Chapter 3

Housing

CHAPTER 3: Housing

A. Setting the Context

The source of most of the information in this chapter is "Housing Production Plan 2010 for Stow, Massachusetts," heretofore referred to as Housing Production Plan 2010. This plan should be used as a primary detailed guide in implementing the recommendations of this section of the Master Plan.

As the name suggests, "Housing Production Plan 2010" focuses on a *variety in housing types*, a *range of prices* and *access to ownership and rental opportunities, including special needs housing*. It also includes "workforce housing" focused on people who work in Stow and who would also like to live in Stow.

This chapter contains many references to "affordable housing." For most people, the term refers to homes that they can afford given their income. However, Stow is also concerned with the definition that relates to the Town's Subsidized Housing Inventory (SHI). Only homes that qualify for the SHI count toward the state's 10% goal. In order to qualify for the SHI, a home must meet the following criteria:

- The home must be subsidized by one of the low- or moderate-income programs approved by the state.
- The income of the owner or renter, after adjustment for household size, must not exceed 80% of the area median income as defined by the Department of Housing and Urban Development.
- Asset limitations may apply.
- For homeownership, the down payment must be at least 3% of the purchase price, the mortgage must be a 30-year fixed loan at a rate not more than two percentage points above the current MassHousing (www.masshousing.com) interest rate, and monthly housing costs must not exceed 30% of monthly income for a household earning 80% of the area median income (adjusted for household size).
- For rental properties, monthly housing costs (including utilities) must not exceed 30% of monthly income for a household earning 80% of the area median income (adjusted for household size).
- In a rental development, if at least 25% of units are to be occupied by Income Eligible Households earning 80% or less than the area median income, or alternatively, if at least 20% of units are to be occupied by households earning 50% or less of area median income, and meet all criteria outlined above, then all of the units in the rental development are eligible for inclusion on the SHI.
- If fewer than the aforementioned percentages of units in the development are so restricted, then only the units that meet the requirements above may be included on the SHI.
- Accessory apartments can be included the SHI provided they meet the requirements of the Local Initiative Program. (For details, refer to the Executive Office of Housing and Economic Development website or click on http://tinyurl.com/auoaoa)
- Use of the property must be restricted by a deed for a term not less than 15 years for rehabilitated units and not less than 30 years for newly created units. The use restriction places limits on income as noted above and it requires that tenants and home owners occupy their units as their principal residences. The deed restriction also contains terms and conditions for the resale of a homeownership unit, including definition of the maximum permissible resale price, and for the subsequent rental of a rental unit, including definition of the maximum permissible rent.

Ultimately, it is incumbent upon the Townspeople to decide what their priorities are in relation to housing and diversity. The goal of making our community open to a wide range of people – married and single, newly graduated and retired, large families and couples – might prompt us to consider higher-density housing possibilities. However, if that is pursued, higher density should be offset by increased open space protection so that the Town's overall residential density does not increase. Another approach would be to allow the market and developers to choose for us. In that case, it is important to recognize that with the current cost of land, it is not possible to build an affordable home on a 1.5-acre lot. Therefore, affordable homes need to be on much smaller lots, resulting in higher density. Market-driven affordable housing sponsored by developers will likely be pursued and permitted through permissions granted by

MGL Chapter 40B, the so-called "anti-snob" zoning which takes much control away from the local community and overrides municipal zoning laws. Alternatively, planning for targeted higher density may require consideration of infrastructure changes, and residents will need to decide if they want to pay for expanded water, sewer, and transportation services. When these competing constraints are taken into consideration, Stow residents may conclude that no action is necessary to modify the status quo.

B. Vision

Our vision is a town that contains a wide variety of housing stock, providing residential options for a diverse cross-section of society comprising various ages, family types and income levels.

In the 2008 Master Plan Survey, residents were asked several questions related to affordable housing. One question dealt with the need for an increase in housing of various types. The two most favored responses relating to what demographic group requires more variety in housing options were "elderly parents on fixed income" and "town employee or local teacher."

Clearly, the greatest emerging need is for an increase in housing for a) elderly retirees (i.e., seniors on a fixed income, perhaps with limited physical abilities, interested in small, low-maintenance homes); b) town employees – "workforce housing;" and c) starter homes for young families, singles, newlyweds, and other first time home buyers.

While this vision addresses these needs, results from the 2008 Master Plan Survey show that residents want housing trends for Stow to head in a very different direction. For example, by a margin of 252 to 116, respondents said they would not support using town funds to subsidize the development of affordable housing. This response is not surprising given the common perspective that development should be left to the private sector. In addition, a general wariness of affordable housing is also often prevalent in small communities where concerns about the costs associated with educating children tend to outweigh desires to be inclusive in housing.

Another survey question related to support of zoning to allow townhouse or condominium developments to provide more diverse housing stock. By over a 2-to-1 margin, residents said they would not support such zoning. The response to this survey question shows that there is little desire to add this type of housing to the community.

One of our recommended actions involves funding the Affordable Housing Trust with appropriations from the Community Preservation Committee. The survey data, however, beg the question as to what Stow should do with these funds that are required to be spent on affordable housing.

Two other survey questions also suggest a very difficult "sell" for more affordable housing. Given a town-sponsored development, residents were asked which would be more important: maximize the number of affordable units while maintaining consistent neighborhood standards, or minimize the cost to the Town by including more market-rate units. By nearly a 2-to-1

margin, residents said minimizing cost was more important. The response to this question suggests that people are more concerned with the Town's out-of-pocket costs than with building affordable housing.

The last survey question asked if residents would support the use of town-owned land for affordable housing. Again by a nearly 2-to-1 margin, they said no. Here, too, we see the implication that there is little enthusiasm for developing more affordable housing. However, it is important to remember that the response to this particular question may have less to do with feelings about the presence of affordable housing and more to do with feelings about the presence of undeveloped land parcels; that is, people may be expressing a vote in favor of open space rather than against affordable housing. Using town-owned land for affordable housing would require a vote at Town Meeting, and the likelihood of passage of such a vote is not necessarily indicated by these survey results. Moreover, the response to this survey, though robust by survey standards, does not necessarily parallel the demographics or the interests of those who show up to vote at Town Meeting.

In spite of these survey results, residents must also consider Chapter 40B. It is the law, and we must adhere to it. Therefore, we have two choices:

- Proactively establish policies and programs so that we can consistently meet our affordable housing goals, thereby immunizing our residential growth against unplanned and potentially overwhelming large-scale developments that need not conform to our Zoning Bylaw
  OR
- Admit that politically we cannot (or will not) make the individual and town-wide investments and trade-offs to conform to Chapter 40B requirements, and resort to reactive management when the next Comprehensive Permit hearings begin.

If these survey responses reflect the position of the majority of residents, it may be very difficult if not impossible to implement the housing vision. It seems apparent at this time that affordable housing construction will need to continue to be driven by non-profit and private sector initiatives.

Nonetheless, some consider it a positive sign that the CPA has been able to advance affordable housing projects in the past year. Since the survey was conducted, the Town Meeting voted in October 2009 to spend CPA funds on two affordable housing projects, sponsored by nonprofit, private sector entities. This seems to suggest that a collaboration between the non-profit sector and municipal government might be an effective way to proceed.

C. Background

Numerous plans have already been drafted and in some cases adopted to make changes to housing. A summary follows.

1. Stow 2000 (1996)

The last Master Plan was prepared in 1996, but its official title is "Stow 2000." As adopted by the Planning Board, this plan identified three housing goals:

- Provide housing opportunities for those at the entry level of homeownership, "empty nesters," elder residents, and those requiring housing assistance and rental housing units
- Ensure maintenance of the present housing mixture including single-family, two-family and multi-family dwelling units
- Encourage the elderly and disabled to remain in Stow, preferably in their own homes

"Stow 2000" included several recommendations mainly involving zoning techniques. Since this plan was adopted, the Town has taken several steps to improve planning for new developments. They include the following:

- Adoption (in 2001) of an "Active Adult Neighborhood" (AAN) bylaw, which allows homes for "over-55" households on commercially and industrially zoned land. The bylaw restricts the number of AAN units to no more than 6% of the total number of single-family DWELLING UNITS in the Town of Stow and two have already been approved: Arbor Glen and RidgeWood, each with a total of 66 units, seven of which have affordability restrictions. Four of the units are made available only to residents earning 80% of median income and three of the units are geared toward those earning 150% of median income.[4] In addition, each of the developments is required to make a cash payment for the 3 affordable units, such payment shall be for 150% of the remaining 3 units (4.5 units). The cash payment shall be calculated at 35% of the average sale price of new construction affordable dwelling units. To date, payments for 3 units at the Arbor Glen AAN have been deposited in the Housing Trust Fund account.
- Adoption of a "Planned Conservation Development" (PCD) bylaw that encourages developers to preserve open space by designing compact housing clusters, including a mix of attached housing units and traditional single-family homes. Examples of developments constructed under this bylaw include: Wildlife Woods (1998) on 118.7 acres with 67 units, Brandymeade Circle (2000) on 27.2 acres with 12 units, Trefry Lane (2003) on 51 acres with 16 units, and Derby Woods (2003) on 69 acres with 33 units. (Note that the Inclusionary Zoning Bylaw applies to PCDs – see below.)
- Adoption (in 2003) of inclusion of an affordable housing bylaw that applies to any development of six or more units, requiring that at least 10% of the units be affordable and comply with the state's Local Initiative Program (LIP). The

[4] Median income based on the 2000 Census for the Boston Metropolitan Statistical Area and adjusted for inflation is $66,150 for a family of 4.

bylaw and MGL allow developers to build the requisite number of units off-site as well or pay a fee in-lieu of actual units based on three times 80% of the HUD area median income for a household of four. No units have been developed to date through this bylaw, suggesting that developments of six or more units have not been proposed due to market conditions.

- Adoption (in 2002) of a Comprehensive Permit Policy that conveys the Town's expectations for housing developed under Chapter 40B including minimum performance standards and trade-offs the Town is willing to explore with developers. This policy stated that the most acute housing need was rental housing for all income levels and encouraged rental development proposals. It also recognized a significant gap between affordable units and high-end housing and promoted a range of housing alternatives to address more moderate-income households as well. This policy has not been well used to date and should be revisited and updated to better reflect changes in state and local regulations, policies and needs. Newer programs sponsored by the Department of Housing and Community Development (DHCD) allow for some units which are made available only to moderate income families to qualify for incentives and in some cases special funding.

2. Housing Production Plan (2002)

Stow's last Housing Production Plan was prepared in 2002. The consulting firm Community Opportunities Group developed this plan and it was in effect until December 2008 when state approval expired. Subsequently the Town engaged Karen Sunnarborg Consulting to update this plan. The result is "Housing Production Plan 2010," which is still pending approval of the Town for submission to and certification by DHCD. It offers strategies that differ from housing studies in that they identify a means by which the Town intends to encourage the production of affordable housing. Those communities with a DHCD-approved Housing Production Strategy are given the added benefit of being able to forestall, or in some cases deny, 40B proposals for up to two years if the community is producing a minimum of 1% affordable housing in any given year or a one-year exemption if the community produces 0.5% in a year.[5] This can have great value to a community such as Stow, because Stow still has ample available buildable land and is only technically at 6.26% of subsidized affordable housing. Without this plan and concomitant production, in order to outright deny a 40B application a community must be at 10% affordable housing, as certified by DHCD. See the 40B discussion later in this chapter for more information.

It is important to note that considerable progress has been made in addressing the 2002 recommendations including the following:

[5] For more information on Housing Production Plans go to: http://www.mass.gov/Ehed/docs/dhcd/cd/pp/hpguidelines.doc

- The Town approved a Municipal Affordable Housing Trust at its 2005 Town Meeting, followed shortly after by the appointment of its members by the Board of Selectmen. The Housing Trust is fulfilling the range of activities included in the 2002 Housing Plan, including the oversight of "Housing Production Plan 2010."
- Stow established a Local Housing Trust Fund which will allow local officials to pool their housing resources and allocate them to public or nonprofit organizations without Town Meeting approval. This greatly increases the Town's ability to be responsive to housing needs in an expedited fashion.
- Stow submitted a Planned Production Strategy to DHCD for approval under 760 CMR 31.07(d). If a community has an affordable housing production plan (a planned production strategy) and is making steady progress toward achieving its goals, it can achieve temporary immunity from Chapter 40B development. Stow needs to increase the number of affordable homes by 0.5% each year for immunity. Of course the total number of homes continues to increase, thus increasing the number of affordable units required each year for immunity. The Town prepared a housing production plan that was approved by DHCD, but the plan expired in December 2008. Housing Production Plan 2010 will meet new state requirements for housing plans under 760 CMR 56.03(4).
- The Community Preservation Committee submitted a plan to the Department of Housing and Community Development (DHCD) to use CPA (Community Preservation Act) funds to purchase deed restrictions on relatively inexpensive homes and permanently set them aside as affordable units. The Town had hoped that DHCD would then count them as eligible units on Stow's SHI. Unfortunately, DHCD did not approve this plan but this may still be something worth pursuing again in the future.

3. Community Development Plan (2004)

The Community Development Plan prepared in 2004 was designed to assist the Town in the implementation of "Stow 2000." It included the following recommendations related to housing, with current status in italics:

1. Establish a permanent Housing Partnership Committee. *Dissolved in 2009; duties transferred to Affordable Housing Trust.*
2. Modify existing zoning regulations to facilitate single- family to multi-unit conversions for large residences built prior to 1950. *(Section 3.2.2.3 of the Zoning Bylaw permits conversion of a one-family dwelling into a two-family dwelling.)*
3. Amend the Zoning Bylaw to encourage mixed use village development through overlay districts or by Transfer of Development Rights (TDR). The mixed use strategy is covered in Ch. 4, Economic Development. *After extensive consideration, the MPC concluded that while it is a very attractive concept, it is probably unworkable in practice. Thus, TDR strategy is no longer recommended due to its complexity and the relative low probability that it could be an effective tool.*

4. Replace existing regulations for Planned Conservation Development with a mandatory open space-residential development bylaw that applies to all divisions of land into five or more lots or developments of five or more units, and provide a modest density incentive to preserve exemplary open space or create a higher percentage of affordable housing units than required under the Town's new Inclusionary Zoning Bylaw. *Included in this plan's recommendations. (Action Item 2c)*
5. Modify the fee in-lieu-of provisions of the Inclusionary Zoning Bylaw (ATM 2003) to more accurately reflect the Town's cost to provide affordable housing units. *Included in this plan's recommendations. (Action Item 2b)*
6. Modify the Inclusionary Zoning Bylaw to provide for a percentage of homes affordable to "below-market" households, e.g., households with incomes between 81% and 110% of area median income. *Included in this plan's recommendations. (Action Item 2b)*
7. Petition the General Court to create a Local Housing Trust Fund. *Done*.
8. Commit a greater percentage of each year's CPA revenue to affordable housing that exceeds statutory minimum of 10% set aside, in order to fund a Local Housing Program. *Included in this plan's recommendations. CPA requires that a minimum of 10% each year be set aside for the creation of affordable housing. (Action Item 1c) It should be noted here that the CPC does not support setting aside a larger percentage than 10% because it wishes to maintain the maximum flexibility in the CPA fund and have an opportunity to evaluate individual projects. The Master Plan Committee believes it is still worth pursuing the development of a Local Housing Program and that any appropriate housing proposals should still be brought forward to the CPC.*
9. Integrate affordable housing into the Town's next Open Space and Recreation Plan by identifying lands of conservation interest that would be suitable candidates for a mixed-income limited development project if the sites were acquired as open space. *Included in this plan's recommendations. (Action Item 2d)*
10. Supplement the capacity of Stow Community Housing Corporation with a local development corporation created by petition to the General Court. *The Master Plan Committee does not see the need for a separate corporation.*
11. Modify the Comprehensive Permit Policy (December 2002). Refer to the Action Item (Section E) and Housing Production Plan 2010 for details. *Included in this plan's recommendations. (Action Item 1d)*
12. Request that developers pay a reasonable fee to the Town for peer review services when the Zoning Board of Appeals receives a comprehensive permit application. Peer review consultants retained by and reporting directly to the Zoning Board of Appeals are now fairly common standard procedure for many communities and ensure the community can obtain the technical assistance it needs to properly review these complex projects. Furthermore, requiring the developer to pay for this is explicitly allowable under MGL. *Included in this plan's recommendations. (Action Item 1e)*
13. Designate an individual officer of the Town to negotiate with comprehensive applicants. *Not included in this plan's recommendations. The Zoning Board of Appeals has this responsibility.* Depending on the specific situation and project, if needed, the Zoning Board of Appeals can designate a specific staff person, special municipal counsel, or

other consultant to develop the negotiations to sufficient specificity to then be ready for full Board approval.

14. Submit a Planned Production Strategy to DHCD for approval under 760 CMR 31.07(d). *A Planned Production Strategy was submitted to and approved by DHCD in 2002 and was in effect through December 2008 when state approval expired. An updated Planned Production Strategy (Housing Production Plan 2010) has been prepared.*

4. Commissions, Boards and Committees involved in Housing Initiatives

There are a variety of municipal entities and private organizations that have responsibilities for creating and managing housing in Stow, as follows.

- Stow Housing Authority (SHA)
  The Stow Housing Authority (SHA) administers a housing voucher program that consists of 26 state and federal vouchers. Created in the late 1980s, the SHA originally provided the backup vouchers that ensured that the affordable units at Pilot Grove would have a reliable subsidy. The SHA is also responsible for administering lotteries on affordable units.
- Stow Community Housing Corporation (SCHC)
  An offshoot of the Stow Elderly Housing Corporation (SEHC), the Stow Community Housing Corporation (SCHC) was formed in 1987 to create affordable housing for the entire community, not just the elderly. It created Pilot Grove Apartments, a mixed-income rental development that has 60 units. There are 37 affordable units at Pilot Grove, an unusual level of affordability. Permanent deed restrictions for affordability were acquired using Community Preservation funds.
- Community Preservation Committee (CPC)
  Stow passed the Massachusetts Community Preservation Act (CPA) in 2001, which led to the creation of the Community Preservation Committee (CPC). The CPC administers the CPA funds, which come from a 3% property tax surcharge and up to a 100% match by the State. The CPC is required to spend at least 10% of its revenue on each of affordable housing, historical preservation, and open space preservation.
- Stow Municipal Affordable Housing Trust (SMAHT)
  Town Meeting accepted a new State statute in 2005 that allowed the Board of Selectmen to create a Stow Municipal Affordable Housing Trust. SMAHT is a public corporation that can receive monies intended for affordable housing from all sources and expend them as it sees fit to create affordable housing. The Trust also leads the strategic affordable housing planning for the Town (such as maintaining a long-term housing production schedule), acts as an advisor to the various town boards on affordable housing matters, and interacts with various governmental and private funding vehicles to ensure ongoing funding for affordable housing.
- Planning Board (PB)
  This elected body reviews and approves the division of land under the State Subdivision Control Law (MGL. Ch. 41) and the Stow Subdivision Rules and Regulations; serves as

a special permit granting authority under the State Zoning Act (MGL. Ch. 40A) and the Stow Zoning Bylaw; and guides the process of Zoning Bylaw amendments under the State Zoning Act (MGL. Ch. 40A). Under State Law, the Board is charged with the responsibility of protecting the health, safety and welfare of Stow's residents. The Planning Board proposes new bylaws and modifications to existing bylaws in an effort to meet Stow's housing needs and make the most efficient use of buildable land.

- Zoning Board of Appeals (ZBA)
  The ZBA's housing-related role is to grant or deny comprehensive permits for 40B developments. The ZBA may also issue special permits and variances for various projects pursuant to the Town's zoning bylaws.
- Board of Selectmen (BOS)
  The Selectmen have overall responsibility for implementation of the Master Plan including the associated housing strategies.
- Open Space Committee (OSC)
  The OSC identifies and prioritizes parcels for potential acquisition to add to the Town's open space inventory. It leads the implementation of the Open Space and Recreation Plan. The OSC advises the Board of Selectmen and other public and private stakeholders on the protection of the Town's open space priorities, and it coordinate with other town boards on community planning initiatives as recommended in the Open Space and Recreation Plan.
- Council on Aging (COA)
  The COA provides support to seniors by being a resource of information on elder affairs, and by providing social activities, outreach services, and assistance to help the senior population of Stow remain in their homes as long as safely possible.
- Stow Elderly Housing Corporation (SEHC)
  SEHC was created by Town Meeting in 1979. It secured a federal grant to build Plantation Apartments in 1982. It has recently refinanced Plantation Apartments to refurbish the structures and make them viable for the next 20 years.

D. Data Relevant to Housing Decisions

In order to set the stage for subsequent discussion of our vision, housing needs, and recommended actions, we must first consider demographics, trends, affordability issues, and an important state law known as Chapter 40B.

Stow is a small town in one of the state's most rapidly growing regions. It is a primarily residential community with a distinct country character provided by numerous orchards, golf courses, forests, wetlands, and areas of open space. As a relatively old town, incorporated in 1683, the housing stock includes historic dwellings, farmhouses and typical New England style single-family homes. There is also a limited number of multiple dwellings, including affordable elderly and family housing complexes.

While the pattern and density of residential land use vary somewhat across the Town, Stow's housing stock is largely uniform, comprising almost exclusively large, detached single-family homes. As a result, most households are both families and homeowners.

Thirty years ago, Stow was a place where young families could purchase starter homes. In the last 25 years, while the general Consumer Price Index (CPI) rose 100%, home prices in Stow increased 400% to 500%. Thus, without subsidies, starter homes are now often out of reach for many aspiring to live in the community. Moreover, Stow residents face a substantial tax burden and find few downsizing options in town when they reach that stage of life.

The table on the following page shows population and family data starting with 1980 and includes the most recent official census in 2000. The population as of April 2009 was 6,660 living in 2,467 separate households. This yields an average household size of 2.7, slightly below the 2.83 level in 2000.

FIGURE: 10 Stow Residential Demographic Data, 1980-2009

	1980		1990			2000			2009	
	#	%	#	%	% Change	#	%	% Change	#	% Change
Total Population	5,121	100	5,328	100	4.0%	5,902	100	10.8%	6,660	12.8%
Minority Population*	142	2.8	126	2.4	-11.3%	267	4.5	111.9%		
Total Households	1,571	100	1,793	100	14.1%	2,082	100	16.1%	2,467	18.5%
Family Households**	1,353	86.1	1,459	81	7.8%	1,678	81	15.0%		
Female Heads Households**	41	2.6	97	5.4	136.6%	70	3.4	-27.8%		
Non-family Households**	218	13.9	334	19	53.2%	404	19	21.0%		
Average Household Size	3.26		2.96			2.83		-4.4%	2.70	-4.6%
Source of above table: 1980, 1990, 2000 U.S. Census Bureau, & Stow Town Officials										

***All non-White classifications**

**** Percent of all households**

Despite a significant increase in population through the most recent decade, the number of households has grown even faster (10.8% versus 16.1%, respectively). Household growth continues to outpace population growth in the current decade, as shown by 2009 data. The apparent discrepancy can be explained by the smaller number of residents per household. This decline also reflects the much more rapid growth in residents over 54 versus those 17 and under. As Table 3.2 shows, the number of school-age children rose 17.1% over the last decade, compared with a 45.3% increase for those over 54. (Age group demographic data are not available for 2009.)

Older residents clearly make up the fastest-growing population segment (Table 3.2). Stow has tried to address the demand for those wishing to "downsize" by approving "active adult neighborhood" developments like Arbor Glen and Independent Adult Living Residences like Meeting House at Stow. Furthermore, according to the Metropolitan Area Planning Council,

significant population increases are projected to occur in the older age brackets, with an 83% increase in those 55 to 64 and 107% for those age 65 and over through 2030. Such a substantial growth in the aging baby boomers suggests a greater need for a greater number of smaller units with minimal maintenance needs, more handicapped accessible units as well as more housing with supportive services to enable residents to stay in their homes as they age.

Table 3.2 Population Change by Age Group, 1990-2000

Age Cohort	1990	2000	% Change
<18	1,423	1,667	17.1%
18-24	420	246	-41.4%
25-34	731	575	-21.3%
35-44	1,124	1,230	9.4%
45-54	842	1,039	23.4%
>54	788	1145	45.3%
Total Population	5,328	5,902	10.8%
% <18	26.7%	28.2%	
% >54	14.8%	19.4%	

1. Interpreting the Data

a. Home owners

Although the absolute number of homes has increased since the previous plan, the relative distribution of different housing types is essentially unchanged: about 90% of Stow's housing stock consists of single-family detached homes.

Despite considerable wealth in the community, there remains a significant and highly vulnerable segment of population within Stow with very limited financial means. For example, 203 or almost 10% of all households had incomes of less than $25,000 in 2000, and there were 157 individuals and 26 families living in poverty in 1999.

Like other communities nearby, Stow has a highly competitive housing market, and since 1990 the median single-family sale price more than doubled, from $187,000 to $390,000 as of the end of March 2009. However, reflecting nationwide economic trends, this price is down considerably from the height of the market in 2006 when the median price was almost $500,000.

Stow's established development pattern makes inefficient use of land. The large lot requirements of most single family zones in town encouraged large homes to be built. This

occurred, and continues to occur, because a developer must build a large home in order to recoup land costs. In addition, infrastructure limitations prevent construction on smaller lots.

Stow's zoning policies stop short of encouraging the preservation of village density and form even though the Master Plan's land use element and the Town's Comprehensive Permit Policy emphasize the importance of village development.

b. Renters

The nominal inventory of multi-family housing in Stow helps to explain two salient features of the Town: its strikingly low rental vacancy rate of 1.4% (Pilot Grove), and the prevalence of single-family homes in the renter-occupied housing inventory.[6] The wait list for units at Plantation Apartments is currently two years. Nearly 40% of all units occupied by tenants are single-family homes, located randomly throughout the Town. The remaining units are in older two-, three or four-unit buildings or in two small rental housing developments near Lower Village. About 13% of all renters living in Stow have occupied the same dwelling unit for 20 or more years.

The substantially different circumstances of renters complicate the meaning of "rental housing market," for the demand side is not at all homogenous. As for the supply side, at least four conditions exist in Stow and nine nearby towns with overlapping market characteristics: the supply is small, expensive in relation to renter incomes, older than the supply of homeownership units, and in many cases vulnerable to homeownership conversion. (The other nine towns are Acton, Bolton, Boxborough, Harvard, Hudson, Lancaster, Littleton, Maynard, and Sudbury.)

By policy, Stow and most towns nearby discourage or prohibit multi-family housing development through one or more land use controls, e.g., confining allowed residential uses to detached single-family homes, restricting density to one dwelling unit per acre (or more), or allowing attached housing units at a density high enough to attract some condominium development but not high enough to attract rental development. Given these and other constraints on multi-family housing, it is not surprising to find that single-family homes contribute nearly 20% of all renter-occupied units in the ten-town area, reaching as high as 80% in Bolton.

Stow's rental housing inventory consists of about 270 units that were fully occupied when the last federal census was taken in April 2000.[7] The 3.8% rental vacancy rate that existed in Stow a decade ago has been eclipsed by intense market pressure, a condition found throughout the state.

---

[7] Of the town's 46 vacant units, only 18 were for sale on April 1, 2000. The remaining vacant units are seasonal or vacation homes and a few were not available for occupancy, i.e., classified by the Census Bureau as "other vacant."

Prospective renters face low odds of finding moderately priced housing in Stow's market area. Current rental prices for Stow as of the end of April 2009 were approximately $1,000 per month, although there are few actual listings as most units turn over by word of mouth, particularly in single-family homes.

2. Affordability and Chapter 40B

40B and Stow

Home prices have appreciated to a point where 45% of Stow residents could not afford to buy a home in Stow at current assessment rates, nor could 71% of households throughout the Boston metropolitan area. Although Stow has some lower-cost homes, they do not all meet the definition of an affordable housing unit under state law. (See "Setting the Context" above.) Stow has 132 units of housing that qualify as "affordable" under Chapter 40B,[8] a law that is highly controversial in most communities because it overrides local zoning regulations that make low- and moderate-income housing economically unfeasible to build. The device that overrides local zoning is known as a comprehensive permit. Towns such as Stow need to be vigilant in how 40B decisions are handled. If the Town is not proactive in making its own decisions as far as location and style of affordable housing, it risks sacrificing these decisions to a developer who may or may not have any interest in the Town's overall desires.

There is a real risk of losing more potential, nonresident tax base if homes continue to be built on industrial land, and two 66-unit Active Adult Neighborhood developments have already been permitted on two parcels located in the Industrial District/Active Adult Neighborhood Overlay District. There is a risk of 40B developments on any parcel that is zoned for non-residential uses.

Enacted in 1969, Chapter 40B establishes a legal presumption of unmet housing needs when less than 10% of a community's year-round housing stock is affordable to households at or below 80% of the area median income. Generally, communities that do not have at least 10% of their housing units on the state's SHI must issue a comprehensive permit unless there is an unusual or compelling basis to deny one. Developers, in turn, may ask the state's Housing Appeals Committee (HAC) to overturn a local Zoning Board of Appeals decision. In most cases, they negotiate a compromise with town officials, but HAC's less frequent overrides have left a lasting impression on communities and form the basis for most of the opposition from local governments today. DHCD is responsible for certifying each community's SHI based on those units that meet the state's subsidized housing affordability requirements. According to "Stow 2000," the Town's affordable housing ratio was 7% back in 1996. Unfortunately, there has been no progress toward the state's 10% goal because, despite moderate gains in new subsidized housing units, there has been a greater increase in non-subsidized units. Only 6.26% of Stow's current housing stock qualifies as affordable as defined by state requirements. In

---

[8] Department of Housing and Community Development (DHCD), Chapter 40B Subsidized Housing Inventory [database online], available at <http://www.mass.gov/dhcd.html, [updated April 2002; cited April, August 2002].

2010, the state will recalculate all communities' SHIs which will result, in most cases, in declining SHI scores.

The legislature's intent in enacting Chapter 40B was to assure a "fair-share" distribution of low-income housing across the state, but housing policy analysts do not define affordable housing need on the basis of a fixed 10% standard. The national definition of housing affordability assumes that a home is affordable to its owners if their monthly housing costs – a mortgage payment, property taxes, and house insurance – are equal to or less than 30% of their monthly gross income. Similarly, an apartment is considered affordable to tenants if they pay 30% of their gross monthly income, or less, for rent and utilities. Under these criteria, "affordable housing need" exists when households pay more than 30% of their gross income for housing costs. In housing industry parlance, they are classified as "housing-cost burdened." According to the 2000 federal census data, 23.4% of all homeowners in the Boston metropolitan area and 22.1% in Stow qualify as housing-cost burdened. The condition is more pronounced among renter households, for 36.9% of Boston-area tenants pay more than 30% of their monthly income for rent and utilities, compared to 31.4% in Stow.[9]

In a competitive real estate market like Stow's, the cost of housing creates a significant challenge for lower-income households. The measure of "low-income" varies by household size and region. By federal definition, a low- or moderate-income household has annual income equal to or less than 80% of the area median income, adjusted for household size. Each year, the U.S. Department of Housing and Urban Development (HUD) publishes income eligibility guidelines for various housing assistance programs. The 2000 HUD statistics showed that about 18% of Stow's population was low- or moderate-income – up from 11.5% a decade before.[10]

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income as defined by HUD ($24,350 for a family of three for the Boston area) and very low-income is defined as households earning less than 50% of area median income ($40,600 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income ($59,550 for a family of three at the 80% level), and moderate-income from 81% to 100%, and sometimes 120% of median income ($90,200 and $108,240, respectively).

---

[9] Census 2000, Summary File 3, Tables DP-4 and H-84.

[10] Standard Census 2000 data tables do not measure low- and moderate-income households. HUD works with the Census Bureau to estimate each community's low- and moderate-income population by cross-tabulating household size and income cohorts. A conservative estimate can be made from the number of households with incomes below the one-person household tier (meaning the lowest tier) in HUD's income guidelines for 2000. In the Boston metro area, 31.6% of all households earned $35,000 or less, and in Stow, 14.4%, as of April 2000. Stow's average household size was 2.82 persons and in 2000, and 17.9% of its households had incomes below HUD's three-person income limit of $45,200 at that time. However, 17.9% exaggerates the percentage of low-income households in Stow because most households with incomes below $45,200 also had fewer than three people and may have also had substantial financial assets.

HUD considers Stow to be in the Boston-Cambridge-Quincy, Massachusetts-New Hampshire metropolitan area. To qualify for affordable housing in Stow, a family of four cannot earn more than $66,150 (as of March 2009). HUD reviews and updates the income limits every year in the March timeframe. (See the HUD User website at www.huduser.org.)

It is also important to emphasize that affordability is often related to density. This point is illustrated very well in the excellent report recently issued by the 495/MetroWest Partnership. "Density Through Design" (Appendix) includes a review of two model projects in Medway and Sudbury to illustrate how land can be used much more efficiently. The report also states that the high home costs resulting from low-density development make it impossible to create workforce housing. As a result, workers often cannot live near their place of employment, or worse, they leave the state altogether. As the report concludes, "Greater Boston's housing problem has become an economic development problem."

As is the case with many other affluent communities throughout the state, the population of young adults entering the workforce and forming their own families has declined, largely as a result of increasing housing prices and a lack of job opportunities in these communities. The anticipated decline of those in this younger-adult age range could be boosted somewhat with increased efforts to provide first-time homeownership opportunities in Stow as well as more rental options.

3. Current affordable housing inventory

Stow's inventory of low- and moderate-income housing-that qualifies on the DHCD SHI includes the following:

- Pilot Grove – 60 rental units affordable in perpetuity and developed through a comprehensive permit by the Stow Community Housing Corporation in partnership with The Community Builders
- Plantation Apartments – 50 rental units affordable through 2025 and developed through a comprehensive permit by the Stow Elderly Housing Corporation, also in partnership with The Community Builders
- Stow Farms – 7 units of homeownership housing with limited affordability restrictions, also developed through a comprehensive permit
- DMR Group Homes – 4 units sponsored by the state Department of Mental Retardation for special needs individuals
- Arbor Glen – 7 affordable units from a 66-unit age-restricted homeownership development through the Active Adult Neighborhood (AAN) bylaw with affordability restrictions in perpetuity and developed by Pulte Homes.
- Ridgewood at Stow - This 66-unit age-restricted homeownership development was permitted through the Active Adult Neighborhood bylaw with affordability restrictions in perpetuity. Due to existing real estate market conditions which has

slowed construction, the special permit for this development was modified to extend the permit to June 24, 2011.

- The Villages at Stow - With construction ongoing at the time of this report, this comprehensive permit allows a 96-unit housing development with 24 permanently restricted affordable units. As of April 1, 2010, 17 building permits out of the 24 have been issued for the affordable units.

The SHI therefore comprises 110 rental apartments, including 50 age-restricted units, four special needs units, and 18 homeownership units, seven of which are age-restricted. These 132 units equal 6.26% of Stow's year-round housing stock. Again, as mentioned above, this 6.26% figure will most likely be adjusted following the 2010 Federal Census, and that number may decline.

E. Needs

By choice, Stow is poised to attract affluent family households. To control the total amount of residential development, the Town relies on large-lot zoning and policies that favor single-family homes. Though these techniques have and will continue to limit the number of dwelling units in town, they create significant challenges to meeting Stow's other housing goals. With so many new single-family residences sized to attract families, it is not surprising that between 1990 and 2000, Stow absorbed a 12% increase in married couples with children – or a 14.2% increase in all family households with children.[11] Such trends have likely continued since then given the type of housing that has been built: largely single-family homes.

The high incidence of housing cost burden among householders 45-54 years of age in Stow is also a concern. Given their foreseeable decline in household income over the next 10 years, it is not at all clear how Stow intends to retain its present generation of middle-aged people.

Another consideration involves housing choice for renters and persons with disabilities. There are very few housing units that are accessible to persons with disabilities. Although the 2000 census indicates that there were 422 individuals living in Stow who claimed a disability, it is unclear how many of the 422 individuals have a physical handicap requiring a handicapped accessibility unit. Some accommodation for individuals with special needs should be integrated into the housing stock either through handicapped accessibility or supportive services. On the other hand, since the Stow Planning Board has been informed that it is difficult to market handicapped-accessible units, even in an AAN development, another approach is to require AAN units to be ADA adaptable should the owner or occupant need this feature at a later date.

---

[11] The Stow Master Plan (1996) notes similar trends in a comparison of 1980-1990 household statistics (*Stow 2000*, 74). Significantly, the number of married couples with children had declined by 7% between 1980-1990. Census 2000 shows that the number of married couples with children recovered during the 1990s, though not to 1980 proportions. In Stow today, there are 1.1 couples with children for every couple without children – in contrast to 1.6 two decades ago.

Although the Zoning Bylaw includes a mechanism to develop multi-family housing units (Planned Conservation Developments, Active Adult Neighborhoods and Independent Adult Living Residences and developments subject to inclusion of affordable housing), Stow should be looking for ways to make multi-family rental housing feasible.

Finally, Stow does not have effective regulations to preserve its historic mix of single-family homes. Major expansions or alterations to existing homes and demolition-rebuild projects attract new investment to the community. However, as these activities cause older homes to appreciate in value, they also remove lower-cost housing from the market. Strategies to secure the affordability of these homes may help Stow establish a base of Chapter 40B-eligible units for lower-income homebuyers or renters, avoid the environmental costs of new development, and preserve the range of architectural traditions that pre-date modern conventional subdivisions.

1. Priorities identified by Housing Production Plan 2010

"Housing Production Plan 2010" identified the following priority housing needs:

- Rental Housing: As prescribed in the Town's Comprehensive Permit Policy, the Town has had a preference for rental units, particularly given the relative scarcity of such units. This plan suggests that at least two-thirds of the affordable units produced as a result of the Town's housing strategies be rental units. These units should include a mix of sizes, and a target should be to have one-third of all rental units in town be suitable for the elderly and disabled. We note, however, that residents who responded to our 2008 survey expressed rather marginal support for more rental housing in Stow. The survey presented three types of rental housing. They are listed below with the percentages of respondents in favor:
    - Rental single family homes: 42%
    - Rental apartment style housing units in multi-family buildings: 32%
    - Rental town house style housing units in detached buildings: 54%
- Homeownership: As affordable starter housing is still rare in Stow and so are affordable opportunities for seniors to downsize, this plan suggests that approximately one-third of the affordable units produced as a result of the Town's housing strategies be for homeownership and also include additional units for those earning above 80% of area median income who are still priced out of the Town's private housing market. These units should include a mix of sizes, and one-third should be targeted to the elderly and disabled.
- Special Needs Population: Because of Stow's aging population, a very limited number of handicapped accessible units, the number of disabled residents, and an extremely limited supply of units with supportive services, this plan suggests the need for ADA adaptable units and supportive services.

2. Workforce housing

A critical goal is to provide workforce housing so that both municipal and business employees who work in Stow have an opportunity to live in Stow. Residents who contemplate its importance often think first in terms of the cultural and socioeconomic diversity that work force housing implies: their values dictate that they want to live in a town whose population includes not just business people and high-end professionals but also blue-collar workers, teachers, craftspeople and manual laborers.

It is also important to look at the pragmatic value of having a town's work force live locally. In the event of a natural or manmade disaster, it is the emergency workers and the manual laborers whose presence will be most critical as initial responders: paramedics, ambulance drivers and hospital workers to help care for the injured; police officers and fire fighters to direct the emergency response and maintain crowd control; and then, once the initial catastrophe has passed, construction workers, highway workers and other infrastructure specialists to begin repair and rebuilding efforts on townwide systems such as bridges, roads and public buildings.

Moreover, to families with school-aged children, there is inherent value to having teachers and school staff live in town: shorter commutes for school employees mean less absenteeism in the event of inclement weather. Teachers and school staff also fit into the rubric described above: in case of an emergency that makes access to town problematic, it will be easier to get systems up and running again if employees can reach their workplace easily.

Finally, thinking globally, workers who reside close to their jobs drive less and thus emit less CO2. Shorter commutes also means more time to be with family, less stress and fatigue, and more time for leisure pursuits. A short commute results in a higher quality of life.

F. Action Items

The following recommended actions come from "Housing Production Plan 2010," the 2008 draft of the Master Plan, and the Community Development Plan.

1. Build Local Capacity to Promote Affordable Housing

a. Conduct ongoing community outreach to continue to inform local leaders and residents on the importance of affordable and work force housing and to present information on local housing initiatives.

b. Consider obtaining resources to help with implementation of the Housing Production Plan 2010" document by hiring, sharing or using consultants.

c. Capitalize the Stow Municipal Affordable Housing Trust through a number of resources, including payments through the fees in-lieu of actual units, private donations of land and funding, and negotiations with developers. In addition, the Community Preservation Committee could be asked to make a recommendation at Annual Town Meeting to allocate the 10% required funding for affordable housing to the Affordable Housing Trust Fund for a

specific purpose. This will allow the Stow Affordable Housing Trust to respond quickly to new affordable housing opportunities without having to wait for the next Town Meeting for fund allocation approval. Frequently, when deed-restricted affordable units come up for sale on the open real estate market, it can be difficult to locate an eligible purchaser who both income-qualifies (as low and moderate income) and who can simultaneously get bank financing to purchase the housing unit. The deed restriction only allows a brief time-frame for the municipality to locate a buyer. When it can not do so quickly, the deed restriction becomes void and the affordable housing unit is sold as a market rate unit to any buyer. The affordability restriction is entirely lost in this scenario and the Town's SHI is reduced. For this reason, it may make sense to have a fund available through the Trust that has enough capital to purchase a typical unit. This will buy the Town adequate time to locate an eligible buyer who income qualifies and thus preserve the affordability restriction. The Trust would then replace the money used by redepositing it in the trust fund when the unit is transferred to the new owner.

d. Modify the Comprehensive Permit Policy (December 2002) to ensure that it is more in line with the housing needs, production goals and strategies including in this Housing Plan as well as state guidelines that have changed significantly since then. Also, the Comprehensive Permit Policy should be revisited to determine if the conclusion that the most "acute" need is rental housing for all income levels and to determine if this is still what the Town wants. Finally, in all cases affordable housing units should be required to have perpetual deed restrictions.

e. Require fees from developers to the Town for peer review services from applicants of comprehensive permits per requirements set forth in 760 CMR 56.05 and 56.06.

2. Make Zoning and Planning Reforms

a. Identify acceptable forms of affordable housing so the Town can then determine appropriate modifications to the Zoning Bylaw or to encourage the same.

b. Modify the inclusion of affordable housing zoning bylaw (2003 Annual Town Meeting) to allow more housing types in such developments, including a more reasonable restriction on multi-family housing; insert more specific density provisions to permit a specified amount of units beyond what would be allowed in a conventional plan and sufficient to fully offset the costs of the affordable units; provide for a percentage of homes affordable to "below-market" households, i.e., households with incomes 81-110% of area median income. Nonetheless, despite this recommendation, the Town should take care to offset the density bonus by protecting more open space elsewhere in Town so that the overall residential density in the community is not increased by this provision. Also, we recommend modifying the fee in-lieu-of provision

to more accurately reflect the Town's cost to provide affordable housing units. However, if a modification of this provision is considered, it should be done with care so as not to provide a disincentive to prevent developers from making these fee payments.

c. Modify or replace existing regulations for Planned Conservation Development to include incentives for affordable housing (PCDs are subject to inclusion of affordable housing) and several other provisions to strengthen the bylaw and make it more responsive to more current needs and priorities. For example, density incentives could be added to the PCD bylaw. Also, the Town should look at the provisions in the model bylaws developed by the Metropolitan Area Planning Council and other organizations.

d. Create an inventory of land parcels that are potentially suitable for some amount of affordable/work force housing, mixed income, or mixed use development. (Part of this task has already been completed by the Land Use Task Force. Refer to their 2009 report for the details.)

3. Partner with Developers to Produce New Affordable Units

a. Provide suitable public property for development of land owned by the Town or other public entities but not essential for government purposes.

b. Offer predevelopment funding through CPA funds to ensure that the development will be feasible.

c. Support permitting as appropriate, to expedite approvals and lend local support during the permitting process on affordable housing developments.

d. Provide gap financing to leverage project financing. CPA and SMAHT money can provide the last "gap filler" to make projects feasible and the key leverage to secure necessary financing from state and federal agencies as well as private lenders.

4. Preserve Existing Housing

a. Continue to pursue the Affordable Housing Deed Restriction Program that has been funded with CPA funds to purchase deed restrictions from lower income property owners, converting these units to long-term affordability upon resale. A priority should be the purchase of permanent deed restrictions on the Elm Ridge homes and Plantation Apartments.

b. Monitor and maintain affordability of the Subsidized Housing Inventory to avoid loss of individual units as they come up for resale.

c. Help qualifying residents access housing assistance including a wide range of programs and services for counseling, support with housing-related expenses, and home improvements.