NEEDHAM, MASSACHUSETTS
COMMUNITY DEVELOPMENT PLAN

Prepared for the
Needham Planning Board

Technical support provided by:
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Study funding provided by the EO 418 Community Development Plan program

Directed by the Massachusetts Interagency Working Group (IAWG):
- Executive Office of Environmental Affairs
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OVERALL VISION STATEMENT

A component of the
NEEDHAM COMMUNITY DEVELOPMENT PLAN

Needham is first and foremost a residential community, although from Route 128 the business areas may, for outsiders, create another image. Residents enjoy a wide range of housing options, commercial areas and employment opportunities. The Town's infrastructure is well developed, having been extended over the years to serve most parts of the Town. The Town has an economically vibrant and pedestrian-friendly downtown anchored by a historic town hall and common. The community relies on a limited number of commercial areas for its nonresidential tax revenue. The most important of these assets is the New England Business Center, located on the eastern edge of town between the Charles River and Route 128; it represents 8 percent of the Town's assessed value and yields approximately 12 percent of all property tax revenue. At the same time, generous tracts of open space and parks have been preserved for the benefit of residents and environmental systems of the Town as well as the surrounding region. Additional assets such as direct regional highway access (Route 128), frequent railroad passenger service to Boston, and the excellent quality of Needham schools and recreation facilities have further contributed to the Town's emergence as one of the more desirable Boston suburbs. There is acknowledgment that Needham is an interrelated part of a larger area and there is a willingness to accept important responsibilities to that larger region if consistent with Needham as a fine place of residence and with conservatism about change.

Needham, like many of Boston's nearby suburbs, is approaching residential build-out capacity allowed by present regulations. The result is a rising cost of living that keeps many of Needham's most visible or desired community members, be they teachers, business operators, or young families, from residing in the Town. Similarly, Needham Center, the symbolic 'Capital' of the community is prevented by present regulations from expanding to meet changing local needs. Without intervention, Needham may ultimately loose some of the diversity, opportunity, and civic character that it developed in the past and that is vital to its present identity.

For these reasons the Vision Statement for the Town focuses on how to preserve and enhance the Town's amenities and assure that its present diversity and civic character are retained and enhanced. A particularly significant issue that requires attention is the need to reinforce the positive qualities of Needham Center through enhancements that serve contemporary needs and that improve the quality of life for the residents that live, work, shop, and meet in the downtown. The planned addition of capacity to Route 128 and the addition of an interchange at Kendrick Street are also judged to be of major importance as they are necessary to accommodate the increased traffic demands associated with the redevelopment of the New England Business Center. Managing the anticipated growth in the Business Center and assuring coordinated transportation improvements is essential to unlocking the fiscal benefits associated with this transformation. It is also important to maintain the quality of life in Needham and to increase the affordable housing opportunities available as a way to counteract the local and regional trend of rising housing costs. Continued preservation of existing open spaces and natural areas is important, but providing meaningful access to such areas, particularly the Charles River, is an open space priority.

When viewed comprehensively, the overall vision of the Community Development Plan is a vision of a strong, diverse, and vibrant community; a healthy mix of people, businesses, and organizations supported by and in turn helping to support high quality neighborhoods, transportation, municipal services, civic institutions and open spaces.

Goal Themes for the Respective Plan Elements

The Town of Needham seeks a proactive planning process that carefully balances the need for economic development, encompassing residential and non-residential uses, with the preservation of key natural, scenic, historic and recreational resources. To fulfill this goal and the overall vision above, the Community Development Plan shall articulate a strategy that promotes the following priority goals and objectives for each of the respective plan elements.

Housing

- Build a stronger and deeper community. The ways in which housing efforts are carried out can help in achieving that, bringing the community together in addressing a widely shared concern.

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

- Ensure that the community is able to shape its own housing future, doing so with sensitivity to larger-than-local considerations but without loss of the Town's ability to guide development outcomes. A key objective in seeking to assure local control is to meet the subsidized housing standard set by Chapter 40B and its related regulations, which currently calls for 10% of all housing to benefit through long-term subsidies.

- Have assurance that new housing is appropriate to its location and context. Achieving that is made easier by achieving the above goals, but it also requires more than that, including sensitively designed regulation and cooperative development and decision processes.

Economic Development

Needham's interests in economic development are clearly and consistently reflected in planning studies carried out in the recent past, and even in those conducted many years ago. While the Town's intentions differ in the weight they give to these goals in different locations, they consistently reflect all of them and are appropriately applied in today's context.

- Fiscal benefits gained through increasing the tax base;

- Job opportunities, especially for local residents;

- Convenient provision of goods and services, improving the local quality of life;

- Enhancement of the appearance and character of the community; and

- Avoidance of negative impacts on surroundings, especially residential ones.

Six zoning districts namely, Needham Center, Needham Heights, the New England Business Center, Mixed-Use 128 and the Highland Corridor-128 have received recent attention and are the focus of renewed community attention. More detailed descriptions of the goals for those areas follow below.

NEEDHAM CENTER

Needham Center is of unparalleled importance as the Town's center for sales and services, but in the past it has not sought to take on a larger regional role (though happy to contain some region-serving businesses). A major shift is now under consideration for the Center with the potential addition of housing as an important ingredient in the mix. The further pursuit of this residential option, which is common to both the housing and economic development elements, is a core goal in the Town's strategic planning for the Center.

NEEDHAM HEIGHTS

Needham Heights plays a different role from Needham Center, so not surprisingly its goals and strategies differ. The zoning plan adopted for Needham Heights a decade ago was a model of appropriate public actions for a transit-oriented neighborhood center. That area is now far more consistent with the original goals than it was then, illustrating the value of such changes. Revisiting the planning work done earlier to initiate possible follow-on and to enhance the district's transit-oriented qualities is a core goal in the Town's strategic planning for Needham Heights.

NEW ENGLAND BUSINESS CENTER
MIXED-USE 128
HIGLAND CORRIDOR – 128

The New England Business Center, Mixed-Use 128 and the Highland Corridor- 128 were the subject of a recent major planning study which has resulted in substantial regulatory change, all based upon clearly stated goal priorities: "The overarching goal of the plan is to unlock the site's economic potential and create significant benefits for town residents, business and property owners, and employees." The site's location straddling a Route 128 interchange and its history as a regional ground-breaker in suburban industrial park development make its region-serving rather than local-serving orientation virtually inevitable. The designer's see it as a major "win" for all parties. For the economic activities towards which it is oriented, largely office and R&D, this location is essentially non-competitive with Needham Center, Avery Square, or other Needham locations. It is a potentially powerful fiscal benefactor for the Town, and even has the potential of enhancing traffic conditions relative to those expected without the project.

The largest disparity between Town actions and the consultant's report is with regard to the consultant's proposal that the Wexford/Charles Street area include multifamily housing along the Charles River, a provision that was not included in the package of rezoning approved by Town Meeting, but for which there remains support among some within the Town, as well as some firm opposition. The Town remains committed to exploring alternative strategies for integrating multifamily housing, including provisions for affordable units, into the Wexford/Charles Street area.

Transportation

The overarching transportation goal of the Town is to assure integrated planning for the largest transportation change in the sub-region, namely the Route 128 "Add-A-Lane" project, critically including the proposed Kendrick Street interchange, and planning for implementation of the approved concept and zoning for the New England Business Center and nearby properties. The planned expansion of development in that area will result in increased traffic demands, for which the planned addition of capacity to Route 128 and the addition of an interchange at Kendrick Street are judged to be of major importance. In particular, that interchange would provide much-needed relief to traffic at the Highland Avenue interchange to the north, and relief to traffic on Highland Avenue itself.

Needham's economic development planning hinges upon the successful implementation of the changes approved for the New England Business Center and nearby areas. Success in achieving that is importantly related to the Route 128 "Add-A-Lane project overall and the Kendrick Street access in particular.

Open Space

The desire to perpetuate and preserve Needham's essentially pleasant and open characteristics has long been considered by Town residents as a primary objective behind any planning endeavor for the future. Parks and conservation of open spaces are among the major means of fulfilling this important goal because they serve many functions that are essential to the enjoyment of the suburban environment. Parks and open spaces should never be considered as luxuries, but rather as necessities which benefit the community. Land preserved for parks, recreation and conservation purposes should not be what has been left over after residential, commercial, industrial, and other municipal development has taken the prime land.

The Town of Needham Conservation-Recreation Open Space Master Plan in 1998, following the MA Department of Conservation Services format, inventories open space and recreation resources, assesses need, establishes goals, and outlines a five-year action plan. It provides a useful assessment of the resource value of undeveloped lands and of the potential importance of such lands for either development for recreation or for preservation as natural areas.

Among the Plan's most important goals are these:

- Needham lies entirely within the Charles River Watershed and thus all conservation measures within the watershed should promote sound watershed management resulting in Charles River protection and benefaction.

- Provide greater access to and enjoyment of water resources namely, Farley Pond, the Charles River, and Rosemary Lake.

- Preserve and acquire access to open space, especially land that would connect existing conservation land and other undeveloped areas, to form a loop or greenbelt through Town.

- Identify and preserve unique features.

- Prepare and maintain a management program for open space areas.

- Explore all areas, in addition to purchase, to protect open space and to beautify the more developed areas of the Town.

NEEDHAM COMMUNITY HOUSING PLAN

COMPREHENSIVE COMMUNITY
cHc
HOUSING STUDY COMMITTEE

Needham Comprehensive Community Housing Study Committee

February 7, 2004

NEEDHAM COMMUNITY HOUSING PLAN

A component of the Housing Element of the
NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared by the
Needham Comprehensive Community Housing Study Committee

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NEEDHAM COMMUNITY HOUSING PLAN

INTRODUCTION

In the fall of 2002 the Needham Selectmen created the Comprehensive Community Housing Study Committee, made up of both town officials and at-large members. The Committee was asked to coordinate, research and make recommendations to the Town about ways of maintaining and increasing housing options for individuals and families with low and moderate incomes and, more particularly, to make recommendations which will have the effect of:

- increasing the amount of housing for low- and moderate-income residents to 10%, the goal set by state law;

- increasing the housing options for moderate-income residents, including those who live in or work for the Town of Needham, so that they can remain in Town; and

- building housing that remains affordable in perpetuity, as part of an overall plan for responsible land use and open space preservation, and in keeping with the character of the Town.

With assistance from Needham's Planning Department and consultants provided through the Executive Order 418 Community Development Plan program, the Committee undertook a vigorous program of studies and public workshops covering more than a year. This document outlines a strategic plan covering vision and goals and the critical early steps in achieving the objectives set in the initial charge to the Committee. *The accompanying Needham Housing Resource Report* provides both supporting data and analyses and expanded descriptions of action steps, and also outlines some of the critical planning choices to be made in the longer run.

BACKGROUND

The Context for Housing

Needham residents have the good fortune to live in an enviable community made up of richly diverse environments ranging from a compact town center well served with public transportation, to outlying areas having well-assured rural character, complemented by a variety of smaller centers and residential neighborhoods. It is supported by a substantial and well-planned business base. Town government, like virtually all others in Massachusetts, is currently under severe fiscal pressure, but the level of services it strains to maintain is one that many communities would envy. Despite all that, however, the Town faces some very real problems that need to be addressed, and housing is one of them. Acting on housing is made urgent by powerful changes in both regional and local housing markets, and by the new saliency of the State's Chapter 40B regulations coupled with diminishing state and federal resources to help in addressing those market-driven needs.

The escalation in housing prices that has recently been experienced (Chart 1) is extraordinary. The median price for houses and condos in Needham doubled in just the past eight years. That problem is not often felt by those who have lived here through the whole of that period, but it is a severe problem for any seeking to own or rent a home here for the first time, including the children of current residents. Despite Needham's residential property tax rates being substantially lower than a decade ago, even some long-term residents are being hurt by the reflection of housing market inflation in their tax bills (see Chart 1A). Since 1995 the Needham residential tax rate per $1,000 of property has been pushed down by more than a third, essentially because of Prop 2 ½. The average single-family house tax BILL, despite that, rose by nearly 50% over that same period.

Chapter 40B, the "Comprehensive Permit" law, has taken on new saliency because of the growing frequency of its use as a result of conditions within this region. That law allows developers to ignore local regulations in developing housing so long as some part of what they develop is categorized as "affordable" and so long as less than 10% of the Town's housing is "counted" as being affordable. For developments under 40B all of the careful planning and zoning that the Town has done becomes virtually irrelevant, and final decision-making on those projects is effectively relocated from the Town to a state agency. The law and its administration fail to adequately reflect local circumstances, such as the small amount of land for development in Needham or the exceptional gap in cost per unit between market and "affordable" prices here or the ineligibility of the Town for major sources of housing aid available in larger communities. It is a "one size fits all" regulatory effort to solve a problem whose solution will require much more than regulatory efforts.

The threat of uncertainty which the Chapter 40B law raises as now constituted and administered gives urgency to addressing housing proactively rather than reactively. However, the resources with which to do so have been shrinking as both federal and state housing programs are cut back year after year. Addressing housing needs with local tax revenues is severely constrained by shrinking local aid to localities and by Proposition 2 ½, which continues to constrain growth in the tax levy to less than the annual rate of inflation.

Reforms are being actively discussed State-wide, and perhaps helpful change will occur. For example, the Massachusetts Commonwealth Housing Task Force proposes both regulatory change and increases in State aid tied to housing-supportive actions. The General Court's Joint Committee on Development and Housing proposes major reforms to Chapter 40B, many of which would serve Needham's circumstances well. However, for our current planning, 40B in its present form and secular declines in housing aid are the context within which Needham must plan, while advocating change for the better at regional and State levels.

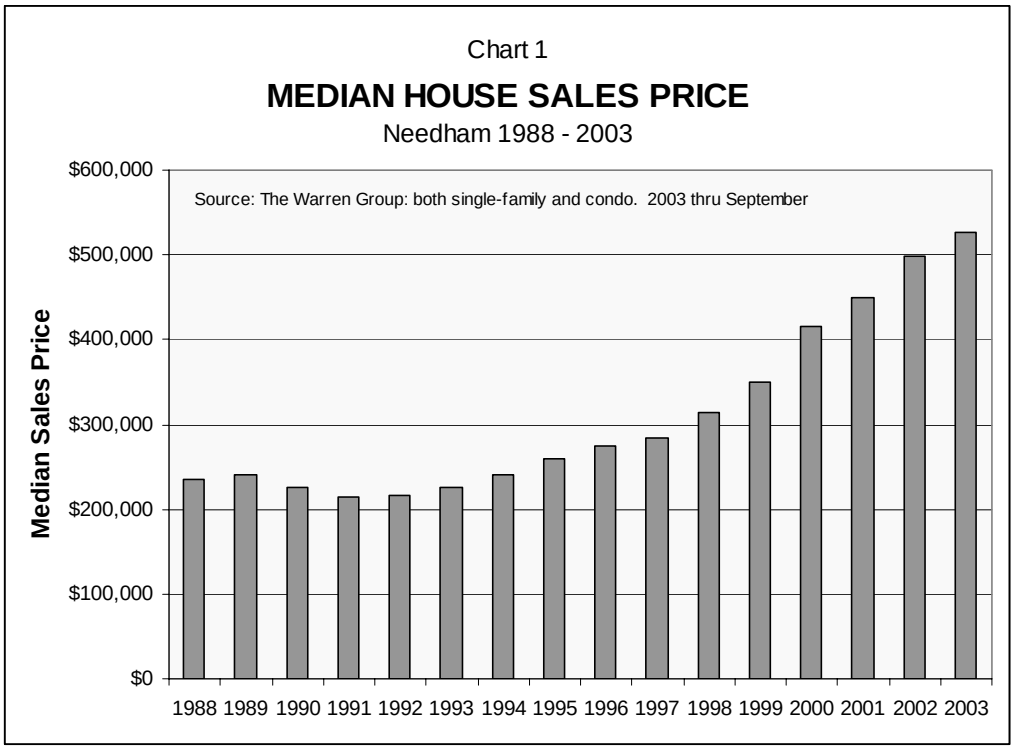


Chart 1
MEDIAN HOUSE SALES PRICE
Needham 1988 - 2003
Source: The Warren Group: both single-family and condo. 2003 thru September
Median Sales Price
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003

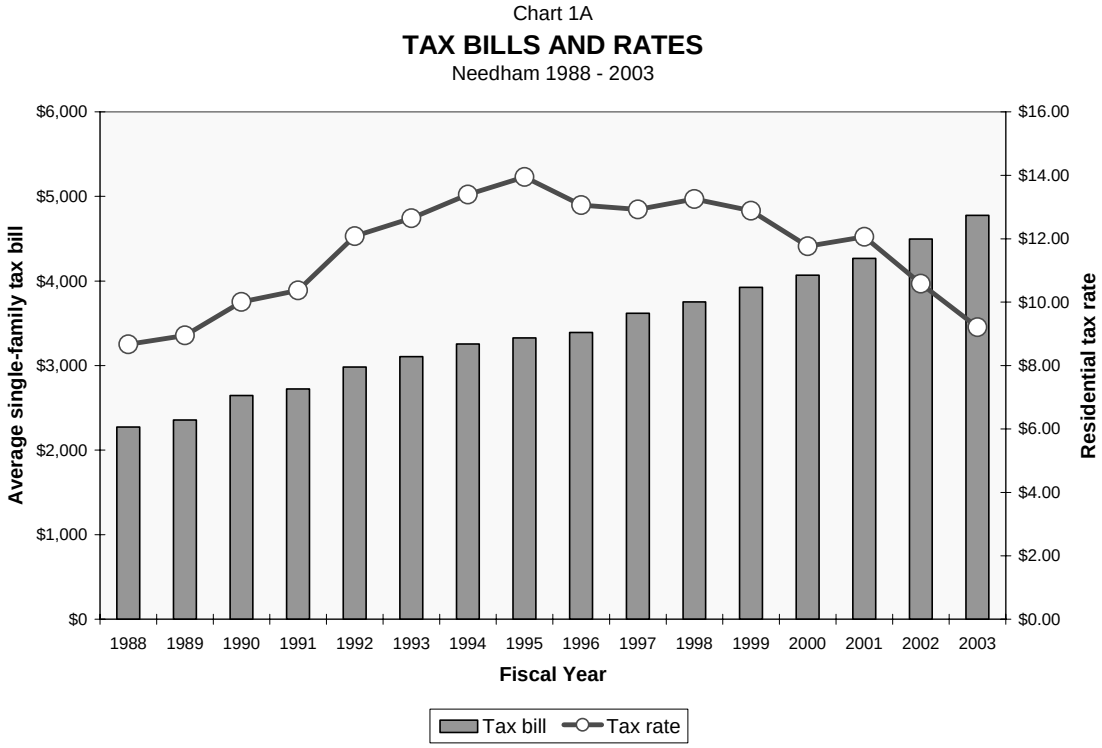


Chart 1A
TAX BILLS AND RATES
Needham 1988 - 2003
Average single-family tax bill
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
Residential tax rate
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003
Fiscal Year
Tax bill
Tax rate

Here, then, is the circumstance from which this Plan begins. Although the physical condition of Needham's housing is generally sound, there are many other housing needs within the Town. The young adult children of Needham families typically find it impossible to afford housing here. Many households, especially those having fixed incomes such as those in retirement, find that remaining here imposes increasingly unbearable cost burdens. Mobility within Needham is limited: "empty nesters," even those with good incomes, find more compact housing a choice that is largely unavailable at any cost. Hanging over it all is the virtual mandate from Chapter 40B and the Commonwealth stating that at least 10% of all housing should be subsidized and controlled to remain affordable, regardless of market change. Fewer than 4% of Needham's housing units meet that definition, leaving the Town with a "gap" of about 700 housing units below the State standard. Until that gap is completely closed or until sufficiently rapid progress towards closing it has been committed and is being accomplished, there remains a threat that local planning and zoning will be bypassed by disruptive development.

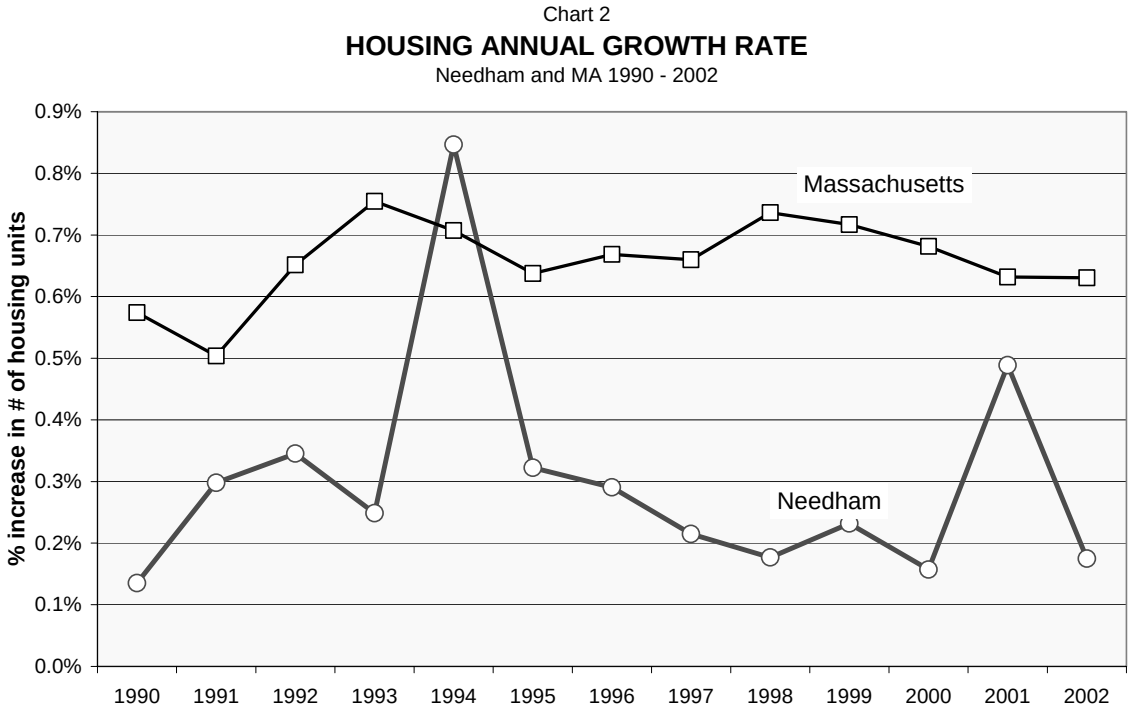
Meeting that gap is frustrated by the very qualities that make Needham such a special community. Land resources for housing development are very limited. Build-out projections indicate capacity under zoning for only about 600 housing units in addition to the 11,000 now existing. Even if every one of those potential new units were counted as "affordable" the 40B gap, which is now 700 units but growing as the total housing inventory grows, would not be fully closed. Bringing affordability to existing units is made daunting by the difference between Needham's extraordinary market values, currently over $500,000 per unit, and the highest 40B-counted "affordable" price, set based on the regional income median, and now a little more than $200,000, not enough to buy a lot, let alone build a house. Federal and state resources for housing production are shrinking at the same time that local discretionary spending is becoming virtually impossible. To make it worse, because of Needham's development history and current affluence, this town is not entitled to the CDBG and other governmental funds commonly available in larger or older municipalities to address housing issues and to support the technical expertise essential to making affordability happen in a difficult context.

The Town's housing circumstance is made even more difficult as a result of location in eastern Massachusetts. Largely as a result of housing supply not keeping pace with growth in households within the region, there is a region-wide price escalation similar to if not as severe as that experienced in Needham. Demand for housing resources at anywhere near affordable costs is tremendous, so that efforts to serve local needs is inevitably colored by competition within the region for the resources with which to meet those needs, and with the reality that population mobility will inevitably mean that housing action in any one community will be serving not only local but also virtually insatiable regional demands.

Housing Inventory

The 2000 US Census counted 10,846 housing units in Needham. Three quarters of them, 8,333 units, were single-family, while 2,513 units were in two-family, multifamily, or similar structures. The Town's various master plan studies dating back to 1960 have called for a carefully-controlled amount of multi-family development to complement the basically single-

family fabric of the Town, and that is what has occurred[1]. Consistent with that, owners lived in



81% of all occupied housing units in 2000.

The rate of housing production in Needham has consistently been only a small fraction of the Statewide rate (see Chart 2), which itself has been inadequate to avoid State-wide housing cost escalation. The inventory of housing in Needham was already expensive in 2000, both for rental and for owner-occupied units (see Charts 3 and 4). At that time there were essentially no owner-occupied units valued (as reported by their owners) at less than $200,000 in Needham, although a third of the region's owner-occupied housing was below that value. On the other hand, a third of all the rental units in the town cost more than $1,500 per month, quadruple the regional share.

One key aspect of the Town's inventory of housing is the share of units considered "affordable" or "subsidized" for purposes of Chapter 40B. About 3.7% of Needham's housing is so-classified by DHCD. Three-quarters of those 414 units are under the management of the Needham Housing Authority, the rest being in five private developments. Nearly all of the units are for rental, only a handful being condos. While Needham's share of units counted as affordable is small in relation to the State-set 10% affordability policy and regulatory target, it is substantially higher than in Wayland or Belmont, and similar to that in Wellesley, Arlington, Dedham and Natick, though much lower than in Westwood and Lexington (see charts 5 and 6).

[1] John T. Blackwell, *Needham Town Plan Study Report*, 1960; Shurcliff and Merrill, *Master Plan for the Town of Needham Massachusetts*, 1966; Philip B. Herr & Associates, *Planning Studies*, 1983.

Chart 4

GROSS RENT COST

Needham & Boston Region, 2000

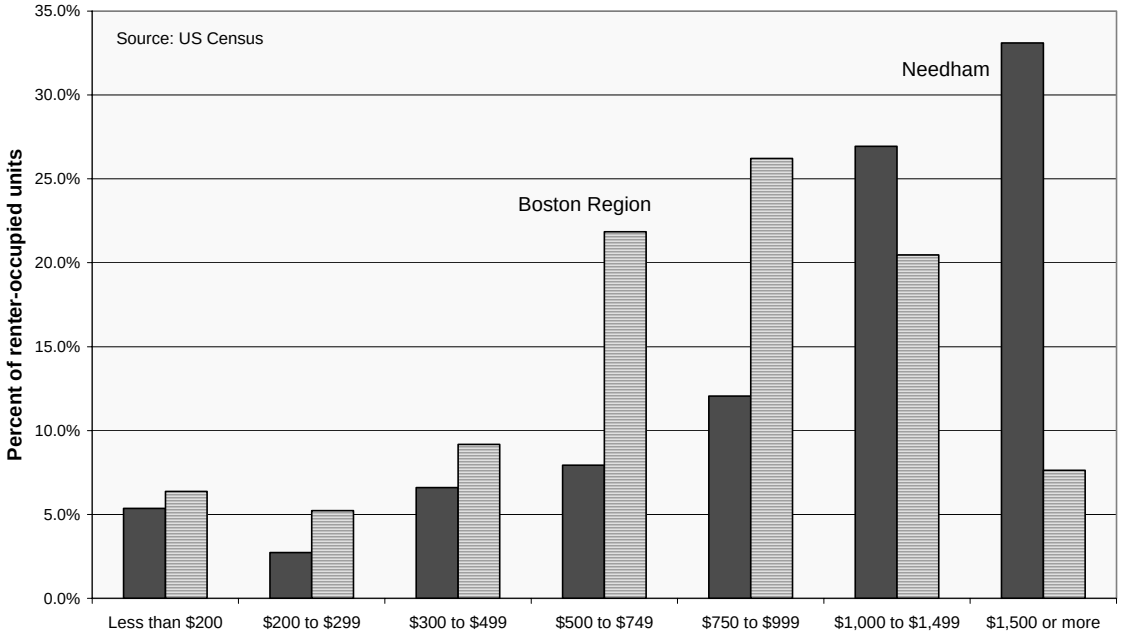


Chart 3

OWNER-OCCUPIED HOUSE VALUE

Needham & Boston Region, 2000

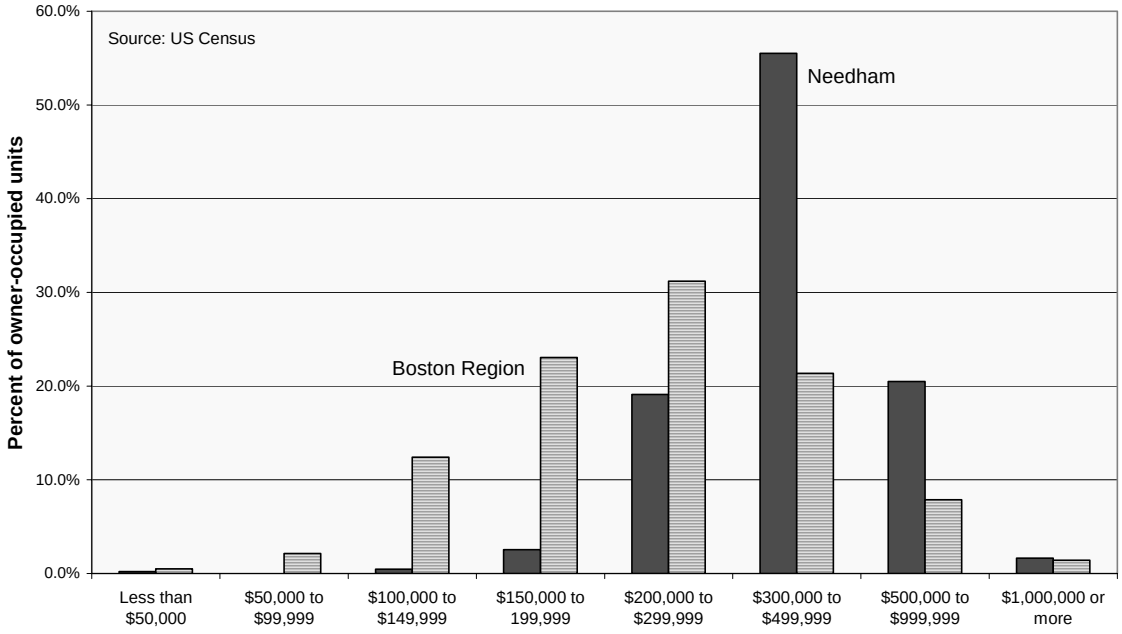


Chart 5

% 40B HOUSING

July, 2003

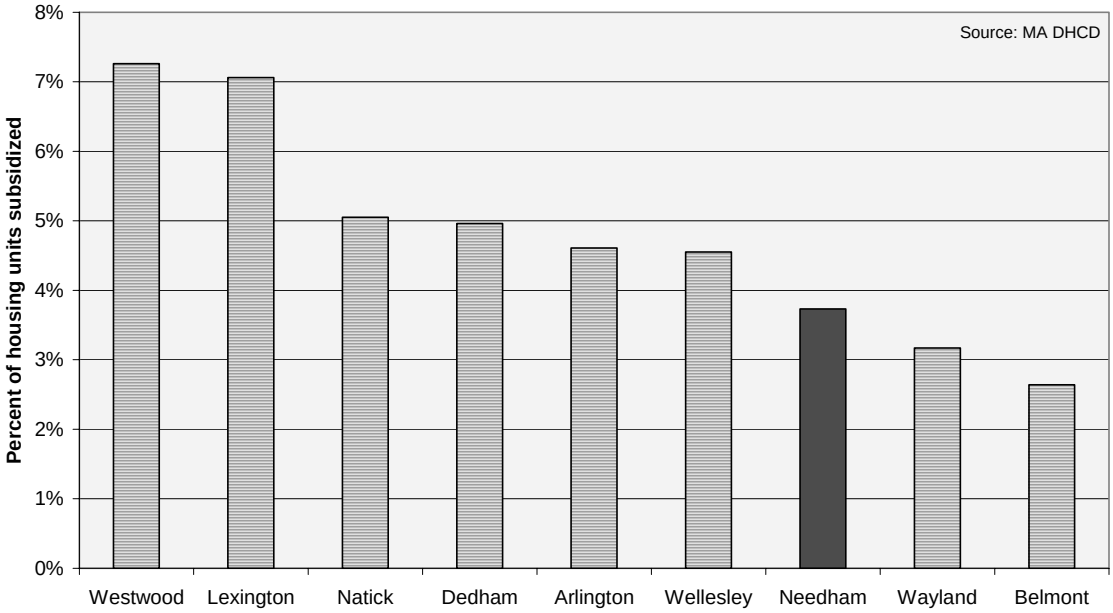
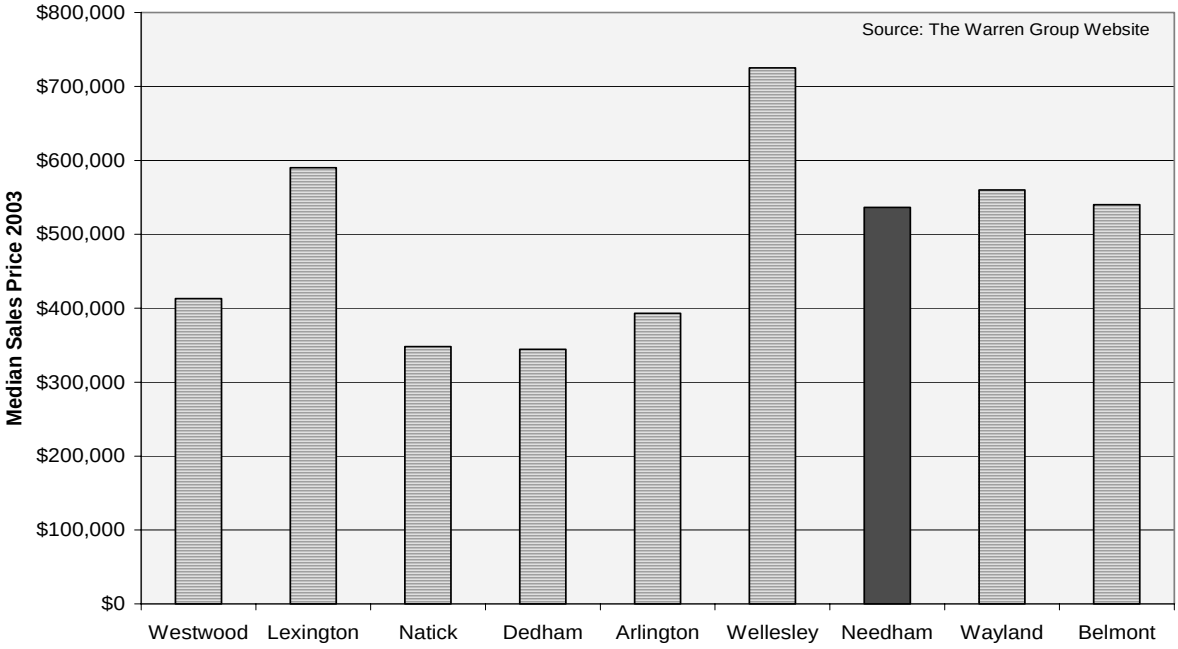


Chart 6

DWELLING MEDIAN SALES PRICE

January - July, 2003



Housing Needs and Gaps

There are many ways of defining housing needs and the related gaps in housing supply. The differences aren't between "right" and "wrong" but simply differences of perspective.

- About 40 of the applicants on the Housing Authority's waiting list, many of them Needham residents, have requested "emergency priority" because of being homeless, about to be homeless, or living in an unsafe situation. These cases are of undeniably severe need.

- The Housing Authority waiting list persistently contains about 500 applicants waiting for the Authority's 316 units. About 10% of the applicants are Needham residents.

- 15% of Needham homeowners pay more than 35% of their income on housing costs, even though their mortgage costs commonly reflect home purchases when prices were relatively low. Reductions in State and federal aid to localities exacerbates the housing problem, adding to the housing cost burden through local tax rates that must be higher than would be necessary had the historical level of local aid been maintained.

- About 40% of all renters in Needham pay more than 35% of their income on rent. A large share of those not so heavily burdened live in Needham's subsidized housing.

- Persons with disabilities are especially hard hit, since those disabilities often are income-limiting, and somehow the disabled must also gain supportive services. The numbers are substantial: in 2000 nearly 500 Needham workers had disabilities likely to need supportive services. Another 1,400 seniors reported disabilities.

- Excessive cost burdens are most common among the elderly. Three-quarters of Needham elders having incomes below 30% of the regional median spend more than half their incomes on housing.

- Cost burdens are also differentially felt by young adults trying to buy first homes without having the benefit of capital appreciation others can bring from earlier home ownership. Needham's young adult population of about 3,500 people aged 20-34 is barely half the number there would be at the regional average share of population. A substantial share of the 3,500 young adults "expected" but not living in Needham represents a real need for housing that such people can afford and will want.

- A simple indicator of need and of a gap is the disparity between the goal of 10% of housing to be subsidized per Massachusetts 40B formula and the 3.7% that is so subsidized. Meeting that 10% rule by adding 700 subsidized units would, if carefully fitted to the Town's evolving needs, be adequate to address many of the most urgent needs cited, but would still not stretch far enough to serve many Needham households income-qualified for housing subsidies and paying an unusual share of income for housing. However, by indirect influence on the housing supply/demand relationship those 700 units would also indirectly serve the needs of the much larger numbers represented in those paying an unusual share of income on housing, and those such as

starter households who although not income qualified for subsidized housing are still unable to compete for housing in the Needham market.

VISION, GOALS AND OBJECTIVES

Strategies and actions need to be guided by a vision of what we are striving for. Our vision includes both the Town and its regional and State-wide setting, since they are fundamentally interdependent. In that vision of a perfect outcome the regional context would be highly supportive:

- Eastern Massachusetts housing production would have climbed to essentially meet growing demand, roughly doubling to match the rate of growth in demand.

- Towns, regions, and the state would be working together towards housing accomplishments through building an understanding of shared interests and community, and using assistance and incentives rather than regulations and punishments as means of guiding actions.

- Inter-municipal cooperation would have steadily grown, including cooperation in the provision of housing suited to community needs and differences.

Needham's own goals, regardless of whether that regional vision is or is not achieved, should appropriately reflect Needham's own local vision, and can't simply assume that the visionary context will in fact be realized. Accordingly, four goals for this housing plan stand out.

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

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

- A widely expressed goal is to have this community able to shape its own housing future, doing so with sensitivity to larger-than-local considerations but without loss of the Town's ability to guide development outcomes. A key objective in seeking to assure local control is to meet the subsidized housing standard set by Chapter 40B and its related regulations, which currently calls for 10% of all housing to benefit through long-term subsidies.

- A related goal is to have assurance that new housing is appropriate to its location and context. Achieving that is made easier by achieving the above goals, but it also requires

more than that, including sensitively designed regulation and cooperative development and decision processes.

STRATEGIC PLAN AND APPROACH

Given the context, needs, vision and goals as described, the shape of our strategy for addressing housing involves these elements.

- It is critical to lead with planning, and to execute that planning as a mutual education process, with those undertaking it both educating the rest of the community and the rest of the community educating those doing the planning. No subject received broader support in the workshops that led to this plan than did planning and education.

- Housing efforts should proceed under a broadly shared consensus, understanding that the consensus may well move over time, as early actions provide learning on which later ones can build. Accordingly, we should act concretely first where agreement already exists, and should allow the products of that agreement to inform the next steps: learning by doing.

- In a time of highly stressed fiscal capacity it is important to skillfully reach out beyond Town resources for the means of accomplishing housing change. That means working with private interests in shaping regulatory improvements to facilitate accomplishment of housing goals equitably but with minimal public investment, and working with them in many non-regulatory ways as partners in community development.

- Needham Center provides a great opportunity for demonstrating the potential for integrating housing in a business area and near transportation. Accomplishing that has high priority.

- We should make achievement of housing goals a part of the ongoing day-to-day operation of the town and its government, not just a one-time extraordinary effort.

INITIAL IMPLEMENTING ACTIONS

Based upon the above strategy, the actions to be taken over the next five years might be considered under four broad categories: Planning, Regulation, Development, and Ongoing Efforts. Some actions possibly fit under two or more categories, but are placed into one just for convenience. At least some effort should be initiated on each of these actions almost immediately, in some cases leading to quick achievement. Other actions by their nature can be well-begun within the next five years, but may well take longer to complete. There are still further actions whose implementation deserves consideration during this initial period, and if it later proves appropriate, might be added to this initial action plan.

It does not appear likely that this set of actions alone would raise the level of subsidized housing to the 10% goal within these five years, especially if given continuation of the 40B law without change and continuation of current economic trends. However, these early actions still might in those few years achieve addition of as many 40B-counted units as have been created in the Town in the 34 years since that law was adopted. Furthermore, moving on these initial actions may well make feasible and supportable further potential actions. A sampling of possibilities for those is described in the later section "Further Potential Housing Implementation Actions."

Note that the order of items within each category has no significance, either with respect to judged importance or with respect to priority for action.

(1) **Organization and Planning.**

(a) Provide for coordination of housing plan implementation.

The actions required to achieve the objectives of this housing plan require efforts across a number of organizations and calls for a diversity of skills not now found in any one place. As the Town undertakes consideration of organizational change it is critical that ongoing coordination of efforts on housing plan implementation be provided for in a way that assures continuity of coordinated efforts.

Implementing party: Board of Selectmen

(b) Pursue housing in the Town Center.

Providing housing in and around the Town Center can add 24-hour life and vitality to that area, and is a direction enjoying wide support. The challenge is to forge a collaborative effort among property owners, business managers, housing interests, and the municipality to make such development economically feasible and to assure its compatibility with supporting infrastructure, critically including parking and streets, as well as with the character and function of the area. A current MIT student study of the area provides a welcome point of beginning for the organizing and studies that must follow.

Lead party: Planning Board.

(c) Provide inputs to those considering the Community Preservation Act.

Approval of the Community Preservation Act in Needham would provide as much as $3 million per year in funding outside of the usual tax levy earmarked for housing, open pace and recreation, and historic preservation. Those funds would be raised through a real estate tax surcharge, matched with State funds. Communities such as Lincoln, Bedford, and Newton have used those funds as a critical part of housing strategies. The major concerns in Needham over tax overrides for other purposes result in serious debate over the appropriateness of

adoption at this time. It is important that housing and planning groups provide the Selectmen's committee now studying that question with the best possible information regarding the experience of other communities in housing-related use of those funds and regarding the specific potentials for such use in Needham.

Lead party: Needham Opportunities, Inc., or a new organization to be created.

(d) Develop guidelines for the housing that would be a community benefit.

Clarifying in advance what qualities the Town seeks in housing developments would help reduce the conflicts over individual affordable housing development proposals. What levels of affordability are sought, and how does that vary by location or density? What are the housing targets: elderly, starter households, big families, individuals? When is rental preferred over owner-occupancy, if ever? Does it matter if project-based contributions to housing wind up being located on sites separate from the market units? Some guidance already exists, such as in Zoning Section 6.6 and in MassHousing guidelines. Those need to be brought together and expanded upon in non-regulatory guidelines to provide all those contemplating housing action with LOCAL and current guidance on what is wanted, regardless of whether the action is zoning-controlled or not.

Lead party: Planning Board.

(e) Explore criteria for waiver of application fees for affordable housing.

Waiver of application fees has proven to be a critical help in getting affordable housing efforts under way, both in Needham, where waivers have been granted on a case-by-case basis, and in other communities, so much so that such waivers are now a key to gaining funding from potentially supportive funding agencies who, in some cases, make such waivers a pre-requisite for assistance. Many complexities need to be studied: what might be entailed in annual costs, which categories of projects and applicants should be eligible, and to what extent are such waivers affordable in the Town's present fiscal condition.

Lead party: Board of Selectmen.

(2) **Regulation.**

(a) Develop rules for inclusion of affordable housing in new development.

"Inclusionary zoning" obliges inclusion of some share of affordable units in any development to which it applies, typically those that are over some size threshold and require a special permit. The added cost of inclusion is normally offset by allowing the development a higher density. Without such zoning provision every new "conventional" development widens the Town's 40B gap.

Lead party: Planning Board.

(b) Explore updating and refining antiquated multi-family zoning rules.

There is essentially no vacant developable land zoned for multi-family housing. Getting acceptance of rezoning to accommodate new multi-family development would be inhibited by the poor control provided by the current multi-family provisions. The apartment districts allow such housing by right, but lack sufficiently specific rules to give assurance that following rezoning the outcomes would be compatible with their contexts. Various business districts allow multi-family on special permit, but the density, yard, and parking rules combine to make it an unattractive option, evidenced by the near-complete lack of such development since the rules were framed. These requirements, inherited from an earlier era and neither attracting developer interest nor assuring an outcome compatible with 21st Century Needham, need reconsideration, perhaps replacement.

Lead party: Planning Board.

(3) **Development (See attached "Housing Suitability Map")**

USING PUBLIC PROPERTIES TO SERVE HOUSING NEEDS

(a) Provide for housing development on selected parcels of town-owned land.

Contribution or "bargain sale" of land owned by the Town but not essential for municipal purposes could have catalytic effect in launching housing efforts in the public interest. The Open Space Work Group recommendations regarding such sites, while making modest provisions for housing, should be actively pursued.

Lead party: Selectmen

(b) Seek improvements and expansion of the Linden-Chambers development.

The 152 existing Housing Authority units for the elderly and disabled at Linden Street could potentially be improved and expanded by another 30 units.

Lead party: Needham Housing Authority.

(c) Support efforts to complete funding for High Rock Estates expansion.

The Housing Authority is planning to increase the number of units in this development of 80 single-family units through replacement of 20 such units with 40 units in 20 two-family structures. Some funding is assured, more is needed.

Lead party: Needham Housing Authority.

(d) Restructure the Stephen Palmer building.

Through redevelopment, the Stephen Palmer building plus additions to it might provide about 60 housing units for seniors, compared with 28 today. At least many of the units would be offered at "affordable" rents, expanding housing supply at a great location and assuring better utilization of the building and the site. Doing so is highly complex, but moving forward.

Lead party: Board of Selectmen.

SEEKING SUPPORTIVE USE OF PRIVATE RESOURCES

(e) Save "expiring use" units.

About 80 currently "affordable" housing units in private developments are at risk of being opened to market rates because the restrictions that assure their affordability have either expired or are soon to expire. Working through how to retain affordability serves housing concerns with no new construction or disruption, but does require public initiative.

Lead party: Selectmen.

(f) Support scattered-site affordable single and two-family developments.

Small-scale efforts towards housing affordability can occur with minimal disruption one site at a time using single or two-family structures and creative use of funding and development resources, typically but not necessarily within zoning limitations. Doing so can be facilitated through assistance by Town agencies.

Lead party: Needham Opportunities, Inc., or a new group to be created.

(4) **Ongoing facilitation efforts.**

REACHING OUT AND MAKING CONNECTIONS TO SERVE HOUSING

(a) Conduct educational programs.

Housing is a highly complex subject, so it is no surprise that there is great need for education directed at those seeking but not easily able to afford housing, to those whose actions powerfully impact housing, such as many town officials and some private organizations, including banks, and to the general public, whose support for housing efforts is vital.

Lead party: Needham Opportunities, Inc.

(b) Work with banks towards a committed loan pool.

Supportive efforts by banks can be critical to affordable housing achievement, and two notable state programs now work through them: the "Soft-Second" mortgage program helping with home purchases by income-eligible applicants, and MassHousing's "Take the T" home mortgage program giving favorable terms to committed rail commuters. By working with the banks serving Needham those and other supportive efforts can be made available.

Lead party: Housing Authority or Needham Opportunities, Inc.

(c) Work with employers towards employer-assisted housing.

With housing prices making recruitment of workers harder, employer-provided housing assistance is becoming more common, with structured regional efforts already under way to facilitate that and a state-wide program recently proposed by the Governor. Local initiatives can greatly expand participation.

Lead party: Needham Opportunities, Inc., with support from the Selectmen.

(d) Encourage private donations.

Contribution or "bargain sale" of real estate in order to promote housing affordability is becoming more common, and could become a part of the Needham land ethic, but it needs to be promoted, nurtured, and facilitated, for example, by arranging for the substantial federal and state tax benefit that can accrue to the benefactors.

Lead party: Board of Selectmen.

HELPING INDIVIDUALS TO GAIN BETTER HOUSING

(e) Assure fair housing practices.

Fair housing concerns include but go beyond addressing discrimination based on ethnicity to also address, for example, possible discrimination against renters having small children, anecdotally common because of lead paint liability concerns. The Needham Human Rights Commission needs and deserves support in pursuing fairness.

Lead party: Human Rights Commission.

(f) Help develop an Individual Development Account Program.

This program is one in which income-eligible renters can in effect have a "matched savings" account for eventual housing purchase through arrangements structured through housing authorities or non-profits.

Lead parties: Needham Housing Authority and Needham Opportunities, Inc.

EFFORTS AT THE STATE LEVEL

(g) Reconcile DHCD "undercounting" of 40B units.

DHCD tracks the numbers regarding the number of 40B-counted units in each municipality. There is concern that there has been undercounting in the past, and revisions to 40B currently proposed would heighten the concern over accuracy. Local input to DHCD is welcomed and essential.

Lead party: Planning Board.

(h) Advocate Needham's housing interests and perspective at regional and state levels.

That which can, can not, or must be done with regard to housing needs is powerfully conditioned by legislation and actions at regional and state level. Needham's singular circumstances need to be brought to the attention of those shaping those directive measures, such as revisions to Chapter 40B, "smart growth" legislation, and zoning reform.

Lead party: Board of Selectmen.

OTHER POTENTIAL HOUSING IMPLEMENTATION ACTIONS

The following have all been considered for inclusion in the Needham Housing Plan, but for one reason or another have not been included, some since financial circumstances appear to preclude them, some requiring further study before being proposed, even in concept, some because there is not now evidence of an adequate body of support (e.g. accessory apartments), and some simply because the need for prior actions does not permit them (e.g. expanding apartment districts, which depends upon revising multi-family rules).

(1) Regulatory actions

(a) Authorize accessory apartments.

The potential contribution of accessory apartments towards improving the fit between existing housing and meeting housing needs appears to be substantial, suggesting at some point reconsidering the Town's past rejection of zoning intended to legalize the common practice.

Lead party: Planning Board.

(b) Expand apartment districts.

Once given more appropriate zoning text provisions for multi-family housing, it might become appropriate to reexamine the zoning map to see if some areas might be rezoned to allow such housing.

Lead party: Planning Board.

(c) Authorize Conservation Developments.

"Conservation developments" are a 21st century method of achieving what cluster zoning promised but seldom delivered: coupling housing development with preservation of open space and other natural resources.

Lead party: Planning Board.

(d) Explore transit area redevelopment and adaptive reuse.

Each of Needham's rail stations presents a potential opportunity for mutually supportive transportation and development efforts serving housing needs. All might be considered, especially in light of new public programs in support of such efforts.

Lead party: Planning Board.

(e) Explore small lot/small home zoning.

Some communities are having success with provisions that allow relatively small lots in designated areas, coupled with restrictions that assure that the houses built on those lots are also relatively small, making it likely that although the results are unlikely to be "affordable" in DHCD's terms, the unit will still in an unrestricted market command lower prices than other new homes, serving needs of those unable to buy into the existing market but not eligible for subsidized housing.

Lead party: Planning Board.

(f) Allow large dwelling multi-conversion.

Where a large older home exists on a large lot, adaptation of the existing structure for multiple units might be allowed so long as the number of units created is no greater than the number possible through demolition of the house and subdivision of the land. Allowing that requires a zoning amendment.

Lead party: Planning Board.

(g) Special zoning for other town-supported developments.

In the same spirit as the above, the Town might provide special regulatory relief for those proposing affordable units. Town including Bourne, Sandwich, Dennis and Bellingham, among others, in various ways offer higher densities for developments that include affordable units.

Lead party: Planning Board.

(2) Other actions

(a) "Buy-down" of existing units: ECHO housing, two-family affordable units, scattered site purchase-rehab.

There is a variety of programs that provide affordability through actions regarding existing dwelling units rather than new ones. They have the potential of being helpful, though given Needham's elevated prices it is a challenge. Examples:

- ECHO: purchase of a restriction on housing occupied by an income-eligible senior household, providing public assurance that the house when resold will remain affordable and providing the residents with cash for rehab plus an annuity.

- Two-family buy-downs: purchase of two-family structures, renting or reselling one (or possibly both) of the units subject to a deed restriction assuring permanent affordability.

- Scattered-site purchase-rehab: similar efforts, except involving substantial rehabilitation of the units.

Lead party: Needham Opportunities, Inc.

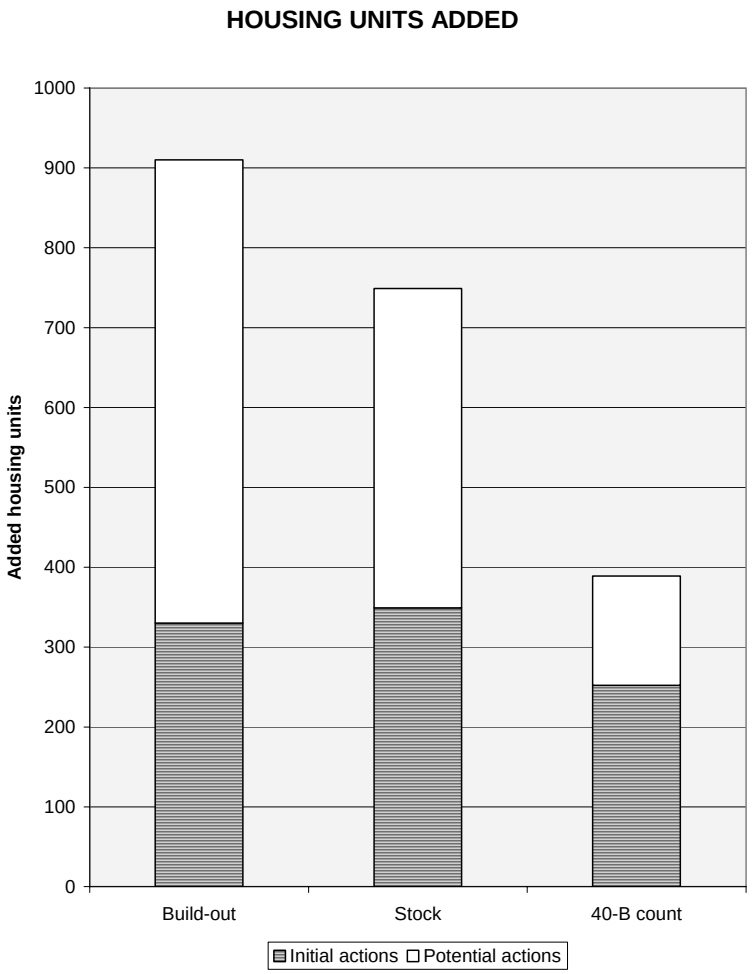
(b) Rehab program for homeowners.

Even though housing conditions in Needham are seldom less than very good, some households do need housing rehab or adaptations for the handicapped but lack the resources. There are State programs to assist in such cases. A concerted effort should be made to make those programs easily accessible in Needham.

Lead party: Needham Opportunities, Inc.

HOUSING PLAN ACTION IMPACTS

The following chart and table summarize how these initial and potential actions might impact Needham's build-out ceiling, the amount of housing in the Town after ten years, the Chapter 40B count, and what the costs might be for getting these efforts into place.



The first bar (and column a in the following table) indicates the "build-out" impact. The town is estimated to have land area and zoning that would allow 11,600 housing units to exist in Needham: the 11,000 units that currently exist plus about 600 additional units. However, changing zoning in the Town Center might make another 200 units possible, and another 50 could possibly result from the sale of Town-owned land, and another 50 from additional units within existing housing authority holdings. In all, more than 300 additional units might be made possible by the initial actions begin called for in the *Plan*, bringing the build-out total to about 12,000 units, only slightly more than the 11,600 total currently feasible under existing zoning.

The second bar (and column b) indicates the impact of the actions on the amount of housing actually existing in town after ten years. Over the next decade, not all of the

housing potential that might be created in the Town Center would be likely to be built out: perhaps 60 of the 200 potential units would actually be developed over that period. On the other hand, some actions, such as supporting scattered site infill, would be accommodated within the current build-out. Summing over the wide variety of actions to be taken, the increase in housing stock in the next decade attributable to the initial actions would be just about equal to the increase in the Town's build-out capacity, about 350 housing units, or 35 units per year in addition to those otherwise anticipated, a substantial impact in a Town where total new building per year seldom exceeds 30 housing units.

The third bar (and column c) demonstrates how the actions are estimated to impact the Town's Affordable Housing Inventory. Not all of the units resulting from the initial housing efforts will "count" under Chapter 40B, even under the revised counting rules that have been proposed at the State level. For example, we show only 10% of the new "downtown" units being counted as affordable, the rest being market-rate. On the other hand, inclusionary zoning provisions would result in making affordable some of the units that were going to be built anyhow, adding to the "affordable" count without adding to the increase in housing stock. Our best estimate is that about 250 housing units would be designated as "affordable" as a result of the initial housing actions proposed, which is a large increase above the 400+ such units that Town now has, but far short of the more than 700 additional housing units needed to be affordable to achieve 10% affordability at build-out. If the additional potential actions discussed but not at this time an official part of the *Housing Plan* are finally implemented, another 140 affordable units might be added, increasing the total number of additional affordable units to almost 400. This amount would still fall short of the 10% 40B housing goal by about 300 units unless significant reforms are passed at the state level to reduce the requirements under comprehensive permit regulations. To fill this gap, the Town would have to consider several more aggressive options such as:

- *Increasing the proportion of affordable units beyond the thresholds included in the Housing Plan under each action.* For example, the *Plan* currently estimates that 10% of the new units created in the Town Center are likely to be financed as affordable as well as 40% of the units created on Town-owned land.

- *Increasing the density of housing to accommodate greater numbers of units, including affordable units, on the same amount of land.* Revision of multi-family zoning rules and expansion of apartment districts are examples.

- *Entering into more positive negotiations with developers with intentions of incorporating affordable housing in their developments through the comprehensive permit process.* In doing so the Town could work towards guiding the new development to better serve the interests of the community and to incorporate greater numbers of affordable units, with likely Town support for seeking sources of subsidies to help finance an increased level of affordability.

Should it wish to consider more aggressive approaches to producing affordable housing, the Town should be aware of two state certifications that would enable the community to

ultimately assert greater local control over housing production and secure state subsidies for both affordable housing and other municipal purposes. First, the 2001 Executive Order 418 provides for, among other things, *Housing Certification* for communities that (1) have created an acceptable housing strategy quantifying housing objectives for low, moderate, and middle-income groups and (2) have made adequate progress towards those objectives with units actually produced at each of those income levels, which range up to more than $100,000. Certification would give the Town a critical advantage in 'Points" for competing for discretionary funding, important not only for housing but for other purposes, such as open space, as well.

Second, the Town might seek certification for having met the requirements for *Planned Production*. In addition to requiring planning, this certification currently requires actually producing affordable housing at a rate of 3/4^{ths} of a percent of the town's total housing stock per year, which means more than 80 units per year in Needham. Amendments have been proposed to reduce that percentage to ½ percent per year, still double the number of units built per year in Needham at all price levels. Compliance with the *Planed Production* rules would allow the Town to deny 40B developments without developers being able to appeal for an override by the State. The two certifications are related. Gaining *Housing Certification* would facilitate meeting *Planed Production* standards by giving the Town an edge in seeking grant funding that is vital to producing affordable housing.

NEEDHAM HOUSING PLAN ACTION IMPACTS 9-Jan-04

(a) Units added to build-out potential.
(b) Added housing stock - dwelling units constructed minus units demolished.
(c) Needham 40B units gained (relative to "no action") per 1/04 Chapter 40B rules.
(d) Costs exclusive of development-based grants and loans.

Actions			Housing units added			(d) Process Costs	
			(a) Build-out	(b) Stock	(c) 40B		
INITIAL ACTIONS							
1	Organization and Planning						
	(a)	Coordination of housing plan implementation	0	0	0	$40,000	**
	(b)	Pursue housing in Town Center	200	60	6	$50,000	**
	(c)	Provide input to those considering CPA	0	60	30	$0	
	(d)	Develop Housing Guidelines	0	0	20	$5,000	**
	(e)	Explore waiver of application fees	0	0	0	$2,000	
2	Regulation						
	(a)	Inclusionary zoning	0	0	15	$5,000	**
	(b)	Update and refine multi-family zoning rules	0	0	0	$10,000	**
3	Development						
	Public properties to serve housing needs						
	(a)	Provide development on Town-owned land	50	50	20	$5,000	**
	(b)	Expand Linden-Chambers	30	30	30	$2,000	**
	(c)	Expand High Rock Estates	20	20	20	$2,000	**
	(d)	Restructure Stephen Palmer Building*	30	30	30	$10,000	**
	Supportive use of private resources						
	(e)	Save "expiring use" units	0	0	10	$10,000	
	(f)	Support scattered site development	0	60	30	$5,000	
4	Ongoing Facilitation Efforts						
	Reach out and make connections						
	(a)	Conduct educational programs	0	0	0	$5,000	**
	(b)	Works with banks on a committed loan pool	0	15	15	$5,000	
	(c)	Work towards employer-assisted housing	0	15	15	$5,000	
	(d)	Encourage private donations	0	5	5	$5,000	
	Helping individuals gain better housing						
	(e)	Assure Fair Housing practices	0	0	0	$5,000	
	(f)	Help develop Individual Development Accts.	0	4	4	$2,000	
	Efforts at the state level						
	(g)	Reconcile DHCD "undercounting" of 40B units	0	0	2	$2,000	
	(h)	Advocate for Needham's housing interests	0	0	0	$0	
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TOTAL INITIAL ACTION IMPACTS			**330**	**349**	**252**	**$175,000**	

* Units projections range from 15 to 60; 30 is an average target assuming 50% affordability.
** Plausible candidate for grant support.

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NEEDHAM HOUSING PLAN ACTION IMPACTS 9-Jan-04

(a) Units added to build-out potential.
(b) Added housing stock - dwelling units constructed minus units demolished.
(c) Needham 40B units gained (relative to "no action") per 1/04 Chapter 40B rules.
(d) Costs exclusive of development-based grants and loans.

Actions			Housing units added			(d) Process Costs
			(a) Build-out	(b) Stock	(c) 40B	
OTHER POTENTIAL ACTIONS						
1	Regulatory Actions					
	(a)	Authorize accessory apartments	200	100	20	$5,000
	(b)	Expand Apartment Districts	50	50	10	$10,000
	(c)	Authorize Conservation Developments	0	20	10	$5,000
	(d)	Explore transit area redevelopment	200	100	25	$25,000
	(e)	Explore small lot/small home zoning	80	40	5	$5,000
	(f)	Allow large dwelling multi-conversion	20	10	2	$5,000
	(g)	Special zoning for Town-supported dev.	30	20	5	$5,000
2	Other Actions					
	(a)	"Buy-down" of existing units				
		* ECHO housing	0	10	10	$5,000
		* Two-family affordable units	0	10	10	$5,000
		* Scattered-site purchase/rehab	0	30	30	$5,000
	(b)	Rehab program for income-eligible owners	0	10	10	$5,000
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OTHER POTENTIAL ACTIONS IMPACTS			**580**	**400**	**137**	**$80,000**
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GRAND TOTAL INITIAL + OTHER POTENTIAL			**910**	**749**	**389**	**$255,000**

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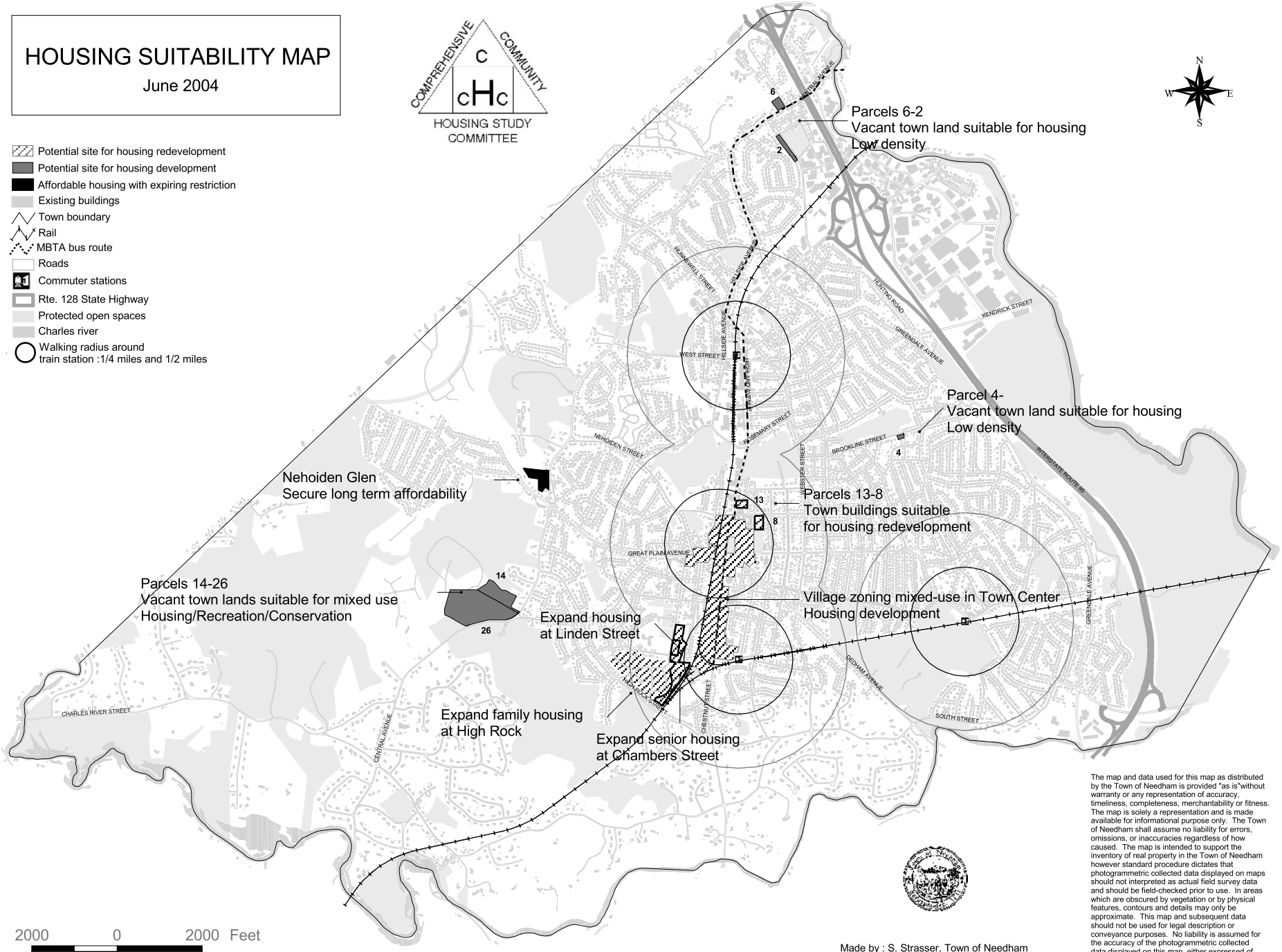
HOUSING SUITABILITY MAP

June 2004

COMPREHENSIVE COMMUNITY
cHc
HOUSING STUDY COMMITTEE

- Potential site for housing redevelopment
- Potential site for housing development
- Affordable housing with expiring restriction
- Existing buildings
- Town boundary
- Rail
- MBTA bus route
- Roads
- Commuter stations
- Rte. 128 State Highway
- Protected open spaces
- Charles river
- Walking radius around train station :1/4 miles and 1/2 miles



Made by : S. Strasser, Town of Needham
Source : MASSGIS, Town of Needham

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NEEDHAM COMMUNITY DEVELOPMENT PLAN

View of Needham Depot from Chapel St.

NEEDHAM HOUSING RESOURCE REPORT

Needham Comprehensive Community Housing Study Committee

February 7, 2004

NEEDHAM HOUSING RESOURCE REPORT

A component of the Housing Element of the NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared by the
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NEEDHAM HOUSING RESOURCE REPORT

A component of the Housing Element of the NEEDHAM COMMUNITY DEVELOPMENT PLAN

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NEEDHAM HOUSING RESOURCE REPORT

I. HOUSING NEEDS AND RESOURCES

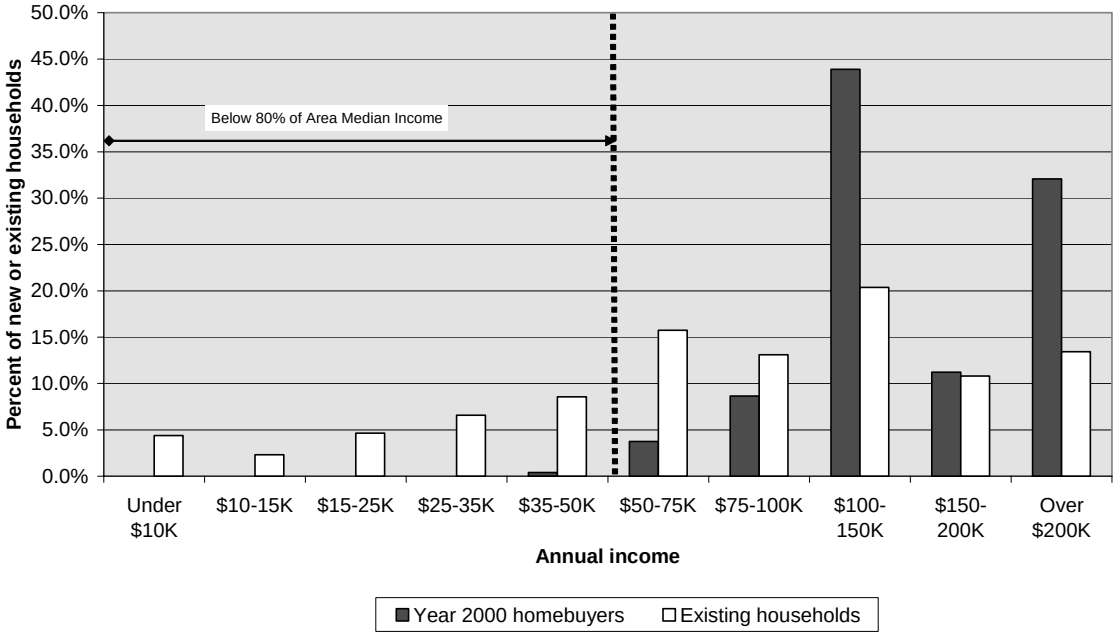
A. Introduction

Needham is a largely residential community about ten miles southwest of Boston that includes almost 13 square miles and is home to 28,911 residents. As is the case with many communities in the region, Needham is becoming increasingly affluent. A significant indicator of this affluence is the housing market with average housing prices soaring beyond $500,000. This report provides information on housing characteristics in Needham as well as a blueprint for the town of Needham to take a more proactive approach to promoting greater housing affordability while preserving the small town character of the community in response to the dramatic increases in housing prices and pressures from Chapter 40B.

Chart 1

"EXISTING" AND "NEW" HOUSEHOLD INCOMES

Needham 2000



Housing prices are doing two things to the socio-economic makeup of Needham as the chart above demonstrates. First, households are becoming wealthier. Second, the range of incomes found among the town's households is narrowing. This is occurring not so much because the new housing being built is so expensive, but rather due to housing turnover – as housing changes hands it is most frequently being sold to households having greater financial resources.

It is easier for local efforts to influence the prices and resulting household incomes associated with new dwellings than to affect market-driven housing turnover, which essentially reflects regional forces. Still a market analysis of housing conditions vividly makes three points:

- These conditions are likely to continue without substantial interventions that begin to counteract these trends.

- Needham's housing stock and home sales are predominantly detached, single-family units. The numbers of two-family and multi-family units are small but are critical as they include the bulk of the affordable stock.

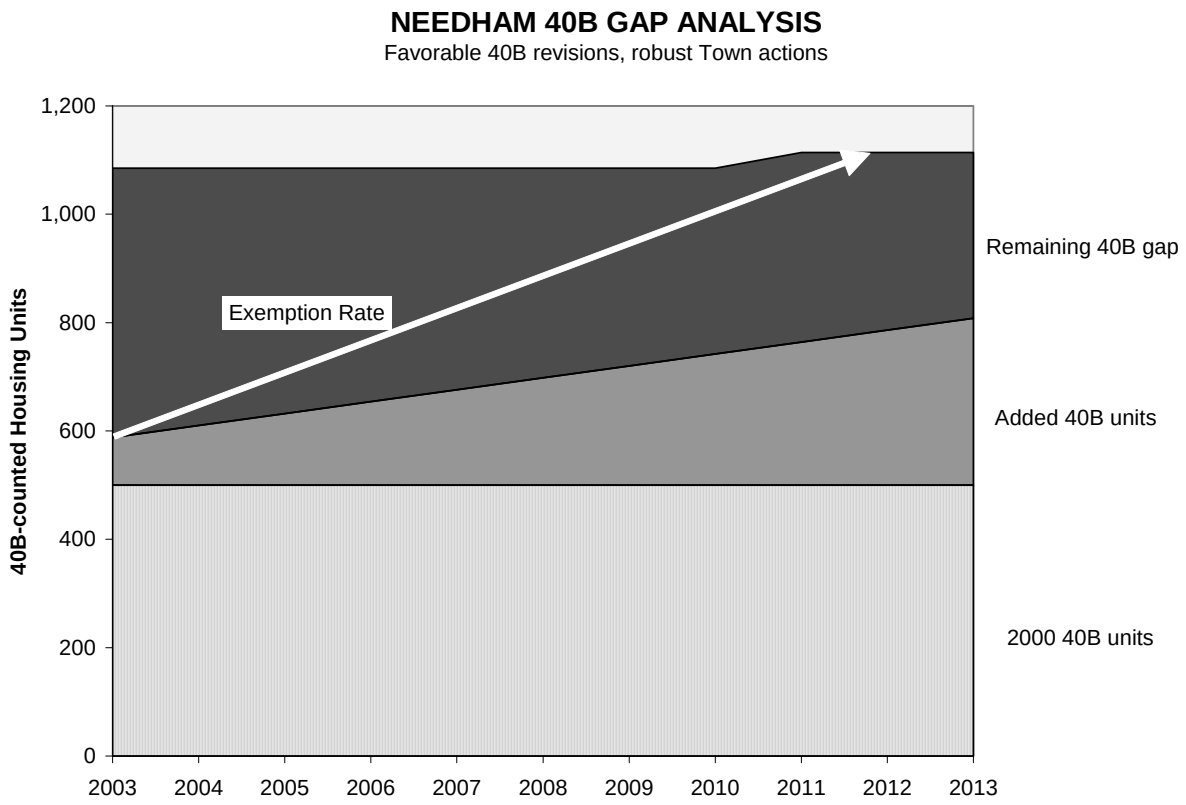
- The housing price and income stratification problem is larger than local, and therefore will require larger than local remedies, which Needham should and is becoming an active participant.

The escalation in housing prices that has recently been experienced is extraordinary. The median price for houses and condos in Needham doubled in just the past eight years. That problem is not often felt by those who have lived here through the whole of that period, but it is a severe problem for any seeking to live here for the first time, including the children of current residents. Despite Needham's residential property tax rates being substantially lower than a decade ago, even some long-term residents are being hurt by the reflection of housing market inflation in their tax bills. Since 1995 the Needham residential tax rate per $1,000 of property has been pushed down by more than a third, essentially because of Prop 2 ½. The average single-family house tax BILL, despite that, rose by nearly 50% over that same period.

In addition to the pressures of the market that are escalating housing values, the town of Needham is also confronting housing development pressures to create new housing through the Chapter 40B comprehensive permit process that allows developers to override local zoning in exchange for producing affordable housing.[1] Recent changes to Chapter 40B state that a community is no longer mandated to consider comprehensive permits if the town has a state-approved affordable housing plan in place and is making progress towards its production goals of at least .75% new units produced per year, referred to as a Planned Production Program. These guidelines suggest that Town-sponsored development of approximately 81units per year, including "friendly" Chapter 40B developments and other supported development projects, would enable Needham to avoid the necessity of reviewing new comprehensive permit applications. Recommendations from the Governors' Chapter 40B Task Force and Legislature's Joint Committee on Housing and Urban Development include a reduction of this Planned Production Program requirement to .5% of the existing year-round housing stock per year, reducing the annual production goals to 54 units.

As the chart below demonstrates, it will be difficult for Needham to meet these production goals.

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



This chart projects the numbers of units that Needham is likely to produce over the next ten years based on current private sector production, including Chapter 40B comprehensive permit projects, as well as additional units projected to be produced through Needham's HUD Consolidated Plan (a Five-Year Plan required by U.S. Department of Housing and Urban Development (HUD) for participation in the HOME Program, a federal program that provides subsidies to support affordable housing initiatives). Almost another 350 units of affordable housing production, which meets the Chapter 40B eligibility criteria, would have to be produced over the next decade for the Town to be exempt from Chapter 40B based on this analysis. More favorable revisions to Chapter 40B and/or more robust actions on the part of the Needham community will be required to avoid susceptibility to local zoning overrides through the comprehensive permit process. However, at present, based on the current gap between the state 10% threshold and projected growth, almost 700 new units of affordable housing in the town of Needham would be required, an exceedingly ambitious task.

In the context of Chapter 40B and escalating housing prices, many town residents are expressing the need for more local control over affordable housing development to more appropriately meet community housing needs and maintain Needham's small town character. For the town to take a more proactive position towards affordable housing creation, it will be essential to plan for this new development as strategically as possible to best leverage the investment of limited resources and guide new housing creation for the benefit of existing residents and future generations. This Housing Plan begins to articulate a future course for affordable housing development for Town-approved initiatives that is based on local needs and market conditions, community input and what is working in nearby communities

1. Purpose of Project

The purpose of this project is to conduct research and community outreach to better understand the challenges and opportunities for developing affordable housing in Needham for low and moderate-income individuals and households and to prepare detailed action plans on how the town can best promote the acquisition, development and retention of affordable housing for the same income groups throughout the community. The *context* for recommending affordable housing actions is summarized below:

- *Significant numbers of community residents have serious unmet housing needs.*
- Those spending unsupportable shares of income on housing.
- Those needing supportive services as well as housing.
- Those living in overcrowded dwellings.

- *Like many nearby communities is it becoming increasingly difficult for some to live in Needham.*
- Young "starter" households can't begin here;
- Seniors on fixed incomes have trouble staying here;
- Many who provide both public and private services can't afford to live here.
- Options within Needham for "moving up" from subsidized housing to a larger or unsubsidized unit are very limited.

- *Housing decisions are being taken out of community hands through the Chapter 40B comprehensive permit process.*

Within this context there are also a number of *challenging uncertainties* including:

- *Fiscal strains*: Will delay in acting now risk even worse conditions later? When will the promise of compensating State assistance in return for housing efforts really be met?

- *Regulatory context*: Not only Chapter 40B but also basic planning laws are being seriously considered for sweeping change, with no current assurance of outcomes.

- *Community values context*: How strongly does the Needham community really feel about the imperatives of addressing housing? What steps is the community ready to support in acting on those feelings?

Escalating market prices for both the purchase and rental of housing have generated concern in town that many long-term residents may be experiencing difficulties paying market rents or maintaining their homes, that the children who grew up in Needham can no longer afford to live in town and raise their families, and that Town employees are unable to reside locally. The pressures of market prices are exacerbated by the town's relative lack of subsidized housing. According to the state's Department of Housing and Community Development (DHCD), 403, or 3.73%, of Needham's 10,793 year-round housing units are "affordable". Based on four new housing developments that incorporate another 13 units of new affordable housing, the state-defined inventory increases to 416 units, or 3.9% of the year-round housing stock, still well below the state's Chapter 40B standard of 10%.

Three major obstacles impede Needham's ability to respond effectively to this affordable housing problem. First, unlike many communities, Needham is largely developed. The town does not have substantial amounts of vacant land on which to construct new residential units. Second, housing prices in Needham (including both rental and homeownership) continue to skyrocket. Lastly, existing home prices, as well as demographics of Needham, not only make much of the housing in Needham ineligible for state and federal housing subsidies, but also place Needham as a community lower in program priority than more distressed communities.

In recognition of the growing need for affordable housing and diminishing supply due to an overheated market, the Town of Needham established a framework for becoming proactive on the issue. In May 2002, the Board of Selectmen appointed a committee, known as the Comprehensive Community Housing Study Committee, to study the town's housing needs, consider locations for new housing development, and sponsor the implementation of zoning changes to facilitate the creation of new housing units. The Comprehensive Community Housing Study Committee includes representation from the Board of Selectmen, Zoning Board of Appeals, Planning Board, Town Meeting, Housing Authority, Needham Opportunities, Inc., Needham Increased Housing Opportunities Committee (IHOC), and numerous other local leaders. The Committee is committed to encouraging and facilitating the development of housing so that Needham reaches its long-term goal of having at least 10% of its housing stock as affordable and addresses the broader housing needs of the community.

The Committee has been responsible for overseeing this affordable housing planning effort, which was divided into three phases. *Phase one* focused on the review and assessment of documentation and research already completed as well as the collection of new information to provide the framework for determining which affordable housing options are most appropriate for Needham's low and moderate-income households and individuals. This research phase involved the analysis of the following: economic and housing-related data; previous plans, studies and surveys; relevant by-laws, zoning regulations, permitting and regulatory procedures; housing market conditions; building and land inventories; affordable housing models from other communities; and input from town residents, Town officials, Town committee members and real estate professionals.

Phase two involved the preparation of an overall vision statement of Needham's long-range housing goals for creation of housing opportunities for low and moderate-income residents and the preparation of an inventory of the best available strategies for developing affordable housing in Needham.

Phase three focused on specific actions to preserve and create affordable housing opportunities in Needham. Guided by the context established in phase one and the long-range vision in phase two, action plans were developed, each including a description of the strategy, appropriate party to the lead the action, estimated costs, and potential affordable unit production level. These action plans provide an overall strategy to enable the Town Board of Selectmen, Comprehensive Community Housing Study Committee, Needham Housing Authority, Planning Board and Board of Appeals to chart a course for the future with respect to realizing more affordable housing opportunities in Needham.

2. Definition of Affordable Housing

There are a number of definitions of affordable housing, as various federal and state programs offer various criteria. For example, the federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net or adjusted income (with a small deduction per dependent, for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. If households are paying more than these thresholds, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems.

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development ($24,250 for a family of four for the Boston area) and very low-income is defined as households earning less than 50% of area median income ($40,400 for a family of four). Sometimes 60% of area median income is used for particular low-income programs ($48,500 for a four person household). Low-income generally refers to the range between 51% and 80% of area median income ($62,650 for a family of four at the 80% level). Some publicly subsidized financing programs are targeted above this threshold to more moderate-income households earning from 81% to 100%, and sometimes 110% and 120% of median income ($80,800, $88,880 and $96,960, respectively, based on a family size of four). Middle-income households are defined under the state's Executive Order 418 as those earning less than or equal to 150% of area median income, $111,300 for the town of Needham.

The low- and moderate-income levels are summarized in the table below:

2003 Targeted Income Levels for Affordable Housing in the Boston Area

# of Persons in Household	30% of AMI	50% of AMI	60% of AMI	80% of AMI
1	$16,950	28,300	33,900	43,850
2	19,400	32,300	38,800	50,100
3	21,800	36,350	43,600	56,400
4	24,250	40,400	48,500	62,650
5	26,200	43,650	52,400	67,650
6	28,100	46,850	56,200	72,650
7	30,050	50,100	60,100	77,650
8+	32,000	53,350	64,000	82,700

2003 Median Family Income for the Boston PMSA = $80,800

In general, programs that subsidize rental units are typically directed to households earning within 60% of median income, $48,500 for a family of four. However, first-time homebuyer programs generally apply income limits of up to 80% of area median income. The Community Preservation Act allows resources to be directed to those within a somewhat higher income threshold – 100% of area median income.

In counting a community's progress toward the 10% threshold, the state counts a housing unit as affordable if it is subsidized by state or federal programs that support low- and moderate-income households at or below 80% of area median income under Chapter 774 of the Acts of 1969

established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B). Additionally, most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income, as well as some at lower income thresholds. *It is worth noting that, according to the 2000 census, approximately one-third of Needham's households are likely to be income-eligible for affordable housing using the 80% of area median income level.*

3. The Planning Process – Building a Community Dialogue on Housing

The Comprehensive Community Housing Study Committee has been committed to undertaking a rigorous community process to maximize the amount of resident input to provide a number of important benefits. First, it would better inform residents on the issue of affordable housing, dispelling negative stereotypes and providing forums for the public to obtain updated information on existing housing conditions with details on housing needs and the cost implications of housing market conditions. Second, the process would provide an opportunity for the Committee to hear first-hand about the range of housing concerns, what residents believe are the major obstacles to new affordable housing development and what residents consider to be the most feasible opportunities for making progress on the issue. Third, it would enable the Committee to conduct some "reality testing", obtaining feedback from residents on what strategies have sufficient political support for implementation.

This community planning process was composed of three Community Housing Workshops, each building on the other to ultimately arrive at a general agreement, if not full consensus, on the critical elements of the Housing Plan. A summary of each of these workshops is as follows:

Community Housing Workshop One – Starting a Housing Dialogue

The Comprehensive Community Housing Study Committee held the first Community Housing Workshop at the Pollard School on the evening of May 29, 2003. Approximately 100 Needham citizens gathered to discuss their concerns about housing in Needham, what housing actions they thought the Town should take, and what obstacles to those actions they foresaw. Working in small groups following initial background presentations, participants produced a rich and largely consistent array of suggestions. Those results provided guidance for efforts leading to the second workshop to explore potential housing actions in more detail.

Those who attended the workshop included housing advocates, neighborhood advocates recently faced with threatening new development, Town officials, and other interested citizens and local leaders. The workshop began by presentations by the project consultants on existing housing characteristics and market conditions and potential future directions for housing development in Needham. Those in attendance were then broken-out into groups based on how aggressively they believed the Town should respond to the issue of affordable housing with groups classified as leaning towards aggressive, moderate or cautious interventions. Members of the Comprehensive Community Housing Study Committee facilitated the group sessions. After the groups were organized, each individual was asked in turn to indicate their comments on three questions and all comments were recorded on flip sheets by a designated recorder. The questions included:

- What are your own two largest *concerns* about housing in Needham?
- What do you think are the two most important *actions* for the Town to take in the next few years regarding housing?
- What do you think is the single most important *obstacle to those actions* being taken?

The groups were then instructed to prioritize their comments, selecting their top three group items regarding concerns and actions and top single item for obstacles for later reporting, ideally by concurrence but if necessary by voting. All workshop participants reconvened, and the group selections were arranged on a wall. Each group presented its selections and the highlights of how they got there, plus any other key observations.

Following these presentations, participants were given five red "positive" sticky dots to place as "votes" wherever they wished on the presented selections, and depending upon their preferences could place all five red dots on one item or spread them between items denoting the extent of their interest in the item. Participants were also given one blue "negative" dot to record strong opposition to something that was in the reports. The voting results were compiled and reported back to all participants. The results are included in Attachment 1.

The red dot voting that followed the small group presentations gives a clear picture of preferences. Broad agreement was found to exist despite the diversity of orientations towards housing among those who attended. People want to retain socio-economic diversity in the town that they see threatened by housing price escalation. They are concerned that among others, young starter households and many seniors are systematically being priced out of the community. They want to see diversity throughout the town, avoiding out-of-scale developments and over-concentrations of any one level of housing.

More than any other action, participants saw zoning and other regulatory change as important for the Town to pursue. Changing rules to facilitate compatible housing in downtown and certain other business areas drew large support. So, too, did a variety of measures that might apply in residential areas, such as authorizing accessory dwellings. Controlling teardowns was also heavily supported, though skepticism was expressed about feasibility. Other regulatory devices such as the mandated inclusion of affordable units in new residential development and requiring housing impact fees ("linkage") from new business development drew support. Other ways of raising necessary funding were frequently mentioned, including revisiting the potential of the Community Preservation Act (CPA) in Needham. Even before zoning changes, people felt the need for careful planning, both comprehensive planning and housing planning, which of course is exactly that in which they were participating.

Although those participating quickly reached agreement among themselves, many did not see that as being true for the town as a whole, a judgment disputed by some others. Cited obstacles included lack of agreement on the need for affordable housing, on the appropriateness of such housing in "my neighborhood," and more fundamentally on principles. Interestingly, there was less agreement about obstacles than on what actions the Town should take.

Community Housing Workshop Two – Housing Actions
The second Community Housing Workshop was held at the Pollard School on the evening of June 23, 2003. The central topic of this workshop was the wide agreement on the actions to be pursued as part of the Community Housing Plan that surfaced during Workshop One.

After a welcome and a summary of the results from the first Community Workshop, the consultants provided information on categories of strategies for the production and retention of affordable housing that have been effectively implemented in other communities including:

- Strategies to increase housing in business districts,
- Strategies to increase housing in residential districts,
- Strategies to retain existing affordable housing,
- Funding strategies, and
- Strategies to create public support for affordable housing.

Following these presentations, workshop participants were asked to join a working group organized according to the categories of strategies listed above, with funding strategies and strategies to retain existing affordable housing combined into one group. A member of the Comprehensive Community Housing Study Committee facilitated each of the working groups.

Initially members of the working groups were each asked to introduce themselves and identify one of the actions in the handouts or some other action that they would like the group to discuss. After all members of each group had their turn, they were asked to determine an agenda of particular actions for discussion, voting if necessary. More than an hour was committed to discussing this action agenda, and then each group was asked to select the top two highest priority actions to present back to all workshop participants. Each group selected a presenter, and the two priority actions were recorded on a sheet for presentation.

As was the case with the first Community Housing Workshop, following the group presentations each participant was given five red dots to place on those actions, or all five on one particular action, that they considered their highest priority strategies. Participants were also given one blue dot to place on that action, if any, that he/she most opposed. The results of this voting are included in Attachment 2 but are summarized in the following:

- There was significant support for incorporating more housing in Needham's business districts, particularly the downtown, and the notion of mixed-use development that incorporates some structured parking and increased densities received significant numbers of red dots.
- There was a lively debate on the merits of promoting accessory apartments in the working group on strategies to increase housing in residential districts, but there was substantial interest in the Town establishing affordable housing guidelines to provide greater assurances that the housing being proposed is appropriate to its location and context in a myriad of respects. There was also significant interest in increasing housing opportunities near transit stations.

- In regard to funding strategies, there was considerable interest in having the Town reconsider the Community Preservation Act that would bring in new resources to support open space and historic preservation as well as affordable housing. Funding through linkage and inclusionary zoning also received a fair amount of support.
- The issue of how best to preserve the town's existing affordable housing stock was linked in discussions directly to how the town can maintain its social and economic diversity. The preservation of starter housing received strong support as did the notion of promoting non-profit housing development.
- There was wide recognition that a public education campaign on affordable housing was needed to update the community on the issue, dispel many negative stereotypes, and secure more community support for new housing initiatives. A Speakers Bureau and a broader educational role for the Comprehensive Community Housing Study Committee attracted interest.

As with the first Community Housing Workshop, while there were lively discussions within each working group, there was considerable agreement within and across groups on a core group of actions.

Community Housing Workshop Three – Feedback on the Draft Plan
On Tuesday evening, December 6, 2003, the Comprehensive Community Housing Study Committee hosted its third community forum to present the draft Community Housing Plan and to obtain feedback from Needham residents. Approximately sixty residents attended this meeting. The Committee Chair, Margaret Murphy, welcomed everyone to the meeting and outlined the Committee's mission, defined by the Board of Selectmen as "a temporary advisory committee created to coordinate, research and make recommendations to the Town about ways of maintaining and increasing housing options for individuals and families with low and moderate incomes. The Committee will build on the research and findings of the dissolved Increased Housing Opportunities Committee. It will be the charge of the Comprehensive Community Housing Study Committee to make recommendations, which will have the effect of:

- Increasing the amount of housing for low- and moderate-income residents to 10%, the goal set by state law;
- Increasing the housing options for moderate-income residents, including those who live in or work for the Town of Needham, so that they can remain in Town; and
- Building housing that remains affordable in perpetuity, as part of an overall plan for responsible land use and open space preservation, and in keeping with the character of the Town."

The Selectmen's charge included a reference that the Committee may also consider the use of Town-owned land for possible sites for new development of affordable housing.

Ms. Murphy then introduced the consultant, Phil Herr, who presented some background information on housing in Needham. Mr. Herr focused on the context within which the Plan evolved that included a number of challenges such as rapidly escalating housing prices, little remaining developable land, fiscal constraints from all levels of government that limit resources to support new housing production, and the "one size fits all" aspect of the Chapter 40B comprehensive permit regulations.

Members of the Comprehensive Community Housing Study Committee then described the key elements of the Housing Plan. Devra Bailin provided an overview of the vision, goals and objectives of the Plan, including the strategic approach. Chris Miara summarized the shorter-term actions for which the Committee reached consensus, and Bill Tedoli covered other potential housing actions that the Committee suggests deserve further study prior to a decision to move towards implementation.

Following these presentations, Margaret Murphy opened the meeting up to comments from those present. For the most part, comments expressed divergent opinions among meeting participants on the best approaches for implementing many affordable housing strategies. It was clear, however, that participants wanted the Town to take a more proactive role in producing affordable housing.

- *Vehicles for Development*
  It was suggested by one meeting participant that the Town should pursue the creation of a new Town Department of Community Development to oversee the implementation of the Community Housing Plan pursuant to Massachusetts General Laws 43C, Sections 7 and 12. Another participant suggested the need to involve non-profit development organizations in the Town's plans. Several comments related to how greater incentives should be offered private developers to encourage them to produce affordable housing.
- *Parking*
  A member of the Town's Traffic Management Committee urged the Housing Committee to consider parking issues when making changes to the Zoning Bylaw and avoid parking on streets. While transit-oriented development should be explored, she cautioned the Committee to insure that adequate parking is integrated into any new development.
- *Town Center and Transit-Based Redevelopment*
  One person indicated that the Committee needs to be very thoughtful about how it proposes to redevelop the Town Center, particularly as to how any new development relates to Town Hall, insuring that buildings become no taller than Town Hall and do not cast shadows on the area. Another suggested that the Committee secure the cooperation of local businesses up-front and look to comprehensive versus piecemeal changes. He further suggested that the Town Center could become more vital and attractive with increased density and housing, as is the case on Newbury Street in Boston. Another indicated that because land is so expensive the only way to build affordable housing is with greater density that requires zoning changes. He also stated that besides the downtown and transit-nodes, the Committee should look at other parts of town as well to increase density.
- *Accessory Apartments*
  There were a number of comments that indicated support for the inclusion of accessory apartments in the Housing Plan. Someone emphasized the point that accessory apartments allow the community to increase the number of affordable units within the existing housing stock. However, another person offered that accessory units aren't always a "blessing" as they have become primarily student housing in some other communities.

- *As-of-right Development*
  There were a number of opposing comments concerning whether the Town should promote increased as-of-right development, such that developers could pursue various types of development without the need for special permits. One resident expressed concern that the recommendations from a recent MIT study regarding the redevelopment of the downtown might reduce the amount of local control that the Town has had through the special permit process by promoting as-of-right development. Another person suggested that the public sector cannot build affordable housing without the involvement of the private sector, but the incentives must be there for the private sector to participate. He urged the Committee to think about ways to simplify the development process to make it more profitable to developers. Another resident added that the special permit process increases development costs and makes it too expensive and difficult to build in Needham, and by-right development should be promoted. However, another person countered with the comment that by-right development opens the door for developers to take advantage of the community, and the special permit process is worth the effort.
- *Preserving Affordability*
  One resident suggested that the Plan place greater emphasis on how the Town can preserve the existing housing stock as it comes on the market to provide some opportunity for starter housing or options for others looking to locate into a smaller residence. As with past community meetings, there were a number of participants who expressed concern about the volume of tear-downs.
- *Promoting Affordability*
  It was suggested that the Town should strive to increase the numbers of actual affordable units produced in comprehensive permit projects, potentially up to 50% of the units. This person also thought inclusionary zoning was a good idea, and the Town should explore how it can provide greater incentives for developers to build affordable housing, possibly taking some lessons from the Section 8 New Construction Program that created thousands of new affordable units several decades ago. Another added that the reality of Chapter 40B is that it pits the "haves" against the "have-nots", but it is unlikely to change significantly. Therefore, he suggested we develop strategies to incorporate greater subsidies into the projects or build more substantial numbers of affordable units on available land to move towards the 10% target. He further suggested that if the state's Housing Appeals Committee approves the High Street project, Needham will become a "big target" for new comprehensive permit applications. Another meeting participant stated that the redevelopment of the Stephen Palmer Building is an important part of the Plan. Still another participant restated that 40B does not generate much affordable housing, and we need higher densities in terms of building size and smaller lot sizes to produce new affordable units. Still another person questioned whether the golf course, the largest Town-owned property, is the highest and best use. Another participant suggested that the Town look into the possibility of how existing assisted living developments might incorporate affordable units in exchange for financial incentives such as a special tax arrangement.
- *Community Preservation Act*
  There were several comments related to the Community Preservation Act. One participant expressed concern about the possible economic impacts on the more vulnerable residents of Needham such as the elderly. Another urged the

Committee to come out more strongly in favor of CPA and include the need to pass it in the short-term implementing actions as opposed to the current position of providing some information to the Town Committee reviewing the issue. Another meeting participant suggested that CPA funds could be an important resource for "buy-down" efforts to create new affordable units from the existing housing stock.

4. Housing Goals

From the first Community Housing Workshop there were a number of key themes that recurred throughout the discussions that provide the basis for guiding future housing strategies. These themes were reinforced throughout discussions and public comments during the following two public meetings and form the basis for local housing goals.

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

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

- A widely expressed goal is to have this community able to shape its own housing future, doing so with sensitivity to larger-than-local considerations but without loss of the Town's ability to guide development outcomes. A key objective in seeking to assure local control is to meet the subsidized housing standard set by Chapter 40B and its related regulations, which currently calls for 10% of all housing to benefit through long-term subsidies. (A discussion of the issues related to meeting this goal is included in Section I.B.8, Analysis of Chapter 40B Contingencies).

- A related goal is to have assurance that new housing is appropriate to its location and context. Achieving that is made easier by achieving the above goals, but it also requires more than that, including sensitively designed regulation and cooperative development and decision processes.

B. Housing-Related Information/Needs Assessment

This report provides a snapshot of the current housing situation in Needham focusing on an analysis of housing characteristics, affordable housing resources and resulting gaps between needs and existing resources. Key findings from this analysis, which are described in greater detail in the following sections, are highlighted in the following:

Housing Characteristics

- The 2000 census counted 10,846 housing units, an increase of 441 units since 1990.
- The census indicated that there were 10,612 occupied housing units – approximately 80% owner-occupied and 20% rentals – and approximately 80% of the housing units are in single-family structures.
- Needham's era of rapid growth occurred decades ago with almost two-thirds of the housing stock built prior to 1960 and 27.2% constructed prior to 1939.

Household Characteristics

- According to the 2000 census, approximately one-third of Needham's households are likely to be income-eligible for affordable housing using HUD's definition of the 80% of area median income level.
- Average incomes are increasing significantly, up 46% from $60,357 to $88,079 during the last decade, substantially more than the 2000 median income for the Boston area of $65,500 according to HUD figures. These increases are demonstrated by households in all income ranges.
- The absolute numbers and percentages of those in poverty across all major categories decreased, however, there remains a population within the town with substantial income limitations, requiring public assistance to meet their housing needs
- Persons with disabilities are especially hard-hit, since those disabilities often are income-limiting and somehow the disabled must also access supportive services. The numbers are substantial with nearly 500 workers having a significant disability that requires supportive services. Another 1,400 seniors reported disabilities.
- The number of households age 25 to 34 – the age group that includes the bulk of the entry-level workers and those beginning their own families – totaled only 960 households or 9.0% of all households, a relatively low proportion of the population in comparison to other communities.

Cost Burdens

- Almost a quarter of Needham residents are currently living in housing that is by common definition beyond their means and unaffordable.
- 20% of Needham homeowners, even though helped by having housing purchased when prices were lower, pay more than 30% of their income on housing, and of these 15% paid more than 35% on housing costs. That excessive but unavoidable cost burden distorts household budgets in harmful ways.
- Nearly half of all renters pay more than 30% of their income on rent, 40% paying more than 35%. A large share of those not excessively burdened live in Needham's subsidized housing.
- Seniors experience the greatest cost burdens in Needham with three-quarters of elderly owners earning less than 30% of median income spending more than 50% of their income on housing.
- Excessive cost burdens are most common among the elderly, but are also differentially felt by young adults trying to buy first homes without having the benefit of capital appreciation others can bring from earlier homeownership. Needham's young adult population of about 3,500 people aged 20 to 34 is barely half the number there would be at the regional average share of population.

Market Conditions

- The actual numbers of renters decreased from 1990 to 2000 across all income categories.
- More than one quarter of the households in Needham in 2000 reported incomes below $50,000, which is approximately the ceiling for eligibility for any housing assistance program in that year. In sharp contrast, only two of the 508 home sales in 2000 would have been affordable to a household earning less than $50,000.
- Not only are the highest income categories an unusually large segment of those who are purchasing homes in Needham, but households having incomes anywhere below the regional median ($65,500 for a family of four in 2000 based on HUD figures) were virtually all shut out of the housing market.

- The average sales price of a single-family house is $555,000 requiring an income of approximately $168,500.
- The affordability gap is about $243,000 - the difference between the price of the median priced home (based on the average for all sales quoted by Banker & Tradesman of $527,000 as of July 2003) and what a median income household can afford. The affordability gap is $313,000 if the analysis focuses on those low- and moderate-income households earning at or below 80% of median income for the Boston area, or $62,650 for a family of four, who can afford a house costing no more than $214,000. Based on 2000 census data, less than 5% of the homes were estimated to be valued at or below this price level. However, the dynamics of the housing market during the last several years has, for the most part, eliminated these lower home prices from the private housing market.
- The gross median rent of $1,289 requires an income of $51,560, not affordable to more than one quarter of Needham residents, most particularly to those who cannot afford homeownership who represent the bulk of the rental market.
- The Needham Housing Authority waiting list persistently contains approximately 500 applicants waiting for the Authority's 316 units. About 10% of the applicants are Needham residents. The numbers are swollen by the many who broadcast applications across many authorities, but it is likely that many in real need do not apply at all.
- About 40 of the applicants on the Housing Authority's waiting list have requested an "emergency priority" because they are homeless, about to be homeless or living in an unsafe situation. These cases are of undeniably severe need. These numbers indicate that there are significant numbers living in Needham and other communities in the region that are experiencing great difficulties securing housing that is affordable and meets their needs.

1. Population and Housing Data

Population, Age and Household Information

The 2000 census data indicates that the town of Needham had a total population of 28,911, an approximately 5% increase over the 1990 population of 27,557. The population has remained predominantly White, including almost 95% of the population in 2000 versus 97% in 1990. In regard to the representation of other races, Asians comprised 3.5% of the population in 2000 with Black or African-American and Hispanics both at about 1% of total residents, not significantly different from the distribution in 1990.

With respect to seniors 65 years of age or older, in 2000 there were 5,190 seniors who comprised 18% of the population, as compared to almost 17%, or 4,630 seniors, in 1990, representing only a small increase in this population. In contrast those 19 years or younger comprised more than 28% of the 2000 population, or 8,162 persons, up from almost 25%, or 7,082 children and adolescents age 20 or younger, in 1990. The median age was approximately 40 years in 2000.

Population Characteristics 1990-2000

	1990		2000	
	#	%	#	%
Total Population	27,557	100	28,911	100
Minority Population*	833	3.0	1,499	5.2
Population Age 65+	4,630	16.8	5,190	18.0
Population 19 & under**	8,162	29.6	7,082	24.5

Source: 1990 and 2000 U.S. Census Bureau *All non-White classifications
** For 1990 the classification is age 20 and under

The total number of households increased by 452 households, or 4.4%, with the number of families decreasing only slightly, from 74.5% to 73.3%, while the number of those living alone increased somewhat from 21.2% to 23.4%. The comparison of female-headed households with children is difficult to gauge from 1990 to 2000 as the data in 1990 included female householders with and without children.

Household Characteristics 1990-2000

	1990		**2000**	
	#	**%**	**#**	
Total Number of Households	10,160	100.0	10,612	100
Family Households	7,565	74.5	7,782	73.3
Married Couples/Families	6,470	63.7	6,887	64.9
Female Heads of Households*	873	8.6	337	3.2
Non-family Households	2,595	25.5	2,830	26.7
Householders Living Alone	2,149	21.2	2,479	23.4

Source: 1990 and 2000 U.S. Census Bureau
* Female householders are restricted to those with children under 18 years in 2000 data.

The 2000 census also provided data on the distribution of households by age presented in the following table:

Age of Householder 2000

Age Category	**#**	**%**
Less than 24 years	60	0.6
25-34 years	960	9.0
35-44 years	2,442	23.0
45-54 years	2,432	22.9
55-64 years	1,529	14.4
65+ years	3,189	30.1
Total	10,612	100.0

Source: 2000 Census

The number of households age 25 to 34, the age group that includes the bulk of entry-level workers and those beginning their own families, totaled only 960 households or 9.0% of all households. On the other hand those householders age 65 or older counted for approximately 30% of the number of occupied units, indicating that seniors represent a substantial portion of Needham's housing market. The numbers of those in the 35-44 and 45-54 age ranges were comparable, 2,442 and 2,432 comprising together almost 46% of the householders.

Income Distribution

The table below demonstrates the significant increase in affluence that the town of Needham experienced from 1989 through 1999. The median household income increased 46%, from $60,357 to $88,079, substantially more than the median income for the Boston area in 2000 of $62,600 according to HUD figures. Of particular note is the increase in households earning more than $100,000, representing 21.6% of the households in 1989 and 44.6% of the households in 1999. There have also been significant increases in income levels on the other end of the income scale, with 1,759 households, or 17.1%, earning less than $25,000 in 1989; and 11.4%, or 1,203 households, in this income range in 1999.

Income Distribution – Households 1989-1999

	1989		**1999**	
	#	**%**	**#**	**%**
Under $10,000	647	6.3	464	4.4
10,000-14,999	339	3.3	246	2.3
15,000-24,999	773	7.5	493	4.7
25,000-34,999	886	8.6	698	6.6
35,000-49,999	1,434	14.0	909	8.6
50,000-74,999	2,350	22.9	1,668	15.7
75,000-99,999	1,618	15.8	1,389	13.1
100,000-149,999	1,271	12.4	2,158	20.4
150,000 or more	948	9.2	2,570	24.3
Median income	$60,357		$88,079	

Source: 1990 and 2000 U.S. Census Bureau

Poverty

The significant increase in income experienced by the general community is also evidenced in the data for those with incomes below the poverty level. As the following table indicates, the absolute numbers and percentages of those in poverty across all major categories decreased.

Poverty Status
1989-1999

	1989		1999	
	#	%	#	%
Individuals below poverty level	896	3.3	705	2.5*
Families below Poverty level	140	1.8	121	1.6**
Female-headed hh's w/children	89	1.2	42	0.5**
Individuals 65 years +	250	0.9	201	0.7*

Source: 1990 and 2000 U.S. Census Bureau
*Percentage of total population
**Percentage of all families

Several issues must still be kept in mind when considering housing needs in Needham. First, while poverty has decreased, there remains a population within the town with substantial income limitations, requiring public assistance to meet their housing needs. Second, it is useful to consider whether some of those residents who were classified in 1990 as living beneath the poverty level have managed to increase their financial resources or have moved elsewhere searching for a more affordable living environment.

Education
In 2000, 96.4% of those 25 years and older had a high school diploma or higher and 64.9% had a college degree or higher. Those enrolled in school (nursery through graduate school) totaled 7,849 or 27% of the population and those enrolled in nursery school through high school totaled 6,307, 80.4% of those enrolled in school and 21.8% of the total population.

Disability Status
Of the 2000 population of 5 to 20 years old, 298 or 4.9% had some type of disability, and the population age 21 to 64, 1,377 or 9.0% claimed a disability but 66.2% of this cohort was employed, indicating that approximately 465 residents of working age have a significant disability that likely require supportive services. The population 65 years of age or older, 1,369 individuals or 28.8% claimed some type of disability.

Residency in 1995
Of the population five years of age or older, 69.7% had lived in the same house since 1995. Of the remaining residents, 12.2% moved from somewhere else in Norfolk County, 10.9% in the same state, and 5.1% from a different state. Therefore, almost one-third of the residents fives years and older moved within the last five years indicating significant mobility of the population.

Housing Characteristics
The 2000 census counted 10,846 total housing units in the town of Needham, up only slightly from 10,405 units in 1990. Therefore, during these ten years a net increase of only 441 units was realized, a 4.2% increase.

The 2000 data also indicate that the town has 10,612 occupied housing units and of these 8,587 or 80.9% were owner-occupied and 2,025 or 19.1% were rental units. In 1990 there were 10,160 occupied units of which 8,097 or 79.7% were owner-occupied and 2,063 or 20.3% were renter-occupied, comparable to the 2000 breakdowns.

In 2000 there were 234 units that were listed in the census as vacant representing 2.2% of the total housing stock. The homeowner vacancy rate was only 12% of the vacant units or .3% of the total housing stock. The remaining 205 units were classified as vacant rental units; for seasonal, recreational or occasional use; or in the "other" category representing about 88% of the vacant units and 1.9% of the total housing units. Vacancies were only slightly lower in 1990 with 245 vacant units, and a homeowner vacancy rate of .6% and rental vacancy rate of 3.7%. Another 42 units, or 0.4% of the total housing units, were classified for seasonal, recreational or occasional use. While the total number of seasonal units increased by 11 units, vacancy rates decreased from 1990 to 2000. However, any level of vacancy below 5% typically represents an extremely tight housing market and near complete occupancy.

Housing Characteristics
1990-2000

	1990		2000	
	#	%	#	%
Total # housing units	10,405	100.0	10,846	100.0
Occupied units	10,160	97.6*	10,612	97.9*
Occupied owner units	8,097	79.7**	8,587	80.9**
Occupied rental units	2,063	20.3**	2,025	19.1**
Owner vacancy rate	62	0.6*	29	0.3*
Rental vacancy rate	385	3.7*	152	1.4*
Seasonal, recreational	42	0.4*	53	0.5*

Source: 1990 and 2000 U.S. Census Bureau
* Percentage of total housing units
** Percentage of occupied housing units

Most of the housing units are in single-family detached structures, 76.8%, with 2.9% in single-family attached dwellings. Another 7.5% of the units are in small, multi-family structures of two to four units, and 1.7% of the units are in larger multi-family structures of between 5 and 9 units. Those units in large structures of 10 units or more represent 10.94% of the housing stock. There are also 19 mobile homes remaining in Needham. The following table includes a comparison of this data with the 1990 statistics.

Units in Structure
1990-2000

Type of Structure	1990 #	1990 %	2000 #	2000 %
1-unit detached	8,185	78.7	8,333	76.8
1-unit attached	237	2.3	317	2.9
2 to 4 units	800	7.7	813	7.5
5 to 9 units	225	2.2	187	1.7
10 or more units	901	8.7	1,177	10.9
Mobile homes	57	0.5	19	0.2

This comparison demonstrates a fairly similar distribution of structure sizes in Needham between 1990 and 2000 but a significant increase of units in larger structures, 276 units, that is unusual during today's less than welcoming environment towards multi-family housing.

Almost two-thirds of the housing stock, 6,850 units or 63.2%, was built prior to 1960 with 2,960 units or 27.2% of housing units constructed prior to 1939. This relatively high level of older homes suggests likely problems associated with the existence of lead-based paint.

The median number of rooms per housing unit was 6.9 indicating that the average home had three to four bedrooms. The great majority, 73.8%, had six rooms or more, with only 10.6% with three rooms or less and 19.7% with 9 rooms or more. Of the 10,612 occupied housing units, almost half of the occupants, 48.9%, moved into their units since 1990 indicating significant mobility in the housing market. More than half of the households, 53%, also had two vehicles and 13.4% with three or more cars representing significant parking needs. The 2000 census also counted 34.2% of the housing units using gas and 53.2% using oil. Less than ten housing units lacked complete plumbing or kitchen facilities.

Residential building activity since 1990 was as follows, as evidenced by building permits issued:

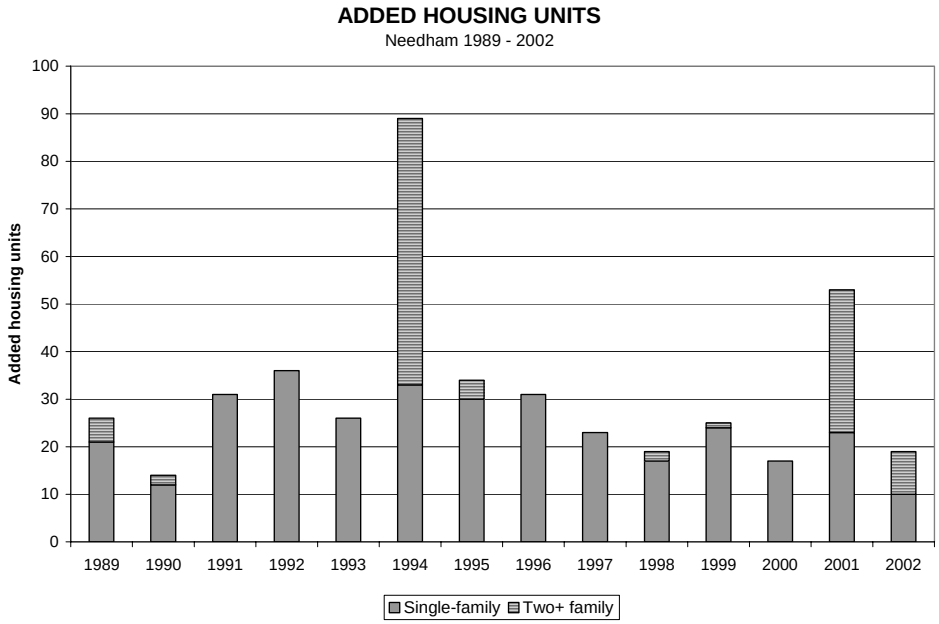
Building Permit Activity
1990 -- 2002

Year	New Single-Family Units	New Two+ Family Units	Conversion to Two-Family	Add/Alter Existing Residential Buildings	Total Residential Permits
1990	19	0	0	538	557
1991	23	1	0	566	590
1992	36	0	0	559	595
1993	34	0	0	561	595
1994	34	0	0	549	583
1995	35	0	0	700	735
1996	42	6	0	611	659
1997	56	4	0	785	845

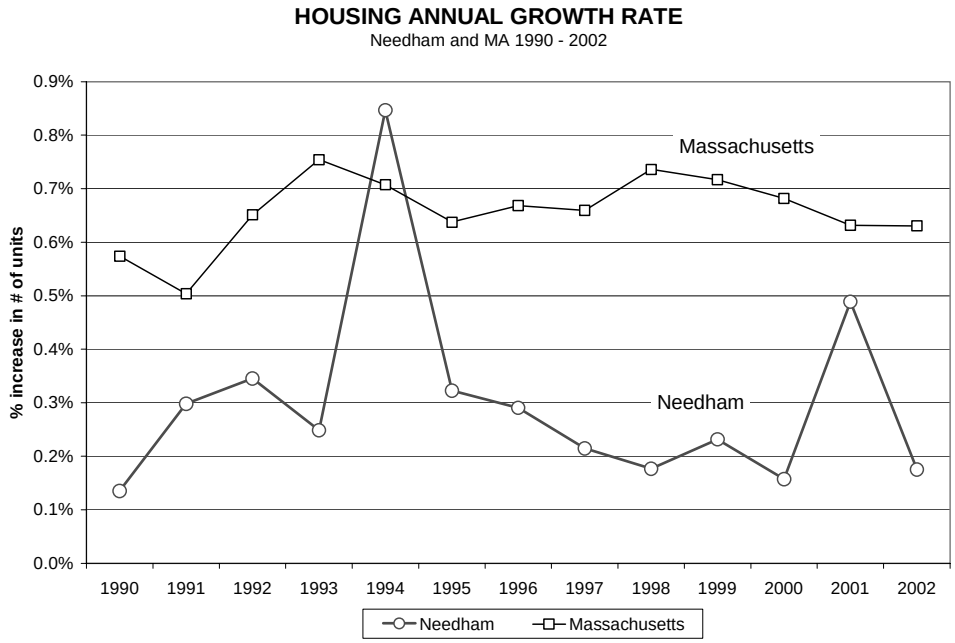
1998	46	4	1	791	842
1999	58	3	2	473	536
2000	67	3	0	615	685
2001	65	5	0	607	677
2002	44	4	0	556	604
Total	559	30	3	7,911	8,503

Source: Needham Building Department

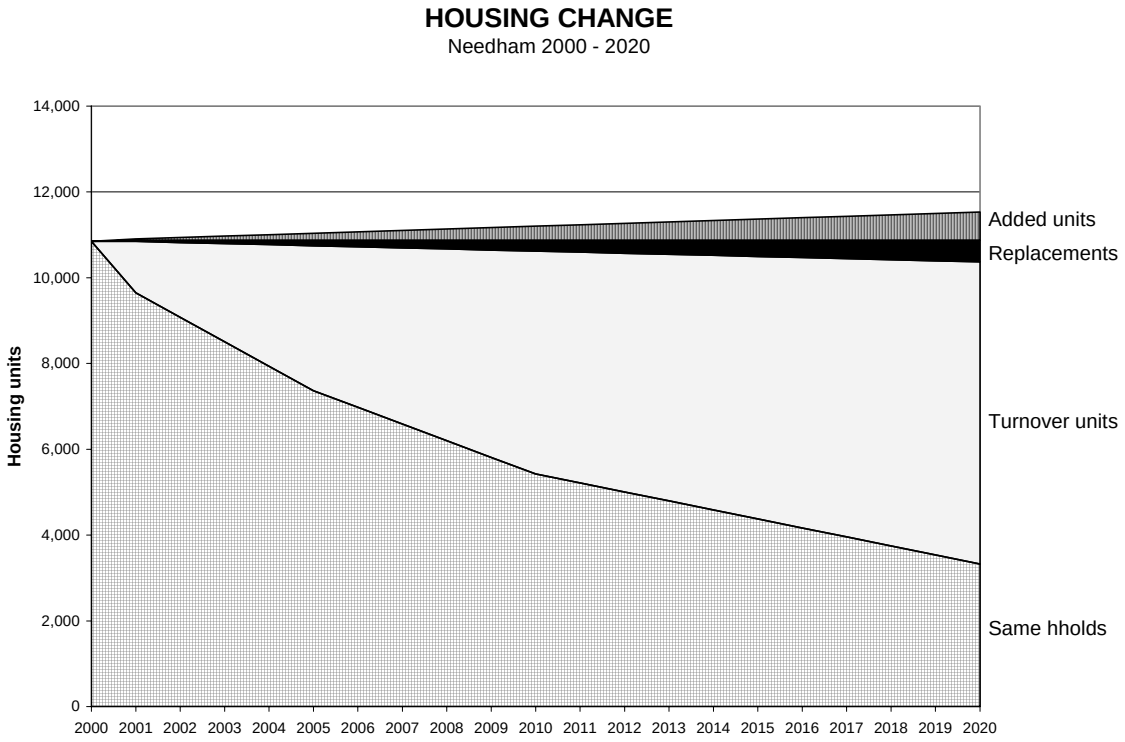
This information indicates that since 1990 there were 574 new homes, or 589 new units, built in Needham including 188 new homes (214 units) that would increase the total number of housing units to approximately 11,000 given some demolition activity. This increase in units expands the base on which the 10% state target under Chapter 40B is calculated, increasing the year-round housing units from 10,793 to 11,007 as of the end of 2002. Based on the average number of 35 new housing units produced annually from 1990 to 2002, given some demolition activity, and projecting similar trends over the next ten years, we can estimate that primarily privately-sponsored unit production will be approximately 35 units per year or 350 units over the next decade, further necessitating at least another 35 units be included as affordable based on the 10% Chapter 40B goal. It should be noted that building permit activity from 1990 to 2000 indicates 375 new units as opposed to the 441 units counted in the 2000 census, involving a discrepancy of 66 new units. Building permit data also indicates that 200 new housing units have been added to the housing stock since the 2000 census count through 2002. This data is also displayed visually in the chart below. Despite a surge of housing activity in 1994, housing production levels have been modest.



The following chart compares Needham's growth rate with the rest of the state, indicating that despite a spike of production in 1994, Needham has typically added less than .3% of its housing stock annually, less than half of what it was for the state as a whole.



The chart below demonstrates what might happen to the Needham housing stock over twenty years of change, 2000 through 2020. Net housing additions are based on the 1990-2000 average production rate, enabling production to approach but not reach the Town's "build-out" of an additional 600 units by 2020. This chart clearly illustrates how small a share of the 2020 total housing stock new construction (added units plus replacements) represents on this basis and by comparison how huge the change resulting from turnovers turns out to be.



2. Housing Market Conditions

Census data also provides information on housing values for homeownership and rental units. The census indicates that the 2000 median house value was $385,600, up 50% from the median in 1990 of $256,500. In 2000, a negligible number of homes were valued at less than $100,000 while 126 homes were assessed for more than $1 million. There were only 233 owner-occupied units, or 2.2% of the occupied housing stock, valued between $100,000 and $199,999 that include the bulk of the affordable housing stock.[2] Housing values are summarized in the following table:

Housing Values
1990-2000

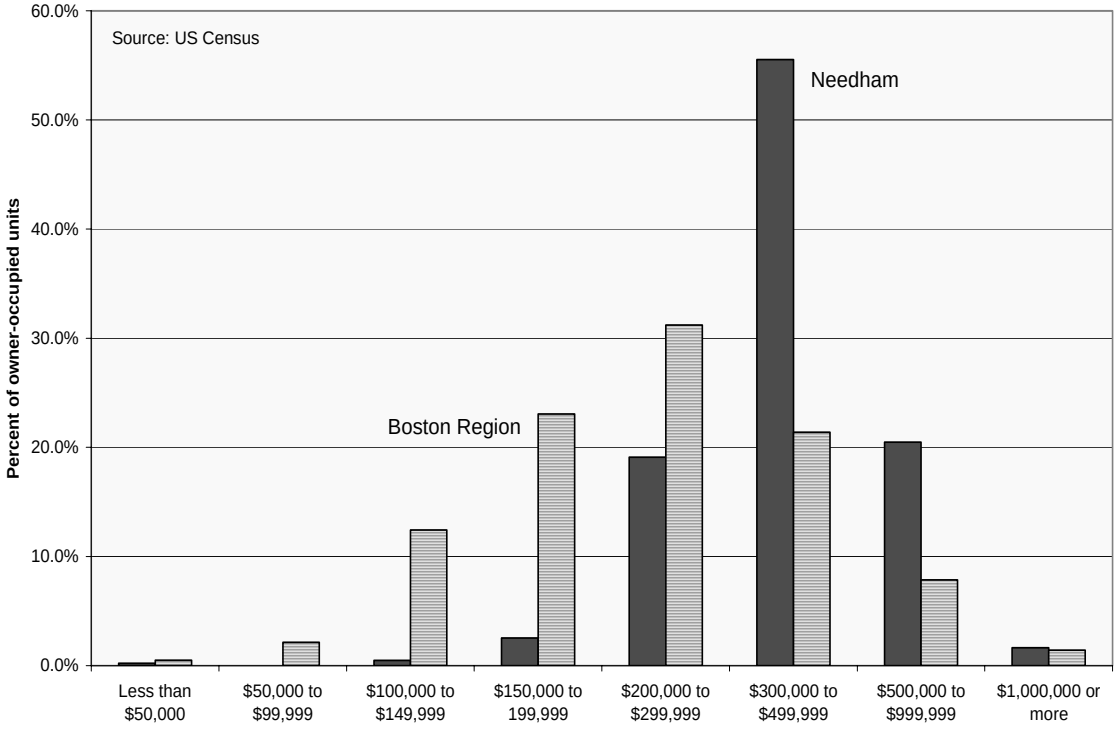
Value	1990 #/%	2000 #/%
Less than $50,000	29/0.4	17/0.2
$50,000 to $99,999	44/0.6	0/0
$100,000 to $149,999	162/2.3	37/0.5
$150,000 to $199,999	891/12.5	196/2.5
$200,000 to $299,999	3,988/55.9	1,471/19.1
$300,000 to $499,999	2,022/28.3	4,274/55.5
$500,000 to $999,999		1,577/20.5
$1,000,000 or more		126/1.6
Median (dollars)	$256,500	$385,600

Source: 2000 U.S. Census Bureau

[2] Census housing values are derived from Assessor's data.

The comparison between 1990 and 2000 housing values demonstrates the dramatic shift upwards in housing costs. In 1990, 55.9% of the housing units were valued at $200,000 to $299,999, but in 2000, 55.5% of the units were instead valued in the $300,000 to $499,999 range. When compared to the census data for the Boston region, Needham's housing values are substantially higher as demonstrated in the following table:

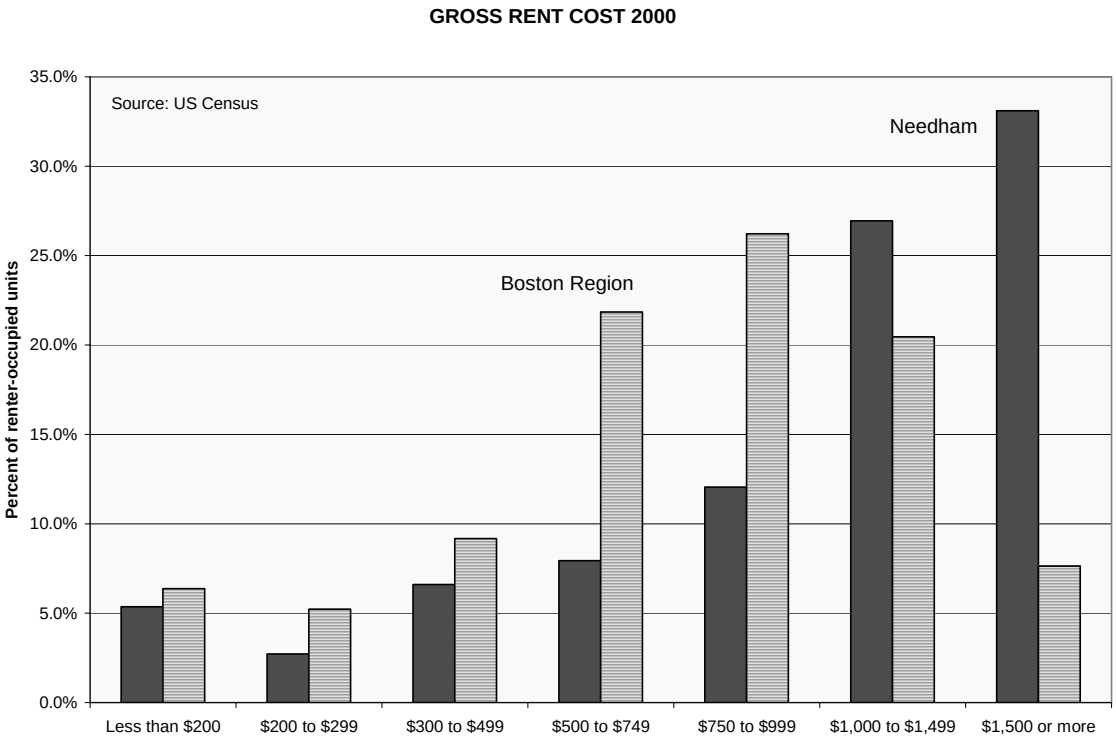
OWNER-OCCUPIED HOUSE VALUE 2000



While Needham has significantly fewer homes valued at less than $300,000 than the Boston region overall, it has dramatically greater numbers of homes valued at more than $300,000.

The median gross rental was $1,289 according to the 2000 census, up almost 62% from the median contract rent in 1990 of $798. This figure is likely to be skewed to the low end of the market range as the census included subsidized rents in addition to market rentals. Of the 2,015 rental units analyzed, 296 units, or 14.7%, had gross rents of less than $500, and at the other end of the range 1,210 units, or 60%, were rented at more than $1,000 per month. One hundred six (106) units were reported as having no cash rent. Local realtors indicate, however, that rents are actually much higher ranging from about $1,200 to $2,500 per month.

Comparisons of census data for Needham versus the Boston region for rental costs are charted in the table below:



Here again housing costs in Needham are significantly higher than those for the Boston region with fewer rental units available for less than $1,000 per month when compared to the region and increasingly greater numbers of units with rents above $1,000 with almost four times the number of units with rents above $1,500.

And more recent data on housing values for homes and rental units indicate significantly higher prices. According to Banker & Tradesman, which relies on the Multiple Listing Service, the median sales prices are now well above a half million dollars. Median sales prices by year and type of housing are summarized in the following table:

Median Housing Prices 1990 - 2002

Year	Months	1-Family	Condo	All Sales
2003	Jan – July	$555,000	$367,000	$527,000
2002	Jan – Dec	506,000	323,950	498,250
2001	Jan – Dec	473,500	275,000	450,000
2000	Jan – Dec	425,000	239,000	415,000
1999	Jan – Dec	360,000	200,000	349,000
1998	Jan – Dec	323,892	180,000	315,000
1997	Jan – Dec	297,000	173,500	283,375
1996	Jan – Dec	285,000	174,000	275,000
1995	Jan – Dec	265,000	161,750	260,000
1994	Jan – Dec	249,000	154,500	240,000
1993	Jan – Dec	235,000	138,000	226,000
1992	Jan – Dec	224,750	133,500	216,000
1991	Jan – Dec	220,000	172,500	215,000
1990	Jan – Dec	234,000	167,500	225,000

Source: Banker & Tradesman, The Warren Group, September 14, 2003.

This table demonstrates that median prices have more than doubled since 1990 with all sales averaging $225,000 in 1990 and at $527,000 as of July 2003. Prices decreased somewhat in the early 1990's, and then increased steadily throughout the rest of the decade by approximately $10,000 to $20,000 per year. Since 1998, prices for all sales have escalated dramatically from $315,000 to $527,000, a 67% increase over almost six years. In fact the median sales price increased $100,000 over seven years from 1991 to 1998, another $100,000 over the next two years, from 1998 to 2000, and another $112,000, from 2000 to July 2003. As of July 2003, the median sales price of condominiums was $367,000, doubling from $180,000 in 1998. The median price for a single-family home was $555,000 in July 2003, up $130,000 or almost 31% from 2000.

3. Cost Analysis of Existing Market Conditions

To afford the median house price of $385,600, according to the 2000 U.S. census, a household would have to earn approximately $117,000, significantly more than the median income of $88,079 cited in the 2000 census for Needham. More recent data on housing values indicate much higher prices. According to Banker & Tradesman that relies on the Multiple Listing Service, the median single-family house price as of July 2003 was $555,000, based on 249 sales, requiring an income of $168,500.

The borrowing power of the average household, based on the median income of $88,079, could support a home costing about $284,000, increasingly more difficult to find in the town of Needham as noted above. The affordability gap is then about $243,000 - the difference between the price of the median home and what a median income household can afford. The affordability gap is $313,000 if the analysis focuses on those low- and moderate-income households earning at or below 80% of area median income, or $62,650 for a family of four, who are unable to afford a house costing more than approximately $214,000. There are no homes on the private market that are currently affordable at this income level.

This affordability gap can be powerfully demonstrated through an analysis of the relationship between housing turnover and required household income. Sales data was collected from the Needham Assessors from the beginning of January of 2000 through the end of December 2000, deleting sales between relatives. This information was compared to the income distribution from the 2000 census. The year 2000 distribution of "existing" households by income reveals an affluent community, but one with a significant share of its population in each of the income categories included in the census. The results are indicated in a spreadsheet in Attachment 3 and through a chart – "Existing" and New " Household Incomes – on page 3 of this report and are summarized in the following:

- New sales were dominated by those earning $100,000 or more, with only 4.1% of new buyers having incomes of less than $75,000, while 43.9% of buyers had incomes between $100,000 to $150,000 purchasing homes of more than $400,000.
- Almost one-third of the purchasers had incomes of more than $200,000 giving them the buying power to purchase a single-family home costing more than $600,000.
- There were no sales from anyone earning within 80% of median income with the exception of two condominiums.

- More than a quarter of the households in Needham in 2000 reported incomes below $50,000, which is approximately the ceiling for eligibility for any housing assistance program in that year. In sharp contrast only two of the 508 year 2000 home sales analyzed would have been affordable to a household having an income below $50,000.
- Not only are the highest income categories an unusually large share of the newcomers to the Needham community, but also those having incomes anywhere below the regional median ($65,500 in 2000 per HUD) were virtually shut out. Fewer than 4% of the new households apparently were able to find Needham housing affordable at or below such an income.

The chart included as Attachment 4 breaks the new households down into singe-family buyers versus others. The "others" are those buying condos, either listed as such or likely products of a handful of two- and three-family dwelling sales. The chart makes clear that almost all of the "attainably" priced units in Needham are condos or similar units.

A local realtor has made the following observations that further describe the current housing market:

- High-end houses, such as those at Stonecrest off of Chestnut Street, started selling for $950,000 five years ago and are now priced at approximately $2.5 million.
- In many neighborhoods capes are selling in the high $400,000 level to low $500,000 range.
- Small colonials are now priced in the low to high $600,000 range.
- Teardowns, the replacement of smaller homes with larger ones, began about a decade ago and now are ubiquitous in most neighborhoods.
- Many owners are determining that they cannot afford to "buy-up" in town, moving to a larger home as their family grows, and are deciding to expand their current homes through an addition or other alterations.
- Houses in the Broad Meadows area were selling only several years ago in the $600's and are now priced at $950,000.
- The price of lots is now ranging from $250,000 to $300,000.
- The smallest homes on the busiest streets are rarely selling for less than $330,000. Small ranches are commanding prices in the $400's.
- The condo market is very strong with units selling for approximately $500,000 at Hunnewell, Hillside and Mills Field.
- In the 1970's buyers were looking for properties with sizable lots, but today they are focusing on the house and the amount of land is not a major concern. In fact, houses that are located near the town center are becoming increasingly desirable given their proximity to transportation.
- Two-family houses off of Union Street are being purchased for approximately $575,000 while two-family homes on Maple Street are more affordable, some selling in the high $300's range.
- While bidding wars on particular properties continue to occur, most listings are priced on target with buyers getting their asking price.
- In regard to rentals, realtors normally lack any listings, and the rental market has been extremely sluggish.

The active single-family listings in the Multiple Listing Service as of March 12, 2003 included 54 listings ranging from $385,000 to $3.4 million, with an average price of $1,034,277. Single-family homes under agreement were priced between $399,000 and $2,375,000. The listings include a two-family house under agreement on Lincoln Street, selling for $479,000 that was on the market for only four days as well as condominiums ranging from $297,700 (2-bedroom garden apartment on Greendale Avenue) to a $515,000 townhouse on Hillside Avenue. There were no homes included in the listing that would have been affordable to households earning median income much less those earning at or below 80% of area median income.

In regard to rentals, the gross median rent of $1,289 requires an income of $51,560, not affordable to more than one-quarter of Needham residents. The local rental market has softened significantly over the last couple of years as interest rates have made homeownership more accessible. Two-bedroom apartments that were renting for $1,400 per month last year are now being leased for $1,250. A recently renovated and deleaded three-bedroom duplex is being marketed for $1,350 per month and has yet to be rented. These rents, while lower than what was marketable in the past, are still out of reach from those who are earning within 80% of area median income and who would be most likely to seek rental housing. Market rents are well out of the range of those with low incomes who are currently experiencing significant cost burdens with respect to housing.

While current housing market data tells us that the great majority of town residents cannot afford the median single-family house price of $555,000 and only about one-third of town residents can afford rents at the lower end of the price range ($1,200 per month), it is also useful to identify numbers of residents who are currently living beyond their means due to their current housing costs. The 2000 census provides data on how much households spend on housing whether for ownership or rental. Such information is helpful in assessing how many households have affordability problems, which are defined as spending more than 30% of their income on housing. Census data indicates that 1,566 homeowners, or 20% of all homeowners, paid more than 30% of their income on housing, and of these 1,127, or 14.6%, paid more than 35% of their income on housing. In regard to renters, 937, or 46.5%, of the renters who were counted in the census paid 30% or more of their income on rent, and 815, or 40.4%, paid more than 35%. Seniors experience the greatest cost burdens in Needham with three-quarters of elderly owners earning less than 30% of median income spending more than 50% of their income on housing. As income increases, as evidenced by those earning between 51% and 80% of area median income, the cost burdens increase for renters and decrease for owners. Only 15% of elderly owners had some housing cost burden in this income category as opposed to 59% of the owners earning 31% to 50% of median income. Those elderly who are renters experienced an increase in their cost burden with 67% paying more than they should for housing, 44% with severe housing cost burdens spending more than 50% on housing. *This data suggests that almost a quarter of Needham residents are currently living in housing that is by common definition beyond their means and unaffordable.*

4. Affordable Housing Inventory

Of the 10,793 year-round housing units in the town of Needham, only 416 units or 3.9% have been determined to be affordable by the Commonwealth of Massachusetts (a map indicating the locations of these units is included in Attachment 5). The State has ruled that if a municipality has less than 10% of its year-round housing stock set-aside for low- and moderate-income residents, it is not meeting the regional and local need for

affordable housing. Not meeting this affordability standard makes the locality vulnerable to a state override of local zoning if a developer wants to build affordable housing through the comprehensive permit process. [3] If Needham were to reach the state standard it would have to create another 676 units of subsidized housing – an ambitious task in the short-run.

While Needham's share of units counted as affordable is small in relation to the state-set 10% affordability policy and regulatory target, it is not dramatically different from the levels existing in comparable communities as described in more detail in Section I.B.10 of this report – A Regional Perspective on Housing. Interestingly, median housing costs bear no observable relationship to the level of affordable units in the community.

There are currently an additional 12 units in the affordable housing development pipeline that if completed will bring the count to 428 units or 4% of the year-round housing stock with at least 650 more units to produce to meet the state's 10% standard, assuming all of the pipeline projects reach completion and without consideration for housing growth. Integrating 200 new housing units that have been added to the year-round stock since the 2000 census count through 2002, Needham then would need to produce at least 670 more affordable units to reach the state's 10% goal. With continued growth in population and housing the total housing units needed is projected to be more than 700 additional units within the next decade based on the projected addition of approximately 35 new units produced per year. However, 700 new affordable units will not meet the existing need and demand, much less potential future needs.

The Task Force that was appointed by the Governor to review Chapter 40B recently issued its report with a number of recommendations. If approved, these statutory and regulatory revisions would allow the following:

- Alter the numbers of "countable affordable units" by allowing communities to double count affordable units in a homeownership development (25 affordable units in an 100-unit development would count as 50 units in the Affordable Housing Inventory). This measure would increase the number of units in Needham's Affordable Housing Inventory only marginally, from seven to nine units.
- Reduce Planned Production goals from .75% to .5% to respect a municipality's ability to increase their housing stock at a manageable pace. Consequently, those municipalities with approved plans would not be mandated to hear any comprehensive permit applications if they are producing at least .5% of the year-round housing stock on an annual basis based on an approved and certified housing plan. For example, if Needham was to approve approximately 60 units of affordable housing per year it would likely not be susceptible to Chapter 40B applications during that year.
- Limit the number of units reviewed at any one time such that a zoning board of appeals could deny (or condition) a comprehensive permit application if such permits are pending

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

during the prior nine-month period that would represent affordable housing equal or greater than 2% of the total year-round housing stock. Therefore, Needham would not be forced to review comprehensive permit applications at any time that totaled more than approximately 216 units.

There were many other recommendations related to improving local capacity, promoting smart growth or sustainable development, encouraging some regional sharing of credit and impacts of new development, Housing Appeals Committee reforms, etc. that, if approved by the legislature and/or DHCD, would lead to significant reforms of Chapter 40B. In addition to the Task Force recommendations, there are over 60 bills pending in the legislature regarding Chapter 40B reform.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through resale or rental restrictions. The following table presents the income limits for the affordable units based on the 2003 HUD guidelines for the Boston metropolitan area, that includes the town of Needham, directed to those earning at or below 80% of area median income adjusted by family size.

Affordable Housing Income Limits
Based on 80% of Area Median Income

Number of Persons in Household	Income Limit
1	$43,850
2	50,100
3	56,400
4	62,650
5	67,650
6	72,650
7	77,650
8	82,700

Using these income guidelines a family of four could afford to purchase a house for no more than approximately $214,000[4]. Based on housing market information described above. The current homeownership market is beyond the means of those earning the median income and is inaccessible to those of low- and moderate-income unless subsidies are involved. Recent home sales indicate that there were no sales of single-family homes for less than $214,000, suggesting that those earning at or below 80% of area median income are virtually shutout of the current homeownership market. The condo market, while more affordable, is nevertheless beyond the means of most households with an average condo price in July of 2003 of $367,000. Rentals remain the only recourse for low- and moderate-income households.

Current Affordable Inventory

Of the 416 units that are considered affordable by the state, 316 or 76% are owned and managed by the Needham Housing Authority (NHA) including 198 one-bedroom units for seniors and disabled individuals of any age and 120 units for families and veterans. The Authority also maintains two staffed apartments that serve eight individuals with special needs and is assigned 120 Section 8 vouchers and certificates. These projects are as follows:

[4] Based on 95% financing, interest of 6.5%, 30-year term and annual property tax and insurance costs of $2,100.

- *High Rock Estates*
  State Chapter 200 funding
  Single-family housing
  80 units (43 three-bedroom units and 37 two-bedroom units)

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

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

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

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

In addition to Matthews House, Needham has five other special needs housing facilities that together include a total of 26 additional affordable housing units. Needham also has four other projects that are a part of its Affordable Housing Inventory that include an additional 74 affordable units that have been produced by private, for profit developers including:

- *Nehoidan Glen*
  1035 Central Avenue
  Total Rental Units: 61 Affordable Units: 61

- *Chestnut Hollow*
  141 Chestnut Street
  Variance granted in October 2000 by the Board of Appeals
  Special Permit granted in December 2000 by the Planning Board
  Total Rental Units: 28 Affordable Units: 6

  Chestnut Hollow is a privately financed project sponsored by a local developer in Needham, Jeff Roche. The proposal for Chestnut Hollow Apartments appeared before both the Planning Department and Zoning Board of Appeals as a major renovation project of an existing non-conforming building, formerly the Hamilton House nursing home, for conversion into apartments. The nursing home was originally constructed in 1961 and contained 80 beds but closed due to changes in the health care industry.

The Chestnut Hollow apartments are unique to Needham in that this renovation was not only an "all rental-unit" development but also catered specifically to seniors. The six affordable units were designated for the elderly, aged 62 or older, with preference being given to those who currently lived in Needham or who had an affiliation with the town. Since Needham has a growing elderly population with many seniors interested in reducing their housing costs and property maintenance by downsizing, this project supported the needs of one of the town's most vulnerable populations.

In late December of 2000, developer Jeff Roche approached the Planning Department to request special permits for Site Plan Review, alteration, enlargement and reconstruction of a non-conforming structure and for waiving strict adherence to the off-street parking requirement. Prior to making his request for special permits, Mr. Roche successfully applied for the necessary variances from the Zoning Board of Appeals in October 2000. It is extremely rare for the Needham Zoning Board of Appeals to grant any variances. Mr. Roche also partnered with the Needham Housing Authority to secure Project-based Section 8 Vouchers for the six affordable units.

The local action on the part of the Town was to grant all of the necessary special permits and variances so that this major renovation could be accomplished and the development of rental units geared toward seniors, including six affordable units, made possible. The end result is an attractive four-story apartment building with 28 units. There are 12 two-bedroom units, 15 one-bedroom units, and one studio unit. Six of the apartments will be affordable for a period of at least 20 years. The six affordable units are subsidized by the Needham Housing Authority under HUD's Section 8 guidelines with rent a percentage of the tenant's income. The project was completed and is fully occupied.

- *Junction Place Townhouses*
  32 Junction Place
  Comprehensive Permit granted in October 2000 by the Board of Appeals
  Total Condominium Units: 5 Affordable Units: 2

  Junction Place is a condominium project comprised of five attached townhouse units, approved by the Town for construction in November of 2001. The property is located at 32 Junction Place and contains approximately 11,200 square feet of land. The site was previously occupied by a small vacant two-story office building, a garage, asphalt parking area and driveway off Junction Street.

  The developer was Junction Place, LLC of Boston, Massachusetts, a limited dividend organization which received its financing through the New England Fund Program of the Federal Home Loan Bank of Boston.

  The site is located in an urban area on the edge of a commercial district, abutting a single-family residential district. It is a short walk to the train

station, shopping and the YMCA but removed from congestion because it is situated on side street and abuts a single-family residence.

All five of the townhouses were sold at below market prices to eligible families through a lottery system. Two of the homes were sold for $165,000 to families earning up to 80% of the area median income with the remaining three sold for $310,000 to families earning up to 150% of the area median income. Each of the units contains approximately 1,512 square feet including 3 bedrooms, 2 ½ bathrooms, a laundry room with a washer and dryer, a one-car garage and an outside parking space. All of the units were conveyed subject to a deed rider, containing restrictions that limited affordability for a period of 99 years. The project has been completed and fully occupied.

- *St. Mary Street*
  199 St. Mary Street
  Comprehensive Permit granted April 2002
  Total Condominium Units: 12 Affordable Units: 3

  The St. Mary's Street project is a townhouse condominium development with 12 condominium units in four buildings of three dwelling units per building. The property is located at 199 St. Mary Street and is bounded by St. Mary Street and I-95/Route 128 to the north and by residential homes to the east, west and south. The site was previously improved with a single-family home and was otherwise wooded and undeveloped.

  The developer is R. Tocci Contracting Incorporated of Needham, Massachusetts, a limited dividend organization which received its financing through the New England Fund Program of the Federal Home Loan Bank of Boston.

  Three of the 12 condominiums are planned for sale at below market prices to eligible families through a lottery system, the remaining nine units to be sold at market value. The affordable units are expected to sell for approximately $95,000, and the market rate units for between $415,000 and $425,000. The final prices of the affordable units will be determined in accordance with applicable income standards at the time of sale.

  Nine of the units contain 2,016 square feet and three with 2,592 square feet, all including 3 bedrooms, 2 ½ bathrooms, a laundry room with a washer and dryer, an unfinished basement, a one-car garage and an outside parking space. All of the units will be conveyed subject to a deed rider, containing restrictions that limit affordability for 99 years. The project is presently under construction and is planned for completion by the end of 2003.

- *Browne-Whitney LCC*
  207-213 Garden Street
  Comprehensive Permit granted March 2002
  Total Condominium Units: 6 Affordable Units: 2

The Brown-Whitney project is a condominium development with six units, two of which are to be affordable to low- and moderate-income families earning at or below 80% of area median income. The development was approved by the Town in March of 2002 and is now the subject of an appeal filed by an abutter to the property. The property is located at 207-213 Garden Place and contains approximately 27,132 square feet of land. Although within a single-family district, the property is located directly across the street from a business zone. Within 100-200 yards of the site there is a busy convenience store and delicatessen, and the site is a short walk to the center of Needham and public transportation.

The developer is Browne Whitney, LLC of Boston, Massachusetts, a limited dividend organization, which financed the project through the New England Fund Program of the Federal Home Loan Bank of Boston.

Of the 6 condominiums 2 are planned for sale at below market prices to eligible families through a lottery system. The remaining 4 units are planned for sale at the market rate. The affordable units are expected to sell for approximately $115,000 and the market rate units for between $450,000 and $500,000. The final prices of the affordable units will be determined in accordance with applicable income standards at the time of sale.

Each of the units contains 3 bedrooms, 2 ½ bathrooms, and a two-car garage. All of the units will be conveyed subject to a deed rider, containing restrictions that limit affordability in perpetuity. As the project is under appeal a completion date cannot be determined.

Proposed Affordable Development
In addition to the units that are currently counted as part of Needham's Affordable Housing Inventory, another 49 units are proposed, 12 of which would be eligible to be counted in the Inventory if they are approved. These developments include the following:

- *Greendale Avenue*
  692 Greendale Avenue
  The Zoning Board of Appeals denied the permit, and it is likely the developer will submit an appeal to the state's Housing Appeals Committee (HAC).
  Total Townhouse Condominium Units Proposed: 37 Affordable Units: 9

  This proposal calls for the construction of 36 townhouse-style condominiums, nine of which would be affordable to families earning at or below 80% of area median income. The site includes approximately 4.5 acres of land on 692 Greendale Avenue, which is currently vacant, located in a residential neighborhood that runs parallel to Route 128/95.

The developer is Housing Options, Inc., of Wellesley Hills, Massachusetts, a limited dividend organization. Project funds are to be received from MassHousing under the Housing Starts Program.

- *High Street*
  21 High Street
  Total Units Proposed: 12 Affordable Units: 3

5. Gaps Between Existing Need and Current Supply

As the above affordability analysis indicates, gaps remain between what most current residents can afford and the housing that is available. In fact the current homeownership market is priced well above those earning even the median income.

The Buildout analysis that was performed by the state's Executive Office of Environmental Affairs (EOEA) in 1999 to 2000 projected that the town of Needham could support at least another 606 housing units at the time for a total build-out of almost 11,500 units, *assuming current zoning*. The analysis projected 1,562 additional residents, 236 of whom would be school children. Infrastructure requirements to support these additional units include 117,148 gallons of water per day and 801 tons of municipal solid waste, 570 of which would not be recyclable. The state Buildout analysis also projected that new development would require the equivalent of eight new miles of roads.

This analysis indicates that in order to meet the 10% state standard (current gap of 651 units including pipeline Chapter 40B projects), and in anticipation of projected growth based on past housing activity, more than 700 units of affordable housing would have to be created, suggesting another 100 units over and above projected build-out, further indicating a compelling need for redevelopment and rezoning. Based on past housing construction patterns, this goal is extremely ambitious and unlikely to be achieved without a considerable investment of resources and political will, if not a continued infusion of Chapter 40B projects.

It is unlikely that if this is even possible, the affordable housing that is produced will be sufficient to meet local needs. Seven hundred new affordable units may not be enough to meet the existing need and demand, much less potential future needs, based on the following indicators:

- Almost a quarter of Needham residents are currently living in housing that is by common definition beyond their means and unaffordable.
- Census data indicates that 1,566 homeowners, or 20% of all homeowners, pay more than 30% of their income on housing, and of these 1,127, or 14.6%, paid more than 35% of their income on housing.
- In regard to renters, 937 or 46.5% of the renters who were counted in the census, paid 30% or more of their income on rent, and 815 or 40.4% paid more than 35%.
- Seniors experience the greatest cost burdens in Needham with three-quarters of elderly owners earning less than 30% of median income spending more than 50% of their income on housing.
- Those low- and moderate-income families, small and large, who are renters are experiencing significant problems affording to live in Needham. However, the numbers of these families have declined since 1990 with only 121 small families and 33 large families counted as tenants with incomes of less than 95% of area

median income by the census, with as much as half of these with some affordability problems.

- As income increases, as evidenced by those earning between 51% and 80% of area median income, the cost burdens increase for renters and decrease for owners. Only 15% of elderly owners had some housing cost burden in this income category as opposed to 59% of the owners earning 31% to 50% of median income. Those elderly who are renters experienced an increase in their cost burden with 67% paying more than they should for housing, 44% with severe housing cost burdens.
- For moderate income households, those earning 81% to 95% of median income, the shift in cost burdens from owners to renters continues to be demonstrated with more than half of the renters paying more than 30% of their income on housing, including 78% of seniors who are renting in this income category. Twenty-eight percent of all renters had severe cost burdens, including two-thirds of seniors.
- The Needham Housing Authority waiting lists include approximately 500 applicants at any given time, including about 50 who live in Needham. Of these Needham residents, 40 have requested an emergency priority because they are homeless, about to be homeless or living in an unsafe situation. These numbers indicate that there are significant numbers living in Needham and other communities in the region that are experiencing great difficulties securing housing that is affordable and meets their needs.
- More than one-quarter of the households in Needham in 2000 reported incomes below $50,000, which is approximately the ceiling for eligibility for any housing assistance program in that year. In sharp contrast, only two of the 508 home sales in 2000 would have been affordable to a household earning less than $50,000.
- Not only are the highest income categories an unusually large segment of those who are purchasing homes in Needham, but households having incomes anywhere below the regional median ($65,500 for a family of four in 2000 based on HUD figures) were virtually all shut out of the housing market.
- Based on 2000 census data, less than 5% of the homes were estimated to be affordable to a household earning at or below 80% of area median income. However, the dynamics of the housing market during the last several years has completely eliminated these lower home prices from the private housing market.
- The gross median rent of $1,289 requires an income of $51,560, not affordable to more than one-quarter of Needham residents, most particularly to those who cannot afford homeownership who represent the bulk of the rental market.
- Approximately 465 residents of working age have a significant disability that likely requires supportive services. Of the population 65 years of age or older, 1,369 or 28.8% claimed some type of disability.
- The number of households age 25 to 34 – the age group that includes the bulk of the entry-level workers and those beginning their own families – totaled only 960 households or 9.0% of all households, a relatively low proportion of the population in comparison to other communities and suggesting a strong need for starter housing.

There is therefore a sizable population of those who are seniors, have special needs and/or have very low incomes who have significantly reduced capacity to secure decent, safe and affordable housing. A broader range of housing options is required to meet these varied needs. It will be a

great challenge for the town of Needham to create enough affordable housing units to meet the state's 10% affordable housing standard as well as the needs of its existing residents, particularly in light of current constraints to new development.

6. Property Inventory

The Board of Selectmen formed an Open Space Working Group in 2002 to a.) identify all Town-owned parcels; b.) gather information about each parcel including present use, designation and management; and c.) determine whether each parcel should remain under its current designation and use or whether the particular location and/or characteristics suggest a transfer to a new manager for another use.

The Working Group was chaired by Selectman Gerry Wasserman and was comprised of representatives of the Planning Board, Conservation Commission, Park and Recreation Commission, School Committee, Finance Committee and Housing Authority. The Town Administrator also served as a member of the Working Group. The Group reviewed 157 parcels and considered a variety of possible new uses including conservation land, affordable housing, recreation and other municipal uses. The Group examined each parcel and arrived at a recommendation based on its particular location, use and characteristics. Most of the parcels were designated as Category A parcels, meaning that they are either active or planned municipal use parcels (e.g., school building, recreational field, municipal pumping station) and were determined to be unsuitable for any other municipal or private purpose. Other Category A parcels were so designated because they are "protected" by state statue as conservation land (Massachusetts General Laws Chapter 40, Section 8C) or were purchased for certain public purposes under Article 97 (e.g., educational, recreational, park land, water protection and conservation of natural resources), such that the designated use cannot be changed without a two-thirds vote by Town Meeting and a two-thirds vote of the State Legislature. There was further consensus among Working Group members that certain "unprotected" parcels ought to be protected by transferring the jurisdiction of those properties to either the Conservation Commission or Park and Recreation Commission.

The Working Group identified 16 parcels that have the potential for redesignation. Of these, the following properties are being considered for affordable housing (To see numbers on map, Attachment 6):

- *Parcel 8 (Stephen Palmer Building/Senior Center on Pickering Street).* The Working Group determined that this parcel should continue to be used for housing and endorsed the efforts of the Selectmen to expand the amount of housing the building can accommodate and insure affordability of some of the units.
- *Parcels 4 (the unimproved lot at the corner of Bancroft and Brookline Streets) and 6 (presently houses the Department of Public Works Water Pumping Station).* The Working Group determined that Parcel 4 is a potential building lot for a single-family or two-family residence and identified that Parcel 6 has available land at the front of the parcel for potential building lots, provided that DPW is certain it will never need the land for the future expansion of its present facility or for other public purposes.
- *Parcel 13 (Emory Grover Building).* The Group determined that unless or until the School Committee determines that it has no further use for this parcel, it should remain "undesignated", however the Group endorsed its possible use as housing.

- *Parcel 14 and a portion of Parcel 26 (undeveloped parcel on Central Avenue adjacent to the RTS).* The Working Group recommended the combining of Parcel 14, an undeveloped parcel of approximately six acres, with unused land on the adjacent transfer station site known as Parcel 26. The Working Group believed that these two parcels should remain "undesignated" at present, with the possibility of a mixed-use project in the future to include housing, conservation and park and recreation purposes.
- *Parcel 2 (undeveloped parcel of approximately two acres located across Mills Field on Gould Street).* The parcel was purchased in 1942 for recreational and educational purposes and would therefore require a 2/3 vote of the Massachusetts Legislature to change its use. The Housing Authority asserted that the appropriate use was housing while the Conservation Commission suggested that the parcel does provide some wildlife habitat that would be lost by development. The Conservation Commission indicated it would consider supporting the redesignation of the parcel to a housing use provided other Needham land that is presently unprotected but of greater value for conservation purposes be redesignated as protected conservation land.

There were a number of additional parcels that some members of the Working Group thought should be designated for affordable housing, however, no consensus was reached by the Group and the parcels continue to be "undesignated". These include the following:

- *Parcel 3 (undeveloped parcel at the corner of Harris Avenue and Great Plain Avenue).* Much of this parcel contains wetlands and is undevelopable. Additionally, it was determined that the property was purchased for the Town's water supply and any redesignation would require an Act of the Legislature under the provisions of Article 97 of the Massachusetts Constitution. The Conservation Commission believes strongly that the parcel should remain "as is", however the Housing Authority felt just as strongly that a portion of the site could be developed for housing.
- *Parcel 1 (undeveloped parcel at the corner of Dedham Avenue and South Street).* This parcel is located adjacent to the Department of Public Works Water and Sewer Division building and is entirely forested by mature pine trees. This parcel sparked considerable controversy as three options were discussed including a.) part of the parcel is developed as housing, b.) that it should be placed under the protection of the Conservation Commission, and c.) that DPW might utilize a portion for the expansion of its facilities.
- *Parcels 37,49 and 156 (Nehoiden Park).* Much of these parcels contain wetlands, however, the Working Group endorsed their possible reuse for a combination of housing and conservation purposes if the Park and Recreation Commission determines that is has no further use for the parcels. Further studies in regard to wetland delineation are necessary before a final determination can be made.

It was the consensus of the Working Group that even if land was developed for affordable housing, the ownership of the land should remain with the Town and that a ground lease or other arrangement that left ultimate and permanent control of the land with the Town is appropriate. The Group acknowledged that several small parcels that are likely to be sold to abutters would be exceptions to this policy.

Attachment 6 includes a map of these potential Town-owned development sites.

7. Local Housing Organizations

There are three key organizations that will be responsible for carrying out the housing and community development plan: The Town of Needham, the Needham Housing Authority, and the non-profit Needham Opportunities, Inc. The Town of Needham and Needham Housing Authority are public entities while Needham Opportunities, Inc. is a private non-profit organization comprised of local experts and activists, Town officials, and residents of public housing.

The *Town of Needham*, through its Planning Office, is coordinating this planning effort and provides staffing for the HOME Consortium. The Town appointed the Comprehensive Community Housing Study Committee in August 2002 to discuss ways to implement the recommendations of a study undertaken on the housing needs of Needham's senior citizens and to oversee the preparation of a housing plan directed to meeting the housing needs of all residents, while insuring the preservation of open space and the overall character of the town. Members of the Committee represent various boards and organizations as well as other interested citizens.

The *Needham Housing Authority (NHA)* operates 316 units of affordable housing including 198 one-bedroom units for seniors and disabled individuals of any age and 120 units for families and veterans. The Authority also maintains two staffed apartments that serve eight individuals with special needs and is assigned 120 Section 8 vouchers and certificates. These projects are as follows:

State Public Housing

- High Rock Estates
  State Chapter 200 funding for family housing
  80 units (43 three-bedroom units and 37 two-bedroom units)
- Linden-Chambers
  Chapter 667 funding for mixed elderly-disabled housing
  152 one-bedroom units
- Matthews House
  Chapter 689 funding for special needs housing
  8-bed group home

Federal Public Housing

- Captain Robert Cook Drive
  Single-family housing
  30 units (5 two-bedroom units, 20 three-bedroom units and 5 four-bedroom units)
- Seabeds Way
  Mixed elderly-disabled-singles housing
  46 one-bedroom units

NHA is currently managing a $2 million modernization project that will expand the living areas and renovate the kitchens of units in their High Rock Estates project. Additionally, they are planning to redevelop 20 single-family houses into 20 duplexes, creating 20 additional units to be sold as affordable condominiums to income-eligible families, also in the High Rock Estates project. The Housing Authority also envisions the redevelopment of the Linden-Chambers project to create additional units.

Needham Opportunities, Inc. was established in 1998 as non-profit organization to develop affordable housing and job opportunities for Needham residents with low and moderate incomes. Board members bring expertise in banking, real estate, and legal issues related to affordable housing development and represent several Town boards, the Needham Housing Authority, and Needham Housing Authority Tenant Associations. This organization will serve as the Town's Community Housing Development Organization (CHDO) for activities funded through the HOME Program.

A number of agencies or Commissions serve the special needs populations in Needham providing some level of housing services. These agencies include Springwell, Charles River Association for Retarded Citizens, Needham Council on Aging, the Needham Board of Health, and Needham Commission on Disabilities.

Springwell, formerly called West Suburban Elder Services, serves the needs of seniors in its service area that includes Belmont, Brookline, Newton, Watertown, Waltham, Wellesley, Weston and Needham. From July 1, 2001 through June 30, 2002, Springwell serviced approximately 94 Needham elders through the subsidized state home care program to those living in subsidized housing and their own homes. Through its CareConnections Program, another 12 residents of the Linden Chambers project were served last year, provided with home care services seniors pay themselves (many of the people in Linden Chambers are served through the state home care program; CareConnections is for those who do not qualify for the home care program). The agency provided 23 residents with transportation services who are not eligible for the state subsidized home care program for medical transportation. Another 102 Needham residents were served through the Coordination of Care program, which provides medical eligibility screenings for various health services, such as adult day health. Eight Needham residents received support services through the organization's Friendly Visitor Volunteers and Shopping Volunteers last year to provide company to the homebound and help with shopping needs. Last year 5 clients were served through Springwell's Money Management Volunteer Program as well. Springwell also provided a grant to the Needham Board of Health to do home safety and medication safety assessments to any Needham senior that resulted in 66 elders being served last year with the program in operation again this year.

The *Charles River Association for Retarded Citizens (Arc)* provides services and advocacy to people with mental retardation and other related developmental disabilities and to their families in Needham and surrounding towns. These services include residential placement in the form of group homes and supported apartments; family support, social services and advocacy; recreational and respite care services; vocational training, job placement and support; and therapeutic day services and senior citizen day supports. The Charles River Arc serves 203 Needham residents including 55 individuals who live in group homes or apartments, 18 additional individuals who are served by various day programs and are not in a residential program, and 130 individuals served by the organization's Family Support Program. Most of the individuals served have a second disability, but the exact numbers are not readily available.

The *Needham Board of Health* offers a variety of services to Needham residents and during the past two years provided over 155 home visits to review nutrition, medication management and safety issues for seniors to keep Needham's seniors living safely in their homes. The Board of Health also provided 118 families with Federal Fuel Assistance in

FY ’01 and coordinates the Traveling Meals Program that packed and delivered more than 9,500 meals by 80 volunteers last year.

The Needham *Council on Aging* advocates for and provides supportive environments for the older residents of Needham with opportunities for socialization, programmed activities and services. The organization receives approximately 600 calls or visits each year with respect to housing issues. Most inquiries involve questions related to home care services, but the organization receives significant numbers of questions regarding searches for affordable housing options. Some inquiries come from the adult children of seniors who live in the community and are looking for options for moving their parents into Needham from out-of-state.

8. Analysis of 40B Contingencies

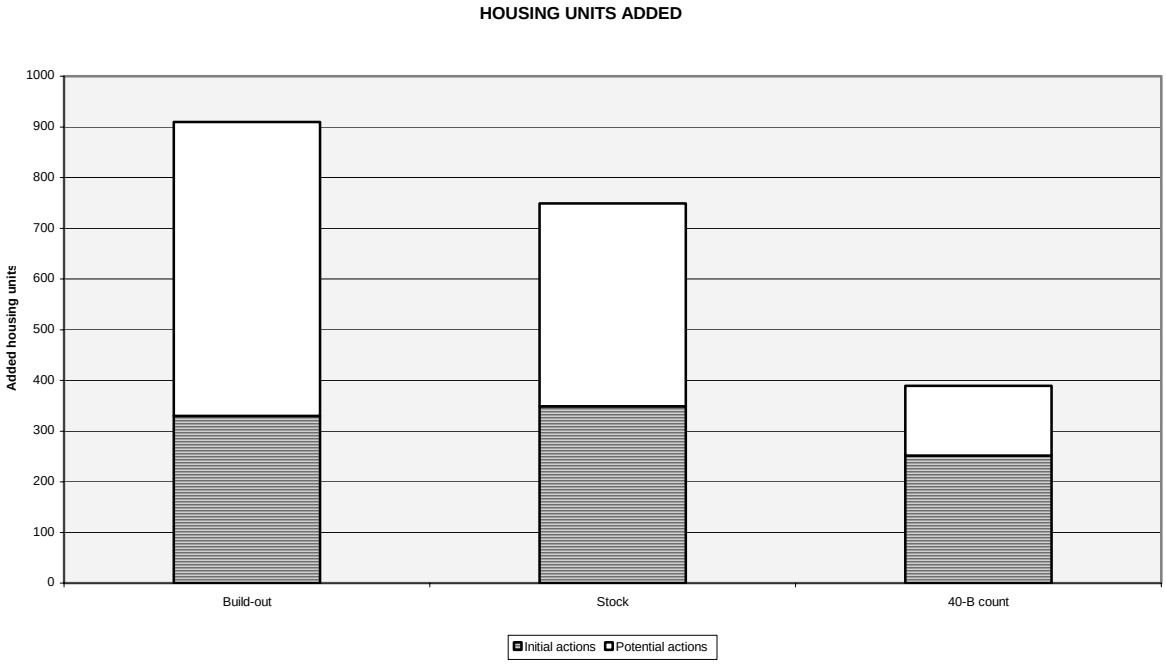
As indicated on the first page of the Housing Plan, Needham is an enviable place to live. However due to regional market conditions it is becoming increasingly difficult for most people to find a home that they can afford in Needham. This problem of diminishing housing affordability is also occurring within a context of growing anxiety over the Chapter 40B comprehensive permit process. While Chapter 40B spurs the creation of much needed new affordable units, it also impinges on the Town’s ability to positively address the housing issue by tying the very idea of affordable housing to forced development in the minds of many residents.

Chapter 40B allows developers to ignore local regulations in developing housing if part of what they develop meets the state’s definition of affordable and if less than 10% of the Town’s year-round housing stock is counted by the state as affordable. To meet this 10% target would require Needham to produce approximately 700 new affordable units, an extremely ambitious undertaking for a community that projects about 600 new units to get to build out under existing zoning regulations. The comprehensive permit law does not take into consideration local circumstances that constrain new development such as the small amount of land available, the wide gap between market and affordable prices, and the ineligibility of the Town for major sources of housing aid. Reform of the legislation is being actively discussed statewide, and more than 70 bills are currently pending before the State Legislature. However, for our current planning, 40B in its present form as well as declines in public financial support are the context within which Needham must plan, while advocating change for the better at regional and state levels.

The actions that are included in the Housing Plan include initial actions that received wide support from the Comprehensive Community Housing Study Committee and were determined to be priority strategies for implementation within the next two or five years. Many of these actions involve the continuation of existing efforts and quite a few others will require immediate attention following approval of the Housing Plan. In addition to these priority actions, the Housing Plan lists other potential actions that were intensely debated over the course of the planning process but never obtained sufficient support for inclusion in the Plan for a variety of reasons despite the potential of producing considerable numbers of affordable units.

Attachment 7 summarizes the impacts of these initial and potential actions as to how they might impact the build-out ceiling, the amount of housing in town after ten years, the Chapter 40B count, and what the costs might be for getting these efforts into place. The graphic results of this analysis are demonstrated in the following chart.

The first bar indicates the "build-out" impact. The town is estimated to have land area and zoning that would allow 11,600 housing units to exist in Needham: the 11,000 units that currently exist plus about 600 additional units. However, changing zoning in the Town Center might make another 200 units possible, and another 50 could possibly result



from the sale of Town-owned land, and another 50 from additional units within existing housing authority holdings. In all, more than 300 additional units might be made possible by the initial actions begin called for, bringing the build-out total to about 12,000 units, only slightly more than the 11,600 total currently feasible under existing zoning.

The second bar indicates the impact of the actions on the amount of housing in town after ten years. Over the next decade, not all of the housing potential that might be created in the Town Center would be likely to be built out: perhaps 60 of the 200 potential units would actually be developed over that period. On the other hand, some actions, such as supporting scattered site infill, would be accommodated within the current build-out. Summing over the wide variety of actions to be taken, the increase in housing stock in the next decade attributable to the initial actions would be just about equal to the increase in the Town's build-out capacity, about 350 housing units, or 35 units per year, a substantial impact in a Town where total new building per year seldom exceeds 30 housing units.

The third bar demonstrates how the actions are estimated to impact the town's Affordable Housing Inventory. Not all of the units resulting from the initial housing efforts will "count" under Chapter 40B, even under the revised counting rules that have been proposed. For example, we show only 10% of the new "downtown" units being counted as affordable, the rest being market-rate. On the other hand, inclusionary zoning provisions would result in making affordable some of the units that were going to be built anyhow. Our best estimate is that about 250 housing units would be designated as "affordable" as a result of the initial housing actions proposed, which is a large increase above the 400+ such units that Town now has, but far short of the more than 700 additional housing units needed to be affordable to achieve 10% affordability at build-out. If the additional potential actions, which have been discussed but are not at this time

an official part of the Housing Plan, another 140 affordable units might be added in Needham increasing the total number of affordable units to almost 400. This amount would nevertheless still fall short of the 10% 40B housing goal by about 300 units unless significant reforms are passed at the state level to reduce the requirements under comprehensive permit regulations. To fill this gap, the Town would have to consider several more aggressive options such as:

- *Increasing the proportion of affordable units beyond the thresholds included in the Housing Plan under each action.*
  For example, the Plan currently estimates that 10% of the new units created in the Town Center are likely to be financed as affordable as well as 40% of the units created on Town-owned land. These projections could be increased, but *it would require substantial and multiple sources of subsidy including a commitment of Town resources such as dedicated housing staff, additional parcels of Town-owned property, and passage of the Community Preservation Act.*

- *Increasing the density of housing to accommodate greater numbers of units, including affordable units.*
  The actions that would have the greatest impact in this area include the development of Town-owned land, integration of housing in the Town Center and other business and transit areas, revision of multi-family zoning rules and expansion of apartment districts.

- *Entering into more positive negotiations with developers with intentions of incorporating affordable housing in their developments through the comprehensive permit process.*
  In doing so the Town could work towards guiding the new development to better serve the interests of the community and to incorporate greater numbers of affordable units, with likely Town support for seeking sources of subsidies to help finance an increased level of affordability.

Should it wish to consider more aggressive approaches to producing affordable housing, the Town should be aware of two state certifications that would enable the community to ultimately assert greater local control over housing production and secure state subsidies for both affordable housing and other municipal purposes.

Planned Production Regulations
Last year the state offered a process that communities can utilize to address Chapter 40B under new Planned Production regulations.[5] These rules now give towns and cities the ability to deny comprehensive permit applications even if they do not have 10% of their housing stock counted as affordable according to the Chapter 40B definition. They are allowed to do this if they prepare a housing plan that is approved and certified by the state's Department of Housing and Community Development (DHCD) and if they demonstrate actual production of at least .75% of the total year round housing units in low and moderate-income housing units that are eligible for inclusion on the state's Subsidized Housing Inventory during one year or 1.5% over a two-year period. While these new regulations have generated significant interest among communities confronting numerous comprehensive permit applications, they nevertheless represent a formidable

[5] Massachusetts General Law Chapter 40B, 760 CMR 31.07(1)(i).

challenge to most small communities that lack much if any capacity to produce new affordable units in the short-term. For example, if Needham was to meet Planned Production requirements it would have to produce more than 80 units per year, an ambitious task given past production efforts which have generated approximately 400 affordable units over several decades. Needham has typically added less than 30 units to its housing stock annually, which includes predominantly private market units. The challenge to produce at least 80 affordable units a year is daunting, certainly at this time, because:

- *Lack of property available for development*
  Needham is predominantly build-out and has very limited vacant land available for new development.

- *Constraints on funding*
  State and federal resources to support affordable housing have been shrinking annually. Additionally, local revenues continue to decline in light of reduced levels of local aid and Proposition 2 ½.

- *Limits on local capacity to implement affordable housing strategies*
  Unlike most cities, small towns are unlikely to have staff with any significant expertise and experience in affordable housing development, which requires the involvement of skilled professionals. Some communities are hiring new staff or consultants to help guide them in the implementation of housing plans, others are reaching out to non-profit development organizations in nearby towns for support, while still others are finding it advantageous to work cooperatively with other towns in sharing staff or consultants to coordinate new affordable housing initiatives. Almost every community has a committee in place that is appointed by the Board of Selectmen to oversee local housing activities. Needham has a new non-profit organization, Needham Opportunities, Inc., that has the potential to become an effective broker for housing resources and joint venture partner in new Town-approved development efforts. Moreover, as part of this plan, Needham will consider the creation of a Town-appointed group to coordinate local affordable housing activities.

- *Lack of current support for some strategies that would likely generate higher levels of production*
  Through the three community forums and the work of the Comprehensive Community Housing Study Committee, consensus emerged on a wide range of housing actions that are the building blocks of this Housing Plan. However, there were a number of potential strategies that were intensely debated but never obtained sufficient support for a variety of reasons despite the promise of producing significant numbers of new units. As progress is made and more residents discover first-hand the benefits of creating more affordable housing opportunities in town, it is anticipated that some of these longer-term strategies can be revisited and eventually implemented.

- *Necessary amount of lead time to realize actual units*
  Development takes time and patience. Given the combination of reasons described above, it is unlikely that Needham will be able to produce a reasonable production pipeline of actual new units for at least several years.

The Comprehensive Community Housing Study Committee has determined that based on the results of this planning effort, Needham is not currently in a position to effectively implement a Housing Plan that would produce the requisite number of affordable units under Planned Production regulations. The Committee believes that it is important to proceed under a broadly shared consensus, avoiding the damage that could result from a polarizing struggle about the viability of particular housing strategies. This approach comes with the understanding that consensus may well change over time as early actions provide positive learning experiences on which capacity is increased and later more ambitious actions can possibly follow.

The Committee also recognizes that this Housing Plan can be amended over time to adapt to changes in regulations and in response to new opportunities. For example, the Governor's Task Force on 40B and the Legislature's Joint Committee and Housing and Urban Development have both recommended that the Planned Production regulations be changed to require a town or city to produce .5% of the housing stock as affordable as opposed to the current level of .75%. This new threshold would bring the total number of units to be produced annually in Needham to less than 60 based on the current housing stock. While still a formidable task, given increased local capacity, resources and political support, this is not altogether an unmanageable target for sometime in the future.

Executive Order 418

Another planning option for consideration is receiving approval of the Housing Plan based on Executive Order 418 Housing Certification requirements. In 2001 Executive Order 418 was approved by the state to help communities plan for new affordable housing opportunities for individuals and families while balancing activities related to economic development, transportation, infrastructure improvements and open space preservation. This Executive Order has two parts:

First, the State is providing communities with up to $30,000 in technical assistance grants to support the costs of preparing *Community Development Plans* that provide guidance regarding options for future development related to housing, economic and community development, transportation, and open space. Plans that are funded through Executive Order 418 must meet specific requirements and be certified by the state. This is the funding source and criteria that has been used in the development of this Housing Plan.

The second part of Executive Order 418 involves *Housing Certification* that prescribes a range of housing-related activities towards which communities must demonstrate significant progress to obtain priority when applying for various state discretionary programs administered by the Executive Office of Transportation and Construction, Executive Office of Environmental Affairs, Department of Housing and Community Development, and the Department of Economic Development. Those communities that secure housing certification will receive a 10% scoring bonus when applying for these grant programs. Additionally, communities that have not attained housing certification are not eligible to receive some discretionary grant funds administered by the four agencies that are non-competitive, not scored, and/or are accepted on a rolling basis. Bottom-line is that communities that do not have housing certification will be significantly disadvantaged when applying for state funding making it more difficult to implement affordable housing plans.

In FY 2004 and beyond, housing certification is achieved if a community has an acceptable housing strategy based on specific EO 418 housing certification requirements and can demonstrate that new units have been created for households and individuals with low, moderate, and middle incomes. Low-income households are defined as those earning at or below 50% of area median income ($62,650 for a family of four), moderate-income as those earning more than 50% but no more than 80% of area median income ($62,650 for a family of four) and middle-income as those earning more than 80% and up to 150% of area median income ($111,300). Plans must quantify objectives for producing units by housing type for each of these income groups and must further identify an appropriate local share of regional housing needs on which the Town agrees to satisfy.

This Housing Resource Report includes among its housing goals the importance of meeting local housing needs across the full range of incomes, promoting the diversity and stability of individuals and families living in Needham. And recent projects, such as Junction Place, that received substantial support from the Town, involved several income tiers including moderately priced units in addition to the "affordable" and market units. However, the Comprehensive Community Housing Study Committee has thus far been reluctant to project actual numbers of housing units to be produced for middle income households earning more than $100,000 given their focus on promoting housing for those low and moderate-income households who are experiencing greater difficulties accessing affordable housing and where production will help satisfy the requirements under Chapter 40B.

9. Barriers to Producing Affordable Housing

The barriers to housing affordability in the Boston region have been repeatedly identified in recently published reports, with strikingly consistent observations, most recently in *Getting Home: Overcoming Barriers to Housing in Greater Boston*[6]. While sharp reductions in state and federal funds for housing have contributed to the problem, the region's mismatch between demand and supply is widely seen as the result of both state and local actions that constrain land availability, create regulatory impediments, and add to the costs of construction. The potentials for reducing those barriers through action in Needham are limited by the Town's regional location, small land inventory, and maturity of development, but some opportunities for possibly doing so do exist.

These barriers should also be viewed within the context of the Chapter 40B comprehensive permit process that enables developers to ignore local zoning regulations if the town or city has less than 10% of its year-round housing targeted to affordable housing, per state requirements, and if at least 25% of the proposed units are affordable based on the state's Chapter 40B definition. During the last few years, Needham has encountered increasing numbers of comprehensive permit applications, largely in response to the soaring real estate prices that enable developments to include significant numbers of affordable units because the high prices of market units in effect are able to subsidize the affordable ones. In communities throughout the Commonwealth, Needham is no exception, many local residents and leaders have expressed their outrage concerning the town's loss of control over land use decisions in the case of Chapter 40B applications. The vehement opposition of some residents, particularly those who live in close

[6] Charles Euchner with Elizabeth Frieze, published by the Pioneer Institute and Harvard University's Rappaport Institute, January 2003.

proximity to comprehensive permit projects, has unfortunately had a polarizing effect in many communities where there is simultaneously an increasing awareness of the growing scarcity of affordable homes and apartments among residents who are committed to planning and mobilizing resources to create more affordable opportunities for local residents. The frequently contentious nature of comprehensive permit decisions has ignited the issue of affordable housing, making it increasingly difficult for communities to reach consensus on what to do, if anything, about the diminishing supply in face of pressing housing needs.

Existing Housing Circumstances
Needham is estimated to have only about 1,100 vacant acres, including undevelopable wetland and riverfront areas. That land supply has the building potential under current zoning for only about 600 dwellings at build-out, just a 5% increase above the current 11,000 housing units existing in the Town. Capacity for only about 30 additional multi-family units exists on undeveloped land under current zoning[7].

Ninety percent of the Town's total land area and 98% of its undeveloped residentially zoned land area is zoned for single-family residential development. A bit less than half of that area allows roughly four dwelling units per acre (10,000 square foot lots), the rest requiring one-acre lots, except where special regulations such as partial wetlands exclusions require lower densities. Only about four percent of the Town's land area is zoned to allow multi-family dwellings, 98% of it already developed to the full extent allowed by zoning.

Subsequent to Needham's building boom years of the early 1980s, homebuilding in Needham has averaged fewer than fifty dwelling units per year, the housing stock growing at a rate of about ½% per year. A substantial share of that building occurs through redevelopment of previously developed sites, "recycling" land rather than consuming vacant land. That building includes many single-lot "tear-downs" of relatively small dwellings being replaced with substantially larger ones, leaving the number of dwelling units unchanged, but increasing their value and diminishing their potential affordability.

Past Actions Supportive of Future Housing Affordability
Needham having only less than 4% of its housing "counted" as affordable for purposes of Chapter 40B is an indication that barriers to housing affordability do indeed exist here. Before reciting some of them, it is important to note that the Town has in fact done many things in its regulatory system that are helpful towards affordability efforts. The modest level of "affordable" units is largely (though not entirely) a consequence of the Town's location and history, taken together with regional forces. These are among the things for which the Town deserves positive consideration[8]:

- Almost half of the Town's land area is zoned for only 10,000 square foot lots, an allowable lot size relatively rare in the Route 128 suburbs.

[7] Data from build-out studies prepared for the Town of Needham by the MAPC under the MA EOEA EO-418 Build-out program, 2000, in particular Map 3 "Composite Development: Town of Needham" and related notes.
[8] More details on many of the items is contained in the Needham "FY2003 Request for Housing Certification," submitted to DHCD July 17, 2002.

- Two-family dwellings are allowed by right across a more limited land area.

- Boarding houses (SROs) are allowed on special permit across that same area and also in industrial districts.

- The Town's Apartment districts allow multi-family development by right without need for a special permit for that use (requiring it only for site plan approval).

- Several forms of residential development flexibility are provided: Flexible Development (4.2.4), Planned Residential Development (4.2.5), Residential Compound (4.2.6), Dimensional Reductions (4.2.7).

- Mixed residential/business use has been anticipated in the Zoning and accommodated to some degree, more in some districts (Avery Square and Hillside Avenue Business) than in others.

- The Town's Subdivision Regulations are straightforward, without any unusually demanding provisions.

- The Town has NOT done some of the things that impose barriers in many similar communities, including growth timing or phasing controls, or punitive health or wetlands restrictions.

- The Town's split tax classification results in a residential tax rate that is about half that paid by businesses and being less than 1% of value is less of a "barrier" than would otherwise be the case.

- The Town Meeting has shown a willingness to rezone property to accommodate affordability efforts (High Rock Development) and to support appropriate Chapter 40B developments despite non-consistency with local regulations (three in recent years).

- Building, sewer, and other development fees have in the past been waived for affordable developments.

- Town officials commonly make good-faith efforts to work with applicants to facilitate timely progress through the regulatory system, rather than using it as a "hurdle."

Current Regulatory Barriers to Housing Affordability
Given the circumstances of the Town, the following are regulatory barriers to housing affordability that, to some degree, could in the future be mitigated, reduced, or eliminated by the Town. These findings describe the current regulatory context and have informed the action plans incorporated in this Plan (see Section II. for specific actions).

- *The extent of multi-family zoning is extremely limited***.** There is a near-absence of developable vacant land that is zoned to permit multi-family housing, even two-family dwellings. Actual development of multi-family housing now generally occurs as redevelopment of already developed sites, through rezoning by town meeting, through a variance from zoning, or through a Chapter 40B override of applicable zoning. That barrier could be reduced through either revising rules in

some existing zoning districts to allow multi-family development or through revising the zoning map to include existing developable land in types of districts that would allow multi-family development.

- *The multi-family rules are seriously limiting***.** The various Apartment Districts provide among them a fair range of allowable densities up to 18 units per acre, but are clearly designed for "garden apartment" configurations. More modern approaches, such as a Neo-Traditional Design, would be frustrated by the combinations of setback, frontage, height and FAR rules taken in conjunction. There are no explicit provisions addressing mixed-use development, except rules obliging any residential development in certain business districts to be above the first floor, precluding many potential configurations. Except in certain limited locations and circumstances, multi-family parking must equal 1½ spaces per unit without reduction to reflect shared occupancy with uses having staggered peak demands. Such contemporary uses as co-housing, congregate housing, live/work spaces, or single room occupancies (SROs) can conceivably be fashioned under Needham zoning, but nothing in the Bylaw provides guidance or indication of such being the Town's intent.

- *No provisions exist for accessory dwellings***.** Two-family dwellings are allowed by right either as initial construction or by conversion of a single-family dwelling throughout the General Residence district, as well as in the Apartment Districts and certain business districts. That presumably provides a means by which one could in effect create an accessory dwelling under the current zoning. In the majority of the Town's land area, however, two-family dwellings are prohibited, and the Bylaw makes no mention of accessory dwellings, effectively making them a prohibited use in that land area. Creation of clear rules for accessory dwellings would remove that barrier.

- *Neither requirements nor incentives exist for affordability in housing***.** Nearly a third of the municipalities in Massachusetts have incorporated some form of inclusionary zoning or affordability incentives into their zoning[9], but to date Needham has not done so. "Incentives" at minimum can effectively reduce costs for those intending to develop affordable housing and if strong enough might even result in some developers, acting out of self-interest, deciding to include affordable housing in their proposals. "Inclusionary" rules oblige some share of specified types of housing development to provide some level of affordability. Such provisions could assure that, at minimum, the housing that utilizes the last vestiges of developable land does not in that process worsen the imbalance between affordable units and the overall developed stock of housing in the town and the region.

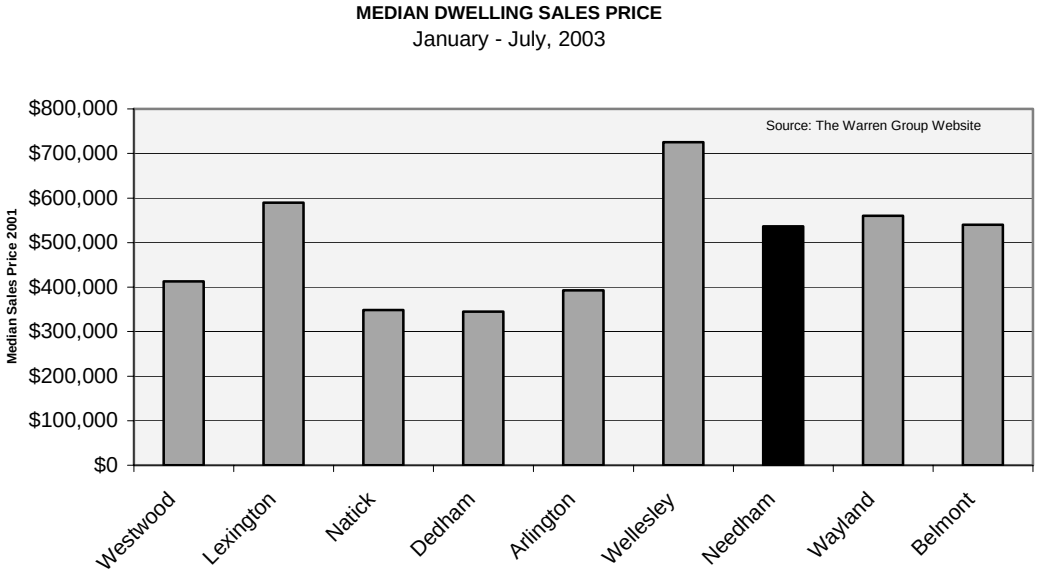
- *No assured local source of funding for housing affordability exists***.** Suburban precedent now exists for "linkage" regulations between business development and the housing needs that it indirectly creates, generating funding to support housing efforts. No such requirement exists in Needham, nor is there other assured housing funding from local non-regulatory sources, such as the Community Preservation Act, which Needham has not adopted.

[9] Herr Associates, *Zoning for Housing Affordability*, for the Massachusetts Housing Partnership Fund, 2000.

10. A Regional Perspective on Housing

While this report focuses on what the town of Needham can do to be more proactive in promoting affordable housing, it is essential to keep in mind that regional economic forces have been the driving force behind local market conditions. Needham, like its neighbors, has limited resources in both land and tax revenues that constrain its effectiveness in implementing an aggressive affordable housing agenda. Any significant progress is unlikely to occur without extensive support from state government.

As the chart below indicates, Needham is not alone among its neighbors in confronting soaring real estate prices. Just recently Banker & Tradesman published the headline, "Ranks of Pricey Communities Growing Steadily in Bay State" and announced that "Single-Family Home Prices Exceed $660K in 17 Towns; Municipalities West of Boston Commanding Top Dollar".[10] An additional nine communities, Needham included, were listed with sales prices above $500,000. The article offers that these communities have long been desirable places for the more affluent professionals to live because of their proximity to Boston and the amenities and quality of life they offer, but further explains that this price escalation has also been the result of local zoning and land-ownership patterns that restrict the supply of new housing and promote the increasing "mansionization" of these areas.



There has been a flurry of studies and reports over the past several years that have focused on the imbalance between household growth and new housing production that has driven prices skyward and graduates from the area's many colleges and universities to other more affordable parts of the country. *The Greater Boston Housing Report Card*[11], for example, offers an annual update on progress made on recommendations that came out of the *New Paradigm for Housing in Greater Boston* report that was produced

[10] Pikounis, Aglaia, Banker & Tradesman, November 18-20, 2003.

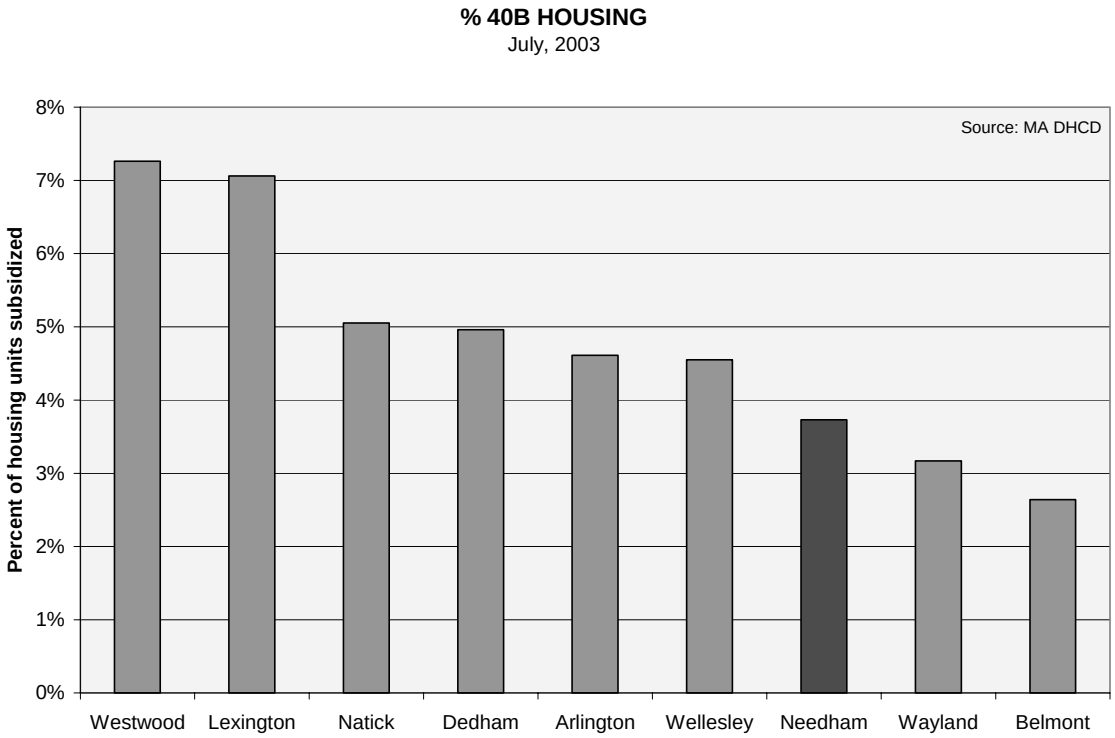
[11] Allen, Bluestone, Heudorfer and Weismann, prepared by the Center for Urban and Regional Policy (CURP) at Northeastern University, Citizens' Housing and Planning Association (CHAPA) as part of the Boston Indicators Project of The Boston Foundation, October 2001 and 2002.

in 2000 for the Archdiocese of Boston and Greater Boston Chamber of Commerce. The 2002 *Report Card* concludes, "Despite the call for a concerted effort to increase housing production in the *New Paradigm for Housing in Greater Boston* report, overall production has lagged substantially behind demand, leading to even higher housing prices and rents throughout the region. While rents softened moderately in 2002 as a result of a slowdown in the economy, median housing prices in virtually all communities have increased sharply since 1999."

On November 10, 2003, another report and recommendations was announced by the Center for Urban and Regional Policy at Northeastern University to the Commonwealth Housing Task Force, entitled "Building on our Heritage: A Housing Strategy for Smart Growth and Economic Development." The Task Force, convened by The Boston Foundation, recommends that the state provide incentives for communities to enact Smart Growth Overlay Zoning Districts that will promote higher density housing development in "smart growth" locations such as town centers, transit stations, and underutilized industrial, commercial and institutional properties. It further proposes that the state increase its commitment to funding affordable housing through incentives including density bonus payments, funds to offset 100% of the share of increased school costs due to new development, and special priority for state spending of capital funds.

Yet another recent report by the Massachusetts Audubon Society, entitled "Losing Ground: At What Cost?" found that 40 acres of Massachusetts forest, farmland, and open space are being developed every day, about 90% from new home development leading to increasing sprawl. The report further indicates that local zoning is directing this new development towards large lots that in turn, developers claim, encourage them to develop large houses, costing upwards of $1 million, to recoup their money and make a profit. The report calls for more state funding to protect critical habitats and state-level incentives to encourage smart growth development patterns. It further proposes that cities and towns enact zoning that allow developers to build denser housing while setting aside open space and called for the reform of Chapter 40B comprehensive permit regulations.

It is interesting to note that soaring housing prices have not necessarily been related in any observable way to the level of affordable housing in any community. The table below shows the range between the percent of affordable housing among comparable communities, from a low of 2.64% in Belmont to a high of 7.26% in Westwood, both with relatively high median house values. Arlington and Wellesley have made similar levels of progress regarding affordable housing, however, Wellesley's median income is substantially higher.



As most towns in the Metro West area are confronting similar economic pressures that have resulted in the current tight housing market conditions, it may be incumbent upon these communities, when possible, to find opportunities to share limited resources and work cooperatively on solutions to common affordable housing issues. For example, Needham has recently joined a consortium of neighboring towns to access HOME Program funds, a federal housing funding source. The towns of Lincoln and Bedford are sharing the costs of a consultant to oversee their affordable housing activities, and others are looking to non-profit community development organizations in nearby towns to help them produce affordable housing and offer housing rehabilitation loans and services to income-eligible homeowners.

II. Initial Implementing Actions

Based upon the context outlined above and the strategic plan and approach included in the Housing Plan, the actions to be taken over the next five years might be considered under four broad categories: Organization and Planning, Regulation, Development and Ongoing Efforts. Some actions possibly fit under two or more of these categories but are placed into one just for convenience. At least some effort should be initiated on each of these actions almost immediately, in some cases leading to quick achievement. Other actions by their nature can be well-begun within the next five years but may well take longer to complete. There are still further actions whose implementation deserve consideration during this initial period, and if it later proves appropriate, might be added to this initial action plan.

It does not appear likely that this set of actions alone would raise the level of subsidized housing to the10% goal within the next five years, especially if the 40B law is not changed and current economic trends continue. However, these early actions still might in those few years realize the addition of as many 40B-counted units as have been created in the town in the 34 years since that

law was adopted. Furthermore, moving on these initial actions may well make feasible and supportable further potential actions. A sampling of possibilities for those is described in the later section "Further Potential Housing Implementation Actions."

In addition to descriptions of the actions, this report provides information on the appropriate party to the lead the action, projected administrative costs, and estimated affordable unit production. It is useful to note that in the absence of municipal tax revenues to support the implementation of the Plan, it will be essential for the town to work creatively and cooperatively with other public and private partners on funding the administrative coordination of the actions. Note that the order of items within each category has no significance, either with respect to judged importance or priority for action.

A. Organization and Planning

1. *Provide for coordination of housing plan implementation*
   The actions required to achieve the objectives of the housing plan require efforts across a number of organizations and call for a diversity of skills not now found in any one place. As the Town undertakes consideration of organizational change it is critical that ongoing efforts to implement the housing plan be provided for in a way that assures continuity over time.

   While the Comprehensive Community Housing Study Committee was appointed last year by the Board of Selectmen as a temporary Town Committee to develop a comprehensive plan for the production of affordable housing, it has proven to be an effective working group with considerable expertise on the subject. Creating a comparable committee or working group would enable the Town to have greater control over housing efforts through the long-term and provide it with an entity to oversee progress on the Housing Plan. The Town might also consider bringing on some additional staff or consultant(s) to support the group's efforts, reporting to the Town's Planning Director if appropriate sources of funding support can be found. This person(s) would need to have the appropriate expertise and experience to oversee the implementation of a range of housing actions pursuant to this Plan.

   Lead Party: Board of Selectmen.

   Timeframe: Two-Year Action. Begin discussions about this strategy immediately after Plan is approved, and appoint a local entity to oversee the implementation of the Housing Plan within the next year.

   Administrative Cost: Possible staff or consultant costs to support Committee and the implementation of housing strategies of approximately $40,000.

   Estimated Affordable Unit Production: This oversight and support might make a considerable difference in how successfully the housing plan is implemented.

2. *Pursue housing in the Town Center and, perhaps, some other business areas*.
   Providing housing in and around the Town Center can add 24-hour life and vitality to that area and is a direction enjoying wide support. The challenge is to forge a collaborative effort among property owners, business managers, housing interests, and the municipality to pursue the removal of obstacles to mixed-use

and housing development in certain business areas, certainly including Needham Center and Chestnut Street, plus possibly other areas in the longer term. Zoning use and dimensional regulations such as height, setbacks, and FAR would be addressed, as well as parking, finance, marketing, and other aspects of creating an attractive context for investment in bringing housing into business areas.

If properly scaled, located, designed and priced, housing within the Needham Center and Chestnut Street area can help maintain and build on the vitality of those areas for business as well as providing a welcome form of housing choice likely to be attractive to some who are poorly served by current housing resources, including young people, starter households, seniors, and others. Some of those units might contribute to the Town's meager supply of affordable housing.

A current MIT student study of the area provides a welcome point of beginning for the organizing and studies that must follow. In moving forward, it is important to keep in mind that no other proposed initiative received as strong support as this one in the Community Workshops, and perhaps no other is as complex.

Lead Party: Planning Board

Timeframe: Two-Year Action. Continue discussions about this strategy and prepare recommendations within the next two years for consideration by the Board of Selectmen and Town Meeting.

Administrative Cost: Conceivably as much as $50,000 in staff and consultant efforts, but more likely something less than that.

Estimate Affordable Unit Production: If successful, it is easy to imagine a half-dozen dwelling units per year being built on average, one of which would be affordable involving total production over a 10-year period of 60 units with at least six affordable units.

3. *Provide inputs to those considering the Community Preservation Act (CPA).* The production of new affordable housing will take new resources to insure feasibility. Those communities that have adopted the Community Preservation Act (CPA) have immediate access to new local housing funds that match substantial state funds and can leverage other public and private resources to produce new housing opportunities for local residents under local control. For example, the Town of Bedford plans to reserve about one-third of its CPA funds for affordable housing and is subsidizing the purchase and "buy-down" of condominiums to incorporate them into their Affordable Housing Inventory as well as subsidizing a new housing development in the Town Center that includes a high proportion of affordable units and blends in well with the historic character of the neighborhood. Nantucket is subsidizing an assisted living project, and Hopkinton has invested CPA funding to move a donated house to a Town-owned site and make it affordable for rent or sale. This information and other examples can be presented in a clear and expanded form to demonstrate the benefits of this valuable resource.

A number of things give these funds special value. First, they are not narrowly restricted, as is typically the case with other housing funding. For example, housing is eligible for CPA funds if affordable to people having incomes above the eligibility limit for other sources but below that required in the Needham market and below the regional median. Second, at a certain level the funding is predictable over the years, not subject to annual approval, so multi-year budgets for use of those funds can be crafted.

During the Community Housing Workshops participants demonstrated significant local support for the town to revisit the possibility of approving the development of a Community Preservation Fund pursuant to the state's Community Preservation Act (CPA). The Community Preservation Act establishes the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of 1% to 3% of the property tax, to be matched by the state based on a funding commitment of approximately $26 million annually. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of three categories – open space, historic preservation and affordable housing – allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community.

The Town has appointed a Committee to explore this strategy comprised of members from a variety of Town boards and committees and local organizations. If the Committee's recommendation to the Board of Selectmen is to proceed with a referendum on CPA the Town could have funds available next year. It is likely that a community campaign will need to be organized by some party to inform residents about CPA and its benefits prior to the referendum.

If Needham was to pass a referendum to establish a Community Preservation Fund it could expect to raise from $1.2 million to almost $1.6 million in new funding annually, depending upon the number of exemptions (e.g., first $100,000, low- and moderate-income households, commercial and industrial property) at the 3% rate. The town is likely to receive a 100% match by the state bringing the total up to between $2.4 to more than $3 million at the 3% level, $1.2 million to almost $1.6 million using a 1.5% surcharge. Assuming that the first $100,000 worth of assessed value is exempted from the surcharge, the average household with a home worth approximately $300,000 will pay about $63.00 more in taxes annually at the 3% rate, half of that at the 1.5% level. If one-third of CPA funds were directed to affordable housing activities, more than $1 million could become available annually (at the 3% level), likely leveraging more than $4 million in housing activity.

Lead Party: Needham Opportunities, Inc. or a new organization to be created.

Timeframe: Two-Year Action. Provide necessary support over the next year or until the issue of whether to proceed with a referendum for CPA is resolved. If the Board of Selectmen decide to seek approval through a referendum, continue to provide needed support until vote is taken.

Administrative Cost: No major costs with the exception of some staff time to help administer.

Estimated Affordable Unit Production: A projected 60 new units of housing, of which at least half or 30 units would be affordable

4. *Develop guidelines for the housing that would be a community benefit*.
As an aid to both non-profit and for profit housing development organizations, develop "Housing Guidelines" that are descriptive of what Needham seeks in affordable housing on issues such as scale, siting, density, levels of affordability, and design, to make "win/win" outcomes more likely. Clarifying in advance what qualities the Town seeks in housing developments would help reduce the conflicts over individual affordable housing development proposals. What levels of affordability are sought, and how does that vary by location or density? What are the housing targets: elderly, starter households, big families, and/or individuals? When is rental preferred over owner-occupancy, if ever? Does it matter if project-based contributions to housing wind up being located on sites separate from the market units?

Needham's zoning provides little guidance regarding what the Town seeks in affordable housing. Even if it did so, under the current provisions of Chapter 40B that guidance would have little or no authority for projects proposed under those provisions. That silence on what the Town wants no doubt contributes to the often-voiced citizen complaint that housing being proposed is inappropriate to its location and context in myriad respects, and that Needham is acting reactively, rather than pro-actively, regarding housing development.

Needham Zoning Section 6.6 Complex Developments illustrates use of guidelines as opposed to standards for indicating preferences. Section 6.6.4 goes a considerable way towards giving guidance without pre-designing projects. MassHousing has recently adopted guidelines regarding development density as a condition of their writing site approval letters: not more than the greater of four times the zoned density or eight units per acre. Newton's Housing Partnership is considering a guideline that to gain their endorsement no project should displace more existing housing units at affordable prices than the number of such units that it will provide. Lexington prescribes in substantial detail its preferences in affordable housing: deed riders specifying resale prices or rental levels keyed to buyer affordability, rather than to an inflation index as has been common practice elsewhere; desired distribution of units across levels of affordability from low to moderate to middle income; preference for family rather than elderly units; acceptability of affordable units being smaller than market units if nearly indistinguishable visually; preference for other than large single-family houses; and support for shared living arrangements for elderly or handicapped.

Lead Party: Planning Board.

Timeframe: Two-Year Action. Develop Housing Guidelines within the next two years.

Administrative Cost: Probably no more than minor staff time costs or at most consultant costs for drafting provisions, not likely to exceed $5,000.

Estimated Affordable Unit Production: Impossible to responsibly predict or to even determine after the fact, but a reasonable working figure might be a 20% increase above the rate otherwise expected or 2 affordable units per year on average translating into 20 affordable units over 10-year period.

5. *Explore criteria for waiver of application fees for affordable housing.* Waiver of application fees has proven to be a critical help in getting affordable housing efforts under way, both in Needham, where waivers have been granted on a case-by-case basis, and in other communities, so much so that such waivers are now a key to gaining funding from potentially supportive funding agencies, who, in some cases, make such wavers a pre-requisite for assistance.

All regulatory fees become part of a development budget that affects the affordability of the housing produced. While the Town has in the past sometimes waived or reduced certain fees where affordable housing is involved, that has not been formally institutionalized and is an unpredictable and significant element in developers' budgeting of projects. The Town should explore promoting the affordability of housing by lending predictability to that process, making it an institutionalized part of the Town's housing efforts. Waiver of regulatory fees is one area that the Town might have some capability to directly affect project costs and affordability. During the study of this action, the Board of Selectmen should determine what types of projects would qualify for this waiver (e.g., non-profit developers, projects that require housing subsidy funds to be feasible) and the projected amount of foregone revenue that would result.

Lead Party: Board of Selectmen.

Timeframe: Two-Year Action. Make a decision within the next two years.

Administrative Cost: Minor staff costs to implement, not likely to be more than $2,000.

Estimated Affordable Unit Production: This action is unlikely to by itself create affordable units, however, it represents a commitment on the part of the Town to support new affordable unit production that will help leverage other public and private resources for project financing.

B. Regulation

1. *Develop rules for inclusion of affordable housing in new development.* Explore inclusionary zoning, requiring inclusion of affordable housing in certain developments, offsetting that with incentives such as higher densities. Inclusionary zoning is not currently included in Needham's Zoning Bylaw. This mechanism has been adopted by many communities to insure that any new development project over a certain size would include a set-aside in numbers of affordable units or funding to support the creation of affordable housing. Most municipalities that have inclusionary zoning in place, one-third of the municipalities in the Commonwealth, are reaping the rewards of these actions through the creation of actual affordable units or cash contributions to the locality for investment in affordable housing production. Without such a zoning provision every new "conventional" development widens the Town's 40B gap.

Lead Party: Planning Board

Timeframe: Two-Year Action. Adopt inclusionary zoning within the next two years.

Administrative Cost: Possibly no more than minor staff time costs or at most consultant costs for drafting revisions, not likely to exceed $5,000.

Estimated Affordable Unit Production: 15 units over 10-year period.

2. *Explore updating and refining multi-family zoning rules*.
There is essentially to vacant developable land zoned for multi-family housing in Needham. Getting acceptance of rezoning to accommodate new multi-family development would be inhibited by the poor control provided by the current multi-family provisions. These requirements, inherited from an earlier era and neither attracting developer interest nor assuring an outcome compatible with 21st Century Needham, need reconsideration, perhaps replacement.

The Town's apartment zoning regulations were crafted years ago for garden apartments and do not accommodate more contemporary formats. Multi-family dwellings are allowed under zoning in A-1, A-2 and A-3 districts as a matter of right, and on special permit in the Center, Chestnut Street, and Avery Square business districts. Multi-family housing may also be developed as attached single-family dwellings in Single Residence A and B districts and in Rural Residence C districts if part of a Planned Residential Development (PRD) under special permit.

No location has yet been zoned to allow use of the A-3 district rules, which are the most restrictive of the three Apartment districts. The A-2 District has been used only once, for North Hill. With that exception, A-1 districts have been the primary medium for multi-family development in Needham. The key rules for that district are those governing density (up to a generous 18 units per acre), setbacks (25 foot front yard, 20 foot side and rear yards), height (40 feet or three stories) and parking (1½ parking spaces per unit). Since apartments are allowed by right in the Apartment districts, no special permit review and hearing is entailed, but rather only minor site plan review by the Planning Board or major site plan review by the Design Review Board and Planning Board, depending upon project size. In neither case are those Boards given more than vague guidance regarding review criteria, and no clear basis for denying an application if it meets the basic rules.

Those A-1 requirements seem very inviting to developers, given the generosity in density rules, lack of complex stipulations, and by-right process, but essentially no developable land is so-zoned. Town meeting might be very reluctant to rezone for such generous rules while having so little guidance for the developer or control for the Town. Requirements in A-2 and A-3 districts are potentially less inviting to developers because of their lower allowable densities, and like A-1 they lack both specific design guidance and a special permit process. Planned Residential Development, on the books for many years, has such uninviting rules that it has yet to be used. Permitting multi-family in various business districts

has also been on the books for many years with no takers for reasons to be explored elsewhere but easily imagined, including too-strict parking and dimensional controls.

Needham has many provisions dealing with multi-family development, but if the Town in fact seeks such development those rules require reconsideration to make them serve the interests of both those who would create or live in such development and those into whose vicinity such development would be introduced.

Lead Party: Planning Board.

Timeframe: Two-Year Action. Implement changes during the next two years.

Administrative Cost: Possibly no more than minor staff time costs or at most consultant costs for drafting revisions, not likely to exceed $10,000.

Estimated Affordable Unit Production: Impossible to responsibly predict or to even determine after the fact, but a reasonable working figure might be a 10% increase above the *Consolidated Plan* basic expectation or one affordable unit per year on average translating into ten affordable units over 10-year period and 40 total units produced.

C. Development

Using Public Properties to Serve Housing Needs

1. *Provide for housing development on selected parcels of Town-owned land.* The contribution or "bargain sale" of land owned by the Town but not essential for municipal purposes could have a catalytic effect in launching housing efforts in the public interest. The Board of Selectmen appointed an Open Space Working Group to review Town-owned land and to make recommendations regarding most appropriate uses. While the Group was unable to reach consensus regarding final determinations for all parcels, at least several parcels were identified for development as housing with at least a significant portion of the units designated as affordable. These recommendations, while making modest provisions for new housing production, should be actively pursued. A list of these potential sites is included in Section I.B.6.

   Once the sites have been identified, the Town should establish development criteria for each site (i.e., first-time homebuyer versus rental, special site considerations, design guidelines), prepare and issue a Request for Proposals (RFP), select a developer/contractor and oversee development. The Town may also want to consider transferring the site to the Needham Housing Authority or Needham Opportunities, Inc. to manage the RFP and oversee development.

   The major steps involved in such development might include the following:

   - Identify property for development,
   - Secure approval from Town Meeting to convey property for development to incorporate at least some affordable housing,

- Explore technical assistance funding from Massachusetts Housing Partnership or other entity to hire a consultant to conduct preliminary feasibility analysis and prepare a Request for Proposals (RFP) for builders/developers (additional consultant time could be included as a required line item in project budget),
- Establish project criteria (e.g., design guidelines, community preference criteria, income mix, type of financing, ownership and management),
- Prepare and issue Request for Proposals,
- Select builder/developer,
- Finalize plans and budget,
- Secure financing,
- Start construction,
- Market and select tenants/homebuyers,
- Complete construction,
- Occupy property, and
- Manage property including annual income recertification of tenants in the case of affordable rental units.

Lead Party: Board of Selectmen.

Timeframe: Two-Year Action and ongoing. Convey at least one parcel for development of affordable housing within the next year and continue to release parcels, approximating one per year, over the next few years.

Administrative Cost: Possibly no more than minor staff time costs or at most consultant costs for coordinating the RFP, developer selection process, development oversight, and marketing not likely to exceed $5,000.

Estimated Affordable Unit Production: Anticipate the production of 50 units over a ten-year period, 20 of which might be affordable.

2. *Seek improvements and expansion of the Linden-Chambers development.* The Linden-Chambers project includes 152 one-bedroom units for the elderly and disabled and is owned and managed by the Needham Housing Authority. While there are no specific plans in place, the Needham Housing Authority has been interested in the prospects of redeveloping the project to improve the existing apartments and accommodate more units. The Consolidated Plan prepared by the Town for HUD suggests the potential addition of 30 units.

Lead Party: Needham Housing Authority

Timeframe: Five-Year Action. Begin planning for redevelopment during the next two years and implement within the next five years.

Administrative Cost: Minor staff time to support funding applications and coordinate planned HOME Program funding of approximately $2,000.

Estimated Affordable Unit Production: 30 units of rental housing for seniors.

3. *Support efforts to complete funding for High Rock Estates expansion*.
Needham Housing Authority's High Rock Estates project currently includes 80 single-family units – 43 three-bedroom units and 37 two-bedroom units – that are available to families and veterans. The Authority is planning to demolish twenty units and replace them with two-family structures bring the total number of units in the project to 100. Half of the new units will be produced as rental housing and the other half reserved for first-time homeownership. The Town can play a positive role in this effort in working with the Housing Authority to insure that adequate funding is available to make this expansion effort possible within the next several years.

Lead Party: Needham Housing Authority

Timeframe: Two-Year Action. Continue to plan for the redevelopment of this project and raise necessary funds for a construction start within the next two years.

Administrative Cost: Minor staff time to support funding applications and coordinate planned HOME Program funding of approximately $2,000.

Estimated Affordable Unit Production: Twenty new units through the demolition of twenty existing single-family homes and redevelopment of ten rental units and ten new ownership units.

4. *Restructure the Stephen Palmer Building*.
The Board of Selectmen has established a special committee to explore the redevelopment of the former Stephen Palmer School that was renovated in the 1980's into 28 apartments. The Town leased the building to a private management company, which is halfway through a 50-year lease. The terms of the lease require that the apartments be rented to tenants over 55 years old at affordable rates. However, the building has not adequately served as elderly housing due to existing unit configurations and the absence of an elevator. Moreover, affordability was not defined in the lease and consequently the units, while below market, are above state standards of affordability. The current situation is not beneficial to either the management company because it cannot charge sufficient rents to properly maintain the building, or the Town. Therefore, the Committee has been working with the management company to develop a plan for redeveloping the building.

Progress has been hindered by the complexity of changing the existing lease agreement as well as the needs of the Senior Center, located in the building, to expand. It is anticipated that a renovated and expanded building would provide approximately 60 units of affordable or mixed-income elderly housing. This housing would be developed through the rehabilitation of the existing building and the construction of an addition on the parking lot side of the building overlooking Green's Field. This project represents a priority strategy for the Town of Needham through the ability to accomplish multiple goals including the conversion of existing below market units into state-defined "affordable" units, the creation of additional "affordable" units, the development of new much needed affordable housing for seniors in the Town Center near transportation and

services, and the renovation of a key property in the downtown that is increasingly showing signs of age and neglect.

Lead Party: Board of Selectmen

Timeframe: Two-Year Action. Continue to plan for the redevelopment of this project and raise necessary funds for a construction start within the next two years.

Administrative Cost: Some staff time or consultant costs to support the necessary regulatory process, help access appropriate sources of financing, insure affordability of at least one-quarter of the units, and promote the overall redevelopment plan ranging up to $10,000.

Estimated Affordable Unit Production: Depending on the numbers of units created and mix of incomes, between 15 and 60 units of new affordable housing will be produced.

Seeking Supportive Use of Private Resources

5. *Save "expiring use" units*.
In Needham's efforts to produce new affordable housing units to at least meet the state's 10% goal, (10% of year-round housing stock affordable to households earning at or below 80% of area median income per Chapter 40B), it is important that the town not lose ground on the affordable units it currently has in place, but insure that these units are preserved as affordable as far into the future as possible. The Community Economic Development Assistance Corporation (CEDAC) maintains a list of those subsidized housing developments that are defined as "expiring use properties," which are rental units built with federal and/or state subsidies for low- and moderate-income households that incorporate rental agreements to keep the apartments affordable over the long-term – 30 to 40 years. Subsidy programs, however, typically allow owners to prepay their mortgages after 20 years that would release them from the use restrictions and enable them to seek market rents. CEDAC has identified four expiring use developments in Needham that involve 80 subsidized units including Highland Avenue/Charles River ARC project, Marked Tree Road, Nehoidan Glen, and Webster Street II. Even if expiring use restrictions allow an owner to convert a property to market rentals, based on a recent court case, the Zoning Board of Appeals of Wellesley vs., Ardemore Apartments, the Town may still have some leverage to enforce affordability given the applicability of certain regulatory or land use controls (e.g., comprehensive permit, 121A tax agreement, ZBA variance). It will be important to monitor these projects and intervene if necessary to maintain affordability well into the future.

Lead Party: Board of Selectmen.

Timeframe: Two-Year Action and ongoing.

Administrative Cost: Minor staff time with possible costs of a consultant if intervention is necessary to maintain affordability ranging up to $10,000.

Estimated Affordable Unit Production: Preservation of existing units not new production.

6. *Support scattered-site single and two-family developments.*
The Town can continue to work with for profit and non-profit developers on opportunities to develop new infill housing on available sites scattered throughout town. The Town can play a helpful role in supporting developers in applying for subsidies to insure that at least some of the units are affordable and can be included in the Town's Affordable Housing Inventory or can negotiate "friendly" Chapter 40B projects through DHCD's Local Initiatives Program, MassHousing's Housing Starts Program, or the Federal Home Loan Bank Board's New England Fund. Needham's HUD Consolidated Plan proposes investing local HOME funds on this strategy to provide housing for renters and first-time homebuyers including helping those on Section 8 move to homeownership. Additional resources to support such development can be accessed through the state and federal governments. A second phase of Junction Place is in the predevelopment stage and represents another opportunity for Needham to help realize additional affordable units. Habitat for Humanity has also expressed great interest in developing new affordable homes in Needham and is looking for donated land on which to build.

Lead Party: Needham Opportunities, Inc. or a new group to be created.

Timeframe: Two-Year Action and ongoing.

Administrative Cost: Minor costs of staff time and possibly costs of a consultant involving approximately $5,000.

Estimated Affordable Unit Production: The HUD Consolidated Plan projects 30 units through this strategy, ten units of rental and 20 units of homeownership. However, this number could be significantly higher, perhaps up to 20 units per year, with a more aggressive posture of working with area developers on affordable housing development based on the Town's Housing Guidelines as recommended in strategy II.A.4. above.

D. Ongoing Facilitation Efforts

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Reaching Out and Making Connections to Serve Housing Needs

1. *Conduct educational programs.*
During the Community Housing Workshops there appeared to be a growing consensus on the need for community outreach on the issue of affordable housing. This outreach could focus on activities to better inform local leaders and residents on the benefits associated with the development of affordable housing, to dispel negative stereotypes, and to increase local support – both political and financial – for housing production.

Outreach can initially be directed to local officials and committees and then followed by more formal public efforts directed to the entire community through the local press and media. Additional community outreach to various local groups (e.g., churches, PTA's, women's clubs, fraternal organizations, American

Legion, realtors, Chamber of Commerce, hospitality organizations, Council on Aging, etc.) can occur through speakers or information meetings, and a newsletter or some progress report can be prepared for general distribution.

The presentation of this Housing Plan offers an opportunity to showcase the issue, offering information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. It may also be useful for the Town to sponsor several forums to present the Housing Plan, opening these up to the public to better sensitize community residents and local leaders on the issue. In addition to meetings that focus on this planning effort, other public education opportunities could be coordinated by Needham Opportunities, Inc. including having representatives from other towns speak in public forums on innovative affordable housing strategies, bringing representatives from Citizens Housing and Planning Association (CHAPA) to a community meeting to provide a power point presentation on smart growth development, and organizing panel discussions on particular housing-related topics. These sessions can help build community interest, improve communication and garner support. It may also be feasible to have local banks support such an effort with financial and/or technical assistance.

Lead Party: Needham Opportunities, Inc.

Timeframe: Two-Year Action and ongoing. Begin work on this strategy immediately following approval of this Plan.

Administrative Cost: Staff time or consultant costs of approximately $5,000.

Estimated Affordable Unit Production: Unlikely to have a direct impact on housing production.

2. *Work with banks towards a committed loan pool.*

As is the case with many other communities, Needham can work in partnership with area lenders on affordable housing initiatives to secure new funding resources for local efforts. For example, Needham is currently not participating in the Soft Second Loan Program, which is administered by the Massachusetts Housing Partnership Fund. This program provides discounted mortgages to first-time homebuyers with incomes at or below 80% of area median income and increases a homebuyer's purchasing power by approximately 20% without increasing the monthly mortgage costs. The program makes homeownership more affordable by providing a second mortgage for 20% of the purchase price, where only interest is due for 10 years (in some cases the state will also waive interest payments). Also, private mortgage insurance is not required despite low down payments of 3 to 5%. To apply for access to this program, the Town would need to work with local lenders to prepare a very simple application that is submitted to DHCD or it can chose to participate in a consortium.

Additionally, because of the location of four commuter rail stations, the Town might consider working with lending institutions to make special mortgage financing available that provides advantageous mortgage terms and conditions to those who rely on public transportation. For example, MassHousing's Take the T Home Mortgage Program was launched last year in cooperation with 20

eastern Massachusetts banks and the MBTA, making no-down payment loans available at favorable rates. There are also a number of communities that have received commitments from local lending institutions to invest in loan pools with below market interest rates that are available for a range of housing activities including new development, purchase/rehab projects, and home repairs. The Town might also explore working in partnership with local banks on accessing state funds from MassHousing including mortgages for first-time homebuyers and loans for home repairs and deleading.

Because of the age of most of the homes in Needham, it is likely that lead paint is prevalent in Needham, requiring abatement measures when occupied by children. MassHousing administers the "Get the Lead Out Program" that provides 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. For example, an owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to $20,000 that is due when the house is sold, transferred or refinanced. MassHousing requires that the program be serviced by an approved local rehab agency, something Needham currently does not have in place but could access from a nearby community.

Lead Party: Housing Authority or Needham Opportunities, Inc.

Timeframe: Two-Year Action. Begin discussions with area banks within the next year.

Administrative Cost: Staff time or consultant costs of approximately $5,000.

Estimated Affordable Unit Production: The creation of 30 units over a ten-year period, 15 affordable.

3. *Work with employers towards employer-assisted housing.*
Work with local and regional non-profit housing organizations and with local business organizations to explore how to facilitate large employer housing assistance efforts. Recent studies have documented that the high housing prices in the Boston area are forcing many individuals and families to seek employment in other parts of the country where the cost of living is more affordable. Some large employers, in recognition that it is becoming more difficult to attract and keep employees, are finding it advantageous to offer financial benefits that will make living in the area more affordable, referred to as Employer-Assisted Housing (EAH). These benefits might include grant funding to support down payment and closing costs; a forgivable, deferred, or repayable second loan to write-down the costs of the new home; a matched savings plan; and homebuyer education. Assistance can also be provided to renters with funding for the payment of security deposits or last month's rent. Needham may want to reach out to area employers to solicit their interest in such efforts and to encourage partnerships between developers, for profit and non-profit, in housing development. Needham could also consider exploring opportunities through the Employer-Assisted Housing Initiative sponsored by the Greater Boston Chamber of Commerce, with CHAPA providing assistance to employers to design programs tailored to the needs of their particular employees and provide information on community housing resources.

Lead Party: Needham Opportunities, Inc. with support from the Board of Selectmen.

Timeframe: Two-Year Action. Begin discussions with area employers as well as the Greater Boston Chamber of Commerce and CHAPA within the next year.

Administrative Cost: Staff time or consultant costs of approximately $5,000.

Estimated Affordable Unit Production: The creation of 30 units over a ten-year period, 15 affordable.

4. *Encourage private donations*.
Many communities are reaching out to residents for donations of land or funds to promote housing affordability. Such contributions and the "bargain sale" of real estate could become a part of the Needham land ethic, but donations need to be promoted, nurtured, and facilitated. For example, a resident of Winchester purchased a house that the local non-profit rehabilitated, subsidized and sold to a first-time homebuyer. The resident received reimbursement at resale. This non-profit also coordinates an annual fund raising effort to solicit contributions to subsidize its purchase/rehab efforts from area residents. A Weston family donated a portion of their property for an affordable housing development, residents in other communities are donating land to Habitat for Humanity, and other communities are arranging for substantial federal and state tax benefits for benefactors.

In order to receive donations and avoid paying taxes, it is useful for each locality to have a dedicated housing fund that is managed by an entity that has received 501(c)(3) tax exemption. Some towns have established a Housing Trust created by a local housing committee or housing partnership. It is also possible for a Town to designate an existing non-profit organization, such as Needham Opportunities, Inc., to administer such a fund based on Town-approved guidelines. It is worth noting that other towns are creating gift funds to be managed by the municipality itself.

Lead Party: Board of Selectmen.

Timeframe: Two-Year Action and ongoing.

Administrative Cost: Staff time or consultant costs of approximately $5,000.

Estimated Affordable Unit Production: Perhaps up to 20 units over 10-year period with 5 affordable units.

Helping Individuals Gain Better Housing

5. *Assure fair housing practices*.
The Federal Fair Housing Act was enacted more than three decades ago to promote fair and equal access to housing and prohibit discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status. Massachusetts also has its Fair Housing Act that adds sexual orientation, marital

status, ancestry, veteran status, children, age, and those who receive public assistance or rental subsidies to prohibitions against discrimination. Owner-occupied, two-family homes are exempted from these requirements. It is incumbent on any community to enforce these fair housing regulations, and the Town of Needham has directed this responsibility to its Human Rights Committee. The Human Rights Committee should determine what housing-related complaints have been received and to work towards some resolution of problems, if any, to the greatest extent possible. For example, several nearby communities have encountered discriminatory practices against families with children due to lead abatement regulations.

Lead Party: Human Rights Committee.

Timeframe: Two-Year Action.

Administrative Cost: Staff time or consultant costs of approximately $5,000.

Estimated Affordable Unit Production: Unlikely to have a direct impact on actual housing production.

6. *Help develop an Individual Development Account Program.*
The Needham Housing Authority and the community non-profit, Needham Opportunities, Inc., are in the process of implementing an Individual Development Account (IDA) program (a form of matched savings) to allow all income-eligible households in the jurisdiction to save for homeownership, to move into private rental housing, to support the costs of higher education, or to start a business. HOME funding might be needed to help cover down payment and closing costs for these households transitioning from public housing and rental assistance to homeownership. Using HOME funds and other resources, the Town should support the implementation of the Individual Development Account Program that allows income-eligible households to save for homeownership or other purposes.

Lead Party: Needham Housing Authority and Needham Opportunities, Inc.

Timeframe: Two-Year Action. Continue to plan and raise the necessary resources to implement this strategy within the next two years.

Administrative Cost: Minor staff time from the Planning Office to coordinate HOME Program funding and other costs of approximately $2,000.

Estimated Affordable Unit Production: The HUD Consolidated Plan projects up to four units of first-time homeownership housing through the Section 8 to Homeownership Program that could be supported by this action.

Efforts at the State Level

7. *Reconcile the DHCD "undercounting" of 40B units.*
There are questions concerning whether the state has accurately counted all of those units in Needham that are eligible for inclusion in the state's subsidized housing inventory as defined under Chapter 40B. Questions concerning the

validity of including new units in the inventory should be resolved between the Town and DHCD.

Lead Party: Planning Board

Timeframe: Two-Year Action. Reconcile numbers within the next year.

Administrative Cost: Minor costs of staff time up to $2,000.

Estimated Affordable Unit Production: Potentially up to a couple of units.

8. *Advocate Needham's housing interests and perspectives at regional and state levels.*
What can, cannot, or must be done with regard to housing needs is powerfully conditioned by legislation and actions at regional and state levels. Needham's singular circumstances need to be brought to the attention of those shaping those directive measures, such as revisions to Chapter 40B, "smart growth" legislation, and zoning reform. Needham has been an active participant in state hearings on Chapter 40B reform and can continue to play a positive role in future debates regarding the planning and funding of affordable housing to support the best interests of the community.

Lead Party: Board of Selectmen

Timeframe: Two-Year Action and ongoing.

Administrative Cost: None, only the donated time of volunteers.

Estimated Affordable Unit Production: Unlikely to have a direct impact on housing production.

III. Other Potential Housing Implementation Actions

The following strategies have all been considered for inclusion in the Needham Housing Plan, but for one reason or another have not been included, some because there is not now a clear body of support, some simply because time does not permit them, and some because further study is required. All of these actions, if a decision is reached to pursue, would be included under the Five-Year timeframe.

A. Regulatory Actions

1. *Authorize accessory apartments.*
Typical household size in Needham is shrinking, while housing costs are soaring. That invites reexamination of the potential for accessory dwelling units. In 1970 the Needham median household size for owner-occupied dwellings was 3.6, but by 2000 it had dropped to 2.8 persons per household. In rental units the drop was even sharper, falling from 2.8 persons per household in 1970 to 1.8 in 2000. The housing we have "inherited" was built for a different set of demographics than we have today. That housing has also gotten uncomfortably expensive. Creating accessory dwelling units within existing housing is a potential means of addressing both large houses for small households and the current expense of

housing. The benefit can go further: in many cases there is a supportive relationship between the occupants of primary and accessory units, whether by relationship, children and parents, or sometimes a person needing care and a caregiver.

There are no provisions to allow such units in Needham, although every one of the municipalities abutting Needham allows them, as do most Massachusetts communities similar to Needham. They do so with myriad variations, whether by right or special permit, whether limited to occupancy by relatives or through a dependency relationship, requiring virtual "invisibility" or not, sometimes limiting the number of such units per year that may be created, sometimes limiting them to large old houses on large lots, sometimes obliging them to be documented as being "affordable."

Even in communities where allowed, such units often are created illegally in order to avoid restrictions, requirements, or added taxes (where that takes place). With very rare exceptions, communities find that even with very generous rules few people are interested in having such units in their homes. A recent program in Newton offering free technical assistance in sorting through the design, regulatory, and legal questions involved could find few interested at all.

Barnstable has been creating tens of such units per year with an aggressive program to encourage and assist them, in return getting at least some of them "counted" under Chapter 40B as being "affordable." Allowing accessory dwelling units can almost invisibly enable older people to retain their homes, makes good use of existing housing stock, and expands the range of housing opportunities. Lack of success in past to gain legislation allowing them provides important learning that can aid efforts made now or in the near future, in a context of very different housing conditions and needs.

Lead Party: Planning Board.

Administrative Cost: Only the costs of technical assistance through staff or consultants, which should not exceed $5,000.

Estimated Affordable Unit Production: A set of provisions with only moderately restrictive rules might result in as many as ten units per year, of which two units per year might be affordable.

2. *Expand apartment districts.*
Appropriately updated multi-family zoning regulations, as contemplated in item II.B.2. above, will be helpful as background in considering areas for potential zoning map changes to allow such units. However, they will otherwise be largely ineffective except as guidance for such rezoning, since there is virtually no undeveloped land included in the current Apartment Districts. Just three A-1 districts exist: two on Highland Avenue (one at Highland Court, one mid-way between Webster and Hunnewell streets) and one at Rosemary Street and Hillside Avenue. All are fully developed. One A-2 district exists, congruent with the North Hill property at Central Avenue and Forest Street.

Simply waiting for property owners to seek rezoning to take advantage of the new rules would repeat some of the process shortcomings of Chapter 40B. Instead, the Town might consider undertaking an open and well-documented process to identify locations that, given the new rules, could appropriately be considered for their application. Prior to having the rules at least in draft form and having such a site identification process, it would be inappropriate to speculate about what locations would be suitable or not. In our workshops that topic elicited lively discussion, and it is clear that possibilities can be identified.

Lead Party: Planning Board

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $10,000.

Estimated Affordable Unit Production: A projected 50 new units of housing, at least 10 of which would be affordable.

3. *Authorize Conservation Developments.*

"Conservation developments" are a 21st century method of achieving what cluster zoning promised but seldom delivered – coupling housing development with preservation of open space and other natural resources. The concept of "clustering" housing on a portion of a parcel allowing the remainder of it to remain as open land has never before had the benefit of as much public agency support as currently exists, as evidence of its benefits and its potentials accumulate. Like many similar communities, Needham's Zoning has an array of options for implementing that approach, basically "Flexible Development" (§ 4.2.4), "Planned Residential Development" (§ 4.2.5), and "Residential Compound" (§ 4.2.6).

Newer models for achieving that goal and for making this approach one that is widely used by developers have been emerging under a variety of names, including "Conservation Developments." Potentially the benefits can include more than open space preservation. They can also include housing affordability in cases where density is tied not to arbitrary lot sizes but to impacts, and where density bonuses and other incentives may make it attractive for the developer to include affordable units.

Revisions to the relevant portions of the Zoning Act may alter how this would be accomplished. Accordingly, action on it appropriately might be deferred until those outcomes become clear and then the possibility of gaining housing affordability and preservation of open space through the private marketplace through conservation developments should be explored.

Lead Party: Planning Board

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

Estimated Affordable Unit Production: A projected 10 new units of housing.

4. *Explore transit area redevelopment and adaptive reuse*.
In pursuit of smart growth principles – including more efficient land use, more compact development patterns, less dependence on the automobile, and a wider range of housing choices – many communities are increasingly focusing on redevelopment opportunities near transportation nodes. Needham has four transit stations that represent opportunities for redevelopment over time to enhance the vitality and safety of these areas, increase densities to better integrate mixed-uses, and to offer more housing options including but not limited to live-work spaces, senior housing, starter condominiums, mixed-income assisted living, and apartments for young professionals who want to be in a more village setting and near transportation and services. Some towns are entering into discussions with the MBTA on how to redevelop parking lots into multiple uses, and other towns are considering zoning overlays to direct redevelopment patterns according to smart growth principles. Because of the increasing interest in smart growth, new resources are also becoming available to support the integration of housing in transit centers to support local efforts.

Lead Party: Planning Board

Administrative Cost: This action might require considerable staff time costs and consultant costs for planning, rezoning, and development that could be as high as $25,000 over time for each transit area, however many of these costs could be covered by other predevelopment financing sources from the state and federal government, depending upon how the project is configured.

Estimated Affordable Unit Production: Could be significant over time, perhaps up to 100 units within the decade, at least one-quarter of which would be affordable, although significant lead time would be required before new units are produced.

5. *Promote small lot/small home zoning*.
Some communities are having success with provisions that allow relatively small lots in designated areas, coupled with restrictions that assure that the houses built on those lots are also relatively small, making it likely that although the results are unlikely to be "affordable" in DHCD terms unless directly subsidized, the units will still in an unrestricted market command lower prices than other new homes, serving the needs of those unable to buy into the existing market but not eligible for subsidized housing.

The free market price of a house can be thought of as reflecting three components:

- Basic price for the lot reflecting the value of being allowed to own a home in Needham; plus
- Additional land price reflecting the amenity value of the particular piece of land involved, importantly including the size of the lot but also considering other amenities, such as neighborhood qualities; plus
- Additional price reflecting the value of the structure, again importantly reflecting its size but also considering its other amenities.

Smaller lots with strict dimensional regulations obliging that the house also be small will depress two and possibly three of the components of market price. With the right rule crafting, at some locations it is likely that the value of a parcel of land developed for small houses on small lots would be significantly greater than its value for large houses on large lots. Those smaller houses on smaller lots would be priced lower than comparable but larger houses on larger lots, though not likely "affordable" as government agencies define it. By somewhat lowering prices that small house/small lot option would be a step towards serving market components not well served now, such as starter households and empty nesters wanting to "move down." It also would reduce somewhat the amount of resources necessary to lower the prices of some of the houses to an affordable level. The proposal is to explore this possibility.

Lead Party: Planning Board

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

Estimated Affordable Unit Production: A projected 40 new units of housing, at least 5 of which would be affordable.

6. *Allow large dwelling multi-unit conversion*.
Over time there commonly is motivation for owners of large homes on large parcels of land to subdivide the land, sometimes demolishing the existing home in the process simply because of family economics. In some of those cases an alternative attractive to the owners and the Town would be to subdivide the dwelling rather than the land, creating a number of condominium units whose collective value might greatly exceed that of the single dwelling, but might not exceed the number of lots into which the parcel could potentially have been divided.

That model now exists at least in Ipswich, North Andover, Lenox and Stockbridge, who among them have a great variety of provisions. Needham might add to that variety. Doing so might preserve valuable historic resources, preserve the open spaces on those estate-sized lots, and even produce a few affordable units in the process. To explore that possibility, the number of potential sites for such an option might be inventoried, sketch studies made of the possibilities, and then the approach discussed with any owners showing interest. On that basis, an amendment to the Zoning Bylaw to allow it might then be prepared.

Lead Party: Planning Board.

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

Estimated Affordable Unit Production: A projected 10 new units of housing, at least 2 of which would be affordable.

7. *Adopt special zoning for Town-sponsored development*.

In the same spirit as the above action, the Town might provide special regulatory relief for those proposing affordable units. Towns including Bourne, Sandwich, Dennis and Bellingham, among others, in various ways offer higher densities for developments that include affordable units. For example, the Town of Sandwich passed a zoning amendment this past year to allow increased densities conditioned on the level of affordable units provided. Another example is the Town of Dennis that recently passed a zoning amendment that provides the Town with greater flexibility in the area of affordable housing. This bylaw was approved to "encouraging various lot sizes and housing types for persons of various age and income levels" in accordance with Massachusetts General Laws which allows municipalities to adopt "incentive" ordinances for the creation of affordable year round housing and for the purpose of helping people who, because of rising land prices, have been unable to obtain suitable housing at an affordable price, and maintaining a stable economy to prevent out-migration of residents who provide essential services. The amendment gives the Planning Board special permit granting authority for applications that produce affordable housing outside of allowable minimum lot sizes, density requirements and parking requirements with the requirement that no less than 25% of the units, containing 25% of the total number of bedrooms in any one development, are created as permanently affordable to households earning between 65% and 80% of area median income. This amendment was designed to fulfill the following objectives:

- Encourage practical residential development in the reuse of existing structures;
- Promote in-fill residential development opportunities;
- Be compatible with the adjacent neighborhood;
- Encourage development of economically priced housing and a variety of types of housing; and
- Foster flexibility and creativity in the creation of affordable housing.

The Town of Needham might consider adapting these or other similar types of regulatory measures to provide greater flexibility in promoting affordable housing that will be harmonious with the small town character of the town.

Lead Party: Planning Board.

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

Estimated Affordable Unit Production: A projected 20 new units of housing, at least 5 of which would be affordable.

B. Other Actions

1. *"Buy-down" of existing units*.

The Town should explore opportunities to work with for profit, non-profit and local residents on strategies to preserve the affordability of the existing housing

stock or convert existing market units to state-defined "affordable" units. Examples of potential initiatives include:

- *ECHO housing strategy for elderly-occupied housing*.
  Needham might consider working with elderly homeowners who are living on very limited incomes to enable them to live in their homes for as long as they would like by offering sufficient financial incentives in exchange for a long-term affordability restriction (to the greatest extent possible with restrictions in perpetuity and resales indexed to HUD area median income), which has the effect of ensuring that when the house is sold it will be affordable to and sold to a buyer who meets the same income eligibility standard as the current owner. With appropriate income and resale conditions these houses might "count" as part of a community's state-defined Affordable Housing Inventory under Chapter 40B. The financial incentives include funds for both building improvements, which would insure the physical viability of the property over time, plus an annuity, which would provide the owner with a steady long-term income stream.

  Lead Party: Needham Opportunities, Inc.

  Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

  Estimated Affordable Unit Production: A projected 10 new affordable units.

- *Create affordable rentals in (principally) two-family units*.
  The Town can support efforts to purchase two-family homes or duplexes and through subsidies write-down the costs of the units to make one or both of the units affordable to income-eligible tenants and/or first-time homebuyers. With the necessary resale restrictions for ownership units (to the greatest extent possible with restrictions in perpetuity and resales indexed to HUD area median income) and affordability agreements for rentals, the Town will be able to add the units to its state-defined Affordable Housing Inventory under Chapter 40B if directed to households earning no more than 80% of area median income. These projects could be sponsored by either for profit or non-profit developers, possibly in a joint venture with Needham Opportunities, Inc. Funding could come from a variety of sources such as the HOME Program, Section 8 program (for rental projects) and other resources available from the state.

  Lead Party: Needham Opportunities, Inc.

  Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

  Estimated Affordable Unit Production: A projected 10 new affordable units.

- *Promote scattered-site purchase-rehab approaches (e.g., first-time homebuyer subsidy program, leased housing model)*
  The Town can consider supporting efforts to acquire properties from long-term owners of more moderately priced properties including more affordable condominiums; make necessary repairs; and either lease to qualifying tenants or

sell to first-time homebuyers. While housing acquisition prices are high, some of the more modest houses might still be reasonably acquired, and larger properties might also be candidates for acquisition and rehab, to be managed as rental property or developed as mixed-income or affordable condominiums. Other communities have used this strategy effectively to acquire properties, and through the commitment of subsidy funds or participation in the state's Local Initiatives Program (LIP), have then been able to lease or sell the units to qualifying households with the necessary restrictions to maintain the property's affordability well into the future. This strategy is also included in Needham's HUD Consolidated Plan that proposes the investment of local HOME funds for both rental and ownership.

The town might work with Needham Opportunities, Inc. to acquire property which could then joint venture with a for profit or non-profit housing development entity located in a nearby community (e.g., Waltham Alliance to Create Housing CDC, Watertown Community Housing, Can Do, Inc.) to sponsor the project. It is useful to acquire several properties at a time, if possible, to package a project and create more than one affordable unit. Rental properties could be managed by the Housing Authority and under the ownership model, homes would be sold by the project sponsor to income-eligible, first-time homebuyers with the necessary resale restrictions (to the greatest extent possible with restrictions in perpetuity and resales indexed to HUD area median income). Funding could come from a variety of sources such as the HOME Program, Section 8 program (for rental projects) and other state resources.

Lead Party: Needham Opportunities, Inc.

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.

Estimated Affordable Unit Production: The Consolidated Plan estimates the production of 15 affordable units through this strategy – 10 for ownership and 5 rentals, however, this number could reasonably be doubled to 30 units.

2. *Provide rehab program for homeowners*.
There are state resources available that provide financial and technical support for qualifying owners of homes that need repair, upgrading and deleading. Many seniors living on fixed incomes are finding it increasingly difficult to afford the costs associated with home improvements and as a result have deferred maintenance needs. Additionally, some seniors and those with special needs require special handicapped adaptations and repairs to help them remain in their homes. The Town might want to explore options for accessing funding to support home repair needs through a regional non-profit, special funding application to DHCD, through MassHousing programs, or through a collaborative effort with nearby communities.

Lead Party: Needham Opportunities, Inc.

Administrative Cost: Costs of technical assistance through staff or consultants, which should not exceed $5,000.
Estimated Affordable Unit Production: Support of at least 10 homeowne

IV. ATTACHMENTS

ATTACHMENT 1 - Results of Community Housing Workshop One

HOUSING WORKSHOP I: EXPLORING CHALLENGES AND CHOICES

On May 29th nearly 100 Needham citizens gathered at the Pollard School to discuss their concerns about housing in Needham, what housing actions they thought the Town should take, and what obstacles to those actions they foresaw. Working in small groups following initial background presentations, participants produced a rich and largely consistent array of suggestions. Those results now provide guidance for efforts leading to a second workshop to be held on June 23rd at 7:15 in the Pollard School to explore potential housing actions in more detail.

Those who attended included some housing advocates, some neighborhood advocates recently faced with threatening development, some Town officials, and other interested citizens. The "red dot voting" that followed the small group presentations gives a clear picture of their preferences. Broad agreement was found to exist despite the diversity of orientations towards housing among those who attended. People want to retain socio-economic diversity in the Town and see housing price escalation as threatening that. They are concerned that among others, young starter households and many seniors are systematically being priced out of the community. They want to see diversity throughout the town, avoiding out-of-scale developments and over-concentrations of any one level of housing.

More than any other action, participants saw zoning and other regulatory change as important for the Town to pursue. Changing rules to facilitate compatible housing in downtown and certain other business areas drew large support. So, too, did a variety of measures that might apply in residential areas, such as authorizing accessory dwellings. Controlling tear-downs was also heavily supported, though skepticism has been expressed about feasibility. Other regulatory devices such as mandated inclusion of affordable units in new development and requiring housing impact fees ("linkage") from new business development drew support. Other ways of raising necessary funding were frequently mentioned, including revisiting the potential of the Community Preservation Act (CPA) in Needham.

Even before changing zoning, people felt the need for careful planning, both comprehensive planning and housing planning, which of course is exactly that in which they were participating.

Although those participating quickly reached agreements among themselves, many didn't see that as being true for the Town as a whole, a judgement disputed by some others. Cited obstacles included lack of agreement on the need for affordable housing, on the appropriateness of such housing in "my neighborhood," and more fundamentally on principles. Interestingly, there was less agreement about obstacles than on what actions the Town should take. That wide agreement on the directions to be pursued will be the central topic of the June 23rd workshop.

SMALL GROUP SELECTED SUGGESTIONS RANKED BY SUPPORT (DOTS)

Concern/action/obstacle text	Support (red dots)	Oppose (blue dots)
CONCERNS		
Diversity in housing stock, income, ages, race	18	0
Type: Smaller scattered developments vs large scale development	15	0
Keep seniors and families presently in Needham	13	0
Lack of a comprehensive plan	11	0
Lack of economic and cultural diversity and disabled housing+access	10	0
Need for geographic equity	8	0
Lack of Housing for 25-40 and moderate income people	8	1
Community Control	7	0
Pro-active Ways to achieve diversity	5	0
Need a plan fair to all	4	0
Respect for zoning and planning	4	0
Lack of range of housing spreed through town	1	0
The town will have to pay for services for affordable housing	1	9
IMPLEMENTING ACTIONS		
Zoning changes- Mixed commercial and residential including higher buildings part. In downtown	19	0
Use creative zoning to allow for more creative housing opportunities (Accessory apts, linkage, residential units in commercial area)	18	0
Control on tear downs	15	2
Create a town development authority	11	0
Formulation/Continuation of Master plan of which housing is one part	9	0
CPA	9	0
Increase the density of the housing authority's Linden st. area to more than double	9	6
Employ inclusionary zoning and linkage of development to affordable housing	5	0
Explore funding,CPA, linkage	4	0
Develop ressources to support the plan (exCPA)	4	0
Increase aff. Housing such as rentals, 3 family zoning, housing for disabled, inlaw apts	3	1
Develop comprehensive, equitable plan voted at TM	2	1
Use existing resources more effectively	1	0
Create a community plan that leads to control of location of Aff. Housing		
OBSTACLES		
Lack of agreement on principles	9	0
NIMBY	6	2
People don't want affordable housing	5	6
Zoning	4	0
Lack of govt $$	4	3
Neighborhood opposition	3	0
Lack of knowledge/fear/disconnected	2	0
Cost and availability of land	2	0
No plan	1	0
Budgetary impact to the town	1	3
Conflict open space	0	1

Each participant had five red dots, one blue dot.

ATTACHMENT 2 - Results of Community Housing Workshop Two

HOUSING WORKSHOP II: HOUSING ACTIONS

The second Community Housing Workshop was held at the Pollard School on the evening of June 23, 2003. The central topic of this workshop was the wide agreement on the actions to be pursued as part of the Community Housing Plan that surfaced during Workshop One.

After a welcome and a summary of the results from the first Community Workshop, the consultants provided information on categories of strategies for the production and retention of affordable housing that have been effectively implemented in other communities including:

- Strategies to increase housing in business districts,
- Strategies to increase housing in residential districts,
- Strategies to retain existing affordable housing,
- Funding strategies, and
- Strategies to create public support for affordable housing.

Following these presentations, workshop participants were asked to join a working group organized according to the categories of strategies listed above, with funding strategies and strategies to retain existing affordable housing combined into one group. A member of the Comprehensive Community Housing Study Committee facilitated each of the working groups.

Initially members of the working groups were each asked to introduce themselves and identify one of the actions in the handouts or some other action that they would like the group to discuss. After all members of each group had their turn, they were asked to determine an agenda of particular actions for discussion, voting if necessary. More than an hour was committed to discussing this action agenda, and then each group was asked to select the top two highest priority actions to present back to all workshop participants. Each group selected a presenter, and the two priority actions were recorded on a sheet for presentation.

As was the case with the first Community Housing Workshop, following the group presentations each participant was given five red dots to place on those actions, or all five on one particular action, that they considered their highest priority strategies. Participants were also given one blue dot to place on that action, if any, that he/she most opposed. The results of this voting are included in the following table but are summarized in the following:

- There was significant support for incorporating more housing in Needham's business districts, particularly the downtown, and the notion of mixed-use development that incorporates some structured parking and increased densities received significant numbers of red dots.
- There was a lively debate on the merits of promoting accessory apartments in the working group on strategies to increase housing in residential districts, but there was substantial interest in the Town establishing affordable housing guidelines to provide

greater assurances that the housing being proposed is appropriate to its location and context in a myriad of respects. There was also significant interest in increasing housing opportunities near transit stations.

- In regard to funding strategies, there was considerable interest in having the Town reconsider the Community Preservation Act that would bring in new resources to support open space and historic preservation as well as affordable housing. Funding through linkage and inclusionary zoning also received a fair amount of support.
- The issue of how best to preserve the town's existing affordable housing stock was linked in discussions directly to how the town can maintain its social and economic diversity. The preservation of starter housing received strong support as did the notion of promoting non-profit housing development.
- There was wide recognition that a public education campaign on affordable housing was needed to update the community on the issue, dispel many negative stereotypes, and secure more community support for new housing initiatives. A Speakers Bureau and a broader educational role for the Comprehensive Community Housing Study Committee attracted interest.

As with the first Community Housing Workshop, while there were lively discussions within each working group, there was considerable agreement within and across groups on a core group of actions.

Extract from "Needham Housing Resource Report, January 17, 2004"

2nd WORKSHOP (6/23/03) RESULTS ORDERED BY CATEGORY AND DOTS

NEEDHAM COMPREHENSIVE COMMUNITY HOUSING STUDY

ACTION ITEM		DOTS	
		Red	Blue

Strategies to Increase Housing in the Business Districts

	Height OK to achieve more units for increasing the affordability	17	2
	Parking garage OK that will be linked with houses- Show what it would look like before	15	0
	Housing near transportation	11	0
	There are existing areas that could have better uses	10	0
	Mixed uses	8	0
	Housing in center to improve business climate	7	1
	Tax incentives linked to affordability	6	0
Other inputs			
Where ?			
	Center of Town - 2 or 3 floors		
	Industrial - larger building		
	Needham Heights		
	Chestnut St., off Chestnut Street- infill		
	Close to transportation nodes		
	Retain railway		
Who ?			
	Middle group		
	Seniors		
	Young family- Starters		
	Young adults		
Problems			
	Not lots of space		
	Lack of parking		
	Difficulty encouraging rental development		
	Chestnut Street industrial uses. Where will they go?		
	Problem : increased number of families and school age children		
Incentives			
	Mass transit		
	Re-use underutilized buildings and lands		
	Parking garage		
	Adress traffic		
	Planning board needs to work with assessors		
	Tax incentives to developers to build apartments		
	Increase height limits		
	Show examples		
	Zoning modification done to increase affordability		
	Streetscape		

Strategies to Increase Housing in Residential Districts

	Create affordable housing guidelines	9	1
	Affordable Housing Guidelines which gives a "shot of adrenaline to 40B"	6	0
	Dig into transit areas as general residence (Center, Heights, Junction)	4	0
	Zoning changes will be difficult to approve at TM	3	1
	Small lots/Small House	2	1
	Cluster/density bonus	1	1
	Concern that 40B goals will be obtained to slowly		
Other imputs			
	Smaller lots divided - 4000 sq feet ? (12000 3 or 4 ways)		
	Self deciding or restrictions and guidelines as options		
	Cluster zone		
	Density bonus		
	Concern about "small" zone inside "average" zoning and lots		
	Reduced subdivision		
	Larger clusters with whole street and some shared space		
	In transit area		
	Concerns about pricing, building and still having it affordable		
	Idea of losing the space between small houses		
	Idea of row houses , separated from each other but with out high maintenance yard		
	Need to discuss with builders to see if zoning changes can work		
	Increased General Residence zone ?		
	Take better advantage of outskirts of areas containing huge homes		
	Problem if the "two families" become luxury apartments (Maple St)		
	Example of development in front of Newman (4 houses, 1 1/4 acre each)		
	Regulation of deed for added unit to a home		
	Cannot control accessory apartments already		
	How many accessory apartments do we currently have, how they are being used.		
	Rigorous permit and adding perks to providing this type of affordable accessory (not changing outer structure)		
	Concerns over victimization as a landlord who converts the home to two family		
	Large home/ Small home Trading (Seniors exchanging with young families)		
	Need large complex, but how would apartments be taxed?		

Strategies to Retain Existing Affordable Housing Stock/Limit "Teardowns" Consideration of the CPA and Other Funding Options

	CPA/Tax on everyone/Exemptions	11	2
	Linkage in residential development/Mansions and inclusionary zoning	6	2
	Preservation of starter housing	4	0
	Limited dividend/non-profit development	4	0
	Opportunities for young adults/families who defines "starter homes"	1	0
	Accessory apartments	1	0
	Demonstration fee or tax on property transfers or building permits	1	0
	Housing moratorium on new residential construction	1	5
	School funding versus (affordable) housing		
	Purchase of existing houses. But with which $?		
	Private donations (on tax bill ?)		
	Others fundings for homebuyers		
	NB Funding is good but disagreement over what is best		

Strategies to Create Public Support for Affordable Housing

	Public education Campaign	13	0
	Speakers Bureau - To go in the Clubs and explain the affordable housing context	3	0
	Expand CCHC with Service Organizations	1	0
	Involvement of Schools/Olin, Involvement of Clergy	0	0
	Resolution at Town Meeting	0	0
	Newcomers Packet	0	0
	Realtors involvement	0	0
	Fund Raising	0	0

Herr Associates
WshopRpt2-P
July 7, 2003

ATTACHMENT 3 -INCOME AND HOUSING SALES: NEEDHAM, 2000.

2/17/2004

Interest rate:	7.00%	of mortgage amount.		
Loan term	30	years		
Down payment:	5.00%	of sale price.		
Real estate taxes:	1.23%	of sale price.		
Insurance:	1.00%	of sale price.	Year 2000 median income:	$88,079
Monthly condo fee:	0.10%	of sale price.	Income req'd. for median single family:	$144,466
Other debt payment*:	2.00%	of sale price.	Ratio ("Affordability index"):	61%

Household	"Affordable" price		"Affordable" sales			2000 total	Percent of 2000 buyers total		
Income	Single-fam	Other	Single-fam	Other	Total	h'holds	Single-fam	Other	Total
Under $10K	$30,300	$27,100	0	0	0	4.4%	0.0%	0.0%	0.0%
$10-15K	$45,400	$40,600	0	0	0	2.3%	0.0%	0.0%	0.0%
$15-25K	$75,800	$67,700	0	0	0	4.7%	0.0%	0.0%	0.0%
$25-35K	$106,100	$94,800	0	0	0	6.6%	0.0%	0.0%	0.0%
$35-50K	$151,500	$135,400	0	2	2	8.6%	0.0%	0.4%	0.4%
$50-75K	$227,300	$203,100	6	13	19	15.7%	1.2%	2.6%	3.7%
$75-100K	$303,000	$270,700	35	9	44	13.1%	6.9%	1.8%	8.7%
$100-150K	$454,500	$406,100	196	27	223	20.4%	38.6%	5.3%	43.9%
$150-200K	$606,000	$541,500	108	21	57	10.8%	21.3%	4.1%	11.2%
Over $200K	Greater	Greater	82	0	163	13.4%	16.1%	0.0%	32.1%
Total			427	72	508	100.0%	84.1%	14.2%	100.0%

"Other" units are condos and two- or three-family dwellings (assumed to have separate buyers for each unit, with affordability calculated as if units were condo units with fees).

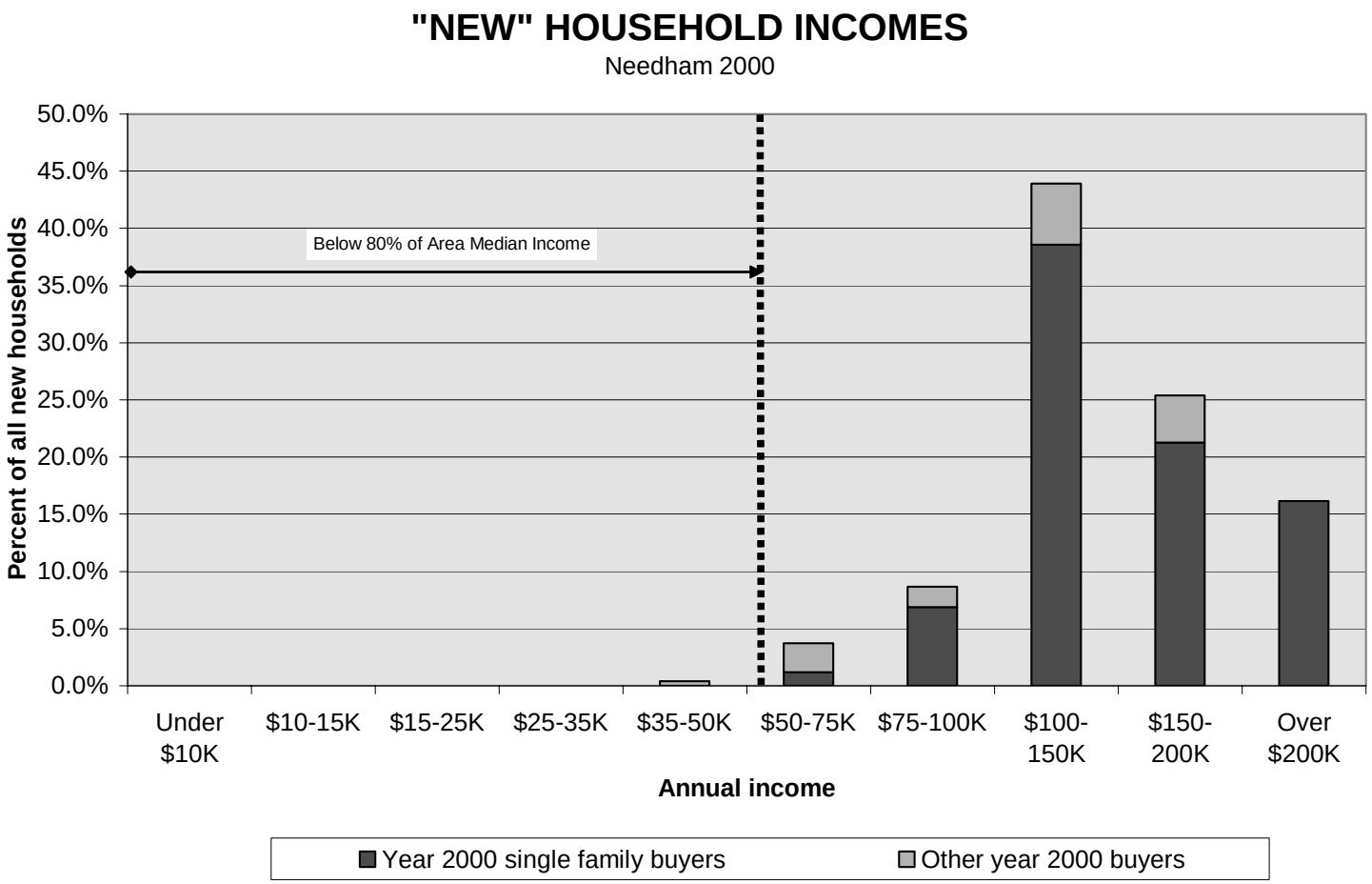
* Annual payments on non-housing debt, estimated as % of dwelling cost.

"Affordable" means maximum price for which income qualifies for a mortgage under 2000 FHA guidelines.

Sales data from the Needham Assessors for 1/1/00 through 12/31/00, with sales between relatives etc. deleted.

Income distribution from the 2000 US Census of Population.

ATTACHMENT 4

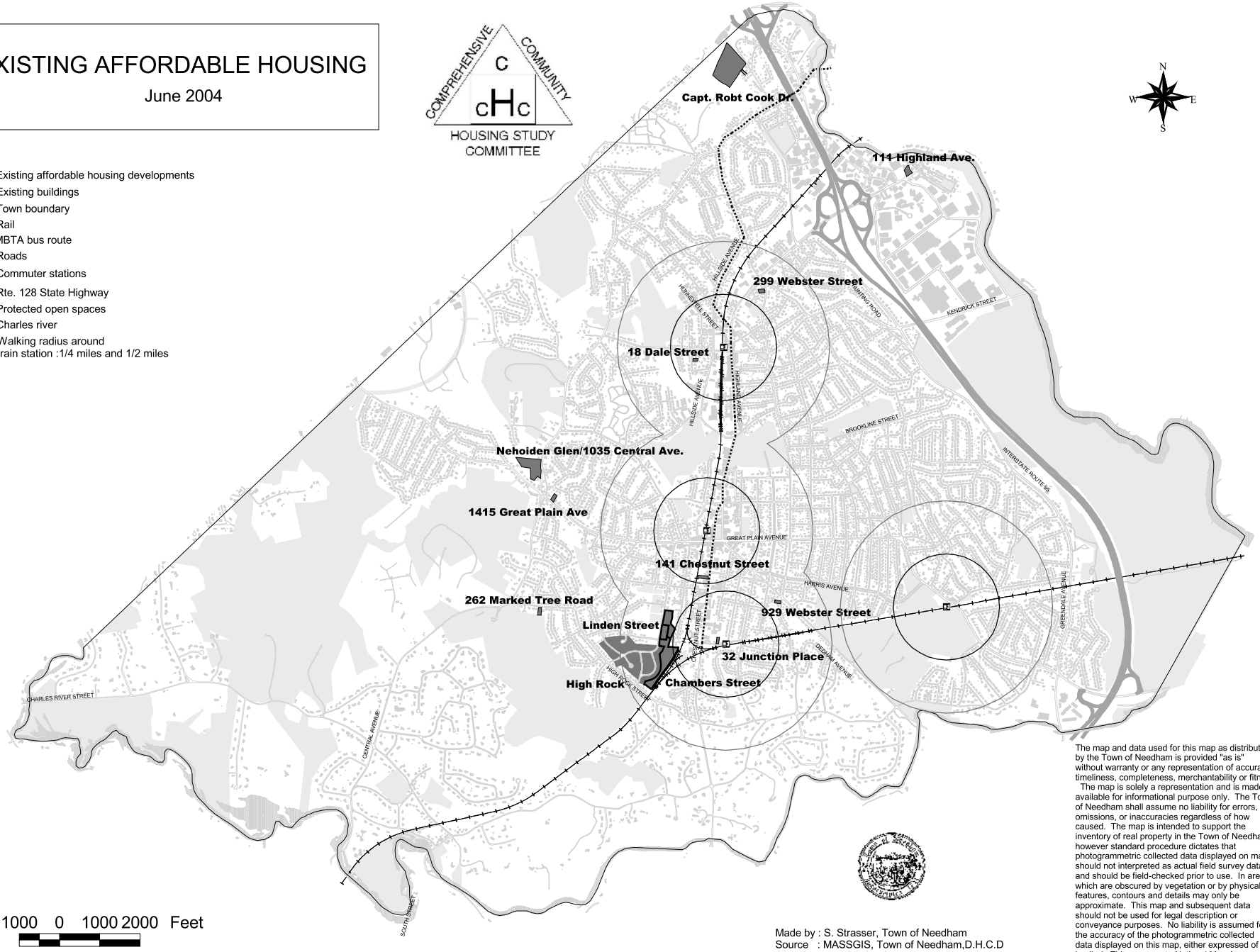


EXISTING AFFORDABLE HOUSING

June 2004

COMPREHENSIVE COMMUNITY HOUSING STUDY COMMITTEE

- Existing affordable housing developments
- Existing buildings
- Town boundary
- Rail
- MBTA bus route
- Roads
- Commuter stations
- Rte. 128 State Highway
- Protected open spaces
- Charles river
- Walking radius around train station :1/4 miles and 1/2 miles



1000 0 1000 2000 Feet

Made by : S. Strasser, Town of Needham
Source : MASSGIS, Town of Needham,D.H.C.D

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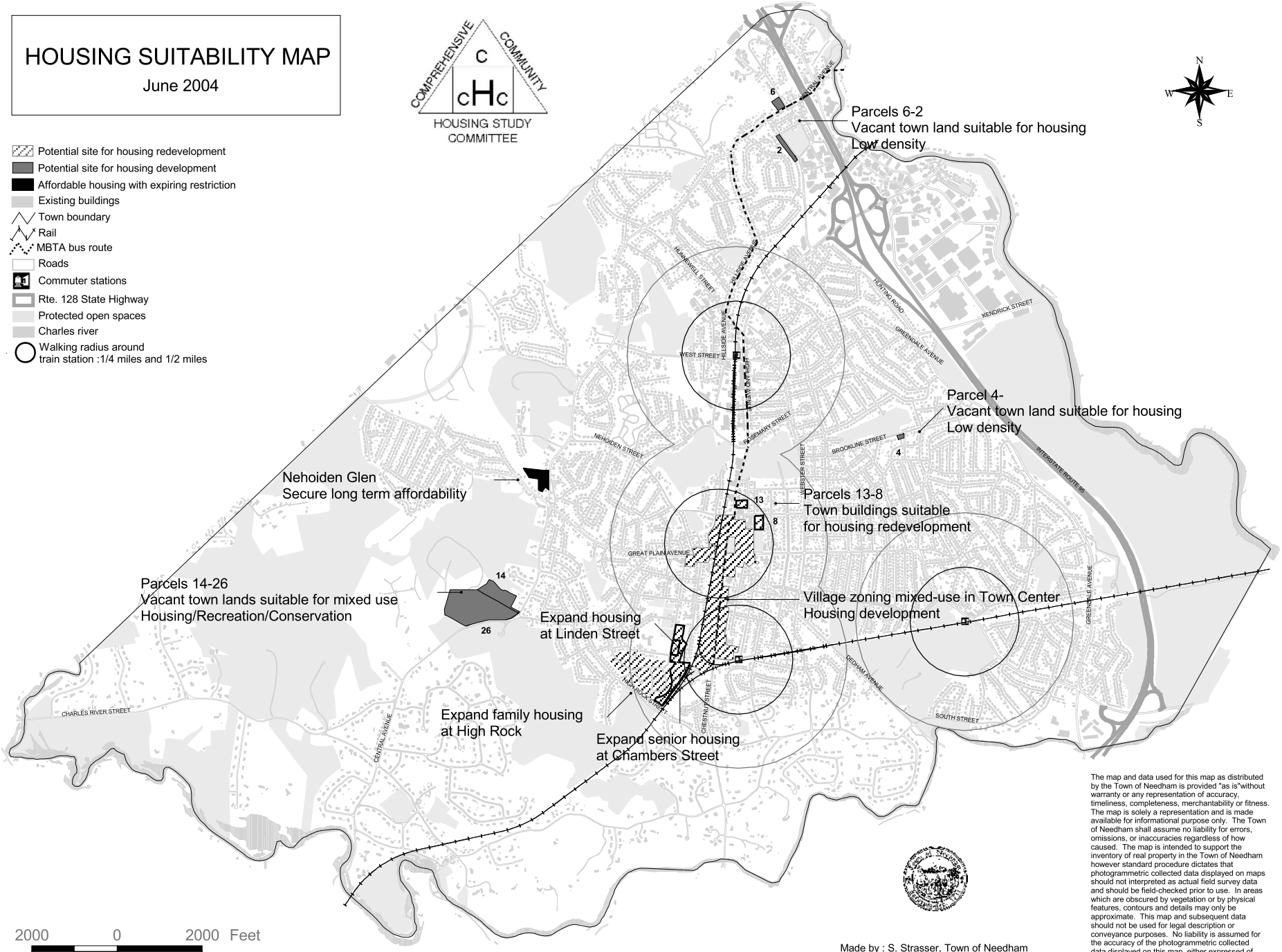
HOUSING SUITABILITY MAP

June 2004

COMPREHENSIVE COMMUNITY
cHc
HOUSING STUDY COMMITTEE

- Potential site for housing redevelopment
- Potential site for housing development
- Affordable housing with expiring restriction
- Existing buildings
- Town boundary
- Rail
- MBTA bus route
- Roads
- Commuter stations
- Rte. 128 State Highway
- Protected open spaces
- Charles river
- Walking radius around train station :1/4 miles and 1/2 miles



Made by : S. Strasser, Town of Needham
Source : MASSGIS, Town of Needham

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ATTACHMENT 7

HOUSING PLAN ACTION IMPACTS

The two-page table "Needham Housing Plan Action Impacts" summarizes our early estimates of the consequences of the actions proposed: how they would impact the Build-out ceiling, how they would impact the amount of housing in the Town after ten years, how they would impact the 40-B "count," and what the costs might be for getting those efforts put into place.

Column A: Build-out impact. The Town is estimated to have land area and zoning that would allow 11,600 housing units to exist in Needham: the 11,000 units that currently exist plus about 600 additional units. However, changing zoning in the Town Center might make another 200 units possible, and another 50 could result from sale of town-owned land, and another 50 from adding units within existing housing authority holdings. In all, more than 300 additional units might be made possible by the initial actions being called for, bringing the build-out total to about 12,000 units, only slightly more than the 11,600 total currently feasible.

Column B: Housing stock impact. Over the next decade, not all of the housing potential that might be created in the Town Center would be likely to be built out: perhaps 60 of the 200 units potential would actually be developed over that period. On the other hand, some actions, such as supporting scattered site infill, would be accommodated within the current build-out. Summing over the wide variety of actions to be taken, the increase in housing stock in the next decade attributable to these initial actions would be just about equal to the increase in the Town's build-out capacity, about 350 housing units, or 35 units per year, a substantial impact in a Town where total new building per year seldom exceeds 30 housing units.

Column C: Added 40B-counted units. Not all of the units resulting from the initial housing efforts will "count" under Chapter 40B, even under the revised counting rules that have been proposed. For example, we show only 10% of the new "downtown" units being counted as affordable, the rest being market-rate. On the other hand, inclusionary zoning provisions would result in making affordable some of the units that were going to be built anyhow. Our best estimate is that about 250 housing units would be designated as "affordable" as a result of the initial housing actions proposed, which is a large increase above the 400+ such units that Town now has, but far short of the more than 700 additional housing units needed to be affordable to achieve 10% affordability at build-out.

Column D: Process costs. The costs of carrying out this series of actions is listed in column D, based on quick estimates using current costs as a basis.

NEEDHAM HOUSING PLAN ACTION IMPACTS 9-Jan-04

(a) Units added to build-out potential.
(b) Added housing stock - dwelling units constructed minus units demolished.
(c) Needham 40B units gained (relative to "no action") per 1/04 Chapter 40B rules.
(d) Costs exclusive of development-based grants and loans.

Actions			Housing units added			(d) Process Costs	
			(a) Build-out	(b) Stock	(c) 40B		
INITIAL ACTIONS							
1	Organization and Planning						
	(a)	Coordination of housing plan implementation	0	0	0	$40,000	**
	(b)	Pursue housing in Town Center	200	60	6	$50,000	**
	(c)	Provide input to those considering CPA	0	60	30	$0	
	(d)	Develop Housing Guidelines	0	0	20	$5,000	**
	(e)	Explore waiver of application fees	0	0	0	$2,000	
2	Regulation						
	(a)	Inclusionary zoning	0	0	15	$5,000	**
	(b)	Update and refine multi-family zoning rules	0	0	0	$10,000	**
3	Development						
	Public properties to serve housing needs						
	(a)	Provide development on Town-owned land	50	50	20	$5,000	**
	(b)	Expand Linden-Chambers	30	30	30	$2,000	**
	(c)	Expand High Rock Estates	20	20	20	$2,000	**
	(d)	Restructure Stephen Palmer Building*	30	30	30	$10,000	**
	Supportive use of private resources						
	(e)	Save "expiring use" units	0	0	10	$10,000	
	(f)	Support scattered site development	0	60	30	$5,000	
4	Ongoing Facilitation Efforts						
	Reach out and make connections						
	(a)	Conduct educational programs	0	0	0	$5,000	**
	(b)	Works with banks on a committed loan pool	0	15	15	$5,000	
	(c)	Work towards employer-assisted housing	0	15	15	$5,000	
	(d)	Encourage private donations	0	5	5	$5,000	
	Helping individuals gain better housing						
	(e)	Assure Fair Housing practices	0	0	0	$5,000	
	(f)	Help develop Individual Development Accts.	0	4	4	$2,000	
	Efforts at the state level						
	(g)	Reconcile DHCD "undercounting" of 40B units	0	0	2	$2,000	
	(h)	Advocate for Needham's housing interests	0	0	0	$0	
---	---	---	---	---	---	---	
TOTAL INITIAL ACTION IMPACTS			**330**	**349**	**252**	**$175,000**	

* Units projections range from 15 to 60; 30 is an average target assuming 50% affordability.
** Plausible candidate for grant support.

Prod 2 PH

NEEDHAM HOUSING PLAN ACTION IMPACTS 9-Jan-04

(a) Units added to build-out potential.
(b) Added housing stock - dwelling units constructed minus units demolished.
(c) Needham 40B units gained (relative to "no action") per 1/04 Chapter 40B rules.
(d) Costs exclusive of development-based grants and loans.

Actions			Housing units added			(d) Process Costs
			(a) Build-out	(b) Stock	(c) 40B	
OTHER POTENTIAL ACTIONS						
1	Regulatory Actions					
	(a)	Authorize accessory apartments	200	100	20	$5,000
	(b)	Expand Apartment Districts	50	50	10	$10,000
	(c)	Authorize Conservation Developments	0	20	10	$5,000
	(d)	Explore transit area redevelopment	200	100	25	$25,000
	(e)	Explore small lot/small home zoning	80	40	5	$5,000
	(f)	Allow large dwelling multi-conversion	20	10	2	$5,000
	(g)	Special zoning for Town-supported dev.	30	20	5	$5,000
2	Other Actions					
	(a)	"Buy-down" of existing units				
		* ECHO housing	0	10	10	$5,000
		* Two-family affordable units	0	10	10	$5,000
		* Scattered-site purchase/rehab	0	30	30	$5,000
	(b)	Rehab program for income-eligible owners	0	10	10	$5,000
----	----	----------	----------	----------	----------	----------
OTHER POTENTIAL ACTIONS IMPACTS			**580**	**400**	**137**	**$80,000**
----	----	----------	----------	----------	----------	----------
GRAND TOTAL INITIAL + OTHER POTENTIAL			**910**	**749**	**389**	**$255,000**

Prod 2 PH

ECONOMIC DEVELOPMENT

A component of the
NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared for the
Needham Planning Board

Technical support provided by:
Lee Newman, Planning Director and Sandrine Strasser, Assistant Planning Director.
Philip B. Herr & Associates, Consultants

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- Executive Office of Environmental Affairs
- Department of Housing and Community Development
- Department of Economic Development
- Executive Office of Transportation and Construction.

Contract administered by the Metropolitan Area Planning Council (MAPC)

June 19, 2004

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ECONOMIC DEVELOPMENT

ECONOMIC STATISTICAL PROFILE

At the turn of the 21st Century Needham had about 19,000 jobs located within its borders and about 14,000 persons in its resident labor force, resulting in net in-commuting of about 5,000 workers per day to fill those jobs, a powerful economic standing for a community that is commonly characterized as a residential suburb. The following data further explore that economic status and its potential change over the next twenty years.

Table 1 and figure 1 provide an overview of historic and projected changes in jobs in Needham broken down by industrial sector (using the SIC classification system). Jobs in services have steadily grown, while jobs in manufacturing have steadily declined over the 1967-2000 period covered, essentially following regional trends. The forecasts by the MAPC (which start from 2001 in which employment was significantly higher than the 2000 figures in these materials) indicate overall employment decline, most sharply in retailing, and with finance and real estate the only sector forecast for steady growth. Also shown in table 1 are the average annual wages by industrial sector in 2000 (such data by municipality is not available), and the number of establishments in the town over the historic period. Overall the number of jobs and the number of establishments have grown at similar rates despite the possible impression that businesses are getting bigger.

Table 1A lists the twelve largest employers in the Town, a list that starts with the Town itself being the largest employer, two of the top 12 being categorized as "residential" land uses, and four of the twelve (including the Town) being involved in education. Less than a quarter of the jobs located in the Town are in the twelve largest establishments, an indicator of the healthy diversification that the Town enjoys.

Table 2 expands on the rate of change being forecast and places Needham in the context of the MAPC's Three Rivers Council, made up of Canton, Dedham, Dover, Foxborough, Medfield, Milton, Norwood, Sharon, Stoughton, Walpole and Westwood in addition to Needham. Its data confirm that the forecasts for the Town and the region are largely parallel. The differences among towns further illustrates that the forecasts are largely extrapolations of the prior twenty years of change.

Table 3 does the same for population change as forecast by the MAPC. Slow decline in population is forecast for both the town and the region. Interestingly, despite much discussion about the effects of the baby-boom age cohorts growing into senior status that the share of the population that is 65 and older is projected for essentially no change in Needham, while the school age population is forecast to drop, and the workforce age population is forecast to grow as a share of the overall population.

Table 4 is a current snapshot of recent history of the local labor force and unemployment. Unemployment rates are relatively volatile over time, but the relationship between unemployment among Needham's relatively skilled population and that for the state as a whole

is quite steady, with the Town consistently having many fewer unemployed in relation to overall numbers than does the State. Table 5 indicates that similar neighbors have similar experience.

Table 6 looks at jobs held by residents of Needham regardless of place of work and jobs located in Needham regardless of worker place of residence. They are broken down by the NAICS classification system rather than the SIC system used in other tables, and draw data from sources that aren't designed to be compared, so there is some awkwardness, but the overall picture is helpful and valid. It shows that not only is there strong net in-commuting to Needham to fill its "excess" of jobs but also that such in-commuting is found across virtually all of the industrial categories, with little relationship to wage levels, despite the common observation that suburbs heavily rely on in-commuters to fill low-wage jobs. The categories have been sorted by order of increasing average wage levels, clarifying the lack of wage sensitivity to the pattern.

Table 7 more analytically looks at jobs in Needham, again classified under the NAICS system, this time sorted by the number of jobs in Needham. Statewide forecasts of growth by the New England Economic Partnership for the next two years are listed, with two of their three highest growth rate categories (professional & technical, health care and social services) being the two largest categories in Needham, which could augur well for growth in the short term. The "Location index" is a measure of how the number of jobs in relation to population differs locally from that found Statewide. For professional and technical positions, Needham has nearly three times as many jobs as "expected" for a community of its size, while despite the Town's industrial history, manufacturing jobs are only about half as many as found Statewide in relation to population.

Needham has a slightly disproportionate number of jobs in industrial categories having relatively high wages. If Needham workers in each industrial category were paid at the statewide rate for that category the mix of jobs would produce a wage level 8% higher than Statewide, $48,400 rather than $45,000. Actually, Needham average wages were even higher than that, $55,800 rather than $48,400, 15% higher, which reflects not the mix of industries but the specific businesses that are at this location, a "location factor." That speaks well for the location and for the labor force that services the location.

Table 8 and figure 2 break down the historic pattern of "new growth" assessments. New growth is both a useful indicator of new investment in Needham by businesses and a measure of success in the single most important consideration in economic development for a Massachusetts town. "New growth" is increase in assessed valuation that is attributable to new development, not just increase in real estate prices. Assessments have ballooned in the hot real estate market, but the constraint on the funds that the town is allowed to raise is not affected by that. The only increases that reflect in the town being allowed to raise more funds under Prop 2½ are increases resulting from "new growth." The tax levy raised by property taxes is constrained by Prop 2½ to a 2½% increase each year over that last year, plus an amount based on the last year's tax rate and the amount of "new growth." New growth is vital to being allowed tax levy levels adequate to maintain the level of services sought by the community. The share of new growth that comes from non-residential development is critical not only to contributing to the overall level of the allowed tax levy but also to the distribution of "who pays." The figures in the table below illustrate what is happening.

Non-residential assessed valuations have sharply declined as a share of the Town-wide total as a result of the extraordinary value growth in residential property while business property values have lagged. Non-residential valuations dropped from about 22% of the total to less than 13% between 1994 and 2004, while the residential share grew from about 78% to more than 87%. The ability of the Town to alter the share of the total tax levy paid by classes of property has enabled the Town to cushion the shift in tax burden which that otherwise would have caused, but unless the states' Classification Law changes the town can shift the burden no further. Only growing business property values, particularly through new growth, can shelter residents from bearing a growing share of the burden in future years if past valuation trends continue. This probably is the single largest motivation for economic development in Needham.

NEEDHAM ASSESSED VALUATIONS AND TAX LEVY BY PROPERTY CLASS

	Assessed valuation share	Tax levy share
Commercial, industrial, personal property		
1994	21.9%	25.5%
2004	12.7%	22.2%
Residential, open space		
1994	78.1%	74.5%
2004	87.3%	77.8%

Source: MA DOR website Municipal Data Bank.

The New England Business Center plus the neighboring Highland Corridor-128 and Mixed-Use-128 District were estimated to among them yield an average of $25,000,000 per year in new assessments or "new growth," potentially sustained for a decade[1]. In contrast, as shown in Table 8, in only three of the past thirteen years has the **total** of Needham's non-residential new growth from all sources exceeded that amount. That illustrates how potent planned economic development potentially can be.

[1] Goody, Clancy & Associates, *Needham Business Center, Highland Avenue, & Wexford/Charles Street Industrial District*, for the Town of Needham, June 2001, page 55.

ECONOMIC PROFILE TABLES

Table 1
NEEDHAM JOBS BY INDUSTRY, 1967-2025

Year	Gov't.	Manufing	Whols, retail	Fin, insur, real est	Services	Other	Total Jobs	Number of Estabmnts
1967	500	5,646	3,311	142	792	909	11,300	607
1970	600	3,323	3,878	236	1,112	1,551	10,700	662
1975	800	3,541	3,995	264	1,761	1,539	11,900	772
1980	1,499	3,016	5,854	447	2,121	1,818	14,755	885
1985	1,450	6,729	5,731	623	3,144	1,993	19,670	1,018
1990	1,292	5,539	4,690	771	4,348	1,809	18,449	1,187
1995	924	3,367	4,601	746	4,524	1,763	15,925	1,263
2000	1,185	2,769	4,306	1,181	6,891	1,971	18,303	1,372
2005	*1,149*	*2,142*	*3,732*	*1,250*	*9,154*	*2,150*	*19,577*	
2010	*1,035*	*1,446*	*3,315*	*1,340*	*9,821*	*2,081*	*19,038*	
2015	*917*	*1,284*	*2,890*	*1,425*	*10,004*	*1,993*	*18,513*	
2020	*799*	*1,389*	*2,459*	*1,503*	*9,955*	*1,897*	*18,002*	
2025	*683*	*1,332*	*2,021*	*1,578*	*10,089*	*1,799*	*17,502*	
Wages*	$39,284	$57,255	$30,757	$78,154	$43,304	$43,701	$44,329	

* Average annual wage in MA in 2000.

Needham\Economic\418-Jobs-Needham

Source: History - MA DET, Projection - MAPC

19-May-04

Figure 1

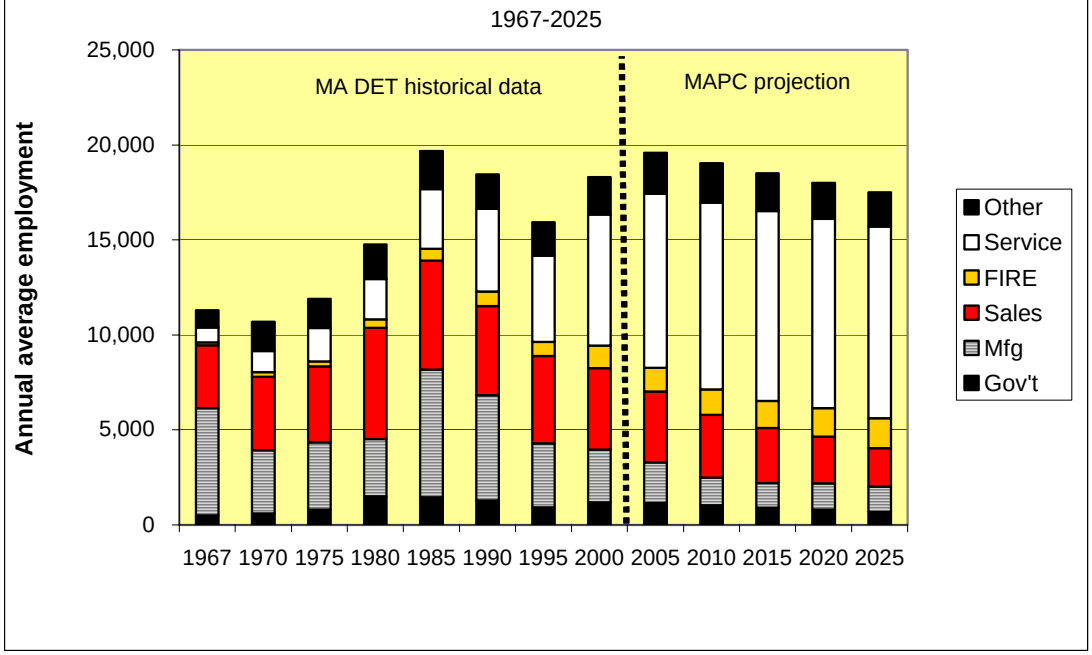

Table 1A

NEEDHAM'S LARGEST EMPLOYERS, 2003

Name	Product/function	Employees
Town of Needham	Municipal govt. & education	1,175
Parametric technology	Software development	950
Coca Cola Co. of Boston	Bottling & distribution	637
BI Deaconess/Glover Hospital	Health care	360
North Hill Living Care Center	Retirement center	300
Pearson Education	Publisher	261
Walker Home & School	Education	250
Channel 5	WCVB-TV Channel 5	226
Wingate	Assisted living facility	170
Muzi Ford	Auto dealer	165
Roche Bros Supermarket, Inc.	Supermarket	145
Olin College	Engineering school	85
	Total in the 12 largest	4,724
	Total in all establishments (2001)	20,018

Source:Town of Needham individual contacts.

5/24/2004

Economic\Largest

Table 2. **EMPLOYMENT FORECASTS - NEEDHAM AND THREE RIVERS SUBREGION**

	NEEDHAM				THREE RIVERS			
Industry	1990	2001	2010	2020	1990	2001	2010	2020
JOBS BY INDUSTRY BY PLACE OF WORK								
Government	1,292	1,238	1,035	799	9,766	11,308	11,866	12,297
Agric, forest	186	236	211	183	883	1,122	1,252	1,420
Construction	626	963	883	767	5,365	8,009	8,453	8,622
Manufacture	5,539	2,915	1,446	1,389	26,507	18,753	15,887	14,912
TCPU	997	993	985	946	5,270	5,988	6,741	7,355
Trade	4,690	4,064	3,315	2,459	37,908	35,319	35,653	36,006
FIRE	771	1,173	1,340	1,503	7,124	8,740	10,223	11,813
Services	4,348	8,436	9,821	9,955	26,514	41,132	45,385	48,668
---	---	---	---	---	---	---	---	---
Total	18,449	20,018	19,036	18,001	119,337	130,371	135,460	141,093
% OF TOTAL JOBS								
Government	7.0%	6.2%	5.4%	4.4%	8.2%	8.7%	8.8%	8.7%
Agric, forest	1.0%	1.2%	1.1%	1.0%	0.7%	0.9%	0.9%	1.0%
Construction	3.4%	4.8%	4.6%	4.3%	4.5%	6.1%	6.2%	6.1%
Manufacture	30.0%	14.6%	7.6%	7.7%	22.2%	14.4%	11.7%	10.6%
TCPU	5.4%	5.0%	5.2%	5.3%	4.4%	4.6%	5.0%	5.2%
Trade	25.4%	20.3%	17.4%	13.7%	31.8%	27.1%	26.3%	25.5%
FIRE	4.2%	5.9%	7.0%	8.3%	6.0%	6.7%	7.5%	8.4%
Services	23.6%	42.1%	51.6%	55.3%	22.2%	31.5%	33.5%	34.5%
---	---	---	---	---	---	---	---	---
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% INCREASE OVER PRIOR PERIOD								
Government		-4.2%	-16.4%	-22.8%		15.8%	4.9%	3.6%
Agric, forest		26.9%	-10.6%	-13.3%		27.1%	11.6%	13.4%
Construction		53.8%	-8.3%	-13.1%		49.3%	5.5%	2.0%
Manufacture		-47.4%	-50.4%	-3.9%		-29.3%	-15.3%	-6.1%
TCPU		-0.4%	-0.8%	-4.0%		13.6%	12.6%	9.1%
Trade		-13.3%	-18.4%	-25.8%		-6.8%	0.9%	1.0%
FIRE		52.1%	14.2%	12.2%		22.7%	17.0%	15.6%
Services		94.0%	16.4%	1.4%		55.1%	10.3%	7.2%
---	---	---	---	---	---	---	---	---
Total		8.5%	-4.9%	-5.4%		9.2%	3.9%	4.2%

Source: Metroppolitan Area Planning Council, 3/17/03

1990 jobs data from MA DET.

Economic\Socio!Jobs

Table 3. **POPULATION FORECASTS - NEEDHAM AND THREE RIVERS SUBREGION**

	NEEDHAM				THREE RIVERS			
Age	1990	2000	2010	2020	1990	2000	2010	2020
FIVE-YEAR POPULATION AGE COHORTS: # of residents								
0-4	1,859	2,153	1,306	1,225	15,375	16,210	11,350	10,563
5-9	1,781	2,134	2,090	1,300	14,261	17,768	15,501	10,700
10-14	1,638	2,146	2,726	1,655	13,441	18,012	19,615	13,581
15-19	1,562	1,729	2,263	2,221	14,453	14,173	19,172	16,814
20-24	1,538	954	1,668	2,127	16,356	9,155	15,196	16,454
25-29	1,749	844	1,052	1,384	17,705	11,422	10,840	14,451
30-34	2,037	1,670	877	1,542	18,763	16,459	8,944	14,915
35-39	2,264	2,410	1,201	1,506	18,953	21,023	13,090	13,164
40-44	2,342	2,529	2,219	1,173	17,897	21,799	19,100	10,396
45-49	1,769	2,370	2,693	1,354	14,547	19,773	22,430	13,974
50-54	1,466	2,120	2,359	2,120	11,992	17,127	20,637	18,582
55-59	1,480	1,481	1,943	2,265	11,699	12,920	17,154	19,993
60-64	1,466	1,181	2,121	1,911	11,620	9,989	18,051	16,364
65-69	1,311	1,167	946	1,928	10,317	9,273	8,301	16,114
70-74	1,067	1,098	730	1,523	8,160	9,032	6,237	13,081
75-79	837	1,036	542	511	6,173	7,817	4,372	4,560
80-84	723	849	270	285	4,294	5,797	2,263	2,532
85+	668	1,040	720	608	3,434	5,625	4,832	4,643
---	---	---	---	---	---	---	---	---
Total	27,557	28,911	27,726	26,638	229,440	243,374	237,085	230,881
BROAD POPULATION AGE GROUPS: # of residents								
0-19	6,840	8,162	8,385	6,401	57,530	66,163	65,638	51,658
20-34	5,324	3,468	3,597	5,053	52,824	37,036	34,980	45,820
35-54	7,841	9,429	8,472	6,153	63,389	79,722	75,257	56,116
55-64	2,946	2,662	4,064	4,176	23,319	22,909	35,205	36,357
65+	4,606	5,190	3,208	4,855	32,378	37,544	26,005	40,930
---	---	---	---	---	---	---	---	---
Total	27,557	28,911	27,726	26,638	229,440	243,374	237,085	230,881
BROAD POPULATION AGE GROUPS: % of residents								
0-19	24.8%	28.2%	30.2%	24.0%	25.1%	27.2%	27.7%	22.4%
20-34	19.3%	12.0%	13.0%	19.0%	23.0%	15.2%	14.8%	19.8%
35-54	28.5%	32.6%	30.6%	23.1%	27.6%	32.8%	31.7%	24.3%
55-64	10.7%	9.2%	14.7%	15.7%	10.2%	9.4%	14.8%	15.7%
65+	16.7%	18.0%	11.6%	18.2%	14.1%	15.4%	11.0%	17.7%
---	---	---	---	---	---	---	---	---
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Metroppolitan Area Planning Council, 3/17/03

Economic\Socio!Popul

Table 4.
LABOR FORCE AND UNEMPLOYMENT: NEEDHAM & MA

Month	Year	Needham				MA
		Labor Force	Employed	Unemployed	% unemployed	
March	2004	14,990	14,568	422	2.8	5.6
February	2004	14,997	14,563	434	2.9	5.8
January	2004	15,009	14,563	446	3.0	6.2
December	2003	15,016	14,593	423	2.8	5.4
November	2003	15,129	14,626	503	3.3	5.3
October	2003	15,114	14,595	519	3.4	5.4
September	2003	15,026	14,450	576	3.8	5.9
August	2003	15,309	14,774	535	3.5	5.8
July	2003	15,404	14,842	562	3.6	6.0
June	2003	15,385	14,796	589	3.8	5.9
May	2003	15,231	14,660	571	3.7	5.6
April	2003	15,198	14,688	510	3.4	5.7
March	2003	15,241	14,692	549	3.6	6.4

Source: MA DET. Not seasonally adjusted.

Table 5.
LABOR FORCE AND UNEMPLOYMENT: AREA TOWNS, MARCH 2004

Municipality	Labor force	Employed	Unemployed	% unemployed
Canton	11,652	11,217	435	3.7
Dedham	12,424	11,789	635	5.1
Needham	14,990	14,568	422	2.8
Norwood	15,975	15,242	733	4.6
Westwood	7,304	7,084	220	3.0
Five towns	62,345	59,900	2445	3.9

Source: MA DET. Not seasonally adjusted.

5/19/2004
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Table 6.
LABOR FORCE COMPARISONS, 2000

INDUSTRY	Employees by place of:		Net out-commuting		MA avg wage
	Residence	Work	#	%	
Total employed	13,872	19,049	-5,177	-37.3%	$44,976
Misc services	700	1,985	-1,285	-183.6%	$24,731
Retail trade	1,210	1,729	-519	-42.9%	$24,794
Arts, entertain, food service	533	1,153	-620	-116.3%	$28,088
Agriculture, fishing, forestry	0	26	-26	100.0%	$31,625
Transport, warehousing, utilities	226	256	-30	-13.3%	$34,767
Education, health, social services	3,738	2,820	918	24.6%	$40,913
Public administration	393	1,238	-845	-215.0%	$40,928
Construction	495	1,029	-534	-107.9%	$50,797
Manufacturing	945	1,387	-442	-46.8%	$54,451
Wholesale trade	431	1,411	-980	-227.4%	$61,871
Information	748	1,109	-361	-48.3%	$66,752
Professional, scientific, mgmnt	2,790	3,848	-1,058	-37.9%	$74,589
Finance, insurance, real estate	1,663	1,058	605	36.4%	$87,572

Source: By residence: US Census of Population, 2000
By place of work: MAT DET 2001. Categories omit about 1,000 jobs.

May 21, 2004
Economic\labor.xls

Table 7.
EMPLOYMENT & WAGES ANALYSIS: NEEDHAM

Economic Sector	Massachusetts		Needham				
	Average wage	Proj 2 yr Growth	Jobs in Needham #	Jobs in Needham %	Jobs/1000 population	Location index	Aggregate Payroll*
Professional, technical	$74,589	19.9%	3,102	16.3%	107.3	279%	$231.38
Health care, social services	$35,971	23.1%	2,647	13.9%	91.6	142%	$95.22
Retail trade	$24,794		1,729	9.1%	59.8	106%	$42.87
Construction	$50,797	3.6%	1,411	7.4%	48.8	223%	$71.67
Wholesale trade	$61,871		1,387	7.3%	48.0	216%	$85.82
Government total	$40,928	-7.3%	1,238	6.5%	42.8	66%	$50.67
Admin & waste services	$30,323		1,111	5.8%	38.4	145%	$33.69
Information	$66,952	4.6%	1,109	5.8%	38.4	218%	$74.25
Manufacturing	$54,451	-4.5%	1,029	5.4%	35.6	58%	$56.03
Accomodation, food services	$16,185	8.8%	953	5.0%	33.0	88%	$15.42
Other services	$24,731	3.9%	874	4.6%	30.2	171%	$21.61
Management	$66,562		746	3.9%	25.8	228%	$49.66
Finance & insurance	$87,572	0.5%	589	3.1%	20.4	71%	$51.58
Real estate, rental, leasing	$43,237		469	2.5%	16.2	230%	$20.28
Transportation, warehousing	$34,767	7.8%	250	1.3%	8.6	71%	$8.69
Arts, entertainment, recreate	$28,088		200	1.0%	6.9	106%	$5.62
Education services	$40,913	23.1%	173	0.9%	6.0	34%	$7.08
Ag, forestry, fishing, hunting	$31,625		26	0.1%	0.9	89%	$0.82
Utilities	$76,826	7.8%	6	0.0%	0.2	11%	$0.46
Mining	$47,084		-	0.0%	0.0	0%	$0.00
Private sector total	$45,562		18,580	97.5%	642.7	126%	$903
All sectors total	$44,976		19,049	100.0%	658.9	128%	$923

Wages based on mix							Average wage
Private total	$45,562						$48,575
All sectors total	$44,976						$48,444
Mix factor	1.00						1.08
Actual wages	$44,976						$55,827
Location factor	1.00						1.15
Population 2000	6,349,097				28,911		

* "Payroll" = (MA wage X local employees)/1,000,000.
Jobs & Wages from MA DET 2001 Annual Averages.
"Location index" = (local jobs/pop rate) / (state jobs/pop rate).
Projected growth: New England Economic Partnership, per *Boston Globe* 4/20/04

19 May 04
Needham\Economic\Det-2001

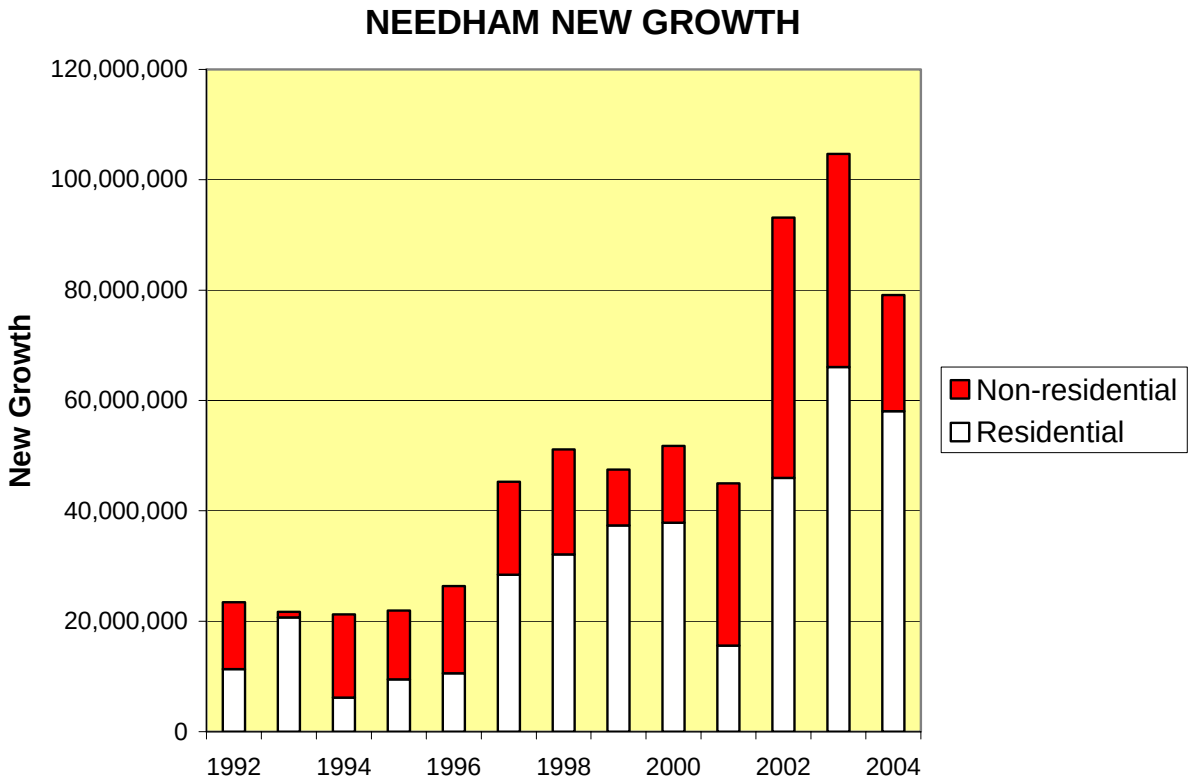
Table 8.
NEW GROWTH ANALYSIS: NEEDHAM

FY	Residential New Growth Value	Residential Growth Applied to Limit	Total New Growth Value	Non-Residential New Growth	Total New Growth Applied to Limit	Resid as % of Total NG Value	Prior Year's Levy Limit	Total Applied NG as a % of Prior Year Levy Limit
1992	11,341,200	117,608	23,449,259	12,108,059	270,290	48.36	31,261,903	0.86
1993	20,673,545	249,736	21,737,787	1,064,242	264,316	95.10	34,257,826	0.77
1994	6,193,687	78,350	21,217,475	15,023,788	301,453	29.19	35,378,588	0.85
1995	9,499,607	127,200	21,947,348	12,447,741	330,845	43.28	36,564,506	0.90
1996	10,535,564	146,971	26,357,198	15,821,634	473,688	39.97	37,809,464	1.25
1997	28,443,492	371,472	45,251,232	16,807,740	734,015	62.86	39,228,389	1.87
1998	32,106,186	414,812	51,112,611	19,006,425	822,120	62.81	41,492,045	1.98
1999	37,373,800	495,203	47,504,030	10,130,230	712,496	78.68	43,351,466	1.64
2000	37,834,059	487,303	51,774,205	13,940,146	777,259	73.08	45,147,749	1.72
2001	15,574,390	183,155	45,008,499	29,434,109	738,871	34.60	47,053,702	1.57
2002	45,989,959	554,639	93,167,601	47,177,642	1,460,450	49.36	48,968,916	2.98
2003	66,057,594	698,889	104,689,959	38,632,365	1,435,608	63.10	51,653,589	2.78
2004	58,065,792	534,786	79,120,920	21,055,128	917,568	73.39	54,380,537	1.69

Source: MA DOR DLS/Municipal Databank

Economic\New Growth.xls

Figure 2



REVIEW OF EARLIER STUDIES

Needham's interests in economic development are clearly and consistently reflected in planning studies carried out in the recent past, and even in those conducted many years ago. While the Town's intentions differ in the weight they give to these goals in different locations, they consistently reflect all of them.

- Fiscal benefits gained through increasing the tax base;
- Job opportunities, especially for local residents;
- Convenient provision of goods and services, improving the local quality of life;
- Enhancement of the appearance and character of the community; and
- Avoidance of negative impacts on surroundings, especially residential ones.

NEEDHAM CENTER

Planning Studies, 1983 described Needham Center as being "the symbolic 'Capital' of the community, the Town's most universally used service center, and an important source of jobs and taxes."[2] For those reasons, much of the Town's planning effort over the years has focused on that area, especially stressing its appearance and character. A 1988 study listed as the initial goal for the Center to "sustain and support the economic potential of Needham Center as a local downtown shopping and business district,"[3] emphasizing its role as primarily a local rather than region-serving center, followed by goals for improvements to physical character and protection of the surrounding residential community.

A recent set of four MIT graduate student plans for Needham Center emphasized complementary goals in their schemes[4]:

- Darlene Gallant et al, emphasizing the Center as a place for social exchange;
- Shaun Debenham et al, emphasizing an improved quality of life for all involved;
- Ursula Hester, emphasizing affordable housing;
- Bonnie Campbell et al, emphasizing visual character.

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[2] Needham Planning Board, Russell Burke, Planning Director, Philip B. Herr & Associates, Planning Consultants. *Planning Studies 1983.*

[3] Wallace, Floyd, Associates, Inc., *Land use, Zoning & Traffic Study, Needham Center*, 1988.

[4] Plans by students taking 11.360 Community Growth and Land Use Planning Fall 2003 with Professor Terry Szold:

- Gallant, Houston, Kohr, Leatherbee, Misiak, and Wang, "Rediscovering Needham."
- Debenham, Geertsma, Lieberman, McKay, Ravin, Shorett, Su, and Whittemore, "Strategic Land Use plan for Needham Center: Vision for a Contemporary Village."
- Ursula Hester, Raymond Hodges, David Masenten, David Ritchay, and Eric Simonton, "Strategic Plan for Needham Center."
- Bruce Campbell, Jeff Hebert, Chris Hodges, Jeff Levy, Carlos Martanez, Andrew Port, and Alexandra Reitman, "Needham Center Plan."

It is striking that housing as a component of the Center was explicitly opposed in the 1983 plan reviewed, not mentioned in the 1988 plan, and was perhaps the centerpiece of interest in the 2003 student plans. Community understanding and values have changed.

The area considered in studies of Needham Center has commonly included not only the core area within easy walking distance of Town Hall and also the related but distinct area along Chestnut Street to Needham Junction, but not the related area from May Street to Rosemary Street. Each of those related areas appropriately have goals and strategies similar to those for the core Center area, but with less reliance on pedestrian movement. The block from May Street to Rosemary Street is the only remaining business district that has not been reexamined and updated in the last 15 years, so deserves such an effort in the near future.

NEEDHAM HEIGHTS

Needham Heights plays a different role from Needham Center, so not surprisingly its goals and strategies differ. The 1992 "Highland Avenue Planning Project" report cited as intentions:

"- Build on the Avery Square neighborhood focus.

- Encourage development which serves the neighborhood rather than the region.

- Encourage pedestrian orientation, scale consistent with the neighborhood.

- Match development intensity to tolerable traffic levels.

- Protect integrity of residential premises in the vicinity."[5]

Regulatory changes adopted as a result of the plan included some now called "smart growth:" broadly allowing residences in a business district, setting **maximum** setbacks as well as minimums, and a prohibition on front yard parking. Other such rules now that were proposed but not adopted include **maximum** limits on parking in relation to floor area, and floor area ratio limits based on trip generation levels. That area is now far more consistent with the original goals than it was then, illustrating the value of such changes.

SMALLER NEIGHBORHOOD BUSINESS AREAS

Three small business-zoned areas exist: Bird's Hill, South and Fisher Streets, and Central Avenue and Reservoir Street, the latter also having a small area industrially zoned. They contain a mix of neighborhood-serving businesses and other businesses primarily serving a wider area. The convenience offered by such areas is a major value, and neighborhood compatibility is a major concern.

[5] Goody, Clancy & Associates, Inc., "Highland Avenue Planning Project," Herr Associates for the Highland Avenue Task Force, 1992.

NEW ENGLAND BUSINESS CENTER
MIXED USE 128
HIGHLAND CORRIDOR - 128

These three areas were the subject of a recent major planning study[6] which has resulted in substantial regulatory change, all based upon clearly stated goal priorities: "The overarching goal of the plan is to unlock the site's economic potential and create significant benefits for town residents, business and property owners, and employees[7]." The site's location straddling a Route 128 interchange and its history as a regional ground-breaker in suburban industrial park development make its region-serving rather than local-serving orientation virtually inevitable. The designer's see it as a major "win" for all parties. For the economic activities towards which it is oriented, largely office and R&D, this location is essentially non-competitive with Needham Center, Avery Square, or other Needham locations. It is a potentially powerful fiscal benefactor for the Town, and even has the potential of enhancing traffic conditions relative to those expected without the project.

The largest disparity between town actions and the consultant's report is with regard to the consultant's proposal that the Wexford/Charles area include multifamily housing along the Charles River, a provision that was not included in the package of rezoning approved by Town Meeting, but for which there remains support among some within the Town, as well as some firm opposition.

GOULD STREET

Gould Street, like the New England Business Center District diagonally across Route 128, enjoys highway visibility and access and the goals that Needham seeks from it not dissimilar, though the stakes are smaller. A 1967 rezoning study spoke of "tax-beneficial development" and seeking to "ensure that new activities will be good neighbors in this compact vicinity[8]." *Planning Studies 1983* noted that "Gould Street will require …a balance between economic development objectives and those of preserving and protecting residential areas[9]. A 1986 study of the area quoted that same language and outlined an array of options for recoiling infrastructure and other concerns[10].

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[6] Goody, Clancy & Associates, *Needham Business Center, Highland Avenue Corridor, & Wexford/Charles Street Industrial District*, June 2001.

[7] *Op cit*, page 3.

[8] Herr Associates, "Rezoning at Highland Avenue – Gould Street," for the Needham Planning Board, 1967.

[9] Russell Burke *et al*, *op cit* page 3.6-2.

[10] Lozano, White and Associates, Inc., *The Gould Street Area: Policies for Controlling Future Development*, for the Needham Planning Board, 1986.

SMALLER INDUSTRIAL AREAS.

Two small industrial areas exist outside of the areas cited earlier: one on Highland Avenue south of Gould Street, the other along Crescent Street off of West Street. They contain chiefly small businesses, many serving the immediate region. As with Gould Street, the dominant objectives are surely tax beneficial development and protection of nearby residences and the environment.

RESIDENTIAL ECONOMIC DEVELOPMENT

It is widely understood that in most cases multi-family housing is fiscally positive in communities such as Needham since its occupants seldom include many school children. That relationship has been cited as a motivation for land use control in Needham for many years, including in the 1966 *Town of Needham Master Plan Report*[11]. Multi-family housing is a case where, as with Needham Center, the Town's interests with regard to economic development coincide with its interests in housing: adding multi-family to the mix of uses in the Center (and at a number of other transit-related locations) would benefit both housing diversity and the Town's fiscal circumstances.

It is less widely recognized that many single-family homes are also fiscally positive. In communities such as Needham, the cost of community services supported by property taxes (about 2/3rds of the total) has commonly been found to exceed the taxes paid by a single-family home by about 10%, both as reported in the literature[12] and as found in our own fiscal studies[13]. The average assessed value of a single-family home in Needham for FY2004 is $555,000, very close to the reported median sales price, as well[14]. That suggests that new homes selling for more than about $615,000, as is common, are on average paying more in taxes than the cost of property tax-supported services to them[15]. Expensive homes are in fact important to the fiscal health of this community. On that score, housing interests and economic development interests are not in such easy accord as with multi-family housing.

POLICY AND STRATEGY OVERVIEW

To no surprise, this analysis essentially corroborates the appropriateness of earlier-held goals and directions. Recapitulating, the goals evidenced in earlier studies are still appropriate now: to seek:

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[11] Shurcliff & Merrill, January 1966, pages 28-35.

[12] Commonwealth Research Group, Inc., "Cost of Community Services in New England," commissioned by the Southern New England Forest Consortium, Inc., Chepachet, RI, 1995.

[13] Herr Associates, *Evaluating Development Impacts*, for the MIT Department of Urban Studies & Planning, 1991.

[14] The Warren Company website.

[15] Often overlooked in the quick math comparing the cost of educating one child and the taxes from one house is that in 2000 the US Census found that only 37% of Needham households contained a child under 18, so an even smaller fraction actually had such a child enrolled in school.

- Fiscal benefits gained through increasing the tax base;
- Job opportunities, especially for local residents;
- Convenient provision of goods and services, improving the local quality of life;
- Enhancement of the appearance and character of the community; and
- Avoidance of negative impacts on surroundings, especially residential ones.

Seldom does the spatial organization of business areas so clearly reflect the eras and routes of transportation as is now the case in Needham. Nearly all of the business areas in Needham are strung like beads on a necklace, with the connecting strands being the railroad lines from the early 19th century. The major exception is the New England Business Center and the adjacent Highland Commercial-128 and Mixed Use-128 areas. Those exceptions owe their potency to location at an interchange on the Post-World War II expressway network. Although the salience of the rail network is now diminished compared with its heyday, it remains an important element in a sound economic development strategy for Needham, providing multiple opportunities for mixed-use transit-oriented development consistent with the emerging policies of the 21st century. If a new Green Line extension from Newton Highlands to Avery Square, as advocated by some in Newton, were to actually come to fruition it would add many of the Needham properties east of the Charles to the potentials for transit-oriented development.

The Town's spatial economic structure is clear. Needham Center is of unparalleled importance as the Town's center for sales and services, but in the past it has not sought to take on a larger regional role (though happy to contain some region-serving businesses). A major shift is now under consideration for the Center with the potential addition of housing as an important ingredient in the mix. The further pursuit of this residential option, which is common to both the housing and economic development elements, clearly belongs in the Town's strategic approach.

The New England Business Center and its adjoining areas are of unparalleled importance in the Town's fiscal future. They could be the economic engine which enables the Town to escape the pattern of severe fiscal constraints with which it is now struggling. The tools for realizing the planning vision appear to be in place, with the possible exception of provisions for housing, if that direction were to be chosen. The region's economic downturn has been a sufficient explanation to date for the lack of development response to the Town's recent past actions. However, it will be important to carefully monitor the relationship between development activity in Needham and the likely regional economic recovery over the next few years in order to detect if there are presently unseen impediments to actually achieving the Town's vision for this salient business area.

Needham Heights a decade ago was a model of appropriate public actions for a transit-oriented neighborhood center. Revisiting the planning done earlier to initiate possible refinements would now be appropriate as a follow-on to earlier planning success there.

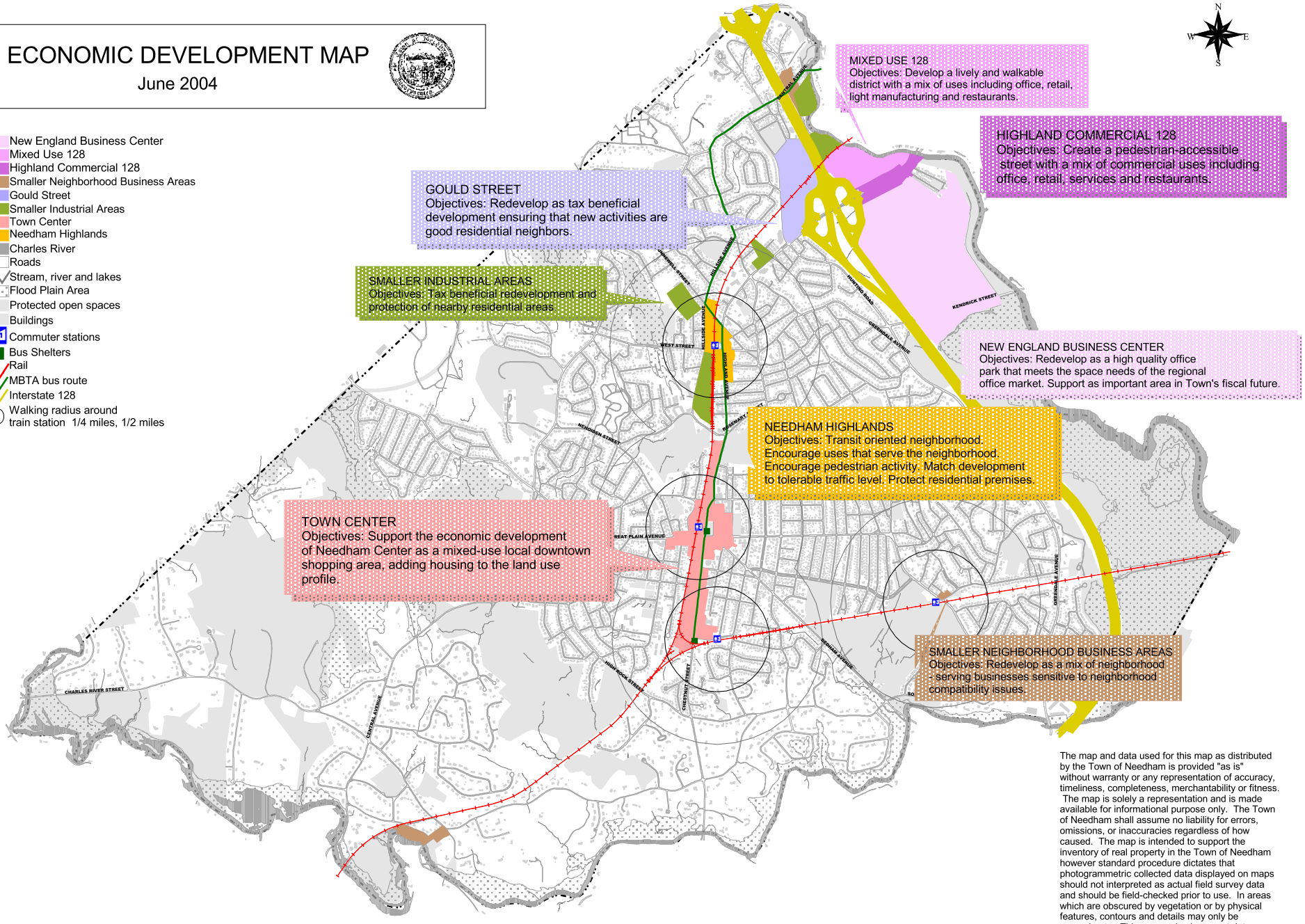
The remaining smaller business areas collectively are an important component of the Town's fiscal circumstances. They are also valuable as locations for local entrepreneurs either unable to compete or inappropriate in Needham Center or the New England Business Center context. They are also of great importance in serving the goal of protection of the residential and environmental contexts in which these businesses are located.

To assure continuation of the economic benefits of Needham's residential sector it is important to simply do that which would be done in any case in assuring a quality context for homes in Needham, and further to support the initiatives being made to expand the opportunities for multi-family dwellings at locations where they are most appropriate, such as where a compact form of housing relates well to existing business centers and to public transportation.

Economic Element

ECONOMIC DEVELOPMENT MAP

June 2004



Made by : S. Strasser, Town of Needham
Source : MASSGIS, Town of Needham

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OPEN SPACE AND RECREATION

A component of the
NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared for the
Needham Planning Board

Technical support provided by:
Lee Newman, Planning Director and Sandrine Strasser, Assistant Planning Director.
Philip B. Herr & Associates, Consultants

Study integration funding provided by the EO-418 Community Development Plan program

Directed by the Massachusetts Interagency Working Group (IAWG):
- Executive Office of Environmental Affairs
- Department of Housing and Community Development
- Department of Economic Development
- Executive Office of Transportation and Construction.

Contract administered by the Metropolitan Area Planning Council (MAPC)

June 18, 2004

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OPEN SPACE AND RECREATION

BACKGROUND

Needham's concern for open space and recreation has been reflected in an enviable record of integrated planning involving a breadth of organizations both within and outside of Town government. The latest example of that was the work of the "Open Space Study Working Group formed by the Selectmen in 2002 to explore best uses for Town-owned land. Another key effort was the completion of the *Town of Needham Conservation-Recreation Open Space Master Plan* in 1998. The documentation of their work enables integration of open space and recreation concerns into the other elements of the Needham Community Development Plan

CONSERVATION-RECREATION OPEN SPACE MASTER PLAN

This Plan[1], following the MA Department of Conservation Services format, inventories open space and recreation resources, assesses need, establishes goals, and outlines a five-year action plan. It provides a useful assessment of the resource value of undeveloped lands and of the potential importance of such lands for either development for recreation or for preservation as natural areas.

Among the *Plan's* most important action proposals are these:

- Improvement of Rosemary Lake's water quality through management efforts.
- Improved boating access to the Charles River for canoes and small boats.
- Expansion of the Ridge Hill Reservation and walking trails.
- Pursuing measures with Babson College to ensure access and preserve open space interests for public enjoyment.
- Expand greenbelt areas.
- Advocate for preservation and restoration of the natural state of open lands adjacent to schools.
- Obtain a conservation restriction on Council Rock.
- Develop facility plans for all parks.

[1] Town of Needham, Massachusetts Open Space Committee, Conservation Commission, and Park and Recreation Commission, *Town of Needham Conservation-Recreation Open Space Master Plan*, February, 1998.

OPEN SPACE STUDY FINDINGS AND RECOMMENDATIONS

The report of the Open Space Study Working Group records the conclusions of an exemplary process for assessing the potential best use of lands owned by the Town[2]. The group, formed by the Selectmen, comprised representatives from across Town government: Selectmen, Planning Board, Conservation Commission, Park and Recreation Commission, School Committee, Finance Committee, supported by the Town Administrator, Planning Director, and School Superintendent.

Using supportive digital technology, the group reviewed 157 identified parcels, considering their legal status (most would require 2/3rds vote of both Town Meeting and the General Court for redesignation), resource qualities, size, and location among other things. With the exception of only two parcels, it was concurred that no change in designation should be even considered in the future for the parcels having uses committed in a way requiring legislative action to undo. Four parcels were identified for potential sale to an abutter, in one instance with a Conservation Easement. Five parcels were designated as having potential for housing (which is the existing use in one case), and two more parcels were designated as appropriate for mixed housing and conservation or recreation use. Four were proposed for transfer to the Conservation Commission and one to the Park and Recreation Commission. No consensus was reached on the remaining two parcels.

The land areas involved are relatively modest in size, and many are sharply limited by geologic or other limitations. However, the process was a success in bringing interests together, and reaching concurrence on how to proceed with 155 out of 157 parcels, reducing the likelihood of narrowly considered decisions being made one by one. Housing, recreation, and conservation all saw their interests not only considered but reflected in concrete recommendations.

RELATIONSHIP TO OTHER ELEMENTS

ECONOMIC DEVELOPMENT

None of the parcels studied by the Open Space Working Group or identified as priority acquisitions in the *Open Space Plan* had locational or other qualities that suggested their use for intensive development for job- or tax-producing development. The Economic Development element makes no proposals bearing on any of the identified parcels or locations. To the extent that wise decisions on these parcels and locations enhance the Needham quality of life and fiscal soundness they serve the same goals as those of economic development.

TRANSPORTATION

All of the “build” alternatives for the Kendrick Street interchange entail some impact upon wetlands, as discussed in the Transportation element. As indicated there, it is premature to speculate on just how extensive those impacts might be, but none of the areas prominently identified in either of the studies discussed in this element appear to be involved. Reconciling

[2] (Needham) Open Space Study Working Group memorandum to the Board of Selectmen re “Summary of Findings and Recommendations, December 11, 2003.

open space and other interests in that transportation proposal should not prove determinative in choice among interchange alternatives and none of the alternatives would preclude the success of the open space plans' implementation.

HOUSING

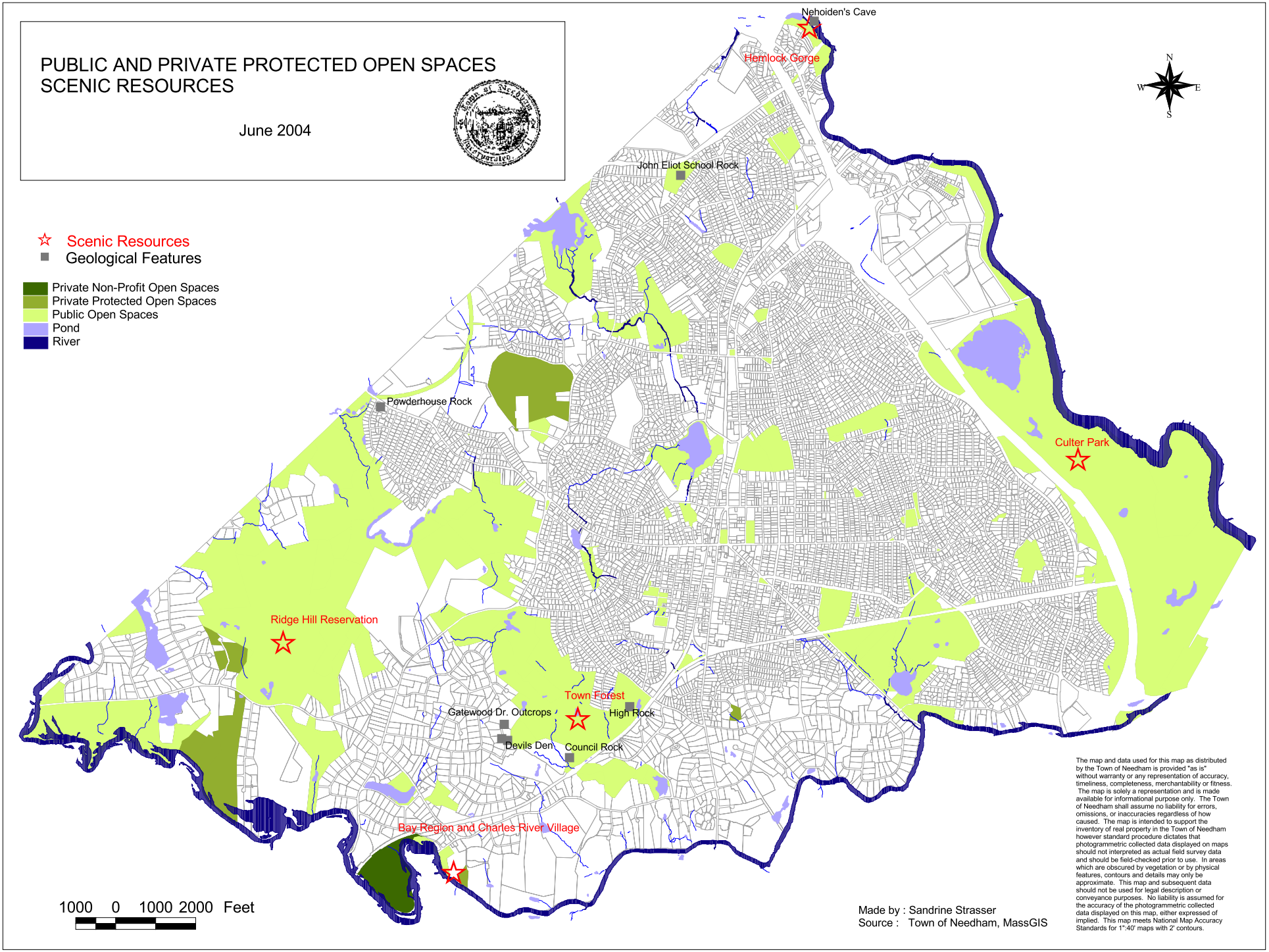
None of the priority actions of the *Conservation-Recreation Open Space Plan* appear to in any substantial way give protection priority to lands that have importance for housing development. The interests of housing were well-represented in the dialog leading to the Open Space Working Group recommendations, and there appears to be no failure to designate for housing use any lands that legitimately belong in that category.

ACTION STRATEGY

The *Conservation-Recreation Open Space Plan* lays out a detailed plan of action, clearly including a sufficiency of good items to maintain progress. At this point that *Plan* requires updating in order to continue to qualify the Town for State and federal funds for conservation and recreation, so undertaking that update is the next key action in that strategy.

PUBLIC AND PRIVATE PROTECTED OPEN SPACES
SCENIC RESOURCES

June 2004



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Source : Town of Needham, MassGIS

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TRANSPORTATION

A component of the
NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared for the
Needham Planning Board

Based upon technical studies performed by the
Central Transportation Planning Staff for the
Boston Metropolitan Planning Organization

Technical support provided by:
Lee Newman, Planning Director and Sandrine Strasser, Assistant Planning Director.
Philip B. Herr & Associates, Consultants

Study integration funding provided by the EO 418 Community Development Plan program

Directed by the Massachusetts Interagency Working Group (IAWG):
- Executive Office of Environmental Affairs
- Department of Housing and Community Development
- Department of Economic Development
- Executive Office of Transportation and Construction.

Contract administered by the Metropolitan Area Planning Council (MAPC)

June 18, 2004

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TRANSPORTATION

BACKGROUND

Fortunate timing is allowing integrated planning for the largest transportation change in the prospect for this sub-region, the Route 128 "Add-A-Lane" project, critically including the proposed Kendrick Street interchange, and planning for implementation of the approved concept and zoning for the New England Business Center and nearby properties. The planned expansion of development in that area will result in increased traffic demands, for which the planned addition of capacity to Route 128 and the addition of an interchange at Kendrick Street were judged to be of major importance. In particular, that interchange would provide much-needed relief to traffic at the Highland Avenue interchange to the north, and relief to traffic on Highland Avenue itself.

The Central Transportation Planning Staff (CTPS) has conducted a major study of alternatives for the Kendrick Street interchange and its configuration, ranging from "no-build" to a full diamond interchange plus collector/distributor roads along Route 128. Impacts on traffic operations, cut-through traffic, traffic safety, access/egress, wetlands, economic development, right-of-way, visual, and cost were prepared and reported[1]. Choice among those alternatives has yet to be made.

RELATIONSHIP TO OTHER ELEMENTS

That CTPS study allows consideration of how choice among those alternatives relates to the Housing, Economic Development, and Open Space and Recreation elements of the Needham Community Development Plan. In brief summary, these are the major observations.

ECONOMIC DEVELOPMENT

Needham's economic development planning hinges upon the successful implementation of the changes approved for the New England Business Center and nearby areas. Success in achieving that is importantly related to adequacy of access. With the "no build" choice for the interchange the feasibility of accommodating another 2.5 million square feet of development there would be in serious doubt. From the perspective of economic development, the only choices worthy of consideration are the others, 1 through 7.

Alternative 6, the full diamond interchange with collector/distributor roads along 128, provides the highest evaluation among the alternatives for traffic operations improvements, avoidance of cut-through traffic, safety, and access/egress accommodation, all important for economic development. The only negative from this perspective is the necessity of rather small land takings at Kendrick Street from the area designated for commercial development. Clearly from the economic development perspective Alternative 6 is on balance the most preferable.

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[1] Central Transportation Planning Staff, *Potential I-95 (Route 128) – Kendrick Street Interchange, Needham, Massachusetts*, for the Boston MPO, December, 2003.

OPEN SPACE AND RECREATION

All of the "build" alternatives entail some impact upon wetlands. A full diamond interchange adds to those impacts to some extent, as does having collector/distributor roads alongside Route 128. As a result, Alternative 6 apparently would have the highest wetland impact of the alternatives, while Alternative 1, a half-diamond interchange only, apparently would have the least impact. CTPS notes that wetlands replication areas will be created within the Highland Avenue interchange and at crossings of the Charles River. The extent of these wetlands impacts is not quantified in the available materials.

From the perspective of the Open Space and Recreation element it is clear that there would be a preference for Alternative 1 over Alternative 6, but how heavily that should be weighed in light of the unstated scale of impacts and the assured mitigations is not clear.

HOUSING

Arguments against housing efforts consistently include concerns over traffic and concerns over the fiscal capacity of the community to accommodate the changes entailed. To the extent that Alternative 6 reduces congestion within the Town and facilitates fiscally-positive development within the New England Business Center it indirectly serves the housing objectives cited in that element. The original planning for the Wexford/Charles Street district contemplated multi-family residential use as well as commercial uses, although the current zoning would not accommodate that. Alternative 6 would better facilitate that than would any of the others.

ACTION STRATEGY

The key action for the Town at this point is to balance the considerations involved in the Kendrick Street/128 choices and to express the community's preferences to the Metropolitan Planning Agency. The Board of Selectmen has done just that, conveying its preference for Alternative 6 in a strong letter to the CTPS on June 10, 2003[2].

Accordingly, to the extent that the Housing and Economic Development elements are affected by choice among these Kendrick Street alternatives they have been shaped to take advantage of that major capital investment in the event that it occurs.

TRANSPORTATION

[2] Letterto Arnold Soolman, CTPS Director from the Needham Board of Selectmen "Re: CTPS Project No. 53212 Needham/Newton Traffic Impact Study," June 10, 2003.

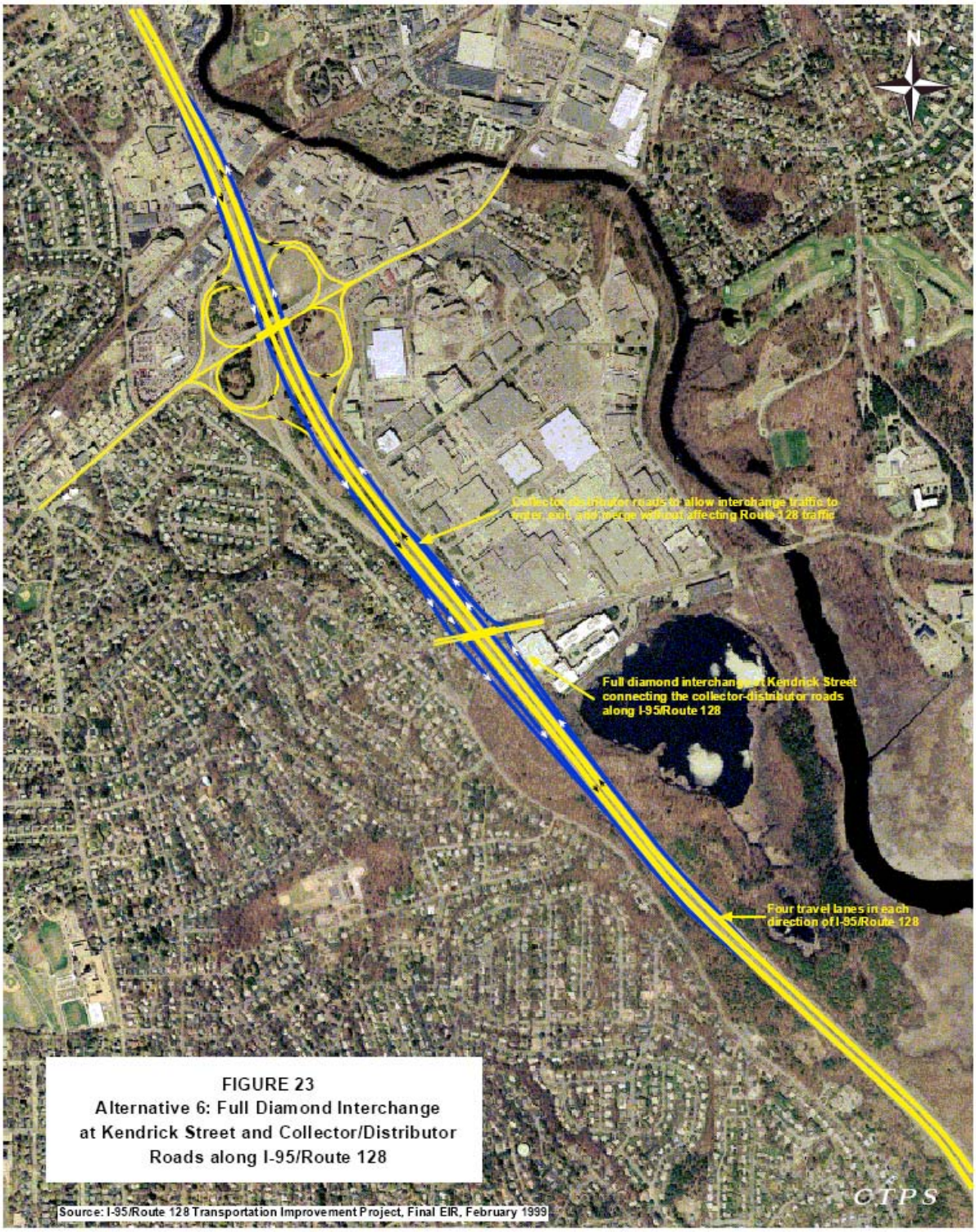

FIGURE 23
Alternative 6: Full Diamond Interchange at Kendrick Street and Collector/Distributor Roads along I-95/Route 128

Source: I-95/Route 128 Transportation Improvement Project, Final EIR, February 1999

PUTTING THE PLAN TOGETHER

A component of the
NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared for the
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Technical support provided by:
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June 19, 2004

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PUTTING THE PLAN TOGETHER

THE INTEGRATED ELEMENTS

The components of Needham's basic structure of land use, open space, housing, and transportation have been well related for many years. Coupled with a manageable level of growth and development, that structure provides a solid base for planning and future change. The two newly prepared Community Plan elements, housing and economic development, dovetailed easily with each other and with the Open Space and Recreation and Transportation materials developed by other actors at other times. All were working within the widely understood framework of the kind of Needham that the community wants. As a consequence, neither compromise nor reconciliation has really been required at this integration step, and the "smart growth" considerations posed by the State agencies funding preparation of these two elements have largely been met:

- Development, to a significant degree, takes advantage of reuse potential for existing buildings and earlier developed areas as proposed in both Housing and Economic Development elements;
- A broad variety of housing efforts are outlined in both of those elements, addressing needs of a range of income groups;
- Land protection for water resources is strongly proposed in the Open Space element;
- The Open Space element identifies linkages to be forged among open space parcels;
- Actions and development as proposed will make only a modest impact on public facilities and services;
- Transit orientation is proposed for both economic development and housing, and there is reason to hope that such "right location" can to some degree reduce auto dependency;
- Transportation improvements designed for Route 128 serve Needham very well as proposed, but more centrally serve the entire sub-region;
- We are aware of no departures in these proposals from existing regional plans, and believe these materials are solidly in the spirit of the MAPC's emerging vision for the Boston region.

The Future Land Use Map provides a valuable spatial expression of what is intended for the Town's future. It of course can only indicate a small portion of the richness of the vision, much of which is not tied to explicit locations. However, it vividly illustrates how consistent spatially the Town's various topical intentions are, despite the mature stage of the Town's development.
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IMPLEMENTING ACTIONS

With this base of planning process and documentation in place, implementation efforts are continuing as in the past, now with an updated, integrated, and deepened base of studies. The four elements contain many pages of implementing actions. Following is an abbreviated listing of actions, drawn from the more substantial listings within each element, organized here by type of action but noting the elements to which they relate. That format underscores the inherent integration of the individual proposals of these elements.

PLANNING

- Pursue planning for Needham Center (Housing and Economic Development).
- Revisit planning for Avery Square and for Highland Avenue May – Rosemary (Housing and Economic Development).
- Develop facility plans for all parks.

REGULATION

- Protect qualities of existing residential areas, and expand multi-family opportunities (Economic Development and Housing).
- Develop inclusionary rules for affordable housing (Housing).
- Modernize and improve multi-family regulations (Housing).
- Explore waiver of application fees for affordable housing (Housing).
- Act to protect or improve water quality at Rosemary Lake and elsewhere (Open Space).

MONITORING AND ADVOCACY

- Continue advocacy for beneficial Kendrick Street interchange design (Transportation and Economic Development).
- Maintain consistency of other planning with that preferred interchange design (Transportation).
- Monitor development progress at New England Business Center and take remedial action if necessary (Economic Development).

ORGANIZATIONAL DEVELOPMENT AND INITIATIVES

- Provide for housing plan coordination, for housing inputs re Community Preservation Act, and for guidelines for housing that provides community benefits (Housing).

- To support housing objectives, use education programs, work with banks, work with employers, encouraging private donations, assuring fair housing, helping with an IDA program, advocating at the State level (Housing).

LAND ACQUISITION AND MANAGEMENT

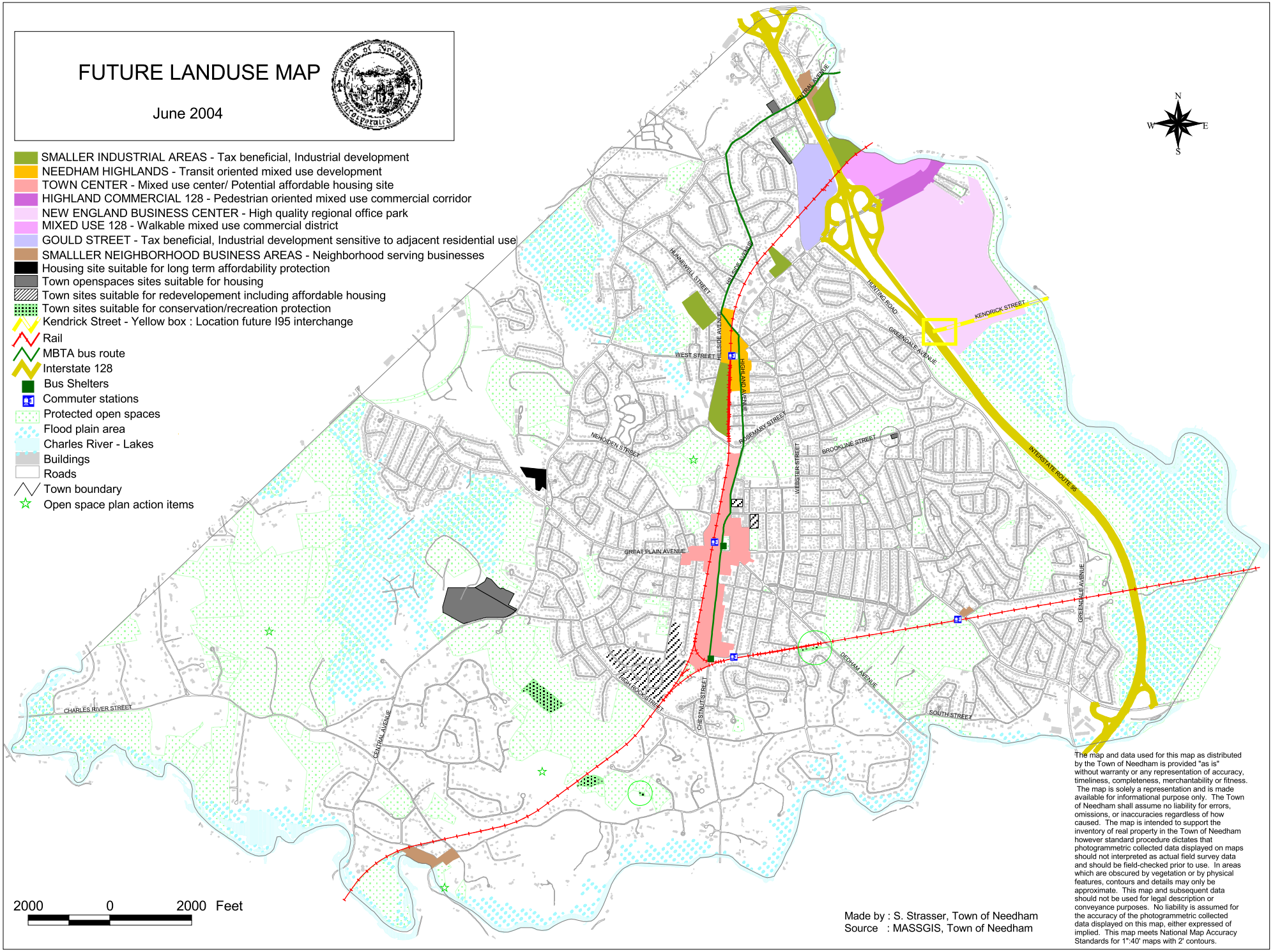
- Continue to pursue acquisitions and conservation restrictions as outlined in the Conservation/Recreation plan (Open Space).

- Implement Open Space Work Group proposals for use and disposition of Town-owned parcels (Housing, Open Space).

FUTURE LANDUSE MAP

June 2004

- SMALLER INDUSTRIAL AREAS - Tax beneficial, Industrial development
- NEEDHAM HIGHLANDS - Transit oriented mixed use development
- TOWN CENTER - Mixed use center/ Potential affordable housing site
- HIGHLAND COMMERCIAL 128 - Pedestrian oriented mixed use commercial corridor
- NEW ENGLAND BUSINESS CENTER - High quality regional office park
- MIXED USE 128 - Walkable mixed use commercial district
- GOULD STREET - Tax beneficial, Industrial development sensitive to adjacent residential use
- SMALLER NEIGHBORHOOD BUSINESS AREAS - Neighborhood serving businesses
- Housing site suitable for long term affordability protection
- Town openspaces sites suitable for housing
- Town sites suitable for redevelopement including affordable housing
- Town sites suitable for conservation/recreation protection
- Kendrick Street - Yellow box : Location future I95 interchange
- Rail
- MBTA bus route
- Interstate 128
- Bus Shelters
- Commuter stations
- Protected open spaces
- Flood plain area
- Charles River - Lakes
- Buildings
- Roads
- Town boundary
- Open space plan action items



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