PLANNING & COMMUNITY
DEVELOPMENT

Needham Housing Plan Working Group Meeting

Thursday February 10, 2022
7:15 p.m.

Virtual Meeting using Zoom
Meeting ID: 811 9113 9515
(Instructions for accessing below)

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Direct Link to meeting: https://us02web.zoom.us/j/81191139515

I. Welcome (Jeanne McKnight)

II. Approval of Minutes
   a. December 9, 2021 Working Group Meeting
   b. January 27, 2022 Public Education and Listening Session

III. Debriefing on January 27th Meeting (Natasha Espada)

IV. Review of Draft Housing Needs Assessment (Karen Sunnarborg)

V. Next Steps (Lee Newman)
   a. 3/10 Meeting to discuss Community Housing Workshop
   b. 3/24 Community Housing Workshop
   c. 4/14 Debriefing on Community Housing Workshop and review of draft Community Housing Survey

VI. Other Business

VII. Adjournment

Housing Plan Working Group Membership

Natasha Espada	Planning Board, Co-Chair	Dan Matthews	Select Board
Jeanne McKnight	Planning Board, Co-Chair	Oscar Mertz	Citizen At Large
Emily Cooper	Citizen At Large	Marcus Nelson	Select Board
Ed Cosgrove	Board of Health	Michael O'Brien	School Committee
Laura Dorfman	Community Preservation Committee	Ed Scheideler	Housing Authority
Carol Fachetti	Finance Committee	Rhonda Spector	Citizen At Large
Helen Gregory	Council on Aging		

NEEDHAM HOUSING PLAN WORKING GROUP
*** MINUTES ***
December 9, 2021

7:17 p.m. A meeting of the Needham Housing Plan Working Group was convened by Jeanne McKnight, Co-Chair, as a virtual Zoom Meeting. Present were Jeanne McKnight and Natasha Espada representing the Planning Board, Dan Matthews from the Select Board, Michael O'Brien from the School Committee, Carol Fachetti from the Finance Committee, Helen Gregory from the Council on Aging, Ed Cosgrove from the Board of Health, and Rhonda Spector and Oscar Mertz as Citizens At Large. Also present were Director of Planning and Community Development Lee Newman, Assistant Town Planner Alexandra Clee, Public Information Officer Cynthia Roy Gonzalez, and Community Housing Specialist Karen Sunnarborg.

Welcome and Introductions – Ms. McKnight welcomed all members of the Needham Housing Plan Working Group to the meeting and asked each member and staff to say their name in turn.

Approval of Minutes –
Motion: Mr. Matthews moved that the Minutes from the October 22, 2021 meeting be approved. The motion was seconded by Ms. Spector. Approved: Unanimous 9-0.

Progress Report on the Work Plan – Ms. Sunnarborg indicated that she has been conducting background research and information gathering on demographic, economic, and housing characteristics and trends; and has made progress in drafting the Housing Needs Assessment. As mentioned in the previous meeting, only very limited 2020 U.S. census data has been released thus far, and the Census Bureau now estimates that the bulk of the data will not be available until March. So as not to lose momentum in the planning process, she will use the 2019 census estimates in the interim and is also compiling data from other sources. She stated that the Housing Needs Assessment will also include affordability analyses and indicators of housing needs that will inform priority housing needs. Ms. Sunnarborg added that the draft Housing Needs Assessment will be completed by February 2022, and the first community workshop will occur in March.

Public Engagement Process – Ms. McKnight indicated that during this meeting we want to receive comments on the draft Community Housing Survey and give all members an opportunity to speak on the key issues they want addressed in the Housing Plan.

Mr. Matthews stated that he had sent some recommended changes to the Work Plan and also had concerns about the survey. He added that it was important to note that Working Group members do not speak for their own boards but instead have been appointed because of their interest and experience in housing.

Ms. Gonzalez indicated that the survey was just one piece of the community engagement process. She has provided notifications of our work in newsletters, on the Town's website, in social media, and to other local entities in addition to press releases in local papers. In regard to the survey, the purpose was to get broad feedback from the community on housing issues, using a company that the Town has effectively brought on in the past.

Ms. Fachetti asked whether it might make sense to reverse the order on local outreach by spending more time on community education prior to issuing a survey. Ms. Spector agreed and suggested that we might be jumping ahead of ourselves. She indicated that the draft survey was too broad, complicated and jargony. Mr. Matthews said he had concerns along the same line and felt that the survey required the respondents to already have some knowledge of housing issues. He suggested that it might also raise expectations on potential actions that aren't feasible. The 2007 Plan has a basic framework for consideration, and we should focus on specific actions items that remain feasible, drafting a reasonable list and then obtaining feedback. Perhaps the survey could include sliding scale questions, simple yes/no questions, as well as open-ended ones. The questions should be reframed so the public can answer in an informed way.

Ms. McKnight suggested that she was particularly interested in the first part of the survey related to locations for new development. Mr. O'Brien expressed his appreciation for the effort of preparing the survey but agreed with the comments. He indicated that we need to reflect on the goals of the survey and need more community education on the topic. He also would like to see more open-ended questions as well as those related to demographics to learn where respondents are living, whether they have children and if so their ages, and if the children attend Needham Public Schools or private schools. Ms. McKnight suggested that we might ask a question concerning their precinct to get at the locational issue.

Mr. Cosgrove said he agreed with most of the comments and felt the survey would take too long to complete. It will be important to get folks to respond to a survey and observed that not many residents are aware of this project. He stressed the need for good community pre-education on housing before the survey is released.

Ms. McKnight interjected that the fact that Needham no longer has a local newspaper makes it more challenging to get the word out about local issues. She mentioned that the League of Women Voters put a great deal of effort into a public forum on basic issues related to affordable housing and very few attended in person or virtually.

Ms. Espada suggested that the Working Group plan a meeting in January to hear resident perspectives related to housing. Mr. Matthews voiced his support for this. Mr. Mertz mentioned that the Working Group needs to find ways to make people more aware and excited about participating in the planning efforts. He suggested

that we include links to the League of Women Voters forum and Health Department's Accessory Dwelling Unit (ADU) materials in the project website.

Ms. Gonzalez offered that it is easier to get people to react to something that is presented to them instead of just asking for open-ended responses. We have tools to get people's attention and can partner with other organizations to get the word out about our effort.

Ms. Spector observed that this was a great conversation. She added that the Town is in an incredible position because we have surpassed the Chapter 40B 10% goal and can decide what we want to focus on next. Let's look at what we have accomplished and put out some ideas as well.

Ms. Espada said that she was impressed by the Needham Housing and Zoning Analysis that summarizes accomplishments to date. She suggested that we put together a PowerPoint presentation that shows where we are today to kick-off a special listening forum. Ms. McKnight offered that we can use a wide range of local stakeholder groups to get the word out on the forum and boost participation in the planning process. Ms. Espada added that the forum could be a vehicle for marketing our efforts.

Mr. Matthews expressed his agreement and added that it will be important for the Working Group to identify the housing needs of subpopulations in town and make recommendations to the Planning Board on key actions to address these needs through the Plan. Perhaps it would be better to work from a limited list of actions including multi-family housing in the Town Center, Needham Housing Authority (NHA) efforts to improve and potentially expand their properties, ADUs, General Residential (GR) area expansion, greater density in certain areas, and inclusionary zoning for example. He mentioned that we need a basic plan of action and then get feedback through a survey. The survey should also include open ended questions.

Ms. Fachetti added that there are economic implications for each action that the Town might propose that should also be identified. Ms. McKnight mentioned the School Department's Demographic Study related to school capacity issues that can be helpful in our work. It will be important to be transparent on the trade-offs involved in recommending various actions as part of the Plan. Ms. Fachetti also mentioned the fiscal analysis that was done for Muzi property rezoning.

Mr. Mertz said he appreciated the comments and suggested there was a rationale for holding a community meeting earlier in the planning process. The meeting can help people feel that their voices are heard, and we can raise some excitement about our work.

Ms. McKnight indicated that the Working Group should redirect what we will do over the next couple of months to integrate more community education into the process, emphasizing what the Town has done to date. Ms. Espada added that we

need to revise the Work Plan and find ways to make it easier for people to participate in the process including a special education and listening forum in January. Ms. Sunnarborg indicated that she will revise the Work Plan accordingly.

Member Comments on Key Housing Issues/Concerns

Ms. McKnight moved to the next item on the agenda that invites Working Group members to weigh-in on key issues and concerns. Ms. Spector expressed her concerns about teardown activity. She also stated that there's a lot to do to with respect to improving NHA properties.

Mr. Cosgrove also indicated that there are real problems with the condition of NHA properties, most of which are approaching the end of their useful life spans. He also suggested that the Town needs to look at housing for the elderly, many who are finding it harder to afford to live independently. He added the need to address the housing needs of those in the middle class who are still shut out of the private housing market.

Ms. McKnight concurred on the need for more senior housing and asked about the respective needs for condos or rentals. Mr. Cosgrove responded that the smartest thing for seniors to do is to buy, given capital gains taxes, but rentals are also needed.

Mr. Mertz agreed with Ms. Spector on the need to focus on teardown activity. Equal Justice Needham also has concerns about this issue. Perhaps a demolition delay bylaw is warranted or even a special tax that can generate funds for the Housing Trust. He further suggested that the Town think about incentives for building single-family homes on smaller lots and becoming more proactive in partnering with developers. He proposed looking at development opportunities for Town-owned property, potentially at the Hillside School for example. Mr. Mertz recognized that there is limited developable property in town, and therefore it is important to take best advantage of what we have at a greater scale of development. He also suggested that there are rezoning opportunities and the need to focus on a vision for various sites and locations, including the Town Center. Further use of Tax Incentive Financing (TIF) should also be explored.

Ms. McKnight added that partnerships with developers are important and asked how can we reach developers to talk to them about potential opportunities without being criticized.

Ms. Spector indicated that she was a developer and that parking requirements in tandem with high land costs make development very costly and challenging, pushing developers to build luxury housing. She added that you can't really build on top of existing buildings given structural and financial constraints. It's important to focus on things we can do. She also added that a lot of seniors want rentals as condos are too expensive.

Mr. Matthews offered a number of important action items. First is to fix NHA properties and also add more units. This will enable us to leverage funding from federal and state sources and will require political support. He also mentioned the need for smaller multi-family homes, such as duplexes, by expanding the GR areas. Such duplex units will likely be expensive however. He observed that redeveloping the downtown is complicated and is why zoning changes have largely not been sufficient on their own to promote development. Parking is an issue, and the Town can potentially get involved and help. New zoning might create possibilities but any specifics need study. Mr. Matthews also emphasized the need to coordinate efforts with other communities as the imbalance between supply and demand is a regional problem. This is challenging given the existence of 101 zoning entities in the Greater Boston area.

Ms. Spector offered the example of the Northland development over the border in Newton that is planned to add 600 market housing units.

Ms. Espada asked whether the Town had reached out to developers regarding some potential larger projects. Ms. Newman responded that there have been numbers of conversations with property owners, particularly those in the Town Center and Chestnut Street area. She indicated that parking has been a problem given impacts on project costs. Ms. Espada suggested that building parking might unlock some development potential.

Ms. Gregory observed that Mr. Matthews has spent a lot of thought on this issue and seconded his suggestions. She emphasized the importance of enabling residents to age and stay in the community and to also consider the housing needs of more moderate-income households who cannot afford rising market prices.

Mr. O'Brien inquired about how we can provide some real options for families who want to live in Needham. We need more equitable and affordable housing opportunities.

Ms. McKnight suggested we look at redevelopment opportunities in business and industrial zones where multi-family housing is currently not allowed, and she provided some examples. Ms. Espada agreed that was a good point. Also, while limited, development of Town-owned property should also be explored. Ms. Fachetti added that the Town is facing the need for significant renovations of several schools and is struggling to pay for these expenses. There are calls for swing space at the Hillside School. Ms. Espada mentioned that the school's use as a swing space is complicated and may not be feasible.

Mr. Mertz expressed his interest in more information on the implications of greater housing development on schools and that the School Department needs to provide input on where we can accommodate growth. Mr. O'Brien added that this issue came up in the rezoning of the Muzi property, and there should be more collaboration and dialogue on the future of growth in Needham. He stated that

there will likely be continued increases in school enrollments that are projected to plateau. The question is, however, whether this plateau could occur given continued development.

Mr. Matthews suggested that folks review the zoning map on the Town's website, which shows that the Town is largely composed of single-residence districts. It is worth noting where the GR areas are located, which is largely in proximity to commuter rail stations. We can discuss expanding these areas and redevelop with more units including triplexes and quadraplexes.

Ms. McKnight indicated that she has done some research on the history of zoning in Needham. She mentioned that in 1925 when zoning was first adopted, the whole town was zoned with 7,000 square foot lots and ADUs were allowed, for example.

Ms. Espada stated that we will work on next steps and revise the Work Plan.

9:03 p.m. **Motion: Mr. Matthews moved that the meeting be adjourned. The motion was seconded by Ms. McKnight. Unanimous: 9-0.**

NEEDHAM HOUSING PLAN WORKING GROUP
PUBLIC EDUCATION AND LISTENTING SESSION
*** MINUTES ***
January 27, 2022

7:04 p.m. A meeting of the Needham Housing Plan Working Group was convened by Jeanne McKnight, Co-Chair, as a virtual Zoom Meeting. Ms. McKnight announced this open meeting is being conducted remotely consistent with Governor Baker's Executive Order of March 12, 2020 due to the current state of emergency from the outbreak of the COVID-19 virus. She said all supporting documents used at this meeting are available on a special section of the Town's website www.needhamma.gov/housingplan2021. Present were Jeanne McKnight and Natasha Espada representing the Planning Board, Dan Matthews and Marcus Nelson from the Select Board, Laura Dorfman from the Community Preservation Committee, Michael O'Brien from the School Committee, Ed Scheideler from the Housing Authority, Carol Fachetti from the Finance Committee, Helen Gregory from the Council on Aging, Ed Cosgrove from the Board of Health, as well as Emily Cooper, Rhonda Spector and Oscar Mertz as Citizens At Large. Also present were Director of Planning and Community Development Lee Newman, Assistant Town Planner Alexandra Clee, Public Information Officer Cynthia Roy Gonzalez, and Community Housing Specialist Karen Sunnarborg.

Welcome and Introductions – Ms. McKnight, Co-Chair of the Housing Plan Working Group, offered a welcome to this special Public Education and Listening Session and asked for a roll call of Working Group members. She also introduced staff and mentioned that the Town had a special website dedicated to the preparation of the Housing Plan at www.needhamma.gov/housingplan2021 and invited community members to access these housing resources.

Ms. Espada, the other Co-Chair of the Working Group, provided a summary of the purpose of the project with a list of key next steps in the planning process including a draft Housing Needs Assessment, Community Housing Workshop on March 24th, and a Strategic Action Plan to address identified priority housing needs. She also emphasized that the purpose of this evening's meeting was to offer an opportunity for community leaders and residents to provide their perspectives on housing concerns, needs, and strategies for the Working Group to consider as part of its Housing Plan.

PowerPoint Presentations of Housing Basics – Ms. Sunnarborg reviewed basic requirements of affordable housing, recent demographic shifts, and housing cost and affordability information. Ms. McKnight provided a presentation of the history of zoning in Needham including current zoning related to types of units allowed and affordability requirements in various zoning districts.

Questions, Comments and Input – Following the presentations, Ms. McKnight asked attendees to provide their thoughts about the future of housing in Needham.

Henry Reagan inquired about the process of rezoning, and Ms. McKnight responded by explaining the role of the Planning Board and Town Meeting. She noted that some amendments focused on housing will require only a majority Town Meeting vote under the new Housing Choice Initiative law.

John Bulian agreed that the Town should add levels of affordability and said we need more information on the new rule regarding multi-family zoning in communities with MBTA services, including Needham. He stated that while creating more housing is a good thing, it needs to be done incrementally so as not to destabilize services. He offered that we do not want the Pollard and Mitchell Schools to need expansion sooner than planned. He also expressed concern that tax increases will drive out current residents.

Gerry Rovner asked about the definition of ADU's, and Ms. Newman answered with a short summary of the current bylaw and the process of obtaining approval from the Zoning Board of Appeals. He further inquired about any parking requirements and whether anyone could occupy an ADU. Ms. Newman indicated that one off-street parking space is required for the ADU, and there has been some discussion about broadening occupancy requirements beyond family members and caregivers.

Rachel Green indicated that the Town should take a strong stance on promoting racial equity and consider reparation programs. She mentioned that the new MBTA Communities requirements from the state are a good start in promoting greater housing density as the benefits to the community outweigh concerns.

Peter Olive expressed his appreciation of the zoning presentation and asked what might have been the Town's motivation in changing zoning in 1948 that reduced density. He also echoed Rachel Green's comments, suggesting that the Town needs remedies for past practices that will address segregation.

Deana Springer indicated that she has a disabled young adult son and is concerned about housing for such young residents who want to remain in the community but are less able to live independently. Ms. McKnight mentioned that the Town has group homes and noted that the Housing Authority is a resource.

Moe Handel expressed his concern about Needham's starter housing stock that has been so reduced by teardowns. He suggested that there needs to be regional approaches to resolving this housing problem. He added that while the Town is becoming increasingly diverse regarding race, it is becoming increasingly less diverse regarding income given such high land costs that translate into high housing costs. Units that have been affordable in the past are now only available to those with substantial resources.

Peter O'Neil asked whether the new MBTA Communities zoning requirements will be similar to Chapter 40B. Ms. McKnight responded that it will not be, but and added that the Town will not have access to certain state grant funding without addressing in its zoning the requirements of the new state law.. He also asked about zoning for group homes as he has a disabled son who wants to live independently and stay in Needham. Ms. McKnight responded that group homes are allowed by right in the single-family residential districts if they are single-family homes, even if four or so unrelated people live in the home.

Paula Dickerman underscored Moe Handel's concern about the lack of starter homes. She suggests allowing four units on 10,000 sq. ft. lots. She also advocated for a local goal for affordable housing that does not include market-rate apartments in mixed-income developments, suggesting 10%, 12% or 15%. She further stated that the Town needs greater diversity, both racial and economic.

Louis Wolfson suggested that the Town reduce the parking requirement for multi-family housing that is transit-oriented. Ms. Newman responded that Needham will participate in a MAPC HOME Consortium parking study, noting that an earlier study found that parking requirements were too restrictive.

Mr. Matthews, a member of the Housing Plan Working Group, pointed to the recently released state guidelines that would require new zoning to increase housing density near MBTA stations. He suggested that we look to zoning more areas for multi-family housing and perhaps increase the number of units allowed in the General Residence District from two to three units per structure.

Mr. Nelson, also a member of the Housing Plan Working Group, stated that these comments are very important for the Working Group to hear. He mentioned that amending the ADU bylaw might be able to happen soon, and we should look to other zoning to better promote affordable housing and address the needs of all residents including those with disabilities as well as diverse income and racial populations. He further observed that more people are getting involved in the housing issue and agree that it is important that Needham be open to people from all paths of life.

Ross Donald asked if there was a representative of the Needham Housing Authority on the Working Group and was informed that Ed Scheideler was the representative. He suggested that race is not the problem in Needham, but the root of the problem is economic given such high housing costs. He indicated that he is a Needham Housing Authority tenant and that conditions at NHA properties need attention.

Cynthia Landau asked about teardown activity and whether they are approved as of right or by special permit. Ms. Newman responded that no special permit or other relief is needed if the new home complies with dimensional requirements. Ms.

Landau then said the Town should have a moratorium on teardowns or at least require a special permit. She also agreed with Mr. Bulian's comments about the need for incremental change and questioned how big we want the Town to grow. She expressed her concern about Needham becoming more urban and emphasized that we look at the capacity of our social services, infrastructure, and schools while remaining a welcoming community.

Ms. Dorfman, a member of the Working Group, indicated that she serves on Needham's Historical Commission as well as on the Community Preservation Committee. She noted that the demolition delay by-law that Needham has adopted only delays teardowns by six months and only if the property is an historically recognized structure. She noted that other towns have restrictions based on the age of the house being torn down.

Mr. Mertz, a Working Group member, suggested that we need to lay the groundwork through zoning reform for additional ADU's and multi-family developments, recognizing that it takes years to effect changes. He noted that there is a reported regional housing shortage of 200,000 units. He also agreed that we need to know the effects of any proposed housing strategy on local services.

Ms. Espada expressed the Working Group's intention to obtain substantial and diverse community input into the planning process and that there will be additional opportunities for such input in the future.

Mr. Matthews emphasized the need for regional solutions to the housing problem including both for subsidized and moderate-income housing. He further noted there are 101 zoning authorities within Route 495 and suggested that the new MBTA Communities guidelines can potentially be effective throughout the region. He also mentioned that it is important to support the NHA's 2019 Capital Plan.

Ms. Spector, also a Working Group member, added that this meeting has helped the Working Group learn a lot about what people care about when it comes to housing.

Next Steps – Ms. Newman expressed her appreciation to the members of the Working Group and those who attended the meeting. She mentioned that next month the Working Group will be reviewing a draft Housing Needs Assessment and will hold a Community Housing Workshop on March 24th to present the key findings from the Housing Needs Assessment and obtain important community input on a vision for Needham's housing future, housing goals, as well as priority needs and strategies. The Working Group also intends to conduct a Community Housing Survey as a means for obtaining further community input and will hold another community-wide forum to present the Strategic Action Plan once it has been prepared.

8:54 p.m. **Motion: Mr. Matthews moved that the meeting be adjourned. The motion was seconded by Ms. Cooper. Unanimous: 13-0.**

Affordable Housing Working Group Sub-groups - Draft

1. Zoning

a. ADUs
b. Increase actual affordable housing to the 10% - do not include at market housing numbers
    i. Goals for growth on affordable housing
c. MBTA multi-family zoning
d. Parking reductions- zoning
e. Zoning Districts
    i. By-right
    ii. Special Permit
f. Regional Development Approaches; 40R, etc

2. Capacity Building

a. Racial Diversity and Equity- Reparations
b. Economic Diversity and Equity
c. Capacity of Town Resources, schools, etc for additional housing
d. Transportation/traffic

3. Housing Preservation

a. Historic District
b. Start up Housing Preservation
c. Tear downs
d. Connection to Housing Authority

4. Housing Development

a. Disabled community member housing opportunities
b. Senior Housing
c. Increase actual affordable housing to the 10% - do not include at market housing numbers
d. Starter housing
e. Connection to Housing Authority
f. Goals for levels of affordability

TOWN OF NEEDHAM
HOUSING PLAN

The Kendrick

Prepared by the Needham Housing Plan Working Group

Jeanne McKnight, Co-Chair	Planning Board
Natasha Espada, Co-Chair	Planning Board
Rhonda Spector	Citizen At Large
Oscar Mertz	Citizen At Large
Emily Cooper	Citizen At Large
Ed Cosgrove	Board of Health
Helen Gregory	Council on Aging
Carol Fachetti	Finance Committee
Ed Scheideler	Housing Authority
Dan Matthews	Select Board
Marcus Nelson	Select Board
Laura Dorfman	Community Preservation Committee
Michael O'Brien	School Committee

Needham Department of Planning and Community Development

Lee Newman, Director of Planning and Community Development
Alexandra Clee, Assistant Town Planner
Karen Sunnarborg, Housing Specialist

Insert date

TOWN OF NEEDHAM
HOUSING PLAN
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Acknowledgements

The Needham Planning Board and Housing Plan Working Group would like to acknowledge the following organizations and individuals for their contributions to this planning effort:

- Angie Medeiros, Needham Housing Authority
- Nayda Sanchez, Needham Housing Authority
- Chip Davis, Needham Town Assessor
- Lyn Heintz, Needham Building Department
- Tim MacDonald, Needham Department of Health and Human Services
- Lynn Schoeff, Needham Department of Health and Human Services

TOWN OF NEEDHAM
HOUSING PLAN

I. EXECUTIVE SUMMARY

Needham is among the most desirable places in the state to live, work, and raise children. However, based on a substantial affordability gap due to demographic and economic conditions, the community must continue to strategically plan for more affordable and accessible residential development in appropriate locations. The Needham Planning Board is sponsoring this Housing Plan to obtain important updated documentation on these conditions and identify priority local housing needs to guide decision-making on the Town's future housing agenda. To undertake this work, the Planning Board has appointed a Working Group composed of representatives of various local boards and committees as well as at-large members of the community. The active engagement of local leaders, housing stakeholders, and residents is a key component of the planning process that has included several community meetings and a community housing survey.

The Town of Needham has not had an approved Housing Plan in place since 2007, although it has made considerable progress in producing affordable housing since then, adding 894 new state-approved units[1] to its Subsidized Housing Inventory (SHI) and surpassing the state affordability goal of 10%. Despite reaching this threshold, the Town recognizes that significant unmet housing needs remain, particularly in the context of unprecedented housing prices and the pandemic. Consequently, the Town has determined that it should revisit its housing agenda by obtaining updated documentation on the local housing dynamic and preparing a Housing Plan to strategically address identified priority housing needs.

The Town of Needham has approximately 11,800 total housing units with a median single-family house price of $1.3 million in September 2021 ($862,500 for condominiums), up from $1,065,000 (+22.1%) and $805,000 (+7.1%), respectively, as of the end of 2019. Housing prices are not only high and rising, but further evidence of tightening market conditions is reflected in vacancy rates at about 1% and little or no affordability remaining in the private unsubsidized housing stock. These conditions have been exacerbated by substantial teardown activity, involving the demolition of more modest homes with much larger and expensive ones, further driving up housing prices and eroding housing affordability. The loss of income that many have suffered as a result of Covid-19 is exerting further pressures on existing residents, many who are struggling to afford to remain in their homes and community.

It is the premise of this Housing Plan to create housing opportunities that will not only be affordable but remain affordable for as long a period as possible, striving to remain above the state's 10% affordability goal. Staying above this threshold offers the Town a strong negotiating position with developers to ensure that new units are created in the context of the Town's needs and preferences. It is also the intention of the Housing Plan to identify and address the wide range of housing needs in the community to the greatest extent possible. Through a range of strategies including zoning changes, partnerships with developers and service providers, and subsidies; the Town can continue to play a meaningful role in promoting housing options that match people to appropriately priced and sized units – producing housing that reflects community priorities and the range of local needs.

[1] A total of 894 units were added to the Subsidized Housing Inventory (SHI) although 238 were actually affordable to those with incomes at or below 80% of area median income.

A. SUMMARY OF HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment provides information on demographic, economic, and housing characteristics and trends with the following key findings:

1. Summary of Demographic and Economic Characteristics and Trends

Recent spurt in population growth

The 2020 census identified significant population growth between 2010 and 2020, up to 32,091 residents or 11%, representing a gain of 3,205 new residents. Some of this growth is due to new multi-family rental development that included 526 additional residential units in The Kendrick and Modera Needham 40B developments for example.

Projected population growth likely underestimates actual growth

There are a number of projections that have been calculated to forecast future demographic growth including those provided by the Metropolitan Area Planning Council (MAPC), State Data Center at the University of Massachusetts Donahue Institute, and Needham Public Schools. All of these projections forecasted a total population of less than 30,000 residents by 2020 and 31,000 by 2030, significantly less than the 32,091 residents reported in the 2020 U.S. census**.**

Major increases in racial diversity

The population has remained predominantly White, but minority residents have been steadily growing in number and as a percentage of the total population, from 5% in 2000, 9% in 2010, and up to 15% according to the 2020 census.

Increasing numbers of children but proportionate declines

The 2020 census data remains limited but, in addition to the total population figure of 32,091 residents, it identified 8,439 residents as being under age 18, somewhat higher than the 8,329 children indicated in the 2019 census estimates, and 8,139 children in 2010. Proportionately, however, the level of children decreased from 28.3% to 26.3% of all residents between 2010 and 2020.

Declines in young adults but significant gains in older residents

In general, trends show decreases in younger adults and significant gains in older ones. The aging of the population is also reflected in the median age which climbed from 38.9 years in 1990, to 43.0 by 2010, and increasing still more to 43.5 years in 2019, largely reflective of significant overall increases in the 55 to 64 age range.

High projected increases in older residents

Population projections generally forecast continuing decreases in younger residents from 2010 levels and increases in those 65 years and older to at least 24% of all year-round residents by 2030. Of particular note in these population projections are the following general demographic shifts and resulting implications:

- Some eventual declines in the numbers of children which will provide relief to Needham's Public School system, reducing costs with decreases in school enrollment. MAPC and State Data Center projections suggest greater declines in children than those prepared for the Needham Public School District.

- Increases in younger adults with sufficient income to afford housing in Needham. These smaller households will likely put less stress on local infrastructure, and many will be attracted to the

smaller multi-family units that have been produced as part of the new rental developments or opportunities that might arise out of new zoning such as the Mixed Use Overlay District (MUOD) or potential accessory dwelling units.

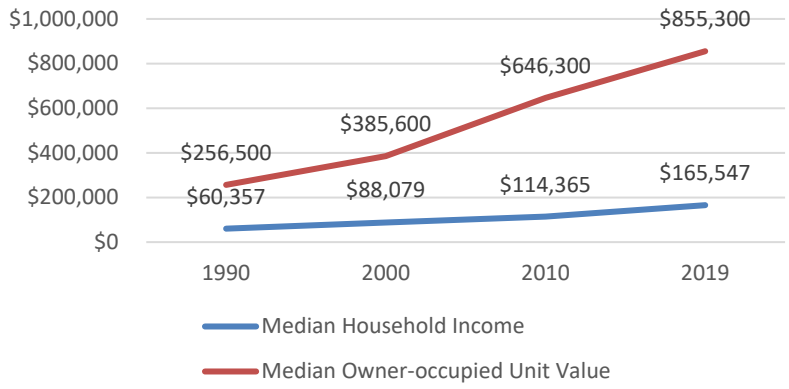
- Some declines in middle-age residents who are likely to be homeowners, many with school-age children.

- Major increases in older adults 65 years of age or older, many who would prefer to downsize in the community but have tended to remain in their homes given limited affordable and accessible housing alternatives.

Increases in larger households

The net number of new households was 641 between 1990 and 2019 representing a 6.3% rate of growth, half the 12.4% rate of population growth during this period. This suggests that households were becoming larger which was further demonstrated by the increase in average household size from 2.68 persons in 1990 to 2.79 by 2019. Perhaps the teardown activity that has occurred over the past decade, with smaller more modest homes being replaced with larger more expensive ones, is a contributing factor to increasing numbers of larger households.

Figure I-1: Median Household Income and Median Owner-occupied Unit Value, 1990 - 2019



Relatively high incomes but growing income disparities

On average Incomes have increased substantially with the median household income increasing from $60,357 to $88,079, or by 46% between 1989 and 1999, and growing by 30% between 1999 and 2010 to $114,365. The 2019 census estimates indicate another 45% growth in median household income to $165,547, more than twice the rate of inflation of 17.2%. As shown in Figure I-1, housing values have risen substantially more than income, resulting in greater affordability gaps.

In 1989, about 40% of all households earned less than $50,000, decreasing to 14.5% by 2019. There were decreases in the numbers and percentages of households in all income ranges of less than $100,000 between 1989 and 2019, with 78.4% of all households earning less than $100,000 in 1989 compared to 30% by 2019. On the other hand, 21.6% of all households earned above $100,000 in 1989, increasing to 70% by 2019.

While the median household income of homeowners increased by 85%, from $100,732 in 2000 to $186,736 by 2019, the median income of renters decreased by 5.7% during this period, from $44,226 to $41,691.

Relatively low poverty levels and declining

The 2019 census estimates indicate declines in those living in poverty from 3.8% in 2010 to 2.7% of all residents with decreases for families and seniors at 1.4% and 4.9%, respectively.

Expanding labor force

Needham has a strong and diverse economic base with an average employment of 19,951 workers in 2020, up from 13,688 in 2010. The data also confirms a mix of employment opportunities with a concentration of higher-paying professional jobs that brings the average weekly wage for those working in Needham to a relatively high level of $2,105, up from $1,698 in 2010 and almost as high as Boston's average weekly wage of $2,281.

High educational attainment

The educational attainment of Needham residents is very high and has improved over the last couple of decades. In 2019, 97.8% of those 25 years and older had a high school diploma or higher, and 76% had a bachelor's degree or higher compared to 55% for the county and 45% for the state. Such high education attainment levels are correlated with Needham's generally high incomes.

Fluctuating school enrollments projected to peak in 2025-26 and then decline in 2033-34.

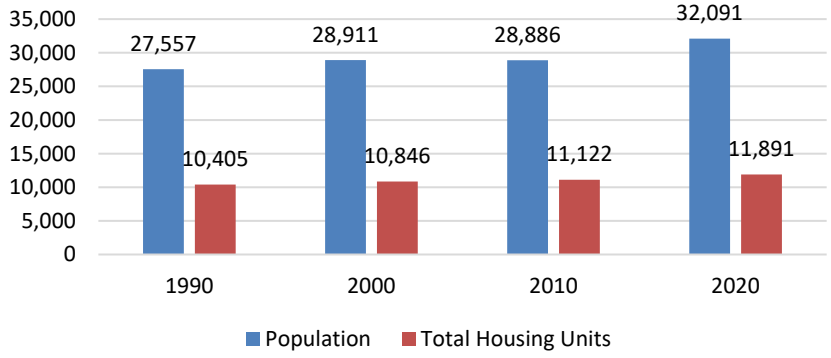
The Needham Public Schools reported a student enrollment of 5,483 in the 2020-2021 school year, down from 5,645 for 2018-2019, and up considerably from 4,330 students during the 1999-2000 school year. Needham Public School projections also predict that student enrollments will grow to a peak of 5,946 students in the 2025-26 school year and then decline to 5,777 in 2033-2034.[2]

2. Summary of Housing Characteristics and Trends

Slower housing growth

Population growth increased by 4,534 units or 16.4% between 1990 and 2020 to 32,091 residents compared to housing growth of 1,486 units or 14.3% to 11,891 units as shown in Figure I-2. Higher population growth reflects higher average persons per unit which largely occurred in the owner-occupied housing stock between 1990 and 2019, from 2.83 persons to 2.99. Average household size in rentals decreased, however, from 2.01 to 1.74 persons during this same period.

Figure I-2: Change in Population and Total Housing Units, 1990 to 2020



High level of demolition/rebuild activity

Building permit data indicates that between 2010 and 2020 there was a net gain of 720 housing units with a net increase of only 16 single-family homes. This represents a teardown level of almost 98% of all new single-family permits during this period.

[2] McKibbin Demographic Associates, Enrollment Projections for FY 2019/2020 to 2033/34 to the Needham Public Schools, January 2, 2019.

Substantial growth in multi-family housing
Building permit data also shows that 666 units were built in the multi-family buildings of three units or more between 2010 and 2020, representing 92.5% of new unit production.

Predominance of owner-occupied, single-family detached homes,
Needham's housing stock is dominated by single-family detached residences at 76.4%% of all units with an owner-occupancy level of 84.0% based on 2019 census estimates.

Housing costs at unprecedently high levels
Needham joined the "million-dollar club" several years ago as the median sales price of a single-family home climbed to $1,102,000 as of January 2019 from $976,250 as of the end of 2018. It subsequently increased to $1.3 million as of September 2021. The median condo price was $862,500 in September 2021.

The rental market has also changed substantially as the median rent increased by 86% between 1990 and 2019, going from $798 per month to $1,483. In 2019, 62% of the town's rental units were renting for more than $1,000, 46% above $1,500, and 12% at over $3,000*. It is also important to note that the census figures include subsidized units, which represents about 37% of all rental units in Needham, and thus median values make the rental market look more affordable than it actually is.* A more typical rent for a two-bedroom apartment is at least $1,900 in older dwellings and over $3,200 in newer multi-family developments.

Very little affordability left in Needham's private housing stock
There was only one unit, a Habitat for Humanity house, valued below $200,000 and just another assessed between $200,000 and $300,000 that were still relatively affordable. While almost half of the homes were assessed between $500,000 and $700,000 in Fiscal Year 2014, homes in this range declined to 18.7% in FY22. In fact, all properties assessed for less than $700,000 decreased from 4,987 homes, or 60% of all single-family units in FY14, to 1,684 units representing 20% of these units by FY22.

Gaps in housing demand and supply
Only eight single-family homes, that include the Habitat for Humanity house, were likely affordable to households earning at or below 80% of the area median income (AMI) as were 147 condos that included 17 affordable condos as part of Chapter 40B developments. An additional five single-family homes and 92 condos would be potentially affordable to those with incomes in the 80% to 100% AMI range. This represents relatively very limited affordability in the housing stock. It should be noted that assessed values typically underestimate actual market value, particularly in rising housing markets, and thus this deficit likely underrepresents actual market conditions.

There is a suggested gap of 620 affordable rental units for those with incomes at or below 80% of area median income. Since this data was reported several years ago, it is likely that some of this need was subsequently addressed by The Kendrick or Modera Needham Chapter 40B developments for those in the 50% to 80% AMI range but not for those with incomes below which comprised the greatest need of 500 units. There is also a substantial deficit of affordable homeownership units in this income range, estimated at 905 units for those with incomes at or below 80% AMI and an additional 278 units in the 80% to 100% AMI income range. Given rising housing costs, it is likely that the deficits have subsequently grown.

High affordability gaps

The affordability gap for single-family homes is estimated to be $534,000 as of September 2021, the difference between $766,000, based on what a median income household could afford (for an average household of three and 80% financing) and the median house price of $1.3 million.[3] This gap is up considerably from $211,500 as of April 2014. The upfront cash requirements for the down payment and closing costs in effect substantially add more than another $260,000 to this affordability gap in the case of 80% financing. The gap widens to $650,000 plus some upfront cash requirements for 95% financing.

When looking at the affordability gap for those with incomes at the HUD 80% of area median income limit, the gap is an estimated $928,500, the difference between the median priced single-family home and what a three-person household earning at this income level can afford, or $371,500 based on 95% financing. This gap is up substantially from $556,500 in 2014. In the case of 80% financing, the gap would increase to $1,018,900.

As to condos, the affordability gap is about $243,500, the difference between the median priced condo of $862,500 and what a median income earning household can afford or $619,000 with 95 % financing. The gap drops somewhat to $129,500 based on 80% financing if the purchaser can afford the upfront cash requirements close to $180,000. There was no affordability gap in 2014 as a household earning at median income could afford the median priced condo at the time.

For those with incomes at the 80% AMI level, the condo affordability gap increases to $531,000, up from $281,750 in 2014. This is based on 95% financing and assumes the purchaser would qualify for the state's ONE Mortgage Loan Program, MassHousing mortgage, or other government assisted financing. More rigorous underwriting criteria, including more stringent credit requirements, remain significant challenges in obtaining mortgage financing however.

In regard to rentals, because the median household income for Needham is so high, there is no affordability gap for households earning at the median income level who could likely afford a monthly rent of almost $4,000. However, a household with income at the 80% AMI level would encounter an affordability gap of about $650, the difference between an estimated median rent of $2,500 and what such as household could afford of about $1,846.

Increasing cost burdens

Special tabulations of census data for HUD indicated that of the total 10,765 estimated households in Needham, 1,425 or 13.2% were spending between 30% and 50% of their income on housing with another 1,163 or 10.8% spending more than half their income on housing costs. This analysis suggests that 2,588 or 24% of all households were spending too much on their housing, commonly defined as spending more than 30% of income on housing cost and also referred to as having cost burdens.

[3] Figures based on interest rate of 4.0%, 30-year term, annual property tax rate of $13.03 per thousand, insurance costs of $6 per thousand for single and two-family homes and $4 per thousand for condos, and private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, and estimated monthly condo fees of $300. Figures do not include underwriting for PMI in calculations with a 20% down payment and for the 80% AMI level at 95% financing that would assume that the purchaser qualified for the ONE Mortgage Program, MassHousing, or other government mortgage offerings for example. Assumptions also include the purchaser spending no more than 30% of income on housing costs.

There were 1,030 renter households and 1,060 owner households with incomes at or below 80% AMI, which included 57% or of all renter households and 11.8% of owner households.[4] Of the 1,810 reported renter households, 620 or 34.2% were experiencing cost burdens compared to 708 or 7.9% of owners. Consequently, renters were proportionately experiencing greater cost burdens although the total number of cost-burdened owners was a bit higher.

Of the 1,030 renter households with incomes at or below 80% AMI, 60.2% were experiencing cost burdens including 38.4% with severe cost burdens. In comparison, 66.8% of the 1,060 owner households were overspending including 46.0% with severe cost burdens. It is likely that many of these cost-burdened owner households are "cash poor but equity rich" in that their incomes might have qualified them for housing assistance but their financial assets, particularly the equity in their homes, would render them ineligible for such housing.

Significant gaps remain between what most current residents can afford and what housing is available. In addition to sizable income requirements, both purchasers and renters are confronted with substantial up-front cash requirements and credit checks when seeking housing. Also, long-term residents may encounter difficulties keeping up with housing expenses including taxes, utilities, insurance, and maintenance needs. It is no wonder that so many households were experiencing cost burdens.

The convergence of these trends – an aging population, fewer young adults, high housing prices, lower housing production, limited housing diversity, challenges in obtaining subsdies, and large up-front cash requirements for homeownership and rentals – all point to a widening affordability gap and increasing cost burdens. Consequently, Needham and many other communities in the Greater Boston area will continue to lose ground on their ability to be a place where individuals and families across a range of economic and social strata can call home.

3. Summary of Priority Housing Needs

Given the substantial numbers of residents who are paying too much for their housing and growing affordability gaps, there is a pressing need to produce more housing that is affordable in Needham, not only for the most financially-vulnerable residents, but also for those who may not meet all affordable housing requirements but are still struggling to remain in the community. The major obstacle to meeting underserved needs is the gap between the level of need and the resources available, including property, which has been exacerbated by unprecedently high and rising housing prices. Constraining regulations, low interest rates, and the pandemic have also contributed to rising housing prices.

Fundamental to the rise in housing prices is the imbalance between housing supply and demand. This is not just a local problem but one that is occurring throughout much of the Commonwealth, the Greater Boston area in particular. Regional solutions to boosting housing production are needed, albeit challenging given home rule which guides local decision-making.

Based on input from a wide variety of sources including updated census data, market information, input from local stakeholders, and community meetings; the following priority housing needs have been identified. It should be noted that this information will be augmented with input from the Community Housing Workshop, to be held on March 24, 2022, and the Community Housing Survey which will be issued shortly after that.

[4] HUD uses Median Family Income (MFI) in this report which is the equivalent of Area Median Income (AMI).

Households with Limited Incomes – Need affordable rental housing
There still remains a population living in Needham with very limited financial means. Given the high costs of rental housing, including sizable up-front costs (first and last months rent, a security deposit, and/or moving expenses), more subsidized rental housing is necessary to offer more diverse and affordable housing options, particularly for the community's most vulnerable residents and its workforce. Additionally, almost all state subsidies are targeted to rental development which enables the Town to leverage any local investment.

Gaps in Affordability and Access to Affordable Housing – Need affordable homeownership opportunities
Housing in Needham is expensive with large gaps between what housing costs and what many residents can afford. There are also substantial cost burdens for owners with incomes at or below 100% AMI. Even though Needham has a very high level of homeownership, at 84%%, there would be a public benefit for the Town to promote opportunities for younger households to purchase a starter home and establish roots in the community. A wider range of affordable housing options is also needed for municipal employees, other Town employees, and seniors looking to downsize. Many seniors are living in homes that are larger than they need, costly to maintain, and potentially isolating; but there are limited alternatives that better address their current lifestyles, resources, and potential special needs.

Special Needs Housing – Need barrier-free units and supportive services
Almost 2,000 or 6.4% of residents claimed some type of disability. Given this level as well as the aging of the population, greater emphasis should be placed on housing that includes supportive services and promotes increased conformance with universal design guidelines for handicapped accessibility, adaptability and "visitability".

Given the indicators of need that are included in the Housing Needs Assessment, even if the Town were to reach the 10% level of affordability without the inclusion of market rate units in the Chapter 40B rental developments, now at 6.7%, it will likely still have unmet housing needs in the community.

B. SUMMARY OF HOUSING STRATEGIES

TBD

II. INTRODUCTION

A. Purpose of the Project

This Housing Plan represents an effort to update and augment information that was included in an Affordable Housing Plan, completed in 2007, that was the culmination of a lengthy process on the part of the Town of Needham to better understand and address unmet community housing needs. In the fall of 2002, the Needham Select Board created the Comprehensive Community Housing Study Committee, made up of both Town officials and local residents, to coordinate, research and make recommendations to the Town about ways to maintain and increase housing options for individuals and families with low- and moderate-incomes. With assistance from Needham's Planning Department, consultants and state funding under Executive Order 418, the Committee undertook a vigorous program of research and public workshops for more than a year that culminated in an approved Community Housing Plan.

In June of 2006, the Select Board appointed a special Affordable Housing Plan Task Force to work with the Town Planner and selected consultants on updating the Executive Order 418 Community Housing Plan to make sure it reflected current market conditions, the status of housing initiatives, and the updated HUD Consolidated Plan, setting production goals over the next decade to get to the 10% state affordable housing goal.

More than 15 years have passed since then and significant progress has been made with respect to boosting housing production and building local capacity for promoting additional housing opportunities including the following important accomplishments:[5]

- Since 2006, the Town's Subsidized Housing Inventory increased from 498 to 1,410 units or from 4.61% to 12.76% of its year-round housing stock for a net increase of 912 state-approved units.
- The Needham Housing Authority (NHA) coordinated a $2 million modernization project that expanded the living areas and renovated the kitchens of units in their High Rock Estates project. Additionally, they redeveloped 20 single-family houses into 20 duplexes with a net gain of 20 units. Ten of these units were redeveloped into 20 condominiums with a separate Homeowners Association but also receiving some NHA support in maintaining and managing the units. The remaining units are rentals managed by NHA. Since then, NHA prepared a Facilities Master Plan and has brought on consultants to guide it in the next phases of modernization and redevelopment work.
- The Town approved new zoning that created special districts to promote senior housing and mixed-use development with mandates for the inclusion of affordable units. It also approved a bylaw to allow the creation of Accessory Dwelling Units (ADUs) for family members or caregivers.
- Significant funding has been committed in support of affordable housing including almost $1.5 million in Community Preservation funding and $280,000 in HOME Program funds.
- The Town prepared a permitting guide that clarifies what qualities Needham seeks in housing development, Chapter 40B comprehensive permit projects in particular.
- The Town launched new programs to support qualifying tenants in paying their rent during the pandemic and another to help eligible homeowners undertake important health and safety improvements to their homes.

[5] A more detailed report of zoning and housing production accomplishments is included as Appendix 1.

This Housing Plan provides an opportunity to obtain updated information on local demographic and housing changes and reflect on the ramifications of these changes on current housing needs. In order to move forward on a proactive housing agenda, the Town recognizes that it needs a more current understanding of the local housing dynamic to identify and prioritize unmet housing needs in the community and prepare a plan of action to address them. This planning effort will enable the Town to document the extent of local need in terms of affordability, accessibility, adequacy and suitability that will provide input into decision-making on future regulatory and development prospects.

The Needham Planning Board has appointed a Working Group of representatives of various Town boards and committees as well as three at-large community members. Fundamental to this planning effort is a robust community engagement process of public forums, interviews, and a survey to ensure that residents have opportunities to express their thoughts about local housing issues and an action plan.

B. Town Overview

Needham is a largely residential community that is located on rocky uplands within a loop of the Charles River in the eastern part of Norfolk County, about ten miles southwest of Boston. The town includes almost 13 square miles and is home to about 32,000 residents. Neighboring communities are some of the most affluent in the Boston Region and the state including Wellesley on the west and northwest, Newton on the north and northeast, the West Roxbury section of Boston on the east, Dedham on the southeast and south, and Westwood and Dover on the south.

Needham also has the great advantage of being well positioned with respect to transportation with four stops on the Massachusetts Bay Transit Authority's (MBTA) commuter rail system and tremendous highway accessibility that includes Route 9 to the north and Routes 95 and 128 that run through town with two exits in Needham.

Needham is also made up of richly diverse environments, ranging from a compact Town Center, outlying areas that are more rural in character, a variety of smaller village centers and residential neighborhoods, as well as substantial and well-planned business areas. While, Town government remains under significant fiscal pressures, like virtually all others in Massachusetts, the level of services it strains to maintain is one that many communities would envy. Moreover, Needham has a well-recognized school system that has been ranked highly among others in the state. All of these amenities have resulted in Needham being a desirable place to live, work and raise a family.

Nevertheless, the Town faces some very real problems that need to be addressed, and housing is among them. High housing costs coupled with limited state and federal resources present substantial challenges to meeting local housing needs. For example, young adult children of Needham families typically find it impossible to afford housing here. Many households, especially seniors with fixed incomes, find that remaining here imposes increasingly unbearable cost burdens. Mobility within Needham is limited as "empty nesters," even those with good incomes and substantial home equity, find downsizing to housing with services a choice that is largely unavailable at any cost.

Moreover, Needham is categorized by the regional planning agency, the Metropolitan Area Planning Council (MAPC), as a "mature suburban town" characterized by mid-20th century neighborhoods of owner-occupied, single-family homes on small lots, interspersed with commercial districts and high-density residential developments. Such "maturity" reflects fewer future development opportunities. While there are some remaining scattered parcels of vacant developable land, most new development will have to occur through the redevelopment of existing buildings. This will likely be in areas where some greater density is appropriate, such as near commuter rail stations and along commercial corridors. Moreover, almost all new single-family homes now involve the demolition of more modest homes in the community with much larger and expensive ones.

Bringing affordability to existing units is made more daunting by Needham's extraordinary market values with a median single-family home price of $1.3 million.

Within this context of housing challenges is the virtual mandate from Chapter 40B and the Commonwealth that at least 10% of all housing should be affordable based on specific requirements, regardless of market changes. As Needham has surpassed this 10% affordability threshold, it is in a position to better control new development of affordable housing as the use of the Chapter 40B comprehensive permit process can only be used if the Town agrees to basic project terms and conditions.

C. Housing Goals

As part of the 2007 Affordable Housing Plan, the Town articulated the following four primary housing goals:

- An overarching goal to build a stronger and deeper community. The ways in which housing efforts are carried out can help in achieving that, bringing the community together in addressing a widely shared concern about the quality of life in Needham.

- A related goal is to remain a community having broad socio-economic diversity shaped less by economic imperatives than by individual choices about the living environment that individuals choose. Achieving that goal entails meeting housing needs across the full range of incomes, promoting the diversity and stability of individuals and families living in Needham.

- A widely expressed goal to have the community shape its own housing future, doing so with sensitivity to larger-than-local considerations but without the Town losing its ability to guide development outcomes.

- A related goal is to assure that new housing is appropriate to its location and context. Achieving that involves sensitively designed regulations and cooperative development and decision-making processes.
  We will want to revisit these during the planning process, especially community visioning.

D. Definition of Affordable Housing[6]

The federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a

[6] Definitions of other terms are included in a Glossary of Terms in Appendix 2.

home (mortgage, property taxes and insurance) is not more than 30% of gross income. The state's comprehensive permit regulations and Local Initiative Program (LIP) guidelines define affordability if the household is not paying more than 30% of income on housing costs. If households are paying more than these thresholds, they are described as experiencing housing affordability problems or cost burdens; and if they are paying 50% or more for housing, they have severe housing cost burdens.

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those with incomes at or below 30% of area median income (AMI) as defined annually by the U.S. Department of Housing and Urban Development (up to $36,250 for a family of three for the Boston metro area). Housing that targets this income group is often referred to as "deeply affordable". Very low-income is defined as households with incomes between 31% and 50% of area median income (up to $60,400 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income ($90,950 for a family of three at the 80% level). These income levels are summarized in Table II-1.

Table II-1: INCOME LIMITS FOR THE BOSTON-CAMBRIDGE-QUINCY MA-NH METRO AREA, 2021

# Household	30% AMI	50% AMI	80% AMI	100% AMI
1	$28,2000	$47,000	$70,750	$84,560
2	$32,200	$53,700	$80,850	$96,640
3	$36,250	$60,400	$90,950	$108,720
4	$40,250	$67,100	$101,050	$120,800
5	$43,500	$72,500	$109,150	$130,464
6	$46,700	$77,850	$117,250	$140,128
7	$49,950	$83,250	$125,350	$149,792
8	$53,150	$88,600	$133,400	$159,456

Source: U.S. Department of Housing and Urban Development (HUD) and Community Preservation Coalition for 100% AMI figures.

Most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income (AMI), as well as some at lower income thresholds. The Community Preservation Act (CPA) allows resources to be directed to those at a somewhat higher income threshold – up to 100% of area median income – now typically referred to as "community housing". It should be noted, however, that units in this income range cannot be counted as part of the SHI. In general, programs that subsidize rental units are targeted to households earning less than 60% AMI with some financing reaching those with incomes below 30% AMI. First-time homebuyer programs typically apply income limits of 80% AMI.

In counting a community's progress toward the 10% threshold, the state counts a housing unit as affordable if it meets a number of requirements under Chapter 40B as summarized in Figure II-1. These units are often referred to as "A" affordable. It is worth noting that communities may have units where prices are within the affordable range or occupied by income-eligible owners or tenants, but because the units do not meet all state requirements for inclusion in the SHI, they cannot be counted. Given Needham's high and rising housing costs, these private market affordable units, or what is sometimes referred as "a" affordable units, are dwindling in Needham.

Figure II-1: CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?

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

State policies also enable municipalities to possibly reserve up to 70% of the affordable units created in state subsidized developments, including comprehensive permit projects, for those who live, work or attend school in the community, referred to as "local preference" units. State approval is required, and thus far Needham has obtained local preference approval for all of its eligible projects.

III. HOUSING NEEDS ASSESSMENT

It is important to closely examine demographic and economic characteristics and trends, particularly past and future trends, in order to understand the composition of the population and how it relates to current and future housing needs. A profile describing housing growth and occupancy patterns as well as the current housing market dynamic is also provided, including an analysis of affordability based on different income levels and population groups.

A. DEMOGRAPHIC PROFILE

This section examines population growth in terms of changes in the age distribution and household types that predict impacts on local services and the housing market.

1. Population Growth – Recent spurt in population growth

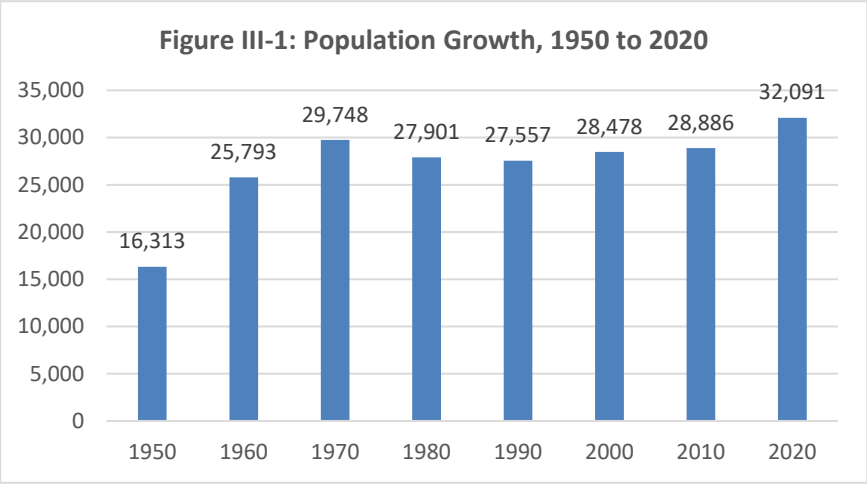
As presented in Table III-1 and Figure III-1, Needham's population increased substantially after World War II, more than doubling between 1940 and 1960, according to U.S. census data. The population climbed to 29,748 residents by 1970, and then dipped to 27,557 in 1990. It rebounded after that growing to 28,478 or by 3.3% in 2000, and then up modestly to 28,886 residents and 1.4% in 2010. The 2020 census identified significant population growth between 2010 and 2020 of up to 32,091 residents or 11%, representing a gain of 3,205 new residents. Some of this growth is due to new multi-family rental development that included 526 additional residential units in The Kendrick and Modera Needham 40B developments for example.

The Town census figure was 31,736 residents as of November 2021 with an additional 1,163 inactive voters for a total of 32,899. The Town is required to keep these inactive voters on the census for two biennial state elections if they do not return a confirmation notice. The disparity between the federal and local figures is largely because the federal census counts students as living at their colleges and universities while the Town counts students as living at the home of their parents.

Table III-1: Population Change, 1930 to 2020

Year	Total Population	Change in Number of Residents	Percentage Change
1930	10,845	--	--
1940	12,445	1,600	14.8%
1950	16,313	3,868	31.1%
1960	25,793	9,480	58.1%
1970	29,748	3,955	15.3%
1980	27,901	-1,847	-6.2%
1990	27,557	-344	-1.2%
2000	28,478	921	3.3%
2010	28,886	408	1.4%
2020	32,091	3,205	11.1%
Town Records As of 11/21	32,899	--	--

Sources: U.S. Census Bureau, 2010 and 2020; University of Massachusetts Donahue Institute State Data Center; Needham Town Clerk's Office.



There are a number of projections that have been calculated to forecast future demographic growth including those provided by the Metropolitan Area Planning Council (MAPC), State Data Center at the University of Massachusetts Donahue Institute, and Needham Public Schools, all of which are summarized below. **All these projections calculate a total population of less than 30,000 by 2020 and less than 31,000 by 2030, less than the 32,091 residents reported in the 2020 U.S. census.**

The Metropolitan Area Planning Council (MAPC) provides two different sets of projections based on varying assumptions. The first is the Status Quo scenario based on the continuation of existing rates of births, deaths, migration and housing occupancy. The second is the Stronger Region alternative based on the following assumptions:

- The region will attract more people than it does today, particularly young adults;
- Younger households born after 1980 will be more inclined to live in urban areas with less of an inclination to live in single-family homes; and
- An increasing number of older adults will choose to downsize from their single-family homes to apartments or condominiums.

The projections suggest very limited population growth over the next several decades with a total population of 28,981 and 29,491 by 2020 under the Status Quo and Stronger Region scenarios, respectively. By 2030, MAPC calculates that Needham's total population will be 29,706 or 30,746 under the Status Quo and Strong Region scenarios, also respectively.

Projections from the University of Massachusetts State Data Center forecast declining growth with a total population of 29,610 and 28,539 residents for 2020 and 2030, respectively. The Needham Public Schools forecasts a comparable population to the 2010 level of 28,960 residents for both 2020 and 2030.

The projected changes in the age distribution for all of these projections are included in Section III.A.3 below.

2. Race – Substantial gains in population diversity

Table III-2 provides a summary of the racial breakdowns of the population for 2000, 2010, and 2020, showing the considerable increase in population diversity over these decades.
The population has remained predominantly White, but minority residents have been steadily growing in number and as a percentage of the total population, from 5% in 2000, 9% in 2010, and up to 15% according to the 2020 census. Asians comprised 3.5% of the population in 2000 and 9.4% by 2020, representing half of all minority residents. Black or African-American residents comprised only 1.4% of the population in

2020. Those claiming Hispanic or Latino heritage added another 1,223 residents in 2020, representing 3.8% of the population. .[7]

Table III-2: Racial Distribution, 2000, 2010, and 2020

Race/Ethnicity	2000		2010		2020	
	#	%	#	%	#	%
Total Population	28,911	100.0	28,886	100.0	32,091	100.0
White*	27,140	93.9	25,730	89.1	26,013	81.1
Black*	187	0.6	275	1.0	452	1.4
Asian*	1,023	3.5	1,753	6.1	3,033	9.4
Native American*	7	0.02	10	0.03	10	0.03
Some Other Race*	34	0.1	64	0.2	195	0.6
Two or More Races*	179	0.6	436	1.5	1,165	3.6
Non-White, Non-Hispanic/ Non-Latino	1,430	5.0	2,538	8.8	4,855	15.1
Hispanic or Latino**	341	1.2	618	2.1	1,223	3.8

Source: U.S. Census Bureau, 2020 * Includes race alone, non-Hispanic. ** Includes all racial groups.

3. Age Distribution – Increasing number of children, despite proportional declines, with losses in younger adults and significant gains in older residents up to age 74

Census data regarding the changes in the age distribution from 1990 to 2019 is provided in Table III-3 and visually presented in Figure III-2. The 2020 census data remains limited but in addition to the total population figure of 32,091 residents, the census identified 8,439 residents as being under age 18, somewhat higher than the 8,329 children indicated in the 2019 census estimates. In general, trends show an overall increase in children accompanied by decreases in younger adults and significant gains in older ones. The aging of the population is also reflected in the median age which climbed from 38.9 years in 1990 to 43.0 by 2010, increasing still more to 43.5 years in 2019, largely reflective of significant overall increases in the 55 to 64 age range. The 2019 median age of 43.5 years is higher than that of the county at 40.7 years or the state at 39.7 years.

Table III-3: Age Distribution, 1990 to 2019

Age Range	1990		2000		2010		2019	
	#	%	#	%	#	%	#	%
Under 5 Years	1,860	6.7	2,153	7.4	1,869	6.5	1,572	5.1
5 – 17 Years	4,402	16.0	5,423	18.8	6,270	21.7	6,757	21.8
18 – 24 Years	2,088	7.6	1,540	5.3	1,527	5.3	2,082	6.7
25 – 34 Years	3,776	13.7	2,514	8.7	1,694	5.9	1,851	6.0
35 – 44 Years	4,619	16.8	4,939	17.1	4,046	14.0	4,081	13.2
45 – 54 Years	3,223	11.7	4,490	15.5	4,940	17.1	4,614	14.9
55 – 64 Years	2,959	10.7	2,662	9.2	3,840	13.3	4,165	13.4
65 – 74 Years	2,394	8.7	2,265	7.8	2,053	7.1	3,250	10.5
75 – 84 Years	1,556	5.6	1,885	6.5	1,606	5.6	1,678	5.4
85+ Years	680	2.5	1,040	3.6	1,041	3.6	920	3.0
Total	27,557	100.0	28,911	100.0	28,886	100.0	30,970	100.0
Under 18	6,262	22.7	7,576	26.2	8,139	28.2	8,329	26.9
Age 65+	4,630	16.8	5,190	18.0	4,700	16.3	5,848	18.9
Median Age	38.9 years		40.8 years		43.0 years		43.5 years	

[7] There is some overlap of race identification between these minority groups.

Sources: U.S. Census Bureau, 1990, 2000 and 2010 and American Community Survey 2015-2019 5-Year Estimates

A further analysis of these demographic shifts is offered below.

- *Increasing population of children that is slowing down with proportional declines*
  While many relatively affluent towns have experienced significant decreases in the number of children, this has not been the case in Needham. Those under age 18 increased from 6,262 residents in 1990 to 8,139 by 2010, or from 22.7% to 28.2% of the population, representing a 21% increase between 1990 and 2000 and a 7.4% increase between 2000 and 2010. Census estimates for 2019 suggest continued growth to 8,329 children but proportionally down to 26.9% of the population and a growth rate down to 2.3%. The 2020 census identified 8,439 residents under age 18, down to 26.3% of all residents and a 3.7% rate of growth since 2010.

- *College age residents decreased by 27% between 1990 and 2010 and increased to almost 1990 levels according to 2019 census estimates*
  Young residents in the 18 to 24-age range decreased by 27% between 1990 and 2010, going from 2,088 residents to 1,527. The 2019 census estimates indicate some significant increase in this population since then to 2,082 residents and 6.7% of the population. It is important to note that many formerly Needham residents in this age range are boarding at college or living out of town and are not included as part of this count but are still connected to the community.

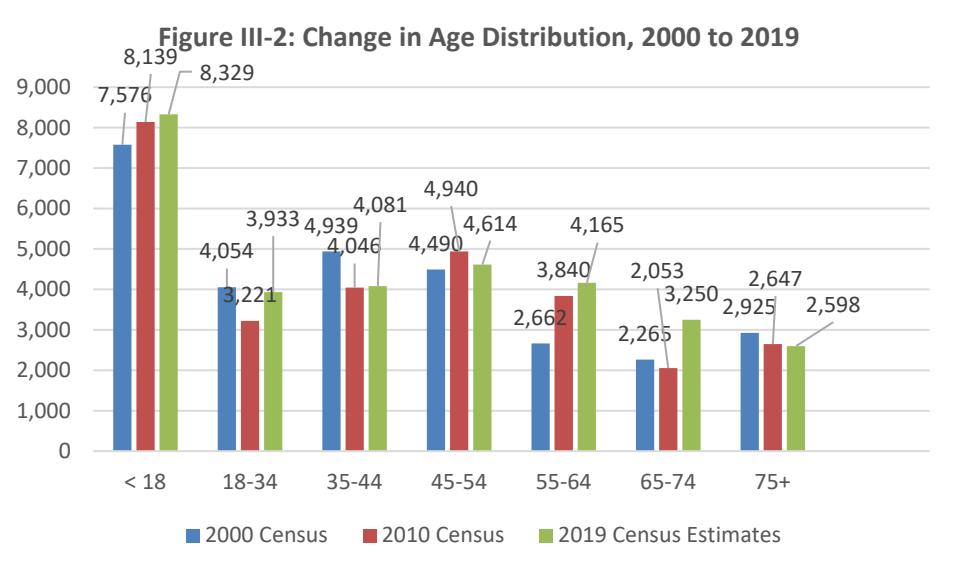
- *Young adults declined by about half since 1990*
  Younger adults in the 25 to 34-age range, many in the family formation stage of their lives, also decreased significantly between 1990 and 2010, dropping to 5.9% of the population in 2010 from 13.7% in 1990, or from 3,776 to 1,694 residents. The 2019 census estimate of 1,851 residents is somewhat higher than the 2010 figure but proportionately at about the same level of 6.0%. Overall, an increasing number of Millennials who were raised in Needham have been choosing to live elsewhere, and the high cost of housing is likely a contributing factor in addition to general preferences for living in more urban areas. Perhaps the small increase in the 2019 census count is due to expanded rental opportunities that have emerged as part of the Chapter 40B multi-family developments.

- *Significant reductions in younger middle-aged residents*
  While those age 35 to 44 increased between 1990 and 2000, by 320 residents or 6.9%, there was a significant fall-off of this population after that, decreasing from 4,619 to 4,046 residents or by 12.4% as of 2010. The 2019 census estimates suggest a modest gain of only 35 residents in this age range despite a 7.2% population increase between 2010 and 2019. While many in this age range would likely be attracted to Needham given the high quality of its school system and other community amenities for young families, it is also likely that many have been priced out of the town's housing market.

- *Recent decline in middle-aged residents*
  There was a significant upsurge of those in the 45 to 54 age range, growing by 1,717 residents or 53.3% between 1990 and 2010, likely reflective of those further into their work lives being better able to afford to live in Needham. However, the 2019 census estimates indicate a decrease in this age cohort, down to 4,614 residents from 4,940 in 2010. Some in this age range may also have found it challenging to afford the rising housing costs during this period.

- *Older middle-aged residents increased significantly*
  Those in the 55 to 64-age range increased significantly, from 10.7% of the population in 1990 to 13.3% by 2010, or from 2,959 to 3,840 residents Census estimates for 2019 suggest further increases to 4,165 residents, comprising 13.4% of Needham's population. The Town will need to be prepared to accommodate this increasing population of older adults as they enter retirement with more housing with handicapped accessibility, supportive services, and low maintenance demands.

- *Fluctuating population of senior residents*
  The number of those 65 years of age and older has fluctuated somewhat over the decades from 4,630 residents in 1990, up to 5,190 in 2000, and then back down to 4,700 in 2010, close to the 1990 level. The 2019 census estimates indicate another increase in these residents to 5,543 and up to 18.9% of the population, largely driven by those age 65 to 74. As the community's Baby Boomers continue to enter this age range, the numbers of seniors will continue to increase substantially over the next decade or so as forecasted in population projections.



Population Projections

There are several different projections of changes in the age distribution including two scenarios from the Metropolitan Area Planning Council (MAPC), figures from the University of Massachusetts Donahue Institute's State Data Center, and calculations from Needham Public Schools. These estimates are summarized below.

MAPC Projections

A comparative summary of MAPC's Status Quo and Stronger Region projections is provided in Table III-4, also comparing 2010 census figures. Total population growth between 2010 and 2030 under the Status Quo scenario is 2.8% with the Stronger Region growth rate at 6.4%. These projections suggest that Needham's population would continue to grow slowly to a total population of 30,746 by 2030 based on their Stronger Region scenario, however, *even the Stronger Region scenario significantly underestimates actual growth of 32,091 residents according to the 2020 U.S. census*.

Nevertheless, as explained above, it is likely that the Stronger Region scenario will more reliably reflect future growth patterns that the Status Quo projections. Both scenarios, however, indicate a substantial increase in those 65 years of age or older, from about 16% to 24% of the population between 2010 and 2030, with some significant fall-off of those under age 20, from 30.1% in 2010 to about 25% by 2030. There were also some gains in younger adults age 20 to 34 and modest projected decreases in those 35 to 64 years of age.

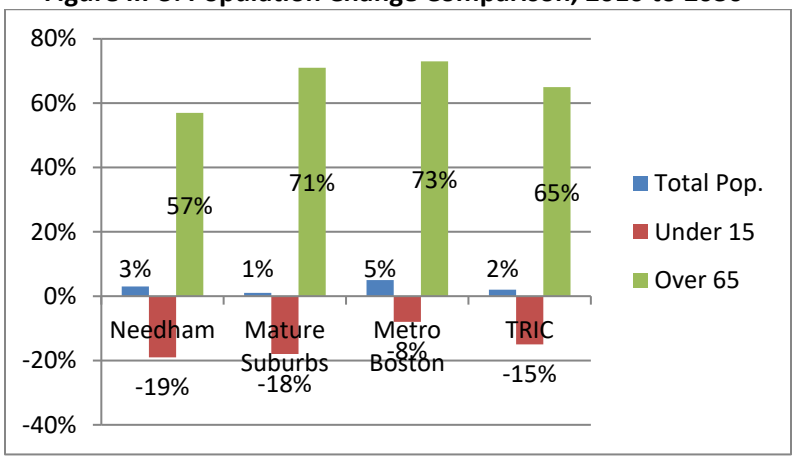
Table III-4: MAPC Population Projections for 2030

Age Range	2010 Census		2030 Status Quo Projections		2030 Stronger Region Projections	
	#	%	#	%	#	%
Under 5 Years	1,869	6.5	1,572	5.3	1,650	5.4
5 to 19 Years	6,814	23.6	5,763	19.4	5,935	19.3
20 to 34 Years	2,677	9.3	3,400	11.4	3,680	12.0
35 to 64 Years	12,826	44.4	11,593	39.0	12,002	39.0
65+ Years	4,700	16.3	7,378	24.8	7,479	24.3
Total	28,886	100.0	29,706	100.0	30,746	100.0

Source: Metropolitan Area Planning Council (MAPC), Massachusetts Housing Data Portal, January 2014.

Figure III-3 shows the projected percentage change in total population, for those under 15 years of age, and for those over age 65 for Needham from 2010 and 2030. These changes are compared to other Maturing Suburbs in the Boston region, MAPC's Three Rivers Interlocal Council subregion, and the entire Metro Boston area, once again based on MAPC's Stronger Region figures. This data indicates that Needham's total projected growth of 3% between 2010 and 2030 is comparable to what is estimated in other Maturing Suburbs and the subregion. The data also identified Needham with the greatest predicted decrease in the number of children although this 19% population loss is about the same as the estimated 18% decline in other Maturing Suburbs. While not as extreme as the other areas, Needham is also projected to experience substantial increases in those over the age of 65, at a 57% gain which is lower than the projected levels for the other areas.

Figure III-3: Population Change Comparison, 2010 to 2030[8]



[8] Source: Metropolitan Area Planning Council, Metro Boston 2030 Population and Housing Demand Projections. TRIC (Three Rivers Interlocal Council) is the MAPC subregion that includes Needham as well as Canton, Dedham, Dover, Foxborough, Medfield, Milton, Norwood, Randolph, Sharon, Stoughton, Walpole and Westwood.

Table III-5 and Figure III-4 present more detailed MAPC Stronger Region figures for 2020 and 2030 in comparison to the 2010 U.S. census counts, suggesting the following more specific population trends:

- *Continuing declines in the number and percentage of children* with those under age 20 decreasing from 30.1% of the population in 2010, to 26.8% by 2020, and down further to 24.7% by 2030, representing a loss of 1,098 young residents during this period. This decline, if realized, would have substantial impacts on school enrollments and costs.

- Modest gains of those in the 20 to 24 age range with a net increase of 173 such residents. Given such high housing prices, many in this age range and recently out of college may need to live with their family or find rentals that they can share.

- Significant increases in those age 25 to 34, from 5.9% of all residents in 2010 to 8.2% by 2030 and with a net gain of 830 residents. This group represents a major target market for the new Chapter 40B rental developments or other future multi-family construction, both rentals and ownership.

Table III-5: 2010 Census and 2020 and 2030 MAPC Population Projections

Age Range	2010 Census		2020 Projections Stronger Region		2030 Projections Stronger Region	
	#	%	#	%	#	%
Under 5 Years	1,869	6.5	1,438	4.9	1,650	5.4
5 –14 Years	4,952	17.1	4,301	14.6	4,106	13.4
15 – 19 Years	1,862	6.4	2,165	7.3	1,829	5.9
20 – 24 Years	983	3.4	1,295	4.4	1,156	3.8
25 – 34 Years	1,694	5.9	1,968	6.7	2,524	8.2
35 – 44 Years	4,046	14.0	3,780	12.8	4,181	13.6
45 – 54 Years	4,940	17.1	4,192	14.2	4,008	13.0
55 – 64 Years	3,840	13.3	4,480	15.2	3,813	12.4
65 – 74 Years	2,053	7.1	3,326	11.3	3,909	12.7
75 – 84 Years	1,606	5.6	1,528	5.2	2,509	8.2
85 Years and Over	1,041	3.6	1,018	3.5	1,061	3.5
Total	28,886	100.0	29,491	100.0	30,746	100.0
Under 20 Years	8,683	30.1	7,904	26.8	7,585	24.7
65+ Years	4,700	16.3	5,872	19.9	7,479	24.3

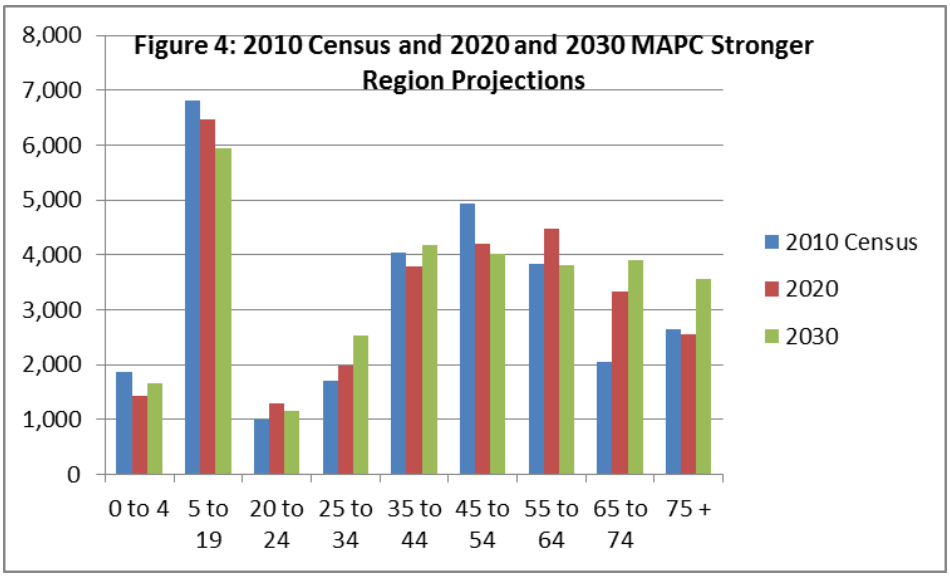
Source: 2010 U.S. Census Bureau and Metropolitan Area Planning Council's Population and Housing Demand Projections for Metro Boston, January 2014.

- Relative stability of younger adults age 35 to 44 that are projected to continue to represent about 14% of the population, increasing by an estimated 135 residents.

- A major fall-off in middle-aged residents age 45 to 54, from 17.1% of the population in 2010 to 13.0% by 2030 and with a net loss of 932 residents or 18.9%. Some of these residents may choose to leave the community in search of more affordable living conditions and/or because their children have already graduated from local schools.

- Significant projected fluctuations in those 55 to 64 years old, increasing from 13.3% to 15.2% between 2010 and 2020 and then down to 12.7% by 2030 with a net loss of 27 residents. Some in this age category might be looking for opportunities to downsize which are very limited in Needham.

- *Substantial increases in the population 65 years of age and older,* from 16.3% in 2010 to 24.3% in 2030 and with an estimated gain of 2,779 residents. This increase includes the aging Baby Boomers and suggests that the Town undertake appropriate planning to accommodate an aging population that is likely to have special needs in the future. The Town can anticipate a greater demand for housing opportunities for downsizing as well as Council on Aging services for example.



State Data Center Projections

Table III-6 provides projections of the age distribution in Needham for 2020 and 2030 from the State Data Center at the University of Massachusetts Donahue Institute. The 2020 data suggests rather comparable population figures to the 2020 MAPC Stronger Region estimates with proportional variations of only about 1% or less for each age range with the exception that the State Data Center projects a higher level of those 45 to 54 years of age at 16.4% instead of 14.2%.

Table III-6: 2010 Census and 2020 and 2030 State Data Center Population Projections

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	1,869	6.5	1,187	4.0	1,340	4.7
5 –14 Years	4,952	17.1	4,140	14.0	3,133	11.0
15 – 19 Years	1,862	6.4	2,479	8.4	1,290	4.5
20 – 24 Years	983	3.4	963	3.3	966	3.4
25 – 34 Years	1,694	5.9	1,680	5.7	2,156	7.6
35 – 44 Years	4,046	14.0	3,496	11.8	3,615	12.7
45 – 54 Years	4,940	17.1	4,851	16.4	3,918	13.7
55 – 64 Years	3,840	13.3	4,739	16.0	4,458	15.6
65 – 74 Years	2,053	7.1	3,242	10.9	3,896	13.7
75 – 84 Years	1,606	5.6	1,680	5.7	2,559	9.0
85 Years and Over	1,041	3.6	1,153	3.9	1,208	4.2
Total	28,886	100.0	29,610	100.0	28,539	100.0
Under 20 Years	8,683	30.1	7,806	26.4	5,763	20.2
65+ Years	4,700	16.3	6,075	20.5	7,663	26.9

Sources: 2010 U.S. Census Bureau and University of Massachusetts, Donahue Institute, State Data Center.

Additionally, the State Data Center's 2030 projections indicate a decline in population to 28,539 residents which is below the 28,886 total population count in 2010 and well below the 2020 census population count of 32,091 residents. Nevertheless, these figures still demonstrate general demographic trends related to decreases in children, gains in younger adults, and major increases in seniors age 65 or older. For example, the State Data Center estimates that those under age 20 will decline by 2,920 residents between 2010 and 2030 while those 65 years of age or older will increase by close to the same amount at 2,963 residents. Younger adults between the ages of 25 and 34 are projected to increase by 462 residents.

Needham Public Schools Projections[9]

Table III-7 presents population projections that were prepared by McKibben Demographics for the Needham Public Schools which suggest no real total net growth or population loss from the 2010 census count through 2030. The figures nevertheless demonstrate the same general demographic shifts as the other projections with a decrease in younger residents, with the exception of Millennials, as well as significant increases in older residents triggered largely by the aging of the Baby Boom generation and the continuing residency of empty nesters.

The report's findings suggest an increase of 111 students between 2021-2022 and 2025-2026, or from 5,835 to 5,946 students, the highest enrollment forecasted for pre-kindergarten through 12th grade. The projections then suggest a decline of 169 students after that through 2033-34, or from 5,946 to 5,777 students. These projections indicate a much higher level of growth in enrollment than is currently occurring with the 2020-2021 enrollment at 5,483 students as opposed to the forecasted 5,813.

This data is primarily based on birth, death and migration data. In regard to housing, the report suggests that "even if the district continues to have some annual new home construction (even if that construction is rental units), the rate, magnitude and price of existing home sales will become the increasingly dominant factor affecting the amount of population and enrollment change". The report further suggests the following with respect to housing:

The issue over the next five to ten years is that the number of new and existing home sales over the last three years has been more than 60% lower on average than the previous seven years. Without this in-migration flow the district pre-school age cohorts will be of insufficient size to maintain the current elementary enrollment levels. The more dependent an area is on in-migration for students to compensate for a low number of births, the larger the enrollment will decline. While the construction of new rental units will help reduce this problem in the short term, once these units are finished (assumed in these forecasts to be by 2027) they will have no additional impact on the overall age distribution of the district.

[9] McKibben Demographics, Needham Public Schools, MA Demographic Study, January 2, 2019. These figures reflect the forecaster's "Best Scenario" with all currently platted and approved housing developments are built out and completed by 2032 and occupied by 2033.

Table III-7: 2010 Census and 2020 and 2030 Needham Public School Projections

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Under 5 Years	1,869	6.5	1,760	6.1	1,620	5.6
5 –14 Years	4,952	17.1	4,710	16.3	4,750	16.4
15 – 19 Years	1,862	6.4	1,910	6.6	1,850	6.4
20 – 24 Years	983	3.4	1,060	3.7	940	3.2
25 – 34 Years	1,694	5.9	2,170	7.5	2,210	7.6
35 – 44 Years	4,046	14.0	3,090	10.7	3,600	12.4
45 – 54 Years	4,940	17.1	4,040	14.0	3,240	11.2
55 – 64 Years	3,840	13.3	4,680	16.2	3,810	13.2
65 – 74 Years	2,053	7.1	2,990	10.3	3,700	12.8
75 – 84 Years	1,606	5.6	1,490	5.1	2,220	7.7
85 Years and Over	1,041	3.6	1,060	3.7	1 ,020	3.5
Total	28,886	100.0	28,960	100.0	28,960	100.0
Under 20 Years	8,683	30.1	8,380	28.9	8,220	28.4
65+ Years	4,700	16.3	5,540	19.1	6,940	24.0

Sources: 2010 U.S. Census Bureau and Demographic Study conducted by McKibben Demographics for the Needham Public Schools, January 2, 2019.

Table III-8 and Figure III-5 provide a comparison of the 2030 MAPC Stronger Region, State Data Center, and Needham Public School projections. The State Data Center and Needham Public School projections suggest relatively comparable total population estimates, but the decreases in children as well as the increases in older adults are much less extreme in the Public School figures in comparison to the others. Of particular note in these population projections are the following general demographic shifts and resulting implications:

- Some declines in the numbers of children which will provide relief to Needham's public school system, reducing costs with decreases in school enrollment. MAPC and State Data Center projections suggest greater declines in children than those prepared for the Needham Public School District.

- Increases in younger adults with sufficient income to afford housing in Needham. These smaller households will likely put less stress on local infrastructure, and many will be attracted to the smaller multi-family units that have been produced as part of the new rental developments or opportunities that might arise out of new zoning such as the Mixed Use Overlay District (MUOD) or potential accessory dwelling units. Fiscal analyses of the MUOD and recent multi-family developments have indicated that they will likely result in positive annual fiscal benefits to the Town.

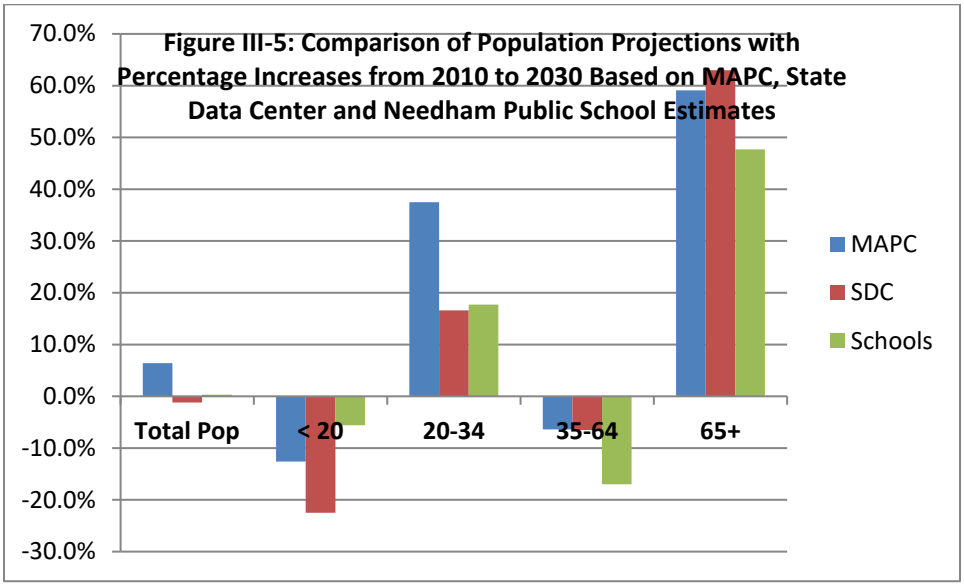
- Some declines in middle-age residents who are likely to be homeowners, many with school-age children. This population puts substantial pressure on Town services.

- Major increases in older adults 65 years of age or older, many who would prefer to downsize in the community but have tended to remain in their homes given limited housing alternatives. These residents will likely put greater pressure on the Council on Aging and local ambulance services as well as private health services. The increase in this age category is much higher in the MAPC and State Data Center projections as compared to the Needham Public School estimates.

Table III-8: Comparison of Population Projections for 2030

Age Range	2010 Census		MAPC Stronger Region Projections		State Data Center Projections		Needham Public Schools Projections	
	#	%	#	%	#	%	#	%
Under 5 Years	1,869	6.5	1,650	5.4	1,340	4.7	1,620	5.6
5 to 19 Years	6,814	23.6	5,935	19.3	5,389	18.9	6,600	22.8
20 to 34 Years	2,677	9.3	3,680	12.0	3,122	10.9	3,150	10.9
35 to 64 Years	12,826	44.4	12,002	39.0	11,991	42.0	10,650	36.8
65+ Years	4,700	16.3	7,479	24.3	7,663	26.9	6,940	24.0
Total	28,886	100.0	30,746	100.0	28,539	100.0	28,960	100.0Compa

Sources: 2010 U.S. Census Bureau, Metropolitan Area Planning Council's Population and Housing Demand Projections based on the Stronger Region Scenario, January 2014; University of Massachusetts, Donahue Institute, State Data Center; and Demographic Study conducted by McKibben Demographics for the Needham Public Schools, January 2, 2019.



Previous fiscal analyses of new Chapter 40B development or the Mixed Use Overlay District as well as some updated cost information suggest the following:

- The Needham Public School projections suggest a decline of 169 students between 2025-2026 and 2033-34, or from 5,946 to 5,777 students. These projections indicate a much higher level of growth in enrollment than is currently occurring with the 2020-2021 enrollment at 5,483 students as opposed to the forecasted 5,813. With average school costs of approximately $15,000 per student, savings would be significant.

- Because Needham is so close to buildout, any new development is likely to involve new multi-family development in business areas and/or the redevelopment of existing properties that will be better oriented towards young single adults, young couples, and downsizers who put less demand on local services.

- With time and the turnover of homes by empty nesters, it is likely that the population will increase somewhat after 2030 as families reoccupy the homes with accompanied increases in the number of children, school enrollments, and a higher demand for local services.

4. Households – More families and recent increases in household size[10]

As shown in Table III-9, after an increase in the number of households between 1990 and 2000, the number of households fell by 271 or 2.6% to 10,341 by 2010. It then increased significantly to 10,801 households according to 2019 census estimates. The net number of new households was 641 between 1990 and 2019 representing a 6.3% rate of growth, half the 12.4% rate of population growth during this period. This suggests that households were becoming larger which was further demonstrated by the increase in average household size from 2.68 persons in 1990 to 2.79 by 2019. Perhaps the teardown activity that has occurred over the past decade, with smaller more modest homes being replaced with larger more expensive ones, is a contributing factor to increasing numbers of larger households.

MAPC Stronger Region projections suggest an increase from 10,310 households in 2010, to 11,084 by 2020, and then 12,026 by 2030, representing a growth rate of 16.6% compared to projected population growth of 6.4%. This indicates a reversal of past trends with an increase in smaller households. While projections have significantly underestimated actual population growth, it is likely that they are overestimating household growth levels as well.

Unlike many communities, where the number of families is shrinking in comparison to growing numbers of non-family households (includes unrelated household members and those living alone), the number of families, has been increasing in Needham. **The percentage of families, 78.5% in 2019, was significantly higher than the 66.6% level for Norfolk County and 62.8% statewide.**

Almost 11% of the households with children under age 18 were headed by one parent and 67% of these, or 309 households, involved single mothers who likely have lower incomes on average than their male counterparts.

The numbers and percentages of those living alone have fluctuated over the decades, however, the 2019 census estimates indicate that there were 2,106 such households, representing 19.5% of all households, but down from 2,258 such households and 21,8% in 2010. Of the single-person households, 1,555 or 74% were 65 years of age or older.

Table III-9: Household Characteristics, 1990 to 2019

Household Type	1990		2000		2010		2019	
	#	%	#	%	#	%	#	%
Total Households	10,160	100.0	10,612	100.0	10,341	100.0	10,801	100.0
Family Households*	7,565	74.5	7,782	73.3	7,792	75.4	8,480	78.5
Married Couple Families With Children <18*	2,876	28.3	3,528	33.2	3,619	35.0	3,811	35.3
Female Headed Families With Children <18*	331	3.3	337	3.2	386	3.7	309	2.9
Non-family Households*	2,595	25.5	2,830	26.7	2,549	24.6	2,321	21.5
Persons Living Alone*	2,149	21.2	2,479	23.4	2,258	21.8	2,106	19.5
Average Household Size	2.68 persons		2.63 persons		2.72 persons		2.79 persons	

[10] The U.S. Census Bureau's definition of "family" includes married couples, with or without children, or single heads of households with children.

Sources: U.S. Census Bureau, Census 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2015-2019 *Percent of all households

Table III-10 examines the types of households by household size. Single-person households comprised 21.8% of all households in 2019, down from 24% in 2010, including 89% of all non-family households. There was also some fall-off in two-person households, from 3,359 in 2000 to 3,140 by 2019, or from about 32% to 30% of all households. On the other hand, households with more than three persons increased from 4,766 in 2000 to 4,943 by 2019, or from 45.0% to 47.8% of all households. This is consistent with increases in average household size from 2.63 to 2.79 persons.

Table III-10: Types of Households by Size, 2000 to 2019

Households by Type and Size	2000		2010		2019	
	#	%	#	%	#	%
Non-family Households	**2,795**	**26.4**	**2,667**	**25.7**	**2,549**	**24.6**
1-person household	2,470	23.3	2,492	24.0	2,258	21.8
2-person household	279	2.6	159	1.5	247	2.4
3-person household	36	0.3	0	0.0	18	0.2
4-person household	10	0.1	16	0.2	18	0.2
5-person household	0	0.0	0	0.0	2	0.02
6-person household	0	0.0	0	0.0	3	0.03
7+ person household	0	0.0	0	0.0	3	0.03
Family Households	**7,800**	**73.6**	**7,706**	**74.3**	**7,792**	**75.4**
2-person household	3,080	29.1	2,864	27.6	2,893	28.0
3-person household	1,660	15.7	1,525	14.7	1,633	15.8
4-person household	2,043	19.3	2,245	21.6	2,159	20.9
5-person household	785	7.4	933	9.0	850	8.2
6-person household	203	1.9	139	1.3	205	2.0
7+ person household	29	0.3	**0**	0.0	52	0.5
Total	**10,595**	**100.0**	**10,373**	**100.0**	**10,341**	**100.0**

Source: U.S. Census Bureau, 2000 Census, Summary File 3, and 2015-2019 American Community Survey 5-Year Estimates.

Small families with three or four household members comprised 37% of all households, increasing slightly from 35% in 2000. Large families of five or more persons represented only about 10% of all households, up somewhat from 9.6% in 2000 and somewhat higher than Norfolk County at 9%.

Table III-11 provides the distribution of household size as to whether the household was a renter or homeowner. While 84% of renters were in households of only one or two members, this was the case for 46% of owner households based on the 2019 census estimates, compared to 80% and 49% of renters vs. owners in 2000, respectively. Also, 15.6% of all renter households included three or more members compared to 54% of owner households.

Generally, renter households have been getting smaller where the opposite is true for owner households. These changes are also demonstrated in average household sizes of 1.74 persons for renters in 2019, down from 1.90 in 2010. The average household size for owners increased from 2.88 persons to 2.99

during this same period. Consequently, the rental housing stock has far fewer children, largely dictated by units with more limited numbers of bedrooms. On the other hand, the increasing numbers of larger homes due to teardown activity, is likely a factor in the increases in average household size for owners. This also points to the development of rental housing having far less impact on school enrollments.

A high percentage of Needham households are likely what could be termed as "over-housed" given the disparity between the average-sized, owner household size of 3 persons and the median-sized, owner-occupied unit of 7.5 rooms and three to four bedrooms.

Table III-11: Household Size by Tenure, 2000 to 2019

Household Size by Tenure	2000		2010		2019	
	#	%	#	%	#	%
Owner-occupied Housing	**8,584**	**80.9**	**8,607**	**83.0**	**9,067**	**84.0**
1-person household	1,431	13.5	1,472	14.2	1,130	10.5
2-person household	2,765	26.1	2,621	25.3	3,008	27.8
3-person household	1,522	14.3	1,427	13.8	1,609	14.9
4-person household	1,946	18.3	2,089	20.1	2,346	21.7
5-person household	727	6.9	859	8.3	672	6.2
6-person household	174	1.6	139	1.3	251	2.3
7+ person household	19	0.2	0	0.0	51	0.5
Renter-occupied Housing	**2,028**	**19.1**	**1,766**	**17.0**	**1,734**	**16.0**
1-person household	1,051	9.9	1,020	9.8	981	9.1
2-person household	571	5.4	402	3.9	482	4.5
3-person household	193	1.8	98	0.9	123	1.1
4-person household	127	1.2	172	1.7	133	1.2
5-person household	76	0.7	74	0.7	0	0.0
6-person household	0	0.0	0	0.0	0	0.0
7+ person household	10	0.1	0	0.0	15	0.1
Total	**10,612**	**100.0**	**10,373**	**100.0**	**10,801**	**100.0**

Source: U.S. Census Bureau, 2000 Census, Summary File 3, and 2006-2010 and 2015-2019 American Community Survey 5-Year Estimates.

B. ECON0MIC PROFILE

This section focuses on economic issues related to Needham households including changes in incomes and employment over time, also examining changes regarding education and levels of special needs that affect the community.

1. Income – High income levels but growing income disparities

Table III-12 and Figure III-6 present income data based on census estimates, revealing huge increases in higher-income earners over time. *On average Incomes have increased substantially*, with the median household income increasing from $60,357 to $88,079, or by 46% between 1989 and 1999, and growing by 30% between 1999 and 2010 to $114,365. The 2019 census estimates indicate another 45% growth in median household income to $165,547, more than twice the rate of inflation of 17.2%. Moreover, Needham's median household income was considerably higher than the county and state levels of $107,361 and $85,843, respectively.

In 1989, about 40% of all households had incomes of less than $50,000, decreasing to 14.5% by 2019. There were decreases in the numbers and percentages of households in all income ranges of less than $100,000 between 1989 and 2019, with 78.4% of all households earning less than $100,000 in 1989 compared to 30% by 2019. **On the other hand, 21.6% of all households earned more than $100,000 in 1989, increasing to 70% by 2019.**

Table III-12: Household Income Distribution, 1989 to 2019

Income Range	1989		1999		2010		2019	
	#	%	#	%	#	%	#	%
Under $10,000	647	6.3	464	4.4	298	2.9	281	2.6
$10,000-24,999	1,112	10.8	739	7.0	884	8.5	509	4.7
$25,000-34,999	886	8.6	698	6.6	357	3.4	447	4.1
$35,000-49,999	1,434	14.0	909	8.6	477	4.6	332	3.1
$50,000-74,999	2,350	22.9	1,668	15.7	1,329	12.8	918	8.5
$75,000-99,999	1,618	15.8	1,389	13.1	971	9.4	759	7.0
$100,000-149,999	1,271	12.4	2,158	20.4	2,027	19.5	1,864	17.3
$150,000 +	948	9.2	2,570	24.3	4,030	38.9	5,691	52.7
Total	10,266	100.0	10,595	100.0	10,373	100.0	10,801	100.0
Median income	$60,357		$88,079		$114,365		$165,547	

Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3, and American Community Survey 2006-2010 and 2015-2019 5-Year Estimates.

About 40% of all households earned more than $200,000 based on 2019 census estimates.

The income distribution of families shows even higher income levels with a median of $194,536 and with 81% earning more than $100,000 and 48% with incomes of more than $200,000, a finding highly correlated with the greater prevalence of two-worker families.

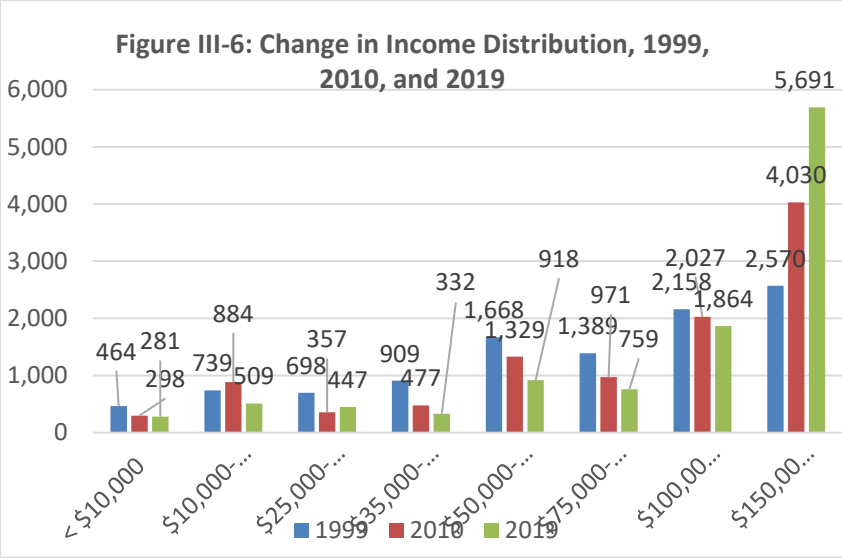


Table III-13 provides comparative median income levels for various types of households in 2019. Not surprisingly, incomes were highest for families, households in the prime of their working lives, men, and homeowners. The Town's per capita income was $57,716 in 2010, increasing to $78,995 by 2019, considerably higher than the county and state medians of $55,414 and $46,241, respectively.

The median for non-family households was about one-third that of median household income at $56,875 and 29% of median family income.

The median income of seniors 65 years of age or older was $86,640, substantially less than half the median for households with heads in the 25 to 64 age range, largely in the prime of their working lives and earning potential. It is interesting to note that the median income of households in the 25 to 44 age range, and earlier into their careers, was higher than for those age 45 to 64. It may be that some of these younger households are newer residents who are attracted to the community as a place to raise their families and have incomes that can accommodate Needham's high and rising home values, including the larger homes that are being built through teardown activity.

Table III-13: Median Income by Household Type, 2019

Type of Household/Householder	Median Income
Individual/Per capita	$78,995
Households	$165,547
Families	$194,536
Nonfamilies	$56,875
Male full-time workers	$145,175
Female full-time workers	$97,654
Renters	$41,691
Homeowners	$186,736
Householder less than age 25	*
Householder age 25 to 44	$212,594
Householder age 45 to 64	$204,837
Householder age 65 or more	$86,640

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates for 2015-2019.
* Sample size too small.

Additionally, 3,547 or 32.8% of households were obtaining Social Security benefits with an average benefit of $23,866. A total of 1,985 households received some other retirement income representing an average of $43,797 in income. There were 136 recipients of public assistance, averaging only $7,782, and 334 households were receiving Food Stamps/SNAP benefits. Of those receiving Food Stamps, about 25% were living below the poverty level and almost half had some type of disability.

As shown in Table III-14, median income levels largely increased with growing numbers of household members, from $55,993 for a single individual living alone, to $210,441 for three-person households. The median income for a six-person household dropped somewhat to $182,375, but the census data did not calculate the specific medians for both the five-person household and households with seven or more persons as the category was open-ended over the amount of $250,000.

Table III-14: Median Household Income by Household Size, 2019

Size of Household	Median Household Income
1-person households	$55,993
2-person households	$126,806
3-person households	$210,441
4-person households	$237,788
5-person households	$250,000+ *
6-person households	$182,375
7+ person households	$250,000+ *

Source: U.S. Census Bureau, American Community Survey 2015-2019 5-Year Estimates

* Indicates that median falls in the lowest or upper interval of an open-ended distribution.

Despite generally growing prosperity, there remains a vulnerable population living in Needham with very limited financial means as 1,237 households or 11.4% of all households had incomes of less than $35,000, including 790 or 7.38% earning less than $25,000.

Some of these lower income households live in subsidized housing, while others might be retired and/or disabled, living on fixed incomes. Others may need to leave the community entirely at some point because of rising housing costs.

Another perspective on income levels examines *income by the age of the primary household earner* or householder as summarized in Table III-15. Few householders were less than 25 years of age and all had incomes of less than $50,000 with three-quarters having incomes of less than $10,000 according to 2019 census estimates. Some of these households may have been attending local colleges or working only part-time.

Of the 2,596 households age 25 to 44, only 8.6% had incomes of less than $50,000 while 70% had incomes of more than $150,000. This age group had the highest median income level of $212,594.

The largest age group included those in the 45 to 64 age range that included 4,553 households or 42% of all households. As with the 25 to 44 age group, a substantial number of these households had incomes of more than $150,000, representing about two-thirds of these households, while only 4.6% had incomes of less than $50,000. It is likely that some of these households with more modest means have lived in Needham for many years, entering the community when it still had a fair amount of starter housing available, prior to the huge boom in housing values.

It is also interesting to note that the median incomes and percentages of those earning more than $100,000 are fairly similar in the 25 to 44 and 45 to 64 age categories, at somewhat more than 83%. More typically, income levels are higher for those in the older age range as they are generally more established in their careers and at the peak of their earning potential. One reason for this comparability may be that more recent homeowners are younger and were particularly attracted to Needham schools and other community amenities, including public transportation. They also were able to afford the high costs associated with housing, particularly the large homes that are a product of demolition and replacement activity.

The incomes of those 65 years or older were not as concentrated in any particular income range but 14% had incomes of less than $25,000 and 45% earned under $75,000. Nevertheless, almost one-quarter had incomes of more than $150,000 with another 20% earning in the $100,000 to $149,999 range. These income levels also do not reflect a household's financial assets, especially home equity that can be considerable for long-term Needham residents.

Table III-15: Household Income by Age of Householder, 2019

	Less than 25 Years		25 to 44 Years		45 to 64 Years		65 Years and Over	
Income Range	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Under $10,000	82	76.6	15	0.6	52	1.1	132	3.7
$10,000-24,999	11	10.3	41	1.6	92	2.0	365	10.3
$25,000-34,999	0	0.0	71	2.7	15	0.3	361	10.2
$35,000-49,999	14	13.1	96	3.7	57	1.2	165	4.6
$50,000-74,999	0	0.0	53	2.0	284	6.2	581	16.4
$75,000-99,999	0	0.0	148	5.7	263	5.8	348	9.8
$100,000-149,999	0	0.0	353	13.6	786	17.3	725	20.4
$150,000 +	0	0.0	1,819	70.1	3,004	66.0	868	24.5
Total	107	100.0	2,596	100.0	4,553	100.0	3,545	100.0

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates.

Table III-16 compares 2000 and 2019 estimated *income levels for owners and renters*. Besides income disparities related to age, there are growing disparities related to tenure. For example, 44% of renters had incomes of less than $35,000 based on 2019 census estimates, up from 41% in 2000. In comparison, only 5.2% of homeowners had incomes in this range in 2019, down from 12.8% in 2000. On the other end of the income range, 60% of homeowners earned more than $150,000 compared to 13.5% of renters. Most of these higher income earning renters were likely renting single-family homes, were staying in other rentals while renovating their existing home, or moved into one of the market rate units in the larger Chapter 40B developments.

While the median household income of homeowners increased by 85% or $86,004, from $100,732 in 2000 to $186,736 by 2019, the median income of renters decreased by 5.7% or $2,535 during this period, from $44,226 to $41,691.

An estimated 23% of all households and 64% of all renters had incomes at or below $75,000. These households might qualify for housing assistance, some even obtaining such assistance, based on income alone given that this threshold is generally less than the 80% of the 2021 area median income level.

Table III-16: Income Distribution by Owner and Renter Households, 2000 and 2019

Income Range	Homeowners				Renters			
	2000		2019		2000		2019	
	#	%	#	%	#	%	#	%
Under $10,000	177	2.1	130	1.4	292	14.4	151	8.7
$10,000-24,999	420	4.9	195	2.2	338	16.7	314	18.1
$25,000-34,999	501	5.8	149	1.6	201	9.9	298	17.2
$35,000-49,999	607	7.1	158	1.7	308	15.2	174	10.0
$50,000-74,999	1,316	15.3	657	7.2	411	20.3	261	15.0
$75,000-99,999	1,230	14.3	602	6.6	120	5.9	157	9.0
$100,000-149,999	1,954	22.8	1,719	19.0	193	9.5	145	8.4
$150,000 +	2,379	27.7	5,457	60.2	165	8.1	234	13.5
Total	8,584	100.0	9,067	100.0	2,028	100.0	1,734	100.0
Median Income	$100,732		$186,736		$44,226		$41,691	

Source: U.S. Census Bureau, 2000 Census and 2015-2019 American Community Survey 5-Year Estimates.

2. Poverty Status – Low and declining

Table III-17 confirms that poverty declined between 1989 and 1999, both in terms of percentages and the numbers of individuals and families living in poverty, from 3.3% to 2.5% of all residents. However, between 1999 and 2010 poverty increased to 3.8%, especially among seniors where poverty increased from 0.7% to 5.3%, likely related to the recession towards the end of the decade. The 2019 census estimates indicate declines in those living in poverty to 2.7% of all residents with decreases for families and seniors at 1.4% and 4.9% , respectively.

The level of poverty remains much lower than the state where 9.4% of all individuals were estimated to be living in poverty in 2019, including 6.0% of all families and 9.1% of seniors.[11] The 2019 poverty levels for Norfolk County included 5.7% of all residents, 3.9% of families, and 8.6% of those 65 years of age or older.

Table III-17: Poverty Status, 1989 to 2019

Populations	1989		1999		2010		2019	
	#	%	#	%	#	%	#	%
Individuals Below Poverty *	896	3.3	705	2.5	1,098	3.8	823	2.7
Families **	140	1.8	121	1.6	234	3.0	119	1.4
Individuals 65+***	42	0.9	36	0.7	249	5.3	271	4.9

Sources: U.S. Census Bureau, Census 1990 and 2000 Summary File 3 and 2006-2010 and 2015-2019 American Community Survey 5-Year Estimates.

* Percentage of total population ** Percentage of all families *** Percentage of all individuals age 65+

3. Employment – Diverse economic base with high average wages

Needham has a strong and diverse economic base. Early agricultural, grazing, lumbering and tanneries gave way to manufacturing with the extension of the railroad and the removal of the community's relative isolation within the loop of the Charles River. Land speculation, housing development and knitwear became the foundation of the community's economy well into the 20th Century. The construction of

[11] The federal poverty limits for 2021 were $12,880 for a single individual and $21,960 for a family of three (3).

Route 128 enabled the town to become part of the high-tech highway after World War II, further expanding the local economy.

Of those 16,208 Needham residents (who were not in the military or institutionalized) between the ages of 16 and 64 in 2019, 13,395 or 82.6% were in the labor market. *Of these, 3,470 or 26% worked in the community.* It should also be noted that 69.8% of workers drove alone to work, and another 4.3% carpooled. Almost 13% used public transportation, up from 11.6% in 2012 and 10.6% in 2017. The average commuting time was 32.2 minutes.

The 2019 census estimates also provide information on the concentration of Needham workers by industry, indicating that about two-thirds of workers were involved in management or professional occupations (67.8%), 18.1% in sales and office occupations, 8.0% in service occupations, 3.5% in construction or maintenance jobs, and only 2.7% in production and transportation work. About 83% of Needham's labor force involved private salaried or wage workers, another 9.5% were government workers, and 7.7% were self-employed.

Detailed labor and workforce data from the state on employment patterns in Needham is presented in Table III-18. This information shows an average employment of 19,951 workers employed in Needham in 2020, up from 19,212 in 2012, but down significantly from 22,788 in 2017. The data also confirms a mix of employment opportunities with a concentration of higher paying professional jobs that brings the average weekly wage for those working in Needham to a relatively high level of $2,105, up from $1,698 in 2012 and $1,829 in 2017, and almost as high as Boston's average weekly wage of $2,281. Needham's average weekly wage translates into an annual income of approximately $109,880, lower than Needham's median household income of $165,547 but well over the state's median of $85,843. As another point of comparison, the unemployment level as of August 2021 was 3.7%, up from 2.1% in 2019 prior to the pandemic, but down from 5.7% in 2020. Needham's unemployment rate was in fact lower than Boston's at 5.7% as of August 2021.

Table III-18: Average Employment and Wages by Industry, 2012/2017/2020

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	91/97/93	$42,622,017/ $63,363,569/ $71,658,524	607/737/791	$1,350/ $1,653/ $1,742
Manufacturing	34/30/27	$63,547,622/ $58,946,451/ $57,157,442	905/994/788	$1,350/ $1,140/ $1,395
Wholesale trade	85/91/75	$71,748,277/ $83,824,817/ $168,380,722	704/757/1,378	$1,960/ $2,129/ $2,350
Retail trade	88/91/88	$44,685,144/ $47,792,522/ $54,086,597	1,195/1,166/ 1,071	$719/ $788/ $971
Transportation/warehousing	11/16/13	$12,314,649/ $12,903,648/ $15,605,271	205/215/232	$1,155/ $1,154/ $1,294
Information	51/57/65	$115,387,213/ $144,131,188/	1,159/1,374/ 877	$1,915/ $2,017/

		$97,229,775		$2,132
Finance/insurance	101/116/128	$145,016,408/ $175,911,361/ $188,385,336	1,141/1,256/ 1,119	$2,444/ $2,693/ $3,238
Real estate/rental/leasing	52/73/72	$23,073,500/ $34,711,522/ $30,718,057/291	282/374	$1,573/ $1,785/ $2,030
Professional/technical services	281/281/308	$749,042,333/ $795,475,169/ $721,177,474	3,607/3,101/ 2,449	$3,994/ $4,933/ $5,663
Management of companies/enterprises	15/16/14	$34,875,515/ $52,573,490/ $55,805,435	519/556/494	$1,292/ $1,818/ $2,172
Administrative and waste Services	79/87/43	$53,763,933/ $227,978,705/ $257,843,051	1,154/2,426/ 2,258	$896/ $1,807/ $2,196/
Health care/social assistance	127/191/194	$184,236,263/ $258,298,719/ $264,507,740/	4,075/5,282/ 4,634	$869/ $940/ $1,098
Educational services	31/40/43	$69,940,784/ $103,182,739/ $110,552,909	1,202/1,720/ 1,624	$1,119/ $1,154/ $1,309
Arts/entertainment/recreation	22/23/23	$2,942,322/ $3,797,711/ $3,307,819	118/188/141	$480/ $388/ $451
Accommodation/food services	53/57/58	$25,158,353/ $40,321,432/ $26,431,704	1,025/1,396/ 742	$472/ $555/ $685
Other services	250/228/256	$34,798,802/ $36,726,874/ $31,421,022	921/837/621	$727/ $844/ $973
Total	1,381/1,503/1,548	$1,696,831,400/ $2,166,747,180/ $2,183,370,050	19,212/ 22,788/ 19,951	$1,698/ $1,829/ $2,105

Source: Massachusetts Executive Office of Labor and Workforce Development, 2012, January 22, 2019, and November 12, 2021

Shaded industries have average employment of more than 1,000 workers.

4. Education – High educational attainment and increasing student enrollment

The educational attainment of Needham residents is very high and has improved over the last couple of decades. In 2019, 97.8% of those 25 years and older had a high school diploma or higher, and 76% had a bachelor's degree or higher compared to 55% for the county and 45% for the state. These attainment levels are up from the 2000 figures of 96.4% with at least a high school degree and 64.9% with a bachelor's degree or higher. Such high education attainment levels are correlated with Needham's generally high incomes.

According to 2019 census estimates, there were 9,130 residents three years of age or older who were enrolled in school (nursery through graduate school) or about 29% of the estimated 2019 population Those enrolled in kindergarten through high school totaled 7,039 students, representing 23% of the total population.

The Needham Public Schools reported a student enrollment of 5,483 in the 2020-2021 school year, down from 5,645 for 2018-2019, and up considerably from 4,330 students during the 1999-2000 school year. This data suggests that about 1,500 school-age children attend schools outside of the Needham Public School system. Needham Public School projections also predict that student enrollments will grow to a peak of 5,946 students in the 2025-26 school year and then decline to 5,777 in 2033-2034.[12]

Figure III-7 shows the racial distribution of students enrolled in the Needham Public School system, indicating that about 25% of students were members of minority populations. The White population at approximately 75% in 2020-2021 was down from previous years, from 84% in 2010-2011 for example.

Figure III-7: Student Race and Ethnicity for Needham Public Schools, 2020-2021

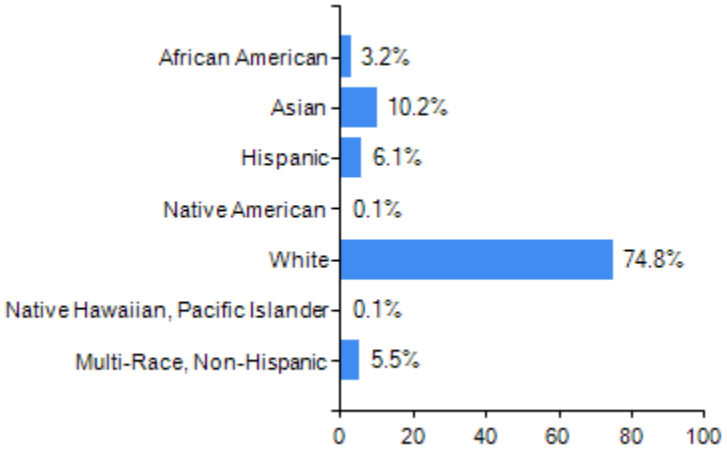
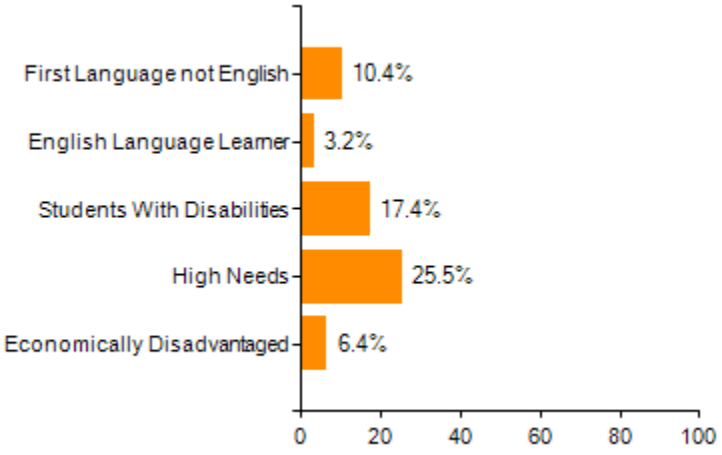


Figure III-8 presents the distribution of selected populations for 2020-2021, showing significant special needs and that 6.4% of students were economically disadvantaged and eligible for free or reduced-priced meals from the U.S. Department of Agriculture's school nutrition program. To qualify, the student must be part of a household receiving supplemental nutrition assistance program (SNAP) or temporary assistance for needy families, or homeless, a migrant, or in foster care.

Figure III-8: Selected Populations for Needham Public Schools, 2020-2021



[12] McKibbin Demographic Associates, Enrollment Projections for FY 2019/2020 to 2033/34 to the Needham Public Schools, January 2, 2019.

5. Disability Status – Significant special needs

The 2019 census estimates, as summarized in Table III-19, indicate that 1,954 residents, or 6.4% of all civilian, noninstitutionalized residents, identified themselves as having a disability.[13] Of these, 181 were under the age of 18, 600 between ages 18 and 64, and 1,173 were 65 years or older. These levels of disability are largely less than county and statewide figures, but still represent significant special needs within the Needham community and suggest that the Town make a concerted effort to produce special needs housing units that are handicapped accessible and/or have supportive services.

Table III-19: Civilian Noninstitutionalized Population with a Physical Disability, 2019

Age Range	Needham		County	MA
	#	%	%	%
Less than age 5	0	0.0	0.8	0.7
5 to 17 years	181	2.7	3.5	5.8
18 to 34 years	268	6.8	5.2	6.0
35 to 64 years	332	2.6	7.6	10.6
65 years+	1,173	45.9	60.1	67.8
Total	1,954	6.4	9.6	11.6

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2015- 2019.

The 2019 census estimates also identify numbers of residents with particular disabilities, as summarized in Table III-20. It should be noted that some residents will have multiple challenges but about half of the 1,954 residents who claimed a disability experienced an ambulatory difficulty with about 36% and 35% with cognitive or independently living problems, respectively.

Table III-20: Types and Distribution of Disabilities, 2019

Type of Disability	# Residents	% Disabled	% All Residents
Hearing Difficulty	671	34.3	2.2
Vision Difficulty	292	14.9	1.0
Cognitive Difficulty	705	36.1	2.4
Ambulatory Difficulty	988	50.6	3.4
Self-care Difficulty	506	25.9	1.7
Independent Living Difficulty	691	35.4	3.1

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2015-2019.

6. Resident Mobility – Relatively lower housing turnover

Of the population one year of age or older, 91.5% lived in the same house as they did the year before according to 2019 census estimates. Of those 8.5% who had moved into Needham in 2019, 3.4% came from within Norfolk County, 3.0% from another county in Massachusetts, and another 2.1% coming from a different state or abroad. There was more mobility of residents on the statewide level with 12.5% of residents moving in 2019.

Additional census information indicates that 17.5% of households moved into their homes between 2015 and 2019 with 21.1% moving in between the years 2010 to 2014. About 20% have lived in their current home since at least 1989.

[13] The U.S. Census defines disability as a long-term physical, mental, or emotional condition that can make it difficult to do basic activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. Many residents with one or more disabilities face housing challenges due to a lack of housing that is affordable and physically accessible.

C. HOUSING PROFILE

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

1. Housing Growth – Slower housing growth than population growth and high demolition/replacement activity

The 2020 U.S. census counted 11,891 housing units, involving an increase of 769 units or 6.9% since 2010. This is higher than the less than 6.0% growth rates of the 1970s and 1990s but a bit lower than the 8.7% and 8.6% rates of the 1980s and early 2000s. It should be noted that the housing growth between 2010 and 2020, at 6.9%, was lower than the 11.1% population growth during the same period pointing to increases in average household size.

Table III-21 provides information from the 2019 census estimates on housing growth over the decades as the 2020 data has yet to be released. This information indicates that 21.6% of Needham's housing stock predates World War II. Building activity took off in the 1940s through the 1960s when about 42% of the housing stock was developed, greatly affected by the construction of Routes 95 and 128. After that growth slowed down to below 10% per decade.

The Town will still have a healthy cushion with respect to the 10% affordability threshold under Chapter 40B with a current Subsidized Housing Inventory (SHI) of 1,410 units; however, the percentage of affordability will decrease somewhat from the current 12.76% to a level closer to 11.9%.

Table III-21: Housing Units by Year Structure Was Built, 2019

Time Period	#	%
2010 or later	892	7.8
2000 to 2009	975	8.6
1990 to 1999	611	5.4
1980 to 1989	984	8.7
1970 to 1979	639	5.7
1960 to 1969	1,391	12.3
1950 to 1959	2,236	19.8
1940 to 1949	1,137	10.1
1939 or earlier	2,444	21.6
Total	11,309	100.0

Source: U.S. Census Bureau, American Community Survey 2015-2019 5-Year Estimates.

In 2021, 76 single-family units were permitted as well as three duplexes. During the year, 72 single-family homes and two duplexes involved teardowns for a total net unit gain of only ten units.

Table III-22 estimates that between 2010 and 2020 there was a net gain of 720 housing units with a net increase of 16 single-family homes. This represents a teardown level of almost 98% of all new single-family permits during this period. On the other hand, 666 units were built in the multi-family buildings of three units or more representing 92.5% of new unit production. This level of housing growth is

significantly lower than the census estimate of 892 units built between 2010 and 2019 according to the 2019 census estimates summarized in Table III-21. Nevertheless, based on the 2010 and 2020 decennial census counts, the total number of units produced between 2010 and 2020 was 769 as shown in Table III-23, 49 units higher than the building permit count.

Table III-22: Net New Residential Units, 2010-2021

Year	**New Single-family Units**	**New Two-family Units/New Multi-family**	**Demolished or Relocated**	**Estimated Total Net New Units** Net Single-family/Net Two-family + Multi-family or Subdivisions
2010	66	4 (8 units)	160*	5/1
2011	67	5 (10 units)	101*	5/1
2012	75	10 (20 units)	108*	6/2
2013	61	10 (20 units)/ 1***	68**	-7/2 + 12
2014	98	34 (68 units)/4****	92**	6/6 + 40
2015	85	9 (18 units)	84**	1/2
2016	104	6/12*****	96**	8/1 + 52
2017	92	10 (20 units)/12 ******	93**	-1/2 + 562
2018	80	4	79	3/2
2019	87	11	87	2/9
2020	52	11	65	-9/7
Subtotal	*867*	*886*	*1,033*	*19/35 + 666 = 720 Units*
2021	76	6	72	6/4
Total	**943**	**892**	**1,105**	**25/39 + 666 730**

Source: Needham Building Department

* All demolition permits

** Indicates only residential building permits. Assume that about 92% of the new single-family and two-family units involved demo/replacement.

*** Includes 12 independent living units at The Residences of Wingate.

**** Includes 10 units at mixed-use property at 50 Dedham Avenue, Greendale Village 40B with 12 single-family units and 4 duplex units for a total of 20 units, and 10 units at Webster Street Green 40B development.

***** Includes 52 independent living units at One Wingate Way.

****** Includes 390 units at 275 Second Avenue (The Kendrick), 136 units at 700 Greendale Avenue (Modera Needham) as well as several subdivisions (Sunrise Terrace – 6 units, Rockwood Lane – 22 units, and Belle Lane – 8 units).

2. Housing Occupancy – High level of owner-occupancy and extremely tight market conditions

Table III-23 includes a summary of housing occupancy characteristics from 1990 through 2020. Of the total 11,891 housing units counted as part of the 2020 U.S. census, 11,282 were identified as occupied compared to 609 vacant units with an occupancy rate of 94.9% compared to 93.0% in 2010.[14]

Based on 2019 census estimates, as only limited 2020 data has been released, of the occupied units, 9,067 or 83.9% were owner-occupied and the remaining 1,734 occupied units, or 16.4%, were rental units. This suggests that there was an increase of 425 owner-occupied units and only a 35-unit increase of rental units. This data is clearly inaccurate as almost all new owner-occupied development involved teardown activity with only 28 net new single-family homes built between 2010 and 2019 as identified in Table III-22. Given the construction of 666 new units of multi-family housing as noted in Table III-22, the changes in new owner versus rental units are more likely closer to the reverse.

These figures still represent a relatively high level of owner-occupancy, however. For example, only 69.2% of the occupied units in Norfolk County were owner-occupied with the state at 62.3% in 2010, which changed very little to 68.4% and 62.2%, respectively, by 2019.

The average number of persons per unit increased from 2.83 persons in 1990, to 2.88 persons by 2010, and then up to 2.99 persons in 2019 for owner-occupied units. On the other hand, the average household size decreased from 2.02 to 1.74 persons for rental units during this period. This increase in the average household size of owner-occupied units is consistent with increases in the town-wide average number of persons per household from 2.68 persons in 1990, to 2.72 by 2010, and 2.79 by 2019, and likely reflects the larger size of new homes. Moreover, new rental development has focused on multi-family projects with smaller unit sizes and thus the decrease in average household size is not surprising.

Table III-23: Housing Occupancy, 1990 to 2019/2020

Housing Characteristics	1990		2000		2010		2019/2020	
	#	%	#	%	#	%	%	#
Total # Housing Units	10,405	100.0	10,846	100.0	11,122	100.0	11,309/ 11,891	100.0/ 100.0
Occupied Units *	10,160	97.6	10,612	97.8	10,341	93.0	10,801 11,282	95.5/ 94.9
Total Vacant Units*	245	2.4	234	2.2	781	7.0	508/609	4.5/5.1
Occupied Owner Units **	8,097	79.7	8,587	80.9	8,642	83.6	9,067	83.9
Occupied Rental Units **	2,063	20.3	2,025	19.1	1,699	16.4	1,734	16.1
Average Household Size/ Owner Occupied Unit	2.83 persons		2.82 persons		2.88 persons		2.99 persons	
Average Household Size/ Renter Occupied Unit	2.02 persons		1.84 persons		1.90 persons		1.74 persons	

Source: U.S. Census Bureau, Census 1990, 2000, 2010, and 2020 including American Community Survey 5-Year Estimates for 2016-2020 for tenure and average household sizes.
* Percentage of all housing units ** Percentage of occupied housing units

[14] The year-round housing figure is the one used under Chapter 40B for determining the 10% affordability goal subtracting seasonal units (75 units) from total units (11,122) = 11,047 units based on 2010 decennial census data. If the 2020 census figures show the same 75 seasonal or occasional unit count, the year-round figure would change to 11,816 and the current count of 1,410 units would drop to 11.9%, still well above the state 10% affordability threshold.

The vacancy rate was only 2.2% for homeownership in 2010, up somewhat from 0.3% in 2000 as shown in Table III-24. Estimates for 2019 indicate an even tighter market with a 1.0% vacancy rate, which was somewhat higher than county at 0.8% but lower than the 1.1% state level.

On the other hand, the rental vacancy rate was estimated to be zero in 2010, which does not even reflect normal turnover rates. By 2019 this rate had increased only to 1.3%, lower than county and state levels of 2.4% and 3.1%, respectively. As any rate below 5% reflects extremely tight housing market conditions, this information confirms very strong homeownership and rental markets.

Table III-24: Vacancy Rates by Tenure, 2000 to 2019

Tenure	Needham 2000	Needham 2010	Needham 2019	County 2019	MA 2019
Rental	2.2%	0.0%	1.3%	2.4%	3.1%
Homeowner	0.3%	2.2%	1.0%	0.8%	1.1%

Source: U.S. Census Bureau, 2000 and 2010, Summary File 1; American Community Survey 5-Year Estimates, 2015-2019 5-Year Estimates

3. Types of Structures and Units – Predominance of single-family homes

Table III-25 and Figure III-9 demonstrate that Needham's housing stock is dominated by single-family homes with the following changes in housing types:

- The number of detached and attached dwellings combined continues to comprise about 82% of all units. The data suggests a gain of 311 single-family detached units between 2010 and 2019 and a loss of only three attached units. The total number of identified single-family detached units, of 8,640 units, is significantly higher than the 8,412 units included in Assessor's records. Moreover, Table III-22 shows that because teardown activity was so high, only 28 net new single-family homes were built between 2010 and 2019. This once again points to an overestimation of housing growth in the census figures, likely at least somewhat related to counting new building permits instead of net new units given teardown activity.
- There was an increase of 79 units in two to four-unit properties between 2010 and 2019 but a net loss of 194 units since 1990.
- There was a modest net increase of 29 units in five to nine-unit properties between 1990 and 2019.
- The 2019 census estimates also suggest an increase of 292 units in properties of ten or more units since 2010 which undercounts the units created as part of the large multi-family properties that have been permitted under Chapter 40B. It is clear that the census overestimates the increase in single-family units while underestimating the growth of units in large rental developments. Table III-22 indicates that 666 units were built as part of multi-family development. For example, 526 units were produced as part of The Kendrick and Modera Needham projects alone.
- The number of units in the "other " category, which includes mobile homes, RV's, houseboats, etc., decreased to zero over the decades.

Table III-25: Units by Type of Structure, 1990 to 2019

Type of Structure	1990		2000		2010		2019	
	#	%	#	%	#	%	#	%
1-unit detached	8,185	78.7	8,333	76.8	8,329	77.3	8,640	76.4
1-unit attached	237	2.3	317	2.9	619	5.7	616	5.4
2 to 4 units	800	7.7	813	7.5	527	4.9	606	5.4
5 to 9 units	225	2.2	187	1.7	256	2.4	254	2.2
10+ units	901	8.7	1,177	10.9	1,041	9.7	1,193	10.5
Other	57	0.5	19	0.2	9	0.1	0	0.0
Total	10,405	100.0	10,846	100.0	10,781	100.0	11,309	100.0

Source: U.S. Census Bureau, Census 1990 and 2000 Summary File 3 and the American Community Survey 2006-2010 and 2015-2019 5-Year Estimates.

It also should be noted that the 2019 census estimates indicate that Needham had 776 people living in group quarters. These individuals included 381 institutionalized residents, largely living in skilled nursing facilities, and 395 noninstitutionalized individuals, most living in student housing. These units are not counted as part of the total number of housing units per census data.

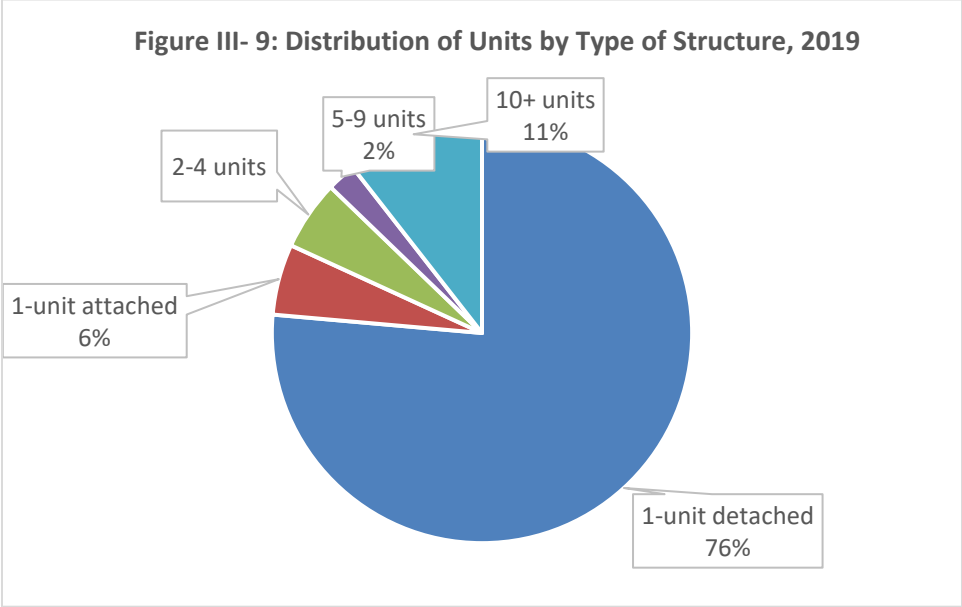


Table III-26 provides a breakdown of the estimated 2010 and 2019 distributions of units per structure according to whether the units were occupied by renters or homeowners. While about 94% of owners resided in single-family detached or attached homes in both 2010 and 2019, almost half of renters lived in multi-family units of ten or more units in 2019, up from one-third in 2010. This is related to new multi-family rental development that has helped diversify the housing stock. It is interesting to note that one-quarter of renters lived in single-family homes in 2019, down from almost one-third in 2010. This is considerably higher than the state level of 14.6% in 2019, and not surprising given the prevalence of single-family homes in Needham and once again new rental alternatives in the community.

Table III-26: Type of Structure by Tenure, 2010 and 2019

Type of Structure	Homeowner Units				Renter Units			
	2010		2019		2010		2019	
	#	%	#	%	#	%	#	%
1 unit, detached and attached	8,115	94.3	8,494	93.7	577	32.7	422	24.3
2 to 4 units	160	1.9	222	2.4	367	20.8	285	16.4
5 to 9 units	0	0.0	55	0.6	228	12.9	199	11.5
10 or more units	323	3.8	296	3.3	594	33.6	828	47.8
Total	8,607	100.0	9,067	100.0	1,766	100.0	1,734	100.0

Source: U.S. Census Bureau, 2006-2010 and 2015-2019 American Community Survey 5-Year Estimates.

Table III-27 provides information on the distribution of unit sizes, more specifically the number of rooms per unit. This data indicates that the median sized unit in Needham was large with 7.5 rooms based on 2019 census estimates, likely including four bedrooms, and higher than the county and state medians of 5.9 and 5.5 rooms, respectively. In addition, those units that might be more appropriate for single persons, with five or fewer rooms, involved only 19.4% of all units in Needham, down from 23.0% in 2010 and lower in comparison to 43.8% and 49.8% for the county and state, respectively.

Given that more than half (52.2%) of all households included single individuals or two-persons, a substantial portion of households in Needham are living in housing that is much larger than what they need, in essence they could be considered "over-housed". Some residents may even want to downsize but find it challenging to find appropriate alternative housing that better meets their current lifestyles and ability to pay. The new multi-family development has provided some opportunities for downsizing, however, but most long-term homeowners would be unlikely to qualify for the affordable units given financial assets, including accrued equity, and market prices require incomes well over $100,000.

Table III-27 also shows that Needham's housing stock includes a substantial and growing segment of large homes. With the exception of units with one or two rooms, the percentages of all units with less than nine rooms decreased between 2010 and 2019 while those units with nine units or more increased by 1,098 units, going from 26.3% to 34.8% of all units. Those units with seven or more rooms involved two-thirds of the housing stock, and units with nine or more rooms included 34.8% of all units compared to 16.5% for the county and only 11.6% for the state.

The surge in larger homes is also reflected in the median number of rooms per unit increasing from 7.1 to 7.5 rooms as well as the increases in the size of the average house in Needham.

Through a sample of Assessor records, including 192 homes from 1975 to 1980 and 213 homes from 2018 to 2020, the average square footage increased from 2,235 to 4,461 square feet. This has occurred while the average household size decreased from 2.99 persons in 1980 to 2.79 based on 2019 census estimates.

Table III-27: Number of Rooms per Unit, 2019

Number of Rooms per Unit	Needham 2010/2019		Norfolk County 2019	Massachusetts 2019
	#	%	%	%
1 Room	191/235	1.8/2.1	1.9	2.3
2 Rooms	130/239	1.2/2.1	3.7	3.6
3 Rooms	643/475	6.0/2.2	11.7	10.6
4 Rooms	810/757	7.5/6.7	13.6	15.7
5 Rooms	700/718	6.5/6.3	12.9	17.6
6 Rooms	1,749/ 1,358	16.2/ 12.0	15.6	17.0
7 Rooms	1,896/ 1,830	17.6/ 16.2	13.0	12.2
8 Rooms	1,827/ 1,764	16.9/ 15.6	11.2	9.3
9 or More Rooms	2,835/ 3,933	26.3/ 34.8	16.5	11.6
Total	10,781/ 11,309	100.0	100.0	100.0
Median (Rooms)	7.1/7.5 rooms		5.9 rooms	5.5 rooms

Source: U.S. Census Bureau, American Community Survey 2015-2019 5-Year Estimates.

Certainly, the demolition of smaller homes and replacement with much larger units explains some of these shifts towards larger units although other market dynamics are also at play. The regional, and in many cases national, imbalance between housing supply and demand drives up property values, particularly land costs, and the pandemic has caused increases in construction costs. Such costs in turn compel developers to build larger homes at very high sales prices to cover their investment and deliver a profit when zoning limits the number of units that can be created. The escalating market has been further fueled by low mortgage interest rates. Consequently, Needham has experienced a housing market where very large and expensive homes set the bar for real estate expectations.

4. Housing Values – Extremely high and rising housing costs

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

The 1990, 2000, 2010 and limited 2020 Decennial U.S. Census figures
The U.S. Census Bureau's 2006-2010 and 2015-2019 American Community Survey 5-Year Estimates
The Warren Group's median sales price statistics and sales volume by year
Multiple Listing Service data
Town Assessor's data
Internet rental listings

Homeownership – Unprecedently high housing values

Census data also provides information on housing values, summarized for owner-occupied units in Table III-28. The 2019 census indicated a median house value of $855,300, up from the median of $646,300 in 2010 and more than triple the median in 1990 of $256,500. Between 2000 and 2019, the median increased by 122%, considerably more than the rate of inflation of 48% during this period.

In 2019, there were only 61 units valued at less than $200,000 with another 240 units in the $200,000 to $300,000 price range and still relatively affordable. This demonstrates that very little of the community's owner-occupied housing units were relatively affordable. On the other end of the price range, *30% of the units were valued at over $1 million, more than double the 2010 level.*

Table III-28: Housing Values of Owner-Occupied Units, 1990 to 2019

	1990		2000		2010		2019	
Price Range	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Less than $200,000	1,126	15.8	250	3.2	148	1.7	61	0.7
$200,000 to $299,999	3,988	55.9	1,471	19.1	239	2.8	240	2.6
$300,000 to $499,999	1,672	23.4	4,274	55.5	1,551	18.0	387	4.3
$500,000 to $999,999	350	4.9	1,577	20.5	5,525	64.2	5,619	62.0
$1 million or more			126	1.6	1,144	13.3	2,760	30.4
Total	7,136	100.0	7,698	100.0	8,607	100.0	9,067	100.0
Median (dollars)	$256,500		$385,600		$646,300		$855,300	

Source: U.S. Census Bureau, 1990 and 2000, Summary File 1, and U.S. Census Bureau, 2006-2010 and 2015-2019 American Community Survey 5-Year Estimates.

Table III-29 provides *The Warren Group data from Banker & Tradesman* on median sales prices and the number of sales from 2000 through September 2021, offering a long-range perspective on sales activity. This data is tracked from Multiple Listing Service information based on actual sales.

Needham joined the "million-dollar club" several years ago as the median sales price of a single-family home climbed to $1,102,000 as of January 2019 from $976,250 as of the end of 2018. It has subsequently grown to $1.3 million as of September 2021.

The lowest point of the market occurred in 1992 when the median single-family home was priced at $225,000, reflective of the economic recession in the early 1990s. After that single-family home values climbed steadily until 2005 when it fluctuated a bit due to the financial crisis but remained above $600,000. Since then, it has grown steadily, almost doubling from the 2005 median to more than $1.3 million as of September 2021. Figure III-8 shows this pattern of increasing housing values. COVID-19 certainly did not have a negative impact on housing values. Much of the increase in housing values is due to the larger homes that are being built through teardown activity.

The number of single-family home sales has also fluctuated considerably, declining from 452 sales in 2004, to a low of 329 sales in 2008 in reaction to the recession, and then up and down after that to 384 and 383 sales in 2018 and 2019, respectively. Sales activity decreased somewhat in 2020, to 366 sales, and is likely to surpass that level in 2021.

The condo market has experienced more volatility, both in terms of values and number of sales. Median prices reached a high of $593,750 in 2005 and then dropped to $297,750 by 2009, again in response to the recession. The condo market did not surpass pre-recession levels until 2015 when the median reached a high of $636,000. After a decline in 2016, the median spiked to $767,000 in 2017 and was $862,500 as of September 2021. The number of sales ranged from a low of 41 in 2000, to a high of 77 in 2015, then down again to 57 sales in 2016, and once again up to 69 in 2018 and 2019. It has continued to increase, up to 74 sales as of September 2021.

Table III-29: Median Sales Prices and Number of Sales, 2000 to September 2021

Year	Months	Single-family		Condominiums		All Sales	
		Median	# Sales	Median	# Sales	Median	# Sales
2021	Jan – Sept	$1,300,018	291	$862,500	74	$1,200,000	395
2020	Jan – Dec	$1,170,000	366	$858,000	59	$1,100,000	455
2019	Jan – Dec	$1,065,000	383	$805,000	69	$1,025,000	483
2018	Jan – Dec	$976,250	384	$754,900	69	$930,000	488
2017	Jan – Dec	$962,500	396	$767,000	58	$910,000	489
2016	Jan – Dec	$859,000	422	$580,000	57	$836,000	513
2015	Jan – Dec	$848,250	419	$636,000	77	$809,000	537
2014	Jan – Dec	$810,000	385	$550,000	75	$789,500	496
2013	Jan – Dec	$749,500	424	$485,000	59	$729,000	529
2012	Jan – Dec	$672,100	396	$445,000	47	$657,000	491
2011	Jan – Dec	$656,500	356	$361,000	35	$636,500	428
2010	Jan – Dec	$632,500	392	$402,000	52	$625,500	468
2009	Jan – Dec	$650,000	331	$297,750	54	$620,000	408
2008	Jan – Dec	$645,000	329	$415,000	65	$625,000	421
2007	Jan – Dec	$618,000	441	$428,000	57	$610,000	527
2006	Jan – Dec	$655,000	368	$444,500	44	$636,000	454
2005	Jan – Dec	$663,750	364	$593,750	62	$650,000	456
2004	Jan – Dec	$619,500	452	$379,500	70	$604,500	569
2003	Jan – Dec	$560,000	426	$379,750	42	$545,000	508
2002	Jan – Dec	$520,850	422	$328,000	63	$500,000	522
2001	Jan – Dec	$489,950	366	$279,950	48	$465,000	449
2000	Jan – Dec	$436,250	434	$239,000	41	$425,000	525

Source: The Warren Group/Banker & Tradesman, January 25, 2019.

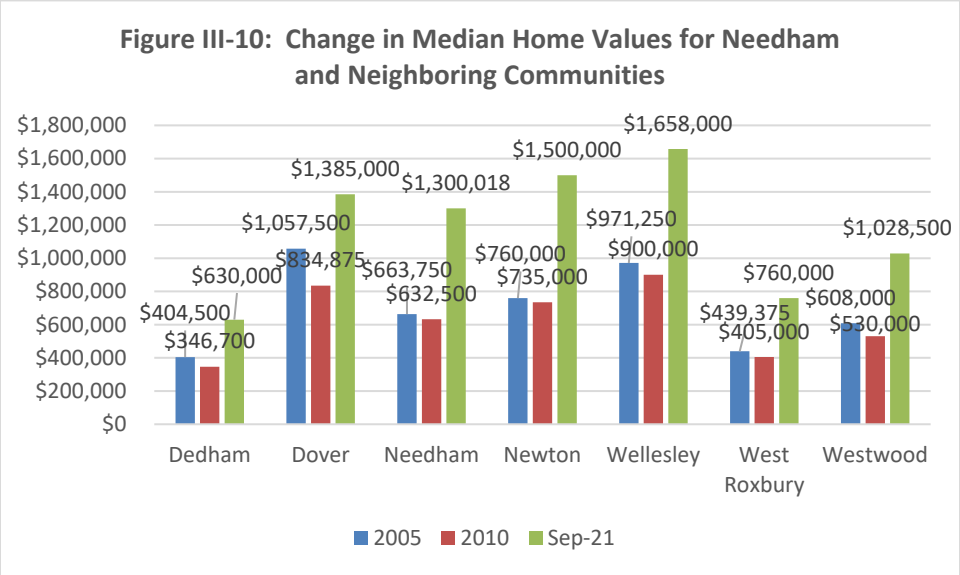
Housing prices are high in Needham even relative to neighboring communities that include some of the priciest suburbs in the Boston area and state. Median values for single-family homes are shown in Table III-30 for 2000, 2005 (the height of the market for most of these communities), 2010 and September 2021, showing the fluctuations in the market over time. The September 2021 medians ranged from a low of $630,000 in Dedham to a high of $1,658,000 in Wellesley. Needham's median is more than twice the $645,000 level for Norfolk County. It is also interesting to note, that while Needham's median values have typically lagged well behind those of Dover, the 2021 figures show a growing comparability as Needham's values have recently risen at a faster rate.

Table III-30: Median Single-family Home Prices for Needham and Neighboring Communities, 2000 to September 2021

Community	2000	2005	2010	September 2021
Dedham	$254,950	$404,500	$346,700	$630,000
Dover	$700,000	$1,057,500	$834,875	$1,385,000
Needham	$436,250	$663,750	$632,500	$1,300,018
Newton	$539,000	$760,000	$735,000	$1,500,000
Wellesley	$592,750	$971,250	$900,000	$1,658,000
West Roxbury	$270,000	$439,375	$405,000	$760,000
Westwood	$392,500	$608,000	$530,000	$1,028,500
Norfolk County	$275,000	$425,000	$378,000	$645,000
Massachusetts	$215,000	$355,000	$295,000	$511,000

Source: The Warren Group/Banker & Tradesman, November 15, 2021.

Figure III-10 tracks these median housing values, demonstrating the trajectory of the housing market since 2005, the height of the housing market in many communities just before the recession.



Source: The Warren Group/Banker & Tradesman, November 15, 2021.

While all of these nearby communities experienced a downturn in the market following the recession, as shown in the 2010 values, they recovered quite well and have experienced unprecedentedly high housing values. The recovery from the " bursting of the housing bubble" demonstrates the robust and relatively resilient housing markets in these communities as well as a clear signal of the upswing in the overall housing market in the region. **The speculation and bad loans that drove home sales and prices into an artificially inflated, unstainable bubble during the recession are not factors today. Market prices are instead being driven mainly by limited availability where housing demand exceeds housing supply.**

Town Assessor data on the assessed values of residential properties in Needham is presented in Tables III-31 and III-32, which provide insights not only into the diversity of the existing housing stock but also the range of values for each dwelling type. This data shows that Needham had 8,413 single-family properties, considerably less than the 2019 census figure of 8,640 single-family detached homes. This again points to the overestimation of growth in the owner-occupied housing stock.

There was only one unit, a Habitat for Humanity house, valued below $200,000 and just another assessed between $200,000 and $300,000 that were still relatively affordable. While almost half of the homes were assessed between $500,000 and $700,000 in Fiscal Year 2014, homes in this range have declined to 18.7%. In fact, all properties assessed for less than $700,000 decreased from 4,987 homes, or 60% of all single-family units in FY14, to 1,684 units representing 20% of these units by FY22.

The bottom line is that there is very little affordability left in Needham's private housing stock.

The most striking change involves the number of properties assessed for more than $1 million, increasing from 1,322 homes, or 15.8% of the single-family dwellings in FY14, to 3,062 or 36.4% in FY22. The highest assessment was $5,649,600 for a property with 43 acres and 12,400 square feet of living space on South Street.

The loss in lower-valued properties and substantial growth in high-end market units clearly corresponds to the substantial amount of demolition and replacement activity that has been taking place in the community where small, less expensive homes have been replaced by much larger and pricier ones. The dramatic uptick in Needham's housing market, particularly the luxury market, is visually presented in Figure III-11.

There were 988 condos counted in Assessor's records, up from 791 in FY14, comprising about 8.3% of all housing units and thus representing a relatively small segment of Needham's housing market. The growth in condos has occurred largely by the conversion of two-family dwellings to high-priced condominiums. Nevertheless, condos were assessed generally more affordably than the single-family homes with the median value of $698,300 compared to $876,300 for the single-family homes and the range of values going from $111,400 for a deed restricted affordable unit to $1,690,900 for a condo on Maple Street.[15]

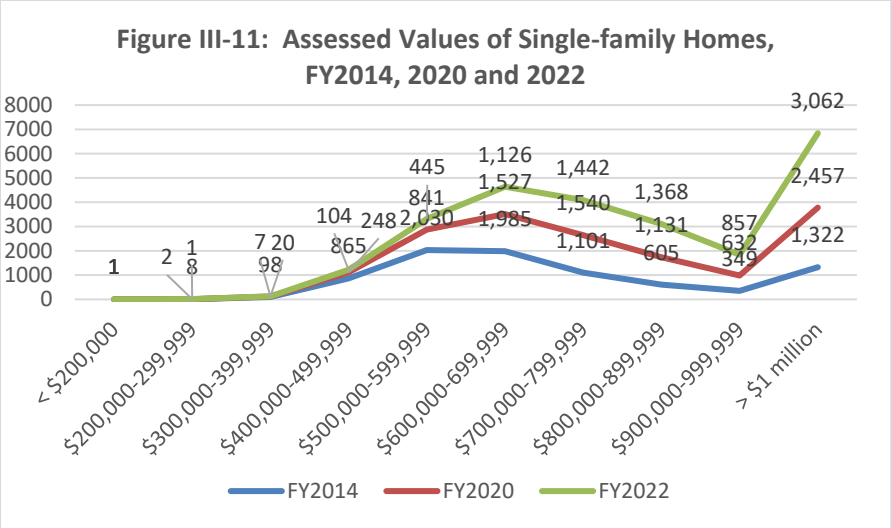
Many of the 22 condos with assessments below $200,000 were deed restricted and part of the Town's Subsidized Housing Inventory (SHI). Altogether, almost 12% of the condos were assessed below $300,000, down considerably from 40% in FY14. Condos with assessments between $300,000 and $500,000 increased from 22.7% to 28.7% between FY14 and FY22. Those higher end condos valued at more than $500,000 increased significantly from one-third to 60% of all condos during this period, including 156 condos assessed for more than $1 million in FY22 compared to four in FY14. It is also interesting to note that there was a relatively even distribution of condos among each of the assessment ranges between $500,000 and $1 million, each at about 10% of all condos.

Table III-31: Assessed Values of Single-family Homes and Condominiums, FY 2022

Assessment	Single-family		Condominiums		Total	
	#	%	#	%	#	%
Less than$200,000	1	0.01	21	2.1	22	0.2
$200,000-299,999	1	0.01	96	9.7	97	1.0
$300,000-399,999	7	0.08	130	13.2	137	1.5
$400,000-499,999	104	1.2	153	15.5	257	2.7
$500,000-599,999	445	5.3	73	7.4	518	5.5
$600,000-699,999	1,126	13.4	83	8.4	1,209	12.7
$700,000-799,999	1,442	17.1	95	7.6	1,537	16.4
$800,000-899,999	1,368	16.3	89	9.0	1,457	15.5
$900,000-999,999	857	10.2	92	9.3	949	10.1
Over $1 million	3,062	36.4	156	15.8	3,218	34.2
Total	8,413	100.0	988	100.0	9,401	100.0
Median	$876,300		$698,300		--	

Source: Needham Assessor, Fiscal Year 2022.

[15] It should be noted that assessed values typically underestimate market levels, particularly in rising housing markets, as they are largely based on sales prices two years before.



While condos are on the whole more affordable, they also tend to be more susceptible to wide fluctuations in the housing market. Condo markets are historically slower to appreciate and faster to decline in value, and condo values tend to rise disproportionately when the price of single-family homes reaches unprecedented high levels, a trend Needham is currently witnessing.

Assessor's data for multi-family properties, as summarized in Table III-32, indicates that there are 197 two-family homes (394 units), down from 254 two-families (508 units) in FY14. The 2019 census estimates are somewhat higher than the Assessor's count, at 426 units. The median two-family house price was $635,900 based on Assessor records. There were also 12 three-family properties, all assessed at more than $600,000 and with a median of $822,600.

As to larger multi-family properties, there are 31 properties with four units or more that ranged in value from $482,900 to $92,289,800. Many of the larger properties were concentrated on Tillotson and Perrault Roads but also included Charles River Landing, Chestnut Hollow, Nehoidan Glen, Modera Needham, The Kendrick, and Webster Green developments for example. There were also 26 mixed residential and commercial properties including 13 properties that were primarily residential and another 13 that were primarily commercial.

Table III-32: Assessed Values of Multi-family Properties, Fiscal Year 2022

Assessment	2/3-unit properties		More than 4-unit properties	
	#	%	#	%
Less than $200,000	0/0	0.0/0.0	0	0.0
$200,000-299,999	0/0	0.0/0.0	0	0.0
$300,000-399,999	10/0	5.1/0.0	0	0.0
$400,000-499,999	10/0	5.1/0.0	1	3.2
$500,000-599,999	40/0	20.3/0.0	0	0.0
$600,000-699,999	81/4	41.1/33.3	3	9.7
$700,000-799,999	29/1	14.7/8.3	2	6.4
$800,000-899,999	17/4	8.6/33.3	2	6.4
$900,000-999,999	4/1	2.0/8.3	4	12.9
Over $1 million	6/2	3.0/16.7	19	61.3
Total	197/12	100.0/100.0	31	100.0

Source: Needham Assessor, Fiscal Year 2022.

Rental Housing

Table III-33 presents information on rental costs from 1990 to 2019 based on the *U.S. Census Bureau* sample data. The rental market has changed substantially as the median rent increased 86% between 1990 and 2019, going from $798 per month to $1,483. In 2019, 62% of the town's rental units were renting for more than $1,000, 46% above $1,500, and 12% at over $3,000. *It is also important to note that the census figures include subsidized units, which represents about 37% of all rental units in Needham, and thus median values make the rental market look more affordable than it actually is.*

Table III-33: Rental Costs, 1990 to 2019

	1990		2000		2010		2019	
Gross Rent	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Under $200	197	9.7	108	5.4	0	0.0	306	17.6
$200-299	79	3.9	55	2.7	139	7.9		
$300-499	195	9.6	133	6.6	176	10.0		
$500-749	350	17.2	160	7.9	74	4.2	254	14.6
$750-999	540	26.5	243	12.1	98	5.5		
$1,000-1,499	487	23.9	543	26.9	329	18.6	270	15.6
$1,500 +			667	33.1	788	44.6	805	46.4
No Cash Rent	190	9.3	106	5.3	162	9.2	99	5.7
Total*	2,038	100.0	2,015	100.0	1,766	100.0	1,734	100.0
Median Rent	$798		$1,289		$1,484		$1,483	

Sources: U.S. Census Bureau, Census 1990 and 2000 Summary File 3 and 2006-2010 and 2015-2019 American Community Survey 5-Year Estimates.

Updated information on rental offerings in November 2021 is presented in Table III-34, which indicates very high rent levels. The lowest advertised rents included a studio apartment, one and two-bedroom units at Rosemary Lake, an older rental development, and a two-bedroom condo unit, all below $2,000. More typical market rentals are significantly higher including rents near or above $4,000 for two and three-bedroom units in newer multi-family developments that were permitted under Chapter 40B and thus also include some affordable units.

Table III-34: Market Rental Listings, November 2021

Location	# Bedrooms	# Baths	Square Feet	Rent	Property Type
The Kendrick	Studio	1	606	$2,473	Large Multi-family/40B
	2	2	985-1,292	$3,411-$3,755	
Modera Needham	1	1	905	$2,746	Large Multi-family/40B
	2	2	1,205-1,360	$3,997-$4,291	
	2	2.5	1,756	$5,705	
Charles River Landing	1	1	1,024-1,122	$2,659-$3,324	Large Multi-family/40B
	2	1	1,139	$3,198	
	2	2	1,379	$3,471	
Rosemary Lake	1	1	441-1,024	$1,550-$1,775	Large Multi-family
	2	2	1,047	$1,925	
	3	1.5	1,774	$2,850	

	3	2	1,850	$3,195	
Webster Green	1	1	987	$2,650	Large Multi-family
	2	1	900-978	$2,400-$2,650	
	2	2	1,200	$2,700	
Oak Street	Studio	1	NA	$1,575	Top Floor in House
Hamlin Lane	2	1	800	$1,900	Condo
Marshall Street	2	1	1,000	$2,300	2nd Floor of House
Pleasant Street	2	1	NA	$2,500	Apt. in House
Guild Road	3	1	1,400	$2,300	Townhouse
Great Plain Ave.	3	1	1,200	$2,500	Duplex Apt.
Maple Street	3	1	1,200	$2,800	Townhouse
Hillcrest Road	3	2	1,825	$4,000	House
Forest Street	3	2	1,604	$4,000	House
Standish Road	3	2	1,837	$4,500	House
Greenough St.	4	3	2,606	$2,500	Duplex Apt.
Carol Road	5	2	1,956	$3,800	House
Myrtle Street	5	2.5	2,620	$4,500	House

Source: Internet listings, November 16, 2021.

A more typical rent for a two-bedroom apartment is at least $1,900 in older dwellings and over $3,200 in newer multi-family development.

Most of the apartments also require first and last month rent plus a security deposit equivalent to as much as a month's rent. For a $2,500 apartment, that totals $7,500 in up-front cash, an amount that many prospective tenants are hard-pressed to pull together. Some listings even added a broker's fee as well.

Table III-35 provides HUD Fair Market Rents (FMRs) for the Boston area that are the rent limits that are applied to Section 8 Housing Choice Vouchers and some other rental subsidy programs, adjusted annually by the number of bedrooms. These rents are meant to reflect actual market conditions but given the market rents listed in Table III-33, it becomes clear why Section 8 voucher holders can encounter problems finding rental opportunities in Needham below these caps. Additionally, the Needham Housing Authority has received permission to charge 110% of FMRs given high market conditions.

Table III-35: HUD Fair Market Rents (FMRs), 2018 to 2021

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
2021	$1,742	$1,924	$2,336	$2,906	$3,168
2020	$1,715	$1,900	$2,311	$2,880	$3,131
2019	$1,394	$1,561	$1,902	$2,383	$2,571
2018	$1,253	$1,421	$1,740	$2,182	$2,370

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

5. Affordability Analysis

Affordability Gaps

While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on affordability. Tables III-36 and III-37 review affordability from two different perspectives. Table III-36 calculates what households earning at various income levels can afford with respect to types of housing. On the other hand, Table III-37 examines housing costs summarized above in Section III.C.4, estimating what households must likely 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 the median household income level for Needham, the 100% of area median income, and at the 80% of median income for the Boston area; Table III-36 also indicates that the amount of down payment has a substantial bearing on what households can afford. Prior to the recession, 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 (PMI) or qualified for a subsidized mortgage program such as the state's ONE Mortgage Program,[16] MassHousing mortgage programs, or other government mortgage insurance programs. Since then, lenders have typically applied more rigid lending criteria, including high down payments and stricter credit standards. These requirements make homeownership, particularly first-time homeownership, much more challenging, and the proportion of first-time homebuyers entering the market has plummeted. As Table III-36 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.

Whether mortgage financing requires Private Mortgage Insurance (PMI) also makes a difference. PMI is not required on mortgages with large down payments or for many publicly insured or subsidized mortgage programs. Assuming that a household earning at 80% AMI can qualify for the state's ONE Mortgage Program or MassHousing offerings for example, this household could potentially afford a single-family home for about $371,500 without PMI but $351,500 with this extra cost.

Table III-36 also shows that because condo fees are calculated as housing expenses in mortgage underwriting criteria, condos can be relatively more expensive. Therefore, a three-person household earning at 80% of area median income (based on 2021 HUD income limits for the Boston area), for example, can afford a single-family home of $371,500 with a 5% down payment, but a condo for only $331,500, assuming a condo fee of $300 per month.

It should be noted that the same household with income at the 80% AMI limit is estimated to potentially be able to buy a two-family house for $593,000. This assumes that it can charge $2,000 per month in rent as this income is also considered in mortgage underwriting, usually at about 75% of the rent level or $1,500. A three-family house is even more affordable with two paying tenants, and it is therefore not surprising that the two-family and triple-decker have been so successful as starter housing for those looking to enter into homeownership.[17]

[16] The Soft Second Program has been replaced by the state's ONE Mortgage Program.

[17] Two-family homes are allowed in Needham's General Residence District.

Table III-36: Affordability Analysis I
Maximum Affordable Prices Based on Various Income Levels and Housing Types

Type of Property	Income Level	30% of Monthly Income	Estimated Max. Affordable Price 5% Down***	Estimated Max. Affordable Price 20% Down***
Single-family	Needham Median Income = $165,547*	$4,138.68	$650,000	$766,000
	100% AMI = $108,720	$2,718.00	$427,000	$503,000
	80% AMI = $90,950**	$2,273.75	$371,500	$420,500
Condominium	Needham Median Income = $165,547*	$4,138.68	$619,000	$733,000
	100% AMI = $108,720	$2,718.00	$390,000	$461,500
	80% AMI = $90,950**	$2,273.75	$331,500	$377,000
		30% of Monthly Income	**Estimated Utility Cost**	**Affordable Monthly Rental**
Rental	Needham Median Income = $165,547*	$4,138.68	$175.00	$3,963.68
	100% AMI = $96,640	$2,416.00	$175.00	$2,241.00
	80% AMI = $80,850**	$2,021.25	$175.00	$1,846.25
	50% AMI = $53,700**	$1,342.50	$175.00	$1,167.50
	30% AMI = $32,200**	$805.00	$175.00	$630.00

Source: Calculations provided by Town's Community Housing Specialist.
* Based on the U.S. Census Bureau's American Community Survey (ACS) 5-Year Estimates, 2015-2019.
** HUD 2021 Income Limits for the Boston area for a household of three (3) for homeowners (average household size for homeowners in Needham was 2.99 persons per the ACS 2015-2019 Estimates) and average of two (2) for renters as average household size for renter-occupied units was 1.74 persons based on the 2015-2019 ACS Estimates).
*** Figures based on interest rate of 4.0%, 30-year term, annual property tax rate of $13.03 per thousand, insurance costs of $6 per thousand for single and two-family homes and $4 per thousand for condos, and private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, and estimated monthly condo fees of $300. Figures do not include underwriting for PMI in calculations with a 20% down payment and for the 80% AMI level at 95% financing that would assume that the purchaser qualified for the ONE Mortgage Program, MassHousing, or other government mortgage offerings for example. Assumptions also include the purchaser spending no more than 30% of income on housing costs.

Because median income levels are so high in Needham, at $165,547 based on 2019 census estimates, the amount that can be borrowed and ultimately the purchase price are relatively high. For example, a median income household may likely be able to afford a single-family home for $766,000 and a $733,000 condo based on 80% financing.

Table III-36 also looks at what renters can afford at five different income levels. For example, a two-person household (average household size of renters in Needham was 1.74 persons according to 2019 census estimates) earning at 50% of area median income or $53,700 annually could afford an estimated monthly rental of about $1,168, assuming they were paying no more than 30% of their income on housing including utility bills that average $175 per month.[18] An unsubsidized rental this low is very challenging to find in Needham where the lowest rental advertised in November 2021 was $1,550 for a very small one-bedroom apartment in an older multi-family development.

[18] Based on utility allowances provided annually by the Needham Housing Authority.

As noted above, rentals also include relatively high upfront cash requirements, often including first and last months rent plus a security deposit. This means that any household looking to rent in the private housing market must have a considerable amount of cash available, which has a significant impact on affordability.

It is also important to note that the figures included in Table III-36 are for those earning at the 80% AMI level and are not the same as the purchase prices that are calculated under the state Local Initiative Program (LIP) formula. The state-approved purchase prices are established at the 70% AMI level with some other slightly different assumptions.

Table III-37 examines affordability from another angle, going from specific housing costs to income. Taking median price levels for single-family homes and condos into account, 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 of $1.3 million as September 2021, a household would have to earn approximately $331,170 if they were able to access 95% financing and $281,100 with 80% financing, well above the median household income of $165,547 and even the median income for homeowners of $186,736.

The median condo price was $862,500 as of September 2021, which required an estimated income of $226,000 with 5% down and $192,750 with the 20% down payment.

In regard to rentals, using the prices listed in November 2021, a one-bedroom unit renting for $1,800 would require an income of $78,000, assuming $150 per month in utility bills and housing expenses of no more than 30% of the household's income. This is relatively close to the HUD income limit of $80,850 for a two-person household earning at 80% of area median income. A relatively low-priced listing for a two-bedroom unit of about $2,500 would require an income of about $107,000 based on $175 in average monthly utilities costs.

Table III-37: Affordability Analysis II
Income Required to Afford Median Prices and Minimum Market Rents

Type of Property	Median Price *	Estimated Mortgage		Income Required **	
		5% Down	20% Down	5% Down	20% Down
Homeownership					
Single-family	$1,300,000	$1,235,000	$1,040,000	$331,750	$281,100
Condominium	$862,500	$819,375	$690,000	$226,000	$192,750
	Estimated Market Monthly Rental ****	**Estimated Monthly Utility Costs**	**Income Required**		
Rental					
One-bedroom	$1,800	$150	$78,000		
Two-bedroom	$2,500	$175	$107,000		
Three-bedroom	$2,800	$200	$120,000		

Source: Calculations provided by Town's Community Housing Specialist.
* From The Warren Group Town Stats data, September 2021, for single-family. $13.03 per thousand, insurance costs of $6 per thousand for single and two-family homes and $4 per thousand for condos, and private mortgage insurance (PMI) estimated at 0.3125% of loan amount for 95% financing, and estimated monthly condo fees of $300. Figures do not include underwriting for PMI in calculations with a 20% down payment. Assumptions also include the purchaser spending no more than 30% of income on housing costs.

In comparison, someone earning the 2022 minimum wage of $14.25 per hour for 40 hours per week every week during the year would still only earn a gross income of $29,754. Households with two persons earning the minimum wage would still fall far short of the income needed to afford these minimum advertised rents. While there are rents that fall below this level, particularly subsidized rents, market rents tend to be beyond the reach of those earning at 80% AMI much less lower wage earners.

Through the combination of information in Tables III-36 and III-37, 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 $534,000 as of September 2021 for single-family homes, the difference between $766,000, based on what a median income household could afford (for an average household of three and 80% financing) and the median house price of $1.3 million. This gap is up considerably from $211,500 as of April 2014. The upfront cash requirements for the down payment and closing costs in effect substantially add more than another $260,000 to this affordability gap in the case of 80% financing. The gap widens to $650,000 plus some upfront cash requirements for 95% financing.

When looking at the affordability gap for those with incomes at the HUD 80% of area median income limit, the gap is an estimated $928,500, the difference between the median priced single-family home and what a three-person household earning at this income level can afford, or $371,500 based on 95% financing. This gap is up substantially from $556,500 in 2014. In the case of 80% financing, the gap would increase to $1,018,900.

As to condos, the affordability gap is about $243,500, the difference between the median priced condo of $862,500 and what a median income earning household can afford or $619,000 with 95% financing. The gap drops somewhat to $129,500 based on 80% financing if the purchaser can afford the upfront cash requirements close to $180,000. There was no affordability gap in 2014 as a household earning at median income could afford the median priced condo at the time.

For those earning at the 80% AMI level, the condo affordability gap increases to $531,000, up from $281,750 in 2014. This is based on 95% financing and assumes the purchaser would qualify for the state's ONE Mortgage Loan Program, MassHousing mortgage, or other government assisted financing. More rigorous underwriting criteria, including more stringent credit requirements, remain significant challenges in obtaining mortgage financing however.

In regard to rentals, because the median household income for Needham is so high, there is no affordability gap for households earning at the median income level who could likely afford a monthly rent of almost $4,000. However, a household with income at the 80% AMI level would encounter an affordability gap of about $650 per month, the difference between an estimated median rent of $2,500 and what such as household could afford of about $1,846.

Housing Demand and Supply Analysis

Table III-38 identifies how many single-family homes and condos exist in Needham that were potentially affordable within various income categories. Only eight single-family homes, that include a Habitat for Humanity house, were affordable to households earning at or below 80% AMI as were 147 condos that included 17 affordable condos as part of Chapter 40B developments. An additional five single-family homes and 92 condos would be potentially affordable to those with incomes in the 80% to 100% AMI range. This represents relatively very limited affordability in the housing stock.

About one-third of the single-family units as well as condos were potentially affordable to those earning between 100% AMI and Needham's median household income level, largely because Needham's median household income level was so high in comparison to the area-wide income levels for the Boston region.

Table III-38: Affordability Analysis III
Relative Affordability of Single-family and Condo Units in Needham, FY22

Price Range Single-family/ Condo*	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
Less than $371,500/ Less than $331,500	Less than 80% AMI	8	0.1	147	14.9
$371,500-$427,000/ $331,500-$390,000	80% to 100% AMI	5	0.6	92	9.3
$427,001-$766,000/ $390,001-$733,000	100% AMI to Needham's median household income	2,617	31.1	338	34.2
More than $766,000/ more than $733,000	More than Needham's median household income	5,783	68.7	411	41.6
Total		**8,413**	**100.0**	**988**	**100.0**

Source: Needham Assessor's Database for FY22. Figures based on a three-person household.
* Includes estimated condo fee of $300 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.

Table III-39 demonstrates a substantial need for more affordable homeownership opportunities in Needham for those earning at or below 80% AMI with even a deficit in units for those with incomes in the 80% to 100% AMI range. These calculations suggest that of the 1,060 owner households who were estimated to have earned at or below 80% AMI in 2018, there were only eight single-family homes and 147 condos that would have been affordable to them based on FY22 assessed values and other assumptions listed in Table III-36, including spending no more than 30% of income on housing costs. It is likely that many of these owner households are "cash poor but equity rich" in that their incomes might have qualified them for housing assistance but their financial assets, particularly the equity in their homes, would render them ineligible for such housing.

Table III-39: Homeownership Need Analysis, FY 2022

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	Less than $90,950	Up to $371,500/ $331,500	1,060	8/147	-905
80% to 100% AMI	$90,950-$108,720	$371,501-$427,000/ $331,501-$390,000	375	5/92	-278
Total			**1,435**	**13/239**	**-1,183**

Source: Needham Assessor data for FY22.

* For a household of three (3) as the average household size for owners (was 2.99 persons per the 2015-2019 ACS 5-Year Estimates) based on 2021 HUD income limits for the Boston area that includes Needham.
** See analysis in Table III-36.
*** See Table III-41.

Table III-40 compares numbers of renters within certain lower income ranges to the numbers of existing units that might be affordable to them, based largely on special tabulations of data summarized in Table III-41 that identify households by type, tenure, income, and cost burdens. This information suggests that there is a shortage of 620 rental units for those with incomes at or below 80% of area median income. Since this data was reported in 2018, it is likely that some of this need was subsequently addressed by The Kendrick or Modera Needham Chapter 40B developments for those in the 50% to 80% AMI range but not for those with incomes below which comprise the greatest need of 500 units. Given rising housing costs, it is likely that the deficits have grown.

Table III-40: Rental Unit Need Analysis

Income Group	Income Range*	Affordable Rent**	# Renter Households ***	# Existing Affordable Units ****	Deficit -/ Surplus +
Less than 30% AMI	$25,900 and less	$472.50 and less	450	205	-245
Between 30% and 50% AMI	$25.901 to $43,150	$472.51 to $903.75	405	150	-255
Between 50% and 80% AMI	$43,151 to $64,900	$903.76 to $1,447.50	175	55	-120
Total			**1,030**	**410**	**-620**

Source: .S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, American Community Survey, 2014-2018 5-Year Estimate (latest figures available based on HUD special table data).
* For a household of two (as the average household size for renters was 1.74 per 2015-2019 5-Year ACS Estimates) and based on 2018 HUD income limits for the Boston area that includes Needham.
** Data based on the household spending no more than 30% of income on rent as well as an average monthly utility allowance of $175 per month.
*** Data from Table III-41.
**** Data from Table III-41 for those without cost burdens.

The MAPC projections also provided estimates on future housing demand with an estimated net demand of 1,339 housing units between 2010 and 2030, further suggesting that this demand will come primarily from those who were under age 54 in 2010. MAPC figures for the period of 2010 to 2020 indicate that much of the demand will be from those under age 35, split relatively evenly between single-family ownership and multi-family rental options, both at about 500 units each. A large demand of about 1,500 single-family units was estimated for those in the 35 to 54 age range. On the other end of the age range, those age 55 to 64 will demand a small amount of multi-family rental or ownership units while vacating about 500 units of single-family units based on outmigration, mortality, or decreased preference for that housing type. Those 75 years of age or older are expected to vacate about 1,300 units, most in single-family homes, for the reasons mentioned above.

Cost Burdens

An important measure of housing affordability or housing need is the number of residents who are living beyond their means based on their housing costs, whether for ownership or rental. Such information is helpful in assessing how many households are encountering housing affordability problems or cost

burdens, defined as spending more than 30% of household income on housing, or severe cost burdens based on spending more than 50% of income on housing costs.

Based on 2019 estimates from the Census Bureau's American Community Survey, there were 526 homeowners, or 5.8% of all homeowners in Needham, spending between 30% and 34.9% of their income on housing and another 1,256 owners or 13.8% spending more than 35% of their income on housing expenses. Thus 1,782 or 19.6% of all owners were overspending on housing based on these estimates.

In regard to renters, 133 renters or 7.7% were spending between 30% and 34.9% of their income on housing and another 677 or 39.0% were allocating 35% or more of their income for housing. Thus, a total of 810 renters were overspending including 46.7% of all renters.

This data suggests that *2,592 households or 24% of all Needham households were living in housing that is by common definition beyond their means and unaffordable including 17.9% who were spending more than 35% of their incomes on housing costs.* These cost burdens are lower than the county with 32.8% of households spending more than 30% of their income on housing costs including 15.8% spending more than 35%.

The Department of Housing and Urban Development (HUD) provides data on how many households were spending too much of their income on housing costs, or were experiencing cost burdens, through its State of the Cities Data System's Comprehensive Housing Affordability Strategy (CHAS) report. This information is summarized in Table III-41 and distributes households by tenure, income, and household type, also showing how many were spending between 30% and 50% of their income on housing, and how many were spending more than half of their income on housing. For example, the first cell indicates that there were 260 elderly renter households (62 years of age or older) with incomes at or below 30% of area median income estimated by the Census Bureau's American Community Survey with 30 spending between 30% and 50% of their income on housing and another 105 spending more than half of their income on housing for a total of 135 with cost burdens.

Of the total estimated 10,765 households in Needham, 1,425 or 13.2% were spending between 30% and 50% of their income on housing with another 1,163 or 10.8% spending more than 50%. This analysis suggests that 2,588 or 24% of all households were spending too much on their housing, the same level that was identified in the 2019 census estimates. This level is down from 26% in 2015 and 27.7% in 2011.

Of the 1,810 reported renter households, 620 or 34.2% were experiencing cost burdens compared to 708 or 7.9% of owners. Consequently, renters were proportionately experiencing greater cost burdens although the total number of cost-burdened owners was a bit higher.

There were 1,030 renter households and 1,060 owner households with incomes at or below 80% AMI, which included 57% of all renter households and 11.8% of owner households.[19]

Other key findings from this data include the following:

[19] HUD uses Median Family Income (MFI) in this report which is the equivalent of Area Median Income (AMI).

Total Households

- **Of the 2,090 total households earning at or below 80% of area median income (AMI), 1,328 or 63.5% were experiencing cost burdens including 883 or 42.2% with severe cost burdens as they were spending more than half of their income on housing costs. This is down from 1,489 households or 71% and 1,059 and 51% with cost burdens versus severe cost burdens, respectively in 2015.**
- Of the 780 households with incomes below 30% AMI, 565 or 72.4% were overspending with 520 or 66.7% spending more than half of their income on housing costs. While the number of households in this income category decreased from 929 households in 2015, the proportion of those with cost burdens increased from 61% and 54%, respectively, with cost burdens and severe cost burdens. Many households in this income range without cost burdens were likely living in subsidized units.
- There were also high cost burdens among those with incomes between 30% and 50% AMI including 438 or 70.1% with cost burdens, and of these 238 or 38.1% with severe cost burdens.
- While still high, cost burdens decreased somewhat for those in the 50% to 80% AMI range declining to 47.4% and 18.2%, respectively for those spending more than 30% of their income on housing compared to spending more than half their income.
- Even those with incomes above 80% AMI were overspending including 980 households spending between 30% and 50% of their income on housing and another 280 spending more than half of their income. This is down from 1,465 or 17% of those in this income range who were spending too much on their housing in 2015, and a further decline from 1,710 and 20% in 2011.

Table III-41: Type of Households by Income Category and Cost Burdens, 2018*

Type of Household By Tenure	Households Earning <30% AMI/# with cost burdens *	Households Earning > 30% to < 50% AMI/ # with cost burdens *	Households Earning > 50% to < 80% AMI/# with cost burdens *	Households Earning > 80% and < 100% AMI /# with cost burdens *	Households Earning > 100% AMI/ # with cost burdens *	Total
Elderly Renters	260/30-105	250/35-150	60/20-0	175/25-35	150/30-15	895/140-305
Small Family Renters	45/0-0	100/0-10	70/70-0	30/0-0	270/0-0	515/70-10
Large Family Renters	0/0-0	10/10-0	0/0-0	0/0-0	15/0-0	25/10-0
Other Renters	145/0-110	45/30-20	45/30-0	0/0-0	140/0-15	375/60-145
Total Renters	**450/30-215**	**405/75-180**	**175/120-0**	**205/25-35**	**575/30-30**	**1,810/280-460**
Elderly Owners	285/15-260	160/125-14	270/30-45	215/50-35	1,785/175-40	2,715/395-394
Small Family Owners	20/0-20	20/0-20	225/50-80	160/30-65	4,630/635-55	5,055/715-240
Large Family Owners	0/0-0	20/0-20	15/0-0	0/0-0	855/35-0	890/35-20
Other Owners	25/0-25	20/0-4	0/0-0	0/0-0	250/0-20	295/0-49
Total Owners	**330/15-305**	**220/125-58**	**510/80-125**	**375/80-100**	**7,520/845-115**	**8,955/1,145-703**
Total	**780/45-520**	**625/200-238**	**685/200-125**	**580/105-135**	**8,095/875-145**	**10,765/1,425-1,163**

Source: U.S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, American Community Survey, 2014-2018 5-Year Estimate (latest figures available based on HUD special table data).

*First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Elderly households involve heads 62 years of age or older. Small families have four or fewer family members while larger families include five or more members. The "Other" category, for both renters and owners, includes non-elderly and non-family households, basically single individuals.

Renter Households

- **Of the 1,810 reported renter households, 740 or 40.9% were cost burdened that included 460 or 25.4% with severe cost burdens. This is somewhat higher than the 37.8% and 22.0% with cost burdens versus severe cost burdens identified in 2015.**
- **There was an increase in the number and percentage of renter households with incomes at or below 80% AMI between 2015 and 2018, from 939 to 1,030 households or from 52.9% to 56.9% of all renter households. The level of cost burdens also increased from 59.1% to 60.2% during this period including an increase in severe cost burdens from 37.8% to 38.4%. These figures are higher than those for 2011 when 36.6% in this income range had severe cost burdens.**
- There were 450 renter households with incomes at or below 30% AMI, referred to as extremely low-income households by HUD. Of these, 245 or 54% were experiencing cost burdens, 215 or 48% with severe cost burdens which is up from 41% and 40% with severe cost burdens in 2015 and 2011, respectively.
- Of the 580 renter households earning between 30% and 80% AMI (up from 465 in 2015), 285 or about half were overspending including 180 or 31% of households with incomes in the 30% to 50% AMI range that had severe cost burdens. None of the households in the 50% to 80% AMI income category were reported to have had severe cost burdens. The level of cost burdens is down, however, from 2015 that included 325 or 70% of renter households in the 30% to 80% AMI range which were overspending including 160 or 34% with severe cost burdens, up from 54% and 30% in 2011, respectively.
- It can largely be assumed that many if not most of the 410 renter households earning below the 80% AMI level and without cost burdens were living in subsidized housing given the high costs of rentals in Needham.
- The highest number and proportion of renters included those 62 years of age or older, representing 895 households or about half of all renters. Families involved about 30% of all renter households with non-family, non-elderly households at 21%, down from almost 30% in 2015.
- About 60% of the 570 elderly renter households with incomes at or below 80% AMI were overspending on their housing, including 255 or about 45% with severe cost burdens. Those remaining 230 seniors earning below 80% AMI and not overspending were likely living in Needham's subsidized housing reserved for seniors (265 units) or other subsidized or 40B developments. These figures also suggest increased cost burdens from 2011 data when only one-third of the 495 seniors in this income range were experiencing cost burdens, 29% with severe cost burdens.
- While only 10 of the 215 small families (2 to 4 household members) who earned within 80% AMI were paying too much for their housing, all had severe cost burdens and incomes in the 30% to 50% income range. It is likely that those without cost burdens were living in affordable housing. Additionally, the number of small family renter households has grown considerably, from 100 in 2015 and 109 in 2011, which may be a result of the opportunities offered as part of the larger Chapter 40B developments.
- The data identifies only 25 large families (5 or more members) that were renting in Needham, 10 with cost burdens. The number of such households is down considerably from 45 in 2015 and 65 in 2011, all of which were experiencing severe cost burdens. This reduction of large family renters likely reflects some erosion of relatively affordable larger units for rent in the private market over time.
- There were also 235 non-elderly, non-family households (largely single individuals) with incomes at or below 80% AMI, of which 190 or 81% were overspending on their housing, including 130 or

55% with severe cost burdens. This is up from 31% and 35% with severe cost burdens in 2011 and 2015, respectively.

Owner Households

- **Of the 8,955 owner households, 1,148 or 12.8% were overspending on their housing, including 703 or 7.8% with severe cost burdens. This is down from 2,084 households or 24% with cost burdens in 2015 including 764 or 8.7% encountering severe cost burdens. More recent levels are also down a bit from 2011 when 26.7% were overspending and 10% had severe cost burdens.**
- Small families comprised the majority of homeowners at 56.4% with large families at about 10%. Seniors at age 62 or over represented a substantial portion of local owners at 30.3% with non-family non-elderly owners at only 3.3% of all homeowners.
- Of the 1,060 owner households with incomes at or below 80% AMI, 708 or two-thirds had cost burdens with 488 or 46% experiencing severe cost burdens. There were more owner households in this income range in 2015, at 1,154 households, but the percentage of those with cost burdens was lower with 64% spending too much and 44% with severe cost burdens. Levels of cost burdens were also equivalent or up somewhat from 2011 when 68% had cost burdens and 55% were experiencing severe cost burdens.
- *Almost all owners with incomes at or below 30% AMI were overspending including 92.4% with severe cost burdens. This suggests that the Town continue to explore options to reduce housing costs for these extremely low-income households, most of whom are seniors. Efforts such as the Small Repair Grant Program and additional tax deferrals could provide much needed assistance.*
- There were 715 elderly owners earning at or below 80% AMI, down from 750 in 2015 but up somewhat from 710 in 2011. By 2018, 489 or 68.4% had cost burdens including 319 or 44.6% with severe cost burdens. This is higher than the cost burdens in 2015 with 420 households or 56% were overspending, including 275 or 37% with severe cost burdens. In comparison, the 2011 levels of those with cost burdens was somewhat lower at 63% but higher in the case of severe cost burdens at 50%. *These high levels of cost burdens point to a situation where long-term senior residents who are retired and living on fixed incomes are experiencing challenges affording the high housing costs in Needham, including rising energy, insurance costs and property taxes. Many of these owners are likely empty nesters living in single-family homes that cost too much for them to maintain and with more space than they require at this stage of their lives.*
- Of the 265 small family households with incomes at or below 80% AMI, 170 or 64.2% were experiencing cost burdens including 120 or 45.3% with severe cost burdens. The level of cost burdens is down somewhat from 2015 when almost 90% were spending too much, including 66% with severe cost burdens. The number of households in this income range was lower in 2011, at 225 households, but the percentage with cost burdens was at 73% with a higher proportion of those with severe cost burdens at 69%.
- There were only 35 large families with incomes at or below 80% AMI, of which 20 or 57% had severe cost burdens, all earning between 30% and 50% AMI. This represents a slight increase from 14 large-family owner households in 2011, 10 having severe cost burdens and earning less than 30% AMI.
- There were also 45 non-elderly, non-family owner households with incomes at or below 80% AMI of which 29 or 64.4% had cost burdens, all with severe cost burdens. While the total number of households were higher in 2015, with 80 such households, cost burdens were lower with 44% spending too much for their housing and one-quarter pending more than half of their income on

housing costs in 2015. The 2011 data also shows 80 households in this category with a bit lower cost burdens including 61.2% with severe cost burdens.

6. Subsidized Housing Inventory (SHI)

Of the 11,047 year-round housing units in Needham,[20] 1,410 or 12.76% are determined to be affordable by the Commonwealth of Massachusetts, up from 841 or 7.6% in 2015 and 425 units or 3.9% in January 2006.[21] This percentage will decrease somewhat when the 2020 census data is released to reflect housing growth since 2010. Nevertheless, it is likely to remain well above 11%.[22]

State law through Chapter 40B has decreed that if a municipality has less than 10% of its year-round housing stock set-aside for low- and moderate-income residents, it is not meeting the local and regional need for affordable housing. Not meeting this affordability standard makes the locality vulnerable to an override of local zoning if a developer wants to build housing through the comprehensive permit process.[23] Consequently, by surpassing the 10% affordable housing threshold, Needham will no longer be required to process Chapter 40B comprehensive permit applications that it determines are inappropriate and do not address local housing needs. This means that Needham has much more control over future development. Maintaining this 10% plus level of SHI units is a baseline priority for the Town.

Table III-42 summarizes those units that are included in the Subsidized Housing Inventory (SHI) and thus meet all of the state requirements of affordability.

Table III-42: Needham's Subsidized Housing Inventory (SHI), October 12, 2021

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a 40B Comp Permit	Affordability Expiration Date
Cook's Bridge (Captain Robert Cook Drive and Seabeds Way)*	76	Rental/HUD	No	Perpetuity
High Rock Estates*	80	Rental/HUD	No	Perpetuity
138-158 Linden Street*	32	Rental/DHCD	No	Perpetuity
168-188 Linden Street*	40	Rental/DHCD	No	Perpetuity
15-42 Chambers Street*	80	Rental/DHCD	No	Perpetuity
Matthews House/ 1415 Great Plain Ave.*/**	8	Rental/DHCD	No	Perpetuity
Highland Ave./Charles River ARC. **	6	Rental/HUD and EOHHS	No	2038
Marked Tree Corp. **	4	Rental/HUD and EOHHS	No	2038
Nehoidan Glen	61	Rental/MassHousing	Yes	Perpetuity
Webster Street II/929 Webster **	4	Rental/HUD	No	2037

[20] Computed by subtracting seasonal units (75 units) from total units (11,122) = 11,047 units.

[21] Includes 668 market rental units or 47% as part of 40B projects. New rentals helped diversify the housing stock.

[22] This Plan projects a total year-round housing stock of about 11,800 units when the 2020 census figures become available. With 1,410 SHI units, the affordability percentage is likely to be about 12%.

[23] 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.

Webster Street II/299 Webster **	6	Rental/HUD	No	2037
West Street Apartments **	6	Rental/HUD	No	2043
Junction Place	2	Ownership/DHCD and FHLBB	Yes	Perpetuity
Garden Street	2	Ownership/FHLBB	Yes	Perpetuity
High Cliff Estates	3	Ownership/FHLBB	Yes	Perpetuity
Chestnut Hollow	6	Rental/DHCD and HUD	No	2021
Suites at Needham	2	Ownership/MassHousing	Yes	Perpetuity
Charles River Landing	350	Rental/DHCD	Yes	Perpetuity
DDS Group Homes **	84****	Special Needs Rental/DDS	No	NA
Craftsman Village	2	Ownership/MassHousing	Yes	Perpetuity
Greendale Village	4	Ownership/MassHousing	Yes	Perpetuity
The Residences at Wingate	2	Rental/DHCD	No	Perpetuity
Webster Street Green	2	Ownership/MassHousing	Yes	Perpetuity
Needham Place/50 Dedham Ave.	1	Rental/DHCD	No	Perpetuity
The Kendrick/2nd Avenue Residences	390	Rental/DHCD	Yes	Perpetuity
Wingate Phase II	5	Rental/DHCD	No	Perpetuity
Greendale Mews/Modera Needham	136	Rental/MassHousing	Yes	Perpetuity
1180 Great Plain Avenue	16	Rental/MHP	Yes	Perpetuity
TOTAL***	1,410	12.76% of year-round housing units		

Source: Massachusetts Department of Housing and Community Development
* Needham Housing Authority units
** Special needs units
*** Includes 262 market units at Charles River Landing, 292 market units at 2nd Avenue Residences, and 102 market units at Greendale Mews/Modera Needham for a total of 656 market units. The number of actual affordable rental units in these projects is 220.
**** Down from 89 units in 2018

Additionally, nine affordable rental units will likely become eligible for inclusion in the SHI as part of The Residences at Carter Mill. The Needham Planning Board approved a Major Site Plan Review Special Permit to redevelop the former assisted living and skilled nursing facility at 100-110 West Street into a mixed senior living development. This project was approved to include an 83-unit assisted living and Alzheimer's/memory care facility and 72 independent living apartments. As required by local zoning, 12.5% of the total independent living units must be affordable to low- or moderate-income households as defined by 760 CMR 45.02 that includes nine (9) affordable Local Action Units. If the project moves forward as approved, it will bring the SHI up to 1,419 units or an estimated 12.0% of the year-round housing stock when the 2020 figure is released.

The Needham Housing Authority (NHA) owns 316 SHI units in the following developments:

- *High Rock Estates*
  Converted from state Chapter 200 state funding to Section 9 Federal subsidy
  Single-family housing for families
  80 units (43 three-bedroom units and 37 two-bedroom units)
  The Needham Housing Authority redeveloped this property by replacing 20 single-family units with 20 two-family structures with a net gain of 20 units. Ten of these units were redeveloped

into 20 condominiums with a separate Homeowners Association but also receiving some NHA support in maintaining and managing the units. The remaining ten are rentals managed by NHA.

The NHA also sponsored the conversion of 10 single-family units at its High Rock development into duplexes, creating 20 condos which it continues to be involved in supporting through ongoing monitoring work and maintenance.

- *Linden-Chambers*
  State Chapter 667 funding, mixed elderly-disabled housing
  152 one-bedroom units

- *Matthews House*
  State Chapter 689 funding for special needs housing
  8-bed group home

- *Captain Robert Cook Drive*
  Federally-financed
  Single-family housing for families
  30 units (5 two-bedroom units, 20 three-bedroom units and 5 four-bedroom units)

- *Seabeds Way*
  Federally-financed
  Mixed elderly, disabled singles housing
  46 one-bedroom units

The Housing Authority focuses on "deeply" affordable housing for those with incomes at or below 50% AMI and no tenant pays more than 30% of annual income for rent. Waitlists are very long. For example, NHA has 559 applicants on its wait list for the family units including 359 applicants for two-bedroom units, 167 for three-bedrooms, and 33 for four-bedroom units. Waits for these units extend to three to five years. In regard to the NHA's elderly/disabled units, there were 227 on the waitlist with waits of approximately six months to a year.

In addition to the Housing Authority's Matthews House, Needham has five other special needs housing facilities that altogether total 26 additional affordable housing units (including the Highland Avenue ARC project, Marked Tree Road, 299 and 929 Webster Street, and West Street Apartments) as well as 84 units in group homes for state Department of Developmental Services (DDS) clients scattered throughout town. These group home units include five units as part of a group home for developmentally disabled adults on South Street that was supported with HOME Program and CPA funding.[24]

Needham also has 15 other projects that are a part of its SHI that include an additional 312 actual affordable units (total of 968 units that can be counted in the SHI) that have been produced by private, for profit or non-profit developers including:

[24] The Town allocated $280,000 in HOME Program funding and $220,000 in CPA funds to support development financing.

- *Nehoidan Glen*
  1035 Central Avenue
  Comprehensive Permit granted in 1976 and amendments were issued through June 2011.
  Total Rental Units: 61 Affordable Units: 61
  This development is for low-income seniors and is managed by Wingate.

- *Chestnut Hollow*
  141 Chestnut Street
  Variance granted in October 2000 by the Board of Appeals
  Special Permit granted in December 2000 by the Planning Board
  Total Rental Units: 28 Affordable Units: 6
  Chestnut Hollow involved a major renovation of an existing non-conforming building, formerly the Hamilton House Nursing Home, for conversion into apartments for seniors. The development was processed through a Special Permit and variances. There are 12 two-bedroom units, 15 one-bedroom units, and one (1) studio unit.

- *Junction Place Townhouses*
  32 Junction Place
  Comprehensive Permit granted in October 2001
  Total Condominium Units: 5 Affordable Units: 2
  Junction Place is a condominium project comprised of five (5) attached townhouse units, approved by the Town in October 2001 through a comprehensive permit. The property contains approximately 11,200 square feet of land, previously occupied by a small vacant two-story office building, a garage and parking area on the edge of a commercial district and across the road from a train station. All five (5) of the townhouses were sold at below market prices to eligible families through a lottery system. Two (2) of the homes were sold for $165,000 to families earning up to 80% of the area median income with the remaining three (3) initially sold for $310,000 to families earning up to 150% of the area median income.

- *Garden Street/Browne-Whitney*
  207-217 Garden Street
  Comprehensive Permit granted March 2002
  Total Condominium Units: 6 Affordable Units: 2
  The Garden Street project, also known as Browne-Whitney, is a condominium development with six (6) total three-bedroom units, two (2) of which are affordable. The Town approved the project in March of 2002, and was subject to an appeal filed by an abutter to the property that was subsequently settled. The property contains approximately 27,132 square feet of land. Although within a single-family district, the property is located directly across the street from a business zone and only a short walk to the center of Needham and public transportation. The two (2) affordable units sold for $160,000 with the market rate units were priced between $525,000 and $759,000.

- *High Cliff Estates*
  209-233 St. Mary Street
  Comprehensive Permit granted April 2002
  Total Condominium Units: 12 Affordable Units: 3
  The High Cliff Estates project is a townhouse condominium development with 12 total three-bedroom condominium units in four (4) buildings and with three (3) of the condominiums sold as

affordable, selling between $105,000 and $137,500. The market rate units sold for $447,000 to $582,300.

- *Suites at Needham*
  797 and 805 Highland Avenue
  Comprehensive Permit granted in 2006
  Total Condominium Units: 8 Affordable Units: 2
  The development includes eight (8) townhouses, two (2) of which are affordable. The project is located on Highland Avenue, only a short walk to an MBTA commuter rail station.

- *Charles River Landing*
  300 Second Avenue
  Comprehensive Permit granted in 2007
  Total Rental Units: 350 Affordable Units: 88 (all units count as part of the SHI)
  The Town of Needham entered into an agreement with the developer, Cabot, Cabot & Forbes, to build 350 rental units through a "friendly" Chapter 40B process as part of the state's Local Initiative Program (LIP). The project is located at the outer edge of the New England Business Center, adjacent to a residential neighborhood and overlooking the Charles River. The parcel contains 7.9 acres and promotes a number of smart growth principles as it is served by existing infrastructure; is located in proximity to Town services, transportation and employment; promotes higher density housing; and includes affordable housing. About two-thirds of the units have one-bedrooms, the remainder with two-bedrooms.

- *Craftsman Village*
  17-27 High Street
  Comprehensive Permit granted initially in 2006 and amended for new developer in 2009
  Total Condominium Units: 6 Affordable Units: 2
  The initial developer filed the comprehensive permit application in 2003 and proposed building twelve three-bedroom condominium units, three (3) to be affordable, on an about 27,000 square foot lot within walking distance to public transportation. The ZBA approved six (6) units but the developer was unwilling to go below eight (8) and appealed the decision to the state's Housing Appeal Committee. The project finally moved forward with a new developer, Craftsman Village LLC, with a total of six (6) units including two (2) affordable ones. The market units sold for $609,000.

- *The Residences at Wingate/Phase I*
  235 Gould Street
  Special Permit Approval in 2011
  Total Independent Living Rental Units: 12 Affordable Units: 2
  Pursuant to a zoning change to create an Elder Services Zoning District, approved by Town Meeting in 2010, and Special Permit approval of the Planning Board in 2011, the developer built a senior housing facility on Gould Street next to its Nursing Home at 589 Highland Avenue. The building includes 91 total units – 12 Independent Living Apartment units, 42 Assisted Living units, and 37 Assisted Living units specializing in Alzheimer's and other memory loss related conditions. The project also includes two (2) affordable units, one (1) that was initially reserved for those who lived or worked in Needham.

- *Needham Place (previously known as Dedham Avenue)*
  50 Dedham Avenue
  Special Permit Approval in 2012
  Total Rental Units: 10 Affordable Units: 1
  Through the rezoning of Needham Center through a Center Business Overlay District approved by Town Meeting in 2009, as well as Special Permit approval by the Planning Board in 2012, the developer, MMM Property LLC (Brookline Development Corp.), built a new three plus one story mixed-use building on Dedham Avenue near Great Plain Avenue. The property contains ten (10) rental units, including one (1) affordable unit, as well as two (2) first-floor retail units.

- *Greendale Village*
  900 Greendale Avenue
  Comprehensive Permit granted in 2013
  Total Condominium Units: 20 Affordable Units: 4
  The Greendale Village development includes 20 new townhomes, four (4) of which are affordable to those earning at or below 50% of area median income. The lottery was held on July 8, 2014. The 2 two-bedroom affordable units sold for $112,600 and the 2 three-bedrooms sold for $121,400. The market units ranged in price from $759,000 to $940,000.

- *Webster Street Green*
  28 Webster Street
  Comprehensive Permit initially granted in 2005 and amended in 2013
  Total Condominium Units: 10 Affordable Units: 2
  The developer, Webster Street Green LLC, was issued a comprehensive permit in November 2005, which was appealed, amended, and extended through the state's Housing Appeals Committee (HAC). The affordable units were targeted to those earning at or below 50% AMI and sold for $121,300 and $136,800 while the market units sold in the $689,000 to $769,000 range.

- *One Wingate Way/ Wingate Phase II*
  235 Gould Street
  Special Permit Approval in 2014
  Total Independent Living Rental Units: 52 Affordable Units: 5
  Another 52 Independent Living Units were built next to the existing Phase I Residences at Wingate senior living development. Given that the project is part of the Town's Elder Services District, at least 10% of the units must be affordable. The project received Special Permit approval by the Planning Board on October 20, 2014 (amendment of Phase I approval in 2011).

- *The Kendrick (previously known as 2nd Avenue Residences)*
  275 Second Avenue
  Comprehensive Permit granted in 2015
  Total Rental Units: 390 Affordable Units: 98 (all units count as part of the SHI)
  The Town of Needham provided its support for the 2nd Second Avenue Residences development as part of the Local Initiative Program (LIP) Project Eligibility Application that was submitted to DHCD by the developer, A Street Residential LLC, on April 15, 2015. The ZBA subsequently approved the comprehensive permit on October 20, 2015.

- *Modera Needham (previously known as Greendale Mews)*
  700 Greendale Avenue
  Comprehensive Permit granted in 2013 for 108 units and approved 136 units in 2015
  Total Rental Units: 136 Affordable Units: 34 (all units count as part of the SHI)
  The developer, Mill Creek Residential Trust LLC, proposed 300 and then 268 rental units on the six-acre site through a comprehensive permit application on April 13, 2013, and the ZBA approved 108 on December 19, 2013. The parties subsequently agreed to a total of 136 units, which the ZBA formally approved on October 20, 2015.

The Town also sponsored a Habitat for Humanity project on a parcel owned by the Town of Needham. The Town issued a Request for Proposals to secure a developer to build an affordable home on the site. Habitat for Humanity was the winning respondent and built a single-family house on the lot for a first-time homebuyer. This house is not eligible for inclusion on the SHI because the deed rider was not approved by the state

The Needham Housing Authority also administers *rental subsidies* and is currently assigned 120 Section 8 Housing Choice Vouchers. While these rental subsidies are not eligible for inclusion in the SHI, they nevertheless provide important support for qualifying households renting units in the private housing market, filling the gap between an established market rent – the Fair Market Rent (FMR) – and a portion of the household's income. Preference is granted to applicants who reside or are employed in Needham. Applicants must also have incomes at or below 50% of area median income based on HUD area income limits (see Table II-1), but 75% of an agency's vouchers are to go to applicants whose incomes do not exceed 30% of area median income. There is a considerable wait for these housing vouchers with the state centralizing and managing a statewide wait list.

7. Priority Housing Needs

Given the substantial numbers of residents who are paying too much for their housing (see Table III-41) and growing affordability gaps, there is a pressing need to produce more housing that is affordable in Needham, not only the most financially-vulnerable residents, but also for those who may not meet all affordable housing requirements but are still struggling to remain in the community. Needham's Council on Aging and Public Health Department prepared an Assessment of Housing and Transit Options for Needham Seniors in August 2016 that suggested that the affordable housing problem is greatest for moderate-income people who do not qualify for subsidized housing but cannot afford market rate housing. Nevertheless, it is important to note that even if a household qualifies for subsidized housing, there are not nearly enough units to meet all of the need nor demand.

The major obstacle to meeting underserved needs is the gap between these needs and the resources available, including property, which has been exacerbated by unprecedently high housing prices. Constraining regulations, low interest rates, and the pandemic have also contributed to rising housing prices.

Fundamental to the rise in housing prices is the imbalance between housing supply and demand. This is not just a local problem but one that is occurring throughout much of the Commonwealth, the Greater Boston area in particular. Regional solutions to boosting housing production are needed, albeit challenging given home rule which guides local decision-making.

This Housing Plan will provide a road map for devising and implementing strategies to preserve and produce additional community housing options, directing development to appropriate locations and target populations.

Based on input from a wide variety of sources including updated census data, market information, input from local stakeholders, and community meetings; the following priority housing needs have been identified. It should be noted that this information will be augmented with input from the Community Housing Workshop, to be held on March 24, 2022, and the Community Housing Survey which will be issued shortly after that.

Rental housing is the most significant need

Both rental and ownership housing are necessary to encourage a mix of housing types in response to diverse populations and household needs. There is, however, a more compelling case for rental unit creation based on the following considerations:

- Target the needs of the community's most vulnerable residents with very limited financial means as rental housing is typically more affordable and requires less up-front cash.
- Promote greater housing diversity as 84% of Needham's housing stock is owner-occupied and 82% involves single-family homes. More housing options are necessary to meet the needs of local workers who are priced out of the housing market, people who grew up in Needham and want to raise their own families locally, and empty nesters, for example.
- Leverage other funds, as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular, unless the municipality has been designated as a Gateway City or has qualified low- and moderate-income census tracts (Needham does not).
- Invest locally-available subsidy funds (e.g., CPA, Needham Affordable Housing Trust Funds, HOME Program funds) in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Respond to new state guidelines for MBTA communities in creating new transit-oriented zoning districts with by-right permitting for a minimum land area of 50 acres, minimum gross density of 15 units per acre, and minimum multi-family unit count of 20% of the Town's total housing units or 2,378 units.
- Provide opportunities for some seniors who are "over-housed" and spending far too much on their housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the Subsidized Housing Inventory (SHI) make it very difficult for long-term homeowners to be eligible for subsidized or assisted housing given asset limits.
- Provide opportunities for mixed-income housing where several different income tiers can be accommodated within the same project.

Indicators of Need for Rental Housing

As detailed throughout this Housing Needs Assessment, the following considerations suggest a pressing need for more affordable rental housing:

- *Limited incomes* – About 27% of all renters had incomes of less than $25,000 based on 2019 census estimates. Additionally, there was an increase in the number and percentage of renter households with incomes at or below 80% AMI between 2015 and 2018, from 53% to 57% of all

renter households. The median income earning renter, with $41,691 in annual income, could afford a rent of no more than about $867 given spending no more than 30% of income on housing costs including an estimated $175 in monthly utility bills. This makes it extremely difficult if not impossible for lower income households to find affordable market rentals without spending far too much on housing.

- *High cost burdens* – Needham's renters are spending too much for their housing with 41% of all renter households overspending including 25% with severe cost burdens as they were spending more than half of their income on rent and utilities.

  Of the renters with incomes at or below 80% AMI, 60% were experiencing cost burdens, 38% with severe cost burdens. Of particular concern were the 450 renter households with incomes at or below 30% AMI, referred to as extremely low-income households by HUD. Of these, 54% were experiencing cost burdens, 48% with severe cost burdens Additionally, of the 580 renter households earning between 30% and 80% AMI about half were overspending including 31% with incomes in the 30% to 50% AMI range that had severe cost burdens. None of the households in the 50% to 80% AMI income category were reported to have had severe cost burdens. *The focus of rental housing production should be on those earning at or below 80% AMI to the greatest extent possible, at lower incomes where feasible.*

- *High rents* - The 2018 census estimates indicated a gross median rent of $1,483 which would require an income of more than $66,320, assuming $175 per month in utility bills and housing expenses of no more than 30% of the household's income. Not only is the median income of renter households much lower at $41,691, but market rents are typically much higher and tend to be beyond the reach of lower wage earners (see Table III-34). *Moreover, it is also important to note that the census figures include subsidized units, which represents about 37% of all rental units in Needham, and thus the median makes the rental market look more affordable than it actually is.*

  Market rents are typically much higher and a relatively low-priced listing for a two-bedroom unit of about $2,500 would require an income of about $107,000 based on $175 in average monthly utilities costs without cost burdens.

- *High up-front cash requirements* - Many apartments require first and last months rent plus a security deposit. For a $2,500 apartment, that totals as much as $7,500, an amount that many prospective tenants do not have available. Additionally, because many of Needham's rental opportunities in smaller properties are not advertised, those who do not have a special connection to the community are often out of luck.

- *Deficit of affordable rentals* – Calculations in Table III-40 suggest that there is a shortage of 620 rental units for those with incomes at or below 80% AMI. Since this data was reported in 2018, it is likely that some of this need was subsequently addressed by The Kendrick or Modera Needham Chapter 40B developments for those in the 50% to 80% AMI range but not for those with incomes below which comprise the greatest need of 500 units. Given rising housing costs, it is likely that the deficits have grown and more units will be out of the range of low-income households.

- *Low vacancy rate* – The 2019 census estimates identify the rental vacancy rate as 1.3%, lower than county and state levels of 2.4% and 3.1%, respectively. As any rate below 5% reflects extremely tight housing market conditions, this information confirms a very robust rental market.

Rental Needs of Seniors

Rental housing needs of seniors are growing and cost burdens remain significant as noted below. Clearly housing alternatives to accommodate the 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.

- *Recent population growth* – The number of those 65 years of age and older increased to 5,543 residents and 19% of the population, according to 2019 census estimates, from 4,700 and 16.3% in 2010. This increase was largely driven by those age 65 to 74.

- *Significant projected growth* – As the community's Baby Boomers continue to enter the 65 years and over age range, the numbers of seniors is forecasted to increase over the next decade or so to about one-quarter of all residents. The housing challenges of this expanding population of seniors will need to be addressed in the Town's housing agenda.

- *Significant population of renters* – The highest number and proportion of renters included those 62 years of age or older, representing 895 households or about half of all renters.

- *High cost burdens* – About 60% of the 570 elderly renter households with incomes at or below 80% AMI were overspending on their housing, including 255 or about 45% with severe cost burdens. Those remaining 230 seniors earning below 80% AMI and not overspending were likely living in Needham's subsidized housing reserved for seniors (265 units) or other subsidized or 40B developments.

- *Insufficient income* - Most seniors living on fixed incomes and relying substantially on Social Security find that their income may not be sufficient to afford their current housing and other expenses, particularly when they lose their spouse. As their homes increase in value, so does their property taxes unless they qualify for special tax exemption or deferral programs.

Seniors relying primarily on Social Security are likely to have monthly incomes that fall far below what is needed to afford market rents.

- *Long waits for subsidized housing* - The Needham Housing Authority focuses on "deeply" affordable housing for those with incomes at or below 50% AMI and no tenant pays more than 30% of annual income for rent. Waitlists are very long. In regard to the NHA's elderly/disabled units, there were 227 on the waitlist with waits of approximately six months to a year.

  Moreover, the Needham Department of Health and Human Services conducted an Assessment of Needham Housing Authority Residents in 2019 in an effort to understand the needs of these residents and to increase their access to a range of Town services. Through interviews, focus groups, and a survey; assets and challenges emerged from the study that suggested the need for strong partnerships among the Needham Housing Authority, Town of Needham, community organizations, and residents to address unmet tenant needs including:

- Improvement of the physical environment including greater handicapped accessibility.
- Greater connections to other residents and the community.
- Better access to services including mental health and transportation.

Rental Needs of Families

Given the level of cost burdens, there are many low- and moderate-income families in Needham that have been struggling to pay their bills, with housing expenses chief among them. Given an impending crisis, a family may become at risk of homelessness, some forced to double-up with friends or family and/or live in substandard conditions while waiting for subsidized housing or a Section 8 Housing Choice Voucher. The pandemic has exacerbated the housing instability of some of these families.

- *High cost burdens* – While only 10 of the 215 small families (2 to 4 household members) with incomes at or below 80% AMI were paying too much for their housing, all had severe cost burdens and incomes in the 30% to 50% income range. It is likely that many of those without cost burdens were living in affordable housing. Additionally, the number of small family renter households has grown considerably, from 100 in 2015 and 109 in 2011, which may be a result of the opportunities offered as part of the larger Chapter 40B developments.

  The data identifies only 25 large families (5 or more members) that were renting in Needham, 10 with cost burdens. The number of such households is down considerably from 45 in 2015 and 65 in 2011, all of which were experiencing severe cost burdens. This reduction of large family renters likely reflects some erosion of relatively affordable larger units for rent in the private market.

- *Fewer subsidized housing opportunities and long waits* – NHA has 559 applicants on its wait list for their 90 family units (30 at Captain Robert Cook Drive and 60 at High Rock) including 359 applicants for two-bedroom units, 167 for three-bedrooms, and 33 for four-bedroom units. Waits for these units extend to three to five years. None of the units are handicapped accessible.

Rental Needs of Non-elderly Individuals

There are also considerable numbers of lower income non-elderly, non-family households in Needham, mostly single individuals, experiencing cost burdens and long waits for subsidized housing that make finding appropriate affordable housing a challenge. Some of these individuals have disabilities that further complicate their housing problems as those with disabilities, many reliant on Social Security, tend to be among the most financially vulnerable residents in a community. Not only do they have to face the challenge of finding housing that is affordable, but they often need units that accommodate their special needs as well. It is no wonder that some find themselves at risk of homelessness and forced to move to another community with more affordable housing options.

- *Significant but declining population of these renters* -- Non-family, non-elderly households (under age 62) comprised 21% of all renter households, down considerably from almost 30% in 2015. A total of 235 or 63% of these renters had incomes at or below 80% AMI. The remaining 140 such renters had incomes of at least 100% AMI and may include single professionals that were attracted to the market units as part of the larger Chapter 40B developments.

- *High cost burdens* - There were also 235 non-elderly, non-family households (largely single individuals) earning at or below 80% AMI, of which 81% were overspending on their housing,

including 55% with severe cost burdens. This is up from 31% and 35% with severe cost burdens in 2011 and 2015, respectively. These individuals may be good targets for new Accessory Dwelling Units (ADUs) should the Town change zoning to allow occupancy by those without family ties or performing the role of caregiver.

- *Long waits for subsidized housing* - 13.5% of NHA's units in elderly developments are targeted to younger individuals (age 18 to 61) who are disabled with 14 applicants on the waitlist.

New ownership opportunities are needed

Efforts to provide starter homes for first-time homebuyers and better housing alternatives for empty nesters should be promoted to address several objectives including:

- Provide opportunities for families who want to invest in Needham but are shut-out of the current housing market.
- Potentially develop units for those with incomes in the 80% to 100% AMI range that would be eligible for CPA assistance and are challenged to afford market rate units.
- Offer more affordable housing alternatives to empty nesters who want to downsize, thus opening their existing homes to families. The need for home modifications, including elevator access, is particularly important for this population.
- Lend additional stability to neighborhoods as homeowners are perceived as more rooted and invested in the community with less unit turnover.
- Enable children who were raised in the community to return to raise their own families locally.
- Provide housing options for municipal employees and other local workers.

Because state and federal subsidy programs are almost exclusively targeted to rental housing, there are greatly limited opportunities to leverage local investments such as CPA funding or property.[25] Consequently, most homeownership developments that include affordable units are permitted through Chapter 40B, where market units cross-subsidize affordable units, or are very small in scale and heavily reliant on CPA funds. Additionally, due to the high land costs in Needham and limited opportunities to leverage local funds, the subsidy needed to fill the affordability gap would typically be extremely high on a per unit basis, perhaps as much as $500,000 to target those at the 80% AMI level unless the property was donated.

Indicators of Need:

The rising cost of housing is shutting increasing numbers of residents out of the private housing market, particularly the ownership market. In fact, Needham joined the "million-dollar club" several years ago as the median sales price of a single-family home climbed to $1,102,000 as of January 2019 from $976,250 as of the end of 2018. It has subsequently grown to $1.3 million. High upfront costs also challenge first-time purchasers. More affordable options are necessary that can support a range of incomes based on the following indicators of need.

- *Few subsidized ownership units* - Only 17 units or 1.2% of the Town's SHI involve ownership. All of these units were permitted through the Chapter 40B comprehensive permit process.

[25] MassHousing administers the Commonwealth Builders Program to help subsidize homeownership development but funding is limited to Gateway Cities or qualifying census tracts (Needham does not have).

- *Deficit of affordable units* – Table III-39 demonstrates a substantial need for more affordable homeownership opportunities for those with incomes at or below 80% AMI with even a deficit in units for those with incomes in the 80% to 100% AMI range. These calculations suggest that of the 1,060 owner households who were estimated to have earned at or below 80% AMI in 2018, there were only eight single-family homes and 147 condos that would have potentially been affordable to them based on FY22 assessed values and other assumptions listed in Table III-36, including spending no more than 30% of income on housing costs. It is likely that many of these owner households are "cash poor but equity rich" in that their incomes might have qualified them for housing assistance but their financial assets, particularly the equity in their homes, would render them ineligible for such housing.

- *High affordability gaps* – When looking at the affordability gap for those with incomes at the HUD 80% AMI limit, the gap is an estimated $928,500, the difference between the median priced single-family home of $1.3 million and what a three-person household earning at this income level could likely afford, or $371,500 based on 95% financing. This gap is up substantially from $556,500 in 2014. In the case of 80% financing, the gap would increase to $1,018,900.

  As to condos, the affordability gap for those with incomes at the 80% AMI level is about $531,000, up from $281,750 in 2014. This is based on 95% financing and assumes the purchaser would qualify for the state's ONE Mortgage Loan Program, MassHousing mortgage, or other government assisted financing.

- *High cost burdens* – Special HUD data indicated that of the 8,955 owner households, 12.8% were overspending on their housing, including 7.8% with severe cost burdens. This is down from 24% with cost burdens in 2015 with 8.7% encountering severe cost burdens. Of the 1,060 owner households with incomes at or below 80% AMI, two-thirds had cost burdens with 46% experiencing severe cost burdens.

  Almost all owners with incomes at or below 30% AMI were overspending including 92.4% with severe cost burdens. This suggests that the Town continue to explore options to reduce housing costs for these extremely low-income households, most of whom are seniors. Efforts such as the Small Repair Grant Program and additional tax deferrals could provide much needed assistance.

- *Maintain population diversity and attract young families* - Young adults in the family formation stage of their lives, in the 25 to 34-age range, decreased significantly between 1990 and 2019, dropping to 6.0% of the population from 13.7% in 1990. An increasing number of young adults who were raised in Needham have been choosing to live elsewhere, and the high cost of housing is likely a contributing factor in addition to general preferences for living in more urban areas.

  Additionally, those age 35 to 44 decreased significantly since 2000, from 17% to 13% of all residents. While many in this age range would likely be attracted to Needham given the high quality of its school system and other community amenities for young families, it is also likely that many have been priced out of the town's housing market.

- *Financing challenges* - Without a subsidized mortgage, households have to come up with a substantial amount of cash, potentially as must as 20% of the purchase price, thus blocking many who seek to own a home. Credit problems also pose substantial barriers to homeownership.

Prior generations had the advantage of GI loans and other favorable mortgage lending options with reasonable down payments. Also, in prior years the median home price to income ratio was much lower than it is today (see Figure 1-1), 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. State-supported mortgage programs, such as the ONE Mortgage Program and MassHousing offerings, can offer important financial assistance to first-time purchasers. More rigorous underwriting criteria, including more stringent credit requirements, remain significant challenges in obtaining mortgage financing however.

- *Extremely low vacancy rates* - The vacancy rate for homeownership units was 1.3% based on 2019 census estimates, reflecting extremely tight market conditions.

It should be noted that it is difficult for existing homeowners to qualify for new affordable housing opportunities as there are limits on financial assets and current ownership. Nevertheless, there are still opportunities to assist low- and moderate-income owners as further described in Section IV.

Integrate handicapped accessibility and supportive services into new development

Handicapped accessibility and supportive services such as those offered by the Small Repair Grant Program, Council on Aging's Safety at Home Program, or through assisted living options as well as transportation and other home maintenance programs should be continued. Accommodations for special needs populations should be integrated into new housing production efforts.

Indicators of Need:

- *Significant local population with disabilities* – Almost 2,000 residents, or 6.4% of all civilian, noninstitutionalized residents, identified themselves as having a disability.[26] These levels of disability are largely less than county and statewide figures, but still represent significant special needs within the Needham community. They further suggest that the Town make a concerted effort to produce housing units that are handicapped accessible and/or have supportive services as well promote services or home modifications in support of those with disabilities.

- *Very limited inventory of barrier-free units* – Only the federal project, Seabed's Way has handicapped-accessible units including 23 one-bedroom units. Of particular concern have been the second-floor units in senior housing at Chambers Street that can only be accessed by stairs.

- *Growing senior population* - As the number of seniors continues to increase with the aging of the Baby Boomers and longer life expectancies, growing numbers of residents will need better access to housing that includes on-site supportive services and/or barrier-free accessibility. Local assisted living units are also typically expensive. The units as part of Needham Residences at Wingate and the Residences at Carter Mill will help address some of these needs.

- *Barriers to aging in place* – The Assessment of Housing and Transit Options for Needham Seniors, prepared by the Council on Aging and Public Health Department in 2016, identified specific

[26] The U.S. Census defines disability as a long-term physical, mental, or emotional condition that can make it difficult to do basic activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. Many residents with one or more disabilities face housing challenges due to a lack of housing that is affordable and physically accessible.

barriers to aging in place. In addition to the high cost of housing, these barriers include the scarcity of accessible housing; the high cost of upkeep; costliness of modifying existing homes to increase accessibility; and zoning regulations that at the time prohibited Accessory Dwelling Units, also known as, in-law apartments. The report defined an age-friendly home as one with universal design elements that make living comfortable, safe, and accessible for all people regardless of ability. Key elements include: at least one no-step entry; single-floor living; wide hallways and doors; lever-style door and faucet handles; storage within easy reach; and bathrooms with walk-in showers and higher toilets. Although minor modifications can be made to make a home safer for older adults (installing banisters on both sides of stairways, grab bars in bathrooms, slip-proof floors, etc.), many changes are significant and costly (such as adding full bathrooms, laundry facilities, and master bedrooms to the first floor of a house, etc.).

Table III-43 provides a summary of unmet housing needs according to income level and type of household, focusing on households that are paying too much of their income on housing costs. While there are many more owner-occupied units than rentals in Needham, the number of unmet housing needs is proportionately considerably higher for rentals. For example, 41% of renters had cost burdens which is double the percentage of owners. In regard to severe cost burdens, more than one-quarter of renters were experiencing such affordability challenges compared to 8% of owners.

Nevertheless, the level of cost burdens among owners is considerable, particularly for those with incomes at or below 80% AMI. For example, almost all extremely low-income owners were spending more than half their income on housing costs. An estimated 46% of owners with incomes at or below 80% AMI had severe cost burdens compared to 38.4% of renters. This data also suggests a need for housing that would be targeted to those in the 80% to 100% AMI range, sometimes referred to as community housing, as there were 180 owners with cost burdens that included 100 with severe cost burdens. As noted earlier, there are greater challenges in developing owner-occupied housing as opposed to rentals, however, some attention to the development of new affordable condominiums is certainly warranted.

Table III-43 also provides numbers on the unmet housing needs of seniors, families, and non-elderly single individuals. In regards to seniors, there were more seniors who were owners than renters, at 715 and 570, respectively. Additionally, 68.4% of owners had unmet housing needs compared to 59.6% of renters.

Seniors comprised the greatest number of households with incomes at or below 80% AMI, including renters and homeowners, compared to families and single individuals under age 62. This is not surprising given the number of seniors who are retired and living on fixed incomes, also reflected in lower median household incomes.

In regard to families in this income range, there were also more owners with incomes at or below 80% AMI, at 300 owners compared to 215 renter households. Owner households also were experiencing a higher proportion of unmet housing needs at 63.3% compared to 40.0% for renters.

There was many more non-elderly, non-family households, mainly single individuals, who were renting as opposed to owning their own home, at 235 to 45 households, respectively. Renters also had a higher level of unmet housing need at 80.8% versus 64.4% for owners or 29 owner households.

What is compelling about this documentation is the very high level of unmet housing need for those with incomes at or below the 80% AMI level. Within these limited incomes, many residents are struggling to remain in the community, many likely having to decide whether they pay their rent or mortgage versus heating bill in the winter, medical prescriptions, or food.

Table III-43: Unmet Housing Needs

Target Populations	All Units	Housing Available That is Affordable (Without Cost Burdens)	Unmet Need*
Rentals			
Extremely Low Income (Within 30% AMI)	450	205	245 (54.4% of units) 215 with severe burdens
Very Low Income (30% to 50% AMI)	405	150	255 (63.0%) 180 with severe burdens
Low to Moderate Income (50% to 80% AMI)	175	55	120 (68.6%) None with severe burdens
Subtotal	*1,030*	*410*	*620 (60.2%)* *395 or 38.4% with severe burdens*
80% to 100% AMI	205	145	60 (29.3%) 35 with severe burdens
Above 100% AMI	575	515	60 (10.4%) 30 with severe burdens
Total	***1,810***	***1,070***	***740 (40.9%)*** ***460 or 25.4% with severe burdens***
Owners			
Extremely Low Income (Within 30% AMI)	330	10	320 (97.0%) 305 with severe burdens
Very Low Income (30% to 50% AMI)	220	37	183 (83.2%) 58 with severe burdens
Low to Moderate Income (50% to 80% AMI)	510	305	205 (40.2%) 125 with severe burdens
Subtotal	*1,060*	*352*	*708 (66.8%)* *488 or 46.0% with severe burdens*
80% to 100% AMI	375	195	180 (48.0%) 100 with severe burdens
Above 100% AMI	7,520	5,672	1,848 (24.6%) 115 with severe burdens
Total	***8,955***	***7,107***	***1,848 (20.6%)*** ***703 or 7.8% with severe burdens***
TOTAL	**10,765**	**8,177**	**2,588 (24.0%)** **1,163 or 10.8% with severe Burdens**
Target Population in Need	**All Units Occupied By Those Earning ≤ 80% AMI**	**Housing Available That is Affordable to Those Earning ≤**	**All Those with Cost Burdens/Unmet Needs Occupied by Those**

		80% AMI	Earning ≤ 80% AMI
Seniors (62 and over)	570 Renters 715 Owners	230 Renters 226 Owners	340 Renters (59.6%) 489 Owners (68.4%)
Families	225 Renters 300 Owners	140 Renters 110 Owners	90 Renters (40.0%) 190 Owners (63.3%)
Non-elderly Individuals	235 Renters 45 Owners	45 Renters 16 Owners	190 Renters (80.8%) 29 Owners (64.4%)

Source: U.S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, 2018. (See Table III-41)

*Includes all those spending too much on their housing per Table III-41.

Table III-44 presents targeted affordable housing development goals based on priority housing needs over the short and longer term. The table also projects a distribution of production goals by type of household, with a further breakdown by ownership and rental. The distribution of housing goals suggests that there be a 80% to 20% split between rental and ownership.

These priorities also address another priority housing need related to providing barrier-free units and supportive services where feasible, representing 20% of the one-bedroom units and 10% of the two- and three-bedroom units.

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

Table III-44: Summary of Priority Housing Needs and Estimated Development Goals

Rental Units @ 80%	**Single Persons*/ One Bedroom Units @ 40%**	**Small Families**/2 Bedrooms @ 50%**	**Large Families/3+ Bedrooms @ 10%**
Ownership Units @ 20%	**Single Persons*/ One Bedroom Units @ 25%**	**Small Families**/2 Bedrooms @ 50%**	**Large Families/3+ Bedrooms @ 25%**
Special Needs* (% of total units)	**(20%)**	**(10%)**	**(10%)**

Source: Largely based on Table III-43 and rationale for a greater focus on rental housing based on the considerations cited in this section. * Includes seniors. **Includes couples who are seniors.

Given the indicators of need that are included in this Housing Needs Assessment, even if the Town were to reach the 10% level of affordability without the inclusion of market rate units in the Chapter 40B rental developments, now at 6.7%, it will likely still have unmet housing needs in the community.

In conclusion, there is a need to provide support to all these types of households along a wide range of incomes. Everyone should have a right to safe and affordable housing which is so fundamental to stabilizing both individuals and families who may be living in substandard conditions and/or spending far too much for their housing. The whole community benefits when all residents have a decent and affordable place to call home.

Appendix 1
Housing and Zoning Analysis

The Town of Needham has approximately 11,800 total housing units with a median single-family house price of $1.3 million in September 2021 ($862,500 for condominiums), up from $1,065,000 (+22.1%) and $805,000 (+7.1%), respectively, as of the end of 2019. Housing prices are not only high and rising, but further evidence of tightening market conditions is reflected in vacancy rates at about 1% and little or no affordability remaining in the private unsubsidized housing stock. These conditions have been exacerbated by substantial teardown activity, involving the demolition of more modest homes with much larger and expensive ones, further driving up housing prices and eroding housing affordability. The loss of income that many have suffered as a result of Covid-19 is exerting further pressures on existing residents, many who are struggling to afford to remain in their homes and community.

Under MGL Chapter 40B, if less than 10% of a municipality's housing stock is affordable, developers can override local zoning if the project includes deed-restricted affordable units and meets other state requirements.[27] Despite intensifying market pressures, Needham has made considerable progress in promoting greater housing diversity over the years with 1,410 state-approved affordable units included on the Subsidized Housing Inventory (SHI), representing 12.76% of its housing stock.[28] An additional nine affordable units will be included in the SHI as a result of rezoning requirements for the Carter Mill development that will bring the total number of SHI units to 1,419 and a 12.8% level of affordability. Consequently, Needham is well beyond the 10% state affordability threshold under MGL Chapter 40B. Nevertheless, the Town recognizes that there still remains a pressing need for greater housing diversity and affordability in the community.

This report reviews the progress that has been made in the past to address housing needs and examines challenges to further advance local community housing goals.

I. Housing Production Accomplishments

The affordable units that are part of Needham's ***Subsidized Housing Inventory, that now exceeds the 10% affordability goal under Chapter 40B,*** include the following:

Rental Housing

- The Needham Housing Authority owns and manages 316 units of subsidized housing including 198 one-bedroom units for seniors and disabled individuals of any age and 110 units for families and veterans. The Authority also maintains two staffed apartments that serve eight individuals with special needs.

[27] 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.

[28] To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households (those earning at or below 80% of area median income) through resale or rental restrictions. Units must also be affirmatively marketed and subsidized or approved through a subsidizing agency. All units in Chapter 40B rental developments count as part of the Subsidized Housing Inventory as opposed to only the actual affordable units in homeownership projects.

- Another 67 affordable units of age-restricted housing were developed by private sponsors.
- Charles River Landing, with 350 units including 88 affordable units, was developed under the state's Local Initiative Program (LIP), sometimes referred to as the "friendly 40B" process as the municipality supports the project in the early stages of development.[29]
- Another LIP process was used for 390 rental units with 98 affordable ones as part of The Kendrick development.
- The Modera Needham project, also a Chapter 40B development, produced 136 rental units on Greendale Avenue that includes 34 affordable units.
- An additional 16 units were added to the Town's SHI as part of a Chapter 40B rental development at 1180 Great Plain Avenue. Four of these units will be affordable. An abutter appealed the ZBA decision in December 2019, and the project is awaiting the resolution of litigation.
- An affordable unit was developed under the Needham Center Overlay District that requires 10% of units built within the area be affordable. This unit is part of a mixed-use development that includes nine market units and two commercial businesses. (See Appendix 4 for a map of this area.
- A total of seven affordable units were also created under local zoning as part of an Elder Services Overlay District. These units were part of two phases in developing housing for those 55 years of age or older. See Appendix 4 for a map of this area.
- The Town has a total of 84 units in group homes for persons with developmental disabilities and another 26 units in facilities for persons with special needs that were sponsored by non-profit organizations.
- It should be noted that 2019 census estimates indicate that out of a total 1,754 rental units, 830 had rents of less than $1,500 which would have been affordable to those households earning less than $68,000, assuming tenants were not spending more than 30% of their income on housing costs, the traditional threshold of affordability, and have utility bills that average $200 a month. The census estimates identify another 367 units with rents in the $1,500 to $2,000 range that would have been affordable to those with incomes between $68,000 and $88,000 based on the same assumptions. Many of these rentals are subsidized as the Town has 737 rentals on its Subsidized Housing Inventory (SHI) that are rented at affordable levels prescribed by the state. Additionally, the census estimates indicate that 99 renter households did not pay rent.

Homeownership Units

- Needham has a total of 17 affordable homeownership units that were permitted under Chapter 40B and are scattered in seven separate developments.
- The Needham Housing Authority converted 20 single-family homes that were rentals to 40 duplex units, half of which were sold as part of the High Rock Estates condominium development.
- The Town also conveyed a municipally owned lot on Bancroft Street to Habitat for Humanity which built an affordable single-family home.
- The Town succeeded in having a market unit converted to an affordable one at the Hamilton Highlands development (formerly Webster Green). This occurred when the owners were making considerable capital improvements, including expanding the number of units, causing rent levels to climb above what some long-term tenants could afford. The affordable unit is not eligible for inclusion on the SHI, however, because it is reserved for existing qualifying tenants.

A detailed report on these SHI units is included as Appendix 1.

[29] Chapter 40B guidelines allow all units in a 40B rental development to be counted as part of the SHI.

The Town has also focused on ensuring that SHI units are preserved as affordable and remain part of the SHI for as long a period of time as possible. To this end, the Town created a Community Housing Specialist position, that, in addition to other job responsibilities, conducts annual monitoring of a number of affordable housing units, including some older 40B ownership units and more recent units that were required to be affordable through inclusionary zoning. The Housing Specialist is also in contact with the monitoring agents for other affordable units to ensure continued compliance with all monitoring and affordability requirements.

While not counted as part of the Town's Subsidized Housing Inventory, the Needham Housing Authority administers 120 Section 8 vouchers, which are federally funded through the U.S Department of Housing and Urban Development (HUD). These rental vouchers 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. Based on the high cost of housing in Needham, the Housing Authority has been able to apply up to 110% of the FMR levels for its maximum rent. Applicants must also have incomes within 50% of area median income, $60,400 for a family of three based on 2021 HUD income levels.

The Town has also launched a number of ***special housing programs*** to help residents afford to remain in the community including:

- The *Small Repair Grant Program* provides limited financial assistance to income-eligible senior and disabled households to help make health and safety improvements to their homes. Grants of up to $5,000 are provided on an unsecured basis; there is no repayment required unless the grant recipient does not comply with the Grant Agreement or sells or transfers the home within one year. At least one member of the household must be 60 years of age or older or have a disability. All participants must have incomes of no more than 80% of Area Median Income. The Program is administered by the Needham Affordable Housing Trust.
- The *Emergency Rental Assistance Program* was approved by Special Town Meeting in October 2020 to provide financial assistance to help renters who lost income due to Covid-19 remain in their homes. With an allocation of $120,000 of Community Preservation funding and another $50,000 from the Massachusetts Covid-19 Relief Fund, secured for Needham by the Foundation for MetroWest, the Program covered 50% of rent up to $1,500 per month for up to six months. To qualify, applicants must reside in a private rental unit, including affordable Chapter 40B units, and have incomes no more than 80% of Area Median Income (AMI). The Town selected the regional non-profit organization, Metro West Collaborative Development, to administer the program.
- The *Safety at Home Program*, through the Needham Center for the Heights, helps Needham residents age 60 and older continue to live independently in their homes by providing a free home assessment of safety issues, connections to local resources, and free home goods to improve safety.

II. Planning and Regulatory Accomplishments

The Town has enacted the following zoning provisions over the years to better promote housing diversity and affordability:

- Almost half of the Town's land area is zoned for 10,000 square foot (or just under ¼ of an acre) lots, an allowable lot size relatively rare in the Route 128 suburbs where lots sizes are considerably higher.
- Two-family dwellings are allowed by right in limited areas of town including the General Residence District. See map in Appendix 4.
- Apartments or multi-family units are allowed by Special Permit on the second floor of buildings in the Town's commercial areas, as well as the half story above the second floor in the Needham Center Overlay District. Zoning was also amended to promote underground parking in the Center Overlay District by exempting the floor area of the parking garage in the calculations for determining the maximum floor area ratio, allowing more square footage to be dedicated to housing. Zoning also allowed building height up to 3+1 with three stories of residential above first floor commercial space in the Town Center.
- Mixed residential/business use has been accommodated to some degree in other areas besides the Town Center, including Avery Square, the Hillside Avenue Business District, the Garden Street District, and Lower Chestnut Street area.
- Boarding houses (SROs) are allowed by Special Permit in the Central Business District and industrial districts.
- The Town's Apartment Districts, although limited and primarily built out, allow multi-family development by right without the need for a Special Permit, requiring only Site Plan Approval, and thus involve a much faster and less onerous permitting process.
- Several forms of residential development flexibility are provided: Flexible Development (Section 4.2.4 of the Zoning Bylaw), Planned Residential Development (4.2.5), Residential Compound (4.2.6), and Dimensional Reductions (4.2.7) to encourage "smarter" development that promotes the clustering of units while preserving some open space and other natural features of the property.
- The Town's Subdivision Regulations are straightforward, without any unusually demanding provisions.
- The Town has not imposed barriers such as growth timing, phasing controls, or punitive health or wetlands restrictions as has been done elsewhere.
- The Town's split tax classification results in a residential tax rate that is about half that paid by businesses. The Town also offers tax exemption, work-off, and deferral programs to qualifying owners.
- Building, sewer, and other development fees have in the past been waived for some affordable developments with non-profit sponsors.
- Town officials make good-faith efforts to work with applicants to facilitate timely progress through the regulatory system, rather than using it as a "hurdle."

More recent planning and regulatory changes to better promote affordable housing have included:

- ***Overlay Districts***
  Notable among zoning changes has been the introduction of Overlay Districts that promote smart growth development, affordable housing, mixed-use development, and other urban amenities in several commercial areas of town including Needham Center, the Lower Chestnut and Garden

Street areas, and Mixed Use Overlay District (MUOD) in the Highland Avenue/Route 128 area. Needham also established an Elder Services District off of Gould Street to serve the community's increasingly aging population. Most of these Districts require the integration of affordable housing equivalent to one unit for properties of less than ten units and 10% of all units for those with ten or more units. The more recent MUOD increased the affordability requirement to 12.5%.

- ***Project-based Rezoning***
  Needham has demonstrated a willingness to rezone property to accommodate affordability efforts. For example, the Needham Housing Authority's High Rock Estates development precipitated zoning changes to allow the conversion of small single-family bungalows to duplex units, some of which were redeveloped as affordable rentals and others as condominiums. More recently, the Town approved new zoning for The Residences at Carter Mill that involved the redevelopment of the Avery Crossing assisted living units with 72 Independent Apartments (nine of which will be affordable), 55 Assisted Living Apartments, and 28 Memory Care Apartments.

- ***Neighborhood Business District Changes***
  Zoning was changed in the Neighborhood Business District to allow mixed-uses. Provisions also require that 12.5% of the units created be affordable with the added option of allowing payment in-lieu of units to be paid into the Needham Affordable Housing Trust in support of other affordable housing initiatives. [30]

- ***Local 40B Guidelines***
  The Town adopted Local Chapter 40B Guidelines in 2012 to advise the Zoning Board of Appeals and other Town boards and departments with a role in the development review process on local housing priorities and the review process for comprehensive permits. Now that the Town has surpassed the 10% affordability goal under Chapter 40B and is no longer susceptible to 40B projects it deems do not address local needs and priorities, the Town is revisiting the Guidelines and discussing changes to better reflect current Town preferences for locations, income targets, design, density, etc. for new affordable housing development.

- ***Needham Affordable Housing Trust***
  Town Meeting approved the Needham Affordable Housing Trust at its 2017 Annual Meeting to provide for the preservation and creation of affordable housing for low- and moderate-income residents.

  The state enacted the Municipal Affordable Housing Trust Fund Act on June 7, 2005,[31] which simplified the process of establishing housing funds that are dedicated to subsidizing affordable housing. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate. The law further requires that local housing trusts be governed by

[30] The cash payment would be equal to the most current Total Development Costs for the MA Department of Housing and Community Development's Qualified Allocation Plan as part of its Low Income Housing Tax Credit Program for the areas described as within Metro Boston/Suburban Area. These figures are also adjusted for the type of project and number of units. No fees have been collected to date.
[31] MGL Chapter 44, Section 55C.

at least a five-member board of trustees, appointed by the Select Board. In the case of Needham, members of the Housing Trust include the Select Board, the Town Manager, and an appointed at-large member.

Since the Housing Trust's establishment, it has met twice a year to discuss a wide range of housing issues and has sponsored the Small Repair Grant Program and advocated for the Emergency Rental Assistance Program. Funding in the Housing Trust remains limited to date, largely capitalized by monitoring and resale fees. The monitoring fees are paid annually by the property owners and by the seller when affordable homeownership units turn over. The Housing Trust is entrusted with ensuring compliance with state affordability requirements.

- ***Accessory Dwelling Units (ADUs)***
  The 2019 Special Town Meeting approved the bylaw to permit the creation of accessory dwelling units (ADUs) by Special Permit of the Board of Appeals. The bylaw limits the units to single-family homes that are occupied "by the Owner; Family members related to the Owner by blood, adoption or marriage (spouse, parent, sibling, child, or a spouse of such persons); and Caregivers of Family members who look after an elderly, chronically ill or disabled Owner who needs assistance with activities of daily living or a Family member who needs such assistance, subject to specified standards and procedures."[32] The bylaw also defined the ADU as "an apartment in a single-family detached dwelling that is a second, self-contained dwelling unit and a complete, separate housekeeping unit containing provisions for living, sleeping, cooking and eating. The ADU must be subordinate in size to the principal dwelling unit on a lot, and constructed to maintain the appearance and essential character of the single-family dwelling."[33]

  Other provisions limited the ADU to no more than 850 square feet with one bedroom, located in a primary structure and not an accessory structure, and with exterior entrances and access ways that do not detract from the single-family appearance of the dwelling, among other conditions. While the bylaw limited occupancy to family members or caregivers, it does promote greater housing diversity in the community by allowing small apartments in existing dwellings, enables extended family members to live together, and also provides opportunities for live-in support for people with disabilities. A total of 4 ADUs were permitted through the end of 2020 with another 3 applications under review in February 2021.

More details on zoning are summarized in Appendix 2.

III. Housing Challenges

The challenges to producing affordable housing in the Boston region have been repeatedly identified in published reports over the years with strikingly consistent observations. While sharp reductions in state and federal funds for housing have contributed to the problem, the region's mismatch between demand and supply is widely seen as the result of both state and local actions that constrain land availability, create regulatory impediments, and add to the costs of construction. Needham's location as an inner suburb of Boston with good highway and commuter rail access as well as recognized schools have boosted the demand for housing and thus driven up prices.

[32] Section 3.15 of the Needham Zoning By-law.
[33] Ibid.

Particularly challenging are the following housing production constraints:

- ***Limited Developable Property***
  As an older established community, Needham has less land available for development than many other communities in the region, and the remaining property has become increasingly valuable and difficult to develop.

  New development will rely primarily on redevelopment opportunities, particularly those in areas where some greater density and access to public transit are possible. It will be important for the Town to continue to guide future development to these appropriate locations, promoting higher densities in some areas while minimizing the effects on the natural environment and preserving open space corridors and recreational opportunities in others.

- ***High Level of Teardown Activity***
  Driven by the high value of land in Needham, the demolition of older, smaller, and less expensive houses has become the principal source of lots for the construction of new single-family homes thus "recycling" land rather than consuming vacant land. These "teardowns" of relatively small dwellings have typically been replaced by substantially larger ones, leaving the number of dwelling units unchanged but increasing their value significantly. This demolition/replacement activity has eliminated many of the smaller more affordable private market units that were developed years ago as starter housing and has been the driving force pushing sales prices over $1 million.

- ***Regulatory Barriers***
  While significant progress has been made to reforming zoning, there still remains room for regulatory improvements to better direct development to appropriate locations based on "smart growth" principles and adequate incentives for incorporating public benefits, including affordable housing. As previously mentioned, there is a near-absence of developable vacant land that is zoned to permit multi-family housing, even two-family dwellings. Actual development of multi-family housing now generally occurs through redevelopment of already developed sites, rezoning by Town Meeting, or, in the past, a Chapter 40B override of applicable zoning. The Overlay Districts mentioned above have reduced these barriers somewhat in certain areas.

- ***Limited Availability of Subsidies***
  Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly challenging to obtain necessary funding for programs and development projects and must be strategic in leveraging limited local resources. Because of substantial and growing affordability gaps, affordable housing initiatives are likely to require layers of public and private investment.

  Needham approved the Community Preservation Act (CPA) in November 2004, which has been a very important resource for supporting affordable housing efforts. Over the years the Town has committed about $1.6 million of its CPA funds on housing initiatives including:

  - $120,000 in recent funding to support an Emergency Rental Assistance Program

- $860,500 for four grants to the Needham Housing Authority, three for the High Rock Estates project and another for a feasibility study for redeveloping NHA property.
- Another $150,000 grant to NHA for development consulting services which has not yet been committed.
- $370,000 for the Charles River Center (formerly the Charles River ARC) for four grants including three grants for existing group homes and another for a new group residence for five people with significant physical and cognitive disabilities.
- $25,000 for a housing consultant to prepare Chapter 40B guidelines and additional funding towards a portion of the part-time Housing Specialist position over three years.

Most of the CPA reserve funds have been set-aside to support a future NHA project to redevelop existing public housing. It should be noted that while a minimum of 10% of the Town's annual CPA funding must be reserved for community housing, communities can dedicate a higher percentage of CPA funds for housing. The balance in the CPA Community Housing reserve as of December 31, 2020 is $2,459,763

The Town also joined the Metro West HOME Consortium in 2008, which has enabled it to secure HOME Program funding to address local affordable housing needs. Funding has fluctuated over the years from an allocation of $57,521 in fiscal year 2009, to $67,387 by 2011, down to $36,149 in 2013, and then as low as $27,455 and $27,750 in 2020 and 2021, respectivley. The Town has spent $280,000 in HOME funds for the Charles River Center's group residence at 1285 South Street in addition to annual operating/administrative funds.

- ***Community Perceptions***
  Residents in most communities are concerned about the impacts that any new development will have on local services and the quality of life. Some residents may have negative impressions of affordable housing in general or question whether it is even needed in the community. Local opposition to new affordable developments has become more the norm than the exception.

  On the other hand, national events like the Black Lives Matter movement and the current pandemic have been catalytic in promoting greater community interest and discussion regarding housing issues, including the need for more affordable housing in the community.

- ***Infrastructure Constraints***
  As a general matter, the Town's infrastructure is likely sufficient to accommodate proposed incremental growth related to affordable housing development. An exception is potential public education costs, particularly if school enrollments warrant construction of additional facilities. A high percentage of the Town's tax levy already is used directly or indirectly for school operations and services, existing schools are at or over capacity, and land for new facilities is at a premium.

  There are a number of areas of town that are not served by Town sewer services, most in the outskirts near the Wellesley and Dover lines and comprising not more than 10% of all Needham's properties. Most of these areas are part of the Town's water protection zone. There are also several pockets where gravity issues constrain the extension of such services. A number of environmental concerns have arisen in these areas as some septic systems have failed and needed replacement to protect local water sources. The Town is aggressively encouraging the extension and connection to municipal sewer lines where possible.

Attachment 1
Zoning Analysis Spreadsheet

Description of the File

This file lists all non-single-family zones in Needham as of Jan 2021, and the restrictions and conditions associated with building multi-family housing and mixed-use developments (i.e., developments that include multi-family housing with other uses such as retail stores or commercial offices).

This file lists where Affordable Housing is required as a percentage of multi-family housing units in a building or development and highlights districts where multi-family or mixed-use housing is allowed or allowable by special permit with no Affordable Housing requirement. This file also serves as an overview of existing (non-Needham Housing Authority) multi-family housing more generally in Needham. In this file, Needham is divided into three zoning maps running from North to South.

Glossary of Terms

Inclusionary zoning

Refers to municipal zoning bylaws and ordinances that require a given share of new construction to be affordable by households below a certain income (usually 80% of median income of the metropolitan area), referred to as Affordable Housing.

The term Inclusionary Zoning indicates that these bylaws and ordinances seek to provide Affordable Housing Units that the market would otherwise not produce under current zoning in the absence of Inclusionary Zoning provisions.

Overlay District

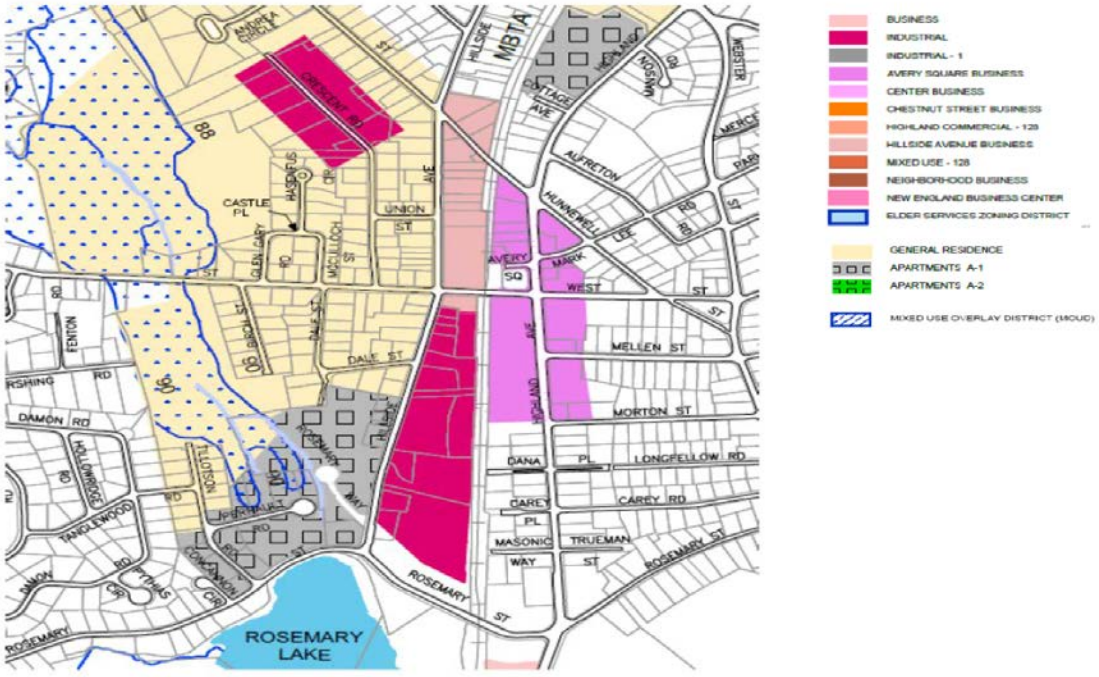
An Overlay District is a type of land use zoning district that "lies" on top of the underlying zoning district. An Overlay District could cover more than one underlying zoning district; also, there could be more than one Overlay District covering a single underlying zoning district.

Acronyms Used

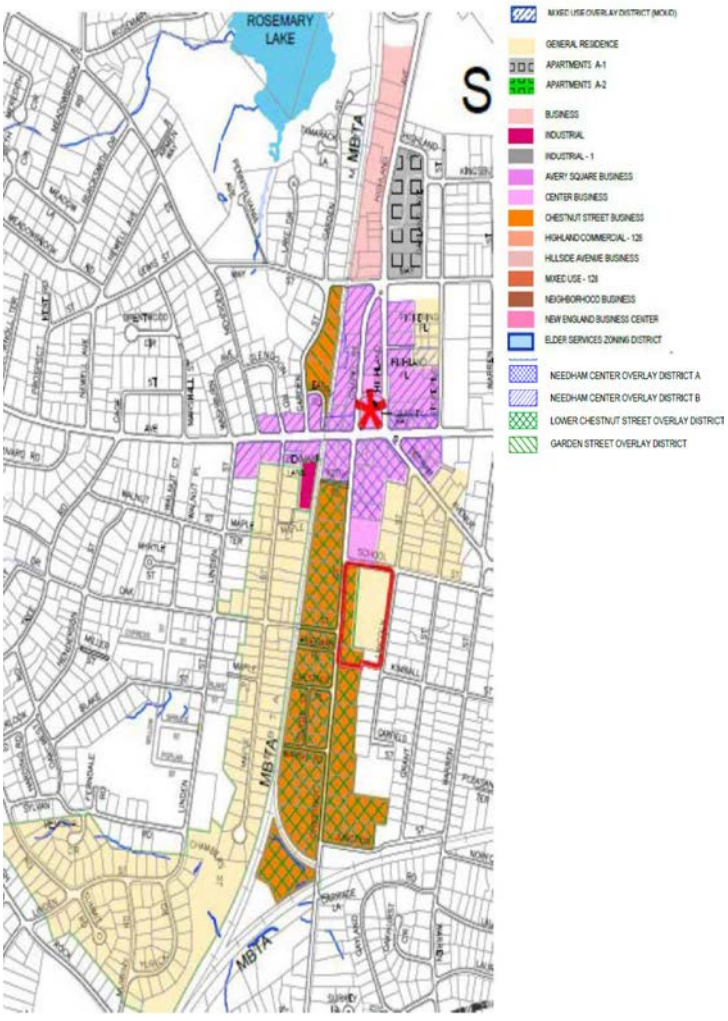
CCRC: Continuing Care Retirement Community
FAR: Floor area ratio (ratio of floor area to lot area)
AHU: Affordable Housing Unit
DU: Dwelling Unit
MUOD: Mixed Use Overlay District

MAP #	ZONING DISTRICT	IS MULTI-FAMILY ALLOWED	IS MIXED-USE BUILDING ALLOWED (Restrictions specified)	LOCATION LIMITATIONS w/in BUILDING	DIMENSIONAL LIMITATIONS	AFFORDABILITY REQUIREMENT	EXISTING DEVELOPMENT(S)
1	Industrial - 1	N					
1	Industrial	N					
1	Highland Commercial - 128	N (but see MUOD on W-side)					
1	Mixed Use - 128	N (but see MUOD)					
1	Mixed Use Overlay District (MUOD)	SP (4-250 DU'S; 40-70% 1BR)	SP 4-250 DU'S; 40-70% 1BR	for M-U, DU's only on upper stories	84' height (54' w/in 350' of river); FAR 3.0	12 1/2% AHU	none
1	Neighborhood Business - 128	N	SP	only on upper floor(s) above NR use	35' height; 2 1/2 stories; FAR 0.5	6+ units/12 1/2% (or $$ to AH Trust)	none
1	New England Business Center	N					
1	Elder Services	Y		must be within a CCRC & 55+ age	40' height; 3 stories; FAR 1.0	10 units/1 AHU; 11+ units/10% AHU	Wingate

MAP #	ZONING DISTRICT	IS MULTI-FAMILY ALLOWED	IS MIXED-USE BUILDING ALLOWED (Restrictions specified)	LOCATION LIMITATIONS w/in BUILDING	DIMENSIONAL LIMITATIONS	AFFORDABILITY REQUIREMENT	EXISTING DEVELOPMENT(S)
2	Apartments A-1	Y			40' height; 3 stories; FAR 0.5; 18 DU/acre	none	Webster Green, Rosemary Ridge, Rosemary Lake Apts (Charlesgate East off map)
off map	Apartments A-2	Y			40' height; 3 stories; FAR 0.3; 8 DU/acre	none	North Hill (off map)
2	Avery Square Business	SP			35' height; 2 1/2 stories; FAR 0.7; 18 DU/acre	none	2 examples on Highland Avenue in Heights
2	Avery Square Overlay	N	SP	in building w Assisted Living/Memory Units; 55+	44' height; 4 stories w 4th story set back	10+ units/12 1/2	Carters (to be renovated & enlarged)
2	Hillside Avenue Business	SP			35' height; 2 1/2 stories; FAR 0.7	none	Townhouses @ corner of Hillside & Hunnewell, apartment building on Hillside/Hunnewell



MAP #	ZONING DISTRICT	IS MULTI-FAMILY ALLOWED	IS MIXED-USE BUILDING ALLOWED (Restrictions	LOCATION LIMITATIONS w/in BUILDING	DIMENSIONAL LIMITATIONS	AFFORDABILITY REQUIREMENT	EXISTING DEVELOPMENT(S)
3	Business	N					
3	Center Business	N	SP	only on 2nd story and 3rd 1/2 story	35' height; 2 1/2 stories; FAR 0.7; 18 DU/acre	none	Corner of GPA & Maple St. across from Mobil
3	Needham Center Overlay A	N	Y 1-5 DU's; SP 6+ DU's	for 1-5 upper floor(s); 6+ upper or side/rear	by SP, 48' height & 4 stories & 2.0 or 3.0 FAR	6-10 units/1 AHU; 11+ units/10% AHU	Dedham Ave across from UU Church
3	Needham Center Overlay B	N	Y 1-5 DU's; SP 6+ DU's	for 1-5 upper floor(s); 6+ upper or side/rear	by SP, 37' height & 3 stories & 2.0 or 3.0 FAR	6-10 units/1 AHU; 11+ units/10% AHU	none
3	Garden Street Overlay	N	Y 1-5 DU's; SP 6+ DU's	for M-U, 1-5 upper floor(s); 6+ upper or side/rear	by SP, 37' height & 3 stories & FAR 1.0 - MF & 1.2 - M-U	6-10 units/1 AHU; 11+ units/10% AHU	none
3	Chestnut St. Business	N	SP	only on 2nd story and 3rd 1/2 story	35' height; 2 1/2 stories; FAR 0.7	none	Oak Street @ RR X
3	Lower Chestnut St. Overlay	SP	Y 1-5 DU's; SP 6+ DU's	for 1-5 upper floor(s); 6+ upper or side/rear	by SP, 48' height & 4 stories & 1/5 or 2.0 FAR	6-10 units/1 AHU; 11+ units/10% AHU	none
3	Apartments A-1	Y			40' height; 3 stories; FAR 0.5; 18 DU's/acre	none	The Highlands
3	Industrial	N					Denmark Lane



MAP #	ZONING DISTRICT	MULTI-FAMILY	MIXED-USE BUILDING	LOCATION LIMITATIONS w/in BUILDING	DIMENSIONAL LIMITATIONS	AFFORDABILITY REQUIREMENT	DEVELOPMENT(S)
1, 2, 3	General Residence	N (Y for 2-family only)				none	many 2-families
1, 2, 3	Industrial	N					
1	Industrial - 1	N					
1	Highland Commercial - 128	N (but see MUOD on W-side)					
1	Mixed Use - 128	N (but see MUOD)					
1	Mixed Use Overlay District (MUOD)	SP (4-250 DU'S; 40-70% 1BR)	SP 4-250 DU'S; 40-70% 1BR	for M-U, DU's only on upper stories	84' height (54' w/in 350' of river); FAR 3.0	12 1/2% AHU	none
1	Neighborhood Business - 128	N	SP	only on upper floor(s) above NR use	35' height; 2 1/2 stories; FAR 0.5	6+ units/12 1/2% (or $$ to AH Trust)	none
1	New England Business Center	N					
1	Elder Services	Y		must be within a CCRC & 55+ age	40' height; 3 stories; FAR 1.0	10 units/1 AHU; 11+ units/10% AHU	Wingate
2	Apartments A-1	Y			40' height; 3 stories; FAR 0.5; 18 DU/acre	none	Webster Green, Rosemary Ridge, Rosemary Lake Apts, The Highlands, Charlesgate East
off map	Apartments A-2	Y			40' height; 3 stories; FAR 0.3; 8 DU/acre	none	North Hill
2	Avery Square Business	SP			35' height; 2 1/2 stories; FAR 0.7; 18 DU/acre	none	2 examples on Highland Avenue in Heights
2	Avery Square Overlay	N	SP	in building w Assisted Living/Memory Units; 55+	44' height; 4 stories w 4th story set back	10+ units/12 1/2% AHU	Carters (to be rebuilt)
2	Hillside Avenue Business	SP			35' height; 2 1/2 stories; FAR 0.7	none	Townhouses @ corner of Hillside & Hunnewell, apartment building on Hillside/Hunnewell
3	Business	N					
3	Center Business	N	SP	only on 2nd story and 3rd 1/2 story	35' height; 2 1/2 stories; FAR 0.7; 18 DU/acre	none	Corner of GPA & Maple St. across from Mobil
3	Needham Center Overlay A	N	Y 1-5 DU's; SP 6+ DU's	for 1-5 upper floor(s); 6+ upper or side/rear	by SP, 48' height & 4 stories & 2.0 or 3.0 FAR	6-10 units/1 AHU; 11+ units/10% AHU	Dedham Ave across from UU Church
3	Needham Center Overlay B	N	Y 1-5 DU's; SP 6+ DU's	for 1-5 upper floor(s); 6+ upper or side/rear	by SP, 37' height & 3 stories & 2.0 or 3.0 FAR	6-10 units/1 AHU; 11+ units/10% AHU	none
3	Garden Street Overlay	N	Y 1-5 DU's; SP 6+ DU's	for M-U, 1-5 upper floor(s); 6+ upper or side/rear	by SP, 37' height & 3 stories & FAR 1.0 - MF & 1.2 - M-U	6-10 units/1 AHU; 11+ units/10% AHU	none
3	Chestnut St. Business	N	SP	only on 2nd story and 3rd 1/2 story	35' height; 2 1/2 stories; FAR 0.7	none	Oak Street @ RR X
3	Lower Chestnut St. Overlay	SP	Y 1-5 DU's; SP 6+ DU's	for 1-5 upper floor(s); 6+ upper or side/rear	by SP, 48' height & 4 stories & 1/5 or 2.0 FAR	6-10 units/1 AHU; 11+ units/10% AHU	none

Appendix 2
Glossary of Housing Terms

Accessory Dwelling Units (ADUs)
An Accessory Dwelling Unit (ADU) refers to a habitable living unit added to, created within, or detached from a primary single-family dwelling, which together constitute a single interest in real estate. These units are often commonly referred to as accessory or in=law apartments.

Affordable Housing
A subjective term, but as used in this Plan, refers to housing that is 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. These units are also eligible for inclusion in the Subsidized Housing Inventory (SHI) and sometimes referred to as the "A" affordable units. This is in contrast to the "a" affordable units which may be occupied by a household which meets the incomes requirements but are part of the private market housing without affordability restrictions.

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.

As-of-right or By-right Development
As-of-right or by-right development involves a use that is permitted in a zoning district and is therefore not subject to special review and approval by a local government.

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 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).

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.

Density
With respect to housing, density means the number of units per any defined area of land. The greater the density, the greater the potential economies of scale and typically reduced individual units costs.

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.

Multi-family Housing
Multi-family housing or development could be considered structure with more than a single unit although generally refers to those with three or more units.

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.

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

A. 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 ensuring 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 (LAUs), units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

Income and Assets

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

Allowable Sales Prices and Rents[34]

- 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. 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

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

interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees[35], private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.

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

Allowable Financing and Costs

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

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

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

[35] 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.

- 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 Rieko Hayashi of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: rieko.hayashi@state.ma.us.

B. Chapter 40B Comprehensive Permit Law

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met[36]:

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

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

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

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA's decision to the state's Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.[37] Recently approved regulations add a new requirement that ZBA's provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

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

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

- *40R*
  Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.

- *Certificate of Occupancy*
  Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued with 18 months.

- *Large Phased Projects*
  If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is

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

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

- *Projects with Expired Use Restrictions*
  Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.

- *Biennial Municipal Reporting*
  Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

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

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

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

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing

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

A subsidizing agency must also consider the following items when determining site eligibility:

- 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 their rules are consistent with Chapter 40B.
- Local boards cannot impose "unreasonable or unnecessary" time or cost burdens on an applicant and bans requiring an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lack minimum required qualifications.
- Specify and limit the circumstances under which ZBA's can review pro formas.
- Zoning waivers are only required under "as of right" requirements, not from special permit requirements.
- Forbids ZBA's from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units that the minimum threshold required by DHCD guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

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

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for ensuring 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.

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".[38]

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."[39] 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.

[38] Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, "A Housing Strategy for Smart Growth and Economic Development: Executive Summary", October 30, 2003, p. 3.
[39] Massachusetts General Law, Chapter 40R, Section 11.

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

Incentive Payments

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

There are also density bonus payments of $3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be "able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood."[40]

The principal benefits of 40R include:

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

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

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

The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing.

[40] "A Housing Strategy for Smart Growth and Economic Development: Executive Summary," p. 4.

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. MassWorks Infrastructure Program

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

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

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

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

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

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Needham are described below.[41]

A. Technical Assistance

1. Community Planning Grant Program

The state has introduced the Community Planning Grant Program that offers grant funding for a variety of activities related to land use including development. Activities may include the development of a Master Plan, Housing Production Plan, zoning review and updates, Urban Renewal Plans, Downtown Plans, Parking Management Plans, Feasibility Studies, or other Strategic Plans. Grants will likely be in the $25,000 to $75,000 range. Communities apply for this funding through the Community One Stop for Growth Application.

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

[41] 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.

problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than $1,000, providing up to 30 hours of technical assistance.

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

3. MHP Intensive Community Support Team

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

4. MHP Chapter 40B Technical Assistance Program

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

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

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

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and

need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

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

1. HOME Program

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

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

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

Because Needham is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town has joined a consortium of other smaller towns and cities, the West Metro HOME Consortium, to receive funding by a federal formula on an annual basis.

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.

2. Community Development Block Grant Program (CDBG)

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

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

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

3. Housing Stabilization Fund (HSF)

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

4. Low Income Housing Tax Credit Program

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

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the

rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

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

5. Affordable Housing Trust Fund

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

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

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

6. Housing Innovations Fund (HIF)

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

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

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

8. MHP Permanent Rental Financing Program

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

9. OneSource Program

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

10. Section 8 Housing Choice Rental Assistance

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program (MRVP) as well as three smaller programs directed to those with special needs and veterans. 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. U**rban Center Housing Tax Increment Financing Zone (UCH-TIF)***

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

14. Community Based Housing Program

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

15. Compact Neighborhoods Program

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

- Allow a minimum number of "future zoned units" in the Compact Neighborhood, which is generally 1% of the year-round housing in the community;

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

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

The process for implementing a Compact Neighborhoods Zone includes:

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

16. DHCD Project-Based Homeownership Program

DHCD funds a Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*
  Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to $500,000 in funding for a single project and no more than $75,000 per affordable unit. The maximum total development cost for affordable units is $300,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.

- *Gateway Cities*
  A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple-deckers (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to $500,000 in funding for a single project and no more than $75,000 per affordable unit. The maximum total development cost for affordable units is $250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the DHCD subsidy request.

Sponsors/developers must have hard letters of interest from construction lenders and mortgage loan originators, follow prescribed design/scope guidelines, submit sound market data at the time of pre-application, and have zoning approvals in place. Interested sponsors/developers must submit a pre-application for funding and following its review, DHCD review will invite certain sponsor/developers to submit full applications.

17. National Housing Trust Fund (NHTF)

The state has allocated $3.4 million in Housing Trust Funds and 100 Massachusetts Rental Vouchers to help create supportive housing for vulnerable populations including homeless families and individuals, unaccompanied homeless youth, frail seniors with service needs, and individuals in recovery from substance abuse. This program is intended to provide supplemental support to the federal National Housing Trust Fund, a newly authorized affordable housing program.

18. Community Scale Housing Initiatives (CSHI)

The state has introduced a new program to address the need for smaller scale affordable housing projects that are sized to fit well within the host community. The new initiative will provide funding for these projects based on the following eligibility criteria:

- Community must have a population not to exceed 200,000
- Program sponsors can be both non-profit and for-profit entities with a demonstrated ability to undertake the project
- The proposed project must include at least five rental units but no more than 20 rental units
- Project must involve new construction or adaptive reuse
- A minimum of 20% of the units must be affordable but it is anticipated that most proposed projects will have a minimum of 50% affordable units
- The host community must provide a financial commitment in support of the project
- The CSHI subsidy may not exceed $200,000 per unit unless the developer intends to seek DHCD project-based rental assistance in which case the subsidy may not exceed $150,000 per CSHI unit
- The total development cost per unit may not exceed $350,000
- Projects will receive no more than is necessary to make the project feasible
- Projects must be financially feasible without state or federal low income housing tax credits
- Projects are expected to close and proceed to construction within 12 months of the date of the award letter

The 40 River Street project was awarded funding under this program.

19. Starter Home Program

State legislation was recently enacted to implement a Starter Home Program as part of the Governor's Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include $25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts will be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

20. Workforce Housing Fund

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. In his announcement, Governor Baker said, "Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working middle-income families are the foundation of our economy and talented workforce, and the creation of this $100 million fund by MassHousing will advance opportunities for them to thrive and prosper."

The Workforce Housing Initiative was created to do the following:

- Target individuals and families with incomes of 61% to 120% of Area Median Income (AMI)
- Provide up to $100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide
- Leverage strategic opportunities to use state-owned land
- Complement, does not replace, traditional MassHousing development financing
- Ensure workforce housing units are deed restricted as affordable for at least 30 years

Eligible projects include:

- Preference is for new units; existing projects where unrestricted units become restricted will be considered
- Workforce housing units are intended for working age household and may not be not be elderly restricted or occupied by full-time students
- 20% of units at the development must be affordable for households earning at or below 80% of AMI

21. Housing Choice Initiative

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants.

To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units of at least 5% or 500+ units in the last five years or 3% and 300+ units when best practices have been applied to promote housing (e.g., zoning for multi-family housing, Chapter 40R, ADUs, cluster zoning, etc.). Designation lasts for two years.

C. Homebuyer Financing and Counseling

1. ONE Mortgage Program

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

2. Homebuyer Counseling

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

and requirements. The organization that offers these workshops in closest proximity to Needham is Metro West Collaborative Development.

3. Self-Help Housing.

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

D. Home Improvement Financing

1. MassHousing Home Improvement Loan Program (HLP)

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of $10,000 up to a maximum of $50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are $92,000 for households of one or two persons and $104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. Get the Lead Out Program

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

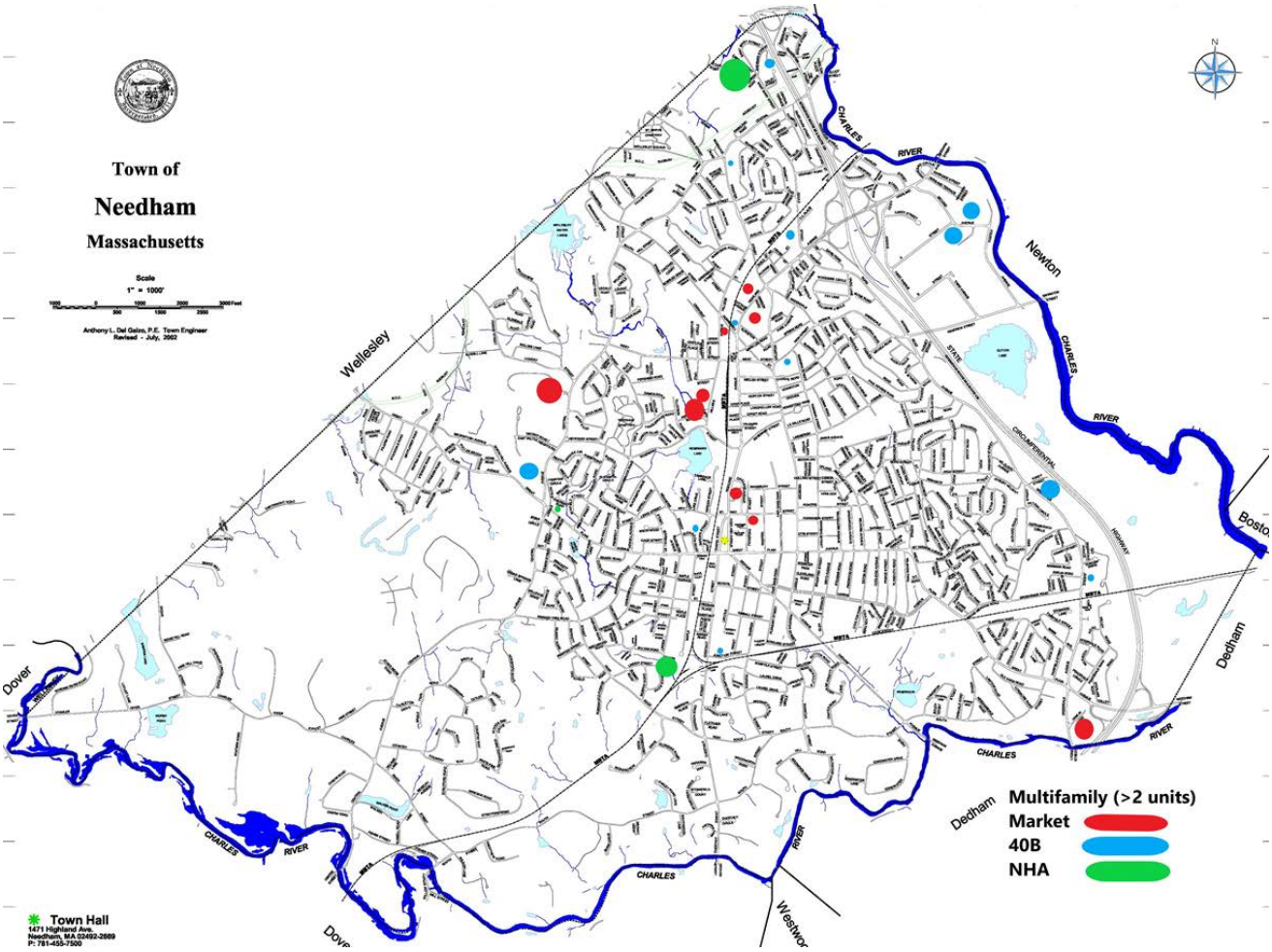
3. Septic Repair Program

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

4. Home Modification Program

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

Appendix 4
Map of Multi-family Housing Units



From:	DAVID SHERMAN
To:	Planning
Subject:	Housing Plan Working Group
Date:	Sunday, January 23, 2022 2:01:09 PM
Importance:	High

Dear Sir or Madam:

Affordable housing is disappearing too fast in Needham. What there is is plagued with maintenance problems, and access to information about openings is limited to none with the end of Needham's newspaper. All of these problems need to be fixed, but one other requires an urgent solution for the sake of the planet.

If I've seen it, you've all seen it: owners sell a house, and the first thing the new owner/developer does to build the new skyscraper is to cut down all the trees. Rich or poor, big house or (less likely) small, every Needhamite should be outraged at this practice. So many cry out about climate change and its consequences, and then move into houses based on clear-cutting.

And then when a rainstorm comes much of the ground and root system that would have absorbed the rain is now rooftop. Then we get floods.

Town Government needs to immediately freeze all expansion of houses that would cut down a tree without replacing it, and it needs to strictly enforce rules on floor-area ratios that would disallow increased roof space at the cost of soil space (Residents who want to expand their houses can do so into their driveways).

These policies would stabilize the supply of affordable housing by limiting home expansion in a way that would support the fight against climate change.

Sincerely,

David A. Sherman, RN
100 Rosemary Way, Suite 129,
where no expansion has occurred in decades

From:	Paula Dickerman
To:	Planning
Subject:	Housing Plan Working Group
Date:	Monday, January 24, 2022 3:37:00 PM

Greetings,

I am a Needham resident. I would like to share some thoughts about the 2 questions that you will be posing to those assembled for the Education and Listening Session on January 27, 2022.

What are the greatest local housing needs?

Needham needs more housing choice. This means more different types of housing. There are two reasons for this. The first is that, the current housing choices leave little room for people who cannot afford to purchase a single-family home at a median price of $1.3 million, or pay $3,000 in monthly rent, many of whom represent groups who have been historically excluded from our Town. The second reason is that there is a housing shortage crisis in our Commonwealth and we need to do our part to ameliorate that.

How should the town best address those needs?

- Create an affordable housing percentage goal (15%?) that reflects the percentage of actual affordable units (**not** the misleading SHI percentage) and develop the Housing Plan such that it fully supports the achievement of that goal.
- Commit to reducing any unnecessary obstacles for housing development, such as permitting fees, parking requirements, strict building requirements, cumbersome permitting process, etc.
- Amend ADU regulations to allow for a by-right process, no residency requirements, and detached ADUs, subject to design guidelines and building requirements.
- Reduce confusion by creating anew all zoning maps, to reflect the zoning that will be recommended in the Housing Plan.
- Institute, at a minimum, the multi-family zoning required by the recent MBTA Communities legislation.
- Recommend full and continued financial support of the Needham Housing Authority's Modernization and Redevelopment Initiative.
- Create a Housing Partnership, such as this one, in Newton. https://www.newtonma.gov/government/planning/boards-commissions/newton-housing-partnership.

Needham has the human, financial, educational, commercial and transportation resources to become a leader in doing all we can to use housing regulations to create a more vibrant welcoming community that reflects the diversity of our region. We are fortunate to have a Planning Board that is focused on this important issue and that created the Needham Housing Plan Working Group.

Thank you for your time,

Paula Dickerman
20 Burnside Road

From: Elizabeth Handler
To: Planning
Subject: Housing Plan Working Group
Date: Thursday, January 27, 2022 9:02:57 PM

Thank you for the interesting presentation this evening. I would like to echo another part of Moe Handel's comment which is that the issues of housing, housing affordability, and diversity are *regional*. Is your committee working with other area communities and/or their planning boards regarding the many issues that were discussed this evening? It would be great to get the state legislature to continue to work on ideas for increasing housing stock that is affordable, not only for those making $30K to $50K, but also those making $50K to $80K and perhaps looking for a starter home somewhere relatively near Boston.
Working on these issues at a local level, I don't see how you can do much more than incremental changes. We as Massachusetts residents need *all* municipalities in eastern Massachusetts to have these discussions.

Best of luck in your work going forward!

Elizabeth Handler
317 Great Plain Avenue

From:	Kevin Tierney
To:	Planning
Subject:	Housing Plan Working Group
Date:	Thursday, January 27, 2022 1:02:33 PM
Attachments:	Housing Study Questions.docx

Hello Working Group Folks,

I have been trying to catch up on understanding the many housing issues you are facing. My main conclusion from the LWV forum and my Zoom-eavesdropping on your meetings is that the Town is in excellent hands with your committee. Thank you all for your hard work and expertise.

I attach for your consideration some questions for your Plan. Please note as a novice to the field, I submit these questions without any advocacy or agenda. I am just hoping you can address these topics along with the host of others you will be working on.

I look forward to the Zoom Meeting this evening.

Be well,

Kevin

Kevin Tierney
Precinct H

Big Picture Housing Study Questions

Will the study be aimed specifically at affordable housing, using the technical definitions for affordability (an enormous task), or will it also look at the effects of the general expensiveness of both affordable and non-affordable housing in town (a ginormous task)?

There seems to be two general philosophies related to addressing affordable housing: on one extreme, there are some who advocate for building on a regional basis as many housing units as possible of all types and income targets to better balance the overall regional housing market; on the other extreme, some folks advocate for targeted regulations to encourage the development of affordable housing in each town. Where does the Town fall on the spectrum between these philosophies?

Can the Housing Study please identify how the Commonwealth's "Housing Choice Initiative" will apply to Needham, specifically?

https://www.mass.gov/orgs/housing-choice-initiative

Housing Policy Questions I am Hoping the Committee Can Address

1. Residential Property Tax Exemption:

Would the town consider making use of the allowed Residential Property Tax Exemption process as a means to lower housing costs for more modest houses?

https://www.mass.gov/doc/living-with-the-residential-exemption/download

2. Needham Center Residential Development:

In a recent meeting, your Housing Study Committee discussed the barrier of needed parking provision as a reason there has not been more development of residential units in the Town Center District. Would the town consider:

- Reducing the parking requirements per residential unit (1.5 spaces per multifamily unit, I believe) in transit oriented areas? This is commonly done in "TOD" districts as a means to support transit and pedestrian uses, and could help spur development.
- Reducing the parking requirements specifically for affordable units? I think the town currently allows 1.0 spaces for one bedroom affordable units, but this could be relaxed further to encourage affordable units.
- Studying (re-studying) the parking needs in Needham Center and around the other rail stations? The pandemic has dramatically changed the way people are commuting and using public transportation, so station parking has been significantly underutilized for the past two years. Post-virus, some of these altered behaviors will continue, and it may

be that parking demand will continue to stay below the pre-virus normal. Could the town re-purpose some of the parking to support residential development?

https://www.bostonglobe.com/2021/12/15/business/city-gives-final-ok-dropping-parking-requirements-affordable-housing/?p1=BGSearch_Overlay_Results

3. Single Family Zoning

I know the committee is interested in examining the current limits on ADUs. Should the town consider even more far-reaching zoning amendments? For instance, allowing duplexes by-right in the single family zones?

4. NHA Improvements

The City of Boston has been working with private developers and housing authorities to develop mixed-income housing projects that combine public housing units, affordable housing units, and market-rate housing units. Is this something that could work in Needham? For instance, if the Town were able to re-zone the Hartney-Greymont site and the triangular lot behind it and then connect those to the NHA property on Chambers Street, it would seem to me to be quite a desirable location for a combined shared-cost mixed-income development.

https://www.bostonhousing.org/en/News/Mayor-Janey-celebrates-grand-opening-of-new-mixed.aspx

From:	Margaret Pobywajlo
To:	Planning
Subject:	Housing Plan Working Group
Date:	Sunday, January 30, 2022 4:45:33 PM

Hello,

I'm sorry that I missed the meeting last week. It is likely that others brought up the same points that I would have, but since I don't know that for sure, here are my thoughts.

I am a senior citizen who moved to Needham in 2015 to be close to my family; financially, it was a terrible decision, but worth it to be close to my daughters and their families. I live at Charles Court East which, according to the assessments, if one of the least expensive places to live in Needham. I was fortunate to find a place that I could afford after selling my NH home.

Since I arrived, I have watched numerous homes be razed and replaced by large, very expensive homes. The trend appears to be that any property that lists for sale at less than one million dollars is bought by developers or realtors. The house that might have been affordable for a middle income family becomes UNREACHABLE.

I know that Needham as some subsidized housing which offers opportunities (although limited) to low income families and contributes to diversity; however, unless Needham increases housing for the middle income families, the city risks becoming a city of mostly 2 classes: the upper middle class/rich and the poor.

Needham as a community pays a lot of lip service to increasing diversity but I have seen little (if any?) efforts to make diversity a reality. I don't know what the city CAN afford to do, but it would seem that at least limiting the number of mega-houses that can be built or curtailing the activities of some very active builders would be a start. Could the city possibly identify funds to buy some of the older houses going on the market and sell them to qualified buyers in certain income brackets? I realize that puts the city in competition with developers, but would it be possible to establish a non-profit organization that promoted such a practice?

Obviously, I am thinking on paper without knowledge of what might be possible, but I wanted to register my discontent with the current situation.

Margaret Pobywajlo
1204 Greendale Ave, #116, Needham 02492