

Town of Townsend Housing Production Plan

Submitted to the Massachusetts Department of Housing and Community
Development (DHCD) in accordance with the Guidelines for the Planned
Production Regulation under MGL Chapter 40B
760 CMR 56.03(4)

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TOWN OF TOWNSEND HOUSING PRODUCTION PLAN

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EXECUTIVE SUMMARY

Background and Statement of Purpose

This Housing Production Plan (HPP) update was prepared in compliance with the Massachusetts Department of Housing and Community Development's (DHCD) Housing Production Plans Regulation, MGL 760 CMR 56.03(4). It provides a management tool to enable the town of Townsend to make timely progress toward meeting its affordable housing goals. The HPP is the business plan to implement the town's Master Plan (the town's strategic plan for affordable housing - see Appendix A). The HPP:

- Presents a comprehensive needs assessment for affordable housing in Townsend, including an analysis of existing conditions, demographic trends and local and regional market forces (originally prepared as part of EO418 in 2004 and updated as part of this process through 2013).
- Identifies the constraints that have limited affordable housing production in Townsend, and the town's efforts to mitigate them.
- Identifies opportunities and approaches the Town will pursue in order to meet its goal of providing housing for families across a broad range of income, age and needs.
- Describes the mix of housing units required to address the identified needs and a time frame for their anticipated production.
- Recommends a number of regulatory reforms and tactics to expand local development capacity.
- Describes strategies to preserve Townsend's unique ecological assets while undertaking new production initiatives.
- Describes strategies to preserve existing housing stock while increasing affordability.
- Anticipates a significant role for both private and town initiated development.

Market Conditions

According to the 2010 U.S. Census, Townsend's population has decreased to 8,926, down 4% from the 9,314 residents stated in the 2005 HPP. These residents live in approximately 3,356 units of housing, of which 85.9% are single family homes. Since 1980, 906 single-family homes, but only two multifamily structures have been built. Most of the remaining parcels of undeveloped land will be difficult to develop because they must have individual wells and on-site septic systems in a geologic area of high water tables.

Economic growth along the Route 495 corridor has been a major driver of change. Home prices increased 28.9 percent in the decade 1990-2000, and *another* 58.1 percent from 2000 to June 2005. From 2005 to 2012 however, single family home prices have decreased 29% from an average of \$311,034 in 2005 to an average sales price of \$221,350 in 2012.

Existing Affordable¹ Housing in Townsend

When the HPP was first developed in 2005, 2.5% (80 units) of Townsend's existing housing stock were on the town's Subsidized Housing Inventory (SHI). Since 2005, 94 affordable units have been added to Townsend's SHI, bringing the percentage up to 5.2%. This is more than halfway to the ten percent goal the state has established for its cities and towns. All of the units added to the SHI in the past eight years consist of:

- Two condominium units as part of an 8-unit redevelopment 40B project
- 36 elderly rental units at Townsend Woods as part of a 40B project
- Eight single family units in a 40B development known as Coppersmith Way
- One single family unit built by Habitat for Humanity with a town land donation
- 48 rental units in a 40B development known as Turnpike Village

One group home was deleted from the SHI as it no longer exists.

Socio-Economic Needs

30.3% of Townsend residents are low to moderate income (LMI); 4.5% of residents and 2.7% of families live below the federal poverty level according to the American Community Survey Results from 2007 - 2011.

In 2000, nearly 25% of Townsend homeowners and nearly 23% of renters spent more than 30% of their income on housing costs; 18% paid more than 35%. In 2010, that number increased to 35% of homeowners and 42% of renters, an alarming increase.

Townsend's demand for units of affordable housing comes from five main sources:

- Low and moderate income (LMI) households
- Young families with established ties (parents, siblings) to Townsend
- Elderly residents seeking to downsize
- Full-time employees of the Town of Townsend and the North Middlesex Regional School District, many of whom cannot afford to live in the town where they grew up and now work
- Employees of businesses located in Townsend

The number of affordable housing units has not kept up with demand. An ongoing program to repair sub-standard homes has assisted 30 LMI households, but an additional 28 are on the waiting list.

Environmental Protection Needs

Townsend is located at the boundary between the flat coastal plain and the rolling uplands of central Massachusetts. The area's unique geologic history has resulted in a wide variety of soil types and conditions.

¹ The Webster's Dictionary definition of affordable: "*to be able to bear the cost of*" does not match the State's definition of affordable. Units rated by the State as affordable in Townsend may or may not cost more than comparable units in town that are at market rate.

The state of Massachusetts recognizes the environmental value of Townsend's open spaces. The state owns a total of 6,572 acres of open space in Townsend - more than 31% of the land in town. Much of this acreage is either state park or wildlife management areas.

The designated Squannassit Area of Critical Environmental Concern (ACEC) includes 15,050 acres in Townsend (See Appendix B). There are 23 state-listed rare species known to occur within the boundaries of the ACEC. According to the 2001 State Biomap, about 46% of the ACEC is Biomap Core Habitat and 33% is designated as Supporting Natural Landscape. (See Appendix C for Biomap) The Squannacook River and its tributaries are classified as cold water fisheries that support brown, brook and rainbow trout.

The natural resources of Townsend belong not only to her residents; they belong to all residents of the state. They provide venues for hunting and fishing, hiking, swimming, cross-country skiing, and a variety of other outdoor activities. It is the responsibility of the Conservation Commission, Townsend Housing Authority, Selectmen, Planning Board and interested citizens to protect these resources for everyone.

The need to provide affordable housing for Townsend's neediest citizens must be balanced against the need to preserve and protect the town's natural resources. Because these resources belong to all Massachusetts residents, they must not be used to fulfill Townsend's affordable housing needs.

Needs Assessment Summary

Townsend is a community with unmet needs for affordable housing:

- According to the 2013 American Community Survey, 734 households (34%) pay more than 30% of their income in mortgages. This is up from 21.4% in 2005. 238 household renters (41%) pay more than 30% of their income in rent.
- 17% of the housing stock was built before 1940. This is a decrease from 24% in 2005.
- A 2002 windshield survey showed that 68% of the homes surveyed were in need of repairs.
- 48 households are waiting for housing in the only affordable senior housing in town.
- 28 households are waiting for housing rehabilitation.
- There are no subsidized units appropriate for young families or for the employees of the town and the school district.

The need for additional units of affordable housing is clear and well understood by both the citizens and town officials. This need must be balanced against the town's unique ecological assets that belong to all residents of the state.

Affordable Housing Goals

Currently, 162 units of affordable housing are needed to bring the town up to, or near, the state's 10 percent target at the current number of housing units. Although the state has set a target of 10 years, realistically, given our local constraints and historical rate of development, this is a fifteen or twenty year goal. On an ongoing basis, the town should ensure that a minimum of 10 percent of its new residential development is affordable. An additional three units per year would maintain that level given historic growth trends. In terms of timing, the

goal is to add at least 25-35 qualified, affordable units the first three years of the plan, then a minimum of 8 units each succeeding year so that the Town can continue to guide its growth consistent with its Master Plan. (See Appendix A)

The Housing Authority proposes an equitable division between family and elderly (and/or special needs) units and between rental and homeownership. In addition to adding units that are affordable by, and restricted to, households earning not more than 80 percent of the area median income (i.e., those that qualify for inclusion on the SHI), the Town will strive for a mix of the units in publicly-supported developments which includes moderate and middle income households (those earning between 80-150 percent of the town's median income) and the lowest income households (those earning less than 50% of the town's median income).

To the extent that appropriate sites are available, new small-scale affordable developments should be distributed throughout the town. Town-owned land should be utilized, if feasible. Where existing single-family properties are suitable for conversion to multiple units, or where new units can be added to existing developed sites, these option should be considered. Higher density development may be supported where the Master Plan has indicated it is appropriate and sustainable. As important as building new affordable housing is, preserving, maintaining and upgrading the existing inventory, and improving its affordability and accessibility for current residents and those who would like to "buy in" is critical.

Affordable Housing Strategy

Achieving these goals will require appropriate tools and regulations (or regulatory relief), financial resources, development capacity, and political will. The strategies the town will pursue include production initiatives; preservation strategies; planning and regulatory reform; and building local development and management capacity (including funding). We anticipate continued collaboration with private developers proposing development under the comprehensive permit provisions of M.G.L. Chapter 40B. According to the Interagency Agreement dated January 2014 between DHCD and several State Housing Agencies, most 40B developments need to designate 10% of the housing to be 3-bedroom units. The Housing Authority will work with developers to realize this criteria. This plan calls for rehabilitation and qualification of existing units owned by low income homeowners under the Ashby Ashburnham Townsend Rehabilitation Project, funded by Community Development Block Grants (CDBG). In addition, two proposed zoning bylaw changes would facilitate the creation of accessory dwelling units and the conversion of some current business properties to mixed use rentals. Lastly, the plan describes the long term affordability restrictions the town will employ to ensure ongoing affordability by the targeted income groups.

1. INTRODUCTION

Background

The town of Townsend, located in the northwestern part of Middlesex County, bordered by Groton, Shirley, Pepperell, Ashby, Lunenburg and New Hampshire, is a residential community of some 8,926 residents (2010 U.S. Census). The day-to-day operations of the town are managed by a town administrator who oversees a town staff of 33 full-time and 72 part-time, on-call and seasonal employees. Townsend does not have a town planner or engineer, but does have a land use coordinator supporting the land use boards (who also retain consultants, on a case-by-case basis, as needed). Most other aspects of town governance are handled by volunteer boards and committees. The development of an affordable housing agenda is no exception, and this HPP has been prepared by the town's Housing Authority and the Land Use Coordinator, with input from the Planning Board and the Board of Selectmen.

Townsend has no municipal wastewater system. All households and businesses are served by on-site, private septic disposal systems. There is a municipal water system consisting of five separate wells serving 70% of the population.

Over the past two decades, Townsend has built primarily single family homes on two or three acre parcels. Its first affordable housing units were created in 1988 (50 qualified elderly units). Recent market rate development does not meet the needs of the people who would like to move to or remain in the town.

In order to ensure that growth shall be phased so as not to unduly strain the town's ability to provide public facilities and services, the town passed a rate of development and subdivision phasing bylaw in 2003 which limited the number of new housing units that were not specifically affordable or senior housing to 28 (19 new home permits had been issued in 2003, 28 were issued in 2004). The subdivision phasing bylaw was renewed in 2007 but expired in 2012, with no renewal planned for the future. Many Townsend families experienced financial setbacks and/or job losses as the economy went into recession in 2008, and are still struggling. Demographic projections suggest that the degree to which needed housing is not available will only grow more acute over the next decade.

Number of Building Permits – Single Family Homes

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
19	28	30	24	23	12	11 1 multi(3)	4	9	7 1 multi(2)	10 1-multi(2)

Purpose

This HPP has been designed to guide the expansion of affordable housing opportunities in the town of Townsend. It represents a management tool for ensuring that timely progress is made toward meeting the town's affordable housing goals and is based on a comprehensive needs assessment and a thorough analysis of existing conditions, demographic trends and local and regional market forces. It identifies the constraints that have limited affordable housing production in Townsend, and the town's efforts to mitigate them. It also identifies

opportunities and strategies the Town will pursue in order to meet its goal of providing housing for families across a broad range of income, age and needs.

The HPP describes the mix of housing units required to address the identified needs and a time frame for their production. It recommends a number of regulatory reforms and policies to expand local development capacity. It includes preservation tactics as well as new production initiatives, and anticipates a significant role for both private and town initiated development.

Organization

This plan is submitted to comply with the Massachusetts Department of Housing and Community Development's (DHCD's) Housing Production Plan Regulation, MGL 760 CMR 56.03(4), and it follows the structure outlined in the Housing Production Plan Guidance, with the addition of an Executive Summary and an Introduction:

- Section 1 Introduction
- Section 2 Comprehensive Housing Needs Assessment
- Section 3 Affordable Housing Goals
- Section 4 Implementation Strategies

The HPP builds upon three recently completed planning documents:

- *Townsend Master Plan Draft, June 2008*, the Town's updated master plan, prepared by the Master Plan Committee;
- *Town of Townsend EO418 housing section*, prepared by the Montachusett Regional Planning Commission in 2004, which has been updated in this plan;
- Results of the Housing Authority's fall 2012 Affordable Housing Survey.
- Open Space & Recreation Plan - 2013

2. COMPREHENSIVE HOUSING NEEDS ASSESSMENT

This section summarizes the housing requirements of Townsend residents and identifies gaps between their needs and the existing resources available to meet them. It also provides data on regional housing needs and anticipates future needs. It identifies the town's existing and planned affordable housing resources – those officially recognized on Townsend's SHI as well as units on the private market – and reports on the town's organizational, administrative and regulatory framework as they relate to affordable housing. Lastly, it looks at challenges and opportunities specific to Townsend.

Population Profile

According to the Decennial Census, the population of Townsend was 8,926 on April 1, 2010 (8,851 per town census in 2013). The town ranks in the middle of the state by virtually all indicators – population, population density, housing density, household income, home values, educational attainment, and school enrollment. Median household income increased by 22 percent between 1989 and 1999 to \$61,745 and to \$79,972 in 2012, as compared to \$66,658 for Massachusetts. The Town's population is 30.3 percent low-moderate income (LMI); 4.5 percent of the population and 2.8% of the families lived below the federal poverty level in 2012.

Population Changes for Townsend

	1940	1960	1970	1980	1990	2000	2010	2011	2012	2013
US Census				7201	8496	9198	8926			
Local Census	2065	3650	4281	7610	8430	9501	9126	8905	8905	8851

Source: Townsend Town Clerk, US Census

Townsend is predominantly a family community. Families constituted nearly 80 percent of the town's 3,110 households in 2000, compared to 65 percent statewide and in 2010, families constituted 77% of the town's 3,240 households, compared to 63% statewide. In 2000, 45% of Townsend's family households included children, with the statewide figure being 47% and in 2010, 37% included children under 18, with the statewide figure being 31%.

Townsend has a smaller population of 20-34 year olds (14.7%) compared to state norms (20.2%), and the town has experienced a nearly 25% decline in this group since 1990. From 1980-2010, Townsend's senior (aged 65+) population grew faster than the population as a whole. The number of senior residents rose from 463 in 1980 to 856 in 2010, an increase of 29.8%, compared to an increase of 9.1% for the general population. The aging of the Baby Boomers will cause the senior population to increase by 1,400 people, or 170 percent, through 2030. The total population is projected to decrease by 1,700, or 19 percent, over the same period. If these citizens are to remain in Townsend, there must be housing that is affordable to them as they transition into fixed, presumably lower incomes.

According to DHCD 2005 statistics, 69.04% of Townsend's elderly households (65 years and older) are LMI. Townsend provides elderly services at age 60. Using this standard, there

are just over 900 seniors or about 10% of the population that qualify for services. This continues to grow as younger families try to keep parents/relatives close by.

Adults under 65 with disabilities constitute 5.9% (350 individuals). Racial and ethnic minorities constitute only a very small percent of Townsend households. The 2010 Census reported that 96.6% of Townsend’s population is white, 0.6% is black, 0.8% is Asian, and Latinos (of any race) represented 1.8 % of the population.

Twenty-eight percent of residents in 2000 held a bachelor’s, a graduate or a professional degree, compared to the U.S. figure of 24.4 percent. According to the American Community Survey data in 2012, 30.9% of residents hold a bachelor’s degree or higher, compared to 39% in Massachusetts.

The rapid rise of housing costs inside Route 495 during the last three decades has resulted in explosive growth as commuters seek cheaper housing:

Townsend Population Growth and Projections

1970 Census	1990 Census	2000 Census	2010 Census	2020	2030
4,281	8,496	9,198	8,926	8,384	7,246

The new arrivals benefit from the high-tech jobs along Route 495 and Route 128, but the benefits are not widespread. According to the DHCD, in 2005, 2,792 LMI residents (33.2% of the total population) live in Townsend. According to the 2009-2013 ACS, 5.2% of the population of Townsend lives below the poverty level.

Townsend residents:

- Earn slightly less – especially in retirement
- Travel further to the workplace
- Of homes with mortgages, 33.7% of residents are “cost burdened” and 12% are “severely cost burdened” compared to the state at 29% and 14% respectively.

2010 Census Item	Townsend	Massachusetts
Mean travel time to work	34.4 minutes	27.7 minutes
Mean Social Security income	\$16,558	\$16,298
Mean Retirement income	\$21,153	\$24,018
Per capita income	\$33,776	\$34,485

The Census documented other shifts as well:

- While the population of Townsend increased 18% from 1980-1990, the increase dropped to a modest 8.3% from 1990-2000, and population decreased 1.5% from 2000 to 2010.
- Townsend’s rank in the state in terms of median family income fell from #85 in 1989 to #114 in 1999 and #156 in 2011; significant when looking at housing affordability.

Existing Housing

The housing stock is overwhelmingly single-family (assessors categorize condominiums as attached single family). Since there are no multi-family districts, the few multi-unit structures that exist are scattered throughout the town. Eighty-four percent of all units were owner occupied in 2000, up from 79.5 percent in 1990 and in 2010, the figure rose to 85.6%. A significant number of homes are designated as lower-value:

	National	State	Townsend
% Single family homes	61.7%	52.5%	86.6%
% Lower value homes		42.7%	53%

Source: 2010 Census (Note: Lower value denotes lower quartile/SF4)

Townsend has among the most affordable housing stock in the region; only Ashby of the surrounding towns is more affordable. The 2010 Census provides a snapshot of the town's 3,446 units of housing (including those that are vacant, seasonal or for sale).

	Total Units	Percent of Units
Single family	2985	86.6%
Condominiums	100	2.9%
2 family	40	1.2%
3 or 4 family	40	1.2%
5 or more units	281*	8.2%

*these are units in apartment buildings counted individually

More than 66 percent of Townsend's housing units have been built since 1970. Over 16% of Townsend's housing stock is 74 or more years old, having been built before World War II; another 10 percent are 54-73 years old; and 56 percent are 30-53 years old, having been built in the , 60's, 70's and 80's. With over 82% of the housing being over 25 years old, it is likely that many of Townsend's dwelling units would not meet the current State or local building codes.

In July of 2002, the Montachusett Regional Planning Commission conducted a windshield survey of housing in Townsend, Ashby and Ashburnham. Of the 328 houses surveyed:

- 171 (52.1%) need chimney reconstruction
- 101 (30.1%) need roof reconstruction
- 117 (35.7%) need shingle replacement
- 132 (40.5%) need porch or stair reconstruction
- 102 (31.1%) need corrections to the foundation

An ongoing program to rehabilitate sub-standard homes has repaired 30 homes between 2000 and 2005, with none being repaired since then due to the inability to obtain grant funding, but 28 additional households are on a waiting list for this service.

Lead paint, outlawed for use in housing in 1978, is most problematic in homes built prior to 1950, which would include less than a third of Townsend's units. A greater problem for many homeowners is the possibility of septic failure under the State's Title V regulations, and the high cost of system repair or replacement to comply. Ongoing home maintenance of all types presents a challenge for older and low income homeowners.

Trends in New Construction

New construction from 1990-2005 had been solely single-family homes; 487 single family home building permits had been issued since 1990. In the prior decade 419 single family permits and two apartment building permits were issued. From 2005-2013, 100 single family permits and three multi-family permits were issued.

The average annual growth rate from 1980-2005 was 1.6%. This is in contrast with the growth experienced between 1970 and 1980 with the building of the major part of two larger subdivisions (Timberlee Park and Pinetree Haven) which saw the population of the town climb nearly 78% and caused a massive impact on the town's infrastructure. While Townsend requires large lot sizes (2 & 3 acres), which reflects the physical constraints (site and septic requirements, soil conditions, wetlands, slope, etc.), even this modest rate of growth has resulted in the conversion of over 75 acres per year of primarily forest land to residential use.

From 2005 to the present, Townsend approved eight development projects that are in various stages of construction. Five projects were approved as an Open Space Preservation Development (OSPD), one project was approved as an Open Space Multi-Family Development (OSMD) and two projects were approved by Chapter 40B Permit. The OSPD projects allow for a total of 55 houses, with 190 acres of open space protected for the town. Only one of the OSPD projects has been completed, three are in various stages of construction and one has not begun. The OSMD project is a 20-unit multifamily development with 35 acres of open space gained and one unit negotiated with the developer to be affordable; this project has not begun construction. In addition to the open space developments, there are two Chapter 40B projects. The 40B site of Turnpike Village was approved for two 24-unit, 1-and 2-bedroom rental buildings providing 12 affordable units. This project has been completed. The other 40B project will have 41 houses in combination of multifamily condominiums and single-family homes providing 29 market rate homes and 12 affordable units, all with upgraded energy efficiency and solar advantage. Despite approval of these units of housing, the economics of the market dictate when the units will actually be built and absorbed into the community.

Rents and Home Prices

Historically, Townsend has had a housing market with rising values, predictable turnover and low vacancy rates. The mid 80's and mid 90's saw higher than normal building and sales activity; but the rate during 2002-2004 slowed to less than half its normal rate. After the downturn in the economy in 2007-8, building permits for single family homes have decreased sharply.

Like many communities in the area, Townsend is losing the battle to maintain a diversity of housing options. Historically, there have been few units available for rent in the private market. The median home price in Townsend increased by 28.9 percent over the decade between 1990 and 2000; the increase between 2000 and 2005 was 58.1 percent. Since the downturn in the economy, the median home prices have decreased 16.8% in Townsend. Since 2010, areas closer to Boston have slowly increased in prices, but Townsend has been

slower to rebound. Condominium prices have decreased 23.5% since 2005, with a slight increase from 2011 to 2012.

The median asking price of homes listed with the Municipal Listing Service (MLS) in July 2005 – \$349,900 – required a homebuyer to have an annual income of more than \$80,000. The median asking price as of December, 2013 is \$238,888, a 19% decrease, with half of the listings below \$200,000.

Rental units in Townsend have been climbing in price, although not quite as rapidly. In 2005, the median price of rentals was \$748 with a range between \$675 and \$1400. The average monthly rent seems not to be effected by the economy and averaged \$991 in 2012, an increase of 14%. As more homeowners lose their homes due to foreclosures, the rental market sees an influx of renters. In 2005, the average days vacant per unit were 103, that number was 61 days in 2012. The affordable rental units at Turnpike Village cost \$737 for a one bedroom and \$915 for a two bedroom.

Like rents and home prices, land costs escalated in the early 2000s, with the lowest priced parcel available at \$189,900. In July 2005, there were 8 parcels listed with the Multiple Listing Service. They ranged in size from 2 acres to 58 acres and were priced from \$159,900 to \$849,900, with a median asking price of just under \$30,000 per acre, with substantially higher costs for lots ready to build. As of December 2013, there were 12 parcels available for purchase ranging from 2.25 acres to 58 acres, with prices from \$72,500 to \$500,000. The 58-acre parcel was for sale in 2005 for \$849,900 and is now priced at \$500,000, illustrating the decline in land prices in Townsend.

Affordability Gap

Until about ten years ago, there was a fairly good match between family income of local residents and income required to purchase the typical, or median priced, home. In fact, the affordability of Townsend was the draw for ambitious developers even before that. In the early 1970's when the original 456 unit Timberlee Park was built with homes ranging from \$23,950 to \$30,100, it was advertised as “yours for the taking, at prices you can afford”. The brochures touted the “inviting State Park land – a quarter of the town’s total acreage.” But, as elsewhere in the region, home prices in Townsend have risen faster than incomes, and the median priced home in the first half of 2005 sold for \$270,000. In 2012, the average sale price was \$221,350. Townsend’s ratio of median home price to median income was roughly 3.75 in 2005 and according to the 2010 Census data it was 3.40. The surrounding towns of Groton, Pepperell and Ashby have ratios of 3.89, 3.84, and 3.51, respectively; all higher than Townsend’s ratio. This ratio, a measure of affordability, illustrates that housing in Townsend is more affordable than surrounding communities. The ratio for the United States is 3.42 and for Massachusetts it’s 3.65.

Although home prices have decreased over the past few years, affordability is still a major problem in Townsend. Teachers, municipal workers and public safety personnel who don’t already live in town, but would like to, find it especially challenging to locate affordable housing in Townsend. The starting salary for teachers in Massachusetts with a bachelor’s degree in 2005 was just over \$35,300 and in 2012 it was \$40,462. The average teacher salary

in Townsend’s school district in 2005 was \$50,759 and increased to an average of \$65,706 in 2012. The median police salary currently is \$46,030; for the DPW, it is \$41,830. The town’s police chief worked at a base salary of about \$76,700 in 2005 and is currently earning \$101,406, which is the highest town salary. The EMS and Fire Departments are staffed by six paid officers and administrators, 30 on call volunteer firefighters and officers, 8 on call EMTs and 30 on call paramedics, most of whom either work or live in town. Most town employees would qualify as low or very low income under HUD standards.

The least expensive home currently listed with the Multiple Listing Service in Townsend has an asking price of \$98,500(January 2014). Assuming an 80 percent mortgage at today’s favorable low rates (3.75 percent), and allowing 30 percent of income for principal, interest, real estate taxes, and homeowners insurance, a homebuyer would need an income of over \$75,000 – and \$64,000 or more in cash – to purchase the median priced house which was \$221,350 in 2012. Only a handful of municipal or school department employees are paid enough in 2014 to afford the least expensive home in the town where they work.

In Townsend, 7.7%, 11%, and 8.7% of households are extremely low, very low, and low income, respectively. This means that 27.4 percent of all households qualify for federal and state affordable housing programs based on household income.

Monthly Owner Costs as Percentage of Household Income

Costs (% of income)	1999 Number	1999 Percent	2010 Number	2010 Percent	2009- 2013 ACS Number	2009- 2013 ACS Percent
Less than 20%	1045	46.2	746	32.3	667	30.5
20 to 24%	419	18.5	462	20.0	488	22.3
25 to 29%	232	10.3	276	11.9	296	13.5
30 to 34%	160	7.1	278	12.0	242	11.1
35% or more	406	17.9	551	23.8	492	22.5
Total exceeding 30% guideline	566	25%	829	35.8%	734	33.6

Source: U.S. Census 2000, 2010

Renters face an even greater challenge. There are 496 apartment units in town; most of the rental units are single family (including condo) units. In 2000, the median rent was \$634 and in 2010, it was \$863, certainly affordable; yet even at that, 33.7% of the renters were spending more than 30% of their income on housing. Even those rents have risen as have the other housing costs over the last decade. The lowest price rental currently available is \$700, the median \$1300 and the highest is \$1800.

A significant percentage of Townsend residents spend more than 30% of their income on housing costs. The above and below two tables demonstrate that a total of 972 households or 31% are paying 30% or more of their income on housing:

Gross Rent as a Percentage of Household Income

COST	1999 Number	1999 Percent	2010 Number	2010 Percent	2009-2013 ACS Number	2009-2013 ACS Percent
Less than 15%	149	31.6	40	8.9	47	8.2
15 to 19%	63	13.4	78	17.4	93	16.2
20 to 24%	66	14	100	22.3	82	14.3
25 to 29%	44	9.3	79	17.6	115	20
30 to 34%	24	5.1	0	0	12	2.1
35% or more	79	17.8	151	33.7	226	39.3
Total exceeding 30% guideline	103	22.9%	151	33.7%	238	41.4
Not computed	46	9.8	22	4.9		

Source: U.S. Census 2000, 2010

Populations in Need of Housing Assistance

The housing needs and priorities identified in this plan follow commonly used federal and state standards for classifying income, affordability and housing problems. Housing is affordable if gross rent (including the cost of utilities borne by the tenant) or homeowner costs (including mortgage payment, real estate taxes and homeowners insurance) do not exceed 30 percent of household income. Households paying in excess of 30 percent are considered *cost burdened*; those paying in excess of 50 percent are considered *severely cost burdened*.

The table below illustrates the targeted income levels for most affordable housing programs in the Boston metropolitan area.. In Townsend, 7.7%, 11%, and 8.7% of households are extremely low, very low, and low income, respectively. This means that 27.4 percent of all households qualify for federal and state affordable housing programs based on household income.

Household Size	Boston Median Income (AMI)	80 % AMI Low Income	50 % AMI Very Low Income	30% AMI Extremely Low Income	Federal Poverty Level 2013
1		\$47,450	\$32,950	\$19,800	\$11,490
2		\$54,200	\$37,650	\$22,600	\$15,510
3		\$61,000	\$42,350	\$25,450	\$19,530
4	\$94,100	\$67,750	\$47,050	\$28,250	\$23,550
5		\$73,200	\$50,850	\$30,550	\$27,570
6		\$78,600	\$54,600	\$32,800	\$31,590

The next table shows that low income renters were twice as likely in 2000 to have affordability problems as homeowners. The table also reflects the fact that those at the lowest end of the income scale, less than 50% of area median income. Given our anecdotal

knowledge, Section 8 vouchers used in Townsend combined with the Atwood Acres and Townsend Woods senior housing account for virtually all of the low income renters who do not have affordability problems. These numbers also come from snapshot census data and the reality is much more fluid for the low-income. Because of the huge increase in housing prices since 2000, the data that would be comparable today would undoubtedly show more problems.

Housing Affordability Problems									
	Renters			Homeowners			All Households		
Income Classification	Affordability Problem	No Aff. Problem	Total	Affordability Problem	No Aff. Problem	Total	Affordability Problem	No Aff. Problem	Total
<=30% of Area Median Inc.	30	35	65	4	0	4	34	35	69
>30%, but <=50%	20	0	20	0	10	10	20	10	30
>50% but <=80%	0	39	39	24	69	132	24	108	132
>80, but <=100%	10	54	64	14	141	155	24	195	219
Totals	60	128	188	42	220	262	102	348	450

Source: SOCDs CHAS Data 2000

Housing Conditions

While only a handful of homes in Townsend are deemed to be seriously substandard (lacking kitchen facilities or plumbing or having serious code violations), many others have a great deal of deferred maintenance; upgrading such units is considered a high priority. Over 30 homeowners participated in MassHousing home improvement loan programs in recent years, and the Montachusett Regional Planning Commission estimates another 5-7 may be served in FY15 under the regional home repair program. Community Development Block Grant monies were not available for Townsend for FY13 or FY14. These units represent 30 of the units currently deemed affordable in Townsend and 20% of our planned increase in affordable units. However, these 30 units' "affordability" restrictions are scheduled to expire in 2015, 2017 and 2018.

The number of low income homeowners, including those with rental units, who may need financial help to maintain their units; remove lead paint, asbestos, or other toxins; repair or replace failing septic systems; or comply with housing codes, is estimated to be much greater, with 28 currently on the waiting list for these funds. Many of these are low income elderly homeowners who want to get out of "high maintenance" housing situations entirely and convert some of their home's equity to cash for other basic needs. Bringing these units up to code is a major part of the Plan's strategy to assure meeting our goal of at least 10% "affordability".

Special Needs

A small number of Townsend residents have more specialized needs. The 2000 Census enumerated more than 385 people under 65 who reported some type of physical, mental or sensory disability. This represented about 4.8 percent of residents under 65. This number,

according to the 2010 Census, is now 580 or 7.1% of residents under 65. The number of disabled persons over 65 is 195 or 23.1% of the residents over 65. There are also a small number of residents, or former residents, whose health and/or other issues require specialized housing services. The numbers are small, and their needs may be temporary or episodic. Not all such needs can be met locally, but it is important to recognize that Townsend residents contribute to a regional demand for group homes, transitional housing, shelter beds, etc.

Lack of Housing Choice

While some households need help with affordability, home repairs, or have special needs, many others – across a range of incomes – simply need greater housing *choices*: the alternatives to single family homes on large lots such as smaller units, rentals, condominiums, etc. are more limited. The 2010 Census shows 941 persons in renter occupied housing. There are several condominium developments in Townsend, including the 40B conversion of Benjamin’s Motel, completed in 2008 and containing two affordable units. The only units considered multi-family properties are 8 small (4-9 units) apartment buildings, and the 86 affordable units at Atwood Acres and Townsend Woods. Fortunately, a 48-unit rental development is currently being constructed in Townsend and will satisfy some of the rental needs in the Town. The first 24 units are currently being marketed for rental.

Regional Needs

The regional needs are greater and more complex. None of the towns abutting Townsend, or the communities abutting them, is at the 10 percent affordable threshold. Even Fitchburg with a population of over 40,000 and 17,058 housing units, is at 9.7%. The variety in terms of size, type, tenure, and cost, and rental vs. ownership options for low and moderate income households is limited throughout the region. In fact, rentals in all price ranges are in short supply, due to the fact that fewer than 500 new rental units have been built in the 20-town area since 1990.

Surrounding Towns Affordable Housing Percentages

As of May 2012

TOWN	% AFF.	TOWN	% AFF.
Acton	6.0	Lancaster	4.2
Ashby	0.0	Leominster	8.0
Ashburnham	1.4	Littleton	8.5
Ayer	8.4	Lunenburg	3.2
Fitchburg	9.7	Pepperell	3.0
Gardner	14.5	Shirley	2.5
Groton	5.1	Townsend	5.2
Harvard	5.4	Westford	4.6

Needs Assessment Summary

Townsend’s lack of affordable housing options has impacted some groups more than others:

- Low income renter households
- The elderly and others on fixed incomes

- Lower income homeowners
- Young adults and families locked out of homeownership

The greatest demand is for smaller, moderately priced ownership units and rentals in a range of price levels. The demand for both comes primarily from the same two groups: 1.) young people – individuals and small families, mostly – who work in the area but cannot afford to buy, and 2.) older homeowners wishing to downsize, but with no alternatives available locally, either for rent or purchase. Often the latter are seeking lower maintenance properties, single floor living and, in a smaller number of cases, supportive services. In the most recent surveys, a small number of respondents specified the need for barrier-free accommodations. Demand also comes from school and municipal employees; parents, children or siblings of current residents; current residents facing financial setbacks; and households that have split up due to divorce. Several members of the town’s volunteer emergency services and town hall employees have indicated that they need more affordable housing in order to stay in the community. Finally, there is a demand for alternatives, both rental and ownership among those who can afford to pay market, or near market prices.

Subsidized Housing Inventory in Townsend 2005-2013

	2005	2007	2008	2010	2011	2012	2013
Housing Units	3162	3162	3162	3162	3356	3356	3356
# affordable	80	86	86	126	126	174	174
% affordable	2.53	2.72	2.72	4.0	3.8	5.18	5.18

Since 2000, nine housing developments have been approved, with a total of 184 new residential units. Of that number, 61 or 33% of the units are counted on our SHI as affordable. As of December 31, 2013, only 69 units have been built, with only 8 of these being affordable or just 1.2%. A large number (48) of the affordable units received a building permit in July 2013 and completion of 24 of the units was in May 2014. The number of single family building permits has decreased significantly in recent years due to the economic downturn beginning in 2008. In 2005, there were 30 permits issued and in 2010 there were only 4. This downturn will make it increasingly difficult for Townsend to reach the State’s 10% “affordability” goal.

About 162 units of affordable housing are needed to bring the town up to, or near, the state’s 10 percent goal at the current number of housing units. The percentage of growth in the period 2000-2010, from 3,162 units to 3,356 units is 3%. If the town continues to grow at that rate, the number of housing units will be 3,564 in 2020 and 3,784 in 2030. This corresponds to needing 356 affordable units in 2020 and 378 affordable units in 2030 to reach the State’s goal of 10%. On an ongoing basis, the town should ensure that a minimum of 10% of its new residential development is affordable. In terms of timing, the goal from 2005 was to add at least 25-35 qualified, affordable units the first three years of the plan, then a minimum of 8 units each succeeding year so that the Town can continue to guide its growth consistent with its Master Plan. As is illustrated in the History of Subsidized Housing Inventory above, from 2005 to 2009 the town added 46 units, but did not add 8 units per year after that. Three years later, however, an additional 48 units were added, increasing the town’s percentage of affordable units from 2.53% in 2005 to 5.18% in 2013.

Recent build out analyses conducted by the Montachusett Regional Planning Commission put the potential number of new units the town could absorb, given its current zoning, at 3422. Absent public sewers or widespread use of alternative technologies for wastewater disposal, however, these are extremely aggressive estimates. Supplying water to that many units would also pose significant infrastructure challenges. If the town did double in size to 6,500+ units over the next fifteen or twenty years – adding 150-200 new units per year instead of the 19-60 it has been adding for the last twenty-five years – the additional 10 percent requirement would be 342 units, and the annual maintenance requirement would rise to 15-20. This scenario is unlikely; such growth would put an unmanageable strain on the infrastructure of the town.

Impediments to Expanding the Supply of Affordable Housing

The factors that impede the development of affordable housing in Townsend can be classified into four related categories:

- high production costs
- development constraints
- zoning and regulatory restrictions
- limited municipal infrastructure and local capacity

High Production Cost

Housing prices in Townsend are impacted by land costs which drive overall construction costs: the 2-3 acre zoning required by environmental issues; Title V requirements; private wells; restrictions due to wetland and ACEC issues and the desirability of a community which has one of the richest wildlife habitats in the state all limit the development of affordable housing. The state owns 6,572 acres (or 31%) of the land in Townsend; this land is included in the Squannassit ACEC and is all dedicated open space for passive recreation. Nearly 70% of the town's land area is located in the Squannassit ACEC, but only about 45% of it is permanently protected. Many of the forests and farms that give Townsend its rural ambiance benefit from property tax laws (Chapter 61) that encourage forestry or agriculture and outdoor recreation, or have been acquired for conservation purposes and give temporary protection to sensitive lands. There is a regional benefit to these uses that extends beyond Townsend, but they result in fewer parcels being available for development.

Development Constraints

Townsend has limited infrastructure and soils that pose moderate to severe limitations for residential development throughout much of the town.

Water Supply Constraints

There is no public sewer service and limited water service. Most homes and businesses are served by individual wells for water and individual on-site septic systems to treat and dispose of waste. Two aquifers underlie approximately one half of the Town, and much of the rest of the Town is relied upon for aquifer recharge. The Town currently has five wells serving about 2000 businesses and residences or approximately 50% of the population of Townsend. The challenge for any public water supply is the balance of expanding usage to more subscribers, maintaining the integrity of the current system, conservation and system-wide water quality protection, all within a reasonable cost, that is still cost effective compared to

private wells. While groundwater quality is generally good and in adequate supply to accommodate reasonable future growth, Townsend's soil conditions, shallow depth to bedrock and high groundwater levels are not well suited to traditional septic systems. This has resulted in larger lot development as the more suitable soils capable of supporting development on smaller lots have already been developed.

Ecological Constraints

The designation of the Squannassit ACEC, while not preventing development, requires the town to steward the area and development within it much more carefully. Townsend contains 40% - 15,050 acres - of the Squannassit ACEC. (See Appendix B) There are 23 state-listed rare species known to occur within the boundaries of the Squannassit ACEC. According to the 2012 State BioMap about 47% of Townsend is BioMap Core Habitat and 55% is designated as Supporting Natural Landscape. There are 36 NHESP Certified Vernal Pools within Townsend, as well as 93 Potential Vernal Pools as identified through photo-interpretation by Natural Heritage and Endangered Species staff. (See Appendix C)

The area supports a remarkable richness of wildlife ranging from concentrations of rare and endangered species to deer, moose, fisher, bobcat, otter, and even occasional black bear. The Squannacook and Nissitissit rivers and 16 tributary streams are classified as cold water fisheries that support trout, including brown, brook and rainbow trout. These rivers were designated Outstanding Resource Waters for these fisheries. Approximately 80% of the ACEC is comprised of forest and farmland, and nearly 50% of the ACEC is comprised of protected open space and land under Chapter 61, 61A and 61B tax classification status. State-owned open space covers approximately 10,000 acres or 27% of the ACEC of which more than half is in Townsend. The area contains unique and highly significant archaeological and historical resources, as well as scenic landscapes of statewide significance.

Protecting these valuable resources requires land use planning which minimizes development footprints and maximizes interior habitat. Therefore, large scale developments would put the dual state and local goals of affordable housing and protection of special, sensitive environmental areas at odds with one another. In trying to meet both goals, the town is constrained to look to small developments, preferably in previously disturbed areas. With 35% of the town lands being protected open space and the abundance of wetlands, ecologically sensitive areas and wildlife habitats, the remaining land left for development is increasingly dwindling. This reinforces the need to redevelop land that is available to the municipality.

Zoning and Regulatory Restrictions

According to the Master Plan, the town's zoning bylaw was based on legitimate environmental concerns that reflected Townsend's limited infrastructure and inhospitable soils.

Even though the State has developed a list of approved alternative technologies that could open up more land for development, Townsend has not embraced all of these. It continues to rely primarily on uniform, large lot zoning and stringent site controls to mitigate the risks associated with conventional septic systems. Advancements in wastewater technology

continue to reduce some of the traditional development barriers, but Townsend's prohibition against shared septic systems presents an obstacle to their use.

Ninety-seven percent of the town is zoned Residential, requiring a minimum of three acres in the aquifer protection zones and two acres elsewhere. The town has never zoned any land exclusively for multi-family housing. Accessory apartments and the conversion of older homes to multi-family use are classified as special permit uses. While we have 33 "in-law" apartments which have been authorized since 1990, none of these units are classifiable as affordable under State guidelines. In addition, the language of the bylaws related to such accessory apartments does not promote them or their potential as affordable units.

Limited Municipal Infrastructure and Local Capacity

Typical of many small Massachusetts towns, Townsend is a largely volunteer-run community. It employs a town administrator; while the three-member Board of Selectmen, Planning Board, Board of Health and Housing Authority are all elected. The Finance Committee, Zoning Board of Appeals, and Conservation Commission are appointed. Even the town's fire and ambulance services are staffed primarily by volunteers, paid only on call out, with the exception of the Chief, two Deputy Chiefs, one Captain/EMT, and two Firefighters/EMS persons. The town's small size, limited organizational infrastructure and limited commercial-industrial tax base have made it difficult for the town to develop and sustain an aggressive housing agenda.

Mitigation Measures

The Master Plan establishes the framework for overcoming some of these barriers. Notwithstanding the town's generally poor soil conditions, technology and economics continue to make parcels once dismissed as unsuitable, possible housing sites. The Master Plan laid out suggestions for implementing important zoning reforms.

The key to having the town reach its 10% goal is the conversion of already existing developed properties into affordable units that meet the state's guidelines. This can be achieved through a combination of continued upgrades to smaller, older properties with the aid of CDBG grant monies or other grant monies; addition and conversion of accessory apartments to affordable rental units; and increased density in currently commercial zones by encouraging the use of mixed use zoning.

The town also can consider parcels it currently owns and may acquire through tax title, gift, or outright purchase for the production of affordable housing. The adoption of the Community Preservation Act would allow funding for such projects; however, Town Meeting has twice refused to pass the Act.

3. AFFORDABLE HOUSING GOALS

Affordable Housing in Townsend: A Brief History

The land known as the “Atwood property” located on Dudley Road was donated to the town for the purpose of aiding the needy. Dr. Atwood or his estate had designated with the donation (23.5 acres) that the income from the harvesting of timber should be used to help the needy. A small group of citizens, recognizing the need for affordable senior housing, undertook the task of finding a suitable site. Howard Park, near the Squannacook River, was considered and turned down. At that point the town looked at the Atwood property and it was determined through the proper channels, including a court ruling, that it would be legal to use the property for this purpose.

Atwood Acres construction began July 1988 and fall of 1989 saw the opening of the building containing 50 units of low income senior housing on 6.674 acres. RCAP Solutions, Inc. was involved in securing the funding for the project and became the manager of the property. The “affordability” on this project expires in 2029.

In 1999, the town applied under a regional CDBG grant application for funds to assist low income homeowners to make necessary upgrades to their homes and septic systems. Since 2000, 30 projects have been completed under these grants and have been formally designated as affordable under State guidelines. The affordability on these units expires as follows: 15 expire in 2015, 7 expire in 2017 and 8 expire in 2018.

In 2005, a 40B development known as Coppersmith Way was permitted for 41 total units, 12 of which would be affordable. As of this date, eight of the affordable units have been constructed and sold and these will be affordable in perpetuity. Also in 2005, a 40B project called Benjamin’s Condominiums converted 14 motel units into eight condominium units, with two of these designated affordable in perpetuity. In 2007, the Town donated land and Habitat for Humanity built a single family home under the Local Initiative Program. This home is occupied by a family and will be affordable in perpetuity. RCAP Solutions, Inc., awarded development rights by the Town to use five more acres of the Atwood property for 36 units of affordable senior housing, began in 2002 submitting applications annually to HUD to secure grant funding. The Townsend Housing Authority assisted in this endeavor and finally, in 2007, RCAP was awarded a HUD grant in the amount of \$5.5 million. RCAP was able to secure \$500,000 each from a Department of Housing and Community Development HOME grant and Housing Innovation Funds from the Community Economic Development Assistant Corporation. In October 2011, Townsend Woods, the first HUD senior housing development in Massachusetts to be LEED certified, was opened. These units will be affordable in perpetuity.

In 2011, a 40B Permit was approved for Turnpike Village, a 48-unit rental development. All 48 units count in perpetuity on the SHI, although only 12 will be rented in the affordable category. Construction began in 2013 and all of the units have been completed and are mostly fully rented.

History of Townsend’s affordable Housing Development

Name	Developer/Owner	Date	Program	Type	Population	Total # of Units	Low Income Units
Townsend HOR Program	Various	Various	CDBG	HO	Unrestricted	29	29
Atwood Acres	RCAP Solutions	1988	40B	Rental	Senior & Accessible	50	50
Benjamin Condominiums	Benjamin Builders	2005	40B	HO	Unrestricted	8	2
Coppersmith Way*	Transformations	2005	40B	HO	Unrestricted	26	8
Apple Drive Habitat House	Habitat for Humanity	2007	Local Initiative	HO	Unrestricted	1	1
Townsend Woods	RCAP Solutions	2011	40B	Rental	Elderly	36	36
Turnpike Village	Turnpike Village, LLC	Complete	40B	Rental	Unrestricted	48	48

*At build-out, this will be a total of 41 units with 12 affordable.

Overall Objectives

One of the housing goals in the 2001 Master Plan was to reactivate the Housing Authority, which had been virtually inactive for several years. Since 2003, the Housing Authority has been active, pursuing grant monies and assisting in the expansion of Atwood Acres; facilitating the building of a Habitat for Humanity home; assisting the Zoning Board with 40B applications and the updating of this plan. Four recurrent themes emerged, and they form the foundation on which the affordable Housing Action Plan, described in Section 4, is crafted. The four overarching goals call for Townsend to:

- Preserve and increase the diversity of housing stock to enable Townsend to be more inclusive of families and individuals in a broad range of age, income and need.
- Ensure that new affordable housing is harmonious with the existing community.
- Meet the 10 percent state recommended standard for affordable housing, providing the town’s fair share of affordable housing while retaining control of local development.
- Leverage other public and private resources to the greatest extent possible.

Specific Affordable Housing Goals

This plan is designed to increase the town’s affordable housing inventory to 10 percent – currently 336 units,² but likely to rise to 360-380 by 2030 – as quickly as feasible, given the town’s lack of sewer, town-wide water and municipal infrastructure. At this time, 174

² The 10 percent affordable threshold is a moving target. A community is expected to maintain this threshold as new market rate housing is added to the inventory. While the new affordable units get added to the inventory as they are created, and the inventory itself is updated every two years, the year-round housing base off which the 10 percent is calculated is only updated every ten years, based on the decennial census. Anticipating that the pipeline projects move forward, as expected, and that market production otherwise adds 420 new units by 2030, Townsend’s 10 percent figure will rise to about 380. It is the Town’s intent to achieve *and maintain* the 10 percent threshold.

(5.18%) of the town's housing units qualify as affordable on Townsend's SHI, leaving a shortfall of 162 units.

The town intends to make up this shortfall first by replicating its existing affordable housing: dedicated elderly housing and rehabilitation of currently affordable housing. Then by adding small, scattered sites of new homes distributed throughout the town, as well as encouraging development of accessory apartments and additional mixed use units. Where consistent with the town's Master Plan, development of larger properties may be appropriate (e.g., in the commercial districts), and will be actively investigated. If larger projects become feasible, the time frame to reach the 10% goal will be reduced.

This represents an annual production goal of one-half of one percent (0.50 %, or 17 units) per year for the next five years. Although the town will do everything in its power to continue that rate of development of affordable units, a realistic rate of 0.25 percent or eight units per year for the following 12 years will be the internal bench mark for the town. Although that rate of production will not allow the town to be certified, unless multiple projects happen to fall in a single year, it will mark significant progress toward achieving the 10% goal. Whenever the 0.50 % goal is reached, the town will be able to forestall developments proposed under 40B which it considers to not be in the best interest of the town's long range goals. At this time, there are only four new affordable units scheduled to be built in the next 2-3 years that are not currently counted on the SHI.

Although Townsend is rated within the Boston Metropolitan Statistical Area (MSA), the median income for the town is approximately 5% higher than that of the Boston MSA. In the true spirit of affordable housing goals, the Town will strive to ensure that the maximum possible number of the units which qualify under the State's guidelines (i.e., those that qualify for inclusion on the SHI), serve households whose income is at 80% or less of the Town's median income. In order to achieve that goal, the Town will require in its standards for Local Initiative Development plans that developers attempt to provide at least some of the units at the local affordability level. It will apply a similar standard to its review of other 40B applications. The Town will strive for a mix of the units in publicly-supported developments which includes moderate and middle income households (those earning between 80-150 percent of the town's median income) and the lowest income households (those earning less than 50% of the town's median income). It will work with private developers to promote a diversity of housing types appropriate to the needs of different population groups, including families, seniors, individuals, and those with special needs.

While the top priority of this plan is to expand the supply of affordable housing eligible for inclusion on the SHI, an important secondary goal is the diversification of the town's housing stock, in general. Zoning techniques to diversify the types of new homes built in Townsend and to facilitate the process by which existing structures (both residential and non-residential) could be converted to provide more, smaller dwelling units are an important component of the Town's strategy.

A successful conclusion of this plan will be the creation of 162 well designed, sustainable, affordable housing units – both rental and ownership – within a fifteen-year period, *plus*

sufficient additional units to maintain the 10 percent threshold when market rate production from 2014-2030 is factored into Townsend's housing base. In addition, the Town will need to have implemented adequate provisions for ensuring that this level of affordability is maintained in the future. A secondary measure of success will be the extent by which the town has diversified its housing stock to allow current residents to remain in Townsend despite changing housing needs (e.g., the creation of accessory apartments, the conversion of existing large structures to smaller dwelling units, senior residential developments, or supportive housing alternatives).

Guiding Principles

The Town will be guided by the following principles, drawn in large measure from the Master Plan, as it implements its affordable housing strategy.

- Provide a variety of types of affordable housing, appropriate to the needs of Townsend residents and the region. The mix should include both rental and ownership; detached single family homes and compact development options (duplex, quads, townhouse, etc.); housing for families and individuals of all ages and units tailored specifically to the needs of senior citizens and those with special needs.
- Seek opportunities to combine affordable housing with open space protection through limited development on parcels acquired or designated for conservation.
- Distribute affordable housing equitably throughout the town. Residential growth in general, however, should be channeled to those areas that can sustain higher densities without harming the town's sensitive environment.
- Target town-owned sites and other properties that can be obtained at discounted prices or through tax title acquisition.
- Encourage a range of incomes in multi-family developments (5+ units), unless restricted by funding source. Smaller projects (1-4 unit structures) may, as appropriate, serve entirely income-eligible households.
- New affordable housing should be well designed, context sensitive, and harmonious with its surroundings. To the extent practical, the design, construction and environmental standards for new affordable developments should be consistent with those for other types of development.
- Seek opportunities to expand the supply of affordable housing within the existing built environment through adaptive reuse of non-residential structures and increased density in existing residential properties.
- Negotiate assertively with developers seeking special or comprehensive permits for appropriate public benefits, with the highest priority assigned to maximizing affordability.

Maximize local control over the development of affordable housing. This can be achieved by attaining the ten percent threshold that allows a community to deny comprehensive permit requests without the threat of appeal to the State Housing Appeals Committee. In the interim, the town can preempt incompatible comprehensive permit requests by producing at least 17 qualified units per year (one-half of one percent of the year round housing stock of the town) in accordance with an approved plan, until it achieves 10 percent.

- Create and follow local preference guidelines of DHCD which give priority in lottery for affordable housing to: current residents, municipal employees, employees of local businesses and households with children attending the local school district.

4. IMPLEMENTATION STRATEGIES

Achieving the goals set forth in Section 3 will require appropriate tools and regulations (or regulatory relief), financial resources, development capacity, and political will. The proposed set of strategies is based on recommendations included in the Town Master Plan and other studies. In assembling the requisite tools, the Housing Authority and the Planning Board have also drawn on the experiences of comparable communities in the region and elsewhere in the state.

The strategies are organized into the following categories: production initiatives; preservation strategies; planning and regulatory reform; building local development and management capacity (including funding). An estimated timetable for implementation follows the narrative. Some of the strategies represent works in progress and enjoy considerable public support. Because of the vagaries of public funding and the public approval process, however, it is likely that some of the specific developments will move into production according to the schedule outlined while others will lag, or may never come to fruition. The plan anticipates some substitution of projects, and as long as new proposals are consistent with the goals and principles laid out here, such substitutions should not be problematic.

Production Initiatives

Development of Senior Housing

- The two existing elderly housing buildings consisting of 86 total units are extremely important in serving the needs of the elderly, however, still more units are needed. Investigation into developing the remaining acreage available at the Atwood Property into additional units is of prime importance.

Within the time frame of this plan, we anticipate investigating and possibly developing 30-50 additional senior units or veteran's housing in this complex as there are 11 acres available for use.

Non Profit Development

- At the May 2005 town meeting, the Town voted to sell six small lots in the Pinetree Haven development off Emery Road to Habitat for Humanity, for \$1, for the purpose of building an affordable single family home. This project was completed in 2007. The Housing Authority will be investigating using additional town owned property to complete similar projects in the future.

Municipal Development

- The town owns a 19 acre parcel adjacent to Timberlee Park. A Priority Development Fund grant was received and an engineering site assessment to ascertain how many homes could be developed on the property was completed. Based on the engineering assessment, the State found the project to be financially unfeasible due to environmental constraints. We will investigate whether a smaller project would be possible on this parcel and would encourage a small LIP or "friendly" 40B. There are several smaller

lots the town has taken under tax title procedures that we are considering for development into affordable housing.

- The Housing Authority would like to develop Veteran's housing and will be investigating the feasibility of this process.

Private Development

- Of two projects permitted in 2005, one is complete and the other is still in construction phase. The one completed converted Benjamin's Motel into condominium units, 2 of which (25%) are affordable. The second is a 44 home development of single and duplex homes on Highland Street of which 12 (25%) will be affordable. Currently, there are eight affordable units completed in this development.
- Turnpike Village, a 48-unit rental development permitted in 2011 as a 40B, has been completed and most of the units have been rented. All of these 48 units are counted on the town's SHI.
- The Town will continue to work with private developers who propose to create housing that meets community needs under Chapter 40B. The Housing Authority will meet with developers who are interested in a Chapter 40B project on a particular property, discuss their conceptual plan and provide initial feedback. When the developer has a more defined proposal the Housing Authority will schedule a meeting for the developer to present his proposal to town boards and agencies and the public. The purpose of this "all boards" meeting is to provide the developer additional input in order to further refine the project. The Housing Authority's goal is to facilitate submission of an application to the Zoning Board of Appeals which meets the maximum possible local regulations, while contributing to affordability goals, thereby encouraging a smoother permitting process.
- In time, the Townsend Housing Authority and/or other local nonprofit organizations may develop the capacity to address the town's housing needs directly, but in the short term "friendly comprehensive permits" and "local initiative projects" undertaken cooperatively with private developers will continue to represent a substantial portion of the town's affordable housing production. (Even locally driven projects are likely to require the zoning, density and other regulatory relief afforded by the comprehensive permit, and 40B will remain an important resource given the town's significant environmental constraints.)

Locate housing development strategically

- In order to attempt to meet the dual goals of affordable housing and stewardship of crucial habitat in the ACEC, the Housing Authority has included in this plan a map of Townsend (Appendix C) which shows the Natural Heritage and Endangered Species Program Biomap of Core Habitat and Supporting Natural Landscape. It is the policy of the Town to discourage any application to build in areas identified as Core Habitat as shown on the attached map or subsequent versions published by NHESP. In areas identified as Supporting Natural Landscape, the Housing Authority will only support

projects which have maximum clustering, reflecting sensitivity to adjacent core habitat areas and maximization of wildlife corridors.

- The third attached map Appendix D also shows areas outside the ACEC which the town has determined are desirable areas for the denser development which makes building the maximum number of affordable units financially feasible.

Preservation Strategies

There are several preservation strategies that the town will pursue to preserve the affordable units that currently exist.

- Ensure no loss of developed 40B units. In ruling in on a 2000 suit filed by Wellesley's Zoning Board of Appeals, the Massachusetts Supreme Judicial Court affirmed: "Where a comprehensive permit itself does not specify for how long housing units must remain below market, the [Comprehensive Permit Law] requires an owner to maintain the units as affordable for as long as the housing is not in compliance with local zoning requirements, regardless of the terms of any attendant construction subsidy agreements". This principle will be made clear to all applicable developers and owners of 40B units.

Still, the town needs to be vigilant to ensure that these affordable units are not lost as they can all be sold as market rate units if potential buyers are not found or cannot qualify because units increased in value at a faster rate than incomes did. The town should build a fund to enable it to purchase available units or to cover the shortfall between increased cost of such units and the maximum allowable cost for buyer earning no more than 80 percent of median income. One avenue to raise such funds would be through the adoption of the Community Preservation Act (CPA) which was attempted at town meeting twice and failed both times.

- Preserve existing stock. Since the median household income for Townsend is close to the low income Boston MSA guideline, the preservation of the existing housing stock which currently serves these residents is extremely important to the true goals of affordability. The housing stock is at an age where a significant proportion of homes is, or will soon be, in need of upgrades and attention to deferred maintenance. Therefore, the Town intends to actively participate in any program or initiative which will preserve and maintain these units and qualify them under State guidelines.

Under the Ashby Ashburnham Townsend Housing Rehabilitation Project, funded by CDBG grants in 2000-2003 administered by Montachusett Regional Planning Commission, 30 units were added to the affordable housing stock, through affordability restrictions which attach with the program. The original 30 units will have their restrictions expire within the period of this plan; therefore the Housing Authority will monitor these units to maintain their status whenever possible. Any future units under this program are not eligible to be counted on the SHI unless the owner is willing to allow an affordable deed restriction.

Planning and Regulatory Reform

- Develop Guidelines for LIP Projects. The Housing Authority and the Planning Board, will be working with other related Town Boards, to assemble a set of guidelines for the Town and Applicants to follow in creating and applying for LIP approval of affordable units created or to be created through small scale private/local initiatives such as conversions to multifamily or in-law apartments.
- Revisit Open Space Preservation Development and Open Space Multifamily Development Bylaws to more effectively address affordable housing needs. The OSPD/OSMD Bylaws do not specifically address the community's need for affordable housing. The Housing Authority and Planning Board are investigating possible revisions to these bylaws to enhance their effectiveness in encouraging developers to include affordable units in their plans. A comprehensive zoning bylaw review is beginning in 2015 to address various issues with the current bylaws; affordable housing is a prime concern in the effort.
- Create Development Guidelines. The Housing Authority will take the lead in developing a set of guidelines that make procedural recommendations to developers proposing or contemplating affordable housing projects in Townsend. These guidelines will provide specific guidance to developers in terms of what the Town seeks in the way of affordable housing.

The guidelines will be specific on issues such as desired demographic mix, scale, level of affordability, and locations potentially suitable for higher density development. As such, they will provide a useful tool for the town's own boards and committees as well as for those seeking to build in Townsend. The priority needs and specific goals referenced in Section 3 of this plan, Affordable Housing Goals, will be called out in these guidelines. The guidelines will engender a more collaborative 40B process in which the Town can feel more empowered and developers more confident in working with the Town. The Housing Authority will begin the process by collecting and reviewing procedures from other communities.

- Encourage mixed use development in Commercial Districts. The Housing Authority will encourage and support projects and appropriate bylaw changes within all Commercial Districts that incorporate affordable units in multifamily residential and/or mixed use buildings. The Housing Authority and Planning Board will work with developers, whenever the opportunity arises, to encourage projects in the Commercial District which create harmonious mixed use development to enrich the variety, accessibility, and affordability of housing in Townsend. The Housing Authority, along with the Land Use Department will work with the Planning Board to investigate the feasibility of a 40R district in the three villages of town where there are Commercial Districts.
- Development of nonconforming lots. Townsend's minimum lot size is 2.0 acres. If an existing lot is less than 2.0 acres and can meet Title V and water supply requirements, the Zoning Bylaws should be amended to allow development of these lots for affordable housing. This would diversify the town's housing stock. The Housing

Authority, along with the Land Use Department will work with the Planning Board to investigate whether creating a 40R district would be appropriate for the three villages of the Town where most lots and/or structures are preexisting nonconforming.

- Modify Apartment Bylaw to address affordable housing needs. The current apartment bylaw does not provide any density or other bonuses for provision of affordable units. The Planning Board is currently working on revising this bylaw for vote at a Town Meeting in the fall of 2015.
- Develop inclusionary zoning bylaw The Housing Authority will discuss with the Planning Board the development of an inclusionary zoning bylaw which would best serve the town's goal to maintain a 10% level of affordability by rewarding developers who dedicate 10% or more of their new developments as affordable units.
- Modify transfer of development rights to favor affordable housing. The Housing Authority and Planning Board will explore modification of the town's transfer of development rights bylaw to increase the incentive if development rights are moved from ACEC areas to non ACEC areas and include affordable units.
- Amend the current Accessory Apartment Bylaw. Townsend's accessory apartment bylaw currently allows special permits to be granted from the board of appeals; however, it focuses on accessory apartments primarily for family members. The Housing Authority is preparing, and the Planning Board will present, amendments to this section of the Town Bylaw which will allow for accessory apartments by right if they meet the state guidelines for affordable units. This would serve to allow current citizens to remain in their homes by creating a source of income while providing additional affordable units in the town. The Planning Board will be presenting these changes to Town Meeting in the fall of 2015.
- Develop guidelines and resources for developers. The Housing Authority will develop guidelines for developers which detail the standards the Housing Authority will utilize when evaluating proposals for LIP projects or other 40B projects. The Housing Authority will also develop a continually updated resource library of funding, technical support and program information for developers, other land use boards and citizens to utilize in promoting affordable development.
- Lottery and local preference standards The Housing Authority, in conjunction with the Zoning Board of Appeals, will ensure that procedures for lotteries and local preferences for 40B projects follow the State regulations.
- Marketing The Housing Authority, in conjunction with the Zoning Board of Appeals, will assist developers and others with the marketing of all affordable housing units.

Building Local Development and Management Capacity

- Secure funding from multiple sources. The Housing Authority will be discussing with the Board of Selectmen whether creating an affordable housing trust fund to support its affordable housing agenda if feasible for a Town of our size.
- Continue participation in a regional Housing Rehabilitation Program The Housing Authority plans to continue participation in the Ashby Ashburnham Townsend Housing Rehabilitation Project, funded by CDBG. This program has been a valuable resource in assisting low income households to live in decent, code-compliant housing that also meets state affordability guidelines. The Montachusett Regional Planning Commission is the lead agency in this effort and Townsend will participate when asked by MRPC.
- Public Outreach. Provide informational and educational forums to encourage general dialogue and understanding of our local affordable housing issues and also to discuss possibilities relative to specific projects as they may arise. The preparation and presentation of this Plan will provide a concrete basis from which to begin a comprehensive effort to increase awareness of how affordable housing in the Town of Townsend is linked to a number of other issues. This can serve as a strong springboard from which to create an ongoing dialogue with the public, public officials, and other ongoing committees addressing related issues in the Master Plan. The Townsend Housing Authority will use this opportunity to build community awareness, involvement, and support for the sensitive and harmonious development of affordable housing in Townsend.

5. DESCRIPTION OF USE RESTRICTIONS

Proposed

Many housing advocacy groups and funders now recommend tying the allowable increase in sales price to what a purchaser earning no more than 70 percent of the area median income could afford, at the time of resale, given the mortgage interest rates then in effect. All new developments must adhere to the requirements of the subsidy program. The New England Fund use restriction is described in Sections 13 and 16 of the *Guidelines for Housing Programs in Which Funding is Provided Through a Non-Government Entity*, published by the Department of Housing and Community Development (DHCD):

Units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement.

Use Restriction (from Section 13 of the Guidelines)

There shall be a use restriction in a form specified or approved by the Department. The use restriction and any regulatory agreement shall include provision for satisfaction of pertinent requirements, including:

- Runs with the land and recorded at the appropriate registry of deeds or filed with the appropriate land court registry district for a term that shall be not less than 15 years for rehabilitated housing units and not less than 30 years for newly created units.
- Identifies the Subsidizing Agency and monitoring agent, if applicable.
- Effectively restricts occupancy of Low and Moderate Income Housing to Income Eligible Households. A Use Restriction may require that an Income Eligible Household must have a lower percentage of area median income than 80%.
- Requires that tenants of rental units and owners of homeownership units shall occupy the units as their domiciles and principal residences.
- Provides for effective administration, monitoring, and enforcement of such restriction.
- Contains terms and conditions for the resale of a homeownership unit, including definition of the maximum permissible resale price, and for the subsequent rental of a rental unit, including definition of the maximum permissible rent.
- Subjects the units to an Affirmative Fair Housing Marketing and Resident Selection Plan for approval by the Subsidizing Agency and consistent with the guidelines in the following Section III, as may be amended from time to time, for the term of the restriction.

Affordability of Ownership Units (from Section 16 of the Guidelines)

- Down payment must be at least 3% of the purchase price, at least half of which must come from the buyer's funds unless the Eligible Subsidy Program permits a smaller down payment.
- Mortgage loan must be a 30-year fully amortizing mortgage for not more than 97% of the purchase price with a fixed interest rate that is not more than 2 percentage points above the current MassHousing interest rate (www.masshousing.com).
- Monthly housing costs (inclusive of principal, interest, property taxes, hazard insurance, private mortgage insurance and condominium or homeowner association fees) shall not exceed 38% of monthly income for a household earning 80% of area median income, adjusted for household size.

6. APPENDICES

APPENDIX A: Townsend Master Plan 2001 Excerpts

Townsend Master Plan

Update, June 2001

Excerpts:

Sections with relevance to the Affordable Housing Plan

OVER-ARCHING GOALS

- **ENHANCE** the Town's historic and rural character and preserve open space.
- **PROTECT** the natural resources and environmental quality with attention to the water supply, a sound solid waste program, and air and noise pollution.
- **IMPROVE** the quality and stability of Town government in order to promote economic health for the Town and its residents.

LAND USE

Land use is a key element in the Town's master plan. The use of land is central to the function and character of the community. All other systems support the use of the land, including transportation, public facilities, environmental protection and regulatory controls. The community's future and economic well-being are directly related to the future use of the town's land.

GOAL: Encourage balanced land use consistent with New England character

Policy:

*Balance cost of community services in land use planning

Proposals:

*Calculate the actual cost of Townsend's community services by each property type (residential vs. open space vs. commercial)*Review the cost impact of each proposed development

Policy:

*Establish conservation zoning for subdivisions with its four-step process of identifying resource areas for preservation, locating roadways and trail ways, placing houses, and lastly drawing house lots

Proposals:

*Educate builders and developers to the benefits of conservation zoning
*Revise Subdivision Rules and Regulations and Zoning Bylaws to require "outside of parcel" vision when subdivision is in the design phase so that open spaces are linked
*Establish criteria and goals for recreational land to be set aside in each development

Policy:

*Acknowledge natural wildlife corridors in zoning and approval of developments

Policy:

*Review zoning districts every 5 years for suitability of purpose and recommend appropriate changes

Proposals:

- *Use buffer zones to transition between different zoning districts
- *Allow increased mixed uses in commercial zone

Policy:

*Model a build-out analysis 30-50 years out with potential zoning changes

Proposal: Determine potential site for school buildings

Policy:

*Preserve agricultural resources and the agricultural quality of Townsend

Proposals:

- *Inventory land in active agricultural use
- *Seek Agricultural Protection Restrictions for land currently in agricultural use
- *Create agricultural districts or overlays

GOAL: Promote business development consistent with protecting water supply and preserving town character

Policy:

*Allow commercial and light industrial activities in the Aquifer Protection Overlay Districts if the applicant can demonstrate no impact to ground water or aquifer

Policy:

*Increase commercial and industrial zoning districts where parcels are of a size and have the appropriate soils to support those uses

Proposal:

*Adopt flexible zoning requirements for parking

GOAL: Protect water supply and infrastructure through careful and comprehensive land use planning

Policy:

*Strengthen wellhead protections and Aquifer Protection Overlay Districts

Proposals:

- *Require best management practices for any commercial or industrial activity occurring in the wellhead protection district
- *Establish a monitoring program for compliance with best management practices

GOAL: Facilitate the development of housing that is affordable

Policy:

*Allow 2-family units in certain districts, when architecturally consistent with the neighborhood

Policy:

*Revise Subdivision Rules and Regulations and Zoning Bylaws to comply with minimum State mandates for affordable housing

Policy:

*Develop Village Zoning Bylaw to allow smaller lot size and neighborhood-consistent frontage and setbacks in older, village areas

Proposal:

*Downsize lot area, frontage and setback requirements in village areas to be consistent with the existing structures Townsend's rural nature and qualities are threatened by residential sprawl. Through careful and comprehensive land use planning, Townsend will be able to best preserve its treasures while growing through the 21st century.

OPEN SPACE

Townsend is a rural town which values open space. Residents have overwhelmingly voiced their support for preservation and enhancement of open space and the rural character of the town. One of the reasons for this support is to protect our abundant, yet very precious and fragile, water resources. Another is to maintain rural quality and provide outdoor recreational opportunities. Forests and meadows, rich with wildlife, and rivers and streams provide diverse opportunities for enjoyment, recreation and learning.

GOAL: Identify and preserve available open space

Policy:

*Develop capital plan and incentives for protecting open space

Proposal:

*Adopt the Community Preservation Act at Annual Town Meeting

*Explore tax incentives for those who own open space to create conservation restrictions

Policy:

*Seek grants to purchase land or conservation restrictions

GOAL: Preserve rural character through open space protection

Policy:

*Determine what percentage of land can be developed while maintaining small town, rural character

Policy:

*Protect open space by revising regulations on development

Proposal:

*Create recreational/agricultural zoning to include existing open space and farms

*Promote the use of conservation zoning or cluster-type development

*Strengthen wetland protection bylaws and regulations

*Support land use planning that maximizes contiguous open space to protect wildlife habitat

By continuing to take an active role in preserving our open spaces, they will remain open and viable places for residents, tourists and wildlife.

WATER SUPPLY

Townsend derives all of its drinking water (public water supplies and private wells) from ground water drawn from two aquifers. The quality of the drinking water is considered excellent and is rated as one of the town's strengths. However, quality of water continues to be a very important concern. Contamination of water supply is considered one of the greatest threats to the community.

GOAL: Assure safe and adequate water supply for all residents and businesses

Policy:

- * Restrict development in areas of low water capacity

Proposals:

- *Establish criteria to estimate the impact of any new development to the aquifer and the aquifer recharge area
- *Issue permits only where impact is minimal

Policy:

- *Require developers within ½-mile of a water main to extend the main to the development

NATURAL RESOURCES

GOAL: Preserve, protect and enhance Townsend's natural resources

Townsend has a wealth of natural resources and recreational opportunities. The Open Space Plan, Zoning By-Laws and Wetland By-Law provide a basis for protection of these assets. Pressures for development will require further cohesive efforts of town boards, government agencies and the townspeople themselves to ensure that these natural resources are preserved and protected. With increased access and maps of these resources, townspeople will be able to avail themselves of these areas. This also could have a positive economic impact for businesses in town as tourists also avail themselves of these recreational opportunities.

HOUSING

Townsend continues to face important choices about housing. We need to actively encourage and promote affordable, diverse housing. It is important that the current residents, the elderly and entry-level buyers are able to remain part of the Townsend community.

GOAL: Increase affordable housing supply, while keeping the rural nature of the town

Policy:

- *Promote affordable housing programs

Proposals:

- *Research State and Federal funding for families, seniors and others
- *Require affordable units in all new developments

Policy:

- *Encourage mixed use development

Proposal:

- * Revise Zoning Bylaws to allow mixed use, such as retail/office first floor with apartments above, in village areas

Policy:

- *Allow two-family housing and accessory apartments in appropriately zoned areas

Proposals:

- *Allow development of multifamily structures that are consistent in character with the existing housing stock
- *Revise Zoning Bylaws relating to multifamily dwelling and accessory apartments

Policy:

- *Require developers to propose affordable housing unit alternatives

Proposal:

*Revise Zoning Bylaws and Planning Board Rules and Regulations to allow alternative housing

GOAL: Ensure Townsend has an appropriate housing mix to meet the needs of the town

Policy:

*Reactivate Housing Authority as a viable town committee

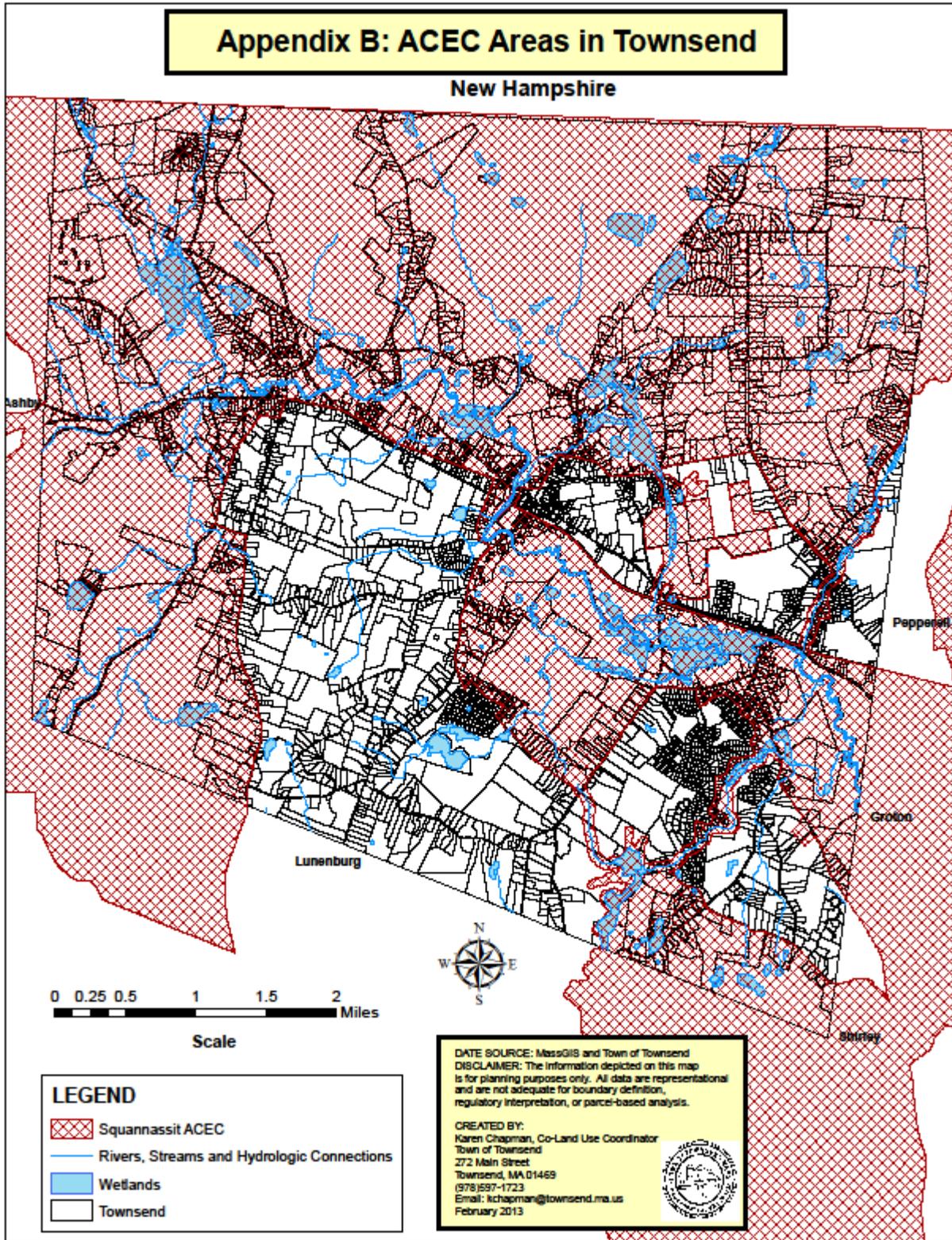
Proposal:

*Track housing types, such as accessory apartments, senior housing and affordable housing, for grant purposes

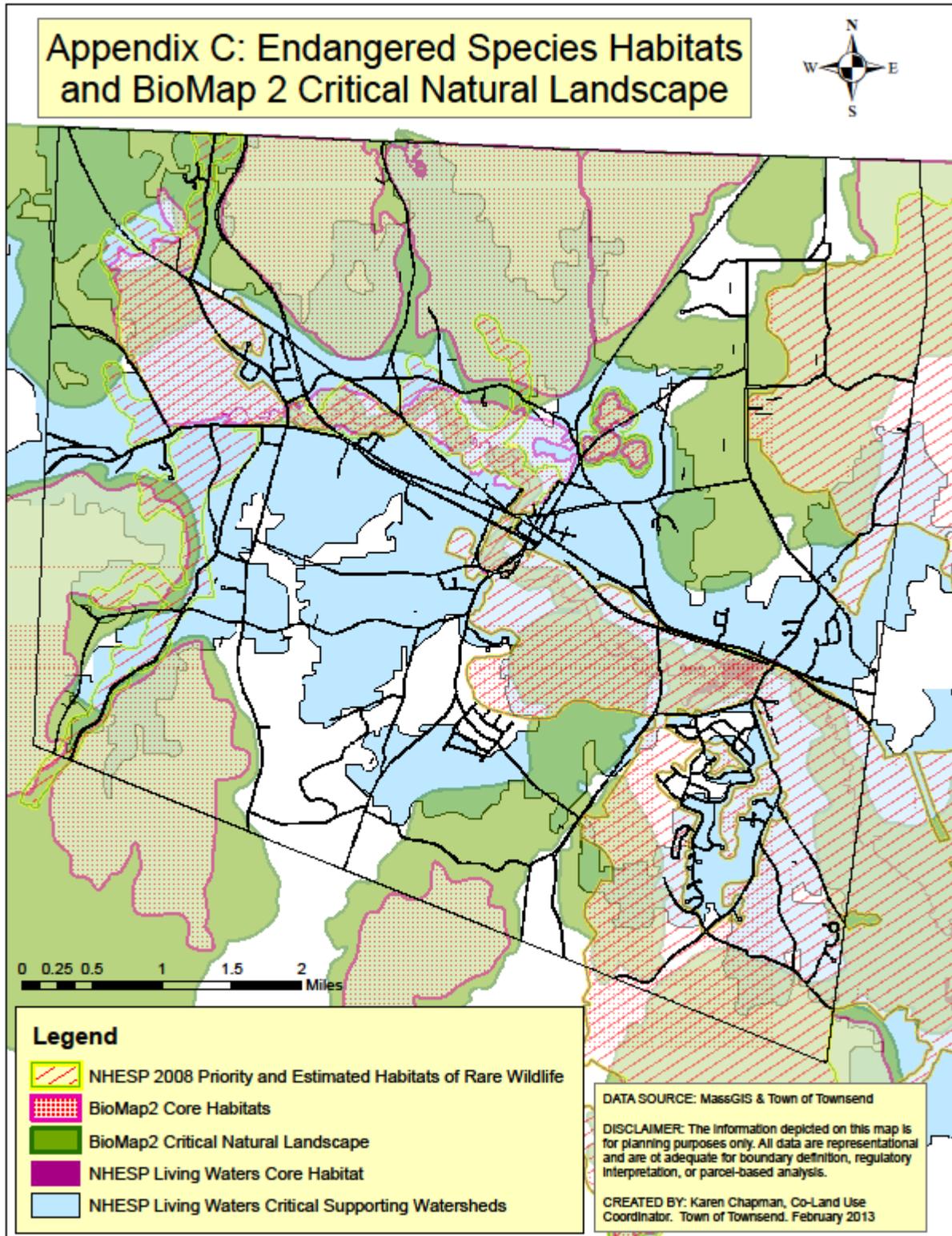
*Explore town-sponsored development of affordable housing units

It is important that Townsend continue to be affordable to the residents living in Townsend now. This can be accomplished by encouraging a greater diversity of housing opportunities in Townsend to meet the needs of a changing and diversified population with respect to age groups, persons in a household and income.

Appendix B: ACEC in Townsend



Appendix C: Endangered Species Habitats & BioMap 2 Critical Natural Landscape



Appendix D: Areas targeted for higher density development

