

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

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

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

8.2.1 Pursue 40R/40S Smart Growth Zoning

Timeframe: Years 1 to 2

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

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

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

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

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

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

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

The key components of 40R include:

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

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

A joint report from Citizens Housing and Planning Association (CHAPA) and the Metropolitan Area Planning Council (MAPC)⁴⁴ identified 27 cities and towns that had fully-approved 40R districts that collectively permitted the construction of almost 10,000 housing units if fully developed as of August 2009 (including 2,100 affordable units), just four and a half years after the program regulations were issued. Another 20 communities had begun the process of establishing a 40R district or were seriously considering the program. As of August 2009, 17 districts had given approval for 3,200 units and nine (9) had a combined total of 1,100 units under construction. The communities with approved districts were scattered throughout the state, from Pittsfield and Northampton in Western and Central Massachusetts, to Plymouth on the South Shore, and to Amesbury on the North Shore.⁴⁵ The 27 communities with approved districts were eligible to receive \$36.8 million in 40R payments if their districts were fully built, working out to about \$17,100 per projected affordable unit if only 20% of the units were affordable. As of August 2009, \$10.56 million had been paid out by the state. For example, the overlay district in Amesbury projects 249 total housing units of which 225 would receive 40R funding, including 50 affordable units, for a total of \$1,025,000. It is also worth noting, that contrary to common belief, most 40R districts were not “transit” or “concentrated development” locations as the majority of the districts were approved under the “highly suitable” standard for somewhat higher-density development.

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

⁴⁴ Ann Verrilli and Jennifer Raitt, “The Use of Chapter 40R in Massachusetts as a Tool for Smart Growth and Affordable Housing Production”, October 2009.

⁴⁵ Districts with approved projects as of August 2009 included Amesbury, Boston, Chelsea, Haverhill, Holyoke, Lakeville, Lawrence, Lowell, Lunenburg, Lynnfield, Natick, North Reading, Northampton, Norwood, Pittsfield, Plymouth, Sharon and Westfield.

Model: Reading 40R District

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

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

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

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

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

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

Timeframe: Years 3 to 5

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

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

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

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

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

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

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

- *Two-family dwellings*
 The owner-occupied two-family house that includes a rental unit is an exceptionally affordable form of housing as it provides the owners with a stream of rental income that is calculated as part of mortgage underwriting criteria (lenders generally consider about 75% of projected rental proceeds in mortgage calculations), making the home more affordable and also including much-needed, year-round rental units. Design guidelines can be developed to insure that these units resemble single-family homes and new zoning could allow these units as-of-right.
- *Bungalow or cottage housing in pocket neighborhoods*
 This type of housing has been popular in the West Coast of the country where there is an intense focus on smart growth development principles and how to accommodate increasing numbers of smaller households. The model involves the development of small cottages or bungalows that are clustered around a community green space. This housing type targets empty nesters, single professionals, and young couples. Such development provides opportunities for the ownership of small, detached dwellings within or on the fringe of existing neighborhoods, often enhancing affordability while simultaneously encouraging the creation of more useable open space for the residents through flexibility in density.



Jenney Way development, Edgartown, Martha's Vineyard

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



West Tisbury Co-housing, Martha's Vineyard

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

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

Model: Maple Woods in Wenham

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

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

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

- *Live-work space*

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

Model: Old Ann Page Way in Provincetown

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

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

- *Tiny homes*

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

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

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



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

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

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

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

8.2.3 Modify the Accessory Apartment Bylaw

Timeframe: Years 3 to 5

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

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

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

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

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

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

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

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

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

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

8.3 Housing Development Strategies

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

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

Timeframe: Years 1 to 2

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

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

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

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

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

Model: 30 Haven in Reading

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

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

Projected # Affordable Units Produced: 5 units

8.3.2 Make Suitable Public Property Available for Affordable Housing

Timeframe: Years 1 to 2

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

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