

# Sterling Housing

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## Introduction

The Town of Sterling is primarily a rural, residential community; housing is the most prevalent land use, with 90% of single-family residential housing. Population growth has put significant pressures on the town, local services, and the housing market, especially between the years of 1960 and 1990 when the population nearly doubled in size. In fact, Sterling has experienced a relatively higher rate of growth in comparison to neighboring municipalities, as well as Worcester County and the state.

Much of this growth has resulted from the outward movement of people from population centers, such as Boston, in search of more affordable living conditions. This increased pressure on the existing housing market leads to increased costs of housing making it more difficult for existing residents or those who were raised in town to secure affordable living options locally. Limited housing choices prohibit young families, young professionals, empty nesters, and seniors from finding affordable housing in Sterling. Seniors who have raised families and have established long term friendships, family and support systems are unable to remain in the community due to the limited availability of smaller affordable units. Providing a wide range of housing choices such as accessory dwelling units, condominiums, apartments, and affordable housing allows a diverse community to live in a community such as Sterling.

An analysis of the housing stock considers three important aspects: 1) housing structures; 2) population inhabiting housing; and 3) environment in which the housing is located. The following sections examine Sterling's housing stock in terms of age, condition, cost, and the demographic trends as well as the specific needs of different population groups. The data and analysis in this chapter are based on information obtained from Sterling's Housing Production Plan, the Montachusett Regional Planning Commission (MRPC), the State, and the U.S. Census Bureau.

# Summary of Housing Needs Assessment

## Housing Key Findings

With an increase in the over-55 population there will be an increasing need for senior housing in Sterling. While Sterling has met some of the need for senior housing there are limited options for residents to stay in the community as they age. During the Master Plan survey process residents expressed a desire to create more affordable housing and housing for seniors to stay in the community as they age. Community members encouraged the development of housing in the town center that could attract both seniors and young people and may be an opportunity for the town to develop additional affordable housing. Moreover, it can have a positive economic effect on the town center. By balancing housing options for various age groups, the community can possess a more resilient housing market and steer away from becoming a stagnant town serving the needs of only one demographic.

The following findings are key to the development of a comprehensive housing program for the town:

- Pressure of outward movement of people from population centers in search of more affordable living.
- Population growth has put significant pressure on the town and local services. Sterling has a higher rate of growth in comparison to neighboring municipalities and well as the county and state.
- Demographically, Sterling is a small but growing community which is true for many Commonwealth communities, the increase is more heavily weighted towards the older population segments. Sterling is also a community predominantly made of family households, and Sterling's housing stock is predominately single-family dwellings.
- Limited housing choices prohibit young families, young professionals, empty-nesters, and seniors from finding affordable and adequate housing that meets their needs.
- Sterling has infrastructure issues that present a challenge to denser development.
- Currently, transit options are limited as Sterling is not served by either the MBTA or Regional Transit Authority.
- Sterling has forecasted population growth with an aging baby boomer population that has increased 38.11 % from 2010 to 2019 and 55 % over age 55 during this same time-period, while ages 20-44 have decreased which is attributed to job loss and shortage of affordable housing for young adults.

- Household size and average family size is higher than County, State and US.
- 84.7% of occupied housing units are owner occupied with only 12.31 renter occupied.
- Owner occupied households are larger (2.82) than rental households (2.12).
- Highest percentage of housing was built during the period of 1970-1979. During the period of 1970-2009 more than half of Sterling's housing was built.
- The median household income is \$121,458 with 42.5% of households making under \$100,000. 2.8 % of Sterling households are in poverty.
- Median monthly housing costs for ownership is \$1,997 with 18.1 % of Sterling residents paying more than 30% of income on housing costs.
- Median monthly housing costs for rental is \$1,304 with 43.8 % of Sterling residents paying more than 30% of income on housing costs.

## Housing Goals

Ensure that housing opportunities are available for a broad range of income levels and household types including affordability, homeownership, and condition of the housing stock while maintaining the community character, as follows:

- ✓ Meet local needs across the full range of incomes, sustaining social and economic diversity and promoting the stability of individuals and families in Sterling.
- ✓ Maintain Sterling's small-town, rural character and ensure that new housing creation is harmonious with the existing community.
- ✓ Provide a wider range of housing alternatives and types to reflect community needs.
- ✓ Leverage other public and private resources to the greatest extent possible.
- ✓ Strive to meet the 10% state standard for affordable housing.
- ✓ Preserve the existing affordable stock to the greatest extent possible.
- ✓ Promote outreach and education to the community to provide information on affordable housing and to engage residents in local initiatives.
- ✓ Promote smart growth development.
- ✓ Promote sustainability through zoning bylaws, building design requirements and low impact design for housing over a certain size.

# Population and Demographic Profile

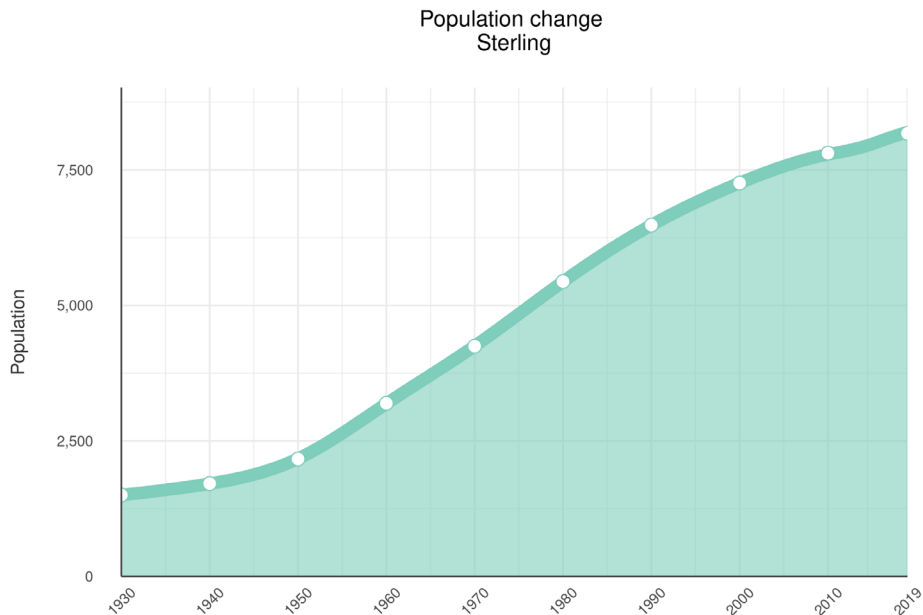
## Sterling Geography

According to the United States Census Bureau, Sterling has a total area of 31.6 square miles (82 km), of which 30.5 square miles (79 km) is land and 1.1 square miles (2.8 km<sup>2</sup>), or 3.42%, is water. Population density is 254.9 people per square mile.

## When did Sterling grow? Historic Population Data

Sterling's population was 1,502 in 1930 and 8,174 in 2019, adding 6,672 residents during this time-period. Sterling's population more than doubled from 1960 to 2010, increasing from 3,193 residents to 7,808.

Figure 1: Population Change Sterling (1930-2019)



## Population Growth by the Region, State and Nation

During 2000 and 2010, Sterling added 551 residents, an increase of 7.0 %. Comparing population growth of communities surrounding Sterling and the Montachusett Region and Massachusetts; Sterling grew at a faster rate than the region, the state, and all abutting communities, except for Boylston which grew by 8.0 %, over this 10-year period.

Since 1970, Sterling's population has grown at a faster average rate than that of the state,

more than twice that of Massachusetts from 2000 to 2010, while still growing at a slower rate than the nation.

### Population Growth Projections

Table 1 presents projected population for Sterling and the Montachusett Region out to 2035 according to the US Census. Population is estimated to increase by 157 people during the 5-year period from 2020-2025 which is the closest projection available for the beginning of the 5-year period that covers the Housing Production Plan 2019-2024.

**Table 1: Projected Population**

Years	2000	2010	2019	2020	2025	2030	2035
Sterling	7,257	7,808	8,091	8,122	8,279	8,436	8,593
Montachusett Region	228,005	236,475	240,000	243,000	247,000	251,000	255,000

*Source: U.S. Census*

### Population by Age of Residents

According to the US Census as shown in Table 2, in the ten-year time span from 2010 to 2019, Sterling lost a total of 254 persons up to the age of 45, despite the significant growth in the overall population of the town.

However, during the same period, the town gained 620 residents in the age group of 45 and above. This increase is, in part, due to the aging of the baby boomer generation. The reduction in persons between the ages of 20 and 44 in particular, (130 persons) may also be attributed to a lack of local jobs available in the community and a shortage of housing affordable to young adults.

From 2000 to 2019 Sterling’s median age rose from 38.10 to 46.8, as compared to Massachusetts over the same period, the median age rose from 36.9 to 39.7. The continued aging of the baby boomers is reflected in Sterling’s over 65 population which increased 38.11% from 2010 to 2019. This aging of the town’s population indicates a need to consider the development of more senior housing in the community to accommodate the town’s current population and enable them to continue to live in Sterling in the future, in line with Sterling’s commitment to being age and dementia friendly. Focus should also be given to ways to attract younger populations to the town to help keep a robust community age demographic.

Table 2: Sterling Age Distribution

Age Group	2000	2010	% Change	2019	% Change
<5 Years Old	483	421	-14.73%	398	-5.78%
5-19 Years	1,648	1,746	5.61%	1,645	-6.14%
20-34 Years	1,051	888	-18.35%	852	-4.22%
35-44 Years	1,454	1,089	-33.51%	995	-9.45%
45-54 Years	1,302	1,681	22.54%	1,482	-13.43%
55-64 Years	664	955	30.47%	1,192	19.88%
65-74 Years	608	449	-35.41%	1,157	61.19%
75 Years and Over	303	496	38.91%	370	-34.05%
Median Age	38.1	44.0		46.8	
16 Years Old and Over				6,621	
18 Years Old and Over	5,260	5,706	7.81%	6,214	8.17%
21 Years Old and Over		5,450		6,032	9.65%
62 Years and Over*		1,218		1,936	37.09%
65 Years and Over*	655	945	30.69%	1,527	38.11%

Source: 2010 U.S. Census; 2015-2019 5-Year ACS

## Household and Housing Characteristics

### Family Households

The proportion of family households, families with own children under 18, married couple family is higher in Sterling than in the county, state, or nation. Households with a married couple with own children under 18 is lower than the county but higher than the state or nation. The proportion of female householders with no spouse present and with children under 18 years is higher than the county but lower than the state or nation.

Table 3: Family Households

Households by Type	Sterling #	Sterling %	Worcester County %	State %	U.S. %
Family Households (families)	2,170	68.9%	65.64%	63.0%	66.4%
With own children under 18	976	30.2%	30.11%	28.3%	29.8%

Husband-wife Family	1,866	55.3%	45.38%	46.3%	48.4%
With own Children under 18 years	840	22.7%	23.11%	19.7%	20.2%
Female householder, no husband present	203	9.4%	7.36%	12.5%	13.1%
With own children under 18 years	98	5.1%	4.82%	6.8%	7.2%

Source: 2015-2019 5-Year ACS

### Non-Family Households

Sterling has higher non-family households (28.5% or 803) and households living alone (17.2% or 484) when compared with the county but lower with state and national averages.

### Households with Individuals 18 Years and Younger and 65 Years and Older

Sterling's percent of households with individuals 18 years and younger is 23.2 % and 18.9 of households 65 or over. This is lower than the county, state, and nation.

### Household Size

Sterling's average household size of 2.74 is larger than the county, state, and nation while its average family size is lower than the county and the nation but the same as the state.

### Housing Stock Inventory

Table 4 provides the status of housing units within the Sterling as of the 2019 5-Year ACS. In 2019 there were a total of 2,920 housing units within the town with occupied units comprising 94.77% (2,810 units) of the housing stock. Of the occupied housing units, 84.72% (2,512 units) were owner-occupied while 12.31 % (365 units) were renter occupied. The average household size of the owner-occupied units was 2.90 persons per unit (ppu) while the average household size of renter-occupied units was smaller at 2.42 ppu.

### Total Housing Units and Homeownership 2000-2019

A comparison of total, occupied, and vacant housing units in Sterling and surrounding communities, the number of housing units in Sterling increased by 283 units from 2000 to 2010, to 2,920 total units in 2019. Of these, 143 units or 4.9% were vacant in 2019, an increase

of 79 vacant units over 2000.

**Table 4: Housing Stock Inventory**

HOUSING OCCUPANCY	Number	Percent
Total housing units	2,920	
Occupied housing units	2,777	94.77%
Vacant housing units	143	5.23%
For rent	24	0.8%
Rented, not occupied	5	0.16%
For sale only	35	1.18%
Sold, not occupied	2	.06%
For seasonal, recreational, or occasional use	47	1.58%
All other vacant	42	1.41%
Homeowner vacancy rate (percent)	0.0	
Rental vacancy rate (percent)	0.0	
HOUSING TENURE		
Occupied housing units	2,777	93.66%
Owner-occupied housing units	2,512	90.5%
Population in owner-occupied housing units	6,890	
Average household size of owner-occupied units	2.90	
Renter-occupied housing units	265	9.5%
Population in renter-occupied housing units	773	
Average household size of renter-occupied units	2.42	

*Source: 2015-2019 5-Year ACS*

### Age of Housing Stock

The period from 1970 to 2009 saw substantial construction activity. More than half of Sterling’s housing stock was constructed during this period, 63% or 1,847 new homes. The highest percentages of units in Sterling, 21.9%, were built between 1970 and 1979. 13.2% of the town’s housing stock was constructed between 2000 and the present, a period when much of the nation was experiencing a building boom. The percentage of pre-1940 housing stock in Sterling is less than Massachusetts and the nation, apart from structures built between 1940 and 1949 as compared to the national average.

### Housing Units by Number of Units in Structure

87.8% or 2,565 consist of a single-family detached housing unit. 6.25% or 183 units consist of 2 units or more.



**Table 5: Units in Structure**

Units in Structure	Number	Percent
Total housing units	2,920	
1-unit, detached	2,565	87.8%
1-unit, attached	172	5.9%
2 units	85	2.9%
3 or 4 units	53	1.8%
5 or 9 units	33	1.1%
10 or more units	12	0.4%
Mobile home	0 <sup>1</sup>	0%

*Source: 2015-2019 ACS 5-Year ACS*

## Housing Affordability – Income, Tenure, and Affordability

### Do people of all incomes live in Sterling?

The availability of various housing arrangements in a community can have a significant impact on who can live there. Tenure of households (rental versus ownership) is often closely tied to income, and the availability and price of both rental and ownership units in Sterling likely has implications on housing affordability. A housing affordability assessment examines the overall demographic profile of Sterling, along with the household income of the population and housing costs to determine how the town can best meet its needs for providing a diverse and affordable housing stock for its citizens.

### Household Income

The 5-Year American Community Survey (ACS) data for the 2015-2019 period, indicates that the 5-year estimate of median household income for Sterling was \$121,458 and mean \$154,804. Data shows that 42.5% of Sterling’s households have an income under \$100,000, as compared to Worcester County (71.5%), Massachusetts (59%) and U.S (77.8%). Only 2.8% persons in Sterling are at or below the poverty level (the weighted average for a family of four is \$26,172 as of 2019).

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<sup>1</sup> According to Sterling’s Assessors there are 4 mobile homes in Sterling.

**Table 6: Household Income**

Households	Sterling #	Sterling %	Worcester County %	Massachusetts %	U.S. %
< \$15,000	62	2.2%	9.4%	9.4%	10.3%
\$15,000-\$24,999	27	1.0%	7.6%	7.2%	8.9%
\$25,000-\$34,999	162	5.8%	7.4%	6.7%	8.9%
\$35,000-\$49,999	188	6.8%	10.3%	9.3%	12.3%
\$50,000-\$74,999	427	15.4%	15.3%	14.2%	17.2%
\$75,000-\$99,999	313	11.3%	12.7%	12.1%	12.7%
\$100,000-\$149,999	453	16.3%	18.1%	17.8%	15.1%
\$150,000-\$199,999	404	14.5%	9.5%	10.2%	6.8%
\$200,000 >	741	26.7%	9.6%	13.2%	7.7%
Median Household Income	\$ 121,458	(X)	\$74,679	\$81,215	\$62,843

Source: 2015-2019 ACS 5-Year ACS

## Tenure

In Massachusetts a majority of residents own their place of residence, while a substantial 37.6% are renters. In Sterling most residents own their place of residence (90.5%), while only 9.5% are renters. This tenure mix may be impacting the demographic profile of Sterling as well as not meeting the needs of the community.

## Housing Costs and Affordability

### Distribution of household incomes by tenure

Lower income households are more likely to be renters than homeowners. However, in many suburban communities renting can be unaffordable. 47.5% of Sterling renters have income between \$50,000 and \$75,000 while 12.9% have income below \$49,000 and 12.4% with income under \$15,000. 43.6% of residents who own homes have an income of above \$150,000.

### Monthly Housing Costs

If there is not enough housing available and prices are high, this can make it difficult or impossible for low-income households to afford to live in Sterling. If supply is limited and housing costs are high, Sterling’s housing prices might be putting a serious strain on residents.

One common measure of affordability is the proportion of total household income spent on housing. If a household is spending more than 30 % of their income on housing

expenses, then they are often considered to be 'cost burdened'. If that number reaches 50%, then the household is considered 'severely cost burdened'.

Often, renters tend to have higher levels of housing cost burden than owners. In Sterling 38.8% of renters are cost or severely cost burdened while just 16% of owners are cost or severely cost burdened. The median monthly housing cost with a mortgage in Sterling is \$1,997. 18.1% of Sterling's residents who own a home and have a mortgage are paying more than 30% of their income towards monthly mortgage payments and other selected housing costs. Sterling residents exceeding the 30% level is substantially less than Worcester County (26.5%), the State (30.1%) and the US (27.8%).

The median monthly rent in Sterling is \$1,304. 103 out of 235 renters in Sterling (43.8%) are paying more than 30 % of their income for rent, which remains less than Worcester County (47.9%), the state (49.5%) and the US (49.6%). 30.3% of Sterling's renter households pay between \$1,000 and \$1,400 in monthly costs and 46.4% of Sterling's owner households pay between \$1,500 and \$1,999.

## **Chapter 40B - Households Eligible for Housing Assistance**

One measure of affordable housing need is the number of households eligible for housing assistance. Federal and state programs use Area Median Income (AMI) along with household size to identify these households. U.S. Department of Housing and Urban Development (HUD) income limits for extremely low (below 30% of AMI), very low (30-50% of AMI), and low-income (50-80% of AMI) households by household size for the Worcester HUD Metro Fair Market Rent (FMR) Area (HMFA) which includes Sterling. Typically, households at 80% of AMI and below qualify for housing assistance, though there are some exceptions based on household size. 640, or 22.78% of Sterling households are categorized as low-income, and 3.74% are extremely-low-income.

## **Housing Units Permitted**

One way to measure whether a municipality is on track to meet future demand is to compare recent permitting activity to future projected demand. If annual permitting for single or multi-family housing units is historically lower than projected annual demand, this indicates a need to increase the rate of single or multi-family permitting in the future<sup>2</sup>. From

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<sup>2</sup> Reported building permits are an imperfect measure of housing growth. In some cases, they overestimate the net increase in housing units if not all permitted projects are ultimately constructed or if demolition of pre-existing units is required. In other cases, they may underestimate new growth due to lack of reporting or because adaptive reuse is not captured in the data.

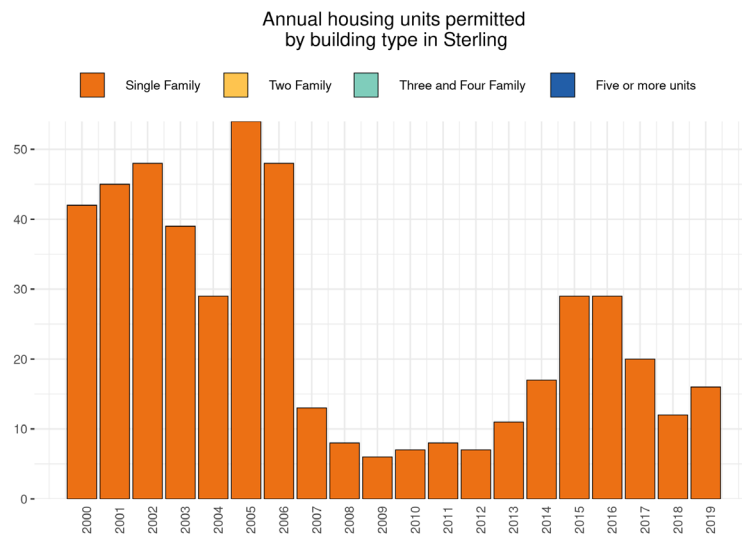
2000 to 2019, Sterling permitted 488 single family units (averaging close to 37 units per year) with the most issued in 2005, followed by 2006 and 2002.

Notably, multi-family dwelling units and accessory apartments are only allowed in the Rural Resident and Farming (RRF), Natural Resources (NR), and Town Center (TC) districts by Special Permit; accessory apartments are additionally allowed in the Commercial © district by Special Permit. As noted in the 2019 Update to the Town of Sterling Housing Production Plan, these factors combined have historically incentivized developers to produce single-family homes, which do not serve all households.

It should be noted that at the 2021 Annual Town Meeting, the community approved allowing accessory dwelling units by right within a single-family dwelling unit, including as an attached garage, in the RRF, NR, C and TC districts (not to exceed 800 square feet) or allowed via Special Permit if detached in the RRF, NR, C and TC districts (not to exceed 800 square feet). If counted towards the Town’s Subsidized Housing Inventory, accessory dwelling units would be able to exceed 800 square feet (up to 1,200 square feet).

The Housing Production Plan also notes that there are vacant parcels in Sterling that cannot be developed because they do not meet minimal dimensional requirements (e.g., minimum lot size, frontage, rear and side yard requirements), as well as calls attention to the lack of by-right cluster zoning or open space residential/natural resource protection bylaws that would provide mutual benefits to housing development and open space protection.

**Figure 2: Annual Housing Permits Permitted**

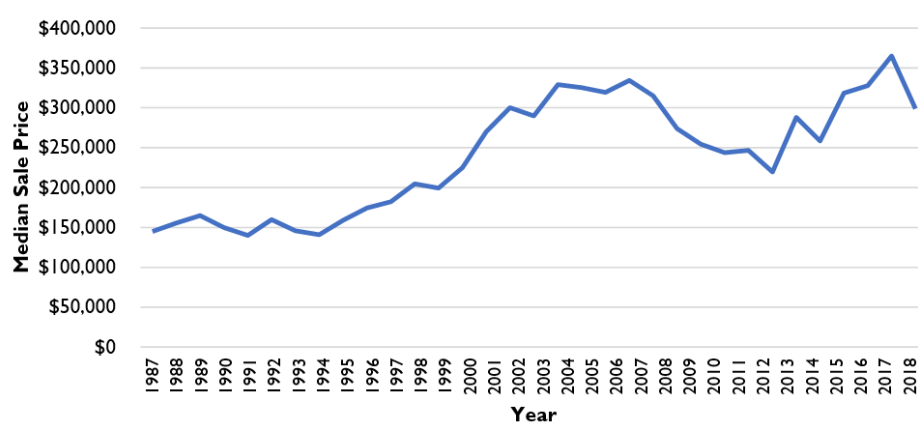


Source: US Census Bureau – Annual Building Permit Survey; Sterling Building Department

## House Values

Owner-occupied cost burden estimates reflect the housing costs of current owner households. To help estimate changes in home affordability, median sales data was examined for the period between January 1987 to June 2019. The most recent figure (January to June 2019) shows the average home selling in Sterling for \$299,980, with the median down \$66,100 from the past year. While the median is down \$66,100 when compared to the past year, 2018 saw the highest median sale price on record in town (Figure 3). According to the online real estate database Zillow, the median home value in Sterling is \$354,600 (2019). Sterling home values have increased 4.8% over the past year and Zillow predicts they will rise 3.3% within the next year.

Figure 3: Median sale price for all homes (1987-2019)



Source: The Warren Group 2019

## Rent

Median gross rent in Sterling ranks high when compared to neighboring communities as well as Worcester County and Massachusetts. Among Sterling's ten nearest communities, just Lunenburg has a higher median gross rent (\$1,617) (Table 10). Approved in 2020, Northgate Meadows, a 40B 216-unit rental development currently under construction, has 18 affordable one and two-bedroom apartments available by lottery for eligible tenants. Monthly rents are: \$1,430 for one bedroom and \$1,549 for the two-bedroom unit.

In Summary, 84.7% of Sterling's housing stock consists of owner-occupied units and only 12.3% renter occupied. In addition, 90% of the town's housing stock is a single-family detached housing unit. However, with Sterling's growing senior population as well as growth of younger families struggling to earn sufficient income to own their own home, more rental units and affordable ownership housing will be needed. Demographic trends indicate a demand for smaller units for those who would like to remain living in the Sterling but find it more difficult either to own a single-family home or maintain their single-family home.

## Subsidized Affordable Housing

The State statute concerning affordable housing development (MGL Ch. 40B, Sections 20-23) cites that affordably produced and priced homes must be available to households where the incomes do not exceed 80 % of the median family income (MFI) for the region in which the community is located. The HUD calculates the income limits for local areas every year.

For the purposes of Chapter 40B, affordable housing is generally defined as housing units that are:

- Subsidized by an eligible state or federal program.
- Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period.
- Subject to an Affirmative Fair Marketing Plan.

The Chapter 40B threshold for affordable housing is that every community must have 10 % of their housing meet the 80 % median household income. If a town or city does not have 10 % of their year-round housing units on the State's affordable housing inventory, then a developer can file a plan in their application for a comprehensive permit under the provisions of MGL Chapter 40B that can have greater development density allowed under the town's zoning bylaw. If the application is denied by the Zoning Board of Appeals, the developer can appeal to the Massachusetts Housing Appeals Committee.

The Massachusetts Department of Housing and Community Development (DHCD) developed the Housing Production Plan (HPP) Program in 2003. Based on the principles of this program, by taking a proactive approach in the adoption of an HPP, cities and towns are more likely to achieve both their affordable housing and community planning goals. HPPs give communities that are under the 10 % threshold but are making steady progress in producing affordable housing on an annual basis more control over comprehensive permit applications. Sterling has a valid Housing Production Plan (HPP) which is effective until October 30, 2024. Sterling recently received certification of its HPP for the addition of units for Northgate Meadows adding enough units for a two-year certification beginning January 12, 2021 to January 21, 2023.

Northgate Meadow, a 216- rental unit development, has 130 units currently counted on the SHI. If a rental housing project contains at least 25% of affordable units, the entire development is counted towards the SHI. When completed, 86 additional units will be added to the SHI which will increase the total affordable units to 288 and percent subsidized to 9.98%. However, when the 2020 Census data is updated during the 2nd half of 2021, Northgate Meadow's 216 year-round units and any other additional new units or demolitions that have

occurred in Sterling since the 2010 census will be added to Sterling’s year-round units. Based on the Northgate Meadow additional units that will be added, Sterling’s year-round units will increase from 2,918 to 3,134, requiring a total of 313 affordable units. Sterling’s percent subsidized will fall to 9.2%. To meet the 10% affordable housing requirement detailed in M.G.L., Chapter 40B, Sterling will need to create an additional 25 affordable units. These figures do not consider any new construction or demolitions since 2010.

**Projected SHI**

Total Affordable Units / Total Year-Round Units = SHI %		
(288)	(3134)	(9.18)

# Housing Policies and Strategies

## Housing Trust

Sterling should continue to comply with Chapter 40B. Chapter 40B outlines a municipality's responsibilities regarding the provision of low and moderate-income housing. Under the law, communities are obligated to provide 10% of its year-round housing stock restricted to low and moderate-income households, defined as those earning no more than 80% of the area median income. At the present time, 6.92% of Sterling's housing stock meets the Chapter 40B definition. While the average home sale price and average rent in Sterling and a majority of the Montachusett Region does provide opportunities for some affordable housing when compared statewide, as indicated in the Housing Inventory and Assessment there is a need for more. Therefore, the benefits of being proactive in this area include not just compliance with Chapter 40B but also helping to provide affordable housing units for a broad range of income groups, including municipal employees, fire fighters, policemen and teachers.

A housing trust can:

- Provide financial support for the construction of affordable homes by private developers (non-profit or for-profit)
- Rehabilitate existing homes to convert to affordable housing.
- Increase affordability in new housing development projects.
- Develop surplus municipal land or buildings.
- Preserve properties faced with expiring affordability restrictions.
- Create programs to assist low-and moderate-income homebuyers.
- Create programs to help low-and moderate-income families make health and safety repairs.
- Educate and advocate to further affordable housing initiatives.
- Create a down payment assistance or affordable mortgage programs for income eligible first-time homebuyers.

Under MGL c.44 s.55C, sources of funding for trusts include:

- Community Preservation Act (CPA) funds
- Inclusionary zoning payments.

Resources: The town of Lincoln has a very active Housing Trust that works closely with the Housing Commission and has many successful projects

Guideline for establishing a trust:

[https://www.mhp.net/writable/resources/documents/municipal\\_affordable\\_housing\\_trust\\_guidebook.pdf](https://www.mhp.net/writable/resources/documents/municipal_affordable_housing_trust_guidebook.pdf)



## Inclusionary Zoning

An inclusionary zoning bylaw may include some flexibility to its mandatory provisions. For example, bylaws may only apply to certain types of development, such as new construction or substantial rehabilitation. Inclusionary zoning bylaws may include "in-lieu-of" payment or construction alternatives providing developers the option of paying a fee per unit, building affordable units off-site, or rehabilitating units elsewhere in place of constructing affordable units within the proposed development.

The voluntary zoning bylaws may contain incentives for developers such as:

- density bonuses
- expedited permitting.
- cost offsets such as tax breaks, parking space reductions, and fee reductions.

Example Communities: Bolton and Southborough

Responsible Municipal Entity: Planning Board/Department.

## Community Preservation Act (CPA)

CPA allows communities to create a local Community Preservation Fund for open space protection, historic preservation, affordable housing, and outdoor recreation. Community preservation monies are raised locally through the imposition of a surcharge of not more than 3% of the tax levy against real property. Municipalities must adopt CPA by ballot referendum. The CPA statute also creates a statewide Community Preservation Trust Fund, administered by the Department of Revenue (DOR), which provides distributions each year to communities that have adopted CPA. These annual disbursements supplement community funds and serve as an incentive for communities to pass CPA.

Eligible uses of CPA for affordable housing are as follows:

- Property acquisition
- Housing creation
- Property preservation
- Provision of grants, loans, rental assistance, security deposits, interest-rate write downs or other forms of assistance directly to individuals and families who are eligible for community housing, or to an entity that owns, operates, or manages such housing, for the purpose of making housing affordable.
- Rehabilitation and restoration of properties acquired with CPA money.

Some communities have utilized CPA funding for projects which accomplish multiple objectives, such as combining affordable housing with open space and/or historic preservation. CPA funding

can also leverage financing for initiatives carried out by nonprofit and private development partners. CPA funds have also been used to purchase deed restrictions, rehabilitate existing affordable housing, obtain planning and professional services, to fund staffing for support of affordable housing, and to prepare grant applications. Communities have also pooled CPA funds to support regional entities that provide affordable housing services.

Example Communities: Town of Lincoln and Town of Hudson

### **Housing Partnerships**

#### Habitat for Humanity

- Initiate contact with the Habitat for Humanity North Central Massachusetts chapter
- Call for a public meeting of anyone interested in pursuing the possibility of working with Habitat for Humanity in Sterling.
- Identify property or properties that could be built on or renovated.
- Identify funding sources in Sterling e.g., CPA funds, grants, or inclusionary zoning (payment in lieu of)
- Once there is a sense of interest, possible funding sources, and a project, representatives from the community should approach North Central Mass HFH and ask to create a "Local Project Committee." This group would then act as a subcommittee of the affiliate with non-profit status and a good deal of autonomy, but the finances would be managed through the affiliate's accounts.
- HFH would then appoint a construction manager and initiate the project.

#### Montachusett Enterprise Center, Inc. (MEC)

Another non-profit organization that supports housing development and rehabilitation is the Montachusett Enterprise Center, Inc. (MEC). MEC is a non-profit affiliate of MRPC. MEC operates exclusively for the charitable and educational purposes of management and program direction for projects designed to alleviate socioeconomic problems in the Montachusett Region. Since its inception in 2003, MEC in partnership with Montachusett Regional Vocational Technical High School (Monty Tech) has built three homes in Fitchburg which were sold at affordable prices to lower income individuals. Funding for these projects was provided to MEC from the City of Fitchburg HOME Program and Enterprise Bank and Trust Company, Leominster. MEC built a fourth, affordably priced home in Athol in partnership with a modular home construction firm. MEC's Board of Directors is comprised of public officials and members of the moderate-income community.

## Goals and Actions

It is important to ensure that housing opportunities are available for a broad range of income levels and household types including affordability, homeownership, and condition of the housing stock while maintaining the town's community character.

### **Goal 1: Balance the preservation of open space, agricultural land, historic features, and other sensitive spaces with housing development that serves all facets of the community.**

***Action #1:** Explore adopting Open Space Design (OSD)/Natural Resource Protection Zoning (NRPZ) that would provide for increased housing development while encouraging the protection of natural resources and open space.*

Responsible Municipal Entity: Planning Board/Department. (Resources: The town of Bolton has a successful cluster development bylaw)

***Action #2:** Update and revise the Protective Bylaws to permit senior, assisted-living housing and alternative housing types, such as apartments/condominiums, townhouses and other diverse housing types including, but not limited to, microunits.*

Responsible Municipal Entity: Planning Board/Department.

***Action #3:** Expand the housing options for an aging population. Sterling's demographic projections indicate a need to expand housing options for an aging population with an examination of the current bylaw provisions with the objective of identifying additional strategies to encourage the development of senior, over 55 housing, and universal design to allow aging in place and further identify areas in Town that would benefit from this sort of development.*

Responsible Municipal Entity: Planning Board/Department

### **Goal 2: Consider Smart Growth Tools as a way to Promote and Advance Housing Initiatives.**

***Action #1:** Reconsider the Community Preservation Act (CPA) as a Smart Growth Tool. CPA is a smart growth tool that helps communities preserve open space and historic sites, create affordable housing, and develop outdoor recreational facilities. CPA can also strengthen the local economy by expanding housing opportunities and construction jobs for Sterling's workforce.*

***Action #2:** Create a local Housing Trust which would allow Sterling to collect funds for affordable housing and segregate them out of the general municipal budget into a trust fund and use the funds for local initiatives to create and preserve affordable housing.*

Responsible Municipal Entity: Select Board

**Goal 3: Allow a mix of housing opportunities such as apartments/condominiums, multi-family, town houses, and residential dwelling units in conjunction with commercial activities in the Town Center.**

*Action #1: Revise the Protective Bylaws to permit mixed use by right in the Town Center Zoning District.*

Responsible Municipal Entity: Planning Board/Department.

**Goal 4: Proactively Strive to Comply with Massachusetts General Laws Chapter 40B to achieve 10% of year-round housing for low and moderate-income housing.**

*Action #1: Develop Housing on Town own land/property. Many Massachusetts communities have underutilized properties and use creative measures for redevelopment such as a Request for Ideas or Design Contests. The town of Acton recently put out a request for housing on a town owned property and received multiple proposals.*

Responsible Municipal Entity: Select Board

*Action #2: Adopt an Inclusionary and/or Incentive Zoning Bylaw as an effective tool that can be used by Sterling to ensure adequate affordable housing is included in the normal course of real estate development and is a mandatory approach (often in concert with a density bonus) that requires developers to make a portion of the housing units in their project affordable to low- and moderate-income households and is an effective means of increasing the number affordable housing units and creates a wider variety of affordability levels within a development.*

Responsible Municipal Entity: Planning Board/Department, Zoning Board of Appeals

*Action #3: Offer Tax Incentives in the form of a public/private partnership between the town and individual homeowners to create affordable housing eligible for Sterling's affordable housing inventory. See the town of Lincoln as an example.*

Responsible Municipal Entity: Select Board, Assessing Department

**Goal 5: Explore Grants and Collaborate with Housing Entities to meet Housing Goal and Objectives**

*Action #1: Explore many of the grant opportunities to help Sterling achieve its housing goals via any of, but not limited to, the following programs: Housing Choice Community Grant Program, Community One Stop for Growth Program.*

Responsible Municipal Entity: Planning Board/Department

***Action #2:** Collaborate with Private Non-Profit Collaborate with Private Non-Profit Organizations (e.g., Habitat for Humanity and Montachusett Enterprise Center). Habitat for Humanity (HFH) is a well-known nonprofit that believes that all people should have a decent, safe, and affordable place to live. Habitat builds and repairs houses throughout the world using volunteer labor and donations. Partner families then purchase these houses through no-profit mortgage loans or innovative financing methods. Sterling is located within the service area of Habitat for Humanity North Central Massachusetts which is headquartered in Fitchburg.*