to oversee housing issues.
- Establish a Rental Inspection Program to assure some greater accountability on the part of landlords in ameliorating substandard conditions.

Zoning Strategies to provide mandates and incentives for the inclusion of affordable housing and smart growth development principles as part of zoning regulations including:

- Adopt inclusionary zoning that requires a percentage of all new housing units in projects of a certain size be affordable as well as provides development incentives to make such inclusion affordable.
- Allow more diverse housing types in more areas to better respond to the diverse housing needs in the community.
- Promote greater use of overlay districts to better attract new development activity with additional public benefits including affordable housing.

⁵ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to EOHLC, 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 EOHLC, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. EOHLC 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 EOHLC 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.

- Modify the Open Space Residential Design (OSRD) bylaw that encourages the clustering of housing and preservation of open space to make the bylaw more effective and better used.

Development and Preservation Strategies to create new housing opportunities as well as improvements in the existing housing stock including:

- Partner with developers on privately-owned properties to address housing goals and priority housing needs included in this Housing Production Plan, further diversifying the housing stock.
- Continue to pursue mixed-use and multi-family housing development in appropriate locations to further boost housing affordability and diversity.
- Make suitable public property available for affordable housing by redeveloping surplus municipal property in line with identified housing priorities.
- Establish Housing Preservation Initiatives to bring properties into compliance with building codes while further stabilizing neighborhoods.

The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable. *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.*

Table 1-1: Summary of Housing Strategies

Strategies	Timeframe for Implementation	# Affordable Units	Responsible Entity
1. Capacity Building Strategies			
1. Conduct ongoing community outreach and education	Years 1-2 and Ongoing	*	Sponsors of affordable housing initiatives
2. Secure financial resources for affordable housing	Years 1-2	*	Board of Selectmen
3. Establish an Affordable Housing Trust Fund	Years 1-2	*	Board of Selectmen
4. Establish a Rental Inspection Program	Years 3-5	*	Board of Selectmen
2. Zoning Strategies			
1. Adopt inclusionary zoning	Years 1-2	*	Planning Board
2. Allow more diverse housing types in more areas	Years 3-5	*	Planning Board
3. Promote greater use of Overlay Districts	Years 3-5	*	Planning Board
4. Modify the OSRD bylaw	Years 3-5	*	Planning Board
3. Development and Preservation Strategies			
1. Partner with developers on privately-owned properties	Years 1-2	61	Board of Selectmen with Planning Board and Zoning Board of Appeals
2. Continue to pursue mixed-use and multi-family housing development	Years 1-2	5	Board of Selectmen with Planning Board and Zoning Board of Appeals
3. Make suitable public property available for affordable housing	Years 1-2	132	Board of Selectmen
4. Establish Housing Preservation Initiatives	Years 3-5	10 (not eligible for SHI)	Board of Selectmen

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

2. INTRODUCTION

Athol lies along the western edge of Worcester County with Franklin County to the west. It is bordered by Royalston to the north, Phillipston to the east, Petersham to the south, New Salem to the southwest, and Orange to the west. From its town center, Athol lies 23 miles east of Greenfield, 25 miles west of Fitchburg, 35 miles northwest of Worcester, and 67 miles west-northwest of Boston. The vast majority of the town's population is settled around the downtown area, with the rest of the town being relatively sparsely populated.

Key to the town's development was the manufacturing potential along the Millers River that bisects the downtown and much of the community. This manufacturing capacity attracted a number of important businesses over decades, branding Athol as Tool Town. Despite ups and downs in these businesses, tool manufacturing remains an important element of the local economy, and the Millers River, as well as the Tully River, as valuable community features.

2.1 What is Affordable Housing?

Affordable housing is generally defined by the income of the household in comparison to housing costs. The federal and state governments define the threshold of affordability as paying no more than 30% of income on housing costs whether for ownership or rental. Housing costs for homeownership include principal and interest, property taxes and insurance as well as any condo fees. Housing costs include utility costs on top of the rent.

Table 2-1: HUD Income Limits for Western Worcester County Metropolitan Area, 2022/2023

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income
1	\$20,550/\$21,700	\$34,200/\$36,200	\$54,750/\$57,900
2	\$23,450/\$24,800	\$39,100/\$41,400	\$62,550/\$66,200
3	\$26,400/\$27,900	\$44,000/\$46,550	\$70,350/\$74,450
4	\$29,300/\$31,000	\$48,850/\$51,700	\$78,150/\$82,700
5	\$32,470/\$35,140	\$52,800/\$55,850	\$84,450/\$89,350
6	\$37,190/\$40,280	\$56,700/\$60,000	\$90,700/\$95,950
7	\$41,910/\$45,420	\$60,600/\$64,150	\$96,950/\$102,550
8+	\$46,630/\$50,560	\$64,500 /\$68,250	\$103,200/\$109,200

Median Income = \$94,600/\$98,800

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

Affordable housing is also defined according to its availability to households at percentages of median income for the area,⁶ and most housing subsidy programs are targeted to particular income ranges. Extremely low-income housing is directed to those with incomes at or below 30% of area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD) for the Western Worcester County area, and very low-income is defined as households earning between 31% and 50% of area median income. Low-income generally refers to the range between 51% and 80% of area median income.⁷ In general, programs that subsidize rental units are targeted to households earning under 50% or 60% AMI with some lower income requirements within the 30% AMI level. First-time homebuyer

⁶ Athol is part of the Western Worcester County, MA HUD Metro FMR area.

⁷ The family of three (3) is illustrated here and is used in affordability calculations as the average household size was 2.53 persons per 2021 census estimates from the U.S. Census Bureau's American Community Survey (ACS).

projects and the state's Chapter 40B Comprehensive Permit Program typically apply income limits of up to 80% AMI. Income limits under the Community Preservation Act (CPA), which many Massachusetts communities have adopted, are up to 100% AMI.

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program.⁸ This legislation allows developers to override local zoning if the project meets certain requirements, the municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals and other statutory requirements are not met. (See Section 3-3 for requirements for including units on the SHI.) It should be noted that all units are eligible for inclusion in the SHI in Chapter 40B rental developments while only the actual affordable units are counted in ownership projects.

Athol is halfway towards meeting the 10% state affordability threshold under Chapter 40B. At least another hundred units in the development pipeline are expected to bring Athol's affordability level to almost 7% in the next couple of years.

2.2 Housing Goals

The Town's 2014 Housing Action Plan included the following overall housing goal:

To provide safe, comfortable, and affordable housing for current and future residents of Athol.

The 2014 Housing Plan also included the following objectives:

- Preserve and enhance the Town's existing housing stock.
- Encourage the development of new and affordable housing to supplement the town's housing stock and replace or rehabilitate units which may no longer be adequate to meet contemporary standards.
- Facilitate the diversification of housing types to provide a range of choices and opportunities to meet the various and changing needs of current and future town residents and to stabilize the town's population while attracting new residents to the community.
- Provide support to low- and moderate-income homeowners and renters who are struggling to pay housing costs and maintain their property.
- Provide diverse housing options across a range of incomes.
- Maintain and protect the character of the community and its environmental assets.
- Strive to surpass the state 10% affordability goal.

This goal and these objectives will serve as a context for guiding the town's affordable housing agenda for the next five years.

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.

3. HOUSING NEEDS ASSESSMENT⁹

This Housing Needs Assessment provides an overview of current housing conditions in the town of Athol, providing a summary of the local housing market dynamic within which a responsive set of strategies can be developed to address housing needs.

3.1 Demographic Profile

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

- *What have been the historical growth trends in the community?* The population has fluctuated somewhat over the decades but has remained between 11,000 and 11,700 residents since 1940 except for a dip to 10,634 residents in 1980. The past decade saw an increase to the unprecedented level of almost 12,000 residents, projected to rise to as high as about 12,400 residents by 2030.
- *What are the ramifications of increases and decreases of various age groups regarding housing needs?* There have been overall declines in younger residents and significant gains in older middle-aged residents. Population projections estimate high projected increases in those 65 years of age and older and further losses of children. This suggests the need to create more starter home opportunities for young families as well as options for downsizing.
- *What are the variations in household size and types of households that suggest specific housing needs?* Despite declines in the number of children, there have been increases in the number and proportion of households with children under age 18. The average household size grew slightly from 2.47 to 2.53 persons between 2010 and 2021. There have also been increases in non-family households, mainly single individuals. Almost one-third of those living alone were 65 years of age or older in 2021, down from almost 41% in 2010. These trends suggest a need for both larger family units as well as smaller units.

Population Growth – Rebounding population growth after declines in the 1970s and 1980s

As noted in Table 3-1, Athol's population has fluctuated somewhat over the decades climbing to 11,637 residents by 1960 and then losing population to a low of 10,634 residents by 1980, largely due to the closing of the Union Twist Drill Company with about 800 employees. Since then, the town has experienced a slow recovery, almost back to 1960 levels by 2010, and followed by more significant growth to 11,945 residents according to the 2020 decennial census. The census estimates for 2021 from the American Community Survey show a very small population loss to 11,922 residents.

Athol's population increased by 5.5% between 2000 and 2021, which was significantly less than the growth rates of about 15% and 10% for Worcester County and the state, respectively. This growth has been largely spurred by the migration of residents and businesses from the Boston area to points west

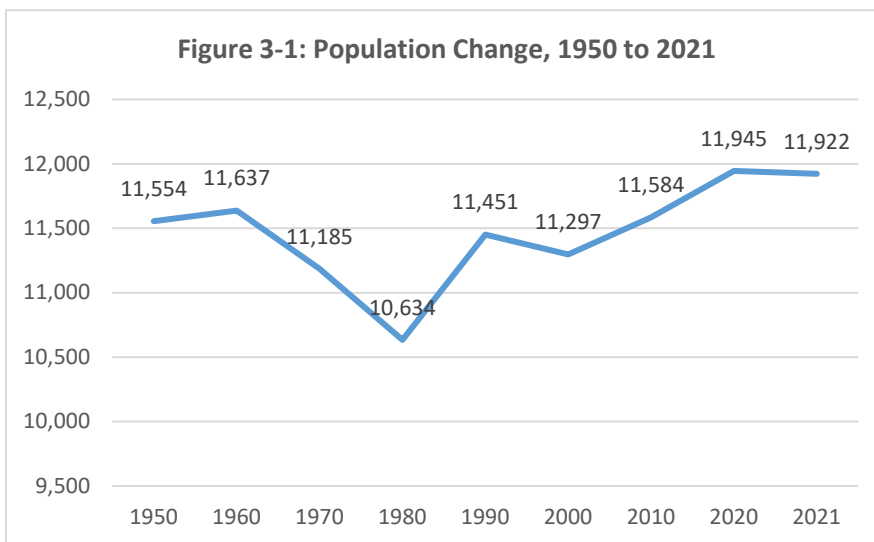
⁹ It should be noted that this Housing Needs Assessment includes the most up-to-date data available. The decennial census data is typically provided as this data reflects actual counts. The most recent issue of the Census Bureau's American Community Survey (ACS) is also shown for most census data not 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.

in search of more affordable living conditions and new employment opportunities. The Town's investment in critical infrastructure, including upgrades in sewer treatment and water tanks as well as new bridges and schools, attracted new investment and jobs including the Market Basket shopping area and MassGrow.

Table 3-1: Population Change, 1930 to 2021

Year	Total Population	Change in Number	Percentage Change
1930	10,677	--	--
1940	11,180	503	4.7%
1950	11,554	374	3.4%
1960	11,637	83	0.7%
1970	11,185	-452	-3.9
1980	10,634	-551	-4.9%
1990	11,451	817	7.7%
2000	11,297	-154	-1.3%
2010	11,584	287	2.5
2020	11,945	361	3.1%
2021	11,922	-23	-0.2%

Source: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center for decennial counts. The 2021 estimate is from the U.S. Census Bureau's American Community Survey, 5-Year Estimates, 2017-2021.



The Montachusett Regional Planning Commission has prepared population projections through 2040, forecasting that Athol's population would be 12,296 in 2020 and then grow to 13,415 in 2030 and 14,700 by 2040. The 2020 projection overestimated population growth by 351 residents, representing a 6.2% increase in residents between 2010 and 2020, twice the actual level of 3.1%. Projected growth of 12.3% between

2020 and 2030 and then 9.6% between 2030 and 2040 appear high compared to past trends.

Population projections from the Metropolitan Area Planning Council (MAPC)¹⁰ estimate that the population will grow instead to 12,398 residents by 2030, 4% higher than the 2021 census count of 11,922 and just a bit higher than the 3.1% increase between 2010 and 2021. Projections from the State Data

¹⁰ MAPC, while not the Town's assigned regional planning agency, has prepared population projections for all communities in the state. For more information on MAPC go to www.mapc.org.

Center at the University of Massachusetts Donahue Institute¹¹ suggest a relatively comparable population increase to 12,290 residents by 2030 (see Tables 3-3 and 3-4).

Age Distribution – Greatest gains in the Baby Boom generation

Table 3-2 and Figure 3-2 present census data on changes in the distribution of ages for 2010 and 2021.

- Decreasing numbers of children**
 While the Town's population increased by 3.1% between 2010 and 2021, there was a loss of 803 children under age 18 or a decline of 27%. Based on 2021 census estimates, these children dropped from about 26% to 18% of all residents during this period. School enrollments, on the other hand, have been relatively stable.
- Increases in college-age residents**
 The number of young residents in the 18 to 24-age range grew from 650 in 2010 to 1,036 by 2021, and as a percentage of all residents from 5.6% to 8.7%.
- Somewhat older young adults decreased significantly**
 Somewhat older residents in the 25 to 34 age range, in the early family formation stage of their lives, declined modestly by 136 residents or by 8.2% during this period.
- Some fall-off of younger middle-age residents**
 Residents in the 35 to 44 age range declined by 16.7%, from 1,531 residents in 2010 to 1,276 by 2021. The decrease of this population is likely somewhat correlated to the decline in children.

Table 3-2: Age Distribution, 2010 and 2021

Age Range	2010		2021	
	#	%	#	%
Under 5 Years	651	5.6	598	5.0
5 – 17 Years	2,304	19.9	1,555	13.0
18 – 24 Years	650	5.6	1,036	8.7
25 – 34 Years	1,648	14.2	1,512	12.7
35 – 44 Years	1,531	13.2	1,276	10.7
45 – 54 Years	1,523	13.2	1,652	13.9
55 – 64 Years	1,343	11.6	1,953	16.4
65 – 74 Years	733	6.3	1,404	11.8
75 – 84 Years	819	7.1	645	5.4
85+ Years	359	3.1	291	2.4
Total	11,559	100	11,922	100.0
Under 18	2,955	25.6	2,153	18.1
Age 65+	1,911	16.5	2,340	19.6
Median Age	38.6 years		44.9 years	

Source: U.S. Census Bureau, 2000 and American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

¹¹ The State Data Center at the University of Massachusetts Donahue Institute receives state funding and also provides population projections and other types of demographic and housing data and reports for all communities in the state. For more information, go to www.donahue.umass.edu or www.massbenchmarks.org.

- *Growth in older middle-age residents*
Those in the 45 to 54-age increased by 8.5%, from 1,523 to 1,652 residents. Part of the Baby Boom generation was spilling into the older age categories by 2010 as those in the age-55 to 64 range increased from 1,343 residents in 2010 to 1,953 by 2021. This represented a growth rate of 45% compared to 3.1% for the population as a whole.
- *Substantial growth in the population 65 years or older*
The number of those 65 years of age and older grew by 76%, from 16.5% of the population in 2010 to almost 20% by 2021, or from 1,911 to 2,340 residents.

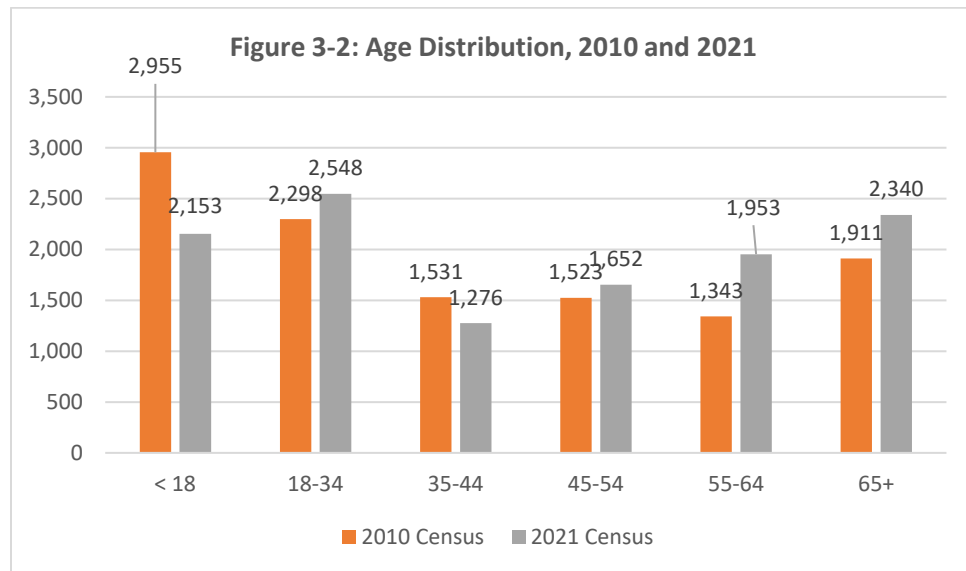


Table 3-3 offers population projections by age category for 2020 and 2030 as part of MAPC's Stronger Region scenario,¹² comparing these figures to 2010 census figures. These projections are also visually presented in Figure 3-3, clearly showing the dramatic projected increases in those 65 years of age or older, going from about 20% of all residents to 25% by 2030. Projections suggest overall population gains in the context of decreasing percentages of children and relative stability of those in the age 25 to 54 range and some volatility in the 55 to 64 age group with a modest net increase.

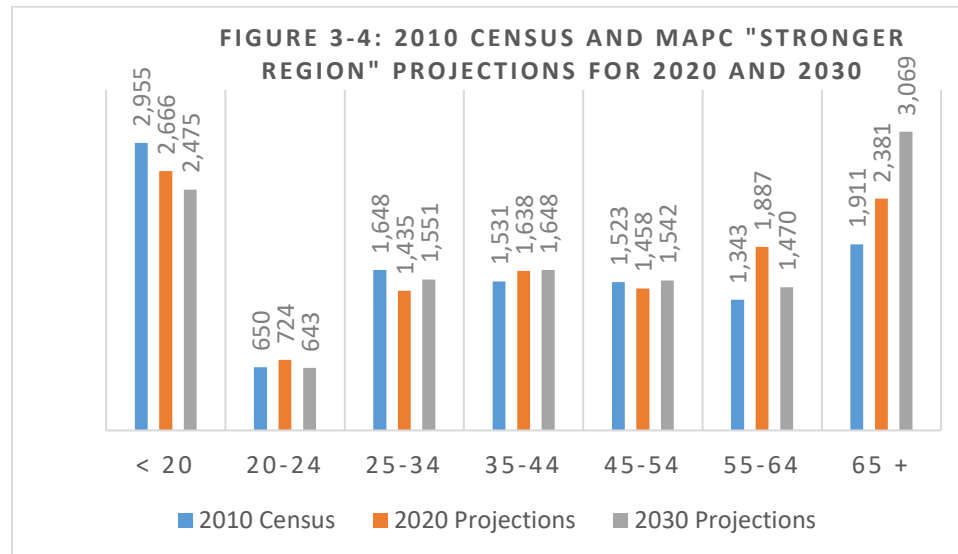
¹² MAPC's Stronger Region scenario involves the following assumptions:

- The region will attract more people than it does today, particularly young adults;
- Younger households born after 1980 will be more inclined to live in urban areas with less of an inclination to live in single-family homes; and
- An increasing number of older adults will choose to downsize from their single-family homes to apartments or condominium units.

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

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	651	5.6	576	4.7	611	4.92
5 – 19 Years	2,304	19.9	2,090	17.1	1,864	15.0
20 – 24 Years	650	5.6	724	5.9	643	5.2
25 – 34 Years	1,648	14.2	1,435	11.8	1,551	12.5
35 – 44 Years	1,531	13.2	1,638	13.4	1,648	13.3
45 – 54 Years	1,523	13.2	1,458	12.0	1,542	12.4
55 – 64 Years	1,343	11.6	1,887	15.5	1,470	11.8
65 – 74 Years	733	6.3	1,357	11.1	1,669	13.5
75 – 84 Years	819	7.1	678	5.6	1,008	8.1
85+ Years	359	3.1	346	2.8	392	3.2
Total	11,559	100.0	12,189	100.0	12,398	100.0
Under 20	2,955	25.6	2,666	21.9	2,475	20.00
Age 65+	1,911	16.5	2,381	19.5	3,069	24.8

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

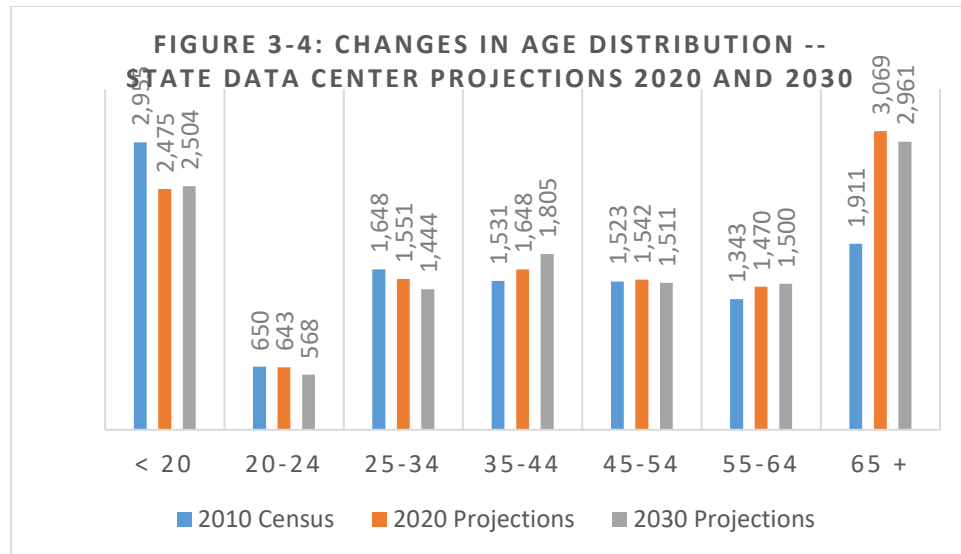


The State Data Center at the University of Massachusetts' Donahue Institute has also prepared population projections, presented in Table 3-4 and Figure 3-4, that show relatively similar population shifts through 2030. All age groups below age 55 are projected to decrease as a percentage of all residents. For example, those under age 20 are estimated to also decline to about 20% of all residents while residents age 65 and over are projected to also increase significantly to about 24% by 2030 as opposed to 25% in the MAPC figures. The age ranges between are projected to remain relatively stable with only modest changes.

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

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	651	5.6	611	4.9	602	4.9
5 – 19 Years	2,304	19.9	1,864	15.0	1,902	15.5
20 – 24 Years	650	5.6	643	5.2	568	4.6
25 – 34 Years	1,648	14.2	1,551	12.5	1,444	11.7
35 – 44 Years	1,531	13.2	1,648	13.3	1,805	14.7
45 – 54 Years	1,523	13.2	1,542	12.4	1,511	12.3
55 – 64 Years	1,343	11.6	1,470	11.8	1,500	12.2
65 – 74 Years	733	6.3	1,669	13.4	1,273	10.4
75 – 84 Years	819	7.1	1,008	8.1	1,195	9.7
85+ Years	359	3.1	392	3.2	493	4.0
Total	11,559	100.0	12,399	100.0	12,290	100.0
Under 20	2,955	25.6	2,475	20.0	2,504	20.5
Age 65+	1,911	16.5	3,069	24.8	2,961	24.1

Source: University of Massachusetts Donahue Institute, State Data Center



Racial Composition – Small but growing racial diversity

Table 3-5 presents data on the racial distribution of the population in Athol. The town has had some limited but increasing racial diversity as 93.4% of the population identified as White in 2010, which decreased to 92.4% by 2021 with a gain of 125 minority residents. About half of the minority residents claimed they were of two or more races. Additionally, about 6.5% of all residents identified as having Latino or Hispanic heritage.

Table 3-5: Racial Information, 2010 and 2021

Population Characteristics	2010		2021	
	#	%	#	%
White Population*	10,804	93.4	11,000	92.4
Minority Population	780	6.7	905	7.6
<i>Asian Population*</i>	83	0.7	83	0.7
<i>Black Population*</i>	95	0.8	143	1.2
<i>American Indian*</i>	17	0.1	12	0.1
<i>Those of 2+ Races</i>	204	1.8	429	3.6
Latino/Hispanic of any race	413	3.6	775	6.5

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.

* Includes only those of that race

Household Composition – Increases in households with young children despite overall decreases in children

As shown in Table 3-6, the number of households remained about the same in 2010 and 2021, at a bit less than 4,600. The number of families also remained about the same, close to 3,000, with significant increases in families with children. Those female-headed households with children less than 18 years of age, typically among the most vulnerable residents in any community, increased by 313 such households during this period. The number and percentage of non-families, mostly single individuals, increased from about 34% to 36% of all households.

Table 3-6: Household Characteristics, 2010 and 2021

Type of Household	2010		2021	
	#	%	#	%
Households	4,595	100.0	4,578	100.0
Families*	3,018	100.0	2,938	100.0
Husband-wife Family With children < 18*	1,334	44.2	1,993	67.8
Female Headed Families with Children <18 *	355	11.8	492	16.7
Non-families*	1,577	34.3	1,640	35.8
Average Household Size	2.47 persons		2.53 persons	
Average Family Size	3.02 persons		3.03 persons	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2006-2010 and 2017-2021. *Percent of all households

Table 3-7 examines the types of households by household size. Single-person households comprised 28.5% of all households in 2021, about the same as the 28.6% level in 2010, and with a gain of only 35 such households. Of the 1,351 single-person households in 2021, 435 or 32% were 65 years of age or older. There were also 1,604 two-person households in 2021, up only modestly from 1,553 such households in 2010. The 2021 estimates also suggest a slight trend towards more small families of three and four persons, from 1,269 to 1,291 between 2010 and 2021 to a bit more than 27% of all households. Large families of five or more persons increased from 416 households to 431, remaining at about 9% of all households.

Table 3-7: Types of Households by Size, 2010 and 2021

Households by Type and Size	2010		2021	
	#	%	#	%
Nonfamily Households	1,577	34.3	1,731	36.6
1-person	1,316	28.6	1,351	28.5
2-persons	220	4.8	323	6.8
3-persons	29	0.6	48	1.0
4-persons	12	0.3	0	0.0
5-persons	0	0.0	0	0.0
6-persons	0	0.0	0	0.0
7+ persons	0	0.0	0	0.0
Family Households	3,018	65.7	3,003	63.4
2-persons	1,333	29.0	1,281	27.1
3-persons	710	15.4	844	17.8
4-persons	559	12.2	447	9.4
5-persons	274	6.0	254	5.4
6-persons	68	1.5	109	2.3
7+ persons	74	1.6	68	1.4
Total	4,595	100.0	4,734	100.0

Sources: U.S. Census Bureau, American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

3.1 Economic Profile

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

- *What changes in income levels have occurred and how does this relate to housing affordability?* While Athol's median household income increased by 24% between 2010 and 2021, from \$47,099 to \$58,275, it was significantly lower than \$84,952 for the county and \$89,645 for the state. While increasing, this income level limits the purchase prices and rents that are affordable to residents.
- *Are there growing income disparities among residents?* Those with incomes of \$100,000 or more almost doubled from about 12% to 23% of all households between 2010 and 2021. On the other hand, the number of those living in poverty increased to 11% of all residents in 2021 from 9% in 2010. Moreover, while renter household income decreased by 9% between 2010 and 2021, owner income increased by 33%.
- *What are the relative incomes of Athol residents and those with local jobs?* The \$818 average weekly wage translates into an annual income of about \$42,700, demonstrating that the incomes of those who work in Athol are lower than those who live in town with a median income level of \$58,275.
- *What proportion of the population is disabled or has other special needs that limit their employment options and income?* A total of 2,340 residents or 19.9% claimed a disability, significantly higher than the proportions for the county and state at 12.6% and 11.7%,

respectively. Those with disabilities, often relying on Social Security income, can find it challenging to not only find housing that is affordable but accessible as well.

Income – Relatively lower on average income levels but notable income disparities

Table 3-8 and Figure 3-5 show that incomes levels are increasing although still relatively lower than county and statewide levels. Athol's median household income increased by 24% between 2010 and 2021, from \$47,099 to \$58,275, the same as the rate of inflation during this period. The increase in median income for Worcester County was higher at 39%, from a median income level of \$61,212 to \$84,952. Athol's median household income was also lower than the statewide level of \$89,645.

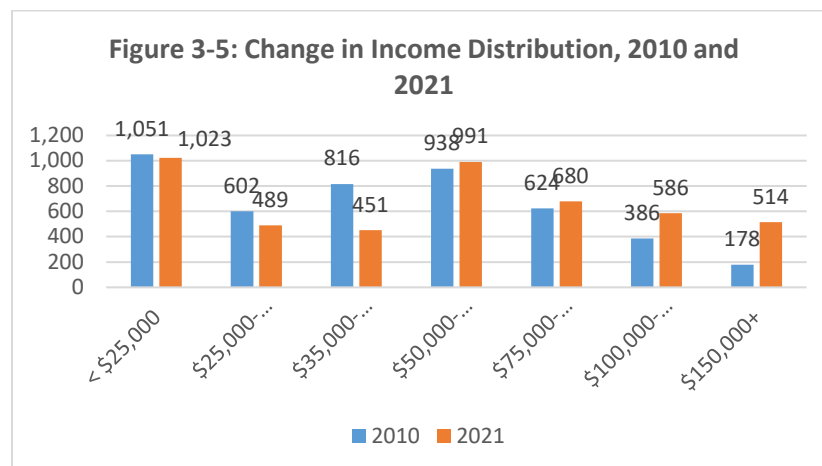
The number and proportion of all income ranges below \$50,000 decreased between 2010 and 2021, increasing for those above that level. Of particular note is the increase in those with incomes of \$100,000 or more, growing from 564 households in 2010 to 1,100 in 2021, or from 12.3% of all households to 23.3%. This is still lower than the 43% level of those in this income category for Worcester County and half the 56% level statewide. The town's per capita income was \$28,626 in 2021, also significantly lower than the county level of \$41,994 and the state at \$49,746.

On the other end of the income range, there were proportionately more households with incomes below \$25,000, 22% in comparison to 16% and 9% for Worcester County and the state, respectively.

Table 3-8: Income Distribution by Household, 2010 and 2021

Income Range	2010		2021	
	#	%	#	%
Under \$25,000	1,051	22.9	1,023	21.6
\$25,000-34,999	602	13.1	489	10.3
\$35,000-49,999	816	17.8	451	9.5
\$50,000-74,999	938	20.4	991	20.9
\$75,000-99,999	624	13.6	680	14.4
\$100,000-149,999	386	8.4	586	12.4
\$150,000 +	178	3.9	514	10.9
Total	4,595	100.0	4,734	100.0
Median Income	\$47,099		\$58,275	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.



While median renter household income decreased by 9% between 2010 and 2021, owner income increased by 33%, clearly demonstrating growing income disparities in Athol. Some of the increase in homeowner income may relate to the migration of new residents who were priced-out of the Greater Boston area.

Lower income levels translate into more limited ability to afford rising housing prices including costs related to taxes, insurance, and utility bills for example. Consequently, many Athol households are paying too much for their housing which puts a substantial strain on residents.

Table 3-9 provides median income levels for various types of households for based on 2021 census estimates.

The median income of families was

more than twice that of non-families, \$71,414 versus \$30,204, a finding highly correlated with the greater prevalence of two worker households in families and the high number of seniors living alone which are counted as non-families. It is not surprising that besides those living in families, median income levels were highest among homeowners, those in the prime of their earning potential, and men.

Table 3-9: Median Income by Household Type, 2021

Type of Household/Householder	Median Income
Individual/Per capita	\$28,626
Households	\$58,275
Families	\$71,414
Nonfamilies*	\$30,204
Renters	\$23,235
Homeowners	\$73,293
Householder less than age 25	\$42,561
Householder age 25 to 44	\$53,153
Householder age 45 to 64	\$76,408
Householder age 65 or more	\$51,711
Full-time, year-round male workers	\$55,833
Full-time, year-round female workers	\$50,022

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2017-2021.

*Includes persons living alone and unrelated household members.

A comparison of 2010 and 2021 income levels for owners and renters is provided in Table 3-10. An estimated 52% of renters earned less than \$25,000 in 2021, compared to 9% of homeowners. On the other hand, about 31% of homeowners had incomes of more than \$100,000 compared to 5.4% of renters. The disparity of incomes by tenure is also reflected in median income levels of \$23,235 for renters and \$73,293 for homeowners, decreasing from the 2010 level of \$25,601 for renters and increasing from \$55,267 for homeowners.

It should be noted, however, that the 2021 median income for renter households in Athol is about half those of the county and state at \$44,707 and \$51,250, respectively. The median income of Athol homeowners is also considerably lower than those of \$109,938 and \$117,790 for the county and state, respectively.

Table 3-10: Income Distribution by Owner and Renter Households, 2010 and 2021

Income Range	Renters				Homeowners			
	2010		2021		2010		2021	
	#	%	#	%	#	%	#	%
Under \$10,000	180	18.2	44	3.1	114	3.2	100	3.0
\$10,000-24,999	296	29.9	685	48.6	501	13.9	194	5.8
\$25,000-34,999	205	20.7	203	14.4	397	11.0	286	8.6
\$35,000-49,999	148	15.0	148	10.5	668	18.5	303	9.1
\$50,000-74,999	112	11.3	128	9.1	826	22.9	863	26.0
\$75,000-99,999	48	4.8	126	8.9	576	16.0	554	16.7
\$100,000-149,999	0	0.0	57	4.0	386	10.7	529	15.9
\$150,000 +	0	0.0	19	1.4	178	4.9	495	14.9
Total	989	100.0	1,410	100.0	3,608	100.0	3,324	100.0
	\$25,601		\$23,235		\$55,267		\$73,293	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

Poverty – Higher than state and county levels with some modest increases

Table 3-11 indicates that the proportion of residents living in poverty, at 11.1% is higher than county and state levels of 10% and 10.4%, respectively.¹³ The 2021 census estimates indicate that those living below the poverty level grew from 9.1% in 2010, from 1,054 individuals to 1,323.

Poverty among families also increased somewhat, from 7.8% of all families in 2010 to 8.7% in 2021. Of the 134 estimated female-headed households with children under age 18 in 2021, 27.2% or 134 were estimated to be living in poverty with the percentage of children in poverty estimated at 9% or 194. Poverty among those 65 years of age or older decreased, from 8.3% to 4.9% between 2010 and 2021 or from 159 to 115 such residents, a positive trend.

Table 3-11: Poverty Status, 2010 and 2021

Type of Resident	2010		2021	
	#	%	#	%
Individuals *	1,054	9.1	1,323	11.1
Families **	235	7.8	256	8.7
Female Headed Families w/ children < 18 ***	69	19.4	134	27.2
Related Children Under 18 Years ****	269	9.1	194	9.0
Individuals 65+ *****	159	8.3	115	4.9

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.

* 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+

¹³ The 2022 federal poverty level from the U.S. Department of Health and Human Services was \$13,590 for an individual and \$23,030 for a three-person household for example.

Employment – Relatively low average wages for local jobs

Of those 9,973 Athol residents over the age of 16, 6,120 or about 61% were in the labor force and 5,568 or about 56% were employed according to the Census Bureau's American Community Survey estimates for 2021. This data suggests an unemployment rate at that time for town residents of 5.2%.

It should also be noted that 76% of workers drove alone to work, another 12% carpoolled, 10% either worked at home or walked, and 0.5% or 26 residents used public transportation, demonstrating the strong reliance on cars. The average commuting time was about 29.2 minutes, suggesting that many employment opportunities were in reasonable reach.

The 2021 Census Bureau's American Community Survey data also provided information on the concentration of Athol workers by industry identifying a relatively diversified economic base. Specifically, this data indicates that 28% of Athol's residents in the labor force were involved in management or

professional occupations, another 17% in sales and office occupations, 19% in service occupations, 23% in production and transportation, and 12% in construction, natural resources or maintenance occupations. An estimated 77% of Athol's workers involved private wage and salaried workers, almost 19% were government workers, and about 5%

While 300 to 400 new jobs have been created over the past eight or so years, largely from cannabis cultivation, the prospect of additional jobs is intrinsically tied to the availability of workforce housing for entry level workers.

were self-employed.

Detailed labor and workforce data from the state on employment patterns for those who work in Athol is presented in Table 3-12. This information shows an average employment in the community of 3,803 workers in 2021. The data also indicates a concentration of jobs in manufacturing, retail trade as well as health care or social assistance. The average weekly wage was \$818, which is almost one-third of Boston's average weekly wage at \$2,385 and also less than \$1,261 for the City of Worcester, both with much larger economic bases. The \$818 average weekly wage translates into an annual income of about \$42,700, demonstrating that the incomes of those who work in Athol are on average lower than those who live in town.

The state workforce data also shows an unemployment rate of 4.2% as of the end of 2022, down from 9.9% and 6.1% rates in 2020 and 2021, respectively, due to the pandemic. The unemployment level is still higher than the 3.9% rate in 2019. Unemployment rates for Boston and the City of Worcester at the end of 2022 are lower, at 2.9% and 3.7%, respectively.

Table 3-12: Average Employment and Wages by Industry, 2021

Industry	# Establishments	Total Wages	Average Employ	Average Weekly Wage
Construction	18	\$5,467,354	92	\$1,143
Manufacturing	8	\$37,892,870	686	\$1,062
Wholesale Trade	7	\$1,695,323	24	\$1,358
Retail Trade	41	\$19,917,865	762	\$503
Transportation and Warehousing	8	\$5,067,671	108	\$902
Finance and Insurance	12	\$7,526,310	107	\$1,353
Real Estate and Rental and Leasing	4	\$105,035	3	\$673
Professional/Technical Services	16	\$2,756,220	53	\$1,000
Administrative and Waste Services	10	\$2,959,539	62	\$918
Health Care/Social Assistance	239	\$41,645,210	1,029	\$778
Accommodation and Food Services	22	\$6,391,632	293	\$420
Other Services	18	\$2,182,646	64	\$656
Public Administration	6	\$9,387,722	126	\$1,433
Total	422	\$161,737,372	3,803	\$818

Source: Massachusetts Executive Office of Labor and Workforce Development, February 1, 2023.

Education – Relatively lower and increasing educational attainment and relatively stable public school enrollment

The percentage of those ages 25 or older and having a high school diploma is 90.3% in Athol compared to only slightly higher the county and state level of 91%. Additionally, 19.1% of Athol residents 25 years of age or older have completed a bachelor's degree while 40% and 48.6% had a bachelor's degree or higher for the county and state, respectively. Educational attainment is up considerably from 84.5% and 14.3% with at least high school or college degrees in 2010, respectively, however.

The 2021 census estimates also indicate that those enrolled in school (nursery through graduate school) totaled 2,349 residents or about 20% of the population, and those enrolled in kindergarten through high school totaled 1,581 students, representing 13% of all residents.

The Athol-Royalston Regional School District includes four schools from pre-kindergarten through high school. There are elementary schools in each of Athol and Royalston with a regional Middle School and High School. Enrollment has fluctuated with a student enrollment of 1,628 students in 2009-2010, down to 1,412 in 2014-2015, and then up to 1,500 students in the 2017-18 school year (602 in the Athol Community Elementary School). The 2022-23 school year experienced another increase to 1,563 students (585 students in the Athol Community Elementary School).

The School District reports that some schools are at capacity, and there is not much room for growth in the buildings as they stand. The School District intends to develop a plan to address this issue.

Disability Status¹⁴ – High proportion of special needs residents with anticipated future increases

Of all Athol 11,774 residents in the civilian, noninstitutionalized population, 2,340 or 19.9% claimed a disability, significantly higher than the proportions for the county and state at 12.6% and 11.7%, respectively. **Athol had higher proportions of disabilities among all age ranges in comparison to the county and state.**

Table 3-13: Civilian Noninstitutionalized Population with a Physical Disability, 2021

Age Range	Athol		County	MA
	#	%	%	%
Under 5 years	21	3.5	0.8	0.8
5 to 17 years	104	6.7	4.6	6.0
18 to 34 years	550	21.6	8.5	6.7
35 to 64 years	854	17.7	12.0	10.2
65 to 74 years	383	28.0	21.4	20.4
75+ years	428	49.1	47.9	46.0
Total	2,340	19.9	12.6	11.7

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2017-2021.

As the population continues to age, with those 65 years and older predicted to increase to about one-quarter of all residents by 2030, the level of special needs in the community will grow as well, suggesting a greater need for handicapped accessibility and supportive services integrated into housing.

The 2021 census estimates also identify numbers of residents with particular disabilities, as summarized in Table 3-14. It should be noted that some residents will have multiple challenges but 45% of the 2,340 residents who claimed a disability experienced an ambulatory difficulty and 44% and 32% had a cognitive or independent living problem, respectively.

Table 3-14: Types and Distribution of Disabilities, 2021

Type of Disability	# Residents	% Disabled Residents	% All Civilian Noninstitutionalized Residents
Hearing Difficulty	540	23.1	4.6
Vision Difficulty	376	16.1	3.2
Cognitive Difficulty	1,029	44.0	8.7
Ambulatory Difficulty	1,068	45.6	9.1
Self-care Difficulty	439	18.8	3.7
Independent Living Difficulty	748	32.0	6.4

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2017-2021.

¹⁴ Disabled households contain at least one or more persons with a mobility or self-care limitation. It should also be noted that the term “disabled” is being replaced by some within the housing community with “people first” terminology as those with special needs are interpreted to be the people who first need affordable, available and/or accessible housing.

3.3 Housing Profile

This section examines housing growth, occupancy, and costs to address the following questions with corresponding major findings:

- *What housing has recently been produced?* The U.S. census data suggests only limited housing production since 2010 with some loss of housing units. Most of this loss occurred in the owner-occupied housing stock with increases in rentals. The financial recession had a major impact in Athol, further precipitating foreclosures and housing vacancies. Recent building activity has also been limited to only a small increase of 52 units between 2020 and 2022.
- *What housing is available to what residents can afford?* Housing prices have risen faster than incomes since 2010, making housing much less affordable. As time went by, the gap between median household income and the median single-family house price widened considerably. While median income levels increased by 74% between 2000 and 2021, the median single-family price increased by 198%.

As prices rise, so do affordability gaps and cost burdens. The affordability gap is about \$68,000 - the difference between the median priced single-family home (\$289,450) and what a median income household can afford (\$221,500) based on 80% financing. Additionally, these purchasers must have substantial cash on hand for the 20% down payment plus additional closing and moving costs, which effectively widening the affordability gap considerably.

Special tabulations of HUD data suggest that almost 32% of all Athol households were experiencing cost burdens as they were spending more than 30% of their income on housing costs including about 16% or 755 households spending at least half of their income on housing. Of the 2,465 households with incomes at or below 80% of area median income, 1,304 or 53% were experiencing cost burdens with 735 or 30% spending more than half of their income on housing costs.

Relatively low market rents, with a 2021 median of \$889, make housing more affordable but also more challenging to finance. This includes mixed-use development in the Downtown, a community priority. While rents might be lower than other communities, they are not affordable to many Athol residents. For example, the market listing for a small three-bedroom unit at \$1,300 would require an income of \$60,000, much higher than the median income for renters of \$23,235 and even slightly higher than Athol's median household income of \$58,275 based on 2021 census estimates.

- *What units are defined as affordable by the state?* Of the 5,207 year-round housing units in Athol, 261 or 5.01% 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). At least another 100 units are currently under development that will bring the SHI to almost 7% over the next couple of years.
- *What are Athol's priority housing needs?* This Housing Production Plan recommends a continued focus on rental unit development based on a number of important considerations including the priority of addressing the housing needs of Athol's most vulnerable residents and further

diversifying the housing stock. Nevertheless, it also suggests the importance of addressing unmet local needs through homeownership development as starter homes for families or smaller units for empty nesters looking to downsize and minimize home maintenance demands. The Plan also prioritizes the development of housing for special needs populations given high levels of residents with disabilities and an aging population.

Housing Growth – Slower housing growth during the last decade

The U.S. Census Bureau’s 2020 Decennial count identified 5,291 total housing units, 4,862 or 92% of which were occupied. The 2021 census estimates show a small unit loss to 5,270 total units, 90% of which were occupied. Table 3-15 presents data on Athol’s historic housing growth indicating that almost 40% of the Town’s housing predates World War II, which is not surprising given the town’s long history as a manufacturing center. Development activity was the highest in the 1950s and then was relatively steady over the next decades until it began to stall after 2009. This data suggests no new unit creation since

then, which deviates from the summary of building permit activity since 2020 that is presented in Table 3-16 with 52 units permitted between 2020 and 2022, 30 in 2020 and 2021.

Because almost ¾ of Athol’s housing stock predates 1980, it is not surprising that some units might contain lead-based paint that can be hazardous to young children as well as deferred maintenance problems. The distressed condition of a large segment of Athol’s housing has in fact been identified as a significant local challenge.

This information also differs from the figures provided in Table 3-17 that identifies a loss of 70 units between 2010 and 2020. While discrepancies in this data between sources is not unusual, the extent of variation is

nevertheless surprising. Some explanation for a loss of units during this period may be related to how hard Athol was hit by the Great Recession and resulting housing crisis when many homes became vacant and were eventually foreclosed or demolished.

Table 3-15: Housing Units by Years Structure Was Built, 2021

Time Period	#	%
2020 and later	0	0.0
2010 to 2019	107	2.0
2000 to 2009	433	8.2
1990 to 1999	369	7.0
1980 to 1989	516	9.8
1970 to 1979	434	8.2
1960 to 1969	281	5.3
1950 to 1959	677	12.8
1940 to 1949	407	7.7
1939 or earlier	2,046	38.8
Total	5,270	100.0

Source: US Census Bureau, American Community Survey, 5-Year Estimates, 2017-2021.

Table 3-16: New Residential Building Permit Activity, 2020 to 2022

Year	Single-family Homes	Two- to Four-family Units	Units in Multi-family Structures with 5+ Units	Total
2020	15	0	0	15
2021	15	0	0	15
2022	22	0	0	22
Total	52	0	0	52

Source: Donahue Institute of the University of Massachusetts, State Data Center, and Athol Building Department, February 6, 2023.

Housing Occupancy – Decreasing vacancies after the recession with increases in rental units and declines in owner-occupancy

Besides total housing figures, Table 3-17 includes a summary of housing characteristics for 2010 and 2021 that indicates the following major trends:

- *Small decline in numbers of units*
Of the 5,291 total housing units in 2020, Athol had 5,207 year-round units¹⁵. The 2021 census estimates suggest a small loss of 21 units since 2020, 75 units since 2010 as noted earlier. This recent loss has not been borne out by permitting data that identifies a small increase of 30 units in 2020 and 2021.
- *Major declines in vacant units*
The number of vacant units decreased by 214 units between 2010 and 2021, or from 14% to 10% of all units. This rebounding of the housing stock has much to do with Athol's recovery from the "bursting of the housing bubble" that occurred as part of the financial recession which had a profound impact on the local economy as well as local investment in infrastructure and schools that in turn helped attract private investments, including jobs.
- *Somewhat higher level of owner-occupancy compared to the county and state*
Of the 4,734 occupied units in 2021, 3,324 or 70.2% were owner-occupied, higher than 67% for Worcester County and 63% statewide. This level of owner-occupancy was significantly lower than 2010, at 78.5%.
- *Significant loss of owner-occupied units and major gains in rentals*
The 2021 census estimates suggest a decrease of 282 owner-occupied units and a gain of 421 rental units since 2010. At least some owner-occupied units were converted to rentals, most likely converting to investor ownership following foreclosures after the recession or through demolition. Also, as shown in Table 3-20, the increase in the number of units in multi-family properties accounts for a great deal of this increase in rentals.

¹⁵ The year-round figure (5,207 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 (84) from the total number of units (5,291) per the 2020 decennial census. The annual housing production goal, based on 0.5% of the year-round housing stock would therefore be 26 units.

Table 3-17: Housing Occupancy, 2010 and 2021

Housing Characteristics	2010		2021	
	#	%	#	%
Total Housing Units	5,345	100.0	5,270	100.0
Occupied Units*	4,595	86.0	4,734	89.8
Total Vacant Units*	750	14.0	536	10.2
Occupied Owner Units**	3,606	78.5	3,324	70.2
Occupied Rental Units**	989	21.5	1,410	29.8
Average Household Size/Owner Occupancy	2.59 persons		2.78 persons	
Average Household Size/Renter Occupancy	2.04 persons		1.81 persons	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.

* Percentage of all housing units ** Percentage of occupied housing units

- Decrease in persons per unit for rentals, increases for owner-occupancy*

The average number of persons per unit decreased between 2010 and 2021 for renter-occupied units, from 2.04 persons to 1.81 persons, however, increased for owner-occupied units, from 2.59 persons to 2.78. These trends may relate to some of the larger homes that are being built in the outskirts of town that attract families.
- Relatively low vacancy rates*

As shown in Table 3-18, census data identifies very low vacancy rates of 2.0% for ownership and zero for rentals in 2021. While the homeowner vacancy rate is about the same as in 2010, the renter vacancy level of zero provides further evidence of the rebounding of Athol's housing stock after the financial recession. As any rate below 5% reflects very tight housing market conditions, these vacancy levels indicate a very strong housing market without a lot of available inventory.

Table 3-18: Vacancy Rates, 2010 and 2021

Tenure	Athol 2010	Athol 2021	County 2021	MA 2021
Rental	16.0%	0.0%	3.6%	4.0%
Homeowner	2.1%	2.0%	0.9%	0.6%

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.

Types of Structures and Units – Some limited diversity of housing types with increases in multi-family dwellings

Census data indicates that there is some diversity of housing types in Athol, as summarized in Table 3-19 and Figure 3-6, with the following notable changes:

- Decrease in single-family detached dwellings*

Likely related to the decline in owner-occupancy is the 192-unit loss of single-family detached homes. The percentage of single-family detached dwellings, at 66%, is higher in Athol than the county and state, at 58% and 52%, respectively, however.

- *Declines in two-family properties*
Units in two-family properties decreased from 646 units in 2010 to 440 by 2021 according to census estimates. The decline in these units may explain some of the loss in owner-occupancy if many of these units were converted to investor ownership. The loss of these units does have ramifications on housing affordability as these small multi-family properties are typically among the more affordable units in the private housing stock as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain below market rents to keep them. Moreover, the rental income from these properties is included in mortgage underwriting and helps somewhat lower income households qualify for financing.
- *Modest increases in three- to four-unit properties*
The 2021 census estimates identify a gain of 146 units in three- to four-unit properties which helps diversify the town's housing stock. This increase is likely related to the increase in renter occupancy noted earlier.
- *Increases in multi-family properties*
Units in five- to nine-unit structures increased by only 29 units, however, increased by 133 units in those with ten units or more. This has helped further diversified the housing stock, offering more housing choices and contributing to the increase in rental housing.
- *Loss of mobile homes*
The 2021 census estimates show a loss of 24 mobile homes between 2010 and 2021, down to 53 units. This data overestimates the number of mobile homes, however, as Assessor records identified only eleven such units.

Table 3-19: Units in Structure, 2010 and 2021

Type of Structure	2010		2021	
	#	%	#	%
1 unit detached	3,689	69.0	3,497	66.4
1 unit attached	75	1.4	124	2.4
2 units	646	12.1	440	8.3
3-4 units	481	9.0	627	11.9
5-9 units	230	4.3	259	4.9
10+ units	137	2.6	270	5.1
Mobile Homes	87	1.6	53	1.0
Total	5,345	100.0	5,270	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates for 2006-2010 and 2017-2021.

- *Almost all owner-occupants live in single-family dwellings with most renters in small multi-family structures*
Table 3-20 provides a comparison of the 2010 and 2021 distribution of units per structure according to whether the units were occupied by renters or homeowners. While almost all owners resided in single-family homes, 58% of renters lived in multi-family dwellings of two to four units with another 12.5% in five- to nine-unit structures, and 19% in properties of ten or more units. **These breakdowns clearly show the shift toward fewer owner-occupied units, primarily**

in the single-family detached homes, and corresponding shifts to major gains in the number of renter-occupied, small, multi-family properties.

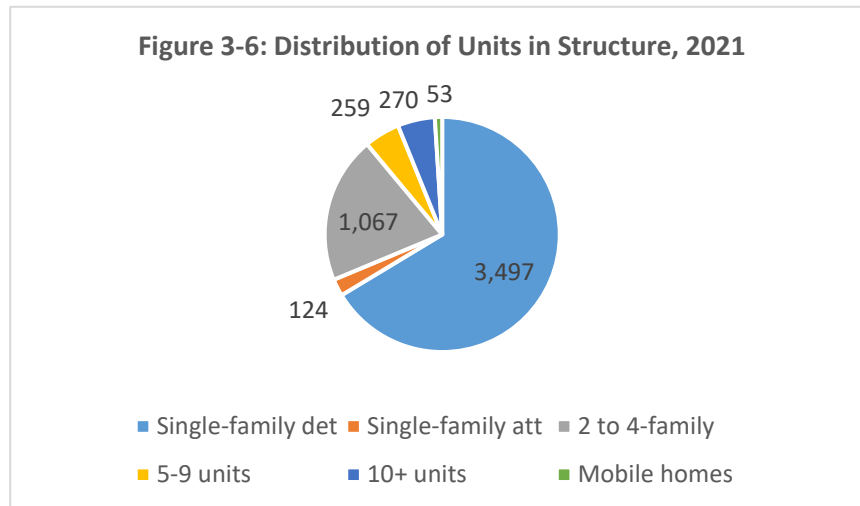


Table 3-20: Units in Structure by Tenure, 2010 and 2021

Type of Structure	Homeowner Units/ Number of Residents				Renter Units/ Number of Residents			
	2010		2021		2010		2021	
	#	%	#	%	#	%	#	%
Single-unit detached	3,176	88.1	2,992	90.0	175	17.7	125	8.9
Single-unit attached	66	1.8	77	2.3	9	0.9	18	1.3
2 to 4 units	244	6.8	170	5.1	560	56.6	821	58.2
5 to 9 units	33	0.9	32	1.0	138	14.0	176	12.5
10+ units	0	0.0	0	0.0	107	10.8	270	19.2
Mobile Homes	87	2.4	53	1.6	0	0.0	0	0.0
Total	3,606	100.0	3,324	100.0	989	100.0	1,410	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

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

Table 3-21 provides information on the distribution of unit sizes and indicates that the median-sized unit had 5.6 rooms, according to both the 2010 and 2021 census data. This is relatively comparable to the medians of 5.8 and 5.5 rooms for Worcester County and the state, respectively. Thirteen percent of housing units were very small, with three rooms or less, up from 11.5% in 2010. On the other hand, 9.9% of all units were large with nine rooms or more, down just a bit from 10.6% in 2010. Not surprisingly, more of the smaller units were occupied by renters with the median number of rooms in rental units having 3.7 rooms as opposed to a median of 6.4 rooms in the owner-occupied stock.

Table 3-21: Number of Rooms per Unit, 2010 and 2021

Number of Rooms per Unit	2010		2021	
	#	%	#	%
1 Room	77	1.4	87	1.7
2 Rooms	198	3.7	226	4.3
3 Rooms	344	6.4	368	7.0
4 Rooms	772	14.4	821	15.6
5 Rooms	1,202	22.5	997	18.9
6 Rooms	1,126	21.1	948	18.0
7 Rooms	758	14.2	868	16.5
8 Rooms	299	5.6	432	8.2
9 or More Rooms	569	10.6	523	9.9
Total	5,345	100.0	5,270	100.0
Median (Rooms) for All Units	5.6 rooms		5.6 rooms	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2006-2010 and 2017-2021

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

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

- The U.S. Census Bureau’s American Community Survey 5-year Estimates, 2006-2010 and 2017-2021
- The Warren Group’s median income statistics and sales volume by year, from 2010 through 2022
- Multiple Listing Service data
- Town Assessor data
- Internet listings
- Realtor interviews

Homeownership

Census data also provides information on housing values for owner-occupied units, as summarized in Table 3-22. The American Community Survey estimates indicate that the median house value as of 2021 was \$183,200, up only modestly from \$179,900 in 2010. Also apparent in the table is the relative affordability of the housing stock with 60% of owner-occupied units valued below \$200,000 and another 27% valued in the \$200,000 and \$299,999 range. Only about 3% of owner units were valued above \$500,000, representing a very small high-end market.

Table 3-22: Housing Values of Owner-occupied Units, 2010 and 2021

Price Range	2010		2021	
	#	%	#	%
Less than \$100,000	455	12.6	339	10.2
\$100,000-199,999	1,817	50.4	1,621	48.8
\$200,000-299,999	927	25.7	909	27.3
\$300,000-499,999	337	9.3	362	10.9
\$500,000-999,999	62	1.7	58	1.7
\$1,000,000 or more	8	0.2	37	1.1
Total	3,606	100.0	3,324	100.0
Median (dollars)	\$179,900		\$183,200	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.

Table 3-23 provides The Warren Group data from Banker & Tradesman on median sales prices and volume of sales from 2010 through 2022. This data is tracked from Multiple Listing Service (MLS) information based on actual sales. As of the end of 2022, the median sales price of a single-family home was \$289,450, up from its lowest point of \$77,500 in both 2011 and 2012 because of the financial recession, and down from the peak of the market before the recession of \$179,900 in 2005. These median prices demonstrate that the housing market has been steadily rebounding from the “bursting of the housing bubble” as a result of the recession.

There has also been substantial variability in the number of single-family home sales as shown in Figure 3-7, which clearly shows the significant effects of the recession with the dip in values between 2005 and 2013. The sales volume ranged from a low of 94 sales in 2013, to a high of 200 sales in 2017, and then back down to 164 sales in 2020. In 2022, the number of sales was still down from 183 the previous year.

The condo market, while small in Athol with 103 units according to Assessor records, has also experienced substantial ups and downs in terms of both values and number of sales. The highest median sales price was just recently at \$177,500 in 2022. The lowest median was in 2011 at \$45,000, less than half the 2014 and 2016 medians and considerably lower than those of the last several years.

The number of condo sales has also fluctuated substantially, albeit still at a low volume of typically less than a handful a year, ranging from a single unit in 2012 to a high of 19 and 16 units in 2020 and 2021, respectively. This increase is largely related to new sales at the Riverbend development.

Table 3-23: Median Sales Prices and Number of Sales, 2010 through 2022

Year	Months	Single-family		Condominiums		All Sales*	
		Median	# Sales	Median	# Sales	Median	# Sales
2022	Jan – Dec	\$289,450	152	\$177,500	16	\$264,950	246
2021	Jan—Dec	\$245,000	183	\$130,000	19	\$230,000	287
2020	Jan – Dec	\$206,750	164	\$100,000	7	\$199,750	244
2019	Jan – Dec	\$170,000	179	\$74,900	7	\$164,800	251
2018	Jan – Dec	\$170,000	159	\$84,000	5	\$159,500	228
2017	Jan – Dec	\$142,450	200	\$60,000	14	\$129,900	270
2016	Jan – Dec	\$130,125	182	\$92,700	5	\$127,500	221
2015	Jan—Dec	\$122,000	144	\$64,738	3	\$114,900	194
2014	Jan – Dec	\$115,000	122	\$93,000	3	\$109,000	153
2013	Jan – Dec	\$118,000	94	\$105,750	4	\$110,000	134
2012	Jan – Dec	\$77,500	121	NA	1	\$71,000	151
2011	Jan – Dec	\$77,500	113	\$45,000	3	\$74,000	158
2010	Jan – Dec	\$99,450	134	\$62,450	4	\$84,500	186

Source: The Warren Group/Banker & Tradesman, February 4, 2023.

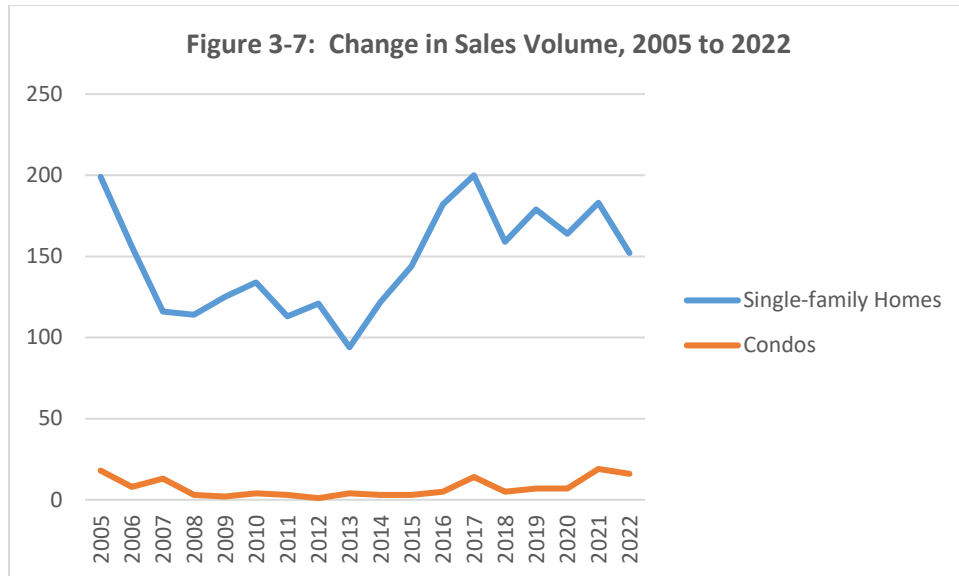
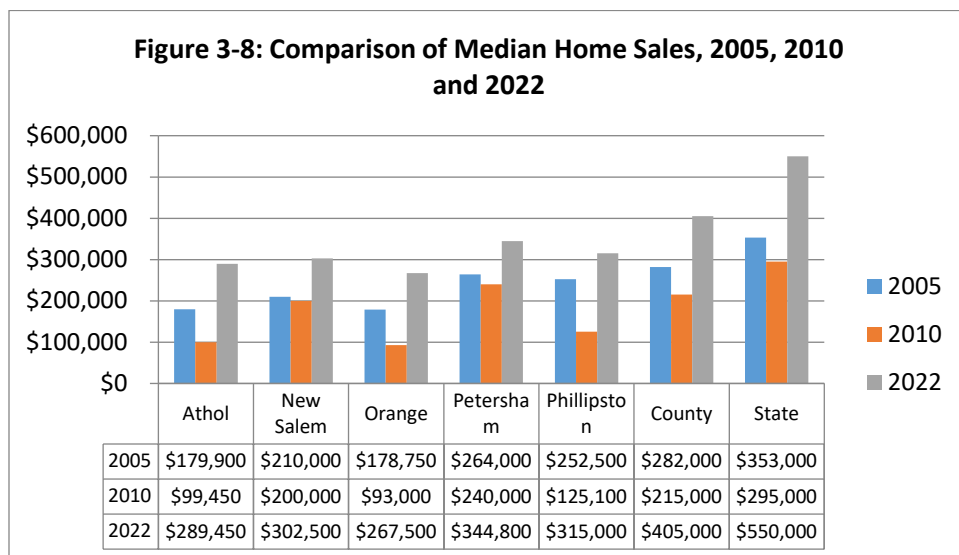


Figure 3-8 examines the median single-family home values for Athol in comparison to neighboring communities as well as the county and state for 2005, when housing values were highest before the recession in most communities, in 2010 when the effects of the recession were clearly being experienced, and 2022 with values at unprecedented levels. Athol has among the lowest values in comparison to neighboring communities with Petersham at the highest end of the range. All communities in the region are experiencing home values at less than county and state levels.



Another analysis of housing market data is presented in Table 3-24, which breaks down individual sales data from the Multiple Listing Service as compiled by Banker & Tradesman of The Warren Group for single-family homes, condominiums, and two-family dwellings. This table provides a snapshot of the range of sales for 2022, indicating a concentration of sales in the \$200,000 to \$399,999 range for single-family homes and in the \$100,000 to \$299,999 range for condos and two-family properties. The data also showed seven sales of three-family properties ranging from \$162,000 to \$239,450, seven mixed-

residential and commercial buildings ranging from \$75,000 to \$800,000, four properties with four to eight units in the \$220,000 to \$440,00 sales range, a property with nine or more units for \$1,375,000 as well as a mobile home for \$215,000 (sold last in 2020 for \$25,000).

Table 3-24: Single-family House and Condo Sales, 2022

Price Range	Single-family		Condominiums		Two-family		Total	
	#	%	#	%	#	%	#	%
Less than \$100,000	10*	8.3	0	0.0	1**	3.8	11	6.2
\$100,000-199,999	23	19.2	17	56.7	12	46.2	52	29.6
\$200,000-299,999	37	30.8	13	43.3	11	42.3	61	34.7
\$300,000-399,999	37	30.8	0	0.0	2	7.7	39	22.2
\$400,000-499,999	13	10.8	0	0.0	0	0.0	13	7.4
\$500,000 +	0	0.0	0	0.0	0	0.0	0	0.0
Total	120	100.0	30	100.0	26	100.0	176	100.0

Source: The Warren Group, Banker & Tradesman, February 4, 2023

*About half of these sales were not arms-length transactions. **Likely not an arms-length transaction

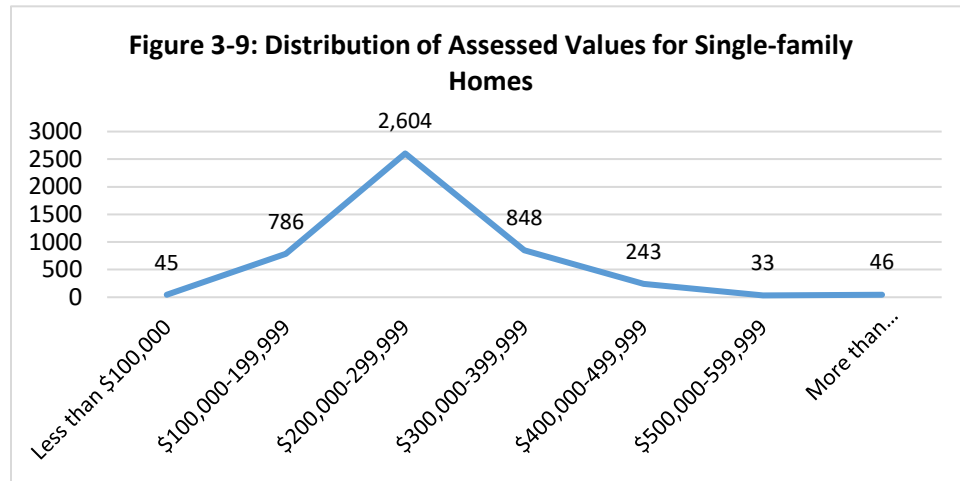
Town Assessor data on the distribution of assessed values by various types of properties is presented in Tables 3-25 as well as Figure 3-9. This information provides additional insights into not only the diversity of the existing housing stock but also the range of values for each dwelling type. This data shows that Athol had 4,605 single-family properties in FY23 with only 45 homes assessed below \$100,000 and another 786 assessed between \$100,000 and \$199,999, representing 17% of such units. Most of the single-family homes, or almost 57%, were assessed between \$200,000 and \$299,999, what still might be considered relatively affordable. Almost another quarter of the single-family homes were valued between \$300,000 and \$499,999. Only 79 homes were assessed at \$500,000 or more. Some homes were assessed for very high-end prices of more than \$1 million including homes at almost \$3 million on Pinedale Avenue for example.

Table 3-25: Assessed Values by Type of Property

Assessment	Single-family Dwellings		Two-family/ Three-family		Four to Eight-unit Properties		9+ Unit Properties	
	#	%	#	%	#	%	#	%
Less than \$100,000	45	0.1	1/0	0.4/0.0	0	0.0	0	0.0
\$100,000-199,999	786	17.1	92/11	36.0/19.3	0	0.0	0	0.0
\$200,000-299,999	2,604	56.6	141/45	55.1/79.0	0	0.0	2	6.2
\$300,000-399,999	848	18.4	20/1	7.8/1.8	30	40.0	0	0.0
\$400,000-499,999	243	5.2	2/0	0.8/0.0	31	41.3	2	6.2
\$500,000-599,999	33	0.7	0/0	0.0/0.0	14	18.7	2	6.2
\$600,000-699,999	12	0.3	0/0	0.0/0.0	0	0.0	3	9.4
More than \$700,000	34	0.7	0/0	0.0/0.0	0	0.0	23	71.9
Total	4,605	100.0	256/57	100.0/100.0	75	100.0	32	100.0

Source: Athol Assessor, Fiscal Year 2023.

Unlike many other communities, condominiums comprise a very small segment of the housing stock at only 103 units based on the FY23 assessments, all between \$100,000 and \$199,000 of value and ranging



from \$106,600 and \$195,300 in total assessment. Most of these condos were located on Winthrop Street, Daniel Shays Highway, Partridgeville Road, Bridgeyard Road, Templeton Road, and most recently on Riverbend Street.

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

- *Two-family homes* – There are 256 such properties with 512 units, most valued between \$100,000 and \$299,000. It is worth noting that the owner-occupied, two-family house is considerably more affordable than the single-family home or condo due to the income that is generated from the rental unit. Because lenders calculate about 75% of rental income in mortgage underwriting criteria, these structures are more accessible to lower income households.
- *Three-family dwellings* – Assessor records identified 57 three-family dwelling that included 171 units. As with the two-family dwellings, almost all of these properties were assessed between \$100,000 and \$299,999.
- *Multiple houses on one lot* – There were 16 of these properties ranging in assessed value from \$242,800 to \$612,679.
- *4 to 8-unit structures* – Assessor data counted 75 such properties, all assessed at more than \$300,000 but less than \$600,000. Assessor data did not indicate the number of units included in these properties.
- *9+ units* – A total of 32 properties include at least nine units, most assessed for more than \$700,000. Once again, Assessor data did not provide the number of units included in these properties.
- *Mixed-use properties* – Assessor records included 23 mixed-use properties where the residential use predominated, ranging in value between \$182,900 and \$567,500.
- *Mobile homes* – There are 11 mobile homes identified in Assessor records, ranging in value from \$41,400 to \$182,700.

Rentals

Table 3-26 presents information on the distribution of costs for renter-occupied properties for 2010 and 2021 based on the Census Bureau's American Community Survey figures. The median rent increased by about 11% during this period, from \$751 to \$889, lower than the 24% rate of inflation. The 2021 median rent was also significantly

Relatively low market rents make it more challenging to finance rental housing in Athol, including mixed-use development in the Downtown, particularly considering such high construction costs.

lower than those for the county and state of \$1,197 and \$1,487, respectively.

While almost 80% of Athol's rentals were renting for less than \$1,000 in 2010, by 2021 this was reduced to about 65% of rental units. On the other end of price range, only 31 units or 3.2% of rentals had rents of more than \$1,500 in 2010 compared to 66 units and almost 5% in 2021, demonstrating some uptick in the rental market. **It is also important to note that the census counts included 232 rental units as part of the Subsidized Housing Inventory, about 16% of all rentals, thus making rental costs, as summarized in Table 3-26, appear more affordable than they really are.**

Table 3-26: Rental Costs, 2010 and 2021

Gross Rent	2010		2021	
	#	%	#	%
Less than \$500	187	18.9	244	17.3
\$500-999	593	60.0	674	47.8
\$1,000-1,499	160	16.5	363	25.7
\$1,500-1,999	31	3.2	20	1.4
\$2,000 or more			46	3.3
No Cash Rent	18	1.8	63	4.5
Total	989	100.0	1,410	100.0
Median Rent	\$753		\$889	

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

There are very few listings of rental opportunities in Athol, particularly apartments, but what few exist suggest that market rents are higher than the \$889 gross monthly rent indicated by 2021 census estimates. A summary of these units that were recently listings or rented included:

- A 600 square foot one-bedroom and one-bath apartment for \$695.
- A one-bedroom apartment with 850 square feet on Main Street for \$900 that included heat and hot water.
- A one-bedroom unit without heat and hot water for \$675, which the landlord suggested was somewhat below market and would likely be rented for \$750 to \$800 by another owner.
- A two-bedroom apartment in Orange (similar market conditions) for \$1,000 with hot water included but not heat.
- A two-bedroom unit in an older Victorian building in the downtown for \$1,000, not including heat.
- A three-bedroom and one-bath apartment with 700 square feet for \$1,300 that included hot water but not heat.
- A four-bedroom unit for \$1,400 that included heat and hot water.

The relative lack of listings indicates that much of the rental transactions were likely accomplished by word of mouth and confirms the tight market conditions suggested by very low vacancy rates in the housing stock (zero based on 2021 census estimates). The lack of listings also points to the reluctance of landlords to list their units given the resulting deluge of response from those in search of an apartment, particularly as a result from local newspaper ads.

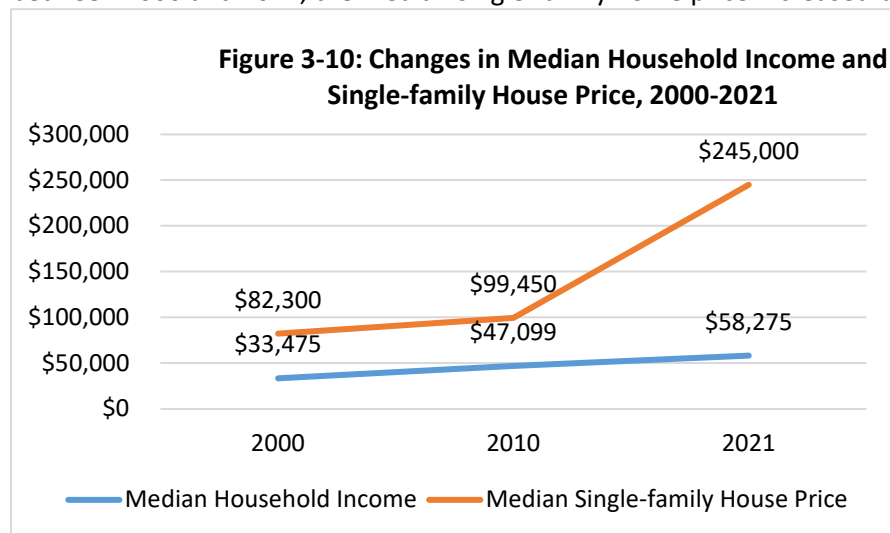
Another perspective on market rents involves the ability of Section 8 voucher holders to access qualifying apartments that are within HUD Fair Market Rents (FMRs).¹⁶ This has been a challenge for some, and the state has granted the Athol Housing Authority the ability to use the Small Area FMR limits based on 115% of the current limits.¹⁷ Because the rental inventory in Athol is relatively small with extremely low vacancy rates, the Housing Authority claims that landlords feel they can get the rents they want.

Affordability Analysis

Affordability Gaps

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

Housing prices have largely risen faster than incomes since 2010, making housing much less affordable as demonstrated in Figure 3-10. As time went by, the gap between median household income and the median single-family house price widened considerably. While median income levels increased by 74% between 2000 and 2021, the median single-family home price increased by 198%.



In 2000 the median income was 41% of the median house price, increased to 47% by 2010, and then declined to 24% in 2021. Moreover, the gap between income and house value was \$48,825 in 2000, increased slightly to \$52,351 by 2010, and then widened substantially to \$186,725 by 2021.

Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs. To afford the median sales price of a single-family home of \$289,450, based on The Warren's Group's data as of the end of 2022, a household would have to earn an estimated \$77,800 assuming 80% financing and the ability to come up with down payment and closing costs of more than \$62,000.¹⁸ This income is comparable to the 80% AMI limit for a household of four at \$78,150. The income required in the case of 95% financing would be higher at \$90,200.

¹⁶ The Section 8 Housing Choice Program pays a rental subsidy based on the difference between the HUD Fair Market Rent (FMR) and 30% of the voucher holder's income. The subsidy is paid directly to the landlord, and FMRs are adjusted annually.

¹⁷ The 115% FMR limits are as follows: studio apartment at \$1,104, one-bedroom at \$1,116, two-bedroom at \$1,472, three-bedroom at \$2,001, and four-bedroom at \$2,091.

¹⁸ Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$14.04 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest, taxes and insurance).

The average household, based on the median household income of \$58,275, could likely afford a home costing no more than about \$221,500.¹⁹

Special tabulations of HUD data suggest that 32% of all Athol households were spending too much on their housing including about 16% or 755 households spending at least half of their income on housing. Of the 2,465 households with incomes at or below 80% of median family income, 1,304 or 53% were experiencing cost burdens with 735 or 30% spending more than half of their income on housing costs.

There is therefore an affordability gap of about \$68,000 - the difference between the median priced single-family home (\$289,450) and what a median income household can afford (\$221,500) based on 80% financing. Once again, these purchasers must have substantial cash on hand for the 20% down payment plus additional closing and moving costs, which effectively widens the affordability gap considerably. While financing with 5%

down payments or even less was common before the financial crisis, it is now more the exception than the norm, although some state mortgage programs, such as the ONE Mortgage Program or several MassHousing programs, offer such lower down payment options. For 95% financing, the affordability gap would widen to \$95,450, the difference from the single-family house value and the amount that can be borrowed based on 95% financing or about \$194,000.

Rentals

In regard to rentals, the gross median rent of \$889, reported by the 2021 census estimates, requires an income of about \$43,560 with a monthly average utility allowance of \$200 and the occupants paying no more than 30% of their income on housing, not affordable to an estimated 37% of Athol's households. The census figure counts subsidized rents that include about 16% of all rentals, and market rents are higher with the listing for a small three-bedroom unit at \$1,300. This rent would require an income of \$60,000, much higher than the median income for renters of \$23,235 and even slightly higher than Athol's median household income of \$58,275 based on 2021 census estimates. Additionally, the Athol Housing Authority has been using 115% of HUD Fair Market Rent (FMR) limits. For a two-bedroom apartment, this is \$1,472 which translates into an income of \$66,880, based on the above assumptions. Nevertheless, while market rentals may be a reach for many Athol residents, they are likely within the means of those earning at or below 80% AMI or \$70,350 for a household of three (3) per HUD 2022 income limits for the Western Worcester County Metro FMR Area.

Cost Burdens

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

Based on 2021 estimates from the Census Bureau's American Community Survey, there were 845 homeowners, or 25% of all homeowners in Athol, spending more than 30% of their income on housing

¹⁹ Ibid.

Additionally, 787 renter households were overspending, representing 56% of all such households. Consequently, *a total of 1,632 households or 34.5% of all Athol households were living in housing that is by common definition beyond their means and unaffordable.*

The U.S. Department of Housing and Urban Development (HUD) provides data on how many households were spending too much of their income on housing costs (also known as cost burdens) through its State of the Cities Data System's Comprehensive Housing Affordability Strategy (CHAS) report, which is summarized in Table 3-27. The table shows how many households were included in the particular category (by tenure, income and household type), how many were spending more than 30% of their income on housing, and how many were spending more than half of their income on housing. For example, the first cell indicates that there were 115 elderly renter households (age 62+) earning at or below 30% of median income, with 40 spending between 30% to 50% of their income on housing and 35 with severe cost burdens.

Key findings from this data include the following:

Renters

- None of the renter households with incomes above 80% MFI²⁰ were experiencing cost burdens. These renters included 265 households or 20% of all renter households.
- About 604 renter households or 46% of renter households were experiencing cost burdens, 350 or 27% with severe cost burdens. This is proportionately higher than the 26% and 12% levels of cost burdens and severe cost burdens, respectively, for owner households.
- Cost burdens were most acute for those extremely low-income households that included 495 households, 410 or 83% with cost burdens of which 295 or 60% had severe cost burdens. All 30 large families (5+ household members) in this income range had severe cost burdens as did 71% of small families (two to four members); 61% of other, non-elderly households, mostly single individuals; and 30% of seniors age 62 or older.
- The data indicates that of the 295 senior households, 95 or 32% were experiencing cost burdens. The Riverbend Row project should address the needs of some of this population.
- Of the 390 small families, 220 or 56% were overspending, 165 or 42% with severe cost burdens.
- There were only 65 large families who rented in Athol, none earning more than 80% MFI and 34 or 52% spending too much on their housing. It should be noted that large apartments of three or more bedrooms are rare in Athol.
- Of the 550 non-family, non-elderly renters, predominantly single individuals, 255 or 46% were experiencing cost burdens, 120 or 22% with severe cost burdens.

Owners

- Of the 3,345 total homeowners in Athol, 864 or 26% were overspending on their housing that included 405 or 12% who were spending more than half of their income on housing costs.
- About 57% of all owner households were earning more than 80% MFI, 47% above 100% MFI.
- Of the 1,430 owner households earning at or below the 80% MFI, 700 or 49% were spending too much of their income on housing including 385 or 27% who were spending more than half of their income on housing.

²⁰ Median Family Income (MFI) is the equivalent of Area Median Income (AMI) in this analysis.

- A total of 315 or 42% of the 741 seniors with incomes at or below 80% MFI were spending too much including 160 or 22% with severe cost burdens.
- About 46% of the 325 small families earning at or below 80% MFI were spending too much including 100 or 31% who were spending more than half of their income on housing.
- Of the 125 large families which had incomes at or below 80% MFI, 65 or 52% had cost burdens.
- Cost burdens were high for the 240 non-family, non-elderly owners earning at or below 80% MFI as 170 or 71% were overspending including 110 or 46% with severe cost burdens. This suggests the need for smaller units, including those for people with disabilities which likely includes some of the lower income households in this population.

Table 3-27: Type of Households by Income Category and Cost Burdens, 2019

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	115/40-35	60/10-0	75/10-0	0/0-0	45/0-0	295/60-35
Small Family Renters	170/35-120	45/10-15	95/10-30	35/0-0	45/0-0	390/55-165
Large Family Renters	30/0-30	0/0-0	35/4-0	0/0-0	0/0-0	65/4-30
Other Renters	180/40-110	110/60-0	120/35-10	35/0-0	105/0-0	550/135-120
Total Renters	495/115-295	215/80-15	325/59-40	70/0-0	195/0-0	1,300/254-350
Elderly Owners	185/40-90	200/20-35	355/95-35	130/10-0	400/130-0	1,270/295-160
Small Family Owners	10/0-10	130/0-80	185/50-10	150/0-10	895/4-0	1,370/54-110
Large Family Owners	15/0-15	0/0-0	110/50-0	50/0-10	100/0-0	275/50-25
Other Owners	115/10-70	65/35-30	60/15-10	20/0-0	170/0-0	430/60-110
Total Owners	325/50-185	395/55-145	710/210-55	350/10-20	1,565/134-0	3,345/459-405
Total	820/165-480	610/135-160	1,035/269-95	420/10-20	1,760/134-0	4,645/713-755

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, and American Community Survey, 2015-2019 (latest data available). Median family income (MFI) is the equivalent of area median income (AMI) in this report.

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

Calculation of Unmet Housing Needs – Analyzing Cost Burdens²¹

Tables 3-28 and 3-29 illustrate one way to determine housing production targets for Athol – by cost burdens. They provide summaries of unmet housing needs according to income level and rental versus ownership. The data is derived from special tabulations of 2015-2019 American Community Survey data commissioned by HUD, focusing on households that are paying too much of their income on housing costs (see Table 3-27). While there are many more owner-occupied units than rentals in Athol, the number of unmet housing needs is proportionately considerably higher for rentals. For example, 46% of renters had

²¹ It should be noted that the distribution of cost burdens will change over time as data is updated.

cost burdens which is markedly higher than the percentage of 26% for owners. In regard to severe cost burdens, 26% of renters were experiencing such affordability challenges compared to 12% of owners.

Nevertheless, the level of cost burdens among owners is considerable, particularly for those with incomes at or below 80% MFI. For example, 57% of extremely low-income owners were spending more than half their income on housing costs. An estimated 12% of owners with incomes at or below 80% MFI had severe cost burdens compared to 27% of renters. This data also suggests very little need for housing that would be targeted to those with incomes above 80% MFI for both owners and renters. It should also be noted that there are greater challenges in developing owner-occupied housing as opposed to rentals, given a number of considerations including very limited availability of subsidized financing.

Table 3-28: Unmet Housing Needs – Athol Households by Income Level and Tenure (Rental vs. Ownership)

Household Income Levels	# Existing Households in Athol	# Households Without Cost Burdens	Cost Burdened Spending = >30% to <50% of Income	SEVERELY Cost Burdened Spending = >50% of Income*	% Households Cost Burdened + SEVERELY Cost Burdened
Rental Units					
Extremely Low Income (Within 30% MFI)	495	85	115	295	410
Very Low Income (30% to 50% MFI)	215	120	80	15	95
Low to Moderate Income (50% to 80% MFI)	325	226	59	40	99
Subtotal >80% MFI	1,035	431	254	350	604
80% to 100% MFI	70	70	0	0	0
Above 100% MFI	195	195	0	0	0
Total – Rental	1,300	696	254	350	604
Owner Units					
Extremely Low Income (Within 30% MFI)	325	90	50	185	235
Very Low Income (30% to 50% MFI)	395	195	55	145	200
Low to Moderate Income (50% to 80% MFI)	710	445	210	55	265
Subtotal >80% MFI	1,430	730	315	385	700
80% to 100% MFI	350	320	10	20	30
Above 100% MFI	1,565	1,431	134	0	134
Total - Ownership	3,345	2,481	459	405	864
TOTAL - Rental & Ownership	4,645	3,177	713	755	1,468

Source: U.S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, 2019. (See Table 3-27) *Includes all those spending more than 30% of income on housing per Table 3-27. Severe cost burdens income those households spending 50% or more of their income on housing costs.

Table 3-29 presents the same 2015-2019 HUD survey data, broken out by the unmet housing needs of types of households including seniors, families, and single individuals under age 62 with incomes at or below 80% MFI. In regards to older adults with unmet housing needs, there were more such households which involved owners rather than renters, at 315 and 95, respectively. Additionally, 43% of owners had unmet housing needs compared to 38% of renters. Given asset limits, it is typically harder to qualify older residents for affordable housing.

Older adults comprised the greatest number of households with incomes at or below 80% MFI at 990 such households, including renters and homeowners, compared to families (825 households) and single individuals under age 62 (650 households). This is not surprising given the number of older residents who are retired and living on fixed incomes, also reflected in lower median household income.

Regarding families, there were also more owners with incomes at or below 80% MFI, at 450 owners compared to 375 renter households. On the other hand, renter households were experiencing a higher proportion of unmet housing needs at 68% compared to 48% for owners.

There were many more non-family households involving members under age 62, mainly single individuals, who were renting as opposed to owning their home, at 410 to 240 households, respectively. In this case, owners had a higher level of unmet housing need at 71% versus 62% for renters.

Table 3-29: Unmet Housing Needs – Athol Households by Income Level and Type of Household

Target Population in Need	All Units Occupied By Those Earning ≤ 80% MFI	Housing Available That is Affordable to Those Earning ≤ 80% MFI	All Those with Cost Burdens/Unmet Needs Occupied by Those Earning ≤ 80% MFI
Older Residents (age 62 and over)	250 Renters 740 Owners	155 Renters 425 Owners	95 Renters (38%) 315 Owners (43%)
Families	375 Renters 450 Owners	121 Renters 235 Owners	254 Renters (68%) 215 Owners (48%)
Individuals (under age 62)	410 Renters 240 Owners	155 Renters 70 Owners	255 Renters (62%) 170 Owners (71%)

Source: U.S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, 2019. (See Table 3-27)

What is compelling about this documentation is the very high level of unmet housing need for those with incomes at or below the 80% MFI level. For this group of older adults, families and individuals, the data at the bottom of Table 3-28 documents that Athol has a shortfall of 1,468 affordable units, 604 rentals and 864 ownership units. Within this income range, many residents are paying far too much for their housing and thus struggling to remain in the community, some likely having to decide whether to pay their rent or mortgage versus utility bills, medical prescriptions, or food.

Foreclosures

Another indicator of housing affordability involves the ability to keep up with the ongoing costs of housing which some residents across the country have found challenging since the recession more than a decade ago. Table 3-30 tracks foreclosure activity from 2000 to 2022, showing that foreclosures were mounting even prior to the recession with 40 petitions to foreclose and 26 foreclosure auctions in 2005 for example, typically the top of the market prior to the recession. The highest level of foreclosure activity occurred in

2007 with 124 petitions to foreclose and 63 auctions, certainly an effect of the recession. A relative high level of foreclosure petitions occurred through 2018. It is noteworthy that while there were considerable petitions to foreclose between 2009 and 2018, there were relatively few auctions, indicating that there were some positive outcomes in settling these cases.

Table 3-30: Foreclosure Activity, 2000 through 2022

Year	Petitions to Foreclose	Foreclosure Auctions	Total*
2022	16	8	24
2021	5	4	9
2020	11	2	13
2019	8	5	13
2018	45	5	50
2017	38	2	40
2016	62	4	66
2015	49	2	51
2014	48	1	49
2013	37	0	37
2012	80	0	80
2011	55	6	61
2010	94	3	97
2009	106	1	107
2008	84	24	108
2007	124	63	187
2006	87	41	128
2005	40	26	66
2004	19	16	35
2003	11	7	18
2002	7	3	10
2001	4	1	5
2000	2	2	4
Total	1,032	216	1,248

Source: The Warren Group, February 15, 2023. *There will be some duplication of properties in the total figures as auctioned properties followed petitions to foreclose.

Subsidized Housing Inventory (SHI) – About halfway towards the 10% affordability goal under Chapter 40B

Current Inventory

Of the 5,207 year-round housing units in Athol, 261 or 5.01% meet the Chapter 40B requirements and thus have been determined to be affordable by the Commonwealth of Massachusetts as part of what is called a Subsidized Housing Inventory (SHI). There is a current gap of 260 units to reach the 10% threshold of 521 units without considering future housing growth that will change when the 2030 decennial census figures are released.

The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state, particularly outside of cities. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals

At least another hundred units in the development pipeline are expected to bring Athol's affordability level to almost 7% in the next couple of years.

for “comprehensive permits” submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Only one application is submitted to the ZBA instead of separate

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

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

- Must be part of a “subsidized” development (or approved through a Subsidizing Agency) built or approved by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income (or 20% of the units targeted to those earning at or below 50% AMI) with rents or sales prices restricted to income levels defined each year by the U.S. Department of Housing and Urban Development (HUD).
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by EOHLIC, formerly known as the MA Department of Housing and Community Development (DHCD).
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

The current list of Athol's SHI units is summarized in Table 3-31.

Table 3-31: Athol's Subsidized Housing Inventory (SHI)

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Lakeside Apartments	50	Rental/EOHLC	No	Perpetuity
Morton Meadows	28	Rental/EOHLC	No	Perpetuity
59 Park/103 Kennebunk St.	5	Rental/EOHLC	No	Perpetuity
837 Partridgeville Rd.	3	Rental/EOHLC	No	Perpetuity
Ferron Circle	8	Rental/EOHLC	No	Perpetuity
Cottage Street	30	Rental/EOHLC, MHP, RHS	No	2031
Hapgood Apts.	5	Rental/EOHLC, MHP, RHS	No	2025
Pequig House	53	Rental/MassHousing	No	2033
DDS Group Homes	19	Rental/DDS	No	NA
DMH Group Homes	9	Rental/DMH	No	NA
School Street Residences	50	Rental/EOHLC, HUD	No	2059
Old Keene Road	1	Ownership/EOHLC	No	Perpetuity
Total	261			

Source: Massachusetts Executive Office of Housing and Livable Communities, December 5, 2022

Shaded projects are owned and managed by the Athol Housing Authority.

Athol's SHI is characterized as follows:

- A total of 94 units or 36% of SHI units are owned and managed by the Athol Housing Authority.²² A total of 78 units are targeted to seniors age 62 or over, 13.5% reserved for single individuals with disabilities and under age 62. The Housing Authority also owns and manages 16 units of family housing at four separate locations.
- Except for one ownership unit on Old Keene Road, that was developed by Habitat for Humanity, all SHI units involve rentals.
- None of the SHI units were permitted through Chapter 40B comprehensive permits.
- There are 28 units that are counted as part of group homes, 19 sponsored by the MA Department of Developmental Services (DDS) and nine through the MA Department of Mental Health (DMH).
- Most units were developed with affordability restrictions in effect in perpetuity, although three projects have these restrictions expiring over the next decade that will require follow up by the Town to preserve their affordability to the greatest extent possible.
- Athol had 21 units that were previously counted as part of the SHI, involving the Town's Housing Rehab Program. These shorter-term affordability restrictions have expired, and the state is no longer counting such units on the SHI.
- Most of the developments involved private developers including:
 - *Cottage Street Development* with 30 units for seniors that involved Section 8 Project-based Rental Assistance to serve those with incomes at or below 30% AMI and HOME Investment Partnerships Program financing.²³
 - *Hapgood Apartments* includes five rental units, developed by RCAP Solutions, Inc.
 - *Pequoig House* involved the conversion of the historic Pequoig Hotel in the downtown to residences for seniors. The project included a 121A tax agreement that is due to expire, and the Town is considering options for extending affordability. This project also involved Project-based Rental Assistance where tenants contribute no more than 30% of their income towards rent.
 - *School Street Residences* was developed by Winn Development and involved the conversion of the School Street School to 50 affordable rental units for seniors.

In addition to the 78 units that are owned and managed by the Athol Housing Authority, the Housing Authority administers 47 Section 8 Housing Choice Vouchers and 61 Massachusetts Rental Voucher Program (MRVP) subsidies. The Section 8 vouchers are mobile while the MRVP subsidies are project-based as they stay with designated units.

Pending Projects

The following properties are either actively under development or are being considered for potential future development:

²² The Housing Authority staff manages public housing for both Athol and Orange, referred to as the Athol Orange Housing Authority, with separate boards.

²³ In projects with five or more HOME-assisted units, at least 20% of these units must be occupied by families earning 50% or less of area median income (AMI). All other HOME-assisted units must be occupied by families earning 80% or less of AMI, but in practice most are reserved for families earning 60% or less AMI. Maximum monthly rent is capped with a Low HOME Rent for <50% AMI units and a High HOME Rent for the remaining HOME-assisted units. Contact the property directly for the specific dollar amount of these rent caps.

- *Riverbend Row*

The Town of Athol selected NewVue Affordable Housing Corporation through a Request for Proposals (RFP) process to redevelop the 3.16 Town owned acres that include the Riverbend School and adjacent Ellen Bigelow School. The two existing school buildings will be connected by a 22,000 square foot addition. Plans include a total of 53 units of intergenerational housing with a combination of one-, two-, and three-bedroom apartments and a mix of incomes including those with incomes at or below 30%, 50%, and 80% AMI. Financing included Low Income Housing and Historic Preservation Tax Credits as well as Project-based Section 8 Rental Assistance. Permitting was through Major Site Plan Review by the Planning Board that included a number of proposed waivers as well as several variances through the Zoning Board of Appeals. Because of the inclusion of affordable housing, the Town waived the permit application fee. Through the 2018 Affordable Housing Competition sponsored by the Federal Home Loan Bank of Boston, the Town was able to

access resources to guide the project in the early stages of project development.

The South Street project represents the first private development of its size in Athol in 30 years, 100 years in the downtown, and the hope is that it will be a catalyst for further development in the downtown.

South Street Project

A private development in the Downtown is moving forward towards creating 43 housing units, 75% of which will be affordable (36 units), the

remainder at market. Town Meeting conveyed the derelict property to the EDIC which in turn is working with a private developer on the project. The Developer is seeking a number of variances from the Zoning Board of Appeals.

- *Pleasant Street Special Needs Housing*

A property on Pleasant Street, referred to as GAAMHA, has been purchased by a non-profit service provider to serve as housing for women and their children who are escaping domestic violence. The property includes 29 bedrooms with each counting as a separate unit in the SHI.

- *Bidwell Property*

The Town acquired the Bidwell property of about 100 acres that includes a barn. The Town is studying the site with preliminary plans of creating a mixed income community, potentially with some recreational space along the road and housing in the rear. Section 7 has a conceptual illustration of such a project.

It is worth noting the BSC Group has been assisting the Town of Athol with a community planning process for the Bidwell site through funding from the Commonwealth's Executive Office of Administration and Finance's Community Compact Program. The project's purpose was to determine the current development potential for the site, reflective of a public visioning and planning process, to help the Town facilitate long-term and positive changes over time. Through an existing conditions analysis, field visit, and community planning process that included an in person "community conversation" and an online survey, BSC developed two potential conceptual plans for the use of the site with recommendations for next steps and potential funding opportunities to achieve the community's vision for the site's reuse. A conceptual plan is also included in Section 7.

- *62 Canal Street*
The site of the former Cass Toy Factory off Canal Street is owned by the Town of Athol and is under consideration for the development of affordable housing. Section 7 has a conceptual illustration of such a project.
- *84 South Street*
This is the site of the former Vice Manufacturing Factory which, while privately owned, might be considered for housing development, including affordable housing. Development plans from 1989 to create a 50-unit housing development on the site have been discovered that provide some insights into development options. This site is adjacent to 62 Canal Street noted above and might be assembled into a single development serving multiple purposes in a key area of town. Section 7 has a conceptual illustration of such a project.
- *Fox Run*
A lot off Partridgeville Road at Lake Rohunta was donated by the developer of a Planning Board-approved subdivision. All the subdivision units will be sold at market prices, but the developer, who subdivided the property in 1989 originally, is conveying one lot to a non-profit organization to build a group home for women with special needs. All five bedrooms in the group home will each count as a unit for inclusion on the SHI.
- *Silver Lake School*
The Silver Lake School was transferred to a private developer for conversion to condominium units with the opportunity of also building up to five single-family homes on an adjacent property. Three homes have been built, but the project has stalled, largely due to the pandemic. The Town should work with the developer to restart the project, reconfiguring it as appropriate. Section 7 has a conceptual illustration of such a project.

Priority Housing Needs

Based on input from a wide variety of sources including the Town's housing goals (see Section 2.2), census data, market information, community input, state requirements, as well as prior planning efforts, this Housing Production Plan recommends a ***continued focus on rental unit development*** based on indicators of housing need as well as the following important considerations:

- Create housing for entry level workers who are currently challenged to find housing in the community that is in decent condition and affordable.
- Target the needs of the community's most vulnerable residents with limited financial means as rental housing is typically more affordable and requires less up-front cash.
- Enable all units in Chapter 40B rental developments to be counted as part of the SHI while only the actual affordable units can be counted in homeownership projects.
- Promote greater housing diversity as most of the community's housing involves single-family detached homes.
- Invest subsidy funds in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide more appropriately sized units for increasing numbers of small households.

- Provide opportunities for some seniors who are “overhoused” and spending too much on their housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Leverage other funds as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular.
- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the SHI make it very difficult for long-term homeowners to be eligible for subsidized housing given asset limits.

To maintain Athol’s social and economic vitality, including its workforce, it will be important to provide affordable living options for young families and individuals. Moreover, it will be advantageous to provide a mix of housing options even for those with income higher than the limit of 80% of area median income but still priced out of the housing market.

To date, all SHI units have been developed as rentals except for one ownership unit. Given the issues listed above, this Housing Production Plan recommends housing production goals of a split of about 90% rentals to 10% ownership units.

Indicators of Need for Rental Housing

- The 2021 census estimates identified a zero percent vacancy rate for rental units in Athol, signaling an extremely tight rental market.
- The current supply of rental housing is limited with 1,410 units, representing about 30% of the Town’s housing stock.
- The Town has not resolved the problems that were created during the economic decline of the 1980s and 1990s when many jobs were lost which in turn had a ripple effect on landlords who sold their properties to owners who did not maintain them. Poor housing conditions remain an issue in the rental housing stock.
- Subsidized rental housing in Athol is difficult to access given long wait lists and relatively low turnover.
- While incomes have been rising over the years, there remains a very vulnerable population living in the community with limited financial means including more than 17% of households earning less than \$35,000.
- Poverty has been increasing. The 2021 census estimates indicate that those living below the poverty level grew from 9% to 11% between 2010 and 2021, or from 1,054 individuals to 1,323. Poverty among families also increased somewhat, from 7.8% of all families in 2010 to 8.7% in 2021. There are many more such very low-income households than subsidized housing units available.
- About 604 renter households or 46% of renter households were experiencing cost burdens, 350 or 27% with severe cost burdens. This is proportionately higher than the 26% and 12% levels of cost burdens and severe cost burdens, respectively, for owner households. Cost burdens were unsurprisingly higher for extremely low-income renter households.
- There are very few listings of rental opportunities in Athol, particularly apartments, but what few exist suggest that market rents are higher than the \$889 gross monthly rent indicated by 2021 census estimates.

- The relative lack of listings indicates that rental transactions were largely accomplished by word of mouth and confirms the tight market conditions suggested by very low vacancy rates in the housing stock.
- The listing of a 700 square foot, three-bedroom apartment for \$1,300 would require an income of about \$60,000, assuming the tenant paid 30% of income on housing costs with an average utility bill of \$200. This income is considerably higher than the median renter household income of \$23,325.
- Renting an apartment in the private housing market also requires a substantial amount of upfront cash. Most apartments require first and last month's rent plus a security deposit. For a \$1,300 apartment, that totals as much as \$3,900, an amount that many prospective lower income tenants do not have available.

Rental Needs of Families

- The community has experienced significant declines in young adults in the early family formation stage of their lives as those in the 25 to 34-age category declined by 136 residents or by 8.2% between 2010 and 2021 when the population increased by 3.1%. Additionally, residents in the 35 to 44 age range declined by 16.7%, from 1,531 residents in 2010 to 1,276 by 2021. The decrease of this population is likely somewhat correlated to the decline in children.
- While cost burdens for senior renter households are considerable, those for families are even higher. For example, of the 390 small families, 220 or 56% were overspending including 165 or 42% with severe cost burdens. Additionally, while there were only 65 large families who rented in Athol, all had incomes at or below 80% MFI and 34 or 52% were spending too much on their housing.
- Cost burdens were most acute for those extremely low-income renter households that included 495 households, 410 or 83% with cost burdens of which 295 or 60% had severe cost burdens. All 30 large families (5+ household members) in this income range had severe cost burdens as did 71% of small families (two to four members).
- The Athol Housing Authority owns and manages only 16 units for families out of its 94-unit inventory with very long waits for these units. Given the state's centralized waitlist through the Common Housing Application for Massachusetts Programs (CHAMP), when they pull the waitlists for those who have applied for their units, it can take months to process the applications and get down to priority local applicants which can be as high as 200 people.
- Most of the Town employees looking to relocate to Athol are likely to need family housing.
- Those families looking for rental assistance through a Section 8 Housing Choice Voucher are confronted with huge waitlists.
- The state places a high priority on the creation of multi-family rental housing for families, and, therefore, such developments receive greater consideration for very competitive and limited program subsidy funds.

The creation of starter housing for these families will likely be best accommodated through mixed-income, multi-family rental housing that includes some three-bedroom units,²⁴ however, other configurations

²⁴ As noted earlier, the state's subsidizing agencies have entered into an Interagency Agreement that provides guidance to localities concerning housing opportunities for families with children. They are now requiring that at least 10% of the units in affordable production developments that are funded, assisted

bear some consideration. These might include a pocket neighborhood with a cluster of cottage-style units, co-housing options, or even the conversion of existing dwellings to long-term affordability that has successfully been adapted in other communities. Accessory Dwelling Units (ADUs) might be another consideration for couples.

Another important development model is the owner-occupied, two-family home that has historically provided starter housing in many communities when zoning allowed them. These units not only provide rental income to owners, enabling somewhat lower income households to access ownership,²⁵ but provide rental opportunities as well. Such housing can be easily built on small infill sites and can even include two rental units instead of the mix of ownership and rental. New development of this type of housing could also help make up for some historic losses as units in two-family properties have declined over the years.

Wait times for subsidized senior housing are long but not as extensive as those for families and single individuals. This may partially be explained by the numbers of senior units that are available including Lakeside Apartments with 50 units, Morton Meadows with 28 units, the 53 units at Pequog House, and 50 units at School Street Residences. Another 20 units are targeted to seniors as part of the Riverbend Row development. Nevertheless, the Council on Aging suggests a need for many more affordable units.

Rental Needs of Single Individuals

- Cost burdens were also high for single individuals. Of the 550 non-family, non-elderly renters, predominantly single individuals, 255 or 46% were experiencing cost burdens, 120 or 22% with severe cost burdens.
- Of these households with incomes at or below 80% MFI, 25 or 62% were experiencing cost burdens. Some integration of small units into new development, or accessory apartments for example, may help meet some of this unmet housing need.
- The Athol Housing Authority indicates an acute need for units for single individuals who are younger than age 62 and do not have a disability. As such, they do not qualify for Housing Authority units and are hard-pressed to find housing that they can afford in the private housing market.

Rental Needs of Seniors

The number of those 65 years of age and older grew by 76% between 2010 and 2021, from 16.5% of the population to almost 20% by 2021 or from 1,911 to 2,340 residents. Population projections suggest continued growth of this population to one-quarter of all residents by 2030.

- The median income of seniors 65 years and older was \$51,711 according to 2021 census estimates, lower than the town-wide median household income of \$58,275 and reflective of many older adults living on limited fixed incomes.
- Cost burdens were high for senior renter households age 62 or older. Of the 295 such households, 95 or 32% were experiencing cost burdens. The Riverbend Row project should address the housing needs of some of this population.

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.).

²⁵ Lenders generally include about 75% of the projected rental income in underwriting calculations.

- The Council on Aging indicates that that “there is no next day fix, nor next week fix” when seniors come in for help with their housing situation. Waits for affordable units are long, and affordable units in some developments rarely turnover. Moreover, even affordable rents are out of reach for some older residents.
- While most of this need will be addressed through new subsidized housing production, efforts to promote accessory dwelling units (ADUs) should not be overlooked. While unlikely to count as part of the SHI,²⁶ such units would still serve the needs of this population by providing important income to cost burdened older homeowners, small rentals for seniors looking to downsize, or units for relocated parents of existing Town residents.

Indicators of Need for Ownership Housing

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

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

HUD data indicated that many Athol homeowners are spending too much of their income on housing. As housing costs and values continue to increase, this situation is likely to worsen. For example, of the 3,345 total homeowners in Athol, 864 or 26% were overspending on their housing that included 405 or 12% who were spending more than half of their income on housing costs.

The growing population of older adults will require smaller units including some handicapped accessibility and supportive services.

Of the 1,430 owner households earning at or below the 80% MFI, 700 or 49% were spending too much of their income on housing including 385

or 27% with severe cost burdens.

- A total of 284 or 38% of the 740 seniors with incomes at or below 80% MFI were spending too much including 28 or 28% with severe cost burdens.
- About 46% of the 325 small families earning at or below 80% MFI were spending too much including 100 or 31% who were spending more than half of their income on housing.

It should also be noted that some homeowners who have significant equity in their home may qualify for affordable housing based on their income but be determined ineligible because of their financial assets or age. For example, those under 55 years of age cannot have owned a

It should be noted that special tabulations of HUD data suggest very little need for housing targeted to those with incomes above 80% MFI for both owners and renters. Of particular concern are those households with incomes at or below 50% MFI.

²⁶ State Local Initiative Program (LIP) guidelines for including accessory apartments in the SHI would not only require deed restrictions but also involve owners selecting tenants from a pre-qualified and lottery-ranked list of Ready Renters and would not allow any existing tenants or family members to occupy the units.

home within the last three (3) years of applying for affordable housing with some minor exceptions. Moreover, the asset limit for these households is \$75,000. For age-restricted housing targeted to those 55 years or older, up to \$200,000 in net equity from a previous house is allowed plus another \$75,000 in financial assets. Earned income from financial assets is also added to household income in determining eligibility. This means that it becomes more challenging for many homeowners to qualify for affordable housing based on state requirements.

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

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

Indicators of Need for Special Needs Housing

- Of the 11,774 Athol residents in the civilian, noninstitutionalized population, 2,340 or 19.9% claimed a disability, significantly higher than the proportions for the county and state at 12.6% and 11.7%, respectively. **Athol had higher proportions of disabilities among all age ranges in comparison to the county and state.**
- As the population continues to age, with those 65 years and older predicted to increase to about one-quarter of all residents by 2030, the level of special needs in the community will grow. This suggests a greater need for handicapped accessibility and supportive services to be integrated into housing.
- The Athol Housing Authority indicates that few of their units are handicapped accessible, which has been a major problem for many existing tenants as well as those looking to move into public housing. Even first-floor units present problems as they are not wheel-chair accessible.

Indicators of Need for Resources to Make Housing Improvements

Athol's older housing stock suggests the need for resources to make necessary home improvements, particularly for units occupied by low- and moderate-income individuals and families.

- Because almost three-quarters of Athol's housing units were built prior to 1980, it is likely that some units might contain lead-based paint that can be hazardous to young children as well as deferred maintenance problems, including failing septic systems.
- While the Town has been fortunate to receive CDBG funding in support of a Housing Rehabilitation Program and other commercial improvements in the past, continued funding for

such improvements as well as other resources is important to improving the Town's substandard housing which is occupied by low- and moderate-income households.

Table 3-32 summarizes the estimated distribution of units to be produced over the next five (5) years based on the housing production goal of 26 units per year with about 90% of the units directed to subsidized rentals to meet the increasing needs of the most vulnerable and financially-strapped households and the considerations listed above. Three-quarters of these rentals would be developed for qualifying families and the remainder for seniors and individuals. The remaining 10% of the projected affordable units would be developed for homeownership.

Given the aging of the population and the high level of people with disabilities in Athol, the housing goals include the integration of handicapped accessible and/or service enriched housing units equivalent to at least 10% of all new units produced.

Table 3-32: Housing Production Goals Based on Types of Units

Type of Units	1-Year Goal	5-Year Goals
Rental Housing	23 units	115 units
Families	17 units	85 units
Seniors/Individuals (small units)	6 units	30 units
Homeownership Units	3 units	15 units
Total	26 units	130 units
Handicapped accessibility and/or supportive services/at least 10% of new units produced	3 units	15 units
Promote housing assistance for property Improvements	5 participants in improvement programs	25 participants in improvement programs

4. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

It will be a great challenge for the town of Athol to create enough affordable housing units to meet the state's 10% affordable housing standard as well as the needs of its existing residents, particularly considering current constraints to new development that include the following:

Zoning

As is the case in most American communities, a Zoning Bylaw is enacted to control the use of land including the patterns of housing development. The Zoning Bylaw includes seven zoning districts, three of which are residential.²⁷ There are also two overlay districts including the Groundwater Protection District and Flood Plain District. Additionally residential use above ground floor commercial space is allowed if units are at least 600 square feet in size in Multi-Family Residential A, Neighborhood Commercial, and General Commercial by Special Permit.

While the Town has adopted a number of zoning provisions that will help facilitate housing production, there are also notable constraints including:

- The Residence B District, which largely surrounds the downtown, is essentially limited to single-family dwellings.
- While minimum lot sizes are 8,000 and 10,000 square feet in the Residential A and B Districts, respectively, it is one acre in the Residence C District.
- There are no provisions for the inclusion of affordable housing in new development and few incentives for including such units.

However, as noted above, the Town has several provisions in its Zoning By-law that are relevant to the issue of boosting affordable housing and smart growth development²⁸ including.

- *Accessory Dwelling Units (ADUs)*²⁹

The creation of an ADU is allowed as part of the interior of a single-family dwelling is allowed in all three residential districts (RA, RB, and RC) by right and authorized by the Building Commissioner. The ADU is defined as a complete, separate housekeeping unit containing both a kitchen and bath. The property owner must continue to occupy one of the units and the gross floor area of the ADU cannot exceed 900 square feet nor be occupied by more than three persons and have more than two bedrooms. Among other stipulations, off-street parking is required for both the owner and tenants and the entrance to the ADU must be located on either the side or rear of the house.

²⁷ The Districts include Multi-family Residential (RA), Medium Single-family Residential (RB), Rural Single-family Residential (RC), Central Commercial (CA), Neighborhood Commercial (CB), General Commercial (G), and Industrial Commercial (I).

²⁸ The term of smart growth refers to a 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.

²⁹ Athol Zoning Bylaw, Section 3.14.

A Special Permit from the Zoning Board of Appeals (ZBA) is required for ADUs in attached or detached structures, only applicable to single-family homes and must comply with all zoning use and dimensional requirements. A total of nine ADUs have been permitted since 2006.

- *Open Space Residential Design (OSRD)³⁰*

The major purpose of the OSRD bylaw is to facilitate the construction and maintenance of housing, streets, utilities, and public services in a less sprawling and more economical and efficient manner of development by encouraging the permanent preservation of open space and agricultural land. Such projects require a Special Permit of the Planning Board and are limited to the RC District. The lot sizes can be reduced to a minimum of 10,000 square feet from the required 44,000 in this District with the caveat that at least 50% of the site is dedicated open space.

- *Priority Development Sites³¹*

The Town has established expedited permitting provisions through MGL Chapter 43D to promote commercial, industrial, and mixed-use development projects on sites that have been identified as local priorities. In pursuit of this, the Town Manager has been appointed as Permit Manager who appoints representatives of relevant boards and committees as part of a Permit Authorization Committee to review and provide input on such projects. Permitting decisions are required within 180 days of filing a complete application. Decisions administered by the ZBA and those involving Subdivision Control Law are exempt from this review. The Town has prepared an Athol Chapter 43D Streamline Permitting Guidebook that details requirements and procedures.

- *Safety and Design Review Committee*

The Town has established a Safety and Design Review Committee that meets monthly to review preliminary development proposals, bringing in representatives from relevant boards and committees including the Planning Board, Conservation Commission, Board of Health, Fire Department, EDIC, Police Department, DPW, Town Manager, Building Commissioner, Director of Planning and Development, and other municipal representatives that are relevant to the proposed development. Such meetings are helpful in surfacing issues and recommendations for developers to consider in further refining their project plans.

Mitigation Measures

This Housing Production Plan includes several strategies that are directed to reforming local zoning regulations to make them “friendlier” to the production of affordable and smart growth development. These strategies include modifying the Open Space Residential Design (OSRD) bylaw, exploring town-wide inclusionary zoning provisions, and finding better ways of promoting the use of Overlay Districts and more diverse housing types in more areas.

Environmental Concerns/Infrastructure

As part of the 2014 Housing Action Plan, the Montachusett Regional Planning Commission (MRPC) mapped out partial and absolute development constraints that are shown in Appendix 5. Absolute constraints involve properties where no building is allowed due to regulatory or ownership limits (e.g., protected open space, flood zones, some wetlands, etc.) and comprise about 25% of the Town’s total

³⁰ Athol Zoning Bylaw, Section 3.16.

³¹ Athol Zoning Bylaw, Section 3.20.

land area. Partial constraints (e.g., flood zones, steep slopes, threatened or endangered species, wetlands, etc.) include properties where development might be allowed given some additional regulatory review, involving 43% of Athol's total land area. Therefore, approximately two-thirds of the Town's land area involve some restrictions that place limitations on development.

Wastewater

Most Athol residents are aware of the North Quabbin area's natural treasures and are rightly concerned about conserving the environment. The Town has limited municipal sewer services that focus on the Downtown which enabled the development of a compact town center. There have also been some subsequent extensions of sewers to Uptown areas. Significant upgrades were made to Athol's single wastewater treatment facility in 2011 and 2012, and it continues to operate with sufficient capacity for the area it covers. The current treatment plant is scheduled for upgrades to address new environmental limits imposed on the Town's discharge permit and replace deteriorated equipment with new technological improvements.

While Athol's wastewater treatment system generally has adequate capacity, inflow and infiltration of stormwater during major storms can overwhelm the treatment facility and pose potential violations of the Town's discharge permit.

Consequently, most properties must still rely on on-site septic systems that can contribute significant amounts of nitrogen into the groundwater. Nitrogen loading can affect the community's drinking water and is a serious threat to surface water as well, particularly salt ponds and estuaries that are so environmentally sensitive. The reliance on wells and septic systems in some areas also significantly restricts development, limiting higher densities in areas that could provide a wider range of residential and commercial opportunities in Athol.

Water Services

The Town made substantial investments in upgrading its water distribution system in the 1990s and into the 2000s. The system is largely located along major roadways in the central part of town, connecting about 70% of residences. It includes four groundwater sources, three of which pump water to the Public Works facility for treatment before distribution. The fourth source is a treatment facility off Jones Street.

Hazardous Waste/Brownfield Sites

The Massachusetts Department of Environmental Protection (Mass DEP) identifies 110 sites that are contaminated by toxic or hazardous materials. Most of these properties are small businesses or former mills in the downtown or along riverbanks. While these sites posed environmental problems, remediation can be costly. Consequently, these sites remain abandoned and contribute little to the tax base while continuing to pose health and safety problems.

Mitigation Measures:

The Town is planning additional improvements to its wastewater treatment system including the repair and replacement of deteriorating sections as well as the preparation and implementation of an inflow and infiltration plan to correct problems related to stormwater.

To better address brownfield problems, the Town is applying for grants for remediation. It is important to note that the development of affordable housing offers developers greater consideration in

applications for grants and other types of financing to conduct the necessary remediation work to ultimately restore the property to productive use.

Availability of Subsidy Funds

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

Regarding state funds, several sponsors of developments in Athol (i.e., for-profit and non-profit housing developers, Athol Housing Authority, sponsors of group homes) have received financing from a number of state programs for affordable housing development. These awards have been essential to ensuring the financial feasibility of the units, but remain extremely competitive sources of financing. Moreover, the Town has access to rental assistance vouchers, but these are in very short supply with only 47 Section 8 Housing Choice Vouchers and 61 Massachusetts Rental Voucher Program (MRVP) subsidies available through the Athol Housing Authority. The Section 8 vouchers are mobile while the MRVP subsidies are project-based as they stay with designated units.

NewVue, the developer of an important pending affordable housing development, Riverbend Row, has applied for financing through the Income Housing and Historic Preservation Tax Credits as well as Project-based Section 8 Rental Assistance. It is awaiting word from the state on approvals to move forward on this 53-unit project.

Another proposed development on South Street with 43 housing units, 75% of which will be affordable (32 units), the remainder at market. Obtaining state financing will be required to make the high level of affordable units financially feasible.

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

Mitigations Measures:

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

Economic Development

As was indicated in the Housing Needs Assessment, local leaders consider housing to be the lynchpin to future economic development progress. Town officials acknowledge that Athol is at a critical stage in its path towards redevelopment that hinges on its ability to produce housing for an expanding workforce. Employers are already challenged to find entry level workers given the lack of housing in the community much less affordable housing. Comments from the May 30, 2023 Community Housing Forum echoed Athol's need for more jobs as well as the need to expand the tax base.

Mitigations Measures:

This Housing Production Plan is a direct response to the recognition that housing creation is critical to Athol's future growth and vitality. As such the Plan proposes a package of recommended actions, identifying important resources and next steps for implementation.

Age and Condition of the Housing Stock

Almost three-quarters of Athol's housing units were built prior to 1980, including about 40% that predates World War II. It is therefore not surprising that some units would contain lead-based paint that can be hazardous to young children as well as deferred maintenance problems, including failing septic systems.

The Town has not resolved the problems that were created during the economic decline of the 1980s and 1990s when many jobs were lost which in turn had a ripple effect on landlords who sold their properties to owners who did not maintain them. The recession of more than a decade ago further spurred disinvestment in the housing stock. Poor housing conditions remain an issue in many neighborhoods. The distressed condition of a large segment of Athol's housing has in fact been identified as a significant local challenge which has been further exacerbated by rising construction costs and interest rates that make property renovation and redevelopment expensive and more challenging to finance.

Mitigations Measures:

The Town continues to work with developers of affordable housing, providing support in permitting and financing. This Housing Production Plan also recommends that the Town obtain funding to reintroduce a Housing Rehabilitation Program that would provide deferred, zero interest loans to qualifying homeowners, supporting important health and safety improvements. Another strategy recommends that the Town adopt a pre-rental inspection program to protect tenants and to address inquiries regarding the Zoning Bylaw and permitting,

Community Perceptions

In most communities, residents are concerned about the impacts that new development may have on local services and the quality of life. They may also have negative impressions of affordable housing and question whether there is a real need for such development in their town. Therefore, local opposition to new affordable units is more the norm than the exception. On the other hand, given high and rising real estate prices and community education, more people are recognizing 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 some financial or technical assistance.

Mitigations Measures:

Ongoing community outreach and education (see strategy 6.1.1) will be necessary to continue to acquaint the community with unmet housing needs and garner local support and ultimately approvals for new and

continuing housing initiatives. This Housing Production Plan also offers an excellent opportunity to showcase the issue of affordable housing, providing information to the community on local needs and proactive measures to address them. 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.

5. ANNUAL HOUSING PRODUCTION GOALS

The Massachusetts Executive Office of Housing and Livable Communities (EOHLC) 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. With some revisions over the years, cities and towns are required to prepare and adopt a Housing Plan that demonstrated the production of an increase 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.³² If EOHLC certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.³³ Based on 2020 census data, Athol's annual housing production goal is 26 units based on 0.50% of its year-round housing, 52 units based on 1%.

Considering the priority needs established in Section 3 and the strategies included under Section 5, the Town of Athol has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The projected goals, as summarized in Table 5-1, are best guesses at this time, and there is likely to be some fluidity in these estimates from year to year.

³² Massachusetts General Law Chapter 40B, 760 CMR 56.00.

³³ 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 EOHLC, 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 EOHLC, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. EOHLC 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 EOHLC 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 5-1: Athol Housing Production Program

Strategy	Strategies by Year Name/Housing Type	Affordable Units < 80% AMI	SHI Units	Market Units or Ineligible for SHI	Total # Units
	Year 1 – 2024				
6.3.3	Development of previously Town-owned property @ Riverbend Row/rental	53	53	0	53
6.3.1	Development of privately-owned property @ Pleasant Street/special needs rentals	29	29	0	29
6.3.1	Development of privately-owned property @ Fox Run/special needs rentals	5	5	0	5
	<i>Subtotal</i>	<i>87</i>	<i>87</i>	<i>0</i>	<i>87</i>
	Year 2 – 2025				
	Covered for 2 years under Year 1				
6.3.3	Development of previously Town-owned property @ South Street/rental	36	36	7	43
	<i>Subtotal</i>	<i>36</i>	<i>36</i>	<i>8</i>	<i>43</i>
	Year 3 – 2026				
6.3.3	Development of Town-owned property @ Bidwell property/ "Friendly 40B"/mix of ownership and rentals*	20 rentals 3 ownership	40 rentals 3 ownership	0 rentals* 9 ownership	40 rentals 12 ownership
6.3.1	Development of privately-owned property/special needs rentals	5	5	0	5
6.3.4	Housing Rehab Program/ownership	0	0	5	5
	<i>Subtotal</i>	<i>28</i>	<i>48</i>	<i>14</i>	<i>62</i>
	Year 4 – 2027				
	Covered under Year 3				
6.3.4	Housing Rehab Program/ownership	0	0	5	5
	<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>5</i>	<i>5</i>
	Year 5 – 2028				
6.3.2	Pursue mixed-use and multi-family development/overlay districts/rentals	5	5	45	50
6.3.1	Development of privately-owned property/OSRD bylaw"/ownership	2	2	18	20
6.3.1	Development of privately-owned property/"friendly 40B"/ownership	3	3	9	12
6.3.1	Development of privately-owned property/special needs rentals	5	5	0	5
6.3.1	Development of privately-owned property/"friendly 40B"/rental*	3	12	9	12
6.3.4	Housing Rehab Program/ownership	0	0	5	5
	<i>Subtotal</i>	<i>18</i>	<i>27</i>	<i>86</i>	<i>104</i>
	Total	169	198	112	301

*All units count as part of the SHI in 40B rental projects.

6. HOUSING STRATEGIES

The strategies outlined below are based on previous plans and studies, the Housing Needs Assessment included in Section 3, local housing goals, affordable housing activities to date, community input, and the experience of other comparable localities in the area and throughout the Commonwealth. Of particular importance was the Community Housing Forum that was held on May 30, 2023 that included breakout group brainstorming on priority actions for the Town to pursue as part of this Plan. A summary of this Forum is included as Appendix 4.

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

The actions also reflect state requirements that ask communities to address all the following major categories of strategies to the greatest extent applicable:³⁴

- *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;*
 - Allow more diverse housing types in more areas (strategy 6.2.2)
 - Continue to pursue mixed-use and multi-family development (strategy 6.3.1)
 - Partner with developers on privately-owned sites (strategy 6.3.1 – includes some locations)
 - Promote greater use of Overlay Districts (strategy 6.2.3)
- *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 6.3.3)
 - Partner with developers on privately owned sites (strategy 6.3.1)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Continue to pursue mixed-use and multi-family housing development (strategy 6.3.2)
 - Allow more diverse housing types in more areas (strategy 6.2.2)
 - Modify the Open Space Residential Design bylaw (strategy 6.2.4)
 - Partner with private developers on privately-owned properties (strategy 6.3.1)

The Town should continue to work with developers to create affordable housing in line with smart growth principles including:

 - Mixed-use development in appropriate locations, particularly the Downtown
 - Adaptive reuse of former mill buildings involving the redevelopment of underutilized, nonresidential properties into housing
 - Smaller infill housing in existing neighborhoods
 - Accessory Dwelling Units (ADUs)

³⁴ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- Cluster development
- Group homes or other congregate living options for older residents or special needs populations
- Multi-generational, multi-family housing
- Improvement of existing housing (strategy 6.3.4)
- *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 6.3.3)
- *Participation in regional collaborations addressing housing development*
 - Partner with regional entities such as the Montachusett Regional Planning Commission (MRPC) and other regional non-profit developers such as NewVue Communities, Habitat for Humanity, etc.

It will also be important to ensure that affordable units produced through this Plan get counted, to the greatest extent possible, as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state’s Executive Office of Housing and Livable Communities (EOHLC) if another state or federal housing subsidy is not involved.

In addition to being used for “friendly 40B” projects, LIP can be used for counting those affordable units as part of the SHI if they involve some local action including:

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

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

It should be also noted that a major goal of this Plan is not only to strive to surpass the state’s 10% goal under Chapter 40B, but to also serve a wider range of local housing needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the SHI. Examples potentially include the promotion of mixed-income housing that incorporates income tiers above 80% of area median income, the promotion of Accessory Dwelling Units (ADUs), and reintroduction of housing rehab programs.

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

6.1 Capacity Building Strategies

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

6.1.1 Continue to Conduct Community Outreach and Education

Timeframe: Years 1 to 2 and ongoing

Responsible Parties: Sponsors of Affordable Housing Related Initiatives

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

The preparation of this Housing Plan offers an important opportunity to bring attention to community housing issues, providing information on housing needs and proposed strategies that can help attract community support for new housing initiatives. Interviews have been conducted with key housing stakeholders and public meetings have been held with local leaders and residents to get input into this Housing Plan including the Community Housing Forum on May 30, 2023 and another community forum on September 20, 2023.

It should also be noted that participants in the May 30, 2023 Community Housing Forum voiced their support for community outreach and education on affordable housing to improve communication that educates the public on the issue and ultimately generates community buy-in.

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

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

suggestion during the planning process was to better communicate new zoning requirements for ADUs to encourage the creation of such units. Another suggestion was to spread the word on a wide range of housing services and programs including foreclosure prevention and

homeownership counseling from NewVue Community's NeighborWorks Homeownership Center as well as services provided by Athol's Family Resource Center (see Appendix 1 for more information) and home improvement resources summarized under strategy 6.3.4.

6.1.2 Secure Financial Resources for Affordable Housing

Timeframe: Years 1 to 2

Responsible Party: Board of Selectmen

Background: As noted in Section 4 of this Plan, a major constraint to promoting greater housing affordability, diversity and sustainability in Athol is the lack of local subsidy funds. The Town should consider obtaining additional financial resources to subsidize housing preservation and production activities, some of which could be deposited into a special dedicated Affordable Housing Trust Fund as recommended in strategy 6.1.3 below.

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

This Housing Plan recommends that the Town embark on a process to adopt the Community Preservation Act (CPA). CPA funds will not only provide a vital resource to support community housing initiatives, but will also address other important local issues such as open space preservation, recreation, and historic preservation. Without this funding, the Town will be more limited in its ability to work with developers in ensuring project feasibility and thus attract viable development proposals.

The Community Preservation Act (CPA)³⁵ establishes the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of 1% to 3% of the property tax, to be matched by the state based on a funding commitment of approximately \$36 million annually.³⁶ Once adopted, the Act requires at least 10% of the funding raised to be distributed to each of three categories – open space/recreation, historic preservation and community housing – allowing flexibility in distributing the majority of the money to any of these uses as determined by the community. Also, CPA allows communities to target funds to those earning up to 100% of area median income (AMI), although those units directed to households earning more than 80% AMI cannot be included in the Subsidized Housing Inventory (SHI) or as part of annual housing production goals.

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

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

³⁵ Massachusetts General Laws Chapter 44B.

³⁶ The state has established a special trust fund by imposing a surcharge on documents recorded at the Registry of Deeds or Land Court. The state more recently increased these Registry fees to expand the pool of matching funds.

Since its enactment in 2000, CPA has had a significant impact on affordable housing, historic preservation, open space preservation and recreational activities across the Commonwealth, now adopted in almost 200 communities, including the following contributions:

- **55% of the Commonwealth's cities and towns have adopted CPA including Royalston, Philipston, Templeton, and Hubbardston for example.**
- Of the total number of adopted communities, 35 are cities and 160 are towns.
- 70% of Massachusetts residents live in a CPA community.
- Over \$3.15 billion has been raised to date for community preservation funding statewide.
- 15,069 CPA projects have been approved by local legislative bodies.
- More than 10,000 affordable housing units have been created with support for an additional 16,000 units.
- 34,204 acres of open space have been preserved.
- Over 6,700 appropriations have been made for historic preservation projects.
- Over 3,300 outdoor recreation projects have been initiated.

Adopting CPA does not have to place significant burdens on residents and will be extremely helpful in supporting the implementation of this Housing Production Plan.

Given housing needs, environmental issues, historic assets, and interest in augmenting recreational opportunities, Athol could greatly benefit from CPA. For example, the redevelopment of the Bidwell property could potentially qualify for all CPA categories of use from the redevelopment of the historic barn, open space preservation, recreational amenities, and new clustered housing.

Table 6-1 provides some examples of the amount of the per unit annual surcharge based on a range of house values and exemptions. For example, if Athol was to adopt the exemption of the first \$100,000 of property value and the 3% surcharge on the median single-family property of about \$290,000, the annual cost would be \$122.15, the equivalent of about \$10.00 per month. The 1% surcharge would mean an annual payment of \$40.72 and a monthly one of only \$3.39.

Table 6-1: Estimated CPA per Property Expenditures

Property Assessment	1% Annual Surcharge	2% Annual Surcharge	3% Annual Surcharge
\$200,000	\$28.08	\$56.16	\$84.24
\$200,000 with \$100,000 exemption	\$14.04	\$28.08	\$42.12
\$300,000	\$42.12	\$84.24	\$126.36
\$300,000 with \$100,000 exemption	\$14.04	\$28.08	\$42.12
\$400,000	\$56.16	\$112.32	\$168.48
\$500,000	\$70.26	\$140.40	\$210.60

Based on the FY23 residential tax rate per thousand of \$14.04.

While more towns are passing CPA, Senate legislation passed to increase Registry of Deeds fees by \$25.00 that would provide a higher match to all participating communities. The average state commitment over the past 20 years has been almost 40% of the local share. It should be noted

that state matching funds vary from year to year, but those communities opting for the higher surcharge levels fare much better in the formula for calculating state matching funds.

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

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

The state and federal government fund numbers of housing financing programs directed to particular types of projects. Most of these subsidies are for rental housing development through the Low Income Housing Tax Credit, HOME Investment Program, Housing Stabilization Fund, Affordable Housing Trust Fund, among many others.

For example, some of these financing programs have been used to support affordable development in the past, and the developer of the Riverbend Row development is currently awaiting EOHLC approval of its application for Low Income Housing Tax Credits as well as other program funding. (See Appendix 3 for a summary of these resources as well as relevant state regulations.)

The state recently announced a \$97 million housing grant program, referred to as “HousingWorks” that combines several existing grant programs like Housing Choice and payments under Chapter 40R and adds new funding to provide direct subsidies for affordable housing production and incentive payments to municipalities that meet zoning best practices. It also pays for infrastructure and planning work to support housing development.

Additionally, Athol has had access to Community Development Block Grant (CDBG) funds that can support a wide

range of community activities, including housing. In the past, CDBG funding was used for a Housing Rehab Program that provided technical and financial assistance to qualifying property owners to help them make necessary home improvements. The Town was also recently awarded CDBG funding for infrastructure related work in the Canal Street neighborhood, south of Main Street.

Recommendations: This Housing Plan recommends that the Board of Selectmen explore the adoption of CPA by contacting the Community Preservation Coalition, an alliance of open space, historic preservation and affordable housing organizations that work with municipalities to help them understand, adopt, and implement the Community Preservation Act. Representatives of the organization can be available to attend local meetings to explain CPA, its benefits, and its track record in comparable communities. The Coalition also has an excellent website at www.communitypreservation.org.

CPA approval can be obtained through the following two methods:

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

surcharge amount and any exemptions) placed on the ballot at least 90 days before a regular municipal election or 120 days before a regular state election.

It will also be important for the Town to encourage the establishment of partnerships with other interested parties including developers, service providers, lenders, and public agencies to secure the necessary financial and technical resources to create affordable units. Given the costs of development, it is likely that multiple layers of financing will be required to make projects financially feasible. It is important for the Town to partner with entities that have proven track records in undertaking affordable housing development, including the ability to obtain state financing.

Moreover, as suggested in strategy 6.3.4, the Town should consider allocating CDBG funds once again to reintroduce a Housing Rehabilitation Program as well as other resources to help preserve the existing housing stock.

6.1.3 Establish an Affordable Housing Trust Fund

Timeframe: Years 1 to 2

Responsible Party: Board of Selectmen

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

The state enacted the Municipal Affordable Housing Trust Fund Act on June 7, 2005, which simplified the process of establishing funds that are dedicated to subsidizing affordable housing.³⁷ The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them from the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member board of trustees. Per statute, the chief elected official must be one of the members of the Trust. Because the Housing Trusts must comply with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, most trusts opt to dispose of property through a sale or long-term lease to a developer to clearly differentiate any affordable housing development project from a public construction one.

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

³⁷ Massachusetts General Law, Chapter 44, Section 55C.

Housing Trusts, and other communities have obtained funding from developers through negotiations on proposed developments.

Recommendations: This Housing Production Plan recommends that the Town of Athol establish an Affordable Housing Trust Fund, which will require Town Meeting approval. Here is an example of typical warrant language:

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

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

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

The following steps should be followed when establishing an effective Affordable Housing Trust:

- *Certification of Bylaw and Submission to the Attorney General* – If the Town goes through the bylaw approval process at Town Meeting, the Town Clerk is required to certify the bylaw and submit it to the Attorney General within 30 days of the adjournment of the Town Meeting at which the bylaw was adopted.
- *Appoint Trustees* – The Chair of the Board of Selectmen is required to appoint members to the Housing Trust. At least five (5) members must be appointed, including the Chief Elected Official.
- *Prepare a Declaration of Trust* – While not required under the statute, a Declaration of Trust is recommended as it provides a recorded notice of the Trust’s establishment and its powers, including the authority to hold and convey real estate if determined to be appropriate. Town Counsel should review the Declaration prior to it being recorded at the Registry of Deeds. If the Town took the route of approving a bylaw as part of the warrant article at Town Meeting, the bylaw would effectively become the Declaration of Trust.
- *Organize the Trust* – Once established, the Trust should determine its meeting schedule, designate officers, establish an account to hold the funding (separate bank account of municipal account), and review procedures.

- *Secure Staffing* – The Housing Trust would be staffed primarily by the Town Administrator, Director of Planning and Development, or potentially a Housing Coordinator if resources, such as CPA, were made available.
- *Prepare Housing Guidelines* – It would be useful for the Housing Trust to prepare guidelines regarding the specific terms and conditions for allocating Housing Trust Funds including a summary of eligible activities, funding requirements, selection criteria, etc.
- *Prepare an Action Plan* – While not required, the Housing Trust could also prepare an Action Plan to clarify the expected actions of the Trust by the types of projects it has the capacity to undertake and the kinds of projects that will best serve local housing needs. The Plan can also prioritize short and long-term goals and current and projected annual budgets. This Housing Plan provides important guidance on priority actions.
- *Capitalize the Housing Trust Fund* – Once operational, the Housing Trust should explore specific opportunities for capitalizing its Fund including but not limited to Community Preservation funding, if adopted (some communities direct at least 10% of the annual CPA allocation to their Housing Trust), negotiated fees from developers, inclusionary zoning payments in-lieu of units as proposed in this Plan, donated property or funding, etc.

It is advisable that the Town supplement its formal request to establish a Housing Trust with further information to educate residents and other local leaders on the benefits of the Trust. Detailed information on forming a Municipal Affordable Housing Trust Fund is included in a guidebook prepared by the Massachusetts Housing Partnership.³⁸

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

6.1.4 Establish a Rental Inspection Program

Timeframe: Years 3 to 5
Responsible Party: Board of Selectmen

Background: Throughout the planning process, concerns were raised regarding the poor condition of a significant segment of the housing stock, particularly investor-owned rental housing. The Board of Health (BOH) indicates that when some of these units turnover for new occupancy, they do not meet all health and safety standards included in the Massachusetts Sanitary Code which BOH is responsible for enforcing. In view of such concerns, a recommendation from the Community Housing Forum suggested that the Town develop a pre-rental inspection program to protect tenants by identifying code violations and intervening with landlords to improve housing conditions prior to move-in.

³⁸ Massachusetts Housing Partnership, “Municipal Affordable Housing Trust Guidebook: How to Envision, Shape, Get Support and Succeed with Our Community’s Local Housing Trust, updated 2018.

The Town inspects units that have Section 8 Housing Choice Vouchers on an annual basis and upon turnover. Consequently, these units remain in good condition. As to unsubsidized units, the Town provides such inspections on a voluntary basis, however, few landlords have opted to participate. The Town also responds to complaints from tenants and intervenes as necessary to resolve problems. However, tenants are often concerned about retribution from landlords and can be hesitant to place complaints.

Such programs have been established in other communities including:

- *Salem's Residential Rental Inspection Program*
Salem's Residential Rental Inspection Program requires inspections of all rental units in Salem every three years or as units turnover. Exemptions include units that pass HUD inspections as well as owner-occupied two- and three-family dwellings which require inspection only upon turnover. Buildings that are considered "problem properties" may be inspected annually. Such properties involve the police being called at least four times for any arrestable offenses or those receiving at least four sustained complaints in the preceding year. Also, owners of all short-term rentals (14 days per calendar year or less) must register their properties and undergo a Certificate of Fitness Inspection. Such rentals are inspected annually.

There is no charge for a Certificate of Fitness Inspection unless the unit fails to pass inspection when a \$50 fee is charged for re-inspections until the violations are corrected. The fine for renting a unit without a Certificate of Fitness is \$50 per day.

- *Chelsea's 5 Year Certificate of Habitability Inspection Initiative*
The City of Chelsea requires that all units with rental units be inspected every five years and with a change of tenancy. Once inspected, the Inspectional Services Department provides a Certificate of Habitability if the property passes. Owner-occupied properties with rental units are exempt. Inspection fees are \$50 for the initial inspection or any needed re-inspections. Penalties for noncompliance range from \$50 for the first offense, \$150 for the second offense, \$300 for the third offense, and \$300 per day for subsequent offenses.

Recommendations: The Town should explore these programs and determine how such an initiative could work in Athol. It is likely that the program will require staff support of someone with appropriate inspection experience. Once established, the first step should be to get the word out to landlords about the program, using multiple means of notification.

6.2 Zoning Strategies

Zoning is a powerful tool for guiding development to appropriate locations and mandating or incentivizing

It is important to note that the Housing Choice Initiative (HCI), which the state adopted several years ago, requires only simple majority approvals for the adoption of new zoning that involves housing production.

the inclusion of public benefits, including affordable housing. As the Town does not have a current local resource for subsidizing affordable housing, such as CPA, zoning becomes an even more important tool for realizing a proactive housing agenda. It should also be noted that participants in the May 30, 2023

Community Housing Forum overwhelmingly supported changes to the Zoning Bylaw to promote greater housing affordability and diversity.

The following zoning-related actions are proposed for consideration. The projected number of affordable housing units that might result from these zoning approaches are included under specific production strategies in Section 6.3. Also, the Planning Board will coordinate these efforts with other appropriate local officials, drafting zoning amendments and coordinating the necessary approvals towards implementation with staff support from the Director of Planning and Development. Strategies might also require potential input from a consultant which could be covered by proposed CPA funding or other state resources such as the state's Community One Stop for Growth Community Planning Grant and Rural and Small Town Development Fund for example. The regional planning agency, the Montachusett Regional Planning Commission (MRPC), could also be an important resource for exploring model bylaws that have been effective in the region.

6.2.1 Adopt Inclusionary Zoning

Priority: Years 1 to 2
Responsible Party: Planning Board

Background: Inclusionary zoning, not currently included in Athol's Zoning Bylaw, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This incentive zoning mechanism has been adopted by more than one-third of the communities in the state. Most such bylaws include mandated percentages of units that must be affordable, typically 10% to 20%, provisions for the developer to provide cash-in-lieu of actual units, and density bonuses. Some also allow the development of affordable units off-site, mostly under extenuating circumstances. This type of bylaw is a proven regulatory strategy for ensuring some diversity in future housing development projects.

Recommendations: The Planning Board should explore inclusionary zoning models and prepare a zoning bylaw that is best suited to promoting affordable housing in the community. The bylaw, like all other new zoning, will require Town Meeting approval for adoption, however, recent changes to the state Zoning Act will enable the Planning Board and Town Meeting to approve the bylaw by a simple majority.

The Executive Office of Environment and Energy's Smart Growth Toolkit includes a model inclusionary zoning bylaw that highlights key local decisions and makes some commentary for consideration throughout (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html). The Citizen Planner Training Collaborative website has a model bylaw with commentary as well (www.umass.edu/masscptc/examplebylaws.html).

The Town should consider the following components of an inclusionary zoning bylaw:

- *Payments In-lieu of Affordable Units*
While the production of actual affordable units is always preferable, the bylaw should include a formula for the payment-in-lieu of actual units that can be deposited into the proposed Housing Trust Fund (strategy 6.1.2) or other Town account and adequately cover the costs of producing a comparable number of affordable units through another initiative. It will be essential that the formula for calculating the cash-out fee provide sufficient proceeds to fully subsidize the required

number of affordable units despite changes in market conditions and to ensure that the funding will be dedicated to supporting affordable housing. The payment should be tied in some way to the value of the affordable unit. From a theoretical standpoint that value is commonly considered to be the difference between a unit's market-rate price and the affordable one. This means that the value of the fee relates to the losses the developer would suffer by building affordable units. Stronger fees typically match the value of the affordable unit not built, allowing the fee to subsidize the same number of units in a separate project.

A simple formula, adopted by Somerville and Groton for example, would be the difference between the market sales price and the affordable one with the affordability based on the state's formula for calculating the purchase price through the Local Initiative Program (LIP). The per unit fee would be multiplied by the number of affordable units required under the permitting taking different prices due to number of bedrooms into consideration.

Another approach is adopting the fee calculation included in Watertown's inclusionary zoning bylaw in which the cash payment is equal to the most current Total Development Costs (TDC) as articulated in the MA Executive Office of Housing and Livable Communities' Qualified Allocation Plan (QAP) for projects using the Low-Income Housing Tax Credit. These costs are determined by whether the units are part of a production or preservation project, are outside or within the Metro Boston area, and by the type of housing to be built. For example, a production project with small units in a suburban/rural area outside the Metro Boston area would have a Total Development Cost cap of \$279,000, while a project with large units would have a cap of \$319,000 based on the 2022-2023 QAP.

- *Incorporate Density/Intensity Bonuses*

Studies on inclusionary zoning indicate that mandatory provisions coupled with strong incentives are most effective in promoting affordable housing. Incorporating density bonuses into the bylaw will contribute to the financial feasibility of the affordable units and provide an important incentive for its use. Density bonuses allow the maximum density in a development to be increased above what would typically be allowed given the inclusion of specified public benefits, especially affordable housing.

Incentives also reduce the risk of litigation from developers who claim that the mandatory inclusion of affordable units involves a "taking" of their property rights. In fact, inclusionary zoning can be legally vulnerable if requirements make it impossible for the developer to earn a reasonable return on the project as a whole. Consequently, it would be prudent to add incentives to cover these legal questions and ensure that the zoning works economically.

Requirements regarding density bonuses range considerably. Marshfield, which has voluntary as opposed to mandatory provisions, specifies that the density bonus units must be equal to the number of As of Right (AOR) units multiplied by 25% and rounded up to the next even number divided by two (2).³⁹ The City of Melrose allows the developer to build another market unit for

³⁹ For example, a 9-unit AOR development will result in nine AOR units plus 4 units ($.25 \times 9 = 2.25$ units rounded up to 4 units with 2 affordable units and 2 density bonus units or 13 units in total. A 31-unit AOR development would result in 31 AOR unit plus 8 units ($.25 \times 31 = 7.5$ units rounded up to 8 units, 4 affordable and 4 density bonus units) or 39 units.

every affordable one regardless of minimum lot area or parking requirements for the additional unit or units, although at least 1.5 parking spaces are required per unit. Barnstable waives density requirements and allows reduced minimum lots sizes for projects that are 100% affordable.

While most communities with inclusionary zoning provide density bonuses, it may be useful to consider some intensity bonuses as well such as a reduction in minimum lot sizes (Marshfield, for example, allows a 25% reduction) or parking that also translates into lower development costs by reducing road construction, infrastructure installation, and site preparation costs. FAR bonuses have also been used such that, for example, the FAR allowed in the particular zoning district for residential uses can be increased by 30% where at least 50% of the additional FAR is allocated to the affordable units. In a mixed-use development, the increased FAR may be applied to the entire lot, however, any resulting gross floor area increase should apply only to the residential use.⁴⁰

The state's Smart Growth Toolkit proposes a baseline density bonus of two additional market units for each affordable one to sufficiently cover the costs of producing the affordable unit. The Toolkit also proposes that the minimum lot area per unit normally allowed in the district be reduced by the amount that is necessary to permit the inclusion of two additional market units on the lot for each one required affordable unit. Moreover, the zoning could add a voluntary inclusionary zoning bonus for affordable units produced beyond the required number, extending the density bonus of two market units for each additional affordable unit up to a maximum number of project units. Typically, a 50% net increase over the original property yield before any density bonuses were applied is recommended.

- *Establish a Clear and Consistent Structure and Process for Directing Funds Through a Dedicated Housing Fund*

It will be important to ensure that any cash donations through inclusionary zoning are spent solely on the provision of affordable housing. Jurisdictions that allow cash-out fees direct these revenues to special funds that support affordable housing. This Housing Production Plan recommends that the Town of Athol establish a Municipal Affordable Housing Trust Fund, which would serve this important purpose (see strategy 6.1.2). Members of the Housing Trust will be responsible for managing these funds, directing them to affordable housing initiatives based on established rules and procedures specified in a Declaration of Trust and local Housing Guidelines.

- *Off-site Units*

Provisions for the developer to build affordable units at an off-site location might also be considered but should be limited to extenuating circumstances only.

It will be important to ensure that all affordable units produced through the bylaw get counted as part of the SHI, applied through the Local Initiative Program (LIP) administered by EOHLC if another housing subsidy is not used. The major tasks for making sure that the affordable units, now referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized in the introduction to this section and Appendix 3.

⁴⁰ Floor Area Ratio (FAR) is the floor area divided by the lot area.

6.2.2 Allow More Diverse Housing Types in More Areas

Priority: Years 3 to 5
Responsible Party: Planning Board

Background: Without appropriate zoning or the Chapter 40B comprehensive permit process, various housing types that can address local needs are not permitted. Additionally, even smaller-scale housing types are not allowed or substantially limited under current zoning. For example, two-family and multi-family housing is not allowed in the Residential B and Central Commercial districts and by Special Permit in the RC district.⁴¹

Participants of the May 30, 2023 Community Housing Forum voiced support for allowing more diverse housing types. There was particular interest in integrating housing, including affordable and workforce housing, in appropriate commercial areas as well as creating more housing opportunities for young families looking for starter homes and empty nesters who want to downsize. To do this, the Town might consider how additional housing types can be allowed under current zoning that have proven more affordable and suitable for rentals, starter homes, special needs housing, or downsizing including:

- *Bungalow or cottage housing in pocket neighborhoods*
This type of housing has been popular in the West Coast of the country where there is an intense focus on smart growth development principles and accommodating increasing numbers of smaller households. The model involves the development of small cottages or bungalows that are clustered around a community green space. This housing type, which typically targets empty nesters, single professionals, and young couples, is a way of developing smaller units on smaller lots. Such development provides opportunities for the ownership or even rental of small, detached dwellings within or on the fringe of existing neighborhoods, often enhancing affordability while simultaneously encouraging the creation of more usable open space for the residents through flexibility in density.
- *Townhouses*
Townhouses involve residential structures that come up to or very nearly approach the edge of the property line in order to create more usable space. Such units include rowhouses, garden homes, patio homes and townhomes and are sometimes referred to as half homes. These units are typically developed as condominiums but can also be rentals.
- *Co-housing*
The co-housing concept originated in Denmark with a focus on knowing one's neighbors and providing a safe and nurturing environment for children, harking back to the "intentional communities" concept that was introduced in the mid-19th Century. These developments are cooperative neighborhoods, typically with homes clustered around a common building with some facilities shared by all residents (e.g., dining room, kitchen, playrooms, library). There are numbers of models that have been developed in other communities that have combined good design with density and affordability to expand housing choices and meet local needs.

⁴¹ Multi-family housing of three or four units is also allowed under Special Permit in the General Commercial and Industrial Commercial Districts with multi-family housing of more than four units also allowed by Special Permit in the General Commercial, Neighborhood Commercial, and Industrial Commercial.

- *Congregate housing*
Congregate housing can take many forms and other names for such housing have included supported housing, life-care homes, boarding or rooming houses, sober houses, congregate retirement housing, congregate senior communities, residential care, sheltered housing, enriched housing, single room occupancy (SRO) housing, enhanced single room occupancy (ESRO), safe havens, etc. Co-housing and group homes share elements of congregate living as well. These housing types can be effective in meeting the needs of an increasingly older population and those with special needs.
- *Two-family homes*
Two-family homes are among the most affordable types of housing as they can potentially offer both a relatively affordable first-time homebuyer opportunity, with rental income from an apartment, and a new rental unit, thus serving several needs simultaneously. Such units were the prototypical starter home years ago when such zoning allowed their development in most neighborhoods. Such units should be promoted in all residential districts as they offer some diversity of housing choices within the community as starter homes and for downsizing.
- *Assisted Living Facilities*
Given the high level of residents with disabilities and the aging of the population, recommendations for more assisted living options have been suggested during this planning process. Such developments, however, typically tend to be beyond the means of low- and moderate-income households and even middle-income residents can be hard-pressed to afford the costs of housing and the package of services that accompany the unit.

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

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.”⁴² It suggests housing types that “typically have small to medium-size footprints with a body width, depth, and height no larger than a single-family home. They can blend into a neighborhood as compatible infill, encouraging a mix of socioeconomic households and making more effective use of transit and services.”⁴³

Recommendations: The Planning Board should consider where more diverse housing types might best be integrated into neighborhoods. Many of the housing types listed above can conform to this “missing middle” concept and respond to the community’s need for smaller units, rental units in particular. These housing types are either not allowed in local zoning or substantially restricted. Zoning changes should be considered to allow more types of housing in the use restrictions and dimensional requirements and guide

⁴² Ibid.

⁴³ Ibid.

such units to appropriate locations with feasible densities to allow for some inclusion of affordable units. **This new zoning should include design guidelines to ensure that new housing is harmonious within the local architectural context.**

6.2.3 Promote Greater Use of Overlay Districts

Responsible Party: Planning Board
Timeframe: Years 3-5

Background: Overlay districts, sometimes known as overlay zones, are a geographic zoning district layered on top of another existing zoning district, or districts, that implement additional regulations. Such districts are frequently used in zoning bylaws to protect sensitive environmental features, preserve historic buildings, prevent development on unstable or vulnerable land features, or promote specific types of development such as mixed-use or transit-oriented development. Like other zoning regulations, overlay districts can control building codes and urban design, permitted land use, density, provisions for the inclusion of affordable housing, and other factors. Moreover, overlay districts can streamline the implementation of additional regulations in all applicable areas without having to amend the codes for multiple districts and maintain consistency across multijurisdictional natural, historic, or infrastructural features.

There are areas of town where opportunities have been identified to not only create new housing, but to also eliminate eyesores that pose potential health and safety problems that also have a dampening effect on development or redevelopment activities in the area. Of particular interest has been the downtown and nearby pockets that include abandoned mill buildings.

Athol currently has five overlay districts. In addition to the Groundwater Protection District and Flood Plain District, the Town adopted the Major Commercial Overlay District (MCOD), Adaptive Reuse Overlay District, and Mill Revitalization Overlay District.

The purpose of the *Major Commercial Overlay District (MCOD)*⁴⁴ is to provide incentives for large-scale commercial development through more flexible dimensional and use requirements. The Town Manager is the Permit Manager entrusted with establishing a Permit Authorizing Committee composed of representatives from various Town boards, committees, and departments. Use requirements currently do not include housing. The Town has permitted two projects through this zoning including the Market Basket portion of North Quabbin Commons in 2012-14 as well as the building in North Quabbin Commons that includes Dollar Tree, Asian Gourmet, and the Uptown Package Store in late 2018.

The *Adaptive Reuse Overlay District (AROD) bylaw*⁴⁵ provides greater flexibility in the reuse or redevelopment of certain non-residential buildings within existing residential districts (Residential A, Residential B, and Residential C) that may not be appropriate for their original use. Two-family dwellings as well as multi-family housing are allowed uses. The proposed use cannot exceed the total square footage or footprint of the building, and 4,000 square feet is required for each additional unit in the Residential B and C Districts. A Special Permit from the Zoning Board of Appeals is required. There are no requirements

⁴⁴ Town of Athol Zoning Bylaw, Section 3.17.

⁴⁵ Town of Athol Zoning Bylaw, Section 3.27.

for the inclusion of affordable units. The bylaw was adopted in October 2019, and no projects have been permitted to date.

The *Mill Revitalization Overlay District (MROD)*⁴⁶ allows for the adaptive reuse of existing historic mills that are underutilized. These regulations are to encourage redevelopment by providing greater flexibility for large scale, underutilized historic mill properties. Existing mill structures of more than twenty thousand (20,000) square feet of floor area can be converted to a mixed-use development. An historic mill is defined as an existing structure that is at least 50 years old, at one time was used for manufacturing, and has historic value to the Town of Athol. Allowed uses include housing with two or more units. The MROD only covers one mill complex at this time. While it was once proposed for a mixed-use development with 100+ market rate units, the owners sold it to a marijuana company (MassGrow).

The Board of Planning and Community Development acts the Special Permit Granting Authority. Because one of the purposes of this bylaw is to retain large mill structures on the site as historic resources, pre-existing buildings that are part of the MROD development must retain their original external look and form and feel consistent with their historic character to the greatest extent possible. There are no requirements for the inclusion of affordable units.

Recommendations:

The Town should consider how best to promote and/or amend these overlay districts to realize new development activity with public benefits including:

- Mandating the inclusion of affordable housing if a townwide inclusionary zoning bylaw is not adopted
- Offering density bonuses
- Providing expedited permitting
- Considering tax incentives
- Reducing parking requirements
- Providing funding contributions such as CDBG or proposed CPA funding
- Adding other old mill parcels to the MROD, especially the Casket Factory complex

Another consideration is the establishment of Smart Growth Overlay Districts under Chapter 40R of the Massachusetts General Laws which addresses several regional concerns at once: the need for more affordable housing; the need to avoid adding more traffic to roads and highways already choked during commuting hours; and to protect the New England landscape from additional sprawl, fostered by large-lot subdivisions. The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable although most bylaws require at least 25% of the units be affordable in rental developments to enable all units to be counted as part of the SHI;
- Allows mixed-use and infill development;

⁴⁶ Town of Athol Zoning Bylaw, Section 3.28.

- Provides two types of payments to municipalities (incentive payments based on the number of projected housing units) and density bonus payments of \$3,000 for each residential unit issued a building permit); and
- Encourages open space and protects historic districts.

The state is currently in the process of revisiting this zoning, and there are likely to be some changes made in the near future. Nevertheless, because of the additional financing incentives, the Town might consider establishing such a district in the future. The Town could apply to the state's Executive Office of Housing and Livable Communities (EOHLC) for funding through its Community Planning Grant Program (see Appendix 3 for details on this state resource as well as Chapter 40R).

6.2.4 Modify the Open Space Residential Design (OSRD) Bylaw

Priority: Years 3 to 5
Responsible Party: Planning Board

Background: The Zoning Bylaw includes the Open Space Residential Design (OSRD) bylaw to facilitate the construction and maintenance of housing, streets, utilities, and public services in a less sprawling and more economical and efficient manner of development while encouraging the permanent preservation of open space and agricultural land. Such projects require a Special Permit of the Planning Board and are limited to the RC District. The lot sizes can be reduced to a minimum of 10,000 square feet from the required 44,000 in this District with the caveat that at least 50% of the site is dedicated open space. The maximum number of units is the equivalent of what would be allowed under a conventional subdivision in the district.



Thus far, the bylaw has been used only for the Benwoods development that included 14 three-bedroom houses for those 55 years of age or older. The project did not include affordable units, and homes sold for about \$400,000, well beyond the means of the median income earning household.

Recommendations: The Planning Board should explore options for modifying the OSRD bylaw to make it more effective based on current community goals and priorities. Such modifications might

include:

- Allowing such development by right in more zoning districts
- Mandating the inclusion of affordable housing if a townwide inclusionary zoning bylaw is not adopted
- Offering density bonuses
- Allowing townhouses or small bungalows or cottages on reduced lots sizes under certain conditions

6.3 Development and Preservation Strategies

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

6.3.1 Partner with Developers on Privately Owned Sites

Priority: Years 1 to 2

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

Background: Continuing to work cooperatively with private developers, non-profit and for-profit, is fundamental to making progress in the implementation of this Housing Production Plan. With incentives created in the zoning bylaw to promote affordable housing (see Section 6.2) and the availability of the “friendly 40B” option under the state Local Initiative Program (LIP), the Town is in a good position to work cooperatively with developers to guide new development that incorporates affordable units and smart growth principles including the following types of development:

- Mixed-use development in appropriate locations, particularly the Downtown
- Adaptive reuse of former mill buildings involving the redevelopment of underutilized, nonresidential properties into housing
- Smaller infill housing in existing neighborhoods
- Accessory Dwelling Units (ADUs)
- Cluster development
- Group homes or other congregate living options for older residents or special needs populations
- Multi-generational, multi-family housing

Recommendations from the May 30, 2023 Community Housing Forum included the following locations for potential housing development:

- 84 South Street
- 62 Canal Street/Cass Toy Factory property
- Senior housing with access to the boat ramp and park
- Downtown
- Peter Gerry’s land behind Ledge’s greenhouse
- Casket Factory
- The so-called Vice-Shop (keep some area green)
- Underutilized and vacant properties in the Downtown
- Silver Lake School property
- Plotkins and/or Maroni’s Buildings
- Foreclosed properties
- Greening Lord Pond Plaza project including the Senior Center

Recommendations: The Town will focus on the following approaches for creating new affordable units on privately-owned parcels in line with “smart growth” principles, also with the potential of addressing the wider housing needs of those who might not be eligible for affordable units but are still priced out of the housing market:

- *Existing Zoning and Proposed Changes* – The zoning strategies included in Section 6.2 in addition to current zoning should provide a reasonable framework for new development that should include some mandated amounts of affordable housing.
- *Chapter 40B* – Comprehensive permits, particularly the “friendly 40B” process through the state’s Local Initiative Program (LIP), have proven to be a useful tool for projects that require significant waivers of local zoning and meet local needs and priorities. The comprehensive permit process has not yet been used in Athol.

Locations where the “friendly 40B” process make the most sense include those listed above as recommended by participants of the May 2023 Housing Forum. Any future development of municipal sewer services would provide additional opportunities for somewhat denser development in appropriate locations that would make affordable housing financially more feasible.

- *Development Review Committee* – The Town’s Development Review Committee will continue to be an important resource to help developers better understand project opportunities and constraints and come to some agreement on project terms and conditions, including permitting. This Committee is composed of the Town Manager and various representatives of key Town boards, committees, and departments and meets monthly to review development proposals and find solutions for ensuring project feasibility.
- *Support in Obtaining Financing* – In most cases, subsidies will be required to fill funding gaps to make projects that include affordable units economically feasible and to leverage other sources of public and private financing. The Town can fill a role in supporting financing applications and potentially provide some predevelopment or gap financing in the future if CPA is adopted and other resources (e.g., CDBG, MA. Community Climate Bank) become available.
- *Other Incentives* – Other approaches for incentivizing new development might include expedited permitting (which Athol has in place), density bonuses, tax incentives (e.g., Tax Increment Financing, District Improvement Financing)⁴⁷, and lowering parking requirements for example.

Projected # Affordable Units Produced: 61 units

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

<p><i>Priority: Years 1 to 2</i></p> <p><i>Responsible Parties: Board of Selectmen, Planning Board and Zoning Board of Appeals</i></p>
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Background: The Town has made progress towards better understanding the challenges and opportunities of revitalizing the Downtown. For example, the Town engaged FinePoint Associates to

⁴⁷ District Improvement Financing (DIF) and Tax Increment Financing (TIF) offer tax breaks for projects that effectively promote economic development projects that are supported by the Town. For example, Athol used DIF for the development of the North Quabbin Business Park. Municipalities can grant tax exemptions of up to 100% of the tax increment for a fixed period. See Appendix 3 for details on such programs.

prepare a Downtown Housing Study in 2020. Athol has also been making progress in promoting multi-family and mixed-use development in the Downtown including:

- Multi-family and mixed-use buildings on Main Street that include project-based rental subsidies and are included in the SHI, including the Pequog Hotel, 359 Main Street, 456 Main Street and 477 Main Street. There are also other examples of properties on Main Street that include ground-floor commercial space with housing above, albeit not SHI units.
- The South Street project with 43 units, including 32 affordable units, has received permitting through the Zoning Board of Appeals. This project represents the first major revitalization project in the Downtown in 30 years. It also involves the improvement of adjacent public parking and will hopefully serve as a catalyst for further redevelopment work in the area.
- Another Downtown property, the Maroni Building, was purchased and is proposed to include 16 rental apartments with commercial space on the ground floor. Because there are no zoning mandates for the inclusion of affordable housing, none of the units will be affordable and qualify as part of the SHI.
- A former rooming house on Pleasant Street is being converted to housing for women fleeing domestic violence.

As the Downtown Housing Study indicates, there are 387 housing units in the Downtown, about half of which are in poor or fair condition. Additionally, about one third have lower rents given state and federal rental subsidies, provided at the time of development or through mobile vouchers. The Study also identifies significant challenges to new development including:

- Market rents are currently relatively low and limit the amount and terms of financing as well as what developers are willing to invest.
- Rising construction costs and costs associated with renovating upper floors exceeds the investment amount supported by rent levels.
- The Downtown lacks a number of important amenities and services (e.g., a variety of restaurants, outdoor recreation, convenient public transportation, perceptions of safety).

The Downtown Housing Study also offered some strategies for the Town to consider in efforts to revitalize the Downtown including but not limited to the following:

- Allow multi-family housing by right in the General Commercial District.
- Reduce on-site parking requirements in the General Commercial District.
- Allow higher density housing in appropriate infill locations to increase financial feasibility.
- Increase or eliminate the allowable Floor Area Ratio (FAR).
- Encourage mixed-income housing.
- Promote the use of state and federal development subsidy funds (see Appendix 3 for a summary of resources).
- Facilitate the assemblage of parcels to accommodate larger projects.

Recommendations: The recommended strategies in the Downtown Housing Study warrant further consideration. Additionally, the Overlay Districts that are described as part of this HPP (strategy 6.2.3) offer further opportunities to revitalize the Downtown and areas where more compact and denser development is appropriate or where there are underutilized and vacant structures. Recommended

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

changes could contribute to greater use and further benefits, including affordable housing. These areas are also a way to draw the diverse segments of the community together to build community cohesion and create a wider range of local amenities as well as housing for seniors, families, and those with special needs.

This Housing Production Plan also provides some visual representation of development opportunities in

Section 7, most of which are in or near the Downtown.

Number of Affordable Units Produced: 5 units

6.3.3 Make Suitable Public Property Available for Affordable Housing

Priority: Years 1 to 2

Responsible Party : Board of Selectmen with Planning Board support

Background: There is a Town precedent for conveying municipally-owned property for the purpose of developing affordable housing including:

- *School Street Residences* which was redevelopment by Winn Development into 50 units of housing for seniors.
- *Riverbend Row* project that involves the redevelopment of 3.16 Town-owned acres that include the Riverbend School and adjacent Ellen Bigelow School into 53 units of intergenerational housing with a combination of one-, two-, and three-bedroom apartments and a mix of incomes including those with incomes at or below 30%, 50%, and 80% AMI. The developer is the NewVue Affordable Housing Corporation which is currently awaiting state approval of financing.
- *South Street Project* in the Downtown will include 43 housing units, 75% of which will be affordable (32 units), the remainder at market. Town Meeting conveyed the derelict property to the EDIC which in turn is working with a private developer on the project.
- *Bidwell Property* that the Town acquired with about 100 acres, including a barn. This HPP is recommending a cluster of housing on a small portion of the site along with some recreational uses and open space (see Section 7). The Town is also working with the BCS Group to study the site and recommend appropriate uses.

Recommendations: The Planning Board will continue to work with other Town boards and committees, including the Vacant and Abandoned Building Committee, to identify and pursue surplus municipal property for the development of affordable housing. Such properties might also include tax-foreclosed parcels, involving existing buildings or vacant land which can be converted to affordable housing, conveyed for only nominal amounts as a subsidy to help promote feasibility. For such properties, including

the Bidwell property at some point, the Town should focus on providing the following types of development support:

- *Request for Proposals (RFP)* – Following the necessary approvals for the conveyance of Town-owned properties, the Chief Procurement Officer, with support from the Director of Planning and Development and potentially a consultant, will prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town’s specific project requirements. It will then select a developer also based on identified criteria included in the RFP. In the case of affordable housing development, it is important to select a developer with a proven track record in developing affordable housing, including obtaining necessary financing from public agencies, EOHLC in particular.
- *Permitting* – Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and this will likely be obtained through the “friendly 40B” comprehensive permit process under EOHLC’s Local Initiative Program (LIP) or other proposed zoning.
- *Advocacy* – The Town will need to be involved in helping the selected developer secure necessary financial, technical, and political support. Evidence of municipal support is critical when seeking financial or technical assistance from regional, state, or federal agencies.
- *Predevelopment and Gap Financing* – Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units cross-subsidize the affordable ones. Because development on Town-owned properties will include more affordable units than are required under Chapter 40B to boost the public benefits associated with the conveyance of Town-owned property for affordable housing, additional sources of financing from regional, state and/or federal governments will be required to make development financially feasible (see Appendix 3 for potential resources). Having a local funding source available, such as inclusionary zoning fees or CPA for example, will make development proposals more competitive for such funding. To further promote project feasibility, most communities convey properties for only nominal amounts.
- *Monitoring* – It will be important for the Town to ensure that the affordable units that are produced meet all state requirements if they are intended to be eligible for inclusion in the SHI and all required documentation is submitted to EOHLC. The Director of Planning and Development maintains a list of SHI units and provides necessary documentation to EOHLC when new affordable units are produced. The Town will continue to ensure that all SHI are being appropriately monitored for continued compliance with affordability requirements, monitoring the monitors if necessary. For example, the Town is now exploring solutions for extending the affordability of the Pequig Hotel given the expiration of the 121A tax agreement in the near future. Because it takes so much effort to create affordable units, it is all the more important that such qualifying units are counted in the SHI and preserved as affordable for as long a period of time as possible.

The Town may also decide to acquire privately-owned sites at some time in the future for the purpose of developing some amount of affordable housing, potentially including other uses such as protecting open space, preserving historic properties, and/or offering recreational opportunities. For example, the Town

acquired the Bidwell property and is now in the process of determining its future use or uses. Additionally, the Towns of Carlisle and Falmouth acquired land for affordable housing development, including open space preservation and other public benefits, by bonding CPA funding.

Projected # Affordable Units Produced: 132 units

6.3.4 Establish Housing Preservation Initiatives

Priority: Years 3 to 5
Responsible Party : Board of Selectmen

Background: As noted earlier, about 40% of Athol's housing stock predates World War II and three-quarters of units were built prior to 1980. The Downtown Housing Study also indicated that there are 387 housing units in the Downtown, about half of which are in poor or fair condition. Consequently, it is not surprising that some units are likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Programs are needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households.

Athol administered a Housing Rehabilitation Program in the past through Community Development Block Grant (CDBG) funding that supported approximately 160 homeowners in making necessary home improvements. Other programs are also available in the region which can be tapped in support of property improvements.

Recommendations: The Town should promote the following resources for improving Athol's housing stock:

- *Community Development Block Grant (CDBG)*
The state administers Community Development Block Grant (CDBG) funding to support Housing Rehabilitation Programs and other activities across the state. Such Rehab Programs provide important support to low- or moderate-income owner-occupants earning at or below 80% AMI or investor-owners and non-profit organizations that rent to low- or moderate-income households in making much-needed repairs to their properties. Program assistance is typically offered at a 0% interest rate with loan conditions dependent on income and ownership status. Loans typically involve a 15-year term, after which the deed restriction expires and the loan is forgiven.

The Town maintains an inventory of vacant and foreclosed properties through its Vacant and Abandoned Building Committee in collaboration with MRPC and should continue to do so. Such properties should become priorities for conversion as affordable housing.

The Town used CDBG funding to support a Housing Rehabilitation Program in the past and should take steps to reintroduce the Program. The Town should consider working with consultant or other identified entity, such as a non-profit organization, to help with the application process and

administer the Program, bringing in the necessary expertise to manage the application and selection processes as well as housing inspections.

- *NewVue Home Improvement Program*

In partnership with Worcester Community Housing Resources, NewVue Communities, a regional non-profit housing organization, operates a Home Improvement Loan Program with low interest rates and access to funds for those generally unable to obtain them for emergency repairs, maintenance, structural improvements, major system repairs or upgrades, roof replacement or repairs, sewage systems, code violation corrections, etc. To be eligible for this program, the household must be the primary residence of the borrower and located in Worcester County.

- *MassHousing Home Improvement Loan Program (HILP)*

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

- *Septic Repair Program*

MassHousing offers loans through the Septic Repair Program to repair or replace failed or inadequate septic systems for qualifying applicants of up to \$25,000. The interest rates vary according to the borrower's income with 0% loans available to households earning up to \$68,000 and 3% loans for those earning up to \$127,700. To apply for a loan, applicants must contact a participating lender.

- *Home Modification Loan Program*

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. RCAP Solutions administers these funds for Athol on behalf of the state.

- *U.S. Department of Agriculture (USDA) Loans*

The USDA's Office of Rural Development manages a Home Repair Program that provides grants and loans to very low-income homeowners with incomes at or below 50% AMI. Participants must be owner-occupants and demonstrate they have not been able to obtain affordable credit elsewhere. Grants are available for up to \$10,000 and are limited to health and safety hazards or home modifications for those who are 62 years of age or older or have a disability. Loans are provided for up to \$40,000 for work to repair or modernize homes as well as for the removal of health and safety problems.

- *Attorney General's Neighborhood Renewal Division Receivership Program*

The Town has accessed this program that involves working with court-appointed receivers to remediate vacant, abandoned and/or foreclosed homes. Property receivership was authorized under MGL Chapter 11, Section 1271 to temporarily seize properties that are placed under a judicially supervised receiver, intervening when a property poses a health and safety hazard because it was abandoned or when tenants are at risk. The receiver has the power to collect rents, make repairs, and borrow money when necessary. The termination of a receivership is typically through a court-ordered foreclosure sale.

There have been eight participating properties under the Program thus far. The first two occurred in 2013, and the eighth one is being completed by NewVue. It is worth noting that the Attorney General's Office has been instrumental in getting banks to correct violations by sending formal letters when they did not respond to Town violation letters. The Town is waiting to hear from the AG's Office as to whether it will take on any of the properties that were visited in the spring.

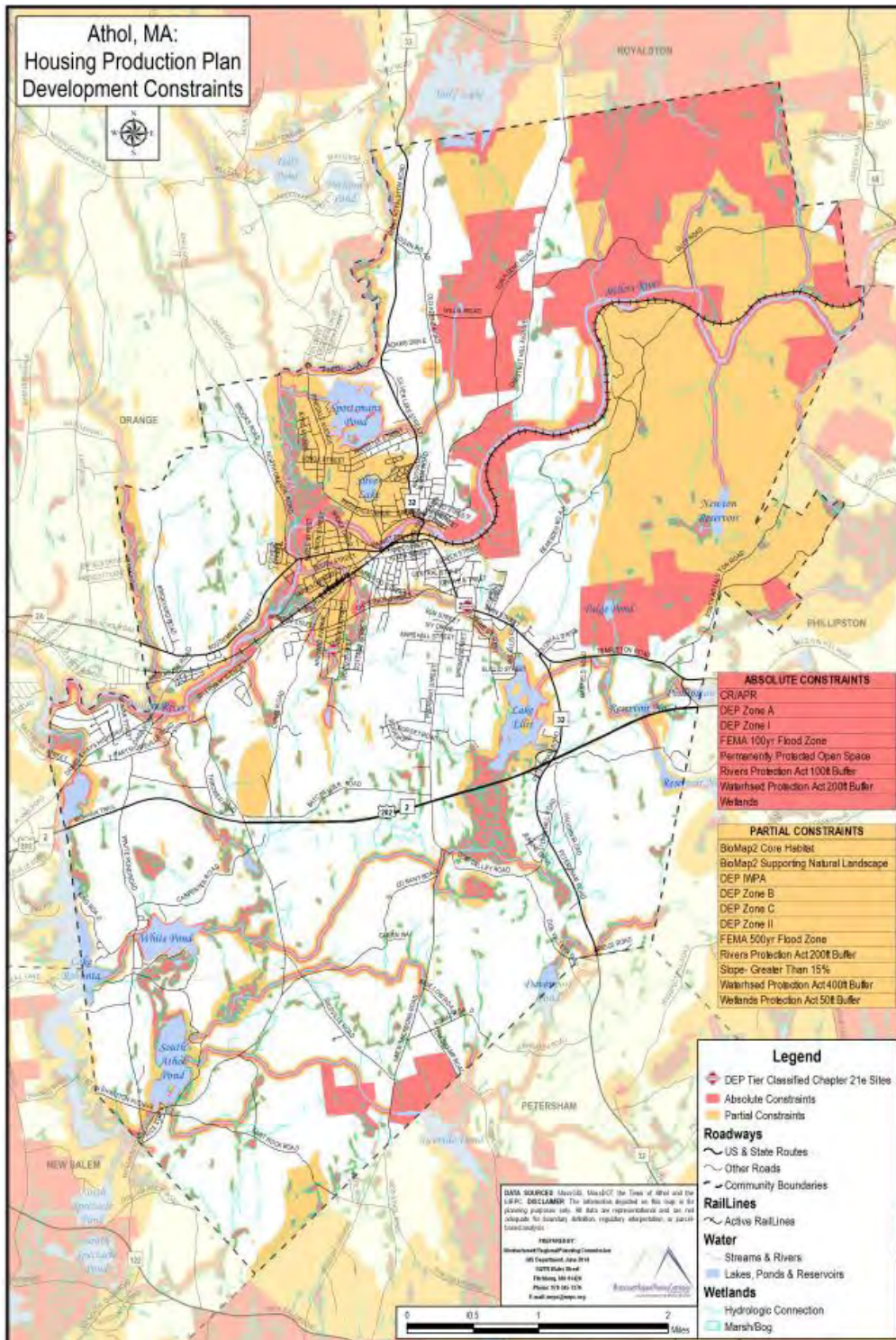
- *Massachusetts Community Climate Bank*

The Massachusetts Community Climate Bank was recently established as a new state resource for attracting private sector capital and federal funds available under the Inflation Reduction Act to finance building retrofits aligned with the state's long-term climate objectives and new construction of decarbonized buildings. The Bank will focus on affordable housing where occupants typically bear a disproportionate burden in paying energy costs. It is anticipated that the Bank will support deep energy retrofits, help non-profit developers access capital that makes net-zero development possible, and support the rehab and retrofit of older affordable housing in need of repairs. MassHousing will administer the Bank.

Projected # Affordable Units Produced: 10 units included in Table 5-1 but are not eligible for SHI.

ATTACHMENT 5

Development Constraints Map

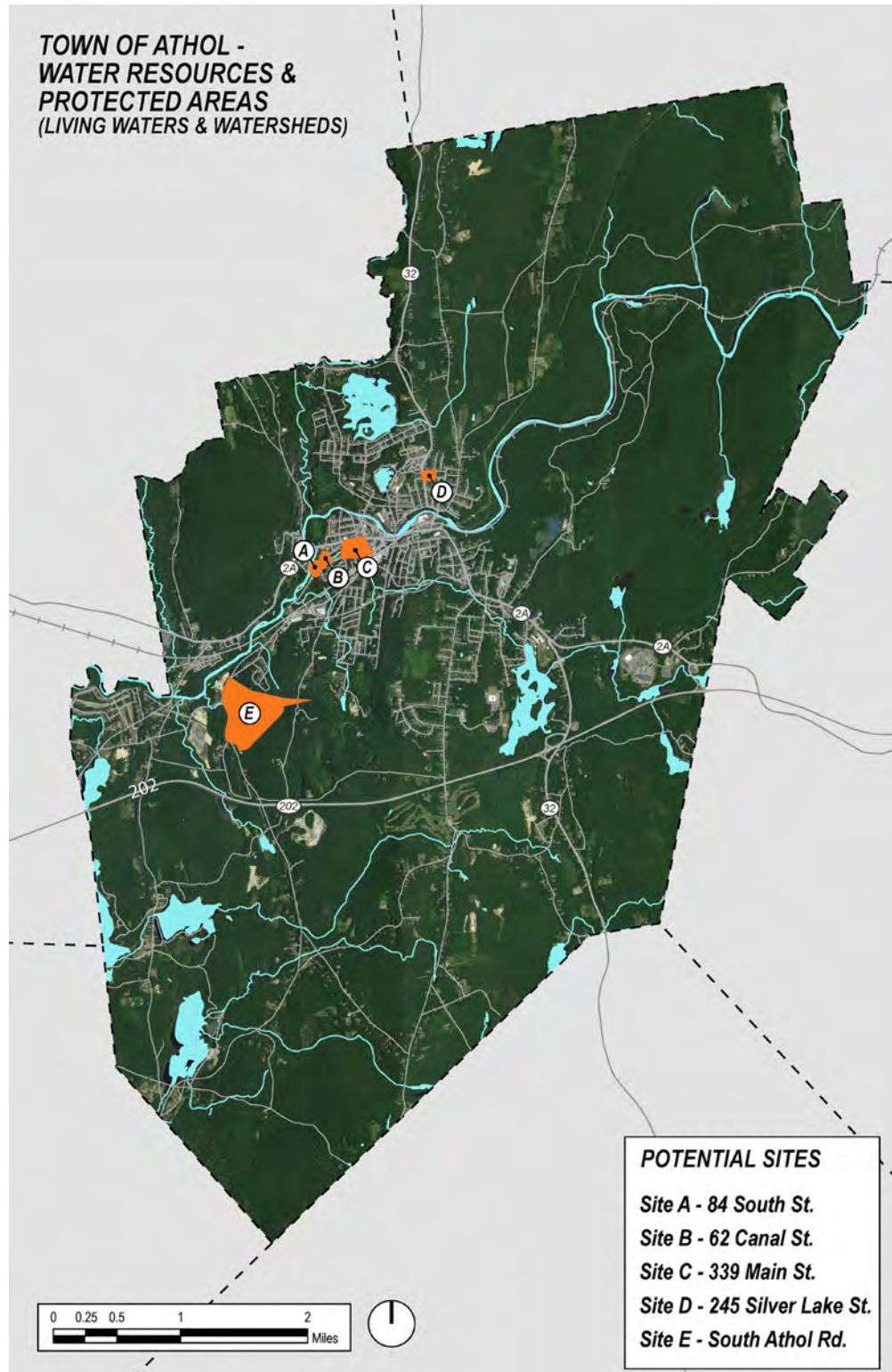


7. Visual Representations of Development Opportunities

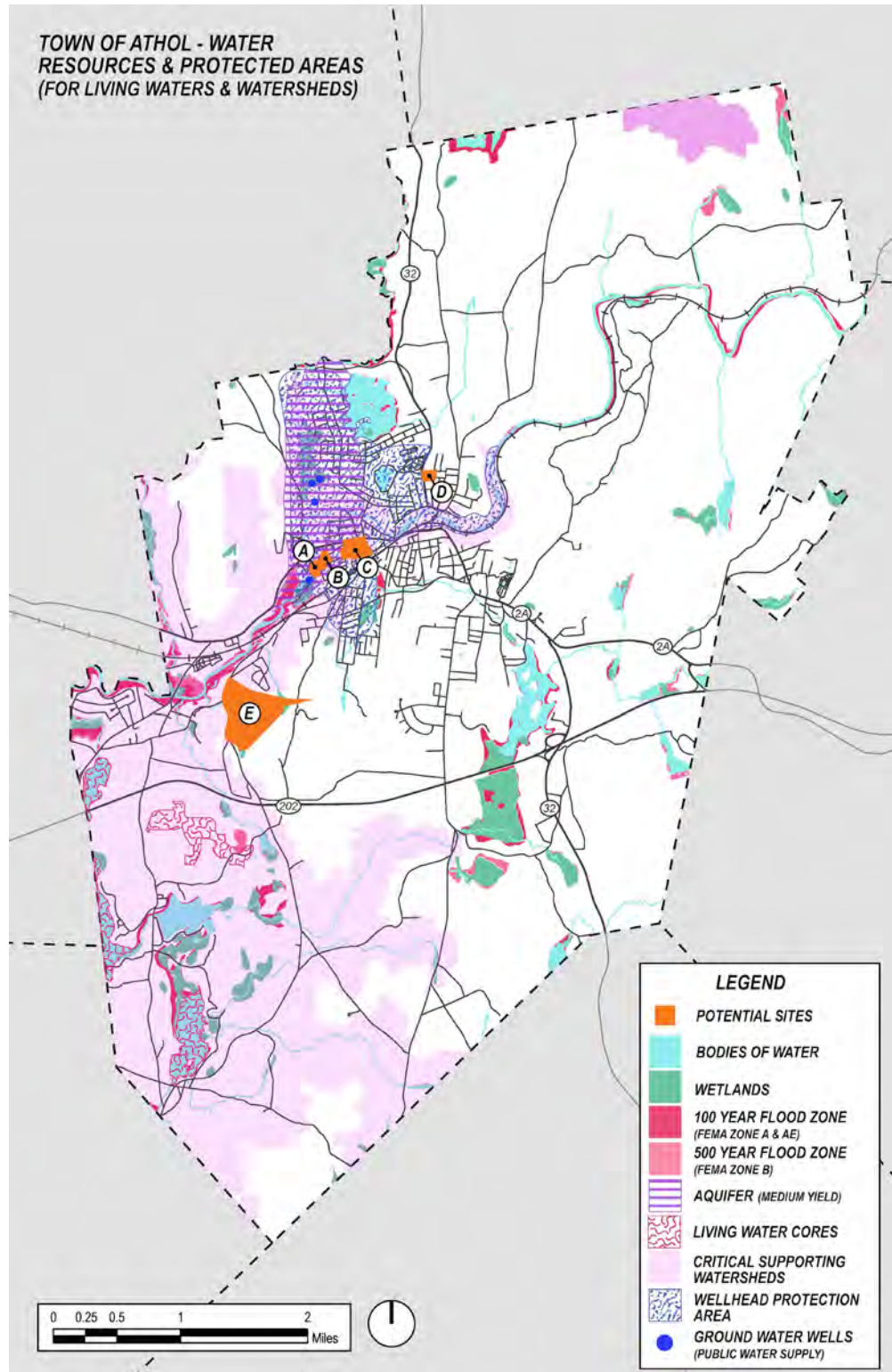
MAPS OF THE TOWN OF ATHOL & TOWN OWNED SITES

7.1

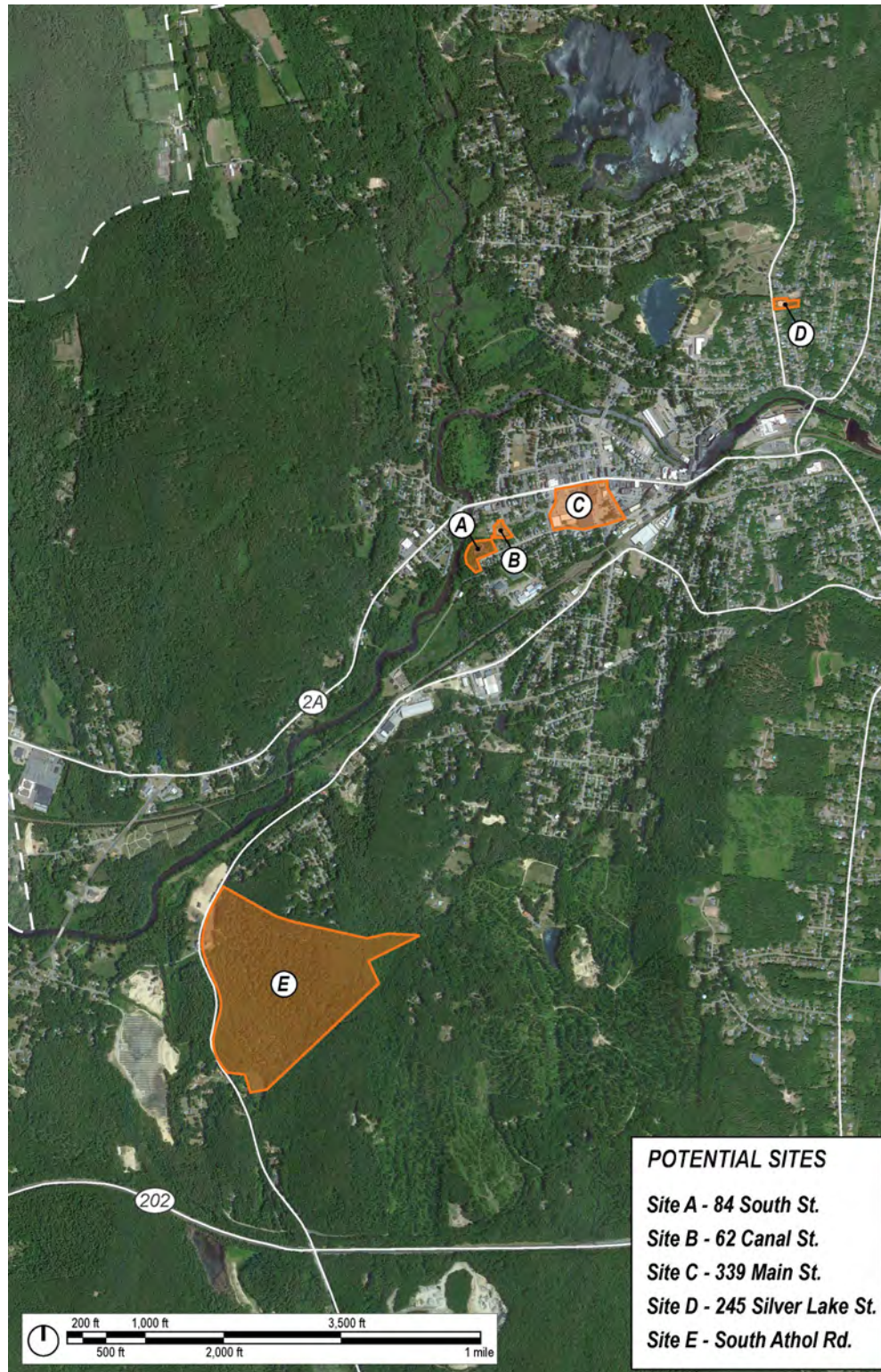
The development of affordable housing can support other Town goals including access to open space, historic preservation and downtown revitalization. This can help build consensus around appropriate sites.



Zoning, wetlands, flood zones and other competing goals for particular parcels impact the choice of sites. Development is generally done by a developer, for profit or non-profit, who will work within these constraints.



Through discussions and observations over the course of this study, the Town and the consultants identified a series of sites that may be appropriate for affordable housing development. Conceptual build-out scenarios have been developed.



Three of the sites are in or near downtown. They are walking distance from jobs, shopping and recreation, which is good for potential residents and good for the entire community – economically and socially.



Housing at this location would provide access to Millers River and green space and recreation areas now in the planning process. It would put a valuable piece of underutilized land to use.



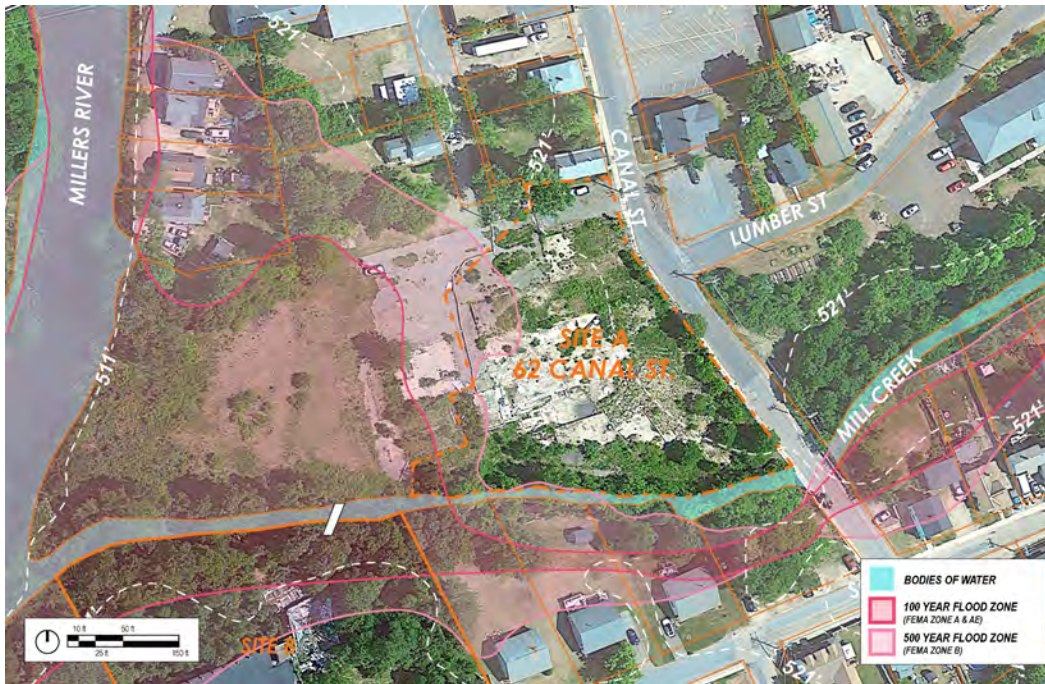
70 Apartments on three levels in two buildings are terraced into the hillside so that all parking is beneath the building. The buildings define the street while providing access to green space and the river front.



Beyond the lower level parking walking trails can take advantage of the waterfront location and help connect downtown – and the public – to Athol's natural assets.



The abandoned site detracts from the town center neighborhood but offers the opportunity to connect downtown to the Millers River and recreation space now in the planning stages.



24 apartments line the street with parking and green space behind. Buildings would be articulated with bays and porches to scale them to the neighborhood. Walking paths could connect to the river and South Street over a bridge.



Currently a sea of underutilized asphalt, this area will be redesigned with green space and a daylighted waterway – recalling its original condition. This work supports the efforts of property owners to increase the value of their land.

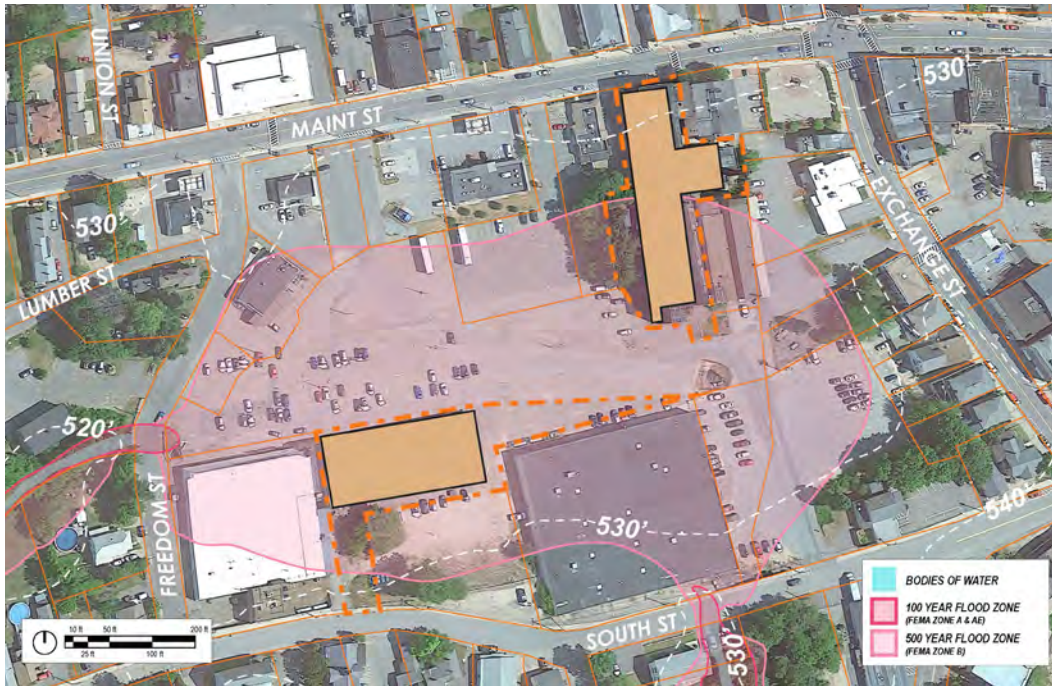


Photo of the the Casket Factory at the Lord Pond Plaza (Feburary 2023).



This aerial map illustrates the South Street Industrial Corridor, highlighting various industrial and commercial sites. Key features include:

- Streets:** MAINT ST, EXCHANGE ST, TUNNEL ST, SOUTH ST, FREEDOM ST, LUMBER ST, and IS NOB.
- Buildings and Lots:**
 - EXISTING OCEAN STATE JOB LOT
 - EXISTING MANUFACTURING
 - EXISTING GAS STATION
 - EXISTING RESTAURANT
 - WAREHOUSE
 - BANK
 - PLAZA
 - RETAIL
 - EXISTING RESTAURANT
- Infrastructure:** A network of parking lots, pedestrian paths (indicated by dashed lines), and green spaces with trees.
- Map Elements:** A scale bar (0 to 200 feet) and a north arrow are located in the bottom left corner.

The existing school has been unused for half a decade. It is in a residential neighborhood that would benefit from either adaptive reuse of the building or new construction for housing.



Photo of the existing Silver Lake School (February 2023).



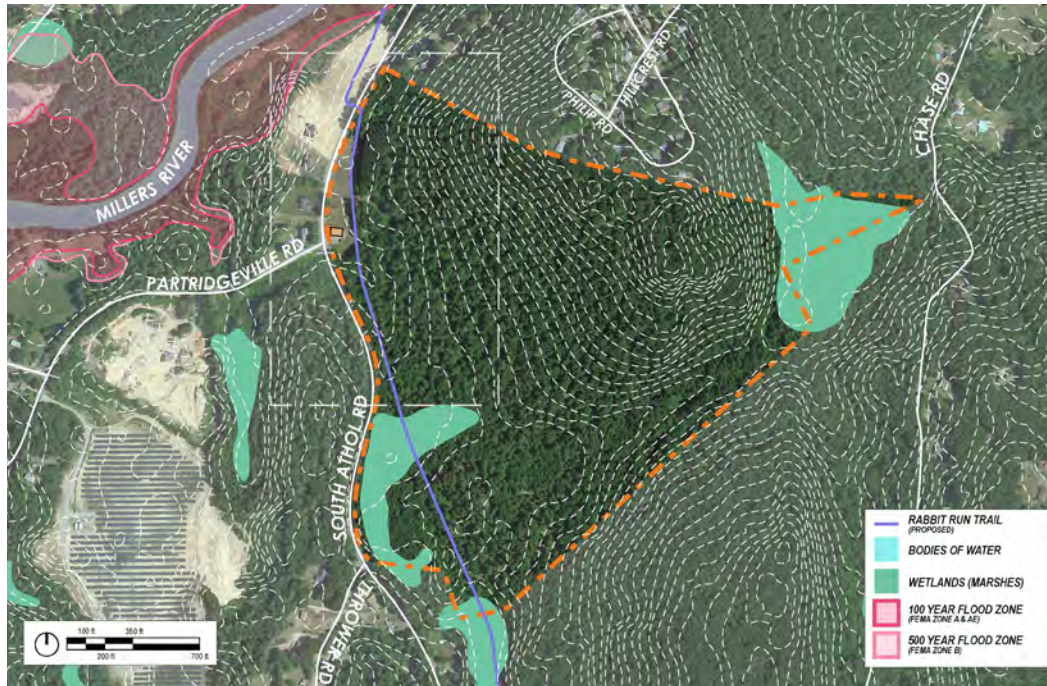
Adaptive Reuse: Six apartments on 2 floors – 12 total – utilize the existing classrooms and oversized windows. Parking and green space are behind. Adaptive reuse can often cost more than new construction.



Redevelopment: 12 townhouses on either side of a drive, with parking on lower levels, replaces the school. Additional parking and green space are located behind. The narrow ends of each building face the street – minimizing perceived volume.



The development of affordable housing can support other Town goals including access to open space, historic preservation and downtown revitalization. This can help build consensus around appropriate sites.



Less than 10% of the site would be developed with small single-family homes or duplexes providing 50 residences. The remaining space could be left undeveloped for public access and recreation.



Development could consist of small single-family homes or duplexes providing 50 residences. Development is clustered around greens to minimize impact .



By keeping development close to South Athol Road, more than 90% of the site is left untouched. The site is large enough to accommodate both housing and natural areas – responding to a diverse range of public needs.



Housing can take many forms – from single family cottages to duplexes, townhouses and apartment buildings. Choices depend on the nature of the neighborhood and the appropriate density.



Projecting bays, porches, and steps in the massing and in the roof forms, as well as the thoughtful use of colors and materials create pleasant environments for residents and neighbors. Buildings can be shaped to engage their contexts.



APPENDIX 1

Local and Regional Housing Organizations/Resources

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

Local Entities

Athol Housing Authority

The Athol and Orange Housing Authorities are administered jointly by the same staff but separate Boards of Directors. Located in an office at the Morton Meadows development in Athol, the Athol Housing Authority's mission is "to provide adequate and affordable housing, economic opportunity and a suitable living environment, free from discrimination". In Athol, the Authority owns and manages several developments including Lakeside Apartments and Morton Meadows with a combined 78 units for elderly and younger disabled residents as well as family housing that includes a total of 16 units at Park Street, Kennebunk Street, Partridge Court, and Ferron Circle. All units are state sponsored. The Athol Housing Authority also administers rental assistance including 58 Section 8 Housing Choice Vouchers and 47 Massachusetts Rental Voucher Program (MRVP) subsidies.

Athol Council on Aging

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

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

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

Athol Economic Development Industrial Corporation (EDIC)

The Economic Development Industrial Corporation (EDIC) promotes projects that grow the tax base, create jobs and enhance the overall economic climate in Athol. It also serves as a contact for entrepreneurs and land owners seeking to maintain and develop business in Athol. It has become increasingly involved in promoting housing development given the recognition that additional economic development activity, new jobs in particular, is tied to the availability of workforce housing, increasing the number and affordability of such units.

Downtown Vitality Committee (DVC)

The Downtown Vitality Committee (DVC) is a Town Committee charged with the mission of revitalizing Athol's downtown area. Comprised of a group of volunteer residents, business owners, and community

leaders; DVC is focused on enhancing the image of Athol's downtown to better promote economic vitality.

Regional Entities

Habitat for Humanity – Metro West/Worcester

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one based in Worcester that serves the Metro West and Greater Worcester area, including Athol. Affiliates are operated with multi-denominational and multi-racial local leadership and with community volunteers who construct or rehabilitate houses that are sold without profit and interest to selected families in the area. Habitat for Humanity continues to look for properties on which it might be able to build new units.

Montachusett Regional Planning Commission (MRPC)

The Montachusett Regional Planning Commission (MRPC) is the designated regional planning agency for the area that includes Athol. It provides a wide range of planning services to communities within the region related to comprehensive planning, GIS data analysis and mapping, community development, transit and transportation planning.

NewVue Communities

NewVue Communities is a non-profit community development corporation that serves the North Central area of Massachusetts, helping communities improve neighborhoods and improve the quality of life for residents. The organization uses a four-pronged approach to fuel economic and social progress through housing development, homeownership, small business development and community organizing. It is currently the developer of the Riverbend Row project, involving the conversion of the Riverbend and Ellen Bigelow schools into new housing and ancillary uses.

North Quabbin Community Coalition

The North Quabbin Community Coalition, based in Athol, is a non-profit organization dedicated to improving the quality of life for those who live or work in the North Quabbin region. The organization provides a wide range of services including those targeted to children and families, youth, veterans, and seniors. They also provide advocacy for other services such as transportation and access to health care.

Valuing Our Children (VOC)

Valuing Our Children (VOC) was established in 1993 by the North Quabbin Community Coalition (NQCC) to address the needs of children in the area by providing primary prevention of child abuse through family support, parenting education, and community development. The mission of VOC is to strengthen families by responding to the expressed needs of parents, addressing barriers to individual family involvement (e.g., childcare, transportation, housing), and building on existing strengths in families and in the community.

RCAP Solutions (Resources for Communities and People)

RCAP Solutions is part of a regional branch of a national private, non-profit organization that provides technical assistance in the areas of rural drinking water, and wastewater treatment systems, solid waste programs, housing, economic development, comprehensive community assessment and planning and compliance with environmental regulations. The organization serves as Athol's regional housing agency,

providing housing and community services to low- and moderate-income individuals and families including rental assistance programs and homelessness prevention. They manage over 350 affordable apartments and operate a Housing Consumer Education Center that provides a range of homeowner services such as first-time homebuyer education, down payment assistance, lead abatement assistance, foreclosure prevention, mortgage default counseling, and budget and credit counseling.

ATTACHMENT 2

Glossary of Terms

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

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

Chapter 44B

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

Comprehensive Permit

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

Executive Office of Housing and Livable Communities (EOHLC)

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

Fair Housing Act

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

Inclusionary Zoning

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

Infill Development

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

Local Initiative Program (LIP)

A state program under which communities may use local resources and EOHLC 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 EOHLC technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

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

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Development that includes housing for various income levels.

Mixed-Use Development

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

Overlay District Zoning

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

Public Housing Agency (PHA)

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

Regional Non-Profit Housing Organizations

Regional non-profit organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with EOHLC. 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. The ? serves as Athol's regional non-profit organization.

Regional Planning Agencies (RPAs)

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. The Montachusett Regional Planning Commission serves as Athol's regional planning agency.

Request for Proposals (RFP)

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

Section 8 Housing Choice Program

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

Smart Growth

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

Subsidy

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

Subsidized Housing Inventory (SHI)

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

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

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

ATTACHMENT 3

Summary of Housing Regulations and Resources

I. Summary of Key Housing Regulations

A. Local Initiative Program (LIP) Guidelines

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

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

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents⁴⁸

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area’s utility allowance. Indicate on the EOHLC application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.

⁴⁸ EOHLC has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/EOHLC.

- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees⁴⁹, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the “as is” value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to EOHLC). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the “as is” market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the City Council/Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner’s equity in the project. Owner’s equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, EOHLC requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer’s obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after EOHLC has determined that the developer has appropriately complied with the profit limitations.
- No third-party mortgages are allowed for homeownership units.

Marketing and Outreach (refer to state Affirmative Fair Housing Marketing Plan guidelines dated June 25, 2008.)

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.

⁴⁹ EOHLC will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. EOHLC must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008).
 - The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Marketing should begin about six (6) months before occupancy.
 - Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

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

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

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

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

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

4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by EOHLC.
5. Developer's profits are restricted per Chapter 40B requirements.

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

1. Application process
 - Developer meets with Town
 - Developer and Town agree to proposal
 - Town chief elected officer submits application to EOHLC with developer's input
2. EOHLC review involves the consideration of:
 - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
 - Number and type of units,
 - Pricing of units to be affordable to households earning no more than 70% of area median income,
 - Affirmative marketing plan,
 - Financing, and
 - Site visit.
3. EOHLC issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing
 - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
 - Developer forms a limited dividend corporation that limits profits.
 - The developer and Town sign a regulatory agreement.
5. Marketing
 - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
 - Local preference is limited to a maximum of 70% of the affordable units.
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Lottery must be held.
6. EOHLC approval must include
 - Marketing plan, lottery application, and lottery explanatory materials
 - Regulatory agreement (EOHLC is a signatory)
 - Deed rider (Use standard LIP document)
 - Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

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

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

B. Chapter 40B Comprehensive Permit Law

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

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

- Must be part of a “subsidized” development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the U.S. Department of Housing and Urban Development.
- Restrictions must run for minimum of 30 years or longer for new construction or for a minimum of 15 years or longer for rehabilitation. Alternatively, the project can provide 20% of the units to households below 50% of area median income. Now new homeownership must have deed restrictions that extend in perpetuity.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met⁵⁰:

- The community has met the statutory minimum by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes

⁵⁰ Section 56.03 of the new Chapter 40B regulations.

affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community's land area.

- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Housing Production.
- The application is for a “large project” that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A “related application” for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA's decision to the state's Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.⁵¹ Recently approved regulations add a new requirement that ZBA's provide early written notice (within 15 days of the opening of the local hearing) to the application and to EOHLC if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

Applicants wishing to appeal the ZBA decision based on appeal-proof grounds must notify the ZBA and EOHLC in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, EOHLC will review materials from the ZBA and applicant and issue a decision within 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA's position). Either the ZBA or application can appeal EOHLC's decision by filing an interlocutory appeal with the Housing appeals Committee (HAC) within 20 days of receiving EOHLC's decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these “appeal-proof” grounds.

Chapter 40B also addresses when a community can count a unit as eligible for inclusion in the SHI including:

- *40R*
Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.

⁵¹ 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.

- *Large Phased Projects*
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.
- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Municipalities may be allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined within the parameters of fair housing laws and Section III.C of the Comprehensive Permit Guidelines including residents, employees of the Town (including the school district) or employees of businesses located in the town. If the municipality wishes to implement a local selection preference, it must do the following:

- Demonstrate in a required Affirmative Fair Housing Marketing Plan the need for the local preference (waiting lists for subsidized developments who may be likely to apply for the project for example).
- Justify the extent of the local preference (the percentage of units to be set-aside for local preference) through documented local need in the context of the size of the community, the size of the project and regional need. The percentage cannot exceed 70% of the total affordable units.
- Demonstrate that the local preference will not have a disparate impact on protected classes and would not be discriminatory.
- Provide the project developer with this documentation within three (3) months of final issuance of the comprehensive permit. Failure to comply with this requirement will be deemed to demonstrate that there is no need for local preference and such preference will not be approved as part of the Affirmative Fair Housing Marketing Plan or use restriction.
- Obtain approval from the subsidizing agency, such as EOHLC in the case of Local Action Units (LAUs), for the local preference as part of the Affirmative Fair Housing Marketing Plan. This approval must be secured prior to including such language in any zoning mechanism. A comprehensive permit can only contain requirements or conditions relating to local preference to the extent permitted by applicable law and this Affirmative Fair Housing Marketing Plan policy.

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

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving

direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local City Council/Board of Selectmen for a 30-day comment period. The City Council/Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the City Council/Board of Selectmen for their endorsement of the project, and they can make a joint application to EOHLC for certification under the Local Initiative Program (for more information see description in Section I.E below).

A subsidizing agency must also consider the following items when determining site eligibility:

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

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

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

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project "uneconomic". The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a

reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

Chapter 40B regulations related to the hearing process include:

- The hearing must be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from EOHLC that their rules are consistent with Chapter 40B.
- Local boards cannot impose “unreasonable or unnecessary” time or cost burdens on an applicant and bans requiring an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lack minimum required qualifications.
- Specify and limit the circumstances under which ZBA’s can review pro formas.
- Zoning waivers are only required under “as of right” requirements, not from special permit requirements.
- Forbids ZBA’s from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by EOHLC guidelines.
- States that ZBA’s cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by-right.

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

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for ensuring that profit

limitations are enforced, while leaving the definition of “reasonable return” to the subsidizing agency in accordance with EOHLC guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the EOHLC guidelines.

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

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.⁵²

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”⁵³ 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;

⁵² Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

⁵³ Massachusetts General Law, Chapter 40R, Section 11.

- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

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

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

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”⁵⁴

The principal benefits of 40R include:

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

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

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

⁵⁴ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- EOHLC issues a letter of approval, which indicates the number of incentive units and the amount of payment.

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

D. MassWorks Infrastructure Program

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

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

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

- Economic development and job creation and retention
- Housing development at density of at least 4 units to the acre (both market and affordable units)
- Transportation improvements to enhancing safety in small, rural communities

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

II. SUMMARY OF HOUSING RESOURCES

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

A. Technical Assistance

1. Community Planning Grant Program

The state has introduced the Community Planning Grant Program that offers grant funding for a variety of activities related to land use including development. Activities may include the development of a Master Plan, Housing Production Plan, zoning review and updates, Urban Renewal Plans, Downtown Plans, Parking Management Plans, Feasibility Studies, or other Strategic Plans. Grants will likely be in the \$25,000 to \$75,000 range. Communities apply for this funding through the Community One Stop for Growth Application.

2. *Peer-to-Peer Technical Assistance*

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

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

3. *MHP Intensive Community Support Team*

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

4. *MHP Chapter 40B Technical Assistance Program*

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

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

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

5. *Planning for Housing Production*

MassHousing is administering funding that is designated to help designated Housing Choice communities with technical assistance related to local efforts to produce housing. Their first funding round took place several years ago, and they will be introducing another round in the near future.

B. Housing Development

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

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

1. *HOME Program*

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

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

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

Because Athol is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town has joined a consortium of other smaller towns and cities, the West Metro HOME Consortium, to receive funding by a federal formula on an annual basis.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the

maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

The WestMetro HOME Consortium recently received about \$5.4 million in funding from the American Rescue Plan Act (ARPA) to support the housing needs of those who are homeless or at risk of homelessness. The Consortium has brought in a consultant to prepare a plan for using this funding.

2. *Community Development Block Grant Program (CDBG)*

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts. Athol has received this funding over the years, investing in a Housing Rehabilitation Loan Program for a number of years as well as important infrastructure.

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

3. *Housing Stabilization Fund (HSF)*

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

4. *Low Income Housing Tax Credit Program*

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

for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

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

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

5. *Affordable Housing Trust Fund*

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

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

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

6. *Housing Innovations Fund (HIF)*

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

Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

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

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

8. *MHP Permanent Rental Financing Program*

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

9. *OneSource Program*

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

10. *Section 8 Housing Choice Voucher Program and Massachusetts Rental Voucher Program*

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program (MRVP) as well as three smaller programs directed to those with special needs and veterans. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or

committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. *Massachusetts Preservation Projects Fund*

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

12. *District Improvement Financing Program (DIF)*

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

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

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

14. *Community Based Housing Program*

The Community Based Housing Program provides loans to non-profit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30

years, and CBH funds may cover up to 50% of a CHA unit's Total Development Costs up to a maximum of \$750,000 per project.

15. Compact Neighborhoods Program

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

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

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

The process for implementing a Compact Neighborhoods Zone includes:

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

16. EOHLC Project-Based Homeownership Program

EOHLC funds a Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*
Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$300,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the EOHLC subsidy request.
- *Gateway Cities*
A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple-deckers (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to \$500,000 in funding for a single project and no more

than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the EOHLC subsidy request.

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

17. National Housing Trust Fund (NHTF)

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

18. Workforce Housing Fund

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

The Workforce Housing Initiative was created to do the following:

- Target individuals and families with incomes of 61% to 120% of Area Median Income (AMI)
- Provide up to \$100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide
- Leverage strategic opportunities to use state-owned land
- Complement, does not replace, traditional MassHousing development financing
- Ensure workforce housing units are deed restricted as affordable for at least 30 years

Eligible projects include:

- Preference is for new units; existing projects where unrestricted units become restricted will be considered
- Workforce housing units are intended for working age household and may not be not be age restricted or occupied by full-time students
- 20% of units at the development must be affordable for households earning at or below 80% of AMI

19. Housing Choice Initiative

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants

as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants.

To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units of at least 5% or 500+ units in the last five years or 3% and 300+ units when best practices have been applied to promote housing (e.g., zoning for multi-family housing, Chapter 40R, ADUs, cluster zoning, etc.). Designation lasts for two years.

20. *Rental Assistance Demonstration (RAD)*

The Rental Assistance Demonstration is a federal housing program that is administered by HUD to provide a set of tools to address the unmet capital needs of deeply affordable, federally assisted rental housing properties in order to maintain both the viability of the properties and their long-term affordability. It also simplifies the administrative oversight of the properties by the federal government. Specifically, RAD authorizes the conversion of a property's federal funding from one form to another, where the initial form presents structural impediments to private capital investment and the new form (project-based section 8) is not only familiar to lenders and investors but, since its enactment in 1974, has leveraged billions in private investment for the development and rehabilitation of deeply affordable rental housing.

21. *Section 202 Supportive Housing for the Elderly Program*

HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for older and very low-income persons, also providing rent subsidies for the projects to help make them affordable.

22. *Section 18 Housing Assistance*

Section 18 of the U.S. Housing Act of 1937 (as amended in 1998) removes the 1 for 1 public housing replacement requirement and provides broad authority to Public Housing Agencies (PHAs) to demolish or dispose of public housing. Section 18 is commonly referred to as "demo/dispo" program and helps reposition public housing to a more sustainable financial platform and access private capital.

23. *American Rescue Plan Act (ARPA) of 2021*

The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a US\$1.9 trillion economic stimulus bill passed by the 117th United States Congress to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic. Funds have been used to preserve and develop housing, particularly for public housing authorities and other entities that serve very low income households, particularly those who are homeless or at risk of homelessness.

C. Homebuyer Financing and Counseling

1. *ONE Mortgage Program*

The Massachusetts Housing Partnership Fund, in coordination with the state's Executive Office of Housing and Livable Communities, administers the ONE Mortgage Program which replaced the highly successful Soft Second Loan Program that operated between 1991 and 2013 and helped over 17,000 families purchase their first home. The ONE Mortgage Program is a new simplified version of the Soft Second Program providing low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the costs associated with private mortgage insurance. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage.

2. *Homebuyer Counseling*

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

3. *Self-Help Housing.*

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

D. Home Improvement Financing

1. *MassHousing Home Improvement Loan Program (HLP)*

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

2. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program has been offering financing for lead paint removal on excellent terms. Based on uncertain future legislative appropriations, some changes in program requirements were made to insure that eligible homeowners with lead poisoned children would have funding available for a longer period. All income eligible families who are under court order to delead or who have a child under case management with the Commonwealth's Lead Paint Prevention Program, will continue to receive 0% deferred loans. Owners wanting to delead their homes for preventive purposes must qualify for an amortizing loan with a 3% interest rate if earning within 80% of area median income, 5% interest if earning over 80% AMI and up to the program maximum. Applicants must contact a local rehabilitation agency to apply for the loan.

3. *Septic Repair Program*

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

4. *Home Modification Loan Program*

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The South Middlesex Opportunity Council (SMOC) administers these funds for the state.

ATTACHMENT 4

Summary of Community Housing Forum

May 30, 2023

The Town of Athol held a Community Housing Forum on Tuesday, May 30, 2023 to present the highlights of the first part of the Housing Production Plan, the Housing Needs Assessment, and to obtain input from local leaders and other attendees on priority local needs and best ways for the Town to address them. After a welcome by Eric Smith, the Director of Planning and Development, the project Consultant, Karen Sunnarborg, offered a PowerPoint presentation on the key takeaways from the Housing Needs Assessment. She was followed by consultant David Eisen of Abacus Architects + Planners on development constraints and opportunities. Following a brief question and comment period, meeting participants were divided into small breakout groups to discuss a number of key questions concerning their vision for Athol's housing future and key actions that should be included in the Housing Plan.

Following these discussions, each group presented their priority actions to all assembled attendees which was followed by voting. Participants were given 6 "positive" sticky dots to place as "votes" wherever they wished on the priority actions that were displayed by each group. Depending upon preferences, participants could place all 6 dots on one item or spread them among strategies denoting the extent of their support.

Key questions and accompanying responses from these small breakout groups are listed below. The number in parentheses (*) denotes the number of votes that the item attracted.

*What are the Town's **greatest challenges** related to preserving and producing housing affordability and diversity?*

- Need to raise the tax base
- Lack of jobs
- Zoning
- Limited financing/funding for affordable housing
- Relative isolation of the town
- Older housing stock
- High costs of redeveloping property
- New energy requirements
- Owner buy-in

*What is an appropriate **housing goal** (something aspirational to strive for in the years ahead) for the Town to achieve?*

- Achieve the state 10% affordability goal
- Balance a mix of housing types, costs, and bedroom sizes
- Create multi-generational housing in the same house to include the larger unit for families and an in-law unit as well
- Produce housing to keep up with population growth
- Promote a healthy, safe, and diverse community
- Promote affordable housing to foster greater stability for households and the community
- Increase greater diversity of housing types

*What are the **best locations** for new housing development?*

- 84 South Street
- 62 Canal Street/Cass Toy Factory property
- Senior housing with access to the boat ramp and park
- Downtown
- Peter Gerry's land behind Ledge's greenhouse
- Casket Factory (1*)
- The so-called Vice-Shop (keep some area green) (1*)
- Underutilized and vacant properties in the Downtown
- Silver Lake School property
- Plotkins and/or Meroni's Buildings
- Foreclosed properties
- Greening Lord Pond Plaza project including the Senior Center

*What are the most important **actions** or strategies for the Town to implement to address priority housing needs?*

Zoning and Planning Approaches

- Adopt inclusionary zoning (2*)
- Revisit zoning map to create greater flexibility in the bylaw including locations and dimensional requirements, especially in commercial areas (1*)
- Pursue Chapter 40R Smart Growth Overlay Districts that promote greater density and state financial benefits (1*)
- Access EPA grants to remediate brownfields

Development and Preservation Approaches

- Focus on Canal Street and South Street with Greening Lord Pond Plaza projects (10*)
- Preserve and reuse existing buildings (8*)
- Enhance/incentivize current owners to take care of their property, including multi-family units (3*)
- Focus on improving/preserving existing housing (3*)
- Support mixed-use development, including workforce and affordable units (3*)
- Use Community Development Block Grant (CDBG) funding for housing improvements (2*)
- Promote housing development in Athol to developers
- Develop "teen and safe housing" for adolescents, women, families, the homeless and others in transition from emergency to permanent housing (2*)
- Attract first-time homebuyers with small homes that can be used as both starter housing and downsizing (1*)
- Address costs of meeting permitting requirements (e.g., sprinklers, alarm systems) on Main Street

Capacity-building Approaches

- Conduct community education and outreach on the importance of housing development including: (5*)
 - Who can qualify
 - Economic benefits

- Landlord education (1*)
 - Developer education
 - Good models
- Strengthen the Housing Authority (2*)
- Partner with Community Development Corporations (CDCs) to leverage funding (2*)
- Develop a pre-rental inspection program to protect tenants (1*)
- Provide staffing for a zoning advocate to address inquiries regarding the Zoning Bylaw and permitting

ATTACHMENT 5

Development Constraints Map

