HOUSING PRODUCTION PLAN

City of Peabody, Massachusetts

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Section 1

EXECUTIVE SUMMARY

CITY OF PEABODY
HOUSING PRODUCTION PLAN

1. EXECUTIVE SUMMARY

1.1 Background and Purpose

The City of Peabody has a long history of planning for housing that meets a diversity of local needs. For example, in 2002 the City adopted a Master Plan that addressed future development, including the unique challenges of continuing to provide housing in a community with little available land. Also in 2002, the City convened an Affordable Housing Strategy Committee to prepare a Housing Needs Assessment and Strategy to provide a more detailed analysis of local housing needs and actions that the City should undertake to better promote affordable housing. The City has also completed Strategic Housing Plans, also known as Consolidated Plans, most recently in 2010, which are required by HUD to identify priority housing and community development needs as well as strategies for using federal funding to address these needs.

Now the City, through its Department of Community Development and Planning, is updating its Housing Needs Assessment and Housing Strategy, insuring compliance with more recent regulations of the state's Housing Production requirements under Massachusetts General Laws Chapter 40B, 760 CMR 56.00.[1] This Housing Production Plan represents an opportunity for the City of Peabody to fully examine the relationship between the specific impacts of demographic changes relative to housing and the dynamics of market conditions. Only by understanding these changes can the City determine the current and future housing needs of its citizenry and develop strategies for Peabody to continue meeting identified needs. Ultimately the intent is that the Housing Production Plan, in accordance with the HUD Strategic Plan, will provide guidance to the City as it renders decisions on any number of policy issues regarding housing such as where to allocate resources for the production of new affordable and workforce housing, how to revise its existing zoning code as it relates to building new housing, and how to engage housing developers and other housing service providers in partnerships that will work to fill the identified needs. The Housing Production Plan will also provide graphic representations of recommended strategies to help local leaders and residents visualize the impacts and important benefits of various affordable housing opportunities.

1.2 Summary of Significant Demographic and Housing Characteristics and Trends

Table 1-1 summarizes demographic characteristics in Peabody and compares this information to that of Essex County and the state, indicating the following notable demographic trends:

[1] The state administers the Housing Production Program that was created to give cities and towns greater local control over affordable housing development. If a municipality adopts an affordable housing plan and then actually meets unit production goals of at least .50% of its year-round housing stock in any one year, the City may be able to deny inappropriate comprehensive permit projects for at least one year and for two years if 1.0% of its year-round housing stock is produced.[1] Peabody would have to produce at least 111 affordable units per year (222 units for a two-year period when 40B permits can be denied without a developer's opportunity for appeal), a formidable challenge, and housing growth will continue to drive-up the 10% goal.

- *Peabody's population has grown steadily but is slowing down.* Following a drop in population between 1930 and 1940, from 15,084 to 13,916 residents, Peabody's population has grown steadily with a growth rate of 23.4% from 1950 to 2010, but only 1.3% between 2000 and 2010. The 2010 census indicated a total population of 17,416.

Table 1-1
Summary of Demographic Characteristics for Peabody, Essex County and Massachusetts, 2010

Demographic Characteristics	Peabody	Essex County	Massachusetts
Total population	51,251	743,159	6,547,629
Population density (per square mile of land area)	3,125	1,484	835
% Minority residents	9.6%	18.1%	19.6%
% under 18 years	19.1%	23.2%	21.7%
% 18 to 20 years	3.0%	3.9%	4.6%
% 21 to 34 years	15.6%	16.1%	18.6%
% 35 to 44 years	12.8%	13.5%	13.6%
% 45 to 54 years	15.9%	16.3%	15.5%
% 55 to 64 years	13.0%	12.9%	12.3%
% 65 years or more	20.5%	14.1%	13.8%
Median age	44.6 years	40.4 years	39.1years
% Nonfamily households	37.1%	34.3%	37.0%
% Single-person households	31.4%	28.1%	28.7%
Average household size	2.38 persons	2.54 persons	2.48 persons
% Minority residents	9.6%	18.1%	19.6%
Median household income*	$64,679	$63,341	$63,961
Individuals in poverty*	4.9%	10.4%	10.8%
% Earning less than $25,000/$35,000*	18.1%/27.0%	20.9%/29.4%	20.6%/28.5%
% Earning more than $100,000*	24.7%	30.5%	29.9%

Sources: US Census Bureau 2010. Asterisk (*) notes use of US Census Bureau's American Community Survey, 2008-2010 estimates.

- *High population density.* Peabody is a very densely populated community of 3,125 residents per square mile of land area (16.4 square miles) compared to a density of 1,484 and 835 persons per square mile for the county and state, respectively.

- *Small but growing minority population.* Minority residents increased from 1,514 residents in 1990 to 4,933 in 2010, representing 9.6% of Peabody's population, far lower than 18.1% for Essex County and 19.6% statewide.

- *Growth in the number of households has been substantially higher than overall population growth.* The number of households increased from 17,556 in 1990 to 21,313 in 2010. This increase represents a 21.4% growth rate, higher than the 9.0% overall population growth during the same period.

- *Increasing smaller and nonfamily households.* The average household size decreased from 2.65 to 2.38 persons between 1990 and 2010. Both the increase in households and declining

household size are correlated to the growing number of smaller, nonfamily households[2], from 4,619 households in 1990 to 7,917 by 2010. These households of individuals or unrelated members comprised about 37.1% of all households in Peabody, higher than the 34.3% for the county but comparable to the state at 37.0%.

- *High level of persons living alone.* There are more persons living alone in Peabody, 31.4%, compared to 28.1% for the county and 28.7% for the state. More than half (52.2%) or 3,485 of these single-person households were 65 years of age or older.

- *Peabody's population is on average older.* The median age was 44.6 years in Peabody while considerably lower at 40.4 and 39.1 years for the county and state, respectively. The percentages of those in the younger age categories below age 35 were consistently lower than the county and state, while the reverse was the case for the older age groups. For example, those 55 years of age or older comprised one-third of Peabody's population but were 27% and 26% of all residents in the county and state, respectively

- *Peabody's median household income remains relatively high.* The 2010 estimated median household income in Peabody was somewhat higher than that for the county and state, $64,679 versus $63,341 and $63,961, respectively. Additionally, the percentage of those earning less than $25,000 annually was lower in Peabody based on 2010 estimates, 18.1% in comparison to 20.9% for Essex County and 20.6% for the state.

- *Recent estimates suggest some increases in poverty levels for seniors.* The 2008-2010 census estimates from the Census Bureau's American Community Survey indicate that the poverty level decreased in Peabody between 2000 and 2010, from 5.3% to 4.9%, and numbers remained about the same with an estimated 2,511 residents living below the poverty level in 2010 as opposed to 2,531 in 2000. The proportion of adults 65 years of age or older living in poverty was estimated to have actually increased from 7.4% to 9.8% between 2000 and 2010. Given the continued sluggishness of the economy, these poverty levels may in fact have increased even more.

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

- *High housing growth.* Housing growth in Peabody was 17.6% between 2000 and 2010, substantially higher than 6.8% for Essex County and 7.1% statewide. This growth rate was also much higher than the 6.5% population growth during the same period.

- *Higher level of owner-occupancy.* In 2010, 65.6% of Peabody's housing stock was owner-occupied compared to 63.8% and 62.3% levels for the county and state.

- *Increase in rental housing.* Peabody actually experienced a net gain of 2,120 rental units over the past several decades, going from 5,205 rental units in 1990, or 29.6% of all occupied housing units, up to 7,325 units by 2010, representing 34.4% of all occupied units.

[2] Includes individuals and unrelated household members, referred to by the US Census Bureau as non-families.

Table 1-2
Summary of Housing Characteristics for Peabody, Essex County and Massachusetts, 2010

Housing Characteristics	Peabody	Essex County	Massachusetts
Total housing units	22,220	306,754	2,808,254
% Occupied housing units	95.9%	93.2%	90.7%
% Owner-occupied units	65.6%	63.8%	62.3%
% Renter-occupied units	34.4%	36.2%	37.7%
% Single-family, detached structures*	49.0%	50.0%	52.2%
% Units in structures of 3 or more units*	33.6%	31.6%	31.6%
% Mobile homes units*	2.6%	0.6%	0.8%
Median monthly gross rent*	$1,127	$975	$1,008
Median single-family sales price as of end of 2010/10- 2011/12-2012 (Banker & Tradesman)	$295,000/$284,000/ $300,000	$320,000/$317,250/ $315,000	$295,000/$295,000/ $290,000
Housing growth 2000 to 2010	17.6%	6.8%	7.1%
Housing density 2000 to 2010 (based on total land area)	1,152 to 1,355 units per square mile	574 to 613 units per square mile	334 to 358 units per square mile

Sources: US Census Bureau 2010. Asterisk (*) notes use of US Census Bureau's American Community Survey, 2008-2010 estimates.

- *Significant but declining number of mobile homes.* The 2010 census estimates counted 550 mobile homes in Peabody representing 2.6% of all housing units, down from 777 units in 2000, compared to 0.6% for Essex County and 0.8% for the state.

- *High housing density.* Like population density, Peabody has a much higher housing density than the county and state at 1,355 units per square mile as opposed to 613 and 358 units for the county and state, respectively.

- *Somewhat lower median housing prices.* Peabody had somewhat lower market values with a median price of a single-family home at $284,000 in October 2011, versus $317,250 and $295,000 for the county and state. Housing prices have increased somewhat since then with a median of $300,000 as of the end of 2012, below the county's median but above the state's median of $290,000. In general, prices and interest rates have been declining in recent years, making housing more affordable, but the ability to secure financing has become more challenging, providing a significant constraint to those wishing to enter the housing market.

In regard to the rental market, the 2010 median rent was estimated by the Census Bureau to be $1,127 while about the lowest rent advertised on Craigslist in early December 2011 was $925 for a one-bedroom apartment requiring an annual income of $41,000, assuming $100 per month in utility bills and housing expenses of no more than 30% of the household's income. Landlords also typically require first and last month's rent up-front plus a security deposit. A strong rental housing market has pushed going rents well beyond the means of many, including most low- and moderate-income individuals and families.

The convergence of these trends – increasing numbers of households, more people living alone, increasing poverty, high housing costs, lower housing production, difficulty in obtaining financing, large up-front cash requirements for homeownership and rentals – all point to a *growing affordability gap*! This gap is reinforced by 2010 estimates from the Census Bureau's American Community Survey that counted *more than one-third of all Peabody households (7,486 households or 35.1%) who were living in housing that was by common definition beyond their means and unaffordable*.[3]

Peabody remains a vibrant community and continues to be a desirable place to move to, to work in and to raise children. The City is also well ahead of most communities in the Commonwealth in regard to providing affordable housing and promoting "smart" land use patterns. However, based on the affordability gap that has been growing, largely outside of the City's control due to demographic and economic conditions, the City cannot afford to be complacent.

This Housing provides the tools for the City to make progress on reducing the affordability gap. Through a range of strategies including zoning changes, partnerships with developers and service providers, and subsidies, the City can continue to play a meaningful role in promoting housing options that match people to appropriately priced and sized units – producing housing that reflects local needs!

1.3 Priority Housing Needs

The City needs to focus on increasing the supply of housing at a variety of levels of affordability, including both rental and homeownership options. Many of the existing affordable units are included in the Subsidized Housing Inventory, summarized in Table 3-31, or rented on the private market through rental subsidy programs that make up the difference between a fair market rent and what a low- or moderate-income household can afford. There are other existing privately-owned units that, while not subsidized, should still be preserved to the greatest extent possible as they provide some level of relative affordability and help diversify the housing stock.

The City needs to work with private sector stakeholders to devise and implement strategies that preserve and produce a broad range of affordable housing options. It should be noted that specific strategies and production goals to meet priority needs will be detailed in the strategic Housing Production Plan that will incorporate this Housing Needs Assessment.

Based on input from a wide variety of sources, including demographic and housing characteristics and trends (Section 3.1 and 3.2), the 3-5 Year Strategic Plan 2010-2014 for the City of Peabody required by HUD, and prior planning efforts, the following priority housing needs have been identified:

[3] According to HUD, if a household is spending more than 30% of its income on housing, it is living in housing that is beyond what they can afford.

- ***Preserve the existing affordable housing stock***
  The City's primary priority is to preserve existing affordable units, whether they be subsidized or not, to benefit low- and moderate-income individuals and families. The emphasis will therefore be on pursuing the redevelopment and substantial rehabilitation of existing buildings.

  While the City can currently count approximately 2,041 units as part of its Subsidized Housing Inventory, these are only units that meet all of the rigorous standards of the state – the big "A" affordable units. Most actual affordable units – what is commonly referred to as little "a" affordable units – are unsubsidized and part of the private housing stock. In fact, private landlords are the greatest provider of affordable housing in Peabody as many keep rents at artificially low levels to maintain good tenants. Efforts to help property owners maintain these little "a" affordable units are a priority for the City.

  Additionally, many low- and moderate-income homeowners lack sufficient resources to properly maintain their homes and address substandard housing conditions. Investors of multi-unit properties also need financial support and/or incentives to make necessary repairs. Improvements should incorporate modifications to improve handicapped accessibility and eliminate lead-based paint and housing code violations. In some cases additional funding is required to maintain a property's historic character as well.

- ***Increase the number of affordable units***
  Given the substantial numbers of residents who are paying too much for their housing and the gaps between the need and supply of existing housing calculated in Tables 3-28 and 3-29, there is a pressing need to produce more subsidized housing units in Peabody. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by the declining economy, lack of decent paying jobs, decreasing state resources available to subsidize housing, increasing poverty, and the ongoing problems associated with the mortgage market.

  Both rental and ownership housing are needed as Peabody should continue to encourage a mix of housing types in response to diverse housing needs. There is a clear need for rental units for those with lower-paying jobs, many in the City's service economy who are encountering serious difficulty finding housing that they can afford in Peabody. Because state housing subsidy funds are almost exclusively directed to rental housing, because the City might be at risk of losing up to 500 rental housing units in its Subsidized Housing Inventory (SHI), and because the City places the highest priority on meeting the housing needs of its most financially vulnerable citizens, this Housing Needs Assessment identifies the creation of new rental units as the top priority.

  Efforts to provide starter homes for first-time homebuyers who invest in the city's neighborhoods are also needed. Market conditions have placed the purchase of homes beyond the financial means of low- and moderate-income households, and families need opportunities to "buy up" as their families grow. Infill development, cluster development, and the redevelopment/reuse of existing properties in partnership with non-profit organizations and private builders offer the best options for increasing affordable homeownership opportunities in Peabody.

- ***Prevent homelessness***
  Increases in poverty levels, the continuing loss of affordable housing, the foreclosure crisis, in conjunction with high unemployment and underemployment, have exacerbated problems for those individuals and families who are at-risk of becoming homeless. It has become apparent that individuals and families who normally do not access services provided by housing and social service agencies, have been doing so in increasing numbers because of the economic crisis. These economic changes have placed more pressure on the City and non-profit organizations to provide greater support with fewer resources to prevent family disintegration and loss of housing. In addition to important services, housing should also continue to be developed to serve those who are at risk of homelessness. Providing stable and affordable opportunities for those transitioning out of shelters or special programs remains a high priority for the City.

Based on annual housing production goals of 111 units per year, the following housing goals by priority needs are proposed:

Table 1-3
Summary of Housing Production Goals Based on Priority Needs

Type of Units	Target Populations	Annual Goals	5-Year Goals
Preservation of existing housing stock (Housing Rehab Program)	Mix of Rental/Ownership	**20**	**100**
Increase the number of affordable units		**80**	**400**
Rental housing	Seniors (20%)	16	80
	Individuals & Disabled (20%)	16	80
	Families (50%)	40	200
	Homeless/At risk Populations (10%)	8	40
First-time homeownership		**11**	**55**
Total		**111**	**555**

1.4 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 .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.[4] Peabody would have to produce at least 111 affordable units, a formidable challenge, and housing growth will continue to drive-up the 10% goal. If the state certifies that the locality has complied with its annual production goals, the City may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications.[5]

[4] The state has issued changes to Chapter 40B that included modifications to the Planned Production requirements. For example, the annual production goals are instead based on one-half of one percent of total housing units and plans are now referred to as Housing Production Plans (HPP).

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

1.5 Summary of Housing Strategies

The strategies summarized in Table 1-4 are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals, public forums, and the experience of other comparable localities in the area and throughout the Commonwealth. They are divided into those that help bolster local capacity to promote affordable housing as well as those that address priority housing needs. They are also categorized according to projected timeframe for implementation whether within Years 1 and 2 or within Years 3 to 5. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.[6] Also, while a major goal of this Plan is to eventually once again exceed the state's 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs. Consequently, there are instances where housing initiatives might be promoted to meet community needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory.

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

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with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

[6] Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

Table 1-4
Summary of Housing Strategies

Strategies	Priority for Implementation			
	In Years 1-2	In Years 3-5	# Affordable Units	Responsible Parties**
Strategies That Build Local Capacity To Promote Affordable Housing				
6.1.1 Establish and capitalize an Affordable Housing Trust Fund	X		*	M/CC
6.1.2 Conduct ongoing community education	X		*	M/PHT/PB etc.
Strategies That Address Priority Housing Needs				
Priority Need #1: Preserve the existing affordable housing stock				
6.2.1 Monitor and maintain SHI units	X		*	M
6.2.2 Continue funding Housing Rehab efforts	X		87	M/CC
6.2.3 Convert existing housing to long-term affordability		X	31	M/PHT
6.2.4 Conduct a mobile home study		X	*	M/PHT
Priority Need #2: Increase the number of affordable units				
6.2.5 Modify the inclusionary zoning ordinance	X		20	PB
6.2.6 Promote "friendly 40B" development	X		115	M/ZBA
6.2.7 Make suitable public property available for affordable housing	X		8	M/CC/PHT
6.2.8 Modify FALA ordinance		X	*	PB/PHT/BI
6.2.9 Pursue 40R/40S Smart Growth zoning		X	40	PB/PHT
6.2.10 Promote nontraditional housing models		X	173	PB/PHT
6.2.11Consider changes to cluster development ordinance		X	15	PB/PHT
6.2.12 Encourage "Above the Shop" zoning		X	Under 6.2.10	PB/PHT
Priority Need #3: Prevent Homelessness				
6.2.13 Provide funding to fight homelessness	X		*	M/CC

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

****Abbreviations**

Mayor = M
City Council = CC
Planning Board = PB
Community Preservation Committee = CPC
Zoning Board of Appeals = ZBA
Building Inspector = BI
Proposed Housing Trust (strategy 6.1.1) = PHT

Section 2

INTRODUCTION

2.1 Background and Purpose
2.2 What is Affordable Housing
2.3 Housing Goals and Challenges

2. INTRODUCTION

2.1 Background and Purpose of Project

The City of Peabody is strategically located 18 miles north of Boston at the intersection of several major highways including Route 128, Route 1 and I-95. The city is bordered by Lynnfield on the west, Middleton and Danvers on the north, Salem on the east, and Lynn on the south. Given its strategic location, Peabody has historically been the major employment center of the North Shore, transitioning from one of the world's great leather producers to a more diverse economic base centered in the Centennial Industrial Park, North Shore Mall and Downtown.

In regard to housing, Peabody is home to a strong housing authority that own hundreds of affordable units and administers many rental subsidy vouchers. Nonprofit organizations and private developers have also actively participated in the affordable housing market, contributing hundreds of more units. While Peabody increased its overall percentage of affordable units from 7.6% to 10.8% of the total housing stock in the last decade, updated housing growth figures brought the community's percentage of affordability down to 9.1%, once again making the city susceptible to unwanted Chapter 40B comprehensive permit projects.

Despite local progress in the creation of affordable housing, it is clear that more housing options in Peabody and the region are needed, and City policies continue to reflect a dedication to increasing housing opportunities for all segments of the population. For example, multi-family housing is allowed by right in several zoning districts, and several large parcels in the Downtown have been rezoned to accommodate additional residential development. Another integral component of the City's affordable housing policy is the Inclusionary Zoning Ordinance, adopted in 2002, that requires that the integration of affordable housing in all projects of eight (8) units or more.

This Housing Production Plan is part of a major effort to update a Housing Needs Assessment and Strategy that was approved in 2003 to guide future development, focusing on affordable housing. The Plan will provide a roadmap for policies, projects, initiatives, and regulatory changes that will help Peabody create more affordable housing opportunities to support a diverse population and range of incomes.

2.2 What is Affordable Housing?

Federal and state programs offer a number of different definitions of affordable housing. For example, the U.S. Department of Housing and Urban Development (HUD) generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's income or if the carrying costs of purchasing a home (mortgage, homeowners association fees, property taxes and insurance) is not more than typically 30% of income. If households are paying more than these amounts, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems and heavy cost burdens.

Housing subsidy programs are typically targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to households with incomes at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development ($26,450 for a family of three for the area) and very low-income is defined as households with incomes between 30% and 50% of area median income ($44,050 for a family of three). Low- and moderate-

income generally refers to the range between 50% and 80% of area median income ($58,500 for a family of three at the 80% level). These income levels are summarized in Table 2-1.

Table 2-1
2012 Income Levels for Affordable Housing in the Greater Boston Area[7]

# in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	$20,550	$34,250	$45,500
2	23,500	39,150	52,000
3	26,450	44,050	58,500
4	29,350	48,900	65,000
5	31,700	52,850	70,200
6	34,050	56,750	75,400
7	36,400	60,650	80,600
8+	38,750	64,550	85,800

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program. The state established legislation for promoting affordable housing under the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).[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 are not met. Specifically, all SHI units must meet the following criteria:

1. Subsidized by an eligible state or federal program.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time (at least 30 years or longer for newly created affordable units, and at least 15 years for rehabilitated units).
3. Subject to an Affirmative Fair Housing Marketing Plan.

Based on the Massachusetts Department of Housing and Community Development's most recent data on Peabody's supply of affordable housing included in the state's Subsidized Housing Inventory, the City had 22,135 year-round housing units,[9] of which 2,041 are counted as affordable, representing 9.2% of the year-round housing stock.

Most state-supported housing assistance programs are targeted to households earning at this same level, at or below 80% of area median income, however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program subsidizes rental units targeted to households earning up to 60% of median income. First-time homebuyer programs typically apply income limits of up to 80% of area median income. It is worth

[7] The U.S. Department of Housing and Urban Development (HUD) includes Peabody as part of the Boston Metropolitan Statistical Area.
[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.
[9] Year-round housing units are defined as the total number of housing units minus the number of seasonal or occasional units as reported through the 2010 US Census.

noting that according to census estimates, more than one-third of Peabody's households, would have likely been income-eligible for affordable housing using the 80% of area median income criterion without consideration of financial assets.

The Community Preservation Act (CPA) allows Community Preservation funding to be directed to those within a somewhat higher income range – 100% of area median income – now commonly referred to as "community housing". Additionally, some housing developments incorporate several income tiers. It should be noted, however, that those units that involve occupants with incomes higher than 80% of area median income, while still serving local housing needs, will not count as part of the Subsidized Housing Inventory unless they are part of a Chapter 40B rental development where 100% of the units would qualify for inclusion in the SHI.

2.3 Housing Goals and Challenges

The 2002 Master Plan introduced the following vision for the City:

> *The City of Peabody shall continue to be a vibrant and balanced community in which to live and work. The City shall strive to improve the quality of life for all the residents by providing a mix of housing and transportation options and superb natural, cultural and recreational amenities. City policies shall continue to support a variety of land uses and a strong economic base in order to ensure stability in the community.*

The mix of housing options is further articulated in the Master Plan's stated housing goal, which is to *ensure that a full range of housing options exists for all Peabody residents and families regardless of income level, physical ability, and age.* The Master Plan also identified three (3) main housing policy areas that included:

1. Preservation and improvement of the existing housing stock to maintain affordable units and to upgrade living conditions and property values.
2. Development of new units to meet state housing goals.
3. Use of regulations to encourage and support affordable housing.

These goals and policies provide a context for the strategies that will be recommended in the Housing Production Plan, addressing the diverse housing needs in the community as summarized in Section 1.3 above and detailed in Section 3.3. These strategies will provide a blueprint to help Peabody go beyond the state 10% affordable housing goal, presenting a proactive housing agenda of City-sponsored initiatives. Also, if the City meets the annual goal of producing 111 units or reaches the 10% affordability threshold, it will have the ability to deny unwanted Chapter 40B developments.

While there is a demonstrated commitment to producing affordable housing in Peabody, the City also recognizes that *obstacles to new development exist* that will challenge new initiatives. Such challenges include the limited amount of developable property, zoning, community perceptions, limited public transportation, the sluggish economy, infrastructure, and available funding (see Section 4 for details).

In summary, gaps remain between what many current or new residents can afford and the housing that is available. Children who grew up in the community are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased housing-related costs but also hard-pressed to find alternative housing that better

meets their current lifestyles. Families are finding it more difficult to hold onto their homes given the faltering economy. City employees and employees of the local businesses continue to be challenged in locating housing that is affordable in Peabody. More housing options are required to meet these local needs.

Section 3

HOUSING NEEDS ASSESSMENT

3.1 Demographic Profile
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3.1.2 Household Composition
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3.3 Priority Housing Needs

3. HOUSING NEEDS ASSESSMENT [10]

This Housing Needs Assessment presents an overview of current demographic and housing characteristics and trends for the city of Peabody, providing the context within which a responsive set of strategies can be developed to address identified housing needs and meet production goals.

3.1 Demographic Profile

It is important to closely examine social and economic characteristics, particularly past and future trends, in order to understand the composition of the population and how it relates to current and future housing needs.

3.1.1 Population Growth – Slowly growing population now stabilizing

As noted in Table 3-1, Peabody's population grew very slowly from 1930 through 1950 then boomed between 1950 and 1970 when the population more than doubled in size, from 22,645 to 48,080 residents. The next decade saw a 4.6% decrease in population, but as shown in Figure 3-1, the population increased steadily but relatively more slowly after that with a total growth rate of 9.0% since 1990 to a total population of 51,251 by 2010.

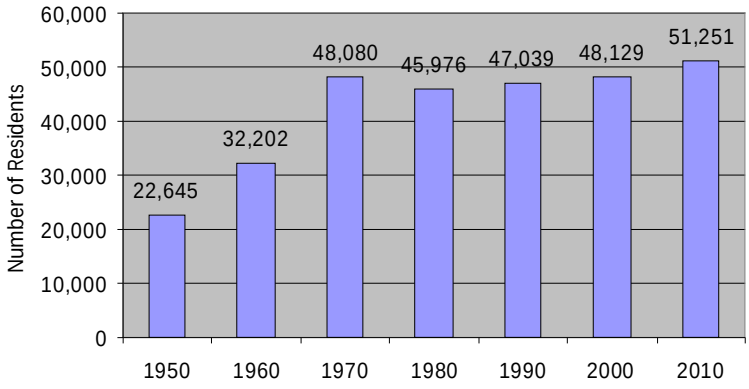
Table 3-1
Population Change, 1930 to 2010

Year	Total Population	Change in Number	Percentage Change
1930	21,345	--	--
1940	21,711	366	1.7%
1950	22,645	934	4.3%
1960	32,202	9,557	42.2%
1970	48,080	15,878	49.3%
1980	45,976	-2,104	-4.6%
1990	47,039	1,063	2.3%
2000	48,129	1,090	2.3%
2010	51,251	3,122	6.5%

Source: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center.

Figure 3-1

Population Change 1950 to 2010



[10] It should be noted that this Housing Needs Assessment includes the most up-to-date data available. When 2010 census data is not available, the most recent issue of the Census Bureau's American Community Survey (ACS) is used for various types of data. Because the ACS is based on a sample, it is subject to sampling error and variation.

Population projections from the Metropolitan Area Planning Council (MAPC), Peabody's regional planning agency, estimate that the population will continue to grow but at a somewhat slower pace, increasing to 54,995 residents by 2030 and representing a 7.3% rate of growth.

3.1.2 Household Composition – Increasing number of smaller households

As shown in Table 3-2, the number of households increased by 21.4% over the past 20 years, from 17,556 in 1990 to 21,313 in 2010. This increase of 21.4% is substantially more than the 9.0% overall population growth rate during the same period and is correlated to the increasing number of smaller households including nonfamily households of individuals or unrelated household members [11], which grew from 4,619 in 1990 to 7,917 by 2010. In 2010, these households comprised 37.1% of all households in Peabody, up from 26.3% in 1990. The average household size in fact decreased from 2.65 to 2.38 persons during the same time period driven by decreases in the number of children and more "traditional" families, and increases in "child-free" and "child-delayed" families, especially increases in empty nesters as well as senior and frail populations.

Table 3-2
Household Characteristics, 1990 to 2010

	1990		2000		2010	
	#	%	#	%	#	%
Total Households*	17,556	100.0	18,581	100.0	21,313	100.0
Family Households**	12,937	73.7	12,981	69.9	13,396	62.9
**Non-family Households ** **	4,619	26.3	5,600	30.1	7,917	37.1
**Female Headed Families with Children ** **	909	5.2	881	4.7	1,024	4.8
Average Household/ Family Size	2.65/3.13 persons		2.55/3.09 persons		2.38/3.02 persons	

Source: U.S. Census Bureau, Census 1990, 2000 and 2010
* Percent of total population ** Percent of all households

Table 3-3 examines the types of households by household size. Single-person households comprised a substantial portion of the population, 25.4% of all households and 84.3% of nonfamily households in 2000, increasing to 30.9% of all households and 84.9% of nonfamily households by 2010. It should also be noted that one-third of all residents over 65 lived alone. Moreover, almost 10% of the households with children were headed by one parent (77% of these involved single mothers) suggesting a need for affordable housing for families with only one income. Large families of five (5) or more persons represented only 7% of all households, down from about 9% in 2000 and comparable to 9% for Essex County. *This data further suggests a need for a greater number of smaller units to accommodate a growing population of single-person households and smaller families.*

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

Table 3-3
Types of Households by Size
2000 Census and 2009 Estimates

Households by Type and Size	2000		2010 Estimates	
	#	%	#	%
Nonfamily households	**5,600**	**30.1**	**7,457**	**36.4**
1-person household	4,722	25.4	6,329	30.9
2-person household	752	4.0	1,067	5.2
3-person household	68	0.4	61	0.3
4-person household	40	0.2	0	0.0
5-person household	8	0.04	0	0.0
6-person household	3	0.02	0	0.0
7 or more person household	7	0.04	0	0.0
Family households	**12,981**	**69.9**	**13,057**	**63.6**
2-person household	5,247	28.2	5,230	25.5
3-person household	3,104	16.7	3,374	16.4
4-person household	2,972	16.0	3,081	15.0
5-person household	1,179	6.3	1,130	5.5
6-person household	347	1.9	121	0.6
7 or more person household	132	0.7	121	0.6
Total	**18,581**	**100.0**	**20,514**	**100.0**

Source: US Census Bureau, 2000 Census and 2008-2010 American Community Survey.

3.1.3 Racial Composition – Small but growing minority population

Table 3-4 presents data on the racial distribution of the population in Peabody. While the number and percentage of minority residents have increased significantly – from 1,514 residents in 1990, to 2,925 in 2000, and 4,933 by 2010 – minority residents still comprised only 9.6% of the population in 2010, a relatively low level in comparison to other cities in Massachusetts and in comparison to Essex County at 18.1%. Almost two-thirds of the minority residents in 2010 described themselves as Latino or Hispanic.

Table 3-4
Racial and Immigrant Information, 1990 to 2010

	1990		2000		2010	
	#	%	#	%	#	%
Minority pop. *	1,514	3.2	2,925	6.1	4,933	9.6
Black or African Amer.	570	1.2	466	1.0	1,206	2.4
Asian	509	1.1	667	1.4	956	1.9
Latino **	1,346	2.9	1,651	3.4	3,212	6.3
Other ***	414	0.9	1,735	3.6	2,680	5.2

Source: U.S. Census Bureau, Census 1990, 2000 and 2010 *All non-White classifications
** Latino or Hispanic of any race. *** The "Other" category includes American Indian or Alaskan Natives, Native Hawaiians and other Pacific Islanders as well as those of two (2) or more races.

3.1.4 Age Distribution – Decreasing younger population but growing numbers of middle-aged and older residents

Census data regarding the changes in the age distribution from 1990 to 2010 is provided in Table 3-5 and visually presented in Figure 3-2 for 1990 through 2010. In general, there were significant declines in the younger age categories and major gains in the older ones as summarized below.

Table 3-5
Age Distribution, 1990 to 2010

Age Range	1990		2000		2010	
	#	%	#	%	#	%
Under 5 Years	2,993	6.4	2,805	5.8	2,493	4.9
5 – 17 Years	6,987	14.9	7,911	16.4	7,289	14.2
18 – 24 Years	4,432	9.4	2,962	6.2	3,742	7.3
25 – 34 Years	8,326	17.7	5,957	12.4	5,799	11.3
35 – 44 Years	7,033	15.0	8,207	17.1	6,583	12.8
45 – 54 Years	5,364	11.4	6,956	14.5	8,152	15.9
55 – 64 Years	5,248	11.2	4,933	10.2	6,673	13.0
65 – 74 Years	4,111	8.7	4,366	9.1	4,429	8.6
75 – 84 Years	1,935	4.1	3,052	6.3	3,963	7.7
85+ Years	609	1.3	980	2.0	2,128	4.2
Total	47,039	100.0	48,129	100.0	51,251	100.0
Under 18	9,980	21.2	10,716	22.3	9,782	19.1
Age 65+	6,655	14.1	8,398	17.4	10,520	20.5

Source: U.S. Census Bureau, Census 1990, 2000 and 2010

- *Declining population of children*
  The number and proportion of children under age 18 declined by 2.0% over the past several decades, from 21.2% of the population to 19.1%, despite an overall increase of 9.0% in the total population.

- *Decreases in college age residents*
  Young residents in the 18 to 24-age range decreased by 15.6% between 1990 and 2010, from 4,432 residents to 3,742.

- *Young adults demonstrated a 30% decline in population*
  Younger adults in the family formation stage of their lives, the 25 to 34-age range, also decreased significantly between 1990 and 2010, dropping to 11.3% of the population in 2010 from 17.7% in 1990, and from 8,326 to 5,799 residents.

- *Increases in middle-age residents*
  Those in the 35 to 54-age range, many of the baby boomer generation, increased from 26.4% of the population in 1990 to 28.7% by 2010. 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 10.2% in 2000 to 13.0% by 2010.

- *Substantial upsurge in the population 65 years or older*
  The number of those 65 years of age and older grew by 58% between 1990 and 2010, from 6,655 to 10,520 residents, while the population as a whole increased by only 9.0%. Of particular note were the frail elderly of at least age 85 who increased by 249% during these decades.

Figure 3-2

Changes in Age Distribution: 1990 to 2010

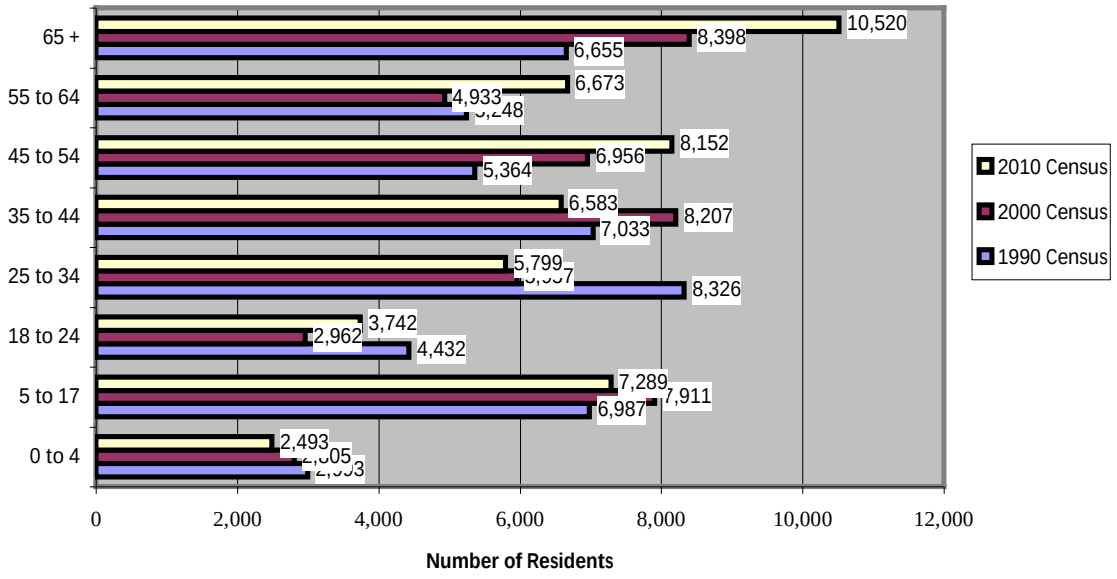


Table 3-6 offers population projections by age category for 2030, comparing these figures to 2010 census results. These projections were prepared by the Metropolitan Area Planning Council (MAPC), Peabody's regional planning agency, and estimate a population growth of 7.3% with continuing shifts in the age distribution that for the most part reflect past trends. The younger age categories are expected to decrease somewhat while the older age groups are projected to demonstrate significant gains. For example, those under the age of 20 are expected to decrease from 21.1% to 19.8% with total population numbers remaining about the same. Those over 65 are estimated to increase substantially from 20.5% to 28.1%, representing a gain of almost 5,000 residents in this age category by 2030. The population in the middle years between 35 and 54 is projected to decrease by 10.5% or by 1,543 residents.

Given the release of 2010 census data, population projections will be updated to reflect more recent demographic trends, which are likely to show a continued increase in older adults with corresponding reductions in younger ones. Clearly housing alternatives to accommodate this increasing population of seniors, such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands, should be considered in housing planning efforts. Additionally, more affordable starter housing opportunities to attract young adults, including young families, should be promoted both as rentals and first-time homeownership.

Table 3-6
Age Distribution, 2010 Census and 2030 Projections

Age Range	2010 Census		2030 Projections	
	#	%	#	%
Under 5 Years	2,493	4.9	2,610	4.7
5 – 19 Years	8,336	16.3	8,295	15.1
20 – 24 Years	2,695	5.3	2,340	4.3
25 – 34 Years	5,799	11.3	5,483	10.0
35 – 44 Years	6,583	12.8	7,085	12.9
45 – 54 Years	8,152	15.9	6,107	11.1
55 – 64 Years	6,673	13.0	7,635	13.9
65 – 74 Years	4,429	8.6	9,066	16.5
75 – 84 Years	3,963	7.7	5,090	9.3
85+ Years	2,128	4.2	1,284	2.3
Total	51,251	100.0	54,995	100.0
Under 20	10,829	21.1	10,905	19.8
Age 65+	10,520	20.5	15,440	28.1

Source: Metropolitan Area Planning Council (MAPC)

3.1.5 Income Distribution – Significant income disparities

Table 3-7 presents income data based on the 1990 and 2000 decennial census counts as well as estimated 2010 data from the Census Bureau's American Community Survey. This information is also visually presented in Figure 3-3.

Table 3-7
Income Distribution by Household, 1990 to 2010

Income Range	1990		2000		2010	
	#	%	#	%	#	%
Under $10,000	1,860	10.6	1,280	6.9	1,203	5.9
10,000-24,999	3,375	19.3	2,608	14.0	2,519	12.3
25,000-34,999	2,358	13.5	2,061	11.1	1,812	8.8
35,000-49,999	3,501	20.0	2,409	13.0	2,453	12.0
50,000-74,999	3,745	21.4	4,023	21.7	4,510	22.0
75,000-99,999	1,659	9.5	2,939	15.8	2,946	14.4
100,000-149,999	827	4.7	2,391	12.9	2,877	14.0
150,000 +	150	0.9	867	4.7	2,194	10.7
Total	17,475	100.0	18,578	100.0	20,514	100.0
Median income	$39,800		$54,829		$64,679	

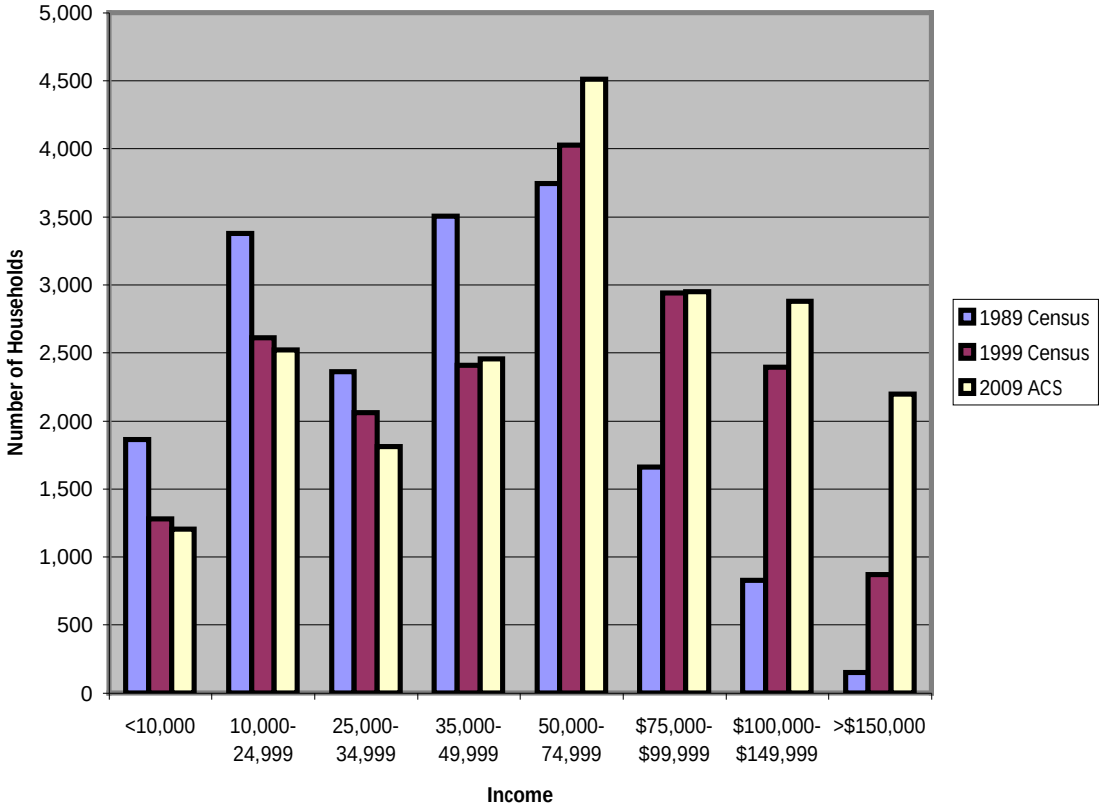
Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3, and American Community Survey 2008-2010, Economic Data Profile.

Incomes have increased substantially with the median income level increasing by 62.5% during the last two decades, from $39,800 to $64,679, only slightly higher than the 2010 state median household income level of $63,961. This growing prosperity is also indicated in the increasing proportion and numbers of those earning more than $75,000 annually, going from 2,636 households or 15.1% of all households in 1990 to 8,017 and 39.1%, respectively, in 2010. Nevertheless, Peabody had a lower portion of those earning more than $100,000 in 2010 compared to the state, 24.7% as opposed to 29.9% of all households.

The City's per capita income was $24,827 in 2000, somewhat higher than the state average of $25,952. By 2010, it is estimated that the per capita income had increased to $31,926 which was lower in comparison to the state's per capita income of $33,969.

Figure 3-3

Income Distribution 1989 to 2010



The median income of families was substantially higher than nonfamilies, $76,053 versus $34,162, a finding highly correlated with the greater prevalence of two worker households in families. Moreover, the median income of seniors 65 years of age or older was $31,626. Correlated to the lower median incomes of individuals and nonfamily member households was the 2010 estimate that more than half of these households were renters (54.4%) as opposed to 18.4% of married couples with children.

A comparison of 2010 income levels for owners and renters is provided in Table 3-8. Almost half of renters earned within $35,000 compared to only 16.2% of homeowners. On the other hand, about one-third of the homeowners earned more than $100,000 compared to only 9.0% of renters. The disparity of incomes from renters and homeowners is clear in median income levels of $36,419 and $76,158, respectively.

Table 3-8
Income Distribution by Owner and Renter Households, 2010

Income Range	Homeowners		Renters	
	#	%	#	%
Under $10,000	352	2.6	851	12.3
10,000-24,999	1,038	7.6	1,481	21.5
25,000-34,999	822	6.0	990	14.3
35,000-49,999	1,441	10.6	1,012	14.7
50,000-74,999	3,083	22.7	1,427	20.7
75,000-99,999	2,426	17.8	520	7.5
100,000-149,999	2,448	18.0	429	6.2
150,000 +	2,000	14.7	194	2.8
Total	13,610	100.0	6,904	100.0
2010 Median income	$76,158		$36,419	

Source: U.S. Census Bureau, 2008-2010 American Community Survey

It is also worth noting that while most households have become more affluent over the past several decades, there remains a very vulnerable population living in Peabody with limited financial means. About one-fifth of all household earned less than $25,000, including more than one-third of all renters. About another 29% of all renters earn enough to perhaps qualify for first-time homebuyer opportunities if they become available. Almost 40% of all households, including 62.8% of all renters, were earning at or below $50,000 and might qualify for housing assistance based on income alone given that this threshold is close to the 80% of area median income level.

3.1.6 Poverty Status – Some increase in poverty for seniors

Table 3-9 confirms that those living in poverty declined over the past couple of decades, with the exception of seniors.[12] The 2010 census estimates from the Census Bureau's American Community Survey indicate that poverty decreased from 5.3% to 4.9% between 1999 and 2010, with an estimated 2,511 residents living below the poverty level, only 20 more than 1999. The level of poverty was significantly lower than that for Essex County and the state as a whole where 10.4% and 10.8% of the population lived below the poverty line, respectively. On the other hand, the number of those 65 years of age or older living in poverty doubled between 1999 and 2010, up to 9.8% of all such residents.

Table 3-9
Poverty Status, 1989 to 2010

	1989		1999		2010	
	#	%	#	%	#	%
Individuals *	2,140	4.6	2,531	5.3	2,511	4.9
Families **	493	3.8	481	3.7	442	3.3
Related Children Under 18 Years***	463	4.7	567	5.4	137	1.4
Individuals 65 and Over****	588	9.3	586	7.4	1,031	9.8

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3 and American Community Survey 2008-2010, Economic Data Profile.

[12] The federal poverty levels for 2011 were $10,890 for a single individual and $18,530 for a family of three (3).

3.1.7 Employment – Diverse workforce with a concentration of lower wage service and retail jobs

Peabody has had a relatively strong and diverse economic base, largely the result of its pivotal location as a gateway to the North Shore at the intersection of major highways. Key to the City's economic strategy was the development of two major industrial parks, the 100-acre Peabody Industrial Park and 307-acre Centennial Park. There are also several other pockets of industrial development in the city. Peabody is also a commercial center, home to the North Shore Mall, a thriving downtown and a dense commercial corridor along Route 113.

Of those 41,904 Peabody residents over the age of 16 in 2010,[13] 27,924 or about two-thirds were in the labor market in 2010 according to the Census Bureau's American Community Survey. About one-quarter of those employed worked in the community. It should also be noted that 85% of workers drove alone to work, another 7.5% carpooled and only 2.3% used public transportation according to the 2010 American Community Survey estimates. The average commuting time was about 24 minutes, suggesting employment opportunities were typically located either in Peabody or nearby on the North Shore.

The 2010 Census Bureau's American Community Survey data also provided information on the concentration of Peabody workers by industry, indicating that 37.4% of Peabody's workers were involved in management or professional occupations and the remainder employed in the lesser paying retail and service-oriented jobs that support the local economy including sales and office occupations (26.5%), service occupations (17.3%), production and transportation (12.6%), and construction (6.2%). An estimated 82% of Peabody's labor force involved salaried workers, another 13.7% were government workers, and 4.2% were self-employed.

Table 3-10
Average Employment and Wages By Industry, 2010

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Agriculture, Forestry, Fishing, etc.	5	$843,000	20	$811
Construction	149	$33,526,955	609	$1,059
Manufacturing	83	$204,186,870	2,646	$1,485
Wholesale Trade	86	$123,072,794	1,409	$1,680
Retail Trade	259	$128,806,864	4,959	$500
Transportation/Warehousing	49	$38,029,691	708	$1,033
Information	26	$19,266,217	340	$1,090
Finance/Insurance	67	$35,749,025	508	$1,353
Real estate/rental/leasing	38	$12,761,218	309	$794
Professional/technical services	127	$70,012,717	1,033	$1,303
Management of companies/enterprises	10	$23,014,364	319	$1,387
Administrative and waste services	82	$38,904,064	1,012	$739
Health care/social assistance	136	$202,636,369	4,175	$933
Arts/entertainment/recreation	8	$4,811,752	272	$340
Accommodation/food services	122	$51,193,018	2,616	$376
Other services	214	$22,351,407	972	$442
Total	**1,488**	**$1,072,632,502**	**23,577**	**$875**

Source: Massachusetts Executive Office of Labor and Workforce Development, 2010
Shaded areas involve industries with average employments of more than 1,000 workers.

[13] Based on the 2009 Economic Profile from the US Census Bureau's American Community Survey.

Detailed labor and workforce data from the state on employment patterns in Peabody is presented in Table 3-10. This information shows an average employment of 23,577 employed workers as opposed to an employed workforce in 2000 of 23,882 workers, indicative of some minor job erosion over the decade. *The data also confirms a mix of employment opportunities with a concentration of lower paying retail and service sector jobs that brings the average weekly wage for those working in Peabody to a relatively low level of $875, about 60% of Boston's average weekly wage at $1,507.*

Based on state data from the Department of Labor and Workforce development, Peabody had an unemployment rate of 6.1% in October 2011, down from 7.4% a year before. This rate was a bit lower than Boston's with 7.4% unemployment in October 2011.

3.1.8 Education – Lower but increasing educational attainment and declining school enrollment

The educational attainment of Peabody residents has improved over the last couple of decades. In 2010, 89.9% of those 25 years and older had a high school diploma or higher and 30.7% had a Bachelor's degree or higher, somewhat lower than 36.4% for the county and 38.5% for the state but up from the 2000 figures of 85.1% with at least a high school degree and 23.1% with a college degree or higher.

Those enrolled in school (nursery through graduate school) in 2010 totaled 11,548 residents or 22.5% of the population, and those enrolled in kindergarten through high school totaled 7,783 students, representing 15.2% of all residents. The Peabody Public Schools reported a student enrollment of 6,075 students for the 2010-2011 school year, down markedly from an enrollment of 6,642 in 2000-2001. These declining enrollments are a natural reflection of the city's demographic trend towards a steadily aging population, smaller households, and fewer children.

3.1.9 Disability Status[14] – Significant special needs

Of all Peabody residents in 2010, 7,292 or14.2% claimed a disability, high in comparison to the statewide percentage of 11%. Of particular note are those 65 years of age or older, 42.5% of whom claimed a disability, representing a significantly higher percentage than the 34% level statewide. This data indicates that there are significant special needs within the Peabody community and suggests that the City make a concerted effort to produce special needs housing, including units that are handicapped accessible and/or have supportive services.

Table 3-11
Population Five Years and Over with Disabilities for Peabody and the State, 2010

Age	Peabody		Massachusetts	
	#	%	#	%
Under 18 years	320	3.2	63,718	4.5
18 to 64 years	2,756	9.1	365,191	8.8
65 years and over	4,216	42.5	288,346	34.0
Total	7,292	14.2% of total pop	717,255	11.0% of total pop

Source: U.S. Census Bureau, 2008-2010 American Community Survey

[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 first who need affordable, available and/or accessible housing.

Additional information on the city's disabled population is presented in Table 3-12. This information shows that 1,025 disabled households had some type of housing problem whether they were spending more than 30% of their income on housing, lacked complete kitchen or plumbing facilities, or lived in overcrowded conditions (more than one person per room). Of these, 42% owned their home as opposed to 58% who rented. More than half (55.7%) of all disabled households earning at or below 80% AMI had some type of housing problem, for the most part spending too much on their housing.

Table 3-12
Income and Tenure of Disabled with Housing Problems

With Housing Problems	< = 30% AMI		30.1% - 50% AMI		50.1% - 80% AMI		Total <= 80% AMI		Total
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	<= 80% AMI
Disabled	200	405	80	50	150	140	430	595	1,025
Not Disabled	695	1,025	605	820	905	355	2,205	2,200	4,405
Total	895	1,430	685	870	1,055	495	2,635	2,795	5,430
All Disabled Households	255	620	180	185	400	200	835	1,005	1,840

Source: U S Department of Housing and Urban Development (HUD), SOCDS CHAS Data, American Community Survey, 2009.

3.2 Housing Profile

This section of the Housing Needs Assessment summarizes housing characteristics and trends, analyzes the housing market from a number of different data sources and perspectives, compares what housing is available to what residents can afford, summarizes what units are defined as affordable by the state, and establishes the context for identifying priority housing needs.

3.2.1 Housing growth – Recent slowdown in housing growth and continued increase in owner-occupancy

Table 3-13 indicates that about one-fifth of Peabody's housing stock, 21.8% or 4,850 units, predates World War II. After a slow building period right after the war, Peabody experienced a building boom following the war with 40% of its existing housing units built between 1940 and 1970. This relates to the population boom that occurred during this same period when the population more than doubled in size.

There were 4,437 new housing units created between 1990 and 2010, representing an overall growth rate of 20.0%, which was considerably higher than the overall population growth of 9% during that same period. The rate of growth in fact has increased somewhat, from 3.6% between 1990 to 2000 to 17.6% between 2000 and 2010. This is likely due to the increasing number of smaller households that have been forming over the past couple of decades. Since 2010, only 18 new units have been added to the housing stock, which included one (1) accessory apartment.

Table 3-13
Housing Units by Year Structure Was Built

Time Period	#	%
2000 to 2010	3,322	15.0
1990 to 1999	1,115	5.0
1980 to 1989	2,109	9.5
1970 to 1979	1,836	8.3
1960 to 1969	4,149	18.7
1940 to 1959	4,839	21.8
1939 or earlier	4,850	21.8
Total as of approx. 3/2010	22,220	100.0

Source: US Census Bureau, 2000 and 2010 and Peabody Building Department

Table 3-14 includes a summary of housing characteristics from 1990 through 2010. Of the 22,220 total housing units in 2010, Peabody had 22,135 year-round units[15] of which 21,313 or 95.9% were occupied. Of the occupied units, 13,988 or 65.5% were owner-occupied and the remaining 7,325 units or 34.4% were renter-occupied. These figures represent only a slightly higher level of owner-occupancy to that of Essex County as a whole, where 63.8% of the units were owner-occupied, and the state as well with a 62.3% owner-occupancy level.

[15] The year-round figure 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 (85) from the total number of units (22,220).

Table 3-14
Housing Characteristics, 1990 to 2010

	1990		2000		2010	
	#	%	#	%	#	%
Total # Housing Units	18,240	100.0	18,898	100.0	22,220	100.0
Occupied Units *	17,556	96.3	18,581	98.3	21,313	95.9
Occupied Owner Units **	12,351	70.4	13,227	71.2	13,988	65.6
Occupied Rental Units **	5,205	29.6	5,354	28.8	7,325	34.4
Total Vacant Units/ Seasonal, Rec. or Occasional Use*	684/34	3.8/0.2	317/60	1.7/0.3	907/85	4.1/0.4
Average House-Hold Size/Owner Occupied Unit	2.87 persons		2.75 persons		2.59 persons	
Average House-Hold Size/Renter Occupied Unit	2.13 persons		2.06 persons		1.97 persons	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 1
* Percentage of all housing units ** Percentage of occupied housing units

Peabody has actually seen a significant increase of rental units. Approximately one-third of Peabody's housing stock involves rentals, 34.1%, which is only a bit lower than the 36.2% and 37.7% levels for Essex County and state, respectively. In fact, Peabody experienced a modest increase of 149 rental units between 1990 and 2000, and then another 1,971 rental units from 2000 to 2010. A substantial portion of the new rentals were developed at Brooksby Village, a continuing care retirement community involving 1,352 independent and assisted living units as well as a skilled nursing facility. Additional units were built the Highlands at Dearborn and Avalon of Cranebrook projects, the latter including affordable units through a Chapter 40B comprehensive permit.

There have been significant decreases in the average number of persons per unit. Average household size continues to drop, and consequently new housing units do not necessarily translate into substantially more people. The average number of persons per unit declined between 1990 and 2010, from 2.87 persons to 2.59 persons for owner-occupied units and from 2.13 to 1.97 persons for rental units. This decrease reflects local, regional and national trends towards smaller households and relates to the change in the average household size in Peabody from 2.65 persons in 1990 to 2.36 by 2010.

3.2.2 Types of Structures and Units – Significant and increasing diversity of housing types

Estimates from the 2008-2010 American Community Survey indicated that there is significant diversity in Peabody's existing housing stock as summarized in Table 3-15 and Figure 3-4, including significant increases in the larger multi-family housing stock. Single-family detached homes comprised 49.0% of all units based on 2010 estimates, representing a net increase of 231 such units since 1990, following a decrease of 525 such units between 2000 and 2010. The number of single-family attached units, largely duplex condominiums, increased by 463 units since 1990. While the number of two to four-unit structures stayed about the same from 1990 to 2010, about 3,300 units, they have declined in proportion to the total housing from 18.1% to 15.5% by 2010 despite an overall housing growth rate of 14.1%.

This decline in small, multi-family homes represents the loss of a valuable segment of the city's existing housing stock. Many of these units were probably more affordable, as private landlords, particularly

owner-occupied ones, tend to value good tenants and frequently maintain rents below market to keep them. It also suggests the loss of some particularly affordable homeownership stock as well since owners with rental units benefit from rental income that helps them finance the property. Lenders typically count about 75% of the rental income towards mortgage underwriting calculations thus allowing a lower income homeowner to purchase a home. *Thus, small multi-family homes have offered important starter housing in many communities, cities in particular. Strategies to replace some of this housing should be considered in future planning.*

There was also a drop in the midsize structures of five (5) to nine (9) units, from 875 units in 1990, down to 809 units in 2000, and then to 743 units by 2010, representing a net loss of 132 units. On the other hand, *units in larger multi-family structures of ten (10) or more units increased substantially.* In fact the number of units more than doubled between 2000 and 2010 alone, from 2,024 units to 4,976 based largely on several sizable developments including Brooksby Village, the Highlands project and Avalon of Cranebrook.

Decline in the number of mobile homes. The number of units in the "other " category, which includes mobile homes, RV's, houseboats, etc., also decreased significantly, from 1,066 units in 1990 to 590 by 2010, with a net loss of 476 units. Most of these units were mobile homes that decreased to 540 by 2010, representing 93.2% of the units in the "other" category. *Mobile homes continue to be a significant and affordable segment of Peabody's housing stock and the City should focus on how to improve and protect these vulnerable units.*

Table 3-15
Units by Type of Structure, 1990 to 2010

Type of Structure	1990		2000		2010	
	#	%	#	%	#	%
1- unit detached	10,203	55.9	10,959	58.0	10,434	49.0
1- unit attached	772	4.2	901	4.8	1,235	5.8
2 units	3,300	18.1	1,696	9.0	1,856	8.7
3 to 4 units			1,600	8.5	1,446	6.8
5 to 9 units	875	4.8	809	4.3	743	3.5
10+ units	2,024	11.1	2,156	11.4	4,976	23.4
Other*	1,066	5.8	777	4.1	590	2.8
Total	18,240	100.0	18,898	100.0	21,280	100.0

Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3; 2010 data from the 2008-2010 American Community Survey *Includes mobile homes, boats, vans, RV's.

Figure 3-4

Distribution of Units Per Structure, 2010

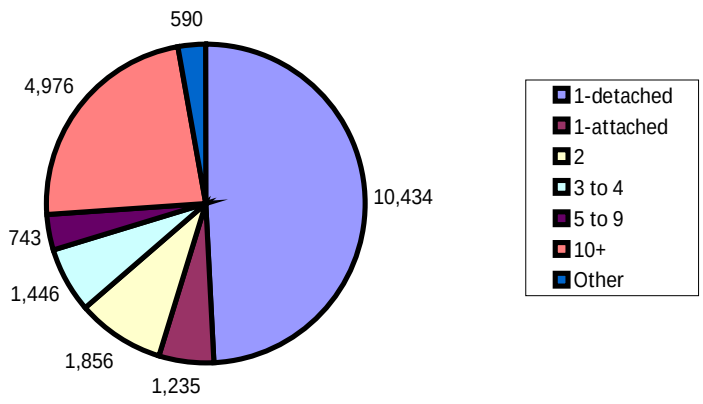


Table 3-16 provides an estimated breakdown of the 2010 distribution of units per structure according to whether the units were occupied by renters or homeowners. While 80% of owners resided in single-family homes, about 90% of renters lived in multi-family units of two (2) or more units. It is interesting to note that 8.0% of the single-family homes were renter-occupied as opposed to 9.6% statewide and that about half of all renters lived in large multi-family structures.

Table 3-16
Type of Structure by Tenure, 2010

Type of Structure	Homeowner Units/ Number of Residents		Renter Units/ Number of Residents	
	#	%	#	%
Single unit detached and attached	10,936	80.4	555	8.0
2 to 9 units	1,114	8.2	2,665	38.6
10+ units	1,155	8.5	3,567	51.7
Other/mobile homes	405	3.0	117	1.7
Total	13,610	100.0	6,904	100.0

Source: U.S. Census Bureau, 2008-2010 American Community Survey

Table 3-17 provides information on the distribution of unit sizes, more specifically the number of rooms per unit by tenure. This data indicates that the median unit was moderately sized with 5.6 rooms, or about three (3) bedrooms, the same as the median for the county. In addition, those units most appropriate for single persons, with three (3) rooms or less, comprised only 13.8% of the housing stock. On the other end of the spectrum, there was a substantial supply of larger homes of seven (7) or more rooms, involving 36.2% of the housing stock.

Not surprisingly, more of the smaller units were occupied by renters as two-thirds of renters lived in units with four (4) or fewer rooms, while half of owners lived in units of seven (7) or more rooms. The data also shows that there were 245 single-room units.

Table 3-17
Number of Rooms Per Unit by Tenure, 2009

Number of Rooms Per Unit	Homeownership		Rental		Total	
	#	%	#	%	#	%
1 Room	13	0.1	232	3.8	245	1.2
2 Rooms	26	0.2	486	7.9	512	2.6
3 Rooms	363	2.6	1,617	26.3	1,980	10.0
4 Rooms	1,693	12.3	1,841	29.9	3,534	17.8
5 Rooms	1,938	14.1	1,134	18.4	3,072	15.4
6 Rooms	2,932	21.3	417	6.8	3,349	16.8
7 Rooms	2,714	19.7	245	4.0	2,959	14.9
8 Rooms	1,952	14.2	53	0.9	2,005	10.1
9 or More Rooms	2,111	15.4	123	2.0	2,234	11.2
Total	13,742	100.0	6,148	100.0	19,890	100.0
Median (Rooms)	5.6 rooms					

Source: U.S. Census Bureau, 2005-2009 American Community Survey/2010 estimates were not available for this data.

3.2.3 Vacancy Rates – Tight market conditions

The vacancy rate was only 1.0% for ownership and a bit higher for rentals at 5.1%, up somewhat from 0.3% and 1.7% in 2000, respectively. As any rate below 5% reflects extremely tight housing market conditions, this information confirms a continuing strong market. These rates were lower than the state's and national rates as shown in Table 3-18.

Table 3-18
Vacancy Rates by Tenure, 2000 and 2010

	2000	2010	MA 2010	Nation 2010
Rental	1.7	5.1	6.5%	9.2%
Homeowner	0.3	1.0	1.5%	2.4%

Source: US Census Bureau, 2000 and 2010

3.2.4 Housing Market Conditions – Housing costs remain high

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

- The 1990 and 2000 Decennial U.S. Census figures
- The U.S. Census Bureau's 2009 American Community Survey for data that has not yet been released through the 2010 ACS
- The Warren Group's median income statistics and sales volume by year, from 1990 through October 2011
- Multiple Listing Service data
- City Assessor's data
- Craigslist (rental housing)

Homeownership

Census data also provides information on housing values as summarized in Table 3-19 for homeownership units. The 2008-2010 American Community Survey estimates indicated that the 2010 median house value was $350,000, up about 62% from the median in 2000 of $215,900, and almost doubling since 1990 when the median was only $177,100. The 2010 estimate for the median is significantly higher than the value provided for all sales in 2010 of $272,000 from The Warren Group (see Table 3-20).

Table 3-19
Housing Values, 1990 to 2010

	1990		2000		2010	
Price Range	**#**	**%**	**#**	**%**	**#**	**%**
Less than $50,000	36	0.4	70	0.6	464	3.4
$50,000 to $99,999	254	2.7	59	0.5	148	1.1
$100,000 to $149,999	1,663	17.4	1,015	9.4	139	1.0
$150,000 to $199,999	5,016	52.5	3,328	30.7	282	2.1
$200,000 to $299,999	2,339	24.5	5,098	47.0	2,821	20.7
$300,000 to $499,999	250	2.6	1,221	11.3	8,508	62.5
$500,000 to $999,999			56	0.5	1,140	8.4
$1 million or more			7	0.1	108	0.8
Total	9,560	100.0	10,851	100.0	13,610	100.0
Median (dollars)	$177,100		$215,900		$350,000	

Source: U.S. Census Bureau, 1990 and 2000, Summary File 1 and U.S. Census Bureau, 2008-2010 American Community Survey

As Table 3-19 indicates, there were 612 units valued at less than $100,000 in 2010, comprising 4.5% of the owner-occupied housing stock and another 421 units, or 3.1% of the housing stock, valued between $100,000 and $200,000. This demonstrates that very little of the city's housing units were relatively affordable. On the other end of the price range, 1,258 units, or 9.2% of the housing stock, were priced at $500,000 or more, clearly in the high-end of the market. The majority of units, 62.5%, were valued between $300,000 and $500,000.

Table 3-20 provides *Warren Group data* on median sales prices and number of sales from 2000 through 2012, offering a long-range perspective on sales activity. This data is tracked from Multiple Listing Service information based on actual sales. The median sales price of a single-family home as of the end of 2012 was $300,000, up from a median of $285,000 in, showing some rebounding of market conditions. These values were still down considerably from the height of the market in 2005 of $385,000. The number of single-family home sales has also shown some recent recovery from a high of 424 sales in 2003, to 236 in 2011, and then up to 334 by the end of 2012.

The condo market has experienced more volatility in terms of both values and number of sales. Median prices ranged as high as $269,950 in 2006 to $188,500 in 2011, and then up to $219,100 in 2012. Sales volume reached a high of 270 sales in 2005 and fell to 84 in 2011, and then up a bit to 121 sales in 2012. The condo market has typically been very soft throughout the Commonwealth over the past several years, as financing has become more difficult to obtain and prices in any number of communities have fallen to all-time lows.

Table 3-20
Median Sales Prices and Number of Sales, 2000 – 2012

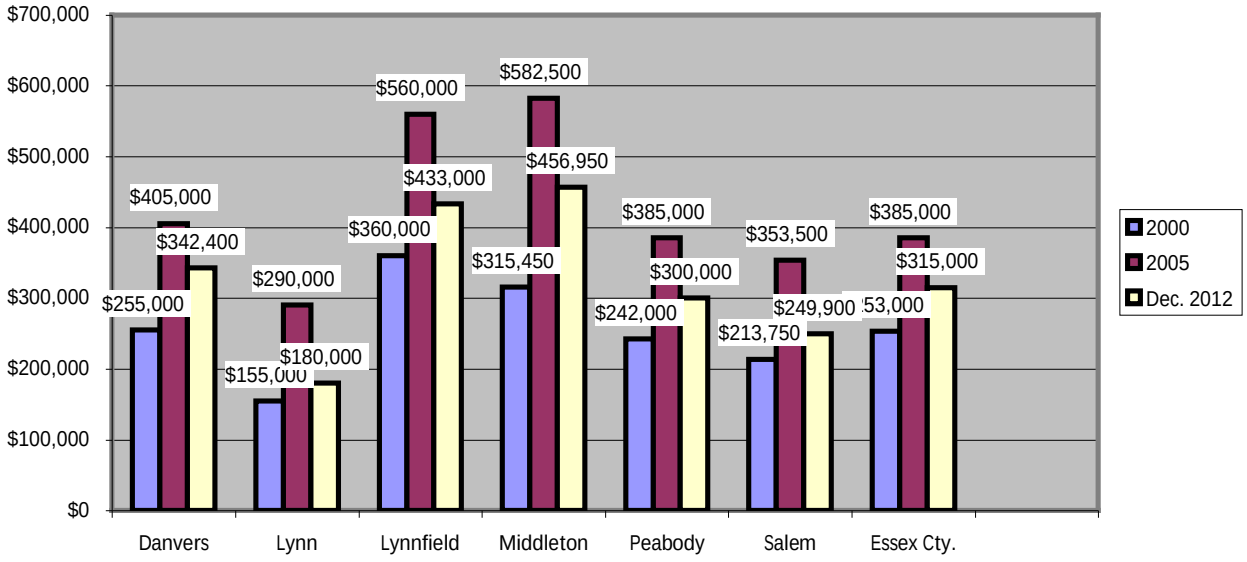
Year	Months	Single-family		Condominiums		All Sales	
		Median	# Sales	Median	# Sales	Median	# Sales
2012	Jan – Dec	$300,000	334	$219,100	121	$279,480	535
2011	Jan – Dec	285,000	236	181,500	84	270,000	404
2010	Jan – Dec	295,000	247	239,900	125	270,000	431
2009	Jan – Dec	295,000	298	225,000	139	270,000	509
2008	Jan – Dec	319,500	286	220,000	137	288,000	491
2007	Jan – Dec	350,000	330	263,000	142	336,000	545
2006	Jan – Dec	359,000	313	269,950	204	332,250	610
2005	Jan – Dec	385,000	384	259,900	270	350,000	778
2004	Jan – Dec	369,450	324	249,000	174	340,500	606
2003	Jan – Dec	331,500	424	279,450	160	325,000	695
2002	Jan – Dec	321,900	305	235,000	168	302,000	548
2001	Jan – Dec	269,700	356	185,000	112	260,000	548
2000	Jan – Dec	242,000	328	181,500	145	229,900	581

Source: The Warren Group/Banker & Tradesman, February 24, 2013

Housing prices have been relatively comparable to Essex County as a whole as demonstrated in Figure 3-5. Median values for single-family homes have been highest in bordering Lynnfield and Middleton and lowest in Lynn. All communities experienced significant gains in housing values from 2000 to 2005 and then substantial losses after that with 2012 values still above 2000 levels.

Figure 3-5

Median Single-Family Home Values



Another analysis of housing market data is presented in Table 3-21, which breaks down sales data from the *Multiple Listing Service* as compiled by Banker & Tradesman of The Warren Group for single-family homes and condominiums in Peabody.

Table 3-21
Single-family House and Condo Sales, June Through November 2011

	Single-family Homes		Condominiums		Total	
Price Range	**#**	**%**	**#**	**%**	**#**	**%**
Less than 100,000	2	1.4	3	7.3	5	2.7
$100,000-149,999	5	3.5	8	19.5	13	7.1
$150,000- 199,999	9	6.3	14	34.1	23	12.5
$200,000-249,999	24	16.8	6	14.6	30	16.3
$250,000-299,999	44	30.8	7	17.1	51	27.7
$300,000-349,999	35	24.5	3	7.3	38	20.7
$350,000-399,999	13	9.1	0	0.0	13	7.1
$400,000-499,999	9	6.3	0	0.0	9	4.9
Over $500,000	2	1.4	0	0.0	2	1.1
Total	143	100.0	41	100.0	184	100.0

Source: Banker & Tradesman, December 9, 2011

Table 3-21 provides a snapshot of the range of sales for June through November 2011. There were 184 total sales, including 143 single-family homes and 41 condos. Units that sold below $200,000, and were therefore roughly affordable to those earning at or below 80% of area income, included 16 single-family homes and 25 condominiums for a total of 41 units. The median priced single-family home was $280,000 and condos were considerably more affordable with a median sales price of $178,000.

About two-thirds of the single-family home sales fell into the $200,000 to $300,000 range, still relatively affordable, half selling between $250,000 and $350,000. About two-thirds of condos sold between $150,000 and $300,000. Peabody has a limited luxury market with only two (2) homes selling for more than $500,000.

City Assessor data on the assessed values of residential properties in Peabody is presented in Tables 3-22 and 3-23, which provides some insights into not only the diversity of the existing housing stock but also the range of values for each dwelling type. Table 3-22 provides information on the assessed values of single-family homes and condominiums. This data shows that Peabody had 10,852 single-family properties, and there were only 305 such units that were valued below $200,000. More than half of the units (54.8%) were assessed between $200,000 and $300,000, still relatively affordable. Another 22.7% were assessed from $300,000 to $350,000. The median assessed value was $287,700, relatively close to the median sales price as of October 2011 of $284,000 according to The Warren Group.

There were 2,266 condominiums, or about 10% of all housing units, counted in Assessor's records. Not surprisingly, the condos were assessed more affordably on a whole than the single-family homes with 106 units assessed below $100,000, and more than one-third (34.2%) assessed between $100,000 and $200,000. Half of the condos were valued between $200,000 and $300,000. There were few, only 12.5%, valued above this level. The median assessed value was $216,900, significantly higher than the median sales price of $188,314 as of October 2011.

Table 3-22
Assessed Values of Single-family and Condominiums

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
0-$99,999	10	0.1	106	4.7	116	0.9
$100,000-199,000	295	2.7	776	34.2	1,071	8.2
$200,000-249,999	2,341	21.6	785	34.6	3,126	23.8
$250,000-299,999	3,605	33.2	316	13.9	3,921	29.9
$300,000-349,999	2,465	22.7	239	10.5	2,704	20.6
$350,000-399,999	1,121	10.3	40	1.8	1,161	8.9
$400,000-449,999	570	5.3	4	0.2	574	4.4
$450,000-499,999	268	2.5	0	0.0	268	2.0
$500,000-599,999	141	1.3	0	0.0	141	1.1
$600,000 or more	36	0.3	0	0.0	36	0.3
Total	10,852	100.0	2,266	100.0	13,118	100.0

Source: Peabody Assessor, fiscal year 2011.

The conversion of rental properties to condominiums has been a concern for many interested in promoting more housing diversity and affordable housing. This has contributed to some loss of rental units in the recent past, including the loss of rental units in both the conversion of large and small multi-family properties to single-family use or condos. Much of the smaller multi-family conversions have occurred south of the downtown area where a substantial portion of this housing stock is located. Given current market conditions, condo conversions have likely slowed down or stopped altogether. It has become, in fact, extremely challenging to secure financing for condos, as lenders are applying much more rigorous lending criteria.

Table 3-23
Assessed Values of Multi-family Properties

Assessment	2-unit properties		3-unit properties		Multiple houses on 1 lot/4-8 unit properties		Total	
	#	%	#	%	#	%	#	%
0-$199,999	12	1.4	3	1.1	1/0	2.6/0.0	16	1.2
$200,000-249,999	147	16.8	28	10.1	8/7	21.1/7.1	190	14.7
$250,000-299,999	465	53.0	160	57.6	3/20	7.9/20.2	648	50.2
$300,000-349,999	194	22.1	65	23.4	9/35	23.7/35.4	303	23.5
$350,000-399,999	42	4.8	18	6.5	7/18	18.4/18.2	85	6.6
$400,000 or more	17	1.9	4	1.4	10/19	26.3/19.2	50	3.9
Total	877	100.0	278	100.0	38/99	100.0/ 100.0	1,292	100.0

Source: Peabody Assessor, fiscal year 2011.

Assessor's data for multi-unit properties, as summarized in Table 3-23, indicated that there were 877 two-family homes (1,754 units), 278 three-families (834 units), and 99 structures of four to eight units. There were also 38 properties that involved more than one house on the same lot, with a wide fluctuation in values. The data also showed that almost three-quarters of the two- and three-family properties were assessed between $250,000 and $350,000. There were 159 two-family homes and 31

three-family units valued at less than $250,000, which are likely affordable to those earning at or below 80% AMI given the additional income that comes with these properties and can be calculated in mortgage underwriting. These properties also are likely to require some significant improvements.

More than half of the 99 total four (4) to eight (8) unit properties were valued between $250,000 and $350,000. There were also 27 properties with more than eight (8) units, assessed from as low as $228,800 to a high of $200 million.

Rentals

Table 3-24 presents information on rental costs from 1990 to 2010, based on the *U.S. Census* Bureau.

Table 3-24
Rental Costs, 1990 to 2010

	1990		2000		2010	
Gross Rent	#	%	#	%	#	%
Under $200	715	13.8	237	4.6	233	3.4
$200-299	349	6.7	418	7.8	297	4.3
$300-499	859	16.5	572	10.7	405	5.9
$500-749	1,827	35.1	1,758	32.9	868	12.6
$750-999	939	18.1	1,519	28.4	799	11.6
$1,000-1,499	348	6.7	508	9.5	2,409	34.9
$1,500 +			53	1.0	1,694	24.5
No Cash Rent	162	3.1	268	5.0	199	2.9
Total*	5,199	100.0	5,343	100.0	6,904	100.0
Median Rent	$523		$704		$1,127	

Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3 and 2008-2010 American Community Survey

The rental market has changed substantially as the median rent more than doubled between 1990 and 2010, going from $523 per month to $1,127. In 1990, almost three-quarter (72.1%) of rents were less than $750 per month, but in 2010 estimates suggest that only 13.4%of apartments rented below this level. It is also important to note that the census counts include subsidized units, which represent more than one-fifth (22%) of all rental units in Peabody.

Updated information from *Craigslist* on recent offerings in early December for Peabody listed a number of apartments for rent. One-bedroom units ranged in price from $775 (referred to as cute and cozy and therefore very small), then $925 and up to $1,325 for a townhouse in West Peabody. The two-bedroom units ranged from a $1,100 unit in the downtown to a $1,650 single-family home. There were no listings of three-bedroom units and only one four-bedroom townhouse for $2,150 was listed.

Most of the apartments require first and last month's rent plus a security deposit equivalent to as much as a month's rent. For a $1,200 apartment, that totals $3,600 in up-front cash, an amount that many prospective tenants just do not have. Some listings include just a half-month's rent up-front, in addition to the first month's rent, as a "finders fee".

3.2.5 Affordability of Existing Housing[16]

While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on affordability. Tables 3-25 and 3-26 look at affordability from two different vantage points. Table 3-25 calculates what households earning at various income levels can afford with respect to types of housing, and Table 3-26 examines some of the housing costs summarized above in Section 3.2.4, estimating what households must earn to afford these prices *based on spending no more than 30% of their income on housing expenses*, the commonly applied threshold of affordability.

In addition to showing how different types of housing are more or less affordable to households earning at median income and at 80% of area median income, Table 3-25 also indicates that the amount of down payment has a substantial bearing on what households can afford. Only several years ago it had been fairly easy for purchasers to limit their down payments to 5% or even less as long as they paid private mortgage insurance or qualified for a subsidized mortgage program such as the state's Soft Second Loan Program or MassHousing mortgage programs. Given the recent financial crisis, lenders are typically applying more rigid lending criteria, including the need for down payments as high as 20% of the purchase price. Such high cash requirements make homeownership, particularly first-time homeownership, much more challenging. As Table 3-25 demonstrates, a household earning the same level of income can acquire a much higher priced home with more cash down as they are borrowing less.

Table 3-25 also shows that because condo fees are calculated as housing expenses in mortgage underwriting criteria, they are more expensive. Therefore, a household earning at 80% of area median income, for example, can afford a single-family home of $205,000 with a 5% down payment, but a condo for only $164,000, assuming a condo fee of $250 per month. The same household is estimated to be able to buy a two-family house for $315,000 as it can likely charge at least $900 per month in rent, which is considered as income in mortgage underwriting, usually at about 75% of the rent level or $675. A three-family house is even more affordable with two paying tenants, and it is therefore not surprising that the two-family house and triple-decker have been so successful as starter housing in many of the state's older communities when zoning allowed this type of housing.

Table 3-25 also looks at what renters can afford at three (3) different income levels. For example, a two-person household earning at 50% of area median income and earning $38,550 annually could afford an estimated monthly rental of about $828.75, assuming they are paying no more than 30% of their income on housing and pay utility bills that average $135 per month. A rental this low is increasingly difficult to find in Peabody, where the lowest rental advertised in early December 2011 for a two-bedroom apartment in Craigslist was $1,100, which most likely also required first and last month's rent and a security deposit. This means that any household looking to rent in the private housing market must have a considerable amount of cash available, which has a significant impact on affordability. Including utility costs, this apartment would not be affordable to a household earning less than 80% AMI.

[16] Calculations were based on estimated 2009 median income level of $65,375 and 2011 HUD Income Limits. More recent estimates decreased the median income level somewhat, to $64,679, but increased the HUD income limits a bit as well from $51,400 to $52,000 for a household of two (2) at 80% of area median income (see Table 2-1). These changes would affect the calculations in this section in a very minor way.

Table 3-25
Affordability Analysis I
Maximum Affordable Prices Based on Income Levels

Type of Property	Income Level	30% of Monthly Income	Estimated Max. Affordable Price 5% Down ***	Estimated Max. Affordable Price 20% Down ***
Single-family	Median Income = $65,375*	$1,634.38	$254,000	$304,000
	80% AMI = $51,400**	$1,285.00	$205,000	$235,000
Condominium	Median Income = $65,375*	$1,634.38	$215,000	$258,000
	80% AMI = $51,400**	$1,285.00	$164,000	$189,000
Two-family	Median Income = $65,375*	$1,634.38	$360,000	$430,000
	80% AMI = $51,400**	$1,285.00	$315,000	$362,000
		30% of Monthly Income	**Estimated Utility Cost**	**Affordable Monthly Rental**
Rental	Median Income = $65,375*	$1,634.38	$135	$1,499.38
	80% AMI = $51,400**	$1,285.00	$135	$1,150.00
	50% AMI = $38,550**	$963.75	$135	$828.75
	30% AMI = $23,150**	$578.75	$135	$443.75

Source: Calculations provided by Karen Sunnarborg.
* Based on the U.S. Census Bureau's American Community Survey estimate for 2009.
** HUD 2011 Income Limits for the Boston area for a household of two (2), which is the average household size in Peabody (2.38 persons).
*** Figures based on interest rate of 5.0%, 30-year term, annual property tax rate of $11.58 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, estimated monthly condo fees of $250, and rental income of 75% of $900 or $675. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the Soft Second Loan Program or other subsidized mortgage program that would not require PMI.

Table 3-26 examines affordability from another angle, going from specific housing costs to income instead of the other way around, as was the case in Table 3-25. Taking median price levels for single-family homes, condos and two-family homes, the incomes that would be required to afford these prices are calculated, also showing the differences between 95% and 80% financing. For example, using the median single-family home price as of October 2011 of $284,000, a household would have to earn approximately $72,600 if they were able to access 95% financing. If they could afford the 20% down payment, a lower income of about $58,950 would be required.

The median condo price was $188,314 as of October 2011, requiring an income of approximately $58,500 with 5% down and $49,400 with the 20% down payment. Because of the income generated in a two-family home, this type of property is significantly more affordable requiring an income of an estimated $45,600 or $32,000 based on 95% and 80% financing, respectively.

Table 3-26[17]
Affordability Analysis II
Income Required to Afford Median Prices or Minimum Market Rents

Type of Property	Median Price*	Estimated Mortgage		Income Required **	
		5% Down	20% Down	5% Down	20% Down
Single-family	$284,000/10-2011	$269,800	$227,200	$72,600	$58,950
Condominium	$188,314/10-2011	$178,898	$150,651	$58,500	$49,400
Two-family	$284,000/10-2011	$269,800	$227,200	$45,600	$32,000
	Estimated Market Monthly Rental * **	**Estimated Monthly Utility Costs**	**Income Required**		
Rental					
One-bedroom	$925	$100	$41,000		
Two-bedroom	$1,100	$135	$49,400		
Three-bedroom	$1,500	$175	$67,000		

Source: Calculations provided by Karen Sunnarborg.
* From The Warren Group Town Stats data, December 9, 2011 for single-family and condos as of the end of October 2011. Used the same price as the single-family for the two-family example.
** Figures based on interest of 5.0%, 30-year term, annual property tax rate of $11.58 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance estimated at 0.3125% of loan amount, estimated monthly condo fees of $250, and rental income of 75% of $900 or $675.
*** Lowest reasonable prices seen in early December 2011 listings for Peabody in Craigslist.

In regard to rentals, using the lowest reasonable prices advertised in early December 2011 on Craigslist, a one-bedroom unit renting for $925 would require an income of $41,000, assuming $100 per month in utility bills and housing expenses of no more than 30% of the household's income. Even so, someone earning minimum wage of $8.00 for 40 hours per week every week during the year would still only earn a gross income of only $16,640. Households with two persons earning the minimum wage would still fall short of the $41,000 income level needed to afford this minimum advertised rent. While there are rents that fall below this level, particularly subsidized rents, market rents tend to be beyond the reach of these lower wage earners. Consequently, renters have been paying much more than 30% of their incomes to live in Peabody.

Through the combination of information in Tables 3-25 and 3-26, it is possible to compute the affordability gap, typically defined as the difference between what a median income household can afford and the median priced unit on the market. There was no affordability gap as of October 2011 for single-family homes, based on what a median income household could afford (for an average household of two and 80% financing) of $304,000 and the median house price of $284,000. As of the end of 2012, the median single-family house price had increased to $300,000, still indicating no affordability gap. However, the upfront cash requirements for the down payment and closing costs in effect substantially add about $60,000 to the affordability gap in the case of 80% financing. The gap widens to $30,000 plus the upfront cash requirements for 95% financing as of October 2011, $46,000 by the end of 2012.

[17] Since this analysis was completed, market values have increased somewhat with the median single-family house price increasing to $300,000 and the median condo to $219,100 as of the end of 2012.

When looking at the affordability gap for those earning at 80% of area median income, the gap widens considerably to about $50,000 as of October 2011 and then to $65,000 by the end of 2012, the difference between the median priced single-family home ($284,000 and $300,000 respectively) and what a two-person household earning at this income level can afford, or $235,000, based on 80% financing, a gap of almost $80,000 and $95,000, respectively, in regard to 95% financing. Once again, the upfront costs of the down payment and closing costs add to the affordability gap.

There is currently no affordability gap for condos as a household earning at median income can afford the median priced condo. However, once again the high costs associated with obtaining mortgage financing and the upfront cash requirements involved in renting effectively widen the affordability gap for owners and renters.

Table 3-27 identifies how many single-family homes and condos exist in Peabody that were affordable within various income categories. While there were 388 single-family homes affordable to those earning at or below 80% of the area median income (AMI), and 18.8% of the condos, or 426 units, were affordable. About three-quarters of the single-family units and two-thirds of the condominiums were affordable to those earning from 80% to 100% AMI. This represents some substantial affordability in the housing stock based on a number of assumptions, including 80% financing. Once again, the ability to obtain financing, including issues related to credit history and cash requirements, can provide substantial barriers to accessing housing. It is also important to note that this analysis is based on assessed values of all properties in Peabody, not what is available on the market (see Table 3-21 for market activity and prices from June through November 2011).

Table 3-27
Affordability Analysis III
Relative Affordability of Single-family and Condo Units in Peabody, 2011

Price Range Single-family/Condo*	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
Less than $205,000/ Less than $164,000	Less than 80% AMI	388	3.6	426	18.8
$205,001-$350,000/ $164,001-$290,000	80% - 100%	8,328	76.7	1,510	66.6
$350,001-$427,000/ $290,001-$380,000	100% - 120%**	1,477	13.6	320	14.1
More than $427,000 more than $380,000	More than 120%**	659	6.1	10	0.4
Total		**10,852**	**100.0**	**2,266**	**100.0**

Source: Peabody Assessor's Database for fiscal year 2011. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price. Figures based on a two-person household.
* Includes estimated condo fee of $250 per month and figures are based on 80% financing with the exception of the less than 80% AMI category where households could possibly qualify for subsidized mortgage programs where 95%/97% financing is available.
** The 120% AMI figure based on doubling the 60% AMI HUD figure of $46,260 for a household of two (2) or $92,520.

Table 3-28 demonstrates a substantial need for more affordable homeownership opportunities in Peabody for those earning at or below 80% of area median income. These calculations

suggest that of the 3,831 owner households who were estimated to have earned at or below 80% AMI, there were only 388 single-family homes and 426 condos that would have been affordable to them based on fiscal year 2011 assessed values and other noted assumptions. The projected deficit of 3,017 units for those earning at or below 80% of median income is considerable and well above levels that have been calculated for other communities.

Table 3-28
Homeownership Need/Demand Analysis, 2009

Income Group	Income Range*	Affordable Sales Prices Single-family/Condos**	#Owner Households	#Existing Units Single-family/Condos	Deficit -/ Surplus+
Less than 80% AMI	$51,400 and less	Up to $205,000/$164,000	3,831 ***	388/426	- 3,017
80%-100% AMI	$51,401 to $76,148	$205,001-$350,000/ $164,001-$290,000	2,787 ***	8,328/1,510	+ 7,051

Source: US Census Bureau's 2005-2009 American Community Survey, 2009 estimates. Peabody Assessor's data for fiscal year 2011.
* For a household of two (2) as the average household size for owners was 2.38 persons per the 2010 US census based on 2011 HUD income limits for the Boston area that includes Peabody.
** See analysis in Table 3-25. *** Data from Table 3-30 and extrapolated from data on Table 3-8.

Table 3-29 indicates that there has been a shortage of rental units for those in the very lowest income levels with a *deficit of 1,254 units for extremely low-income households* earning less than 30% of area median income and 90 units for those earning between 30% and 50% of area median income, referred to by HUD as very low-income households. Rental subsidy programs typically target these populations.

Table 3-29
Rental Unit Need/Demand Analysis, 2009

Income Group	Income Range*	Affordable Rent**	# Renter Households ***	#Existing Units ****	Deficit -/ Surplus+
Less than 30% AMI	$23,150 and less	$444 and less	2,163	909	- 1,254
Between 30% and 50% AMI	$23,151 to $38,550	$445 to $829	1,115	1,025	- 90
Between 50% and 80% AMI	$38,551 to $51,400	$830 to $1,150	720	872	+ 152

Source: US Census Bureau's 2005-2009 American Community Survey, 2009 estimates.
* For a household of two (2) as the average household size for renters was 2.38 persons per the 2010 US census based on 2011 HUD income limits for the Boston area that includes Peabody.
** Includes a utility allowance of $135 per month.
*** Extrapolated income data for renters from the US Census Bureau's American Community Survey estimates for 2009.
**** Extrapolated data on monthly rental costs from the US Census Bureau's American Community Survey estimates for 2009. (Will update when the 2010 ACS estimates are released on income.)

In addition to an analysis of affordability based on spending no more than 30% of a household's income on housing expenses and how this relates to the existing housing stock and financing terms, it is also useful to identify numbers of residents living beyond their means based on their housing costs. The

census provides data on how much households spend on housing whether for ownership or rental. Such information is helpful in assessing how many households are encountering housing affordability problems, defined as spending more than 30% of their income on housing.
Based on 2010 estimates from the Census Bureau's American Community Survey, there were 1,289 households, or 13.9% of the homeowners in Peabody, spending between 30% and 34% of their income on housing and another 2,557 owners, or 27.5%, spending more than 35% of their income on housing expenses. Thus more than 40% of all owners were overspending on housing based on these estimates.

In regard to renters, 714 renters or 10.8% were spending between 30% and 34% of their income on housing and *another 2,926 or 44.3% were allocating 35% or more of their income for housing, for a total of 3,640 renters who were overspending or almost half of all renters (49.7%)*. This data suggests that *almost 7,500 households or an estimated 35% of all Peabody households were living in housing that is by common definition beyond their means and unaffordable*.

The Department of Housing and Urban Development (HUD) provides additional data on cost burdens through its State of the Cities Data System's Comprehensive Housing Affordability Strategy (CHAS) report, which is summarized in Table 3-30. The table includes how many households were included in the particular category (by 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 763 elderly renter households estimated by the Census Bureau's American Community Survey in 2009 with 428 spending more than 30% of their income on housing and 280 spending more than half. *This data suggest that of the 7,176 total households earning at or below 80% median family income (MFI), half or 3,581 were spending too much on housing including 23.2%, or 1,663 households, which were spending more than half of their income on housing.*

The problems of cost burdens affect renters and homeowners almost equally. Key findings from this data include the following:

- *Renters*
  More than half of all renters earning at or below 80% MFI were spending too much on housing, with 22% spending more than 50% of their income on housing costs.

  Of the 2,435 renters who were earning at or below 50% MFI, 61% were spending too much with 30% spending more than half of their income on housing.

  More than half (55%) of the elderly who rent were spending too much, and more than one-quarter (27%) were spending more than 50% of their income on housing.

  Families who rent were also confronting problems affording their housing with 42% and 58% of small and large families, respectively, encountering costs burdens, 12% and 22%, respectively, with severe cost burdens.

- *Owners*
  Almost half (47%) of all owner households earning at or below 80% MFI were spending too much on their housing, and about one-quarter (24%) were spending more than half of their income on housing costs.

Seniors with extremely low incomes of 30% MFI or less were encountering substantial problems affording their home with 72% having cost burdens and 40% with severe cost burdens.

Of all elderly homeowners who earned within 80% MFI, 35% were spending too much and 18% were spending half of their income on housing.

Families who were homeowners were also confronting problems affording their housing with 61% and 67% of small and large families, respectively, encountering costs burdens, 30% and 27%, respectively, with severe cost burdens. These levels were higher than those for renters.

Table 3-30
Type of Households by Income Category and Cost Burdens, 2009

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	Total/# with cost burdens earning at or below 80% MFI
Elderly Renters	763/428-280	404/224-95	225/115-0	1,392/767-375
Small Family Renters	279/159-105	304/159-4	300/55-0	883/373-109
Large Family Renters	49/49-29	84/54-10	45/0-0	178/103-39
Other Renters	358/258-193	194/149-14	340/120-0	892/527-207
Total Renters	1,449/894-607	986/586-123	910/290-0	3,345/1,770-730
Elderly Owners	590/425-235	672/148-98	820/165-35	2,082/738-368
Small Family Owners	125/80-65	224/140-115	564/335-95	913/555-275
Large Family Owners	29/25-25	89/49-30	179/125-25	297/199-80
Other Owners	155/125-100	124/69-45	260/125-65	539/319-210
Total Owners	899/655-425	1,109/406-288	1,823/750-220	3,831/1,811-933
Total	2,348/1,549-1,032	2,095/992-411	2,733/1,040-220	7,176/3,581-1,663

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, and American Community Survey, 2009. ** First number is total number of households in each category/second is the number of households paying more than 30% of their income on housing (with cost burdens) – and third number includes those that 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.

Moreover, given the recent financial crisis with accompanying problems associated with high cost mortgages from predatory lenders and unemployment, some homeowners in Peabody have lost their homes or are confronting possible foreclosure. Tenants living in multi-family structures have also been forced to vacate their units due to foreclosure. Relative to other towns and cities in the state as of March 2010, Peabody had among the highest level of foreclosures with more foreclosed properties than 334 towns and cities, the same amount as four (4), and fewer foreclosed properties than 29 municipalities.[18] At that time, 64 foreclosures had occurred between October 2009 and March 2010.

[18] Data available from ForeclosuresMass database, December 13, 2011.

More recent information on the *level of foreclosures* indicates that from January through December 13, 2011, there were 44 foreclosure petitions filed and foreclosure auctions held on another 71 properties with another pending auction.[19]

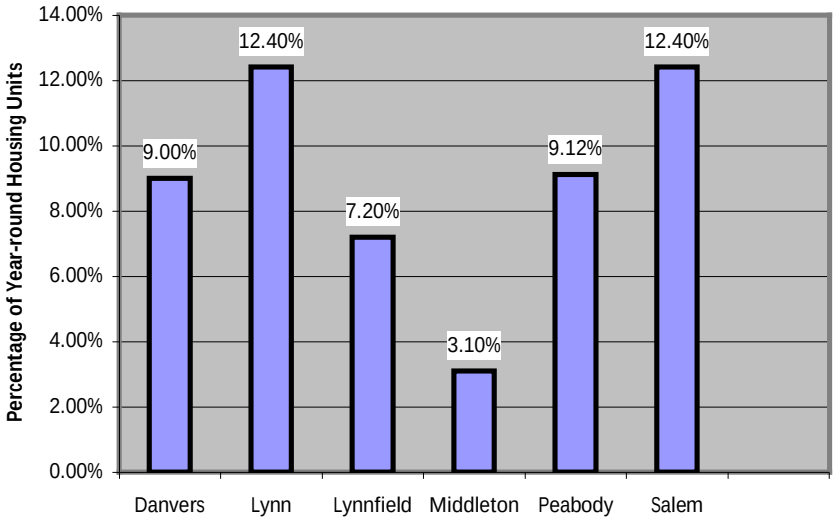
3.2.6 Subsidized Housing Inventory (SHI)

Current Inventory

The state currently lists 2,018 affordable housing units in Peabody's state-approved Subsidized Housing Inventory (SHI), representing 9.12% of the total year-round housing stock of 22,135 units. Although the city had surpassed the 10% affordability threshold under Chapter 40B, new 2010 census data that reflected housing growth reduced Peabody's SHI percentage from the previous 10.6% level. This means that the City is currently not exempt from unwanted comprehensive permit projects that enable developers to override local zoning in exchange for meeting state guidelines in building affordable housing and has a current gap of 196 affordable units to get to 10%.[20]

Figure 3-6

SHI Units for Peabody and Neighboring Communities



Many communities in the state have been confronting challenges in boosting their relatively limited supply of affordable housing. The affordable housing levels for Peabody and neighboring communities are visually presented in Figure 3-6. Affordable housing production varies substantially among these communities, largely correlated to the value of housing (see Figure 3-5). The cities of Lynn and Salem have both surpassed the 10% affordability goal, both at 12.4%. Both Danvers and Peabody are close to reaching the 10%, at 9.0% and 9.1%, respectively. Lynn

[19] The Warren Group, Banker & Tradesman, September 1, 2011.

[20] 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.

and Middleton, with higher housing costs and greater affordability gaps, are well behind at 7.2% and 3.1%, respectively.

Table 3-31 summarizes the units included in the Subsidized Housing Inventory (SHI) as of February 2013, which is the list of affordable dwelling units that the state recognizes as eligible for counting towards Peabody's 10% state affordability goal or annual housing production goals. The vast majority of Peabody's 2,041 SHI units are rentals (1,774 units or about 87%), which includes 165 special needs units in group homes as well as 26 special needs units owned by the PHA.

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

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Tanners Court*	24	Rental/DHCD	No	Perpetuity
Veterans Memorial*	68	Rental/DHCD	No	Perpetuity
Breshnahan Street*	35	Rental/DHCD	No	Perpetuity
Connolly Terrace*	52	Rental/DHCD	No	Perpetuity
Eastman Park*	52	Rental/DHCD	No	Perpetuity
Farnsworth (103 Central St.)*	29	Rental/DHCD	No	Perpetuity
Rockdale Park*	50	Rental/DHCD	No	Perpetuity
Seeglitz School (75 Central St.)*	78	Rental/DHCD	No	Perpetuity
Wilson Terrace*	50	Rental/DHCD	No	Perpetuity
509 Lowell Street*	8	Rental/DHCD	Yes	Perpetuity
347 Lowell Street*	6	Rental/DHCD	No	Perpetuity
Lowell Crossing (349 Lowell)*	8	Rental/DHCD	No	Perpetuity
Colonial Manor*	26	Rental/DHCD	No	Perpetuity
Goldberg Road*	15	Rental/DHCD	Yes	Perpetuity
Jacob Street*	4	Rental/DHCD	No	Perpetuity
Danvers/Peabody/Georgetown	4	Rental/MHP	No	2015
Fairweather Apartments	88	Rental/HUD	No	2013/extended
Family Estates Coop	39	Rental/DHCD	No	2015
Family Quarters	4	Rental/EOHHS	No	2041
Family Quarters	4	Rental/HUD	No	2041
Peabody INR II	4	Rental/MHP	No	2015
Peabody House	140	Rental/HUD and MassHousing	Yes	2024
Tannery II	173	Rental/HUD and MassHousing	No	2013
The Tannery	284	Rental/MassHousing	No	2018
Penelope Elderly	48	Rental/DHCD and HUD	No	2021
Citizens for Adequate Housing/ Central Street	2	Rental/HUD	No	Perpetuity
Avalon Village South (Cranebrook)	309	Rental/MassHousing	Yes	2042
Lowell Street	5	Rental/DHCD	No	2054
Stoney Brook	22	Ownership/DHCD	Yes	2026
Citizens for Adequate Housing/ Fulton, Lowe and Northend St.	10	Ownership/HUD	No	2030
Juniper Village	15	Ownership/FHLBB	Yes	2101
Upton Manor	4	Ownership/DHCD	No	Perpetuity

DDS Group Homes	138	Rental/DDS	No	NA
DMH Group Homes	27	Rental/DMH	No	NA
Peabody HOR Program	23	Mix/DHCD	No	2017-2024
Peabody HOR Program	171	Ownership/DHCD	No	2013-2027 ***
Peabody HOR Program	22	Rental/DHCD	No	2024-2027
TOTAL	2,041	1,609 or 78.8% rentals, 51 or 2.5% ownership 165 or 8.1% group homes 216 or 10.6% Rehab Program		

Source: Massachusetts Department of Housing and Community Development, February 12, 2012
* Peabody Housing Authority units
** Affordability restrictions will likely be extended.
*** Two (2) units at Sherman Street with affordability restrictions listed as due to expire in March 2011.

Expiring affordability restrictions will eliminate some units from the SHI. For example, the almost 200 units that were rehabilitated through the City's Homeownership Rehab Program have shorter-term affordability restrictions that will be expiring, some in the very near future, including 18 other ownership units due to expire within the next five (5) years, the term of this Housing Plan.

Other projects that are listed in the SHI as due to expire within the relatively near future are listed in Table 3-32. The 88 rental units at Fairweather Apartments, while listed as expiring in 2013, are not in fact at risk. However, there are a considerable number of other rental units that might be at risk of losing their affordability, and the City will need to monitor the status of these units closely, intervening as necessary to try to extend their affordability restrictions.

Table 3-32
Status of Expiring Use Projects

Name of Project	Number of Units	Affordability Expires	Status
Danvers, Peabody, Georgetown	4 rentals	2015	CEDAC had no info but will contact MHP
Fairweather Apartments	88 rentals	2013	Project in 4 towns of Salem, Beverly, Danvers and Peabody was preserved in 2008 and is not at risk
Tannery II	173 rentals	2013	Section 8 contract ends in August 2015; refinancing to extend affordability for another 20 years
The Tannery	284 rentals	2018	The mortgage is due to mature in 2018; will be working with HUD and MassHousing to secure additional subsidies to extend affordability
Family Estates Coop	39 rentals	2015	CEDAC had no info
Peabody INR II	4 rentals	2015	CEDAC had no info

Source: Massachusetts Community Economic Development Assistance Corporation (CEDAC), the state agency that provides some oversight on expiring use projects, December 2011.

Table 3-33 provides a breakdown of PHA units, including the number of units and bedrooms. There were a total of 346 units for the elderly and younger disabled, 137 family units and 26 special needs units. It also indicates the numbers of applicants on the wait list who are Peabody

residents and those who currently reside outside of Peabody. Clearly local applicants have shorter wait times, however they still remain long of at least two or three years. The wait list for family units is closed as there are so many applicants. In regard to units that are accessible to the handicapped, the PHA has six (6) units at Farnsworth/103 Central Street, seven (7) at the Seeglitz School/75 Central Street, and one (1) three-bedroom unit at Goldberg Road for a total of 14 handicapped accessible units.

Table 3-33
Peabody Housing Authority Housing Unit Wait Lists

Project	Type**	# Units	# Bedrooms	Wait List	Wait Times Local/Non-local Applicants*
Bresnahan St.	State/Elderly	35	All 1-bed units	142 local applicantss/431 nonlocal applicants	2+ years/5+ years
Wilson Ter.	State/Elderly	50	All 1-bed units		
Connolly Ter.	State/Elderly	52	All 1-bed units		
Eastman Park	State/Elderly	52	All 1-bed units		
Rockdale Park	State/Elderly	50	All 1-bed units		
Farnsworth (103 Central St)	State/Elderly	29	All 1-bed units		
Seeglitz Bldg. (75 Central St.)	State/Elderly	78	71 1-beds and 7 2-bed units	7 local/338 nonlocal for 1-bed units 16 nonlocal for 2-bed units	2+ years/5+ years
Vets. Mem. Dr	State/Family	68	½ 2 bed units and ½ 3-bed units	89 applicants for 1-bed units 419 applicants for 2-bed units 215 for 3-bed units 12 for 4-bed units Of these 127 applicants are local residents	3+ years/5+ years
Tanners Ct.	State/Family	24	½ 2 bed units and ½ 3-bed units		
Colonial Man.	State/Family	26	4 1-bed units 22 2-bed units		
16 Jacobs St.	State/Family	4	2 2-bed units 2 3-bed units		
Goldberg Rd.	State/Family	15	Mix of 2 & 3 bed units		
349 Lowell St.	State/DMH	8	Group home	NA – DMH referrals	NA – DMH referrals
509 Lowell St.	State/DDS	8	Group home		
347 Lowell St.	State/DMH	6	Group home		
63 Andover	State/DMH	4	Group home		
Total		509			

Source: Peabody Housing Authority, as of January 6, 2012.
* Applicants are served by date of application; however, as allowed by both state and federal policies, local applicants go ahead of non-local applicants on the waitlist.
** Projects directed to seniors also serve those who are younger and disabled, typically involving approximately 13% of the units.

PHA also administers 337 Section 8 Housing Choice Vouchers. Another 148 additional vouchers are available from a number of state-aided rental assistance programs. These rental subsidies are provided

to qualifying households renting units in the private housing market, filling the gap between an established market rent – the Fair Market Rent (FMR) – and a portion of the household's income. Preference is granted to applicants who reside or are employed in Peabody, and approximately 60% of the voucher holders are from Peabody. There is a considerable wait for these housing vouchers, with the MassNAHRO Centralized Wait List of 80,000 applicants from 83 participating housing authorities, including Peabody's.

Proposed or Potential Projects
Projects that include or might include affordable units, in various stages of development, include the following:

- A Habitat for Humanity project on Park Street that includes eight (8) three-bedroom units for first-time homebuyers earning at or below 60% of area median income. Homebuyers have been selected and units should be ready for occupancy soon.
- Two rental units at 10 Elm Street (one two-bedroom unit and one four-bedroom) administered by the Peabody Historical Commission with Citizens for Adequate Housing (CAH).
- Four two-bedroom units at 143R Washington Street that are being rehabilitated through funding provided by the Peabody Community Development Authority and the City's CDBG-funded Investor Owner Rental Rehabilitation Program.
- Two affordable units that are part of a four-unit project at 9 Washington Street subsidized by CDBG and HOME funds.
- The 116 Main Street project includes three affordable units out of a total of nine rental units, financed by the Peabody Community Development Authority.
- The redevelopment of 40 Lowell Street includes nine affordable units, financed by a combination of resources including historic tax credits as well as CPA, CDBG and HOME funding.
- The 9 Main Street project includes the conversion of offices to residential use above first-floor retail space that includes 28 units, four of which will be affordable.
- Another adaptive reuse project is being proposed to convert an existing commercial property to first-floor retail space with 28 rental units above through the "friendly 40B" process.
- The City owns 70 Endicott Street that, while included in the flood plain, has not been prone to flooding. The building has substantially deteriorated and will need to be demolished, but the property should be considered for new housing development, including some amount of affordable housing.
- The Elks Lodge at 40 Oak Street may be suitable for redevelopment as affordable or mixed-income housing. The property is located in an existing neighborhood and includes a significant amount of parking.

3.3 Priority Housing Needs

The City needs to focus on increasing the supply of housing at a variety of levels of affordability, including both rental and homeownership options. Many of the existing affordable units are included in the Subsidized Housing Inventory, summarized in Table 3-31, or rented on the private market through rental subsidy programs that make up the difference between a fair market rent and what a low- or moderate-income household can afford. There are other existing privately-owned units that, while not subsidized, should still be preserved to the greatest extent possible as they provide some level of relative affordability and help diversify the housing stock.

The City needs to work with private sector stakeholders to devise and implement strategies that preserve and produce a broad range of affordable housing options. It should be noted that specific strategies and production goals to meet priority needs will be detailed in the strategic Housing Production Plan that will incorporate this Housing Needs Assessment.

Based on input from a wide variety of sources, including demographic and housing characteristics and trends (Section 3.1 and 3.2), the 3-5 Year Strategic Plan 2010-2014 for the City of Peabody required by HUD, and prior planning efforts, the following priority housing needs have been identified:

- ***Preserve the existing affordable housing stock***
  The City's primary priority is to preserve existing affordable units, whether they be subsidized or not, to benefit low- and moderate-income individuals and families. The emphasis will therefore be on pursuing the redevelopment and substantial rehabilitation of existing buildings.

  While the City can currently count approximately 2,041 units as part of its Subsidized Housing Inventory, these are only units that meet all of the rigorous standards of the state – the big "A" affordable units. Most actual affordable units – what is commonly referred to as little "a" affordable units – are unsubsidized and part of the private housing stock. In fact, private landlords are the greatest provider of affordable housing in Peabody as many keep rents at artificially low levels to maintain good tenants. Efforts to help property owners maintain these little "a" affordable units are the priority for the City.

  Additionally, many low- and moderate- income homeowners lack sufficient resources to properly maintain their homes and address substandard housing conditions. Improvements should incorporate modifications to improve handicapped accessibility and eliminate lead-based paint and housing code violations. In some cases additional funding is required to maintain a property's historic character as well.

  Indicators of Need:
  The SHI lists approximately 500 rental units, or about one-quarter of all SHI units, that might be at risk of losing their affordability between 2013 and 2018.

  The number of two to four-unit structures stayed the same between 1990 and 2010, but as a percentage of the housing stock they decreased from 18.1% of all units to 15.5% despite an overall housing growth rate of 14.1%. This decline in small, multi-family homes represents the loss of a valuable segment of the city's existing housing stock. Many of these units were probably more affordable, as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain rents below market to keep them. It also suggests the loss of some particularly affordable homeownership stock as well since owners with rental units benefit from rental income that helps them finance the property.[21] Thus, small multi-family homes have offered important starter housing in many communities, cities in particular. Strategies to replace some of this housing should be considered in future planning.

[21] Lenders typically count about 75% of the rental income towards mortgage underwriting calculations thus allowing a lower income homeowner to purchase a home.

The number of mobile homes decreased significantly over the past couple of decades, down to 550 by 2010. Mobile homes continue to be a significant and affordable segment of Peabody's housing stock and the City should focus on how to improve and protect these vulnerable units.

About one-fifth of Peabody's housing stock, 21.8% or 4,850 units, predates World War II. After a slow building period right after the war, Peabody experienced a building boom with more than one-third of its existing housing units built between 1950 and 1970. Because of the relative age of the existing housing stock and some past trends towards disinvestment, it is likely that many units have deferred housing maintenance needs, including remnants of lead-based paint. It is also likely that many units would benefit from energy conservation measures that reduce ongoing utility costs and make units more affordable in the long-term.

In 2009, more than one-third of households in Peabody earned at or below 80% of median income, almost one-quarter earning below 50% of median, and the poverty levels for seniors has increased. These lower income households are particularly at risk of lead paint exposure as they are likely to reside in older housing units. Estimates in the 3-5 Year Strategic Plan suggest that nearly 85% of Peabody's households in poverty occupy older homes built before 1980, putting nearly 6% of the city's households at risk for lead-based paint poisoning.

Owners of older, existing properties tend to have lower incomes than many of the community's relative newcomers and may need financial assistance to make necessary home repairs. Investor-owners of multi-unit properties may also require financial incentives and assistance to upgrade their units that are occupied by low- or moderate-income households.

An increasingly aging population will have a greater need for home modifications for the disabled.

Peabody has a substantial population of lower income disabled residents who tend to encounter substantial challenges in finding housing that is both affordable and accessible.

The historic character of many housing units in Peabody, particularly in its older historic neighborhoods, needs to be preserved but given the expense can be a challenge for existing owners to undertake without technical and financial assistance.

The City has been operating a Housing Rehabilitation Program supported by Community Development Block Grant (CDBG) funding since 1989. The waiting list for assistance includes 42 applicants, many who are elderly. Because the wait list is so long, the City has had to prioritize assistance offering support in emergency situations (such as no heat, leaking roof, etc.), the need for handicapped accessibility and households with young children. Because of reduced CDBG funding, the City has more recently focused its program on investor-owned property occupied by tenants earning at or below 80% AMI in an attempt to bolster this very valuable rental housing stock.

- ***Increase the number of affordable units***
  Given the substantial numbers of residents who are paying too much for their housing (see Table 3-30) and the gaps between the need and supply of existing housing

calculated in Tables 3-28 and 3-29, there is a pressing need to produce more subsidized housing units in Peabody. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by the declining economy, lack of decent paying jobs, decreasing state resources available to subsidize housing, increasing poverty, and the ongoing problems associated with the mortgage market.

Both rental and ownership housing are needed to encourage a mix of housing types in response to diverse housing needs. There is a clear need for rental units for those with lower-paying jobs, many in City's service economy, who are encountering serious difficulty finding housing that they can afford in Peabody. Because state housing subsidy funds are almost exclusively directed to rental housing, because the City might be at risk of losing up to 500 rental housing units in its Subsidized Housing Inventory (SHI), and because the City places the highest priority on meeting the housing needs of its most financially vulnerable citizens, this Housing Needs Assessment identifies the creation of new rental units as the top priority.

Efforts to provide starter homes for first-time homebuyers who invest in the city's neighborhoods are also needed. Market conditions have placed the purchase of homes beyond the financial means of low- and moderate-income households, and families need opportunities to "buy up" as their families grow. Infill development, cluster development, and the redevelopment/reuse of existing properties in partnership with non-profit organizations and private builders offer the best options for increasing affordable homeownership opportunities in Peabody.

Indicators of Need for Rental Units:
Almost one-fifth of all household earned less than $25,000, including one-third of all renters. These households can afford no more than about $625 per month, including utility costs, making it extremely difficult if not impossible to find affordable market rentals without spending too much on housing.

Peabody's renters are in fact spending too much for their housing. Based on 2009 estimates, 706 renters or 12.0% were spending between 30% and 34% of their income on housing and another 2,522 or 42.9% were allocating 35% or more of their income for housing, for a total of 3,228 renters who were overspending or more than half of all renters (54.9%).

Using the lowest reasonable prices advertised in early December 2011 on Craigslist, a one-bedroom unit renting for $925 would require an income of $41,000, assuming $100 per month in utility bills and housing expenses of no more than 30% of the household's income. Someone earning minimum wage of $8.00 for 40 hours per week every week during the year would still only earn a gross income of only $16,640. Households with two persons earning the minimum wage would still fall short of the $41,000 income needed to afford this advertised rent. While there are some rentals that fall below this level, particularly subsidized rents, market rents tend to be beyond the reach of these lower wage earners.

Renting an apartment in the private housing market also requires a substantial amount of upfront cash. Most apartments require first and last month's rent plus a security deposit. For a $1,200 apartment, that totals as much as $3,600 in up-front cash, an amount that many

prospective tenants do not have. Some listings include just a half-month's rent up-front, in addition to the first month's rent, as a "finders fee".

Calculations in Section 3.2.5 (Table 3-29) indicate that there has been a shortage of rental units for those in the very lowest income levels with a deficit of 1,254 units for extremely low-income households earning less than 30% of area median income and 90 units for those earning between 30% and 50% of area median income, referred to by HUD as very low-income households. Rental subsidy programs typically target these populations.

The 2010 vacancy rate for rental units was 5.1%, reflecting extremely tight market conditions with little unit availability besides normal market turnover.

The number of *seniors* 65 years of age and older is increasing significantly, growing by 58% between 1990 and 2010, from 6,655 to 10,520 residents, while the population as a whole increased by only 9.0%. Of particular note were the frail elderly of at least age 85 who increased by 249% during these decades. Clearly housing alternatives to accommodate this increasing population of seniors – such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands – should be considered in housing planning efforts.

More than half (55.1%) of the *elderly* who rent were spending too much, more than one-quarter (26.9%) spending more than 50% of their income on housing.

Most *seniors* earning fixed incomes and relying substantially on Social Security find that when they lose their spouse, their income may not be sufficient to afford their current housing and other expenses.

There are at least two-year waits for those *seniors* applying to live in public housing who are from Peabody.

In 2010, the City commissioned the Affordable Assisted Living Facility Study Group to explore the feasibility of building supportive housing for seniors on the site of its Torigian Community Life Center. The study described an increasingly older and frail population of low-income *seniors*, many who are medically fragile. Of those seniors who participated in the study, 60% demonstrated a moderate to significant level of frailty. In such a population, a chronic illness resulting in hospitalization, a fall with injury, or even a small shift in daily functioning would likely seriously compromise an individual's ability to live independently.

Families who rent were also confronting problems affording their housing with 42.2% and 57.9% of small and large families, respectively, encountering costs burdens, 12.3% and 21.9%, respectively, paying more than half of their income on housing.

More than half (55.7%) of all *disabled* households who were earning at or below 80% AMI had some type of housing problem, for the most part spending too much on their housing.

The wait for a Peabody Housing Authority (PHA) *family* rental unit is at least three (3) years for Peabody residents, up to five (5) years for non-local applicants.

There is substantial demand for PHA rental subsidies with the MassNAHRO Centralized Wait List including 80,000 applicants (typically *families*) from 83 participating housing authorities, Peabody's among them.

Very few three- and four-bedroom apartments come on the market that are suitable for larger *families*. There were no listings of three-bedroom units on Craigslist for Peabody in early December 2011 and only one four-bedroom townhouse for $2,150.

Indicators of Need for Ownership Units:
Almost 90% of the City's existing subsidized housing units are rentals.

About one-quarter of all renters earn enough to perhaps qualify for first-time homebuyer opportunities if they became available.

Housing remains expensive. A review of units that were sold between June and November of 2011 indicated that there were a total of 184 sales, including 143 single-family homes and 41 condos. Only 16 single-family homes and 25 condominiums sold below $200,000, and were therefore relatively affordable to those earning at or below 80% of area income. These units were typically older and smaller with likely deferred maintenance needs.

The entry costs for homeownership force first-time homebuyers to frequently look elsewhere for housing they can afford to buy or search for very limited rental opportunities. Without a subsidized mortgage, households have to come up with a substantial amount of cash, now more typically a down payment of 20%, blocking many who seek to own a home. Credit problems also pose substantial barriers to homeownership.

While condo prices are lower, it has become very difficult to obtain financing for condominiums and monthly fees raise housing expenses, limiting the amount that can be borrowed.

The affordability gap for those earning at 80% of area median income was about $50,000, the difference between the median priced single-family home ($284,000) and what a two-person household earning at this income level can afford, or $235,000, based on 80% financing, a gap of almost $80,000 in regard to 95% financing. In both cases, however, the upfront costs of the down payment and closing costs add significantly to the affordability gap.

Younger adults in the family formation stage of their lives, the 25 to 34-age range, decreased significantly between 1990 and 2010, dropping to 11.3% of the population in 2010 from 17.7% in 1990, and from 8,326 to 5,799 residents. The high cost of housing is likely a contributing factor. Without equity from another house or subsidized starter homes, many young families are virtually shutout of the homeownership market.

Prior generations have had the advantage of GI loans and other favorable mortgage lending options with reasonable down payments. Also, in prior years the average home price to average income ratio was much lower than it is today, making homeownership more accessible. Given

current economic conditions, the ability to obtain financing is more challenging for today's first-time homebuyers without subsidized ownership.

The 2010 vacancy rate for homeownership units was 1.0%, reflecting extremely tight market conditions.

Calculations in Section 3.2.5 suggest that there were an estimated 3,831 owner households who earned at or below 80% AMI, but only 388 single-family homes and 426 condos that would have been affordable to them based on fiscal year 2011 assessed values, suggesting a deficit of more than 3,000 affordable units for those in this income range.

Peabody's 3-5 Year Strategic Plan for HUD funding includes a number of high priority objectives, one being to improve access to affordable homeownership for low-income households, defined by HUD as earning at or below 80% AMI.

- ***Prevent homelessness***
  Increases in poverty levels, the continuing loss of affordable housing, the foreclosure crisis, in conjunction with the growth in unemployment and underemployment, have exacerbated problems for those individuals and families who are at-risk of becoming homeless. It has become apparent that individuals and families who normally do not access services provided by housing and social service agencies, have been doing so in increasing numbers because of the economic crisis. These economic changes have placed more pressure on the City and non-profit organizations to provide greater support with fewer resources to prevent family disintegration and loss of housing. In addition to important services, housing should also continue to be developed to serve those who are at risk of homelessness. Providing stable and affordable opportunities for those transitioning out of shelters or special programs remains a high priority for the City.

  Indicators of Need:
  The number and portion of seniors living in poverty increased markedly from 1989 through 2010. Given the continued economic crisis, these poverty levels may in fact have increased even more since 2010.

  Given the recent financial crisis with accompanying problems associated with high cost mortgages from predatory lenders and unemployment, some homeowners in Peabody have lost their homes or are confronting possible foreclosure. Foreclosures have also adversely affected tenants in multi-unit properties who are forced to move in search of affordable housing elsewhere. Peabody in fact has among the highest foreclosure rates in the state.

  There are approximately 500 affordable units included in the Subsidized Housing Inventory that might be at risk of being converted to market rate housing and increase the risk of homelessness for existing tenants.

  The City's 3-5 Year Strategic Plan for HUD states that the lowest income households, particularly those earning at or below 30% AMI and spending too much for housing, are frequently living in overcrowded and substandard conditions that are only providing short-term housing solutions.

The numbers of those in this situation, who are most at-risk of homelessness, is significant and growing.

The region's Continuum of Care, which focuses on efforts to prevent homelessness, sponsors an annual census of the homeless. It was determined in January 2010 that there were 1,195 homeless persons in the region that included those in shelters, those residing in programs that provide transitional or permanent-supported housing for the homeless, and those who were living out of doors on in a place unfit for human habitation. This total represented an increase of 211 persons from the 2009 count. Of those in the 2010 count, 362 were identified as "chronically homeless".[22] Chronically homeless individuals may also suffer from the effects of substance abuse and/or mental illness. A study by the National Coalition for the Homeless indicated that about 25% of the chronically homeless have mental health problems and 60% are drug dependent.

As Table 3-31 indicates, approximately 88% of the City's SHI units involve rentals. Based on the above listed indicators of need and the fact that almost all state subsidy funds are available for rentals only, this Housing Needs Assessment recommends that housing production goals incorporate approximately the same level of rental housing production. Based on annual housing production goals of 111 units per year, the following housing goals by priority needs are proposed:

Table 3-34
Summary of Housing Production Goals Based on Priority Needs

Type of Units	Target Populations	Annual Goals	5-Year Goals
Preservation of existing housing stock (Housing Rehab Program)	Mix of Rental/Ownership	**20**	**100**
Increase the number of affordable units		**80**	**400**
Rental housing	Seniors (20%)	16	80
	Individuals & Disabled (20%)	16	80
	Families (50%)	40	200
	Homeless/At risk Populations (10%)	8	40
First-time homeownership		**11**	**55**
Total		**111**	**555**

[22] A chronically homeless person is defined as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for one (1) year or more or has had at least four (4) episodes of homelessness in the past three (3) years.

Section 4

CHALLENGES TO DEVELOPMENT

4. CHALLENGES TO DEVELOPMENT

While Peabody has made considerable progress with respect to creating affordable housing, there continue to be formidable challenges to developing such housing including the following:

- ***Limited Developable Property***
  Because easily developable land is relatively rare in Peabody, vacant land is not frequently placed on the market and land costs are high. Most development in recent years has consisted of higher end single-family homes or luxury apartments. Despite the high cost, demand for these types of housing units continues, and developers often argue that in order to make a profit on developing such expensive properties they must construct high-priced units.

  The 2002 Master Plan includes a parcel-based build-out analysis that examines future residential development. The analysis found that 1,260 units can be developed on vacant parcels within the City; and approximately one-half of these are in subdivisions of ten lots or more. An additional 662 units can be developed on infill lots. The majority of vacant land is privately owned and located in the R1, R1A and R1B single-family zoning districts, which have minimum lot sizes of 20,000, 15,000, and 10,000 square feet, respectively.

  While these build-out conditions would expand the City's total housing stock by more than 10%, the perception persists that Peabody has little vacant land. This may be in part because many of the vacant parcels are located on land that would require significant and costly site work to develop. Also, many large parcels have been held for decades by institutions, such as the Eastman Gelatine Corporation and the Salem Country Club, and are unlikely to be developed in the immediate future.

  Moreover, it will be important to guide any future development to appropriate locations, maximizing density in some areas and minimizing the effects on the natural environment and preserving open space corridors and recreational opportunities. Therefore, changes to the City's Zoning Ordinance will be necessary which will consequently alter buildout calculations.

  Mitigation Measures: Because of the limited amount of developable property, it is all the more important that the new units that are created help diversify the housing stock, including providing greater affordability. This Plan suggests several zoning mechanisms to mandate and incentivize affordable units as well as strategies to promote more housing choices (see Section 6.2).

- ***Zoning***
  As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. Peabody's land use pattern is essentially established with about 77% of the City's land zoned for residential use. Still the Master Plan estimated that about 35% of the City's total area includes vacant land, most of which is potentially developable. How the City plans for this new development, as well as potential redevelopment of existing properties, will be highly correlated with its land use policies that are driven primarily by the City's Zoning Ordinance.

In an effort to direct development to appropriate locations, the Zoning Ordinance allows various types of residential units in the following districts:

R-1, R-1A, and R-1B – Single-family residential development
R-2 – Single and two-family residential development
R-3, R-4, and R-5 – Multi-family residential development
Allows a mix of density standards and R-4 districts allow more intensive multi-family development including some commercial and retail uses by-right. The R-4 District also allows live/work units[23] by special permit. The R-5 district allows multi-family development by special permit of not more than an average of four (4) units or eight (8) bedrooms per acre.
MH – Mobile homes
BC – Central Business District that allows some mixed residential and commercial development or multi-family housing by special permit including live/work units.
B-N, B-N2 – Neighborhood Business Districts that allow single-family and two-family homes by-right.

Table 4-1
Minimum Required Lot Sizes (Square Feet)/Frontage Requirements (Linear Feet)

Unit Type	R-1	R-1A	R-1B	R-2	R-3	R-4	R-5
Single-family homes	20,000/125	15,000/125	10,000/100	5,000/50	10,000 750 sq. ft. bedroom	30,000 750 sq. ft. bedroom	20 acres/ none
Two-family homes	Not allowed	Not allowed	Not allowed	7,500/50			
Multi-family structures	Not allowed	Not allowed	Not allowed	Not allowed			

Source: Peabody Zoning Ordinance, Section 7, Table 7.2.

The Zoning Ordinance also includes specific provisions to promote smart growth development and affordable housing, directing future development to appropriate locations, particularly denser development, and offering incentives for the inclusion of affordable housing. These provisions include:

Accessory Apartments[24]
Accessory apartments, referred to as family accessory living areas (FALA), are allowed by special permit in all zoning districts, including those that do not allow new single-family development. The Ordinance limits the occupancy of such units to family members only and to no more than 700 square feet or 50% of the principal dwelling.

Cluster Development[25]
Cluster development, allowed by special permit, promotes a more efficient use of land by allowing the housing to be clustered while preserving significant amounts of open space. Only single-family home development is allowed however, where the maximum number of units is calculated by taking the total land area (exclusive of existing or proposed roads and other land not available to the developer) and dividing it by the minimum lot area for the zoning district.

[23] Live/work units are defined in Section 2 of the Zoning Ordinance as "a residential occupancy of a dwelling unit and adequate work space accessible from the living area, reserved for, and regularly used by, one or more persons residing therein. Live/work differs from 'home occupation' in that the residential space is secondary or incidental to the work use."
[24] Peabody Zoning Ordinance, Section 6.7.
[25] Peabody Zoning Ordinance, Section 6.3.

Frontage requirements are reduced by half or 50 feet, whichever is greater, and up to 50% of the minimum requirements for setbacks and side and rear yards in the zoning district might be waived by the Planning Board. Also, up to two-thirds of the minimum lot area or 6,600 square feet, whichever is larger, might also be permitted and up to one-half of the minimum required might be waived (no less than 6,000 per lot) under certain circumstances including preserving open space and natural features of the property, providing active or passive recreation, establishing a buffer between new developments or neighboring uses and/or *promoting affordable housing*.

Mobile Homes[26]
Peabody allows mobile home units in its MH District that meet a number of specific requirements. While the number of mobile homes has been declining in recent years and are not eligible for counting as part of the Subsidized Housing Inventory (SHI), these units still represent a significant segment of the city's affordable units.

Inclusionary Zoning[27]
The purposes of adopting inclusionary zoning in Peabody was to increase the supply of rental and ownership housing for low- and moderate-income households, to exceed the 10% affordable housing threshold under the state's Chapter 40B regulations, and to encourage a greater diversity and distribution of housing to meet the needs of families and individuals of all income levels. The Ordinance applies to the R-2, R-3, R-4, R-5, BN, DDD and BC Districts for all new residential developments (including the addition or conversion of existing buildings) of eight (8) units or more and to the R-1, R-1A and R-1B Districts for developments that produce 15 or more units.

The Ordinance requires that a minimum of 15% of the units be set-aside as affordable, meeting all state requirements under the Local Initiative Program (LIP), qualifying for inclusion in the Subsidized Housing Inventory (SHI). Units must be provided on-site, except under exceptional circumstances approved by City Council. If the off-site affordable units are not comparable to the market-rate units, a greater percentage of affordable units are required.

The City's Department of Community Development and Planning is responsible for the review, approval and enforcement of the required affordability restrictions as well as any condominium documents and fees. The Ordinance does not allow for the payment in-lieu of the construction of actual units by the developer. It does provide some incentives including some reductions in parking and minimum area requirements. Some language related to community preference will also have to be updated in compliance with more recent Local Initiative Program (LIP) guidelines.

Mitigation Measures: This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations and making them "friendlier" to the production of affordable housing and smart growth development. These strategies include modifying the inclusionary zoning, FALA and cluster development ordinances; promoting nontraditional housing models that provide greater housing choices to meet

[26] Peabody Zoning Ordinance, Section 6.10.
[27] Peabody Zoning Ordinance, Section 6.11.

local needs; pursuing 40R/40S smart growth zoning; and promoting affordable housing in mixed-use "Above the Shop" development (see Section 6.2).

- ***Transportation***
  Peabody is located at the intersection of three major transportation corridors including I-495, I-95, and U.S. Route 1. The closest Massachusetts Bay Transit Authority (MBTA) commuter rail station is located in Salem, providing frequent service to and from Boston. Bus service is also available through the MBTA, which operates an express bus to the Haymarket area of Boston and others involving destinations to and from the Liberty Tree Mall in Danvers, the Salem Depot and Lynn. Paratransit bus service for the elderly and disabled is also provided by The Ride, operated by the MBTA in Peabody. City-operated transportation services are also provided for seniors through the Council on Aging.

  It should also be noted that 85% of workers drove alone to work, another 7.7% carpooled and only 2.3% used public transportation according to the 2009 American Community Survey estimates. The average commuting time was about 24 minutes, suggesting that employment opportunities were typically located either in Peabody or somewhere else on the North Shore.

  Owning and maintaining a car is beyond the means of many low- and moderate-income households. Continued efforts to direct housing in areas that are closer to public transportation and expand transportation to support growth areas will be a required component of a coordinated service delivery system.

  Mitigation Measures: One of the strategies included in this Housing Plan is to explore mixed-use "above the shop" development that has the potential for reducing at least some reliance on the automobile (see strategy 6.2.12). Opportunities to direct development to areas that are most conducive to higher densities, in that they are closer to the downtown and other commercial areas may serve to reduce transportation problems somewhat.

- ***Community Perceptions***
  Development proposals often run into community opposition for a variety of reasons including increased traffic, aesthetic concerns, impact on the school population, perceived need by the City, etc. While these issues are generally resolved during the permitting process, they tend to slow the pace of development.

  Mitigation Measures: Peabody proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section 6.1.2). 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 meet these needs.

  It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have genuine opportunities for input. Moreover, this Plan proposes that the City hold at least annual housing summits to provide forums for local leaders to share information about the status of affordable housing initiatives to better promote municipal communication and cooperation in the

implementation of various strategies as well as for local leaders to obtain ongoing training related to affordable housing. Better communication through cable access programming is also proposed.

- ***Economy***
  Lastly, as the City explores its ability to assist in the creation of affordable housing, it is faced with a fragile economic climate that shows few signs of improving in the near future. Under current budgetary constraints, it is unlikely that the City will be able to provide much local funding for affordable housing projects. At the same time, other sources of assistance may be reduced as state and federal budgets weather the economic downturn. The City must maintain a balance between maintaining basic services on limited funds, while continuing to work toward the long-term goals of creating affordable housing and improving the quality of life for Peabody residents.

  Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation Funds, CDBG and other funding for affordable housing initiatives that will enable the City to strategically invest its limited resources in support of the production of new affordable units to leverage other public and private funding sources and boost the local economy.

- ***Infrastructure***
  While the City's zoning does not prevent the development of affordably-priced units on vacant land, most potentially developable parcels are subject to infrastructure issues, including the availability of water, pressures on the City's aging utility infrastructure, and increased traffic on already overburdened roads. The Downtown in particular has been prone to flooding, seriously challenging existing properties, new development and infrastructure.

  Mitigation Measures: The City's Department of Public Services requires developments to address the impact they will have on the infrastructure so that new projects do not place an undue strain on City services. Occasionally, proposed projects cannot mitigate the negative effects of development, particularly those proposed for sites that are located on marginal land or in neighborhoods with a history of infrastructure problems. In such cases, the City withholds approval.

Section 5

HOUSING PRODUCTION GOALS

5. AFFORDABLE HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) introduced the Planned Production Program in December 2002, in accordance with regulations that were meant to provide municipalities with greater local control over housing development. Under the Program, cities and towns were required to prepare and adopt a Housing Plan that demonstrated the production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.[28] If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the City could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.[29]

Changes to Chapter 40B established some new rules.[30] For example, Planned Production Plans are now referred to as Housing Production Plans. Moreover, annual goals changed from 0.75% of the community's year-round housing stock to 0.50%, meaning that Peabody will have to now produce at least 111 affordable units to meet annual production goals, still a formidable challenge. If the City produces 222 affordable units in any calendar year, it will have a two-year period during which it will be able deny inappropriate 40B applications that do not meet local needs, without the developer's ability to appeal the decision.

Using the priority needs established in Section 3.3 and the strategies summarized under Section 6, the City of Peabody has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- At a minimum, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area median income. The rental projects will also target households earning at or below 60% of area median income and lower depending upon subsidy program requirements. It should also be noted that the City can provide CPA assistance to subsidize units for those earning between 80% and 100% of area median income, sometimes referred to as "community housing" units, however these units cannot count as part of the Subsidized Housing Inventory.
- Projections are based on no fewer than four (4) units per acre. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.

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

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

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

- Because housing strategies include development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or the "friendly" comprehensive permit process. The City will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible, potentially infusing funding from the CPA, CDBG, HOME or the proposed Affordable Housing Trust Fund where appropriate.
- The projections involve a mix of rental and ownership opportunities that reflect the priority housing needs in the Housing Needs Assessment (see Section 3.3) with most of the units directed to rentals. The City will work with developers to promote a diversity of housing types targeted to different populations with housing needs including families, older adults and other individuals with special needs to offer a wider range of housing options for residents.

Table 5-1
Peabody Housing Production Program

Strategies by Year Name/Housing Type	Affordable Units< 80% AMI	Ineligible for SHI	Total # units*
Year 1 – 2012			
Convert existing housing to long-term affordability/homeownership – Park Street Project/homeownership	8	0	8
Convert existing housing to long-term affordability – 10 Elm Street/rental	2	0	2
Investor Owner Rehab Program – 143R Washington Street/rental	4	0	4
Convert existing housing to long-term affordability – 9 Washington Street/rental	2	0	4
Investor Owner Rehab Program – 116 Main Street/rental	3	0	9
Investor Owner Rehab Program/rental	10	0	10
Subtotal	*29*	*0*	*37*
Year 2 – 2013			
Promote "friendly 40B" development/ rental	40	0	40
Convert existing housing to long-term affordability/homeownership	5	0	5
Promote nontraditional housing models – adaptive reuse at 40 Lowell St./rental	9	0	9
Promote nontraditional housing models – mixed-use above the shop at 9 Main St. /rental	4	0	28
Investor Owner Rehab Program/rental	40	0	40
Subtotal	*98*	*0*	*122*
Year 3 – 2014			
Development of City-owned property – 70 Endicott Street/"friendly 40B"/rental	8	0	8
Nontraditional housing models – group home /special needs housing	8	0	8
Nontraditional housing models – adaptive reuse/rentals	9	0	9
Inclusionary zoning/homeownership	12	0	80
Nontraditional housing models --"Above the Shop" artist live/work space/rental	20	0	20
Pursue 40R-40S zoning/mix of rental and ownership	40	0	200
Promote "friendly 40B" development and nontraditional housing models – mixed-use above the shop housing/rental	25	0	25
Accessory apartments/rental	0	4	4
Investor Owner Rehab Program/rental	10	0	10
Subtotal	*117*	*4*	*349*

Year 4 – 2015			
Covered under Year 3			
Nontraditional housing models – senior congregate housing with services/rental	75	0	75
Nontraditional housing models --"Above the Shop" artist live/work space/rental	20	0	20
Convert existing housing to long-term affordability/homeownership	6	0	6
Accessory apartments/rental	0	10	10
Investor Owner Rehab Program/rental	10	0	10
Subtotal	*111*	*10*	*121*
Year 5 – 2016			
Covered under Year 4			
Promote "friendly 40B" development – 40 Oak Street (Elks Lodge)/rental	50	0	50
Nontraditional housing models – group home /special needs housing	8	0	8
Nontraditional housing models --"Above the Shop" artist live/work space/rental	20	0	20
Convert existing housing to long-term affordability/homeownership	10	0	10
Cluster development/homeownership	15	0	100
Inclusionary zoning/homeownership	8	0	50
Accessory apartments/rental	0	20	20
Investor Owner Rehab Program/rental	10	0	10
Subtotal	*121*	*20*	*268*
Total	**476**	**34**	**897**

* The total number of units includes market rate units in addition to the affordable and SHI ineligible ones.

Section 6

HOUSING STRATEGIES

6.1 Strategies That Build Local Capacity

6.2 Strategies That Address Priority Housing Needs

6. HOUSING STRATEGIES

The strategies outlined below are derived primarily from the 2002 Master Plan, Housing Needs Assessment in Section 3, local housing goals and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to those that build local capacity to promote affordable housing and priority housing needs. A summary of these actions is included in Table 1-4.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:[31]

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
    - Pursue 40R/40S Smart Growth zoning (strategy 6.2.9)
    - Encourage "Above the Shop" zoning in downtown (strategy 6.2.12)

- *Identification of specific sties for which the municipality will encourage the filing of comprehensive permit projects;*
    - Promote "friendly 40B" development (strategy 6.2.6)
    - Make suitable public property available for affordable housing (strategy 6.2.7)
    - Promote nontraditional housing models (strategy 6.2.10)

- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
    - Modify FALA ordinance (strategy 6.2.8)
    - Pursue 40R/40S zoning (strategy 6.2.9)
    - Promote nontraditional housing models (strategy 6.2.10)
    - Consider changes to the cluster development ordinance to better promote affordable housing (strategy 6.2.11)
    - Encourage "Above the Shop" zoning (strategy 6.2.12)
    - As indicated in strategy 6.2.7, the City should explore the acquisition of property and work with developers to create affordable housing in line with smart growth principles including:
        - The redevelopment of existing structures,
        - Infill site development,
        - Development of housing in underutilized locations with some existing or planned infrastructure,
        - Parcels large enough to accommodate clustered housing,
        - Mixed-use properties in the downtown, village areas or along commercial corridors;
        - Buffer between adjacent properties, and
        - Located along a major road.

[31] Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *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 6.2.7)

- *Participation in regional collaborations addressing housing development*
    - Promote existing regional housing programs and services directed to assisting residents (strategy 6.1.2)
    - Participation in the North Shore HOME Consortium and Gloucester/Haverhill/Salem/Essex County Continuum of Care

It should be noted that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also to serve the range of local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments, mixed-income housing that includes "community housing" or "workforce housing" units, and potential support for mobile homes)[32]*.*

Within the context of these compliance issues, local needs, existing resources, affordability requirements and housing goals, the following housing strategies are proposed. ***It is important to note that these strategies are presented as a package for the City to prioritize and process, each through the appropriate regulatory channels.*** Moreover, these actions present opportunities to judiciously invest funding to subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) and leverage additional resources, modify or create new local zoning provisions and development policies, help preserve the existing affordable housing stock, and build local capacity.

It should be further noted that Section 7 of this Housing Plan incorporates visual representations of specific housing strategies, providing conceptual demonstrations of the physical impacts of proposed actions.

6.1 Strategies That Build Local Capacity to Promote Affordable Housing

Peabody is a small city and, unlike many larger ones, does not have substantial state or federal funding to support local housing initiatives on an ongoing basis. Nevertheless, Peabody has long had a local structure in place to coordinate housing activities.

For example, the City's *Department of Community Development and Planning* is the City's chief planning and development agency. The Office staff develops plans, policies, programs and projects related to the City's physical development, economic development, affordable housing, historic preservation and environmental conservation. In regard to affordable housing, the Department has administered a Housing Rehabilitation Program directed to qualifying property owners who need financing and technical assistance to make necessary home improvements. Cuts in CDBG and HOME Program funding have caused the City to shift its priority to investor owners of rental units that are occupied by income-eligible tenants in an effort to retain this very vulnerable yet still affordable rental housing stock. The Department of Community Development and Planning also staffs the Peabody Community Development

[32] Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing refers to units directed to those earning between 80% and 120% AMI, but still priced out of the private housing market.

Authority (CDA) that is responsible for overseeing urban renewal and community development planning and implementation and administers a Business Loan Program. This Program finances fixed assets that create job opportunities and add to the tax base. Moreover, the Department staffs the North Shore HOME Consortium and Gloucester/Haverhill/Salem/Essex County Continuum of Care (CoC).

The City of Peabody also approved the *Community Preservation Act*, which provides important local funding for affordable housing.[33] In November 2001, Peabody residents adopted the Community Preservation Act with a surcharge of 1%, exempting the first $100,000 of a property's value as well as the participation of low-income property owners. In 2010, approximately $5.5 million was raised from the City's surcharge with the state's share of almost $4 million for a total of about $9.5 million available. The state's share has decreased over the last several years, largely the result of the depressed housing market as the fees from the Registry of Deeds are the main source of the state's match.

Other local and regional entities also bolster the City's housing efforts, working in partnership with the City. These entities have included the Peabody Housing Authority, Habitat for Humanity of the North Shore, and Citizens for Adequate Housing (CAH), but other capable organizations, including developers and service providers, are also interested in working with the City in the implementation of this Housing Plan and have been involved in this planning process. These organizations are described in Appendix 1.

This *Housing Production Plan* will also boost the City's capacity to promote affordable housing as it provides the necessary blueprint for prioritizing and implementing affordable housing initiatives based on documented local needs, community input and existing resources. The Plan will also provide important guidance on how to invest local funding for housing and serve as a comprehensive resource on housing issues in Peabody that can be readily updated as necessary.

To further build local capacity to meet local housing needs and production goals, the City will explore the following activities. While such actions do not directly produce affordable units, they help build important local support for new affordable housing initiatives.

6.1.1 Establish and Capitalize a Municipal Affordable Housing Trust Fund

Timeframe: Years 1-2
Responsible Parties: Mayor and City Council

Current Status: On June 7, 2005, the Municipal Affordable Housing Trust Fund Act was enacted, which simplified the process of establishing housing funds that are dedicated to subsidizing affordable housing. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable

[33] In September of 2000, the Community Preservation Act (CPA) was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100% funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case the City Council, how to spend the Community Preservation Fund.

housing trust fund, and use these funds without going back to City Council 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, appointed and confirmed by City Council. Per statute, the Mayor must be one of the members of the Trust. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, it is likely that most trusts will opt to dispose of property through a sale or long-term lease to a developer so as to clearly differentiate any affordable housing development project from a public construction one.

The City of Peabody has collected funding to support affordable housing through its inclusionary zoning requirements that previously allowed developers to pay cash in-lieu of constructing actual units. While this cash-out payment option has been eliminated in the ordinance (see strategy 6.2.1 for recommendations for reintroducing a cash-out provision), approximately $1 million in funding was raised and about half is still available to support affordable housing initiatives as the other half went to subsidize Habitat for Humanity of the North Shore's Park Street project.

Some communities have decided to commit CPA funding on an annual basis to Housing Trust Funds without targeting the funding to any specific initiative. For example, the Towns of Grafton and Sudbury have been directing 10% of their annual CPA allocation to their Trust Funds. The Trusts are 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.

Next Steps: The Peabody City Council should establishment a Municipal Affordable Housing Trust Fund through a City warrant article and appoint members of the Board of Trustees. It is advisable that the City 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.[34]

This Housing Trust would serve as the City's permanent committee for overseeing housing issues and the implementation of the Housing Production Plan, managing the Affordable Housing Trust Fund, defining policy issues that are in the public interest, serving as the City's development review committee, and working with the Planning Board on establishing new zoning to promote affordable housing. This entity would be staffed by the Department of Community Development and Planning.

The Mayor, with staff support from the Department of Community Development and Planning, will work with City Council to obtain approval to establish the Peabody Affordable Housing Trust and appoint members to the Trust. While not required under statute, it is recommended that the new Board of Trustees execute a Declaration of Trust that will be recorded at the Registry of Deeds to provide a record of the establishment of the Trust, including its powers and authority.

[34] Massachusetts Housing Partnership, "Municipal Affordable Housing Trust Guidebook: How to Envision, Shape, Get Support and Succeed with Our Community's Local Housing Trust", November 2009.

Once established, the Peabody Affordable Housing Trust will discuss the prospects of securing CPA funding on an annual basis with the Community Preservation Committee in an amount at least equivalent to the minimal annual allocation for affordable housing or 10%. This funding would also require City Council approval.

Inclusionary zoning, if modified to reintroduce a cash in-lieu of actual units provision (see strategy 6.2.1), may also provide cash resources for a wider range of possible developments that can help capitalize the Affordable Housing Trust Fund. Developers may also contribute to the Housing Fund through negotiations on comprehensive permit projects or other local developments. Developers make additional contributions to these funds if the purchase prices for the market units produced through comprehensive permits are higher than the prices that were projected in their applications and profits are more than the 20% allowed under Chapter 40B.

Resources Required: The process of creating the Affordable Housing Trust Fund is relatively straightforward and can be coordinated by the Department of Community Development and Planning in concert with the Mayor and City Council. Once established, it will be incumbent upon the City to support efforts to capitalize the Fund including a designated amount of CPA funding per year in support of affordable housing initiatives. Other resources include staff time from the Department of Community Development and Planning and the donated time of volunteers to serve as members of the Housing Trust.

6.1.2 Conduct Ongoing Community Education

Timeframe: Years 1-2
Responsible Parties: Sponsors of affordable housing-related initiatives including the proposed Housing Trust

Current Status: Because most of the housing strategies in this Housing Plan rely on local approvals, including those of City Council, community support for new initiatives has and will continue to be essential. Strategic efforts to better inform residents and local leaders on the issue of affordable housing and specific new initiatives can build support by generating a greater understanding of the benefits of affordable housing, reducing misinformation, and dispelling negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on concerns and suggestions.

The Department of Community Development and Planning has held several meetings to insure substantial civic engagement of local leaders and community residents in regard to this Housing Plan. Meetings to present the Housing Needs Assessment and obtain input on how best the City should move forward in regard to promoting affordable housing were held on April 30th and May 7, 2012, first to local leaders and then to the public. Additional meetings to present the draft Housing Plan to local leaders and the community were held on September 24th and October 25, 2012.

Next Steps: The City of Peabody has sponsored opportunities for such input in the past, but will boost community education efforts. The presentation of this Housing Production Plan offers an opportunity to bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. Other education opportunities include:

- *Forums on specific new initiatives*
  As the City develops new housing initiatives, the sponsoring entity will hold community meetings to insure a broad and transparent presentation of these efforts to other local leaders and residents, providing important information on what is being proposed and opportunities for feedback before local approvals are requested.

- *Annual housing summits*
  Most communities lack an effective mechanism for promoting regular communication among relevant City boards and committees on issues related to affordable housing. Having a forum to share information on current housing issues will help foster greater collaboration among these entities. Additionally, inviting residents can help build community interest, improve communication and garner support. Many communities are sponsoring such events on an annual basis.

- *Public information on existing programs and services*
  Despite a sluggish housing market, high housing costs are still creating problems for lower income residents. For example, renters continue to confront difficulties finding safe and decent rental units and some are at risk of homelessness. Owners, including older residents living on fixed incomes, are finding it increasingly difficult to afford the costs associated with taxes, energy costs, insurance and home improvements, and some are faced with foreclosure. Additionally, some older adults and those with special needs require handicapped adaptations, home repairs and special services to help them remain in their homes.

  The City has an excellent brochure on its Housing Rehabilitation Program, which needs to be updated and distributed. It would also be beneficial for the City, through its Department of Community Development and Planning, to get the word out about other programs and services that might assist existing renters and support current or prospective homeowners, including referrals to technical and financial resources related to making needed property improvements, reducing the risk of foreclosure, accessing first-time homebuyer information, etc. from important local and regional agencies and organizations (summary information on these programs and services is included in Appendix 3). This can be accomplished by enhancing the City's website, but also through a brochure that can be widely distributed throughout the community, made available in several languages. The City's website already includes a page that references important resources that are directed to first-time homebuyers, which might also be summarized in a brochure.

- *Enhanced use of Public Access Television*
  The City has used local public access television to provide coverage of local events and key City meetings. The Department of Community Development and Planning has in fact used such media coverage for its public meetings, including meetings on this Housing Plan. Some communities are moving beyond this occasional coverage and using the local cable channels to showcase the issue of affordable housing on a more regular basis. For example, the Town of Harwich, through its Affordable Housing Partnership, has sponsored monthly programs that highlight affordable housing, not only focusing on local initiatives but also providing information on a wide range of housing policy issues. This might be an excellent opportunity to showcase important housing-related issues that will require local approvals such as zoning changes, the conveyance of public property for affordable housing, and the establishment of the Housing Trust.

- *Educational opportunities for board and committee members*
  Local boards such as the Community Preservation Committee, Zoning Board of Appeals, Planning Board, proposed Housing Trust (see strategy 6.1.1) and other interested local leaders would be encouraged to receive ongoing training on affordable housing issues. Well advised and prepared board and committee members are likely to conduct City business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation. Moreover, requirements keep changing and local leaders must remain up-to-date. Funding for the development of staff will also help keep key professionals informed on important new developments, best practices and regulations.

  The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership conducts its Massachusetts Housing Institute at least annually, which is "an educational program to support municipalities and local participants to better understand the affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices". Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition, also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural "how to" booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

Required Resources: Donated time of local leaders and staff to attend important community education and outreach activities. Some additional funding would be necessary for the proposed brochure and enhancement of the City's website as well as some of the training sessions/conferences.

6.2 Strategies That Address Priority Housing Needs

As discussed in Section 3.3, based on input from a wide variety of sources, including demographic and housing characteristics and trends (Section 3.1 and 3.2), the 3-5 Year Strategic Plan 2010-2014 for the City of Peabody required by HUD, and prior planning efforts, three priority housing needs were identified including:

1. **Preserve the existing affordable housing stock**
2. **Increase the number of affordable units**
3. **Prevent homelessness**

It should be noted that the intent of this Plan is not only to continue to surpass the state's 10% goal under Chapter 40B, but more importantly to serve the range of local needs as articulated in these three (3) priority 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 Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments or mixed-income housing that includes "community housing" or "workforce housing" units)[35]. More commonly, housing affordability is being referred to as either little "a" affordability, meaning that the units do not meet all state requirements for inclusion in the Subsidized Housing Inventory (SHI) but still meet local housing needs, versus big "A" affordability for those units that can be counted as part of the SHI. The City will also encourage developers to incorporate universal design and visitability standards, particularly given the high number of seniors and those with special needs in the community.

This Housing Production Plan includes housing strategies that address each of these specific priority needs as described below. It should be noted that most of these strategies involve dedicated staff time from the Department of Community Development and Planning.

PRIORITY HOUSING NEED #1: Preserve the existing affordable housing stock

Many of the existing affordable units are subsidized and included in the Subsidized Housing Inventory (SHI) or rented on the private market through rental subsidy programs that make up the difference between a fair market rent and what a low- or moderate-income household can afford.[36] There are other existing market-rate units, that while not subsidized, still need to be preserved to the greatest extent possible as they provide some level of relative affordability and help diversify the housing stock. The City should work with private sector stakeholders to maintain existing affordable units, including both big "A" and little "a" units.

[35] Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing refers to units directed to those earning between 80% and 120% AMI, but still priced out of the private housing market.

[36] It should be noted, however, that those with Section 8 housing vouchers, or with rental subsidies from other comparable programs, have experienced difficulties in finding suitable housing in the private market because of high rents.

6.2.1 Monitor and Maintain SHI Units

Timeframe: Years 1-2
Responsible Party: Mayor/Department of Community Development and Planning

Current Status: Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units can be in jeopardy in the future. As indicated in Section 3.2.6 of this Plan, there are a number of affordable housing developments in Peabody where affordability requirements are due to expire in the near future or in the longer-term that could result in the City losing units in the Subsidized Housing Inventory. While almost 200 units that were rehabilitated through the City's Homeownership Rehab Program have shorter-term affordability restrictions that will be expiring in the shorter-term, some in the very near future, other projects that are listed in the SHI are due to expire within the relatively near future as listed in Table 3-32. The 88 rental units at Fairweather Apartments, while listed as expiring in 2013, are not in fact at risk. However, there are a considerable number of other rental units that might be at risk of losing their affordability, and the City will need to monitor the status of these units closely, intervening as necessary to try to extend their affordability restrictions.

Next Steps: It is important to insure that all affordable housing units that are produced according to state requirements remain a part of the City's Subsidized Housing Inventory for as long as possible. The Department of Community Development and Planning should continue to closely monitor developments with "expiring" affordable units and work with existing project sponsors to maintain affordability into the long-term. It should intervene to maintain the units as affordable through attracting a new purchaser and refinancing if necessary, and even going through the court system if appropriate. There are a number of non-profit organizations that specialize in the acquisition and refinancing of these "expiring use" developments and recent state funding under Chapter 40T[37] has provided a good mechanism for refinancing these projects.

Resources Required: Staff time form the Department of Community Development and Planning.

Projected # Affordable Units Produced: Will not increase the number of affordable units but will limit decreases in SHI units.

[37] Chapter 40T, which passed in 2009, has several provisions aimed at giving tenants of affordable housing plenty of notice and resources if their landlord decides to pursue the conversion of the property to market rate after affordability restrictions have expired. One of these provisions gives DHCD the right of first refusal when a building with affordable units comes up for sale. DHCD does not buy the properties outright, but relies on a pre-approved list of affordable housing developers with whom it works to help acquire and manage the property, insuring extended and long-term affordability.

6.2.2 Continue Funding Housing Rehabilitation Efforts

Timeframe: Years 1-2
Responsible Parties: Mayor and City Council

Current Status: Due to reductions in CDBG and HOME funding, the City has had to reduce the focus of its Housing Rehabilitation Program and target its resources to the most vulnerable units in its existing housing stock, the investor-owned properties, through what is now called the Investor Owner Rental Rehabilitation Program. With available funding, the City, through its Department of Community Development and Planning, is able to fund approximately ten (10) properties per year for approximately $25,000 in financial assistance per property. The Program will continue to be important in addressing building code violations, removing lead- based paint hazards, lowering utility bills through retrofitting of energy and water conservation improvements, and making home modifications to assist the disabled.

Next Steps: Given the success of this important Program, the City will continue to look for additional funding sources to supplement existing funding and increase participation levels.

Required Resources: Funding of approximately $250,000 per year to rehabilitate about ten (10) properties with some additional administrative support.

Projected # Affordable Units Produced: 87 units

6.2.3 Convert Existing Housing to Long-term Affordability

Timeframe: Years 3-5
Responsible Party: Mayor or proposed Housing Trust

Current Status: Peabody should continue to pursue opportunities to convert existing market units to state-defined "affordable" ones, thus insuring the long-term affordability of existing units. This "buy-down" approach involves the purchase of one or two-family structures or other housing types, renting or reselling one (or possibly both/several) of the units subject to a deed restriction that insures permanent affordability.

Buy-down programs have proven to be viable strategies in a number of communities. For example, the Sandwich Home Ownership Program (SHOP) produced seven (7) affordable housing units under the coordination of the Housing Assistance Corporation (HAC), the Cape's regional non-profit housing organization. Buy-down programs in fact are usually coordinated by a non-profit housing organization and have also been implemented in Cambridge, Newton, Bedford and Arlington, for example. A number of communities – including Sandwich, Barnstable and Lexington – have had their Housing Authorities or another non-profit organization acquire properties that they continue to own and manage as rentals.

The City of Peabody recently participated in such a "buy-down" effort through the Park Street project sponsored by Habitat for Humanity of the North Shore. The organization purchased three vacant and abandoned structures, made substantial improvements, and sold the eight (8) units in these buildings to qualifying purchasers earning at or below 60% of area median income. The City helped finance the project with $500,000 in funding from proceeds of previous inclusionary zoning requirements.

Next Steps: The City could continue to work with developers to help finance the purchase, rehab and

conversion of existing market units to affordable ones on a project-by-project basis. For example, Habitat for Humanity could identify additional properties to acquire, either by a market or discounted sale, and come to the City for financial assistance.

Another approach would be for the City to set-aside funding for a special Buy-Down Program and invite developers to apply for these funds. In this approach, the City would obtain CPA funding approval, use funds from the proposed Housing Trust Fund (see strategy 6.1.1) or remaining inclusionary zoning proceeds, and then issue a Request for Proposals (RFP) to solicit interest from potential program administrators, such as a non-profit organization or a consultant, to coordinate program operations. The RFP would clearly state the amount of subsidy available as well as other program terms and conditions that the City wants to insure become part of the program design (e.g., eligibility requirements, type of subsidy, inclusion in SHI, etc.). The respondents would prepare proposals based on the submission requirements included in the RFP, including stating what fees they would require to administer the program. The City would enter into a formal agreement with the selected program administrator that states the obligations of all parties.

Ideally the proposed Housing Trust, with staff support from the Department of Community Development and Planning, would develop the program, fund and coordinate the RFP process. In the absence of the Housing Trust, the Mayor would provide the necessary oversight of the Department.

The focus of further efforts to purchase and rehab existing market units, converting them to long-term affordability, would continue to be vacant properties that have a blighting influence on their surroundings and/or those housing units that are most affordable in the community's private housing market to minimize the amount of subsidy required to fill the gap between the purchase price and any costs of improvements and the affordable rents or purchase prices.

Resources Required: The City would determine the best resource for subsidizing the Program or continuing "buy-down" efforts sponsored by non-profit or for profit developers on a project by project basis. A per unit subsidy of approximately $80,000 is a reasonable expectation to make this effort work in Peabody based on existing housing costs. Necessary program resources will also include staff time of the Department of Community Development and Planning and possibly donated time of members of the proposed Housing Trust. If a special Program were adopted, additional fees would be necessary to cover the administrative costs of the selected developer.

Projected # Affordable Units Produced: 33 units

6.2.4 Conduct a Mobile Home Study[38]

Timeframe: Years 3-5
Responsible Party: Mayor or proposed Housing Trust

Current Status: As indicated in the Housing Needs Assessment, the number of mobile homes has decreased over the past couple of decades according to census data. While some of this data appears questionable and may have neglected including units that were converted to cooperative ownership in the past, mobile homes continue to be a significant and affordable segment of Peabody's housing stock.

[38] Mobile homes are sometimes referred to as manufactured units.

Typically mobile homes are occupied by very low-income residents who have few other housing options that they can afford in town. The City should focus on how to improve and protect these vulnerable units.

It would be useful to have more information on the inventory of mobile homes in Peabody including locations, ownership, conditions and occupancy. Many of these units have in fact passed or are coming close to their projected useful life of 40 years and likely require some upgrading. With such information the City will be in a better position to determine if interventions are necessary to improve or replace units, perhaps even converting them to long-term affordability as occurred years ago with the Family Estates Coop.

Next Steps: The Department of Community Development and Planning should work with the Mayor and City Council to identify an intern to undertake the study or seek funding to hire a consultant. The Department will have to prepare a Scope of Work that outlines what information must be collected and analyzed. This study might also provide support for advocating for the inclusion of mobile homes in the SHI. The study will provide the City with a report that will give local leaders a better understanding of the mobile home stock and will serve as the basis for potentially designing an appropriate program for upgrading or replacing these important units.

Resources Required: Funding for this study could come from a variety of sources including CPA, CDBG or the proposed Housing Trust Fund. The Housing Trust should hire an intern or consultant to conduct the study. Depending on the scope of work and costs, the Housing Trust might need to prepare a Request for Proposals to select a consultant.

Projected # Affordable Units Produced: Study would not directly produce affordable units but would likely provide direction on preserving these valuable affordable market units.

PRIORITY HOUSING NEED #2: Increase the number of affordable units

As noted in Section 3.3, given the substantial numbers of residents who are paying too much for their housing and the gaps between the need and supply of existing housing, there is a pressing need to produce more subsidized housing units in Peabody. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by the declining economy, lack of decent paying jobs, decreasing state resources available to subsidize housing, increasing poverty, and the ongoing problems associated with the mortgage market.

Both rental and ownership housing are needed to encourage a mix of housing types in response to diverse housing needs. There is a clear need for rental units for those with lower-paying jobs, many in City's service economy, who are encountering serious difficulty finding housing that they can afford in Peabody. Because state housing subsidy funds are almost exclusively directed to rental housing, because the City might be at risk of losing up to 500 rental housing units in its Subsidized Housing Inventory (SHI), and because the City places the highest priority on meeting the housing needs of its most financially vulnerable citizens, the creation of new rental units is the top priority.

6.2.5 Modify the Inclusionary Zoning Ordinance

Timeframe: Years 1-2
Responsible Party: Planning Board

Current Status: Inclusionary zoning is not the silver bullet for all affordable housing problems, but it is a viable tool for promoting affordable housing as part of future development efforts, adopted by about one-third of all communities in Massachusetts. As noted in Section 4, the City of Peabody adopted inclusionary zoning to increase the supply of rental and ownership housing for low- and moderate-income households, to exceed the 10% affordable housing threshold under the state's Chapter 40B regulations, and to encourage a greater diversity and distribution of housing to meet the needs of families and individuals of all income levels. The Ordinance applies to the R-2, R-3, R-4, R-5, BN, DDD and BC Districts for all new residential developments (including the addition or conversion of existing buildings) of eight (8) units or more and to the R-1, R-1A and R-1B Districts for developments that produce 15 or more units.

The Ordinance requires that a minimum of 15% of the units in a development be set-aside as affordable, meeting all state requirements under the Local Initiative Program (LIP), qualifying for inclusion in the Subsidized Housing Inventory (SHI). Units must be provided on-site, except under exceptional circumstances approved by City Council. If the off-site affordable units are not comparable to the market-rate units, a greater percentage of affordable units is required.

The City's Department of Community Development and Planning is responsible for the review, approval and enforcement of the required affordability restrictions as well as any condominium documents and fees. The ordinance previously allowed for the payment in-lieu of the construction of actual units by the developer, but this provision was revoked some years ago. The ordinance also does not currently provide density bonuses or other incentives for the inclusion of the affordable units.

Next Steps: The Planning Board, with staff support from the Department of Community Development and Planning, should revisit the inclusionary zoning ordinance and make appropriate revisions to better promote affordable housing. From lessons learned in Peabody and in other communities with inclusionary zoning provisions, the following recommendations are offered:

- Adopt a strong cash-out fee that is based on a sound formula that supports actual affordable unit development
- Establish a clear and consistent structure and process for directing inclusionary funds
- Make sure that incentives are sufficient to make development feasible
- Clarify rules to ensure predictability for developers and compliance with state requirements

These recommendations are discussed further in the following:

- *Allow a cash-out fee provision*
  Providing options for developers as part of inclusionary zoning mandates will likely result in the greater use of the ordinance. However, 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 insure that the funding will be dedicated to supporting affordable housing. The cash-out fee 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 cash-out 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.

Peabody's previous cash-out fee was the difference between the market value and the affordable price, however the calculation of the affordable price was not clearly defined.

A report from the Massachusetts Association of Community Development Corporations (MACDC) entitled "Building Better: Recommendations for Boston's Inclusionary Development Policy", recommended that Boston change its cash-out fee of $97,000 (for 15% of proposed units) to a sliding scale fee formula.[39] Under this formula a two-bedroom market rate unit selling for $300,000 would incur a fee of $85,000, assuming the affordable price of $180,000 and a total per unit development cost of $250,000. Projects with a greater difference between the market sales price and per unit total development costs would have higher cash-out fees than those with a smaller differential. For example, if the per unit total development cost for the above example was $260,000, the per unit cash-out fee would be $80,000. A simpler formula, adopted by Somerville and Groton for example, would be the difference between the market sales price and the affordable one or $120,000 with the above figures.[40] The per unit fee would be multiplied by the number of affordable units required under the permitting. West Newbury is proposing an inclusionary bylaw that includes a cash-out fee that equals four times the amount equal to 80% of area median income for a family of four.

As to timing, the Town of Belmont requires that 50% of the calculated payment must be paid prior to the issuance of a building permit with the remaining 50% paid upon the issuance of the final certificate of occupancy. The state's Smart Growth Toolkit suggests timing the payment of the fee to coincide with the schedule for the provision of affordable units as follows:

Table 6-1
Development and Cash-out Payment Schedule

Market Rate Units (% Completed)	Affordable Housing Units (% Required)
Less than 30%	--
30% + 1 unit	10%
Up to 50%	30%
Up to 75%	50%
75% plus 1 unit	70%
Up to 90%	100%

Note: Fractions of units are not counted.

This Housing Production Plan recommends that the City of Peabody adopt one of these formulas and amend inclusionary zoning provisions accordingly. It may be instructive to invite local and regional developers, both for profit and non-profit, to a special meeting to obtain their input

[39] The per unit formula is (B - A) + {(B – C) x 0.5} = G where A = per unit affordable sale price, B = per unit market sale price, C = estimated average per unit total development cost, G = cash-out fee.
[40] The per unit formula is B – A = G where A = per unit affordable sale price, B = per unit market sale price, and G = cash-out fee.

into revised zoning options. It will be important to insure that changes will better promote the use of inclusionary zoning in Peabody culminating in more affordable units and reflect the economic context of development.

- *Establish a clear and consistent structure and process for directing inclusionary 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 City of Peabody establish a Municipal Affordable Housing Trust Fund, which would serve this important purpose (see strategy 6.1.1). Members of the Housing Trust will be responsible for managing these funds, appointed by the City Council and including the Mayor, directing them to affordable housing initiatives based on established rules and procedures specified in a Declaration of Trust and allowed under state legislation.

- *Incorporate density/intensity bonuses*
  Studies on inclusionary zoning indicate that mandatory provisions coupled with strong incentives are most effective in promoting affordable housing. As was the case with the cash-out provisions, density bonus measures were also eliminated from the Peabody inclusionary zoning ordinance.

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

  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.

  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).[41] The City of Melrose allows the developer to build another market unit for

[41] For example, a 9-unit AOR development will result in nine AOR units plus 4 units (.25 x 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 x 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.

As property values are high, they are not as high as some nearby communities and thus it will likely take more than one additional market rate unit to subsidize an affordable one in Peabody. 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 that amount that is necessary to permit the inclusion of two additional market units on the lot for each one required affordable unit. Moreover, the ordinance could add a voluntary inclusionary zoning bonus for affordable units produced beyond the required number (15% in the case of Peabody), 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.

Another incentive for consideration would be to expedite permitting for developments that involve inclusionary zoning, providing greater predictability in the development process. Because time is money in the project development process, such expediting can translate into a meaningful incentive for developers.

- *Clarify rules to developers*
  Transparency and more predictability in the development and permitting process are crucial to developers as noted above. Clear procedural policies help developers plan for their projects with knowledge of what will be expected. As suggested above, developers would respond positively to an expedited permitting process for inclusionary zoning projects. Another important requirement that might be added to the ordinance would be to insure that the affordable housing units are provided coincident to the development of the market units (see Table 6.1 for a proposed development schedule).

  This Housing Production Plan recommends that the City of Peabody reach out to developers on new inclusionary zoning provisions, potentially presenting them at a special meeting and obtaining their feedback. It would also be helpful to summarize the inclusionary zoning requirements in a brochure.

- *Update language reflecting changes in state regulations*
  Some language related to community preference will also have to be updated in compliance with more recent Local Initiative Program (LIP) guidelines. For example, Section 6.11.3.J of Peabody's Zoning Ordinance specifies what groups can be granted local preference status under the state's Local Initiative Program (LIP). Up to 70% of the affordable units in a project can be reserved for those who live and work in the community. Subsequent changes to LIP would prohibit offering preference to those who went to school in Peabody as well as any reference to how many hours a person must work per week in town, both currently included in the ordinance. Current LIP community preference language, last updated on June 25, 2008, is as follows:

Current residents: A household in which one or more members is living in the city or town at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.
Municipal employees: Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.
Employees of local businesses: Employees of businesses located in the municipality.
Households with children attending the locality's schools, such as METCO students.

The ordinance should also require that the affordable units be dispersed throughout the project and indistinguishable (at least from the exterior) from the market units.

Required Resources: Donated time of members of the Planning Board to amend the ordinance and coordinate the necessary approvals with staff support from the Department of Community Development and Planning. The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of the project sponsor and coordinated by the proposed Housing Trust with staffing support by the Department of Community Development and Planning. All affordable units added through such an ordinance need to be registered with the state to be included as part of the Town's Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD (see Appendix 3 for details on the Local Initiative Program, Local Action Units in particular).

Projected # Affordable Units Produced: 20 units

6.2.6 Promote "Friendly" 40B Development

Timeframe: Years 1-2
Responsible Parties: Mayor and ZBA

Current Status: 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. 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. Chapter 40B development is not unfamiliar to the City of Peabody. Of the 2,018 total affordable housing units in Peabody's Subsidized Housing Inventory (SHI), 509 or one-quarter were developed through the comprehensive permit process.

Chapter 40B comprehensive permits have typically had a negative association as local residents and leaders are not surprisingly adverse to having their zoning overridden in project permitting, allowing higher density development. While abutters tend to be concerned about the impacts of such developments, including decreases in property values, research has proven that this has

not been the case.[42] Moreover, the state has created a program, the Local Initiative Program (LIP), which enables municipalities to work in partnership with developers on affordable housing developments that meet local goals and priorities but also produce units that would otherwise be unfeasible without significant regulatory waivers.

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. *The Program is often referred to as the "friendly" 40B option as it insures 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.

In order to meet local needs, production goals and the 10% state affordability threshold, the City will need to partner with developers, non-profit and for profit. The "friendly" 40B option will be an important tool for the City to use in permitting such developments, working in a cooperative spirit with developers. *It should be further noted that up to 70% of the units in a 40B development could be reserved for those who live and work in Peabody, referred to as local preference units.*

Next Steps: The City of Peabody, through its Mayor's Office and Department of Community Development and Planning, will be alert to opportunities to work cooperatively with developers on projects that address local needs and priorities. Some the sites that were identified through this planning process, with visual representations included in Section 7, would lend themselves to this type of permitting.

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 municipality are working together on a project that meets community needs. Minimum requirements include:

- 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 DHCD.
- 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.
- Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
- Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
- Developer's profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for "friendly" comprehensive permit projects is detailed in Appendix 3, Section I.D.

[42] MIT Center for Real Estate, "40B Report: Effects of Mixed-income, Multi-family Rental Housing Developments on Single-family Housing Values, April 2005.

Required Resources: Staff time from the Department of Community Development and Planning to work with developers and prepare application materials as well as the donated time of members of the ZBA to conduct the permitting. As the 40B process is primarily developer driven and typically does not require external subsidies (the program works by the market rate units cross-subsidizing the affordable ones), it is unlikely the City will have to commit CPA, HOME or CDBG funding unless the project is targeting those with incomes well below 80% of area median income or special needs populations.

Projected # Affordable Units Produced: 115 units

6.2.7 Make Suitable Public Property Available for Affordable Housing

Timeframe: Years 1-2
Responsible Parties: Mayor and City Council and potentially the proposed Housing Trust

Current Status: As mentioned in Section 4, major obstacles to developing affordable housing in Peabody include the limited availability of developable property, publicly-owned property in particular. While the major thrust of many communities' proactive housing agendas has been the development of publicly-owned properties that are suitable for some amount of affordable housing, this is more difficult to do in Peabody as there are fewer options available. Nevertheless, as noted in the Housing Needs Assessment, there has been some discussion about the potential availability of several municipally owned parcels for affordable housing such as 70 Endicott Street. Moreover, properties in tax foreclosure could be identified and conveyed for the purpose of providing affordable housing, possibly transferred to the proposed Housing Trust and the developer selected through a Request for Proposals (RFP) process.

The City of Peabody may also decide to acquire privately owned sites at some time in the future for the purposes of protecting open space, providing for particular municipal uses, and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Additional smaller sites may become available as well to build affordable new starter homes, housing for empty nesters, special needs units, or housing for the formerly homeless on in infill basis. Some limited opportunities may also be available through the taking of tax-foreclosed properties for affordable housing. Ideally this property would then be transferred to the proposed Housing Trust (see strategy 6.1.1) following City Council approval, which would then prepare and issue a Request for Proposals (RFP) to select a developer.

As the City becomes alert to opportunities for acquiring property that would be suitable for some amount of affordable housing, even tax foreclosed properties, such properties would ideally meet a number of "smart growth" principals such as:

- The redevelopment of existing structures,
- Infill site development,
- Development of housing in underutilized locations with some existing or planned infrastructure,
- Parcels large enough to accommodate clustered housing,
- Mixed-use properties in the downtown, village areas or along commercial corridors;
- Buffer between adjacent properties, and
- Located along a major road.

Section 7 includes some visual representations of particular private sites that would lend themselves to housing development that includes affordable housing.

Next Steps: The Department of Community Development and Planning, under the oversight of the Mayor or proposed Housing Trust, will continue to work with other City boards and committees to identify and pursue surplus municipal property or acquire private property for the development of affordable housing. For example, the towns of Carlisle and Falmouth acquired land for affordable housing development including open space preservation and other public benefits. Like these communities, Peabody could choose to bond CPA funds to cover site acquisition costs.

For such publicly-owned properties, when identified, the City will provide the following types of assistance:

- *Predevelopment Costs:* Where appropriate, the City will support the costs of preliminary feasibility analyses of existing City-owned properties or on sites identified on the open market through negotiations with interested sellers for reduced prices or through tax foreclosures that might potentially include some amount of affordable housing. Such analyses could be funded through Community Preservation funds or the proposed Housing Trust Fund.

- *Preparation of the RFP:* Following the necessary approvals for the conveyance of City-owned properties, the Department of Community Development and Planning in concert with the City's Chief Procurement Officer and potentially a housing consultant, will prepare a Request for Proposals (RFP) to solicit interest from developers based on the City's specific project requirements. They will then select a developer based also on identified criteria included in the RFP. Projects may require densities or other regulatory relief beyond what is allowed under existing zoning, and this might be obtained through normal regulatory channels or more likely through the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP) (see strategy 6.2.6).

- *Conveyance of Property:* The City will convey the property to the selected developer at a nominal cost, representing a significant subsidy that will help make the project financially feasible.

- *Project Financing:* Additionally, the City will need to be involved in helping the selected developer attract the necessary financial and technical support. The City appreciates that evidence of municipal support is often critical when seeking financial or technical assistance from regional, state and federal agencies. CPA funding or proposed Housing Trust Funds are very helpful in leveraging limited and competitive state and federal funding.

- *Project Advocacy*: The City will not only establish the terms and conditions of development through the RFP, but will also advocate for the project, supporting the developer in obtaining the necessary permits and community support.

Required Resources: Resources will be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the "friendly" comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make

development feasible, and to make it easier to navigate the existing regulatory system. Given relatively high market prices and extremely limited public financing for affordable housing, the "friendly" 40B process is an important strategy for producing affordable housing in Peabody (see strategy 6.2.6).

Other developments require public subsidies to cover the costs of affordable or mixed-income residential development and need to access public subsidies through the state and federal government and other financial institutions to accomplish these objectives. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often needed to fill the gaps. Even some 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. A mix of financial and technical resources will be required to continue to produce affordable units in Peabody. Appendix 3 includes summaries of most of these housing assistance programs.

Other resources include the donated time of members of City boards and committees (such as Assessing, ZBA, the Planning Board, Community Preservation Committee, and proposed Housing Trust), including staff coordination from the Department of Community Development and Planning.

Projected # Affordable Units Produced: 8 units

6.2.8 Modify Family Accessory Living Areas (FALA) Ordinance

Timeframe: Years 3-5
Responsible Parties: Planning Board in coordination with the proposed Housing Trust and with input from the Building Inspector

Current Status: Accessory apartments, in Peabody referred to as family accessory living areas (FALA), are allowed by special permit in all zoning districts, including those that do not allow new single-family development. The ordinance limits the occupancy of such units to family members only and to no more than 700 square feet or 50% of the principal dwelling.

These FALA or accessory units, which are secondary to the principal dwelling, are helpful in meeting a number of public policy objectives as they:

- Enable homeowners to capture additional income, which is particularly important for elderly homeowners or single parents where such income may be critical to remaining in their homes. Also, some young families or moderate-income households might be able to afford homeownership if they could count on income from an accessory apartment.
- Provide appropriately sized units for growing numbers of smaller households.
- Offer inexpensive ways of increasing the rental housing stock at lower cost than new construction and without the loss of open space, without significant impact on the surrounding neighborhood, and without additional City services such as streets or utilities.
- Provide companionship, security and services for the homeowner, from shoveling the sidewalk for an elderly owner to babysitting for a single parent.
- Offer good opportunities for keeping extended families in closer contact.
- Generate tax revenue in a locality because accessory units add value to existing homes.

To date, about 400 such units have been approved, but it is likely that many more have been created but are not permitted and therefore illegal.

Next Steps: Because accessory apartments provide small rental units that diversify the housing stock within the confines of existing dwellings or lots, the City should amend the ordinance to better promote such units even if they are not currently eligible for inclusion in the Subsidized Housing Inventory. To comply with state Local Initiative Program (LIP) regulations to have the units counted in the SHI, the City could not restrict occupancy to family members and would have to also stipulate that owners of all "affordable" accessory apartments select tenants from a lottery-ranked list of interested and eligible tenants, following an affirmative marketing process. Also all accessory units would have to have deed riders to insure the long-term affordability of the accessory units.

The Planning Board, with support from the Department of Community Development and Planning, will consider possible provisions for allowing the following:

- Occupancy of the units by non-family members,
- Development in detached structures (such as over a garage),
- Possible by-right provisions,
- Insurance of enforcement provisions,
- Design guidelines to insure that structures still look like single-family homes;
- Possible granting of approvals for existing accessory apartments that do not have the necessary permits after appropriate inspections; and
- Potential requirements that would insure inclusion in the SHI.

Required Resources: The donated time of the Planning Board and staff time from the Department of Community Development and Planning to revise the Zoning Ordinance. Ongoing staff time from the Building Department for application, inspection and enforcement activities. Some permitting fees will offset some of these expenses.

Projected # Affordable Units Produced: While units may not be eligible for inclusion in the SHI depending upon the extent of the zoning changes, they still serve a pressing local need for smaller, affordable rental units.

6.2.9 Pursue 40R/40S Smart Growth Zoning

Timeframe: Years 3-5
Responsible Parties: Planning Board in coordination with the proposed Housing Trust

Current Status: In 2004, the State Legislature approved the Chapter 40R zoning tool for communities in recognition that escalating housing prices, beyond the reach of increasing numbers of state residents, were causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. 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 open space, farmland, natural beauty and critical environmental

areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions."[43] The key components of 40R include:

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

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

A joint report from Citizens Housing and Planning Association (CHAPA) and the Metropolitan Area Planning Council (MAPC)[44] identified 27 cities and towns that had fully-approved 40R districts that collectively permitted the construction of almost 10,000 housing units if fully developed as of August 2009 (including 2,100 affordable units), just four and a half years after the program regulations were issued. Another 20 communities had begun the process of establishing a 40R district or were seriously considering the program. As of August 2009, 17 districts had given approval for 3,200 units and nine (9) had a combined total of 1,100 units under construction. The communities with approved districts were scattered throughout the state, from Pittsfield and Northampton in Western and Central Massachusetts, to Plymouth on the South Shore, and to Amesbury on the North Shore.[45] The 27 communities with approved districts are eligible to receive $36.8 million in 40R payments if their districts are fully built, working out to about $17,100 per projected affordable unit if only 20% of the units are affordable. As of August 2009, $10.56 million had been paid out by the state. For example, the overlay district in Amesbury projects 249 total housing units of which 225 would receive 40R funding, including 50 affordable units, for a total of $1,025,000. It is also worth noting, that contrary to common belief, most 40R districts are not "transit" or "concentrated development" locations as the majority of the districts were approved under the "highly suitable" standard for somewhat higher-density development. More detailed information on 40R is included in Attachment 3.

Next Steps: The City of Peabody, through its Mayor's Office and Department of Community Development and Planning, will explore opportunities to create Smart Growth Overlay Districts through 40R/40S. Some the sites that were identified through this planning process, with visual representations

[43] Massachusetts General Law, Chapter 40R, Section 11.
[44] Ann Verrilli and Jennifer Raitt, "The Use of Chapter 40R in Massachusetts As a Tool for Smart Growth and Affordable Housing Production", October 2009.
[45] Districts with approved projects as of August 2009 included Amesbury, Boston, Chelsea, Haverhill, Holyoke, Lakeville, Lawrence, Lowell, Lunenburg, Lynnfield, Natick, No. Reading, Northampton, Norwood, Pittsfield, Plymouth, Sharon and Westfield.

included in Section 7, would lend themselves to this type of zoning including Lake Street, future waterfront development and areas near Centennial Park.

The formal steps involved in creating the 40R Overlay District are as follows:

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

Required Resources: Donated time of members of the Planning Board to prepare the necessary zoning with staff time from the Department of Community Development and Planning and input/advocacy from the proposed Housing Trust.

Projected # Affordable Units Produced: 40 units

6.2.10 Promote Nontraditional Housing Models

Timeframe: Years 3-5
Responsible Parties: Planning Board with support from the proposed Housing Trust

Current Status: The priority housing needs described in Section 3.3 suggest the need to produce new housing for low-income individuals and families to rent as well as opportunities for first-time homebuyers while also addressing the special needs of the disabled and homeless. While traditional models of rental and ownership housing tend to be the norm in most communities, largely in response to zoning and financing constraints, there are innovative housing types that have been proven effective in other communities to address particular housing needs, including affordability. These include the following:

- *Live-work space:* Live-work space, sometimes referred to as zero commute housing, are spaces where artists combine their residence with their work area, typically in an open floor plan offering large, flexible work areas. Such spaces are allowed under Peabody's Zoning Ordinance in the BC – Central Business District – and R-4 District by special permit. There is wide recognition that artists help make cities more livable, contributing to the cultural and commercial vitality of the community, but the availability of affordable studio and living space continues to be an issue for local artists. The promotion of first-floor gallery or retail space with live/work space for artists in the upper floors is a good model for adapting to Peabody's downtown area. There may even be opportunities for targeted funding to encourage such development as well as collaborations with cultural organizations. For example, the City of Lynn has revised its zoning and has promoted artist live/work space in its downtown.

- *Cohousing:* The cohousing concept originated in Denmark with a focus on knowing one's

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

For example, Northampton has a couple of these developments including Pathways Cohousing and Rocky Hill Cohousing. As the site plan for the Homes at Pathways Cohousing demonstrates below, these developments tend to be clustered with a common house in the center or at the apex of the development. The common house supports the community with dining facilities, sometimes guest rooms, children's play space and meeting and living areas. Parking is located in lots on the periphery, leaving the interior of the site car-free and providing a safe and supportive place for children to play. Most such developments tend to be more affordably priced, and in Northampton almost three-quarters of the units are valued within the $200,000 to $300,000 range. Cohousing can also be readily adapted to mixed-income housing, with several income tiers, and integrate smaller starter housing units.

- *Adaptive reuse*: Adaptive reuse involves the conversion of nonresidential properties – such as institutional, commercial and even industrial properties – into housing. The Tannery projects in Peabody are good examples of such reuses, and the conversion of surplus schools for residential use has been widely implemented throughout the Commonwealth. Because Peabody is relatively built-out, opportunities to convert existing nonresidential properties to mixed-income housing should be pursued.

- *Mixed-use, "above the shop" type housing*: The Zoning Ordinance does allow housing above commercial or retail space in the Central Business District and R-4 District. Such development provides a number of benefits for the community such as creating housing opportunities in close

proximity to services and transportation, thus reducing the reliance on the automobile; directing housing to areas that can accommodate greater density; promoting the vitality of business areas after store hours; and providing smaller units for individuals and smaller households. Clearly artist live/work space would fit in well with this type of development as mentioned above. Strategy 6.2.12 proposes some additional resources to promote this type of development.

- *Group homes*: Groups homes provide small settings for special needs groups in existing homes in residential neighborhoods. Each bedroom in a group home is eligible for counting in the Subsidized Housing Inventory. Peabody has 165 such units in group homes, 138 in homes sponsored by the state's Department of Developmental Services (DDS) and another 27 in homes sponsored by the Department of Mental Health (DMH).

- *Congregate settings*: Congregate housing can take many forms and other names for such housing have included supported housing, life-care homes, congregate retirement housing, congregate senior communities, residential care, sheltered housing, enriched housing, single room occupancy (SRO) housing, enhanced single room occupancy (ESRO), safe havens,[46] and even assisted living. Cohousing and group homes, described above, also share elements of congregate living.

  In the United States, the term appeared in a 1978 federal law that was intended to provide subsidized housing with supportive services for seniors or the disabled. The original form of congregate housing typically included some meal preparation and housekeeping. Those living in these settings usually did not have their own kitchens and sometimes shared bathrooms. Some congregate housing has been among the most affordable senior or special needs housing because of available subsidies. Unfortunately, there has been a shortage of such housing and limited funding for new projects in Peabody and elsewhere.

Congregate housing, including Single Room Occupancy (SRO's) units in rooming houses, has served as a valuable source of affordable housing for low-income individuals. This type of housing, with supportive services, is particularly responsive to the Housing First[47] approach to meeting the needs of chronically homeless individuals.

- *Cottage-style or bungalow type housing clusters:* This type of housing has been popular in the

[46] Safe Haven Programs are directed to providing service-enriched housing for the chronically homeless mentally ill.
[47] During recent years there has been a shift to preventing homelessness by quickly providing housing with wrap-around services as needed through a rapid response Housing First model. This approach has proven effective in other places around the country. "Housing First" is an alternative to the current emergency and transitional shelter system of providing temporary housing for the homeless and is premised on the belief that vulnerable and at-risk homeless families and individuals are more responsive to interventions and social service support *after they are in their own housing*, rather than while living in temporary facilities.

West Coast of the country where there is an intense focus on smart growth development principles. The model involves the development of small cottages or bungalows that are clustered around a community green space. This housing type targets empty nesters, single professionals, and young couples. Such development provides opportunities for the ownership of small, detached dwellings within or on the fringe of existing neighborhoods, often enhancing affordability while simultaneously encouraging the creation of more useable open space for the residents through flexibility in density. This model also provides an infill housing option in areas with reasonable proximity to transportation and businesses. It is worth noting that some of these projects have shared parking lots or on-street parking, reducing the costs of each unit having its own driveway and parking garage, which for small projects can end up being a real cost and land consumer.

- *Service-enriched housing for seniors:* As discussed in the Housing Needs Assessment and Peabody's 3-5 Year Strategic Plan, there has been a substantial upsurge in the population 65 years or older. The number of those 65 years of age and older grew by 58% between 1990 and 2010, from 6,655 to 10,520 residents, while the population as a whole increased by only 9.0%. Of particular note were the frail elderly of at least age 85 who increased by 249% during these decades. Population projections predict that this growth will continue into the future. Moreover, seniors are spending far too much on their housing, including both renters and owners, and seniors represent the largest portion of the population earning at or below 30% of area median income. Clearly there is a compelling need for the development of additional affordable housing for the elderly, including service enriched housing through assisted living developments or units with some array of supportive services to help seniors, particularly the very low-income frail elderly, live independently in place.

Many of these models can be developed on an infill basis as mixed-income housing, serving a range of needs. The approaches, with only a couple of exceptions, can also be adapted as rental or ownership, depending upon the goals of the project sponsor and available financing.

Next Steps: The City, with staff support from the Department of Community Development and Planning, should continue to forge partnerships with developers and service providers to produce diverse housing types to meet the identified range of housing needs in Peabody as summarized in Section 3.3 of this Housing Plan. There are specific models for these developments, as mentioned above, that can be tweaked and replicated.

The City should consider annual meetings with developers, non-profit and for profit, to promote the continued exchange of information on potential development opportunities and ultimately the production of affordable housing through the models listed above.

Required Resources: The promotion of affordable housing through more innovative and "smart" development to meet priority housing needs will involve the following types of City support:

- *Rezoning:* The zoning changes described in this Plan should help encourage the development of these housing models, incorporating affordability. Zoning amendments to better promote infill housing and cluster development should significantly help diversify the housing stock in locations that are most appropriate.

- *Predevelopment funding:* CPA, HOME and CDBG funding as well as potential funding from the

proposed Housing Trust could provide resources to support preliminary feasibility analyses for new developments. Such funds could be offered as a grant if it is ultimately found that the project is infeasible and as a loan to be repaid if the project is developed.

- *Community outreach and advocacy:* Efforts will need to be made to provide information to the community, abutters in particular, on new developments to help bolster local support. Approaches to conducting this outreach are described in strategy 6.1.2. Also, it will be important for local leaders, including the Mayor, City Council, Planning Board and proposed Housing Trust, to get behind affordable housing developments, to help fine-tune development proposals to best meet local needs and address community concerns, to advocate for their support, and to ultimately insure sufficient funding and necessary regulatory approvals.

- *Gap financing:* Local funding – including CPA, CDBG, HOME funding, and potentially Housing Trust Funds – would also be needed as "gap fillers" to help reduce the gap between the total costs of development and the affordable rent or purchase price of the units. This local commitment is often critical to leveraging other public and private funding.

- *Supportive services:* To meet the needs of special populations – including seniors, the disabled, and chronically homeless – housing is not enough. Supportive services are also required to allow occupants to remain safe, independent and thrive as contributing members of the community. City funding to continue to support such services is essential.

Projected # Affordable Units Produced: 173 units

6.2.11 Consider Changes to the Cluster Development Ordinance

Timeframe: Years 3-5
Responsible Parties: Planning Board with support from the proposed Housing Trust

Current Status: Cluster development, allowed by special permit in Peabody's Zoning Ordinance, promotes a more efficient use of land by allowing the housing to be clustered while preserving significant amounts of open space. Only single-family home development is allowed however, where the maximum number of units is calculated by taking the total land area (exclusive of existing or proposed roads and other land not available to the developer) and dividing it by the minimum lot area for the zoning district. Frontage requirements are reduced by half or 50 feet, whichever is greater, and up to 50% of the minimum requirements for setbacks and side and rear yards in the zoning district might be waived by the Planning Board. Also, up to two-thirds of the minimum lot area or 6,600 square feet, whichever is larger, might also be permitted and up to one-half of the minimum required might be waived (no less than 6,000 per lot) under certain circumstances including preserving open space and natural features of the property, providing active or passive recreation, establishing a buffer between new developments or neighboring uses and/or *promoting affordable housing*.

Next Steps: The Planning Board should amend the cluster development ordinance to remove restrictions that only permit the development of single-family homes. As discussed in the Housing Needs Assessment and strategy 6.2.10 above, diverse housing needs typically call for more diverse types of housing choices, including perhaps the more nontraditional housing suggested in strategy 6.2.11. This zoning amendment offers the opportunity to reconsider various other sections of the cluster zoning

ordinance and recommend further changes, including the possible introduction of density bonuses for affordable housing. The zoning amendment would also require City Council approval.

Required Resources: Donated time of members of the Planning Board and City Council as well as staff time from the Department of Community Development and Planning.

Projected # Affordable Units Produced: 15 units

6.2.12 Encourage "Above the Shop" Zoning

Timeframe: Years 3-5
Responsible Parties: Planning Board with support from the Housing Trust

Current Status: In an effort to insure that some affordable housing is integrated into future mixed-use development, the City might consider providing additional incentives beyond some mandates for inclusion in the proposed revised inclusionary zoning ordinance. For example, the Town of Harwich is administering what it calls its Second Story Program in the Harwich Port Business District where under current zoning business owners who have second floor expansion capacity can add an affordable rental unit(s) above their business. The Program provides funds for feasibility studies. If it turns out that a unit(s) cannot be produced, the funding becomes a grant, however, if the owner can and is willing to pursue the creation of the unit(s), the funding becomes a loan.

Next Steps: The City should consider developing a similar program to the one implemented in Harwich, particularly targeting artist live/work space (see strategy 6.2.10). The Department of Community Development and Planning should adapt the model to Peabody's needs, and obtain funding from the proposed Housing Trust Fund, CDBG or CPA. Following funding approval an implementation plan should be prepared that details the respective roles and responsibilities of all those involved in implementation as well as all procedures and documentation.

Resources Required: The donated time of members of the proposed Housing Trust with staff support from the Department of Community Development and Planning. Funding will also be needed to provide the direct assistance and ongoing administrative costs.

Projected # Affordable Units Produced: 89 units also included under strategy 6.2.10

PRIORITY HOUSING NEED #3: Prevent Homelessness

As noted in Section 3.3, increases in poverty levels, the continuing loss of affordable housing, the foreclosure crisis, in conjunction with the growth in unemployment and underemployment, have exacerbated problems for those individuals and families who are at-risk of becoming homeless. It has become apparent that individuals and families who normally do not access services provided by housing and social service agencies, have been doing so in increasing numbers because of the economic crisis. These economic changes have placed more pressure on the City and non-profit organizations to provide greater support with fewer resources to prevent family disintegration and loss of housing. In addition to important services, housing should also continue to be developed to serve those who are at risk of

homelessness. Providing stable and affordable opportunities for those transitioning out of shelters or special programs remains a high priority for the City.

6.2.13 Provide Program Funding to Fight Homelessness

Timeframe: Years 1-2
Responsible Parties: Mayor and City Council

Current Status: Peabody's 3-5 Year Strategic Plan, which the City recently prepared as a requirement for obtaining federal funds through the Community Development Block Grant (CDBG) and the HOME Program, states that the City will provide funding to non-profit organizations that provide shelters and assistance to homeless residents, abused women and children, as well as residents with physical or mental disabilities including those with HIV/AIDS. The Plan further states that the main emphasis for providing such assistance will be on homelessness prevention and programs that provide financial assistance with case management, advocacy, and court support to low- and moderate-income individuals and families who are at risk of becoming homeless.

Next Steps: The City will continue to fund important programs and services, largely with CDBG funding. Service providers that have received such funding in the past include the North Shore Community Action Program (NSCAP), Catholic Charities, Healing Abuse Working for Change (HAWC), Peabody Council on Aging, and Haven from Hunger Food Pantry.

Required Resources: Approximately $50,000 in CDBG funding per year.

Projected # Affordable Units Produced: The funding will primarily be directed to providing services and unlikely to directly produce affordable units. Units that are likely to be created for the chronically homeless would be counted under strategy 6.2.10.

Section 7

DEVELOPMENT OPPORTUNITIES

7.1 Context for Affordable Housing Development
7.2 Affordable Housing Development Opportunities
7.3 Walnut Street Mixed-Use Urban Infill
7.4 40 Oak Street Multi-Family
7.5 Lake Street Adaptive Reuse/Clustered Housing
7.6 Peabody Center Adaptive Reuse/Arts District

Meeting Peabody's need for affordable housing will require new goals and policies – and new construction. It is important that new buildings fit into the fabric of the community, support local businesses, define usable open space, and preserve important components of the City's historic fabric. Providing housing for a diverse population is an important goal in and of itself, but can contribute to a broad range of other civic goals as well.

Since most housing is built by developers the City should be proactive in defining what kind of development it wants, and where. This will empower Peabody as it negotiates with the development community when zoning relief and comprehensive "40B" permits are pursued.

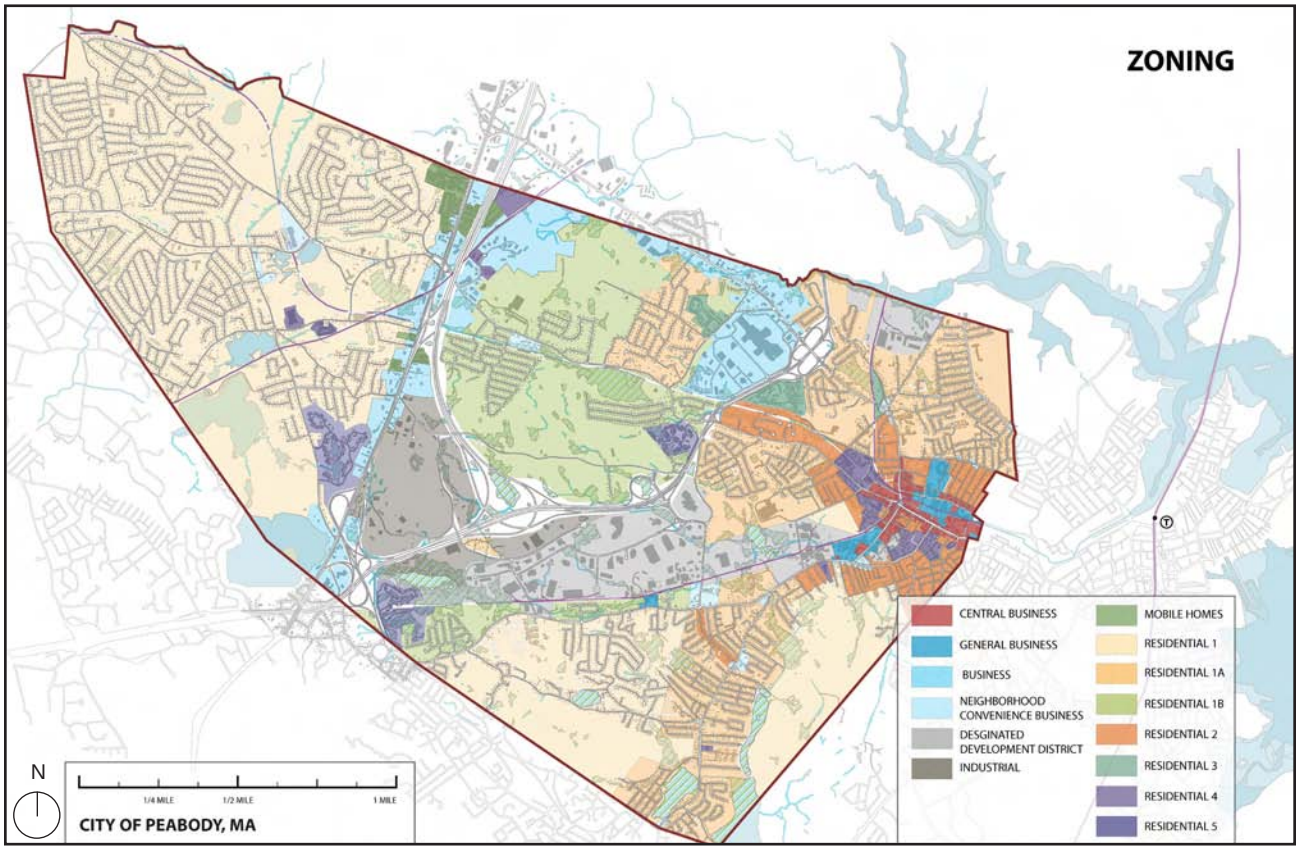
The following pages lay out factors that should be taken into account in formulating planning goals, note sites where development should be considered, and suggest design prototypes for four representative sites. All are privately owned. These hypothetical planning studies are intended to illustrate general approaches to design that could take place on a variety of sites, showing how affordable and mixed income housing can meet both private and public needs.

Closely spaced houses create a sense of community in the older sections of Peabody. Many can accommodate more than one unit helping to maintain affordability

The development of new housing in Peabody takes place within the context of the city's streets, historic downtown, nicely scaled residential neighborhoods and open spaces. These urban features contribute to city's distinctive character. The city's zoning bylaws, regulatory requirements, and strong citizen concern about planning and design issues make it critically important that new housing is designed to be appropriate for this context. Formulating proposals for affordable housing must begin with an understanding of what defines Peabody's downtown and neighborhoods and how new housing can reinforce their character and improve the quality of life for everyone.

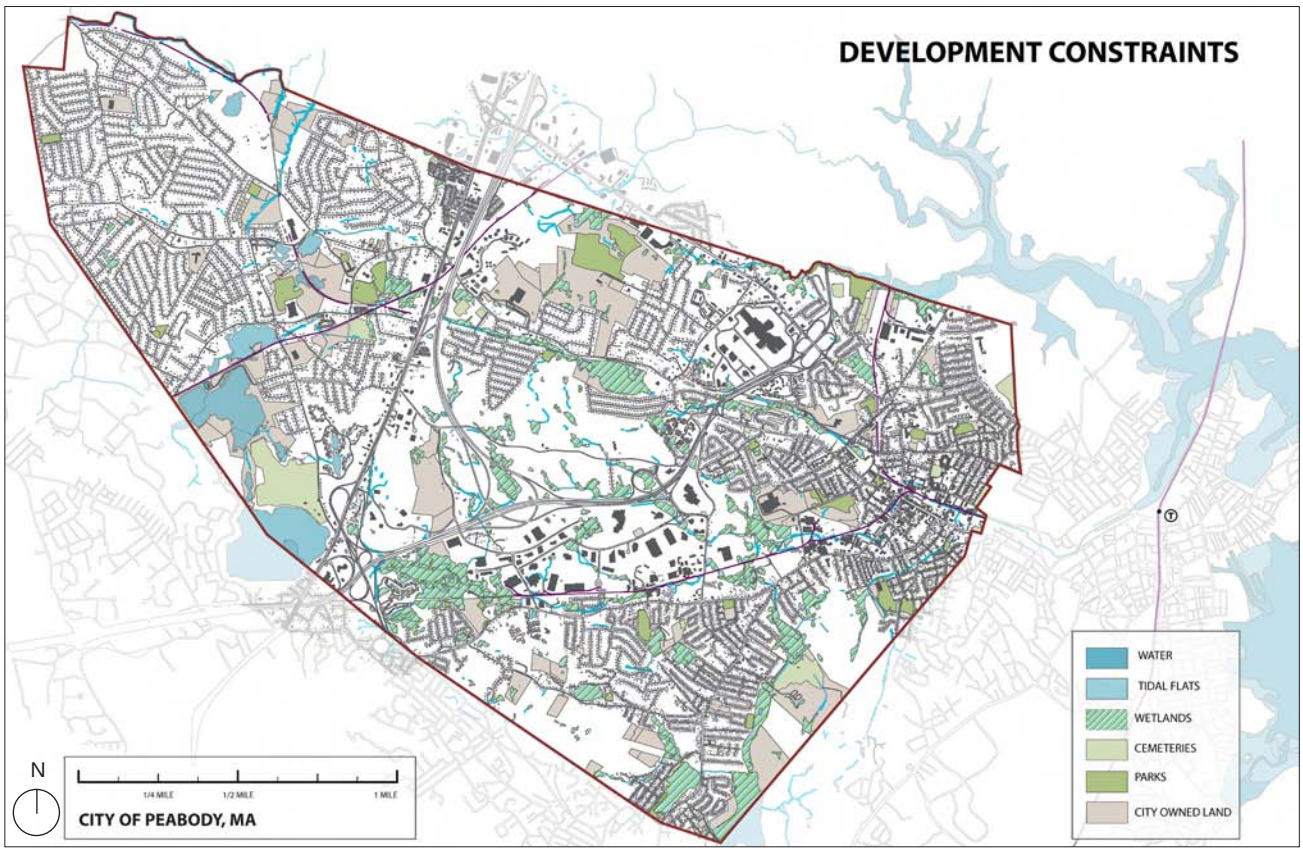
Other areas of the city – commercial strips along Route 1 and under-utilized industrial areas along the Waters River - lack a distinctive character. They could benefit from housing or mixed use development that ties these areas to the traditional neighborhoods nearby.

There are a number of characteristics that define a neighborhood's character. In residential areas density is critical - 8 units per acre feels very different than 2 units per acre. The former is typical of neighborhoods near the central business district where houses are close together and would be characterized as "urban". The latter would generally be called "suburban" with houses surrounded by expansive lawns. Higher density housing can fit into lower density neighborhoods if properly designed, but there are generally limits to how much deviation is considered appropriate.



Proximity to the street is also important. On Lowell St. the primarily old houses are fairly close to the sidewalk and each other; on the west side of I-95 houses built after WWII are often set back 40 feet or more from the street and even farther from each other. Zoning requirements for lot area per dwelling unit and setbacks are meant to insure that the density of new development and its proximity to the street keeps it in character with what is around it.

Zoning doesn't insure that designs are sensitively executed, nor that dense but appropriate development won't get rejected when it could have a positive influence, but is the primary mechanism the City uses to control what gets built and prevent inappropriate construction. 40B allows developers to override local zoning under certain conditions, making it important that Peabody define its development goals. This will allow the city to actively negotiate with development partners on the design of "friendly 40Bs" that can benefit public as well as private interests.



Use also defines the character of neighborhoods, and zoning defines what uses are allowed in different areas. Many neighborhoods are all residential, but downtown Peabody is mixed use – with housing or offices above stores. Zoning requirements for use are meant to discourage constructing building types that conflict with existing neighborhoods, but may prevent the kind of mixed use development that reduces automobile use, promotes walk-able communities, and supports sustainable “smart growth” standards.

Significant amounts of land in Peabody are wetlands, parks or protected open spaces, suggesting that developable land be planned for the highest and best use in order to meet the need for affordable housing and commercial uses. Significant sections of Peabody are subject to flooding. Infrastructure work that eliminates the threat of flooding is important, if redevelopment of these areas is advanced.

Stylistic features – the shapes of windows, the pitches of roofs, the materials that are used and the way they are detailed – also determine character. But historic features can be used inappropriately, and modern materials and details can be used sensitively, suggesting that the incorporation of particular stylistic features should not necessarily be a requirement for new development. Providing a pedestrian oriented site layout, a scale and massing that creates an animated streetscape, and welcoming entries that tie buildings to the public realm may make more effective connections to Peabody traditions than traditional stylistic features used out of context.

Some of the typical Peabody districts and their defining features include:

Central Business District – The center of Peabody is primarily mixed use - retail below and residential or office above - although some of the upper floors are underutilized. Buildings are set close to or right on the sidewalk, and may form a continuous frontage along the street. Not everyone wants to live in a mixed use neighborhood, but apartments above shops create a sense of vitality and are often appropriate for younger workers or the retired who need affordable housing.

Central Business District – Multi Use

Former industrial areas near downtown have been redeveloped with new housing and industrial buildings converted to residential uses. The scale of many of these buildings is appropriate for their location and they contribute to the vitality of nearby businesses. There are many opportunities in the center of the city for additional development - or for the conversion of the upper floors of commercial building to residential uses. Many cities are encouraging artist's live-work housing development downtown to provide affordable places to live.

Central Business District –
Residential Development and Mill Conversion

Historic Residential Areas – Relatively dense residential neighborhoods surround the multi-use central business district. The density gives these neighborhoods character, reduces the need for cars, and supports local businesses in the area. Lowell Street provides a welcoming introduction to the city for those coming in off regional highways.

Many big old houses accommodate more than one family, with entries in front, on the side, and in the rear. New development could pick up on these patterns, with buildings built behind those on the street. This allows new residents into the neighborhood without tearing down existing buildings. Building more residences on a small piece of property allows some of them to be affordable. Peabody should actively advocate for the inclusion of affordable units in new developments.

Peabody Center – Lowell Street Single / Multi-Family Housing

West Peabody – New large lot development

Near Highways – Newer Multi-Family Housing

Peripheral Residential Areas – Further out from the central business district residential development has tended to be less dense and is primarily for single families. There are fewer homes per acre and more dependence on cars. The recent tendency, at least until the recession, has been for larger houses and lots.

Multi-family residential development has continued to be built in certain areas removed from the central business district. West of I-95 most of the development is single family, cut off by the highways from the downtown. Some larger undeveloped parcels remain, offering the opportunity for clustered housing that allows higher density while maintaining the less urban character.

Route 1 – Commercial Strip

Open Space / Wetlands

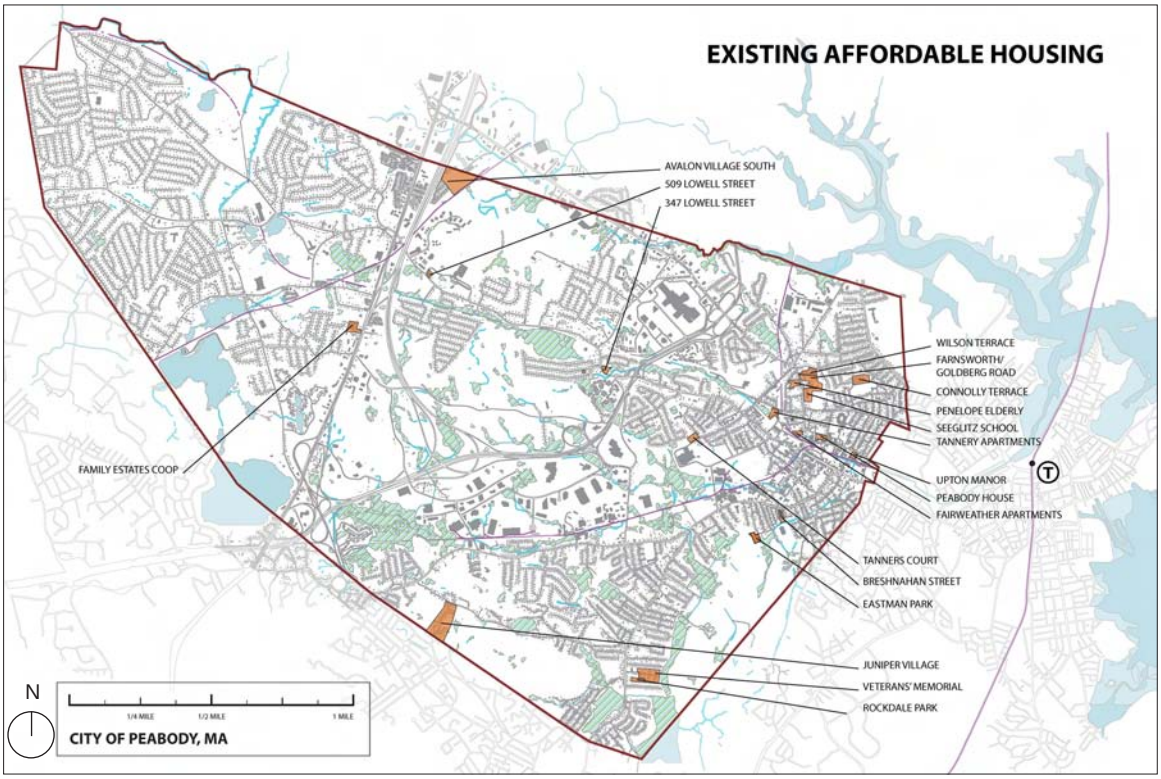
Centennial Drive – Office Park

Independence Greenway

Industrial and Strip Retail Areas – Peabody's office parks and commercial areas are important to the city, providing goods and services residents need, jobs, and significant tax revenues that keep residential tax rates low. They tend to be surrounded by parking and add little to, or detract from, the city's unique character and sense of place.

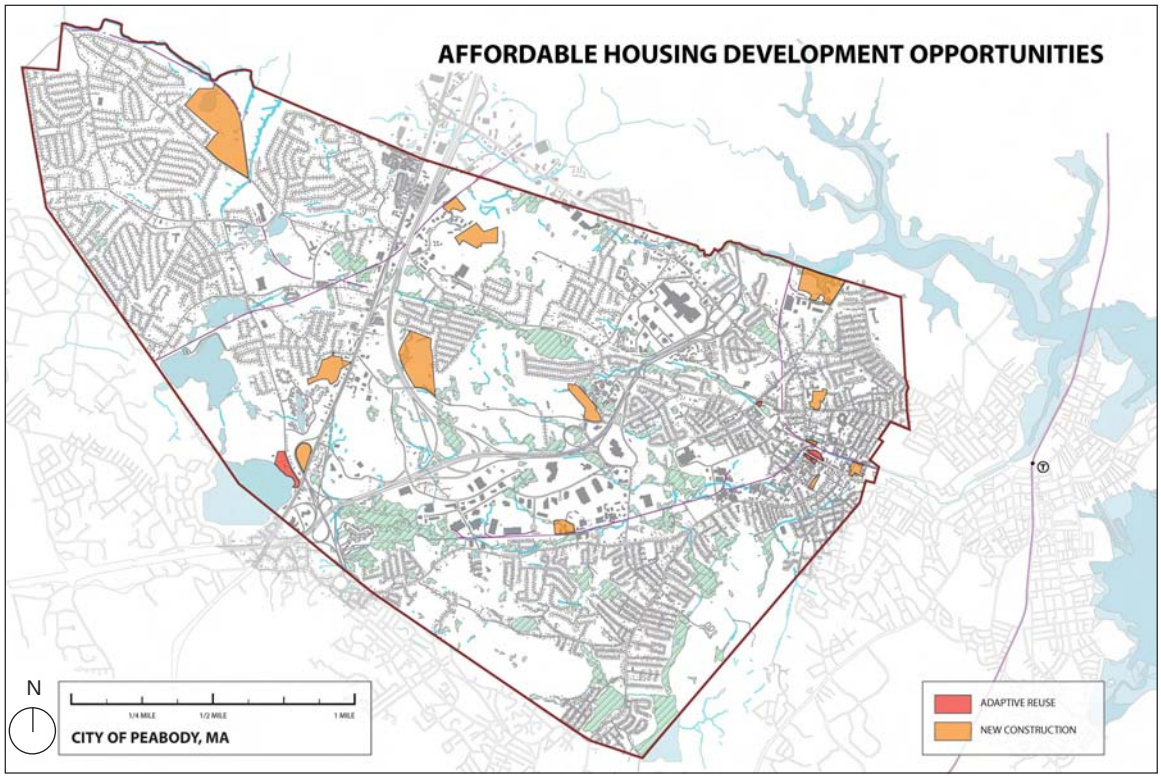
Creative thinking about these zones could allow for the development of affordable housing, reducing the conflict between these uses and adjacent neighborhoods and making more pedestrian friendly neighborhoods.

Open Spaces – Peabody is filled with a variety of opens spaces: parks, cemeteries, farms, wetlands and conservation areas. Open space contributes to the quality of life in the city, offering a contrast to denser urban development and a connection to nature and the agrarian past. Many are protected from development because of the important social or environmental role they play. Carefully designed development can define some open spaces, contributing to their character and accessibility.
The protection of open spaces and the promotion of other worthwhile uses – like affordable housing - need to be carefully balanced.



Although Peabody has not reached the 10% affordable housing goal, affordable housing is distributed throughout the city. The Peabody Housing Authority owns and operates a series of buildings. Other housing is distributed in mixed income developments that include the adaptive reuse of industrial buildings. Smaller buildings have been fit into infill sites. Housing near downtown allows residents to walk to work, to shopping, and to the MBTA station in Salem nearby.

These developments, large and small, new construction and rehabs, show a variety of ways to make affordable housing available in a variety of different neighborhoods. They were built or converted using a variety of funding mechanisms. They don't, however, meet Peabody's current needs. New opportunities for affordable housing development will need to be pursued.



70 Endicott Street Adaptive Reuse

Tremont and Central Street Senior Infill

Howley and Main Street Mixed Use

143 Lynnfield Street Adaptive Reuse

Route 1 Cluster Development

Aggregate Industries Cluster Development

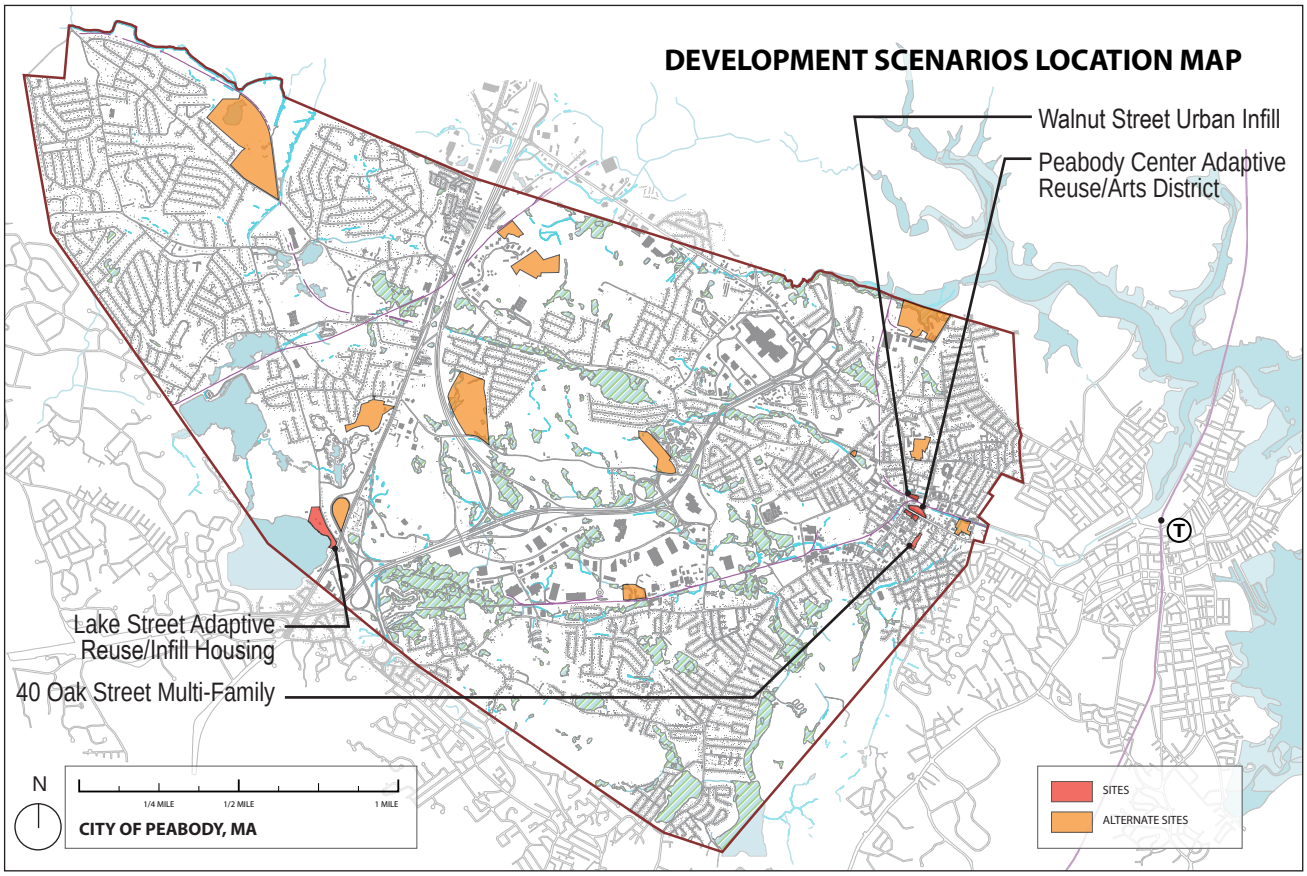
Route 1 Mixed Use

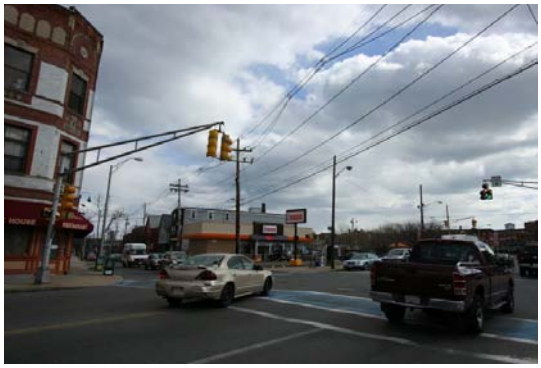
Pulaski Street Waterfront Mixed Use / Multi-Family

Under-utilized industrial buildings and sites offer places for adaptive reuse and new construction. Parcels along Route 1 can accommodate mixed use construction that can help tie the highway to nearby neighborhoods. And development along the edge of open spaces can help make them accessible for recreation.

It is important that housing be located in appropriate areas, be designed to reinforce town character, and contribute to other civic goals: downtown revitalization; the development of walkable communities; open space access; and the preservation of local businesses.

Salem Country Club Cluster Development



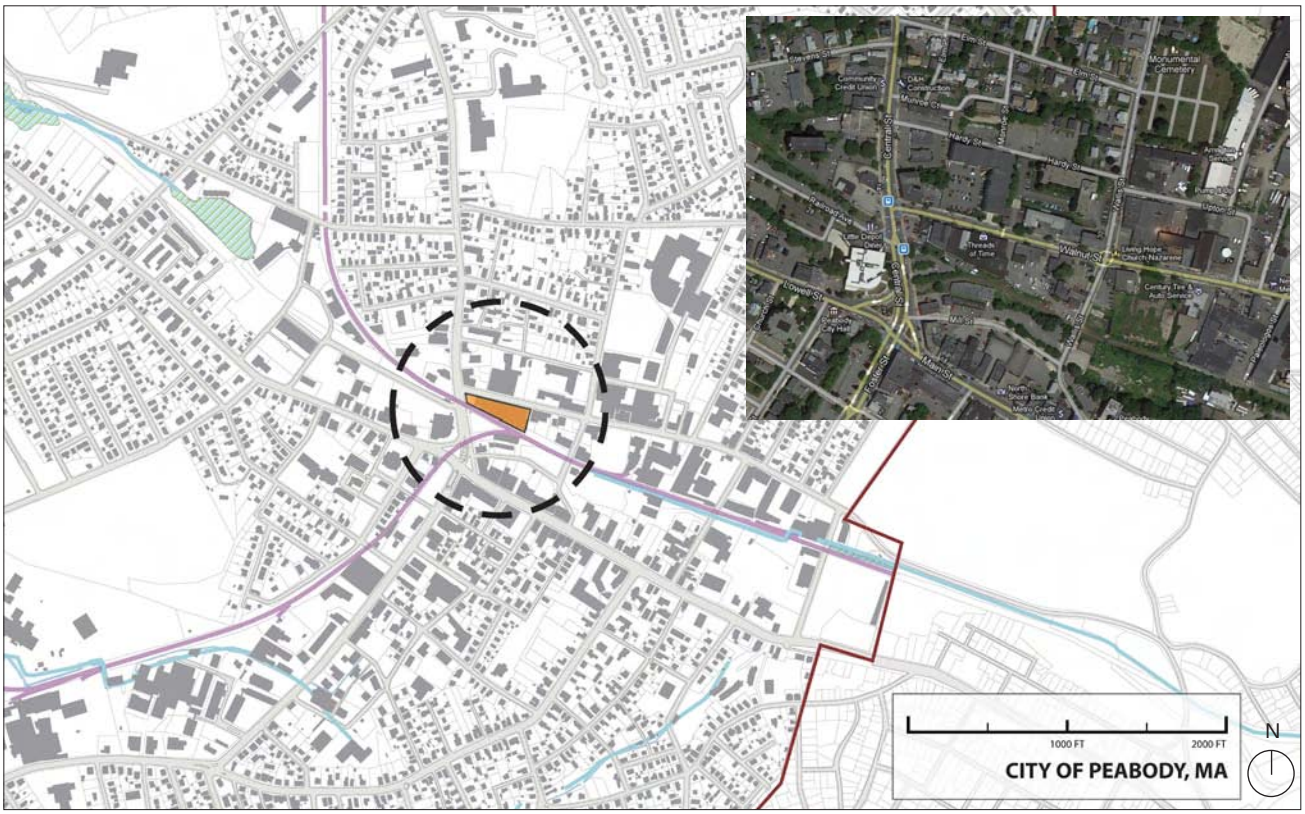

Walnut Street Urban Mixed-use

40 Oak Street Multi-Family

Lake Street Adaptive Reuse/Cluster

Peabody Center Adaptive Reuse/Arts District

WALNUT STREET URBAN INFILL



Grade Level Plan

Upper Level Plan

HOUSING	56,600 SF - 75 UNITS
RETAIL	5,000 SF
FAR = 1.6	
PARKING	60 SPACES

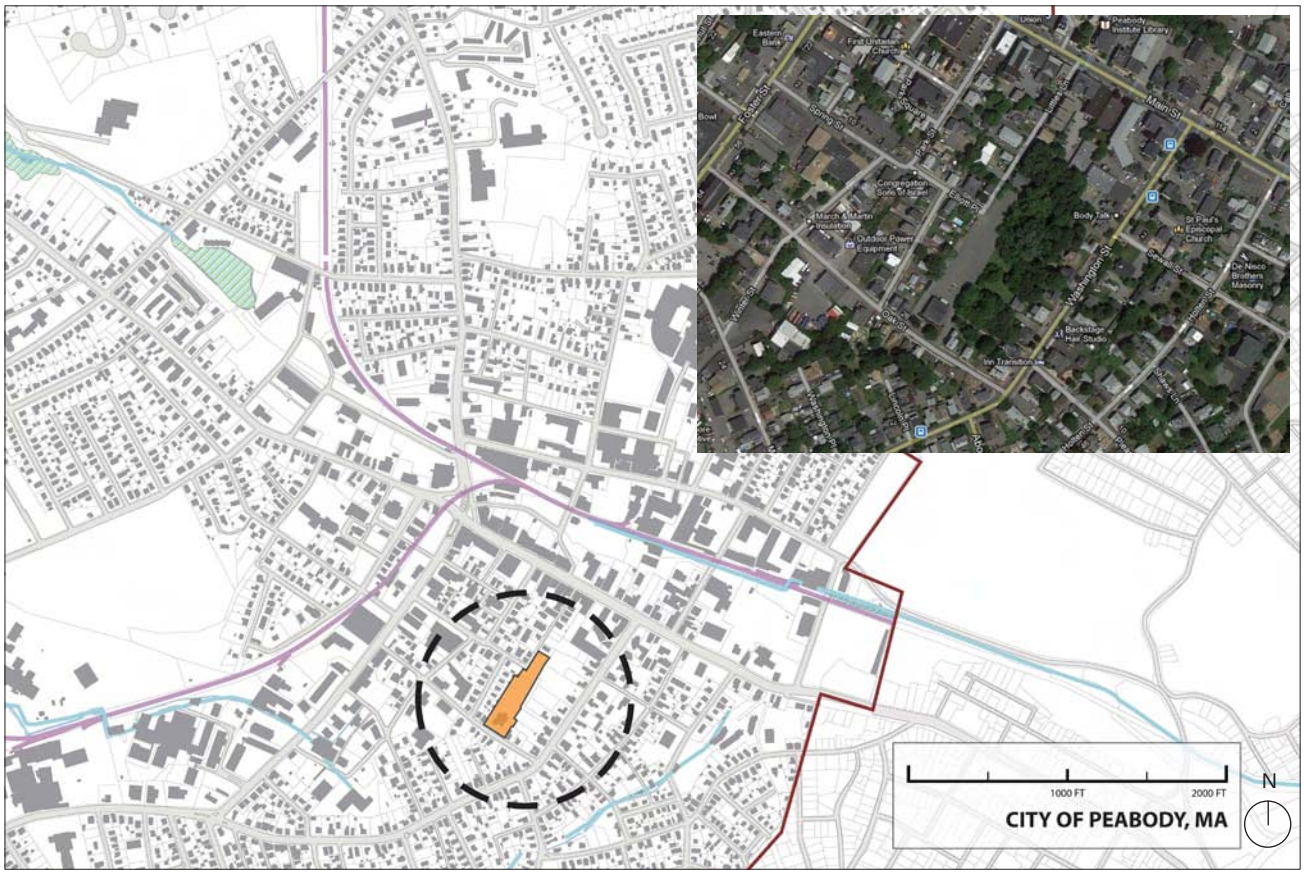
N

Projecting bays break down the scale of the residential components of the building and give them a domestic character. The lower height and transparency of the retail opens the development up to the adjacent park.

Planting and low walls screen parking from view and reinforce the character of the park. The retail activates the corner. The combination of retail and residential can bring vitality to the center of Peabody.

Downtown Peabody can accommodate buildings of 4 stories or more that reinforce the area's importance as an urban center. The potential for flooding requires that most occupied space be lifted up from the ground which allows parking to be located underneath. Retail can be strategically located to define the pedestrian street frontage and commercial character. Housing above is accessible to shopping, jobs and public transportation including the MBTA station in Salem. Properly planned residential development can include usable open space. Housing can be all affordable or mixed income to support Peabody's diversity.

40 OAK STREET MULTI-FAMILY



HOUSING 58,100 SF - 48 UNITS
FAR = 0.8
PARKING 44 SPACES

N

Grade Level Plan

Upper Level Plan

Town houses are stacked above flats to provide 3 stories of housing with different sizes and configurations. Parking below meets flood storage requirements in this low lying area. New buildings are kept away from neighboring houses with green space in between.

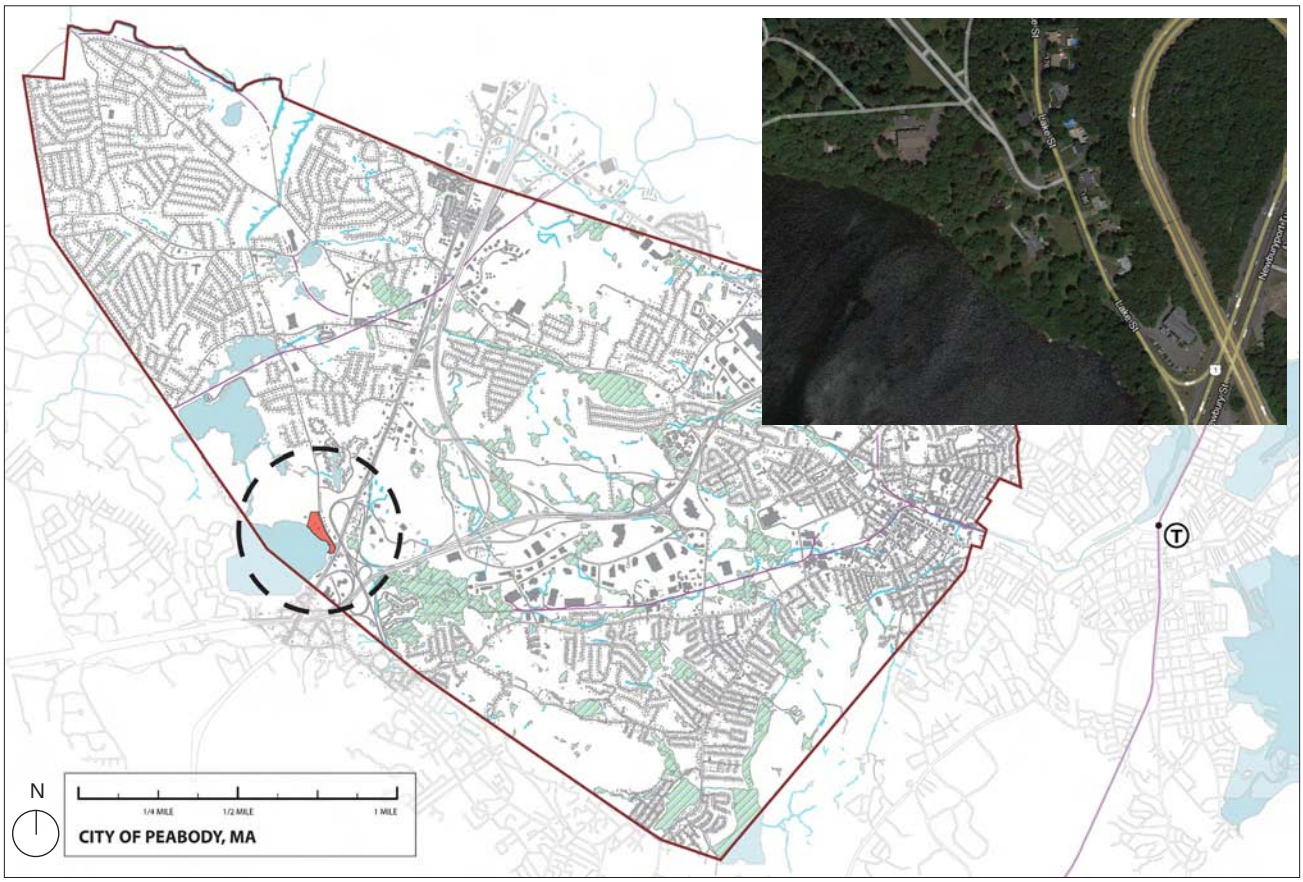
Green spaces provide places to play and become a neighborhood amenity. Trees help weave the new buildings into the fabric of the community. Variety in the building forms pick up on the character of existing buildings.

Building volumes step back to maintain the character of the neighborhood. Porches, bays and balconies provide the kinds of exterior spaces that help build a sense of community.

Currently a broad swath of asphalt, this site can be redeveloped as family housing while providing green space that is an amenity to the community. Townhouses stacked above flats allow 3 stories of development that include front porches, projecting bays and an animated massing scaled to the surrounding neighborhood. Buildings can be broken down into appropriately sized elements pulled back from adjacent backyards. The site's proximity to downtown reduces the need for car ownership while supporting nearby businesses.

The development of similar sites throughout Peabody's central core should be part of the city's "smart growth" policies and affordable housing strategies.

LAKE STREET ADAPTIVE REUSE/INFILL HOUSING



Proposed Site Plan

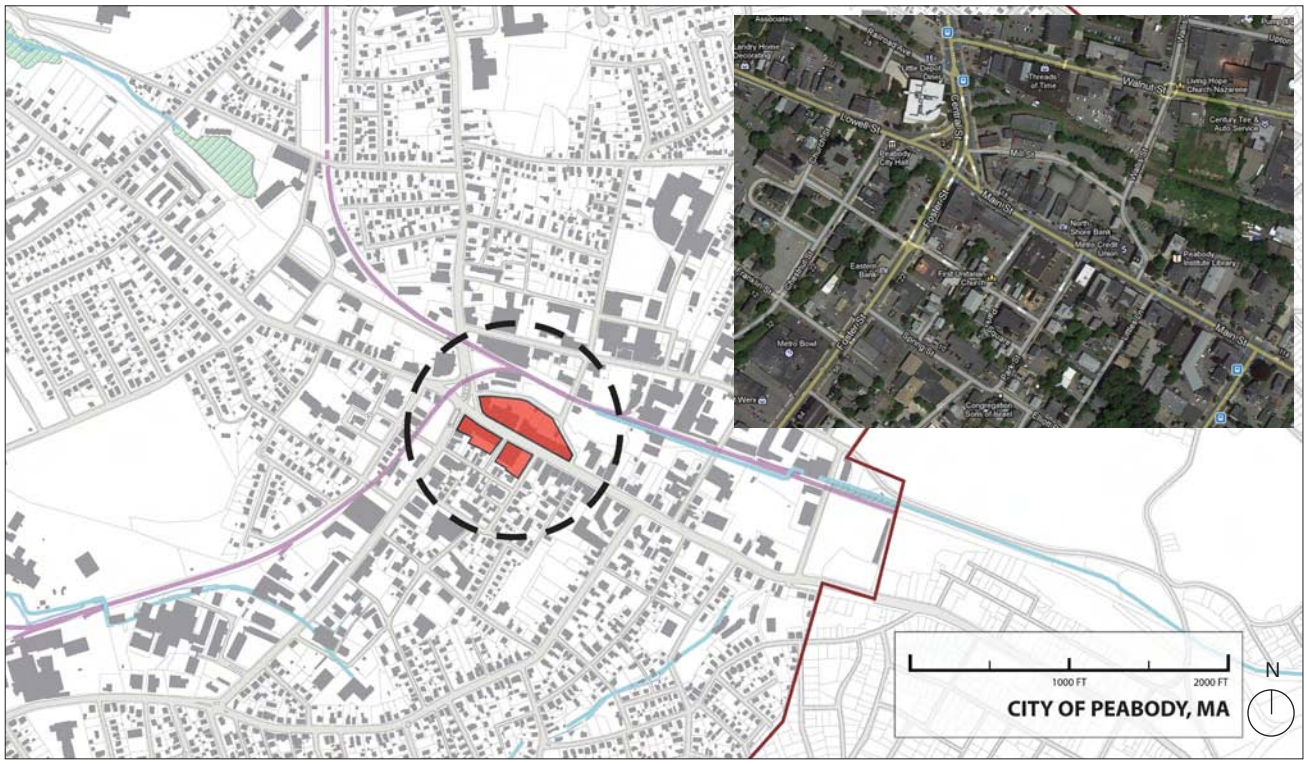
New houses pick up the single-family neighborhood character of the area. They are spaced closely together to take maximum advantage of the land near the street while maintaining the park-like setting and views to the lake.

Houses step down with the landscape to maintain its character. Two houses share one driveway which accesses garages below them. The neighborhood's house size, spacing, and utilization of the sloping grade are like those in older Peabody neighborhoods.

New small scale "cottage style" housing around an existing historic home converted to multi-family use can help preserve a magnificent building while providing access to waterfront space. The steeply sloping site allows cars to be parked in back and below, reducing their impact on the street.

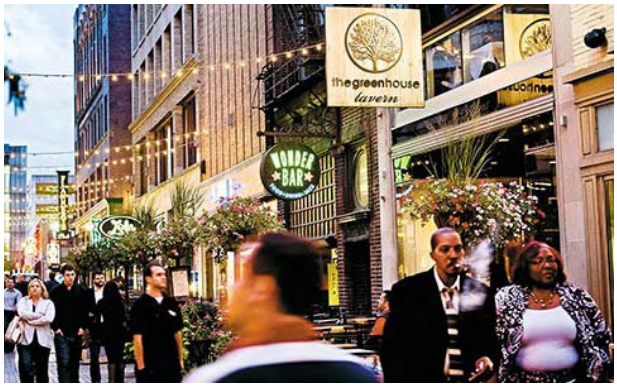
Clustering small scale houses around shared driveways allows views to the lake to be maintained while reinforcing the residential character of the neighborhood. The density would allow a significant number of affordable homes. Most of the site can remain open space. The historic house can also be used for community and educational purposes on the first floor with affordable housing on the floor above.

PEABODY CENTER ADAPTIVE REUSE/ARTS DISTRICT



Downtown Peabody's historic core is critically important in providing a center for the community and a memorable connection the city's past. But downtown vitality has been challenged by strip retail and shopping malls nearby. Other cities and towns have created arts districts as part of the renewal of their centers. A Peabody arts district could include artist's live-work housing above retail space, cafes and galleries within the historic fabric. Some or all of the studios could be affordable, with the artists helping to jump start a downtown resurgence.

Added floors, glass bays, balconies and creative signage could respect the 19th and early 20th century architecture while suggesting its renovation for the 21st century. Arts districts are often public-private partnerships with the municipality investing in infrastructure - lighting, traffic calming, sidewalk improvements, public art and landscaping, and private property owners investing in improvements to buildings.



Arts District, Cleveland Ohio

Gordon Square Arts District Bus Stop, Cleveland Ohio

Proposed Lynn Arts District Building

Existing Downtown

Proposed Arts District

Section 9

Appendix 1: Local and Regional Housing Organizations

Appendix 2: Glossary of Housing Terms

Appendix 3: Summary of Housing Regulations and Resources

APPENDIX 1
Local and Regional Organizations/Resources

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

City Government

Department of Community Development and Planning

The Department of Community Development and Planning Department is the City's chief planning and development agency, charged with enhancing Peabody's physical environment to improve the quality of life for those who live, work and visit Peabody. The mission of the Department is to "make Peabody and the region a better place in which to live by creating and promoting a vibrant downtown; a diverse economy within our regional employment centers; a range of housing types to meet the needs of the community; an ecologically sensitive open space network; and a safe, efficient, and environmentally conscious transportation system." The Office staff develops plans, policies, programs and projects related to the City's physical development, economic development, affordable housing, historic preservation and environmental conservation.

In regard to affordable housing, the Office oversees several special programs and projects including:

- *Housing Rehabilitation Program*
  Through Community Development Block Grant (CDBG) funding from the state and the City's Community Preservation Fund, the City has been administering a Housing Rehabilitation Program to qualifying property owners who need financing and technical assistance to make necessary home improvements (e.g., roof replacement, insulation, new heating, plumbing and electrical systems, window and door replacement, asbestos and lead paint removal, painting). The property must be located in Peabody, have outstanding code violations, and be occupied by those earning at or below 80% of area median income. Financial assistance is provided by a zero interest loan. Priority for assistance has been given to households with young children, a disabled household member, or those who have not received funding in the past.

  Given reduced funding levels, the City is shifting its priority to investor owners of rental units that are occupied by income-eligible tenants in an effort to retain this very vulnerable yet still affordable rental housing stock. Program funding cannot exceed 50% of total project costs or $25,000 per unit with an interest rate of 2.5% and a loan term of 15 years.

Contact Info: City Hall, 24 Lowell Street, 978-532-3000; www.peabody-ma.gov

Peabody Community Development Authority (CDA)

The Peabody Community Development Authority is responsible for overseeing urban renewal and community development planning and implementation, staffed by the Department of Community Development and Planning. The CDA manages a Business Loan Program that finances fixed assets that create job opportunities and add to the tax base. The interest rate is typically 75% of the prime rate with a loan term of 20 years. There is a $175 non-refundable application fee and a 1.5% origination fee.
Contact Info: City Hall, 24 Lowell Street, 978-532-3000; www.peabody-ma.gov

Peabody Community Preservation Committee
In September of 2000, the Community Preservation Act (CPA) was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100% funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the categories (open space/recreation, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case City Council, how to spend the Community Preservation Fund.

In November 2001, Peabody residents adopted the Community Preservation Act with a surcharge of 1%, exempting the first $100,000 of a property's value as well as the participation of low-income property owners. In 2010, approximately $5.5 million was raised from the City's surcharge with the state's share of almost $4 million for a total of about $9.5 million available. The state's share has decreased over the last several years, largely the result of the depressed housing market as the fees from the Registry of Deeds are the main source of the state's match.

The City has appropriated approximately $1,347,500 million for the following housing-related projects:
Contact Info: 24 Lowell Street Street, 978-325-3000; www.peabody-ma.gov

Peabody Council on Aging
The Peabody Council on Aging is a City department that supports the quality of life of Peabody elders through a wide variety of services including the operation of the Peter A. Torigian Life Center that offers a number of important services to residents 60 years of age or older including a full-time adult day program (five days per week from 8:00 AM to 4:00 PM), a wide range of social services, referral information, daily lunches and home delivered meals (260 per day) that are cooked on site, health clinics, day and overnight trips, and special recreational activities and classes. The Council also operates a van service to those who need transportation, including those requiring wheelchair access. Such services are becoming increasingly important as the city's population ages. The Council relies on more than 400 local volunteers to support its services. Unlike most Councils on Aging, Peabody is also involved in the management of affordable senior housing, specifically 12 congregate units at 75 Central Street (part of the former Seeglitz School) and another 12 at 103 Central Street.

The Council on Aging receives many inquiries regarding housing, and has witnessed an increasing demand for subsidized housing for seniors. Some seniors are having their adult children come to live with them, and sometimes defer leaving their homes for senior housing until these children have resettled elsewhere. In fact, one result of the return of adult children is the increase in total household income that can push lower income elderly outside of the eligibility requirements for social service programs including food stamps and fuel assistance. Also, as seniors have not had an increase in Social Security benefits in years, the COA is finding that more are having difficulties paying increasing property taxes, food costs, and energy bills and are consequently seeking financial assistance.

In 2010, the City commissioned the Affordable Assisted Living Facility Study Group to explore the feasibility of expanding the City's shelter and care resources for the elderly by building such a facility on the site of its Torigian Community Life Center, which is in the heart of where literally hundreds of senior

live given its close proximity to existing senior developments. The study, prepared by the CenterPoint Foundation, included an in-depth needs analysis conducted by the Family Service Association that described an increasingly older and frail population of low-income seniors, many who are medically fragile. Of those seniors who participated in the study, 60% demonstrated a moderate to significant level of frailty. In such a population, a chronic illness resulting in hospitalization, a fall with injury, or even a small shift in daily functioning would likely seriously compromise an individual's ability to live independently. A market study by Kirk and Company and an economic analysis of available financing also pointed towards the feasibility of such development.
Contact Info: 79 Central Street; 978-531-2254; www.peabodycoa.org

Local Agencies and Organizations

Peabody Housing Authority (PHA)

The Peabody Housing Authority (PHA) is a quasi-public agency that was established by the state and City of Peabody to produce housing that is affordable to low- and moderate-income residents. The PHA owns and/or manages 509 units in 16 separate developments, including units for seniors, families, and those with special needs. The Housing Authority also manages approximately 485 rental subsidies/vouchers that enable those who are priced out of the housing market to rent housing in privately owned units, paying only a specified portion of their income on housing costs. For more information on PHA, see Section 3.2.6.
Contact Info: 75 Central Street, #200; 978-531-1938

Regional Agencies and Organizations

North Shore HOME Consortium

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

The Consortium has approximately $2.2 million available per year and divides its annual allocation on a formula basis among the participating communities. It also manages a competitive pool of approximately $700,000 annually to be available to those localities that have encumbered all of their funding or for special initiatives. This competitive pool is available not only to participating municipalities but to nonprofit organizations and private developers as well.
Contact Info: 24 Lowell Street in Peabody; 978-532-3000; www.peabody-ma.gov/home_consortium

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

The Continuum of Care is designated as the regional entity to provide a continuum of support from emergency shelters to transitional housing and ultimately to permanent housing serving those exiting homelessness. The Continuum of Care, like the HOME Consortium, is staffed by Peabody's Department of Community Development and Planning and includes representatives from the major housing service providers in the area. A major component of the CoC's work is the preparation and submission of an application to HUD for McKinney-Vento Homeless Assistance funding. The planning process associated with this application takes place throughout the year, including an annual "point in time" census count of the homeless (both sheltered and unsheltered individuals and families).
Contact Info: 24 Lowell Street in Peabody; 978-532-3000; www.peabody-ma.gov

Community Action, Inc.
Community Action, Inc. is the area's community action agency that was established to serve a wide range of education, housing, health and service needs of low-income and disadvantaged area residents. The organization, based in Haverhill, has expanded during the past three decades to include a number of cities and towns on the North Shore, including Peabody. Programs include fuel assistance, Head Start, WIC, education and training, and other services directed to area families. Housing-related services include counseling and down payment and closing cost assistance for first time homebuyers as well as the administration of lotteries and development of small affordable housing projects.
Contact Info: 145 Essex Street in Haverhill; 978-373-1971; www.communityactioninc.org

Community Teamwork, Inc.
Community Teamwork, Inc. serves as the regional housing agency for northern Middlesex County and Essex County among other functions. As the regional housing agency it provides housing and community services to low and moderate-income individuals and families including rental assistance programs, elderly housing services, first-time homebuyer programs to support closing and down payment costs, housing advocacy, and support for the homeless. It also has created subsidiary organizations such as Common Ground Development Corporation and Community Housing, Inc. that develop affordable housing and can own and manage already developed properties, respectively. Their Home for Good Program also provides affordable housing marketing and lottery services for affordable housing development and serves as a monitoring agent to enforce affordable use restrictions.
Contact Info: 167 Dutton Street in Lowell; 978-459-0551; www.comteam.org

North Shore Community Development Coalition (NSCDC)
The North Shore CDC, which evolved from the former Salem Harbor CDC, is committed to building and preserving affordable housing in North Shore communities. This organization has completed 287 units to date, primarily in Salem, Beverly and Ipswich, but has the interest and capacity to serve other North Shore communities as well, including Peabody.
Contact Info: 102 Lafayette Street in Salem; 978-825-4009; www.northshorecdc.org

Harborlight Community Partners
Harborlight was established as a non-profit organization to provide service-enriched, affordable housing to communities in Essex County. Founded by the First Baptist Church in Beverly, the organization initially focused on the development of senior housing. It has grown considerably over the past few years, taking over several other housing-related organizations including the North Shore Housing Trust[1] and We Care About Homes.[2] The organization also provides property management and housing marketing/compliance services to non-profit organizations.
Contact Info: 978-922-1305; www.harborlightcp.org

Essex County Community Foundation (ECCF)
The Essex County Community Foundation (ECCF) provides funding support to non-profit organizations serving the needs of residents in Essex County. The organization raises this funding from individuals and families who are searching for ways to donate to their communities, but until the Foundation was

[1] The North Shore Housing Trust (NSHT) was an outgrowth of the North Shore Affordable Housing Task Force that was formed by Wellspring House of Gloucester in 1998 to begin to address the issue of affordable housing on a regional basis. NSHT's goal was to become a regional force to develop affordable housing in areas of the North Shore where local affordable housing development capacity was lacking.
[2] We Care About Homes, a non-profit organization that acquired properties and rented units to very low-income families. Based in Beverly, the organization rents 20 units at seven (7) scattered-site properties.

formed, had no means of doing so without establishing their own private foundation or moving their funds outside of the county. The Foundation works closely with donors to serve their charitable interests and manage funds that benefit specified organizations, defined purposes and provide scholarships.

ECCF supports many organizations and programs, and in relation to development has created the Essex County Forum (previously called the Environmental Stewardship Initiative) to build connections among area organizations and individuals for promoting long-term sustainable growth in Essex County and averting the negative impact of unplanned growth. The Essex County Forum offers educational and informational events and other outreach on smart growth issues.
Contact Info: 175 Andover Street in Danvers; 978-777-8876; www.eccf.org

Habitat for Humanity of the North Shore
Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past several decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,100 affiliates worldwide. Habitat for Humanity of the North Shore is based in Lynn and serves a number of communities, including Peabody. The organization is currently building eight (8) three-bedroom units for first-time homebuyers earning at or below 60% of area median income on Park Street in Peabody.
Contact Info: 215 Maple Street in Lynn; 781-598-0310; www.habitat.org

Merrimack Valley Housing Partnership (MVHP)
The Merrimack Valley Housing Partnership (MVHP), based in Lowell, is a private, non-profit organization that promotes homeownership opportunities for low- and moderate-income earners. Services include down payment and closing cost assistance as well as first-time homebuyer training programs.
Contact Info: 978-459-8490; www.mvhp.org

Coastal Homebuyer Education, Inc.
Coastal Homebuyer Education, Inc. helps prospective homebuyers in eastern Massachusetts make homeownership a reality. Certified by CHAPA and MassHousing, the organization provides homebuyer counseling, which is often a prerequisite for many financing programs. Seminars are held over four (4) evening meetings or two (2) Saturdays throughout the year for a fee of $60 per household. The organization recently added post purchase classes as well.
Contact Info: www.coastalhbedu.org

Citizens for Adequate Housing (CAH)
Citizens for Adequate Housing is a non-profit organization whose mission is to end homelessness one family at a time, serving families from the North Shore, eastern Massachusetts, and sometimes the Merrimack Valley. In addition to providing housing, CAH offers other serves to help individuals and families find permanent solutions to ending their homelessness. The organization is currently working with the Peabody Historical Commission on the creation of two (2) affordable rental units on Elm Street.
Contact Info: 40 Washington Street in Peabody; 978-531-9775; info@cahns.org

Metropolitan Area Planning Council (MAPC)
The Metropolitan Area Planning Council (MAPC) is Peabody's regional planning agency serving 101 communities in the Greater Boston area. Guided by its regional plan, "MetroFuture: Making

a Greater Boston Region", the agency works with participating communities towards "sound municipal management, sustainable land use planning, protection of natural resources, efficient and affordable transportation, a diverse housing stock, public safety, economic development, an informed public, and equity and opportunity among people of all backgrounds".
Contact Info: 60 Temple Place, Boston 02111; 617-451-2770; www.mapc.org

APPENDIX 2
Glossary of Housing Terms

40R/40S
State legislation that provides cash incentives to municipalities that adopt smart growth overlay districts that also increase housing production, including affordable housing (see Appendix 4 for details).

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

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

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

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

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

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

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

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

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

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

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

Enhanced Single Room Occupancy (ESRO)
A single person room with a private bath and/or kitchen rather than shared facilities.

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

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

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

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

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

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

Jobs/Housing Balance
A measure of the harmony between available jobs and housing in a specific area.

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

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

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)
MassHousing is a quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

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

Mixed-Income Housing Development
Mixed-income development includes housing for various income levels.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX 3
Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

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

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

- Must be part of a "subsidized" development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the U.S. Department of Housing and Urban Development.
- 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 met[3]:

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

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

- 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.[4] 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 DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

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

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 with 18 months.

[4] 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 are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined within the parameters of fair housing laws and Section III.C of the Comprehensive Permit Guidelines including residents, employees of the City of Peabody (including the school district) or employees of businesses located in the city.

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 DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

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

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.

- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant 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 DHCD that there 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 that the minimum threshold required by DHCD guidelines.
- States that ZBA’s cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or 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 insuring that profit limitations are enforced, while leaving the definition of “reasonable return” to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

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

Superior Court or Land Court, but even for abutters, establishing "standing" in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate "legal error" in the decision of the ZBA or HAC.

B. Housing Production Regulations

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (40 units and 80 units, respectively, for Peabody) for *approval* by DHCD.[5]
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

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

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

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

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

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".[6]

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."[7] The key components of 40R include:

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

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

Incentive Payments

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

There are also density bonus payments of $3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be "able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood."[8]

The principal benefits of 40R include:

[6] 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.
[7] Massachusetts General Law, Chapter 40R, Section 11.
[8] "A Housing Strategy for Smart Growth and Economic Development: Executive Summary," p. 4.

- 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 DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The City/Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The City/Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state 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. <u>Local Initiative Program (LIP) Guidelines</u>

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

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

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents[9]

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and payed by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees[10], private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

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

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

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

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

Marketing and Outreach (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.
- 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 DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on "households" = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for

calculating purchase prices of the affordable units for which LIP has a formula as noted above).

- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- 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 DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
5. Developer's profits are restricted per Chapter 40B requirements.

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

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

2. DHCD review involves the consideration of:
   - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
   - Number and type of units,

- Pricing of units to be affordable to households earning no more than 70% of area median income,
- Affirmative marketing plan,
- Financing, and
- Site visit.

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

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

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

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

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

E. 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 Peabody are described below.[11]

A. Technical Assistance

1. Priority Development Fund[12]

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

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

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;

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

- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

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

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

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

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

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

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

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

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

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

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

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

2. Peer to Peer Technical Assistance

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

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

3. MHP Intensive Community Support Team

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The

team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

4. MHP Chapter 40B Technical Assistance Program

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

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

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

5. Smart Growth Technical Assistance Grants

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

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of stormwater BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;
- Implementation of Low Impact Development (LID) bylaws/ordinances; and
- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

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

B. Housing Development

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

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

1. HOME Program

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

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

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

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.

Unlike most cities, Peabody does not receive an annual allocation of HOME funding directly from the state, but is part of the North Shore HOME Consortium, receiving a small annual allocation and access to further funding from a competitive pool.

2. Community Development Block Grant Program (CDBG)

Peabody receives an annual allocation of CDBG funding that it uses to help meet its housing and community development needs including the support of its Housing Rehabilitation Program. In 2010, the City prepared its 3-5 Year Strategic Plan for HUD that documents priority needs and articulates the City's response to meeting these needs. The top priorities for 2010 to 2014 include economic development, affordable rental housing, energy efficient housing, sustainable growth, public services, foreclosure/homelessness prevention, municipal facilities and administration.

3. Housing Stabilization Fund (HSF)

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

4. Low Income Housing Tax Credit Program

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

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

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

5. Affordable Housing Trust Fund

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

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

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

6. Housing Innovations Fund (HIF)

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

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

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

8. MHP Permanent Rental Financing Program

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from $100,000 loans to amounts of $2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median

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

9. OneSource Program

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

10. Section 8 Rental Assistance (Housing Choice 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 as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. Massachusetts Preservation Projects Fund

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to $30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from $7,500 to $100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees

are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. District Improvement Financing Program (DIF)

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

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

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

14. Community Based Housing Program

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

15. Neighborhood Rental Initiative Program (NRI)

The Massachusetts Housing Partnership has introduced the Neighborhood Rental Initiative Program (NRI) to support the development of affordable rental housing in suburban and high-opportunity communities. MHP has committed $5 million to the program in zero percent interest, second mortgage financing. The program is targeted towards 219 communities characterized by such factors as good schools, proximity to jobs, higher housing costs and a shortage of affordable housing, including Peabody. Applicants may request up to $75,000 per affordable unit, which for this program is defined as units serving those earning at or below 50% of area median income for a maximum project subsidy of $750,000. The minimum project size if five (5) units and 50% of the units must have two (2) or more bedrooms. NRI second mortgage financing must be used in combination with at least $250,000 in MHP first-mortgage financing.

C. Homebuyer Financing and Counseling

1. Soft Second Loan Program

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

2. MassHousing Mortgages

MassHousing has mortgage financing available with low or no down payment requirements as well as 30 to 40-year fixed rates for qualifying low- and moderate-income first-time homebuyers as well as those looking to move up or refinance. The income limit is $90,720 for those purchasing in Hampshire County. Borrowers apply for the mortgages through participating lenders. The program builds in mortgage insurance to help pay the mortgage in case of job loss.

3. Homebuyer Counseling

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

4. Self-Help Housing.

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

5. Down Payment Assistance Program

Staffed by the Office of Planning and Development and sponsored by the Peabody Affordable Housing Trust, the Down Payment Assistance Program offers up to $15,000 to cover down payments and closing costs for eligible purchasers of deed-restricted affordable units. Purchasers must be able to provide a down payment of at least 3% of the purchase price and obtain mortgage financing. The subsidy is in the form of a deferred loan in that it does not have to be repaid unless the purchaser refinances or sells the units within ten (10) years. If the property is sold within five (5) years of purchase, the full amount of

the loan must be repaid. If the property is sold between the fifth and tenth year of ownership, the loan is forgiven in an amount equal to 20% of the assistance provided for each of the years remaining.

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of $7,500and at least a 3% down payment. 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 $82,000 for households of one or two persons and $94,300 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. Peabody's Housing Rehabilitation Program

The City of Peabody, through the Office of Planning and Development, has been administering a Housing Rehabilitation Program to qualifying property owners who need financing and technical assistance to make necessary home improvements (e.g., roof replacement, insulation, new heating, plumbing and electrical systems, window and door replacement, asbestos and lead paint removal, painting). The property must be located in Peabody, have outstanding code violations, and be occupied by those earning at or below 80% of area median income. Financial assistance is provided by a zero interest loan.

E. Homelessness Prevention and Assistance Programs

Homelessness prevention has been identified as a priority housing need in the Housing Needs Assessment. Programs to prevent homeless include but are not limited to the following:

1. Rental Assistance to Families (RAFT)

The Residential Assistance to Families (RAFT) program, funded by DHCD, offers short-term financial help or other assistance to families who are homeless or seriously at-risk of homelessness. Families can get up to $3,000 for such items as rent, mortgage payments, security deposits, utility start-up costs, first/last month's rent, moving expenses, etc.

2. Tenancy Preservation Program (TPP)

The Tenancy Preservation Program (TPP) is administered by MassHousing to prevent homelessness among persons with disabilities. The Program acts as a neutral party between the landlord and tenant, also providing clinical consultation services to the Housing Court. TPP clinicians assess the reasons for the eviction, identify needed services, develop a treatment plan to maintain tenancy, and monitor the case. If the tenancy cannot be preserved, TPP coordinates the tenant's transition to a more appropriate placement, preventing homelessness to the greatest extent possible.

3. Homelessness Prevention and Rapid Re-Housing Program (HPRP)

The Homelessness Prevention and Rapid Re-Housing Program (HPRP) was enacted by the federal government as part of the Recovery Act to help persons affected by the current economic crisis to provide homelessness prevention assistance to households who would likely otherwise become homeless and to rapidly re-house persons who are homeless. HUD allows grantees to develop prevention and/or rapid re-housing programs that meet locally-defined needs, to be targeted and prioritized to serve those most in need. This program is not a mortgage assistance program but meant to provide temporary assistance for such items as utility costs, moving costs, security deposits and rent in a new unit, storage fees, and other financing costs or services.

4. HUD Homeless Assistance Grants/McKinney-Vento Appropriations

HUD's Homeless Assistance Grants, funded through McKinney-Vento appropriations, support a variety of programs and activities, largely distributed through the Continuum of Care system across the country. The City of Peabody has served as the lead agent for the Three County Continuum of Care since it was created in 1997. Homeless providers work together to identify their needs and rank projects that they want to fund. HUD then ranks the applications and makes funding decisions. Funds can be used for permanent and supportive housing, transitional housing, and services.