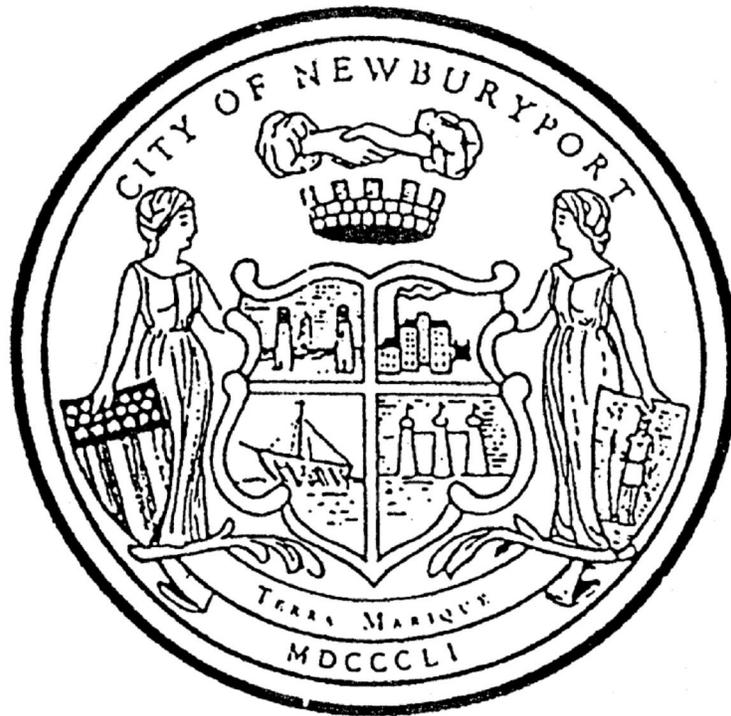


CITY OF NEWBURYPORT, MASSACHUSETTS HOUSING NEEDS ASSESSMENT



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CITY OF NEWBURYPORT HOUSING NEEDS ASSESSMENT

Table of Contents

	Page
1. Executive Summary	1
2. Introduction	10
3. Housing Characteristics and Needs	14
3.1 Demographic Profile	14
3.1.1 Population Growth	14
3.1.2 Households	15
3.1.3 Race	16
3.1.4 Age Distribution	17
3.1.5 Income	20
3.1.6 Poverty Status	22
3.1.7 Employment	23
3.1.8 Education	25
3.1.9 Disability Status	25
3.2 Housing Profile	26
3.2.1 Housing Growth	26
3.2.2 Types of Structures and Units	28
3.2.3 Vacancy Rates	31
3.2.4 Housing Market Conditions	31
3.2.5 Affordability of Existing Housing	38
3.2.6 Subsidized Housing Inventory (SHI)	45
3.3 Priority Housing Needs	51
4. Challenges to Development	59
Appendices	
Appendix 1: Local and Regional Organizations/ Resources	67
Appendix 2: Glossary of Housing Terms	75
Appendix 3: Summary of Housing Regulations and Resources	81

CITY OF NEWBURYPORT HOUSING NEEDS ASSESSMENT

1. EXECUTIVE SUMMARY

1.1. Background and Purpose

Newburyport has embarked on a major comprehensive planning process to update its 2001 Master Plan. This Master Plan will include an important housing component that will comply with the state's Housing Production requirements under Massachusetts General Laws Chapter 40B, 760 CMR 56.00.¹

This Housing Needs Assessment is the first major component of a forthcoming Housing Production Plan, and represents an opportunity for the City of Newburyport to fully examine the relationship between the specific impacts of demographic changes relative to housing and the dynamics of market conditions. Only by understanding these changes can the City determine the current and future housing needs of its citizenry.

This Housing Needs Assessment will also serve as the context for proposing housing production goals and strategies for Newburyport to meet the identified needs. Ultimately the intent is that the Housing Needs Assessment and full Housing Production Plan will provide guidance to the City as it renders decisions on any number of policy issues regarding housing such as where to allocate resources for the production of new affordable and workforce housing, how to revise its existing zoning code as it relates to building new housing, and how to engage housing developers and other housing service providers in partnerships that will work to fill the identified needs. The Housing Production Plan will also provide graphic representation of recommended strategies to help local leaders and residents visualize the impacts and important benefits of various affordable housing opportunities.

1.2 Summary of Significant Demographic and Housing Characteristics and Trends

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

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

¹ The state administers the Housing Production Program that was created to give cities and towns greater local control over affordable housing development. If a municipality adopts an affordable housing plan and then actually meets unit production goals of at least .50% of its year-round housing stock in any one year, the City may be able to deny inappropriate comprehensive permit projects for at least one year and for two years if 1.0% of its year-round housing stock is produced.¹ Newburyport would have to produce at least 40 affordable units per year (80 units for a two-year period when 40B permits can be denied), a formidable challenge, and housing growth will continue to drive-up the 10% goal.

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

Demographic Characteristics	Newburyport	Essex County	Massachusetts
Total population	17,416	743,159	6,547,629
Population density (per square mile of land area)	2,078	1,484	835
% Minority residents	3.6%	18.1%	19.6%
% under 18 years	20.8%	23.2%	21.7%
% 18 to 20 years	2.0%	3.9%	4.6%
% 21 to 34 years	11.5%	16.1%	18.6%
% 35 to 44 years	14.1%	13.5%	13.6%
% 45 to 54 years	18.6%	16.3%	15.5%
% 55 to 64 years	16.5%	12.9%	12.3%
% 65 years or more	16.5%	14.1%	13.8%
Median age	45.9 years	40.4 years	39.1 years
% Non-family households	41.8%	34.3%	37.0%
% Single-person households	34.4%	28.1%	28.7%
Average household size	2.23 persons	2.54 persons	2.48 persons
Median household income*	\$76,300	\$63,341	\$63,961
Individuals in poverty*	5.8%	10.4%	10.8%
% Earning less than \$25,000/\$35,000*	15.5%/23.0%	20.9%/29.4%	20.6%/28.5%
% Earning more than \$100,000*	39.3%	30.5%	29.9%

Sources: US Census Bureau 2010. Asterisk (*) notes use of US Census Bureau's American Community Survey, 2006-2010 estimates for Newburyport and 2008-2010 estimates for Essex County and the state.

- *High population density.* Newburyport is a small and relatively dense community with a population density of 2,078 residents per square mile of land area (8.38 square miles) compared to a density of 1,484 and 835 persons per square mile for the county and state, respectively.
- *Very small but growing minority population.* Minority residents have increased from 161 residents in 1980 to 628 in 2010, but still represent only 3.6% of Newburyport's population, which is small in comparison to 18.1% for Essex County and 19.6% statewide.
- *Growth in the number of households has been substantially higher than overall population growth.* The number of households increased by 1,765, from 5,857 in 1980 to 7,622 in 2010. This increase represents a 30.1% growth rate, higher than the 9.5% overall population growth during the same period.
- *Increasing smaller, non-family households.* The average household size decreased from 2.72 to 2.23 persons between 1980 and 2010. Both the increase in households and declining household size are correlated to the growing number of smaller, non-family

households², from 1,891 in 1980 to 3,185 in 2010. Non-family households comprised about 41.8% of all households in Newburyport, compared to 34.3% and 37.0% for the county and state, respectively.

- *High level of persons living alone.* There are more persons living alone in Newburyport, 34.4%, compared to 28.1% for the county and 28.7% for the state. Thirty-five percent (35%) or 926 of these single-person households were 65 years of age or older.
- *Newburyport's population is on a whole older.* The median age was 45.9 years in Newburyport while considerably lower at 40.4 and 39.1 years for the county and state. The percentages of those in the younger age categories below age 35 were consistently lower than the county and state, while the reverse was the case for the older age groups. For example, those 55 years of age or older comprised one-third of Newburyport's population but were 27% and 26% of all residents in the county and state, respectively
- *Newburyport's median household income remains high.* The 2010 estimated median household income in Newburyport was significantly higher than that for the county and state, \$76,300 versus \$63,341 and \$63,961, respectively. Additionally, the percentage of those earning less than \$25,000 annually was lower in Newburyport based on 2010 estimates, 15.5% in comparison to 20.9% for Essex County and 20.6% for the state.
- *Recent estimates suggest that poverty levels have actually increased.* The 2010 census estimates from the Census Bureau's American Community Survey indicate that while lower than county and state levels, poverty increased in Newburyport from 5.2% in 1999 to 5.8% with an estimated 1,010 residents living below the poverty level as opposed to 877 in 1999. The number of adults 65 years of age or older living in poverty was also estimated to have increased from 6.9% to 7.7% from 1999 to 2010. Given the continued sluggishness of the economy, these poverty levels may in fact have increased even more.

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

- *Housing growth has been steady but modest.* Housing growth in Newburyport was 4.4% between 2000 and 2010, somewhat lower than 6.8% for Essex County and 7.1% statewide. This growth rate was higher, however, than the 1.3% population growth during the same period. It should be noted that the teardown and replacement of the existing housing stock has been a factor in new housing growth.
- *High level of owner-occupancy and declining rental stock.* In 2010, 71.5% of Newburyport's housing stock was owner-occupied compared to 63.8% and 62.3% levels for the county and state. Newburyport actually experienced a net lost of 292 rental units over the past several decades, going from 2,464 rental units in 1980, or 38% of all occupied housing units, down to 2,172 units by 2010, representing only 28.5% of all units.

² Includes individuals and unrelated household members.

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

Housing Characteristics	Newburyport	Essex County	Massachusetts
Total housing units	8,264	306,754	2,808,254
% Occupied housing units	92.2%	93.2%	90.7%
% Owner-occupied units	71.5%	63.8%	62.3%
% Renter-occupied units	28.5%	36.2%	37.7%
% Single-family, detached structures*	50.7%	50.0%	52.2%
% Units in structures of 3 or more units*	25.3%	31.6%	31.6%
Median single-family sales price as of end of 2010/2011 (Banker & Tradesman)	\$415,250/\$423,000	\$320,000/\$311,750	\$295,000/\$286,000
Median monthly gross rent*	\$1,080	\$975	\$1,008
Housing growth 2000 to 2010	4.4%	6.8%	7.1%
Housing density 2000 to 2010 (based on land area)	944 to 986 units per square mile	574 to 613 units per square mile	334 to 358 units per square mile

Sources: US Census Bureau 2010, Asterisk (*) notes use of US Census Bureau's American Community Survey, 2006-2010 estimates for Newburyport and 2008-2010 estimates for Essex County and the state.

- *High housing density.* Like population density, Newburyport has a much higher housing density than the county and state, at 986 units per square mile as opposed to 613 and 358 units for the county and state, respectively.
- *Housing prices remain high despite a poor economic climate and declining sales.* Newburyport had substantially higher market values with the median price of a single-family home at \$423,000 as of the end of 2011, versus \$311,750 and \$286,000 for the county and state. While prices and interest rates have been declining in recent years, making housing more affordable, the ability to secure financing remains challenging, providing a significant constraint to those entering the housing market. It should be noted that the housing market appears to be rebounding a bit as the median single-family home prices increased from \$410,000 to \$420,000 to \$423,000 from June to July to December of 2011.

In regard to the rental market, the 2010 median rent was estimated by the Census Bureau to be \$1,080 while the lowest rent advertised on Craigslist in late August/early September 2011 was \$850 for a 400 square foot, one-bedroom unit and approximately \$1,050 for a two-bedroom unit. Landlords also typically require first and last month's rent up-front plus a security deposit. A strong rental housing market has pushed going

rents well beyond the means of many, including most low- and moderate-income individuals and families.

The convergence of these trends – increasing numbers of households, more people living alone, high housing prices, lower housing production, declining supply of rentals, difficulty in obtaining financing, large up-front cash requirements for homeownership and rentals – all point to a *growing affordability gap*. This gap is reinforced by 2010 estimates from the Census Bureau’s American Community Survey that counted *2,359 households or approximately 31% of all Newburyport households which were living in housing that was by common definition beyond their means and unaffordable, up from about one-quarter of all households in 2009*.³

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

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

1.3. Priority Housing Needs

Based on input from a wide variety of sources, including demographic and housing characteristics and trends (Section 3.1 and 3.2), the HUD Five-Year Strategic Plan for the North Shore HOME Consortium, and prior planning efforts, the following priority housing needs have been identified:

- ***Rental housing for individuals***
There is a clear need for smaller rental units for those with lower-paying jobs, many in City’s service economy, who are encountering serious difficulty finding housing that they can afford in Newburyport. Some of these individuals have disabilities, others do not. Some are younger, looking for opportunities to live in Newburyport, while others are older, perhaps divorced or widowed with children who moved out on their own. Some may have even struggled with homelessness. What they all share is the need for a safe, decent and affordable place to live. Given the recent economic climate, needs are increasing while the City has been actually losing important rental units.
- ***Rental housing for families***
There is also a significant need to house families and growing numbers of smaller households that are increasingly including single parents with children as well as unrelated individuals.

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

- Preservation and improvement of the existing affordable rental stock***
 The preservation of existing affordable rental units is essential to maintaining an affordable housing stock well into the future, and Newburyport has been losing rental units. This rental housing, including both units that are subsidized and in the private housing market, is more cost effective to rehabilitate and maintain than to build new. However, many low- and moderate-income homeowners lack sufficient resources to properly maintain their homes and address substandard housing conditions. Moreover, efforts are needed to maintain affordability restrictions on subsidized housing in perpetuity to the greatest extent possible, so as not to lose affordability based on expiring use restrictions.
- Affordable homeownership for families***
 Market conditions have placed the purchase of homes beyond the financial means of low- and moderate-income households, and families need opportunities to “buy up” as their families grow.
- Housing for at risk and special needs populations***
 Housing should continue to be developed to serve those who are at risk of homelessness and/or have special needs that require supportive services. Providing stable and affordable opportunities for those transitioning out of shelters or special programs remains a high priority in the region.

Approximately three-quarters of the City’s Subsidized Housing Inventory (SHI) units⁴ are rental units. Based on the specific indicators of need, detailed in Section 3.3, this Housing Needs Assessment recommends that housing production goals strive to increase Newburyport’s affordable housing stock to accommodate at least this same level of need for rental housing production. Based on annual housing production goals of 40 units per year, the following housing goals by priority need are proposed:

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

Type of Units	Annual Goals	5-Year Goals
Rental housing for individuals	15	75
Rental housing for families	15	75
Affordable homeownership for families	10	50
Total	40	200
Preservation of existing rental stock/20% of rental housing for individuals or families	6	30
Housing for at risk and special needs populations/10% of all new units produced	4	20

⁴ Subsidized Housing Inventory (SHI) units are those that the state qualifies as affordable and eligible for counting towards a community’s 10% affordability goal or annual housing production goals under Chapter 40B.

2. INTRODUCTION

2.1 Background and Purpose of Project

The City of Newburyport is an old city, first settled in 1635 as part of the Newbury Plantation and finally incorporated in 1764. At that point the community was the smallest town in Massachusetts, encompassing 647 acres with 2,800 residents and 357 homes. It remains among the smallest cities in the state with less than eleven (11) square miles and a population of 17,416 according to the 2010 census.

Located on the southern bank of the Merrimack River at the mouth of the Atlantic Ocean, Newburyport grew into a major fishing, shipbuilding and shipping center well through the 19th century. During the mid-20th Century, new major highways diverted economic activity away from Newburyport and brought the city into a period of relative economic decline. Protective of its historic heritage, local leaders embarked on a major redevelopment effort in the 1960's and 1970's to better preserve its historic neighborhoods of granite, brick and cobblestones; update its infrastructure, water and sewer renovations in particular; and boost tourism. Such revitalization efforts have continued with the development of the Industrial Park and additional waterfront improvements.

These revitalization efforts have attracted not only commercial and industrial investment, but have also brought new residents into the community, many with greater financial means than existing residents. Housing prices have risen rapidly, and while the relatively recent recession affected property values, housing costs remain very high. As a result, the creation of affordable housing has become increasingly challenging, particularly in a time of increasing needs and fewer resources.

This Housing Production Plan is part of a major effort to update the 2001 Master Plan and guide future development, focusing on affordable housing development. The Plan will provide a roadmap for policies, projects, initiatives, and regulatory changes that will help Newburyport create more affordable housing opportunities to support a diverse population and range of incomes.

2.2 What is Affordable Housing?

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

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

households with incomes between 30% and 50% of area median income (\$44,050 for a family of three). Low- and moderate-income generally refers to the range between 50% and 80% of area median income (\$58,500 for a family of three at the 80% level). These income levels are summarized in Table 2-1.

Table 2-1
2012 Income Levels for Affordable Housing in the Greater Boston Area⁵

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

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program. The state established legislation for promoting affordable housing under the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).⁶ This legislation allows developers to override local zoning if the project meets certain requirements, the municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals are not met. Specifically, all SHI units must meet the following criteria:

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

Based on the Massachusetts Department of Housing and Community Development's most recent data on Newburyport's supply of affordable housing included in the state's Subsidized Housing Inventory, the City had 8,015 year-round housing units,⁷ of which 629 are counted as affordable, representing 7.8% of the year-round housing stock. Planned development should push Newburyport beyond the 8% threshold.

⁵ The U.S. Department of Housing and Urban Development (HUD) includes Peabody as part of the Boston Metropolitan Statistical Area.

⁶ 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.

⁷ Year-round housing units are defined as the total number of housing units minus the number of seasonal or occasional units as reported through the 2010 US Census.

Most state-supported housing assistance programs are targeted to households earning at this same level, at or below 80% of area median income, however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program subsidizes rental units targeted to households earning up to 60% of median income. First-time homebuyer programs typically apply income limits of up to 80% of area median income. It is worth noting that according to 2009 census estimates, approximately one-third of Newburyport's households would have likely been income-eligible for affordable housing using the 80% of area median income criterion without consideration of financial assets.

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

2.3. Housing Goals and Challenges

The City of Newburyport is looking for opportunities to address the range of community housing needs under the following housing goals, most of which were identified in its 2001 Master Plan:

- Promote an increase in the supply of affordable housing to support a diverse population and meet the range of housing needs in the community
- Strive to meet state 10% affordability goal
- Preserve the existing affordable housing stock
- Encourage the integration of smart growth principles in the development of housing
- Ensure that the design of new development and redevelopment in the City's older neighborhoods (North End, South End, High Street) complements the historic character of the neighborhoods
- Ensure that new housing developments are designed to protect the City's natural and cultural resources and to preserve open space corridors
- Promote a wide range of housing options (structure types, tenure types, cost levels) in order to maintain diverse neighborhoods and accommodate households with varying housing needs and family structures

These goals provide a context for the strategies that are recommended in the Housing Production Plan, addressing the diverse housing needs in the community as summarized in Section 1.3 above and detailed in Section 3.3. These strategies will provide a blueprint to help Newburyport further its progress towards meeting the state 10% affordable housing goal as well as local goals and priorities, presenting a proactive housing agenda of City-sponsored initiatives. Also, if the City meets the annual goal of producing 40 units, it will have the likely ability to deny unwanted Chapter 40B developments through state Housing Production regulations.

While there is a demonstrated commitment to producing affordable housing in Newburyport, the City also recognizes that *obstacles to new development exist* that will challenge new initiatives. Such challenges include the limited amount of developable property, teardown activity, condo conversions, zoning, community perceptions and available funding.

In summary, gaps remain between what many current or new residents can afford and the housing that is available. Children who grew up in the community are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased housing-related costs but also hard-pressed to find alternative housing that better meets their current lifestyles. Families are finding it more difficult to hold onto their homes given the faltering economy, as there have been some foreclosures. They have also been less able to “buy up,” purchasing larger homes as their families grow. City employees and employees of the local businesses continue to be challenged in locating housing that is affordable in Newburyport. More housing options are required to meet these local needs.

3. HOUSING NEEDS ASSESSMENT

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

3.1 Demographic Profile

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

3.1.1 Population Growth – Slowly growing population now stabilizing

As noted in Table 3-1, Newburyport’s population was in decline after 1930 but bounced back above 1930 levels by 1970 when redevelopment efforts were underway to boost the local economy. Since then the population has increased steadily but relatively slowly, as shown in Figure 3-1, with a total growth rate of 9.5% since 1980 to a total population of 17,416 by 2010. Projections from the Massachusetts Institute for Social and Economic Research (MISER) estimate little or no growth through 2020.

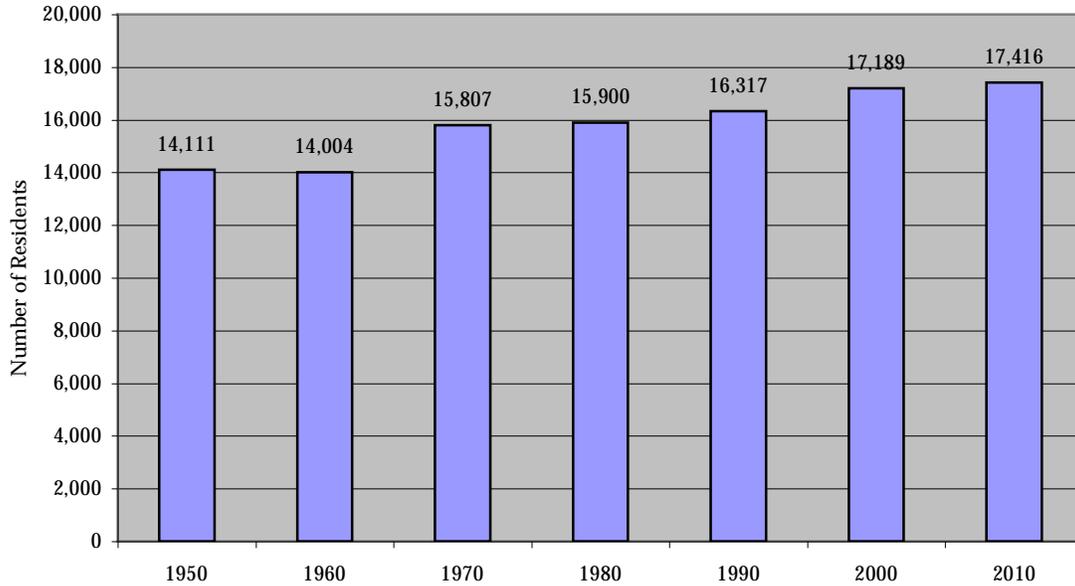
**Table 3-1
Population Change, 1930 to 2010**

Year	Total Population	Change in Number	Percentage Change
1930	15,084	--	--
1940	13,916	-1,168	-7.7
1950	14,111	195	1.4
1960	14,004	-107	-0.8
1970	15,807	1,803	12.9
1980	15,900	93	0.6
1990	16,317	417	2.6
2000	17,189	872	5.3
2010	17,416	227	1.3

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

Figure 3-1

Population Change 1950 to 2010



3.1.2 Households – Smaller non-family households increasing

As shown in Table 3-2, the number of households increased by 30.1% over the past several decades, from 5,857 in 1980 to 7,622 in 2010. This is substantially more than the 9.5% overall population growth rate and correlated to the increasing number of smaller, non-family households⁸, which grew from 1,891 in 1980 to 3,185 by 2010. In 2010, these non-family households comprised more than 40% of all households in Newburyport, up from 32.3% in 1980.

**Table 3-2
Household Characteristics, 1980 to 2010**

	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Total Households*	5,857	100.0	6,754	100.0	7,519	100.0	7,622	100.0
Family Households**	3,966	68.7	4,173	61.8	4,429	58.9	4,437	58.2
Non-family Households **	1,891	32.3	2,581	38.2	3,090	41.1	3,185	41.8
Female Headed Families with Children **	372	6.4	478	7.1	343	4.6	319	4.2
Average Household Size	2.72 persons		2.37 persons*		2.24 persons		2.23 persons	

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

* Percent of total population ** Percent of all households

⁸ Includes individuals and unrelated household members.

The average household size decreased from 2.72 to 2.23 persons during the same time period driven by decreases in the number of children and more “traditional” families, and increases in “child-free” and “child-delayed” families, especially increases in empty nesters as well as senior and frail populations.

Table 3-3 examines the types of households by household size. Single-person households comprised a substantial portion of the population, more than one-third of all households and 80.1% of non-family households in 2000, increasing to 84.7% of all non-family households by 2010. It should also be noted that more than half of all residents over 65 (53.8%) lived alone. Moreover, almost 10% of the households with children were headed by one parent (77% of these involved single mothers) suggesting a need for affordable housing for families with only one income. Large families of five (5) or more persons represented only 5.5% of all households, down from 9% in 2000 and low in comparison to 9% for Essex County. *This data further suggests a need for a greater number of smaller units to accommodate a growing population of single-person households and smaller families.*

Table 3-3
Types of Households by Size
2000 Census and 2010 Estimates

Households by Type and Size	2000		2010 Estimates	
	#	%	#	%
Non-family Households	3,090	41.1	3,090	40.9
1-person household	2,492	33.1	2,616	34.6
2-person household	539	7.2	436	5.8
3-person household	44	0.6	38	0.5
4-person household	9	0.1	0	0.0
5-person household	1	0.01	0	0.0
6-person household	2	0.03	0	0.0
7 or more person household	3	0.04	0	0.0
Family Households	4,429	58.9	4,464	59.1
2-person household	2,045	27.2	2,290	30.3
3-person household	1,107	14.7	749	9.9
4-person household	874	11.6	1,008	13.3
5-person household	325	4.3	362	4.8
6-person household	57	0.8	41	0.5
7 or more person household	21	0.3	14	0.2
Total	7,519	100.0	7,554	100.0

Source: US Census Bureau, 2000 Census and 2006-2010 American Community Survey.

3.1.3 Race – Small but growing minority population

Table 3-4 presents data on the racial distribution of the population in Newburyport. While the number and percentage of minority residents have increased significantly – from 161 residents

in 1990, to 325 in 2000, and 628 by 2010 – minority residents still comprised only 3.6% of the population in 2010, a relatively low level in comparison to other cities in Massachusetts and in comparison to Essex County at 18.1%. About half of the minority residents in 2010 described themselves as Latino or Hispanic.

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

	1990		2000		2010	
	#	%	#	%	#	%
Minority pop.*	161	1.0	325	1.9	628	3.6
Black or African Amer.	82	0.5	73	0.4	98	0.6
Asian	44	0.3	106	0.6	195	1.1
Latino **	91	0.6	151	0.9	291	1.7
Other	35	0.2	147	0.9	118	0.7

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 1 * All non-White classifications

** Latino or Hispanic of any race. The “Other” category includes American Indian or Alaskan Natives, Native Hawaiians and other Pacific Islanders as well as those of two (2) or more races.

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

Census data regarding the changes in the age distribution from 1980 to 2010 is provided in Table 3-5 and visually presented in Figure 3-2 for 1990 through 2010. In general, there were significant declines in the younger age categories and major population gains in the older ones as summarized below.

**Table 3-5
Age Distribution, 1980 to 2010**

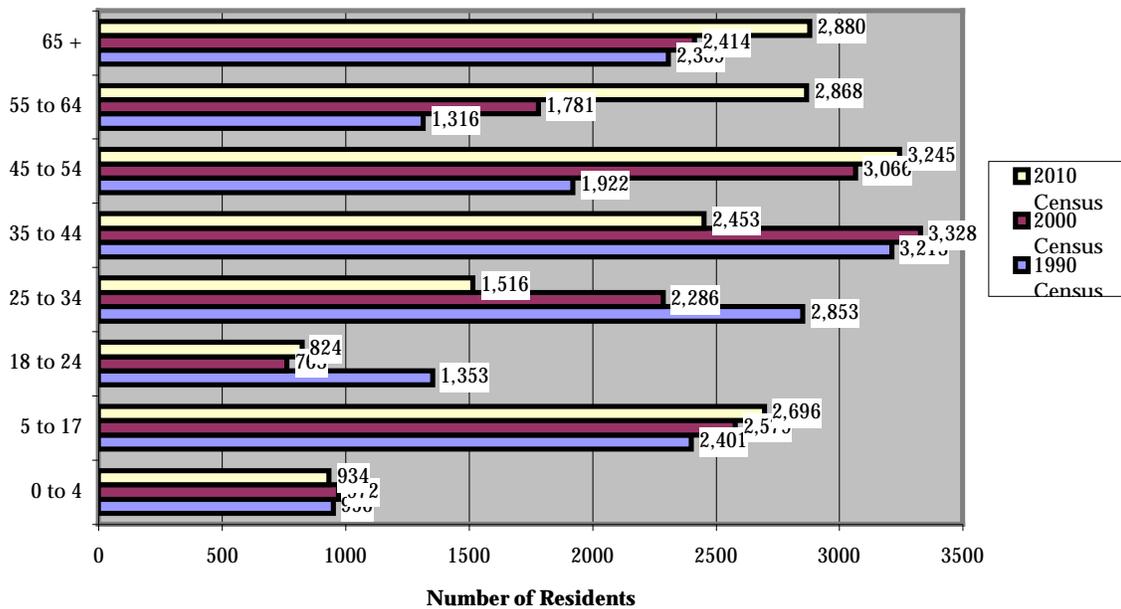
Age Range	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Under 5 Years	945	5.9	950	5.8	972	6.7	934	5.4
5 – 17 Years	3,280	20.6	2,401	14.7	2,579	15.0	2,696	15.5
18 – 24 Years	1,570	9.9	1,353	8.3	763	4.4	824	4.7
25 – 34 Years	2,951	18.8	2,853	17.5	2,286	13.3	1,516	8.7
35 – 44 Years	2,003	12.6	3,213	19.7	3,328	19.4	2,453	14.1
45 – 54 Years	1,528	9.6	1,922	11.8	3,066	17.8	3,245	18.6
55 – 64 Years	1,343	8.4	1,316	8.1	1,781	10.4	2,868	16.5
65 – 74 Years	1,173	7.4	1,164	7.1	1,194	6.9	1,488	8.5
75 – 84 Years	854	5.4	791	4.8	841	4.9	914	5.2
85+ Years	253	1.6	354	2.2	379	2.2	478	2.7
Total	15,900	100.0	16,317	100.0	17,189	100.0	17,416	100.0
Under 18	4,225	26.6	3,351	20.5	3,551	20.7	3,630	20.8
Age 65+	2,280	14.3	2,309	14.2	2,414	14.0	2,880	16.5

Source: US Census Bureau, 1980, 1990, 2000 and 2010

- Children –declining population*
 The number and proportion of children has declined markedly over the past several decades. Those school-age children under age 18 decreased by 14.1% between 1980 and 2010, from 26.6% of the population to 20.8%.
- College age residents – numbers decreased by half*
 Young residents in the 18 to 24-age range decreased by half between 1980 and 2010, from 1,570 residents to 824. The numbers showed a modest rebound between 2000 and 2010 however, with the addition of 61 residents in this young age category.
- Young adults –also demonstrated a 50% decline in population*
 Younger adults in the family formation stage of their lives, the 25 to 34-age range, also decreased significantly between 1980 and 2010, dropping to 8.7% of the population in 2010 from 18.8% in 1980, and from 2,951 to 1,516 residents. Clearly an increasing number of those who were raised in Newburyport are choosing to live elsewhere. The high cost of housing is likely a contributing factor. Additionally, many of the baby boom generation were included in this category in 1980, which also likely influenced the fall-off of residents in this age group in subsequent decades.

Figure 3-2

Changes in Age Distribution: 1990 to 2010



- Baby boomers – substantial increases*
 Those in the 35 to 54-age range, the baby boomer generation, increased significantly, going from 22.2% of the population in 1980 to almost one-third by

2010. Part of the baby boom generation was also spilling into the older age categories by 2010 as those in the age-55 to 64 range increased substantially, from 10.4% in 2000 to 16.5% by 2010.

- *Older adults – substantial upsurge in the population 65 years or older*
The number of those 65 years of age and older grew by 26.3% between 1980 and 2010, while the population as a whole increased by only 9.5%. Of particular note were the frail elderly of at least age 85 who increased by 88.9% during these decades.

Table 3-6 offers population projections by age category for 2020, prepared by the Massachusetts Institute for Social and Economic Research (MISER) of the University of Massachusetts, comparing these figures to 2010 census results. These estimates suggest almost no population growth but significant shifts in the age distribution that for the most part reflect past trends. With some exceptions, those younger age categories are expected to decrease somewhat while the older age groups are projected to demonstrate significant gains. For example, those under the age of 20 are expected to decrease from 22.3% to 18.8%, representing a loss of 15.3%, while those over 65 are estimated to increase from 16.5% to 25.4%, representing a gain of 53.8%. The population in the middle years between 35 and 54 is projected to decrease by 25.7% or by 1,465 residents. Projections also suggest a 16.3% increase in younger adults age 20 to 34, however, this is a reversal of past trends. Given the high costs of living in Newburyport, this particular estimate is questionable.

**Table 3-6
Age Distribution, 2000/2010 Census and 2020 Projections**

Age Range	2010 Census		2020 Projections	
	#	%	#	%
Under 5 Years	934	5.4	774	4.4
5 – 19 Years	2,942	16.9	2,510	14.4
20 – 24 Years	578	3.3	639	3.7
25 – 34 Years	1,516	8.7	1,797	10.3
35 – 44 Years	2,453	14.1	1,740	10.0
45 – 54 Years	3,245	18.6	2,493	14.3
55 – 64 Years	2,868	16.5	3,049	17.5
65 – 74 Years	1,488	8.5	2,679	15.4
75 – 84 Years	914	5.2	1,275	7.3
85+ Years	478	2.7	474	2.7
Total	17,416	100.0	17,430	100.0
Under 20	3,876	22.3	3,284	18.8
Age 65+	2,880	16.5	4,428	25.4

Source: Massachusetts Institute of Social and Economic Research (MISER), University of Massachusetts, 2003.

Given the release of 2010 census data, population projections will be updated and should better reflect more recent demographic trends, which are likely to show a continued increase in older adults with corresponding reductions in younger ones. Clearly housing alternatives to accommodate this increasing population of seniors, such as more handicapped accessibility,

housing with supportive services, and units without substantial maintenance demands, should be considered in housing planning efforts. Additionally, more affordable starter housing opportunities to attract young adults, including young families, should be promoted both as rentals and first-time homeownership.

3.1.5 Income – Relatively high income levels but growing income disparities

Table 3-7 presents income data based on the 1989 and 1999 decennial census counts as well as estimated 2010 data from the Census Bureau’s 2006-2010 American Community Survey. This information is also visually presented in Figure 3-3.

**Table 3-7
Income Distribution by Household, 1989 to 2010**

Income Range	1989		1999		2010	
	#	%	#	%	#	%
Under \$10,000	203	3.0	404	5.4	411	5.4
10,000-24,999	1,887	28.3	947	12.7	761	10.1
25,000-34,999	962	14.4	648	8.7	563	7.5
35,000-49,999	1,049	15.7	1,256	16.8	823	10.9
50,000-74,999	1,351	20.3	1,333	17.8	1,180	15.6
75,000-99,999	830	12.5	1,172	15.7	849	11.2
100,000-149,999	247	3.7	1,036	13.8	1,328	17.6
150,000 +	137	2.1	686	9.2	1,639	21.7
Total	6,666	100.0	7,482	100.0	7,554	100.0
Median income	\$38,618		\$58,557		\$76,300	

Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3, and American Community Survey 2006-2010.

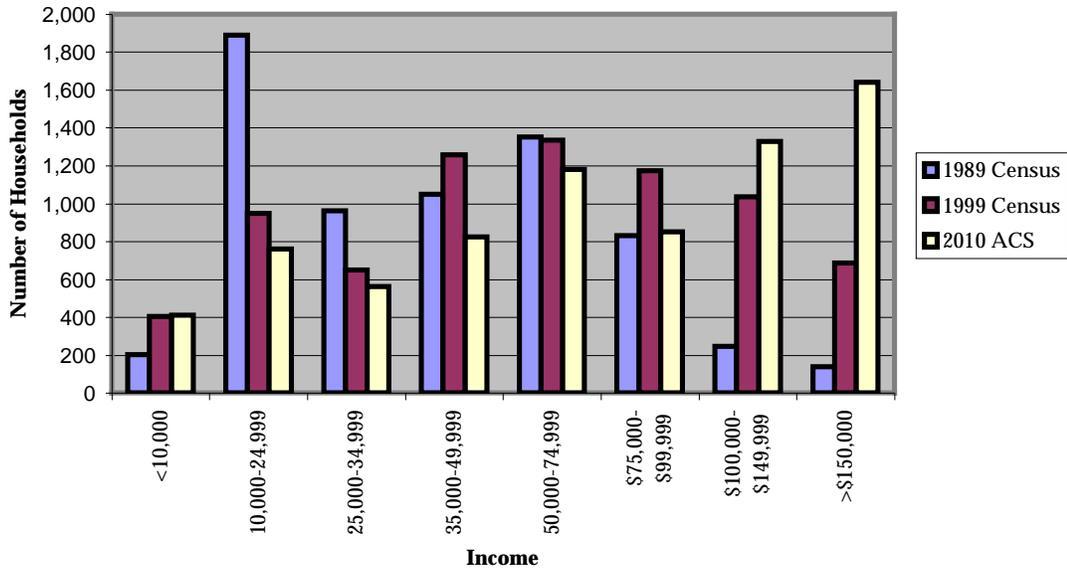
Incomes have increased substantially, with the median income level doubling during the last two decades. From 1989 to 1999, the median income increased from \$38,618 to \$58,557, or by roughly 50%. Median household income grew by another 30% between 1999 and 2010 to \$76,300, high in comparison to the state at \$63,961. However the median income of Black or African American households (\$24,934) was about one-third of the City’s median, and significantly less than the \$68,083 median for households of Hispanic origin.

Despite this growing prosperity, those earning less than \$10,000 increased from 3% of all households in 1989 to 5.4% in both 1999 and 2010. All other income ranges of less than \$100,000 saw proportional decreases between 1989 and 2010, with 91% of all households earning between \$10,000 and \$100,000 in 1989 compared to 55.3% by 2010. On the other hand, higher income households earning more than \$100,000 increased from 384 households in 1989 to 1,722 by 1999 and then to 2,967 by 2010, a growth rate of 672%. With time it would certainly be expected that incomes would climb, but in comparison to the state, Newburyport had a higher portion of those earning more than \$75,000, 50.5% as opposed to 43.1% of all households.

The City’s per capita income was \$34,187 in 2000, also significantly more than the state average of \$25,952. By 2010, it is estimated that the per capita income had increased to \$44,877 in comparison to \$33,969 for the state.

Figure 3-3

Income Distribution 1989 to 2010



While non-family households comprised about 42% of all households in 2010, the median income of families was substantially higher, \$111,836 versus \$40,794, a finding highly correlated with the greater prevalence of two worker households in families. Correlated to the lower median incomes of non-families was the 2010 estimate that more than half of all non-family households were renters as opposed to 8.5% of married couples with children.

A comparison of 2010 income levels for owners and renters is provided in Table 3-8. Almost half of renters earned within \$35,000 compared to only 13.1% of homeowners. On the other hand, half of the homeowners earned more than \$100,000 compared to only 11.8% of the renter households.

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

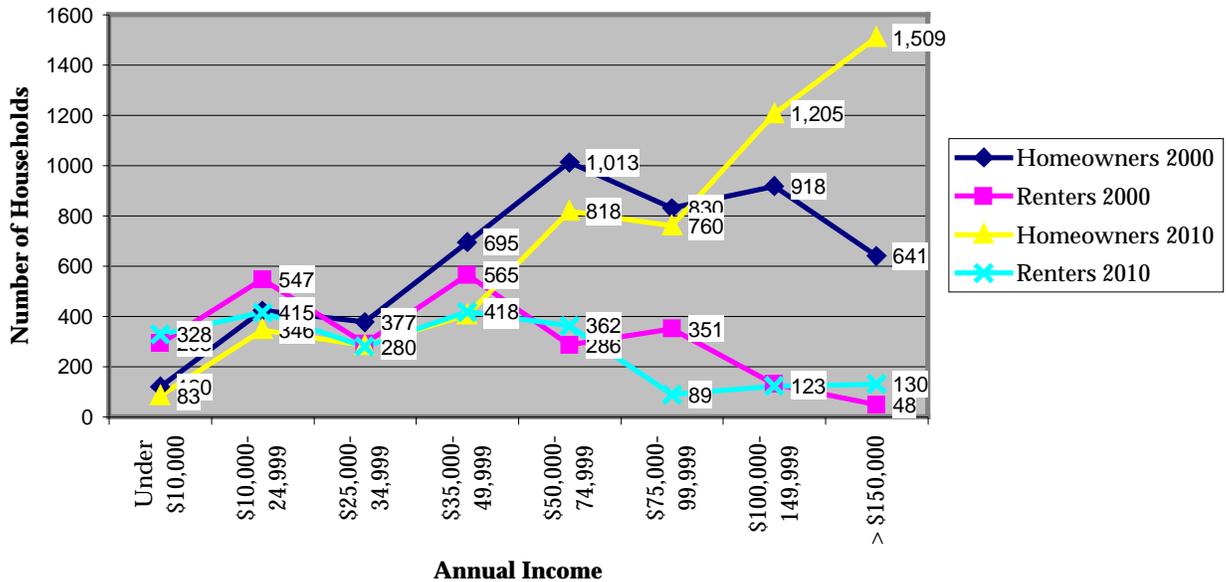
Income Range	Homeowners		Renters	
	#	%	#	%
Under \$10,000	83	1.5	328	15.3
10,000-24,999	346	6.4	415	19.3
25,000-34,999	283	5.2	280	13.1
35,000-49,999	405	7.5	418	19.5
50,000-74,999	818	15.1	362	16.9
75,000-99,999	760	14.1	89	4.1
100,000-149,999	1,205	22.3	123	5.7
150,000 +	1,509	27.9	130	6.1
Total	5,409	100.0	2,145	100.0
2010 Median income	\$100,290		\$37,658	
2000 Median income	\$72,043		\$37,648	

Source: U.S. Census Bureau, 2006-2010 American Community Survey

Of particular note is the growing income disparity of owners and renters as demonstrated in changes in median income level. While the median household income of homeowners increased from \$72,043 in 2000 to \$100,290 by 2010, the median incomes of renters is estimated to have stayed almost exactly the same, from \$37,648 to \$37,658. Figure 3-4 visually presents the widening income gap between owners and renters.

Figure 3-4

Income Distribution by Tenure, 2000 and 2010



It is also worth noting that while most households have become more affluent over the past several decades, there remains a very vulnerable population living in Newburyport with limited financial means. Almost 16% of all households earned less than \$25,000, including more than one-third of all renters. An estimated one-third of all households and two-thirds of all renters were earning at or below \$50,000, some who might qualify for housing assistance based on income alone given that this threshold is close to the 80% of area median income level.

3.1.6 Poverty Status – Recent increases in poverty

Table 3-9 confirms that poverty declined between 1979 and 2010, both in terms of the numbers of individuals and families living in poverty and in proportion to the population at large. The level of poverty was somewhat lower than that for the state as a whole, where 10.8% of all individuals were living in poverty in 2010, as opposed to 5.8% in Newburyport.⁹

While the overall decrease in poverty levels appears to signal that the City’s population was doing better economically, it may also be that the most vulnerable residents living in Newburyport in 1980 or 1990 were forced to leave the City in search of more affordable living

⁹ The 2011 federal poverty level from the U.S. Department of Health and Human Services was \$10,890 for an individual and \$18,530 for a three-person household.

conditions elsewhere. The ability to provide affordable housing options for those with very limited incomes is a continuing challenge and a pressing need.

**Table 3-9
Poverty Status, 1979 to 2010**

	1979		1989		1999		2010	
	#	%	#	%	#	%	#	%
Individuals Below Poverty *	1,474	9.3	922	5.7	877	5.2	1,010	5.8
Families **	288	7.3	158	3.9	121	2.8	93	2.1
Related Children Under 18 Years ***	245	5.8	249	7.5	223	6.3	109	3.0
Individuals 65 and Over****	228	10.0	242	12.0	146	6.9	222	7.7

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3 and American Community Survey 2006-2010 Estimates.

* Percentage of total population ** Percentage of all families

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

More recent estimates suggest that poverty levels have actually increased somewhat since 2000. The 2010 census estimates from the Census Bureau’s American Community Survey indicate that poverty increased to 5.8% with an estimated 1,010 residents living below the poverty level as opposed to 877 and 5.2% in 1999. The number of adults 65 years of age or older living in poverty was also estimated to have increased from 6.9% to 7.7% with 76 additional seniors entering poverty. Given the continued economic crisis, these poverty levels may in fact have increased even more since 2010.

3.1.7 Employment – Fluctuating workforce with declines in unemployment

Newburyport has had a relatively strong and diverse economic base. During the 1970s, City Government led a major redevelopment effort of the historic downtown and waterfront that provided a significant boost to the city’s economy, tourism in particular. Moreover, the City supported the conversion of three dormant farms into a thriving Industrial Park, housing about 70 businesses that employ approximately 3,000 workers for a total payroll in excess of \$95 million. Newburyport is also the home of Anna Jaques Hospital that serves the entire region. The City also has a wealth of cultural and natural resources that attract thousands of visitors including the Firehouse Center for the Performing and Visual Arts, the Maudslay Arts Center, and Plum Island.

Of those 14,186 Newburyport residents over the age of 16 in 2010,¹⁰ 9,775 or about 69% were in the labor market in 2010, as noted in Table 3-10, down from an estimated 10,289 workers or 72% of the workforce in 2010. About 40% of those employed worked in the community. It should also be noted that 76% of workers drove alone to work, another 5.3% carpooled and only 4.2% used public transportation according to the 2010 American Community Survey estimates. The average commuting time was about 30 minutes, suggesting employment opportunities were typically located outside of Newburyport.

¹⁰ Based the US Census Bureau’s 2006-2010 estimates from the American Community Survey.

The 2010 Census Bureau's American Community Survey data also provided information on the concentration of Newburyport workers by industry, indicating that more than half of Newburyport's workers were involved in management or professional occupations (53.9%) and the remainder employed in the lesser paying retail and service-oriented jobs that support the local economy including sales and office occupations (25.6%), service occupations (12.9%), production and transportation (5.0%), and construction (2.7%). Almost three-quarters of Newburyport's labor force involved salaried workers (74.2%), another 16.4% were government workers, and 9.4% were self-employed.

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

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	45	\$13,929,522	245	\$1,093
Manufacturing	63	\$112,612,746	2,155	\$1,005
Wholesale Trade	76	\$50,955,634	624	\$1,572
Retail Trade	111	\$20,088,953	1,046	\$369
Transportation/Ware-housing	9	\$3,976,757	82	\$933
Information	22	\$14,380,923	166	\$1,666
Finance/Insurance	34	\$16,354,939	225	\$1,398
Real estate/rental/leasing	26	\$2,868,688	74	\$746
Professional/technical services	139	\$52,483,954	692	\$1,459
Management of companies/enterprises	6	\$5,415,609	95	\$1,096
Administrative and waste services	44	\$15,640,619	366	\$822
Health care/social assistance	102	\$117,468,737	2,406	\$939
Arts/entertainment/recreation	24	\$2,908,086	148	\$378
Accommodation/food services	65	\$18,316,454	1,094	\$322
Other services	90	\$8,866,703	363	\$470
Public Administration	10	\$16,960,128	333	\$979
Total - 2010	874	\$494,817,284	10,613	\$897
Total - 2009	864	\$464,460,242	10,389	\$860

Source: Massachusetts Executive Office of Labor and Workforce Development, 2010

Detailed labor and workforce data from the state on employment patterns in Newburyport is presented in Table 3-10. This information shows an average employment of 10,613 workers, up from 10,389 in 2009 and 9,663 in 2000, indicative of some significant job expansion. The data also confirms a mix of employment opportunities with a concentration of lower paying retail and service sector jobs that brings the average weekly wage for those working in Newburyport to a relatively low level of \$897, about 60% of Boston's average weekly wage at \$1,507. As another point of comparison, the unemployment level as of February 2012 was 6.1% for Newburyport and 6.6% for Boston, down from 7.1% and 8.0% for Newburyport and Boston, respectively, as of the end of 2010.

3.1.8 Education – High and increasing educational attainment and relatively stable student enrollment

The educational attainment of Newburyport residents has improved over the last couple of decades. In 2010, 95.7% of those 25 years and older had a high school diploma or higher, and 52.4% had a Bachelor’s degree or higher (compared with 36.4% for the county and 38.5% for the state), up from the 2000 figures of 90.3% with at least a high school degree and 42.3% with a college degree or higher.

Those enrolled in school (nursery through graduate school) in 2010 totaled 3,724 residents or about one-fifth of the population, and those enrolled in kindergarten through high school totaled 2,481 students, representing about 14% of the total population. The Newburyport Public Schools reported a student enrollment of 2,334 students for the 2011-2012 school year, down only slightly from an enrollment of 2,355 in 2000-2001.

3.1.9 Disability Status – Significant special needs (Still no updated census figures on this have been released.)

Of the 2000 residents between age 5 and 20, 155 or 5.2% claimed a disability. Of those age 21 to 64, 1,787 residents, or 16.4% of the persons in the age range, indicated they were disabled. About 63% of this group was employed, leaving another 37% or 659 residents unemployed, likely related to their disability. In regard to the population 65 years of age or older, *902 seniors or 42.4% of those in this age group claimed some type of disability.* These levels of disability represent significant special needs within the Newburyport community and suggest that the City make a concerted effort to produce special needs housing, units that are handicapped accessible, and housing with supportive services.

**Table 3-11
Population Five Years and Over with Disabilities for Newburyport and the State, 2000**

Age	Newburyport		Massachusetts	
	#	%	#	%
5 to 20 years	155	5.2	116,151	8.6
21 to 64 years	1,787	16.4	663,354	17.9
65 years and over	903	42.4	305,241	37.6
Total	2,845	17.8	1,084,746	18.5

Source: U.S. Census Bureau, 2000 Summary File 3

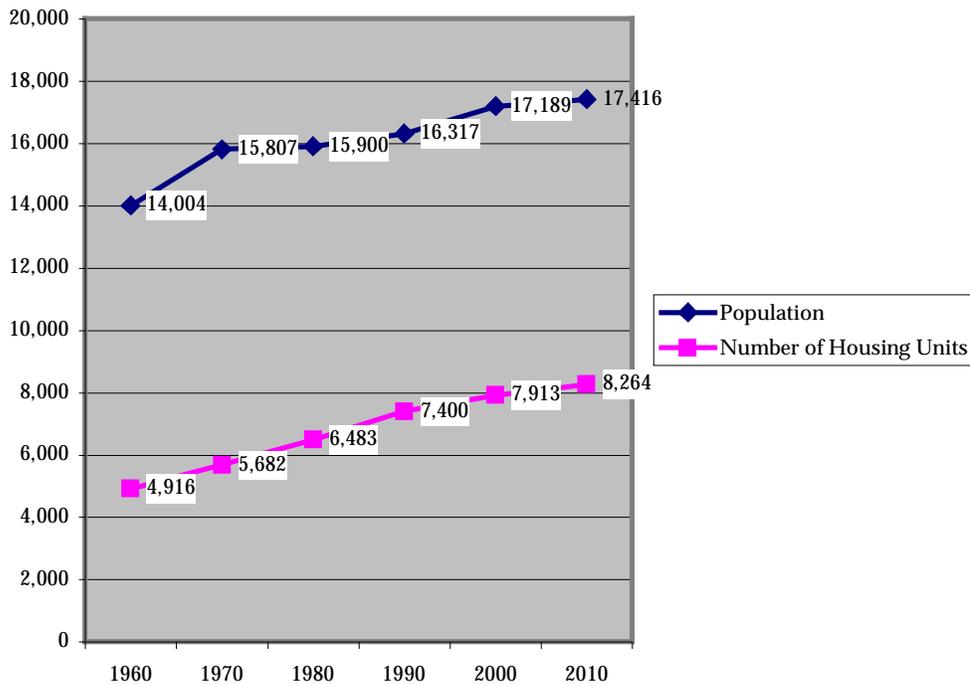
The North Shore Housing Consortium’s 3-5 Year Strategic Plan (2010-2014) indicated that approximately 16% of the households in the Consortium’s communities have at least one disabled member and that these households tend to be disproportionately low-income with 72% having incomes below 80% AMI. Moreover, 70% of the disabled households also have a housing related problem such as spending too much on their housing or living in overcrowded conditions.

3.2 Housing Profile

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

Figure 3-5

Population and Housing Growth



3.2.1 Housing growth – Slower growth and continued increase in owner-occupancy

Table 3-12 indicates that about half of Newburyport’s housing stock, 51.8% or 4,164 units, predates World War II. Housing development varied considerably after that from a low of 297 units in the 1940’s to 917 units in the 1980’s. From 2000 to 2010 only another 351 units were built, representing 4.4% of the housing stock as of about March 2010. Figure 3-5 above shows that both population and housing growth have increased slowly with housing growth increasing at a somewhat steeper rate during some periods of time, such as between 1970 and 1990, when population growth was relatively flat.

Table 3-13 includes a summary of housing characteristics from 1980 through 2010. Of the 8,264 total housing units in 2010, Newburyport had 8,015 year-round units¹¹ of which 7,622 or 92.2% were occupied. Of the occupied units, 5,450 or 71.5% were owner-occupied and the remaining 2,172 units or 28.5% were renter-occupied. These figures represent a significantly higher level

¹¹ The year-round figure is the one used under Chapter 40B for determining the 10% affordability goal and annual housing production goals.

of owner-occupancy than that of Essex County as a whole, where 63.8% of the units were owner-occupied, and the state as well with a 62.3% owner-occupancy level.

Table 3-12
Housing Units in 2010 by Year Structure Was Built

Time Period	#	%
3/2000 to approx. 3/2010	351	4.4
1990 to 2000	513	6.4
1980 to 1989	917	11.4
1970 to 1979	577	7.2
1960 to 1969	766	9.5
1950 to 1959	455	5.7
1940 to 1949	297	3.7
1939 or earlier	4,164	51.8
Total	8,040	100.0

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010. Figures before 1980 are from the 1980 census and underestimate total housing units by 224 units as they reflect occupied units.

Overall housing growth has continued to slow down in Newburyport. While 1,781 new housing units were created between 1980 and 2010, representing an overall growth rate of 27.5%, the rate of growth has slowed down from 14.1% between 1980 and 1990, to 6.9% from 1990 to 2000, and then down to 4.4% between 2000 and 2010.

Table 3-13
Housing Characteristics, 1980 to 2010

	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Total # Housing Units	6,483	100.0	7,400	100.0	7,913	100.0	8,264	100.0
Occupied Units *	5,892	90.9	6,754	91.3	7,519	95.2	7,622	92.2
Occupied Owner Units **	3,428	58.2	4,199	62.2	5,010	66.6	5,450	71.5
Occupied Rental Units **	2,464	41.8	2,555	37.8	2,509	33.3	2,172	28.5
Total Vacant Units/ Seasonal, Rec. or Occasional Use*	367/51	5.7/0.8	646/220	8.7/3.0	378/180	4.8/2.3	642/249	7.8/3.0
Average House- Hold Size/Owner Occupied Unit	2.97 persons		2.65 persons		2.49 persons		2.45 persons	
Average House- Hold Size/Renter Occupied Unit	2.14 persons		1.90 persons		1.73 persons		1.70 persons	

Source: U.S. Census Bureau, Census 1980, 1990, 2000 and 2010 Summary File 1

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

Since 2010 and through August 2011, an additional 23 residential units received building permits. All of the 23 new units involved the building of single-family homes with the exception of one, two-family dwelling. However, nine (9) or more than one-third of these units involved the demolition of previous units for a net increase of only 12 units (one new unit involved the demolition of a three-unit structure). Consequently, the total number of units as of August 2011 was 8,276 units.

It should be noted that the housing growth of 27.5% between 1980 and 2010 was considerably higher than the overall population growth of 9.5% during that same period. This is likely due to the increasing number of smaller households that have been forming over the past couple of decades.

Newburyport has actually seen a net loss of rental units. After an increase of 91 rental units between 1980 and 1990, Newburyport lost 46 rental units from 1990 to 2000, and then another 337 rental units from 2000 to 2010. This loss of rental units is most likely related to limited new construction and the conversion of rentals to homeownership through condominium conversions. Since 2000, the only new rental apartments that have been built in the City have occurred with public subsidies or the in-law apartment ordinance. However, the Newburyport Affordable Housing Trust has met with a developer who will be building four (4) new rental units under Section VI-C of the Zoning Ordinance (two one-bedroom units and two two-bedroom units). While not creating affordable units, the developer will contribute funds to the Affordable Housing Trust to subsidize affordable housing activities elsewhere in the community. (See Section 4 for more information about Section VI-C.)

There have been decreases in the average number of persons per unit. Average household size continues to drop, although at a slower rate than it did between 1980 and 2000, and consequently, new housing units do not necessarily translate into substantially more people. The average number of persons per unit declined between 1980 and 2010, from 2.97 persons to 2.45 persons for owner-occupied units and from 2.14 to 1.70 persons for rental units. This decrease reflects local, regional and national trends towards smaller household sizes and relates to the change in the average household size in Newburyport from 2.72 persons in 1980 to 2.23 by 2010.

3.2.2 Types of Structures and Units – Significant but declining housing diversity

Estimates from the Census Bureau's 2006-2010 American Community Survey indicated that there is significant diversity of housing types in Newburyport's existing housing stock as summarized in Table 3-14 and Figure 3-6 compared to many other communities of Newburyport's relative size and affluence. This diversity is slowly eroding however.

Single-family homes, detached and attached, comprised 64.5% of all units based on 2010 estimates, increasing by 971 units from 1990 to 2010 and representing virtually all of the new housing growth as the net gain of new units was only 817 units. A contributing factor is likely the conversion of smaller, multi-family properties to single-family use. In fact, the number of two to four-unit structures declined by 219 units between 1990 and 2010, going from 22.8% of all units to 17.8% despite an overall housing growth rate of about 11%.

This decline in small, multi-family homes represents the loss of a valuable segment of the city's existing housing stock. Many of these units were probably more affordable, as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain rents below market to keep them. It also suggests the loss of some particularly affordable homeownership stock as well since owners with rental units benefit from rental income that helps them finance the property. Lenders typically count about 75% of the rental income towards mortgage underwriting calculations thus allowing a lower income homeowner

to purchase a home. Thus, small multi-family homes have offered important starter housing in many communities, cities in particular. Strategies to replace some of this housing should be considered in future planning.

There were fluctuations in the supply of the larger housing stock of five (5) units or more with a net gain of 115 units between 1990 and 2010. There was in fact a 197-unit increase in such units between 1990 and 2000, to 1,472 units, and then a subsequent loss of 82 units to 1,390 units by 2010.

The number of units in the “other “ category, which includes mobile homes, RV’s, houseboats, etc., also fluctuated somewhat, from 109 units in 1990, to as little as 10 by 2000, and then up to 59 according to 2010 estimates. In this case there was a net loss of 50 such units.

Table 3-14
Units by Type of Structure, 1990 to 2010

Type of Structure	1990		2000		2010	
	#	%	#	%	#	%
1- unit detached	3,640	49.2	4,099	51.8	4,165	50.7
1- unit attached	690	9.3	772	9.8	1,136	13.8
2 units	1,686	22.8	718	9.1	768	9.3
3 to 4 units			842	10.6	699	8.5
5 to 9 units	630	8.5	678	8.6	634	7.7
10+ units	645	8.7	794	10.1	756	9.2
Other	109	1.5	10	0.1	59	0.7
Total	7,400	100.0	7,913	100.0	8,217	100.0

Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3; 2009 data from the 2006-2010 American Community Survey

Figure 3-6

Distribution of Units Per Structure, 2010

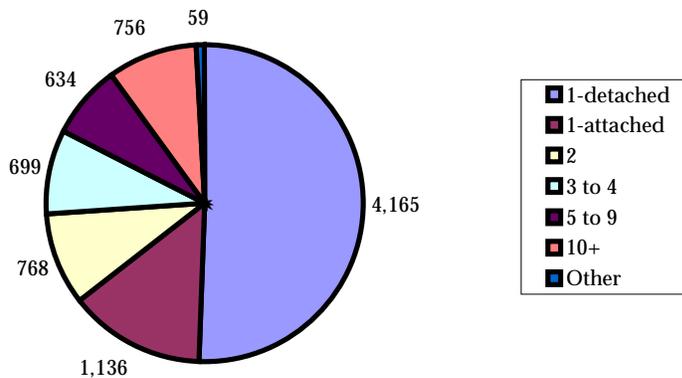


Table 3-15 provides an estimated breakdown of the estimated 2010 distribution of units per structure according to whether the units were occupied by renters or homeowners. While more than two-thirds of owners resided in single-family detached homes, almost the same portion of renters lived in multi-family units of three (3) or more units. It is interesting to note that 19.6% of the single-family homes were renter-occupied as opposed to 14.2% statewide.

Table 3-15
Type of Structure by Tenure, 2010

Type of Structure	Homeowner Units/ Number of Residents		Renter Units/ Number of Residents	
	#	%	#	%
1- unit detached	3,745	69.2	241	11.2
1- unit attached	849	15.7	180	8.4
2 units	194	3.6	367	17.1
3 to 4 units	270	5.0	387	18.0
5 to 9 units	205	3.8	372	17.3
10+ units	130	2.4	598	27.9
Other/mobile home	0	0.0	0	0.0
Total	5,409	100.0	2,145	100.0

Source: U.S. Census Bureau, 2006-2010 American Community Survey

Table 3-16 provides information on the distribution of unit sizes, more specifically the number of rooms per unit. This data indicates that the median unit was moderately sized with almost six (6) rooms, or about three (3) bedrooms, and comparable to the county median of 5.6 rooms. In addition, those units most appropriate for single persons, with three (3) rooms or less, comprised only 17.6% of the housing stock. On the other end of the spectrum, there was a substantial supply of larger homes of seven (7) or more rooms, involving 37.0% of the housing stock.

Table 3-16
Number of Rooms Per Unit, 2010

Number of Rooms Per Unit	Newburyport		Essex County	
	#	%	#	%
1 Room	93	1.1	6,871	2.2
2 Rooms	293	3.6	6,973	2.3
3 Rooms	1,057	12.9	31,021	10.1
4 Rooms	1,115	13.6	49,839	16.3
5 Rooms	1,154	14.0	53,710	17.5
6 Rooms	1,465	17.8	52,826	17.3
7 Rooms	1,111	13.5	37,485	12.2
8 Rooms	1,015	12.4	30,868	10.1
9 or More Rooms	914	11.1	36,471	11.9
Total	8,217	100.0	299,556	100.0
Median (Rooms)	5.8 rooms		5.6 rooms	

Source: U.S. Census Bureau, 2006-2010 American Community Survey

3.2.3 Vacancy rates – Tight market conditions

The vacancy rate was only 1.1% for ownership and a bit higher for rentals at 6.4%. As any rate below 5% reflects extremely tight housing market conditions, this information confirms a strong market. These rates were comparable to the state's but significantly lower than national rates as shown in Table 3-17.

Table 3-17
Vacancy Rates by Tenure, 2000 and 2010

	2000	2010	MA 2010	Nation 2010
Rental	3.9	6.4	6.5%	9.2%
Homeowner	0.6	1.1	1.5%	2.4%

Source: US Census Bureau, 2000 and 2010

3.2.4 Housing Market Conditions – Housing costs remain high

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

- The 1980, 1990, and 2000 Decennial U.S. Census figures
- The U.S. Census Bureau's 2006-2010 American Community Survey
- The Warren Group's median income statistics and sales volume by year, from 1990 through 2011
- Multiple Listing Service data
- City Assessor's data
- Craigslist (rental housing)

Homeownership

Census data also provides information on housing values for homeownership and rental units, as summarized in Table 3-18. The 2006-2010 American Community Survey estimates indicated that the 2010 median house value was \$445,400, up about 76% from the median in 2000 of \$253,600, and up about 161% since 1990 when the median was only \$170,600.

Table 3-18
Housing Values, 1990 to 2010

Price Range	1990		2000		2010	
	#	%	#	%	#	%
Less than \$50,000	23	0.7	0	0.0	0	0.0
\$50,000 to \$99,999	120	3.6	72	1.8	38	0.7
\$100,000 to \$149,999	875	26.2	294	7.2	44	0.8
\$150,000 to \$199,999	1,388	41.6	761	18.7	67	1.2
\$200,000 to \$299,999	746	22.3	1,758	43.2	506	9.4
\$300,000 to \$499,999	186	5.6	996	24.5	2,661	49.2
\$500,000 to \$999,999			178	4.4	1,881	34.8
\$1 million or more			9	0.2	212	3.9
Total	3,338	100.0	4,068	100.0	5,409	100.0
Median (dollars)	\$170,600		\$253,600		\$445,400	

Source: U.S. Census Bureau, 1990 and 2000, Summary File 1 and U.S. Census Bureau, 2006-2010 American Community Survey

As Table 3-18 indicates, there were 38 units valued at less than \$100,000 in 2010, comprising less than 1% of the housing stock and another 111 units, or 2.1% of the housing stock, valued between \$100,000 and \$200,000. This demonstrates that very little of the city's housing units were relatively affordable. On the other end of the price range, 2,093 units, or 38.7% of the housing stock, were priced at \$500,000 or more, clearly in the high-end of the market.

Table 3-19 provides *Warren Group data* on median sales prices and number of sales from 1990 through the end of 2011, offering a long-range perspective on sales activity. This data is tracked from Multiple Listing Service information based on actual sales. The median sales price of a single-family home as of the end of 2010 was \$415,250, decreasing somewhat with the continuing economic recession to a median of \$410,000 by June 2011, then bouncing up to \$423,000 by the end of 2011. The lowest point of the market occurred in 1991 when the median single-family home was priced at \$140,000, down from \$162,750 the year before and reflective of the economic recession in the early 1990s. After that single-family home values climbed steadily, reaching \$465,000 in 2007, the height of the housing market for Newburyport and many communities in the state.

Table 3-19
Median Sales Prices and Number of Sales, 1990 – 2011

Year	Months	Single-family		Condominiums		All Sales	
		Median	# Sales	Median	# Sales	Median	# Sales
2011	Jan – Dec	\$423,000	147	\$265,950	102	\$385,000	312
2010	Jan – Dec	415,250	156	320,000	125	375,000	325
2009	Jan – Dec	397,950	136	287,600	107	359,500	276
2008	Jan – Dec	452,000	156	310,000	129	370,000	327
2007	Jan – Dec	465,000	171	310,000	172	380,000	379
2006	Jan – Dec	447,500	190	306,250	206	393,500	448
2005	Jan – Dec	456,175	200	288,250	312	370,000	560
2004	Jan – Dec	438,500	170	325,000	193	390,290	402
2003	Jan – Dec	388,000	191	280,000	188	339,000	445
2002	Jan – Dec	368,000	221	265,000	208	330,000	519
2001	Jan – Dec	370,209	212	242,900	173	309,000	455
2000	Jan – Dec	300,000	200	212,500	243	248,000	514
1999	Jan – Dec	246,000	213	179,900	175	218,250	424
1998	Jan – Dec	215,000	255	164,000	197	192,500	536
1997	Jan – Dec	187,500	209	144,900	159	169,900	439
1996	Jan – Dec	174,000	225	134,900	188	156,900	495
1995	Jan – Dec	170,000	199	130,000	128	157,000	380
1994	Jan – Dec	160,500	182	110,000	119	143,500	382
1993	Jan – Dec	150,000	216	113,250	82	144,000	357
1992	Jan – Dec	148,900	213	98,000	123	130,000	383
1991	Jan – Dec	140,000	129	105,000	73	134,500	231
1990	Jan – Dec	162,750	122	129,950	58	152,000	214

Source: The Warren Group/Banker & Tradesman, March 27, 2012

The number of single-family home sales also increased significantly from 122 and 129 in 1990 and 1991, respectively, to a high of 255 in 1998. The sales volume then fluctuated considerably

after that. The volume of sales has declined in recent years to only 136 sales in 2009, 156 in 2010, and 147 in 2011.

The condo market has experienced more volatility, both in terms of values and number of sales. Median prices dropped from 1990 to 1992, from \$129,950 to \$98,000. The market revived somewhat in the later 1990s, reaching a median of \$212,500 by 2000 and \$306,250 by 2006. The condo market passed pre-recession levels in 2010 with a median of \$320,000, followed by another dip in value to \$249,960 as of June 2011, and then up somewhat again to \$265,950 by the end of 2011.

The condo market has typically been very soft throughout the Commonwealth over the past several years, as financing has become more difficult to obtain and prices in some communities have fallen to all-time lows. This has not been as evident in Newburyport given the relatively high median price of \$320,000 in 2010, higher than pre-recession levels. Nevertheless, some response to the financial crisis can be seen in the sales volume of condos, which has decreased significantly from the 312-unit sales volume in 2005, down to 107 and 125 for 2009 and 2010, respectively, then down further to 102 sales in 2011.

Housing prices are high in Newburyport relative to neighboring communities as well as Essex County and the state as noted in Figure 3-7. Median values for single-family homes are highest for West Newbury with a median price of \$423,500 as of the end of 2011, down from \$469,500 in mid-2011. Newburyport's median was higher than its other neighbors and much higher than the county at \$311,750 and state at \$286,000, down from \$317,250 and 295,000 in mid-2011, respectively.

Figure 3-7

Median Single-family Home Prices

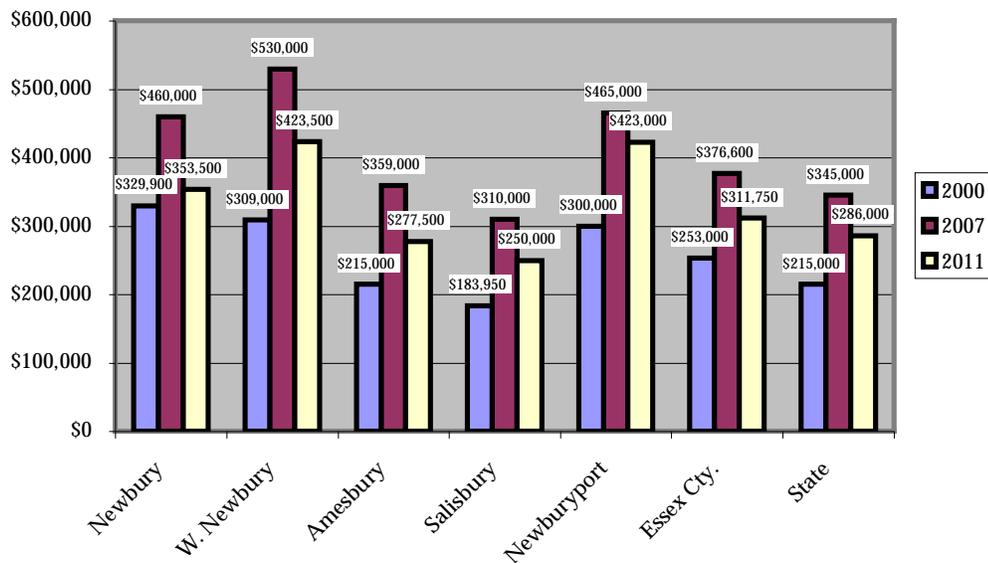


Figure 3-7 clearly demonstrates the trajectory of the housing market since 2000, with increasing home values through the height of the Newburyport's market in 2007, and a downward trend

since then due to the financial crisis. There is some evidence of a slight recovery in the single-family market with median values inching up since 2010.

Another analysis of housing market data is presented in Table 3-20, which breaks down sales data from the *Multiple Listing Service* as compiled by Banker & Tradesman of The Warren Group for single-family homes and condominiums.

Table 3-20
Single-family House and Condo Sales, January Through July 2011

Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than 100,000	1	1.2	2	3.8	3	2.2
\$100,000-149,999	0	0.0	4	7.7	4	3.0
\$150,000- 199,999	2	2.4	9	17.3	11	8.1
\$200,000-249,999	4	4.8	6	11.5	10	7.4
\$250,000-299,999	11	13.3	8	15.4	19	14.1
\$300,000-349,999	5	6.0	7	13.5	12	8.9
\$350,000-399,999	8	9.6	7	13.5	15	11.1
\$400,000-499,999	21	25.3	4	7.7	25	18.5
\$500,000-599,999	12	14.5	2	3.8	14	10.4
\$600,000-699,999	9	10.8	1	1.9	10	7.4
\$700,000-799,999	5	6.0	0	0.0	5	3.7
\$800,000-899,999	1	1.2	0	0.0	1	0.7
\$900,000-999,999	1	1.2	0	0.0	1	0.7
Over \$1 million	3	3.6	2	3.8	5	3.7
Total	83	100.0	52	100.0	135	100.0

Source: Banker & Tradesman, August 22, 2011

Table 3-20 provides a snapshot of the range of sales for the first part of 2011, through July. There were a total of 135 sales, 83 single-family homes and 52 condos. Units that sold below \$200,000, and were therefore relatively affordable to those earning at or below 80% of area income, included three (3) single-family homes and 18 condominiums for a total of 21 units. There were two (2) condos at Woodman Way that sold for \$67,500 and \$63,500, part of an older multi-family complex. A single-family was also listed as selling for \$45,965 with three (3) bedrooms, two (2) baths and approximately 1,200 square feet of living space, which is curious given such high housing values in Newburyport.

More than one-fifth of the sales fell into the \$200,000 to \$300,000 range, still relatively affordable, and almost half of the properties sold between \$300,000 and \$600,000. Another 12 or 8.9% of the sales involved high-end properties costing more than \$700,000. The distribution of these sale prices suggests a fair amount of diversity of units available in the housing market, from a handful of affordable units to properties in the luxury market selling for more than \$1 million.

City Assessor data on the assessed values of residential properties in Newburyport is presented in Tables 3-21 and 3-22, which provides some insights not only into the diversity of the existing housing stock but also the range of values for each dwelling type. Table 3-21 provides information on the assessed values of single-family homes

and condominiums. This data shows that Newburyport had 4,231 single-family properties, and not surprisingly there were only a handful of units that were valued below \$200,000, with another 344 assessed between \$200,000 and \$300,000, still relatively affordable. Most than two-thirds of the units were assessed from \$300,000 to \$500,000. Assessor's records also showed that 22.5% of the single-family dwellings were valued above \$500,000, 4.5% above \$700,000 in the high-end luxury market.

Table 3-21
Assessed Values of Single-family and Condominiums

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
0-\$99,999	1	0.02	46	2.9	47	0.8
\$100,000-199,000	4	0.1	404	25.1	408	7.0
\$200,000-249,999	28	0.7	262	16.3	290	5.0
\$250,000-299,999	316	7.5	241	15.0	557	9.5
\$300,000-399,999	1,951	46.1	458	28.5	2,409	41.3
\$400,000-499,999	981	23.2	129	8.0	1,110	19.0
\$500,000-599,999	530	12.5	48	3.0	578	9.9
\$600,000-699,999	229	5.4	10	0.6	239	4.1
\$700,000-799,999	94	2.2	3	0.2	97	1.7
\$800,000-899,999	40	0.9	2	0.1	42	0.7
\$900,000-999,999	13	0.3	3	0.2	16	0.3
Over \$1 million	44	1.0	3	0.2	47	0.8
Total	4,231	100.0	1,609	100.0	5,840	100.0

Source: Newburyport Assessor, fiscal year 2011.

There were 1,609 condos, or almost one-fifth of all housing units, counted in Assessor's records. Thus condos are a significant segment of Newburyport's housing market. Most of the condos were assessed more affordably than single-family homes with almost 60% assessed below \$300,000 and another 28.5% assessed between \$300,000 and \$400,000. There were few, only 12.3%, valued above this level.

As indicated in Table 3-19, condos are priced more affordably but also susceptible to wide fluctuations in the housing market. Condo markets are historically slower to appreciate and faster to decline in value, and a few years ago the value of condos rose disproportionately when the price of single-family homes reached an unprecedented high.

The conversion of rental properties to condominiums has been a concern for many interested in promoting more housing diversity and affordable housing. This has contributed to a loss of rental units in the recent past, including the loss of rental units in both the conversion of large and small multi-family properties to single-family use or condos. Much of the smaller multi-family conversions have occurred near or in the downtown area where a substantial portion of this housing stock is located.

Given current market conditions, condo conversions have likely slowed down or stopped altogether. It has become, in fact, extremely challenging to secure financing for condos, as lenders are applying much more rigorous lending criteria.

Assessor's data, as summarized in Table 3-22, indicated that there were 446 two-family homes (892 units), 78 three-families (234 units), 192 structures of four to eight units and 12 with eight units or more. There were also 27 properties that involved more than one house on the same lot, with a wide fluctuation in values. The data also showed that the majority of the two- and three-family properties were assessed between \$300,000 and \$500,000 with another 15% to 17% assessed from \$500,000 to \$600,000, respectively. More than 60% of the four (4) to eight (8) unit properties were valued between \$300,000 and \$500,000. There are only a dozen properties with more than eight (8) units, half assessed above \$900,000.

Table 3-22
Assessed Values of Multi-family Properties

Assessment	2/3-unit properties		4 to 8-units/8+ unit properties		Multiple houses on 1 lot/mixed-use		Total	
	#	%	#	%	#	%	#	%
0-\$199,999	0/0	0.0/0.0	0/0	0.0/0.0	0	0.0	0	0.0
\$200,000-299,999	12/1	8.2/1.3	0/0	0.0/0.0	0	0.0	13	1.7
\$300,000-399,999	132/9	29.6/11.5	94/0	49.0/0.0	4	14.8	239	31.7
\$400,000-499,999	185/35	41.5/44.9	24/0	12.5/0.0	5	18.5	249	33.0
\$500,000-599,999	65/13	14.6/16.7	29/2	15.1/16.7	4	14.8	113	15.0
\$600,000-699,999	27/8	6.1/10.3	27/4	14.1/33.3	4	14.8	70	9.3
\$700,000-799,999	11/6	2.5/7.7	11/0	5.7/0.0	1	3.7	29	3.8
\$800,000-899,999	1/3	0.2/3.8	5/0	2.6/0.0	3	11.1	12	1.6
\$900,000-999,999	5/1	1.1/1.3	2/2	1.0/16.7	2	7.4	12	1.6
Over \$1 million	8/2	1.8/2.6	0/4	0.0/33.3	4	14.8	18	2.4
Total	446/78	100/100	192/12	100/100	27	100.0	755	100.0

Source: Newburyport Assessor, fiscal year 2011.

Rentals

Table 3-23 presents information on rental costs from 1980 to 2010, based on the *U.S. Census Bureau*.

Table 3-23
Rental Costs, 1980 to 2010

Gross Rent	1980		1990		2000		2010	
	#	%	#	%	#	%	#	%
Under \$200	482	19.6	296	11.6	192	7.7	0	0.0
\$200-299	863	35.2	93	3.7	153	6.1	169	7.9
\$300-499	935	38.1	361	14.2	235	9.4	115	5.4
\$500-749	97	40.0	1,135	44.6	571	22.8	88	4.1
\$750-999			397	15.6	854	34.1	486	22.7
\$1,000-1,499			222	8.7	344	13.7	840	39.2
\$1,500 +			67	2.3	352	16.4		
No Cash Rent	78	3.2	41	1.6	90	3.6	95	4.4
Total*	2,455	100.0	2,545	100.0	2,506	100.0	2,145	100.0
Median Rent	\$285		\$615		\$764		\$1,080	

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3 and 2006-2010 American Community Survey

The rental market has changed substantially as the median rent more than doubled between 1980 and 1990, going from \$285 per month to \$615. From 1990 to 2000, the median rent increased by 24% and then increased by another estimated 41% between 2000 and 2010. Based on 2010 census estimates, about three-quarters of the city's rental units were renting for more than \$750, 16.4% above \$1,500. It is also important to note that the census counts include subsidized units, which represents 26.8% of all rental units in Newburyport.

Updated information from *Craigslist* on recent rental offerings in late August/early September 2011 for Newburyport is summarized below.

One-bedroom Units

- \$850 for a 400-foot unit
- \$850 one-bedroom or 2-room studio on the first floor of a property on Washington Street while the one-bedroom or 3-room unit on the second floor was listed for \$1,100.
- \$945 for a unit in a Newburyport Victorian with 850 square feet
- \$950 for a unit in a Federalist property
- \$985 for a unit that included heat and hot water in a downtown location
- \$1,100 for a 2-level unit
- \$1,000 and \$1,100 listings for units in the downtown
- \$1,325 for a furnished waterfront unit
- \$1,350 for a "cozy cottage" on Plum Island
- \$1,400 for a furnished carriage house
- \$1,500 for a downtown condo with 912 square feet of living space
- \$1,550 for a downtown penthouse condo on Pleasant Street
- \$1,975 for a furnished waterfront unit

Two-bedroom Units

- \$1,050 for a unit in the South End
- \$1,100 for a downtown location
- \$1,250 for a 900-foot, furnished winter rental on Plum Island
- \$1,300 for a 1,500 square foot unit on High Street
- \$1,350 for a waterfront winter rental on Plum Island
- \$1,500 for an 800 square foot year-round unit on Plum Island
- \$1,600 for an A-frame beach rental on Plum Island, only for the winter season
- \$1,700 for a newly-renovated duplex unit with 1,440 square feet of space in the downtown
- \$1,775 for a furnished condo on Plum Island

Three-bedroom Units

- \$850 for a house with 2½ baths
- \$1,500 for a winter rental on Plum Island
- \$1,875 to \$2,000 for units within walking distance to the downtown

- \$1,990 for a unit in an historic 1600's Colonial
- \$2,000 for a unit on Allen Street in the South End
- \$2,500 for a 2,400 square foot newly-built townhouse in the South End
- \$3,250 for a South End home with River views

Four-bedroom Unit

- \$2,000 for furnished unit available from November through April only
- \$2,500 home in the downtown with 2,800 square feet of living space

Very few three- and four-bedroom apartments come on the market that are suitable for larger families. Out of 74 Craigslist listings for the Newburyport area, only four (4) had more than three (3) bedrooms.

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

3.2.5 Affordability of Existing Housing

While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on affordability. Tables 3-24 and 3-25 look at affordability from two different vantage points. Table 3-24 calculates what households earning at various income levels can afford with respect to types of housing, and Table 3-25 examines some of the housing costs summarized above in Section 3.2.4, estimating what households must earn to afford these prices *based on spending no more than 30% of their income on housing expenses*, the commonly applied threshold of affordability.

In addition to showing how different types of housing are more or less affordable to households earning at median income and at 80% of area median income, Table 3-24 also indicates that the amount of down payment has a substantial bearing on what households can afford. Only several years ago it had been fairly easy for purchasers to limit their down payments to 5% or even less as long as they paid private mortgage insurance or qualified for a subsidized mortgage program such as the state's Soft Second Loan Program or MassHousing mortgage programs. Given the recent financial crisis, lenders are typically applying more rigid lending criteria, including the need for down payments as high as 20% of the purchase price. Such high cash requirements make homeownership, particularly first-time homeownership, much more challenging. As Table 3-24 demonstrates, a household earning the same level of income can acquire a much higher priced home with more cash down as they are borrowing less.

Table 3-24 also shows that because condo fees are calculated as housing expenses in mortgage underwriting criteria, they are more expensive. Therefore, a household earning at 80% of area median income, for example, can afford a single-family home of \$293,000 with a 5% down payment, but a condo for only \$205,000, assuming a condo fee of \$250 per month. The same household is estimated to be able to buy a two-family house for \$315,000 if it can charge \$900 per month in rent as this income is also considered in mortgage underwriting, usually at about 75% of the rent level or \$675. A three-family house is even more affordable with two paying tenants, and it is therefore not surprising that the two-family or triple-decker has been such a

success as starter housing for those looking to enter into homeownership in many of the state's older communities when zoning allowed this type of housing.

Table 3-24¹²
Affordability Analysis I
Maximum Affordable Prices Based on Income Levels

Type of Property	Income Level	30% of Monthly Income	Estimated Max. Affordable Price 5% Down ***	Estimated Max. Affordable Price 20% Down ***
Single-family	Median Income = \$76,148*	\$1,903.70	\$293,000	\$350,000
	80% AMI = \$51,400**	\$1,285.00	\$205,000	\$235,000
Condominium	Median Income = \$76,148*	\$1,903.70	\$255,000	\$290,000
	80% AMI = \$51,400**	\$1,285.00	\$164,000	\$189,000
Two-family	Median Income = \$76,148*	\$1,903.70	\$399,000	\$475,000
	80% AMI = \$51,400**	\$1,285.00	\$315,000	\$362,000
		30% of Monthly Income	Estimated Utility Cost	Affordable Monthly Rental
Rental	Median Income = \$76,148*	\$1,903.70	\$135	\$1,768.70
	80% AMI = \$51,400**	\$1,285.00	\$135	\$1,150.00
	50% AMI = \$38,550**	\$963.75	\$135	\$828.75
	30% AMI = \$23,150**	\$578.75	\$135	\$443.75

Source: Calculations provided by Karen Sunnarborg.

* Based on the U.S. Census Bureau's American Community Survey estimate for 2009.

** HUD 2011 Income Limits for the Boston area for a household of two (2), which is the average household size in Newburyport.

*** Figures based on interest rate of 5.0%, 30-year term, annual property tax rate of \$12.07 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, estimated monthly condo fees of \$250, and rental income of 75% of \$900 or \$675. Figures do not include underwriting for PMI in calculations with a 20% down payment and assume that purchasers earning at or below 80% of AMI would qualify for the Soft Second Loan Program or other subsidized mortgage program that would not require PMI.

Table 3-24 also looks at what renters can afford at three (3) different income levels. For example, a two-person household earning at 50% of area median income and earning \$38,550 annually could afford an estimated monthly rental of about \$828.75, assuming they are paying no more than 30% of their income on housing and pay utility bills that average \$135 per month. A rental this low is increasingly difficult to find in Newburyport, where the lowest rental advertised in late August/early September 2011 in Craigslist was \$850, that most likely required first and last month's rent and a security deposit. This means that any household looking to

¹² In 2012 the median values increased somewhat (median income to \$76,300 and median home prices to \$423,000 and \$265,950. The 80% area median income level also increased a bit to \$52,000 for a household of two (2). These changes should not cause significant deviations from the results of this affordability analysis.

rent in the private housing market must have a considerable amount of cash available, which has a significant impact on affordability.

Table 3-25 looks at affordability from another angle, going from specific housing costs to income instead of the other way around as was the case in Table 3-24. Taking median price levels for single-family homes, condos and two-family homes, the incomes that would be required to afford these prices are calculated, also showing the differences between 95% and 80% financing. For example, using the median single-family home price as of July 2011 of \$420,000, a household would have to earn approximately \$107,000 if they were able to access 95% financing. If they could afford the 20% down payment, an income of about \$90,500 would be required.

The median condo price was \$272,000 in July 2011, requiring an income of almost \$80,000 with 5% down and \$69,000 with the 20% down payment. Once again, because of the income generated in a two-family home, this type of property is significantly more affordable.

Table 3-25
Affordability Analysis II
Income Required to Afford Median Prices or Minimum Market Rents

Type of Property	Median Price*	Estimated Mortgage		Income Required **	
		5% Down	20% Down	5% Down	20% Down
Single-family	\$420,000/7-2011	\$399,000	\$336,000	\$107,438	\$90,570
Condominium	\$272,000/7-2011	\$258,400	\$217,600	\$79,815	\$68,914
Two-family	\$420,000/7-2011	\$399,000	\$336,000	\$80,438	\$63,570
	Estimated Market Monthly Rental ***	Estimated Monthly Utility Costs	Income Required		
Rental					
One-bedroom	\$850	\$100		\$38,000	
Two-bedroom	\$1,050	\$135		\$47,400	
Three-bedroom	\$1,500	\$165		\$66,600	

Source: Calculations provided by Karen Sunnarborg.

* From The Warren Group Town Stats data, August 26, 2011 for single-family and condos. Used the same price as the single-family for the two-family example.

** Figures based on interest of 5.0%, 30-year term, annual property tax rate of \$12.07 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125% of loan amount, estimated monthly condo fees of \$250, and rental income of 75% of \$900 or \$675.

*** Lowest prices seen in late August/early September 2011 listings for Newburyport in Craigslist.

In regard to rentals, using the lowest prices advertised in late August/early September 2011 on Craigslist, a one-bedroom unit renting for \$850 would require an income of \$38,000, assuming \$100 per month in utility bills and housing expenses of no more than 30% of the household's income. Even so, someone earning minimum wage of \$8.00 for 40 hours per week every week during the year would still only earn a gross income of only \$16,640. Households with two

persons earning the minimum wage would still fall short of the \$38,000 income needed to afford this minimum advertised rent. While there are rents that fall below this level, particularly subsidized rents, market rents tend to be beyond the reach of these lower wage earners.

Through the combination of information in Tables 3-24 and 3-25, it is possible to compute the affordability gap, typically defined as the difference between what a median income household can afford and the median priced unit on the market. The affordability gap would then be \$70,000 as of July 2011 for single-family homes, the difference between \$350,000, based on what a median income household could afford (for an average household of two and 80% financing) and the median house price of \$420,000. The upfront cash requirements for the down payment and closing costs in effect substantially add about another \$90,000 to this affordability gap in the case of 80% financing. The gap widens to \$127,000 plus some upfront cash requirements for 95% financing.

When looking at the affordability gap for those earning at 80% of area median income, the gap widens considerably to \$215,000, the difference between the median priced single-family home and what a two-person household earning at this income level can afford, or \$205,000, based on 95% financing.

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

Table 3-26 identifies how many single-family homes and condos exist in Newburyport that were affordable within various income categories. While there were hardly any single-family homes affordable to those earning at or below 80% of the area median income (AMI), more than one-fifth of the condos, or 348 units, were affordable. About one-third of both the single-family units and condominiums were affordable to those earning above this level, from 80% to 100% AMI. This represents some relative affordability in the housing stock based on a number of assumptions, including 80% financing. Once again, the ability to obtain financing, including issues related to credit history and cash requirements, can provide substantial barriers to accessing housing. It is also important to note that this analysis is based on assessed values of all properties in Newburyport, not what is available on the market (see Table 3-20 for market activity and prices from January through July 2011).

Table 3-26
Affordability Analysis III
Relative Affordability of Single-family and Condo Units in Newburyport, 2011

Price Range Single- family/Condo*	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
Less than \$205,000/ Less than \$164,000	Less than 80% AMI	5	0.1	348	21.6
\$205,001-\$350,000/ \$164,001-\$290,000	80% - 100%	1,434	33.9	563	35.0
\$350,001-\$427,000/ \$290,001-\$380,000	100% - 120%**	1,203	28.4	451	28.0
More than \$427,000 more than \$380,000	More than 120%**	1,589	37.6	247	15.4
Total		4,231	100.0	1,609	100.0

Source: Newburyport Assessor's Database for fiscal year 2011. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price. Figures based on a two-person household.

* Includes estimated condo fee of \$250 per month and figures are based on 80% financing with the exception of the less than 80% AMI category where households could possibly qualify for subsidized mortgage programs where 95%/97% financing is available.

** The 120% AMI figure based on doubling the 60% AMI HUD figure of \$46,260 for a household of two (2) or \$92,520.

Table 3-27 demonstrates a substantial need for more affordable homeownership opportunities in Newburyport for those earning at or below 80% AMI. These calculations suggest that of the 1,167 owner households who were estimated to have earned at or below 80% AMI, there were only five (5) single-family homes and 348 condos that would have been affordable to them based on fiscal year 2011 assessed values. It should also be noted that the North Shore HOME Consortium's Five-Year Strategic Plan includes four (4) high priority objectives, the fourth being to expand homeownership opportunities for low-income households, defined by HUD as earning at or below 80% AMI.

Table 3-27
Homeownership Need/Demand Analysis, 2009

Income Group	Income Range*	Affordable Sales Prices Single-family/Condos**	#Owner Households**	#Existing Units Single-family/Condos	Deficit -/ Surplus+ Single-family/Condos
Less than 80% AMI	\$51,400 and less	Up to \$205,000/\$164,000	1,167	5/348	-1,162/-819
80% - 100% AMI	\$51,401 to \$76,148	\$205,001-\$350,000/ \$164,001-\$290,000	813	1,434/563	+621/-250

Source: US Census Bureau's 2005-2009 American Community Survey, 2009 estimates. Newburyport Assessor's data for fiscal year 2011.

* For a household of two (2) as the average household size for owners was 2.45 persons per the 2010 US census based on 2011 HUD income limits for the Boston area that includes Newburyport.

** See analysis in Table 3-26.

Table 3-28 indicates that there has been a shortage of rental units for those in the very lowest income levels with a deficit of 551 units for extremely low-income households earning less than 30% of area median income and 261 units for those earning between 30% and 50% of area median income, referred to by HUD as very low-income households. Rental subsidy programs typically target these populations.

According to the North Shore HOME Consortium’s Five-Year Strategic Plan, the following three (3) objectives, all involved in creating and preserving permanent rental housing, are of the highest priority:

- Develop an adequate supply of safe, decent rental housing that is affordable and accessible to residents within a range of incomes including those with special needs
- Reduce individual and family homelessness
- Preserve, maintain and improve the existing stock of affordable housing, particularly units occupied by extremely low and very low-income households

**Table 3-28
Rental Unit Need/Demand Analysis, 2009**

Income Group	Income Range*	Affordable Rent**	# Renter Households ***	#Existing Units ****	Deficit -/ Surplus+
Less than 30% AMI	\$23,150 and less	\$444 and less	753	202	-551
Between 30% and 50% AMI	\$23,151 to \$38,550	\$445 to \$829	599	338	-261
Between 50% and 80% AMI	\$38,551 to \$51,400	\$830 to \$1,150	269	574	+305

Source: US Census Bureau’s 2005-2009 American Community Survey, 2009 estimates.

* For a household of two (2) as the average household size for renters was 1.70 persons per the 2010 US census based on 2011 HUD income limits for the Boston area that includes Newburyport.

** Includes a utility allowance of \$135 per month.

*** Extrapolated income data for renters from the US Census Bureau’s American Community Survey estimates for 2009.

**** Extrapolated data on monthly rental costs from the US Census Bureau’s American Community Survey estimates for 2009. (Will update when 2010 census results are released on income.)

In addition to an analysis of affordability based on spending no more than 30% of a household’s income on housing expenses and how this relates to the existing housing stock and financing terms, it is also useful to identify numbers of residents living beyond their means based on their housing costs. The census provides data on how much households spent on housing whether for ownership or

rental. Such information is helpful in assessing how many households are encountering housing affordability problems, defined as spending more than 30% of their income on housing.

Based on 2010 estimates from the Census Bureau's American Community Survey, there were 443 households, or 8.1% of the homeowners in Newburyport, spending between 30% and 34% of their income on housing and another 881 owners, or 16.2%, spending more than 35% of their income on housing expenses. Thus about one-quarter of all owners were overspending on housing based on these estimates.

In regard to renters, 249 renters or 11.5% were spending between 30% and 34% of their income on housing and *another 786 or 36.2% were allocating 35% or more of their income for housing, for a total of more than one thousand renters who were overspending or almost half of all renters.* This data suggests that altogether *2,359 households or approximately 31% of all Newburyport households were living in housing that is by common definition beyond their means and unaffordable.*

HUD also prepares a report that summarizes cost burdens by tenure and income level. The results, based on 2005-2009 American Community Survey data, are summarized in Table 3-29.

Table 3-29
Cost Burdens by Tenure and Income Level, 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**
Elderly Renters	310/35-135	195/55-50	25/25-0	530/115-185
Small Family Renters	50/0-50	0/0-0	165/80-0	215/80-50
Large Family Renters	0/0-0	0/0-0	0/0-0	0/0-0
Other Renters	345/10-235	85/60-25	165/45-0	595/115-260
Total Renters	705/45-420	280/115-75	355/150-0	1,340/310-495
Elderly Owners	190/30-130	275/80-60	180/50-25	645/160-215
Small Family Owners	80/15-65	110/60-40	80/30-0	270/105-105
Large Family Owners	0/0-0	0/0-0	10/0-10	10/0-10
Other Owners	15/0-15	65/0-40	110/75-25	190/75-80
Total Owners	285/45-210	450/140-140	380/155-60	1,115/340-410
Total	990/90-630	730/255-215	735/305-60	2,455/650-905

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

- Of the 2,455 total households earning at or below 80% of median family income (MFI), 650 were spending more than 30% of their income on housing and 905 were spending more than half of their income on housing. An additional 850 households, earning more than 80% MFI, were spending too much on their housing as well.
- Of the 1,340 renter households earning at or below 80% MFI, 805 were spending too much on their housing including 495 who were spending more than half of their income on housing expenses.
- Of the 1,115 owner households earning within 80% MFI, 750 were spending too much and 410 were spending more than half of their earnings on the costs of housing.
- Of the 990 households earning at or below 30% MFI, 630 or almost two-thirds were spending more than half of their income on housing.
- Of the 1,175 elderly households, 300 renters and 375 owners were spending too much on housing, 400 or 34% spending more than half of their income on housing.

Moreover, given the recent financial crisis with accompanying problems associated with high cost mortgages from predatory lenders and unemployment, some homeowners in Newburyport have lost their homes or are confronting possible foreclosure. Recent information on the *level of foreclosures* indicates that from January through July 2011, there were eight (8) foreclosure petitions filed and foreclosure auctions held on another 18.¹³ Relative to other towns and cities in the state as of March 2010, Newburyport had more foreclosed properties than 268 towns and cities, the same amount as 14, and fewer foreclosed properties than 85 towns.¹⁴ At that time, 21 foreclosures had occurred between October 2009 and March 2010.

3.2.6 Subsidized Housing Inventory (SHI)

Current Inventory

The state currently lists 629 affordable housing units in Newburyport's state-approved Subsidized Housing Inventory, representing 7.85% of the total year-round housing stock of 8,015 units. Therefore, the city has not yet passed the Chapter 40B 10% affordability threshold. This means that the City is not exempt from comprehensive permit projects that enable developers to override local zoning in exchange for meeting state guidelines in building affordable housing.¹⁵

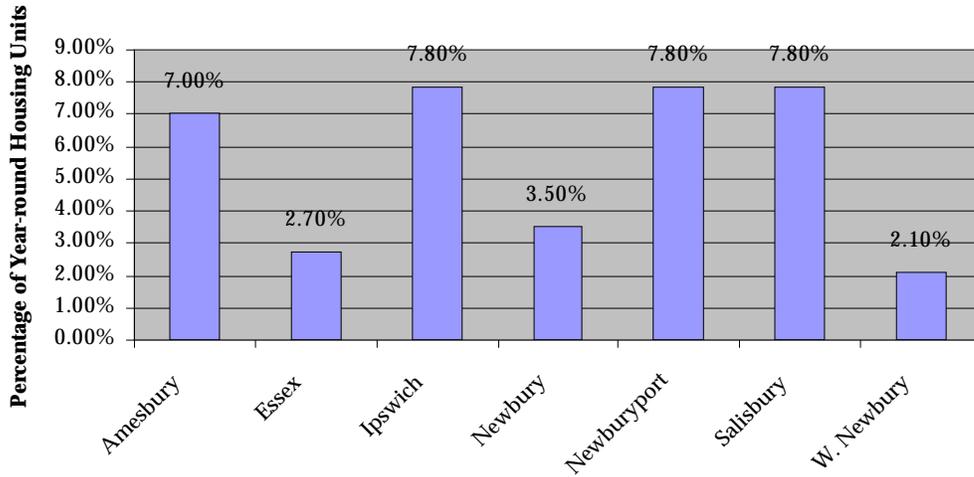
¹³ The Warren Group, Banker & Tradesman, September 1, 2011.

¹⁴ Data available from ForeclosuresMass database.

¹⁵ 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.

Figure 3-8

SHI Units for Newburyport and Neighboring Communities



Many communities in the state have been confronting challenges in boosting their relatively limited supply of affordable housing. The affordable housing levels for Newburyport and neighboring communities are visually presented in Figure 3-8. Affordable housing production varies substantially among these communities with none past the 10% state affordability threshold, but with Ipswich, Newburyport and Salisbury all at the 7.8% level and Amesbury not far behind at 7.0%.

Table 3-30 summarizes the units included in the Subsidized Housing Inventory (SHI), the list of affordable dwelling units that the state recognizes as eligible for counting towards Newburyport’s 10% state affordability goal or annual housing production goals. The vast majority of Newburyport’s 629 SHI units are rentals (460 units or 73%), which includes 39 special needs units in group homes. Newburyport has 31 units managed by the state’s Department of Developmental Services (DDS) and another eight (8) Department of Mental Health (DMH) units.

Expiring affordability restrictions will eliminate some units from the SHI. For example, the 124 units that were rehabilitated through the City’s Homeownership Rehab Program had shorter-term affordability restrictions that will be expiring, some in the very near future. Within the next five (5) years, the term of this Housing Plan, an estimated 36 of these units will be dropped from the SHI.

There are two (2) developments, Heritage House and James Steam Mill, financed by MassHousing, where Section 8 certificates are listed as due to expire in 2011 and 2013, respectively. These two projects involve a total of 200 units, 31.8% of all current SHI units.

Heritage House is owned by Low Street LLC and managed by Winn Management Company. MassHousing provided the property with a \$7.4 million loan from its Section

8 Proactive Preservation Loan Program,¹⁶ subordinating the existing mortgage, and enabling the developer to make necessary capital improvements. Another component of the financing was the requirement to extend the Section 8 coverage for the units when it became due in February 2011 for another 20 years, most likely already renewed, thus insuring continued affordability and inclusion in the SHI. The waitlist has 63 applicants for the one-bedroom units, 20 who are from Newburyport, and another 16 applicants for the two-bedrooms, two (2) from Newburyport. The average wait is 1½ to two (2) years. The property also has six (6) handicap accessible units with a five-year wait list including four (4) applicants, one (1) who is from Newburyport.

Table 3-30
Newburyport's Subsidized Housing Inventory (SHI)

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Horton Terrace *	50	Rental/HUD	No	Perpetuity
Sullivan Building *	100	Rental/DHCD	No	Perpetuity
Kelleher Park *	42	Rental/DHCD	No	Perpetuity
Simmons Drive	8	Rental/DHCD	No	Perpetuity
Milk Street	8	Rental/DHCD	No	Perpetuity
93 Storey Avenue	8	Rental/DHCD	No	Perpetuity
Heritage House	101	Rental/MassHousing	No	2011**
James Steam Mill	99	Rental/MassHousing	No	2013**
HOR Program	124	Ownership/Rehab/DHCD	No	2010 – 2026
1997 YWCA Family Residence	5	Rental/DHCD and FHLBB	No	2018
Maritime Landing Condos	29	Ownership/FHLBB	Yes	Perpetuity
DDS Group Homes	31	Special Needs Rental/DDS	No	NA
DMH Group Homes	8	Special Needs Rental/DMH	No	NA
Moseley Village Condos	1	Ownership/DHCD	No	2103
Ocean View Condos	2	Ownership/DHCD	No	2103
The Foundry	13	Ownership/DHCD, HUD and City	No	2058
TOTAL	629	421 rentals, 39 special needs rentals, 45 ownership, and 124 rehab	Only 29 40B units	

Source: Massachusetts Department of Housing and Community Development, August 23, 2011

* Newburyport Housing Authority units

** Affordability restrictions will likely be extended.

A large Maine-based owner of affordable housing, Charles Gendron LLC, has indicated it will purchase the James Steam Mill development. MassHousing is anticipating the submission of an application for the financing, which will most likely be similar to what was used to refinance Heritage House, also extending the Section 8 coverage that is due to expire in 2013.

¹⁶ Program developed as part of the state's Chapter 40T program to preserve the affordability of expiring use properties.

The Newburyport Housing Authority (NHA) owns and manages a total of 192 units (30.5% of the SHI units) in the following developments:

- *Horton Terrace*
The Horton Terrace development, located in Newburyport's North End, was built in 1961 with 50 one-bedroom garden-style apartments, including two handicapped accessible units. Residents must be at least 62 years of age or disabled and must also have incomes within 80% of the area median, translating into \$44,950 for a single individual in 2011.
- *Sullivan Building*
The Marshall James E. Sullivan Building is located in downtown Newburyport with views of the Merrimack River. The development includes 100 one-bedroom units in a large eight-story building for those 60 years of age and over as well as the disabled. Residents must have incomes within 80% of the area, and pay no more than 30% of their income on rent. The building includes four (4) handicapped units.
- *Kelleher Park*
NHA's family development, Kelleher Park, consists of 24 two-bedroom units and 18 three-bedroom apartments, each with a basement (including washer and dryer hook-up) and a parking space. The development is conveniently located in close proximity to Route 95, the Atkinson Common Park, and major shopping centers. Rent is based on 27% of a qualifying resident's adjusted income with a maximum income of 80% of the area median (\$57,800 for a family of three). The Kelleher Park Learning and Enrichment Center occupies one of the three-bedroom units, and there is also an on-site playground for the children. There are no units available for the physically handicapped as there are stairs up to the apartments and the bathrooms are all located on the second floor.

Table 3-31 provides a breakdown of NHA units by the size of elderly or family housing (number of bedrooms). It also indicates the numbers of applicants on the wait list who are Newburyport residents and those who currently reside outside of Newburyport. Clearly local applicants have shorter wait times, however they still remain long, ranging up to two (2) to five (5) years.

NHA also administers 102 Section 8 Housing Choice Vouchers of which eleven (11) are project-based and as such remain with specific units. An additional three (3) project-based vouchers were added in October 2011.¹⁷ Fifty-seven (57) of these vouchers are currently leased in Newburyport. As local Section 8 Housing Choice applicants may live or work in Newburyport, the vouchers are not limited to rentals in the community. Tenants with children under the age of seven (7) must find units that are lead-free, and it has been difficult for families to find such housing, particularly three-bedroom dealed units, in Newburyport.

¹⁷ Eight (8) of the 14 project-based vouchers will be used at the Newburyport Affordable Housing Corporation's Titcomb Street (5 vouchers) and Woodland Street (3 vouchers) projects.

Three (3) additional vouchers are available from the state's Alternative Housing Voucher Program, of which two (2) were in use in September 2011.¹⁸ These rental subsidies are provided to qualifying households renting units in the private housing market, filling the gap between an established market rent – the Fair Market Rent (FMR) – and a portion of the household's income.¹⁹ Preference is granted to applicants who reside or are employed in Newburyport. Applicants must also have incomes within 50% of area median income, \$43,350 for a family of three (3) based on 2011 income levels. There is a considerable wait for these housing vouchers, with the MassNAHRO Centralized Wait List of 80,000 applicants from 83 participating housing authorities, including Newburyport's.

Table 3-31
Newburyport Housing Authority Housing Unit Wait Lists

Program	Units	Bedrooms	Wait List Local/Non-local Applicants	Wait Times Local/Non-local Applicants*
Horton Terrace/Federal Elderly	50	50	16/26	Local wait time of 2 to 5 years Non-local wait time of 5 years or longer
Sullivan Building/State Elderly	100	100	87 total senior applicants 13 applicants for non-elderly handicapped units	Senior local wait time of 6 months to 2 years Senior non-local wait time of 5 to 6 years Local non-elderly disabled wait time of 3 to 5 years Non-local, non-elderly wait of 8 years or more
Kelleher Park/State Family	42	102	18/304 for 2-bedrooms 5/40 for 3-bedrooms	2 years or more/8 years or more for 2-bedrooms 2 years or more/5 years or more for 3-bedrooms
Total	192	252		

Source: Newburyport Housing Authority, as of September 19, 2011.

* Applicants are served by date of application; however, as allowed by both state and federal policies, local applicants go ahead of non-local applicants on the waitlist.

The Newburyport Housing Authority also owns and maintains three (3) group homes for special needs populations, two (2) homes with 16 units for the developmentally disabled and another home for the mentally ill. The NHA enters into contracts with private service providers, which operate the facilities.

¹⁸ The NHA is waiting for DHCD to advise them on when the third voucher will be available for reissue.

¹⁹ The Newburyport Housing Authority has one (1) three-bedroom unit that was allowed a rental exception to 110% of HUD's FMR as there are few three-bedroom apartments available for families in the area and the increased rent was determined to be appropriate and reasonable.

Proposed Projects

There are other projects that include affordable units that are in the conceptual or predevelopment stages or actively under development or construction. These include the following:

- *Titcomb Street Project*
The Newburyport Affordable Housing Corporation (NAHC), a non-profit subsidiary of the Newburyport Housing Authority, purchased and rehabilitated a five-unit rental property on Titcomb Street. Funding to help the organization acquire the property was secured from the City's allocation from the North Shore HOME Consortium (\$143,253) as well as from the HOME Consortium's competitive pool (\$100,000). NAHC also received additional funding from the City's Community Preservation Fund to rehabilitate the units (\$336,000). The units are now occupied and attracted up to 200 applicants who live or work in Newburyport. These units should also now be eligible for counting as part of the SHI.
- *Woodland Street Project*
The Newburyport Affordable Housing Corporation (NAHC) also purchased and rehabbed a two-unit rental property on Woodland Street and subsequently received a special permit from the Zoning Board of Appeals to increase the number of units to three (3). Funds to subsidize the project came from the City's Housing Rehabilitation Program (\$104,500) as well as some state funding from DHCD. The City awarded the project additional funding (\$265,000) through CPA, which the NAHC could use for completing both the Woodland and Titcomb Street projects. The units were scheduled to be leased-up in October 2011 and should also be eligible for inclusion in the SHI.
- *Market Street Apartments*
In 1998, the Greater Newburyport YWCA purchased and rehabilitated a property at 11 Market Street, which has four (4) studios and a three-bedroom apartment. These units are currently included in the SHI.

The YWCA is in the process of redeveloping this property to add five (5) additional units for chronically homeless individuals earning within 50% of area median income, two (2) for those with physical disabilities. Early work to support this project involved a Community Asset Mapping and Housing Needs Assessment by the Women's Institute for Housing and Economic Development, supported by \$7,323 in CPA funding. The project has also been awarded \$60,000 in local HOME Program funding and an additional \$120,000 from the North Shore HOME Consortium's competitive pool. Additional funding of \$78,568 was provided by the City's Community Preservation Fund to develop plans, complete permitting, and attract additional financing.

- *Oleo Woods (also known as Russell Terrace)*
The City's Planning Board recently approved this project that involves the construction of 25 units through the City's Open Space Residential Development Ordinance, two (2) of which will be affordable. This project was the first to use the ordinance.

There have also been discussions about the potential availability of several municipally owned parcels for some amount of affordable housing such as the Brown School or 115 Water Street.

3.3 Priority Housing Needs

The City needs to focus on increasing the supply of housing at a variety of levels of affordability, including both rental and homeownership options. Many of the existing affordable units are included in the Subsidized Housing Inventory, summarized in Table 3-29, or rented on the private market through rental subsidy programs that make up the difference between a fair market rent and what a low- or moderate-income household can afford. There are other existing privately-owned units that, while not subsidized, should still be preserved to the greatest extent possible as they provide some level of relative affordability and help diversify the housing stock.

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

Based on input from a wide variety of sources, including demographic and housing characteristics and trends (Section 3.1 and 3.2), the HUD Five-Year Strategic Plan for the North Shore HOME Consortium, and prior planning efforts, the following priority housing needs have been identified:

- ***Rental housing for individuals***

There is a clear need for smaller rental units for those with lower-paying jobs, many in City's service economy, who are encountering serious difficulty finding housing that they can afford in Newburyport. Some of these individuals have disabilities, others do not. Some are younger, looking for opportunities to live in Newburyport, while others are older, perhaps divorced or widowed with children who moved out on their own. Some may have even struggled with homelessness. What they all share is the need for a safe, decent and affordable place to live.

Indicators of Need.

Single-person households comprised a substantial portion of the population, about one-third of all households and 80% of non-family households in 2000, increasing to 82% of all non-family households by 2010. On the other hand, smaller units of three (3) rooms or less comprised only 18.2% of the housing stock.

More than half of all residents over 65 (53.8%) lived alone.

Recent estimates suggest that poverty levels have actually increased somewhat since 2000. The 2010 census estimates from the Census Bureau's American Community Survey indicate that poverty increased to 5.8% with an estimated 1,010 residents living below the poverty level as opposed to 877 and 5.2% in 1999. The number of adults 65 years of age or older living in poverty was also estimated to have increased from 6.9% to

7.7% with 76 additional seniors entering poverty. Given the continued economic crisis, these poverty levels may in fact have increased even more since 2010.

While non-family households comprised about 42% of all households in 2010 (85% of these households were individuals living alone), the median income of families was substantially higher, \$111,836 versus \$40,794, a finding highly correlated with the greater prevalence of two worker households in families. Correlated to the lower median incomes of non-families was the 2010 estimate that more than half of all non-family households were renters as opposed to 8.5% of married couples with children.

In regard to renters, 249 renters or 11.5% were spending between 30% and 34% of their income on housing and another 786 or 36.2% were allocating 35% or more of their income for housing for a total of more than one thousand renters who were overspending or almost half of all renters.

Almost 16% of all household earned less than \$25,000, including more than one-third of all renters. An estimated one-third of all households and two-thirds of all renters were earning at or below \$50,000, some who might qualify for housing assistance based on income alone given that this threshold is close to the 80% of area median income level.

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

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

Using the lowest price advertised in late August/early September 2011 on Craigslist, a one-bedroom unit renting for \$850 would require an income of \$38,000, assuming \$100 per month in utility bills and housing expenses of no more than 30% of the household's income, much higher than what most renters can afford. For example, someone earning the minimum wage of \$8.00 for 40 hours per week and every week during the year would still only earn a gross income of \$16,640.

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

The 2010 rental vacancy rate was 6.4%, representing relatively tight market conditions and limited turnover in the rental market.

Calculations in Section 3.2.5 indicate that there has been a shortage of rental units for those in the very lowest income levels with a deficit of 551 units for extremely low-income households earning less than 30% of area median income and 261

units for those earning between 30% and 50% of area median income, referred to by HUD as very low-income households.²⁰

- ***Rental housing for families***

There is also a significant need to house families and growing numbers of smaller households that are increasingly including single parents with children as well as unrelated individuals.

Indicators of Need.

The average household size decreased from 2.72 to 2.23 persons between 2000 and 2010 driven by decreases the numbers of children and more “traditional” families, and increases in “child-free” and “child-delayed” families, especially increases in empty nesters and senior and frail populations.

There are also substantial numbers of two-person households that are now estimated to comprise about 2,600 households, or more than one-third (34.9%) of all households, yet smaller housing units are in short supply.

Almost 10% of the households with children were headed by one parent (77% of these involved single mothers) suggesting a need for affordable family housing for families with only one income.

Those earning less than \$10,000 increased from 3% of all households in 1989 to 5.4% in both 1999 and 2010.

More than 16% of all households earned less than \$25,000, including more than one-third of all renters.

Almost half of renters earned within \$35,000 compared to only 13.1% of homeowners.

The median income of Black or African American households (\$24,934) was about one-third of the City’s median, and significantly less than the \$68,083 median for households of Hispanic origin.

Of particular note is the growing income disparity of owners and renters as demonstrated in changes in median income level. While the median household income of homeowners increased from \$72,043 in 2000 to \$100,290 by 2010, the median incomes of renters is estimated to have stayed almost exactly the same, from \$37,648 to \$37,658.

The wait for a unit in Kelleher Park, Newburyport Housing Authority’s family rental development, is at least two (2) years for Newburyport residents, up to eight (8) years for non-local applicants.

²⁰ Calculations include all renter households, both individuals and families.

There is substantial demand for NHA rental subsidies with the MassNAHRO Centralized Wait List including 80,000 applicants from 83 participating housing authorities, Newburyport's among them.

Rental costs are high. Advertised two-bedroom apartments start at \$1,050, requiring an income of about \$47,400 (this is based on \$135 in monthly utility costs and that housing costs are no more than 30% of the household's income). This rent is not affordable to most lower income households.

Very few three- and four-bedroom apartments come on the market that are suitable for larger families. Out of 74 listings in Craigslist for the Newburyport area, only four (4) had more than three (3) bedrooms and they were expensive, listing from \$1,800 to \$3,250.

Landlords typically expect first and last month's rent and a security deposit when the lease is signed, a sum that blocks many households from finding decent housing.

- ***Preservation and improvement of the existing affordable rental stock***
The preservation of existing affordable rental units, both subsidized and unsubsidized, is essential to maintaining an affordable housing stock well into the future. This rental housing is more cost effective to rehabilitate and maintain than to build new.

While the City can currently count approximately 629 units as part of its Subsidized Housing Inventory, these are only units that meet all of the rigorous standards of the state – the big “A” affordable units. Most actual affordable units – what is commonly referred to as little “a” affordable units – are unsubsidized and part of the private housing stock. In fact, private landlords are the greatest provider of affordable housing in Newburyport as many keep rents at artificially low levels to maintain good tenants. Efforts to help property owners maintain these little “a” affordable units should be a priority for the City.

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

Indicators of Need.

Newburyport has actually seen a net loss of rental units. After an increase of 91 rental units between 1980 and 1990, Newburyport lost 46 rental units from 1990 to 2000, and then another 337 rental units from 2000 to 2010.

No new unsubsidized rental housing has been built with the exception of in-law apartments.

Subsidized rental developments have been relatively small in scale and number, totaling only handful of units in a couple of developments.

A substantial portion of Newburyport's housing stock, 51.8% or 4,164 units, predates World War II.

Following World War II, the City, particularly its older neighborhoods, experienced some disinvestment, and as a result, many properties fell into decline.

Because of the relative age of the existing housing stock and past trends towards disinvestment, it is likely that many units have deferred housing maintenance needs, including remnants of lead-based paint. It is also likely that many units would benefit from energy conservation measure.

Tenants with Section 8 Housing Choice Vouchers and also with children under the age of seven (7) must find units that are lead-free, which has proven to be difficult in Newburyport.

Owners of older, existing properties tend to have lower incomes than many of the community's relative newcomers and may need financial assistance to make necessary home repairs.

An increasingly aging population is likely to have a greater need for home modifications for the disabled.

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

The City has been operating a Housing Rehabilitation Program which until only recently has been supported by the state through Community Development Block Grant (CDBG) funding. In recognition of the important need to improve the City's existing housing stock, the City, through CPA funding, has also provided substantial support for this program. Since 1992, approximately 652 units that are occupied by low- or moderate-income households have received assistance through the program.

- ***Affordable homeownership for families***

Market conditions have placed the purchase of homes beyond the financial means of low- and moderate-income households, and families need opportunities to "buy up" as their families grow. Infill development, cluster development, and the redevelopment/reuse of existing properties in partnership with non-profit organizations and private builders offer the best options for increasing affordable homeownership opportunities in Newburyport.

Indicators of Need.

A third of all renters earn enough to perhaps qualify for first-time homebuyer opportunities.

Housing is expensive. A review of units that were sold between January and July of 2011 indicated that there were a total of 135 sales, including 83 single-family homes and 52 condos. Only three (3) single-family homes and 18 condominiums sold below \$200,000, and were therefore relatively affordable to those earning at or below 80% of area income. These units were typically older and smaller with likely deferred maintenance needs.

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

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

The affordability gap for those earning at 80% of area median income is \$215,000, the difference between the median priced single-family home and what a two-person household earning at this income level can afford, or \$205,000 based on 95% financing.

Younger adults living in Newburyport and in the family formation stage of their lives, the 25 to 34-age range, decreased significantly between 1980 and 2010, dropping to 8.7% of the population in 2010 from 18.8% in 1980, and from 2,951 to 1,516 residents. The high cost of housing is likely a contributing factor.

Almost three-quarters of the City's existing subsidized housing units are rentals.

Prior generations have had the advantage of GI loans and other favorable mortgage lending options with reasonable down payments. Also, in prior years the average home price to average income ratio was much lower than it is today, making homeownership more accessible. Given current economic conditions, the ability to obtain financing is more challenging for today's first-time homebuyers without subsidized ownership.

The 2010 vacancy rate for homeownership units was 1.1%, reflecting extremely tight market conditions.

Calculations in Section 3.2.5 suggest that there were an estimated 1,167 owner households who earned at or below 80% AMI, but only five (5) single-family homes and 348 condos that would have been affordable to them based on fiscal year 2011 assessed values.

The North Shore HOME Consortium's Five-Year Strategic Plan includes four (4) high priority objectives, the fourth being to expand homeownership opportunities for low-income households, defined by HUD as earning at or below 80% AMI.

- ***Housing for at risk and special needs populations***

Housing should continue to be developed to serve those who are at risk of homelessness and/or have special needs that require supportive services. Providing stable and affordable opportunities for those transitioning out of shelters or special programs remains a high priority.

Indicators of Need.

In 2000, (will update when data is available) of all residents between ages 5 and 20, 155 or 5.2% had some disability.

Of those age 21 to 64, 1,787 residents, or 16.4%, claimed a disability. About 63% of this group was employed, leaving another 37% or 659 residents unemployed, likely related to their disability.

In regard to the population 65 years of age or older, 902 seniors or 42.4% of those in this age group claimed some type of disability.

Disabled households are disproportionately low-income, with an estimated 72% of the disabled households in the region having income below 80% AMI and 70% with some housing-related problem (spending too much on housing or overcrowded) according to the HOME Consortium's HUD Five-Year Strategic Plan.

The number of those 65 years of age and older grew by 26.3% between 1980 and 2010 while the population as a whole increased by only 9.5%. Of particular note were the frail elderly of at least age 85 who increased by 88.9% during these three decades. These growing numbers of older adults will increasingly require supportive services and more barrier-free units.

The North Shore HOME Consortium's Five-Year Strategic Plan indicates that seniors who earn less than 80% AMI have a priority need for supportive services. The Plan recognized that while many elderly households do not require special services to live independently or in group quarters, the continuing increase in housing costs has left many older adults severely cost burdened.

There is a relative scarcity of subsidized rentals that have supportive services.

Only six (6) units in the Newburyport Housing Authority's housing for seniors and the disabled were handicapped accessible. None of the units in Kelleher Park, the Housing Authority's family development, were handicapped accessible.

The Housing Authority's Sullivan Building included 13 units for those non-elderly who were disabled.

The continuing loss of affordable housing, the foreclosure crisis, in conjunction with the growth in unemployment and underemployment, have exacerbated problems for those individuals and families who are at-risk of becoming homeless.

The North Shore HOME Consortium’s Five-Year Strategic Plan further states that regional service providers report that the lowest income households, particularly those earning at or below 30% AMI and spending too much for housing, are frequently living in overcrowded and substandard conditions that are only providing short-term housing solutions. The numbers of those in this situation, who are most at-risk of homelessness, is significant in the region and growing.

The region’s Continuum of Care, which focuses on efforts to prevent homelessness, sponsors an annual census of the homeless. It was determined in January 2010 that there were 1,195 homeless persons in the region that included those in shelters, those residing in programs that provide transitional or permanent-supported housing for the homeless, and those who were living out of doors on in a place unfit for human habitation. This total represented an increase of 211 persons from the 2009 count. Of those in the 2010 count, 362 were identified as “chronically homeless”.²¹ Chronically homeless individuals may also suffer from the effects of substance abuse and/or mental illness. A study by the National Coalition for the Homeless indicated that about 25% of the chronically homeless have mental health problems and 60% are drug dependent.

As Table 3-30 indicates, approximately three-quarters of the City’s SHI units involve rentals. Based on the above listed indicators of need, this Housing Needs Assessment recommends that housing production goals incorporate at least this same level of rental housing production. Based on annual housing production goals of 40 units per year, the following housing goals by priority needs are proposed:

**Table 3-32
Summary of Housing Production Goals Based on Priority Needs**

Type of Units	Annual Goals	5-Year Goals
Rental housing for individuals	15	75
Rental housing for families	15	75
Affordable homeownership for families	10	50
Total	40	200
Preservation of existing rental stock/20% of rental housing for individuals or families	6	30
Housing for at risk and special needs populations/10% of all new units produced	4	20

²¹ A chronically homeless person is defined as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for one (1) year or more or has had at least four (4) episodes of homelessness in the past three (3) years.

4. CHALLENGES TO DEVELOPMENT

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

- ***Limited Developable Property***
Most prime properties have been developed, and there are fewer parcels available that do not involve development restrictions or environmental issues, such as wetlands. As a result, it will become increasingly challenging to locate development opportunities for affordable housing.

The state prepared a buildout analysis for Newburyport in the summer of 2000, which estimated that 691 acres remained available for additional residential development that could accommodate an additional 2,095 residents and 866 dwelling units based on existing zoning. Given population and housing growth of 227 residents and 363 units since then, these buildout projections would involve an additional 1,868 residents and 503 units as of August 2011, for a total population of 19,284 and 8,779 housing units at buildout.

Because another 173 affordable units are needed for the City to reach the state's 10% affordability goal under Chapter 40B, more than one-third of all new units created would have to be affordable if buildout figures were reasonable. Consequently, Newburyport will be extremely challenged to reach the 10% affordability goal.

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

- ***Condo Conversions***
The conversion of rental properties to condominiums has been a concern for many interested in promoting more housing diversity and affordable housing in Newburyport. Given current market conditions, condo conversions have likely slowed down considerably or stopped altogether. It has also become extremely challenging to secure financing for condos as lenders are applying much more rigorous lending criteria. Additionally, some condo associations may be in trouble because, with the down economy, owners are failing to pay condo fees or assessments, putting entire developments in jeopardy. Once the economy picks up, however, it is probable that there will once again be renewed interest in condo conversions that erode the community's supply of market rate affordable rentals.
- ***Teardown Activity***
The still relatively robust housing market has instigated some teardown activity in Newburyport. Since 2010 and through August 2011, an additional 23 residential units received building permits, all but one involving the building of single-family homes.

However, nine (9) or more than one-third of these units involved the demolition of previous structures for a net increase of only 12 units (one new unit involved the demolition of a three-unit structure). Typically the targets of teardown activity are older and smaller homes, many likely needing improvements, which represent the most affordable units in the private housing market that are most cost-effective to convert to long-term affordability and inclusion in the SHI. Efforts to reduce this activity, including the City’s demolition delay ordinance, need to be continually promoted and enforced.

- **Zoning**

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development.

Newburyport’s land use pattern is essentially established with an urban core surrounded by older, historic neighborhoods of the South End, North End, and the ridgeline area between High and Low Streets, an industrial park between Low Street and the Newbury border, a collection of shopping areas and other retail uses along Storey Avenue near Route 95, suburban subdivisions in the West End, and the beach community on Plum Island. While this pattern is unlikely to change much, some development opportunities, while limited, remain including the redevelopment of individual properties. In regard to affordable housing, the primary opportunities for development include cluster development on still available parcels, infill development in older neighborhoods, accessory apartments, and the redevelopment or refinancing of existing properties.

In an effort to direct development to appropriate locations, the Zoning Ordinance allows various types of residential units in the following districts with the following lot size and frontage requirements:

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

Unit Type	Ag/C	R-1	R-2	R-3/B-3	WMD/WMU
Single-family homes	130,000/300	20,000/125	10,000/90	8,000/80	10,000/90 in WM only by SP**
Two-family homes	Not allowed	Not allowed	15,000/120 by SP	12,000/100 by SP	15,000/120 in WMD only by SP
Multi-family structures ***	Not allowed	Not allowed	Not allowed	20,000/120* by SP	20,000/120 * by SP

Source: Newburyport Zoning Ordinance, Appendix A of the Code of Ordinances, Section VI-A.

* Lot area requirements are 20,000 square feet for the first four (4) units and 4,000 square feet for each additional unit. The total maximum number of units allowed per stricture is six (6).

** Allowed by special permit (SP).

*** Multi-family structures are also allowed by Special permit in B-1, B-2 and I-2 districts.

Newburyport’s Zoning Ordinance includes 14 zoning districts, which include three (3) residential (R-1 single-family, R-2 two-family, R-3 multi-family), three (3) business (B-1, B-2 downtown business, B-3 neighborhood business), three (3) industrial (I-1, I-2 and I-

3), an agricultural/conservation district (Ag/C), two (2) waterfront districts (WMD and WMU), a floodplain district, and a general acute care medical district (M). As noted in Table 4-1, only single-family units are allowed in the Ag/C and R-1 districts. The R-2 district, generally served by local streets, allows only single and two-family homes. The R-3, or multi-family district, allows multi-family units of no more than six (6) units per structure and generally exceeding densities of ten (10) dwelling units per acre in addition to single-family and two-family homes by-right.

In regard to the City's business districts, multi-family housing, either alone or in combination with business uses, is allowed under certain conditions in the B-1 districts that are located along major streets. The B-2 district includes the downtown area where multi-use development is encouraged, including mixed residential and business uses. Single-family and two-family structures are prohibited in the downtown. The B-3 districts are business areas located in the neighborhoods and as noted in Table 4-1, allow residential uses under the special permit process. It should be noted that Section IV-D of the Zoning Ordinance states that the dimensional requirements in a mixed-use building are governed by the ground-floor use.

No residential uses are allowed in the industrial districts with the exception of multi-family housing in the I-2 district where older pockets of industrial development exist. The Zoning Ordinance acknowledges that the re-use of industries in these areas is likely to occur over time and as such non-industrial uses are allowed under special permit.

There are two (2) designated waterfront districts including the Waterfront Marine Dependent (WMD) district, meant to protect and enhance existing marine-related uses, and the Waterfront Mixed Use (WMU) district, that encourages mixed uses to promote the area as the civic and cultural center of Newburyport. Residential uses are allowed in the WMD district by special permit, but structures that are totally residential are not permitted in the WMU district.

Multi-family units of 20 units or more are allowed in R-3, B-1, B-2, B-3, WMD and WMU districts by special permit. As is the case with the multi-family structures listed in Table 4-1, lot area requirements are 20,000 square feet for the first four (4) units and 4,000 square feet for each additional unit. The total maximum number of units allowed per structure is six (6).

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

- *Bonus Provisions for Multi-family Developments*

Section XVI of the Zoning Ordinance permits increases in the allowable density of multi-family development that provide affordable homeownership housing and/or market rate rental apartments. In the case of for sale housing, if the development proposes that 25% of the units will be affordable (eligible for inclusion in the SHI and count toward annual housing production goals), the

number of allowable units and the number of units per structure may increase by 50%. Also, if a multi-family development includes at least 25% of the units as market rate rentals, the number of allowable units and the number of units per structure may also be increased by 50%. In the case of multi-family rental developments, deed restrictions will be required to prohibit the conversion of the units to for sale housing for a period of 40 years.

- *One Residential Structure Per Lot*

Section VI.C. of the Zoning Ordinance specifies that not more than one (1) residential building can be built on a single lot without a special permit of the Planning Board unless the following five (5) criteria are satisfied:

1. The application must include a conceptual by-right development plan to demonstrate that more than one residential structure per lot is a reasonable alternative to other allowed developments on the parcel.
2. A clear public benefit must be derived from the development, including but not limited to a long-term restriction on the property for the creation of affordable housing, the preservation of historic structures, and/or the conservation of significant natural resources.
3. Unless the structures are located side-by-side and share the same front yard setback, then one (1) residential structure should be subordinate to the other by either covering at least 10% less building footprint and built no higher than the existing dwelling or located entirely within the envelope of an existing accessory building as of the effective date of the ordinance (December 13, 2004).
4. There is adequate access for the building, in the same manner as otherwise would be required for lots within a subdivision.
5. The proposed residential structure complies with all other applicable zoning regulations.

No affordable housing units have been approved through this ordinance to date, however, the Affordable Housing Trust has negotiated a cash contribution from a developer creating four (4) rental units through it.

- *In-Law Apartments²²*

The Zoning Ordinance allows in-law apartments by special permit “to allow parents and their children to live together where the need and desire exist so long as the proposed living arrangement is not outweighed by an adverse impact upon the community, particularly the proliferation of unlawful rental units. Accordingly, a separate dwelling unit within or attached to another dwelling (existing or to be built), not otherwise allowable under this zoning ordinance, is allowable by special permit in all zoning districts where residential use is provided.”²³ The ordinance includes a number of conditions that must be met for the apartment to secure approval including:

²² Newburyport Zoning Ordinance, Appendix A of the Code of Ordinances, Section XII-A.

²³ Newburyport Zoning Ordinance, Appendix A of the Code of Ordinances, Section XII-A.

- The apartment must be occupied by parents, grandparents, children or grandchildren, by blood or by marriage. In the 11th and 23rd months following approval of the special permit, the owner must certify that this situation still exists, however this provision has not been enforced.
- Gross floor area cannot exceed 900 square feet, however units that involve new construction cannot exceed 700 square feet.
- There must be one (1) additional parking space for the apartment.

The permit expires after three (3) years of approval unless the Zoning Board of Appeals renews it upon the owner submitting an application for renewal. Where new kitchen and appliances have been added, they must be removed within six (6) months following the expiration of the special permit. To date, 45 such units have been approved.

- *Open Space Residential Development (OSRD)*²⁴
This ordinance promotes flexible development where residential units are clustered on a portion of the site, preserving open space and protecting local resources. The ordinance also promotes affordable housing through an incentive-based density bonus.

Approval is provided by a special permit of the Planning Board under the following conditions:

- The parcel has at least three (3) contiguous acres.
- Parcels must be located in AC, R-1, R-2, R-3 or the IB-residential overlay district.²⁵
- The application must include a conventional subdivision yield plan to determine the basic number of lots/dwelling units.
- Minimum lot size of 10,000 square feet is required unless the Planning Board determines that a waiver is warranted.
- Lots having reduced area or frontage must not have frontage on a street other than one created by the OSRD unless the Planning Board determines that a waiver is warranted.
- At least 50% of the required setback for the zoning district must be maintained unless the Planning Board determines that a waiver is warranted.
- A combination of single-family, two-family and multi-family structures is allowed, but the multi-family building cannot contain more than four (4)

²⁴ Newburyport Zoning Ordinance, Appendix A to the Code of Ordinances, Section X-14.

²⁵ The IB-ROD zoning district is defined as all property located in the I-B zoning district that is more than 1,000 feet north of the Crow Lane right-of-way. Developments must use the dimensional requirements of the R-2 district and must also include at least 80% open space and at least 10% affordable housing. Also, all projects in the IB-ROD that provide at least 85% open space can be permitted an increase in density of 25% beyond the basic maximum number to a maximum number of 25 units excluding affordable housing units.

dwelling units. In the AC district the multi-family units cannot contain more than two (2) units.

- In the R-1 and R-2 districts at least 60% of the tract must be preserved in perpetuity as open space, 50% in the R-3 district, 75% in the AC district, and 80% in the IB-ROD district. The minimum open space requirements can be reduced to 50% in the R-1 and R-2 districts if the Planning Board determines that significant public benefits have been provided including a recorded preservation restriction on an historic structure or deed restriction for affordable housing as well as public access to the waterfront or other determined public benefits.
 - At least 50% of the total uplands must be included in the open space calculations.
 - The open space must be contiguous and be, to the greatest extent possible, accessible to the general public unless the open space is being used for agricultural purposes.
 - Subsurface wastewater and stormwater management systems may be included in the open space at the discretion of the Planning Board.
 - The open space must be subject to a recorded conservation restriction that is enforceable by the City in perpetuity.
 - The open space must be conveyed to the City or its Conservation Commission, a non-profit organization dedicated to preserving open space, or a corporation or trust owned jointly by the owners of the lots in the OSRD.
 - The landscape and design of the development are subject to specific design standards.
 - Density bonuses are allowed if the Planning Board determines that significant public benefits have been provided including a recorded preservation restriction on an historic structure or deed restriction for affordable housing as well as public access to the waterfront or other determined public benefits. These increases in density include one (1) unit if 85% of the parcel is open space in the AC district, an additional unit if 70% of the parcel is open space in the R-1 and R-2 districts, and an additional unit if 60% is open space in the R-3 district. Also, all projects in the IB-ROD that provide at least 85% open space can be permitted an increase in density of 25% beyond the basic maximum number to a maximum number of 25 units excluding affordable housing units.
 - *In the AC, R-1, R-2, R-3 and IB-ROD districts, for every one (1) affordable dwelling unit, the Planning Board may award a density bonus of two (2) market units provided, however, that this density bonus, in aggregate with other density bonuses, does not exceed 25% of the basic maximum number.*
- *Demolition Delay Ordinance²⁶*
This Ordinance was adopted to preserve and protect significant buildings or structures in Newburyport, described as a principle building or structure which is 75 years or older, an accessory structure 100 years of age or older, a property

²⁶ Article 1 under General City Ordinance for Historical Commission.

listed on the National Register of Historic Places, or other building or structure that has been determined to be significant by the Newburyport Historical Commission. Those who are interested in tearing down part or all of such a structure must submit an application to the Historical Commission through the Office of Planning and Development. If the property is determined to be historically significant and should be preserved, the Commission will notify the Building Commissioner that a Demolition Plan Review must be made prior to issuing a demolition permit. After a full review and public hearing, if the Historical Commission determines that the building should be Preferably Preserved, the Building Commissioner may not issue a demolition permit for a full year from the date the full report is filed with the Building Commissioner.

- ***School Enrollments***

Total student enrollments for the Newburyport Public Schools has been relatively stable over the past decade. There were 2,267 students enrolled in the District in the 2010-2011 school year, up by only 16 students from the previous year, and down by only 115 students from the 2006-2007 year or by 88 students since 2000-2001 year. It is therefore unlikely that school enrollments should increase much in the next few years. In fact, state buildout projections from 2000, estimate that Newburyport will gain only 309 additional school-age children at buildout.

The City is planning to make major investments in its schools including a \$15 million renovation of the Nock Middle School and a \$30 million project to build a new Bresnahan Elementary School that should more than rectify any capacity issues in these facilities.

- ***Transportation***

Newburyport is located at the intersection of three major transportation corridors including I-495, I-95, and U.S. Route 1. The Massachusetts Bay Transit Authority (MBTA) also provides commuter rail service with frequent service to and from Boston, operating a bus loop through the city as well. Nevertheless, 2009 census estimates from the American Community Survey suggest that 78% of workers drove alone to work, another 5% carpooled and only 4% used public transportation. The average commuting time was about 30 minutes, suggesting employment opportunities were typically located outside of Newburyport.

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

- ***Funding Availability***

While the City has more housing resources available than it has had in the past to promote affordable housing, including Community Preservation funding through the passage of CPA in 2002 as well as the Affordable Housing Trust Fund, subsidy funds still remain in short supply and are highly competitive. Unlike most cities, Newburyport does not receive an annual allocation of federal CDBG or HOME Program

funding that have provided substantial housing support for a wide range of housing activities in other cities. McKinney-Vento funding to address homelessness has not helped finance a development in Newburyport to date, although local residents benefit from regional programming.

In regard to state funds, several sponsors of developments in Newburyport (i.e., The Foundry, Market Street Apartments, small condo projects, Heritage House, James Steam Mill) have received financing from a number of state programs for new affordable housing development. These awards have been essential to insuring the financial feasibility of the new units, but these funds are extremely competitive. Moreover, while in short supply, rental subsidies, including project-based, are critical to the ability of local development projects to serve extremely low-income households. It is also likely that state and federal subsidy funds will decrease somewhat in the near future, which will further challenge the City's ability to meet local needs and production goals.

- ***Community Perceptions***

In most communities, residents are concerned about the impacts that new development has on local services and the quality of life. They may also have negative impressions of affordable housing and question whether there is a real need for such development. Therefore, local opposition to new affordable units is more the norm than the exception. On the other hand, given still high real estate prices, more people 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. This Housing Needs Assessment documents a range of pressing housing needs. Ongoing community outreach and education will be necessary to better acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives.

APPENDIX 1

Local and Regional Organizations/Resources

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

City Government

Office of Planning and Development

The Office of Planning and Development is the City's chief planning and development agency, charged with enhancing Newburyport's physical environment to improve the quality of life for those who live, work and visit Newburyport. The Office staff develops plans, policies, programs and projects related to the City's physical development, economic development, affordable housing, historic preservation and environmental conservation.

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

- *Housing Rehabilitation Program*
Through Community Development Block Grant (CDBG) funding from the state and the City's Community Preservation Fund, the City has been administering a Housing Rehabilitation Program to qualifying property owners who need financing and technical assistance to make necessary home improvements (e.g., roof replacement, insulation, new heating, plumbing and electrical systems, window and door replacement, asbestos and lead paint removal, painting). The property must be located in Newburyport, have outstanding code violations, and be occupied by those earning at or below 80% of area median income. Financial assistance is provided by a zero interest loan.
- *Down Payment Assistance Program*
Staffed by the Office of Planning and Development and sponsored by the Newburyport Affordable Housing Trust, the Down Payment Assistance Program offers up to \$15,000 to cover down payments and closing costs for eligible purchasers of deed-restricted affordable units. Purchasers must be able to provide a down payment of at least 3% of the purchase price and obtain mortgage financing. The subsidy is in the form of a deferred loan in that it does not have to be repaid unless the purchaser refinances or sells the units within ten (10) years. If the property is sold within five (5) years of purchase, the full amount of the loan must be repaid. If the property is sold between the fifth and tenth year of ownership, the loan is forgiven in an amount equal to 20% of the assistance provided for each of the years remaining.
- *Affordable Housing Resale Opportunities*
The Newburyport Affordable Housing Trust, staffed by the Office of Planning and Development, helps find eligible purchasers of affordable, deed-restricted units as they come on the market for resale.

Contact Info: City Hall, 60 Pleasant Street, 978-465-4400;
www.cityofnewburyport.com/Planning

Newburyport Affordable Housing Trust

The Newburyport Affordable Housing Trust was established to create and preserve affordable housing in Newburyport for the benefit of low- and moderate-income households. This Housing Trust was established with state legislation, called the Municipal Affordable Housing Trust Fund Act, which simplified the process of establishing such funds. More than 50 communities have adopted these funds to date and more have plans to do so.

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 City Council or 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 City Council in the case of cities. 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, most trusts 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.

The Newburyport Affordable Housing Trust is the sponsor of this Housing Needs Assessment/Housing Production Plan and administers several City programs, staffed by the City's Office of Planning and Development, including the Down Payment Assistance Program and Affordable Homeownership Resale Opportunities initiative.

Contact Info: C/O Office of Planning and Development, City Hall, 60 Pleasant Street, 978-465-4400; www.cityofnewburyport.com/Planning

Newburyport Community Preservation Committee

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

In November 2002, Newburyport residents adopted the Community Preservation Act with a surcharge of 2%, exempting the first \$100,000 of a property's value as well as the participation of low-income property owners. In 2003, the City Council adopted a City Ordinance to establish a Community Preservation Committee (CPC) with nine (9) members representing various City agencies, including the Newburyport Housing Authority, and charged with

making recommendations to City Council on the expenditure of CPA funding to meet local needs. In 2010, \$596,765.60 was raised from the City's surcharge with the state's share of \$202,956 for a total of \$799,721.60 available. The state's share has decreased over the last several years, largely the result of the depressed housing market as the fees from the Registry of Deeds are the main source of the state's match.

The City has appropriated almost \$5,900,000 in CPA funding for more than 60 projects, including funding of approximately \$1 million for the following housing-related projects:

- \$336,000 for the Newburyport Affordable Housing Corporation's (NAHC) Titcomb Street project
- \$265,000 for NAHC's Titcomb and Woodland Street projects
- \$250,000 in reserve funds for future community housing purposes, anticipating that a portion of these dedicated funds will go to support the Newburyport Affordable Housing Trust although this has not yet occurred
- \$7,232 and \$78,568 for the YWCA of Greater Newburyport's Market Street project
- \$264,500 to supplement state funding for the City's existing Housing Rehabilitation Program through three (3) separate appropriations from 2007 to 2009

In 2011, the CPC recommended the funding of additional housing-related projects be funded through its Community Preservation Fund including:

- \$50,000 in further support for the YWCA of Greater Newburyport's Market Street project
- \$75,000 in additional funding for the City's Housing Rehabilitation Program
- \$11,000 towards the Milk Street Affordable Housing Restoration project
- \$50,000 to the Affordable Housing Trust's Down Payment Assistance and MLS Input-Only Listing Services
- \$20,000 more in the Housing Reserve Fund

Contact Info: C/O Office of Planning and Development, City Hall, 60 Pleasant Street, 978-465-4400; www.cityofnewburyport.com/Planning/CPCPage

Newburyport Council on Aging

The Newburyport Council on Aging is a City department that supports the quality of life of Newburyport elders through a wide variety of services including the operation of a Senior Center that offers social and educational programs for seniors (monthly book group, special day trips, financial planning seminars, health insurance counseling, exercise to music, knitting group, legal assistance, lunch program, assistance with tax forms), health checks (blood pressure checks, foot care, hearing checks, support programs for those with low vision), a newsletter, an information and referral service on a wide range of issues, and community-based services to promote independent living (telephone reassurance). The Council relies heavily on local volunteers to support its services.

The Council on Aging manages a program that abates taxes for low and moderate-income seniors in exchange for minor services to the City, for example, volunteering at a school or library. The Council also operates a van service to those who need transportation, including

those requiring wheelchair access. Such services are becoming increasingly important as the city's population ages.

The Council on Aging receives many inquiries regarding housing options, particularly from the adult children of seniors. In response they have prepared a brochure that summarizes housing assistance including Housing Authority developments (Sullivan Building and Horton Terrace), privately sponsored housing for seniors (Heritage House and James Steam Mill), assisted living options (Atria Merrimack Place and the more affordable Assisted Living Center in Salisbury). Also, as seniors have not had an increase in Social Security benefits in years, the COA is finding that more are having difficulties paying increasing property taxes, food costs, and energy bills and are consequently seeking financial assistance.

Contact Info: 40 Water Street; 978-462-8650; www.cityofnewburyport.com/CouncilonAging

Local Agencies and Organizations

Newburyport Housing Authority (NHA)

The Newburyport Housing Authority (NHA) is a quasi-public agency that was established in 1948 by the state and City of Newburyport to produce housing that is affordable to low- and moderate-income residents. The NHA manages 192 units in three (3) separate developments, including units for seniors, families, and those with special needs. The Housing Authority also manages approximately 105 rental subsidies/vouchers that enable those who are priced out of the housing market to rent housing in privately owned units, paying only a specified portion of their income on housing costs.

NHA's mission statement dictates that it be dedicated to the provision of safe, decent and sanitary affordable housing options for low and moderate-income individuals and families in the City of Newburyport through the administration of appropriate local, state and federal housing programs. NHA staff is further dedicated to responding to resident needs and maintaining a productive, supportive and professional workplace to do so. In its efforts to promote affordable housing, the NHA focuses on the following important activities:

Make every attempt to preserve current tenants' housing in order to prevent homelessness. With the assistance of the Tenant Preservation Officer provided by the North East Housing Court in Lawrence, NHA makes a concerted effort to work with its tenants regarding eviction issues to preserve the housing of the community's most vulnerable residents and to prevent them from becoming homeless.

Maintain its property to ensure that it is providing safe, decent and sanitary housing. HUD has long provided Capital Funds to maintain its federal development (Horton Terrace). Massachusetts has provided sporadic Capital funding, but is initiating a Capital Improvement Program to provide a yearly allocation of funds for the maintenance of state assisted public housing, similar to HUD's program. With deferred maintenance in state sponsored public housing developments across the Commonwealth, it will take years to catch-up with all of the necessary repairs.

Seek funding for projects from other Capital resources such as HOME funds, Community Preservation Act (CPA) funds, and even Community Development Block

Grant (CDBG) funds in conjunction with the community's application for funding to preserve, maintain, and protect state sponsored public housing.

For more information on NHA, see Section 3.2.6.

Contact Info: 25 Temple Street; 978-465-7216; www.nhahousing.com

Newburyport Affordable Housing Corporation

The Newburyport Affordable Housing Corporation was established in 2007 as a non-profit subsidiary of the Newburyport Housing Authority. NAHC has sponsored two rental developments, Titcomb Street with five (5) units and Woodland Street with three (3) units, in an effort to preserve the City's existing rental housing stock and to insure that units that are preserved remain affordable.

Regional Agencies and Organizations

North Shore HOME Consortium

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

The Consortium has approximately \$2.2 million available per year and divides its annual allocation on a formula basis among the participating communities. It also manages a competitive pool of approximately \$700,000 annually to be available to those localities that have encumbered all of their funding or for special initiatives. This competitive pool is available not only to participating municipalities but to nonprofit organizations and private developers as well. Just recently, Newburyport's Market Street Apartments project, sponsored by the YWCA, received \$120,000 from this special pool. The Consortium allocates approximately \$63,000 annually to the City of Newburyport, which has been used for a number of initiatives including the First Time Home Buyer Program?

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

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

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

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

Community Action, Inc.

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

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

Community Teamwork, Inc.

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

Contact Info: 167 Dutton Street in Lowell; 978-459-0551; www.comteam.org

Greater Newburyport YWCA

The Greater Newburyport YWCA is part of an international women's movement "dedicated to eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all". The organization provides support for survivors of rape or domestic violence, job training and career counseling, childcare, health and fitness programs, and housing. In regard to housing, the YWCA has operated a Women's Residence at 13 Market Street since 1890, offering 11 affordable rooms that rent between \$90 and \$110 per week. The YWCA has also developed five (5) affordable rental units at 11 Market Street, which it continues to own and manage. It is in the process of expanding the number of units to ten (10), creating five (5) additional affordable rental units for the chronically homeless, two (2) for the physically disabled.

Contact Info: 13 Market Street; 978-465-9922; www.ywcanewburyport.org

Turning Point, Inc.

Turning Point, Inc. is a non-profit organization that is based in Newburyport and develops human service programs to promote the independence and self-sufficiency of disabled individuals. Projects?

Contact Info: 5 Perry Way; 978-462-8251; www.turningpointinc.org

North Shore Community Development Coalition (NSCDC)

The North Shore CDC, which evolved from the former Salem CDC, is committed to building and preserving affordable housing in North Shore communities. This organization has completed 287 units to date, primarily in Salem, Beverly and Ipswich, but has the interest and capacity to serve other North Shore communities as well, including Newburyport.

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

Harborlight Community Partners

Harborlight was established as a non-profit organization to provide service-enriched, affordable housing to communities in Essex County. Founded by the First Baptist Church in Beverly, the organization initially focused on the development of senior housing. It has grown considerably over the past few years, taking over several other housing-related organizations including the North Shore Housing Trust²⁷ and We Care About Homes.²⁸ The organization also provides property management and housing marketing/compliance services to non-profit organizations. Contact Info: 978-922-1305; www.harborlightcp.org

Essex County Community Foundation (ECCF)

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

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

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

Merrimack Valley 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 that has grown over the past several decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,100 affiliates worldwide.

The Merrimack Valley Habitat for Humanity serves 22 communities, including Newburyport, and has built 64 homes and rehabilitated another seven (7) since 1985. Another 14 homes are currently planned or under construction. Homeowners typically earn between \$21,000 and \$42,000 and provide at least 500 hours of “sweat equity” to build their own homes and other families’ homes. The organization provides these families with a 20, 25 or 30-year, no interest mortgage.

Contact Info: 60 Island Street in Lawrence; 978-681-8858; www.merrimackvalleyhabitat.org

²⁷ The North Shore Housing Trust (NSHT) was an outgrowth of the North Shore Affordable Housing Task Force that was formed by Wellspring House of Gloucester in 1998 to begin to address the issue of affordable housing on a regional basis. NSHT’s goal was to become a regional force to develop affordable housing in areas of the North Shore where local affordable housing development capacity was lacking.

²⁸ We Care About Homes, a non-profit organization that acquired properties and rented units to very low-income families. Based in Beverly, the organization rents 20 units at seven (7) scattered-site properties.

Merrimack Valley Planning Commission (MVPC)

The Merrimack Valley Planning Commission (MVPC) is the regional planning agency for a significant portion of the North Shore, based in Haverhill. The agency provides professional planning services to 15 communities, including Newburyport, each community selecting a representative to serve on the Commission. Services are wide ranging related to transportation, the environment, economic development and Geographic Information Services (GIS).
Contact Info: 160 Main Street in Haverhill; 978-374-0519; www.mvpc.org

Merrimack Valley Housing Partnership (MVHP)

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

Coastal Homebuyer Education, Inc.

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

Roof Over Head Collaborative (ROOF)

The Roof Over Head Collaborative is a non-profit organization dedicated to preventing homelessness for those living in Newburyport, Amesbury or Salisbury. The organization began a capital campaign in 2010 to raise money for the purchase and lease of properties in the Greater Newburyport area. Qualified families who are at risk of homelessness agree to pay a portion of the rent while receiving important services for education, job training and other support that will help stabilize their lives and move them out of crisis into independence.
Contact Info: www.roofoverhead.org

APPENDIX 2

Glossary of Housing Terms

40R/40S

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

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

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

Chapter 44B

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

Cluster Development

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

Comprehensive Permit

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

Conservation Development

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

Department of Housing and Community Development (DHCD)

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

Design Guidelines

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

Easements

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

Energy Star

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

Enhanced Single Room Occupancy (ESRO)

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

Expedited Permitting

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

Fair Housing Act

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

Form-based Zoning

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

Green Building

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

Inclusionary Zoning

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

Infill Development

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

Jobs/Housing Balance

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

LEED

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

Local Initiative Program (LIP)

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

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

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

Metropolitan Statistical Area (MSA)

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

Mixed-Income Housing Development

Mixed-income development includes housing for various income levels.

Mixed-Use Development

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

Overlay Zoning

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

Planned Development

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

Public Housing Agency (PHA)

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

Regional Non-profit Housing Organizations

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

Regional Planning Agencies (RPAs)

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

Request for Proposals (RFP)

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

Section 8

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

Single Room Occupancy (SRO)

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

Smart Growth

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

Subsidy

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

Subsidized Housing Inventory (SHI)

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

Sustainability

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

Transfer of Development Rights (TDR)

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

Transit Oriented Development (TOD)

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

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

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

APPENDIX 3

Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met²⁹:

- 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

²⁹ Section 56.03 of the new Chapter 40B regulations.

- 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.
 - 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.³⁰ 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 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA's position). Either the ZBA or application can appeal 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.

³⁰ 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.

- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.
- *Large Phased Projects*
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.
- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

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

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

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local City Council/Board of Selectmen for a 30-day comment period. The City Council/Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the City Council/Board of Selectmen for their endorsement of the project, and they can make a joint application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

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

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

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

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

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

Chapter 40B regulations related to the hearing process include:

- The hearing must be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that 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 (40 units and 80 units, respectively, for Newburyport) for *approval*/by DHCD.³¹
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.

³¹ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- 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”.³²

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”³³ 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:

³² 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.

³³ 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.”³⁴

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

³⁴ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

D. 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 Rents³⁵

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

³⁵ DHCD has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/dhcd.

- Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees³⁶, 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.

³⁶ 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.

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

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008).
 - The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Marketing should begin about six (6) months before occupancy.
 - Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

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

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

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

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

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

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

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

- The developer and Town sign a regulatory agreement.
5. Marketing
- An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
 - Local preference is limited to a maximum of 70% of the affordable units.
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Lottery must be held.
6. DHCD approval must include
- Marketing plan, lottery application, and lottery explanatory materials
 - Regulatory agreement (DHCD is a signatory)
 - Deed rider (Use standard LIP document)
 - Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

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

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

E. Commonwealth Capital³⁷

The state established Commonwealth Capital as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs. Those municipalities with higher scores, will be in a more competitive position for receiving state discretionary funding, not just for housing, but for other purposes including infrastructure, transportation, environment, economic development, etc. The state's goal is to invest in projects that are consistent with Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;

³⁷ This program was created by the Romney administration and coordinated by the Office of Commonwealth Development. While OCD has been disbanded, applications are still being accepted

7. Provide transportation choice;
8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Applications can be submitted at any time and will be valid for the programs listed above throughout the current fiscal year. Communities should submit applications prior to the deadline for any Commonwealth Capital program to which they are applying to ensure that their score will count. Applications should be submitted electronically, and each community is assigned its own login and password.

Programs which are affected by Commonwealth Capital include the following that are operated by the Executive Office of Administration and Finance (EOAF), Executive Office of Energy and Environmental Affairs (EOEEA), Executive Office of Housing and Economic Development (EOHED), Executive Office of Transportation and Public Works (EOTPW), Coastal Zone Management (CZM), Massachusetts Office of Business Development (MOBD), Massachusetts Office of Relocation and Expansion (MORE), and the Department of Housing and Community Development (DHCD):

- Public Works Economic Development Program (EOTPW)
- Bike and Pedestrian Program (EOTPW)*
- Transit Oriented Development Bond Program (EOTPW)
- Community Development Action Grant Program (EOHED and DHCD)
- State Revolving Fund (EOEEA and DEP)
- Urban Brownfields Assessment Program (EOEEA)*
- Urban Self-Help Program (EOEEA and DCS)
- Drinking Water Supply Protection Grant Program (EOEEA)
- Urban River Visions Program (EOEEA)*
- Coastal Pollutant Remediation Grant Program (EOEEA and CZM)
- Coastal Nonpoint Source Pollution Grant Program (EOEEA and CZM)
- Off-Street Parking Program (EOAF)
- Smart Growth Technical Assistance Program (for this program EOEEA will use inverse Commonwealth Capital scores. Unlike the other 13 programs, a primary goal of this program is to help communities with low scores improve.)

* Indicates programs that are eliminated in proposed program changes.

Changes to Commonwealth Capital add the following programs:

- Small Town Road Assistance Program (EOTPW)
- MA Opportunity Relocation and Expansion (MORE)
- Jobs Capital Program (MOBD)
- Water Transportation Capital Funding Program (EOTPW)
- Alternative Energy Property Program (EOEEA-DOER)

The application involves a maximum score of 140 points, including bonus points. The Commonwealth Capital score will account for 30% of the possible application points for

any of the Commonwealth Capital programs, the other 70% points related to the purpose of the particular program and the merits of the proposed project. Communities receive points for zoning, planning, housing, environmental, energy, transportation, and other measures that already exist as well as measures they commit to implement by the end of 2009 (for this year's application). Additionally, communities can receive bonus points for successfully implementing commitments made in their 2008 applications.

The major components of the proposed Commonwealth Capital application and corresponding total point allocations are provided below:

- Plan for and promote livable communities and plan regionally (19)
- Zone for and permit concentrated development and mixed use (26)
- Expand housing opportunities (21)
- Make efficient decisions and increase job and business opportunities (12)
- Protect land and ecosystems (21)
- Use natural resources wisely (7)
- Promote clean energy (9)
- Provide transportation choice (9)
- Advance equity (6)
- Promote sustainable development via other actions (10)
- Bonus points for every prior fiscal year commitment implemented

A greater number of points are granted for actions that are already in place but points are also issued for commitments that have not yet been implemented.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Newburyport are described below.³⁸

A. Technical Assistance

1. Priority Development Fund³⁹

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.

³⁸ 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.

³⁹ Description taken from the state's program description.

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

Zoning activities that support the program objectives include:

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

Education and outreach efforts that support the program objectives include:

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

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

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

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

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

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

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more

effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

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

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

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

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

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

2. Peer to Peer Technical Assistance

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

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

3 MHP Intensive Community Support Team

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

4 MHP Chapter 40B Technical Assistance Program

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

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

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

5 Smart Growth Technical Assistance Grants

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

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

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

B. Housing Development

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

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

1. HOME Program

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

- Produce rental housing;

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

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

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

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

2 Community Development Block Grant Program (CDBG)

Unlike many other cities, Newburyport does not receive an annual allocation of CDBG funding, but must apply to the state for special project funding. The City was awarded such funding in support of its Housing Rehabilitation Program. The state did not fund Newburyport's latest application for CDBG funding assistance for this program, but hopes that such funding will be available again in the future.

3 Housing Stabilization Fund (HSF)

The state's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per

project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

4. Low Income Housing Tax Credit Program

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

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

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

5. Affordable Housing Trust Fund

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

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

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility

of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

6 *Housing Innovations Fund (HIF)*

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

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

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

8 *MHP Permanent Rental Financing Program*

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

9 OneSource Program

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

10 Section 8 Rental Assistance (Housing Choice Voucher Program)

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

11. Massachusetts Preservation Projects Fund

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

12 *District Improvement Financing Program (DIF)*

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

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

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

14 *Community Based Housing Program*

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

15 *Neighborhood Rental Initiative Program (NRI)*

The Massachusetts Housing Partnership has introduced the Neighborhood Rental Initiative Program (NRI) to support the development of affordable rental housing in suburban and high-opportunity communities. MHP has committed \$5 million to the program in zero percent interest, second mortgage financing. The program is targeted towards 219 communities characterized by such factors as good schools, proximity to jobs, higher housing costs and a shortage of affordable housing, including Newburyport. Applicants may request up to \$75,000 per affordable unit, which for this program is defined as units serving those earning at or below 50% of area median income for a maximum project subsidy of \$750,000. The minimum project size is five (5) units and 50% of the units must have two (2) or more bedrooms. NRI second mortgage financing must be used in combination with at least \$250,000 in MHP first-mortgage financing.

C. Homebuyer Financing and Counseling

1. Soft Second Loan Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent \$1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or \$20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Newburyport is already a participating community in the Program.

2. MassHousing Mortgages

MassHousing has mortgage financing available with low or no down payment requirements as well as 30 to 40-year fixed rates for qualifying low- and moderate-income first-time homebuyers as well as those looking to move up or refinance. The income limit is \$90,720 for those purchasing in Hampshire County. Borrowers apply for the mortgages through participating lenders. The program builds in mortgage insurance to help pay the mortgage in case of job loss.

3. Homebuyer Counseling

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

4. Self-Help Housing

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

5. Down Payment Assistance Program

Staffed by the Office of Planning and Development and sponsored by the Newburyport Affordable Housing Trust, the Down Payment Assistance Program offers up to \$15,000 to cover down payments and closing costs for eligible purchasers of deed-restricted affordable units. Purchasers must be able to provide a down payment of at least 3% of the purchase price and obtain mortgage financing. The subsidy is in the form of a deferred loan in that it does not have to be repaid unless the purchaser refinances or sells the units within ten (10) years. If the property is sold within five (5) years of purchase, the full amount of the loan must be repaid. If the property is sold between the fifth and tenth year of ownership, the loan is forgiven in an amount equal to 20% of the assistance provided for each of the years remaining.

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$7,500 and at least a 3% down payment. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are \$82,000 for households of one or two persons and \$94,300 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. Get the Lead Out Program

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

3. Septic Repair Program

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

4. Newburyport's Housing Rehabilitation Program

The City of Newburyport, through the Office of Planning and Development, has been administering a Housing Rehabilitation Program to qualifying property owners who need financing and technical assistance to make necessary home improvements (e.g., roof

replacement, insulation, new heating, plumbing and electrical systems, window and door replacement, asbestos and lead paint removal, painting). The property must be located in Newburyport, have outstanding code violations, and be occupied by those earning at or below 80% of area median income. Financial assistance is provided by a zero interest loan.

E. Homelessness Prevention and Assistance Programs

Homelessness prevention has been identified as a priority housing need in the Housing Needs Assessment. Programs to prevent homeless include but are not limited to the following:

1. *Rental Assistance to Families (RAFT)*

The Residential Assistance to Families (RAFT) program, funded by DHCD, offers short-term financial help or other assistance to families who are homeless or seriously at-risk of homelessness. Families can get up to \$3,000 for such items as rent, mortgage payments, security deposits, utility start-up costs, first/last month's rent, moving expenses, etc.

2. *Tenancy Preservation Program (TPP)*

The Tenancy Preservation Program (TPP) is administered by MassHousing to prevent homelessness among persons with disabilities. The Program acts as a neutral party between the landlord and tenant, also providing clinical consultation services to the Housing Court. TPP clinicians assess the reasons for the eviction, identify needed services, develop a treatment plan to maintain tenancy, and monitor the case. If the tenancy cannot be preserved, TPP coordinates the tenant's transition to a more appropriate placement, preventing homelessness to the greatest extent possible.

3. *Homelessness Prevention and Rapid Re-Housing Program (HPRP)*

The Homelessness Prevention and Rapid Re-Housing Program (HPRP) was enacted by the federal government as part of the Recovery Act to help persons affected by the current economic crisis to provide homelessness prevention assistance to households who would likely otherwise become homeless and to rapidly re-house persons who are homeless. HUD allows grantees to develop prevention and/or rapid re-housing programs that meet locally-defined needs, to be targeted and prioritized to serve those most in need. This program is not a mortgage assistance program but meant to provide temporary assistance for such items as utility costs, moving costs, security deposits and rent in a new unit, storage fees, and other financing costs or services.

4. *HUD Homeless Assistance Grants/McKinney-Vento Appropriations*

HUD's Homeless Assistance Grants, funded through McKinney-Vento appropriations, support a variety of programs and activities, largely distributed through the Continuum of Care system across the country. The City of Newburyport has served as the lead agent for the Tree County Continuum of Care since it was created in 1997. Homeless providers work together to identify their needs and rank projects that they want to fund. HUD then ranks the applications and makes funding decisions. Funds can be used for permanent and supportive housing, transitional housing, and services.