



Town of Boxborough
Affordable Housing Long-Range Plan
November 30, 2005

Boxborough Housing Board

— Boxborough Affordable Housing Vision —

To maintain and broaden its diversity and sense of community, Boxborough will make available a range of housing that is affordable to low and middle-income families of all generations. This housing will be in harmony with open space, conservation and recreation land.

1 Affordable Housing Long-Range Plan Overview

The Boxborough Housing Board (BHB) is charged with the production and management of affordable housing stock under the Housing Board Bylaw, adopted October 30, 2000. The Affordable Housing Long-Range Plan (AHLRP) serves as the planning guide for the production and occupation of affordable housing in through the Boxborough Housing Board. The AHLRP must be approved at Town Meeting, and establishes the long-range goals, objectives, guidelines and principles for affordable housing production. The Boxborough Master Plan, completed in January, 2002, further recommends adoption of inclusionary zoning measures to provide additional mechanisms for affordable housing production.

This AHLRP for the Town of Boxborough addresses the following:

- Adoption of the Boxborough Affordable Housing Study Committee Report dated October 30, 2000 and on file with the Town Clerk
- Affordable Housing Long-Range Plan goals
- Affordable Housing Implementation Objectives
- Affordable Senior Housing
- Boxborough Housing Lottery
- Conclusion and AHLRP evolution

The major objectives of the AHLRP are as follows:

- To enable and provide for the phased introduction of ten percent (10%) affordable housing units by 2022, encouraging a mix of both public and private land and public, private and charitable development arrangements.
- To disperse such units throughout the town in a manner such as to avoid unduly concentrating them in any one locale within the town.
- To use such development and financing means that will minimize the cost to the town, as expressed in the real estate tax rate.

1.1 Plan Revision Nov 30, 2005

The AHLRP is based on a rolling 5-year phased production schedule, against an approximately 20-year planning horizon. The Housing Board Bylaw requires that the plan be revised at least every 5 years. The BHB anticipates that specific aspects of implementation of the AHLRP may be modified from time to time according to production experience and will be reflected in future revisions of the AHLRP.

This revision of the April 12, 2001 AHLRP was adopted after more than four years of affordable housing production history, to reset the phased production timeline and make minor adjustments to the planned production rate. Under the revised AHLRP, the Housing Board will continue the implementation of affordable housing production on a slightly accelerated schedule that is consistent with DHCD-approved Planned Production threshold rates. The stated goal of the original April 2001 AHLRP was to produce 260 affordable housing units over 20 years, achieving 10% of a projected build-out of 2600 dwellings in the year 2020. The projected build out of 2600 units included both continued conventional subdivision and ANR developments plus the additional affordable units produced under the AHLRP. The original schedule amounted to an average of 13 units per year over 20 years.

On the other hand, the DHCD Planned Production threshold of 0.75% per year of the 1900 housing units counted in the year 2000 Census equates to 14 units per year. Over 15 years this would produce 210 affordable housing units, achieving 10% of the 2000 census baseline plus affordable units. Although conventional subdivision and ANR developments are not accounted for in the DHCD Planned Production targets, the Housing Board expects that the Planned Production baseline will be revised upward at the 2010 Decennial Census. The Boxborough AHLRP has allowed for growth in both the affordable housing stock as well as market housing units, and accordingly set a higher production target of 260 units against build-out projections. Consequently, the adjustment to the Boxborough AHLRP scheduled production rate is minor – an average increase of one unit per year over 20 years as summarized in Sections 3.2 and 4.6.

This revised plan recognizes the 23 units of DHCD-certified affordable housing that have been produced through 2005, and schedules the production of 237 additional units from 2006 to 2022 to achieve a total of 260 units, in accordance with the 2001 AHLRP goals.

Since adoption of the 2001 AHLRP, the Housing Board has received significant funds through Town Meeting appropriations, external matching grants, and other sources. A slight increase in the planned production rate is consistent with the additional financial resources now available to the Housing Board.

2 Adoption of the Boxborough Affordable Housing Study Committee Report dated October 30, 2000

The April 12, 2001 AHLRP adopted the Boxborough Affordable Housing Study Committee (AHSC) Report dated October 30, 2000 ("Report"), and refined and clarified the recommendations contained within the Report. The Report and the April 12, 2001 AHLRP are available at Town Hall and The Sargent Memorial Library and are incorporated herein by reference. The BHB has reviewed the Report and the April 12, 2001 AHLRP and continues to believe that both documents provide a sound approach to affordable housing by recommending a balance between conversion of existing housing units and Open Space Affordable Housing (OSAH). The Report also provides a thoughtful analysis of current housing in the Town, the Town's affordable housing needs, a Town affordable housing lottery, influence of affordable housing on Town build-out, possible funding sources and zoning tools and enablers to encourage affordable housing development. The BHB recognizes the valuable work completed by the AHSC and reaffirms in this revised AHLRP the vision statement developed by the AHSC, namely:

To maintain and broaden its diversity and sense of community, Boxborough will make available a range of housing that is affordable to low and middle-income families of all generations. This housing will be in harmony with open space, conservation and recreation land.

The Report provides a sound basis from which the BHB and the Town can develop the long-range goals, objectives, guidelines and principles, which are provided in this AHLRP.

3 Affordable Housing Long-Range Plan Goal

3.1 Affordable Housing Goal

The Report identifies a need for affordable housing in the Town to meet a variety of housing needs. The affordable housing needs of the Town of Boxborough are summarized in the Report, and will be further studied and evaluated by the BHB to ensure that the implementation of the AHLRP goal is properly aligned with the needs of the Town. In addition, MGL Ch 40B sets an affordable housing goal for all cities and towns in the Commonwealth of Massachusetts of ten percent (10%) of all available housing in the city or town. In response to the needs for affordable housing in the Town and consistent with MGL Ch 40B, the AHLRP goal for the Town of Boxborough is to have, by the end of year 2022, a quantity of MGL Ch 40B-compliant affordable housing in Town equal to 10% of all available housing stock ("Affordable Housing Goal"). This Affordable Housing Goal shall be achieved primarily through a balanced production of affordable housing consisting of:

- The conversion of existing housing units
- The development of OSAH
- Private Chapter 40B development

In addition, the BHB will pursue activities with charitable and non-profit groups to develop units of affordable housing consistent with the AHLRP.

The BHB will assess the potential need and desirability of affordable housing for a broader range of incomes than prescribed by the minimum requirements of MGL Ch 40B. This will be investigated through such means as are available to it, including public hearings and surveys, in order to define any additional housing production goals and policies that may be suitable to the Town.

3.2 Affordable Housing Production Goal

This section of the report establishes the AHLRP production schedule based on the overall Affordable Housing Goal and an estimated total of 2600 housing units at build-out in the year 2022. This estimate of total housing stock represents a growth of 700 units above the baseline number of housing units of approximately 1,900 (as of the date of the Report and according to the 2000 US Census) during an approximately 20 year production period. This estimate is taken from the Report and represents the build-out scenarios assuming 0% to 50% of OSAH development on municipal lands owned by the Town of Boxborough as of the date of the Report, with no change in Town zoning bylaws to allow for increased housing density. This growth estimate and its underlying assumptions are detailed in the Report. In summary, it is based on maximum development of the 439 available subdivision building lots, the 108 available building lots in the Agricultural and Residential District, and the 109 existing building lots available. In order to achieve the Affordable Housing Goal of 10% of all available housing units being classified as affordable, the Town of Boxborough would need to have approximately 260 such housing units by 2022.

4 Affordable Housing Implementation Objectives

4.1 Goal Implementation

The Affordable Housing Goal shall be implemented in four roughly equal 5-year production phases. Each of the four phases has an implementation objective, culminating in a total of 260 affordable housing units, as depicted in the following table.

Phase	Actual	1	2	3	4	Total
Schedule	2001 to 2005	2006 to 2010	2011 to 2015	2016 to 2020	2021 to 2022	2001 to 2022
Number of years	5	5	5	5	2	22
Affordable Housing Units	23	70	70	70	27	260

The purpose of this breakdown is twofold. First, it will focus the BHB and the Town on smaller, more tactical objectives in carrying out its AHLRP goal. Second, it recognizes that market fluctuations, project development time, large project opportunities and other factors can have a substantive impact on the production of affordable housing in the Town. By establishing four 5 year phases, the BHB can focus its energies on 5 year production goals, rather than being forced to drive implementation of affordable housing aimed at meeting an annual production goal. Some projects may be substantive, offering a great number of units to be developed over a short period of time, while other projects may require a great length of time but result in a smaller number of units. By breaking the overall production goal into manageable 5 year periods, the BHB and the Town will have more flexibility in the timing of implementation.

4.2 Conversion of Existing Housing Units

4.2.1 Conversion Objective

This AHLRP establishes the objective that 61% of all affordable housing unit production in Town shall come from the conversion of existing market housing units to affordable housing units, consistent with the recommendations in the Report.

4.2.2 Conversion Vision

The emphasis of conversion production will be on existing 1 and 2 bedroom condominium units in Town. A concerted effort will be made to convert those available units that have a market value at or below the

maximum price for affordable housing units as of the date of the conversion of the units. The plan also envisions the potential conversion of 3 bedroom condominium units and single-family homes, with an emphasis on such units with a market rate as close as possible to the legal maximum price for those units classified as affordable housing units.

4.3 Development of Open Space Affordable Housing

4.3.1 Open Space Affordable Housing Objective

This AHLRP establishes the objective that 17% of all affordable housing unit production in Town shall come from the development of Open Space Affordable Housing (OSAH).

4.3.2 OSAH Vision

OSAH is any form of new unit affordable housing production that is constructed on Town owned land, Town acquired land, or land that is made available to the Town in collaboration with a private developer, that contemplates a housing density that is more favorable to the Town than the density that could be reasonably expected with a private comprehensive permit development. OSAH places significant value on the retention of open space within an OSAH development, with construction most likely occurring in clusters on the property. OSAH developments will benefit the Town by providing a higher ratio of affordable housing to market housing than a typical comprehensive permit development. The ratio in a traditional comprehensive permit project is 1 affordable housing unit to 3 market rate housing units, that is, 1:3. The actual ratio with respect to any particular OSAH project would vary depending upon the circumstances of the project, but could feasibly be 1:1 or greater.

4.3.3 OSAH Implementation

This AHLRP envisions that OSAH will primarily be developed in collaboration with private developers. Private developers bring experience in land development for residential housing purposes, project economics, housing sales and construction to the Town. By collaborating with private developers, the Town is in a position to limit the risk associated with the implementation of OSAH, helping to ensure a successful OSAH implementation and attainment of the AHLRP goal. Costs could also be reduced by entering into arrangements with the developer whereby the Town could sell a portion of the building lots within a suitable OSAH development parcel to the developer, depending on the density and affordable housing to market unit housing ratio goals of the Town for the particular parcel. OSAH will be implemented in a manner that will balance the desire for open space, high affordable housing unit to market unit ratio and costs to the Town.

4.3.4 Example OSAH Implementation

This section provides a high-level example of an OSAH development project envisioned by this AHLRP. It is envisioned that the Town might utilize a large Town owned or acquired parcel and subdivide that parcel into reasonably sized lots (e.g. 10,000 square feet per lot), reserving a portion of the parcel for open space. The Town could then sell a portion of the lots (e.g. 50% of all available lots) to the developer for the construction of market unit housing, and hire the developer to construct affordable housing units on the remaining lots identified for development within the parcel owned by the Town. The Town could then sell those units to qualified buyers as deed restricted affordable housing units. The affordable housing lots could be leased to the buyer of the units to ensure the Town maintains the ownership of the property. The Town would use the revenue from the sale of the market rate building lots to the developer, along with the revenue from the sale of the affordable housing units to offset the cost of the development. Each project would need to be evaluated on the merits of the project with respect to the affordable housing benefit to the Town, the respect of open space, the use of the Town owned or acquired land and the net costs to the Town.

4.4 Private Development

4.4.1 Private Development Objective

This AHLRP establishes the goal that 23% of all affordable housing unit production in Town shall come from the development of affordable housing units initiated by private developers.

4.4.2 Private Development Vision

This AHLRP expects that some private affordable housing production will occur through comprehensive permit development undertaken by private developers pursuant to MGL Ch 40B. The plan also anticipates the possible adoption of zoning bylaws in order to provide economic incentives to private developers to pursue the construction of affordable housing as an attractive alternative to comprehensive permit. The BHB intends to work with the Planning Board and other Town boards to offer such incentives to private developers through bylaw changes. Incentives could be established to encourage affordable housing development by private developers without active Town assistance in the actual project implementation. The objective of this AHLRP is to have private development without the use of the comprehensive permit account for 75% of the private development of affordable housing.

Comprehensive permit development is a part of this AHLRP as a practical reality. The Boxborough Meadows development will add 12 units to Boxborough's affordable housing stock during the next 3 years. The objective of the AHLRP is to encourage private development in a manner more appropriate for the Town of Boxborough and consistent with its rural character. As such, the AHLRP places strong importance on and sets as a priority to develop incentives to encourage the private development of affordable housing.

4.5 Public and Private Non-Profit Initiatives

As recommended in the Report, the Town should pursue projects with public and private non-profit and other groups (i.e. Habitat for Humanity) to develop plans for the production of affordable housing. Although this would not be a substantial aspect to affordable housing in Boxborough and is not specifically identified in the Affordable Housing Implementation Summary identified in Section 4.6 below, it is a feasible way to construct affordable housing units and should be pursued.

4.6 Affordable Housing Implementation Summary

The following chart shows the quantity of affordable housing units to be produced in each phase of the implementation of the Affordable Housing Goal.

Affordable Housing Type	% of Affordable Housing	Total Affordable Housing Units	Actual Units 2001 - 2005	Phase 1 Units 2006 - 2010	Phase 2 Units 2011 - 2015	Phase 3 Units 2016 - 2020	Phase 4 Units 2021 - 2022
Years			5	5	5	5	2
Conversion Units	61%	158	5	46	46	46	15
OSAH Units	17%	43	0	10	12	14	7
Comp Permit	23%	59	18	14	12	10	5
Totals	100%	260	23	70	70	70	27

The affordable housing implementation objectives specified in this AHLRP are objectives for affordable housing production in the Town of Boxborough. These objectives should serve the basis of guiding the BHB in carrying out its responsibilities with respect to the implementation and management of affordable housing in the Town. As the Town moves forward with the implementation of affordable housing, the actual quantity of units produced in any particular phase of the implementation plan can be adjusted to reflect project and economic realities, incorporation of other production methods (i.e. public and private non-profit initiatives), as well as other Town matters that could require modification of the implementation objectives.

5 Financial Summary

As of April 2001, the Report estimated current net per unit development costs for unit conversion and OSAH development as follows:

- Unit Conversion - \$25,000
- OSAH Unit - \$95,000

Based on the net unit cost estimates provided in the Report, the affordable housing implementation objectives established in this AHLRP would have a gross cost to the Town of approximately \$8.8M. This gross cost estimate does not factor in any land acquisition costs required for OSAH development. In addition, this estimate does not account for any discounted cash flow benefit (costs would be incurred over a period of 20 years) or the increase in housing costs. The net cost to the Town could be substantially reduced through grants and monies received from public funding sources. As identified in the Report, there are a number of programs and funding sources potentially available to the Town to support the implementation of affordable housing. In addition, the estimated OSAH unit cost does not contemplate the sale of any housing lots available within a particular OSAH development parcel. This AHLRP contemplates the possible sale of market rate building lots within the parcel, an activity that could further reduce the overall cost burden to the Town substantially. The BHB will actively pursue all meaningful funding sources and implementation strategies in an effort to reduce the net cost to the Town as much as possible.

A major objective of this AHLRP is to ensure that affordable housing is implemented in a manner so as to minimize the financial impact to the Town. The AHLRP envisions a balance between an implementation plan attractive to the Town and one that is affordable and cost effective. The BHB will review and study the above estimates further, and pursue production methods that lower the financial impact to the Town. For example, given market conditions as of the date of this AHLRP, the BHB estimates that net costs to the Town for condominium unit conversion after unit purchase and resale could range between \$15,000 and \$40,000. Experience to date with the Condo Exchange Program has shown actual net costs to be \$25,000-\$30,000 per unit in terms of 2005 dollars, with limited availability at the lower end of the price range due to local housing market conditions.

Also, Section 4.3.4 of this AHLRP provides a good example of a production method of how costs to the Town can be reduced by selling half of the available unit lots within an identified OSAH development to a developer for the construction of market rate housing. Working in a partnership such as this could provide an additional source of funding of OSAH to the Town that is not applied to the net OSAH unit cost of \$95,000.

The BHB will pursue creative approaches to ensure a balance between an affordable housing production plan suitable to the desire of current residents, Boxborough's rural character and minimal financial impact.

6 Affordable Senior Housing

The BHB intends to explore the needs of senior citizens in the Town with respect to affordable housing. The need for such housing would be explored with the Council on Aging, other Town boards as well as the community in general. The AHLRP contemplates that a portion of the overall Affordable Housing Goal could include affordable housing for senior citizens based on the identified need and the desires of the Town.

7 Affordable Housing Lottery

Affordable housing units produced in the Town of Boxborough will be offered to income qualified buyers through a fair affordable housing lottery. The lottery will be in accordance with MGL Ch 40B and all other applicable laws and regulations. The BHB will develop and institute a local preference pool that will apply to the Town's affordable housing lottery. A public hearing will be held on the subject of the proposed local preference pool criteria.

8 Conclusion and AHLRP Evolution

The AHLRP is the planning guide for the Town with respect to the encouragement and production of affordable housing in the Town of Boxborough. The long-range goals, objectives, guidelines and principles for affordable housing established in this AHLRP will guide the BHB and Town in the implementation of housing that is affordable to low and moderate income households, subject to Massachusetts Ch 40B, and such policies that may be adopted by the Housing Board subject to public hearing.

The AHLRP will be further modified based on specific projects that are studied and proposed by the BHB to Town Meeting for adoption. Experiences from project implementation can also be incorporated into this AHLRP to ensure that the plan is an accurate reflection of the affordable housing initiative within the Town of Boxborough.

9 Revision History

9.1 April 12, 2001

Original plan, approved at May 2001 ATM. Based on recommendations of Affordable Housing Study Committee report ("Report").

9.2 Nov 30, 2005

Minor adjustments to scheduled production rate to be consistent with DHCD Planned Production thresholds. First five years production history recognized, production schedule extended two years, total production targets preserved. Explanatory language added.