

HANOVER AFFORDABLE HOUSING TRUST

HANOVER HOUSING PRODUCTION PLAN



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April 2013

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Table of Contents

	Page
1. Executive Summary	1
1.1 Summary of Housing Needs Assessment	1
1.2 Summary of Production Goals	4
1.3 Summary of Housing Strategies	5
2. Introduction	7
2.1 Purpose	8
2.2 Housing Goals	9
2.3 Planning Process	11
2.4 Patterns of Development	11
3. Housing Needs Assessment	15
3.1 Demographic and Economic Profile	15
3.2 Housing Profile	23
3.3 Housing Market Conditions	27
3.4 Affordability Analysis	33
3.5 Subsidized Housing Inventory	37
3.6 Priority Housing Needs	42
4. Obstacles to Development/Mitigation Measures	45
4.1 Infrastructure	45
4.2 Zoning	45
4.3 Environmental Considerations	47
4.4 Transportation	48
4.5 School Enrollment	48
4.6 Availability of Subsidy Funds	49
4.7 Community Perceptions	49
5. Housing Production Goals	50
6. Housing Strategies	52
6.1 Capacity Building Strategies	56
6.2 Zoning Strategies	60
6.3 Housing Production Strategies	64
6.4 Housing Preservation Strategies	73
6.5 Direct Assistance	75
Appendix 1 Local and Regional Organizations	77
Appendix 2 Glossary of Housing Terms	80
Appendix 3 Summary of Housing Regulations and Resources	84

Acknowledgements

The Hanover Affordable Housing Trust and Consultant would like to acknowledge the following individuals for their important contributions to this Housing Plan:

Michele Akoury, Preservation Management

Elaine Boidi, Town Assessor's Office

Janet Hines, Legion Elderly Housing

Margaux LeClair, Massachusetts Department of Housing and Community Development

Anthony Marino, Director of Community Services

Mary Means, Barstow Village

Joanne O'Connor and Bob Shay, Hanover Town Clerk's Office

Allison Walsh, Peabody Properties

TOWN OF HANOVER HOUSING PRODUCTION PLAN

1. EXECUTIVE SUMMARY

Hanover continues to be a desirable place to move to, to work in, and to raise children. However, based on continued high housing prices, some resurgence in housing development since the bursting of the housing bubble a few years ago, and more limited developable property available, the Town needs to strategically plan for future residential development. The visioning process that was part of the Town's 1997 community planning process established an overriding housing goal of *"promoting the provision of fair, decent, safe, affordable housing which meets the needs of present and future Hanover residents"*.

Much has been accomplished since 1997, and the Town is very close to reaching the state's housing affordability goal of 10% of its year-round housing stock. Nevertheless, some existing residents as well as those who would like to live or work in the community are still finding it challenging to afford housing prices in Hanover.

This Housing Production Plan builds on the Affordable Housing Plan that was prepared in 2007 and the significant progress that has been made since then. It also will help the community better understand the current socio-economic trends and housing market conditions. Through a range of strategies including zoning changes, partnerships with developers and service providers, and subsidies, the Town can continue to play a meaningful role in promoting housing options that match people to appropriately priced and sized units – producing housing that reflects the range of local needs!

1.1 Summary of Housing Needs Assessment¹

The Housing Needs Assessment, which is a major component of this Housing Production Plan, presents an overview of the current housing dynamic in Hanover, providing the context within which a responsive set of strategies have been developed to address housing needs and meet production goals. Table 1-1 summarizes demographic and housing characteristics in Hanover and compares this information to that of Plymouth County and the state. This data confirms that Hanover has been a place that has attracted families who have typically been able to purchase their own homes. This information also shows some sizable differences and similarities from other communities in the region and the state such as:

- *Slower but steady population and housing growth*
Population growth since the mid-20th century has increasingly put pressures on the housing market, especially between 1950 and 1970 when the population tripled in size. Since then there has been slower but steady growth with a population reaching 14,333 residents as of April 1, 2013 according to Town records and total housing units of 4,941. Hanover's housing growth rate of 48.7% from 1970 through 2010 has in fact been higher than that of Plymouth County at 46.1% and the state at 36.8%.

¹ It should be noted that the Housing Needs Assessment includes the most up-to-date data available. When 2010 census data is not available, the most recent issue of the Census Bureau's American Community Survey (ACS) is used for various types of data. Because the ACS is based on a survey, it is subject to sampling error and variation.

**Table 1-1
Summary of Key Demographic and Economic Characteristics for
Hanover, Plymouth County and the State, 2000 and 2010²**

Characteristics	Hanover		Plymouth County		Massachusetts	
	2000	2010	2000	2010	2000	2010
Total population	13,164	13,879	472,822	494,919	6,349,097	6,547,629
% less than 18 years	28.8%	27.9%	26.8%	24.1%	23.6%	21.7%
% 65 years or more	10.5%	13.3%	11.8%	13.9%	13.5%	13.8%
Median age	37.5 years	41.8 years	36.8 years	41.1 years	36.5 years	39.1 years
% non-family households	18.0%	20.6%	27.3%	29.4%	36%	37.0%
Average household size	3.02 persons	2.93 persons	2.74 persons	2.67 persons	2.51 persons	2.48 persons
Median household income	\$73,838	\$100,982*	\$55,615	\$73,131*	\$50,502	\$63,961*
Individuals in poverty	2.3%	3.0%*	6.6%	7.0%*	9%	10.8%*
% earning < \$25,000	12.9%	10.5%*	20.5%	15.3%*	24.6%	20.6%*
% earning > \$100,000	32.7%	50.6%*	18.8%	33.4%*	17.7%	29.9%*
Housing						
% occupied housing	97.8%	97.1%	92.7%	90.5%	93.2%	90.7%
% owner-occupied	87.4%	87.4%	75.6%	76.1%	61.7%	62.3%
% renter-occupied	12.6%	12.6%	24.4%	23.9%	38.3%	37.7%
% in single-family, detached structures	88.3%	84.4%*	71.7%	69.1%*	52.4%	51.9%*
% units in structures with 3+ units	8.2%	12.2%*	19.6%	29.2%*	31.0%	32.6%*
Median sales price as of the end of 2000/2012**	\$315,950	\$399,900	\$193,000	\$266,500	\$215,000	\$290,000

Sources: U.S. Census Bureau, 2000 and 2010 Sources: Asterisks (*) note data from the U.S. Census Bureau's American Community Survey, 2007-2011 estimates.

** The Warren Group, as of March 8, 2013

- Fewer children and more older adults**
Hanover has more children and fewer older adults than the county and the state, but trends suggest that the proportion of children is decreasing with corresponding increases in seniors, certainly reflected in increases in median age.
- More families**
While most households involve families in Hanover, the proportion of all families has declined significantly over the past several decades, going from 90.9% of households in 1980 to 79.4% by 2010. The Town still has a higher proportion of family versus non-family households (those living alone or with unrelated households members) reflected in the higher average household size of 2.93 persons in comparison to 2.67 and 2.48 for the county and state, respectively.

² Updated data is provided where available, but for many demographic and housing characteristics, the 2000 census is the only source available.

- Higher Incomes*

Median income levels per the 2011 census estimates indicate that incomes were on average substantially higher in Hanover than the county or state, \$100,982 as opposed to \$73,131 and \$63,961, respectively. Additionally, the percentage of those earning less than \$25,000 annually was substantially lower in Hanover, 10.5%, while it was 15.3% for the county and 20.6% for the state.
- Increasing poverty*

While the percentage of those living in poverty is lower than county and state levels, they are increasing in Hanover, going from 2.3% of all residents living below the poverty level in 2000 to 3.0% by 2010. These residents represent a very vulnerable segment of Hanover’s population and while such increases are small they are disconcerting.
- Higher level of homeownership*

Out of 4,852 total housing units in 2010, 97.1% were occupied, of which 87.4% were owner-occupied, the same level as in 2000. This level of owner-occupancy is significantly higher than those of Plymouth County and the state as a whole at 76.1% and 62.3%, respectively.
- High housing cost burdens*

The 2011 census estimates indicated that 1,487 households, or 31.6% of all households in Hanover, were living in housing that is by common definition unaffordable as they are spending more than 30% of their income on housing. This included 1,192 homeowners and 295 renters.
- Higher housing prices*

As of the end of 2012, the median single-family house price was \$399,900 in Hanover, much higher than the \$266,500 and \$290,000 medians for Plymouth County and the state, respectively. To afford this house price a household would have to earn approximately \$84,600.³ This assumes that the purchaser has cash on hand of almost \$85,000 to afford the high upfront costs of the down payment and closing costs and meet rigorous credit standards to obtain mortgage financing, adding considerably to the challenge of purchasing a home. Local listings indicate that market rents are also high, ranging from \$1,600 for two-bedroom units to more than \$4,000 for houses and requiring incomes of \$70,000 and \$170,000, respectively.⁴
- Supply of Workforce Housing*

Based on Town Assessors data, there were only a handful of units in town that was valued for under \$200,000 that would be affordable to low- and moderate-income households. Based on the Massachusetts Department of Housing and Community Development’s most recent data on the Chapter 40B Subsidized Housing Inventory, Hanover had 4,832 year-round housing units,⁵ of which 441 were counted as affordable, representing 9.13% of the year-round housing stock. With a number of affordable housing projects in the pipeline, Hanover is poised to surpass the state’s 10% affordability threshold under Chapter 40B within the next several years.

³ Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$15.55 per thousand, and 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).

⁴ Assumes average monthly utility costs of \$150 and \$250, respectively.

⁵ Year-round units are calculated by subtracting the number of seasonal or occasional units (20) from the total number of housing units (4,852) per the 2010 US Census.

Nevertheless, there still remains a sizable population of those living in Hanover who are have special needs and/or have very low incomes and thus are likely struggling to remain in Hanover if they are not already living in subsidized housing. To address these residents, the following priority housing needs have been identified and indicators of these needs are detailed in Section 3.6:

1. Households with Limited Incomes

Of the 590 renter households earning at or below 80% MFI, 305 or about half were spending too much on their housing. Given the high costs of housing, more subsidized rental housing is necessary to make living in Hanover affordable, particularly for residents who have very limited financial means.

2. Gaps in Affordability and Access to Affordable Housing

There are only a handful of units that are currently assessed for under \$200,000 and affordable to those earning at or below 80% AMI. Moreover, only one (1) unit in the 441-unit Subsidized Housing Inventory involves homeownership. A wider range of affordable housing options is needed including first-time homeownership opportunities for younger households entering the job market and forming their own families as well as empty nesters.

3. Disabilities and Special Needs

There are at least 1,197 individuals who claimed some type of disability plus the population of those 65 years of age and older is growing. At least 10% of new housing should be built adaptable or accessible to the disabled and/or include supportive services.

4. Housing Conditions

More than half of Hanover's housing stock, 2,490 units or 51.3%, was built prior to 1970, and is likely to have traces of lead-based paint, posing safety hazards to children, and also some deferred maintenance needs that come with an aging housing stock. Assistance to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households are needed.

1.2 Summary of Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .5% of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory in a single calendar year.⁶ Hanover would have to produce at least 24 affordable units annually to meet these production goals. If the state certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny inappropriate comprehensive permit applications without opportunity for appeal by developers.⁷ If the Town produces double this amount in any

⁶ The state has prepared draft changes to Chapter 40B, including proposed modifications to the Planned Production requirements. For example, the annual production goals are instead based on one-half of one percent of total housing units and plans are now referred to as Housing Production Plans (HPP).

⁷ 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.

year, it might qualify to have a two-year period when it can deny 40B applications that it judges do not meet local needs. Using the strategies summarized in Section 6.0, the Town of Hanover has developed a Housing Production Program to project affordable housing production activity over the next five (5) years that include 215 affordable units.

1.3 Summary of Housing Strategies

The strategies summarized in Table 1-2 are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning Strategies, Housing Production and Housing Preservation – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.⁸ Also, while a major goal of this Plan is to eventually meet the state’s 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs. Consequently, there are instances where housing initiatives might be promoted to meet community needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory.

It is also important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.

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.

⁸ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

**Table 1-2
Summary of Housing Strategies**

Strategies	Priority for Implementation		# Affordable Units	Responsible Parties**
	Two-Year Plan	Five-Year Plan		
6.1 Capacity-building Strategies				
1. Capitalize the HAHT	X		*	BOS/CPC/HT
2. Conduct ongoing educational campaign	X		*	HT
3. Establish annual housing summits	X		*	HT
4. Encourage training for board and committee members	X		*	BOS/CPC/HT
5. Explore joining the MetroBoston Consortium for Sustainable Communities	X		*	BOS/PB/HT
6.2 Zoning Strategies				
1. Revise Village PUD bylaw	X		3	PBHT
2. Adopt OSRD bylaw		X	6	PB/HT
3. Explore use of 40R/40S		X	5	PB/HT
6.3 Housing Production Strategies				
1. Make suitable public property available for affordable housing	X		32	HT
2. Promote “friendly” 40B development	X		125	BOS/ZBA/HT
3. Pursue adaptive re-use	X		37	HT
4. Support new infill housing		X	7	HT
6.4 Housing Preservation				
1. Insure long-term affordability	X		*	HT
2. Help qualifying residents access assistance	X		*	HT/COA
6.5 Direct Assistance				
1. Explore renter subsidy programs		X	*	HT/CPC

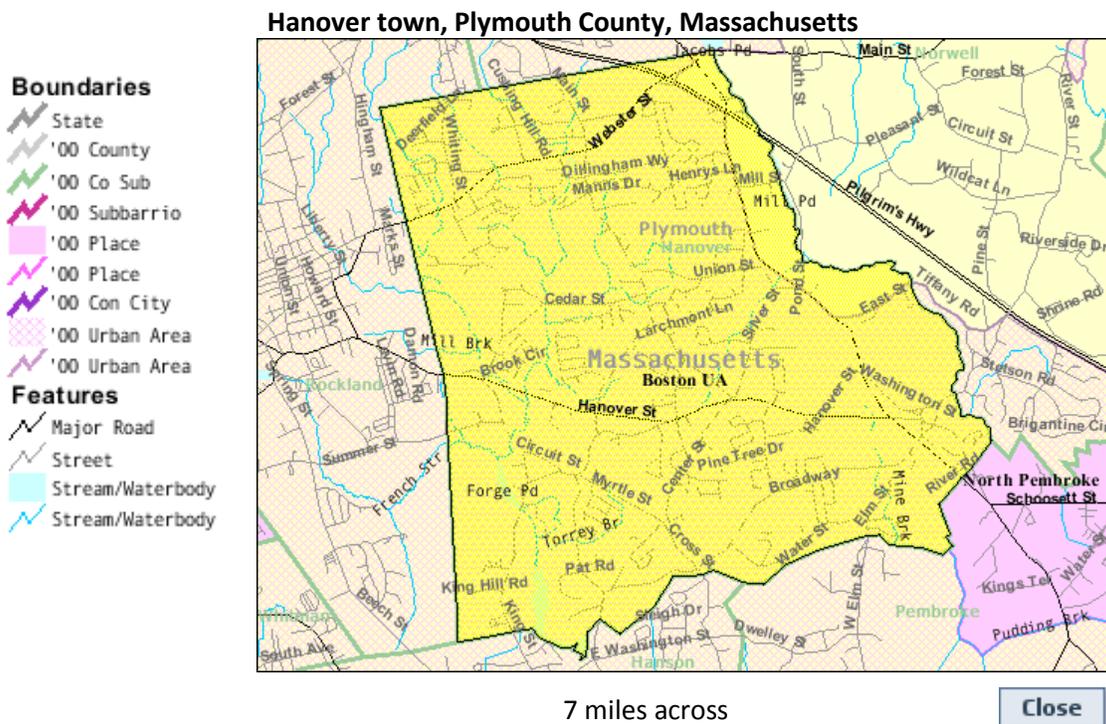
** Indicates actions for which units are counted under other specific housing production strategies, have an indirect impact on production, or do not add to the Subsidized Housing Inventory.*

Board of Selectmen = BOS
 Planning Board = PB
 Housing Trust = HT
 Community Preservation Committee = CPC
 Council on Aging = COA

2. INTRODUCTION

In 1727, about 100 years after the Pilgrims landed in Plymouth, the Town of Hanover was incorporated, although settlers were evident as early as 1649. The earliest settler, William Barstow, built a rough dwelling near the Four Corners area and constructed what is credited to be the first bridge in the Colony, over the North River. During its early history, Hanover's economy was primarily based on agriculture and lumbering, and the town became well known for shipbuilding in the Four Corners area and early mills along the smaller streams. These early businesses eventually gave way to larger enterprises including the Clapp Rubber mill, shoe factories and National Fireworks. Manufacturing and farming are now part of the past, and Hanover has grown into a suburban town with a population of approximately 14,000 residents.

Hanover is primarily a residential community approximately 25 miles southeast of Boston, bordered by the four communities of Norwell, Pembroke, Hanson and Rockland. The community has striven to maintain its "country town" character and prides itself on its history and distinct sense of place on the South Shore. The social and physical focus of the town is divided among a number of villages including West Hanover, North Hanover, South Hanover, Assinippi, Hanover Center and the historic Four Corners. Hanover Center and the nearby intersection of Routes 53 and 139 include a concentration of public services, businesses and traffic. Route 53 was once in fact the major route to Cape Cod and is still the town's primary commercial thoroughfare. The physical and historical distinctions of Hanover are still widely evident throughout town with open vistas, canopied roads, and farming structures reflecting the town's rural history and character, highly valued by its citizens and those willing to pay the high housing prices associated with living in Hanover.



The Local Comprehensive Plan, which was prepared by the Town's Planning Board in 1997, offered the following overriding vision statement:

Hanover is a Town that retains and improves the pleasing character of its civic, historic, economic, and residential areas in a manner that is sensitive to its natural and built environments.

This 1997 Plan acknowledged that Hanover needed to keep pace with modern society, but states that residents had been hesitant to allow changes.⁹ Nevertheless, the town has experienced significant transformation, most notably the extensive commercial development along the Route 53 corridor, significant residential suburban sprawl as farms were converted into high-end subdivisions, and the price escalation of the Town's predominantly single-family housing stock. These developments have largely been fueled by the out-migration of those living in or in close proximity to Boston.

Population growth has put significant pressures on the housing market and local services, especially between 1950 and 1970 when the population tripled in size. The rate of growth has slowed down since that time, but the town is still gaining new residents with a 22% rate of growth between 1980 and 2010. Housing has in fact been developed at an even faster pace with a 50% growth rate during the same period.

Hanover had 4,852 housing units as of the 2010 census,¹⁰ up from 4,445 in 2000. Almost 90% of Hanover's dwellings are owner-occupied, single-family houses and most are built on relatively large lots that are typically at least 30,000 square feet with average price tags of about \$400,000. The high housing prices are still attracting attention from private developers interested in Chapter 40B development and further challenging Town leaders interested in insuring that development serves local needs and objectives. Channeling development to areas where construction could benefit the town, using housing development as a way to rehab and preserve historic buildings, clustering development to preserve open space, promoting walkable communities, and creating incentives for affordability are some of the strategies that are being considered.

2.1 Purpose of the Project

This Housing Production Plan¹¹ suggests a range of options to meet community housing needs and to achieve the state 10% threshold under Chapter 40B while strengthening the physical and neighborhood character of the town. Due to the high costs of homeownership, including high costs associated with taxes and utilities, many residents are finding it difficult to afford to remain in Hanover. Children who grew up in the town are now facing the likely possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased real estate taxes but unable to find alternative housing that better meets their current life styles. Families are finding it more difficult to "buy up," purchasing larger homes as their families grow and more are finding themselves at risk of foreclosure. Town employees and employees of local businesses are increasingly hard pressed to find housing that is

⁹ Beals and Thomas, Inc. and Thomas Planning Services, Inc., Local Comprehensive Plan, May 1997.

¹⁰ While there were 4,852 total housing units cited in the 2010 census, and of these there were 4,832 year-round housing units on which the 10% state Chapter 40B goal is based until the next census is issued.

¹¹ The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to prepare and adopt an affordable housing plan that demonstrates production of an increase of .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.¹¹ Hanover will have to produce at least 24 affordable units annually to meet these production goals. If DHCD certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

affordable in Hanover. More housing options are required to meet these local needs and produce Hanover's fair share of regional needs.

The first part of the document, the Housing Needs Assessment, represents a critical step forward in better understanding housing issues in Hanover including the review and assessment of documentation and research already compiled as well as the collection and analysis of new and updated information to document the range of local needs and existing resources, remaining gaps in housing services and programs, as well as current obstacles to development. This information, in addition to opportunities for community input, provided the foundation for identifying the strategies that are included in this Housing Plan, providing a blueprint for how the Town anticipates producing affordable units over the next few years.

2.2 Housing Goals

As part of the community planning process undertaken in 1997 in the preparation of the Local Comprehensive Plan, residents had the opportunity to share their visions for Hanover's future. The following housing-related goal emerged from this community visioning process:

To promote the provision of fair, decent, safe, affordable housing which meets the needs of present and future Hanover residents.

The 1997 planning process also identified a key policy direction to "encourage the development of innovative strategies designed to address the housing needs of Hanover residents". With this context in mind, the following specific housing goals have been established that represent the building blocks on which production goals were developed in this Housing Plan:

- *Meet local housing needs along the full range of incomes, promoting social and economic diversity and the stability of individuals and families living in Hanover.* Diversity in a community has been found to contribute to local health and vitality, and town residents are becoming increasingly diverse as the number of minority households and non-family households have increased over the past couple of decades. However, high housing prices continue to challenge those interested in remaining or moving to Hanover.

The preservation and production of affordable housing is a proven method for promoting diversity, allowing those individuals and families with more limited means to afford to live in town. In fact, with approval from the subsidizing agency, such as DHCD, up to 70% of the new units produced may be allowed to be reserved for those who live or work in the community (see Appendix 3, Section I.A for details).

- *Leverage other public and private resources to the greatest extent possible.* Because Hanover is a small town that does not receive federal funding for affordable housing on an entitlement basis¹² and because it does not have large pockets of poverty that make it a target for state and federal funding, the town needs to be creative in how it can leverage both public and private resources to make affordable housing development possible. State agencies recognize the importance of suburban localities doing their fair share in housing lower income households and

¹² Cities with populations of more than 50,000 receive federal funds, such as the Community Development Block Grant (CDBG) and HOME Program funding, directly from the federal government on a formula basis and are referred to as entitlement communities.

want to be supportive of affordable housing initiatives. The development of Barstow Village with considerable state financing is a testimony to this assertion. Nevertheless, the Town needs to be strategic in how it invests its limited resources, including its Community Preservation Funds, towards the production of new housing opportunities. Housing conversions that preserve historic buildings, housing that is clustered to preserve open space, and development on “brownfield” sites that require environmental remediation can possibly leverage funding for a number of community benefits.

- *Insure that new housing creation is harmonious with the existing community.* New affordable housing development should be an amenity that blends well within the rural and historical character of Hanover. Therefore, developments should incorporate a number of characteristics – mixed-income, covering a wide range of income needs; low to medium density, eliminating huge impacts in any one residential neighborhood; and well designed to make maximum use of any natural attributes of development sites and comply with the architectural context of the community. Housing that reinforces the centrality of Hanover’s traditional village centers and contributes to an environment that is more hospitable to pedestrians along its commercial corridors should be pursued along with the leveraged development noted above.
- *Meet the 10% state standard and production goals for affordable housing.* There is currently a 42-unit gap between the state’s affordable housing standard (10% of the year-round housing stock that has been subsidized by the federal or state government to benefit those earning up to 80% of median income) and the affordable stock currently in place in Hanover, currently 441 units. Hanover plans to produce at least .50% of its year round housing stock annually through its Housing Production Program, the equivalent of 24 units a year, to enable it to deny inappropriate comprehensive permit applications and work with developers who will build housing that reflects local needs and priorities. At this pace, and based on the current pipeline of potential affordable housing developments, the town should be able to reach the 10% affordability threshold within the next several years.

Population growth and associated increases in the housing stock will shift the number of units needed to meet the 10% goal upward. State buildout projections, developed in about 2000 by the state’s Executive Office of Environmental Affairs and which were based on current zoning patterns, calculated a total buildout of about 6,700 units. This suggests that Hanover will need to ultimately produce at least 229 new affordable housing units comprising almost 13% of the new units to be produced to meet the 10% goal.

- *Provide a wide range of housing alternatives to meet diverse housing needs.* This Housing Plan identifies a range of housing needs based on limited opportunities for first-time homeownership, special needs housing, rental units for young families and smaller households, and more options for households interested in downsizing but remaining in the community. To accommodate this range of needs, the Town should stimulate the production of a variety of housing types, particularly for those who are priced out of the private housing market. For example, housing types like residential over retail can respond to both the need for affordability and the desire to reinforce Hanover’s traditional village character, and smaller starter homes would also make homeownership more accessible to young families. More subsidized rental units also represent a pressing need.

- *Revitalize Hanover’s Villages.* Hanover is comprised of a number of villages including West Hanover, North Hanover, South Hanover, Assinippi, Hanover Center and the historic Four Corners. The conditions of these village centers have declined in many cases over time, and efforts to redevelop underutilized and deteriorating properties through housing or mixed-use development can provide an economic boost and add vitality and pedestrian access to these important areas of town.

- *Promote smart growth development.* Smart growth development is 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 diverse housing opportunities and choices, equitable allocation of the costs and benefits of development, and an improved jobs/housing balance. Examples of smart growth development and planning that incorporate affordable housing include:
 - 1) Providing mixed-use development near the town and village centers;
 - 2) Locating housing in close proximity to public transportation;
 - 3) Allowing higher density housing or mixed-use development near transit stops, along commercial corridors or in town and village centers;
 - 4) Redeveloping environmentally impacted or brownfield sites;
 - 5) Restoring vacant and abandoned residential buildings to productive use;
 - 6) Converting vacant or underutilized former manufacturing, commercial or municipal buildings to housing;
 - 7) Encouraging the development of housing and preservation of open space so that the goals of each will be mutually satisfied using techniques such as cluster zoning, transfer of development rights, or other innovative zoning or regulatory devices;
 - 8) Promoting the redevelopment of vacant infill parcels; and
 - 9) Participating in regional responses to addressing affordable housing needs.

Although not all of these strategies are necessarily appropriate for Hanover, they should be considered as part of a local and regional plan for dealing with traffic, loss of open space, and the loss of traditional pedestrian-scaled retail centers.

- *Preserve the existing affordable housing stock.* Despite escalating prices, there are still some rental and homeownership units included in the town’s private housing market that would be considered affordable as the occupants have incomes of not more than 80% of area median income and are not paying more than 30% of their incomes on housing expenses. There are also housing units where occupants have incomes of not more than 80% of the area median but they are paying too much for housing – beyond the 30% of income threshold – and are facing difficulties in remaining in their homes. Many of these households include the elderly living on fixed incomes who have to struggle to pay taxes and utility expenses and are likely to have deferred maintenance problems. The Town of Hanover should consider how it might support these households in remaining independent in their homes, making necessary home improvements and slowing housing turnover. The Town also needs to insure that the units that are counted as part of its Subsidized Housing Inventory remain affordable for as long a period of time as possible.

2.3 Planning Process

In 2007, the Town of Hanover, through the Hanover Housing Authority, prepared a Community Housing Plan (Affordable Housing Plan) that would meet state requirements under Planned Production (the predecessor of Housing Production requirements) and Executive Order 418 and to also help local leaders better understand housing needs and develop strategies for addressing them. A major component of this planning process was an analysis of the physical structure of Hanover and the development patterns that define the town. On a somewhat parallel timeframe, the Planning Board coordinated a master planning process that addressed a wide range of public issues and challenges including land use and growth management. This Master Plan, including the Affordable Housing Plan, won the Town the regional American Planning Association's Outstanding Planning award in 2008.

The 2007 Housing Plan expired on February 20, 2013, and this Housing Production Plan represents an effort by the Town to update the former Plan, revisit what has been accomplished with respect to affordable housing during the past few years, and to obtain state approval for an updated Plan based on the state's Housing Production requirements. This planning process, with oversight from the Hanover Affordable Housing Trust, involved a public forum on June 12, 2013 to present the draft to local leaders and residents with approvals from both the Planning Board and Board of Selectmen at separate meetings.

2.4 Patterns of Development

Hanover's patterns of residential development respond to the natural topographic conditions of the region, the roads that have been threaded through them over the last hundred years or more, and the commercial development that has grown up along them. Together they have established some of the constraints and opportunities within which housing has developed in the past, and create the physical context within which new housing will be developed.

2.4.1 Natural Landscape

There is very little topographic variation in Hanover – hills and valleys – to help define the town and give specific places a sense of identity based on natural conditions. Nor are there significant bodies of water to create a focus for civic life, although there are a number of rivers, the largest of which border the town. Nevertheless, natural conditions, especially wetlands, have been a determining factor in how the town has grown and will continue to influence what is built and where.

Subtle changes in topography and soil conditions have led to a series of wetlands that are distributed throughout the town. As the region has developed over the last two centuries, roads have tended to occupy the slightly higher and drier ground or have been built on fill, connecting as directly as possible to surrounding towns while arcing around unbuildable areas. The result is a series of major thoroughfares that wind their way through Hanover with no discernable grid pattern or geometrical clarity, but provide a sense of rural charm. These wetlands are now protected, preserving them as an integral part of the town's character but limiting future development.

2.4.2 Historic Development

Historically, intersections of major roads have become village centers, punctuating the flat landscape. They were obvious places to locate small stores, civic buildings or churches that were within walking distance to most local residents or relatively accessible to those passing through the community. At Hanover Center, where six streets come together, a collection of

prominent civic and institutional buildings have been built, although there is no commercial development.

Until the last few decades, Hanover has been primarily rural, with houses clustered at intersections, in proximity to village centers, and spread out along major corridors such as Main Street and Rockland Street. Houses have been dotted throughout the surrounding landscape, farther apart the further they are from major intersections, and more connected to farming and animal husbandry. Most of these older houses are built quite close to the paving, both to limit costs and to help define streets and country roads as a part of a civic realm. Trees and stonewalls help connect houses and reinforce the neighborhood character. Front porches often address the street, helping to create bonds between neighbors.

The automobile changed the character and perception of Hanover. Although the town remained a collection of villages centered on intersections, Washington Street became the dominant commercial street lined by auto-oriented strip retail. The construction of Route 3 only reinforced the importance of Washington Street. The Hanover Mall established the area around Route 3 at Washington Street as a significant regional commercial center, with Washington at Rockland Street, Broadway and Columbia Road as a secondary commercial area. Stores, offices, and service providers were increasingly reached by automobile, becoming more separate from the residential areas around them.

Residential patterns of development changed as well, especially after World War II. Properties lining major streets were subdivided and smaller houses on smaller lots were built – part of a national trend responding to returning veterans’ need for housing. Most residents had cars and commuted to work, so they did not need to live close to village centers and were less tied to the land than earlier Hanover residents. Garages rather than porches increasingly dominated the fronts of these houses. Most were still built close to the street, often backing up to wetlands with limited opportunity to push further back.

2.4.3 More Recent Development

As the region has developed over the last four decades, Hanover has increasingly become a bedroom community for Boston and other employment centers with a growing demand for housing. Following patterns familiar throughout the United States, developers have bought parcels that were once farms or woodlands, created a network of smaller streets and cul-de-sacs, and built housing on much of the buildable land in town.

Hanover is perceived to be an attractive community to regional homebuyers so much of the recent development has been large houses on large lots on newly built streets that are off of the regional network of roads. There has been an attempt to create a bucolic rural character in many of these developments, although they are accessed almost exclusively by car and are quite remote from both village centers and the agrarian landscape that may have attracted people in the first place. Porches are often more decorative than useful, and three-car garages on broad strips of asphalt make the automobile orientation apparent. The large lots leave little natural open space, resulting in a homogenous suburban quality that is neither village-like nor really pastoral.

This recent residential development is also unaffordable to a large percentage of area buyers. This is part of a regional shortage related to limited amounts of buildable land, the high cost of

construction, and both zoning bylaws and market conditions that seem to favor large-lot, high-end development. Based on the national recession over the past few years, some of the subdivisions that had been approved continued to contain unsold lots, and little development occurred. During the last year or so, all of these approved lots have been sold, signaling some rebounding of market conditions.

As the pace of new development hidden from view has accelerated, the village centers, with the exception of Four Corners and Hanover Center, have declined in importance. Many houses have not been maintained, commercial enterprises have lost their village character, and the landscape has been degraded. These centers may provide a coherent sense of place, but perhaps only because they have stoplights or stop signs that break the rhythm of fast moving traffic. Four Corners and Hanover Center remain exceptions where houses, commercial, and civic buildings coexist as a reminder of Hanover's past, and much of the local charm has been maintained.

Although Hanover residences are overwhelmingly single-family houses, there is multi-family housing as well. Much of it is subsidized with Hanover's affordability level at over 9% of the year-round housing stock. With the growing demand for senior housing, market rate 55+ housing has been developed as well, although most of these units have been priced beyond the means of most local seniors. Some of this multi-family housing is on major thoroughfares, but other developments are behind the rows of houses that line the street like many of the recent single-family home developments. Larger multi-family buildings are considered by many to be out of scale with most everything else in town although the recent Barstow Village testifies to how such housing can become a community amenity.

2.4.4 Future Development

Much of Hanover's developable land has been built on so there are limited opportunities for the kind of large parcel subdivisions that have been built more recently. These remaining opportunities should be carefully considered so that issues of affordability and character are part of a larger civic dialogue. Regional and national building trends have begun to change, setting the stage for this kind of consideration.

In Massachusetts these trends have been encouraged by legislation. "Smart growth" approaches to development encourage a clustering of development along existing streets near commercial centers to reinforce the character and importance of village centers. They also encourage a clustering of houses in "greenfield" development areas to leave as much of the open space as possible in a natural condition and reduce the amount of paving required. More and more of this kind of development is happening throughout the region, and is beginning to appear in proposals in Hanover.

Although this planning effort recognizes how integral the automobile is in contemporary life, it suggests that pedestrian streets, mixed-use buildings, and houses spaced closely together with natural or agrarian landscapes surrounding them can be more than a nostalgic evocation of the past. They can provide attractive, sustainable and affordable ways to build that connect to the past while addressing the needs of today.

3. HOUSING NEEDS ASSESSMENT

This Housing Needs Assessment presents an overview of the current housing dynamic in the town of Hanover, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals. Key questions to be addressed in this Needs Assessment include the following:

- 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?
- What changes in income levels have occurred and how does this relate to housing affordability?
- What proportion of the population is disabled or has other special needs that suggest the need for supportive services or home modifications?

These and other social and economic issues are discussed in the following sections.

3.1 Demographic and Economic Profile

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

3.1.1 Population Growth – Slower but steady growth during the past several decades

Table 3-1 identifies the level of population growth since the mid-20th century. The town experienced a building boom between 1950 and 1970 when the population tripled in size. Since then the rate of growth has slowed, nevertheless, Hanover is still growing. The 2010 census data indicated that the town had a total population of 13,879, a 5.4% increase over the 2000 population of 13,164 and a 16.5% increase since 1990 when the population was 11,912. According to the Town census, Hanover had 14,333 residents as of April 1, 2013, which is already higher than the population projections from the Metropolitan Area Planning Council (MAPC) that estimate a total population count of 13,975 by 2020 and 14,405 by 2035.

**Table 3-1
Population, 1930 – April 1, 2013**

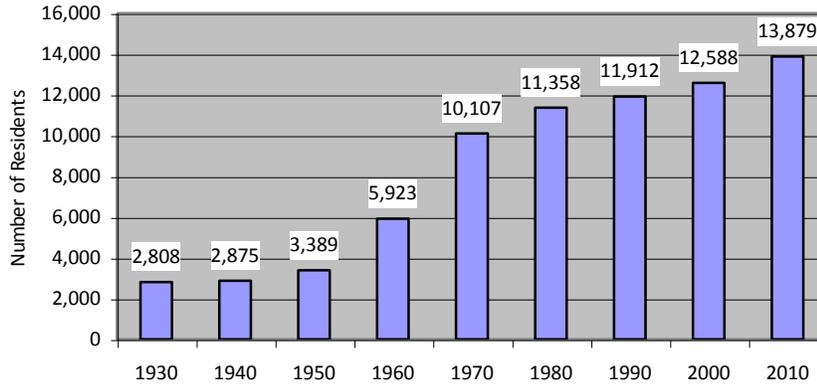
Year	Population	Increase in # Residents	Percentage Increase
1930	2,808	--	--
1940	2,875	67	2.4
1950	3,389	514	1.8
1960	5,923	2,534	74.4
1970	10,107	4,184	70.6
1980	11,358	1,251	12.4
1990	11,912	554	4.9
2000	13,164	1,252	10.5
2010	13,879	715	5.4
April 2013	14,333	454	3.3

Source: U.S. Census Bureau and Town of Hanover

Population growth in Hanover over the decades since 1930 is graphically presented in Figure 3-1, showing the steady growth in the community and the spike in growth between 1950 and 1970.

Figure 3-1

Population Growth, 1930 to 2010



3.1.2 Race and Household Type – Predominance of families but more smaller nontraditional households

As indicated in Table 3-2, the population has remained predominately White although the growth in minority households has been steadily increasing over the past several decades. In 2010 the census counted 487 persons or 3.5% of the population as minorities, up substantially from 206 persons in 1990 and only 71 persons in 1980. Approximately one-third of the 2010 minority population were identified as Asian with another quarter as Hispanic and the remainder largely African-American or Black or in the “other” category.

**Table 3-2
Demographic Characteristics, 1980-2010**

	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Total Population	11,358	100.0	11,912	100.0	13,164	100.0	13,879	100.0
Minority Population*	71	0.6	206	1.7	306	2.3	487	3.5
Total Number Households	3,132	100.0	3,742	100.0	4,349	100.0	4,709	100.0
Families**	2,846	90.9	3,120	83.4	3,567	82.0	3,740	79.4
Nonfamilies**	286	9.1	622	16.6	782	18.0	969	20.6
Female Heads of Households**	195	6.2	322	8.6	349 (141 w/children)	8.0 (3.2)	389/189 with children	4.0
Average Household Size	3.63 persons		3.14 persons		3.02 persons		2.93 persons	

Sources: 1980, 1990, 2000 and 2010 U.S. Census Bureau

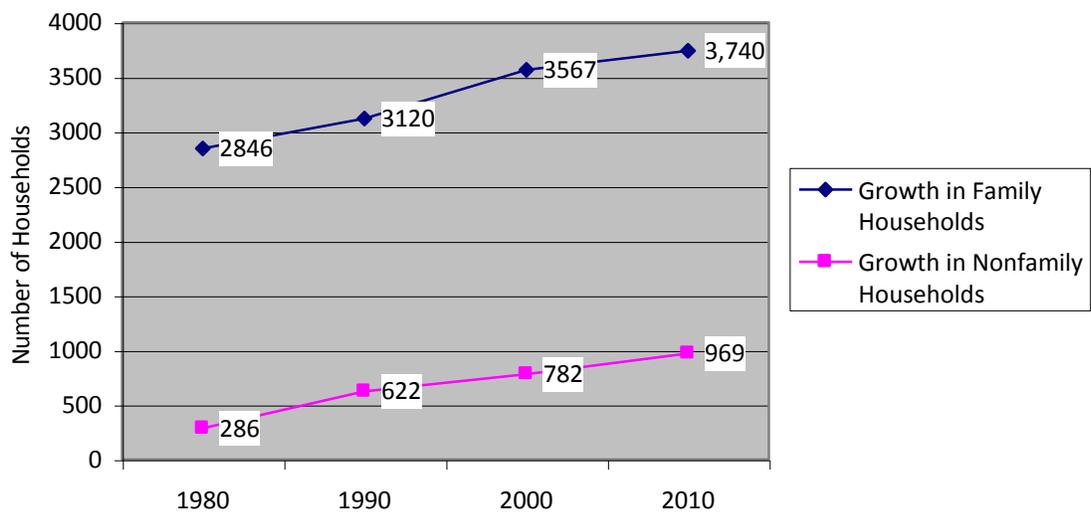
*All non-White classifications

** Percent of all households

While most households involve families in Hanover, the proportion of families has declined significantly over the past several decades, going from 90.9% of households in 1980 to 79.4% by 2010. On the other hand, non-family households¹³ have almost tripled since 1980, becoming a more significant part of Hanover. These non-family households increased by almost 700 households since 1980, up from 9.1% of all households to 20.6% by 2010. The average number of persons per household declined a bit as well, going from 3.63 persons in 1980 to 2.93 by 2010, related largely to the increase in smaller, non-family households in Hanover. Figure 3-2 shows growth over the past several decades by type of household, reflecting significant growth in all households.

Figure 3-2

Growth in Family and Nonfamily Households, 1980 to 2010



3.1.3 Age Distribution – Fewer Children and More Older Residents

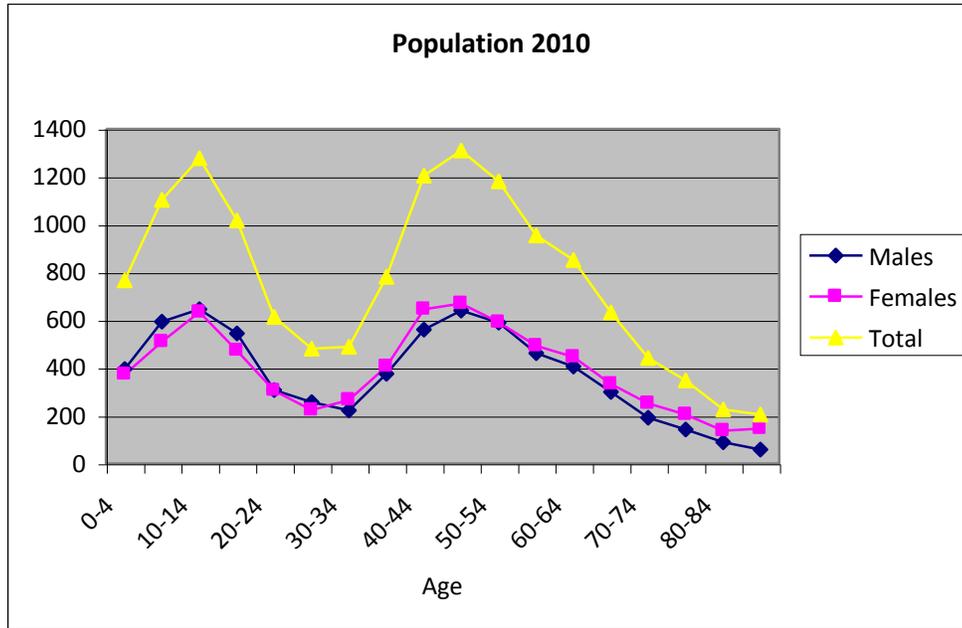
The town’s population is on average getting older. In 2010 there were 1,852 persons 65 years of age or older representing 13.3% of all residents, up significantly from 675 or 5.9% of the total population in 1980. Despite this increase, the proportion of those 65 or older is a bit lower in Hanover than it is for Plymouth County or the state at 13.9% and 13.8%, respectively.

On the other hand, the school-age population of those less than 18 years of age has decreased in numbers and in proportion to the total population since 1980. In 2010 this group comprised 27.9% of the population, or 3,878 persons, a substantial fall-off from 4,066 persons or 35.8% in 1980, representing a reduction of 4.6% despite an overall population growth rate of 22.2% during this period. The median age correspondingly increased from 37.5 years in 2000 to 41.8 by 2010.

Demographic trends also suggest that escalating housing costs may be pricing younger individuals and families out of the housing market as graphically presented in Figure 3-3.

¹³ Includes single individuals and unrelated household members.

Figure 3-3



Those entering the labor market and forming new families have been dwindling in numbers, reducing the pool of entry level workers and service employees as well as potentially forcing grown children who were raised in town to relocate outside of Hanover to more affordable areas. While the number of those age 55 to 64 more than doubled over the past several decades, from 879 residents in 1980 to 1,806 in 2010, those between the ages of 21 and 34 decreased 27%, from 2,163 in 1980 to less than 1,581 in 2010 despite the overall population growth of 22%. Additional information on the distribution of ages is presented in Table 3-3.

Table 3-3
Age Distribution 1980-2010

Age Range	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Under 5 Years	762	6.7	856	7.2	1,013	7.7	767	5.5
5 – 17 Years	3,304	29.1	2,404	20.2	2,908	22.1	3,111	22.4
18 – 20 Years	646	5.7	591	4.9	354	2.7	287	2.1
21 – 24 Years	493	4.3	674	5.7	382	2.9	613	4.4
25 – 34 Years	1,670	14.7	3,761	31.6	1,337	10.2	968	7.0
35 – 44 Years	1,784	15.7			2,457	18.7	1,986	14.3
45 – 54 Years	1,145	10.1	1,572	13.2	2,067	15.7	2,489	17.9
55 – 59 Years	413	3.6	530	4.4	792	6.0	954	6.9
60 – 64 Years	466	4.1	425	3.6	475	3.6	852	6.1
65 – 74 Years	451	4.0	691	5.8	752	5.7	1,074	7.7
75 – 84 Years	171	1.5	319	2.7	484	3.7	573	4.1
85 Years +	53	0.5	89	0.7	143	1.1	205	1.5
Total	11,358	100.0	11,912	100.0	13,164	100.0	13,879	100.0
Age 65+	675	5.9	1,099	9.2	1,379	10.5	1,852	13.3
Under 18	4,066	35.8	3,260	27.4	3,921	28.8	3,878	27.9

Sources: 1980, 1990, 2000 and 2010 U.S. Census Bureau

Based on population projections prepared by the Metropolitan Area Planning Council (MAPC) for 2035 as shown in Table 3-4, Hanover may face the following demographic trends:

- Small overall population increase of 3.8%;
- A continued decline in pre-school children and the school-age population of 17.7%;
- Surprising growth in the household-formation years of 20 to 34 of 18.5%;
- Drop in trade-up demand fueled by a 14.9% decline in those between the ages of 35 and 54;
- A 21% rate of growth in empty-nesters age 55 to 64; and
- Large 67.8% increase in seniors age 65 and over.

**Table 3-4
Age Distribution
Actual 2010 and 2035 Projections**

Age Range	2010		2035	
	#	%	#	%
Under 20	4,165	30.0	3,429	23.8
20 – 34	1,581	11.4	1,874	13.0
35 – 44	1,986	14.3	1,697	11.8
45 – 54	2,489	17.9	2,111	14.7
55 – 64	1,806	13.0	2,186	15.2
65 – 74	1,074	7.7	1,814	12.6
75 – 84	573	4.1	1,093	7.6
85 +	205	1.5	201	1.4
Total	13,879	100.0	14,405	100.0

Sources: U.S. Census Bureau, 2010 and Metropolitan Area Planning Council, MetroFuture 2035 Update

These projections likely underestimate future growth considerably, however, given that the Town’s census as of April 1, 2013 claimed a total population of 14,333, close to MAPC’s total for 2035.

3.1.4 Income Distribution – Increasing wealth

Residents of Hanover are on the whole becoming increasingly more affluent. The median household income in 2011 was \$100,982, up 36.8% from \$73,838 in 1999 and about four times the median in 1979 of \$26,308, not adjusted for inflation.

A comparison of 1979, 1989, 1999 and 2011 income figures is presented in Table 3-5. There were decreases in the numbers of households in all of the income ranges below \$50,000. On the other hand, those households earning more than \$100,000 increased substantially from 10.4% of all residents in 1989 to more than half by 2011. The income distribution for those households that include children – families – is somewhat higher with a median family income in 2011 of \$114,484, with 58.2% of all families earning more than \$100,000, including 407 or 12.8% earning more than \$200,000.

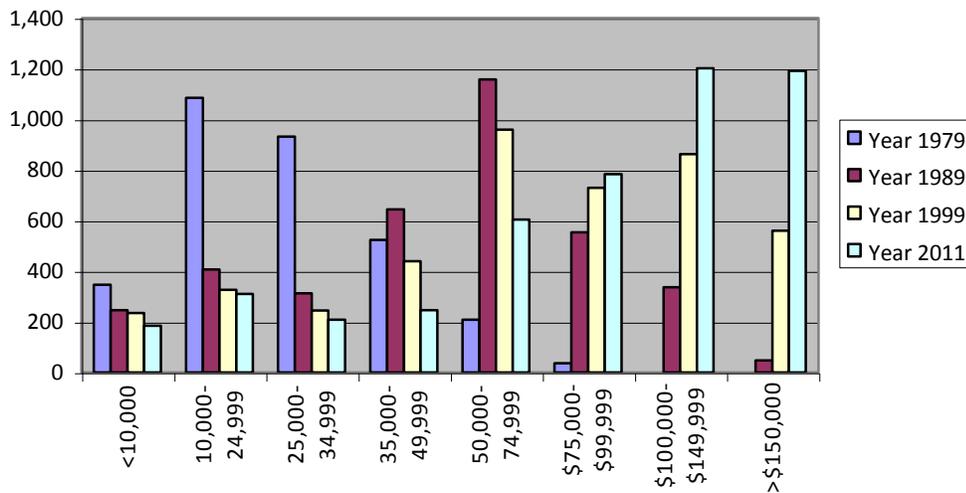
**Table 3-5
Hanover, Income Distribution by Household
1979-1999**

Income Range	1979		1989		1999		2011	
	#	%	#	%	#	%	#	%
Under \$10,000	346	11.0	246	6.6	235	5.4	185	3.9
10,000-24,999	1,085	34.6	407	11.0	326	7.5	310	6.6
25,000-34,999	932	29.8	313	8.4	245	5.6	209	4.4
35,000-49,999	523	16.7	644	17.4	439	10.1	246	5.2
50,000-74,999	209	6.7	1,158	31.2	959	22.0	604	12.8
75,000-99,999	37	1.2	554	15.0	729	16.7	783	16.6
100,000-149,999			336	9.1	862	19.8	1,201	25.4
150,000 or more			48	1.3	560	12.9	1,191	25.2
Total	3,132	100.0	3,706	100.0	4,355	100.0	4,729	100.0
Median income	\$26,308		\$54,759		\$73,838		\$100,982	

Source: U.S. Census Bureau 1980, 1990, and 2000 and American Community Survey 2007-2011.

Figure 3-4 clearly demonstrates the tremendous increase in income levels for households in Hanover over the past several decades. Despite inflation these figures are dramatic, as more recent data shows that those earning above \$100,000 now comprise more than half of all households residing in Hanover, while 30 years ago there were very few if any in this income category.

**Figure 3-4
Income Distribution, 1979 to 2011**



These income levels are in fairly striking contrast to those for Plymouth County when viewed proportionately as shown in Table 3-6. The percentage of those earning less than \$50,000 countywide was 44.3% in 1999, decreasing to 36.7% by 2011. In contrast, only 28.6% of Hanover's households earned less than \$50,000 in 1999, decreasing to 20.1% by 2011. On the other end of the income range, one-third of all households in Plymouth County earned above the \$100,000 threshold versus more than half of the households in Hanover. Hanover's median

income was also 67.6% higher than the median for Plymouth County as a whole. The state’s median household income level was even lower than the county’s at \$62,859.

**Table 3-6
Income Distribution by Household: Plymouth County vs. Hanover – 1999 and 2011**

Income Range	Plymouth County				Hanover			
	1999		2011		1999		2011	
	#	%	#	%	#	%	#	%
Under \$10,000	10,990	6.5	8,351	4.6	235	5.4	185	3.9
10,000-24,999	23,509	14.0	22,802	12.7	326	7.5	310	6.6
25,000-34,999	15,827	9.4	14,406	8.0	245	5.6	209	4.4
35,000-49,999	24,301	14.4	20,424	11.4	439	10.1	246	5.2
50,000-74,999	37,053	22.0	30,230	16.8	959	22.0	604	12.8
75,000-99,999	25,077	14.9	23,585	13.1	729	16.7	783	16.6
100,000-149,999	20,722	12.3	33,091	18.4	862	19.8	1,201	25.4
150,000 or more	10,969	6.5	26,720	14.9	560	12.9	1,191	25.2
Total	168,448	100.0	179,609	100.0	4,355	100.0	4,729	100.0
Median income	\$55,615		\$68,253		\$73,838		\$100,982	

Sources: U.S. Census Bureau 1990 and American Community Survey 2007-2011 for Hanover and 2011 One-Year Estimates that are available for Plymouth County

Despite increasing household wealth, there still remains a population living in Hanover with very limited financial means. Of the 4,355 total households counted in 2011, 185 or 3.9% had incomes of less than \$10,000 and another 310 or 6.6% had incomes between \$10,000 and \$24,999, representing extremely low-income levels equivalent to those earning at or below 30% of area median income. An additional 209 households had incomes within what public agencies would define as very low-income levels, within about 50% of area median income. The total number of households within these income categories was 704 households in or 14.9% of all Hanover households, not an insignificant number given the general affluence of the community. Additionally, based on this income information, approximately one-quarter of Hanover households (or about 1,207 households) would likely qualify for housing assistance as their incomes were at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) or \$60,650 for a family of three.¹⁴

3.1.5 Poverty – Increasing poverty for individuals and families

The 2011 American Community Survey estimates from the U.S. Census Bureau indicate that the absolute numbers and percentages of those with incomes below the poverty level¹⁵ increased between 1989 and 2011 as Table 3-7 indicates. The numbers and percentages of families in poverty, including children, also increased during this timeframe. Poverty levels decreased only for those 65 years of age or older. While poverty levels remain lower than county and state levels, at 8.2% and 11.6% respectively for individuals in 2011 versus 3.0% for Hanover, the increases are disconcerting. Clearly, there still remains a population within the town of Hanover with substantial income limitations who require public

¹⁴ While these households’ incomes might be at or below 80% of area median income, many households are likely to have assets that are more than what is allowed by state or federal standards that would disqualify them from housing assistance.

¹⁵ The 2012 poverty guidelines are \$11,170 for a single individual, \$15,130 for a two-person household, \$19,090 for three persons, \$23,050 for four persons, \$27,010 for five persons, \$30,970 for six persons, \$34,930 for seven persons, and \$38,890 for an eight-person household.

assistance to meet their housing needs, are paying far too much for their housing, are doubled up with friends or families, or are living on fixed incomes with little mortgage debt.

**Table 3-7
Poverty Status, 1979-2011**

	1979		1989		1999		2011	
	#	%	#	%	#	%	#	%
Individuals	485	4.3	183	1.6	308	2.3	416	3.0
Families	112	3.9	27	0.9	50	1.4	108	2.9
Related Children Under 18 Years (Under 17 Years for 1980 data)	62	1.5	49	1.5	61	1.60	81	2.1
Individuals 65 +	36	5.3	65	6.1	107	7.8	83	4.5

Sources: U.S. Census Bureau, 1980, 1990, and 2000 and Census Bureau estimates from its American Community Survey, 2007 to 2011.

*Percentage of total population

**Percentage of all families

***Percentage of all related children under 18 years

****Percentage of all individuals age 65+

3.1.6 Employment – Mix of employment opportunities

The 2011 American Community Survey estimates indicated that 42.5% of Hanover’s workers were involved in management or professional occupations and most of the rest were employed in more retail and service oriented jobs including construction and maintenance occupations (7.4%), sales and office occupations (26.5%), and service occupations (17.1%). While 77.7% were salaried workers, another 14.9% were government workers, and 7.4% were self-employed.

Additional information on employment patterns indicated that of those Hanover residents who were employed over the age of 16 that included 7,259 workers, about one-fifth worked in the community, indicating a fair number of local employment opportunities. The mean travel time to work was 33.2 minutes suggesting that on average workers commuted to their jobs, 83.2% driving alone to work. About 5% used public transportation, 5% carpoled, and approximately another 5% worked at home.

3.1.7 Education – Stable enrollments since 2000

In 2011 almost all adults, or 95.7% of those 25 years of age or older, had a high school diploma or higher, down somewhat from 96.8% in 2000. Moreover, 41.7% had a Bachelor’s degree or higher in 2011, representing an increase from 38.8% in 2000. Hanover’s level of college attainment by 2011 is higher than the county’s at 33.5% but a bit lower than the statewide percentage of 39.1%. These figures also reflect significant improvement in overall educational attainment from 1990 when 91% of residents age 25 and over had at least a high school degree and 28.7% with at least a college degree.

Those enrolled in school (nursery through graduate school) totaled 4,198 or 30.2% of the population, and those enrolled in nursery school through high school totaled 3,396, representing 80.9% of those who were enrolled in school and 24.5% of the total population. This figure is 31% higher than the 1990 enrollment figures of 2,592 students in local schools, a gain of 804 students. Enrollment in local schools has remained stable for more than a decade; from 2,689 total students in the 2000-2001 school year to

a high of 2,815 students in 2004-2005, and back to 2,684 by 2012-2013 despite an 8.9% increase in the overall population during this timeframe.

3.1.8 Disability Status – Significant numbers with disabilities

While the U.S. Census Bureau does not have updated data on disabilities for 2010, but 2000 census figures suggest that at least 1,197 individuals, or 9.5% of residents, claimed some type of disability. Of the population age 5 to 20 years old, 189 or 5.7% had some disability, and of the population age 21 to 64, 635 or 8.5% claimed a disability, but 72.3% of this group was employed leaving more than another quarter who were unemployed, likely due to disability. In regard to the population 65 years of age or older, 373 or 27.1% claimed some type of disability. While these figures are old, it is unlikely that the level of disabilities has decreased given population increases and the aging of Hanover residents and are probably higher.

3.2 Housing Profile

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

3.2.1 Housing Growth – Steady but slower growth

The 2010 census counted 4,852 housing units, up 9.2% from 4,445 in 2000 and an increase of 26.5% from 3,837 units in 1990. As shown in Table 3-8, more than half of Hanover’s housing stock, 2,490 units or 51.3%, was built prior to 1970, however there were significant numbers of units produced between 1970 and 1990, totaling 1,480 units or 30.5% of the housing stock. Since then growth has been steady but slower with growth rates below 10% for each of the last two decades. For the county as a whole, 53.3% of the units were built prior to 1970, relatively similar to Hanover’s level.

**Table 3-8
Year Structure Built
2010**

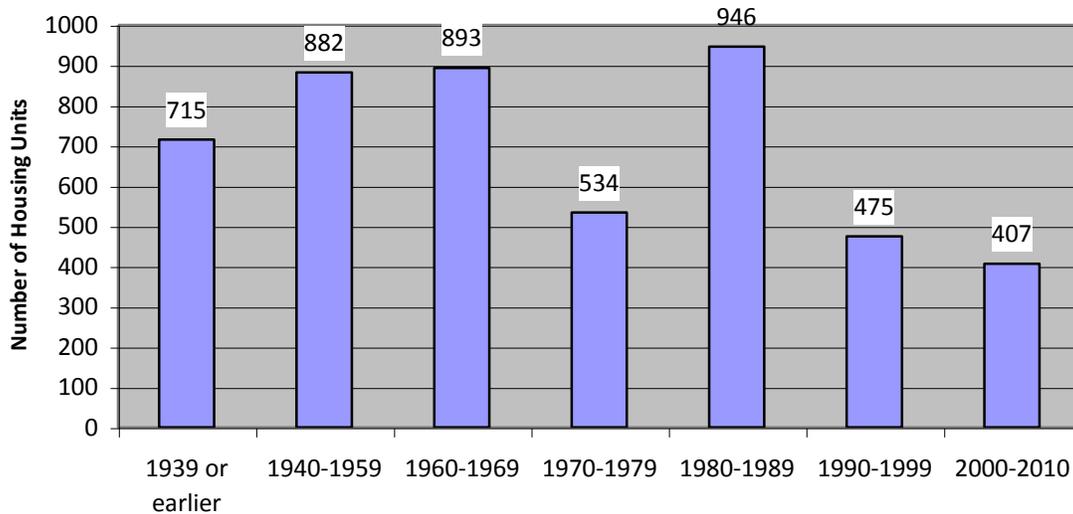
Year	#	%
2000 to 2010	407	8.4
1990 to 1999	475	9.8
1980 to 1989	946	19.5
1970 to 1979	534	11.0
1960 to 1969	893	18.4
1940 to 1959	882	18.2
1939 or earlier	715	14.7
Total	4,852	100.0

Source: U.S. Census Bureau 2010

Figure 3-5 shows the decline in new housing growth in the 1970s, a spike in new development in the 1980s, and much slower growth after that.

Building permit data indicates that another 23 single-family homes and 66 multi-family units (at Barstow Village) have been built since March of 2010, when the 2010 census figures were counted, suggesting a town-wide total of 4,941 units as of mid-April 2013.

Figure 3-5
Housing Growth



As shown in Table 3-9, Hanover also had a somewhat higher level of housing growth in recent years than most of its neighbors with almost half of its housing stock (48.7% of the 2010 census count of 4,852 units) constructed after 1970. Only Pembroke had a slightly higher level of more recent construction activity with half its housing built since 1970. Hanover’s growth rate since 1970 of 48.7% was also higher than Plymouth County at 46.1% and the state at 36.8%.

Table 3-9
Housing Development Since 1970
Hanover and Neighboring Communities
2010

Community	# Units Built Since 1970	% Units Built Since 1970
Abington	2,690	42.2
Hanover	2,362	48.7
Hanson	1,660	46.3
Marshfield	5,144	47.0
Norwell	1,700	46.3
Pembroke	3,279	50.0
Rockland	2,723	38.6
Plymouth County	92,356	46.1
State	1,034,187	36.8

Source: U.S. Census Bureau 2010

3.2.2 Housing Occupancy – High level of owner-occupancy

Table 3-10 provides a summary of the key characteristics of Hanover’s housing stock, showing trends over the past several decades.

**Table 3-10
Housing Occupancy
1980-2010**

Housing Characteristics	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Total # Units	3,218	100.00	3,837	100.0	4,445	100.0	4,852	100.0
Occupied Units *	3,160	98.2	3,742	97.5	4,349	97.8	4,709	97.1
Occupied Owner Units **	2,904	91.9	3,223	86.1	3,803	87.4	4,116	87.4
Occupied Rental Units **	256	8.1	519	13.9	546	12.6	593	12.6
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	58/12	1.8/0.4	95/5	2.5/0.1	96/5	2.2/0.1	143/20	2.9/0.4
Average Hh Size of Owner-Occ. Units	***		3.33 persons		3.18 persons		3.09 persons	
Average Hh Size of Renter-Occ. Units	***		1.95 persons		1.90 persons		1.78 persons	

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010

* Percentage of total housing units

** Percentage of occupied housing units

*** Data not available

Out of 4,852 total housing units in 2010, Hanover had 4,709 occupied units, of which 4,116 or 87.4% were owner-occupied while the remaining 593 units, or 12.6%, were rental units. These figures represent a considerably higher level of owner-occupancy than Plymouth County as a whole at 76.1%. One-fifth of Hanover’s housing growth between 1980 and 2010 involved rental units including 337 of the 1,634 total housing units built. The number of rental units, while small relative to owner-occupied housing, still more than doubled during this timeframe.

3.2.3 Vacancy Rates – Tight market conditions

The 2010 census counted 2.9% of the housing stock, or 143 units, as vacant, of which 20 units involved seasonable, recreational or occasional use.¹⁶

**Table 3-11
Vacancy Rates By Tenure
1990, 2000 and 2010**

Tenure	1990	2000	2010	MA 2010	Nation 2010
Rental	5.3%	1.6%	4.0%	6.5%	9.2%
Owner-Occupied	1.0%	0.9%	0.7%	1.5%	2.4%

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

¹⁶ The year-round housing figure by which housing production goals and the state’s 10% affordability threshold is based was 4,832 units (4,852 total units minus 20 seasonal units).

The homeowner vacancy rate was 0.7%, down somewhat from 1.0% in 1990; and the rental vacancy rate of 4.0% also declined from 5.3% in 1990. These vacancy statistics reflect tightening housing market conditions as anything below 5% is considered to represent very limited housing vacancies reflecting only normal patterns of housing turnover. As Table 3-11 further indicates, the 2010 vacancy rates in Hanover were considerably lower than state and national levels.

3.2.4 Types of Units and Structures – Predominance of single-family homes

Table 3-12 includes 2011 American Community Survey estimates from the U.S. Census Bureau indicating that the vast majority of the existing housing units were in single-family detached structures, 4,177 units or 84.4% of the housing stock down from 88.3% in 2000. Owner-occupancy is much higher in Hanover in comparison to the county and state at 69.1% and 51.9%, respectively. Another 143 units were located in single-family attached dwellings, quadrupling in number since 1990. Some small growth also occurred in two to four-unit buildings, increasing by 42% or 84 units to a total of 283 units. There were also increases in larger multi-family structures, from 250 units of more than five (5) units in 1990 to 347 by 2011, growing by 38.8%. There were ten (10) mobile homes counted as part of the 2000 census, which were gone by 2011, although recent Assessors data still includes two (2) such units.

Table 3-12
Hanover, Units in Structure
1990 – 2011

Type of Structure	1990		2000		2011	
	#	%	#	%	#	%
1 Unit Detached	3,329	86.8	3,925	88.3	4,177	84.4
1 Unit Attached	28	0.7	68	1.5	143	2.9
2 to 4 Units	199	5.2	201	4.5	283	5.7
5 to 9 Units	16	0.4	9	0.2	63	1.3
10 or More Units	234	6.1	232	5.2	284	5.7
Other	31	0.8	10	0.2	0	0.0
Total	3,837	100.0	4,445	100.0	4,950	100.0

Sources: U.S. Census Bureau 1990, 2000 and American Community Survey 2007-2011

Table 3-13 shows the distribution of ownership and rental units by types of structures in Hanover. Not surprisingly, almost all of the homeownership units were in single-family structures, but almost one-third of the rentals were in single-family units as well, more than double the state's level of 14.2%. Most of the remaining rentals were fairly evenly divided between small multi-family dwellings of two (2) to four (4) units and larger developments of ten (10) or more units.

Table 3-13
Units in Structure by Tenure, 2011

Type of Structure	Homeownership		Rentals		Total	
	#	%	#	%	#	%
1 Unit Detached	3,704	96.3	276	31.2	3,980	84.2
1 Unit Attached	125	3.3	11	1.2	136	2.9
2 to 4 Units	8	0.2	258	29.2	266	5.6
5 to 9 Units	8	0.2	55	6.2	63	1.3
10 or More Units	0	0.0	284	32.1	284	6.0
Total	3,845	100.0	884	100.0	4,729	100.0

Source: U.S. Census Bureau American Community Survey 2007-2011

The median number of rooms per housing unit was 7.1, indicating that the average home had three (3) to four (4) bedrooms, higher than the 6-room median for the county. Dwelling sizes ranged from 687 units or 13.9% with four rooms or less to 1,122 units or 22.7% of the housing stock with nine (9) rooms or more. There were 63 units that involved single rooms, up considerably from nine (9) such units in 2000.

3.3 Housing Market Conditions

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

- The 1990, 2000 and 2010 Decennial U.S. Census figures
- The U.S. Census Bureau’s 2007-2011 American Community Survey for estimates on data that is not included in the actual counts of the decennial census figures
- The Warren Group’s sales volume by year, from 1990 through 2012
- Multiple Listing Service data
- Town Assessor’s data
- Craigslist and other web-based listings

3.3.1 Ownership – Housing prices remain high

Census data also provides information on housing values, summarized in Table 3-14 for owner-occupied units. The census indicates that the 2010 median house value was \$462,600, up considerably from \$252,600 in 2000 and \$195,100 in 1990, but higher than current values. In 2000, 952 owner-occupied homes were valued relatively affordable at less than \$200,000, decreasing to only 60 homes by 2010. More than half of Hanover’s homes were valued between \$300,000 and \$500,000 in 2010 as opposed to 28.6% in 2000. There was a remarkable increase in properties valued between \$500,000 and \$1 million, increasing from 5.3% of all units to 37.9% between 2000 and 2010.¹⁷ It should also be noted that the median house price in Hanover was 41.7% higher than Plymouth County’s with a median of \$326,400 based on the 2010 census.

**Table 3-14
Housing Values of Owner-Occupied Units
2000 and 2010**

Value	2000		2010	
	#	%	#	%
Less than \$100,000	12	0.3	26	0.6
\$100,000 to \$199,999	940	26.4	34	0.9
\$200,000 to \$299,999	1,391	39.1	134	3.5
\$300,000 to \$499,999	1,019	28.6	2,099	54.6
\$500,000 to \$999,999	189	5.3	1,459	37.9
\$1 million or more	10	0.3	93	2.4
Total	3,561	100.0	3,845	100.0
Median (dollars)	\$252,600		\$462,600	

Sources: U.S. Census Bureau, 2000 sample data and American Community Survey 2007-2011 estimates

While census data is derived primarily from Assessors’ information that typically underestimates market value somewhat, *The Warren Group in Banker & Tradesman* provides more updated market data,

¹⁷ Census housing values are derived from Assessor’s data, which typically underestimates housing values somewhat.

tracked from Multiple Listing Service data based on actual sales. This market information since 1990 is summarized in Table 3-15. As shown, the top of the housing market was in 2007 when the median single-family house sold for \$462,500, and condos sold for even more at \$545,000. The national recession pushed values down to a low of \$350,000 for single-family homes by 2009. In 2010 prices improved somewhat and then dipped again to \$399,900 by the end of 2012. For condos, values have fallen off considerably since 2007 with the median at \$402,450 in 2012.

The number of single-family home sales in Hanover ranged from a low of 106 sales in 2009 to a high of 193 in 2004. In 2012, there were 143 sales, representing an increase from 119 sales the year before. Condos sales reached a high of 41 in 2004 and then fell to only nine (9) in 2007, up to 21 the year later and ten (10) by 2012. It is likely that the high median price of \$545,000 in 2007 reflected the small sample of sales in the same year, skewed by new high-end “over 55” developments that were priced higher than single-family homes.

Table 3-15
Median Sales Prices
1990 –2012

Year	Single-family		Condo (#)	
	Median	# Sales	Median	# Sales
2012	\$399,900	143	\$402,450	10
2011	410,000	119	392,000	6
2010	419,900	123	399,900	13
2009	350,000	106	399,950	18
2008	382,500	115	446,038	21
2007	462,500	126	545,000	9
2006	447,000	143	496,000	32
2005	450,000	157	484,788	33
2004	404,000	193	446,900	41
2003	410,000	157	370,950	14
2002	360,000	178	130,000	7
2001	310,000	152	120,000	7
2000	315,950	172	0	1
1999	269,000	169	0	1
1998	221,000	161	0	1
1997	190,000	148	0	2
1996	184,750	160	0	1
1995	173,500	125	132,000	3
1994	177,000	139	0	1
1993	179,450	164	0	2
1992	175,000	139	53,000	3
1991	165,000	119	212,000	4
1990	180,000	111	155,595	6

Source: The Warren Group, April 1, 2013

Table 3-16 compares median sales data for Hanover and neighboring communities for single-family homes and condominiums in 2006 and 2012.

**Table 3-16
Median Home Prices
2006 and 2012**

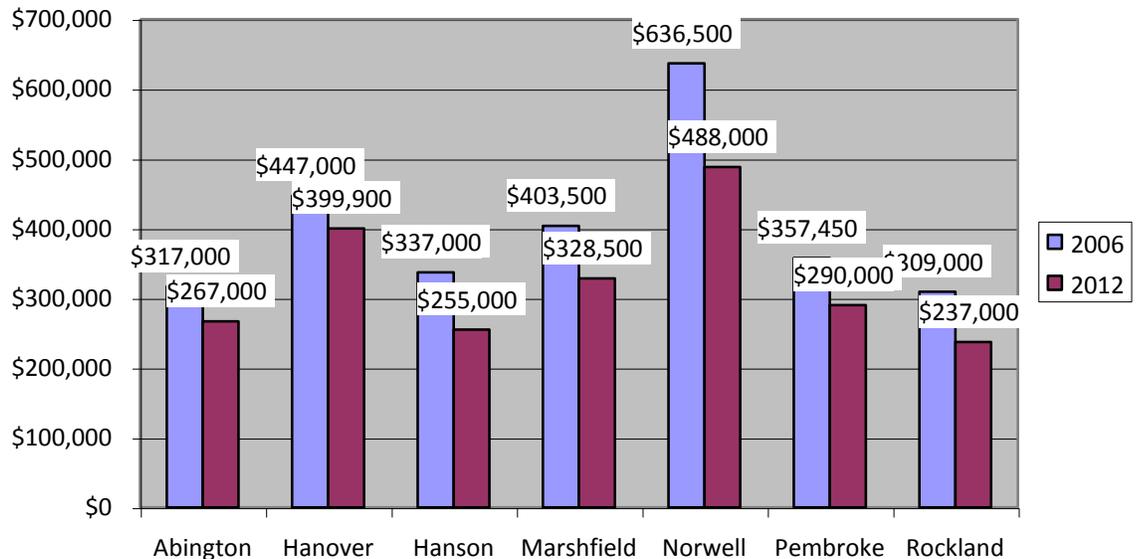
Town	Single-family Homes		Condominiums	
	2006	2012	2006	2012
Abington	\$317,500	\$267,000	\$305,000	\$218,000
Hanover	447,000	399,900	496,000	402,450
Hanson	337,000	255,000	302,400	237,500
Marshfield	403,500	328,500	271,500	282,500
Norwell	636,500	488,000	319,500	475,000
Pembroke	357,450	290,000	322,427	232,500
Rockland	309,000	237,000	264,900	191,000

Source: The Warren Group in *Banker & Tradesman*, April 1, 2013.

As is so visually clear in Figure 3-5, median values have decreased since 2006, which was close to the top of the housing market before the “bursting of the housing bubble.” Hanover’s market values have exceeded all of its neighbors with the exception of Norwell, which experienced the greatest relative decline in values between 2006 and 2012. It is interesting to note that condo prices actually increased somewhat during this period for Marshfield and Norwell.

Figure 3-5

Median Single-family Home Prices, 2006 and 2012



Another analysis of housing market data is presented in Table 3-17 and Figure 3-6, breaking down a year’s worth of *recent sales data from the Multiple Listing Service* as compiled by *Banker & Tradesman* for single-family homes and condominiums in Hanover from March 2012 through March 2013. There were 167 total sales, including 155 single-family homes and 41 condos. Units that sold below \$200,000, and were therefore roughly affordable to those earning at or below 80% of area income, included 17 single-family homes and one (1) condominium, representing 10.8% of all sales. More than half of the

sales fell between \$300,000 and \$500,000. The highest priced sales included a single-family home for \$969,000 and a condo for \$425,000. The median priced single-family home sale was \$375,000 and \$405,000 for the condominiums.

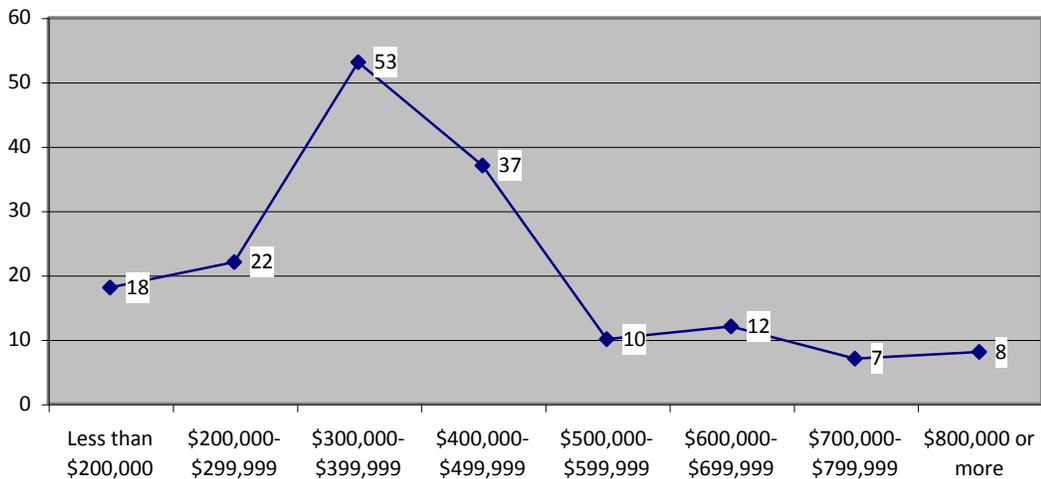
Table 3-17
Single-family House and Condo Sales
March 2012 Through March 2013

Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	17	11.0	1	8.3	18	10.8
\$200,000-299,999	22	14.2	0	0.0	22	13.2
\$300,000-399,999	48	31.0	5	41.7	53	31.7
\$400,000-499,999	31	20.0	6	50.0	37	22.2
\$500,000-599,999	10	6.5	0	0.0	10	6.0
\$600,000-699,999	12	7.7	0	0.0	12	7.2
\$700,000-799,999	7	4.5	0	0.0	7	4.2
\$800,000 or more	8	5.2	0	0.0	8	4.8
Total	155	100.0	12	100.0	167	100.0

Source: Banker & Tradesman, April 2, 2013

Figure 3-6

Sale Values, March 2012 Through March 2013



Town Assessor data on the assessed values of single-family homes and condominiums is presented in Table 3-18, which provides some insights into not only the diversity of the existing housing stock but also the range of values for each dwelling type. This data shows that Hanover had 4,129 single-family properties with only a handful of such units valued below \$200,000. Another 13.6% were assessed between \$200,000 and \$300,000, still relatively affordable. A majority of the single-family homes (54.3%) were assessed from \$300,000 to \$450,000. Almost one-quarter (23.2%) was valued at more than \$500,000, representing a significant high-end housing market in Hanover. The median assessed value was \$379,000, relatively close to the

\$375,000 median sales price from March 2012 through March 2013 according to The Warren Group but lower than the median as of the end of 2012 of \$399,900.

There were only 153 condominiums, representing a very small segment of Hanover’s housing market. While condos in other communities tend to be considerably more affordable than single-family homes, condos in Hanover are pricey with almost all of the units assessed between \$300,000 and \$450,000. The median condo was assessed at \$383,100, higher than the median for single-family homes. Nevertheless, values are down from 2007 when almost 80% of the condo values ranged from \$400,000 to \$600,000. The condos are largely part of three (3) over 55 developments including The Elms, Village at Walnut Creek, and Spring Meadow. These projects involve townhouse development with two bedrooms, 2½ baths, approximately 2,000 square feet of living space, decks, lofts and a community center.

**Table 3-18
Assessed Values of Single-family and Condominiums**

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	5	0.01	2	1.3	7	0.02
\$200,000-249,999	107	2.6	1	0.7	108	2.5
\$250,000-299,999	455	11.0	0	0.0	455	10.9
\$300,000-349,999	1,040	25.2	47	30.7	1,087	25.4
\$350,000-399,999	720	17.4	46	30.1	766	17.9
\$400,000-449,999	484	11.7	55	35.9	692	16.2
\$450,000-499,999	357	8.6	1	0.7	358	8.4
\$500,000-549,999	253	6.1	0	0.0	253	5.9
\$550,000-599,999	181	4.4	0	0.0	181	4.2
\$600,000-649,999	162	3.9	0	0.0	162	3.8
\$650,000-699,999	134	3.2	0	0.0	134	3.1
\$700,000 or more	231	5.6	1	0.7	232	5.4
Total	4,129	100.0	153	100.0	4,282	100.0

Source: Hanover Town Assessor, Fiscal Year 2013.

Table 3-19 summarizes the assessed values for small multi-family properties. There were 69 two-family dwellings, 80.1% of which were valued between \$200,000 and \$400,000. There were also another nine (9) three-family properties and nine (9) properties that involved more than one house on the same lot, most of which were assessed between \$300,000 and \$400,000.

There are relatively few larger multi-family properties in Hanover, which 2011 census data from the American Community Survey estimate to include 284 units in structures of ten (10) or more units. These include some subsidized developments or comprehensive permit projects such as North Pointe (Washington Crossing), Frank’s Lane (Hanover Woods), and Elmwood Lane (Cushing Residences) with values ranging from about \$5 million to \$8.7 million. Another larger development was listed under “charitable housing” at 369-443 Washington Street. There were also five (5) properties with four (4) to eight (8) units that were valued from \$312,800 to \$454,500.

**Table 3-19
Assessed Values of Small Multi-family Properties**

Assessment	Two-family/ Three-family Properties		Multiple Houses On One Lot		Total	
	#	%	#	%	#	%
Less than \$200,000	0/0	0.0/0.0	0	0.0	0	0.0
\$200,000-299,000	17/1	24.6/11.1	1	11.1	19	21.8
\$300,000-399,999	39/7	56.5/77.8	7	77.8	53	60.9
\$400,000-499,999	9/1	13.0/11.1	1	11.1	11	12.6
\$500,000-599,999	3/0	4.3/0.0	0	0.0	3	3.4
\$600,000 or more	1/0	1.4/0.0	0	0.0	1	1.1
Total	69/9	100.0	9	100.0	87	100.0

Source: Hanover Town Assessor, Fiscal Year 2013.

Assessor's records also include nine (9) mixed-use properties that include residential units, seven (7) of which ranged in value from \$294,400 to \$442,900, and the others two (2) assessed at \$568,000 and \$754,600. Assessor's data also included two (2) mobile homes, valued at \$160,400 and \$189,400, which the 2010 census overlooked.

3.3.2 Rentals – Limited and pricey market rentals

Data on the costs of rental units from 1980 through 2011 is included in Table 3-20.

**Table 3-20
Gross Rents
1980-2011**

Gross Rent	1980		1990		2000		2011	
	#	%	#	%	#	%	#	%
Under \$200	8	3.3	95	18.5	73	13.5	27	3.1
200-299	81	33.3	100	19.5	84	15.5	63	7.1
300-499	99	40.7	13	2.5	81	14.9	142	16.1
500-749	40	16.5	116	22.5	35	6.5	103	11.7
750-999			79	15.4	80	14.8	80	9.0
1,000-1,499			69	13.4	142	26.2	230	26.0
1,500 or more					6	1.1	183	20.7
No cash Rent	15	6.2	42	8.2	41	7.6	56	
Total	243	100.0	514	100.0	542	100.0	884	100.0
Median rent	\$322		\$529		\$569		\$998	

Sources: U.S. Census Bureau, 1980, 1990, 2000 and American Community Survey 2007-2011

* Figures in 1990 census data are listed as \$1,000 or more and do not break numbers into the \$1,500 or more range.

The estimates from the American Community Survey for 2011 suggest that of the 884 rental units, 828 were occupied by those who were paying rent with a median gross rental of \$998.¹⁸ This median rent is 75.4% higher than the 2000 median of \$569. Because all but one (1) of the 441 units included in Hanover's Subsidized Housing Inventory are rentals, half of the Town's existing occupied rental stock is publicly assisted with below market rents, thus likely skewing gross rental figures considerably.

Additionally, like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically much higher. Surprisingly there were no listings at all for rentals in Hanover on Craigslist but other Internet listings included the following:

- \$1,600 two-bedroom house for rent on Circuit Street
- \$1,635 two-bedroom apartment at North Pointe on Washington Street
- \$4,000 per month four-bedroom condo for rent on Deerfield Lane
- \$4,250 four-bedroom house for rent on Oak Bridge Road

Listings in nearby communities reinforce these high rents. Rentals in Pembroke ranged from small one-bedroom units for \$1,220 per month to between \$1,670 and \$1,802 for two-bedroom units.

3.4 Affordability Analysis

While housing prices have decreased somewhat since the top of the market in 2007, they remain high. To afford the median sales price of a *single-family home* in Hanover of about \$400,000 (\$399,900 based on The Warren Group information for 2012), a household would have to earn approximately \$84,600.¹⁹ This assumes that the purchaser has cash on hand of almost \$85,000 to afford the upfront costs of the down payment and closing costs.

The borrowing power of the median income earning household with an income of \$100,982, based on the latest census estimates, is about \$450,000, somewhat higher than the median house value of \$400,000, but also premised upon upfront cash requirements of at least \$95,000. This estimate also assumes a very low interest rate and stringent credit requirements. Technically there is no affordability gap for single-family homes as the price of the median priced home (\$400,000) is less than and what a median income household can afford (\$450,000), but the cash requirements likely establish a gap for most first-time potential purchasers without equity from a previous home, substantial savings, or a major gift.

A gap of \$170,000 emerges when the affordability analysis focuses on those low- and moderate-income households earning at or below 80% of area median income, or \$60,650 for a family of three. These households are unable to afford a house costing more than \$230,000 based on conventional lending terms (assumes they can qualify for subsidized mortgages like the ONE Mortgage Program²⁰ or a MassHousing mortgage without private mortgage insurance and 95% financing).

¹⁸ The count from the 2010 census indicates a smaller rental inventory of only 593 units that would not have included the Barstow Village project with 66 apartments. Nevertheless, the ACS estimates still appear to overestimate the number of rentals.

¹⁹ Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$15.55 per thousand, and 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).

²⁰ The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the ONE Mortgage Program which replaced the highly successful Soft Second Loan Program that operated between 1991 and 2013 and helped over 17,000 families purchase their first home. The

Over the years *condos* have represented a relatively small segment of Hanover’s housing market with 153 total units, representing 3.2% of the existing housing in Hanover. Most of these condos were developed during the last decade in several “over 55” projects with sales prices of more than \$400,000. To afford the median priced condo of about \$400,000 (the 2012 median sales price of condos was \$402,450 according to *Banker & Tradesman’s* compilation of Multiple Listing Service data), a purchaser would have to earn approximately \$100,600, which approximates Hanover’s median income level.²¹ Consequently, there is no affordability gap as the median priced home is affordable to someone earning at the median income level, but once again this assumes that the purchaser has substantial upfront cash available to obtain mortgage financing and meets strict credit requirements.

Table 3-21 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor’s data, only 1% of all single-family homes were affordable to those earning at or below 80% AMI, but two-thirds were valued in the range of affordability of those with incomes between 80% and 100% of median. This level of affordability is higher than 2007, the height of Hanover’s housing market, when there were virtually no houses valued within the means of those low- and moderate-income households earning at or below 80% of area median income, or \$59,550 for a household of three (today income levels have not changed much as this income limit has increased to only \$60,650). Also in 2007, only another 2.5% of the single-family houses could have been considered moderately priced, affordable to households earning between 80% and 100% of the area median income.

Table 3-21
Approximate Cost of Homeownership Units in Hanover, 2012

Approximate Home Price Range	Affordability Range	Single-Family Units Available in Home Price Range	
		Number	%
Less than \$230,000	Less than 80% AMI (\$60,650)	40	1.0
\$230,000 - \$450,000	80% - 100% (\$60,650 – \$100,982)	2,772	67.1
More than \$450,000	More than 120% (More than \$98,880)	1,317	31.9
Total		4,129	100.0

Source: Town of Hanover Assessor’s Database, Fiscal Year 2013. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price.

In regard to *rentals*, the gross median rent of about \$1,000 (\$998 according to the 2011 census estimates) required an income of about \$46,000,²² well within HUD’s current income limit for three-person households earning at 80% of area median income or \$60,650. Nevertheless, based on 2011 income data, approximately 18.7% of Hanover’s households would have been unable to afford to rent at this level based on the standard of spending no more than 30% of one’s income on housing. Local

ONE Mortgage Program is a new simplified version of the Soft Second Program providing low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the costs associated with private mortgage insurance.

²¹ Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$15.55 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 estimated monthly condo fees of \$400.

²² Assumes average monthly utility costs of \$150.

listings indicate that market rents are actually much higher, ranging from \$1,600 for two-bedroom units to more than \$4,000 for houses and requiring incomes of \$70,000 and \$170,000, respectively.²³

In evaluating housing affordability, it is also useful to identify numbers of residents living beyond their means due to the extent of their housing costs. Census estimates from the American Community Survey provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. *The 2011 census estimates of those with these costs burdens are summarized in Table 3-22, indicating that 1,487 households, or 31.6% of all households, were living in housing that was by common definition unaffordable.* This included 1,192 homeowners and 295 renters.

**Table 3-22
Households with Cost Burdens by Tenure, 2011**

Housing Costs as a Percentage of Income	Homeowners	Renters	Total
30.0 to 34.9 percent	414	71	485
35.0 percent or more	778	224	1,002
Total	1,192	295	1,487

Source: U.S. Census Bureau American Community Survey, 2007-2011

The U.S. Department of Housing and Urban Development (HUD) also provides a report that breaks down how much households are spending by income level, tenure and type of household, summarized in Table 3-23, with the following key findings:

- Of the 1,240 total households earning at or below 80% of median family income (MFI), or one-quarter of all households in Hanover, 320 were spending more than 30% of their income on housing and another 390 were spending more than half of their income on housing.
- Of the 3,650 households earning more than 80% MFI, 485 were spending too much on their housing as well.
- A total of 1,515 households or 31% of all households were living in housing that by common definition was beyond their means based on this data source, somewhat higher than the 1,487 households included in the 2011 American Community Survey estimates (see Table 3-22).
- Of the 590 renter households earning at or below 80% MFI, 305 or about half were spending too much on their housing.
- Of the 325 seniors who are renting and earning within 80% MFI, 110 or about one-third had cost burdens. Of particular concern are those 165 seniors earning within 50% MFI and spending too much.
- This data indicates that the only large families (five or more household members) who rented were earning more than 80% MFI, and their numbers were limited with only 40 such households.
- The only small families who rented and had cost burdens included 35 such households earning between 30% and 50% MFI.

²³ Assumes average monthly utility costs of \$150 and \$250, respectively.

- Of the 650 owner households earning within 80% MFI, 405 or 62.3% were spending too much and 255, or 39.2%, were spending more than 50% of their earnings on housing costs.
- Of the 480 households earning at or below 30% MFI, 215 or 44.8% were spending more than half of their income on housing.
- Of the 290 elderly homeowners earning within 80% MFI, 135 or 46.6% were spending too much of their income on housing. This likely points to a situation where seniors who are retired and living on fixed incomes are experiencing challenges affording the high housing costs in Hanover, including rising energy and insurance costs and high property taxes. Many of these owners are likely empty nesters living in large single-family homes that cost too much to maintain and with more space than they require at this stage of their lives.

**Table 3-23
Type of Households by Income Category and Cost Burdens, 2009**

Type of Household	Households Earning < 30% MFI/# with cost burdens **	Households Earning > 30% to < 50% MFI/ # with cost burdens **	Households Earning > 50% to < 80% MFI/# with cost burdens **	Total Earning > 80% MFI /# with cost burdens **	Total
Elderly Renters	230/45-65	80/55-0	15/0-0	35/0-0	360/100-65
Small Family Renters	40/0-0	45/35-0	25/0-0	55/0-0	165/35-0
Large Family Renters	0/0-0	0/0-0	0/0-0	40/40-0	40/40-0
Other Renters	70/0-70	35/35-0	50/0-0	115/0-0	270/35-70
Total Renters	340/45-135	160/125-0	90/0-0	245/40-0	835/210-35
Elderly Owners	95/25-55	105/55-0	90/0-0	490/80-20	780/160-75
Small Family Owners	25/0-25	120/30-75	115/0-85	2,055/65-10	2,315/95-195
Large Family Owners	0/0-0	0/0-0	65/40-0	545/125-45	610/165-45
Other Owners	20/0-0	15/0-15	0/0-0	315/65-35	350/65-50
Total Owners	140/25-80	240/85-90	270/40-85	3,405/335-110	4,055/905-365
Total	480/70-215	400/210-90	360/40-85	3,650/375-110	4,890/1,115-400

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, American Community Survey, 2009 (latest report available). ** First number is total number of households in each category/second is the number of households paying more than 30% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. The “Other” category, for both renters and owners, includes non-elderly and non-family households.

The bursting of the housing bubble has not only reduced the price of housing in Hanover, but has resulted in substantial increases in *foreclosures* as shown in Table 3-24. Between March 1, 2007 and the end of February 2008, there were only three (3) petitions to foreclose that were filed, the first part of the foreclosure process. However, during the past year there were 28 petitions to foreclose filed and 14 foreclosure auctions, demonstrating a substantial increase in foreclosure activity.

Table 3-24
Level of Foreclosures
March 1, 2007 Through March 31, 2013

Time Period	# Petitions to Foreclose	# Foreclosure Auctions	Total
3-1-07 to 2-28-08	3	0	3
3-1-08 to 2-28-09	0	4	4
3-1-09 to 2-28-10	9	1	10
3-1-10 to 2-28-11	10	14	24
3-1-11 to 2-28-12	9	11	20
3-1-12 to 3-31-13	28	14	42
Total	59	44	103

Source: The Warren Group, April 3, 2013

3.5 Subsidized Housing Inventory (SHI)

The state lists 441 affordable housing units in the current state-approved Subsidized Housing Inventory (SHI), 9.1% of Hanover’s total year-round housing. Build-out projections estimate that Hanover can support about 6,740 units of housing based on current zoning, 1,888 units above the 2010 level of 4,852, which would require at least another 147 units be affordable to comply with the Chapter 40B goal at buildout above the current deficit of 42 units.

*But what is affordable housing?*²⁴ 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.

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 (AMI) as defined by the U.S. Department of Housing and Urban Development (\$25,500 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 (\$42,500 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income (\$60,650 for a family of three at the 80% level). These income levels are summarized in Table 3-25.

Most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income, as well as some at lower income thresholds. The Community Preservation Act (CPA) allows resources to be directed to those within a somewhat higher income threshold – 100% of area median income – now typically referred to as “community housing”, however units in this income range cannot be counted as part of the SHI. In general, programs that subsidize rental units are targeted to households earning less than 60% of area median income with some financing reaching those earning below 30% AMI, and first-time homebuyer programs typically apply income limits of up to 80% AMI. It is worth noting that according to the 2011 estimates from the Census Bureau’s American Community

²⁴ Definitions of other terms are included in a Glossary of Terms in Appendix 2.

Survey, about 1,200 households, or approximately one-quarter of all Hanover’s households, were likely to be income-eligible for affordable housing using the 80% of area median income level.

**Table 3-25
2013 INCOME LEVELS FOR THE BOSTON AREA**

# Persons in Household	30% of Area Median Income	50% of Area Median Income	80% of Area Median Income
1	\$19,850	\$33,050	\$47,150
2	22,650	37,800	53,900
3	25,500	42,500	60,650
4	28,300	47,200	67,350
5	30,600	51,000	72,750
6	32,850	54,800	78,150
7	35,100	58,550	83,550
8+	37,400	62,350	88,950

In counting a community’s progress toward the 10% threshold, the state counts a housing unit as affordable if it meets a number of requirements under Chapter 40B as summarized in Figure 3-7.

Figure 3-7

CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?	
1.	Must be part of a “subsidized” development built by a public agency, non-profit, or limited dividend corporation.
2.	At least 25% of the units in the development must be income restricted to households at or below 80% of area median income (or 20% for those earning at or below 50% AMI) and have rents or sales prices restricted to affordable levels. Restrictions must run at least 15 years for rehab and in perpetuity for new homeownership units.
3.	Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
4.	Project sponsors must meet affirmative marketing requirements.

Source: CHAPA

State policies also enable municipalities to possibly reserve up to 70% of the affordable units created in state subsidized developments, including comprehensive permit projects, for those who live, work or attend school in the community, referred to as “community or local preference” units.²⁵

²⁵ Approval from the subsidizing agency, such as DHCD, is required for such local preference. See Appendix 3, Section I.A for details.

**Table 3-26
SHI Units, Hanover and Neighboring Communities**

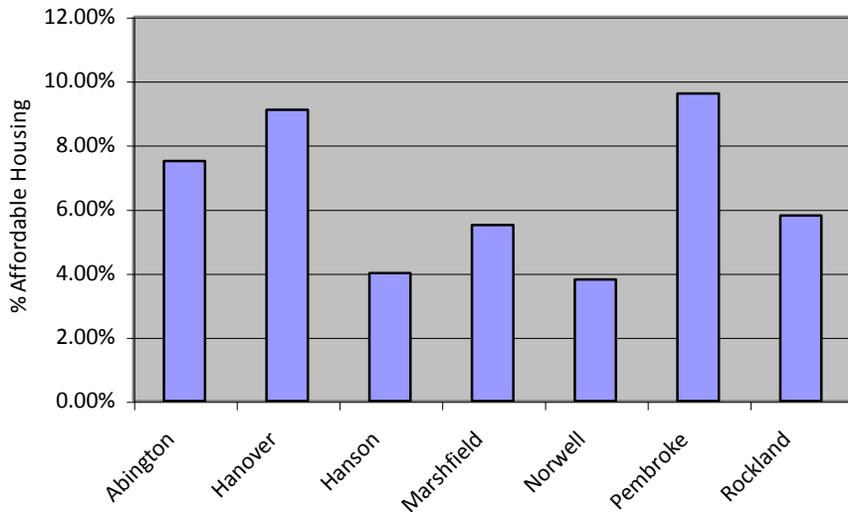
Town	# Year-round Units	# SHI Units	% SHI Units
Abington	6,364	478	7.5%
Hanover	4,832	441	9.1%
Hanson	3,572	143	4.0%
Marshfield	9,852	540	5.5%
Norwell	3,652	139	3.8%
Pembroke	5,477	619	9.6%
Rockland	7,030	411	5.8%

Source: Massachusetts Department of Housing and Community Development, May 10, 2012

Hanover has made significant progress in getting closer to the 10% state threshold, and is nearer to 10% than most communities of its size and certainly more than most of its neighbors as indicated in Table 3-26 and Figure 3-7. Hanover has now has 441 SHI units that include 9.1% of its year-round units with only Pembroke at a higher level of affordable units, at 9.6%.

Figure 3-7

Level of Affordable Housing



3.5.1 Current Inventory

As mentioned above, of the 4,832 year-round housing units, the state currently counts 441 units, or 9.13%, as part of Hanover’s Subsidized Housing Inventory. All of Hanover’s affordable units were created under private sector sponsorship as rental properties, most directed to seniors, with the exception of one (1) Habitat for Humanity house. These developments are summarized in Table 3-27.

An important community-sponsored development that was added to the SHI in 2012 is *Barstow Village*. This project was the focus of the Town’s Affordable Housing Plan that was completed in 2007 under previous Planned Production requirements. Located on a wooded 6.6-acre parcel that had been owned by the Hanover Housing Authority, the new development features 66 units of housing (64 one-bedroom units and 2 two-bedrooms) for those 62 years of age or older. The development includes support services for residents that promote independent living as well as indoor and outdoor community spaces for socializing. The project also offers a range of affordability with three (3) income tiers that include

those earning at or below 30% of area median income (AMI), from 31% to 50% AMI, and from 51% to 60% AMI. Property managers indicate that the greatest need and demand is for the lowest income tier, as many applicants do not have the requisite income to afford the rents in the higher income levels that have rents ranging from \$850 to \$1,031. Waits for these units are from three (3) to four (4) years.

The Town invested \$32,000 in Community Preservation funds to undertake a preliminary feasibility study of the site as well as \$275,000 from the Affordable Housing Trust and a 99-year lease of the land for a one-time lease payment of \$50,000 that was transferred to the Housing Trust to support other affordable housing initiatives. Barstow Village represents a true partnership involving the Town of Hanover, the Housing Authority, and the selected developers (the collaboration between Archdiocese of Boston’s Planning Office for Urban Affairs and EA Fish Development) as well as the Patrick-Murray administration that provided important financing.

**Table 3-27
Hanover’s Subsidized Housing Inventory**

Project Name	Project Type	Affordable Units	Affordability Expires	Built with a 40B permit	Subsidizing Agency
Cushing Residences	Rental/Elderly	150	2022	No	HUD
Legion Elderly Housing	Rental/Elderly	60	2021	No	HUD
Hanover Woods/Frank’s Lane	Rental/Family	60	Perpetuity	Yes	DHCD
Washington Crossing/North Pointe	Rental	74	Perpetuity	Yes	MassHousing
DDS Group Homes	Special Needs	30	NA	No	Dept. of Developmental Services (DDS)
Barstow Village	Rental/Elderly	66	Perpetuity	Yes	DHCD
Walnut Street	Ownership	1	Perpetuity	No	DHCD
TOTAL		441			

Source: Massachusetts Department of Housing and Community Development, April 2, 2013.

Another recent housing project was completed in partnership with Habitat for Humanity of the South Shore on *Walnut Street*. The Housing Trust committed \$30,000 in support of this new affordable home.

Information on the length of the waitlists for these projects and amount of turnover indicates substantial demand for affordable rental housing. For example, the average wait time for units at *Legion Elderly Housing*²⁶ is at least three (3) years. Most seniors choose to stay as long as they can, and typically live on limited fixed incomes. When tenants leave they most likely are moved to nursing homes with supportive services as assisted living options in the area are too expensive.

Of the 150 units at *Cushing Residences*, five (5) have two-bedrooms, the remainder with one-bedrooms. There are substantial waits for units at Cushing Residences as well with more than 130 applicants on the

²⁶ The Legion Elderly Housing project was built in 1982 through HUD’s Section 202 Program requiring that 40% of the occupants have incomes within 30% of area median income and the remaining tenants within 50% of area median income.

waitlist. Turnover in a typical year is about 12 units and waits are about three (3) years. The project has 14 units that are accessible to the handicapped (includes 3 two-bedroom units and 11 one-bedrooms). It is worth noting that over and above the 150 rental units for seniors at the Cardinal Cushing Residences included in the SHI, the Archdiocese of Boston has another seven (7) buildings at another location in Hanover that provide eleven (11) units of special needs student housing during the academic year. While these units cannot be included in the SHI,²⁷ they still provide an important local resource for special needs housing.

3.5.2 Proposed Projects

There are several residential housing developments that are in the conceptual, planning or regulatory approval process including:

- *Murtha Property*
Town Meeting approved the purchase of this property located in South Hanover for \$775,000 in CPA funding. It includes more than four (4) acres, an existing 75-year old house, as well as an old barn. The owner wanted to demolish the existing house and develop four (4) new units as a small subdivision, but the Town was able to delay the demolition for a year, purchased the property, and then divided it into two (2) buildable lots by ANR. The Town has issued a Request for Proposals to build two (2) new affordable in addition to preserving some open space. The selected developer can determine whether to renovate the existing structure and the barn required demolition several years ago.
- *Kennedy Building Redevelopment/Cardinal Cushing Center*
The Town is working with the Archdiocese of Boston's Planning Office for Urban Affairs (POUA) on converting an existing historic property as part of the Cardinal Cushing complex into 37 affordable rental units. The Hanover Affordable Housing Trust has entered into an agreement with POUA to commit \$240,500 in Trust funding towards the project. The project will be permitted through the "friendly 40B" comprehensive permit process.
- *Webster Village*
Located in North Hanover on Webster Street, the ZBA approved this 44-unit Chapter 40B condominium development in 2007 to include eleven (11) affordable units for first-time homebuyers. The project was on-hold for years, but recently the developer has proposed a new project configuration of 75 rental units, also through 40B, that would include 19 actual affordable units but all of the units would be eligible for inclusion in the SHI. MassHousing has approved the developer's project eligibility letter and the next step is for the developer to submit the comprehensive permit application to the ZBA.

The completion of only 42 SHI units as part of these proposed projects will bring the Town over the 10% state affordability threshold. However, the Town would continue to have unmet housing needs as summarized in Section 3.6.

In addition to the projects listed above, the Town has the potential opportunity to convert some existing Town-owned properties to residential use, including some amount of affordability, for the following properties:

²⁷ Special needs student housing is not eligible under the state's Local Initiative Program and the units do not meet a range of other LIP requirements such as affirmative fair marketing, affordability restrictions, income limits, etc.

- *Curtis School Property*
The Curtis School was a former school building that has been demolished. The Town still owns the land, which includes about 3½ acres. This site should be considered for affordable housing development, however nearby traffic conditions would have to be addressed to make any new development feasible.
- *Sylvester School*
The Sylvester School has also been suggested as a possible site for creating at least some amount of affordable housing. Located in Hanover Center on a site of a former one-room schoolhouse, the school was erected in 1927 and expanded in 1960. It currently serves grades 3 and 4. The adjacent Center School, serving pre-kindergarten to grade 2, and the Sylvester School share a site of approximately 33 acres with an aquifer boundary line passing through the center of the parcel.
- *Barstow Village – Phase II*
When the Hanover Housing Authority negotiated the ground lease with the developers of Barstow Village, they included a reference to a possible second phase of the project in adjoining property that might mirror the existing project and accommodate about 50 units.
- *New Residential Development at Village Commons*
A developer is exploring the possibility of acquiring the foreclosed unfinished Village Commons property with the potential of creating 150 new units, some of which would be affordable.

3.6 Priority Housing Needs

Based on this Housing Needs Assessment, there are a number of key indicators that suggest there are unmet local needs for affordable housing that go beyond what is required to meet the 10% state goal including:

1. Households with Limited Incomes

- Despite increasing household wealth, there still remains a population living in Hanover with very limited financial means. Of the 4,355 total households counted in 2011 by census estimates, 185 or 3.9% had incomes of less than \$10,000 and another 310 or 6.6% had incomes between \$10,000 and \$24,999, representing extremely low-income levels at or below 30% of area median income. An additional 209 households had incomes within what public agencies would define as very low-income levels, within about 50% of area median income. The total number of households within these income categories was 704 households or 14.9% of all Hanover households, not an insignificant number given the general affluence of the community.
- The absolute numbers and percentages of individuals with incomes below the poverty level²⁸ increased between 1989 and 2011. The numbers and percentages of families in poverty, including children, also increased during this timeframe. Poverty levels decreased only for those 65 years of age or older. While poverty remain lower than county and state levels at 8.2% and 11.6% respectively for individuals versus 3.0% for Hanover, these increases are disconcerting.
- There were 1,487 households, or 31.6% of all households, who were paying too much for their housing including 295 renters.
- Market rentals are expensive. The gross median rent of about \$1,000 (\$998 according to the 2011 census estimates) required an income of about \$46,000,²⁹ which is not affordable to

²⁸ The 2012 poverty guidelines are \$11,170 for a single individual, \$15,130 for a two-person household, \$19,090 for three persons, \$23,050 for four persons, \$27,010 for five persons, \$30,970 for six persons, \$34,930 for seven persons, and \$38,890 for an eight person household.

²⁹ Assumes average monthly utility costs of \$150.

approximately 18.7% of Hanover's households based on the standard of spending no more than 30% of one's income on housing. Local listings indicate that market rents are actually much higher, ranging from \$1,600 for two-bedroom units to more than \$4,000 for houses and requiring incomes of \$70,000 and \$170,000, respectively.³⁰ Market rentals also involve high upfront cash requirements including first and last month's rent and a security deposit, further challenging the pocketbooks of lower income individuals and families.

- Waits for subsidized rentals units are approximately three (3) years.
- Of the 590 renter households earning at or below 80% MFI, 305 or about half were spending too much on their housing.
- Of the 325 seniors who are renting and earning within 80% MFI, 110 or about one-third had cost burdens. Of particular concern are those 165 seniors earning within 50% MFI and spending too much.

Need: *Given the high costs of housing, more subsidized rental housing is necessary to make living in Hanover affordable, particularly for those who have very limited financial means and are not currently living in subsidized housing.*

2. Gaps in Affordability and Access to Homeownership

- There are only a handful of units that are currently assessed for under \$200,000 and affordable to those earning at or below 80% AMI.
- Only one (1) unit in the 441-unit Subsidized Housing Inventory involved homeownership.
- To afford the median sales price of a single-family home in Hanover of about \$400,000 (\$399,900 based on The Warren Group data for 2012), a household would have to earn approximately \$84,600.³¹ This assumes that the purchaser has cash on hand of almost \$85,000 to afford the upfront costs of the down payment and closing costs.
- There is an affordability gap of at least \$170,000 for those low- and moderate-income households earning at or below 80% of area median income, or \$60,650 for a family of three. These households are unable to afford a house costing more than \$230,000 based on conventional lending terms (assumes they can qualify for subsidized mortgages like the Soft Second Loan Program or a MassHousing mortgage without private mortgage insurance and 95% financing).
- Almost 1,200 homeowners were spending too much on their housing.
- Demographic trends suggest that housing costs may be pricing younger individuals and families out of the housing market as those entering the labor market and forming new families have been dwindling in numbers and reducing the pool of entry level workers and service employees as well as forcing the grown children who were raised in town to relocate outside of Hanover. For example, while the number of those age 55 to 64 more than doubled over the past several decades, those between the ages of 21 and 34 decreased 27%, despite an overall population growth of 22%.
- Population projections suggest that those in the household formation years of 20 to 34 will increase by 18.5% further supporting the need for some first-time homebuyer options that are affordable to those who do not have equity from a previous house or substantial savings to enable them to enter the private housing market.

³⁰ Assumes average monthly utility costs of \$150 and \$250, respectively.

³¹ Figures based on 80% financing, interest of 4.5%, 30-year term, annual property tax rate of \$15.55 per thousand, and 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).

- Just as the baby-boomers have driven trade-up demand in the last decade, the aging of this large group is projected to result in a 67.8% increase in seniors age 65 and over by 2035. This may increase the demand for smaller units that are easier to maintain than the average single-family home.

Need: *Wider range of affordable housing options including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families as well as affordable condominiums for empty nesters and seniors.*

3. Disabilities and Special Needs

- Of the population age 5 to 20 years old, 189 or 5.7% had some disability; and of the population age 21 to 64, 635 or 8.5% claimed a disability, but 72.3% of this group was employed leaving more than another quarter who were unemployed, likely due to disability. In regard to the population 65 years of age or older, 373 or 27.1% claimed some type of disability. This means that at least 1,197 individuals, or 9.5% of residents, claimed some type of disability.³²
- There are at least three-year waits for those seniors who seek subsidized housing in Hanover.
- Hanover’s population is aging. In 2010 there were 1,852 persons 65 years of age or older, representing 13.3% of all residents, and up significantly from 675 or 5.9% of the total population in 1980.
- Population projections estimate that the population of seniors over 75, who are typically most in need of support and services, will increase overall by more than 500 residents, suggesting some need for affordable assisted living options in the long-term.
- There are presently no affordable assisted living options in Hanover.

Need: *At least 10% of new housing should be built adaptable or accessible to the disabled, including seniors, and supportive services should also be integrated into new development.*

4. Housing Conditions

- More than half of Hanover’s housing stock, 2,490 units or 51.3%, was built prior to 1970, and is likely to have traces of lead-based paint, posing safety hazards to children. This housing may also have some deferred maintenance needs that come with an aging housing stock.
- Because the Town does not have municipal sewer services, with the exception of some special treatment facilities in several locations, there are also likely to be septic systems needing repair or replacement.
- Given the aging of the population it is likely that many seniors, as well as others who are disabled, will need home modifications to remain independent in their homes.

Need: *Assistance is needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households.*

There is therefore a sizable population of those who are seniors, have special needs and/or have very low incomes who have significantly reduced capacity to secure decent, safe and affordable housing in Hanover. A broader range of housing options is required to meet these varied needs. Of particular concern are the estimated 305 renter households who were spending too much on their housing that includes 165 seniors earning within 50% MFI with cost burdens.

³² This data is from the 2000 census as updated census figures have not been released. Nevertheless, given population growth and the aging of the population, it is likely that the level of those with disabilities has not decreased but is higher.

4. OBSTACLES TO FUTURE DEVELOPMENT AND MITIGATION MEASURES

There are a number of substantial constraints to developing affordable housing in Hanover, including the following:

4.1 Infrastructure

Challenges: A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services throughout town, which raises concerns about the potential impacts of any new development on water supply and quality. Hanover residents must rely solely on septic systems unless special treatment facilities are integrated into the new development, a costly measure that requires a fairly large project to render feasible.

Mitigation Measures: It will be important for any new affordable housing development to address these infrastructure constraints, septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment.

4.2 Zoning

Challenges: 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, Hanover's Zoning Bylaw embraces large-lot zoning that maintains low housing densities and severely constrains the construction of affordable housing. Specific provisions of the current Hanover Zoning Bylaw that discourage the creation of affordable housing include:

3.010 Establishment of Districts

Residence A, which allows only single-family dwellings as-of-right, is the only residential zoning district. Rezoning appropriate areas for multi-family dwellings would encourage affordable housing in designated areas.

5.870B General Regulations

Common drives and drives passing across other lots are prohibited in Residence A, making clustered development and retreat lot development (a lot behind an existing lot) more difficult.

6.000 Residence A

Residence A zoning limits housing types to single-family homes. There is no Residence B alternative near village centers or busy roadways where denser development may be desirable.

6.010E

Allows only one single-family dwelling per lot. Allowing additional units within prescribed areas following design guidelines would allow affordable housing to be created without altering the character of the neighborhood.

6.020A

Allows boarding houses only under very limited conditions. (Special Permit, no more than four (4) persons, no more than 20% of rooms, and incidental to primary use as a

private residence.) In certain areas boarding houses may allow affordable living for those working in Hanover without altering the character of the neighborhood.

6.020C

Allows accessory apartments under limited, but not unreasonable conditions (Special Permit, incidental to primary residence, no change to exterior, 600 sq. ft. minimum, Board of Health approval of septic, and no detached buildings to be used for this purpose). Accessory apartments can provide housing for the elderly and those just entering the work force and should be encouraged. Use of outbuildings, some exterior changes or additions, and square footage less than 600 sq. ft. should be considered.

6.030

Allows retreat lot development but only under limited conditions. The development of lots behind existing houses can offer the opportunity to create new affordable housing without significantly changing the character of the streetscape.

6.040

Allows Planned Residential Development but only for “Over 55” developments (PRDS). Planned Residential Development can be an appropriate way to create affordable multi-family housing in appropriate neighborhoods under design guidelines.

6.040.4bii

Does not allow modular construction for a PRDS. Modular housing can reduce construction costs and contribute to affordability.

6.040.5a

Mandates an architectural style for a PRDS, which may limit innovations in housing. This kind of design guideline can result in buildings that are inappropriately sited or scaled, but use features such as pitched roofs and shutters to conform in a superficial way with local requirements.

6.120A

Only allows single-family detached dwellings, one unit, or PRDS in Business Districts with Special Permit. Business districts may be appropriate locations for multi-family development, adjacent to or above businesses.

6.220M

Only allows PRDS housing in Commercial Districts. Family housing may be appropriate in some commercial districts.

6.300

Does not allow housing in Planned Shopping Center District. A recent trend in other towns has been the development of housing adjacent to or within shopping centers. This encourages pedestrian traffic, sharing of parking spaces, patronization of stores and restaurants, and other positive features of town life.

6.410

Only allows PRDS with Special Permit in Limited Industrial District. Some limited industrial locations may be appropriate areas for housing.

6.500

Industrial and Fireworks Districts do not allow housing. These Districts may be appropriate for housing given the changing patterns of land use in these areas, assuming contaminated areas have been remediated. In fact, affordable housing development is an avenue for obtaining funding for the remediation of Brownfields.

6.800

Water Resource Protection District does not suggest a mechanism for clustering housing to both allow denser development and preserve continuous open space in lieu of 60,000 square feet per lot requirement.

6.11.0

Although overall quite positive in its intentions, the Village Planned Unit Development bylaw requirements concentrate on stylistic features rather than encouraging true “smart growth” planning. The limitation to land along Route 53 does not allow VPUD development near existing village centers or other busy roadways where it could reinforce positive development patterns or offer an option to strip development. The requirement for three (3) parking spaces per unit and that no more than 20% of land outside of the Residential A zone can be devoted exclusively to residential use limits housing development options. Requiring a minimum of 25 acres, a height under 48 feet, and a mix of unit sizes limits the number of locations where this kind of development can occur and the flexibility that may make affordable housing economical to produce.

7.1 Dimensional Regulations

The 30,000 square foot minimum lot size in Residence A and 44,000 minimum in Business, Commercial, Planned Shopping Center, Limited Industrial, Industrial, and Fireworks discourage cluster development and multi-family development that can help in the production of affordable housing while conserving open space. Large minimum lots sizes often reduce rather than reinforce the rural character of towns. Development on smaller lots as part of a conservation subdivision should be encouraged.

Lot frontage requirements – 150’ in Residence A and Business, and 200’ in other districts, and front setbacks – 50’ in Residence A and 75’ in other districts – further discourage cluster and infill development that may be appropriate in some areas.

Mitigation Measures: This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include revising the village PUD bylaw, amending the Open Space Residential Development bylaw, and exploring the use of 40R/40S.

4.3 Environmental Concerns

Challenges: A significant amount of land in Hanover is wetlands and protected from development. The presence of these un-buildable areas has helped Hanover to maintain its rural character with woodlands

woven into all areas of the town. The establishment of conservation land, recreation land and public and quasi-public open space offers further protection and reinforces the value of these unbuilt areas to residents. Both the use of open space and protected land for recreation and the value of these areas as a green backdrop for civic, commercial, and residential uses limits the amount of land on which new affordable housing can be easily developed.

There may be resistance to building on publicly owned land that could be used for housing if there is a history of recreational uses on the property. The lack of a Town sanitary sewer system and the difficulty of dealing with runoff due to the number of wetlands offer additional obstacles to affordable housing development – both technical and in terms of potential resistance.

The relative scarcity of developable land raises its value and the costs associated with acquisition and building. Environmental regulations and concerns suggest that the redevelopment of existing built areas, or development that offers protection to open space adjacent to construction offers the best opportunities for creating new affordable housing.

Mitigation Measures: Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting adaptive reuse, development of infill sites in existing neighborhoods, village center redevelopment, and mixed-use development.

4.4 Transportation

Challenges: Hanover is easy to get to thanks to Route 3 and a network of regional roadways, but is almost totally dependent on automobiles for transportation to and within the town. Joseph Ingle Bus Services provides school bus transportation for children and the Town has two (2) new vans for special needs transportation, but otherwise public transportation is not available.

Pedestrian access to town amenities is limited by the low density of development and the concentration of civic and retail services in Hanover Center along Route 53 away from residential areas. There are few places where residences and services are within walking distance of each other or where sidewalks are continuous enough to make walking significant distances safe and easy.

The reliance on automobiles means that affordable residential development will require parking and is likely to add to traffic and congestion. This raises its costs and suggests that there may be resistance to affordable housing development of significant size.

Mitigation Measures: The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Housing Plan is to explore higher density, mixed-use development in appropriate locations that has the potential for reducing the reliance on the automobile. Opportunities to direct development to areas that are most conducive to higher densities, such as Hanover's villages and commercial corridors will serve to reduce transportation problems.

4.5 School Enrollments

Challenges: State build-out projections indicate that the school-age population should increase by another 1,368 children, however there are no reliable projections as to when buildout is likely to occur. Projections of the student population prepared by the Metropolitan Area Planning Council (MAPC), however, suggest that by 2035 those under the age of 20 will decline from 23.8% of the population in

2010 to 23.8%. Enrollments have remained fairly stable over the past decade, from 2,689 students in the 2000-2001 school year to 2,684 in 2012-2013. Nevertheless, declining conditions of the High School and Sylvester School have been priority considerations for the Town, which is determining the most appropriate solutions to these challenges.

Mitigation Measures: This Housing Plan recognizes the need for a wider range of affordable housing options in Hanover, including first-time homebuyer opportunities for young families. However, the Plan also suggests exploring options for covering some of the added municipal costs associated with new students, including 40R and 40S.

4.6 Availability of Subsidies

Challenges: Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. In late 2004 Hanover approved the creation of a Community Preservation Fund with funding support from the state for open space preservation, historic preservation and affordable housing production. These funds will make approximately \$1 million available per year, at least 10% of which must be directed to affordable housing activities. The Town also approved the establishment of the Hanover Affordable Housing Trust Fund in 2009, which provides another resource for subsidizing new development but needs to be capitalized. Both CPA and Housing Trust funding will be helpful, but additional public and private technical and financial resources will be required to meet production goals.

Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation and Housing Trust Funds 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.

4.7 Community Perceptions

Challenges: Affordable housing, subsidized housing, low-income housing, projects, Section 8, etc. – these terms can conjure images of potential neglect, plunging property values, increased crime, and even tensions concerning class and race. On the other hand, residents are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. It is this awareness, as well as impending 40B developments, which is spurring communities such as Hanover to take proactive measures to produce affordable housing.

Mitigation Measures: Hanover proposes continuing an ongoing educational campaign to inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support. 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 opportunities for real input.

5. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to have greater local control over housing development. If a community prepares and adopts an affordable housing plan that meets state requirements and then demonstrates the production of an increase of 0.50% of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory over one year, it may become “certified” by the state and able to deny inappropriate Chapter 40B comprehensive permit applications without the developer’s ability to appeal the decision.³³ If the municipality produces 1.0% of its year-round housing, 48 units in the case of Hanover, a two-year period of state “certification” may be granted.

Using the strategies described in Section 6.0, the Town of Hanover has developed a Housing Production Program to chart affordable housing production activity over the next five (5) years as summarized in Table 5-1.

The final determination of the use of existing publicly owned parcels for new affordable housing is subject to a more thorough feasibility analysis of site conditions, and Town Meeting approval. If any of the preliminarily identified existing publicly-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met through the acquisition of privately owned properties or private development.

³³ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i). The state has prepared draft changes to Chapter 40B, including Planned Production requirements, and are holding public hearings.

**Table 5-1
Hanover Housing Production Program***

Strategies by Year	Units < 80% AMI	Total # Units **
Year 1 – 2013		
Development of Town-owned property/ Murtha Property (homeownership)	2	2
Adaptive reuse with “friendly 40B”/ Cardinal Cushing Center (intergenerational rental housing)	37	37
<i>Subtotal</i>	39	39
Year 2 – 2014		
Development of private site with 40B/ Webster Village (rentals)	76	76
<i>Subtotal</i>	76	76
Year 3 – 2014		
Development of private site with “friendly 40B” (condos)	10	40
Development of Town-owned property and adaptive reuse – Sylvester School or Curtis School land (rental)	30	30
New infill housing – Habitat house (homeownership)	1	1
<i>Subtotal</i>	41	71
Year 4 – 2015		
Mixed-use PUD development (condos for empty nesters)	3	13
Infill development (first-time ownership)	2	2
Development of private site with “friendly 40B” (rentals)	30	30*
<i>Subtotal</i>	35	45
Year 5 – 2016		
Clustered housing through OSRD bylaw (first-time ownership)	6	30
Village center development through 40R (rental)	5	25
Infill housing/group home (special needs rental)	4	4
Friendly 40B (homeownership)	10	40
<i>Subtotal</i>	25	99
TOTAL	216	330

* All units count in Chapter 40B rental developments.

** Includes market units in addition to affordable ones.

6. HOUSING STRATEGIES

This Housing Production Plan proposes a mix of strategies that will bring the Town of Hanover's supply of affordable housing to over 10% of its year-round housing stock during the next five (5) years. It will also be important to accommodate the range of local housing needs referenced in Section 3-6, offering a mix of housing types and mixed-income opportunities. For example, both rental and homeownership housing should be developed for young families, empty nesters, and special needs populations. It will also be important to reach those within various income categories who are unable to find housing that is affordable in Hanover including those earning at or below 60% of area median income needing rental housing and those within 80% of median income who want to rent or afford their first home.

These proposed actions are presented with an understanding that a broadened affordable housing agenda will place further burdens on local services and that there are currently many competing municipal needs and limited resources, including land. However, there are also resources that the Town can draw upon to support affordable housing including some existing publicly-owned property, the Community Preservation Fund, the Housing Trust Fund, and subsidies from the state and federal governments. Appendix 3 has a summary of housing resources and regulations.

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the experience of other comparable localities in the area and throughout the Commonwealth. They also reflect a continuation of housing development strategies that have been working in Hanover, building on substantial recent progress that includes:

1) Housing Plan

The Town of Hanover, under the oversight of the Hanover Housing Authority, prepared an Affordable Housing Plan in 2007 under Planned Production guidelines that were in effect at the time. This Plan provided the necessary blueprint for prioritizing and implementing affordable housing initiatives based on documented local needs, community input and existing resources. With this Plan the community was in a better position to proactively guide new development.

This updated Plan enables the Town to obtain an understanding of socio-economic changes since then as well as the shifts in housing market conditions. It also allows the Town to reflect on its accomplishments, consider what housing strategies have worked, and establish priorities for moving forward on its affordable housing agenda.

2) Dedicated Municipal Oversight – The Hanover Affordable Housing Trust (HAHT)

Communities need to build a viable organizational structure to promote affordable housing. While basically a defunct agency for many years without any assets and direction, the Hanover Housing Authority was resuscitated shortly following the passage of the Community Preservation Act (CPA) in Hanover in 2004, to help the Town invest its CPA funds for affordable housing. While technically a state-affiliated public entity³⁴, the Hanover Housing Authority made significant progress on local housing initiatives, including the development of Barstow Village. Based on a significant recommendation in the 2007 Affordable Housing Plan, however, the Housing Authority in concert with the Town received the necessary local approval to

³⁴ As such, state approval by DHCD is required of all important HHA actions.

establish the Hanover Affordable Housing Trust (HAHT) to oversee local housing issues, including the implementation of the Housing Plan.³⁵

3) Successful Partnerships

The Town has successfully worked with developers on important affordable housing initiatives. The Town's flagship effort is Barstow Village, where a Request for Proposals process was used to select the development team of EA Fish Development and the Archdiocese of Boston's Planning Office for Urban Affairs (POUA) to develop 66 units on Housing Authority property for low-income seniors.

4) Leverage Local Resources

The affordability of most housing development projects relies on multiple sources of financing involving both private and public loans and grants. Hanover was successful in securing more than \$11.5 million in financing for its Barstow Village development, in partnership with the project developers. It will be important for the Town to continue to encourage the establishment of partnerships with other interested parties including non-profit organizations, lenders, public agencies, and developers to secure the necessary financial and technical resources to create affordable units. Community Preservation funding and the Affordable Housing Trust Fund will continue to be essential ingredients for supporting the implementation of this Housing Plan and leveraging state and federal housing subsidy programs.

5) Community Support

Because housing development relies on local approvals, including those of Town Meeting, community support for new initiatives has been essential. Strategic efforts to continue to inform residents on the issue of affordable housing and specific new initiatives will help generate an understanding of the benefits of affordable housing, reduce misinformation, and dispel negative stereotypes.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable.³⁶

- *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;*
 - Revise Village PUD bylaw (see strategy 6.2.1)
 - Adopt OSRD bylaw (strategy 6.2.2)
 - Explore use of 40R/40S (strategy 6.2.3)

³⁵ On June 7, 2005, the Municipal Affordable Housing Trust Fund Act was enacted, which simplifies the process of establishing such funds. Previously, cities could create trusts through their own resolution, but towns had to get approval from the legislature through a home rule petition. 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, appointed and confirmed by the Board of Selectmen, in the case of towns. 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 project.

³⁶ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Make suitable public property available for affordable housing (strategy 6.3.1)
 - Encourage “friendly” 40B development (strategy 6.3.2)

- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Revise Village PUD bylaw (see strategy 6.2.1)
 - Adopt OSRD bylaw (strategy 6.2.2)
 - Explore use of 40R/40S (strategy 6.2.3)
 - Consider joining the Metro Boston Consortium for Sustainable Communities (strategy 6.1.6)
 - As indicated in strategy 6.3, the Town should work with developers to create affordable housing in line with smart growth principles including:
 - The redevelopment of existing residential or nonresidential structures that might become available in the future,
 - Infill site development including small home development as starter housing such as a Habitat for Humanity project,
 - Parcels large enough to accommodate clustered housing through the OSRD bylaw for example, and
 - Mixed-use properties in appropriate areas.

- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
 - Make suitable public property available for affordable housing (strategy 6.3.1)

- *Participation in regional collaborations addressing housing development*
 - Consider joining the Metro Boston Consortium for Sustainable Communities (strategy 6.1.6)

The strategies included in this Housing Production Plan are grouped according to the type of action proposed – Building Local Capacity, Zoning, Housing Production, and Housing Preservation – and categorized by Two-Year or Five-Year priorities. *As such the Plan starts with organizational issues, moves to regulation, identifies key production strategies to guide new development, and then finally looks at how to preserve the housing that is in place.* Two-Year actions are those that will begin within the next two (2) years, most of which will involve some immediate actions. Those strategies included in the Five-Year Action Plan involve focused attention after the next couple of years. A summary of these Housing Strategies is included in Table 1-2. This Plan also importantly illustrates key strategies and therefore provides visual interpretations of what the town might expect from the implementation of various components of this Housing Plan.

It will be important to also insure 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:

- A zoning provision (i.e., inclusionary zoning, flexible zoning with specified density bonuses for affordable housing);
- A condition of a variance or special permit;
- Substantial financial assistance from funds raised, appropriated or administered by the Town including Community Preservation and Affordable Housing Trust Funds;
- A contract provision (i.e., reuse of existing municipal property); or
- An agreement between the Town and a non-profit organization or other developer to build or rehabilitate municipal buildings into affordable housing and conveyed for a nominal amount or 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 spending no more than 30% of their income on housing-related expenses; and
- Long-term affordability is enforced through affordability restrictions, approved by DHCD.

Additionally, a Subsidized Housing Inventory New Units Request Form must also be submitted to DHCD to insure that these units get counted.

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

- Meet with the developer to discuss requirements for insuring that the unit(s) meets the requirements for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).
- Determine the purchase price based on LIP Guidelines.
- Contact DHCD to discuss the project.
- Prepare a LIP Local Action Units application (joint application of developer and municipality).
- 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.
- Adopt the LIP Deed Rider to the Project.
- Prepare a Fair Housing Marketing Plan.
- Prepare a Purchaser Application and implement the Marketing Plan.
- Hold at least one information session 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.³⁷
- Work with selected purchasers and lenders to secure mortgage commitments (for homeownership projects).
- Obtain the deed rider and Resale Price Certificate from DHCD that requires the loan commitment letters, purchase and sale agreements, and contact info for the closing attorneys (for homeownership projects).
- Work with lenders and the developer to close on the units (for homeownership projects).
- Submit necessary documentation to DHCD to have the unit counted as part of the Subsidized Housing Inventory.

The affordability restrictions for all units produced through the Local Initiatives Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the goals listed in Section 2 of this Plan, the following housing strategies are offered for consideration. *It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.*

6.1 Capacity-building Strategies

While the Town has made significant progress in establishing the Hanover Affordable Housing Trust and producing affordable housing, there are still challenges ahead in meeting the range of unmet local housing needs that will be supported by implementing the following strategies:

6.1.1 Capitalize the Hanover Affordable Housing Trust (HAHT)

Current Status: The Hanover Affordable Housing Trust was established in 2009 by a vote of Town Meeting and the Board of Selectmen subsequently appointed members. The Trust currently has about \$640,000 available in its Housing Trust Fund that came from Community Preservation Funds.

Some communities have decided to commit CPA funding on an annual basis to Housing Trust Funds without targeting the funding to any specific initiative. For example, the Towns of Grafton, Acton and Sudbury have been directing 10% of their annual CPA allocation to their Trust Funds. The Trusts are encouraged to apply for additional CPA funding for specific projects. Scituate's Town Meeting funded its Housing Trust with \$700,000 of Community Preservation funding from its community housing reserves. The Town of Harwich has committed lease payments from its cell tower as well as sale proceeds of a Town-owned property (fetching more than a million dollars) to its Housing Trust Fund.

Next Steps: The Hanover Affordable Housing Trust (HAHT) will discuss the prospects of securing CPA funding on an annual basis with the Community Preservation Committee (CPC) in an amount at least equal to the minimal annual allocation for affordable housing. This funding would also require Town Meeting approval.

³⁷ Up to 70% of the affordable units in most developments can be reserved for those who have a connection to the community, "community preference units", including current residents, parents of current residents, past graduates of the Town's school system, and current municipal employees.

Timeframe: Two-Year Plan

Responsible Parties: HAHT and CPC

Resources Required: CPA funding in support of affordable housing initiatives of at least 10% of the Town's annual CPA allocation, including the local surcharge and state match.

6.1.2 Conduct Ongoing Community Education

Current Status: While many residents are aware of high housing prices and some are encountering difficulties affording housing in Hanover or at risk of losing their home, it is likely that many residents hold onto negative stereotypes of what affordable housing is and what it might do to change the character of their community. Certainly Barstow Village and the recent Habitat for Humanity project provide excellent examples of how affordable housing can benefit the community. These projects have also given the Housing Authority and Affordable Housing Trust some substantial credibility in town. It is nevertheless important for the Town to continue to build an active constituency for affordable housing in support of important local initiatives. It will also be important to attract volunteers to serve on the Housing Trust and other Town boards and committees that play a related role in affordable housing issues.

On June 12, 2013, the HAHT sponsored a forum for local leaders and the public to hear the results of the Housing Needs Assessment and draft strategies included in this Housing Plan, and to participate in a discussion about the future direction of the Town's affordable housing agenda. Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to continue to dispel myths and help galvanize local support, political and financial, for new affordable housing production. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local concerns and suggestions.

Next Steps: Outreach can initially be directed to local officials and committees and then followed by more formal public efforts directed to the entire community through the local press, media and events. The Town is making plans to enhance its website that will provide an important opportunity to share information on specific new housing initiatives as well as affordable housing in general. Additional community outreach to various local groups (e.g., churches, PTA's, women's clubs, fraternal organizations, realtors, hospitality organizations, Council on Aging, etc.) can occur through speakers or information meetings, and a newsletter or some progress report can be periodically prepared for general distribution. Arrangements can be made to bring in representatives from other towns to speak in public forums on innovative affordable housing strategies, as has been done in other communities. These sessions can help build community interest, improve communication and garner support. It may also be feasible to have local banks support such an effort with financial and/or technical assistance.

Timeframe: Two-Year Plan

Responsible Party: HAHT

Resources Required: The donated time of volunteers and some staff support from the Planning Office.

6.1.3 Establish Annual Housing Summits

Current Status: Most communities lack an effective mechanism for promoting regular communication between relevant Town boards and committees on issues related to affordable housing. It is useful for each locality to consider how it might more effectively communicate on this issue to insure that local leaders remain apprised of housing activities and have an opportunity for input. Some communities have attempted to promote and formalize this communication. For example, the Town of Holliston gathered representatives from various Town boards and committees interested and involved in housing issues to provide updates on housing developments and related issues from each entity and to obtain important feedback.

It can also be helpful to open these meetings to the public to continue to foster greater community understanding and participation in the area of affordable housing. For example, the Town of Truro, through its Housing Authority, held a housing summit on a Saturday and invited a panel of housing experts and representatives from other communities to make presentations on housing issues on Cape Cod and what some towns are doing to produce housing. Yarmouth held a spaghetti dinner that included a presentation of its Housing Plan and planned housing initiatives.

Next Steps: The Board of Selectmen should consider formalizing an Annual Housing Summit. Such a summit could include an annual report from the HAHT on housing issues and progress towards implementing this Housing Plan. All Town boards and committees should designate at least one representative to participate in the Summit. The Planning Office could provide the necessary staffing to organize the event.

Timeframe: Two-Year Plan

Responsible Party: HAHT

Resources Required: Donated time of local officials and some limited staff time from the Planning Office or other designated municipal staff person. A consultant could also be hired to facilitate the event.

6.1.4 Encourage Training for Board and Committee Members

Current Status: Town boards such as the HAHT, Zoning Board of Appeals, Planning Board and other interested local leaders, should receive training on affordable housing issues including comprehensive permits as they relate to low- and moderate-income housing as defined by Chapter 40B. Well advised and prepared board and committee members are likely to conduct Town business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation. Funding for the professional development of staff would also help keep key professionals better informed and up-to-date on important new developments, best practices and regulations.

The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes on this subject periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership (MHP) sponsors its Massachusetts Housing Institute, which is an educational program to support municipalities and local participants to better understand the affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices. This training is held over a two-day period, at least once a year.

Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written and internet resources for localities. For example, DHCD has prepared a procedural “how to” booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well. The state also has a Smart Growth Toolkit that includes many model zoning bylaws.

Next Steps: The Town’s Board of Selectmen should encourage staff and members of appropriate committees, the HAHT in particular, to attend statewide and regional training sessions on housing-related issues. If fees are involved, this funding should be made available, and the Town should earmark funds from its CPA budget to support these costs. This training should also be accessed on an ongoing basis as membership of these boards and committees turns over.

Timeframe: Two-Year Plan

Responsible Parties: Board of Selectmen with support from the Community Preservation Committee and HAHT

Resources Required: Information on available training should be tracked and made available and attendance fees paid through the Community Preservation Fund when required, the costs potentially ranging from \$2,000 to \$4,000 annually.

6.1.5 Explore Joining the Metro Boston Consortium for Sustainable Communities

Current Status: The Metro Boston Consortium for Sustainable Communities is a broadly-based coalition of municipalities, community based organizations, state agencies, advocacy groups, academic institutions, business interests, foundations, public housing authorities and other partners that are committed to implementing the regional plan, *MetroFuture: Making a Greater Boston Region*, to improve the lives of people who live and work in the region through 2030. This work is being funded by the US Department of Housing and Urban Development (HUD) and staffed by the Metropolitan Area Planning Council (MAPC), the regional planning agency.

Key activities include the following:

- Provide additional regional analysis, planning and data collection to update and augment the MetroFuture Plan.
- Undertake intensive local planning and zoning efforts in a number of communities, including multi-jurisdictional initiatives. These efforts will be informed by existing tools and best practices but adapted to the needs of individual communities.
- Establish new tools and models for promoting equitable and sustainable development from the place-based efforts.
- Conduct regional and state-level policy development to promote smart growth.
- Build the capacity of local leaders through education and cross-regional networking.
- Track progress and report back to participants.

Only members of the Consortium are eligible to submit proposals for special projects and receive project benefits that include the following:

- Direct technical assistance for new place-based projects including information on planning and zoning tools, models, best practices, and capacity-building programs;
- Access to tools, models and best practices that will be developed through the Sustainable Communities grant; and
- Access to working groups, caucuses, full Consortium meetings, Steering Committee meetings, and networking opportunities with other members.

In exchange for these benefits, members of the Consortium agree to make a good faith effort to advance the goals of the regional MetroFuture Plan and federal Livability Principles where feasible including:

- Promote equitable, affordable housing
- Enhance economic competitiveness
- Support existing communities
- Coordinate and leverage federal policies and investment
- Value communities and neighborhoods
- Provide more transportation choices

Some communities in close proximity to Hanover are participating in the Consortium including Cohasset, Marshfield, Weymouth, Hull, and most recently Hingham.

Next Steps: MAPC’s South Shore Liaison is available to provide more information to the community about the Consortium. For example, last year this Liaison made a presentation to Hingham Town officials concerning their possible participation in the Consortium, which they ultimately decided to do. The Board of Selectmen should invite the Liaison to an upcoming meeting. They might also wish to contact other participating communities to obtain additional information on the work of the Consortium.

To join the Consortium, municipalities must sign the Consortium Agreement that asks members to make a good faith effort to advance the goals listed above.

Timeframe: Two-Year Plan

Responsible Parties: Board of Selectmen with support from the Planning Board and HAHT

Resources Required: Donated time of local leaders as well as some likely Town staff time, however no local resources are required to join and participate in the Consortium.

6.2 Zoning Strategies

To most effectively and efficiently execute the strategies included in this Plan and meet production goals, some greater flexibility will be needed in the Town’s Zoning Bylaw, and new provisions will be required to capture more affordable units, direct growth to the most appropriate locations, and expeditiously move development forward to completion.

Hanover’s Zoning Bylaw includes minimum lot requirements of at least 30,000 feet as well as frontage, setback and other requirements that are typically not conducive to affordable housing development.

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. Zoning reforms will be required to better promote and guide new residential development.

The Town of Hanover will consider the following zoning-related strategies to encourage the creation of additional affordable units. These actions can be considered as tools in a toolbox that the Town will have available to promote new housing opportunities, each applied to particular circumstances.

6.2.1 Revise Village Planned Unit Development (PUD)

Current Status: The current bylaw encourages mixed-use development around common open space. It is consistent with progressive planning principals appropriate to Hanover that promote the construction of affordable housing and offers an alternative to large lot, single-family houses. By limiting this development type to properties of 25 acres or more accessed from Route 53, the current bylaw restricts the construction of a development type that would be appropriate on properties of a smaller size in many locations in Hanover. Also, by requiring relatively large buffer zones, it encourages the sprawl that the bylaw was intended to reduce.

Next Steps: The Planning Board should review the Zoning Bylaw and with the assistance of the Community Preservation Coordinator or a consultant, prepare a zoning amendment and secure the necessary approvals. The amended bylaw should include other locations, either noted specifically or in terms of their general location, character, or proximity to current residential and non-residential uses. The mixed-use developments that include common space, that this bylaw is intended to encourage, have historically been built on parcels as small as an acre. The minimum lot size of 25 acres should be reduced substantially. Although the required buffers between “village” development and adjacent properties may be appropriate in some contexts, in others this requirement should be reduced or eliminated. Additionally, density bonuses and affordability requirements should be integrated into the bylaw to encourage this kind of development and to support project feasibility.

Models: The Town of Yarmouth recently passed a Village Center Bylaw that would be worth reviewing, and the Metropolitan Area Planning Council (MAPC) has prepared a report entitled, “Mixed Use Zoning: A Planner’s Guide” that can be referenced. Additionally, the Citizen Planner Training Collaborative offers several models including one adopted by the Town of Dennis.

Timeframe: Two-Year Plan

Responsible Parties: Planning Board with support from the HAHT

Resources Required: Staff time from the Planning Office or a consultant to prepare the zoning amendment and coordinate the necessary approvals.

Projected Number of Affordable Units: 3 Units

6.2.2 Adopt Open Space Residential Development (OSRD) Bylaw

Current Status: Hanover does not currently have an Open Space Residential Development, Conservation Subdivision, or Cluster Zoning Bylaw. This has resulted in large-lot, single-family home development that has contributed to loss of open space, automobile-oriented sprawl, and new housing that is unaffordable to a large segment of the population.

Next Steps: Hanover should amend its bylaw to encourage more progressive development patterns that allow houses to be grouped closer together and require the creation of common open space and preservation of natural amenities. This will help protect the rural character of Hanover while offering a broader range of housing options that can promote affordability. Density bonuses and affordability requirements should be integrated into the bylaw to encourage this kind of development and to support project feasibility. Associated design guidelines and review and inclusionary requirements can insure that goals are met in ways appropriate and beneficial to the Town. The Planning Board, with support from the HAHT, should review model bylaws with respect to these more flexible zoning provisions and tweak the existing bylaw.

Models: Model bylaws have been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, and adopted by a number of Massachusetts's communities. Several examples are offered on the Citizen Planner Training Collaborative website (www.umass.edu/masscptc/examplebylaws.html) and the state's Smart Growth Toolkit (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html).

Timeframe: Five-Year Plan

Responsible Parties: Planning Board with support from the HAHT

Resources Required: This strategy is likely to require some technical support from a housing professional, either from the Planning Office or a consultant, to review models and to help shape a strategy and bylaw for Hanover.

Projected Number of Affordable Units: 6 Units

6.2.3 Explore Use of Chapters 40R and 40S

Current Status: The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.³⁸

The goal of 40R was to address several regional concerns at once: the need for more affordable housing; the need to avoid adding more traffic to roads and highways already choked during commuting hours; and to protect the New England landscape from additional sprawl, fostered by large-lot subdivisions. The legislation was also passed in recognition that high housing prices, now beyond the reach of increasing numbers of state residents, were forcing college graduates and young professionals to relocate to other areas of the country in search of greater affordability, referred to as “the brain drain”.

The key components of 40R include:

³⁸ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” October 30, 2003, p. 3.

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Allows mixed-use and infill development;
- Provides two types of payments to municipalities (incentive payments based on the number of projected housing units) and density bonus payments of \$3,000 for each residential unit issued a building permit); and
- Encourages open space and protects historic districts.

The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development. (See the Appendix 3 for more details on 40R.)

Next Steps: In an effort to promote smart growth and mixed-use, mixed-income development, the Town should explore the adoption of 40R and convene a forum to discuss these new regulations and how they could be effectively implemented in Hanover. Representatives from the state are available to make presentations to communities on 40R and answer questions. There are areas in town that might be conducive to 40R Zoning Overlay Districts including some of the village centers and sections of commercial corridors. If there is general agreement to pursue the development of the Zoning Districts further, the Town can apply for funding from the state’s Priority Development Fund to secure the necessary technical assistance to implement the rezoning or use CPA or Housing Trust funds.

The Overlay Zoning Districts will require approval by the Planning Board and a two-thirds vote of Town Meeting. The formal steps involved in creating Overlay Districts are as follows:

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

Areas where the Town wishes to focus its revitalization efforts, such as some older villages, the Fireworks Factory area, or perhaps shopping areas, might be good candidates for 40R/40S. Moreover, affordable housing is an excellent development option for sites, like the Fireworks area, that involve brownfield remediation, as special funding for such clean-up is available for affordable housing developments.

Models: A joint report from Citizens Housing and Planning Association (CHAPA) and the Metropolitan Area Planning Council (MAPC)³⁹ 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.⁴⁰ The 27 communities with approved districts are eligible to receive \$36.8 million in 40R payments if their districts are fully built, working out to about \$17,100 per projected affordable unit if only 20% of the units are affordable. As of August 2009, \$10.56 million had been paid out by the state. For example, the overlay district in Amesbury projects 249 total housing units of which 225 would receive 40R funding, including 50 affordable units, for a total of \$1,025,000. It is also worth noting, that contrary to common belief, most 40R districts are not “transit” or “concentrated development” locations as the majority of the districts were approved under the “highly suitable” standard for somewhat higher-density development.

Timetable: Five-Year Plan

Responsible Parties: Planning Board with support from the HAHT

Resources Required: The Town could apply to the state’s Department of Housing and Community Development (DHCD) for funding through its Priority Development Fund (see Appendix 3 for details on this state resource) or use CPA or Housing Trust funds to secure the necessary technical assistance to implement the adoption of 40R locally. Clearly some staff time from the Planning Office would be required.

Projected # of Affordable Units Produced: 5 units

6.3 Housing Production Strategies

As emphasized in other sections of this Housing Plan, to meet production goals it will be essential for the Town of Hanover to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers, both for profit and non-profit. Competitive Requests for Proposals (RFP’s) for the selection of developers will be necessary to build on publicly owned property, as was the case with Barstow Village. For profit developers continue to express interest in developing housing in Hanover, and there are a number of non-profit organizations that have successfully completed affordable housing projects in town and the region, which may want to become involved. Being certified under Housing Production (meeting production goals) will put the Town in an advantageous bargaining position with developers as to project terms and conditions, as the Town will be able to potentially deny inappropriate 40B development proposals without the developer’s ability to appeal the decision.

³⁹ Ann Verrilli and Jennifer Raitt, “The Use of Chapter 40R in Massachusetts As a Tool for Smart Growth and Affordable Housing Production”, October 2009.

⁴⁰ Districts with approved projects as of August 2009 included Amesbury, Boston, Chelsea, Haverhill, Holyoke, Lakeville, Lawrence, Lowell, Lunenburg, Lynnfield, Natick, No. Reading, Northampton, Norwood, Pittsfield, Plymouth, Sharon and Westfield.

In addition to the active participation of the development community, it will be important for Hanover to actively seek support from state and federal agencies and effectively leverage its limited Community Preservation and Housing Trust Funds as mentioned earlier. Because affordable housing is rarely developed without private financing, project developers will need to reach out to private lenders as well.

The following strategies provide the basic components for the Town to meet its housing production goals:

6.3.1 Make Suitable Publicly-Owned Property Available for Affordable Housing

Current Status: The contribution or “bargain sale” of land owned by the Town or other public entities but not essential for government purposes is a component of housing production goals. A potential list of publicly-owned properties, which may potentially be suitable for housing, including some amount of affordable housing, is included in Table 6-1.

**Table 6-1
Publicly-owned Properties with Potential for Affordable Housing Development**

Parcels	Map #/ Parcel #	Total Parcel Acres	Estimated # Housing Units	Comments
Curtis School land	21-007	3½	12	
Sylvester School	47-005	15	30	
W. Hanover Fire-house property	51-015		4	
Salmond School	57-072, 077, 078	15	30	
Barstow Village II			50	Town owns part of the site and Would need to acquire part of St. Mary’s parking lot as part of the project
Total			126	

The Town of Hanover may also decide to acquire privately owned sites for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Ideally such properties would meet a number of smart growth principals such as the redevelopment of existing structures, higher density or clustered development to preserve open space, accessible to civic and commercial areas by foot, and be a catalyst for or product of brownfield remediation.

Final determination of the use of these parcels for affordable housing is subject to a more thorough feasibility analysis of site conditions, and Town Meeting approval is required for the conveyance of Town-owned properties.

Next Steps: The HAHT should conduct preliminary feasibility analyses on identified parcels that might be suitable for affordable housing, and sites identified at a later time that might potentially include some amount of affordable housing.

Following the necessary analysis and approvals for conveying the property for affordable housing, the HAHT, in coordination with the Town’s Chief Procurement Officer, a housing professional, or the

Planning Office should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer based on identified criteria included in the RFP. Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the HAHT may be able to obtain this relief through normal channels, if community support is assured, or use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP), for example. Additionally, the HAHT will need to be involved in attracting the necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from state or federal agencies.

Hanover should consider the following process when planning for the development of Town-owned property, keeping DHCD apprised of progress:

- *Conduct preliminary feasibility analysis on potential development sites.*
The first responsibility for this action, besides the HAHT, will be Town staff or representatives from other boards and committees who are capable of providing initial technical input as to possible development constraints. Additionally, the Town might explore technical assistance funding from CPA, Housing Trust Fund, the state's Priority Development Fund or other program to hire a consultant(s) to conduct the necessary preliminary feasibility analysis.
- *Secure approval from Town Meeting to convey property for development to incorporate affordable housing.*
The HAHT should make this request and provide supportive documentation regarding the proposed project.
- *Prepare and issue a Request for Proposals (RFP) for developers that includes project guidelines (e.g., approximate size, density, ownership vs. rental, target market/income mix, level of affordability, design issues, community preference criteria, siting, financing available, ownership and management, other stipulations) and selection criteria.*
The HAHT should work with Hanover's Chief Procurement Officer and proposed Assistant Town Planner on this task, potentially hiring a consultant to coordinate this activity and prepare the document.
- *Select developer.*
Once again the HAHT should work with the Town's Chief Procurement Officer, proposed Assistant Town Planner and potentially a consultant on the selection process. It will be important for the Town to conduct a fair and rigorous process for reviewing proposals to insure that it designates the most capable developer. The proposals are evaluated and ranked with the most highly qualified respondent earning designation. All of this information should be formally documented.
- *Prepare and finalize plans and budget.*
The designated developer is responsible for this task with guidance from the HAHT.
- *Secure regulatory approvals.*
The designated developer is responsible for obtaining regulatory approvals with guidance from the HAHT. The HAHT can also be helpful in intervening, as appropriate, to expedite approvals and lend local support. If the project involves a comprehensive permit, the affordable housing

units can be counted as part of the Town's Subsidized Housing Inventory when the 40B permit is approved (appropriate documentation must be sent to DHCD). If the project does not involve a comprehensive permit, the affordable units would be counted through the subsidizing agency⁴¹ and program when the building permits are issued, and a Local Action Unit (LAU) application should be submitted to DHCD by the municipality. It will be important to insure that all requirements for incorporating the affordable units in the Subsidized Housing Inventory are followed (see introduction to Section 6 above for more details). The proposed Assistant Town Planner or other municipal staff person would be responsible for this oversight.

- *Secure financing.*
The designated developer will ultimately be responsible for obtaining project financing, including both public and private sources. Support from the Board of Selectmen and HAHT will be helpful, and letters of support from them both will be critical in applying for subsidies where needed. It should be noted that most competitive state funding programs strongly urge that regulatory approvals be in place before funding applications are submitted. Moreover, local commitments in terms of the nominal price of property and other subsidies through CPA or the Housing Trust Fund will be important in leveraging state and/or federal subsidies.
- *Conduct closing including conveyance of property to the developer.*
The Town will prepare and enter into an agreement that will contain all the terms and conditions of the development and the respective responsibilities of the Town and developer, including the disposition of the property for typically a nominal value representing the Town's commitment to the affordability of the new housing. This agreement also typically involves DHCD as another party.
- *Secure building permits.*
The designated developer will take the lead. If the project does not involve a comprehensive permit, documentation can at this point be submitted to DHCD to insure that the affordable units are counted as part of the Town's Subsidized Housing Inventory.
- *Start construction.*
The designated developer will be responsible.
- *Market and select tenants/owners for affordable units.*
The proposed Assistant Town Planner could take on these responsibilities in the absence of another qualified person or organization identified by the developer as part of implementing an Affirmative Fair Housing Marketing Plan. The developer or designated realtor could be involved in marketing any market rate units.

It is important to recognize that Hanover may be able to designate up to 70% of the available units in both rentals and ownership projects for those who live and/or work in the community, referred to as local or community preference units, however approval is required from the subsidizing agency, such as DHCD (see Appendix 3, Section I.A for details).

⁴¹ Affordable units that are created by local action (i.e., inclusionary zoning, CPA funding, special permit, contractual agreements, other regulation) are processed through the state's Local Initiative Program.

- *Complete construction.*
The developer will be responsible.
- *Occupy property*
The designated developer will be ultimately responsible for obtaining occupancy permits.
- *Manage property.*
The professional management of new rental housing is critical to the future viability of the development, and the management entity must have a proven track record and be approved by the Board of Selectmen or HAHT. If the proposed project sponsor does not have the expertise to undertake project management functions, it should work with the HAHT to identify a private company or a capable non-profit organization to assume these important management functions.
- *Monitoring of affordability including annual income recertification of tenants in affordable units in the case of rentals and resales in affordable homeownership projects.*
DHCD is now providing monitoring services for units subsidized through their Local Initiative Program (LIP), and Citizens Housing and Planning Association (CHAPA) has been providing monitoring services on primarily homeownership projects throughout the state. Other entities have also performed these functions. Nevertheless, the Town also is responsible for monitoring functions, and the proposed Assistant Town Planner or other designated municipal staff person could be charged with oversight. Municipal responsibilities include:

Rental Projects – Annual monitoring and certification to DHCD that tenants continue to meet income and asset limits and the project has been maintained and operated in a safe and sanitary condition.

Ownership Developments – Annual monitoring and certification to DHCD that Local Action Units continue to serve as owners’ residences and those that have been resold during the year have been resold in compliance with LIP requirements.

As indicated above, in addition to existing Town-owned parcels, the Town or HAHT might consider acquiring other privately owned properties over the next few years, as it did with the Murtha property. This could be accomplished through CPA, a debt exclusion of Town tax revenues or by leveraging other financial resources. As sites are identified, the HAHT should work cooperatively with the Board of Selectmen, the Community Preservation Committee and other entities to commit the needed resources to make projects feasible. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met primarily through this acquisition process or private development.

Timeframe: Two-Year Plan

Responsible Party: HAHT

Resources Required: It would be useful to have professional support to coordinate this effort, working with the Town’s Chief Procurement Officer or a consultant to prepare a Request for Proposals,

coordinate the developer selection process and oversee development and construction, marketing and tenant/owner selection and occupancy. The Planning Office could undertake these activities.

In addition to the costs of coordinating development, resources will be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the “friendly” comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other communities are finding that they require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish these objectives, including CPA. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

It is likely that a number of financial and technical resources will be required to produce affordable units in Hanover, many of which are summarized in Appendix 3, and some of which are offered below.

- Predevelopment funding from the state’s Priority Development Fund, CEDAC, MHIC, Life Initiative, etc.
- Federal HOME Program financing of up to \$65,000 per unit administered through the North Shore HOME Consortium and DHCD for a range of housing activities.
- Possible federal financing through Low Income Housing Tax Credits to developers of affordable housing that provide significant equity into a development. The allocating agency is DHCD and there are typically two funding rounds per year. These funds are directed to rental properties solely and are extremely competitive.
- Section 202 federal financing to non-profit organizations for the development of rental housing targeted to very low-income seniors or those with disabilities.
- Affordable Housing Program grant funding from the Federal Home Loan Bank Board, applied through participating banks.
- Rental subsidies through the Project Based Section 8 Program or individual Section 8 vouchers (this program is administered through the state, Housing Authorities and regional non-profit organizations).
- Section 8 to Homeownership Program, enabling Section 8 subsidy recipients to access homeownership.
- Additional resources that are directed solely to first-time homebuyer projects to make homeownership more affordable including the Soft Second Loan Program, American Dream Downpayment Assistance Program and MassHousing First-Time Homebuyer financing.
- Financing from CEDAC to support innovative forms of affordable housing including SRO’s, transitional housing, limited equity cooperatives, etc. and to preserve existing affordable housing developments.
- OneSource Loan Program is a streamlined financing program offered jointly by MHIC and Massachusetts Housing Partnership Fund offering construction and permanent financing in a single package.
- Other state funding programs.

Community support will also be required for zoning relief or changes to bylaws that will support this kind of development.

Projected # Affordable Units Produced: 32 units

6.3.2 Promote “Friendly” 40B Development

Current Status: The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for “comprehensive permits” submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Chapter 40B development is not unfamiliar to the Town of Hanover. Of the 441 total affordable housing units in Hanover’s Subsidized Housing Inventory (SHI), almost half or 200 units were developed through the comprehensive permit process.

Chapter 40B comprehensive permits have typically had a negative association as local residents and leaders are not surprisingly averse to having their zoning overridden in project permitting, allowing higher density development. While abutters tend to be concerned about the impacts of such developments, including decreases in property values, research has proven that this has not been the case.⁴² Moreover, the state has created a program, the Local Initiative Program (LIP), which enables municipalities to work in partnership with developers on affordable housing developments that meet local goals and priorities but also produce units that would otherwise be unfeasible without significant regulatory waivers.

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. *The Program is often referred to as the “friendly” 40B option as it insures that projects are consistent with sustainable or smart growth development principles as well as local housing needs.* In fact, the Town used the “friendly” 40B process on Barstow Village.

In order to meet local needs, production goals and the 10% state affordability threshold, the Town will need to continue to partner with developers, non-profit and for profit. The “friendly” 40B option will be an important tool for the Town to use in permitting such developments, working in a cooperative spirit with developers. *It should be further noted that up to 70% of the units in a 40B development could be reserved for those who live and work in Hanover, referred to as local preference units, with approval from the subsidizing agency, such as DHCD (see Appendix 3, Section I.A for details).*

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

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

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

- Written support of the municipality’s chief elected official, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
- At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
- Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
- Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
- Developer’s profits are restricted per Chapter 40B requirements.

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

Timeframe: Two-Year Plan

Responsible Parties: Board of Selectmen and ZBA with support from the HAHT

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

Projected # Affordable Units Produced: 125 units

6.3.3 Pursue Adaptive Reuse

Current Status: The reuse of any abandoned, underutilized, or obsolete property could enable Hanover to direct growth towards already developed locations in its village centers and commercial corridors thus reducing the need to develop additional land in “greenfields” – areas without existing infrastructure. It would also be a way of preserving and/or restoring unique architecture in the community, which can also be of historical significance. Depending upon the structure, adaptive reuse can be amenable to mixed-use and mixed-income development through various options including but not limited to Single Room Occupancy Units (SRO’s), congregate and/or special needs housing, rental housing and first-time homeownership.

The Town is currently working with the Archdiocese of Boston’s Planning Office for Urban Affairs (POUA) on a project to convert an historic structure at the Cardinal Cushing Center to affordable intergenerational housing. It has also identified several underutilized nonresidential properties, both Town-owned and private, for potential conversion to affordable housing. For example, the fire station

in West Hanover might become surplus and suitable for housing. There are potential opportunities to redevelop the Sylvester and Salmond Schools into housing. Commercial and industrial buildings may also be available for conversion to housing.

It should be recognized that there may be some environmental problems on properties that are being recycled for residential use that will require remediation prior to development. Former industrial sites in particular may have contamination that will require “brownfield” clean-up. However, there are programs to subsidize the testing and remediation that are available, particularly if the site will ultimately integrate some affordable housing. In fact, affordable housing might be the very vehicle to clean these contaminated sites.

Next Steps: The Town should continue to identify an inventory of such properties that might be purchased, rehabilitated and converted to residential use and then attract interested for profit or non-profit developers to undertake development through a Request for Proposals, if publicly owned, or through incentivized zoning changes or local funding (CPA or Housing Trust Funds). It might also be possible to acquire such properties through tax taking, donation, negotiation, distress sale, bank foreclosure, or brownfield remediation through the HAHT and convey to a developer selected through an RFP process.

Responsible Party: HAHT

Timeframe: Two-Year Plan

Resources Required: The Planning Office, local volunteer or a consultant should continue to identify possible properties and ultimately work with the HAHT to find partners to develop them. Predevelopment funding from the Community Preservation Fund, Housing Trust Fund or DHCD’s Priority Development Fund, CEDAC, MHIC or other agency should be explored to support project planning. Community support will also be required for zoning relief or changes to bylaws that will support this kind of development

Projected # Affordable Units Produced: 37 units

6.3.4 Support Infill Housing Development

Current Status: There are small lots, both Town-owned and privately-owned, that are spread throughout Hanover and might accommodate more limited numbers of new housing units in support of Housing Production goals and local needs.

Next Steps: The Town can work with for profit and non-profit developers to develop new infill housing on available vacant sites scattered throughout town. Such infill new development may include:

- A single small home, like the Habitat for Humanity prototype, which was used on Walnut Street.
- A two-family house that can accommodate an owner’s unit and rental apartment that offers both a first-time homebuyer opportunity with rental income from an apartment and a new rental unit, serving several needs simultaneously.
- Multi-family residences, perhaps resembling rambling farmhouses, which can accommodate several individual units, either as rentals or condominiums. These units can also be developed as mixed-income housing, blending a couple of income tiers.
- A few adjoining townhouses that can also serve a variety of income levels.

The Town can play a helpful role in supporting developers in applying for subsidies to insure that at least some of the units are affordable and can be included in the Town’s Subsidized Housing Inventory or can negotiate small “friendly” Chapter 40B projects through DHCD’s Local Initiative Program.

South Shore Habitat for Humanity has already built a small starter house on Walnut Street and continues to look for donated public and private land on which to build. Organizations that support special needs housing are active throughout the area and may have an interest in developing group homes in Hanover. There are also excellent models of small “friendly” comprehensive permit projects in other communities that incorporate several income tiers to meet the housing needs of those within a wide range of incomes. Even the Murtha property, which the Town purchased through Community Preservation funding, can be considered as a new infill opportunity.

Timeframe: Five-Year Plan

Responsible Party: HAHT

Resources Required: It will be helpful for HAHT to support such efforts and, when possible, make smaller Town-owned parcels, potentially acquired through tax title, available for affordable housing development through Requests for Proposals. Community Preservation and Housing Trust Funds could continue to be helpful for promoting the affordability of new infill housing.

Projected # Affordable Units Produced: 7 units

6.4 Housing Preservation Strategies

Housing production is critical, but the Town also needs to be concerned that it does not lose current as well as future units counted as part of its Subsidized Housing Inventory and provides resources to support the housing needs of residents including the deferred home maintenance and financing needs of lower income homeowners, those with disabilities, property owners at risk of foreclosure, first-time homebuyers, and tenants who are looking for assistance to remain in the community.

6.4.1 Insure Long-term Affordability

Current Status: It will be important to insure that all affordable housing units that are being developed meet all state requirements through the Local Initiative Program (LIP) to be counted as part of the SHI. Some oversight of this is required by the Town, communicating with developers as well as DHCD.

Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units may be in jeopardy in many communities in the future. Hanover’s existing Subsidized Housing Inventory includes 210 units in two developments that do not have housing restrictions in effect in perpetuity, Cushing Residences with 150 units and Legion Elderly Housing with 60 units, however, these restrictions remain in place until 2022 and 2021, respectively, and therefore do not require monitoring during the term of this Housing Plan.

Next Steps: It is important to insure that all affordable housing units, current and future, remain a part of the Town’s Subsidized Housing Inventory for as long a period as possible.

Timeframe: Two-Year Plan

Responsible Party: HAHT

Resources Required: Some staff support from the Planning Office or other designated Town employee to make sure that all new affordable units that are created have affordability restrictions in place and meet other state requirements to include them on the SHI and maintain them as affordable for as long a period as possible.

6.4.2 Help Qualifying Residents Access Housing Assistance

Current Status: Some town residents, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with taxes, energy costs, insurance and home improvements. Additionally, some seniors and those with special needs require handicapped adaptations to help them remain in their homes. Hanover residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues as well as counseling and workshops related to accessing first-time homeownership and addressing credit or foreclosures problems.

MassHousing operates several programs that support some of these needs including the following that are administered by participating lenders and rehab agencies (see Appendix 3 Section II.D for more information):

- *Home Improvement Program*
The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000.
- *Get the Lead Out*
With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 unit properties to remove lead and reduce the possibility of lead poisoning in children.
- *Home Modification Loan Program*
Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Septic Repair Program*
Provides loans for the repair or replacement of failed or inadequate septic systems for qualifying applicants.
- *Mortgage Financing*
Mortgages are available at excellent terms and conditions for qualifying applicants.

Additionally, South Shore Community Action Council provides energy assistance to residents of the South Shore, including Hanover through its Fuel Assistance and Weatherization Programs.

South Shore Housing Development Corporation (SSHDC), the region's non-profit housing organization, administers several programs directed to homeowners, landlords, tenants and those looking to own their first homes including the following:

- First-time Homebuyer Workshops
- Money management and financial literacy training
- Foreclosure prevention counseling

- Help in searching for an affordable apartment
- Supportive and transitional housing services for special needs populations and homeless families
- Landlord seminars
- Family Self Sufficiency Program that supports families as they move forward toward social and economic independence
- Rental assistance through housing vouchers that enable families to afford housing in the private market
- Property development and management services

Next Steps: Through the community educational campaign recommended in Section 6.1.2, important information on housing improvement and counseling resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Council on Aging and HAHT should continue to provide the necessary education and referrals to programs sponsored by MassHousing, South Shore Community Action Council and South Shore Housing Development Corporation. Appropriate information and links could be placed on the Town’s website.

Timeframe: Two-Year Plan

Responsible Parties: HAHT and the Council on Aging

Resources Required: Donated time from HAHT and staff time from the Planning Office and Council on Aging staff to provide important information and referrals on these services. Potential support for website improvements.

6.5 Direct Assistance

CPA and Housing Trust funding can also be used to provide loans and grants directly to households who need housing assistance. A number of communities have been effectively providing such support and some exploration on what has worked elsewhere that might be worth consideration.

6.5.1 Explore Renter Subsidy Programs

Current Status: As noted in Section 3.6, a particular concern with respect to priority housing needs is the estimated 305 renter households who were spending too much on their housing that includes 165 seniors earning within 50% MFI with such costs burdens. Some communities have introduced programs to provide support to lower income renter households, enabling them to better access rental units in the private housing market. A couple of examples include Rental Assistance Program administered by the Dukes County Regional Housing Authority (DCRHA) and the Rentals Assistance Revolving Loan Program administered by the Harwich Housing Authority. These are described below.

Rental Assistance Program: Since 2001, DCRHA has administered the Rental Assistance Program, which is modeled after the federal government’s housing voucher program though funded locally. The original intent of the program was to entice landlords to rent their units year-round instead of on a seasonal basis in exchange for a range of management services. The focus was on stabilizing a portion of the Island’s resident workforce through subsidized rentals in existing housing units in each town. Private fundraising of \$3,000,000 by the now defunct Island Affordable Housing Fund (IAHF) accounted for the first nine (9) years of programming.

As of January 2013, 81 households were living in market rentals with the program subsidizing the difference between 30% of the household's adjusted income towards a maximum of 50% of the total rent (based on an adjusted fair market rent). Landlords may require that the tenant pay one month's rent as a security deposit, but these deposits must be held in an interest bearing account. DCRHA provides annual income certifications, apartment inspections, contracts and reports to the six island towns and works with their Housing and Community Preservation Committees to establish each year's funding requests for Town Meeting votes.

Since 2010, all of the towns provided CPA funding to support this program, which has averaged \$500,000 annually Island-wide. The program's average annual subsidy is \$6,000, or \$500 per month, per household. There is a waitlist of about 149 applicants. Participants in the program are earning in the 40% to 54% AMI range and employed by schools, the hospital, builders, restaurants, banks, offices and stores.

Rental Assistance Revolving Loan Program: This Program is administered by the Harwich Housing Authority to provide qualifying households with first, last and/or security deposits for rental units. Supported by CPA funding, the Rental Assistance Revolving Loan Program provides participants with a voucher in the form of a loan, the amount of which is based on their income, expenses, and rent level and is paid directly to the landlord. This amount is ideally repaid by the Program participants in monthly installments and deposited into the Program's Revolving Loan Fund and thus available for further lending to other eligible participants, although it has been difficult for participants to make these payments and many of the loans have effectively become grants. Moreover, each participant must enroll in a Budgeting Class within six (6) months of receiving the voucher/loan and are encouraged to attend first-time homebuyer classes.

Next Steps: The Hanover Affordable Housing Trust should explore these options for providing assistance to lower income renters to help them access rental housing and afford market rate units. After it has decided on a potential approach, it should prepare an application for CPA funding and, if approved by CPC and Town Meeting, develop an implementation plan.

Timeframe: Five-Year Plan

Responsible Parties: Hanover Affordable Housing Trust with some potential funding from the Community Preservation Committee.

Resources Required: Funding per applicant should not exceed \$6,000 annually plus some administrative costs. The planning and implementation of this strategy will involve donated time by HAHT and staff time from the Planning Office.

APPENDIX 1

Local and Regional Organizations

The Town of Hanover has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services.

Hanover Affordable Housing Trust (HAHT)

In 2009 the Town of Hanover approved the establishment of the Hanover Affordable Housing Trust to oversee a dedicated housing fund to support affordable housing initiatives and to coordinate housing policy on behalf of the Town. The Housing Trust currently has approximately \$640,000 in its Housing Trust Fund and has provided substantial support for the Barstow Village project and Kennedy Building Redevelopment at the Cardinal Cushing Center.

Hanover Housing Authority (HHA)

The Hanover Housing Authority was established awhile back but confronted reduced interest and support and meetings became less and less frequent. When the Town passed the Community Preservation Act in late 2004, officials determined that it was important to reinvigorate the Housing Authority and new members were appointed. Since that time HHA sponsored the development of Barstow Village that includes 66 units for lower income seniors. The Housing Authority continues to own the property through a ground lease on the 6.6-acre parcel. HHA also supported the preparation of the 2007 Affordable Housing Plan under former Planned Production requirements.

Hanover Community Preservation Committee

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

The Town of Hanover approved a 3% surcharge on most property taxes paid by residents in November 2004. Hanover chose to exempt the first \$100,000 of property value, plus an exemption is also available for residential property owned and occupied by certain low-income residents and seniors.

Hanover's Community Preservation Committee is comprised of nine (9) members including representatives of the Planning Board, Historic Commission, Conservation Commission, Parks and Recreation Committee, Housing Authority, Open Space Committee and three (3) "Members at Large" appointed by the Board of Selectmen. To date about \$7.6 million in CPA funding has been raised, \$4.8 million from the local property surcharge and \$2.8 million from the state's match.

Hanover Council on Aging

The Hanover Council on Aging is a Town department that provides services to support the quality of life of area elders through a wide variety of services including the operation of a Senior Center that offers social programs for seniors, an information and referral service on a wide range of issues (e.g., housing, in-home help, nursing home placement, legal matters, health care, consumer issues, and home maintenance services), community-based services to promote independent living (e.g., transportation, congregate meals, health programs, educational programs, fuel assistance, and social/recreational programs), and in-home support services (home-delivered meals, Senior-to-Senior Chore Program, and Friendly Visitor Program). The Council relies heavily on local volunteers to support its services.

The Council on Aging receives many inquiries from area seniors that are related to housing, with most of these calls related to how they can find more affordable housing options in the community. Some elders are encountering difficulties affording to remain in their current homes and cannot locate alternative housing that is affordable, particularly if they require supportive services. There are no nursing homes or assisted living options in Hanover, and a number of residents have had to seek alternatives outside of town. Other needs that surface during inquiries involve deferred maintenance problems, handicapped accessibility issues, and proximity to transportation and services.

The Council on Aging works with the Town on a program that abates taxes for low-income seniors in exchange for minor services to the Town, for example, volunteering at a school or library. In addition to this work program, the Town also has a tax exemption program for income-eligible seniors that reduces property tax bills by \$1,000.

South Shore Housing Development Corporation

South Shore Housing Development Corporation (SSHDC) is committed to enhancing the quality of life for low- and moderate-income people by providing decent, safe and affordable housing; helping families move forward toward economic and social independence; and assisting individuals in reconnecting within their respective communities. This non-profit housing development corporation was established in 1970 to serve Bristol and Plymouth counties in the Southeast region of Massachusetts, including the town of Hanover. The organization has expanded its housing services over the past decades to include rental assistance, new housing development, property management, homeless assistance, housing rehabilitation, as well as counseling and education.

South Shore Habitat for Humanity

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need. The organization has grown over the past two decades into one of the largest private homebuilders in the world with almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one on the South Shore that has been able to build new homes for first-time homebuyers through donated land, materials, labor and funding as well as other special financing strategies. South Shore Habitat for Humanity has completed 51 homes in 21 communities on the South Shore including one in Hanover.

South Shore Community Action Council

South Shore Community Action Council, Inc. is the area's community action agency that was established to serve a wide range of education, housing, health and service needs of low-income

and disadvantaged area residents. The organization is based in Plymouth but has expanded during the past few decades to include a number of cities and towns on the South Shore including Hanover. Programs include fuel assistance, Head Start, and other services directed to area families.

APPENDIX 2

Glossary of Housing Terms

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

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

Chapter 44B

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

Comprehensive Permit

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

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.

Fair Housing Act

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

discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

Inclusionary Zoning

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

Infill Development

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

Local Initiative Program (LIP)

A state program under which communities may use local resources and 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.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

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

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Development that includes housing for various income levels.

Mixed-Use Development

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

Overlay Zoning

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

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including 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 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. South Shore Housing Development Corporation serves as Hanover's regional non-profit organization.

Regional Planning Agencies (RPAs)

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. 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 Hanover'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.

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.

US Department of Housing and Urban Development (HUD)

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

APPENDIX 3

Summary of Housing Regulations and Resources

I. Summary of Key Housing Regulations

A. Chapter 40B Comprehensive Permit Law

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met⁴³:

- The community has met the statutory minimum by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community’s land area.
- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.

⁴³ Section 56.03 of the new Chapter 40B regulations.

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

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA’s decision to the state’s Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.⁴⁴ Recently approved regulations add a new requirement that ZBA’s provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

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

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

- *40R*
Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued with 18 months.
- *Large Phased Projects*
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is

⁴⁴ 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.

15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

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

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

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

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

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

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

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

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

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

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project “uneconomic”. The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

Chapter 40B regulations related to the hearing process include:

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

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

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for insuring that profit limitations are enforced, while leaving the definition of “reasonable return” to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

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

B. Housing Production Regulations

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (24 units and 48 units, respectively, for Hanover) for *approval* by DHCD.⁴⁵
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -

⁴⁵ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
- Identification of specific sites on which comprehensive permit applications will be encouraged.
- Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
- Municipally owned parcels for which development proposals will be sought.
- Participation in regional collaborations addressing housing development.

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

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.⁴⁶

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves open space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”⁴⁷ The key components of 40R include:

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

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

⁴⁶ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

⁴⁷ Massachusetts General Law, Chapter 40R, Section 11.

Incentive Payments

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

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”⁴⁸

The principal benefits of 40R include:

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

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

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

The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of

⁴⁸ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

D. Local Initiative Program (LIP) Guidelines

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

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

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents⁴⁹

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and payed by the tenant, the LIP rent is reduced based on the area’s utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase

⁴⁹ DHCD has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/dhcd.

price, property taxes, condo fees⁵⁰, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.

- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

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

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

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

⁵⁰ DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

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

Regulatory Requirements

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

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

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

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

1. Written support of the municipality’s chief elected official, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.

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

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

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

6. DHCD approval must include

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

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

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

E. MassWorks Infrastructure Program

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

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

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

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

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

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Hanover are described below.⁵¹

A. Technical Assistance

1. *Priority Development Fund*⁵²

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

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

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts including Compact Neighborhoods zones;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education, planning and outreach efforts that support the program objectives include:

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

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

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

⁵¹ Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts. Produced by the Citizen's Housing and Planning Association, June 1999.

⁵² Description taken from the state's program description.

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

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

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

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

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

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

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

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

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

2. *Peer-to-Peer Technical Assistance*

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

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

3. *MHP Intensive Community Support Team*

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

4. *MHP Chapter 40B Technical Assistance Program*

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

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

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development “uneconomic”.
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.

- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

5. *Smart Growth Technical Assistance Grants*

The Executive Office of Energy and Environmental Affairs offers Smart Growth Technical Assistance Grants that provide up to \$30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices. Eligible activities include:

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

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly.

B. Housing Development

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

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

1. *HOME Program*

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

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

- Assist first-time homeowners.

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

Because Hanover is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town would need to join a consortium of other smaller towns and cities to receive funding or submit funding applications to DHCD on a project by project basis through its One Stop Application. Hanover is not part of a Consortium so would have to apply directly to DHCD for this funding.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Hanover, can apply for up to \$65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

2. Community Development Block Grant Program (CDBG)

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

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

The **Housing Development Support Program (HDSP)** provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation, however has not been funded in recent years. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There are no per unit maximums or recommended maximum total development costs. Funding is distributed through Notices of Funding Availability that occur once or twice a year. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high “statistical community-wide needs”, however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent years. This may be the best source of CDBG funding for Hanover besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

3. *Housing Stabilization Fund (HSF)*

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

4. *Low Income Housing Tax Credit Program*

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

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

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

5. *Affordable Housing Trust Fund*

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

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

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

6. *Housing Innovations Fund (HIF)*

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

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

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

8. *MHP Permanent Rental Financing Program*

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median

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

9. *OneSource Program*

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

10. *Section 8 Rental Assistance*

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. *Massachusetts Preservation Projects Fund*

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

applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. District Improvement Financing Program (DIF)

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

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

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

14. Community Based Housing Program

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit’s Total Development Costs up to a maximum of \$750,000 per project.

15. Compact Neighborhoods Program

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

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

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

The process for implementing a Compact Neighborhoods Zone includes:

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

C. Homebuyer Financing and Counseling

1. ONE Mortgage Program

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

2. Homebuyer Counseling

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

3. Self-Help Housing.

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

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower’s

income and debt. MassHousing services the loans. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. *Get the Lead Out Program*

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

3. *Septic Repair Program*

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

4. *Home Modification Program*

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The area's regional non-profit organization, South Shore Housing Development Corporation, administers these funds for the state.