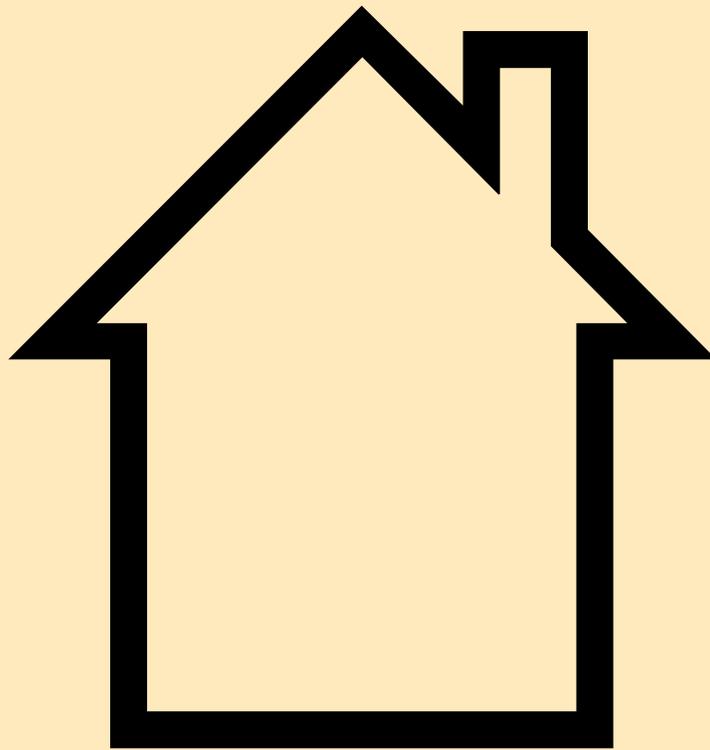


City of Worcester



**Community Development Plan
Housing Policy**

Community Development Plan Housing Policy

**October 2004
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City of Worcester



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1. Introduction

The effort to review and update the City of Worcester's housing policies and strategies included a wide range of stakeholders over the past several years. In 2000, the City of Worcester convened a housing summit to gather information about the challenges and opportunities facing the City regarding housing. This summit convened multiple work groups to discuss a range of housing issues including homeownership, neighborhood revitalization, rental housing, homelessness and fair housing. Subsequent public hearings considered the findings and recommendations of the housing summit. In an effort to close information gaps, the City completed a citywide housing market assessment in 2002 – referred to as the RKG study. Using this information the Executive Office for Neighborhood Services – Housing Division proposed an action plan for the implementation of key citywide housing policy goals. Finally, the City participated in creating a Community Development Plan / Suitability Analysis of which this housing policy is a part. These efforts and ongoing internal program development by the Executive Office of Neighborhood Services' Division of Housing and its Division of Planning has led to this update of the City of Worcester's goals and policies for its Housing Program.

Housing goals and policies are an important part of program development, and are a requirement of the State's Housing Certification – Executive Order 418 Certification. This document is intended to fulfill the “housing goals and objectives” requirement of the housing core element of the Community Development Plan. Over 200 communities throughout the State are pursuing housing certification for FY 2005. Certification provides bonus “points” for Mass CDBG programs and “points” toward obtaining grants through the Commonwealth Capital Program, providing greater access to the following funds and programs:

- Agricultural Preservation Restriction Program (EOEA-DAR)
- Brownfield Funding (EOEA – DEP)
- Community Development Action Grant Program (DHCD)
- Land Acquisition Programs (EOEA – DCR, DAR, and DFG)
- Public Works Economic Development Program (EOTC)
- State Revolving Fund (EOEA – DEP)
- Self-Help Program (EOEA)
- Transit Noise Grant Program (DHCD)
- Urban Self-Help Program (EOEA)

The following housing program goals and policies form the basis for resource allocation and program management aimed at leveraging support from a wide variety of partnerships. Through these partnerships, the City seeks to maximize the long-term stability, and economic self-sufficiency of residents, thereby improving the quality of life throughout the City of Worcester.

Report Organization

This report is organized into four sections. This section provides an introduction and an overview of the housing market in general. Section two summarizes the 23 policy elements associated with the City's seven housing program goals. Section three, provides a brief discussion of each goal and its policy elements. Section four highlights the City's strategy implementation through a brief summary of key housing projects.

Context

The long-term trend toward smaller household size, along with population growth and the aging of the baby-boom, has caused significant demand for housing throughout the nation. These changes along with record low interest rates, have sustained a five-year housing boom that has reduced the severity of the recent recession and stock market downturn through record high housing production and rapid appreciation of all types of housing. During this time, many places have become much less affordable, particularly those in the Northeast where zoning regulations and existing development limit the supply of land.

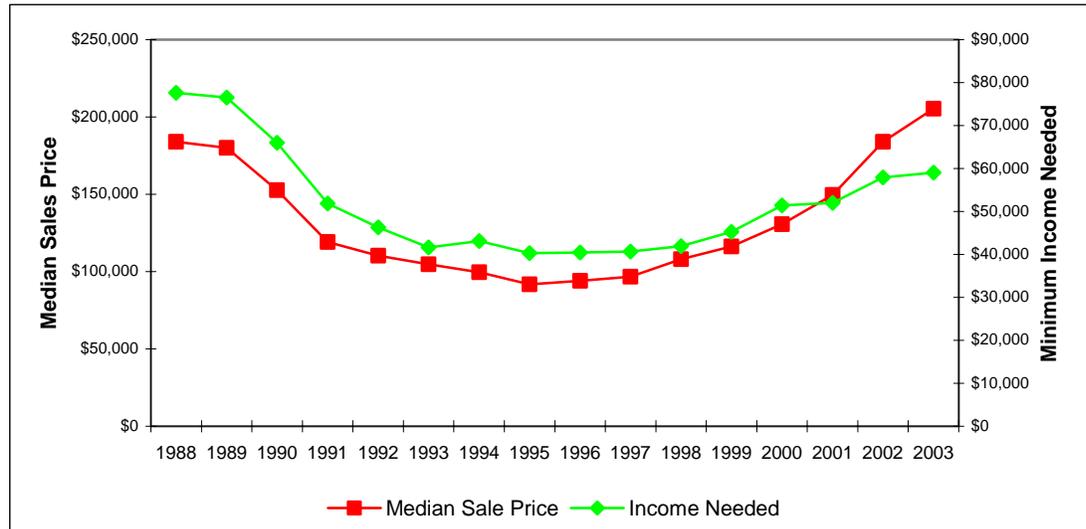
According to recent national surveys, metropolitan Boston is one of the most difficult places to find an affordable apartment. Similarly, Worcester's rental market has tightened significantly over the past few years. For example, a recent survey of one of Worcester's most affordable neighborhoods¹ revealed that 43% of respondents reported rent increases, which averaged 23% during the past year. Anecdotal information points to similar changes throughout the city. Increasingly, households need to have two wage earners to afford decent housing. According to the National Low Income Housing Coalition, since 1999, the nationwide housing wage (as calculated by the coalition) has increased 37% for renters, significantly higher than wages and overall inflation. In Worcester, an estimated 50% of all renter households cannot afford² the average two-bedroom apartment, which requires a wage of \$33,000 – nearly twice the State's minimum wage.³

¹ South Worcester Neighborhood Plan, Feb 2004 resident survey.

² Fair market rent (HUD defined) not to exceed 30% of total income.

³ Adjusting for inflation using the Consumer Price Index (CPI-U). Worcester's "real" household income declined 9% from \$38,944 to \$35,623 during the 1990s. In nominal terms, Worcester's household income increased from \$28,955 to \$35,623 during the decade of the 1990s.

**Chart 1:
Worcester's Single-family Housing Affordability (\$Jun 2004)***



Sources: Median Sales Prices Data The Warren Group, Income U.S Census 1990 & 2000. Data adjusted for inflation using (CPI-U from the Bureau of Labor Statistics) Interest Rate information from HSH Associates Financial Publishers 2004. . Minimum income shown is calculated for a 30-year fixed mortgage at the average interest rate for that year. Points a fees are not included. Calculation assumes a loan-to-value ratio of 95% and that 30% of total household income is spent on the mortgage. Assumes real estate taxes equal \$3,320 (2003 tax rate) for all years and PMI of \$1,200 per year.

Worcester’s rental market faces additional cost pressures from its large college student population living off-campus. During the last decade, an estimated 600 students moved from dormitories to rental housing, contributing to the 4.9% growth (3,140) in the number of households in the City – driving up rental rates in certain areas of the City with high concentrations of students. These factors have combine to create a relatively tight housing market in Worcester. Local realtors indicate that “... buyers are stacked up, with multiple offers”. They also report that “... demand is outpacing supply of multifamily units and condominiums.”⁴ As mentioned earlier, rental costs have increased also. The average advertised rent for a two-bedroom apartment was \$776 towards the end of 1999, compared to \$666 in 1995⁵. Recent fair market rent for a two-bedroom in the City of Worcester is now in the mid \$800s. The City continues to experience high demand for its shelter programs, and currently provides more than 70% of the County’s 1,000 shelter and supportive housing beds. Moreover, the Worcester Housing Authority reports that 1,132 families are waiting for a public housing unit⁶.

Like many areas of the United States, homeownership in the City has become less affordable despite historically low home mortgage interest rates. For Worcester, double-digit housing appreciation continues to outstrip the purchasing power of residents’ falling median income leading to affordability problems for a growing number of people relative to the mid-1990s. Yet, the median priced home is still significantly more affordable than it was in the late 1980s (see Chart 1). Between 1988 and 2003, the income needed to purchase the median priced single-family home dropped from \$77,600 in 1988 to a low of \$40,000 in 1995 and rose back to \$59,000 in 2003. From 1993 to 1998 resident median family income exceeded what was needed to purchase the median priced single-family home in Worcester. Since 1999, however, median sales price has been

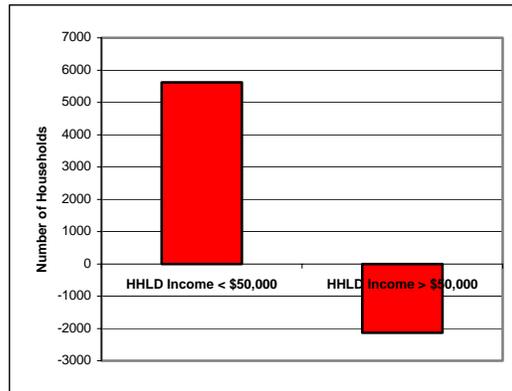
⁴ Worcester Telegram and Gazette. May 11, 2001. *Home run for demand*.

⁵ Rental survey, City of Worcester’s Consolidated Submission to HUD (2000).

⁶ Worcester Municipal Research Bureau (2001), *The Future of Public Housing in Worcester*, Report No. 01-3.

unaffordable to more than half of Worcester’s family households in part because of a decline in median income. Between 1989 and 1999, the City of Worcester’s median⁷ family income declined 12% from 48,771 to 42,988⁸. Part of this income decline stems from an increasing number of households in poverty and a loss of upper-middle-income households. By 2000, Worcester’s poverty⁹ rate had increased to 18% of all households (not just family) up from 15% a decade earlier. If long-term income trends continue into the next decade and interest rates increase significantly, the City of Worcester’s housing supply could become much less affordable for its residents. However, between 1990 and 2000 the City of Worcester lost an estimated 2,100 households earning \$50,000 or more a year, and at the same time it gained estimated 5,600 households earning less than \$50,000 (see Chart 2). If Worcester continues to struggle to attract and maintain upper-middle income residents, there will be significant downward pressure on housing values during the next downturn of the real estate market. If housing prices fall more rapidly than income – like they did from 1988 to 1995 – this could serve to improve affordability.

**Chart 2:
Change in Households by Income 1990 to 2000
(\$2000)**



Source: U.S. Census 1990 & 2000 STF 3. Adjusted for inflation using (CPI-U from the Bureau of Labor Statistics. Calculated by City of Worcester based on an interpolation of inflation adjusted income categories.

Private Sector Production and Public Sector Investment. After sharp declines toward the end of the 1980’s, housing production remained relatively low throughout the 1990’s. In 1999, the Commonwealth issued fewer housing construction permits than 46 other States¹⁰. In Worcester, only 3,623 housing units (924 subsidized) were created in the 1990s due to the lack of available land and a residential building slump. At the same time, the State of Massachusetts reduced housing expenditure from 2.2% of its total budget in 1988 to just 1.1% in 1999¹¹. Moreover, like the rest of the nation, Massachusetts has also had to cope with drastic reductions in Federal housing related expenditures, which dropped from 7.5 % of the Federal budget in 1978 to just 1.5% today¹². This private sector production lull and public sector investment decline help set the stage for today’s tight housing market in Massachusetts.

⁷ This measure represents the middle value (if n is odd) or the average of the two middle values (if n is even) in an ordered list of n data values. The median divides the total frequency distribution into two equal parts: one-half of the cases falling below the median and one-half above the median.

⁸ Adjusting for inflation using the Consumer Price Index (CPI-U). In nominal terms, Worcester’s median family income increased from \$36,261 to \$42,988 during the decade of the 1990s.

⁹ Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family’s total income is less than that family’s threshold, then that family, and every individual in it, is considered poor. The poverty thresholds do not vary geographically, but they are updated annually for inflation using the Consumer Price Index (CPI-U). The official poverty definition counts money income before taxes and does not include capital gains and noncash benefits (such as public housing, Medicaid, and food stamps)” (<http://www.census.gov/hhes/poverty/povdef.html>).

¹⁰ The Commonwealth of Massachusetts Executive Office of Administration and Finance (2000), *Bringing Down Barriers: Changing Supply Dynamics in Massachusetts*.

¹¹ City of Boston (2000), *A Report on Boston’s Housing Strategy*

¹² Ibid 10.

2. Housing Goals & Policies

Over the years, the City of Worcester has developed and implemented a comprehensive housing program to provide decent, safe and affordable housing to all its residents. Previous housing policy has successfully guided the actions of the City of Worcester housing programs over the years. To stay abreast with changes in Federal and State policy as well as the local and regional housing market, the City of Worcester periodically reassess its housing program to ensure that programmatic efforts are aligned with current policies and realistic outcomes.

City of Worcester, through its housing program and partnerships, ensures equal access to housing by prohibiting discrimination based on race, color, creed, age, welfare status, family characteristics, marital status, sexual orientation, handicap or gender. In all programmatic efforts, the City employs fair housing policies for outreach, advertising, and tenant/buyer selection and requires its partners and related agencies to do the same. Moreover, the City, its partners and related housing agencies support the standards set forth by the Fair Housing Plan¹³ and U.S. Department of Housing and Urban Development's Fair Housing Guidelines.

Building on the City's commitment to ensure an adequate supply of decent, safe, and sanitary housing, the City's Housing Program consists of seven goals. Goals One and Two address the regional and local supply of affordable housing and consider the City's role in the housing system. Goals Three and Four set guidelines for the City's efforts regarding homeownership. Goals Five and Six strive to achieve the productive reuse of underutilized land and abandoned properties. Goal Seven addresses homelessness. The following provides a summary of the City's goals, policies and outcomes related to its housing program.

¹³ Approved by the Massachusetts Commission Against Discrimination.

Housing Goals & Policies

Goal 1: Achieve a More Equitable Provision of Affordable Housing Throughout the Commonwealth of Massachusetts.

Massachusetts General Law – Chapter 40B was established with the intent that all jurisdictions provide affordable housing. Due to significant structural issues, parity is not feasible, yet it is important that a more equitable balance be achieved. Existing landuse, socioeconomic disparity, land use regulation, and national housing policies, concentrate the need for, and the provision of, affordable housing in cities. Yet, it is clear that the City of Worcester does not have the capacity to address the regional need for affordable housing. These structural issues have significant implications for the City of Worcester, and the supply of housing and its affordability.

Policy Elements:

1. The City of Worcester will aggressively advocate for the enforcement of Chapter 40B housing compliance.
2. The City of Worcester will pursue compensation for efforts that exceed Chapter 40B requirements.

5-year Outcome(s):

- Regional compliance with Chapter 40B regulations for new housing production.
- Appropriate compensation for all units above Chapter 40B requirements.

Goal 2: Maintain the Current Proportion of Subsidized Housing Units.

Since the early 1990's, the City of Worcester has utilized HOME and Community Development Block Grant funds to support neighborhood-based housing organizations and other non-profit and for profit housing developers to leverage more than \$70 million of state, federal and private resources to yield an average of 100 units per year citywide. The City's efforts in this area are focused on maintaining the current proportion (13.6%)¹⁴ of subsidized housing units through a strategic mix of housing unit production and select expiration of income-restricted units. The following policy framework guides these efforts:

Policy Elements:

3. The City of Worcester will give priority to the creation of mixed-income homeownership housing development and housing for senior citizens, veterans and people with disabilities.
4. The City of Worcester will allow select income-restricted units to expire in stable neighborhoods.
5. The City of Worcester will partner with local housing agencies to create affordable housing units.
6. The City of Worcester will provide tax abatements and fee exemptions to elderly owner occupants of affordable housing and developers of mixed income rental housing.
7. The City of Worcester will provide tenant management assistance and education to owner-occupants, particularly the elderly, who are reluctant to rent vacant units.
8. The City of Worcester will encourage the use of energy efficient products to improve affordability.
9. The City of Worcester will focus programmatic efforts on neighborhoods in need of stabilization.

5-Year Outcome(s):

- Net production of 275 (150 ownership and 125 rental) new or rehabilitated affordable units.¹⁵
- Leverage the development of 400 market-rate housing units (estimated 200 units homeownership 200 rental).
- Maintain current proportion of subsidized housing units (13.6% of total housing units).

¹⁴ The actual proportion is somewhat less since this number was derived using a current subsidized unit count divided by the 2000 Census total housing unit count.

¹⁵ Given our current production rate of ~100 units per year this would require the expiration of approximately 235 units of income-restricted units to achieve. Potential candidates for the expiration of income restrictions include The Royal Worcester (155 units) and Plantation Towers (107 units).

Housing Goals & Policies

Goal 3: Increase Homeownership.

Homeownership is important for many reasons. According to the U.S. Department of Housing and Urban Development, homeowners accumulate wealth as the investment in their homes grows, enjoy better living conditions, are more involved in their communities, and have children who tend, on average, to do better in school, and are less likely to become involved in crime. Communities particularly benefit from the stable neighborhoods homeowners create.¹⁶ Over the past decade, the City of Worcester's Homeownership rate has remained at 43%, significantly below the national rate of 68% (2002). Given the importance of homeownership and the City's relatively low ownership rate, the City of Worcester seeks to increase the number of homeowners through its Homeownership Center.

Policy Elements:

10. The City of Worcester will provide education, counseling and technical assistance to facilitate first-time homeownership, and sustain resident homeownership through its NeighborWorksTM Homeownership Center.
11. The City of Worcester will promote awareness of predatory lending to protect residents from these unscrupulous lending practices.

5-Year Outcome(s):

- Assist 700 households become homeowners.
- Help 250 homeowners secure financing for home repair.
- 80% of those that become homeowners through the program are still homeowners in 2009¹⁷.
- Educate 2,500 people (potential home-buyers and existing homeowners) through first-time home-buyer certification classes, pre and post purchase counseling, debt reduction, and credit repair counseling services.

¹⁶ Harkness and Newman 2002:597

¹⁷ Not including those that move from the City of Worcester.

Goal 4: Develop a Housing Trust Fund.

The City of Worcester will continue to secure the vast majority of its financing and subsidies for the production and rehabilitation of affordable homeownership and rental housing units by working with local, regional, state and federal funding partners, as well as private lenders and institutions. To augment these resources, the Executive Office of Neighborhood Services proposed the creation of an affordable-housing trust fund to help achieve greater homeownership citywide. “More than 280 such funds exist across the country, providing money to construct new affordable housing, rehabilitating existing units and subsidizing first-time homeowners. Last year, a national report by the Center for Community Change cited the funds as being one of the most effective tools for solving the housing crisis.”¹⁸

Policy Elements:

12. The City of Worcester will build a public-private leadership team to manage and develop the fund.
13. The City of Worcester will utilize the trust’s resources to improve access to homeownership through affordable financing and housing production.

5-Year Outcome(s):

- Establish a public-private leadership team to manage and develop the fund.
- Establish policies and management protocol for Trust Fund resources.
- Develop a \$5M fund.

¹⁸ Schaffer *Worcester Magazine* July 10, 2003.

Housing Goals & Policies

Goal 5: Encourage the Adaptive Reuse of Underutilized Land and Market Rate Development.

Land underutilization is a significant problem for the City of Worcester. Having many acres of vacant industrial land and a plethora of functionally obsolete buildings, the City of Worcester has developed, through several private development initiatives, the Adaptive Reuse Overlay Zoning District¹⁹. The City of Worcester adopted and recently refined this regulatory tool to encourage mixed-use development. In response to market demand, the City has implemented this overlay district in four areas of the City, and is currently exploring its use in other areas of the City. The City of Worcester has also developed a tax increment financing tool that it plans to use as part of its downtown revitalization efforts.

Policy Elements:

14. The City of Worcester will encourage market rate housing development through strategic zone district changes that facilitate increased utilization.
15. The City of Worcester will use innovative tax incentives to leverage quality market-rate and mixed-income housing development in the downtown area.
16. The City of Worcester will foster market-rate housing production by reducing regulatory risk associated with development, while ensuring that community standards are met.

5-Year Outcome(s):

- Facilitate the development of more than 250 (mix to be determined by market)²⁰ market-rate housing units through the use of these tools.
- 1,500 to 2,000 market rate units created citywide.²¹

¹⁹ Initially drafted by local real estate Lawyer, Mark Donahue in October 2002.

²⁰ Although the City of Worcester can encourage homeownership through its various programs and policies it cannot require it for entirely market rate developments. Current proposals indicate that the majority of the units proposed will most likely be rental. However, Fremont Street adaptive reuse is proceeding as condominiums thus far.

²¹ Including 400 units of which are expected to be leveraged through mixed-income and tax incentive developments (see Goal 2) and 250 units facilitated through zoning related changes (see Goal 5).

Goal 6: Restore Vacant Land and Abandoned Properties Back to Productive Use.

Vacant land and abandoned properties present a challenge and an opportunity for the City. They are a challenge in that they represent a loss of tax revenue and are frequently used for illegal activities that greatly detract from a neighborhood's quality of life. On the other hand, there is an opportunity to recapture a portion of lost revenue through tax-title proceedings and subsequent resale. There are many redevelopment options for these parcels including market-rate housing, affordable housing, parking or even a community garden. To enable successful reuse of these properties, however, the City must balance the short-term need to recoup revenue with encouraging the successful reuse of these properties. To this end, the City's programmatic efforts strive to restore vacant land and abandoned properties back to productive use through code enforcement intervention, takings (where appropriate) and resale.

Policy Elements:

17. The City of Worcester will monitor abandoned residential structures and vacant land throughout the city.
18. The City of Worcester will take code enforcement action and appoint housing receiverships in cases where properties are suffering from severe negligence or abandonment.
19. The City of Worcester will foreclose on tax delinquent properties and target tax and fee abatements where the value of accrued liens is preventing redevelopment.
20. The City of Worcester will disseminate through the Internet and other media a regularly updated list of all foreclosed properties.
21. The City of Worcester will give priority to proposals and projects seeking to redevelop properties as affordable housing, pocket parks and parking in considering RFPs and engaging (where appropriate) in direct negotiation.

5-Year Outcome(s):

- Dispose of all tax-title properties for productive use within 12-months of acquisition.
- Foreclose on all properties in which their tax delinquency status is preventing redevelopment.

Housing Goals & Policies

Goal 7: Reduce homelessness.

Each year hundreds of people find themselves homeless for some period of time in the City of Worcester. This situation frequently presents life-threatening situations for the people and families in need of assistance. The City's ongoing coordination with key State agencies and non-profit service providers helps mitigate the problem of homelessness in the City.

Policy Elements:

22. The City of Worcester will coordinate with State agencies and non-profit service providers to develop and maintain quality supportive services housing.
23. The City of Worcester will use a holistic, balanced approach to addressing the need for supportive services housing.

5-Year Outcome(s):

- Produce 50 units of supportive services housing.
- Finalize the City's long-range plan to address Chronic Homelessness.

3. Policy Discussion

This section briefly discusses the City's housing policy elements by number.

Regional Equity

Policy Elements 1 and 2:

Striving for statewide equity in the provision of affordable housing.

1. The City of Worcester will aggressively advocate for the enforcement of Chapter 40B housing compliance.
2. The City of Worcester will pursue compensation for efforts that exceed Chapter 40B requirements.

5-year Outcome(s):

- Regional compliance with Chapter 40B regulations for new housing production.
- Appropriate compensation for all units above Chapter 40B requirements.

Discussion. Based on the latest Chapter 40B inventory, the Worcester region²² has 15,962 housing units classified as “subsidized”²³, 4,403 below the number required by Chapter 40B – 10% of total year-round units. The City of Worcester and Westborough are the only municipalities in the region that exceed the State’s minimum subsidized housing standard. In fact, the city maintains 9,592 subsidized housing units²⁴, accounting for over 13% of the City’s total housing stock, and 60% of the region’s subsidized units²⁵ (see Table). This surplus contributes more than 2,500 units to the region’s subsidized housing supply without additional compensation from non-compliant jurisdictions. By way of comparison, the region, without the City’s contribution, provides only 6,370 subsidized housing units, 4.8% of its total housing stock.

In several cases, a jurisdiction could achieve compliance with a handful of reasonably sized comprehensive permits, and in other cases it will require multiple significant permits to achieve compliance. For example, many small communities like East Brookfield, New Braintree, and Oakham fall short of requirements by just 80, 58, and 33 units respectively. Frequently, however, these jurisdictions are the furthest from compliance in terms of percentage of total housing stock -- each of the previously mentioned municipalities does not have Chapter 40B eligible housing units as of March 2004 (see Table). On the other hand, municipalities with larger housing stocks (Shrewsbury, Auburn, and Holden) do better in terms of their proportion of total units that are subsidized, but fall hundreds of units short of compliance due to their relatively large housing stock.

²² Defined as the City of Worcester and the 39 surrounding municipalities that comprise the Central Massachusetts Regional Planning Commission’s region.

²³ See Notes to Table: Distribution of Chapter 40B Subsidized Units.

²⁴ See Appendix for a map depicting the geographic distribution of these units as of April 2002.

²⁵ MA General Laws Chapter 40 B Subsidized Housing Inventory, Mar 2004. Monitored by the Commonwealth of Massachusetts Department of Housing and Community Development (DHCD). Affordable measured by those units affordable to households earning at or below 80% of median income. The Worcester region includes 39 municipalities as defined by the Central Massachusetts Regional Planning Commission.

Policy Discussion

About this Table:

Notes to Table – Chapter 40B Subsidized Units²⁶(next page). The Department of Housing and Community Development (DHCD) defines housing in an eligible development is counted as follows:

Rental Units: In rental housing developments created under comprehensive permits where at least 25% of the units are deed restricted to serve low- or moderate-income households²⁷ all rental housing units are counted as low- or moderate-income housing (subsidized units).

Ownership Units: In homeownership housing developments created under comprehensive permits, only those ownership units, which are deed-restricted to serve income-eligible households are counted as low- or moderate-income housing (subsidized units).

Further the DHCD defines a housing development created pursuant to MGL Chapter 40B as eligible to be included on the subsidized housing inventory if:

1. the affordable units serve households with incomes no greater than 80% of the median income for the MSA, PMSA, or the non-metropolitan county in which the unit is located;
2. 25% or more of the units in the development are affordable as defined above, (or, alternatively, 20% or more of the units serve households with incomes no greater than 50% of the area median income) and subject to use restrictions or re-sale controls to preserve its affordability as follows:
 - i. for thirty years or longer from the date of subsidy approval or construction for new construction,
 - ii. for fifteen years or longer from the date of subsidy approval or completion for rehabilitation;
3. the units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement²⁸;
4. the units have been, or will be marketed²⁹ in a fair and open process consistent with state and federal fair housing laws.

²⁶ Source: <http://www.mass.gov/dhcd/Toolkit/EligSumm.doc> Eligibility Summary Chapter 40B Subsidized Housing Inventory – August 2004

²⁷ Low to moderate income is defined as those earning 80% or less of median area income – less than \$38,800 for a single-person household and \$55,450 for a family of four.

²⁸ Not applicable to CDBG rehabilitation units or certain Local Initiatives Program Units

²⁹ see note 26 above.

Distribution of Chapter 40B Subsidized Units by City/Town within Region*

Community	Total Year-Round Housing Units 2000	Chapter 40B Subsidized Housing Units					Household Projections			Projected Chapter 40B Production (units)		
		Number of Units Mar. 2004	% of Total Units	Surplus or (Gap)	% of Regional Total 40B Units	% of Regional Housing Units	2000 HHLDS Census	2010 HHLDS Projection	Housing Units Needed '00 to '10**	Net 40B production 2002 to 2010***	2010 Total 40B Units	% of Total Units (2010)
Worcester	70,408	9,592	13.6%	2,551	60.1%	34.6%	67,028	70,225	3,197	435	10027	13.6%
Shrewsbury	12,606	563	4.5%	(698)	3.5%	6.2%	12,366	13,270	904	90	653	4.8%
Southbridge	7,486	468	6.3%	(281)	2.9%	3.7%	7,077	7,534	457	46	514	6.5%
Webster	7,343	649	8.8%	(85)	4.1%	3.6%	6,905	7,554	649	65	714	8.9%
Westborough	6,729	680	10.1%	7	4.3%	3.3%	6,534	6,900	366	37	717	10.1%
Auburn	6,551	206	3.1%	(449)	1.3%	3.2%	6,346	6,961	615	62	268	3.7%
Grafton	5,820	294	5.1%	(288)	1.8%	2.9%	5,694	6,563	869	87	381	5.7%
Holden	5,806	159	2.7%	(422)	1.0%	2.9%	5,715	6,317	602	60	219	3.4%
Oxford	5,209	400	7.7%	(121)	2.5%	2.6%	5,058	5,524	466	47	447	7.9%
Millbury	5,086	221	4.3%	(288)	1.4%	2.5%	4,927	5,282	355	36	257	4.7%
Northborough	4,983	173	3.5%	(325)	1.1%	2.4%	4,906	5,178	272	27	200	3.8%
Northbridge	4,930	346	7.0%	(147)	2.2%	2.4%	4,800	5,633	833	83	429	7.4%
Spencer	4,816	222	4.6%	(260)	1.4%	2.4%	4,583	5,026	443	44	266	5.1%
Uxbridge	4,080	214	5.2%	(194)	1.3%	2.0%	3,988	4,624	636	64	278	5.9%
Dudley	3,877	88	2.3%	(300)	0.6%	1.9%	3,737	4,273	536	54	142	3.2%
Charlton	3,868	84	2.2%	(303)	0.5%	1.9%	3,788	4,370	582	58	142	3.2%
Leicester	3,790	140	3.7%	(239)	0.9%	1.9%	3,683	4,074	391	39	179	4.3%
Blackstone	3,321	104	3.1%	(228)	0.7%	1.6%	3,235	3,479	244	24	128	3.6%
Sturbridge	3,141	181	5.8%	(133)	1.1%	1.5%	3,066	3,530	464	46	227	6.3%
Sutton	2,869	40	1.4%	(247)	0.3%	1.4%	2,811	3,374	563	56	96	2.8%
Douglas	2,510	151	6.0%	(100)	0.9%	1.2%	2,476	3,029	553	55	206	6.7%
West Boylston	2,454	70	2.9%	(175)	0.4%	1.2%	2,413	2,569	156	16	86	3.3%
Rutland	2,316	85	3.7%	(147)	0.5%	1.1%	2,253	2,668	415	42	127	4.6%
Hopedale	2,284	80	3.5%	(148)	0.5%	1.1%	2,240	2,362	122	12	92	3.8%
Upton	2,083	163	7.8%	(45)	1.0%	1.0%	2,042	2,640	598	60	223	8.3%
Warren	2,004	75	3.7%	(125)	0.5%	1.0%	1,889	2,032	143	14	89	4.2%
Barre	1,981	82	4.1%	(116)	0.5%	1.0%	1,889	2,071	182	18	100	4.6%
North Brookfield	1,889	142	7.5%	(47)	0.9%	0.9%	1,811	1,987	176	18	160	7.7%
Mendon	1,870	49	2.6%	(138)	0.3%	0.9%	1,815	2,133	318	32	81	3.7%
Boylston	1,602	24	1.5%	(136)	0.2%	0.8%	1,573	1,681	108	11	35	2.0%
Paxton	1,455	0	0.0%	(146)	0.0%	0.7%	1,428	1,539	111	11	11	0.7%
West Brookfield	1,436	54	3.8%	(90)	0.3%	0.7%	1,362	1,517	155	16	70	4.4%
Brookfield	1,259	12	1.0%	(114)	0.1%	0.6%	1,204	1,298	94	9	21	1.6%
Princeton	1,185	20	1.7%	(99)	0.1%	0.6%	1,166	1,245	79	8	28	2.2%
Hardwick	1,054	65	6.2%	(40)	0.4%	0.5%	997	1,232	235	24	89	6.9%
Milville	956	18	1.9%	(78)	0.1%	0.5%	923	1,023	100	10	28	2.7%
Berlin	891	48	5.4%	(41)	0.3%	0.4%	872	1,019	147	15	63	6.0%
East Brookfield	797	0	0.0%	(80)	0.0%	0.4%	778	833	55	6	6	0.6%
Oakham	583	0	0.0%	(58)	0.0%	0.3%	578	657	79	8	8	1.2%
New Braintree	325	0	0.0%	(33)	0.0%	0.2%	318	374	56	6	6	1.5%
Total Region:	203,653	15,962	7.8%	(4,403)	100.0%	100.0%	196,274	213,600	17,326	1,848	17,810	8.1%
Region less Worcester	133,245	6,370	4.8%	(6,955)	40%	65%	129,246	143,375	14,129	1,413	7,783	5.3%

Sources: U.S. Census Bureau, Census 2000; Department of Housing and Community Development (DHCD), Chapter 40B Subsidized Housing Inventory -- Mar. 2004.

Household Projections -- Central Massachusetts Regional Planning Commission Regional Transportation Plan Section II. 2003.

*Region defined as the Central Massachusetts Regional Planning Commission

** Assumes new unit production will equal household creation between 2000 and 2010 .

*** Assumes 10% of all new unit production is affordable (13.6% for the City of Worcester).

Policy Discussion

The State's new set of Chapter 40B regulations³⁰ (effective December 2002) set an subsidized housing production standard of .75 of 1% of total year-round housing units per year for all non-compliant municipalities. Although many communities may "strive" to achieve this standard, it is unlikely that many, if any, will achieve this level of production. To illustrate this we examined projections of future household growth. According Central Massachusetts Regional Planning Commission's projections, the region, excluding Worcester, is expected to gain 14,129 households during this decade. Assuming that a new unit is constructed for each of these additional households, more than half of all new housing production between 2000 and 2010 would have to be income restricted to achieve the .75 of 1% goal. This level of commitment far outweighs any municipality's previous commitment to subsidized housing – including the City of Worcester. A more likely scenario, albeit difficult to achieve, is a broad-based commitment to require, on average, that 10% of all new housing units be part of a subsidized development (see notes to previous Table for details). Based on the same household projections used above, this would equate to 1,400 new subsidized units by 2010, not including production by Worcester. At this rate of production, all but two municipalities, Westborough and Worcester, will remain in non-compliance in 2010. The subsidized proportion of total housing units, excluding Worcester, will increase from 4.8% to 5.3%, but a shortage of over 5,500 units will remain. Overall, the region, including Worcester, would achieve a small increase to 8.1% of total housing units, up from 7.8% in Mar. 2004 (see Table).

Although the City of Worcester is largely built-out, it has enough developable land to support an additional 9,798 housing units (not including downtown redevelopment). The City is expected to reach this full buildout within the next 25 years as its population grows nearly 8% to 186,000. By 2010, the city is forecast to add nearly 3,200 households, which would almost completely occupy all of the City's 70,723 housing units. As demand exhausts vacant units, redevelopment and new construction will continue to occur.

Defining Worcester's Role in the Region. The City of Worcester no longer needs to build subsidized housing to maintain compliance with Chapter 40B. The City's current supply, if maintained, is larger than required to stay in compliance through 2030 when the City is expected to achieve full buildout – 76,739 households with a total population of 186,000³¹. However, this does not imply that the City no longer has a role in the creation of affordable housing. Nearly two-thirds of all subsidized housing units in the City will lose their income restriction within the next 20 to 30 years. Although most units will renew income restrictions, some will be allowed to expire (where appropriate) and additional market-rate units will be added, necessitating the creation of additional subsidized housing to maintain the current proportion of subsidized units.

Given the past performance of other municipalities in the region, it is imperative that the City not only maintain its supply of subsidized housing, but also work to achieve an equitable provision of subsidized housing throughout the State, as set forth by Chapter 40B. Moreover, since it is highly likely that the region will fall short of the Chapter 40B standard, the City of Worcester should simultaneously pursue compensation to ensure that its contribution beyond the State's requirement is revenue neutral. To this end, the City is assessing the costs and benefits of the recently passed³² Smart Growth Zoning Districts legislation, which provides some compensation for the development of income restricted units.

³⁰ 760 CMR 31.07

³¹ Central Massachusetts Regional Planning Commission, based on Mass Highway Projections. Yet, the City of Worcester has the potential to attract additional households through redevelopment of downtown and other areas with high-density zoning. Moreover, current concept plans for the redevelopment of downtown include up to ~750 additional housing units by 2012.

³² Passed into law as part of the FY 2005 State budget. Its purpose is to encourage smart growth and increase housing production through mixed-use developments.

Production of Subsidized Units

Policy Elements 3-9:

Maintain Current Proportion of Subsidized Housing Units – 13.6% of total units.

3. The City of Worcester will give priority to the creation of mixed-income homeownership housing development and housing for senior citizens, veterans and people with disabilities.
4. The City of Worcester will allow select income-restricted units to expire in stable neighborhoods.
5. The City of Worcester will partner with local housing agencies to create affordable housing units.
6. The City of Worcester will provide tax abatements and fee exemptions to elderly owner occupants of affordable housing and developers of mixed income rental housing.
7. The City of Worcester will provide tenant management assistance and education to owner-occupants, particularly the elderly, who are reluctant to rent vacant units.
8. The City of Worcester will encourage the use of energy efficient products to improve affordability.
9. The City of Worcester will focus programmatic efforts on neighborhoods in need of stabilization.

5-Year Outcome(s):

- Net production of 275 (150 ownership and 125 rental) new or rehabilitated subsidized units.³³
- Leverage the development of 400 market-rate housing units (estimated 200 units homeownership 200 rental).
- Maintain current proportion of subsidized housing units (13.6% of total housing units).

Discussion. Since the early 1990's, the City of Worcester has utilized HOME and Community Development Block Grant funds to support neighborhood-based housing organizations and other non-profit and for profit housing developers to leverage more than \$70 million of additional state, federal and private resources to produce an average of 100 units per year citywide. Housing production ranges from single-family homes and multi-family apartments, to large-scale elder assisted-living and supportive housing for the homeless. Nearly all of the City's investments have been guided by plans and priorities developed by neighborhood groups with planning assistance from the City. The result has been to strategically target neighborhoods in need of stabilization and revitalization. Through these efforts, the City has leveraged additional private, market-based investment that would otherwise pass over these areas.

³³ Given our current production rate of ~100 units per year this would require the expiration of approximately 235 units of income-restricted units to achieve. Potential candidates for income restriction expiration include The Royal Worcester (155 units) and Plantation Towers (107 units).

Policy Discussion

Most of the City's efforts are focused on adding to the supply of subsidized housing units. As mentioned earlier, a goal of the City is to maintain its proportion of subsidized housing units for the next five years. This will require a two-pronged approach involving production, and permitting the expiration of income restricted units in successfully stabilized neighborhoods. In general, our ability to maintain a constant proportion is contingent on four factors:

- 1) The number of subsidized units produced,
- 2) The number of income-restricted units allowed to expire,
- 3) the number of market rate units produced, and
- 4) the number of total units.

Since the City adds 100 subsidized housing units per year, there is the potential to add an additional 1,000 subsidized units over the decade (2000 to 2010) – assuming subsidized units are not allowed to expire, and the existing stock is not demolished. Given that we estimate market rate production between 3,000 to 4,000 units (more about this later), and assuming no loss of units through demolition, the combination of market and subsidized units could result in an overall proportion between 13.5% and 13.8% by 2010, up from 13.3% in 2002.

Improving Homeownership Opportunities

Policy Elements 10-11

Increasing the number of homeowners in the City of Worcester.

10. The City of Worcester will provide education, counseling and technical assistance to facilitate homeownership, and sustain resident homeownership through its NeighborWorks™ Homeownership Center.
11. The City of Worcester will promote awareness of predatory lending to protect residents from these unscrupulous lending practices.

5-Year Outcome(s):

- Assist 700 households become homeowners.
- Help 250 homeowners secure financing for home repair.
- 80% of those that become homeowners through the program are still homeowners in 2009³⁴.
- Educate 2,500 people (potential home-buyers and existing homeowners) through first-time home-buyer certification classes, pre and post purchase counseling, debt reduction, and credit repair counseling services.

Discussion. Despite the Nation achieving a record high homeownership rate of 68% in 2002³⁵, the City of Worcester's homeownership rate has remained about the same at 43% for the past decade (1990 to 2000). In the Spring of 2004, the City's Executive Office of

³⁴ Not including those that move from the City of Worcester.

³⁵ Joint Center for Housing Studies 2002: 14

Neighborhood Services established a NeighborWorks™ Homeownership Center³⁶ in partnership with Oak Hill Community Development, Central Massachusetts Housing Alliance and Worcester Community Housing Resources “to provide the resources and coordination essential for expanding and stabilizing home ownership in Worcester and surrounding communities.”

“The NeighborWorks™ model was pioneered by Neighborhood Reinvestment Corporation, a national Congressionally-chartered corporation dedicated to revitalizing older urban neighborhoods by mobilizing public, private and community resources at the neighborhood level. The NeighborWorks™ Homeownership Center serves as a ‘first-stop, one-stop’ resource that improves access to homeownership by assisting first-time homebuyers and current homeowners in selecting, purchasing, rehabilitating, maintaining, and keeping a home.”³⁷ Staffed by knowledgeable bilingual professionals, the Center provides the following continuum, of education, counseling and lending services to first-time and current homeowners:

- **Improving access to homeownership:**
 - First-time homebuyer certification classes
 - Credit rebuilding
 - Pre and post purchase group and individual counseling services
 - Down payment assistance, below-market loans, deferred-payment loans and mortgage subsidies to assist income-eligible homebuyers.
 - Subsidized loans and insurance products
 - Homebuyer Clubs
 - Rehab lending and construction services
 - Soft Second loan programs
- **Sustaining homeownership:**
 - Post purchase counseling.
 - Foreclosure / default-prevention counseling
- **Improving Quality and Safety.**
 - The Center administers the City’s “*Get the Lead Out*” lead abatement program.

³⁶ Opened in the Spring 2004. Made possible through a public / private partnership among the following organizations. The non-profit sponsoring organizations of the Homeownership Center are the Worcester Community Housing Resources, Central Massachusetts Housing Alliance, Oak Hill Community Development Corporation and the City’s Office of Neighborhood Services. Lending partners include MassHousing, Bay State Savings Bank, Sherwood Mortgage, Grafton Suburban Credit Union, GMAC Mortgage, BankNorth Massachusetts, Citizens Bank, Fleet Bank, Worcester Community Housing Resources Loan Fund, an the Neighborhood Reinvestment Corporation. Realtors involved in the Center include Better Homes and Gardens, Caldwell Banker, Century 21, Barbera Associates and others. Real Estate Attorneys include Elizabeth Matzka, Ahlat, Ball and Brodeur, Joseph Lussier, Hector Piniero, Janice Schiarreto, Peter Heintzelman and others.

³⁷ NeighborhoodWorks Homeownership Center brochure 2004.

Policy Discussion

Securing Resources for Affordable Housing Development

Policy Elements 12-13:

Developing a Housing Trust Fund to help achieve housing production and homeownership goals.

12. The City of Worcester will build a public-private leadership team to manage and develop the fund.
13. The City of Worcester will utilize the trust's resources to improve access to homeownership through affordable financing and housing production.

5-Year Outcome(s):

- Establish a public-private leadership team to manage and develop the fund.
- Establish policies and management protocol for Trust Fund resources.
- Develop a \$5M fund.

The City of Worcester will continue to secure the vast majority of its financing and subsidies for the production and rehabilitation of affordable homeownership and rental units by working with local, regional, state and federal funding partners, as well as private lenders and institutions. To augment these resources, the Executive Office of Neighborhood Services proposed the creation of a housing trust fund, aimed at developing local resources to help address the affordable housing and homeownership goals of the City. "More than 280 such funds exist across the country, providing money to construct new affordable housing, rehabilitating existing units and subsidizing first-time homeowners. Last year, a national report by the Center for Community Change cited the funds as being one of the most effective tools for solving the housing crisis."³⁸

The Executive Office of Neighborhood Services and the Greater Worcester Community Foundation have worked collaboratively to explore housing trust fund models, including the need for, type of, and feasibility of creating a Worcester trust fund. While the particular model remains to be determined, the results of our research demonstrate the need for a trust fund. Trust funds enable communities to achieve significant leverage of public resources. On average, for every \$1 committed to a trust fund, another \$5 to \$10 dollars are leveraged³⁹. Trust funds play an important role in creating opportunities by filling financing gaps in subsidized housing initiatives.

The initial step is to organize a leadership team consisting of decision-makers from the public and private sector and assign appropriate City staff to support this team. The suggested leadership team should consist of the following:

- Three (3) public sector decision makers: the City Manager, Mayor, and Chairperson of City Council Housing and Neighborhood Revitalization Subcommittee.

³⁸ Schaffer *Worcester Magazine* July 10, 2003.

³⁹ Source: research conducted by the Center for Community Change for the National Housing Trust Fund Campaign.

- Six (6) private sector leaders drawn from colleges, corporations and philanthropic organizations.

The trust fund’s leadership team should be experienced in housing finance and production, and include local housing advocates / service providers. The role of the leadership team will be to develop consensus regarding:

- Developing the fund’s programmatic objectives and guidelines
- The administrative and governing structure.
- Identifying resources and fundraising strategies.
- Securing “seed” capital – to initiate the fund.

Market Rate Housing Production

Market rate housing production as discussed here, is defined as homeownership and rental housing units affordable to households earning between 80 and 150% of median family income⁴⁰. For the City of Worcester this equates to \$55,450 and \$104,000 per year (for family of four) and \$38,800 to \$58,200 for a single person household.

Policy Elements 14-16:

Encourage the adaptive reuse of underutilized and vacant land.

14. The City of Worcester will encourage market rate housing development through strategic zone district changes that facilitate increased utilization.
15. The City of Worcester will use innovative tax incentives to leverage quality market-rate and mixed-income housing development in the downtown area.
16. The City of Worcester will foster market-rate housing production by reducing regulatory risk associated with development, while ensuring that community standards are met.

5-Year Outcome(s):

- Facilitate the development of more than 250 (mix to be determined by market)⁴¹ market-rate housing units through the use of these tools.
- 1,500 to 2,000 market rate units created citywide.⁴²

Discussion. Land underutilization is a significant issue for the City of Worcester. Having many acres of vacant industrial land and a plethora of functionally obsolete buildings, the City of Worcester has developed, through several private development initiatives, the Adaptive Reuse Overlay Zoning District⁴³. The City of Worcester has

⁴⁰ HOME program limits (effective 1/28/04) based on Median Family Income of \$69,300 Worcester, MA-CT.

⁴¹ Although the City of Worcester can encourage homeownership through its various programs and policies it cannot require it for entirely market rate developments. Current proposals indicate that the majority of the units proposed will most likely be rental. However, Fremont Street adaptive reuse is proceeding as condominiums thus far.

⁴² Including 400 units of which are expected to be leveraged through mixed-income and tax incentive developments (see Goal 2) and 250 units facilitated through zoning related changes (see Goal 5).

⁴³ Initially proposed by local Real Estate Lawyer, Mark Donahue in October 2002.

Policy Discussion

adopted and subsequently refined this zoning tool. Since its creation in October 2002, the City has implemented this overlay to spur housing development in four areas of the city, and is considering using this tool in other areas of the city as well (see appendix for Green Island Zoning Alternatives).

The City has successfully proposed legislation that authorizes tax increment financing for multi-unit housing and mixed-use developments in urban centers throughout the Commonwealth. An Act to amend Chapter 40 of the Massachusetts General Laws would authorize municipalities, by vote of its authorized body, to grant real estate tax exemptions for specified terms up to thirty years to downtown developments with a residential component within designated “urban center housing zones.” These tax exemptions would be granted as a percentage of the new, after-improvement, assessed value, and could only be granted as part of a specified Tax Increment Financing plan (TIF Plan). Housing development is a vital component of the City of Worcester’s strategy to achieve 18-hour activity downtown. The City’s current planning efforts include the use of this and other incentives to encourage development of housing as part of an overall downtown revitalization plan for the following reasons.

- To foster “Smart Growth” by developing options for people to live and work in a urban environment that capitalizes on the considerable preexisting public infrastructure.
- To reuse vacant parcels and underutilized, functionally obsolete commercial space as housing.
- To support existing and attract new commercial, retail and housing development.

Berkeley Investments recently purchased more than 20 acres of downtown land, and is planning a ~\$300M mixed-use development that includes 148 housing units in Phase I (2004 – 2008), and an additional 500 to 750 units in Phase II (2007 – 2012) (see appendix for details). In general, the City of Worcester has the potential to attract additional households through the redevelopment of downtown and other areas that permit high-density residential uses. Successful redevelopment of these areas could lead to the production of as many as 2,165 high-density housing developments between 2004 and 2009 – depending on market conditions (see map). This along with development in the more suburban areas of the city could lead to as many as 4,000 to 5,000 additional housing units⁴⁴ by 2010, significantly greater than the 3,600 added in the 1990s.

Another effort of the City to encourage market-rate development involves reducing risk through regulatory process improvements. There are two main forms of regulatory risk, time delays and approval denials. Both introduce additional risk to the development process. The Interdepartmental Review Team is one of the mechanisms the City uses to reduce these regulatory risks. This team of staff meets informally to review development concepts at various stages of planning. The team helps identify problems, suggests solutions and refers developers to other technical experts as necessary. This process strives to reduce the number of pre-approval meetings and eliminate unanticipated delays for developers. The result is a more streamlined process that encourages development while ensuring that community standards are met.

⁴⁴ High-end projection including 40B unit production.

City of Worcester

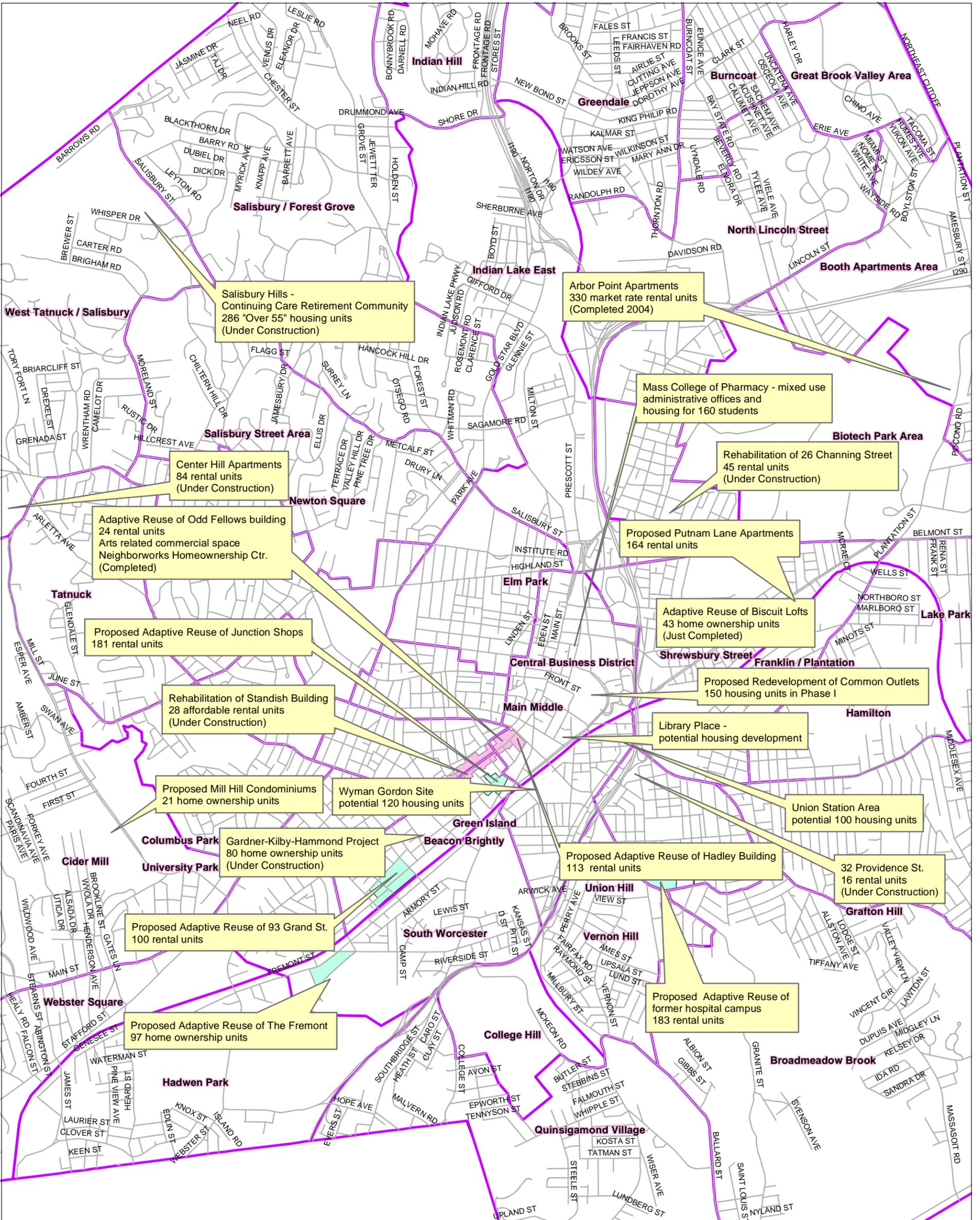
Select Housing Developments*

~2,165 Units**

July 2004 - June 2009

Legend

- Arts District Overlay Zoning District
- Adaptive Reuse Overlay Zoning District
- Neighborhoods
- Streets
- text Neighborhood Names



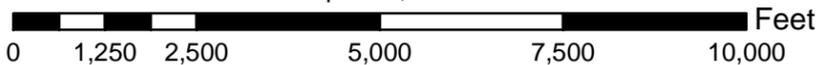
EONS: Division of Planning

eons/housing_eo418_over.mxd gentler

* Includes Market and Subsidized Developments

** Does not Include Mass College of Pharmacy Mixed Use Development

1 inch equals 2,500 feet



Policy Discussion

Rehabilitation of Abandoned and Vacant Properties

Policy Elements 17-21:

Restoring vacant land and abandoned properties back to productive use through intervention.

17. The City of Worcester will monitor abandoned residential structures and vacant land throughout the City.
18. The City of Worcester will take code enforcement action and appoint housing receiverships in cases where properties are suffering from severe negligence or abandonment.
19. The City of Worcester will foreclose on tax delinquent properties and target tax & fee abatements where the value of accrued liens is preventing redevelopment.
20. The City of Worcester will disseminate through the Internet and other media a regularly updated list of all foreclosed properties.
21. The City of Worcester will give priority to proposals and projects seeking to redevelop properties as affordable housing, pocket parks and parking in considering RFPs and engaging (where appropriate) in direct negotiation.

5-Year Outcome(s):

- Dispose of all tax-title properties for productive use within 12-months of acquisition.
- Foreclose on all properties in which their tax delinquency status is preventing redevelopment.

Discussion. The City of Worcester has dozens of abandoned and vacant properties in multiple neighborhoods. These properties represent a challenge and opportunity for the city. They are a challenge in that they represent a loss of tax revenue and are frequently used for illegal activities that greatly detract from a neighborhood's quality of life. On the other hand, they present an opportunity to recapture a portion of lost revenue through tax-title proceedings and subsequent resale. There are many redevelopment options for these parcels including market-rate housing, affordable housing, parking or even a community garden. To enable successful reuse of these properties, however, the City must balance the short-term need to recoup revenue with encouraging the successful reuse of these properties. To this end, the City's programmatic efforts strive to restore vacant land and abandoned properties back to productive use through code enforcement intervention, takings (where appropriate) and resale.

To address this issue, the City has assembled an Abandoned and Vacant Buildings Task Force, and a Top Ten Problem Properties Task Force. These groups assist the City by guiding efforts to inventory and prioritize these properties, and consider reuse alternatives. As part of its revitalization efforts, the City provides vacant land and buildings acquired through foreclosure (due to municipal tax liens) for use as affordable housing, parking, community gardens, or open space through its Adopt-a-Lot program. The City also contracts with agencies to provide receivership services as needed. These agencies in cooperation with the City's Department of Code Enforcement and the

Policy Discussion

Housing Court, stabilize troubled properties and return them to productive use on behalf of at-risk tenants and neighborhoods.

Addressing Homelessness

Policy Elements 22-23:

Reducing homelessness.

22. The City of Worcester will coordinate with State agencies and non-profit service providers to develop and maintain quality supportive services housing.
23. The City of Worcester will use a holistic, balanced approach to address the need for supportive services housing.

5-Year Outcome(s):

- Produce 50 units of supportive services housing.
- Finalize the City's long-range plan to address Chronic Homelessness.

Each year, hundreds of people find themselves homeless for some period of time in the City of Worcester. This situation frequently presents life-threatening situations for individuals and families in need of assistance. The City contracts with the Central Massachusetts Housing Alliance, Neighborhood Centers, homeless shelters and other organizations to provide numerous housing services. The City Manager's Commission on Homelessness has developed and is implementing a plan to redesign the City's service and housing delivery system for the single adult homeless population, including a significant expansion of housing options and a centralized emergency access function. These services include:

- Emergency payments of rental and utility arrearages to tenants at risk of becoming homeless.
- Assistance in identifying and applying for public and subsidized housing as well as private market rental housing.
- One-time payments of first/last/security deposits.
- Housing counseling services for tenants and landlords regarding their rights and responsibilities.
- Regional and statewide housing search and placement services for homeless families and individuals.
- Since 1995, the City of Worcester has supported the County's annual Continuum of Care applications to HUD, resulting in consistently adding to and renewing the area's existing inventory of Homeless Supportive Housing options. This has been achieved by combining City and State resources with Federal McKinney funds.

4. Strategy Implementation

The following provides a brief summary of the City of Worcester's implementation of its housing policy (2005-2009).

Gardner-Kilby-Hammond Street Neighborhood Revitalization Project

This \$32M community-driven initiative in partnership with Main South CDC and Clark University, aims to reverse decades of neighborhood decline in a 30-acre area by utilizing the City's HUD Section 108 Loan Guarantee authority and its HOME funds. Once completed, this area will benefit from 80 new affordable units, a Boys and Girls Club, outdoor recreation facilities and the creation of a community center.

The Odd Fellows Building

This \$4.4M renovation of the Historic Odd Fellows building in partnership with the Arts District Task Force, the Beacon-Brightly Task Force and private developers, includes 24 modern loft-style apartments, arts related commercial space, and 1st floor office space for the NeighborWorks™ Homeownership Center of Worcester. This building provides 10 one bedroom and 14 two bedroom units consisting of eight market rate and 16 income-restricted affordable units. Income restricted contract rents range from \$540 to \$800 per month. The sources of private and public debt and equity financing include: Federal Historic Tax Credits, City HOME funds, State Housing Stabilization Funds, State Affordable Housing Trust Funds, Permanent Debt Financing from Bay State Savings Bank.

The Standish Apartments

This is a \$4.5M restoration of the historic Standish building on Main Street includes 28 affordable rental apartments. The project consists of eight one-bedroom, 10 two-bedroom and 10 three-bedroom apartments ranging in size from 530sf. to 1500sf. with rents between \$530 to \$1,500 per month. Sources of private and public debt and equity financing include: State HOME funds, City HOME funds, Federal 9% Low Income Housing Tax Credits, and Permanent Debt Financing from Bay State Savings Bank

Hadley (Burwick) Building

This \$18 to \$20M adaptive reuse of the historic Hadley Building will yield ~110 rental units. Twenty percent of these units will be rented to households earning at or below 60% of area median income the rest at market rates. Initial plans for this redevelopment include approximately 66 two-bedroom apartments, and 44 one bedroom / studio apartments. Funding sources identified include: Federal Historic Tax Credits, State HOME funds, City HOME funds, State Affordable Housing Trust Funds, Federal 4% Low Income Housing Tax Credits, Tax Exempt Bond Financing.

Strategy Implementation

CDC and other private housing development and revitalization.

In addition to the project listed above, Worcester's Community Development Corporations (CDC) have a considerable pipeline (over 100 total units) of scattered site affordable housing units in neighborhoods throughout the city including the following:

- Oak Hill CDC's *Union-Oak homeownership initiative*;
- Worcester East Side CDC's *Bell Hill Phase III homeownership initiative*;
- Worcester Common Ground's *Piedmont area and Austin Street corridor homeownership initiatives*;
- Main South CDC recently complete *Beacon / Oread homeownership Initiative*;
- Worcester Community Housing Resources *Crown Hill initiative*;
- South Worcester Neighborhood Center's *Cambridge Street homeownership project*⁴⁵;
- Matthew 25 and Greater Worcester Habitat for Humanity rental and homeownership projects.

Utilizing Zoning Tools to Encourage Adaptive Reuse for Housing.

Since its inception in October 2002, the City of Worcester's Adaptive Reuse Overlay District has encouraged the reuse of underutilized buildings and land throughout the city. The ordinance's initial purpose was to enable the reuse of underutilized and vacant manufacturing buildings for housing, by allowing residential uses by special permit. A subsequent amendment to this ordinance provided further flexibility by empowering the Planning Board to waive dimensional requirements through a special permit process. The attached map shows current Adaptive Reuse Overlay Districts. The following developments, in various stages of implementation, were facilitated through the use of this zoning tool:

Adaptive Reuse Overlay Districts (AROD):

Location	Facilitating the Adaptive Reuse of	Est. # of Units
Vernon Hill	Hospital	183
Fremont Street	Manufacturing Building	97
64 & 79 Beacon Street	Factory / Mill Buildings	181
93 Grand Street	Manufacturing Building	<u>100</u>
Total Potential Units		561

Other non-AROD Zone Changes that are facilitating residential development:

Putnam Lane	Former industrial site	164
Biscuit Lofts	Former manufacturing building	43
Wyman Gordon ⁴⁶	Former manufacturing site	<u>120</u>
Total Potential Units		327

⁴⁵ As part of the on-going implementation of the South Worcester Neighborhood Plan (an 18-month planning process completed in Feb. 2004).

⁴⁶ Zone change recommend being considered by City Council.

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Appendices

Berkeley Investments Downtown Redevelopment Plan

Map of the Geographic Distribution of Chapter 40B Subsidized Housing Units

Adaptive Reuse Overlay Article

City of Worcester

Geographic Distribution of Chapter 40B Housing Units

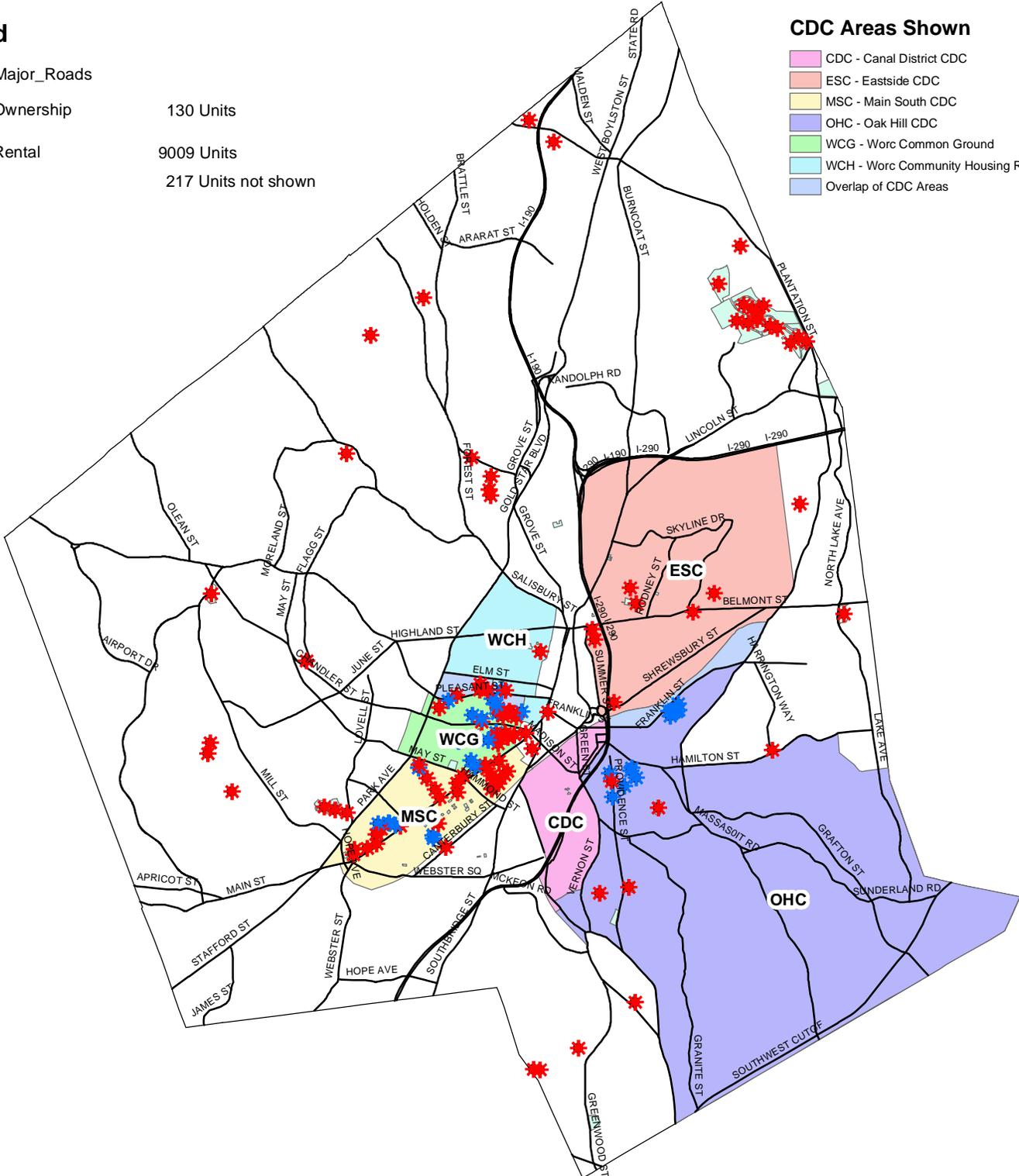
April, 2002

Legend

- Major_Roads
- ★ Ownership 130 Units
- ★ Rental 9009 Units
- ★ 217 Units not shown

CDC Areas Shown

- CDC - Canal District CDC
- ESC - Eastside CDC
- MSC - Main South CDC
- OHC - Oak Hill CDC
- WCG - Worc Common Ground
- WCH - Worc Community Housing Resources
- Overlap of CDC Areas



1 inch equals 6,000 feet



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