



Starter Homes: How to Welcome New Homeowners

*Massachusetts Municipal Association Annual Conference
January 18, 2019*



Overview

- 1. Chris Kluchman, FAICP, Housing Choice Program Director at Department of Housing and Community Development (DHCD)**
- 2. Melissa Robbins, Esquire, Deschenes & Farrell, P.C.**
- 3. Dan Gainsboro, NOW Communities, developer of cottage home communities**
- 4. William Reyelt, Principal Planner, Smart Growth Program at Department of Housing and Community Development (DHCD)**

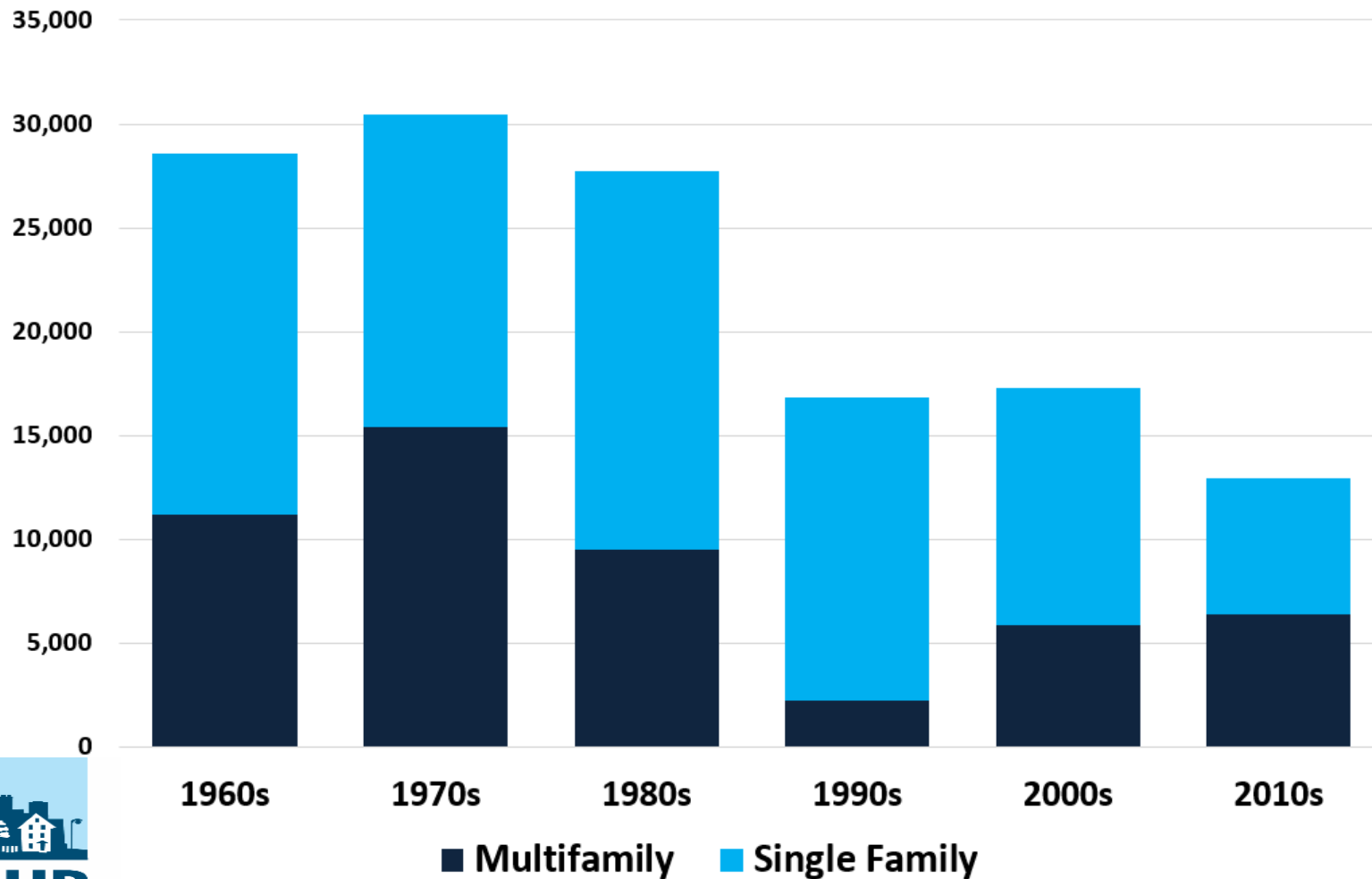


Does the state have the housing stock needed to accommodate changing needs?

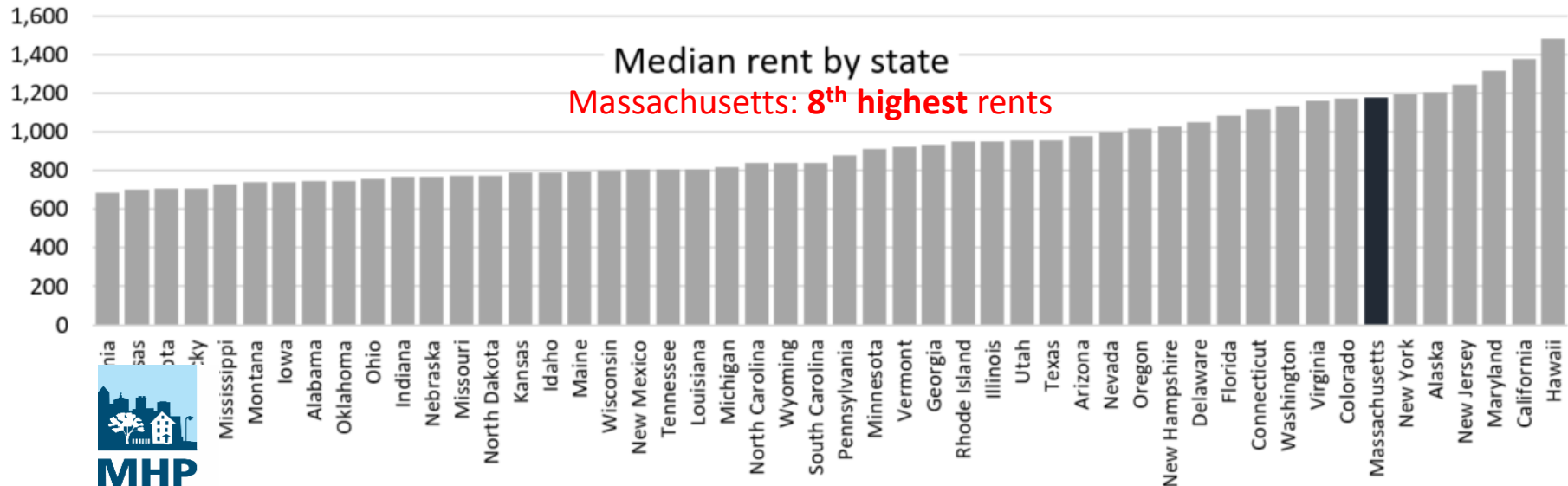
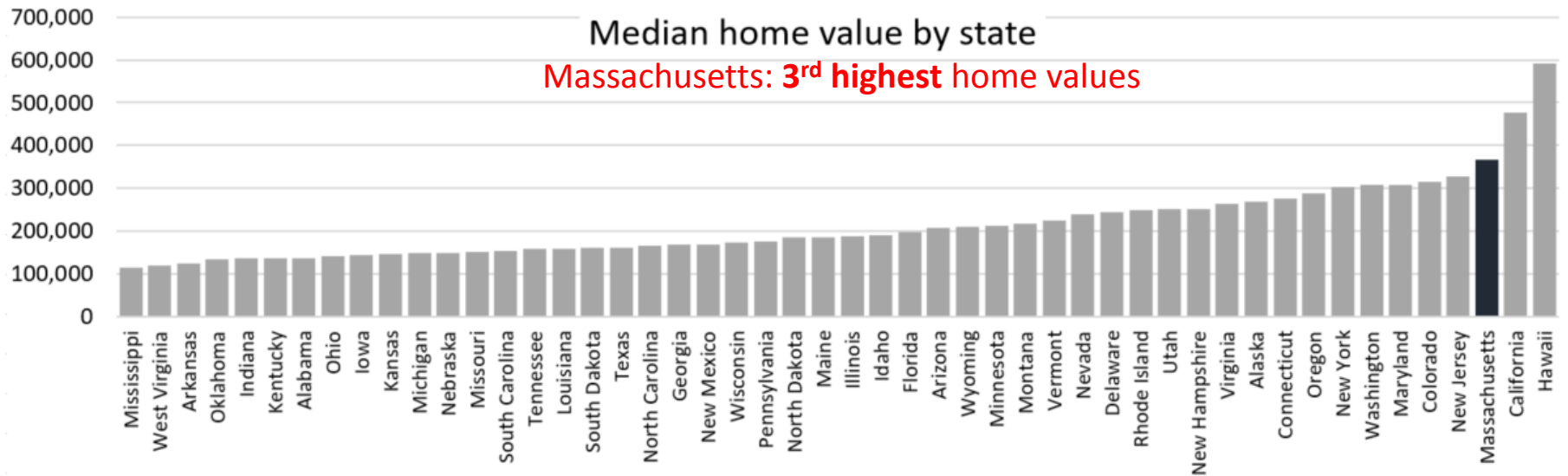


State producing fewer units

Annual Housing Production in Massachusetts by Decade
(through 2016)



Massachusetts' housing costs are among the highest in the nation

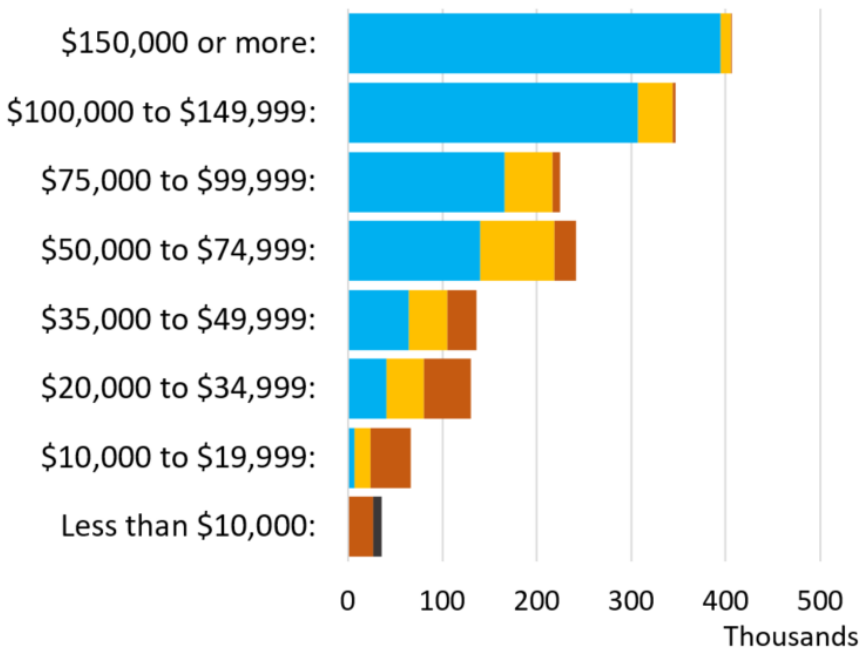


Many households are struggling with affordability

182,801

Severely burdened owner households

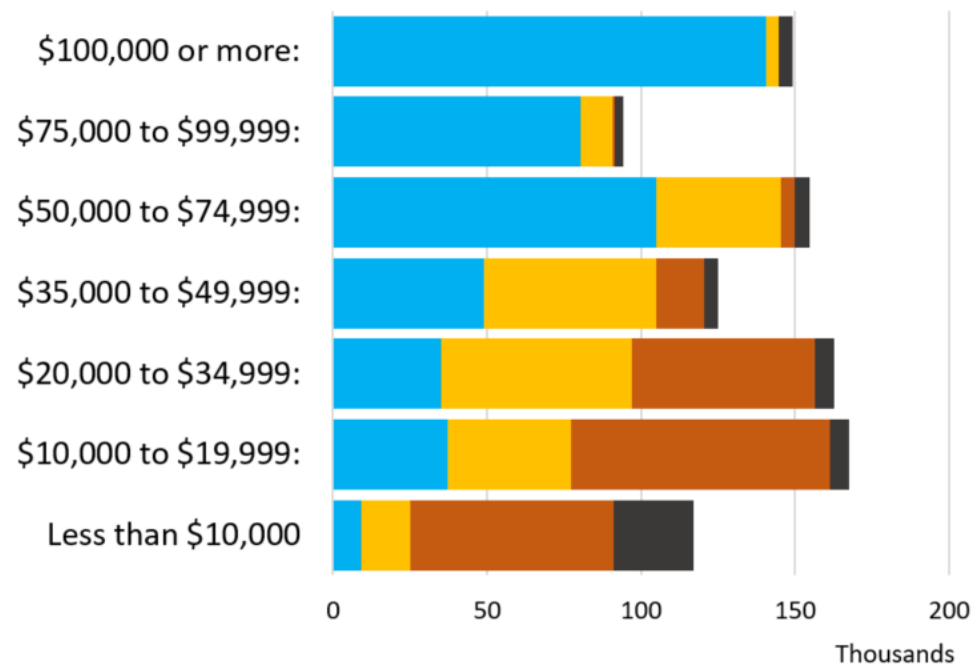
Households by ownership cost burden



230,585

Severely burdened renter households

Households by rent burden



Summary: Housing Choice Initiative

The Housing Choice Initiative has several elements that create a powerful suite of options for local governments to promote additional housing

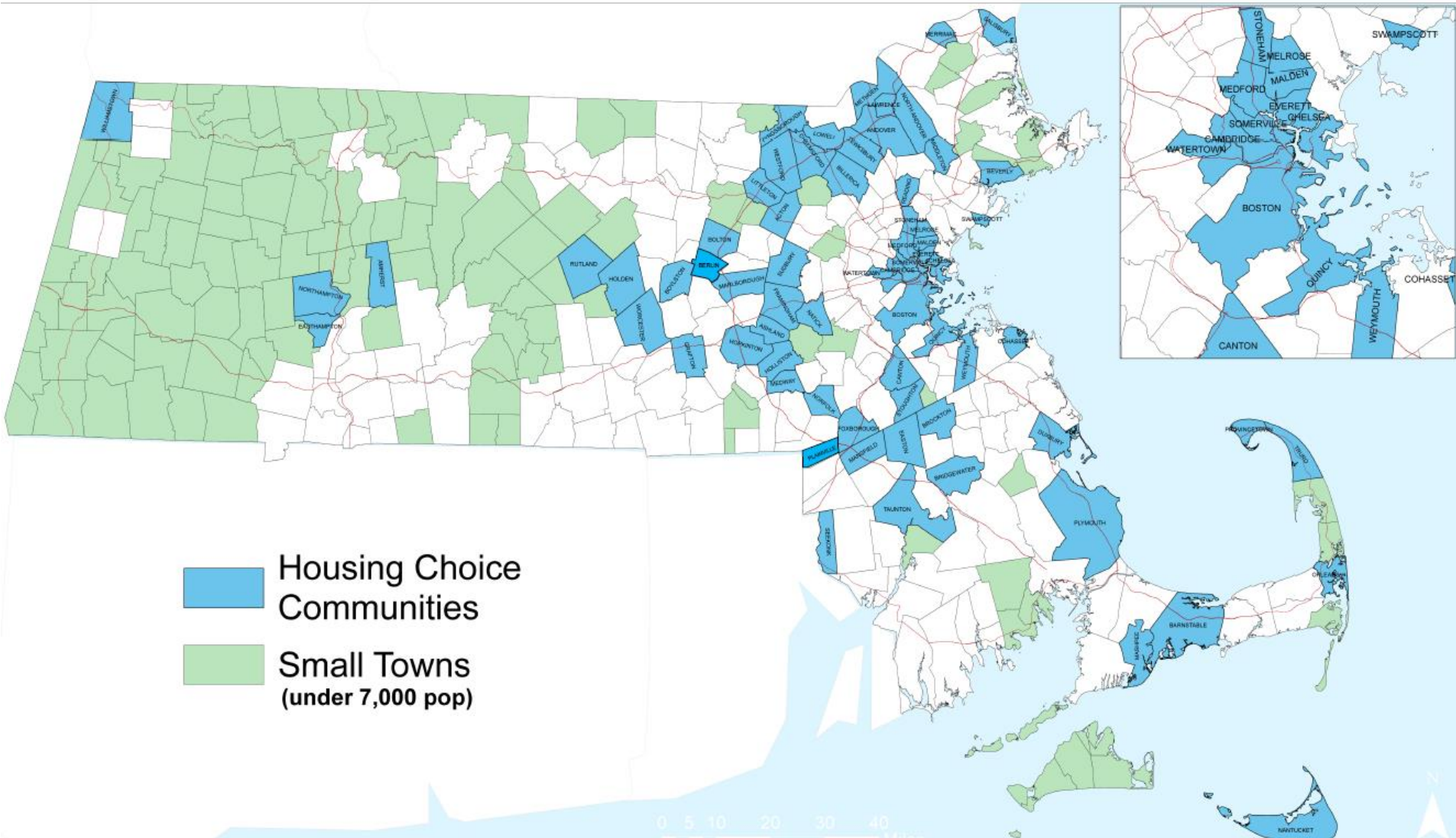
- 1. Housing Goal: 135,000 new units by 2025**
- 2. Housing Choice Designation**
 - a. Capital Grant Program,
 - b. Small Town Capital Grants (less than 7,000 population)
 - c. Consideration for 9 state capital grant programs
- 3. New and Better Coordinated Grants & Technical Assistance**
- 4. Legislation – An Act to Promote housing Choices**



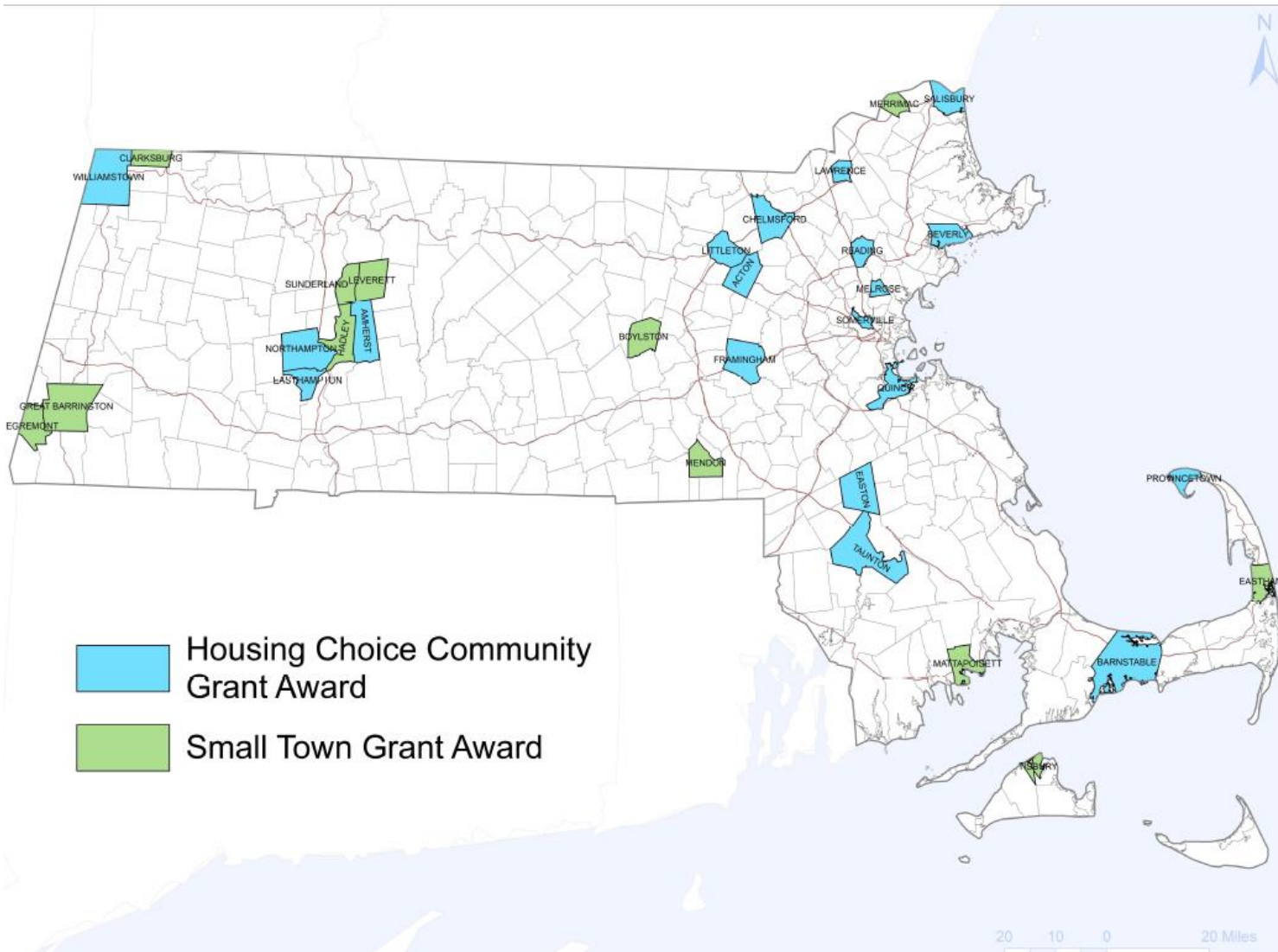
69 Housing Choice Communities in 2018 !



Housing Choice Communities and Small Towns



FY 2019 Housing Choice Grant Recipients



Housing Choice Community Grant Awards

Acton	\$	165,000
Amherst	\$	190,000
Barnstable	\$	250,000
Beverly	\$	150,000
Chelmsford	\$	225,000
Easthampton	\$	225,000
Easton	\$	225,000
Framingham	\$	250,000
Lawrence	\$	206,500
Littleton	\$	250,000
Melrose	\$	168,000
Northampton	\$	225,300
Provincetown	\$	250,000
Quincy	\$	250,000
Reading	\$	50,000
Salisbury	\$	225,000
Somerville	\$	200,000
Taunton	\$	245,200
Williamstown	\$	250,000

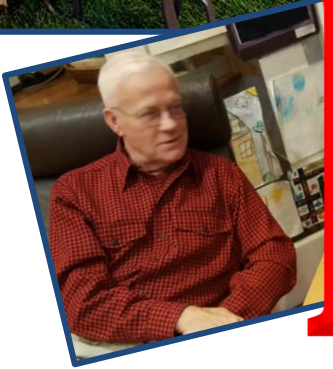
Total \$ **4,000,000**

Small Town Grant Awards

Boylston	\$	83,500
Clarksburg	\$	21,500
Eastham	\$	100,000
Egremont	\$	100,000
Great Barrington	\$	100,000
Hadley	\$	95,000
Leverett	\$	100,000
Mattapoisett	\$	88,426
Mendon	\$	26,500
Merrimac	\$	100,000
Sunderland	\$	71,438
Tisbury	\$	98,500

Total \$ **984,864**

Does the state have the housing stock needed to accommodate changing needs?



NO



Starter Homes

Melissa Robbins, Esquire

Permitting Starter Homes in Massachusetts



Permitting Starter Homes in Massachusetts



A shortage of starter homes is keeping the median price of a single-family home in Massachusetts above \$400,000.00



Despite a lot of conversation surrounding important topics like student loan debt and stable income for Millennials, it seems issues with the housing market are the biggest headache for first-time home buyers in Massachusetts" (President Rita Coffey, Massachusetts Association of Relators)



"They can't get a foot in the door without a solid inventory of affordable starter homes."

Problems with Creation of Starter Homes through Local Permit Regulations



Cost of Land is too Expensive



Permitting Takes too Long



Towns do not successfully use
MGL Chapter 40B or 40R

Permitting Issues for Starter Homes

Many Towns and Cities in Massachusetts have bylaws that require new homes have one or two acre lots for new construction.

Many Towns have zoning regulations that allow for denser zoning, this is done through Special Permits.

Many times Towns and Cities require so many conditions in the Special Permits that it chokes the development.

Recently permitted a development that had 28 units that took almost 20 hearings.

The conditions of the permit require any small change, including minor unit changes or landscaping to go before the Board requiring another costly hearing.

Some Towns and Cities Struggle to Successfully use MGL Chapter 40B and 40R



Many Eastern Massachusetts Towns do not allow for enough density in the 40B Developments, therefore there is significant disparity in costs between Market Rate Units and Affordable Units. All of the Units that are created as Market Rate units are priced well above starter home prices.

40R process is generally driven by a Developer who wants to do a project in a certain area. Towns must then go to Town Meeting and get the overlay approved by 2/3 votes of Town Meeting.



Because of the 2/3rd vote requirement many of these articles are pulled before Town Meeting or fail at Town Meeting because the required number of votes is too high.

Many Towns & Cities have Bylaws that do not give the flexibility to Build Starter Homes



Many Towns and Cities have “Flexible Development” bylaws or “Open Space” bylaws that do not allow for enough flexibility or density to create starter homes.

Flexible Development, Planned Residential Development, and Open Space bylaws are an alternative form of land development that involve the division of a parcel into residential building lots, using flexible zoning dimensions. These alternative subdivisions, as opposed to a conventional subdivision, allow greater flexibility in design within overall density limits and ultimately allow for more units.

Often bylaws create large homes on smaller lots with more open space, but not starter homes. Many of these bylaws have been in place for 15 or 20 years and could use amendments to allow for starter homes in many Communities.

Town of West Newbury



Zoning Laws

Allows for a density bonus of up to 50% of the allowed density.

Requires size restricted units for starter homes:

b. Detached Single Family Cottage Units: For every detached single family dwelling unit that has less than 1,500 SF in finished gross floor area with up to three-bedrooms, one (1) dwelling unit may be added as a density bonus; provided, however, that this density bonus shall not exceed twenty percent (20%) of the Basic Maximum Number.

Also requires affordable units to be counted on the Subsidized Housing Inventory that are separate from the smaller starter homes.

This type of bylaw is great for communities that have large tracts of developable land area.

Cottages at River Hill, West Newbury



What was Created at Cottages of River Hill using the Open Space Bylaw



Affordable Units priced at approximately \$180,000 which can be counted on the Town of West Newbury's Subsidized Housing Inventory.



Starter homes were conditioned to be priced at \$380,000. The units do not have a deed restriction as to price, but are forever restricted as to size, which in turn should keep its reduced price.



Market Rate units.

Town of Chelmsford ARTICLE XXI – COMMUNITY ENHANCEMENT & INVESTMENT OVERLAY DISTRICTS (CEIOD)



ELIGIBLE PROPERTIES FOR CEIOD PROJECTS - CEIOD PROJECTS MAY BE PERMITTED UNDER THE FOLLOWING CIRCUMSTANCES: 1. ON A PROPERTY WHERE A CEIOD PROJECT WILL ALTER OR CHANGE A PRE-EXISTING, NON-CONFORMING USE, STRUCTURE OR PARKING LOT. 2. ON A SITE OR BUILDING DETERMINED BY THE PLANNING BOARD TO BE VACANT.

THIS GIVES THE PLANNING BOARD AND THE DEVELOPERS FLEXIBILITY TO DESIGN RESIDENTIAL DEVELOPMENT AND COMMERCIAL DEVELOPMENT IN THE OVERLAY. IN THE LAST 12 MONTHS AMAZING DEVELOPMENTS HAVE BEEN PROPOSED AND MANY HAVE BEGUN CONSTRUCTION.

THIS OVERLAY CREATES AN “WORK, PLAY, LIVE” DEVELOPMENT STYLE.

THIS MODEL COULD BE USED FOR REDEVELOPMENT OR INFILL DEVELOPMENT IN COMMUNITIES THAT MAY CONSIDERED THEMSELVES “BUILT OUT”.

CEIOD – Inclusionary Zoning



In addition to creating affordable housing, Chelmsford also allows an alternative to make a Payment of Lieu of constructing the affordable units.

This money is used specifically for building affordable housing units in the Town of Chelmsford.

Price of not constructing an affordable unit is as follows

<u>Rental</u>		<u>Ownership</u>	
1 bedroom	\$50,000	1 bedroom	\$100,000
2+ bedroom	\$70,000	2+ bedroom	\$125,000

The Planning board can also reduce this fee on a Project by Project basis.

197 Billerica Road

\$5-7m. Investment
4600 SQ. FT. - 200 seat restaurant
8250 SQ. FT. of retail
2018 Fall commencement



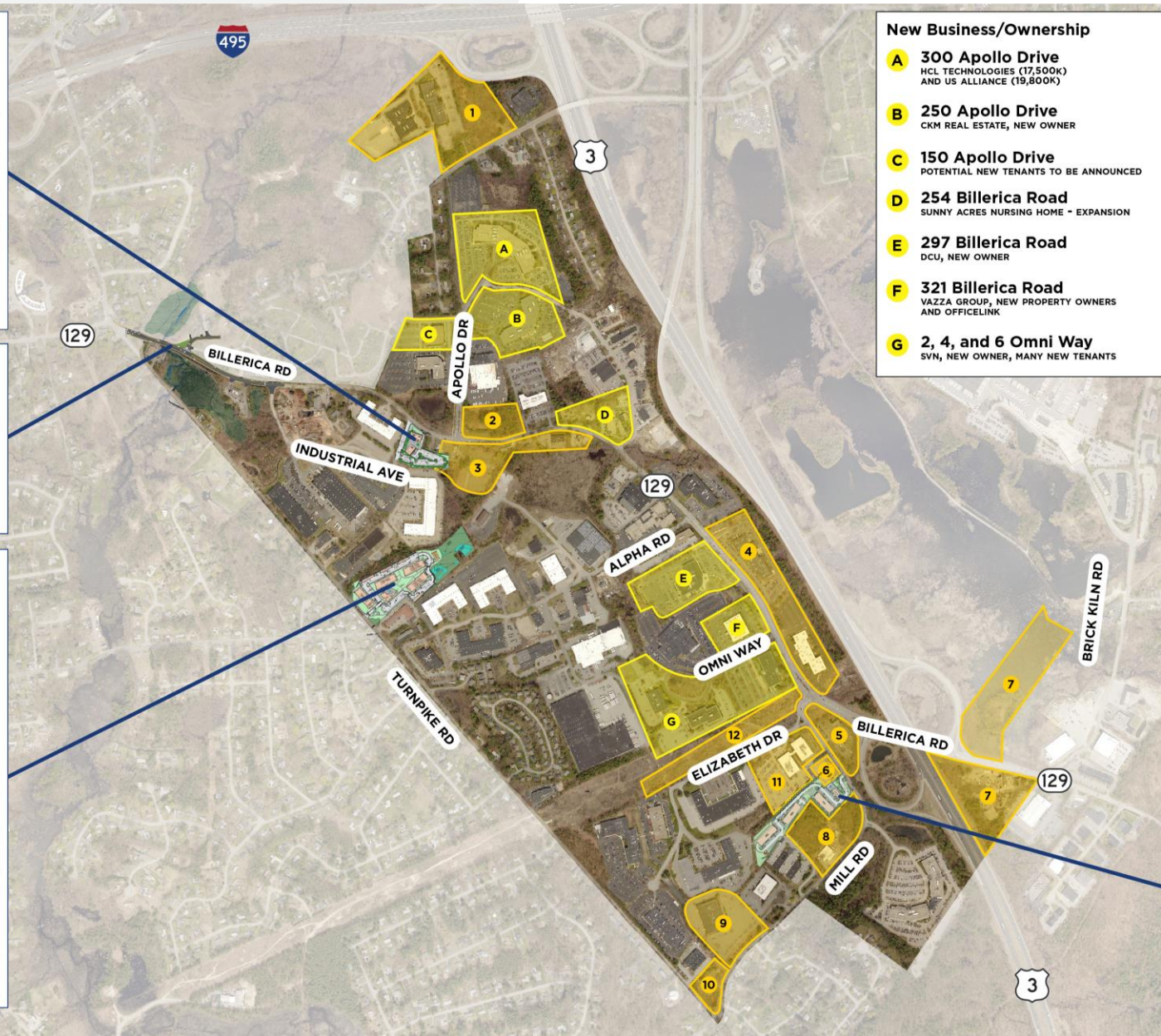
Billerica Road at Riverneck Road extending to Industrial Avenue Transportation Improvement Project

Sidewalks on both sides of Billerica Road and shoulders will allow for bicycle travel. Dedicated left turn lane for Riverneck Road from Billerica Road. It will also provide better guidance for vehicles turning from Riverneck Road. Existing bridge over Brook will be replaced with a new widened bridge to match the width of the roadway with bike lanes and sidewalks.

\$4.6m value | Bid in September 2019

The Kinloch | 104 Turnpike Road

168 rental units
\$30-35m. Investment
Furnished corporate units
• Pool
• Walking trail
• Clubhouse with a gathering room, co-work space(s), a full gym, parcel delivery room
• Dog washing station
• Outdoor fireplace with TVs
• Outdoor grilling stations
Project completion 14-16 months



New Business/Ownership

- A** 300 Apollo Drive
HCL TECHNOLOGIES (17,500K)
AND US ALLIANCE (19,800K)
- B** 250 Apollo Drive
CKM REAL ESTATE, NEW OWNER
- C** 150 Apollo Drive
POTENTIAL NEW TENANTS TO BE ANNOUNCED
- D** 254 Billerica Road
SUNNY ACRES NURSING HOME - EXPANSION
- E** 297 Billerica Road
DCU, NEW OWNER
- F** 321 Billerica Road
VAZZA GROUP, NEW PROPERTY OWNERS
AND OFFICELINK
- G** 2, 4, and 6 Omni Way
SVN, NEW OWNER, MANY NEW TENANTS

Areas of Opportunity

- 1** 199-201 Riverneck Road
OWNED BY BRADY SULLIVAN
200K SQ. FT. AVAILABLE
- 2** 200 Apollo Drive
POTENTIAL OF UP TO 3 ACRES
BEING SUBDIVIDED FOR DEVELOPMENT
- 3** 4 Existing Single Family Dwellings
POTENTIAL OF UP TO 9 ACRES
AVAILABLE FOR DEVELOPMENT
- 4** 300 & 330 Billerica Road
OWNED BY RMR GROUP
200K SQ. FT. AVAILABLE
- 5** 285 Mill Road
OWNED BY ROBIE GROUP
32K SQ. FT. POTENTIALLY AVAILABLE
- 6** 278-282 Mill Road
1 ACRE VACANT
FOR SALE
- 7** Walters Street
OWNED BY LANDRY BROTHERS
12.5 ACRES - POTENTIAL DEVELOPMENT
- 8** 262 Mill Road
OWNED BY FUCHS
6.5 ACRES - POTENTIAL DEVELOPMENT
- 9** 220 Mill Road
OWNED BY CAMPANELLI
113K SQ. FT. AVAILABLE ON 9 ACRES
- 10** 200 Turnpike Road
POTENTIAL FOR UP TO 2 ACRES
BEING SUBDIVIDED FOR DEVELOPMENT
- 11** 2 Elizabeth Drive
100K SQ. FT. POTENTIALLY AVAILABLE ON 7 ACRES
- 12** New England Power ROW
POTENTIAL LOCATION FOR TRANSPORTATION CENTER/
PARK N RIDE

Mill & 3 Apartments | 276 Mill Road

108 rental units
\$27m. Investment
Central corridor / elevators / covered parking
Pool / clubhouse
Buildings One, Two, and Three are all open.



Starter Homes

Dan Gainsboro, NOW Communities

Developer of starter home communities



NOW Communities

Smart, sustainable living.



What we do

Create Pocket Neighborhoods for people that value community and a small carbon footprint

- An important housing need
- Walkable/ transit oriented sites
- Application of “Not-so-big” living
- A strong sense of place & community
- Quality homes: less energy & maintenance

Why No

- Traffic
- Density
- Affordability
- Housing options
- Impact on schools
- Change historic & rural character

How we get to Yes

- Align proposal with Town zoning bylaw
- Identify housing option need in LR Plan
- Ensure there is demand in HPP Plan
- Meet with municipality early & often
- Meet with neighbors early & often
- Align demographics: age, family size, \$'s

Housing Production Plan

Chapter 1: Comprehensive Housing Needs Assessment

Key Findings

- Concord's population is growing modestly – the town is projected to add 686 residents by 2030, an increase of 4% from 2010. By comparison, the population in Massachusetts as a whole is expected to grow by 10% in the period between 2010 and 2030.
- By 2030, the over-65 population is estimated to reach 6,181 residents, an increase of 74% from 3,546 in 2010.
- Households headed by a person over 60 years old will comprise well over half (59%) of total households by 2030.
- Though 69% of current households are families, Concord has the highest rate of non-family households in the regional area. Concord also has the smallest household size in the region.
- Concord is one of the wealthiest towns in the Commonwealth with a median household income of \$134,705. However, median income for non-family households in Concord is significantly lower at \$66,944, and the incomes of older residents are generally much lower than the incomes of younger residents.

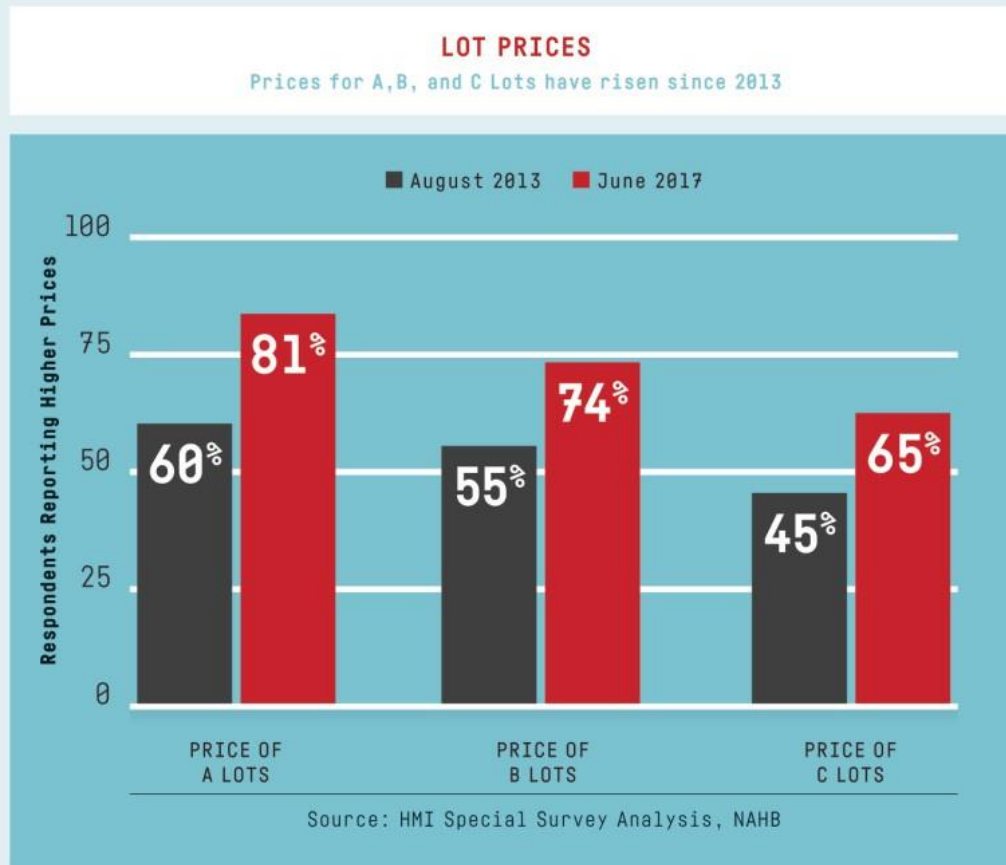
Cost Factors

1. Land
2. Approvals
3. Site development
4. HP Building envelope

1. Land

- Scarcity (hard to come by)
- Seller financial needs (3N bottom line)
- Good density aligns with town objectives

Land prices are high

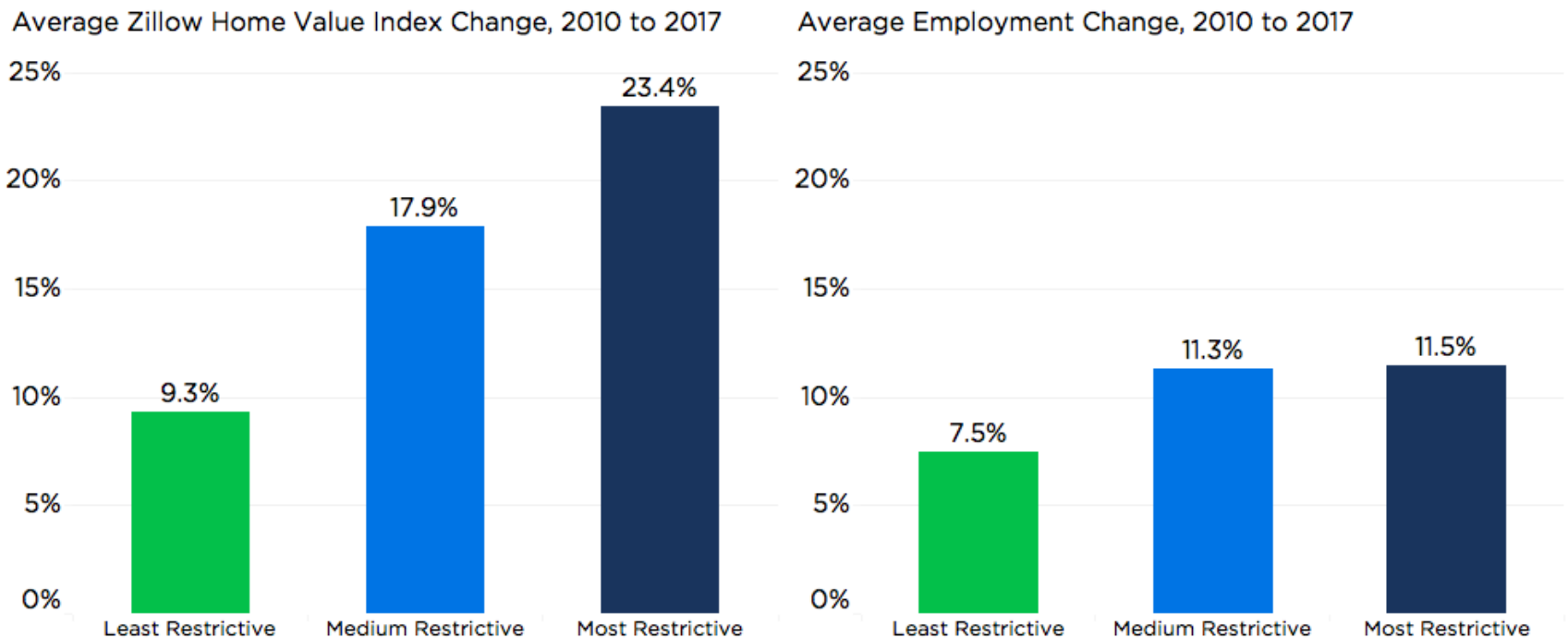


2. Approvals

- Due diligence
- Neighborhood objections
- Appropriate zoning (balancing density & OS)

The more restrictive approvals are the higher the cost of housing

More Restrictive Metros: Higher Home Value Growth.... Despite Similar Job Growth



Zillow Economic Research | Zillow analysis of data from the Wharton Residential Land Use Regulation Index, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2010-2017 and Zillow Home Value Index, 2010-2017.

3. Site Development

- Related to approvals
- Expensive infrastructure
- Availability of public sewer & water
- Logistical complexity of building compact
- Low Impact Development Techniques (LID)

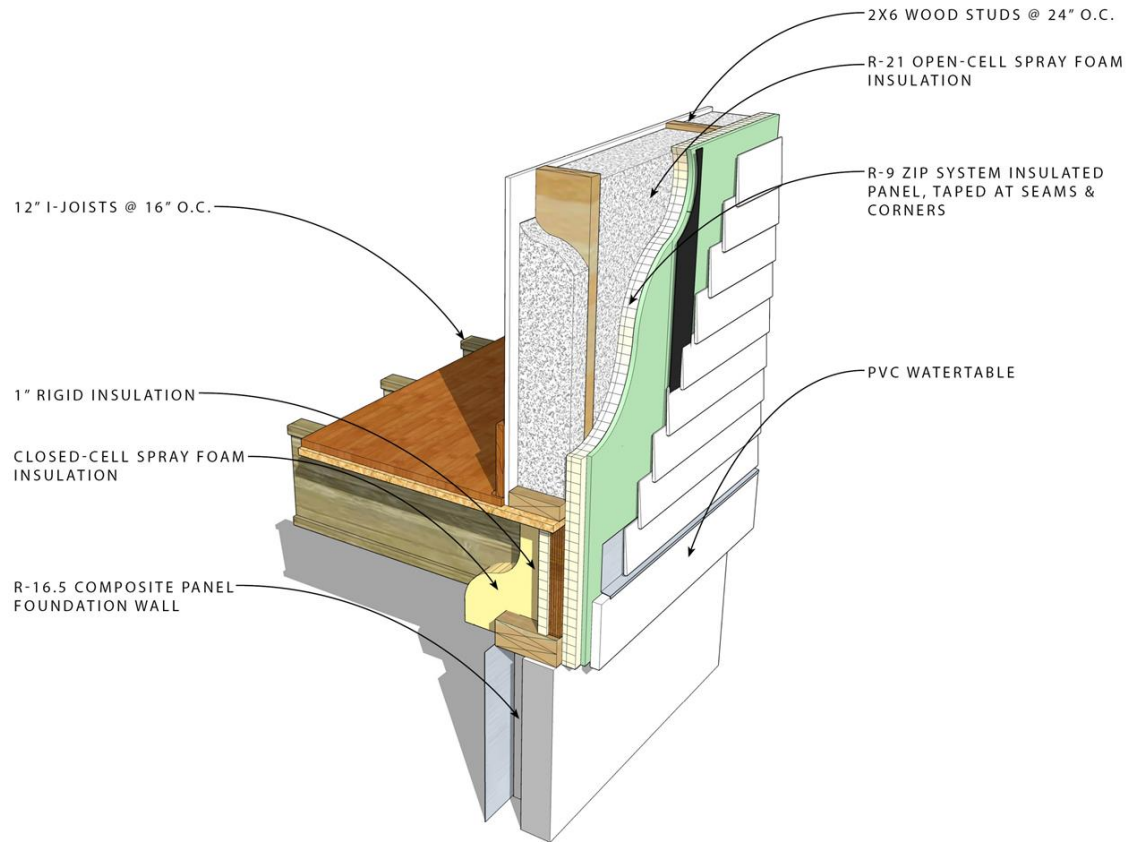
Complex Underground Utilities



4. Home Construction

- Smaller footprints
- HP Building Envelope
- Longevity of materials
- Healthy material choices

Typical HP Wall Section



Cost per square foot by region

As scarcity in lot inventory and rising labor and material costs push more builders toward higher-end homes, affordability has become a major problem nationwide, Dietz adds. NAHB's data suggests that entry-level "starter" homes, which historically make up 30% of new housing starts, now account for less than 20%, causing a blockage at the very bottom of the pipeline that will live on for decades in the form of a shrunken move-up pool.

LEAST EXPENSIVE IN 2017 (MEDIAN COST/SQUARE FOOT)		
01	Columbia, SC	\$70
02	El Paso, TX	\$71
03	Oklahoma City, OK	\$87
04	Cincinnati, OH-KY-IN	\$87
05	Indianapolis-Carmel-Anderson, IN	\$87
06	Greenville-Anderson-Mauldin, SC	\$93
07	Lakeland-Winter Haven, FL	\$95
08	Atlanta-Sandy Springs-Rosewell, GA	\$102
09	Houston-The Woodland-Sugar Land, TX	\$112
10	Columbus, OH	\$117

MOST EXPENSIVE IN 2017 (MEDIAN COST/SQUARE FOOT)		
01	San Francisco-Oakland-Hayward, CA	\$507
02	Los Angeles-Long Beach-Anaheim, CA	\$395
03	San Diego-Carlsbad, CA	\$344
04	Seattle-Tacoma-Bellevue, WA	\$252
05	Sacramento-Roseville-Arden-Arcade, CA	\$228
06	Denver-Aurora-Lakewood, CO	\$217
07	Portland-Vancouver-Hillsboro, OR-WA	\$208
08	New York-Newark-Jersey City, NY-NJ-PA	\$207
09	Naple-Immokalee-Marco Island, FL	\$204
10	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$199

Source: Metrostudy

Another NAHB study found that government regulations account for 24.3% of the final price of new single-family homes nationwide, and they've risen 29.8% in the past year, from an average of \$65,224 to \$84,671—more than twice as fast as the 14.4% that disposable income per capita rose during the same period

Concord Riverwalk

RIVERWALK







emersongreen

UNION STUDIO
ARCHITECTURE & COMMUNITY DESIGN

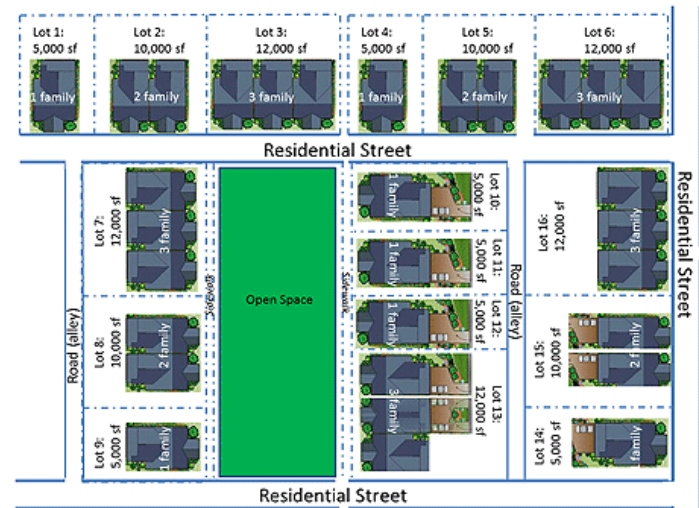
Now COMMUNITIES
SMART HOUSING FOR TODAY & TOMORROW

How we got to Yes

- Housing is an identified need in master plan
- Helped the DEC develop IRD regulations
- Brought immediate abutters on board
- Underutilized land with infrastructure
- Confirmed market demand
- Harvard needs students

DEC IRD regulations

- **974 CMR 5.00 RESIDENTIAL5.02 Innovative Development**
- **Innovative Residential Development (IRD) Residential I**
- (a) Goals 1. To provide a streamlined development review process that promotes residential development that meets a variety of housing needs, protects the environment, furthers energy, water and resource efficiency, and complements residential development patterns at Devens by encouraging:
 - a. Development on small lots;
 - b. A connected system of trails and open space;
 - c. Housing diversity;
 - d. A system of safe, accessible, multi-purpose streets and sidewalks;
 - e. Development designed primarily to accommodate people, not cars; and
 - f. The goals and objectives of the Reuse Plan and By-Laws





Woodward Village - Carlisle



WOODWARD PARCEL | CARLISLE, MA

AERIAL PERSPECTIVE

OCTOBER 17, 2017

PAGE 1



UNION STUDIO
ARCHITECTURE & COMMUNITY DESIGN

How we got to Yes

- Seller was triple bottom line oriented
- Identified local, respected ombudsman
- Town needs down sizer housing options
- Changed zoning to eliminate age restriction
- Met with all municipal boards to address ?'s
- Teamed up with Land Trust to add open space
- Held special town meeting: 392 to 3 vote

The Challenge

Having plans sounds like
a good idea until you have
to put on clothes and leave
your house.



Now COMMUNITIES



**SMART HOUSING FOR TODAY
AND TOMORROW**

Starter Homes

William Reyelt, Principal Planner

**Smart Growth Program at Department of Housing and
Community Development (DHCD)**



Starter Home Zoning Districts (SHZD)



As part of ongoing efforts to address the increasing challenge of providing affordable and workforce single-family housing Massachusetts, Sec. 37-54 of the 2016 *Act Relative to Job Creation and Workforce Development* (a.k.a. Economic Development / Jobs Bill) was passed, amending c. 40R and establishing a new type of 40R District: Starter Homes Zoning District (SHZD).

What is 40R?

A voluntary program to encourage cities & towns to adopt & implement zoning that allows compact, mixed-income, by-right development in areas with existing or planned infrastructure & better access to retail & services by offering both direct & indirect financial incentives & a tool to better manage residential growth

What is a Starter Home under C. 40R?

“Starter home” is defined as, “a single family home not exceeding 1,850 square feet in heated living area”

Municipality can opt to also allow for an accessory dwelling unit of 600 square feet or less on the same lot as a starter home.

760 CMR 59.00

Other key requirements for Starter Home Zoning Districts...

- Must contain a minimum of 3 contiguous developable acres**
- Must allow at least 4 units/acre (lots of ~10K sq. ft.)**
- 50% of the Starter Homes must contain at least 3 bedrooms**
- A minimum of 20% of the Starter Homes must be affordable at or below 100% of Area Median Income**

Eligible Locations for Starter Home Districts...

Substantial Transit Access Areas

within 1 mile of
a rapid transit or
commuter rail
station or bus or
ferry terminal



Eligible Locations for Starter Home Districts...

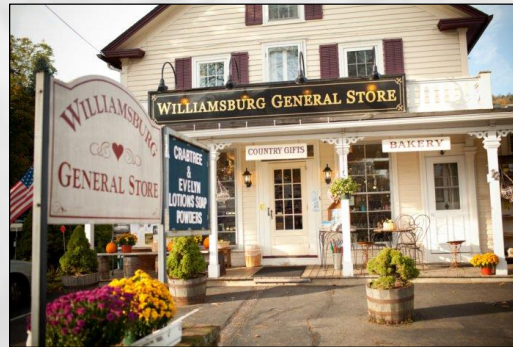
Areas of Concentrated Development



A Starter Home can be within an Area of Concentrated Development, at least 50% of which must include an existing commercial/mixed-use zone (e.g., a city/town center, village or other substantial commercial area). At least 50% of the land must also be previously developed.

Eligible Locations for Starter Home Districts

- Other Highly Suitable Locations based on factors such as transportation access, infrastructure, walkability, adjacent zoning/land use, infill/*redevelopment*, and prior planning
- Otherwise Ineligible Residential Zones Ped Access to & w/in $\frac{3}{4}$ mile of *a ped destination* e.g., library, school, retail/office, playground, etc.)



Local Environmental / Health Regulations

Starter Home Districts may not be subject to local environmental or health regulations that exceed State regulations, unless:

- “DEP has determined that specific local conditions warrant imposition of more restrictive local standards,” or**
- “The imposition of such standards will not render infeasible the development contemplated” (Section 6)**

Other restrictions to be aware of...

- **Projects CANNOT be age-restricted**
- **Use of Incentive & Bonus funds restricted to capital expenditures due to new source of funding for SGHTF**
- **Accessory Dwelling Units (ADUs) / Apartments can qualify as Bonus Units but not as Incentive Units**

Municipal Financial Incentives

Zoning Incentive Payments:

<u>Increase in by-right zoned units</u>	<u>Payment</u>
Up to 20	\$10,000
21-100	\$75,000
101-200	\$200,000
201-500	\$350,000
501 +	\$600,000

Production Bonus Payments: \$3,000 for each Bonus Unit issued a building permit

40S School-Cost Reimbursement for demonstrated net increases in corresponding school costs, if any

(note: current funding source limits municipal use of Zoning Incentive & Production Bonus Payments to capital expenditures)

Basic Process:

- **Initial consultation w/ DHCD** (recommended)
- **Local public hearing on zone application**
- **Submit application to DHCD**
- **DHCD determination of eligibility**
- **Local zoning adoption**
- **Submit evidence of adoption, etc.**
- **DHCD Letter of Approval**
- **Eligibility for Zoning Incentive Payment**
- **Local project applications/decisions**
- **Production Bonus Payments**

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