

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



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TOWN OF MANCHESTER-BY-THE-SEA

HOUSING PRODUCTION PLAN

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TOWN OF MANCHESTER-BY-THE-SEA

HOUSING PRODUCTION PLAN

1. EXECUTIVE SUMMARY

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

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

Table 1-1 summarizes demographic and economic characteristics in Manchester and compares this information to that of Essex County and the state based on the 2010 and 2013 census estimates from the American Community Survey. This information, as well as other data from Sections 3 and 4, indicates the following notable community trends:

Demographic Trends

- *Relatively stable population since 1980 with some limited declines.* Manchester's population has remained fairly flat, hovering close to 5,200 residents over the past couple of decades, and Metropolitan Area Planning Council (MAPC) projections suggest further but limited declines. Town census data indicates significantly more residents however, with a population of 5,808 in 2014.
- *Low population density of only 671 residents per square mile based on the Town's total land area of 7.73 square miles compared to a density of 1,523 and 853 persons per square mile for the county and state, respectively.*
- *The population is losing younger residents and gaining older ones.* While Manchester has proportionately more children than the county and state, it has experienced declines in children despite increasing local school enrollments. Of particular note is that the number of those 65 years of age and older grew by 64% between 1980 and 2013, from 644 to 1,056 residents, while the population as a whole increased by only 4.4%. Changes in the median age also reflect this demographic shift, increasing from 39.9 years to 48.3 between 1990 and 2013. MAPC projections suggest that the community will experience a more significant loss of children 15 years of age or younger and an even greater increase in those 65 years of age or older.
- *Very little racial population diversity* as minority residents represented only 2.7% of the town's population in 2013 with some modest increases from 0.6% in 1990 and 2.4% in 2010.

Table 1-1: Summary of Demographic and Economic Characteristics for Manchester, Essex County and Massachusetts, 2010 and 2013

Demographic Characteristics	Manchester		Essex County		Massachusetts	
	2010	2013	2010	2013	2010	2013
Total population ¹	5,136	5,185	743,159	762,550	6,547,629	6,692,824
Population growth since 2000	-1.8%	-0.8%	2.7%	5.4%	3.1%	5.4%
Population density (per square mile of land area)	664	671	1,484	1,523	835	853
% Minority residents	2.4%	2.7%	18.1%	19.8%	19.6%	19.5%
% under 18 years	23.7%	23.2%	20.0%	22.2%	21.7%	20.7%
% 18 to 34 years	10.1%	10.9%	23.2%	21.0%	23.1%	23.9%
% 35 to 44 years	11.7%	9.7%	13.5%	12.5%	13.6%	12.6%
% 45 to 54 years	18.4%	21.4%	16.3%	15.4%	15.5%	14.9%
% 55 to 64 years	16.5%	14.5%	12.9%	13.5%	12.3%	13.0%
% 65 years or more	19.6%	20.4%	14.1%	15.2%	13.8%	14.8%
Median age	47.6 years	48.3 years	40.4 years	40.9 years	39.1 years	40.8 years
% Family households	67.3%	66.2%	65.7%	66.4%	63.0%	63.5%
% Nonfamily households	32.7%	33.8%	34.3%	33.6%	37.0%	36.5%
% Single-person households	28.8%	27.5%	28.1%	28.0%	28.7%	29.0%
Average household size	2.39 persons	2.40 persons	2.54 persons	2.56 persons	2.48 persons	2.51 persons
Economic Characteristics						
Median household income*	\$105,000	\$115,650	\$63,341	\$67,522	\$63,961	\$66,866
Individuals in poverty*	3.5%	5.8%	10.4%	11.5%	10.8%	11.4%
% Earning less than \$25,000/\$35,000*	15.6%/ 23.8%	12.3%/ 18.3%	20.9%/ 29.4%	19.8%/ 28.6%	20.6%/ 28.5%	20.0%/ 27.8%
% Earning more than \$100,000*	52.3%	54.4%	30.5%	31.3%	29.9%	32.3%

Sources: US Census Bureau 2010 and American Community Survey 2009-2013, 5-Year Estimates. Asterisk (*) notes use of US Census Bureau's American Community Survey, 2008-2010 estimates.

- *Growth in the number of households has been substantially higher than overall population growth.* While Manchester's population has declined somewhat since 1980, the percentage of households increased by almost 11% from 1980 through 2010, from 1,938 to 2,147. Census estimates suggest that the number of households decreased to 2,055 by 2013 which was not anticipated given demographic trends.
- *Projected increases in the number of households.* MAPC projections indicate that the number of households will increase to 2,244 in 2020 and 2,298 by 2030 despite some slight fall-off in total population. This is due to projected increases in smaller families and non-family households, driven by an aging population.
- *Manchester is a community of families but some decreases have occurred.* About two-thirds of all households were families, which is comparable to county levels but higher

¹ The Town's census figures of total population were 5,571 in 2010 and 5,775 in 2013, changing the density calculations to 721 and 747, respectively.

than the state's. Such family households have decreased however, from almost three-quarters of all households in 1980 to two-thirds by 2010. The trend towards fewer families and more non-family households² is more typically the norm in more affluent communities, such as Manchester, which are also experiencing increases in older adults.

- *Trend towards smaller households.* The average household size decreased from 2.47 to 2.39 persons between 1990 and 2010, in line with expected trends towards more “child-free” and “child-delayed” families and especially increases in empty nesters.

Economic Trends

- *Very high income levels.* Incomes have grown substantially with the median household income level increasing by 57% since 1999, from \$73,467 to \$115,650 in 2013. In comparison, the median household income for the state as a whole increased by 81% but at a considerably lower range, from only \$36,952 to \$66,966 during this same period. Manchester's median household income level was also high in comparison to most of its neighbors including \$109,875 in Hamilton, \$74,211 in Essex, \$73,168 for Beverly, and \$61,449 for Gloucester but somewhat lower than the \$127,872 median for Wenham.
- *Significant income disparities.* An estimated 28.5% of renters earned less than \$35,000, more than double the percentage of homeowners earning within this range. On the other hand, more than two-thirds of the homeowners earned at least \$100,000 compared to only about 20% of renters. The disparity of incomes from renters and homeowners is further demonstrated in median income levels of \$63,333 and \$163,958, respectively.

While the overall community has become increasingly more affluent over the past several decades, there remains a very vulnerable population living in Manchester with limited financial means. In 2013 about 250 or 12% of all households earned less than \$25,000 including about a quarter of all renters. Approximately another 30% of all renters earned enough to potentially qualify for subsidized first-time homebuyer opportunities if they become available.

- *Some increase in poverty.* Poverty, while comparably low at half county and state levels, has increased somewhat over the past couple of decades with the exception of seniors.³ The 2013 census estimates from the Census Bureau's American Community Survey indicate that poverty grew from 4.1% in 1980 to 5.8% by 2013. Poverty among families also increased from 2.4% in 1980 to 4.4% by 2013.

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

³ The federal poverty levels for 2015 were \$11,770 for a single individual and \$20,090 for a family of three (3).

Housing Trends

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

- *Very limited recent housing growth.* Housing growth in Manchester was 2.9% between 2000 and 2010, much lower than 6.8% for Essex County and 7.1% statewide. The decrease in units between 2010 and 2013, based on census estimates (also based on Town records to a lesser extent, from 2,142 to 2,129 units) was not anticipated although a significant portion of new building activity involves teardown and replacement activity, conversions of multi-family properties to single-family dwellings and condos in addition to high-end subdivisions.
- *Higher level of owner-occupancy.* In 2010, 72.7% of Manchester's housing stock was owner-occupied compared to 63.8% and 62.3% levels for the county and state.
- *Loss of rental units.* Census data suggests a 296-unit gain or 23.4% increase in owner-occupied properties between 1980 and 2010 with a loss of 89 rental units or 13.2% of the town's rental housing during this period. The 2013 estimates suggest a questionable reversal of these trends however.

Table 1-2: Summary of Housing Characteristics for Manchester, Essex County and Massachusetts, 2010 and 2013

Housing Characteristics	Manchester		Essex County		Massachusetts	
	2010	2013	2010	2013	2010	2013
Total housing units ⁴	2,394	2,269	306,754	306,605	2,808,254	2,813,641
Housing growth since 2000	2.9%	-2.5%	6.8%	6.8%	7.1%	7.3%
Housing density (per square mile of total land area)	310	294	613	613	358	359
% Occupied housing Units	89.7%	90.6%	93.2%	93.3%	90.7%	90.1%
% Owner-occupied units	72.7%	70.1%	63.8%	63.4%	62.3%	61.5%
% Renter-occupied units	27.3%	29.9%	36.2%	36.6%	37.7%	38.5%
% Single-family, detached structures*	65.4%	70.5%	50.0%	50.1%	52.2%	52.9%
% Units in structures of 3 or more units*	21.2%	19.6%	31.6%	31.3%	31.6%	31.8%
Median single-family sales price as of end of 2010/ 2014 (Banker & Tradesman)	\$728,750	\$750,000	\$320,000	\$362,000	\$295,000	\$330,000
Median monthly gross rent*	\$1,167	\$1,355	\$975	\$1,043	\$1,008	\$1,077

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

⁴ The Town's figures for total housing units include 2,142 in 2010 and 2,129 in 2013, which changes the housing density figures to 277 and 275, respectively.

- *More limited multi-family housing.* About one-fifth of Manchester’s housing stock involved multi-family housing of three (3) units or more compared to almost 32% for the county and state.
- *Consistently high housing prices.* The median sales price of a single-family home as of July of 2015 was \$780,000. This median is higher than that as of the end of 2014 of \$750,000 which would require an income of \$144,000 based on having sufficient cash available for a 20% down payment. These values document not only a very high-end housing market, but also a resilient one that did not appear to suffer the effects of the fiscal crisis of a few years ago with a historically high median of \$762,500 in 2011. The number of single-family home sales has also remained relatively comparable to historic levels of 65 sales over the past 15 years.

The rental market has changed substantially as the median rent almost doubled between 1980 and 1990, going from \$342 per month to \$648, and then doubling again between 1990 and 2013 to \$1,355 according to census estimates. This is high in comparison to the county and state median rents of \$1,043 and \$1,077, respectively.

There are very few listings of rental opportunities in Manchester but listings suggest that market rents are higher than the \$1,355 gross monthly rents indicated by 2013 census estimates. Even the lowest advertised unit on Craigslist in early May 2015 of \$1,050 would require an annual income of \$48,000, assuming \$150 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, including seasonal units, has pushed going rents well beyond the means of most low- and moderate-income individuals and families.

- *Widening affordability gaps.* The affordability gap for single-family homes was \$150,000, based on the difference between what a median income household could afford (\$600,000 for an average household of three and 80% financing) and the median house price of \$750,000. Moreover, this analysis assumes 80% financing and the ability to afford the upfront cash requirements for the down payment and closing costs of at least \$160,000, something most first-time homebuyers without equity in a previous home are typically challenged to provide.

The affordability gap widens considerably for those earning at 80% of area median income, to about \$468,500, the difference between the median priced single-family home of \$750,000 and what a three-person household earning at this income level can afford, or \$324,000, based on 95% financing.⁵

- *High housing cost burdens.* Given such high housing costs, it is not surprising that about one-third of all Manchester households were spending too much on their housing including more than 10% spending more than half of their income on housing. Of those 485 households earning within 80% of median income in the Boston area, 398 were

⁵ Assumes access to subsidized mortgage financing programs with 95% financing.

experiencing cost burdens with 123 or 25% spending more than half of their income on housing costs.⁶

- *Limited affordability* as Assessor's data suggests that there were only 12 single-family homes and 38 condos affordable to those earning at or below 80% of the area median income (AMI) for a total of 50 units or 2.8% of all such units. Moreover, there are only 110 units in Manchester's state-approved Subsidized Housing Inventory (SHI), representing 4.84% of the total year-round housing stock of 2,275 units. Another three (3) units are eligible for inclusion in the SHI that will bring the total to 113 units or 4.97%. Consequently the Town is halfway towards meeting the state's affordability threshold under Chapter 40B.⁷

1.2 Summary of Priority Housing Needs

Given the substantial number 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 Manchester. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by increasing housing prices in tandem with decreasing state and federal resources available to subsidize housing.

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

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

Rental housing is the top priority!

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

⁶ If a household is spending more than 30% of its income on housing, it is considered by common definition as living in housing that is beyond what they can afford.

⁷ 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.

New ownership opportunities are second priority!

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

Integrate handicapped accessibility and supportive services into new development

Handicapped accessibility and supportive services should be integrated in at least 10% of the new units that are created.

1.3 Summary of Housing Production Goals

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

If the state certifies that the locality has complied with its annual production goals, the Town may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications without the developer’s ability to appeal the decision.⁸ Production goals over the next five (5) years include the creation of an estimated 69 affordable units and 134 total housing units (see Table 7-1).

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

1.4 Summary of Housing Strategies

The strategies listed in Table 1-3 and described in Section 8 are based on input from a wide variety of sources including interviews with local and regional stakeholders, local housing goals and objectives, prior planning efforts, the priority housing needs identified in Section 5.7, the public forum held on June 17, 2015, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to those that build local capacity to promote affordable housing as well as those involving regulatory changes and production initiatives. They are also categorized according to priority – those higher priority actions to be implemented within Years 1 and 2 and those of more moderate priority for Years 3 to 5.

⁸ 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.

The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.⁹ Also, while a major goal of this Plan is to eventually meet the state’s 10% affordability threshold under Chapter 40B, another important goal is to serve 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 (SHI).

It is also important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels. Moreover, the proposed actions present opportunities to judiciously invest limited Community Preservation funding and the potential Housing Trust Fund 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.

Table 1-3 Summary of Housing Strategies	Priority for Implementation		# Affordable Units	Responsible Parties**
	In Years 1-2	In Years 3-5		
8.1 Capacity Building Strategies				
1. Establish and capitalize an Affordable Housing Trust Fund	X		*	BOS/CPC
2. Secure sufficient professional support	X		*	BOS
3. Conduct ongoing community education	X		*	Proposed HT + other sponsors of initiatives
8.2 Zoning Strategies				
1. Pursue 40R/40S Smart Growth Zoning	X		*	PB/proposed HT
2. Modify multi-family requirements		X	*	PB/proposed HT
3. Modify the accessory apartment bylaw		X	*	PB/proposed HT
8.3 Development Strategies				
1. Pursue mixed-use TOD	X		5	PB/proposed HT
2. Make suitable public property available for affordable housing	X		16	BOS/PB/proposed HT
3. Support small-scale infill development and conversions	X		48	PB/proposed HT

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

****Abbreviations**

- Board of Selectmen = BOS
- Community Preservation Committee = CPC
- Housing Trust = HT
- Planning Board = PB

⁹ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

2. INTRODUCTION

2.1 Background and Purpose

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

This Housing Production Plan is part of the Town's major effort to develop a Master Plan. The basic elements of this Housing Plan will in fact become the Housing Section of the Master Plan. Moreover, this Housing Production Plan represents an opportunity to update much of the information that was compiled in the Town's Community Development Plan that was prepared under Executive Order 418 in 2004. The Plan will provide a roadmap for policies, projects, initiatives, and regulatory changes that will help Manchester create more affordable housing opportunities to address local needs and priorities.

2.2 Housing Goals and Challenges

In June 2004, Manchester completed a Community Development Plan with funding from the state's Executive Order 418. This Plan included a Housing Element with the following *Housing Goals Statement*:

"The Town of Manchester-by-the Sea desires to adopt a housing plan which seeks to reverse the current housing trends which have caused it to be below the recommended level of 10% of affordable housing under state regulation Chapter 40B. The Town recognizes that the present lack of affordably-priced homes and rental units, for both lower income and middle income families, is a threat to the healthy, diversified, and heterogeneous make-up of the Town. Manchester therefore will encourage the creation of new housing units which will be available on an affordable basis.

Therefore Manchester seeks to encourage and facilitate the development of adequate housing that is affordable for all levels of income and all ages, while preserving its historic character."

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

2.3 What is Affordable Housing?

Affordable housing, sometimes referred to as subsidized housing or community housing, is generally defined by the income of the household in comparison to housing costs. For example, the federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. If households are paying more than these thresholds, they are described as

experiencing housing affordability problems or cost burdens; and if they are paying 50% or more for housing, they have severe housing affordability problems. A detailed analysis of affordability is included in Section 5.5 of this Housing Plan.

Affordable housing is also defined according to its availability to households at percentages of median income for the area,¹⁰ and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (\$26,600 for a family of three for the Boston area) and very low-income is defined as households earning between 31% and 50% of area median income (\$44,350 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income (\$62,750 for a family of three).¹¹

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

Table 2-1: HUD Income Limits for the Boston-Cambridge-Quincy, MA-NH HUD Metropolitan Area, 2015

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income	100% of Area Median Income
1	\$20,700	\$34,500	\$48,800	\$68,950
2	23,650	39,400	55,800	78,800
3	26,600	44,350	62,750	88,650
4	29,550	49,250	69,700	98,500
5	31,950	53,200	75,300	106,380
6	34,300	57,150	80,900	114,260
7	36,730	61,100	86,450	122,140
8+	40,980	65,050	92,050	130,020

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

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program. The state established legislation for promoting affordable housing under the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).¹² This legislation allows developers to override local zoning if the project meets certain requirements,

¹⁰ Manchester is part of the Boston, MA-NH Metro Area that includes a considerable number of communities in the Greater Boston area, also including some municipalities in New Hampshire.

¹¹ The family of three (3) is illustrated here and is used in affordability calculations as the average household size was 2.52 persons per 2013 census estimates from the American Community Survey (ACS).

¹² Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

the municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals and other statutory requirements are not met. Specifically, all SHI units must meet the following criteria:

1. Subsidized by an eligible state or federal program.
2. At least 25% of the units must be affordable to those earning at or below 80% AMI or 20% must be affordable to those earning at or below 50% AMI.
3. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time (at least 30 years or longer for newly created affordable units, and at least 15 years for rehabilitated units).
4. Subject to an Affirmative Fair Housing Marketing Plan.

Of the 2,275 year-round housing units in Manchester, 110 or 4.84% meet the Chapter 40B requirements and thus have been determined to be affordable by the Commonwealth of Massachusetts as part of what is called a Subsidized Housing Inventory (SHI). Another three (3) units are also eligible for inclusion, bringing the total to 113 units or almost 5%. See Section 5.6 for more information on the SHI.

3. DEMOGRAPHIC PROFILE ¹³

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

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

These and other issues are discussed in the following section. In essence, major findings indicate that over the past several decades Manchester’s population has remained about the same at somewhat more than 5,000 residents, with declines in younger residents and significant gains in older ones, as well as increases in smaller households.

3.1 Population Growth – Relatively stable population since 1980 with some limited declines

As noted in Table 3-1, Manchester’s population doubled between 1940 and 1970 and then has declined only by 239 residents since 1980 to a total population of 5,185 according to 2013 census estimates from the American Community Survey. Town census figures indicate a significantly higher population of 5,808 residents in 2014, up from 5,571 and 5,775 in 2010 and 2013, respectively.

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

Table 3-1: Population Change, 1930 to 2013

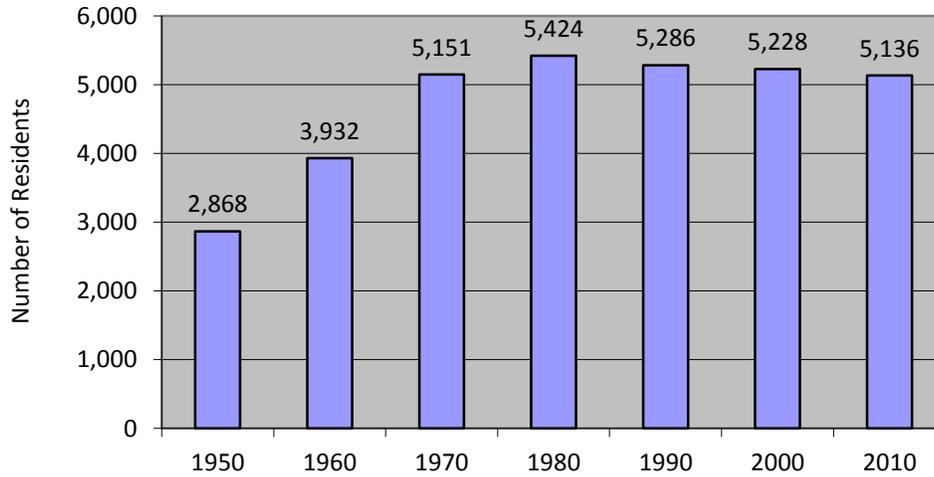
Year	Total Population	Change in Number	Percentage Change
1930	2,636	--	--
1940	2,472	-164	-6.2%
1950	2,868	396	16.0%
1960	3,932	1,064	37.1%
1970	5,151	1,219	31.0%
1980	5,424	273	5.3%
1990	5,286	-138	-2.5%
2000	5,228	-58	-1.1%
2010	5,136	-92	-1.8%
2013	5,185	49	1.0%

Source: U.S. Census Bureau, Census Summary File 1 and University of Massachusetts Donahue Institute State Data Center for decennial counts. The 2013 estimate is from the U.S. Census Bureau’s American Community Survey, 5-Year Estimates 2009-2013.

¹³ It should be noted that this Housing Production Plan includes the most up-to-date data available. The decennial census data is typically provided as this data reflects actual counts. The most recent issue of the Census Bureau’s American Community Survey (ACS) is also shown for some data not covered by the decennial counts and for more up-to-date information. Because the ACS is based on a sample, it is subject to sampling error and variation.

Figure 3-1

Population Growth, 1950 to 2010



Population projections from the Metropolitan Area Planning Council (MAPC) estimate that the population will decline somewhat to 5,031 residents by 2020 and then dip further to 4,914 by 2030. This level, below 5,000 residents, has not occurred since before 1970.

3.2 Age Distribution – Decreasing younger population but growing numbers of older residents

Table 3-2 presents census data on changes in the distribution of ages from 1980 through 2013. In general, there were significant declines in the younger age categories and major gains in the older ones as summarized below.

Table 3-2: Age Distribution, 1980 to 2013

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

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

- Declining population of children*

The number and proportion of children under age 18 declined by 21.0% between 1980 and 2013, from 28.1% of the population to 23.2%. While the population during this same period decreased as well, it fell by only 4.4%.
- Decreases in college age residents*

Young residents in the 18 to 24-age range decreased by almost half between 1980 and 2013, from 493 residents to 236.
- Young adults demonstrated a 57% decline in population*

Younger adults in the family formation stage of their lives, the 25 to 34-age category, also decreased significantly during this period, dropping to 6.3% of the population in 2013 from 14.0% in 1980, and from 757 to 326 residents.
- Increases in middle-age residents*

Those in the 35 to 54-age range increased from 26.6% of the population in 1980 to 33.9% by 2000 and then down somewhat to 31.1% by 2013. Part of the baby boom generation was spilling into the older age categories by 2010 as those in the age-55 to 64 range increased from 13.0% in 2000 to 14.5% by 2013.
- Substantial upsurge in the population 65 years or older*

The number of those 65 years of age and older grew by 64% between 1980 and 2013, from 644 to 1,056 residents, while the population as a whole increased by only 4.4%. Of particular note were the frail elderly of at least age 85 who increased by 157% during these decades.

Figure 3-2

Changes in Age Distribution: 1990 to 2013

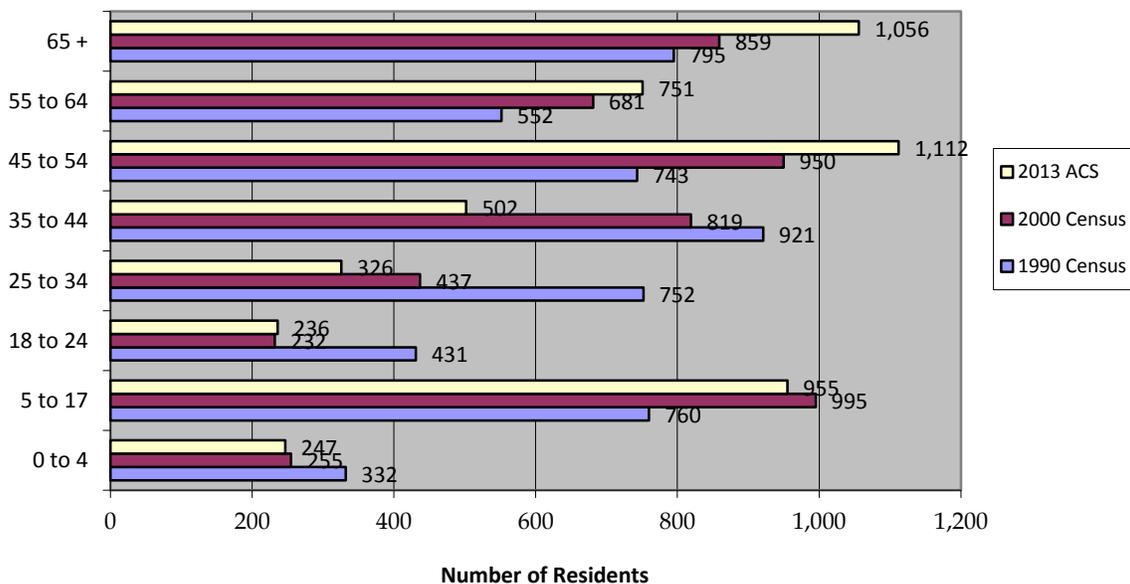


Table 3-3 offers population projections by age category for 2020 and 2030, comparing these figures to 2010 census results. These estimates were prepared by the Metropolitan Area Planning Council (MAPC), Manchester’s regional planning agency, and estimate a population decline of 4.3%, or by 222 residents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



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

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

Those over 65 are estimated to increase substantially from about one-fifth to one-third of all residents, representing a gain of more than 600 residents in this age category by 2030. The population in the middle years, between ages 35 and 54, is projected to decrease by 22.3% or by 345 residents. These projected demographic shifts are further presented in Figure 3-3 which charts the trajectory of the population shifts towards fewer residents in general as well as some declines in younger residents and many more 65 years of age or older.

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

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

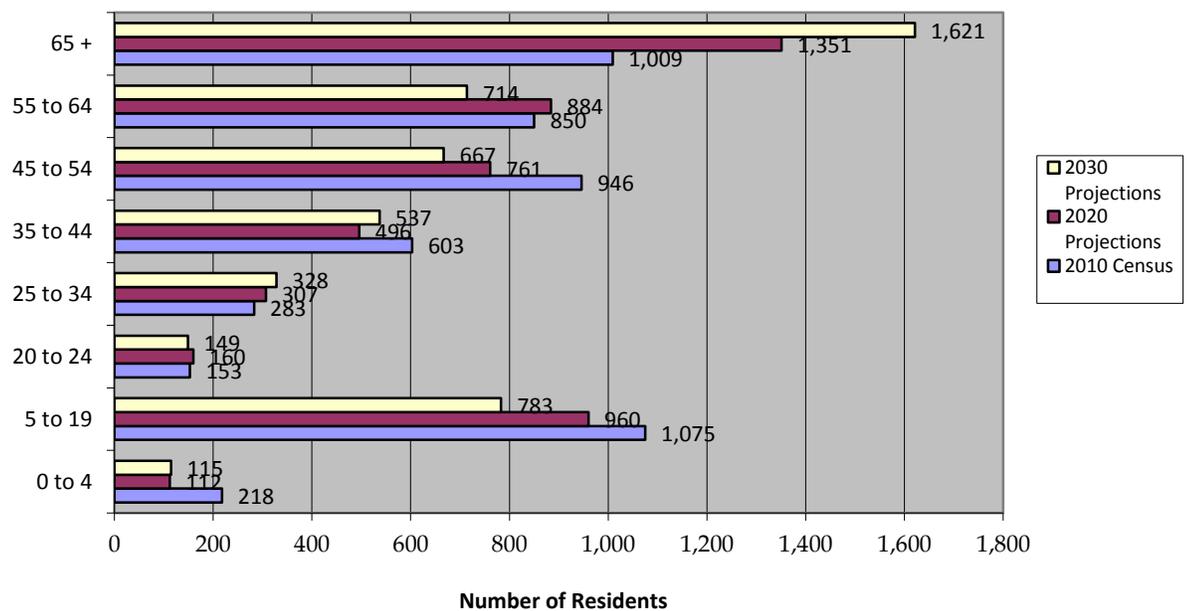
Source: Metropolitan Area Planning Council (MAPC), January 2014.

These projections are based on MAPC’s “Status Quo” estimates that reflect the continuation of existing rates of births, deaths, migration, and housing occupancy. The population figures would be slightly higher in MAPC’s “Stronger Region” scenario with a total population of 5,028 by 2030, not much less than the 2013 population estimates of 5,185 residents. These projections assume the following:

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

Figure 3-3

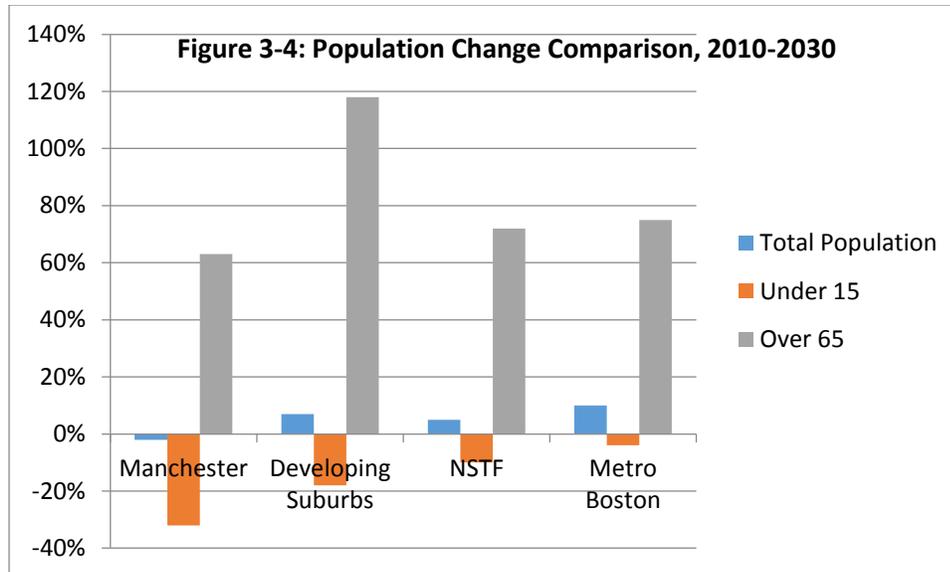
Changes in Age Distribution: 2010 and Projections for 2020 and 2030



These projections are also charted in Figure 3-4, comparing projections for Manchester to other developing suburbs in the state,¹⁴ the North Shore Task Force,¹⁵ and Metro Boston from 2010 to 2030. Estimates suggest that unlike the other categories of places, Manchester will experience a decline in total population, a more significant loss of children 15 years of age or younger, and even greater increase in those 65 years of age or older.

¹⁴ MAPC has categorized Manchester as a developing suburb in this particular report.

¹⁵ In addition to Manchester, MAPC's North Shore Task Force area includes the communities of Beverly, Danvers, Essex, Gloucester, Hamilton, Ipswich, Marblehead, Middleton, Nahant, Manchester, Rockport, Salem, Swampscott, Topsfield and Wenham.



3.3 Racial Composition – Very few minority residents

Table 3-4 presents data on the racial distribution of the population in Manchester. The town has had very little racial diversity with about 99% of the population describing themselves as White through 2000 and then down to 97% after that. Nevertheless, the 2013 American Community Survey estimates suggest a modest increase of those of Latino or Hispanic heritage. It is also somewhat questionable that all of the Asian and Black residents that were counted in the 2010 census had left the community by 2013 as the data suggests.

Table 3-4: Racial Information, 1980 to 2013

Population Characteristics	1980		1990		2000		2010		2013	
	#	%	#	%	#	%	#	%	#	%
White Population*	5,390	99.4	5,265	99.6%	5,169	98.9	5,013	97.6	5,047	97.3
Asian Population*	7	0.1	10	0.2	0	0.0	44	0.9	0	0.0
Black Population*	21	0.4	0	0.0	0	0.0	7	0.1	0	0.0
Those of 2 or more races	0	0.0	0	0.0	21	0.4	56	1.1	88	1.7
Latino/Hispanic of any race **	10	0.2	17	0.3	40	0.8	76	1.5	128	2.5

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3; 2013 American Community Survey 5-Year Estimates, 2009-2013

* Includes only those of that race

** Latino or Hispanic of any race.

3.4 Household Composition – Increasing numbers of smaller families

While Manchester’s population has declined since 1980, the percentage of households increased by almost 11% from 1980 through 2010. As shown in Table 3-5, the number of households increased from 1,938 in 1980 to 2,168 and 2,147 in 2000 and 2010, respectively. It

then is estimated to have decreased to 2,055 by 2013. Family households decreased from almost three-quarters of all households in 1980 to two-thirds by 2010. The 2013 census estimates suggest a significant increase of families to three-quarters of all households again, although the trend towards fewer families and more non-family households¹⁶ is more typically the norm in more affluent communities, such as Manchester, which are also experiencing increases in older adults.

Reflecting more non-families, the average household size decreased from 2.47 to 2.39 persons between 1990 and 2010, more in line with expected trends towards more “child-free” and “child-delayed” families and especially increases in empty nesters as well as senior and frail populations.

Table 3-5: Household Characteristics, 1980 to 2013

	1980		1990		2000		2010		2013	
	#	%	#	%	#	%	#	%	#	%
Households	1,938	100.0	2,116	100.0	2,168	100.0	2,147	100.0	2,055	100.0
Families*	1,416	73.1	1,457	68.9	1,436	66.2	1,444	67.3	1,552	75.5
Married Couple Families*	1,219	62.9	1,230	58.1	1,207	55.7	1,216	56.6	1,363	66.3
Female Headed Families with Children <18 *	73	3.8	81	3.8	86	4.0	99	4.6	66	3.2
Non-families*	522	26.9	659	31.1	732	33.8	703	32.7	503	24.5
Average Household Size	--		2.47 persons		2.40 persons		2.39 persons		2.52 persons	
Average Family Size	--		3.00 persons		2.96 persons		2.96 persons		2.91 persons	

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

* Percent of all households

Table 3-6 examines the types of households by household size. Single-person households comprised a substantial portion of the population, 22.8% of all households but declined from 27.4% in 2000. Of the 469 single-person households in 2013, 267 or 13% of all households were 65 years of age or older. There were also 34 two-person households involving those who were not related, down again considerably from 119 such households in 2000.

¹⁶ Includes individuals and unrelated household members, referred to by the U.S. Census Bureau as non-family households.

Table 3-6: Types of Households by Size, 2000 and 2010 Census and 2013 Estimates

Households by Type and Size	2000		2010		2013	
	#	%	#	%	#	%
Nonfamily households	716	32.9	703	32.7	503	24.5
1-person household	597	27.4	619	28.8	469	22.8
2-person household	119	5.5	78	3.6	34	1.7
3-person household	0	0.0	2	0.1	0	0.0
4-person household	0	0.0	1	0.05	0	0.0
5-person household	0	0.0	1	0.05	0	0.0
6-person household	0	0.0	2	0.1	0	0.0
7 + person household	0	0.0	0	0.0	0	0.0
Family households	1,459	67.1	1,444	67.2	1,552	75.5
2-person household	705	32.4	668	31.1	768	37.4
3-person household	275	12.6	311	14.5	316	15.4
4-person household	306	14.1	318	14.8	326	15.9
5-person household	134	6.2	105	4.9	85	4.1
6-person household	24	1.1	36	1.7	43	2.1
7 or more person household	15	0.7	6	0.3	14	0.7
Total Households	2,175	100.0	2,147	100.0	2,055	100.0

Sources: U.S. Census Bureau, 2000 Census, Summary File 3, and 2013 American Community Survey Five-Year Estimates. Because the 2000 figures reflect sample data, they are somewhat different than the 2000 actual accounts included in Table 3-5.

The 2013 estimates also suggest significant growth in the number of smaller families with two-person households at 32.4% in 2000, down to 31.1% by 2010 and then up significantly to 37.4% by 2013. Large families of five (5) or more persons represented only about 7% of all households, down only a bit from about 8% in 2000 and lower than 10% for Essex County for example.

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

4. Economic Profile

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

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

In general incomes, educational attainment, and economic disparities are high and increasing.

4.1 Incomes – High income levels but notable income disparities

Table 4-1 presents income data based on the decennial census counts over the past several decades as well as estimated 2013 data from the Census Bureau’s American Community Survey. This information is also visually presented in Figure 4-1.

Table 4-1: Income Distribution by Household, 1979-2013

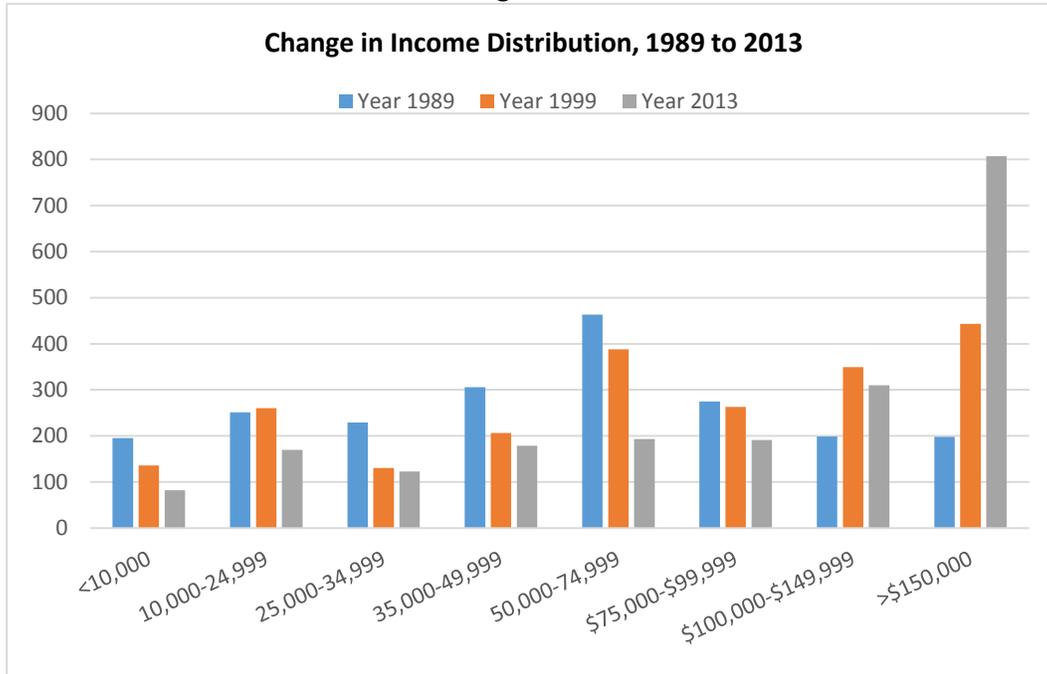
Income Range	1979		1989		1999		2010		2013	
	#	%	#	%	#	%	#	%	#	%
Under \$10,000	315	16.3	195	9.2	136	6.3	135	6.4	82	4.0
10,000-24,999	595	30.7	251	11.9	260	12.0	192	9.2	170	8.3
25,000-34,999	363	18.7	229	10.8	130	6.0	171	8.2	123	6.0
35,000-49,999	292	15.1	306	14.5	206	9.5	105	5.0	179	8.7
50,000-74,999	207	10.7	463	21.9	388	17.8	268	12.8	193	9.4
75,000-99,999	166	8.6	275	13.0	263	12.1	128	6.1	191	9.3
100,000-149,999			397*	18.8	349	16.0	454	21.7	310	15.1
150,000 +			443	20.4	641	30.6	807	39.3		
Total	1,938	100.0	2,116	100.0	2,175	100.0	2,094	100.0	2,055	100.0
Median Household income	\$26,621		\$52,806		\$73,467		\$105,000		\$115,650	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 3; 2013 American Community Survey 5-Year Estimates, 2009-2013.

Incomes have increased substantially with the median household income level increasing by 57% since 1999, from \$73,467 to \$115,650. In comparison, the median household income for the state as a whole increased by 81% but at a considerably lower range, from only \$36,952 to \$66,966 during this same period. The growing prosperity of Manchester’s residents is also reflected in the increasing proportion and numbers of those earning more than \$75,000, going from 166 households or 8.6% of all households in 1980 to 1,308 and 63.6% by 2013. Those earning more than \$150,000 included almost 40% of all household in 2013 compared to only 15.7% for the state and 15.8% for Essex County. Manchester’s median household income levels

were high in comparison to most of its neighbors including \$109,875 in Hamilton, \$74,211 in Essex, \$73,168 for Beverly, and \$61,449 for Gloucester but somewhat lower than the \$127,872 median for Wenham.

Figure 4-1



A comparison of 2000 and 2013 income levels for owners and renters is provided in Table 4-2. An estimated 28.5% of renters earned no more than \$35,000, more than double the percentage of homeowners in this income range. On the other hand, more than two-thirds of the homeowners earned more than \$100,000 compared to only about 20% of renters. The disparity of incomes from renters and homeowners is also reflected in median income levels of \$63,333 and \$163,958, respectively.

Table 4-2: Income Distribution by Owner and Renter Households, 2000 and 2013

Income Range	Renters				Homeowners			
	2000		2013		2000		2013	
	#	%	#	%	#	%	#	%
Under \$10,000	88	13.9	56	9.1	46	3.0	26	1.8
10,000-24,999	150	23.7	92	15.0	104	6.8	79	5.5
25,000-34,999	79	12.5	27	4.4	53	3.4	96	6.7
35,000-49,999	100	15.8	108	17.6	109	7.1	70	4.9
50,000-74,999	89	14.1	105	17.1	297	19.3	89	6.2
75,000-99,999	40	6.3	99	16.1	215	14.0	92	6.4
100,000-149,999	50	7.9	84	13.7	304	19.8	226	15.7
150,000 +	36	5.7	43	7.0	408	26.6	763	53.0
Total	632	100.0	614	100.0	1,536	100.0	1,441	100.0

Source: U.S. Census Bureau, 2000 Census and 2013 American Community Survey 5-Year Estimates.

A great many households have become more affluent over the past several decades, there remains a very vulnerable population living in Manchester with limited financial means. In 2013 about 250 or 12% of all households earned less than \$25,000 including about a quarter of all renters. Approximately another 30% of all renters earned enough to potentially qualify for subsidized first-time homebuyer opportunities if they become available.

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

of families in 2013 was substantially higher than non-families, \$145,409 versus \$41,691, a finding highly correlated with the greater prevalence of two worker households in families. Married couple families had an even higher median income level of \$161,484.

When looking at the age of the householder, the median income of seniors 65 years of age or older was \$80,804, not much lower than the income of those households with a head in the 25 to 44 age range. These income levels were significantly lower than the \$131,339 median income level of households with a head in the 45 to 64 age range and likely toward the height of their earning potential.

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

Type of Household/Householder	Median Income
Individual/Per capita	\$70,075
Households	\$115,650
Families	\$145,409
Married couple families	\$161,484
Nonfamilies*	\$41,691
Renters	\$63,333
Homeowners	\$163,958
Householder less than age 25	Not available**
Householder age 25 to 44	\$89,500
Householder age 45 to 64	\$131,339
Householder age 65 or more	\$80,804

Source: U.S. Census Bureau, 2013 American Community Survey 5-Year Estimates

*Includes persons living alone and unrelated households members.

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

4.2 Poverty Status – Low but with some increases

Table 4-4 indicates that poverty, while comparably low, has generally increased over the past couple of decades with the exception of seniors.¹⁷ The 2013 census estimates from the Census Bureau's American Community Survey indicate that poverty grew from 4.1% in 1980 to 5.8% by 2013. Poverty among families also increased from 2.4% in 1980 to 4.4% by 2013. While the numbers of female-headed households in Manchester is relatively low, this data suggests that many of these households are struggling financially. Poverty for children declined from 1980 through 1999 but subsequently increased to 3.6% by 2013. There have been fluctuations in the

¹⁷ The federal poverty levels for 2015 were \$11,770 for a single individual and \$20,090 for a family of three (3).

poverty level among those 65 years of age or older, but since 1999 the level has decreased from 3.5% to 3.1% according to 2013 census estimates. The level of poverty was significantly lower than that for Essex County and the state as a whole where 11.2% and 11.4% of the population lived below the poverty level, respectively.

Table 4-4: Poverty Status, 1979-2013

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

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

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

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

As estimated 74 families were receiving Supplemental Security Income (SSI), cash public assistance income or Food Stamps/SNAP.

4.3 Employment – A concentration of service and retail jobs

Of those 4,065 Manchester residents over the age of 16 in 2013, 2,658 or almost two-thirds were in the labor market and 2,500 or 61.5% were employed in 2013 according to the Census Bureau’s American Community Survey estimates. This data suggests an unemployment rate at that time for town residents of 6.1% which is higher than the 5.4% rate reported by the state’s Executive Office of Labor and Workforce Development. Since 2013, the state indicates that unemployment rates have decreased to 4.1% which was a bit lower than Boston’s and Beverly’s at 4.5% and 4.6% unemployment in February 2015, respectively, and significantly lower than Gloucester’s at 7.7%.

Census estimates also suggest that all residents in the labor force worked outside of the community which is surprising and questionable. Census figures further indicated that 64% of those employed Manchester residents worked in Essex County with 35% working outside of the County including 28 or 1.1% who worked out of state.

It should also be noted that 61.4% of workers drove alone to work, another 5.4% carpooled and 14.0% used public transportation according to the 2013 American Community Survey estimates. The median income of those who carpooled was about 28% of those who commuted alone to work, \$21,250 versus \$74,479. The average commuting time was about 35 minutes, and of these 965 or 45% had commutes of less than 24 minutes, suggesting that many employment opportunities were located nearby on the North Shore. Another 47% reported commutes of more than 40 minutes and were likely working in or near Boston.

The 2013 Census Bureau’s American Community Survey data also provided information on the concentration of Manchester workers by industry, indicating that 59.8% of Manchester’s residents in the labor force were involved in management or professional occupations, another 26.9% in sales and office occupations, and the remainder in service occupations (3.9%), production and transportation (4.3%), and in construction, natural resources or maintenance occupations (5.0%). An estimated 78.9% of Manchester’s workers involved wage and salaried workers, another 6.9% were government workers, and 13.8% were self-employed.

Detailed labor and workforce data from the state on employment patterns for those who work in Manchester is presented in Table 4-5. This information shows an average employment in the community of 1,810 workers. *The data also confirms a mix of employment opportunities with a concentration of lower paying service sector jobs that brings the average weekly wage for those working in Manchester to \$911. This wage level was about 57% of Boston’s average weekly wage at \$1,603, and somewhat lower than Beverly’s and Gloucester’s at \$1,133 and \$1,039, respectively.* The substantial majority of these workers would likely find it challenging to afford to live in Manchester unless they are long-term residents or have other sources of income.

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

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	15	\$11,857,471	153	\$1,490
Wholesale Trade	9	2,762,076	36	1,475
Retail Trade	23	4,007,117	172	448
Transportation/Warehousing	3	3,508,527	43	1,569
Finance/Insurance	14	5,660,424	49	2,222
Real estate/rental/leasing	9	1,600,599	21	1,466
Professional/technical services	35	8,516,612	87	1,883
Administrative and waste services	17	2,434,109	56	836
Educational services	6	17,804,068	314	1,090
Health care/social assistance	17	7,952,034	233	656
Arts/entertainment/recreation	12	9,091,450	326	536
Accommodation/food services	11	1,875,478	122	296
Other services	36	2,698,864	89	583
Total	218	\$85,757,268	1,810	\$911

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

4.4 Education – High educational attainment and increasing school enrollment

The educational attainment of Manchester residents is extremely high with almost all those 25 years of age or more having a high school diploma (98.8%) and 64.4% with bachelor’s degree or higher in 2013. This is up from 96.0% and 56.0%, respectively in 2000. This high educational attainment is correlated to higher income levels and therefore a greater ability to afford to live in Manchester. In comparison, about 89% of county and state residents had a high school degree or higher in 2013, and only 36.6% and 39.4% had a bachelor’s degree or higher in the county and state, respectively.

Those enrolled in school (nursery through graduate school) in 2013 totaled 1,202 residents or 23.2% of the population, and those enrolled in preschool through high school totaled 1,015

students, representing 19.6% of all residents. The 2000 census figures indicate somewhat more students in preschool through high school with 1,181 students or 22.6% of the population.

The Manchester Essex Regional School District reported a student enrollment of 1,507 students for the 2014-2015 school year, up from 1,360 students in 2007-2008 and 1,266 students in 2000-2001. These enrollment figures include students from the Town of Essex.¹⁸ While the numbers and percentages of children have been declining over the years in Manchester, it is likely that the expanded enrollments may be at least partially driven by shifts from the area’s private schools to the local ones given recent investment in a new middle school and high school and continuing reputation for excellence.

4.5 Disability Status¹⁹ – Lower proportion of special needs residents

Of all Manchester residents in 2013, 254 or 4.9% claimed a disability, less than half the proportion for the county and state at 11.5% and 11.3%, respectively. While significantly lower than other communities, this data indicates that there are still special needs within the Manchester community. For example, 105 are challenged to care for themselves.

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

Age Range	Manchester		Essex County	Massachusetts
	#	%	%	%
Under 18 years	26	2.7	4.2	4.6
18 to 64 years	65	2.2	9.1	8.8
65 years and over	163	15.5	34.0	33.7
Total	254	4.9	11.5	11.3

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates for Manchester and 1-Year Estimates for the county and state. Includes those in the civilian, noninstitutionalized population.

¹⁸ As of October 2014, there were 1,531 students registered in the District, of whom 24 were special education students attending other schools. A total of 881 students from Manchester attended the district schools and 14 were special education students going elsewhere. A total of 552 students from Essex attended district schools of which 10 were special education students attending other schools. The remaining students were attending district schools through the state’s Choice Program.

¹⁹ Disabled households contain at least one or more persons with a mobility or self-care limitation. It should also be noted that the term “disabled” is being replaced by some within the housing community with “people first” terminology as those with special needs are interpreted to be the people first who need affordable, available and/or accessible housing.

5. HOUSING PROFILE

This section 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.

5.1 Housing Growth – Recent slowdown in housing growth and increases in owner-occupancy

Table 5-1 presents data on the historic growth of Manchester indicating that almost 43% of the Town’s housing predates World War II. After 1940, the amount of development per decade through the year 2000 was about 200 units, with the exception of 148 units between 1980 and 1989.

The data in Table 5-1 is from the Census Bureau’s American Community Survey and differs somewhat from the figures in the actual census counts as shown in Table 5-2. Table 5-2 indicates that 176 units were built between 1980 and 1989, more in line with the approximately 200 units/decade growth pattern. Moreover, Table 5-2 shows little growth between 1990 and 1999, only twelve units, as opposed to the 203 units suggested in Table 5-1. The tables also conflict on the number of units built between 2000 and 2009, 115 and 67 units, respectively, for Table 5-1 and 5-2. Both tables suggest a considerable slow-down in recent development.

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

Table 5-1: Housing Units by Years Structure Was Built, 2013

Time Period	#	%
2010 through 2013	12	0.5
2000 to 2009	115	5.1
1990 to 1999	203	8.9
1980 to 1989	148	6.5
1970 to 1979	180	7.9
1960 to 1969	203	8.9
1950 to 1959	226	10.0
1940 to 1949	215	9.5
1939 or earlier	967	42.6
Total	2,269	100.0

Source: US Census Bureau, American Community Survey, 5-Year Estimates, 2009-2013

Buildout figures prepared by the Metropolitan Area Planning Council (MAPC) and the state’s Executive Office of Environmental Affairs in 1999 suggested that more than 71 million square feet of developable land remained that could accommodate 1,448 total residential lots based on current zoning.

Besides total housing figures, Table 5-2 includes a summary of housing characteristics from 1980 through 2013. Of the 2,394 total housing units in 2010, Manchester had 2,275 year-round

units²⁰ of which 2,147 or 93.2% were occupied. Of the occupied units, 1,560 or 72.7% were owner-occupied and 587 units or 27.3% were renter-occupied. These figures represent only a slightly higher level of owner-occupancy than that of Essex County as a whole, where 63.8% of the units were owner-occupied, and the state as well with a 62.3% owner-occupancy level. *Data suggests a 296-unit gain or 23.4% increase in owner-occupied properties between 1980 and 2010 with a loss of 89 rental units or 13.2% of the town's rental housing during this period.* The 2013 estimates suggest a questionable reversal of these trends with a gain in rentals and some loss of owner-occupied units.

Table 5-2: Housing Occupancy, 1980 to 2013

	1980		1990		2000		2010		2013	
	#	%	#	%	#	%	#	%	#	%
Total # Housing Units	2,139	100.0	2,315	100.0	2,327	100.0	2,394	100.0	2,269	100.0
Occupied Units*	1,940	90.7	2,110	91.1	2,168	93.2	2,147	89.7	2,055	90.6
Total Vacant Units/ Seasonal, Rec. or Occasional Use*	127/63	5.9/ 2.9	205/ 95	8.9/ 4.1	159/ 108	6.8/4.6	247/ 119	10.3/ 5.0	214	9.4
Occupied Owner Units**	1,264	65.1	1,397	66.2	1,535	70.8	1,560	72.7	1,441	70.1
Occupied Rental Units**	676	34.9	713	33.8	633	29.2	587	27.3	614	29.9
Average House- Hold Size/Owner Occupied Unit	3.09 persons		2.76 persons		2.65 persons		2.64 persons		2.72 persons	
Average House- Hold Size/Renter Occupied Unit	2.02 persons		1.95 persons		1.81 persons		1.73 persons		2.03 persons	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 1 and American Community Survey 5-Year Estimates, 2009-2013 * Percentage of all housing units ** Percentage of occupied housing units

Some of the decrease in rental units might be explained by the conversion of small multi-family properties to condominiums or single-family dwellings as well as significant demolition and replacement activity.

A review of building permit activity from January 2012 through May 2015 indicates a net of 27 new housing units during this period and some teardown/replacement activity involving 11 units. The breakdown of residential permitting for new dwellings units by year is summarized below.

- January through mid-May 2015 there were 3 new single-family homes permitted
- In 2014 there were nine (9) new single-family homes permitted that included five (5) units that are part of the Windover Summer Hill development. There was also a conversion of a two-family home to single-family use for a net loss of one (1) unit and a net gain of eight (8) new units.

²⁰ The year-round figure (2,275 units) is the one used under Chapter 40B for determining the 10% affordability goal and annual housing production goals. It is calculated by subtracting the seasonal or occasional units (119) from the total number of units (2,394) per the [2010 census](#).

- In 2013 there were three (3) permits for single-family homes as part of Windover’s Summer Hill project. There were four (4) permits to demolish and build new homes and a permit to build a three-family home on Plum Hill Road. This activity will create 10 new units.
- In 2012 there were five (5) permits granted for new single-family homes and the conversion of a two-family dwelling to single-family use. There were also seven (7) properties that involved demolition and replacement activity for a net unit increase of only four (4) new units.

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

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 1980 and 2010, from 3.09 persons to 2.64 persons for owner-occupied units and from 2.02 to 1.73 persons for rental units. This decrease reflects local, regional and national trends towards smaller households and relates to the change in the average household size in Manchester from 2.47 persons in 1990 to 2.39 by 2010. The increase in average household sizes for both ownership and rental housing in the 2013 estimates is once again suspect given past trends.

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

Census data indicates that there is some diversity in Manchester’s existing housing stock as summarized in Table 5-3 and Figure 5-1. Nevertheless about 70% of all units are single-family dwellings with some fluctuations over time. Single-family detached homes comprised 65.4% of all units based on 2010 census data, down from 72.2% in 1980, although the numbers of units are comparable. The 2013 census estimates suggest some increases in this housing stock to 1,600 units or 70.5% of all units. The number of single-family attached units, largely duplex condominiums, increased somewhat during this period but remains a very small segment of the housing stock.

The data also shows some growth in the small multi-family housing stock of two to four units, from 327 units in 1980 to 461 by 2010, or up to 20% of all units. The 2013 estimates suggest some loss of these units, which are typically among some of the more affordable units in the private housing stock as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain below market rents to keep them.

There were also fluctuations in the data for the larger multi-family properties of five (5) or more units, from 241 units in 1980, down to 225 by 2000, and then up to 265 by 2010. Again the 2013 estimates indicate a reversal of trends with a decrease to 204 units, below the 1980 level, and once again surprising and suspicious.

Table 5-3: Units in Structure,²¹ 1980 to 2013

Type of Structure	1980		1990		2000		2010		2013	
	#	%	#	%	#	%	#	%	#	%
1 unit detached	1,493	72.2	1,545	66.7	1,634	70.2	1,509	65.4	1,600	70.5
1 unit attached	6	0.3	56	2.4	22	0.9	71	3.1	56	2.5
2 units	199	9.6	272	11.7	257	11.0	238	10.3	168	7.4
3-4 units	128	6.2	200	8.6	189	8.1	223	9.7	241	10.6
5-9 units	241	11.7	152	6.6	180	7.7	202	8.8	172	7.6
10+ units			46	2.0	45	1.9	63	2.7	32	1.4
Other*	0	0.0	44	1.9	0	0.0	0	0.0	0	0.0
Total	2,067	100.0	2,315	100.0	2,327	100.0	2,306	100.0	2,269	100.0

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and Summary File 3; American Community Survey 5-Year Estimates for 2009-2013

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

Figure 5-1

Distribution of Units Per Structure, 2013

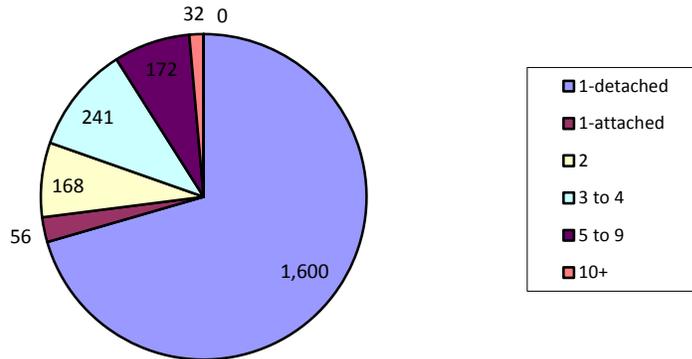


Table 5-4 provides an estimated breakdown of the 2013 distribution of units per structure according to whether the units were occupied by renters or homeowners. While 92% of owners resided in single-family homes, about two-thirds of renters lived in multi-family units of two (2) or more units. It is interesting to note that 33.0% of the single-family homes were renter-occupied, more than double the statewide level of 15.6%.

²¹ For year-round housing units.

Table 5-4: Units in Structure by Tenure, 2013

Type of Structure	Homeowner Units/ Number of Residents		Renter Units/ Number of Residents	
	#	%	#	%
Single unit detached and attached	1,325	92.0	207	33.2
2 to 9 units	116	8.0	375	60.1
10+ units	0	0.0	32	5.1
Total	1,441	100.0	624	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey

Table 5-5 provides information on the distribution of unit sizes and indicates that the median unit was moderately sized with 6.9 rooms according to 2013 census estimates, or with about four (4) bedrooms. This is higher than the statewide median of 5.6 rooms. In addition, those units most appropriate for single persons, with four (4) rooms or less, comprised about 23% of the housing stock. On the other end of the spectrum, there was a substantial supply of larger homes of eight (8) or more rooms, involving 45% of the housing stock with about *a third of all homes having nine (9) or more rooms!*

Not surprisingly, more of the smaller units were occupied by renters with the median number of rooms in rental units having 4.5 rooms as opposed to a median of 8.5 rooms in the owner-occupied stock.

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

Number of Rooms per Unit	2000		2013	
	#	%	#	%
1 Room	19	0.8	52	2.3
2 Rooms	118	5.1	71	3.1
3 Rooms	169	7.3	93	4.1
4 Rooms	237	10.2	302	13.3
5 Rooms	335	14.4	397	17.5
6 Rooms	259	11.1	226	10.0
7 Rooms	368	15.8	105	4.6
8 Rooms	247	10.6	278	12.3
9 or More Rooms	575	24.7	745	32.8
Total	2,327	100.0	2,269	100.0
Median (Rooms) for All Units	6.6 rooms		6.9 rooms	
Median (Rooms) for Owner-occupied Units	7.4 rooms		8.5 rooms	
Median (Rooms) for Renter-occupied Units	3.9 rooms		4.5 rooms	

Source: U.S. Census Bureau, 2000 and the 2009-2013 American Community Survey

5.3 Vacancy Rates – Tight market conditions

The vacancy rate was only 2.9% for ownership and zero (0%) for rentals according to the 2013 census estimates. As any rate below 5% reflects very tight housing market conditions, this information confirms a continuing strong market with little availability. The 2010 census figures

suggest a higher rental vacancy rate and lower ownership rate, which are more in line with the county, state and national trends as shown in Table 5-6.

Table 5-6: Vacancy Rates by Tenure, 2000, 2010 and 2013

Tenure	2000	2010	2013	County 2013	MA 2013	Nation 2013
Rental	1.4%	6.5%	0.0%	4.3%	5.0%	7.3%
Homeowner	1.2%	1.9%	2.9%	1.0%	1.3%	2.2%

Source: US Census Bureau, 2000 and 2010 and American Community Survey
Estimates for 2013.

5.4 Housing Market Conditions – Housing costs remain very 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 1980, 1990, 2000 and 2010 Decennial U.S. Census figures
- The U.S. Census Bureau’s 2013 American Community Survey 5-year Estimates, 2009-2013
- The Warren Group’s median income statistics and sales volume by year, from 2000 through March 2015
- Multiple Listing Service data
- Town Assessor’s data
- Craigslist and other Internet listings

Table 5-7: Housing Values of Owner-occupied Units, 1990 to 2013

Price Range	1990		2000		2010		2013	
	#	%	#	%	#	%	#	%
Less than \$50,000	5	0.4	10	0.7	0	0.0	0	0.0
\$50,000 to \$99,999	6	0.5	0	0.0	41	2.8	40	2.8
\$100,000 to \$149,999	44	3.8	0	0.0	0	0.0	0	0.0
\$150,000 to \$199,999	94	8.2	35	2.6	0	0.0	13	0.9
\$200,000 to \$299,999	409	35.6	168	12.6	17	1.2	0	0.0
\$300,000 to \$499,999	365	31.8	599	44.8	206	14.1	202	14.0
\$500,000 to \$999,999	225	19.6	453	33.9	798	54.5	703	48.8
\$1 million or more			71	5.3	402	27.9	483	33.5
Total	1,148	100.0	1,336	100.0	1,464	100.0	1,441	100.0
Median (dollars)	\$306,800		\$419,600		\$743,200		\$801,400	

Source: U.S. Census Bureau, 1990, 2000, and 2010 Summary File 3 and American Community Survey 5-Year Estimates, 2009-2013.

Homeownership

Census data also provides information on housing values as summarized in Table 5-7 for owner-occupied units. The 2009-2013 American Community Survey estimates indicate that the median house value was \$801,400, almost double the median in 2000 of \$419,600, and 161% the 1990 median of \$306,800. The 2013 estimate for the median assessed value is significantly higher than the 2013 median single-family home sales price of \$693,500 from The Warren Group (see Table 5-8).

As Table 5-7 indicates, there is little affordability remaining in the ownership housing stock with only 53 units valued below \$300,000. On the other hand 82% of all owner-occupied housing units were valued at more than \$500,000, including one-third beyond \$1 million. Even in 1990 there were relatively few units that were valued affordably with 149 assessed below \$200,000 and by 2000 there were only 45 such units, very likely very small and in poor condition.

Table 5-8 provides The Warren Group data on median sales prices and number of sales from 2000 through March of 2015, offering a long-range perspective on sales activity. This data is tracked from Multiple Listing Service (MLS) information based on actual sales. The median sales price of a single-family home as of March of 2015 was \$762,000 based on only a small sample of five (5) sales. This median is somewhat higher than that as of the end of 2014 of \$750,000. These values document not only a very high-end housing market, but also a resilient one that did not appear to suffer the effects of the fiscal crisis of a few years ago with a historically high median of \$762,500 in 2011. The number of single-family home sales has also remained relatively comparable to historic levels of 65 sales.

Table 5-8: Median Sales Prices and Number of Sales, 2000 through March 2015

Year	Months	Single-family		Condominiums		All Sales	
		Median	# Sales	Median	# Sales	Median	# Sales
2015	Jan-March	\$762,000	5	--	--	\$823,000	10
2014	Jan – Dec	750,000	65	508,000	11	662,750	88
2013	Jan – Dec	693,500	54	362,500	8	640,000	72
2012	Jan – Dec	696,250	58	437,000	9	652,000	82
2011	Jan – Dec	762,500	57	394,000	11	687,500	80
2010	Jan – Dec	728,750	64	369,500	16	600,000	93
2009	Jan – Dec	599,500	52	448,000	7	581,000	73
2008	Jan – Dec	730,000	58	250,000	8	697,000	89
2007	Jan – Dec	675,000	65	440,000	10	649,000	85
2006	Jan – Dec	710,000	59	460,000	13	674,000	82
2005	Jan – Dec	725,000	56	415,000	31	542,000	98
2004	Jan – Dec	584,000	44	370,000	17	550,000	69
2003	Jan – Dec	690,000	47	350,000	17	575,000	79
2002	Jan – Dec	500,000	63	310,000	9	500,000	88
2001	Jan – Dec	537,000	73	245,000	15	509,000	103
2000	Jan – Dec	430,000	53	249,000	13	400,000	91

Source: The Warren Group/Banker & Tradesman, May 1, 2015

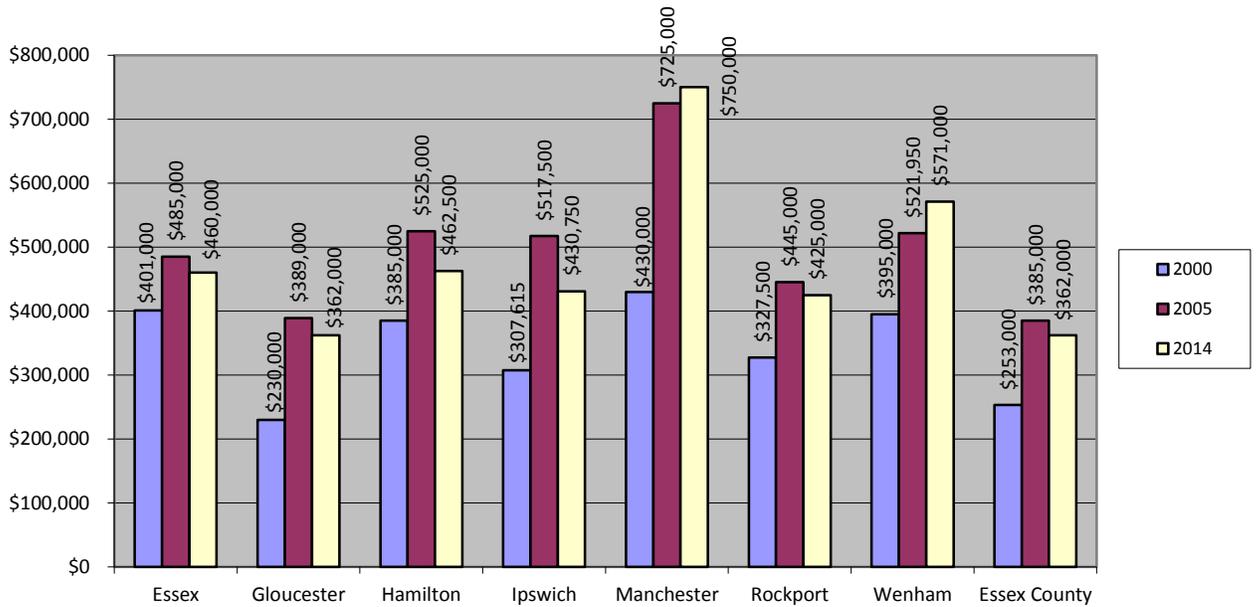
The condo market has experienced more volatility in terms of both values and number of sales. The highest median sales price was \$508,000 as of the end of 2014, up from only \$362,500 in

2013. Based on the relatively small size of the condo market,²² with sales ranging between seven (7) and seventeen (17) annually, a very low or high-priced sale can significantly affect the median and thus skew the figure up or down accordingly.

Manchester’s housing prices have been the highest in the area and were more than double the median sales price of single-family homes for Essex County in 2014, \$750,000 versus \$362,000, as demonstrated in Figure 5-2. Only Manchester and Wenham’s median housing values have surpassed 2005 ones, when the housing market was at its height for most communities prior to the “bursting of the housing bubble”.

Figure 5-2

Median Single-Family Home Values



Another analysis of housing market data is presented in Table 5-9, which breaks down sales data from the Multiple Listing Service as compiled by *Banker & Tradesman* of The Warren Group for single-family homes and condominiums. This table provides a snapshot of the range of sales for April 2014 through March 2015. There were 78 total sales, including 61 single-family homes and 17 condos. Units that sold below \$200,000, and were therefore roughly affordable to those earning at or below 80% of area income, included two (2) single-family homes but it is likely that these units were very small and in poor condition. On the other hand, a quarter of all single-family homes were sold for more than \$1 million with four (4) between \$2 million and \$2.8 million as well as a house that sold for \$4.5 million, representing a significant luxury market.

²² Assessor’s data count 188 condos.

Table 5-9: Single-family House and Condo Sales, April 2014 through March 2015

Price Range	Single-families		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	2	3.3	0	0.0	2	2.6
\$200,000-299,999	0	0.0	3	17.6	3	3.8
\$300,000-399,999	0	0.0	1	5.9	1	1.3
\$400,000-499,999	2	3.3	4	23.5	6	7.7
\$500,000-599,999	10	16.4	3	17.6	13	16.7
\$600,000-699,999	9	14.8	6	35.3	15	19.2
\$700,000-799,999	11	18.0	0	0.0	11	14.1
\$800,000-899,999	2	3.3	0	0.0	2	2.6
\$900,000-999,999	4	6.6	0	0.0	4	5.1
\$1 million- \$1,999,999	16	26.2	0	0.0	16	20.5
Over \$2 million	5	8.2	0	0.0	5	6.4
Total	61	100.0	17	100.0	78	100.0

Source: Banker & Tradesman, May 1, 2015

Note: Did not include 2 prices of \$20,000 and \$40,000 as they were not likely arms-length sales.

Town Assessor data on the assessed values of residential properties in Manchester is presented in Tables 5-10 and 5-11, as well as Figure 5-3, 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 5-10 provides information on the assessed values of single-family homes and condominiums. This data shows that Manchester had 1,581 single-family properties, and there were only six (6) such units that were valued below \$200,000 with only another 122 units assessed between \$200,000 and \$400,000. Almost half of the units (48.3%) were assessed between \$400,000 and \$700,000. The remaining 689 units, or 43.6% of the single-family homes, were valued beyond \$700,000, most of which were assessed at over \$1 million. This luxury market is clearly visible in the second curve of units over \$900,000 in Figure 5-4. The median assessed value was \$655,000, significantly less than the median sales price of \$750,000 as of the end of 2014 according to The Warren Group.

Condominiums are a relatively small segment of Manchester’s housing stock with only 188 such units. Not surprisingly, the condos were assessed more affordably on a whole than the single-family homes with 22 units assessed below \$200,000 and another 95 or half of these units assessed between \$200,000 and \$400,000. The median assessed value was \$341,400, about two-thirds of the median sales price of \$508,000 based on The Warren Group’s *Banker & Tradesman* data.²³

The net loss of rental units over the past several decades might be partially explained by some conversion of large and small multi-family properties to single-family use or condos. Given continuing strong market conditions, condo conversions may likely continue.

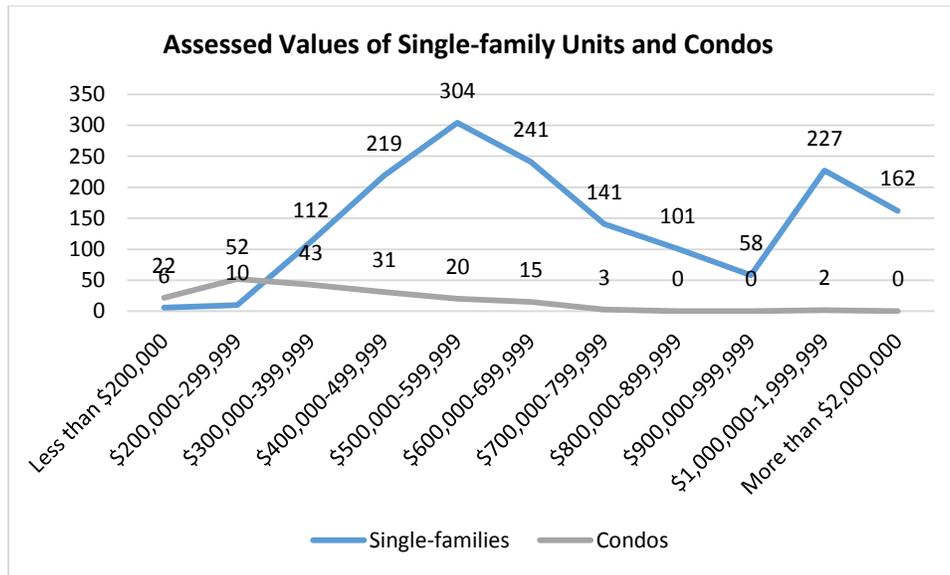
²³ Because this data involved such a small sample of only eleven (11) sales, the median could easily have been skewed upwards based on a couple or even one high-priced sale.

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

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	6	0.4	22	11.7	28	1.6
\$200,000-299,999	10	0.6	52	27.7	62	3.5
\$300,000-399,999	112	7.1	43	22.9	155	8.8
\$400,000-499,999	219	13.9	31	16.5	250	14.1
\$500,000-599,999	304	19.2	20	10.6	324	18.3
\$600,000-699,999	241	15.2	15	8.0	256	14.5
\$700,000-799,999	141	8.9	3	1.6	144	8.1
\$800,000-899,999	101	6.4	0	0.0	101	5.7
\$900,000-999,999	58	3.7	0	0.0	58	3.3
\$1 million-\$1,999,999	227	14.4	2	1.1	229	12.9
Over \$2 million	162	10.2	0	0.0	162	9.2
Total	1,581	100.0	188	100.0	1,769	100.0

Source: Manchester Assessor, Fiscal Year 2015.

Figure 5-3



Assessor’s data for multi-unit properties, as summarized in Table 5-11, indicates that smaller multi-family structures or properties with more than a single house on a lot also represent a relatively small segment of Manchester housing. There are 88 two-family homes (176 units), 24 three-families (72 units), and 56 lots with multiple dwelling units. These properties also involve high values with the median two-family house assessed at \$568,200, the three-families at \$639,400, and multiple dwellings on a single lot at \$1,325,900. More than a third (36.3%) of the total 168 properties were assessed beyond \$1 million.

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

Assessment	2-unit Properties		3-unit Properties		Multiple Houses on 1 Lot/4-8 Unit Properties		Total Properties	
	#	%	#	%	#	%	#	%
Less than \$200,000	0	0.0	0	0.0	0	0.0	0	0.0
\$200,000-299,999	0	0.0	0	0.0	0	0.0	0	0.0
\$300,000-399,999	3	3.4	0	0.0	0	0.0	3	1.8
\$400,000-499,999	19	22.6	1	4.2	0	0.0	20	11.9
\$500,000-599,999	32	36.4	9	37.5	3	5.4	44	26.2
\$600,000-699,999	11	12.5	5	20.8	4	7.1	20	11.9
\$700,000-799,999	3	3.4	4	16.7	3	5.4	10	5.9
\$800,000-899,999	1	1.1	3	12.5	0	0.0	4	2.4
\$900,000-999,999	4	4.5	1	4.2	1	1.8	6	3.6
\$1 million-\$1,999,999	9	10.2	0	0.0	12	21.4	21	12.5
Over \$2 million	6	6.8	1	4.2	33	58.9	40	23.8
Total	88	100.0	24	100.0	56	100.0	168	100.0

Source: Manchester Assessor, Fiscal Year 2015.

The Town has other types of residential properties that include:

- Nine (9) properties that include four (4) to eight (8) units that ranged in value from \$527,600 to \$965,000.
- Four (4) larger multi-family properties with more than eight (8) units that ranged between \$1,051,900 and \$2,501,800 in value.
- Thirty (30) mixed residential and commercial properties that ranged from \$373,300 to \$2,368,000 in value.

Rentals

Table 5-12 presents information on rental costs from 1980 to 2013 based on U.S. Census Bureau figures.

Table 5-12: Rental Costs, 1990 to 2013

Gross Rent	1980		1990		2000		2010		2013	
	#	%	#	%	#	%	#	%	#	%
Under \$200	101	15.3	72	10.3	17	2.7	0	0.0	0	0.0
\$200-299	127	19.2	27	3.9	77	12.2	121	19.2	37	6.0
\$300-499	292	44.2	65	9.3	9	1.4	22	3.5	29	4.7
\$500-749	77	11.6	274	39.2	145	22.9	0	0.0	57	9.3
\$750-999			135	19.3	207	32.8	51	8.1	50	8.1
\$1,000-1,499			71	10.2	100	15.8	201	31.9	190	30.9
\$1,500 +			49	7.8	191	30.3	193	32.2		
No Cash Rent	64	9.7	55	7.9	28	4.4	44	7.0	58	9.4
Total*	661	100.0	699	100.0	632	100.0	630	100.0	614	100.0
Median Rent	\$342		\$648		\$780		\$1,167		\$1,355	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 3 and 2009-2013 American Community Survey 5-Year Estimates, 2009-2013.

The rental market has changed substantially as the median rent almost doubled between 1980 and 1990, going from \$342 per month to \$648, and then doubled again between 1990 and 2013, to \$1,355 according to census estimates. In 1990, about 10% of the rents were more than \$1,000 which increased to 63% by 2013. It is also important to note that the census counts include 108 subsidized units, representing about 18% of all rental units in Manchester thus making the rentals in Table 5-12 appear more affordable than they really are.

There are very few listings of rental opportunities in Manchester but what few exist suggest that market rents are higher than the \$1,355 gross monthly rents indicated by 2013 census estimates. Updated information from *Craigslist* and other internet listings in early May 2015 included the following listings for Manchester:

- Room for rent with 200 square feet on Raymond Street for \$675
- A two-bedroom with one bath for \$1,050
- A one-bedroom on Union Street with 960 square feet for \$1,600
- A two-bedroom apartment with 900 square feet for \$2,250
- A four-bedroom, 1½ bath unit with 2,500 square feet for \$3,450
- A four-bedroom condo/townhouse with 2 baths for \$3,969
- A single-family home with three bedrooms and one bath for \$5,169

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 \$2,000 apartment, that totals potentially as much as \$6,000 in up-front cash, an amount that many prospective tenants do not have available.

5.5 Affordability Analysis

Affordability Gaps

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 residents' ability to afford them. Tables 5-13 and 5-14 look at affordability from two different vantage points. Table 5-13 calculates what households earning at various income levels can afford with respect to types of housing, and Table 5-14 examines some of the housing costs summarized above in Section 5.4, estimating what households must earn to afford these prices *based on spending no more than 30% of their income on housing expenses*, the commonly applied threshold of affordability.

In addition to showing how different types of housing are more or less affordable to households earning at different income levels, Table 5-13 also indicates that the amount of down payment has a substantial bearing on what households can afford. Only a few 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 (now the ONE Mortgage Program) or MassHousing mortgage programs. After the financial crisis, lenders have been 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 5-13 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 5-13: Affordability Analysis I
Maximum Affordable Prices Based on Income Levels

Type of Property	Income Level	30% of Monthly Income	Estimated Max. Affordable Price 5% Down ***	Estimated Max. Affordable Price 20% Down ***
Single-family	Town Median Income = \$115,650*	\$2,891.25	\$500,000.00	\$600,000.00
	100% AMI = \$88,700**	\$2,217.50	\$382,000.00	\$460,000.00
	80% AMI = \$62,750**	\$1,568.75	\$281,500.00	\$324,000.00
Condominium	Town Median Income = \$115,650*	\$2,891.25	\$457,000.00	\$549,000.00
	100% AMI = \$88,700**	\$2,217.50	\$340,000.00	\$408,000.00
	80% AMI = \$62,750**	\$1,568.75	\$236,000.00	\$272,000.00
Two-family	Town Median Income = \$115,650*	\$2,891.25	\$630,500.00	\$758,000.00
	100% AMI = \$88,700**	\$2,217.50	\$513,000.00	\$617,000.00
	80% AMI = \$62,750**	\$1,568.75	\$418,500.00	\$481,000.00
		30% of Monthly Income	Estimated Utility Cost	Affordable Monthly Rental
Rental	Town Median Income = \$115,650*	\$2,891.25	\$175.00	\$2,716.25
	100% AMI = \$88,700	\$2,217.50	\$175.00	\$2,042.50
	80% AMI = \$62,750**	\$1,568.75	\$175.00	\$1,393.75
	50% AMI = \$44,350**	\$1,108.75	\$175.00	\$933.75
	30% AMI = \$26,600**	\$665.00	\$175.00	\$490.00

Source: Calculations provided by Karen Sunnarborg.

* Based on the U.S. Census Bureau’s American Community Survey estimate for 2013 for Manchester.

** HUD 2015 Income Limits for the Boston area for a household of three (3), which is the average household size in Manchester (2.52 persons). The 100% AMI figure based on multiplying the 50% AMI figure by two (2).

*** Figures based on interest rate of 4.0%, 30-year term, annual property tax rate of \$10.84 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 \$1,000 or \$750. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the ONE Mortgage Program or other subsidized mortgage program that would not require PMI.

Table 5-13 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 \$281,500 with a 5% down payment, but a condo for only \$236,000, assuming a condo fee of \$250 per month. The same household is estimated to be able to buy a two-family house for \$418,500 as it can conservatively charge at least \$1,000 per month in rent, which is considered as income in mortgage underwriting, usually at about 75% of the rent level or \$750. It is therefore not surprising that the two-family house has been successful as starter housing in many of the state’s older communities when zoning allowed this type of housing.

Table 5-13 also examines what renters can afford at three (3) different income levels. For example, a three-person household earning at 50% of area median income and earning \$44,350 annually could afford an estimated monthly rental of about \$933.75, assuming they are paying no more than 30% of their income on housing and pay utility bills that average \$175 per month. A rental this low is increasingly difficult to find in Manchester, where the lowest rental advertised in early May 2015 for a two-bedroom apartment in Craigslist was \$1,050, 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.

Table 5-14 examines affordability from another angle, going from specific housing costs to income instead of the other way around, as was the case in Table 5-13. 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 the end of 2014 of \$750,000, a household would have to earn approximately \$173,000 if they were able to access 95% financing, about \$144,000 with 80% financing.

The median condo price was \$508,000 as of the end of 2014, requiring an income of approximately \$127,500 with 5% down and \$108,000 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 \$101,250 or \$79,400 based on 95% and 80% financing, respectively.

**Table 5-14: 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	\$750,000.00/2014	\$712,500.00	\$600,000.00	\$173,000.00	\$144,000.00
Condominium	\$508,000.00/2014	\$482,600.00	\$406,400.00	\$127,500.00	\$108,000.00
Two-family	\$568,200.00/2015	\$539,790.00	\$454,560.00	\$101,250.00	\$79,400.00
	Estimated Market Monthly Rental ***	Estimated Monthly Utility Costs	Income Required		
Rental					
One-bedroom	\$1,000.00	\$125.00	\$45,000.00		
Two-bedroom	\$1,355.00	\$175.00	\$61,200.00		
Three-bedroom	\$2,000.00	\$225.00	\$89,000.00		

Source: Calculations provided by Karen Sunnarborg.

* From Banker & Tradesman Town Stats data, May 1, 2015 for single-family homes and condos as of the end of 2014. Used FY'15 Assessor's data for the two-family example.

** Figures based on interest of 4.0%, 30-year term, annual property tax rate of \$10.84 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 \$1,000 or \$750.

In regard to rentals, using the gross median rent of \$1,355 based on 2013 census estimates, an income of \$61,200 would be required assuming \$175 per month in utility bills and housing expenses of no more than 30% of the household's income. This income is not much lower than 80% of the Boston area median income level of \$62,750 for a household of three (3). 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 income needed to afford this rent. While there are rents that fall below this level, particularly subsidized rents, market rents tend to be beyond the reach of lower wage earners and even some middle-income households.

Through the combination of information in Tables 5-13 and 5-14, it is possible to compute the affordability gap, typically defined as the difference between what a median income household can afford and the median priced unit on the market. The affordability gap for single-family homes was \$150,000, based on the difference between what a median income household could afford of \$600,000 (for an average household of three and 80% financing) and the median house price of \$750,000. Moreover, this analysis assumes 80% financing and the ability to afford the upfront cash requirements for the down payment and closing costs of at least \$160,000, something most first-time homebuyers without equity in a previous home are typically challenged to provide. These cash requirements in effect add about \$160,000 to the affordability gap in the case of 80% financing.

When looking at the affordability gap for those earning at 80% of area median income, the gap widens considerably to about \$426,000, the difference between the median priced single-family home of \$750,000 and what a three-person household earning at this income level can afford, or \$324,000, based on 80% financing. In regard to 95% financing the gap increases to \$468,500. 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 median income earning household can afford the median condo price of \$508,000 based on 80% financing. There is a gap however in the 95% financing example where a household earning at median income could afford no more than \$457,000, thus creating an affordability gap of \$51,000. This gap widens to \$272,000 for households earning at 80% AMI for 95% financing and \$236,000 for 80% financing.

There are no affordability gaps for the two-family house for the median income earning household under both the 95% and 80% financing scenarios. There are gaps however for those earning at the 80% AMI level of \$149,700 and \$87,200 for the 95% and 80% financing examples, respectively.

Table 5-15 estimates how many single-family homes and condos exist in Manchester that were affordable within various income categories. There were only 12 single-family homes and 38 condos affordable to those earning at or below 80% of the area median income (AMI) for a total of 50 units or 2.8% of all these units. Another 639 single-family homes and 115 condos were affordable to those earning between 80% of the Boston area median income and the median income level for Manchester for a total of 753 units or 42.6% of all such units. The majority of units, 54.6%, were affordable to those earning beyond the town's median income level including 930 single-families and only 35 condos. These levels suggest very limited affordability in the community's private housing stock.

**Table 5-15: Affordability Analysis III
Relative Affordability of Single-family and Condo Units in Manchester, 2015**

Price Range Single- family/Condo	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
Less than \$281,500/ Less than \$236,000	Less than 80% AMI	12	0.8	38	20.2
\$281,501-\$460,000/ \$236,001-\$408,000	80% AMI – 100% AMI	225	14.2	81	43.1
\$460,001-\$600,000/ \$408,001-\$549,000	100% AMI – Town’s Median Income	414	26.2	34	18.1
More than \$600,000/ more than \$549,000	More than Town’s Median Income	930	58.8	35	18.6
Total		1,581	100.0	188	100.0

Source: Manchester Assessor’s Database for fiscal year 2015. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price. Figures based on the analysis included in Table 5-13.

Table 5-16 demonstrates some need for more affordable homeownership opportunities in Manchester, certainly for those earning at or below 80% of area median income. These calculations suggest that of the 200 owner households who were estimated to have earned at or below 80% of AMI, there were only 12 single-family homes and 38 condos that would have been affordable to them based on Fiscal Year 2015 assessed values and other noted assumptions from Table 5-13. This implies a projected deficit of 150 units for those earning at or below 80% of median income. Alternatively, HUD data from Table 5-18 suggests that 183 owners in this income range were spending too much of their income on housing and thus were not living in housing that by common definition was affordable. The table includes these two (2) different calculations with deficits even projected in the upper income ranges based on HUD data on cost burdens.

Table 5-16: Homeownership Need/Demand Analysis, 2015

Income Group	Income Range*	Affordable Sales Prices Single-family/Condos	# Owner Households*	# Existing Affordable Units**	Deficit -/ Surplus+
Less than 80% AMI	\$62,750 and less	Up to \$281,500/\$236,000	200	50	-150 units
				17	-183 units
80% AMI to 100% AMI	\$62,751 to \$88,700	\$281,501-\$460,000/ \$236,001-\$408,000	45	306	+261 units
				15	-30 units
100% AMI to Town’s median Income	\$88,701 to \$115,650	\$460,000-\$600,000/ \$408,001-\$549,000	269	447	+178 units
				104	-165

Sources: US Census Bureau’s American Community Survey, 2009-2013 5-Year Estimates. Manchester Assessor’s data for Fiscal Year 2015. See analysis and assumptions in Table 5-13.

* Data from Table 5-18 and extrapolated data from Table 4-2.

** There are two (2) types of calculations presented. The first in yellow shading reflects the number of units in the Assessor’s database within the range of affordable unit prices based on estimates in Table 5-13 and Table 5-15. The second figures in the non-shaded areas are based on the number of units that were estimated to involve owners spending too much on their housing from Table 5-18.

Table 5-17 indicates that there is a shortage of affordable rental units with an estimated deficit of 250 units for households earning less than 100% of area median income.

Table 5-17: Rental Unit Need/Demand Analysis, 2015

Income Group	Income Range	Affordable Rent	# Renter Households	# Existing Affordable Units	Deficit -/ Surplus+
Less than 30% AMI	\$26,600 and less	\$490 and less	120	55	-65
Between 30% and 50% AMI	\$26,601 to \$44,350	\$491 to \$934	40	0	-40
Between 50% and 80% AMI	\$44,351 to \$62,750	\$935 to \$1,394	125	15	-110
Between 80% And 100% AMI	\$62,751 to \$88,700	\$1,395 to \$2,042	60	25	-35
Total			345	95	-250

Sources: US Census Bureau's American Community Survey, 2009-2013 5-Year Estimates. Manchester Assessor's data for Fiscal Year 2015. See analysis and assumptions in Table 5-13.

*Data from Table 5-18.

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 U.S. 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 or cost burdens, defined as spending more than 30% of their income on housing.

Based on 2013 estimates from the Census Bureau's American Community Survey, there were 73 households, or 5% of the homeowners in Manchester, spending between 30% and 34% of their income on housing and another 341 owners, or 24%, spending more than 35% of their income on housing expenses. Thus about 29% of all owners were overspending on housing based on these estimates.

In regard to renters, 70 renters who were paying rent, or 12.6%, were spending between 30% and 34% of their income on housing and another 214 or 38.5% were allocating 35% or more of their income for housing, for a total of 284 renters who were overspending or more than half of all renters who pay rent (51.1%). This data suggests that *almost 700 households or an estimated one-third of all Manchester households were living in housing that is by common definition beyond their means and unaffordable.*

The Department of Housing and Urban Development (HUD) provides additional data on cost burdens through its State of the Cities Data System's Comprehensive Housing Affordability Strategy (CHAS) report, which is summarized in Table 5-18. The table shows how many households were included in the particular category (by income and household type), how many were spending between 30% and 50% of their income on housing, and how many were spending more than half of their income on housing. For example, the first cell indicates that there were 75 elderly renter households estimated by the Census Bureau's American Community Survey in 2011 with 10 spending between 30% and 50% of their income on housing and another 25 spending more than half.

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

Other key findings from this data include the following:

This HUD data suggests that about one-third of all Manchester households were spending too much on their housing including more than 10% spending more than half of their income on housing. Of those 485 households earning within 80% MFI, 398 were experiencing cost burdens with 123 or 25% spending more than half of their income on housing costs.

Renters

- Two-thirds of all renters earning at or below 80% MFI were spending too much on housing with another 25 spending more than 50% of their income on housing costs (with severe cost burdens).
- Given that the town has approximately 100 subsidized

rentals, it is surprising that the data suggests that only 70 renter households earning below 80% MFI were living without cost burdens.

- Even some renters earning above 80% MFI were experiencing cost burdens, once again a testament to the community's high housing costs.
- Older adults age 62 years of age or older were experiencing the greatest cost burdens in terms of numbers and prevalence of severe cost burdens. Of the 135 senior renter households, 85 or 63% were spending too much and 35 or 26% who were spending more than half of their income on housing.
- There were 95 small family renters earning at or below 80% MFI that included 80 who were spending too much on their housing with another 195 renters earning above that level that included only 35 with cost burdens.
- This data indicates that there were no large family households that were renting in Manchester with the exception of 15 households earning above 100% MFI who were likely renting single-family homes.
- Almost all of the "other" households (non-elderly, non-family), mostly single individuals, were experiencing cost burdens but none were paying more than half of their income on housing.

Table 5-18: Type of Households by Income Category and Cost Burdens, 2011

Type of Household	Households earning < 30% MFI/# with cost burdens **	Households earning > 30% to < 50% MFI/ # with cost burdens	Households earning > 50% to < 80% MFI/# with cost burdens	Households earning > 80% to < 100% MFI/# with cost burdens	Households Earning > 100% MFI/ # with cost burdens	Total/ # with cost burdens
Elderly Renters	75/10-25	10/10-0	30/30-0	20/0-10	65/15-0	200/65-35
Small Family Renters	0/0-0	15/15-0	80/65-0	40/25-0	155/10-0	290/115-0
Large Family Renters	0/0-0	0/0-0	0/0-0	0/0-0	15/0-0	15/0-0
Other Renters	45/30-0	15/15-0	15/15-0	0/0-0	60/15-0	135/75-0
Total Renters	120/40-25	40/40-0	125/110-0	60/25-10	295/40-0	640/255-35
Elderly Owners	40/30-10	45/0-45	60/25-20	15/0-15	300/40-10	460/105-100
Small Family Owners	0/0-0	20/15-4	20/15-4	0/0-0	730/60-10	770/90-18
Large Family Owners	0/0-0	0/0-0	0/0-0	15/15-0	60/0-20	75/15-20
Other Owners	15/0-15	0/0-0	0/0-0	15/0-0	70/0-25	100/0-40
Total Owners	55/30-25	65/15-49	80/40-24	45/15-15	1,160/100-65	1,405/200-178
Total	175/70-50	105/55-49	205/150-24	105/40-25	1,455/140-65	2,045/455-213

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey, 2011. ** First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing (with cost burdens) – and third number includes those paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households.

Owners

- Almost 92% of the 200 owner households earning at or below 80% MFI were spending too much on their housing, and about half (98 households) were spending more than half of their income on housing costs.
- As was the case with renters, adults age 62 years of age or older were experiencing the greatest cost burdens in terms of numbers and prevalence of severe cost burdens. Of the 160 senior households earning within 100% MFI, almost all were paying too much for their housing (91%) and 90 or 56% were experiencing severe cost burdens as they were spending more than half of their income on housing.
- There were few families who were homeowners in Manchester that earned within 100% MFI. Of these 55 families, all but two (2) were experiencing cost burdens with only eight

(8) having severe cost burdens. It is worth noting that one-third of the 60 large families that earned more than 100% MFI were spending more than half of their income on housing.

- Of the 100 total “other” individual homeowners (non-elderly and non-family), 40 or 40% were spending more than half of their income on housing.

Foreclosure Activity

Also related to housing affordability is the issue of *foreclosures*, which has been a problem for many homeowners across the country since the “bursting of the housing bubble” more than half a decade ago. There has been some limited foreclosure activity in Manchester with less than a handful of homeowners losing their homes as shown in Table 5-19.

Table 5-19: Foreclosure Activity, 2007 through May 15, 2015

Year	Petitions to Foreclose	Foreclosure Auctions
1/1/15 through 5/15/15	2 (both on Bridge Street)	0
2014	3 (Bridge Street, Pine Street and Tuck’s Point Road)	0
2013	1 (Norwood Avenue)	1 (Sky Top Drive)
2012	3 (Andrews Avenue, Rosedale Avenue and Summer Street)	2 (Old Essex Road and School Street)
2011	1 (Harrington Way)	1 (Hidden Ledge Road)
2010	2 (Rosedale Avenue and School Street)	0
2009	0	0
2008	0	0
2007	0	0
Total	12	4

Source: The Warren Group, May 16, 2015.

5.6 Subsidized Housing Inventory (SHI)

The state currently lists 110 affordable housing units in Manchester’s state-approved Subsidized Housing Inventory (SHI), representing 4.84% of the total year-round housing stock of 2,275 units. Another three (3) units are eligible for inclusion in the SHI that will bring the total to 113 units or 4.97%. Consequently the Town is halfway towards meeting the state’s affordability threshold under Chapter 40B.²⁴ This means that Manchester has a gap of 115 affordable units to meet the state’s 10% threshold of affordability without considering future growth that will increase the number of year-round units and the 10% goal somewhat over time.

Many communities in the state have been confronting challenges in boosting their relatively limited supply of affordable housing. The affordable housing levels for Manchester and neighboring communities are visually presented in Figure 5-4. Affordable housing production varies substantially among these communities, ranging from a low of 2.7% and 3.0% for Essex

²⁴ 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 Hamilton, respectively, to a high of 8.6% and 8.7% for Ipswich and Wenham. Manchester is in the mid-range at about 5.0%.

Figure 5-4

SHI Units for Manchester and Neighboring Communities

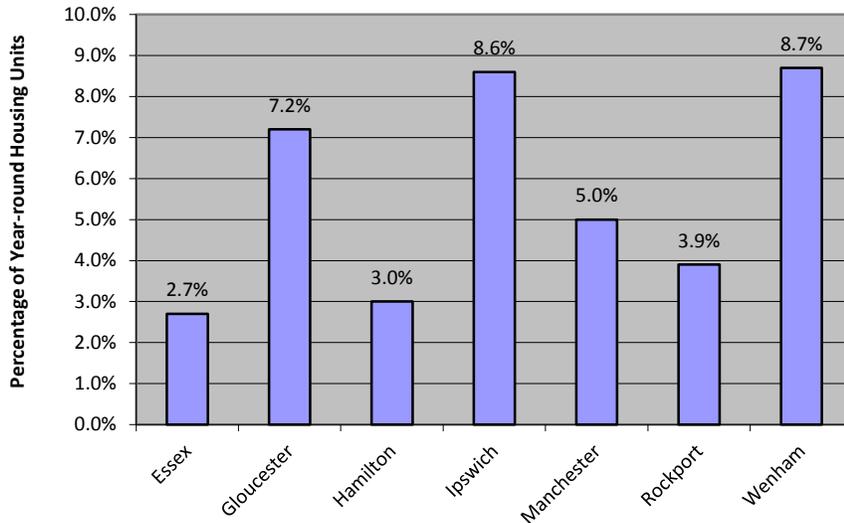


Table 5-20 summarizes the units included in the Subsidized Housing Inventory (SHI) as of April 13, 2015, which is the list of affordable dwelling units that the state recognizes as eligible for counting towards Manchester’s 10% state affordability goal or annual housing production goals. Almost all of Manchester’s SHI units are rentals with five (5) first-time homeownership units included in the unit mix at 10-12 Summer Street. The three (3) units at 31 Central Street are eligible for inclusion in the SHI as “off-site” units required under the Town’s inclusionary zoning bylaw for the Summer Hill project. The Town needs to prepare a Local Initiative Program (LIP) Local Action Unit (LAU) application with supportive documentation to obtain DHCD’s approval for their addition.

Table 5-20: Manchester’s Subsidized Housing Inventory (SHI)

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of 40B	Affordability Expiration Date
Newport Park Road*	32	Rental/DHCD – elderly and younger disabled ²⁵	No	Perpetuity
The Plains of Old Essex Road*	48	Rental/DHCD – elderly and younger disabled	No	Perpetuity
Loading Place Road*	4	Rental/DHCD – family	No	Perpetuity
10-12 Summer Street**	26	Mix/DHCD, FHLBB, MassHousing	Yes	Perpetuity
TOTAL as of 4-13-15	110			
31 Central Street	3	Rental/DHCD LIP/LAU	No	Perpetuity
TOTAL	113			

Source: Massachusetts Department of Housing and Community Development, April 13, 2015

* Manchester Housing Authority units **This project was developed by the MHA but is now managed by Wingate Management Company with the Harborlight Community Partners monitoring affordability.

²⁵ The Housing Authority reserves 13.5% of their units for those who are 60 years of age or less and have a disability.

Table 5-21: Manchester Housing Authority Housing Wait Lists

Project	Type**	# Units	# Bedrooms	Wait List	Wait Times Local/Non-local Applicants*
Newport Park Road	State/Elderly and younger disabled	32	All 1-bed units	75 applicants	Turnover of only about five (5) units/year
The Plains of Old Essex Road	State/Elderly and younger disabled	48	All 1-bed units		
Loading Place Road	State/Family	4	All 3-bed units		
10-12 Summer Street (now managed by Wingate Management Co.)	Mix of retail, rental and ownership	26	Mix	7 applicants for affordable studios and 11 for the affordable 2-bedroom units (1 a Manchester resident)	4-6 rental units have turned over past 2 years.

Source: Manchester Housing Authority, as of May 20, 2015.

* 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.

Table 5-21 provides a breakdown of the Manchester Housing Authority (MHA) units, including the number of units and bedrooms as well as waitlists. There was a total of 80 units for the elderly and younger disabled and four (4) family units that are managed by MHA. It also indicates the numbers of applicants on the wait list who are Manchester residents and those who currently reside outside of Manchester. The wait list for family units is closed as there are so many applicants. The MHA has four (4) handicapped accessible units.

A particularly noteworthy project is 10-12 Summer Street that replaced several dilapidated buildings in the downtown with 5,000 square feet of retail space and 39 residential units. Five (5) of these units are condos for first-time homebuyers earning at or below 80% of area median income (AMI), the remainder being rentals that include 17 apartments for those earning within 60% AMI, the remaining four (4) at market rents of about \$1,600 for the two-bedroom units and \$855 for the studio.²⁶ The Manchester Housing Authority developed the project after obtaining the financing to acquire the site that included a \$600,000 bond provided by the Town. Developed through the “friendly” Chapter 40B comprehensive permit process, other public financing included state HOME funds, additional HOME funds from the North Shore HOME Consortium, state Housing Innovation Funds (HIF), and Low Income Housing Tax Credits. The project is now managed by Wingate Management Company.

The MHA does not directly administer Section 8 Housing Choice Vouchers or the state’s Massachusetts Rental Voucher Program (MRVP) subsidies. These vouchers are provided to qualifying households renting units in the private housing market, filling the gap between an

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

established market rent – the Fair Market Rent (FMR) – and a portion of the household’s income. There is a considerable wait for these housing vouchers with the MassNAHRO Centralized Wait List of 80,000 applicants from 83 participating housing authorities, including Manchester’s.

Another three (3) units should be added to the SHI that were developed by Windover Development at 31 Central Street. The developer purchased and renovated an existing building and created these units on an offsite basis to comply with the inclusionary zoning requirement that was triggered by their project at 601 Summer Street.

Proposed or Potential Projects

At this point one project is proposed on Elm Street where Windover is planning to build 12 market rate units in six (6) duplex structures. Because of the Town’s inclusionary zoning bylaw, this development will necessitate the building of two (2) affordable units, which Windover intends to build off site.

5.7 Priority Housing Needs

Given the substantial numbers of residents who are paying too much for their housing (see Table 5-18) and the gaps between the need and supply of existing housing calculated in Tables 5-16 and 5-17, there is a pressing need to produce more subsidized housing units in Manchester. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by increasing housing prices in tandem with decreasing state and federal resources available to subsidize housing.

The Town intends to work with public and private sector stakeholders to devise and implement strategies that preserve and produce additional community housing options which are described in Section 8.

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

Rental housing is the top priority!

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

Indicators of Need:

- Almost one-fifth of all households earned less than \$35,000, including one-half of all renters. These households can afford no more than about \$725 per month, including utility costs, making it extremely difficult if not impossible to find affordable market rentals without spending too much on housing.

- Manchester’s renters are in fact spending too much for their housing. A HUD report indicates that two-thirds of all renters earning at or below 80% MFI were spending more than 30% of their income on housing, the commonly applied threshold for affordability, with another 25 spending more than 50% of their income on housing costs (with severe cost burdens).
- The gross median rent included in 2013 census estimates of \$1,355 would require an income of approximately \$61,200, assuming \$175 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 far short of the income needed to afford this rent. While there are some rentals that fall below this level, particularly subsidized rents, market rents tend to be way beyond the reach of lower wage earners.
- Renting an apartment in the private housing market also requires a substantial amount of upfront cash. Most apartments require first and last month’s rent plus a security deposit. For a \$1,200 apartment, that totals as much as \$3,600, an amount that many prospective tenants do not have available to them. Additionally most of Manchester’s rental opportunities are not advertised and consequently those who do have a special connection to the community or individual landlord are out of luck. Moreover, summer rentals drive up rental costs and limit the availability of year-round units.
- Calculations in Table 5-17 estimate that there is a shortage of 250 rental units for those households earning less than 100% of area median income.
- Census data suggests a loss of 89 rental units or 13.2% of the town’s rental housing between 1980 and 2010, most likely related to teardown and rebuilding activity and the conversion of small multi-family dwellings to single-family homes or condominiums.
- The 2013 census estimates suggest a zero percent vacancy rate for rental units down from 6.5% in 2010. While such an extreme change is questionable, it nevertheless reflects extremely tight market conditions in Manchester.

Rental Needs of Seniors

- The number of those 65 years of age and older grew by 64% between 1980 and 2013, from 644 to 1,056 residents, while the population as a whole increased by only 4.4%. The Metropolitan Area Planning Council (MAPC) projects that the number of seniors will increase by 63% between 2010 and 2030. Clearly housing alternatives to accommodate this increasing population of seniors – such as more handicapped accessibility, housing with supportive services, and units without substantial maintenance demands – should be considered in housing planning efforts.
- Older adults age 62 years of age or older who were renters were experiencing the greatest cost burdens in terms of numbers and prevalence of those with severe cost burdens. Of the 135 senior renter households, 85 or 63% were spending too much including 35 or 26% who were spending more than half 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.
- The Manchester Housing Authority has a waitlist of about 75 applicants for senior housing with only about a handful of units turning over each year.

Rental Needs of Families

- 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 Manchester Housing Authority (MHA) has only four (4) family rental units where only one (1) unit has turned over to date since they were built in the 1980s. Consequently, the Housing Authority has closed its wait list.
- Those families looking for a Section 8 Housing Choice Voucher or Massachusetts Rental Voucher Program subsidy (MRVP) must access the MassNAHRO Centralized Wait List including 80,000 applicants (typically families) from 83 participating housing authorities, Manchester's among them.

New ownership opportunities are second priority!

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

Indicators of Need:

- About 96% of the Town's existing subsidized housing units are rentals.
- Approximately 30% of all renter households earned enough to potentially qualify for subsidized first-time homebuyer opportunities if they become available.
- Housing remains expensive and those earning at or below 80% AMI are virtually shut-out of the private housing market. When looking at the affordability gap for those earning at 80% of area median income, the gap is estimated to be \$426,000, the difference between the median priced single-family home of \$750,000 and what a three-person household earning at this income level can afford, or \$324,000, based on 80% financing. In regard to 95% financing the gap increases to \$468,500. Additionally, the upfront costs of the down payment and closing costs add to the affordability gap.

- As presented in Table 5-16, of the 200 owner households who were estimated to have earned at or below 80% of AMI, there were only 12 single-family homes and 38 condos that would have been affordable to them based on Fiscal Year 2015 assessed values. This implies a projected deficit of 150 units for those earning at or below 80% of median income. Alternatively, HUD data from Table 5-18 suggests that 183 owners in this income range were spending too much of their income on housing and thus were not living in housing that by common definition was affordable.
- 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.
- Younger adults in the family formation stage of their lives, the 25 to 34-age range, also decreased significantly during this period, dropping to 6.3% of the population in 2013 from 14.0% in 1980, and from 757 to 326 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 shut out 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 2013 vacancy rate for homeownership units was 2.9%, reflecting extremely tight market conditions.

Based on annual housing production goals of 11 units per year, the above indicators of need and the fact that state subsidy funds are primarily available for rentals, family units in particular, this Housing Plan recommends the priority housing needs summarized in Table 5-22.

Integrate handicapped accessibility and supportive services into new development

Handicapped accessibility and supportive services should be integrated in at least 10% of the new units that are created.

Indicators of Need:

- Of all Manchester residents in 2013, 254 or 4.9% claimed a disability. While significantly lower than in other communities, this data indicates that there are still special needs within the Manchester community. For example, 105 are challenged to care for themselves.

- As mentioned above, the number of those 65 years of age and older have increased substantially and will continue to do so with the aging of the baby boomers. Increasing numbers of residents will need better access to housing and on-site supportive services.

Table 5-22: Summary of Housing Production Goals Based on Priority Needs

Type of Units	Target Populations	Annual Goals	5-Year Goals
Increase the number of affordable units			
Rental housing	Seniors (33%)	3	15
	Families (67%)	6	30
	Disabled (10% of all new units created)	(1)	(6)
First-time homeownership		2	10
Total		11	55

6. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

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

6.1 Infrastructure

A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services throughout many areas of town and some water capacity issues that raise concerns about the impacts of any new development on water supply and quality.

The Town's sewer system serves approximately two-thirds of the community with service primarily directed to the central areas of town. The outlying areas of Manchester must rely on septic systems. The state currently has a Consent Order with the town that restricts additions to the existing sewer system. The need to extend service, however, is further prompted by the town's poor soil quality that frequently does not adequately "perk".

Manchester's water supply system provides potable water to about 95% of all residents with about 80% of the water used for residential purposes. The primary sources of water are the Gravelly Pond Reservoir in Hamilton and the Lincoln Street Well in Manchester with a secondary source at the Round Pond Well #1. With a relatively new water treatment plant and chemical addition facility at Gravelly Pond as well as a chemical feed facility at the Lincoln Street Well, previous high levels of lead and copper have been significantly reduced. The Town, however, is under a Consent Order from the Department of Environmental Protection (DEP) regarding the Lincoln Street Well, specifically the need to replace the old pump house in Zone 1 with grass. Moreover, concerns have been raised about the prospects of polluted run-off reaching the Well, and the Town has, or will have, agreements with the Regional School District and Essex Country Club to insure maximum protection of this essential water resource.

Mitigation Measures

Town is currently conducting a Sewer Study (Comprehensive Wastewater Management Plan) to evaluate the sewage collection, treatment and disposal needs of the Town for the next 20 years. The Plan, required by Massachusetts Department of Environment Protection (DEP), recommends infrastructure enhancement projects to meet the community's needs.

6.2 Zoning

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

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

Multi-family development is limited under the Bylaw. Single Residence Districts limit housing development to single units and two-family development is allowed in Residence District D, either through new construction or conversion of single units to two. Housing development is limited to no more than four (4) units in the General District by special permit under certain conditions although an existing dwelling can be converted to three (3) units.

Table 6-1: Summary of Dimensional Requirements

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

Source: Town of Manchester Zoning Bylaw

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

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

- Inclusionary Housing*²⁷

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

Applicants have options in how they respond to this zoning. For example, a developer may offer to donate land off-site that the Planning Board determines to be suitable for the construction of affordable units with approval of the Board of Selectmen. The value of this donated land must be equal to or greater than the value of the construction or set-aside of the affordable units. Additionally, for homeownership developments, a cash payment in lieu of actual units may be paid to the Affordable Housing Trust.²⁸ The fee is calculated as the difference between the median sales price for the new single-family home built in Manchester during the preceding three (3) fiscal years as determined by the Board of Assessors, and the purchase price of a home that is affordable to a qualified purchaser. If the project involves condos, the calculation would

²⁷ Manchester Zoning By-law, Section 6.14.

²⁸ Manchester has not yet established such a Housing Trust.

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

- *Accessory Apartments*²⁹

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

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

- *Residential Conservation Cluster (RCC)*³⁰

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

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

- *Planned Residential Development (PRD)*³¹

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

²⁹ Manchester Zoning By-law, Section 4.6.

³⁰ Manchester Zoning By-law, Section 6.13.

³¹ Manchester Zoning By-law, Section 6.8.

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

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

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 promoting mixed-use development and transit-oriented development through Chapter 40R/40s, modifying the accessory apartment provisions, and modifying the multi-family housing requirements to encourage more types of housing to address a wider range of housing needs (see Section 8.2).

6.3 Environmental Concerns

Manchester has historical concerns for its natural assets including a high priority for preserving its shoreline, water resources and open space. Organizations such as the Manchester Essex Conservation Trust (MECT) and The Trustees of Reservations have with Town government been instrumental in protecting approximately 1,321 acres of land.

A great deal of the unprotected and undeveloped land has problems regarding rock outcroppings, poor soils conditions, or other environmental issues.

The Town’s Open Space and Recreation Plan states, “Virtually all the undeveloped land in Manchester is characterized as having ‘severe’ or ‘moderate to severe’ limitations for use as building or road sites. And all soils without exception are rated as having ‘severe’ limitations for construction of septic tank absorption fields.”³² Consequently, access to municipal wastewater treatment is a pressing need with respect to new development.

³² Manchester-by-the-Sea Open Space and Recreation Plan, August 2014.

While Manchester benefits from floodplain swamps that provide some measure of flood control, flooding still remains a problem in some residential areas. The development of wooded areas upstream from these swamp areas will likely contribute to further flooding if not properly mitigated.

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

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

The Town’s scenic vistas, expanse of woodlands, and coastal features remain priorities for preservation by the Town.

The Town also has two contaminated sites on DEP’s current list of 21E areas in addition to four landfill areas and demand attention to mitigate any environmental problems.

Mitigation Measures

As mentioned above, the Town is currently conducting a Sewer Study to help plan for improvements that might enable the Town to extend service in an environmentally safe and economically feasible manner. Moreover, the Town will carefully assess the impacts of any new development in order to reduce any adverse environmental impacts that might result before approvals are issued. The Town is also committed to acquiring environmentally sensitive parcels and continuing resident education on the importance of protecting the environment.

6.4 High Property Values

The analysis in Section 5.4 shows that the value of property in Manchester is very high with the median single-family house price of \$750,000 as of the end of 2014. Many long-term owners would not be able to afford to buy a home in Manchester based on current values. Seniors living on fixed incomes are finding that increasing costs of living in tandem with home maintenance needs are making it difficult to afford to remain in their homes. Children who were raised in town are increasingly unlikely to afford to return to the community to raise their own families. Also those interested in developing affordable housing are confronted with high affordability gaps between what the property costs and what they can charge qualifying tenants or first-time homebuyers unless substantial zoning relief is provided to allow for real economies of scale in construction costs.

Mitigation Measures

The Town, guided by this Housing Production Plan, will continue to proactively promote affordable housing, subsidizing such development through the conveyance of Town-owned

property at a nominal price and the infusion of CPA and leveraging other public and private funds to the greatest extent possible, including funds from the North Shore HOME Consortium and potentially the proposed Affordable Housing Trust. The Town will also use regulatory controls through zoning and permitting to encourage and expedite developments that meet local housing needs.

6.5 Transportation

Transportation access to Manchester is primarily via Routes 127 and 128, crossing the town from Beverly to Gloucester. The MBTA's commuter rail line, with a station in Manchester, also provides important access, linking Manchester to Boston and other employment and commercial centers in less than an hour. About 14% of Manchester's residents are estimated to use public transportation according to 2013 census estimates.

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

Mitigation Measures

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

6.6 School Enrollment

The Manchester Essex Regional School District reported a student enrollment of 1,507 students for the 2014-2015 school year, up from 1,360 students in 2007-2008 and 1,266 students in 2000-2001. These enrollment figures include students from the Town of Essex.³³ While the numbers and percentages of children have been declining over the years in Manchester, it is likely that the expanded enrollments may be at least partially driven by shifts from the area's private schools to the local ones given recent investment in a new Middle School and High School and continuing reputation for excellence. Despite trends towards fewer children, expanding enrollments and School District needs will continue to absorb significant local resources.

Mitigation Measures

The Elementary School is due to be renovated in a few years, and Town Meeting approved a property tax override in support of operating budget increases for the school system.

6.7 Availability of Subsidy Funds

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely

³³ As of October 2014, there were 1,531 students registered in the District, of whom 24 were special education students attending other schools. A total of 881 students from Manchester attended the district schools and 14 were special education students going elsewhere. A total of 552 students from Essex attended district schools of which 10 were special education students attending other schools. The remaining students were attending district schools through the state's Choice Program.

competitive. Communities are finding it increasingly difficult to secure necessary funding for new community housing development and must be creative in determining how to finance projects and tenacious in securing these resources.

Manchester does have an important local resource for subsidizing affordable housing – CPA. At least 10% of CPA funds must be directed to community housing activities. After a couple of failed attempts to adopt the Community Preservation Act in 2002 and 2003, Manchester voters subsequently passed CPA in 2005 with a .5% surcharge and then increased it to 1.5% in 2010, and 3% in 2014. A surcharge reduction to 1.5% was recently approved which will somewhat reduce the Town’s ability to leverage additional public and private technical and financial resources to meet production goals.

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

Mitigations Measures

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

6.8 Community Perceptions

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

Mitigations Measures

Ongoing community outreach and education will be necessary to continue to acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives. This Housing Production Plan, the recently-completed Community Preservation Plan, and the creation of a Master Plan all offer excellent opportunities 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.

7. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) introduced the Planned Production Program in December 2002, in accordance with regulations that were meant to provide municipalities with greater local control over housing development. 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.³⁴ If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.³⁵

In 2008, changes to Chapter 40B regulations and guidelines established some new rules that superseded previous requirements.³⁶ 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 Manchester will now have to produce at least 11 affordable units annually to meet annual production goals, still a formidable challenge. If the Town produces 22 affordable units in any calendar year, it will have a two-year period during which it will likely be able deny inappropriate 40B applications that do not meet local needs, without the developer's very limited ability to appeal the decision.

Using the priority needs established in Section 5.7 and the strategies summarized under Section 8, the Town of Manchester has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The production goals are best guesses at this time, and there is likely to be significant fluidity in these estimates from year to year.

³⁴ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

³⁵ 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.

³⁶ Massachusetts General Law Chapter 40B, 760 CMR 56.00.

Table 7-1: Manchester Housing Production Goals

Strategies by Year Name/Housing Type	Affordable Units < 80% AMI*	Market Units or Ineligible SHI Units	Total # Units
Year 1 – 2016			
Private development (Windover)/under existing Inclusionary bylaw (rentals)	2	12	14
<i>Subtotal</i>	2	12	14
Year 2 – 2017			
Private development/"Friendly 40B"/ multi-family housing (rental)	24**	18	24
<i>Subtotal</i>	24	18	24
Year 3 – 2018			
Public property development/"Friendly 40B"/ (rental)	12**	9	12
<i>Subtotal</i>	12	9	12
Year 4 – 2019			
Private development/40R mixed-use development/(condos/homeownership)	5	20	25
Private development/inclusionary zoning (condos/homeownership)	2	20	22
Private development/Conversion of large House through "friendly 40B" or new zoning (condos/homeownership)	1	3	4
Private development/special needs group home (rental)	5	0	5
Public property development/"Friendly 40B" or new zoning/two-family owner-occupied dwellings (mix of rental and ownership)	4	0	4
Accessory apartments	0	2	2
<i>Subtotal</i>	17	45	62
Year 5 – 2020			
Private development/"Friendly 40B"/pocket neighborhood (homeownership)	2	6	8
Private development/"Friendly 40B"/ live-work artist housing/rental	12**	9	12
Accessory apartments	0	2	2
<i>Subtotal</i>	14	17	22
Total	69	101	134

* AMI = Area Median Income (see Table 2-1 on page 10)

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

8. HOUSING STRATEGIES

The strategies outlined below are based on input from a wide variety of sources including interviews with local and regional stakeholders, local housing goals and objectives, prior planning efforts, the priority housing needs identified in Section 5.7, the public forum held on June 17, 2015, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to those that build local capacity to promote affordable housing as well as those involving regulatory changes and production initiatives. They are also categorized according to priority – those higher priority actions to be implemented within Years 1 and 2 and those of more moderate priority for Years 3 to 5. A summary of these actions is included in Table 1-3.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable.³⁷

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
 - Pursue 40R/40S Smart Growth Zoning (strategy 8.2.1)
 - Promote mixed-use and transit-oriented development (strategy 8.3.1)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Make suitable public property available for affordable housing (strategy 8.3.2)
 - Promote scattered-site infill development through “friendly 40B” (strategy 8.3.3)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Pursue 40R/40S Smart Growth Zoning (strategy 8.2.1)
 - Promote mixed-use and transit-oriented development (strategy 8.3.1)
 - Support small-scale infill development and conversions (strategy 8.3.3)
 - Modify multi-family housing requirements to encourage more housing diversity (strategy 8.2.2)
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
 - Make suitable public property available for affordable housing (strategy 8.3.2)
- *Participation in regional collaborations addressing housing development*
 - Participation in the North Suburban HOME Consortium (strategy 8.3.2 and 8.3.3)
 - Potential partnerships with other communities on new development (strategies 8.1.3 and 8.3.3)

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

³⁷ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments and mixed-income housing that includes “community housing” or “workforce housing” units,)³⁸. The Town will also encourage developers to incorporate universal design and visitability standards, particularly given the increasing number of seniors in the community. Development strategies that also provide high performance, sustainable buildings to significantly reduce energy consumption will also be promoted.

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

8.1 Strategies That Build Local Capacity to Promote Affordable Housing

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

The *Manchester Housing Authority (MHA)* owns and manages a total of 80 units for the elderly and younger disabled as well as four (4) family units. MHA was also instrumental in the development of 10-12 Summer Street that replaced several dilapidated buildings in the downtown with 5,000 square feet of retail space and 39 residential units, most of which are affordable.

The *Town Planner*, as staff to the Planning Board, Zoning Board of Appeals and Historic Commission, provides professional support to guide the Town’s land use decisions with respect to physical development, including affordable housing and historic preservation. The Town Planner also works closely with the Board of Selectmen and Community Preservation Committee on particular issues and is involved in the preparation of the Master Plan, now underway with the oversight of the Master Plan Committee. The Planner’s position is only part-time at this time, involving 18 hours per week.

This *Housing Production Plan* will also boost the Town’s capacity to promote affordable housing as it provides the necessary blueprint for the next five (5) years, prioritizing affordable housing initiatives based on documented local needs and community input. The Plan will also provide important guidance on how to invest local resources for housing and serve as a comprehensive reference on housing issues in Manchester.

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

³⁸ Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing often refers to units directed to those earning between 80% and 120% AMI and even up to 140% or 150% AMI, but still priced out of the private housing market.

8.1.1 Establish and Capitalize the Affordable Housing Trust Fund

High Priority: Years 1 to 2

Responsible Party: Board of Selectmen and Community Preservation Committee

Current Status: The state enacted the Municipal Affordable Housing Trust Fund Act on June 7, 2005, which simplified the process of establishing housing funds that are dedicated to subsidizing affordable housing. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member board of trustees. Per statute, the chief elected official must be one of the members of the Trust. 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 Town of Manchester has collected funding to support affordable housing through a number of avenues with about \$286,000 in reserve funds yet to be committed for housing. The Town recently completed a Community Preservation Plan that identifies affordable housing as a top priority for the community.

The Town, however, does not have a municipal entity that is charged with overseeing affordable housing issues that would have a specific plan for spending this funding in the most strategic ways. Moreover, other opportunities to raise funding for affordable housing should be explored. Examples of how other communities have capitalized their Housing Trust Funds are offered below.

Other Community Models for Capitalizing the Housing Trust

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

Next Steps: The Town should establish a Municipal Affordable Housing Trust Fund through a Town warrant article and appoint members to the Board of Trustees. This Housing Trust would serve as the Town'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 Town's initial affordable housing development review committee, and also working with the Planning Board on establishing new zoning to promote affordable housing.

It is advisable that the Town supplement its formal request to establish a Housing Trust with further information to educate residents and other local leaders on the benefits of the Trust. Detailed information on forming a Municipal Affordable Housing Trust Fund is included in a guidebook prepared by the Massachusetts Housing Partnership.³⁹

The following steps will be required to establish a working Affordable Housing Trust:

- Town Meeting Approval – A warrant for Town Meeting must be prepared, submitted and approved.
- Certification of Bylaw and Submission to the Attorney General – The Town Clerk needs to certify the bylaw that established the Trust and submit it to the Attorney General within 30 days of the adjournment of the Town Meeting at which the bylaw was adopted.
- Hire a Consultant – The Town should hire a consultant, under the supervision of the Town Planner, to provide guidance throughout the process of establishing and operationalizing the Housing Trust. State funds through the Planning Assistance Toward Housing (PATH) Program should be available to support the costs of this consultant or CPA funding could be used.
- Appoint Trustees – The Chair of the Board of Selectmen is required to appoint members to the Housing Trust. At least five (5) members must be appointed, including a member of the Board of Selectmen. It is helpful to recruit trustees that will include a broad representation from the public and private sectors such as those with expertise in real estate law, housing finance, residential development, and advocates in addition to members from other relevant municipal boards or committees.
- Prepare a Declaration of Trust – While not required under the statute, a Declaration of Trust is recommended as it provides a recorded notice of the Trust’s establishment and its powers, including the authority to hold and convey real estate. There are numerous examples of such Declarations that the Housing Trust can review and adapt for Manchester. Town Counsel should review the Declaration prior to it being recorded at the Registry of Deeds.
- Organize the Trust – Once established the Trust should determine its meeting schedule, designate officers, establish an account to hold the funding (separate bank account of municipal account), and review procedures.
- Conduct Necessary Planning – This Housing Production Plan provides guidance for the Housing Trust regarding key strategies for proactively promoting affordable housing, which the Trust will need to review, prioritize and implement.
- Create a Budget – The Trust should create a one or five-year budget that correlates to the key strategies in the Housing Production Plan including operating (legal fees, title searches, recording fees, administrative or housing coordinator costs, advertising, postage, supplies, etc.) and costs related to special affordable housing programs and projects.
- Secure Necessary Resources – Resources for operations and special initiatives will be required to implement key strategies in this Housing Plan (see below).
- Prepare Housing Guidelines – It is advisable to establish guidelines for the disbursement of Housing Trust Funds that articulate funding priorities, eligible activities, funding guidelines (types and amounts of assistance), the application process, selection criteria and other administrative issues.

³⁹ 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.

It will be important for the various municipal entities that are involved in housing development and policy – including the proposed Housing Trust, the Planning Board and Zoning Board of Appeals (ZBA) – to work cooperatively to achieve mutual goals such as key strategies included in Section 8.2 and 8.3 of this Plan.

Zoning is an important component of this Housing Production Plan, and it will be essential that the Housing Trust support zoning changes that involve affordable housing and work closely with the Planning Board to prepare zoning amendments and advocate for their approval.

Permitting of new development is also an extremely important part of the municipal operations and the proposed Housing Trust should establish a sound working relationship with both the Planning Board and ZBA on developments that include affordable housing, providing technical and financial support and advocacy as appropriate. Given some likely technical capacity of appointed Housing Trust members, the involvement of the Housing Trust in relevant Planning Board and ZBA decision-making can boost the Town’s capacity to make judicious decisions on proposed housing-related zoning and permitting. In fact the Housing Trust should be the first point of contact for developers to obtain feedback on preliminary project plans for developments that include affordable housing. Joint meetings of the Housing Trust with the Planning Board and ZBA should be scheduled to bolster ongoing coordination and cooperation regarding residential permitting that includes affordable housing.

Required Resources: The Town should approve the annual capitalization of the Housing Trust through CPA funding in an amount at least equivalent to the minimal annual allocation for affordable housing or 10%. This funding would also require Town Meeting approval. Other opportunities to capitalize the Housing Trust should also be explored including donations (funding and property), negotiations with developers, cash in lieu of affordable units through the Town’s inclusionary zoning bylaw, special fundraisers, grants, etc.

8.1.2 Secure Sufficient Professional Support

High Priority: Years 1 to 2
Responsible Party: Board of Selectmen

Current Status: If the Town of Manchester wants to assume a more proactive role in promoting affordable housing and effectively implement actions included in this Housing Production Plan, it will have to augment its capacity to coordinate these activities. While most of the strategies that are included in this Plan do not individually involve substantial amounts of staff time or donated time from board and committee members, when considered altogether they require a significant time commitment and involve some specialized expertise in planning as well as housing programs, policy and development. The Town Planner works only on a part-time basis and already wears many hats as staff support to the land use related committees including the Planning Board, Zoning Board of Appeals and Historic Commission. Therefore the Planner has limited capacity to assume significant additional responsibilities without expanded work hours. Moreover, those communities that have made notable progress in implementing their Housing Plans have largely done so with ongoing professional support, however municipalities have handled this need for professional support differently as described below.

Community Models for Securing Professional Expertise

- Marshfield issued a Request for Proposals for a Housing Coordinator position and hired a full-time person and then split this position between two consultants.
- Bourne hired a part-time consultant and has increased the number of hours over the years as programs and responsibilities increased.
- Grafton has an Assistant Planner on board to assume many of these housing-related functions.
- The communities of Acton, Bedford, Burlington, Concord, Lexington, Sudbury, and Weston are collaborating through the operations of the Regional Housing Services Office (with Concord as the Host Community) to provide assistance in planning, permitting, monitoring, maintaining, and increasing their inventory of affordable housing.
- Chatham has relied heavily on its effective Housing Authority for program support related to affordable housing.
- Needham recently hired a part-time staff person.

Most of these communities are accessing CPA funding to support these positions.

This professional support can also be helpful in insuring that affordable units produced through this Plan get counted as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not used. 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 being developed through some local action including:

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

In order to be counted as part of the Subsidized Housing Inventory the units must meet the following criteria:

- A result of municipal action or approval;
- Sold or rented based on procedures articulated in an affirmative fair marketing and lottery plan approved by DHCD;
- Sales prices and rents must be affordable to households earning at or below 80% of area median income; and
- Long-term affordability is enforced through affordability restrictions, approved by DHCD.

Some of the important tasks for insuring that the affordable units, referred to as Local Action Units (LAU's), meet the requirements of Chapter 40B/LIP can be time-consuming and include:

- Meet with the developer to discuss requirements for insuring that the units are eligible for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).
- Contact DHCD to discuss the project.
- Determine the purchase price/rents based on LIP Guidelines in consultation with DHCD.
- Identify a marketing agent to conduct outreach and the lottery as well as monitoring agent to enforce the affordability restrictions.

- Execute a regulatory agreement to further insure long-term affordability between the developer, municipality and DHCD.
- Prepare an Affirmative Fair Housing Marketing and Resident Selection Plan.
- Prepare a LIP Local Action Units application and submit it to DHCD.
- Prepare a Purchaser/Renter Application and implement the Marketing Plan.
- Conduct information sessions about the lottery.
- Approve applicants for eligibility in the lottery.
- Prepare a letter to those eligible for inclusion in the lottery and another to those who do not qualify.
- Conduct the lottery.⁴⁰
- Work with winning applicants and lenders to secure mortgage commitments or other information required prior to occupancy.
- Obtain the deed rider, Resale Price Certificate and other documents from DHCD that requires the loan commitment letters, purchase and sale agreements, and contact info for the closing attorneys, in the case of ownership projects.
- Work with lenders and the developer to close on the units in the case of ownership projects.
- Submit necessary documentation to DHCD to have the units counted as part of the Subsidized Housing Inventory.
- Annually recertify the continued eligibility of affordable units.

Moreover, while the affordability restrictions for units produced through the Local Initiative Program (LIP) will be monitored by DHCD, it is still the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

Next Steps: The Planning Board or proposed Affordable Housing Trust, once operational, should present a proposal to the Community Preservation Committee for funding to expand the responsibilities and number of hours of the Town Planner, who is currently working on a part-time basis, or hire a part-time housing consultant.

Because of Chapter 30B procurement rules, if the Town decided to take the housing consultant option, at least initially on a part-time basis, the Trust should prepare and issue a Request for Proposals (RFP) that establishes the Scope of Work including public education (see strategy 8.1.3); grant writing; outreach to establish relationships with developers, lenders, funders, service providers, etc. to promote affordable housing; and overall coordination of the implementation of this Housing Plan, providing necessary professional support as needed.

It should also be noted that other consultants could be brought on as needed basis to handle specific activities including environmental engineers for predevelopment work, appraisers, surveyors, lawyers, etc.

Resources Required: If the Town decides to expand the Town Planner's hours, it will need funding to do so with CPA funds a likely sources. Fees for the housing consultant will vary according to the scope of services although initially the Town might set-aside funding of approximately \$25,000 to \$30,000,

⁴⁰ Up to 70% of the affordable units in most developments can be reserved for those who have a connection to the community, referred to as local preference units, including current residents, those who work in Manchester, and the families of children who attend school in Manchester.

covered by Community Preservation funds as long as all program activities are eligible under CPA. This amount can be revisited on an annual basis, potentially increasing in relationship to the scope of work.

8.1.3 Conduct Ongoing Community Outreach and Education

High Priority: Years 1 to 2
Responsible Parties: Proposed Housing Trust and Other Sponsors of Affordable Housing Initiatives

Current Status: Because most of the housing strategies in this Housing Plan rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Continued and strategic efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives builds 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.

Next Steps: The presentation of this Housing Production Plan offers an important opportunity to bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. A series of meetings have been held with local leaders and residents to get input into this Housing Plan including public meetings on June 17, 2015 and October 5, 2015. More recent and ongoing meetings on the development of Town’s Master Plan and Community Preservation Plan will also attract attention and discussion on the issue of affordable housing

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

It may also be useful for appropriate Town staff and board/committee members to become more familiar with regional housing entities that are developing housing, managing housing projects and special facilities, and delivering housing-related services. This would enhance the Town’s ability to provide appropriate referrals and also forge relationships that might evolve over time to partnerships for local housing initiatives and perhaps regional collaboration.

Required Resources: Expand the number of hours for the Town Planner or bring in additional professional support to coordinate housing-related outreach activities (see strategy 8.1.2).

8.2 Zoning Strategies

As with most communities, Manchester’s Zoning Bylaw includes relatively large lot zoning in most areas of town and other exclusionary provisions that constrain the development of affordable housing. This creates the likely need for regulatory relief for many residential developments that include affordable units, possibly through the “friendly” comprehensive permit process that overrides local zoning if not through normal regulatory channels. The Town has been involved in updating its Zoning Bylaw from

time to time, however, it is important to consider modifications to keep the Bylaw up-to-date with market conditions and better guide development with public benefits under “smart growth” principals.

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

It should also be noted that changes to Chapter 40B regulations expand the items that a subsidizing agency must consider when determining the appropriateness of a site for eligibility through the comprehensive permit process and includes information provided by the municipality or other parties regarding *municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay districts.*⁴¹ Therefore, a community’s progress in reforming its land use provisions to promote affordable housing and smart growth will likely have a meaningful impact on the determination of project eligibility/site approval for comprehensive permit projects.

8.2.1 Pursue 40R/40S Smart Growth Zoning

Timeframe: Years 1 to 2

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

Current Status: The State Legislature approved the Chapter 40R zoning tool for communities in 2004 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 parts of the country in search of greater affordability. In essence, housing demand was outstripping housing supply, which was driving up housing prices. The statute, which enables communities to establish Smart Growth Overlay Districts, defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves open space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”⁴²

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

- Reduces the reliance on the automobile as more residents live within walking distance to goods and services, which is particularly important in the context of an aging population;
- Brings customers in closer proximity to businesses even into the evening hours and enlivens the area;

⁴¹ Massachusetts General Laws, Chapter 40B, Section 56.04.

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

- Directs growth to areas that are more appropriate for some increases in density;
- Provides another income stream to property owners who create housing above their businesses; and
- Offers opportunities for the creation of diverse housing types such as artist live-work space, smaller apartments for the growing number of smaller households, multi-family housing, etc.

The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that at least 20% of the units be affordable;
- Promotes mixed-use and infill development;⁴³
- Provides two (2) types of payments to municipalities (one based on the number of projected housing units in the District and another for each unit that receives a building permit); and
- Encourages open space and protects historic districts.

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

A 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 were eligible to receive \$36.8 million in 40R payments if their districts were fully built, working out to about \$17,100 per projected affordable unit if only 20% of the units were 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 were not “transit” or “concentrated development” locations as the majority of the districts were approved under the “highly suitable” standard for somewhat higher-density development.

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

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, North Reading, Northampton, Norwood, Pittsfield, Plymouth, Sharon and Westfield.

Model: Reading 40R District

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

Next Steps: The Manchester Planning Board will assess benefits and opportunities for creating a Smart Growth Overlay District through 40R/40S.

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

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

Required Resources: Donated time of members of the Planning Board to prepare the necessary zoning with time from the Town Planner and input/advocacy from the proposed Housing Trust. It will be important for the Town to hire a consultant to assist the Town Planner with this process. The state’s Planning Assistance Toward Housing (PATH) Program could cover consultant fees as could CPA funding.

8.2.2 Modify Multi-family Housing Requirements to Encourage More Housing Diversity

Timeframe: Years 3 to 5

Responsible Parties: Planning Board with support from the Proposed Housing Trust

Current Status: Manchester’s Zoning Bylaw significantly limits multi-family housing development. As Table 8-1 indicates, this is not a unique circumstance among communities in Massachusetts. This data was included in a recent article from Harborlight Community Partners’ newsletter, suggesting that many communities do not have any zoning in place to allow multi-family housing development and much of the state’s developable land area is limited to single-family housing. For example, in Northeast Massachusetts about three-quarters of the communities do not have zoning for multi-family housing with 82% of the developable land without such zoning. While this data is relatively old, it is likely that little has changed in local zoning to better promote multi-family housing development throughout the state.

Table 8-1: Summary by Region of Multi-family Housing Zoning Restrictions

Region	% Without Multi-family Zoning	% of Regions' Developable Land without Multi-family Zoning
MA Average	74%	83%
Berkshire	84%	84%
Boston	59%	79%
Cape and Islands	87%	98%
Central MA	76%	82%
Northeast	76%	82%
Pioneer Valley	75%	82%
Southeast	77%	88%

Source: Massachusetts Department of Environmental Affairs, Buildout Analysis 2000-2002

Single Residence Districts in Manchester restrict housing development to single units solely with two-family development allowed in Residence District D, either through new construction or conversion of single units to two (2). Housing development is limited to no more than four (4) units in the General District by special permit under certain conditions although an existing dwelling can be converted to three (3) units.

Because affordable housing typically relies on economies of scale, particularly in areas like Manchester with such high property values, it is difficult if not impossible to develop such housing at a scale sufficient enough to meet housing production goals or without extremely deep subsidies. Also without appropriate zoning or the Chapter 40B comprehensive permit process, various housing types that better address local needs are not permitted. The types of housing that are potentially more affordable and suitable for rentals, starter homes or for downsizing might include:

- Two-family dwellings*

The owner-occupied two-family house that includes a rental unit is an exceptionally affordable form of housing as it provides the owners with a stream of rental income that is calculated as part of mortgage underwriting criteria (lenders generally consider about 75% of projected rental proceeds in mortgage calculations), making the home more affordable and also including much-needed, year-round rental units. Design guidelines can be developed to insure that these units resemble single-family homes and new zoning could allow these units as-of-right.
- Bungalow or cottage housing in pocket neighborhoods*

This type of housing has been popular in the West Coast of the country where there is an intense focus on smart growth development principles and how to accommodate increasing numbers of smaller households. 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.



Jenney Way development, Edgartown, Martha's Vineyard

- *Zero-lot-line units/Townhouses*
Zero-lot-line units involve residential structures that come up to or very nearly approach the edge of the property line in order to create more usable space. Such units include rowhouses, garden homes, patio homes and townhomes and are sometimes referred to as half homes.
- *Mixed-use, “above the shop” type housing*
Mixed-use structures with commercial space on the ground floor and residences above can enhance business areas where some greater density is appropriate. By providing housing in close proximity to goods, services, and transportation, the added housing provides more revenue to local businesses and vitality to town and village centers.
- *Co-housing*
The cohousing concept originated in Denmark with a focus on knowing one’s neighbors and providing a safe and nurturing environment for children, harking back to the “intentional communities” concept that was introduced in the mid-19th Century. These developments are cooperative neighborhoods, typically with homes clustered around a common building with facilities that are shared by all residents (dining room, kitchen, play rooms, library).



West Tisbury Co-housing, Martha's Vineyard

- *Senior housing/Assisted Living*

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

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

Model: Maple Woods in Wenham

Harborlight Community Partners is developing 60 units of rental housing in Wenham for those 55 years of age or older. The project will be built in two phases, each planned with 30 units. Most of the units will be targeted to those earning at or below 60% of area median income but some will include units for extremely low-income seniors with incomes below 30% AMI. All units will have 650 square feet and one bedroom with either a patio, balcony or Juliette balcony. The project will also involve a full-time Property Manager and a part-time Service Coordinator available to provide programs and services to residents. This project involves the “friendly 40B” process, local CPA and Housing Trust Funds as well as state subsidies. It will further enable Wenham to surpass the 10% affordability threshold under Chapter 40B.

- *Congregate housing*

Congregate housing can take many forms and other names for such housing have included supported housing, life-care homes, boarding or rooming houses, sober houses, congregate retirement housing, congregate senior communities, residential care, sheltered housing, enriched housing, single room occupancy (SRO) housing, enhanced single room occupancy (ESRO), safe havens, etc. Cohousing and group homes share elements of congregate living as

well. Other than assisted living options mentioned above, these housing types can be effective in meeting the needs of an increasingly older population and those with special needs.

- *Live-work space*

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

Model: Old Ann Page Way in Provincetown

Community Housing Resource Inc. (CHR) developed Old Ann Page Way, a project that includes 18 rental units for households earning at or below 60% of area median income with pricing of rentals based on 40% and 50% of area median income. The development also includes ten (10) non-residential artist studios available for rent to the general public. The project involved the redevelopment of a former supermarket site held by A&P after they relocated to another location in Provincetown. CHR purchased the site and started initial site work in 1999, including some demolition, and construction was completed in 2002.

The project was among the first on Cape Cod to be financed with Low Income Housing Tax Credits. In addition to the tax credit equity investment, the project used Barnstable County HOME funds, state HOME funds, and the Affordable Housing Trust Fund, for a total public subsidy of more than \$3 million. The tax credit equity investment was syndicated through MHIC's⁴⁶ Equity Fund. MHIC also provided the construction loan as part of the One Source Program that included permanent financing from the Massachusetts Housing Partnership (MHP).

- *Tiny homes*

In the context of an increasing number of smaller households in Manchester, including individuals who are living alone, and a growing micro-housing movement, some consideration could be given to the introduction of what are being referred to as “tiny houses”. There are companies that are building very small homes that can be easily moved and with up to approximately 144 square feet. These units are well designed and priced very affordably, although financed as personal property rather than real estate.

The version pictured below is priced at around \$60,000 or even \$25,000 for a “build it yourself” version. It includes a small bedroom and sleeping loft. These cottages could potentially provide decent and affordable housing for those most affected by rising housing prices if locations for siting them could be identified with appropriate zoning. They may also be appropriate as in-law units or for returning adult children placed as an accessory structure on an existing residential parcel.

⁴⁶ Massachusetts Housing Investment Corporation, a private, non-profit corporation which provides loans for affordable housing equity funds for low-income housing tax credit developments, and loan guarantees for lead paint removal, among other types of financing.



Next Steps: The Planning Board should work with the proposed Housing Trust to explore the following modifications to the Zoning Bylaw:

- *Identify suitable locations for multi-family housing development*
It has been suggested that the Town review the locations of apartments throughout the community and consider where else they can be added, “Scrutinizing our zoning districts for opportunities to weave multi-family housing into neighborhoods.” Areas near transit and commercial uses should be priorities.
- *Explore zoning to allow the development of more housing types*
The types of housing referred to above respond to the community’s need for smaller units, rental units in particular. These housing types are either not allowed in local zoning or substantially restricted. Special zoning bylaws can be developed to guide such units to appropriate locations with feasible densities to allow for some inclusion of affordable units. This new zoning can include design guidelines to insure that new housing is harmonious within the local architectural context.
- *Allow owner-occupied, two-family homes in all zoning districts*
Another consideration is to allow the development of owner-occupied, two-family dwellings in all zoning districts as such housing is among the most affordable types of dwellings, typically providing greater affordability for both the owner’s unit as well as the rental. For example, a household earning at 80% of area median income can afford a single-family home of \$281,500 with a 5% down payment, but a condo for only \$236,000, assuming a condo fee of \$250 per month. The same household is estimated to be able to buy a two-family house for \$418,500 as it can conservatively charge at least \$1,000 per month in rent, which is considered as income in mortgage underwriting, usually at about 75% of the rent level or \$750. It is therefore not surprising that the two-family house has been successful as starter housing in many older communities when zoning allowed this type of housing. While these units may not be eligible

for inclusion in the SHI, they help diversify the housing stock and promote greater affordability. They also could be promoted on infill sites with some attached subsidies to include the units on the SHI.

Required Resources: Donated time of the Planning Board with support from the proposed Housing Trust as well as staffing from the Town Planner. It will be useful for the Town to consider hiring a consultant (see strategy 8.1.2) to assist the Town Planner with these zoning changes. These costs would be eligible CPA activities and staff technical assistance funding might be available from DHCD’s Planning Assistance Toward Housing (PATH) Program.

8.2.3 Modify the Accessory Apartment Bylaw

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

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

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

Because of changes to the state’s Local Initiative Program (LIP) in 2008, all affordable accessory units must be affirmatively marketed based on a state approved Affirmative Fair Housing Marketing and Resident Selection Plan. This would involve the Town establishing and maintaining a waiting list of qualified households applying to rent any affordable accessory units, referred to as a Ready Renters List, and precludes units that are currently occupied or where owners select their own tenants instead.

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

- Provide homeowners with additional income, which is particularly important for elderly homeowners, single parents, and others who are spending too much of their income on housing and for whom such income may be critical to remaining in their homes. Also, without the flow of income from the rent of an accessory apartment, some young families or moderate-income households might not be able to afford homeownership.
- Offer appropriately sized units for the growing number of smaller households.
- Provide a fairly inexpensive means of increasing the supply of year-round rental units at lower cost than new construction and without significant impact on the surrounding neighborhood. The creation of accessory units does not require additional Town services such as new streets or utilities and involves little or no loss of open space.
- Potentially provide companionship, security and services for the homeowner.

- Offer good opportunities for keeping extended families in closer contact and have often been referred to as “in law” apartments.
- Generate increased tax revenue in a locality because accessory units add value to existing homes.
- Offer a way of preserving historic properties.

Next Steps: The Town should consider changes to the existing accessory apartment bylaw to make it easier to create them and to prevent owners from developing illegal units. Such measures might include:

- Consider preparing a hybrid bylaw that includes the two-tier approach to approvals (by-right and special permit). The by-right units must meet more restrictive requirements.
- Allow accessory units in detached structures and more significant additions beyond only 10% of the floor area as currently prescribed in zoning.
- Reduce off-street parking to one space or have the owners make any parking determinations as is the case in Wellfleet.
- Consider reducing the minimum lot size to 10,000 square feet.
- Obtain the buy-in from the Building Department and the Board of Health given permitting and enforcement issues.
- Promote accessory apartments in commercial structures.
- Enable investor owners to participate in the program.
- Consider implementing an amnesty period for illegal apartments to obtain appropriate permitting.
- Provide CPA or proposed Housing Trust funds to implement a deferred loan program to support the costs of creating the accessory unit and meeting all health and safety codes.
- If there is some concern about the tenant income and rent levels, the Wellfleet model⁴⁷ for incorporating affordability without deed riders or tenant selection through a Ready Renters List might be considered.

Required Resources: Donated time of the Planning Board with support from the proposed Housing Trust as well as staffing from the Town Planner. It will be useful for the Town to consider hiring a consultant to assist the Town Planner with these zoning changes. This cost would be an eligible CPA activity.

8.3 Housing Development Strategies

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

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

Timeframe: Years 1 to 2
Responsible Parties: Planning Board with support from the Proposed Housing Trust

⁴⁷ Wellfleet’s Affordable Accessory Dwelling Units (AADU) does not require deed restrictions nor does it include mandates for tenants to be selected from a pre-qualified Ready Renters List, and consequently the units, although affordable based on specified income and rent limits, are ineligible for inclusion in the Subsidized Housing Inventory.

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

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

Next Steps: The Town should thoroughly assess the benefits of allowing mixed-use development and higher density affordable housing in designated districts with specific criteria and amend the Zoning Bylaw accordingly. The zoning changes, including the adoption of 40R/40S (see strategy 8.2.1) as well as the willingness to explore other types of financing, should attract interest from developers and make new or redeveloped mixed residential and commercial development economically feasible. As such development opportunities arise, it will be important for the Town to work constructively with developers to make sure that projects reflect community needs and priorities.

Model: 30 Haven in Reading

The 30 Haven rental development in Reading is a result of the Town’s 40R Smart Growth Overlay District, including mixed commercial spaces and 53 one- and two-bedroom units. Based on 40R affordability requirements, at least 20% of the units are affordable to those earning at or below 80% of area median income, or eleven (11) units. In close proximity to the MBTA commuter rail station, the development also includes convenient amenities such as assigned parking, a fitness room, roof deck access, a guest room for visitors, and a community living room. 30 Haven was also designed to integrate long-term environmental sustainability and is a LEED certified residential community.

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

Projected # Affordable Units Produced: 5 units

8.3.2 Make Suitable Public Property Available for Affordable Housing

Timeframe: Years 1 to 2

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

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

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

- DPW site with possible relocation of this facility
- Manchester Housing Authority's (MHA's) sites on Pine Street, Old Essex Road, and Loading Place Road
- Pleasant Street near Old Essex Road

Next Steps: The Board of Selectmen in coordination with the Planning Board and proposed Housing Trust, once it becomes operational, should work with other Town boards and committees, such as the Board of Assessors and Conservation Commission, to review the inventory of Town-owned property and determine which parcels, if any, might be appropriate for affordable housing. After some initial environmental testing and other preliminary feasibility analyses (the costs of which could be covered by CPA funds), the Town could declare these parcels surplus and convey them to a designated developer following Town Meeting approval of this conveyance and the selection of the developer via a Request for Proposals.

The Town may also decide to acquire privately-owned sites at some time in the future for the purposes of developing some amount of affordable housing, potentially including other uses such as protecting open space, preserving historic properties, and/or recreational opportunities. CPA funding is an important resource for such acquisition. For example, the Towns of Carlisle and Falmouth acquired land for affordable housing development including open space preservation and other public benefits.



Model: Benfield Farms in Carlisle

The Town of Carlisle issued a Request for Proposals to develop 26 units of senior rental housing on a Town-owned site it acquired by bonding a portion of its Community Preservation funding. Most of the parcel was preserved as open space with the development of some athletic fields on a portion of the property projected for the future. The Town provided the land for a nominal amount and approved \$425,000 in CPA funding to support costs related to infrastructure and an additional allocation to further subsidize the development. The Town selected the nonprofit organization Neighborhood of Affordable Housing (NOAH) as the developer. The design includes a three-story main house connecting to a two-story barn and incorporates green building, energy efficiency, sustainability and universal design standards.

Additional smaller sites may become available as well to build affordable new starter homes, housing for empty nesters, or housing for special needs populations on an infill basis. For example, the Towns of Bourne and Yarmouth both developed small single-family homes on publicly owned infill sites for first-time purchasers.

Model: Small Home Development in Yarmouth

In 1989, Yarmouth’s Town Meeting voted to transfer title of 16 acres on Brush Hill Road to the Yarmouth Housing Authority (YHA) for the nominal amount of \$1.00 for the purposes of building affordable housing. At that time the YHA had planned to develop 12 units of Chapter 705 family rental housing, however, all development projects were halted in 1991 due to state budget problems.

In 2000, the Housing Authority issued an RFP for four house lots that were subsequently developed by the winning respondent, a local nonprofit organization, Our First Home, Inc. (OFH), which obtained the regulatory approvals for the subdivision plans on YHA’s 16-acre parcel and built the road into the subdivision. The YHA issued another Request for Proposals to develop two of the other lots as affordable housing for special needs populations. The regional nonprofit housing organization, the Housing Assistance Corporation (HAC), was the successful respondent, and the organization subsequently secured the necessary financing from HUD. In 2006, the YHA issued another RFP to develop the remaining six lots, conveying the lots for a discounted price of \$5,000 per lot, representing a substantial commitment on the part of the Town of Yarmouth and Yarmouth Housing Authority towards subsidizing the new homes and promoting greater project feasibility. The Town once again selected the nonprofit Our First Home, Inc. as the developer through an RFP and the homes were fully occupied a year later.

Following the necessary approvals to convey a property for affordable housing, a Request for Proposals (RFP) would be issued to solicit interest from developers based on the Town’s specific project requirements. A developer would be selected based on identified criteria included in the RFP. It is likely that the projects would require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the use of the “friendly” comprehensive permit process through DHCD’s Local Initiative Program (LIP) would likely be used for permitting.

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. Other communities are finding that they require public subsidies to cover the costs

of producing affordable housing and mixed-income residential development and need to access a range of programs 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 occupants can afford, multiple layers of subsidies are often required to fill the gaps. Chapter 40B developments often require 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. This is particularly compelling in the case of publicly-owned property which should provide greater public benefits and incorporate at least half of the units as affordable.

Monitoring and enforcing affordability requirements during the term of affordability are critical to the effective provision of affordable housing. The Town will also have to insure that any additional affordable units are eligible for inclusion in the Subsidized Housing Inventory and provide the state with all of the appropriate documentation (see strategy 8.1.2).

Required Resources: In addition to the staff costs related to coordinating development, resources will be required to help subsidize the development and perhaps to conduct some initial feasibility analyses on site conditions, which ultimately can be included in the project's budget and is discussed above. This strategy will involve the proposed housing coordinator (see strategy 8.1.2) and/or the Town Planner, who will work with the proposed Housing Trust and Town's Chief Procurement Officer to coordinate necessary testing, prepare Request for Proposals, coordinate the developer selection process and insure that all affordable units will be eligible for inclusion in the SHI.

Projected # Affordable Units Produced: 16 units

8.3.3 Support Small-scale Infill Housing Development and Conversions

Timeframe: Years 1 to 2

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

Current Status: Some communities are looking for opportunities to create affordable housing through efforts that will spread the impacts of new affordable housing production throughout the community so as not to overburden any particular neighborhood. Such development can be designed to be harmonious with the existing built environment. There are potential sites that might accommodate a housing unit or small number of units or even conversions of existing properties to more units to serve local affordable housing needs, particularly small starter units, affordable rentals, and special needs housing.

Examples of potential development opportunities include but are not limited to the following:

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

- *Special Needs Housing*
Organizations that support special needs housing are active on the North Shore and throughout the Boston area, and are likely to have a continuing interest in developing group homes or other special facilities in the community if opportunities arise. The only special needs units in Manchester is included in MHA’s senior developments that incorporate some units for younger disabled individuals. As documented in Section 5.7, these developments are important but insufficient to meet the community’s increasing needs for more handicapped accessible and service-enriched housing units given the numbers of residents with disabilities and the aging of the population.
- *Small “Pocket” Development*
There are also models of small clustered development, including comprehensive permit projects, in other communities that can incorporate several income tiers to meet housing needs. A couple of examples are offered below.

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

Junction Place is a condominium project in Needham comprised of five (5) attached townhouse units in close proximity to a commuter rail station. The project was developed on a site with less than 12,000 square feet by a private developer. All of the townhouses were sold at below market prices to eligible families through a lottery. Two (2) of the homes were sold for \$165,000 to families earning up to 80% of the area median income while the remaining three sold for \$310,000 to families earning up to 150% of the area median income. Each of the units contains approximately 1,512 square feet including 3 bedrooms, 2½ bathrooms, a laundry room with a washer and dryer, a one-car garage and an outside parking space.

Model: Jenney Way in Edgartown

The Island Housing Trust (IHT) developed, in partnership with the South Mountain Company, an in-town 2.53-acre property in Edgartown that was purchased from the Jenney family for a substantially discounted price and resulted in nine (9) subsidized single-family houses. This “pocket neighborhood” of houses was built to high performance building standards and four (4) of the houses with solar electric systems achieved LEED Platinum Certification (the highest standard for Leadership in Environmental Design awarded by the U.S. Green Building Council). The nine (9) single-family houses were sold and the land ground leased under the Island Housing Trust with resale restrictions to income qualified households earning 80%, 100%, 120% and 140% or less of the area median income. Grants from the Island Affordable Housing Fund, the Town of Edgartown Community Preservation Act (CPA), and Cape Light Compact helped fund the land purchase and construction costs. See strategy 8.2.2 for a photo of part of the development.

- *Conversion of Existing Housing:* Manchester has a number of very large properties that could possibly become candidates for acquisition and rehab, to be managed as mixed-income rentals or condominiums. Such properties may also be suitable for special needs purposes, integrating support services.
- *Accessory Apartments:* As indicated in strategy 8.2.3, accessory apartments are another way of integrating small rental units in homes or detached structures without causing significant disruption to existing neighborhoods.

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

Required Resources: CPA funding, HOME (from the North Shore HOME Consortium) or proposed Affordable Housing Trust Fund resources to support these projects including staffing costs associated with the expanded number of Town Planner hours, a local housing consultant/coordinator and other potential consultants (for predevelopment work).

Projected # Affordable Units Produced: 48 units

APPENDIX 1

Local and Regional Organizations/Resources

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

Local Entities

Manchester Housing Authority (MHA)

The Manchester Housing Authority (MHA) is a quasi-public agency that was established by the state and Town of Manchester to produce housing that is affordable to low- and moderate-income residents. The MHA owns and/or manages 84 units in three (3) separate developments, including units for seniors, families, and those with special needs. For more information on MHA, see Section 5.6.

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

Manchester Council on Aging

The Manchester Council on Aging is a Town department that supports the quality of life of Manchester elders through a wide variety of services. Unlike many other municipalities in the state, the Town does not have a Senior Center and utilizes a wide range of locations around the area to support trips, events, classes, and other activities. The COA also provides important information and referrals to local seniors on a wide variety of issues. Important financial support has been provided by the Friends of the COA, and the state recently provided two (2) vans through its Mobility Grant Program.

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

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

Manchester Community Preservation Committee

After a couple of failed attempts to adopt the Community Preservation Act in 2002 and 2003, Manchester voters subsequently passed CPA in 2005 with a .5% surcharge and then increased it to 1.5% in 2010 and 3% in 2014. Voters also agreed to exempt low-income homeowners from participation as well as the first \$100,000 of the property's value. A surcharge reduction to 1.5% was recently approved.

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

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

Regional Agencies and Organizations

Action, Inc.

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

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

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

North Shore HOME Consortium

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

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

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

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

The Continuum of Care is designated as the regional entity to provide a continuum of support from emergency shelters to transitional housing and ultimately to permanent housing serving those exiting homelessness. The Continuum of Care, like the HOME Consortium, is staffed by Peabody's Department of Community Development and Planning and includes representatives from the major housing service providers in the area. The Executive Director of the Manchester Housing Authority is Manchester's representative. A major component of the CoC's work is the preparation and submission of an

application to HUD for Homeless Assistance funding. The planning process associated with this application takes place throughout the year, including an annual “point in time” census count of the homeless (both sheltered and unsheltered individuals and families).

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

Community Action, Inc.

Community Action, Inc. is a community action agency that was established to serve a wide range of education, housing, health and service needs of low-income and disadvantaged area residents. The organization, based in Haverhill, has expanded during the past three decades to include a number of cities and towns on the North Shore and Cape Ann, including some program availability in Manchester. Programs include fuel assistance, Head Start, WIC, education and training, and other services directed to area families. Housing-related services include counseling and down payment and closing cost assistance for first-time homebuyers as well as the administration of lotteries and development of small affordable housing projects.

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

North Shore Community Development Coalition (NSCDC)

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

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

Harborlight Community Partners

Harborlight was established as a non-profit organization to provide service-enriched, affordable housing to communities in Essex County. Founded by the First Baptist Church in Beverly, the organization initially focused on the development of senior housing. It has grown considerably over the past decade, taking over several other housing-related organizations including the North Shore Housing Trust⁴⁸ and We Care About Homes.⁴⁹ The organization also provides property management and housing marketing/compliance services to non-profit organizations. It is undertaking the affordability monitoring for the affordable units developed in Manchester by Windover.

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

YMCA of the North Shore

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

Contact: 25 Cabot Street in Beverly; 978-922-0990

⁴⁸ 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.

⁴⁹ We Care About Homes was a non-profit organization that acquired properties and rented units to very low-income families. Based in Beverly, the organization rented 20 units at seven (7) scattered-site properties.

Senior Care, Inc.

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

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

Fund to Prevent Homelessness

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

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

Beverly Bootstraps

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

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

Essex County Community Foundation (ECCF)

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

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

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

Habitat for Humanity of the North Shore

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past several decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates

and over 2,100 affiliates worldwide. Habitat for Humanity of the North Shore is based in Lynn and serves a number of communities, including Manchester.

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

Coastal Homebuyer Education, Inc.

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

Contact Info: www.coastalhbedu.org

Citizens for Adequate Housing (CAH)

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

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

Metropolitan Area Planning Council (MAPC)

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

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

APPENDIX 2

Glossary of Housing Terms

Chapter 40R/40S

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

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

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

Chapter 44B

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

Cluster Development

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

Comprehensive Permit

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

Conservation Development

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

Department of Housing and Community Development (DHCD)

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

Design Guidelines

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

Easements

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

Energy Star

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

Enhanced Single Room Occupancy (ESRO)

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

Expedited Permitting

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

Fair Housing Act

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

Form-based Zoning

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

Green Building

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

Inclusionary Zoning

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

Infill Development

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

Jobs/Housing Balance

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

LEED

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

Local Initiative Program (LIP)

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

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

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

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Mixed-income development includes housing for various income levels.

Mixed-Use Development

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

Overlay Zoning

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

Planned Development

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

Public Housing Agency (PHA)

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

Regional Non-profit Housing Organizations

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

Regional Planning Agencies (RPAs)

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

Request for Proposals (RFP)

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

Section 8

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

Single Room Occupancy (SRO)

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

Smart Growth

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

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

Subsidy

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

Subsidized Housing Inventory (SHI)

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

Sustainability

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

Transfer of Development Rights (TDR)

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

Transit Oriented Development (TOD)

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

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

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